

Debt Policy

Head of Power

Local Government Act 2009
Local Government (Finance, Plans and Reporting) Regulation 2010, Section 133

Objective

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

Definitions/Application

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 Financial and Project 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 133 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*, 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 time over which it is planned to repay existing and new borrowings.

This information will be published in the Council's annual budget and annual report.

Details of budgeted borrowings for the period 1 July 2011 through 30 June 2021 are indicated below in table 1 and are in \$ millions.

Table 1.

Loan Purpose	Term (years)	2011/12 \$ m	2012/13 \$ m	2013/14 \$ m	2014/15 \$ m	2015/16 \$ m	2016/17 \$ m	2017/18 \$ m	2018/19 \$ m	2019/20 \$ m	2020/21 \$ m
General Infrastructure	15	30.9	56.4	27.3	-	34.7	38.0	42.4	30.7	43.4	43.6
Waste Infrastructure	20	-	-	-	7.4	-	-	-	-	-	-
Total		30.9	56.4	27.3	7.4	34.7	38.0	42.4	30.7	43.4	43.6

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 Infrastructure and Planning, (DIP). 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 2011 will be repaid within the term (years) indicated in Table 1 above.

Review Triggers

This Policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions when any of the following occurs:

- (1) The related documents are amended.
- (2) The related documents are replaced by new documents.
- (3) Amendments which affect the allowable scope and effect of a Policy of this nature are made to the head of power.
- (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 Director, Corporate Services.
- (2) reviewed and amended in accordance with the "Review Triggers" by the Director, Corporate Services.
- (3) reviewed annually in accordance with section 133 of the *Local Government (Finance, Plans and Reporting) Regulation 2010*.