

DEBT POLICY



2013-2014

DEBT POLICY

PURPOSE AND SCOPE

To adopt a policy on borrowings that provides for responsible financial management on the loan funding of infrastructure and other capital projects by ensuring the level of Council indebtedness is within acceptable limits to Council, its ratepayers and interested external parties. This policy is in accordance with the Local Government Act 2009 and Local Government Regulation 2012.

POLICY PROVISIONS

As a general principle, Council recognises that loan borrowings for capital projects are an important source of funding but at the same time undue reliance should not be placed upon loans as a source of income. Council restrict borrowings to expenditure on identified capital projects that are considered by Council to be of a high priority and which cannot be funded from revenue as identified by the adopted budget.

BORROWING PRINCIPLES

- Council will in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.
- Council will only borrow funds for the purpose of acquiring assets, improving facilities, services or infrastructure and/or substantially extending their useful life. In no circumstances should funds be borrowed for recurrent expenditure.
- Council may borrow to meet strategic needs or to take advantage of opportunities for development providing there is a demonstrably good return in economic and/or social terms.
- Redemption and interest charges on borrowings, excluding those relating to water and sewerage will not exceed twenty percent of general rates revenue.
- *Borrowing's in programs/areas such as water, sewerage, cleansing are to be repaid from revenue generated in those areas and the full costs are to be taken to account in these areas.*
- Where borrowings are to be repaid by special rates, the revenue and repayments will be matched as far, as is practical. Borrowings will be repaid early should revenue exceed scheduled repayments.

- Borrowings will only be made in accordance with the adopted budget.
- Borrowings will only be from Queensland Treasury Corporation (QTC) or, if from another organisation, with the approval of QTC and the Department of Local Government and Planning.
- Borrowings will be for a maximum period of twenty years and the term of any loan will not exceed the expected life of the asset being funded. Shorter borrowing periods and earlier repayments will be taken where possible and appropriate.

TEN YEAR LOAN PROGRAM

FINANCIAL YEAR	DEBT DETAILS	LOAN TERM
2013/2014	NO NEW BORROWINGS	-
2014/2015	\$3,500,000 – NEW WORKSHOP AND DEPOT	20 YEARS
2015/2016	NO NEW BORROWINGS	-
2016/2017	NO NEW BORROWINGS	-
2017/2018	NO NEW BORROWINGS	-
2018/2019	NO NEW BORROWINGS	-
2019/2020	NO NEW BORROWINGS	-
2020/2021	NO NEW BORROWINGS	-
2021/2022	NO NEW BORROWINGS	-
2022/2023	NO NEW BORROWINGS	-

Reviewed: Council Meeting: 1ST July 2013