



Debt Policy

CG 15 : Corporate Governance

Reference ID	CG15	<p style="text-align: center;">CONTROLLED DOCUMENT</p> <p style="text-align: center;">This electronic document is guaranteed the most current</p> <p style="text-align: center;">PLEASE DO NOT COPY</p> <p style="text-align: center;">Refer to document management system for latest version</p>
Issue Date	28 June 2011	
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Authorisation	Council Resolution	
Review Date	17 June 2027	

Authority

This policy and procedures apply to all current and future borrowings by Council in accordance with:

- Local Government Act 2009 Section 104(5)(c)(ii)
- Local Government Regulation 2012 Section 192
- Statutory Bodies Financial Arrangements 1982
- Statutory Bodies Financial Arrangements Regulation 2019

This policy and procedures apply to all Councillors and Council officers.

Purpose

This policy and procedures apply to all current and future borrowings by Council in accordance with:

- Local Government Act 2009, Section 104(5)(c)(ii)
- Local Government Regulation 2012, Section 192
- Statutory Bodies Financial Arrangements 1982
- Statutory Bodies Financial Arrangements Regulation 2019

This policy and procedures apply to all Councillors and Council officers.

This policy aims to provide Council with robust financial management principles associated with borrowings and working capital facilities.

The following sets out the debt policy for the year ending 30 June 2027 as required by chapter 5, part 4, and section 192 of Local Government Regulation 2012:

To establish a framework for:

- (a) the new borrowings planned for the current financial year and the next nine (9) financial years; and*
- (b) the period over which the Council plans to repay existing and new borrowings.*

Principles

The purpose of establishing this policy is to:

- Provide a comprehensive view of Council's long-term debt position and the capacity to fund infrastructure growth;
- Increase awareness of issues concerning debt management;
- Enhance the understanding between Councillors, community groups and employees of Council;
- Demonstrate to government and lending institutions that Council has a disciplined approach to borrowing.

Policy Statement

The Local Government Act 2009 requires Council to maintain a Debt Policy for each financial year. This policy must be reviewed annually and in sufficient time to allow an annual budget to be adopted that is consistent with the policy.

Council aims to finance capital works and new assets to the greatest extent possible from revenue, grants and subsidies or any specific reserves primarily established to fund capital works.

1. Borrowings are a valid funding option for assets of a long-term nature, as they allow the cost of such assets to be spread across the present and future generations who will benefit from them, subject to Council's ability to service any associated debt obligations.
2. Council will use as its basis for determining funding options the Long-term Asset Management Plan, together with the Long-Term Financial Plan.
3. Council cannot use long-term debt to finance operating activities or recurrent expenditure.
4. Borrowings will only be made for:
 - (a) Capital expenditure; or
 - (b) Short-term working capital; or
 - (c) A genuine emergency or hardship.
5. Capital projects are to have undergone a thorough process of evaluation (including risk assessment), prioritisation and review prior to borrowings being sought.
6. A working capital facility or overdraft may be utilised to help fund short-term cash flow requirements that may arise from time to time.
7. Where borrowing is constrained, borrowings for infrastructure that provides a return on capital will take precedence over borrowings for other assets.
8. The term of debt will generally relate to the life of the asset created but will not exceed twenty (20) years for any individual asset. Current and new borrowings are planned to be repaid within a twenty (20) year term.
9. Council will maintain ongoing scrutiny of debt levels to ensure its continuing ability to service its commitments without unduly burdening the community with unnecessary financial risk.
10. The amount of new debt to be borrowed in a year must be approved as part of the annual budget process, excluding working capital and bank overdraft facilities.
11. Approval for future borrowings or working capital facilities will also be sought from either Council's administering Department, or Queensland Treasury, in accordance with the Statutory Bodies Financial Arrangement Act 1982.
12. In accordance with the Local Government Regulation 2012, details of the planned borrowings for the budget year and the following nine (9) financial years will be presented at Council's annual budget meeting. The details will include the planned borrowings for each year, the purpose of the borrowings and the term of repayment of existing and planned borrowings.

Existing Borrowings

Council does not currently have any borrowings.

Planned Borrowings

Council's long-term financial plan does not identify any borrowings for the next ten years.

Version History

Version	Status	Date Approved	Authorisation
1	<i>Approved</i>	<i>28/06/2011</i>	<i>Council Resolution</i>
2	<i>Approved</i>	<i>20/03/2013</i>	<i>Council Resolution</i>
3	<i>Approved</i>	<i>25/02/2014</i>	<i>Council Resolution</i>
4	<i>Approved</i>	<i>09/03/2015</i>	<i>Council Resolution</i>
5	<i>Approved</i>	<i>18/01/2017</i>	<i>Council Resolution</i>
6	<i>Approved</i>	<i>21/02/2018</i>	<i>Council Resolution</i>
7	<i>Approved</i>	<i>27/02/2019</i>	<i>Council Resolution</i>
8	<i>Approved</i>	<i>16/12/2019</i>	<i>Council Resolution</i>
9	<i>Approved</i>	<i>17/03/2021</i>	<i>Council Resolution</i>
10	<i>Approved</i>	<i>18/05/2022</i>	<i>Council Resolution</i>
11	<i>Approved</i>	<i>24/05/2023</i>	<i>Council Resolution</i>
12	<i>Approved</i>	<i>18/06/2024</i>	<i>Council Resolution</i>
13	<i>Approved</i>	<i>18/06/2025</i>	<i>Council Resolution</i>
14	<i>Approved</i>	<i>17/06/2026</i>	<i>Council Resolution M6-17-06-2026</i>