

1.14 Self Supporting Loans

Policy No	1.14	
Policy Name	Self-Supporting Loans	
Responsible Directorate	Finance & Administration	
Responsible Officer	Executive Manager Finance & Administration	
Council Adoption	Date: 28 August 2018	Resolution No. OC110/18
Reviewed/Modified	Date:	Resolution No.
Review Date	August 2020	
Legislation	<i>Local Government Act 1995, s.6.20 and 6.21</i> <i>Local Government (Financial Management) Regulations 1996</i>	
Related Policies		
Related Organisational Directives		

Background:

Council may consider requests to provide self-supporting loans for community-based organisations such as sporting clubs and not for profit community groups. Such loans would be for capital improvement works to upgrade facilities. The facilities may or may not be on Council property.

The risk to Council is the potential to default on loan repayments by the recipient of the self-supporting loan.

Objectives:

The objective of this policy is to ensure that the recipient of a Council provided self-supporting loan has the capacity and capability to repay the loan and associated costs.

Policy Statement:

Council in general, will only consider approving a self-supporting loan to a maximum of \$150,000 for any one applicant.

Guidelines:

When considering an application for a self-supporting loan, Council will:

1. Ensure compliance with Sections 6.20 and 6.21 of the *Local Government Act 1995* and relevant Regulations to those sections;
2. Require that all applications for self-supporting loans provide the following details:
 - a. The works, undertakings and purpose of the loan – effectively a Business Plan that sets out the objectives and benefits to the Katanning community of the proposed use of funds;
 - b. Plans, specifications and statutory approvals together with detailed costings;
 - c. Professionally reviewed financial statements for 3 years to demonstrate the ability to repay the loan;
 - d. Statements demonstrating the need for the loan together with reason of inability to obtain alternative funds;
 - e. Certification of incorporation;
 - f. Name(s) of private guarantor(s) and/or details on security property;

- g. Provide any other information requested by Council to assist with consideration of the application; and
- h. “Acknowledgement of Debt” to be signed and sealed between the applicant/s and the Shire of Katanning.

Role and responsibilities:

Council:

- Self-funding loan requests not previously approved and included in Council’s annual budget will need to be advertised in accordance with the requirements of the *Local Government Act 1995*, to allow for written submissions to be made, these submissions will be presented to Council, so that a decision to approval or disapprove a self-supporting loan request can be made.

Organisation applying for the self-supporting loan:

- Provide all documentation as listed in this Policy to support the application.
- The loan borrower will supply to Council, on an annual basis, a set of properly reviewed financial statements within 4 months of the close of the financial year, as well as a copy of their budget for the current year. Council may at any time during the period of the loan request that the loan borrower provide current financial statements and budgets.