



## Debt Policy 2025-2026

|                       |                                |
|-----------------------|--------------------------------|
| Policy Number         | 3                              |
| Policy Category       | Statutory                      |
| Date Adopted          | 17 June 2025                   |
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| Approval Authority    | Council                        |
| Review Date           | June 2026                      |
| Policy Version Number | 4                              |
| Policy Owner          | Corporate Services             |
| Contact Officer       | Director of Corporate Services |

### PURPOSE

The purpose of this Policy 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.

### 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.

### COMMENCEMENT OF POLICY

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

### HUMAN RIGHTS COMMITMENT

Council has considered the human rights protected under the *Human Rights Act 2019* (Qld) (the Act) when adopting and/or amending this policy. When applying this policy, Council will act and make decision in a way that is compatible with human rights and give proper consideration to a human right relevant to the decision in accordance with the Act.

## POLICY STATEMENT

### CONTEXT

Section 104(5) of the *Local Government Act 2009* outlines Council's requirement for a system of financial management including:

1. financial planning documents consisting of a five-year corporate plan, a long-term asset management plan for 10 years or more, a long-term financial forecast covering a period of at least 10 years, an annual budget, and an annual operational plan; and
2. financial accountability documents; and
3. the following policies:
  - a) an investment policy;
  - b) a debt policy;
  - c) a revenue policy

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

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 nine financial years; and
  - b) the period over which the local government plans to repay existing and new borrowings.

### POLICY STATEMENT

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.

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 Standards Section.

## STANDARDS

### KEY PRINCIPLES

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.

- Borrowings 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.

## CONSIDERATIONS

### *Borrowings*

Based on Council's most recent review of its capital funding requirements, the following borrowings are identified as being required for the 2024/2025 financial year and the next nine financial years.

| Financial Year | Debt Details      | Loan Term |
|----------------|-------------------|-----------|
| 2025/2026      | No New Borrowings |           |
| 2026/2027      | No New Borrowings |           |
| 2027/2028      | No New Borrowings |           |
| 2028/2029      | No New Borrowings |           |
| 2029/2030      | No New Borrowings |           |
| 2030/2031      | No New Borrowings |           |
| 2031/2032      | No New Borrowings |           |
| 2032/2033      | No New Borrowings |           |
| 2033/2034      | No New Borrowings |           |
| 2024/2035      | No New Borrowings |           |

*Loan Position*

The following table sets out the status of Council's loan liability over the coming 2024-2025 financial year.

| <b>Loan Project</b>  | <b>Principal Outstanding<br/>01/07/2024 (\$)</b> | <b>Repayment<br/>Per Annum (\$)</b> | <b>Loan<br/>Expiry Date</b> |
|--|--|-------------------------------------|-----------------------------|
| Optic Fibre / BV Caravan Park<br>Loan 81160 – Diamantina SC –<br>2015/16 | \$ 1,436,708.08                                  | \$ 196,541.08                       | June 15, 2036               |
| Diamantina Shire 2022 Housing<br>505605                                  | \$ 903,440.93                                    | \$ 117,690.31                       | June 15, 2042               |
| Birdsville Cooling Pond Project  | \$ 2,000,000.00                                  | \$261,087.79                        | June 15, 2045               |
| Birdsville Housing Project   | \$ 1,000,000.00                                  | \$130,543.92                        | June 15, 2045               |
| <b>TOTAL</b>   | <b>\$5,340,149.01</b>                            | <b>\$705,863.10</b>                 |                             |

**SERVICE STANDARDS**

The Debt Policy will be developed and presented to Council each financial year, prior to the adoption of the next financial year's budget.

**DEFINITIONS**

To assist in interpretation, the following definitions shall apply:

| <b>Term</b>    | <b>Definition</b>              |
|----------------|--------------------------------|
| <b>Council</b> | Means Diamantina Shire Council |

**SUPPORTING DOCUMENTATION**

|                             |   |
|-----------------------------|---|
| <b>Legislation</b>          | <i>Local Government Act 2009</i><br><i>Local Government Regulation 2012</i> |
| <b>Supporting Documents</b> | Corporate Plan 2022 - 2027  |

**VERSION CONTROL**

| Version | Adopted      | Comment                | eDRMS #       |
|---------|--------------|------------------------|---------------|
| 2022-23 | 29 July 2022 | 2022.07.29-SM-2        | N/A           |
| 2023-24 | 30 July 2023 | 2023.07.20-SM-03       | N/A           |
| 2024-25 | 20 July 2024 | 2024.07.31-SM-05       | Doc ID:324642 |
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