

## 6.5. DEBT GENERAL POLICY 2025-2026

<b>REPORT AUTHOR</b>	Acting Chief Financial Officer
<b>MANAGER</b>	General Manager TC Jasper Corporate and Communities
<b>DEPARTMENT</b>	Corporate and Communities
<b>RECOMMENDATION</b>	

**That Council adopts the Debt General Policy 2025-2026.**

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### EXECUTIVE SUMMARY

Section 192 of the *Local Government Regulation 2012* requires a local government to prepare and adopt a debt policy (the Policy) each financial year. Council's borrowing activities are further governed by the *Statutory Bodies Financial Arrangements Act 1982*.

The Policy provides Council with a debt management strategy based on sound financial management principles and has been aligned with the long-term financial forecast.

The Policy has been amended to reflect anticipated borrowings over the 10-year financial forecast period and the maximum loan repayment term available from the Queensland Treasury Corporation. The amendments to the Policy were the subject of a Councillor Workshop held on 13 May 2025.

### PROPOSAL

That Council adopts the Debt General Policy 2025-2026.

### FINANCIAL/RESOURCE IMPLICATIONS

Subject to the adoption of the 2025-2026 Annual Budget; subsequent borrowing approval from the Queensland Treasury Corporation; and the delivery of debt funded capital projects, loan principal and interest payments have been included in Council's long-term financial forecast. Council has modelled compliance with the State Government Sustainability Framework metrics inclusive of anticipated debt requirements.

### RISK MANAGEMENT IMPLICATIONS

Complying with legislative requirements ensures Council mitigates any regulatory or reputational risk. If Council were to not adopt a debt policy, it would be in breach of s 192 *Local Government Regulation 2012*.

### SUSTAINABILITY IMPLICATIONS

<b>Economic:</b>	The Debt General Policy seeks to ensure a sustainable cash flow for the operation of Council. The Debt General Policy aims to ensure long-term sustainable economic viability by guiding the nature of any proposed borrowings by Council.
<b>Environmental:</b>	Nil

**Social:** Nil

## **CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE**

This report has been prepared in accordance with the following:

### **Corporate Plan 2025-2030 Strategic Themes:**

#### **Theme 2 - Prosperity**

**2.2** – Support local businesses through local procurement

#### **Theme 3 - Service Delivery**

**3.1** – Deliver the Corporate Plan, Operational Plan and Budget

**3.4** – Ensure capital and maintenance programs for infrastructure/open spaces are prioritised and delivered on time

**3.7** – Identify and manage risk

### **Operational Plan 2024-2025 Actions:**

Legislative requirement.

## **COUNCIL'S ROLE**

Council can play a number of different roles in certain circumstances, and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

<b>Regulator</b>	Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes-based approach that balances the needs of the community with social and natural justice.
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## **CONSULTATION**

<b>Internal:</b>	The acting Chief Financial Officer presented the amended Policy at a Councillor Workshop held on the 13 May 2025.
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<b>External:</b>	Nil
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## **COMMUNITY ENGAGEMENT**

Nil

## **ATTACHMENTS**

1. Debt General Policy (3) [6.5.1 - 4 pages]

### 3. DEBT GENERAL POLICY

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#### Purpose

Section 192 of the *Local Government Regulation 2012* requires a local government to prepare and adopt a debt policy each financial year. Council's borrowing activities are further governed by the *Statutory Bodies Financial Arrangements Act 1982*.

The purpose of this policy is to define the principles used by Council to borrow for funding purposes.

#### Scope

This debt policy is effective from the date of Council's resolution and will apply to the financial year from 1 July 2025 to 30 June 2026.

The policy will identify Council's new borrowings planned for the current financial year and the next nine financial years. It will also state the period over which Council plans to repay existing and new borrowings.

#### Policy Content

The following sets out the Debt General Policy for the year ended 30 June 2026 as required by s 192 of the *Local Government Regulation 2012*.

#### Principles

1. Council aims to finance capital works and new assets to the greatest extent possible from revenue, grants and subsidies or any specific reserves primarily established to fund capital works.
2. It is Council's intention to fully fund depreciation (when possible) which requires a significant source of funding.
3. Long term borrowings for capital works and new assets should be limited, where possible, to assets that will provide an intergenerational benefit.
4. Borrowings will be undertaken in accordance with Queensland Treasury Corporation guidelines and the *Statutory Bodies Financial Arrangement Act 1982*.
5. Council will not use long-term debt to finance operating activities or recurrent expenditure of Council.
6. Detailed capital works and asset acquisition programs for the next 10 years together with the 10-year financial forecast will provide the basis for the determination of funding options.
7. Borrowing decisions should be based upon careful consideration of the impact on Council's financial sustainability ratios. Council's preferred target range are in line with those determined by the Local Government Sustainability Framework published by the Department of Local Government, Water and Volunteers.

These are:

Ratio	Target Range
1. Operating Surplus Ratio	Greater than -2%
2. Operating Cash Ratio	Greater than 0%
3. Unrestricted Cash Expense Cover Ratio	Greater than 4 months
4. Asset Sustainability Ratio	Greater than 90%
5. Asset Consumption Ratio	Greater than 60%
6. Leverage Ratio	0 – 3 times
7. Council Controlled Revenue	Contextual measure
8. Population Growth	Contextual measure
9. Asset Renewal Funding Ratio	Contextual measure

### Borrowings for the ten years ending June 2035

Council's 10-year financial forecast will be reviewed on an annual basis, during the budget process and will include any planned borrowings.

The repayment period for new borrowings will be 20 years or less, except in the case of borrowings for major long-life infrastructure assets or for capital works which have been levied to ratepayers as a special charge, where a repayment period will be determined on a case-by-case basis.

Based on Council's most recent review of capital funding requirements the borrowings identified as being required for the current financial year and the next nine financial years are outlined in [Schedule A](#) to this policy.

### Related Legislation

*Local Government Act 2009*

*Local Government Regulation 2012*

*Statutory Bodies Financial Arrangements Act 1982*

*Statutory Bodies Financial Arrangements Regulation 2019*

### Policy Review

This policy is to be reviewed whenever legislation changes, or annually if no changes have been required to be enacted, at the direction of the Chief Executive Officer.

### Policy Details

Policy Name	Debt General Policy
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<b>Policy Number</b>	3
<b>Policy Version</b>	11
<b>Document Number</b>	810030
<b>Endorsed by</b>	Chief Executive Officer
<b>Policy Type</b>	Statutory
<b>Approval Authority</b>	Council
<b>Date Adopted</b>	25/03/2025
<b>Time Period</b>	Annually
<b>Review Date</b>	01/02/2026
<b>Policy Department</b>	Finance and Corporate Services
<b>Link to Corporate Plan</b>	Robust Governance and Efficient Service Delivery
<b>Revoked/Superseded</b>	

**This policy is to remain in force until otherwise determined by Council.**

## Schedule A

Purpose	Loan Term (Yrs)	2025-26 (\$'000s)	2026-27 (\$'000s)	2027-28 (\$'000s)	2028-29 (\$'000s)	2029-30 (\$'000s)	2030-31 (\$'000s)	2031-32 (\$'000s)	2032-33 (\$'000s)	2033-34 (\$'000s)	2034-35 (\$'000s)
Roads/Transport	20	3,800	5,700	2,000	-	-	-	-	-	-	-
Water	20	3,200	3,200	-	-	-	-	-	-	-	-
<b>TOTAL</b>		<b>7,000</b>	<b>8,900</b>	<b>2,000</b>	-	-	-	-	-	-	-