

	<b>COUNCIL POLICY</b>	
	Debt Council Policy	
	Policy Number	CP023
	Directorate	Organisational Services
	Owner	Executive Manager Financial Services
	Last Approved	19/06/2024
	Review Due	Budget 2025/26

## 1. PURPOSE

The purpose of this Debt Policy is to establish principles and set the level of borrowings for the 2024/2025 financial year and anticipated levels of borrowing for the following nine (9) financial years.

## 2. SCOPE

This policy applies to all Councillors and employees and extends to all forms of borrowings undertaken by Council to fund infrastructure.

## 3. HEAD OF POWER

*Local Government Regulation 2012, Chapter 5, Part 4, Section 192*  
*Financial Management (Sustainability) Guideline 2013*  
*Statutory Bodies Financial Arrangements Act 1982*  
*Statutory Bodies Financial Arrangements Regulation 2019*

## 4. DEFINITIONS

To assist in the interpretation of this Policy the following definitions apply:

**“debt servicing ratio”** means the calculation of interest and principal repayments divided by annual rates revenue;

**“net financial liabilities ratio”** means the calculation of total liabilities less current assets, divided by total operating revenue;

## 5. POLICY STATEMENT

### 5.1 New Borrowings

Proposed borrowings for the financial years from 2024/2025 to 2033/34 are set out in the schedule below:

Purpose	Budget 2024-25 \$'000	Forecast 2025-26 \$'000	Forecast 2026-27 \$'000	Forecast 2027-28 \$'000	Forecast 2028-29 \$'000	Forecast 2029-30 \$'000	Forecast 2030-31 \$'000	Forecast 2031-32 \$'000	Forecast 2032-33 \$'000	Forecast 2033-34 \$'000	Expected Term
Wastewater Infrastructure	-	38,000	20,000	25,000	7,000	-	-	-	-	-	20 years
	-	38,000	20,000	25,000	7,000	-	-	-	-	-	

### 5.2 Purpose of New Borrowings

Planned borrowings are to be raised to fund new wastewater assets including wastewater treatment plants and wastewater reuse facilities.

### 5.3 Repayment Term

The time for repayment of existing and proposed borrowings is planned to be within:

Purpose	Expected Terms*
Administration and land	20 years
Airport	20 years
Coastal management	20 years
Drainage	20 years
Environmental sustainability	20 years
Roads	10-20 years
Trunk infrastructure	10-20 years
Waste management	20 years
Water and wastewater	20 years

\* Terms of borrowings in principle should not exceed the estimated life of the asset.

### 5.4 Policy

Council will consider the following when determining the annual borrowing program:

#### **Long term financial viability**

Pursuant to section 171 of the *Local Government Regulation 2012*, Council will consider its long term financial forecast before planning new borrowings and review its long term financial plan on an annual basis with the aim to ensure that Council remains financially viable in the long term and proposed budgets are consistent with the adopted strategy. This plan will forecast future revenue and expenditure levels including loan borrowings and the continued ability to service loan repayments.

### **Appropriate debt/revenue ratios**

In accordance with section 169 of the *Local Government Regulation 2012*, the Council is required to disclose in the budget relevant measures of financial sustainability.

With respect to the management of debt in line with the Long Term Financial Plan, Council's borrowings will be managed and planned recognising the long term impacts of debt using the Net Financial Liabilities Ratio as established in the *Financial Management (Sustainability Guideline) 2013*.

This ratio is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues. The target set by the Department of State Development, Infrastructure, Local Government and Planning for the net financial liabilities ratio is less than 60%. Council's Long Term Financial Plan indicates Council's net financial liabilities ratio is consistently less than the target of 60% on average over the long-term.

### **Inter-generational equity**

Consideration for borrowing will be given to new capital projects with an estimated useful life of ten years or more in order to apportion costs on an equitable basis over future generations of ratepayers.

### **Short-term working capital**

It is Council's intention not to borrow for short-term working capital purposes, however should it be necessary, borrowings for short-term working capital will be repaid within one year.

## **6. ASSOCIATED DOCUMENTS**

Long Term Financial Plan

## **7. REVIEW**

This Policy is to be reviewed each financial year in accordance with Section 192 of the *Local Government Regulation 2012*.

---

### **Version Control**

<b>Version Number</b>	<b>Key Changes</b>	<b>Approval Authority</b>	<b>Approval Date</b>	<b>Document Number</b>
1	New Policy	Council	16/07/2008	874224
2	Amendment – Adoption of 2009/10 Budget	Council	26/06/2009	874224
3	Amendment – Adoption of 2010/11 Budget	Council	21/06/2010	874224
4	Amendment – Adoption of 2011/12 Budget	Council	01/06/2011	874224
5	Amendment – Adoption of 2012/13 Budget	Council	12/07/2012	874224
6	Amendment – Adoption of 2013/14 Budget	Council	03/07/2013	874224
7	Amendment – Loan Borrowing Schedule	Council	16/10/2013	874224
8	Amendment – Adoption of 2014/15 Budget	Council	11/06/2014	874224
9	Amendment – Adoption of 2015/16 Budget	Council	17/06/2015	874224
10	Amendment – Adoption of 2016/17 Budget	Council	19/07/2016	874224
11	Amendment – Adoption of 2017/18 Budget	Council	19/07/2017	874224

12	Amendment – Adoption of 2018/19 Budget	Council	27/06/2018	874224
14	Amendment – Adoption of 2019/20 Budget	Council	24/06/2019	874224
15	Amendment – Adoption of 2020/21 Budget	Council	24/06/2020	874224
16	Amendment – Adoption of 2022/23 Budget	Council	14/06/2022	874224
17	Amendment – Adoption of 2023/24 Budget	Council	28/06/2023	874224
18	Amendment – Adoption of 2024/25 Budget	Council	19/06/2024	874224