

2017/18 DEBT GENERAL POLICY

Intent

To provide Council with a debt management strategy based on sound financial management guidelines.

Scope

This policy applies to all borrowings of Douglas Shire Council.

Reference

Legislation: *Local Government Act 2009*
Local Government Regulation 2012

Provisions

The following sets out the Debt General Policy for the year ended 30 June 2018 as required by Section 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 is 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. Council will review the projected ratios of interest and redemption as a percentage of rates revenue to set a target range.
5. Council will not use long-term debt to finance operating activities or re-current expenditure of Council.
6. The repayment period for new borrowings will be set at 10 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.
7. 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.

Borrowings for the ten years ending June 2027

At this stage, Council's 10 year financial forecast does not include any planned borrowings, however this will be reviewed on an annual basis.

The repayment term of any future borrowings will be in accordance with the repayment schedule relevant to each loan.

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

Manager Responsible for Review:

Manager Finance & IT

ORIGINALLY ADOPTED: 24/01/2014

CURRENT ADOPTION: 27/06/2017

DUE FOR REVISION: 30/06/2018