

COUNCIL POLICY: DEBT

Date Adopted:	<i>23 June 2011</i>
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Date Amended:	<i>13 July 2012; 20 June 2013; 3 July 2014; 24 June 2015</i>
Contact officer:	<i>Chief Finance Officer</i>
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File Reference:	<i>12/13/002; 04/15/004</i>
Related Policies/Local Laws/Legislation:	<i>Local Government Act 2009 Local Government Regulation 2012 Statutory Bodies Financial Arrangements Act 1982 Statutory Bodies Financial Arrangements Regulation 2007 Statutory Bodies Financial Arrangements Act 1982 Operational Guidelines</i>
Related Documents:	<i>Nil</i>

OBJECTIVES

The objectives of this policy are:

- To outline parameters for borrowing and debt levels within Council's annual budget and long-term financial forecast
- To ensure compliance with the *Local Government Act 2009* and *Local Government Regulation 2012*

Corporate Plan:	
Priority Area	<i>Organisational Sustainability Council strives to be a high performing and financially sustainable organisation with robust governance structures based on the principles of risk management and continuous improvement. We offer a safe, positive work environment, value and reward our staff and are committed to providing ongoing development and training.</i>
Strategy	<i>Implement and maintain an integrated strategic planning framework across Council, which embeds performance, financial and asset management principles.</i>

POLICY STATEMENT

Division 2 of the *Statutory Bodies Financial Arrangements Act 1982* provides that Council may borrow funds provided it has the Treasurer's approval and the borrowings are in Australian money and undertaken in Australia.

Part 3 of the *Local Government Act 2009* requires Council to have a Debt Policy as part of a system of financial management.

Section 192 of the Local Government Regulation 2012 requires that Council's Debt Policy states:

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

Section 7 of the Statutory Bodies Financial Arrangements Act 1982 Operational Guidelines provides that there is general approval granted by the Treasurer for any borrowings from Queensland Treasury Corporation (QTC) if they have been approved by the Department of Local Government. All of Council's current and future borrowing arrangements are with QTC.

At least on annual basis, and in accordance with section 171 of the Local Government Regulation 2012, Council will consider its long-term financial forecast before planning new borrowings. Council's borrowing program will be based on a long-term sustainable financial position and will be only undertaken where Council can demonstrate that repayments can be comfortably met.

Borrowings are only available for capital expenditure and not for use to fund recurrent expenditure and operational activities of the Council. Where the Council raises funds from new borrowings, the funds will only be used for the purpose for which the loan was raised. If a borrowing is undertaken and the final project cost is less than budget, resulting in unexpended loan funds, these funds may be reallocated to eligible projects by resolution of Council.

In borrowing for infrastructure, the term of the loan shall not exceed the finite life of the related asset.

Planned borrowings will be identified in Council's budget and long-term financial forecast. This condition may be waived in circumstances where an emergency or urgent situation requires the use of borrowings and those borrowings comply with all other policy conditions.

New Borrowings

New borrowings identified in Council's long-term financial forecast are as follows:

Financial Year Ending 30 June	Amount	Purpose	Repayment Period
2016	\$3,000,000	\$3.0M Capital Works required to Bridges	20 yrs
2017	\$23,357,000	\$2.0M Capital Works required to Bridges \$1.357M Capital Works required to Lake Moogerah Caravan Park	20 yrs
2018	\$225,000	Capital Works required to Lake Moogerah Caravan Park	20 yrs
2019	\$0		
2020	\$3,300,000	\$0.8M Capital Works required to Lake Moogerah Caravan Park \$2.5M Capital Works required for new landfill cell at Bromelton	20 yrs 6 yrs
2021	\$150,000	\$0.15M Capital Works required to Lake Moogerah Caravan Park	20 yrs

Existing Borrowings

Existing borrowings are shown in the following table:

Year Borrowed	Amount Borrowed	Purpose	Repayment Period	Year to be Repaid	Principal Outstanding 31/03/2015
Transferred on amalgamation 2008	\$2,960,590	Beaudesert Shire Council - Schedule Works 2007/08 <i>(\$2.213M transferred to bulk water authority on 30 June 2008)</i>	20 yrs	2029	\$610,274
2011	\$3,500,000	Scenic Rim RC - Capital Works 2011	20 yrs	2028	\$2,950,910
2012	\$3,000,000	Scenic Rim RC - Capital Works 2012	20 yrs	2031	\$2,652,924
2013	\$4,000,000	Scenic Rim RC - Capital Works 2013	20 yrs	2033	\$3,678,359
2014	\$4,000,000	Scenic Rim RC - Capital Works 2014	20 yrs	2034	\$3,817,686
2015	\$4,000,000	Scenic Rim RC - Capital Works 2015	20 yrs	2035	\$0*

*To be drawn down during June 2015

Overdrafts

Council has no overdraft facilities.

SCOPE

This policy applies to all borrowings undertaken by Council.

DEFINITIONS

Borrowings; those funds which Council obtains from external sources by loans, overdraft or other financial arrangements that impose on Council an obligation for repayment.

RESPONSIBILITIES

Policy Author	Chief Finance Officer
Policy Owner	Chief Finance Officer
Guidelines and procedures	Nil

Approved By:

SCENIC RIM REGIONAL COUNCIL
24 June 2015