

3.11. DEBT GENERAL POLICY

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| REPORT AUTHOR | Interim Chief Financial Officer |
| MANAGER | General Manager Corporate and Communities |
| DEPARTMENT | Corporate and Communities |
| DATE | 16 June 2026 |

RECOMMENDATION

That Council adopt the Debt General Policy.

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 no anticipated borrowings over the 10-year financial forecast period.

PREVIOUS COUNCIL CONSIDERATIONS / RESOLUTIONS

The Debt General Policy for 2025/26 was adopted at the ordinary council meeting on 20 May 2025.

REPORT/BACKGROUND

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 previously outlined a borrowing schedule which has been amended to reflect no anticipated borrowings over the 10-year financial forecast period, largely due to additional grant funding.

Based on Council's most recent review of capital funding requirements, as part of the long-term financial plan, no borrowings are required for the current financial year and the next nine (9) financial years.

FINANCIAL AND RESOURCE IMPLICATIONS

No anticipated borrowings will result in lower-than-expected interest charges.

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 Section 192 of the *Local Government Regulation 2012*.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

SOCIAL IMPLICATIONS

There are no social implications associated with this report.

CORPORATE AND OPERATIONAL PLAN

This report has been prepared in accordance with the following:

Corporate Plan 2025-2030 Initiatives:

Theme 1 - Liveability

To deliver community activities to promote safe, healthy, inclusive and socially engaged communities with an environmental conscious.

1.1 - Deliver community initiatives that support healthy, inclusive and socially engaged communities.

Theme 2 - Prosperity

Council plans, builds and maintains the infrastructure required to improve our lifestyle and promote economic growth, working actively to support local businesses.

2.2 - Support local business through local procurement.

Theme 3 - Service Delivery

We deliver Council services effectively and efficiently to meet community expectations, focusing on the wellbeing of both the community and our employees.

3.1 - Deliver the Corporate Plan, Operational Plan and Budget.

Operational Plan 2025-2026 Actions:

Legislative requirement

LEGISLATION AND POLICY

- *Local Government Act 2009*
- *Local Government Regulation 2012*

CONSULTATION

Internal consultation:

- Financial Services
- Infrastructure Department

CONCLUSION

The recommendation for the Ordinary meeting is that Council Adopt the Debt General Policy.

ATTACHMENTS

1. Debt General Policy [**3.11.1** - 3 pages]

3. DEBT GENERAL POLICY

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 2026 to 30 June 2027.

The policy will identify Council's borrowing principles.

Policy Content

The following sets out the Debt General Policy for the year ended 30 June 2027 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 2036

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, no borrowings are required for the current financial year and the next nine financial years.

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

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| Policy Name | Debt General Policy |
| Policy Number | 3 |
| Policy Version | 11 |
| Document Number | 810030 |
| Endorsed by | Chief Executive Officer |
| Policy Type | Statutory |
| Approval Authority | Council |
| Date Adopted | |
| Time Period | Annually |
| Review Date | |
| Policy Department | Financial Services |
| Link to Corporate Plan | Strategic Theme 3: Service Delivery |
| Revoked/Superseded | |

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