



SELF-SUPPORTING LOANS COUNCIL POLICY

POLICY STATEMENT

This Policy defines parameters by which financial assistance, in the form of self-supporting loans, to not-for-profit clubs or organisations for capital improvement works to land or buildings owned or vested in the City of Bunbury will be considered.

POLICY SCOPE

This policy applies to: Not for Profit Clubs and Organisations

POLICY DETAILS

Council in general, will only consider approving a self-supporting loan to a maximum of \$250,000 for any one applicant (including existing borrowings by the Applicant), under the following circumstances:

1. Where the level of consolidated self-supporting assistance by Council to clubs or organisations does not exceed an annual repayment of more than 1% of rating income. This is to ensure that Council maintains the capacity to borrow funds for its own programmes; and
2. When the club or organisation can adequately demonstrate, through the provision of forward financial plans covering the life of the loan, a capacity to meet loan repayments; however

Council may consider applications up to \$400,000 in or for exceptional circumstances or purposes.

POLICY PROCEDURE

Organisations seeking assistance from Council to raise a self- supporting loan shall:

- be an incorporated body;
- provide a copy of the last three years' audited financial statements;
- agree to enter into a Deed of Agreement for the period of the loan repayments;
- provide whatever security or guarantees that Council considers appropriate to ensure the loan is repaid;
- insure and keep premises insured where the premises are security over repayment of a loan;
- pay all costs associated with the preparation and stamping of legal documents relating to the raising of the loan;
- provide a copy of the minutes from a legally constituted meeting of the organisation showing the formal resolution agreeing to the raising of the loan;
- provide any other information that Council requires.

The process for requesting a self-supporting loan is as follows:

1. The organisation seeking funding is to make written application to the Chief Executive Officer, and include in its submission the following information:
 - purpose for which the borrowings will be used;
 - total project budget;
 - quotes to undertake the work;
 - amount to be borrowed;
 - source of other funds ie. grants, donations, funds on hand etc;
 - term of the loan;
 - a copy of the last three years' audited financial statements;
 - commitment to provide loan guarantors for the full amount (note that you may wish to request Council grant an exemption from this requirement in the application);
 - provide a copy of the minutes from a legally constituted meeting of the organisation showing the formal resolution agreeing to the raising of the loan; and
 - any other information that may be useful in assisting Council to make an informed decision.
2. Officers will assess the application and prepare an agenda item for Council consideration. The applicant may, if it wishes, address Council in relation to its application.
3. Following Council approval, the City of Bunbury is required to advertise the proposed loan pursuant to section 6.20(2) of the *Local Government Act 1995* (if not included in the annual budget).
4. One month local public notice of the proposed loan is required.
5. If no submissions are received, the loan documents are prepared.
6. Loan guarantees are received from the requesting organisation.
7. Signed Deed of Loan document returned to Council.
8. Funding is provided.

COMPLIANCE REQUIREMENTS

LEGISLATION

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*

INDUSTRY

ORGANISATIONAL

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