

ITEM 6.3 DEBT POLICY - 62004208 (Cont.)

**#1 Debt Policy**



Policy: 2150-083

**Debt Policy**

**Head of Power**

Local Government Act 2009  
Local Government Regulation 2012, Section 192

**Objective**

To provide Council with a debt management framework based on sound financial management, to undertake borrowings to fund capital expenditure.

**Application**

This policy applies to all forms of borrowing undertaken by Council.

**Policy Statement**

1. Council will only undertake to borrow monies for purposes within its jurisdiction.
2. Borrowings will be undertaken in accordance with the Queensland Treasury Corporation Guidelines and the *Statutory Bodies Financial Arrangements Act 1982*.
3. Borrowing requirements will be determined on a Council-wide basis, adhering to the following guidelines:
  - i. New borrowings will only be made to fund capital expenditure.
  - ii. Borrowings will be for a period which is less than or equal to the estimated useful life of the related asset(s).
  - iii. Borrowing decisions are to be made in accordance with the appropriate financial ratios as determined by Council.
4. The Accounting Services Department will be responsible for undertaking periodic reviews of Council's borrowings in order to ensure the amount, terms and interest charged represent the optimum financial position for Council.
5. Borrowings will only be made for expenditure which has been approved through the annual budget cycle. As part of this process, and in accordance with section 192 of the Local Government Regulation 2012, each financial year the debt policy will state:
  - i. the new borrowings planned for the current financial year and the next nine financial years;
  - ii. the period over which it is planned to repay existing and new borrowings.

Details of planned borrowings for the period 1 July 2021 through to 30 June 2031 are indicated in table 1 and are in \$ millions.

Table 1

Loan Purpose	Term (years)	21/22 \$m	22/23 \$m	23/24 \$m	24/25 \$m	25/26 \$m	26/27 \$m	27/28 \$m	28/29 \$m	29/30 \$m	30/31 \$m
General	15	50.0	70.0	50.0	80.0	75.0	75.0	70.0	70.0	70.0	70.0

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Loan Purpose	Term (years)	21/22 \$m	22/23 \$m	23/24 \$m	24/25 \$m	25/26 \$m	26/27 \$m	27/28 \$m	28/29 \$m	29/30 \$m	30/31 \$m
Waste	20	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		50.0	70.0	50.0	80.0	75.0	75.0	70.0	70.0	70.0	70.0

6. Council has a general approval from Queensland Treasury to borrow funds from the Queensland Treasury Corporation subject to the approval by the Department of Local Government, Racing and Multicultural Affairs (DLGRMA). A separate approval of the Treasurer is required should the Council wish to borrow from a source other than Queensland Treasury Corporation.
7. Borrowing costs are to be recognised as a capital expense where the criteria of the relevant accounting standard can be met; otherwise they will be expensed as they are incurred.
8. Any new borrowings from 1 July 2021 will be repaid within the term (years) indicated in Table 1 above.
9. All existing borrowings of Council will be repaid by 2036/37.

### Review Triggers

This policy will be reviewed for applicability, effectiveness, and consistency with relevant legislation, Council resolutions, and other Council documents when any of the following occurs:

- (1) The related documents are amended.
- (2) The related documents are replaced by new documents.
- (3) Amendments are made to the head of power which affect the scope and effect of this Policy.
- (4) Other circumstances as determined from time to time by a resolution of Council.
- (5) Amendments to the organisational structure.

Notwithstanding the above as part of the annual budget process, this Policy is to be reviewed annually for relevance and to ensure that its effectiveness is maintained.

### Responsibility

This Policy is to be:

- (1) implemented by the Accounting Services Manager.
- (2) reviewed and amended in accordance with the "Review Triggers" by the Accounting Services Manager.
- (3) reviewed annually in accordance with section 192 of the Local Government Regulation 2012.

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Document Control			
Version / Reviewed	Version Adoption (Council meeting / Minute Page) Reviewed (revision comment)	Date	Word version reference
2010/11	Special General Meeting (P.10/1601) <small>Adoption Budget 2010/11 (A3352705 – P. 92)</small>	1.7.2010	A4534458
2011/12	Coordination (P.10/2963) <small>Adopted as part of the Financial Plan 2010-2020 (A4560943 – P.18)</small>	14.12.2010	A4560943
2012/13	Coordination (P.12/880) <small>Adopted as part of the Financial Plan 2012-2022 (A6792028 – P.15)</small>	5.6.2012	A6792028
2013/14	Coordination (P.13/869) Policy 13-2150-067	28.5.2013	A8182826
2014/15	Coordination (P.14/874) Policy 14-2150-083	20.5.2014	A9499653



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2015/16	Coordination (P.15/750)	19.5.2015	A11859735
2016/17	Coordination (P.16/809)	24.5.2016	A13620072
2017/18	Coordination (P. 17/960)	23.5.2017	A15177052
2018/19	Coordination (P. 18/1085)	15.5.2018	A16885878
2019/20	Coordination (P. 19/795)	14.5.2019	A18497168
2020/21	General Meeting (P. 20/1261)	24.6.2020	A20073414
2021/22	DRAFT	xx.xx.2021	62004216