

Debt Policy

Policy Type	Council Policy	Version:	1.0
Responsible Officer	Manager Finance	Date Approved:	17 July 2024
Review Officer:	Director Corporate and Community Services	Review Due:	30 June 2025
Author:	Manager Finance	Commencement:	17 July 2024

1. PURPOSE

The purpose of this policy is to ensure the sound management of Council's existing and future debt.

2. POLICY STATEMENT

The intent of this policy is to detail the principles upon which Council bases its decisions when considering the type of expenditure to be funded by borrowing for the financial years 2024/25 to 2033/34, the total current and projected borrowings and the ranges of periods over which they will be repaid.

3. PRINCIPLES

Council will not use long-term debt to finance current operations.

Long term debt is only to be used for income producing assets or those assets that can be matched to a revenue stream. Consequently, repayments for the borrowings will be funded from the revenue streams generated by the asset acquisition in question. Consideration must also be given to the long-term financial forecast before planning new borrowings.

Council will utilise long-term borrowing only for capital improvement projects that cannot be financed from existing sources.

Capital projects are to only be undertaken after a thorough process of evaluation (including whole of life costing and risk assessment), prioritisation and review.

When Council finances capital projects through borrowings it will generally pay back the loans in a term not exceeding 20 years. However, in certain circumstances, particularly assets with long useful lives, borrowings may be for a longer period whereby repayments would match the income stream of the asset in question. Existing loans will be paid back within the fixed term provided for in the loan agreement.

Council will continue to ensure repayment schedules are well within Council's operating capability so as to ensure the Community is not burdened with unnecessary risk.

Projected Future Borrowing Predictions:

Year	Project	Term	Borrowings
2024/25	-	-	-
2025/26	-	-	-
2026/27	-	-	-
2027/28	-	-	-
2028/29	-	-	-
2029/30	-	-	-
2030/31	Water Treatment Plant Upgrade	20	\$20M
2031/32	-	-	-
2032/33	-	-	-
2033/34	-	-	-

Level of Existing Debt - as at 30 June 2024, Mareeba Shire Council's outstanding loan balance is estimated to be \$6.4M.

4. SCOPE

This policy applies to all borrowings of the Council.

5. RELATED DOCUMENTS AND REFERENCES

Section 192 of the *Local Government Regulation 2012* (Qld)
Local Government Act 2009 (Qld)
Statutory Bodies Financial Arrangements Act 1982

6. REVIEW

It is the responsibility of the Director Corporate and Community Services to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed every year or as required by Council.