



Doc ID: 78380

## 1 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 limits acceptable to Council, its ratepayers and interested external parties. This policy is in accordance with the Local Government Act 2009 and Local Government Regulation 2012.

## 2 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 will restrict borrowings to expenditure on assets that will generate sufficient revenue to service the debt or identified capital projects that are considered by Council to be of a high priority, taking account of intergenerational equity and which cannot be funded from revenue as identified by the long term adopted budget.

## 3 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 predicted general rates revenue.
- Borrowing's in program areas such as water, sewerage or cleansing are to be repaid from revenue and depreciation 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 only be repaid early should revenue exceed scheduled repayments and there is a demonstrable benefit to Council.
- Borrowings will only be from Queensland Treasury Corporation (QTC).
- 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.

Doc ID: 78380

#### 4 TEN YEAR LOAN PROGRAM

Financial Year	Debt Details	Loan Term
2014/2015	No New Borrowings	-
2015/2016	\$4,500,000 – New Workshop and Depot	10 years
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	-
2023/2024	No New Borrowings	-
2024/2025	\$2,000,000 – New wastewater treatment plant	20 years

#### DOCUMENT CONTROL

Version	Date	Details	Adopted by: Council	
			Reviewed By	Position
1	22 January 2013	Adopted by Council		
2	1 July 2013	Reviewed & Adopted	Barry Bonthuys	Finance Manager
3	10 June 2014	Reviewed & Adopted	Barry Bonthuys	Finance Manager
4	16 June 2015	Reviewed & Amended	David Charlton	Finance Manager

<b>Review Period:</b> Annually	<b>Review Date:</b> April 2016
--------------------------------	--------------------------------