



CASSOWARY COAST REGIONAL COUNCIL

DEBT POLICY

Policy Number: 2.44

1. Authority

Local Government Regulation 2012
Statutory Bodies Financial Arrangements Act 1982
Statutory Bodies Financial Arrangements Regulation 2007

2. Objective

To establish the policy framework for Council to borrow money to fund budgeted capital expenditure and will state:

- a) new borrowings planned for the current financial year and the next ten (10) financial years; and
- b) the time over which the local government plans to repay existing and new borrowings.

3. Scope

This policy applies to all forms of borrowing undertaken by Council.

4. Policy Statement

External Loans

- a. Council will only borrow in circumstances where there are insufficient funds available from revenue, grants, subsidies or specific reserves primarily established to fund capital works;
- b. Council will endeavour to fund all capital renewal project from operating cash flows and borrow for new or upgrade capital projects, having regard to sound financial management principles and giving consideration to inter-generational equity for the funding of the long term infrastructure projects;
- c. Borrowing will be undertaken in accordance with Queensland Treasury Corporation guidelines and the *Statutory Bodies Financial Arrangements Act 1982*;
- d. Borrowing will be for a period which is less than or equal to the estimated useful life of the related asset(s) however in the case of road, water and sewerage infrastructure with useful lives ranging from 20 to 60 years the term will be limited to between 10 and 20 years unless longer terms are recommended by the Queensland Treasury Corporation;
- e. Detailed capital works and Asset Management Plans for the next 10 years together with the 10 year financial forecast will provide the basis for determination of funding options;
- f. Council will use the Queensland Treasury Corporation for the management of its long term debt facilities;
- g. Borrowing planned for the next 10 financial years will be based on estimated new capital expenditure provided to Queensland Treasury Corporation;
- h. Proposed new debt for the next 10 years is outlined in Appendix A.

Internal Loans

- a. The provision of internal loans will depend on the availability of excess Council funds and the capacity of the internal business unit to repay the loan;
- b. All applications for internal loans will be made by reference to the Finance Section for consideration in accordance with the Long Term Financial Forecast;
- c. The term of the loan will be limited to 5 to 20 years unless determined otherwise.
- d. In all cases, where business units are subject to the provisions of the National Competition Policy, the cost to the business unit will be no less than what would apply to an equivalent private sector business. The interest rate will be the sum of:
 - i. the equivalent QTC borrowing rate for the proposed term;
 - ii. the QTC administration charge; and
 - iii. an additional margin as determined by Finance (if required)

Council at the end of the 2018/19 financial year did not hold any outstanding debt.

Date of adoption: 27 June 2019
Minute Number: B19004
Policy Review: 1 July 2020 or as determined by Council

Appendix A

Year	Program	Amount (\$)	Original Terms (Years)	Final Repayment Year
2019/2020		-		
2020/2021		-		
2021/2022	Water	1,250,000	20	2041/2042
2022/2023		-		
2023/2024		-		
2024/2025		-		
2025/2026		-		
2026/2027		-		
2027/2028		-		
2028/2029		-		
	TOTAL	\$1,250,000		