



ESC – S003 Debt/Borrowing Policy

POLICY VERSION AND REVISION

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1. BACKGROUND & CONTEXT

Section 192 of the *Local Government Regulation 2012* requires a local government to develop a Debt Policy. The Policy must address the: -

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

As a public sector entity, Council is also subject to the provisions of the *Statutory Bodies Financial Arrangements Act 1982*. This Act regulates Council's ability to enter into financial arrangements.

2. PURPOSE & OBJECTIVES

This Policy is formulated under section 192 of the *Local Government Regulation 2012*, and in accordance with the *Statutory Bodies Financial Arrangements Act 1982*. It is intended to guide Council's responsible financial management for loan undertakings, ensuring the level of Council's indebtedness is within acceptable limits to Council, its communities and external stakeholders.

3. POLICY PROVISIONS

3.1. SHORT TERM BORROWING

Council will maintain a Working Capital Facility with Queensland Treasury Corporation to assist in managing cash flows / balances throughout the year, to manage the timing between expenditure and reimbursement on recoverable works so that Council's services and capital works program are not unduly disrupted. Drawdowns from the Working Capital Facility will be repaid as cash balances allow and will generally be fully repaid at the conclusion of the grant / recoverable work activities giving rise to Council's need to draw upon the WCF. Council's WCF limit is \$7.5M.

3.2. LONG TERM BORROWING

As a general principle, Council recognises that loan borrowings for capital works are an important source of funding and that the full cost of infrastructure should not be borne entirely by present day ratepayers. Future beneficiaries of the infrastructure should contribute toward its cost. Whilst recognising the importance of loan borrowings, Council should not place undue reliance upon loans as a source of income.

In general terms, borrowings will only be used to finance capital projects or asset acquisitions that will provide services now and into the future. Council will endeavour to restrict all borrowings to expenditure on identified capital projects that are considered by Council to be of the highest priority, and which cannot be funded from revenue, as identified by the adopted budget. Where identified asset replacement reserves exist, it will be Council's preference to use reserved funds prior to undertaking new loans.



Borrowing Policy 2025-2026

Planned long-term borrowings are: - Year and Purpose of Borrowings	Amount	Balance	Term
2016 Forsyth Water Treatment Plant	\$100,000	\$32,979	10 years
2023/24 Housing Projects	\$6,000,000	\$5,977,687.85	20 years
2024/25 Housing Projects	\$6,000,000	\$5,780,458.80	19 years
2025/26 Housing Projects	\$6,000,000	\$5,594,192.56	18 years
2026/27 No borrowings proposed			
2027/28 No borrowings proposed			
2028/29 No borrowings proposed			
2029/30 No borrowings proposed			
2030/31 No borrowings proposed			
2031/32 No borrowings proposed			
2032/33 No borrowings proposed			
2033/34 No borrowings proposed			
2034/35 No borrowings proposed			

4. REVIEW

This policy will be reviewed each year with the adoption of the Budget.