

## **DEBT POLICY**

S192 of the *Local Government Regulation 2012* states the following:

- (1) A local government must prepare and adopt a debt policy for a financial year.
- (2) The debt policy must state –
  - (a) the new borrowings planned for the current financial year and the next nine (9) financial years; and
  - (b) the period over which the local government plans to repay existing and new borrowings.

Council's borrowing activities are governed by the *Statutory Bodies Financial Arrangements Act 1982 Part 5*.

### **Intent/Policy Objective**

The objective of the policy is to ensure the sound management of council's existing and future debt.

### **Policy Statement**

#### **Borrowing Purposes**

Council policy is to only borrow for capital expenditure, which will improve services to ratepayers. As part of council's debt management strategy, if surplus funds become available and it is deemed to be financially beneficial to do so, one off loan repayments may be made to reduce the term of existing loans, or loan repayments made in advance to minimise interest charges.

Loan draw-downs will be timed so as to optimise cash flow and minimise interest expenses.

#### **Repayment Ability**

Council has adopted the debt service ratio as the key indicator of council's ability to sustain its level of debt. Council will consider the appropriate debt service ratio as part of its annual budget deliberations.

#### **Debt Term**

Council policy is to borrow new loans for a period that maximises efficiency. It is planned to repay existing borrowings within 20 years.

#### **Borrowing Sources**

Council shall raise all external borrowings from Queensland Treasury Corporation.

#### **Internal Controls**

Borrowings must be approved by council as part of its budget process.

**Proposed Borrowings**

Proposed borrowings for the financial years 2017/2018 to 2026/2027 are set out below.

	1	2	3	4	5	6	7	8	9	10
Program	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
Waste Management			\$5,000,000							
Library	\$0	\$0	\$0	\$10,000,000	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>\$10,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Council will review the requirements for borrowings throughout the 2017/2018 year.