
Debt Policy

CONTROL:

Policy Type:	Financial
Authorised by:	Council
Head of Power:	Section 104 of the Local Government Act 2009 Section 192 of the Local Government Regulation 2012
Responsible Officer:	Deputy Chief Executive Officer
Adopted / Approved:	June 24 2019;Minute No. 2019.06.24-OM-5
Last Reviewed:	May 2019
Next Review:	May 2020 Note: This Policy is reviewed annually.
Version	2019-20

1. INTRODUCTION

1.1 PURPOSE:

The purpose of this Policy is to provide guidelines for those who work for Diamantina Shire Council ("Council") in respect to its approved strategies for borrowing for the current and future Financial Years.

1.2 POLICY OBJECTIVES:

The objective of this policy is to ensure compliance with the requirements of the Local Government Act 2009 and the Local Government Regulation 2012 and to articulate Council's current and future debt position.

1.3 COMMENCEMENT OF POLICY:

This Policy will commence on adoption. It replaces all other specific Borrowing policies of Council (whether written or not).

1.4 SCOPE:

Section 104(5) of the Local Government Act 2009 outlines Council's requirement to have a long-term financial plan along with various stipulations:

Section 104 (5) A long-term financial plan is a document that—

outlines the local government's goals, strategies and policies for managing the local government's finances, during the period covered by the plan, including the following policies—

- i. an investment policy;
- ii. a debt policy;
- iii. a procurement policy;
- iv. a revenue policy; and
- v. covers a period of at least 10 years from the commencement of the plan.

Local Government Regulation 2012

Section 192 of the Local Government Regulation 2012 outlines the requirements of a debt policy:

Debt policy

- (1) A local government must prepare a debt policy each financial year.
- (2) The debt policy must state—

- (a) the new borrowings planned for the current financial year and the next 9 financial years; and
- (b) the time over which the local government plans to repay existing and new borrowings.

2. POLICY

2.1 CONTEXT:

The context of this Policy aims to ensure a clear and concise approach is undertaken in respect to Council's approved strategy for long term borrowing.

2.2 POLICY STATEMENT:

In developing a Long Term Financial Plan, borrowing is identified as an alternative source for funding major capital projects.

To achieve long term financial sustainability, Council will adopt the strategies outlined in Section 3.

3. STANDARDS AND PROCEDURES

3.1 KEY PRINCIPLES:

3.1.1 Council's approved strategies are detailed below:

- 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.
- 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.
- 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 the Queensland Treasury Corporation (QTC) or, if from another organisation, with the approval of QTC and Department of Local Government and Planning.
- Borrowings will normally be for a maximum of twenty years. Shorter borrowing periods and earlier repayments will be taken where possible and appropriate. If a longer term is appropriate, and this may be the case for some infrastructure assets such as water and sewerage, the term will not exceed the life of the asset or twenty years, whichever is the shorter period.

3.2 CONSIDERATIONS:

3.2.1 Based on Council's most recent review of its capital funding requirements, the following borrowings are identified as being required for the current financial year and the next ten financial years.

Financial Year	Debt Details	Loan Term

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	No New Borrowings	
2025/2026	No New Borrowings	
2026/2027	No New Borrowings	
2027/2028	No New Borrowings	
2028/2029	No New Borrowings	

3.2.2 Loan Position

3.2.2.1 The following table sets out the status of Council's loan liability over the coming 2019/2020 financial year.

Loan Project	Principal Outstanding 1/7/18 (\$)	Repayment Per Annum (\$)	Loan Expiry Date
Housing Loan	\$147,712	\$35,539	January 17, 2023
Birdsville Airport Loan	\$196,507	\$63,463	June 15, 2022
Optic Fibre / BV Caravan Park Loan	\$2,037,491	\$92,957	June 16, 2036
TOTAL	\$2,381,710	\$191,959	

4. REFERENCE AND SUPPORTING INFORMATION

4.1 DEFINITIONS:

To assist in interpretation, the following definitions shall apply:

Word / Term	Definition
Council	means Diamantina Shire Council.

4.2 RELATED POLICIES, LEGISLATION AND DOCUMENTS:

Links to supporting documentation
Local Government Act 2009
Local Government Regulation 2012
Long term financial Plan
Annual Budget

4.3 VERSION CONTROL:

Previous Version Number	Adopted/Approved Date
2015-16	22 June 2015; Minute No. 2015.06.22 – OM-3
2016-17	July 18 2016; Minute No. 2016.07.18-SM-01
2017-18	May 15 2017, Minute No. 2017.05.15-OM-12
2018-19	June 25 2018; Minute No. 2018.06.25-OM-10