



1 HEAD OF POWER

- *Local Government Act 2009 (Qld)*
- *Local Government Regulation 2012 (Qld)*
- *Human Rights Act 2019 (Qld)*
- *Statutory Bodies Financial Arrangements Act 1982 (Qld)*
- *Statutory Bodies Financial Arrangements Regulation 2007 (Qld)*
- *Public Records Act 2023 (Qld)*

2 POLICY PURPOSE

The purpose of this policy is to establish a clear and responsible framework for managing Council borrowings. It aims to ensure that debt is utilised prudently to finance long-term infrastructure and service delivery needs, thereby supporting financial sustainability and complying with the requirements of the *Local Government Regulation 2012*.

This policy promotes transparency, accountability, and effective financial planning by detailing current and future borrowing intentions and aligning them with Council's strategic priorities.

3 POLICY OBJECTIVE

The objective of this policy is to ensure borrowings are managed in a responsible, transparent and sustainable manner to support the delivery of essential community infrastructure and services, while maintaining long-term financial sustainability and compliance with legislative requirements.

4 POLICY SCOPE

This policy applies to all current or future Council borrowings, establishing principles for responsible debt management. It encompasses the planning, approval, and monitoring of debt to ensure borrowings support sustainable infrastructure and community development.

The policy is applicable to all Councillors and Council employees involved in financial planning and capital works, ensuring alignment with Council's long-term financial forecast and regulatory requirements.

5 POLICY STATEMENT

Under *Section 192* of the *Local Government Regulation 2012*, Council must prepare and adopt a debt (borrowing) policy encompassing the principals that Council will apply to debt borrowings for the current financial year and the next consecutive nine (9) financial years. The should also forecast the period over which the local government plans to repay existing and new borrowings.

5.1 DEBT (BORROWING) PRINCIPALS

Council will be guided by the following principles for all borrowing debt:

- 5.1.1 Prudent Financial Management:** The Council will only borrow when necessary and when it can be demonstrated that borrowings contribute to long-term financial sustainability.
- 5.1.2 Purpose-Specific Borrowing:** Council will only incur debt for the following purposes:
- Funding capital infrastructure or asset creation/improvement
 - Addressing short-term working capital requirements
 - Responding to emergency or hardship circumstances
- 5.1.3 Revenue Capacity and Affordability:** Borrowings will be based on Council's capacity to service debt repayments through reliable and predictable revenue sources, without compromising essential service delivery.
- 5.1.4 Alignment with Long-Term Planning:** All borrowings must be included in and aligned with Council's:
- Long-Term Financial Forecast
 - Asset Management Plans
 - Capital Works Program
- 5.1.5 Transparency and Accountability:** Council will report borrowings in its annual budget and financial statements, ensuring the community is informed of current and future debt levels.
- 5.1.6 Risk Management:** All borrowing decisions will consider financial risks, including:
- Interest rate fluctuations
 - Debt servicing obligations
 - Refinancing and liquidity risks
- 5.1.7 Compliance with Legislation and Guidelines:** All debt (borrowing) must comply with:
- *Local Government Act 2009 (Qld)*
 - *Local Government Regulations 2012 (Qld)*
 - *Statutory Bodies Financial Arrangements Act 1982 (Qld)*
 - Queensland Treasury Corporation (QTC) borrowing procedures
 - Any required ministerial approvals
- 5.1.8 Community Benefit and Intergenerational Equity:** Debt must fund projects that deliver long-term benefits, ensuring equitable outcomes across generations.
- 5.1.9 Preference for Internal Funding and Grants:** Council will prioritise funding through operational surplus, reserves, and external grants before resorting to borrowings.
- 5.1.10 Borrowing Limits and Controls:** Council will operate within prudent debt thresholds based on QTC financial sustainability indicators and maintain borrowing limits set within the Long-Term Financial Plans.

5.2 PLANNED BORROWINGS

Council currently has no existing or planned borrowing for the current financial year, and next nine (9) consecutive financial years as outlined below:

| Year | Purpose | Borrowing Amount (\$) | Original Terms (Yrs) | Year of Final Repayment |
|-----------|--------------|-----------------------|----------------------|-------------------------|
| 2025/2026 | Nil | \$0 | Nil | N/A |
| 2026/2027 | Nil | \$0 | Nil | N/A |
| 2027/2028 | Nil | \$0 | Nil | N/A |
| 2028/2029 | Nil | \$0 | Nil | N/A |
| 2029/2030 | Nil | \$0 | Nil | N/A |
| 2030/2031 | Nil | \$0 | Nil | N/A |
| 2031/2032 | Nil | \$0 | Nil | N/A |
| 2032/2033 | Nil | \$0 | Nil | N/A |
| 2033/2034 | Nil | \$0 | Nil | N/A |
| 2034/2035 | Nil | \$0 | Nil | N/A |
| | Total | \$0 | | |

6 HUMAN RIGHTS COMPATIBILITY STATEMENT

This policy has been assessed as compatible with Human Rights protected under *the Human Rights Act 2019*.

7 DEFINITIONS

| Term | Definition |
|---------------------------------------|---|
| Council | Pormpuraaw Aboriginal Shire Council |
| Borrowing | A financial liability incurred by Council for the purpose of raising funds, usually in the form of loans from the Queensland Treasury Corporation (QTC) or other approved lenders |
| Capital Expenditure | Expenditure on the acquisition or construction of long-term assets (e.g. buildings, roads, plant), or upgrades to existing assets that enhance service potential or extend life |
| QTC (Queensland Treasury Corporation) | The State Government's central financing authority which provides loans and financial services to Queensland local governments |
| Debt Servicing | The repayment of principal and interest on borrowings over time |

| Term | Definition |
|-----------------------|---|
| Working Capital | The funds available to Council for day-to-day operations, calculated as current assets minus current liabilities |
| Emergency or Hardship | Situations requiring immediate funding that pose significant risk to public safety, essential services, or financial viability of Council (e.g.: natural disaster, health crisis) |

8 RELATED POLICIES AND OTHER DOCUMENTS

Policies

- Risk Management Policy
- Fraud & Corruption Policy

Documents

- Adopted Budget
- Long Term Financial Plan
- Asset Management Plans

9 MONITORING AND REVIEW

This policy will be reviewed annually as part of the budget process in accordance with *Section 193* of the *Local Government Regulation 2012*.

10 RESPONSIBILITY

This Policy is to be implemented by the CEO; and reviewed and amended by the Executive Manager of Corporate Services in accordance with the monitoring and review requirements listed in the policy.

It is the responsibility of Council Employees to ensure that:

- They are familiar with the Debt (Borrowing) Policy and their responsibilities, and they follow the policy accordingly;
- They seek debt (borrowing) facilities in accordance with the policy ensuring compliance with the key principles;

It is the responsibility of Corporate Services to ensure that:

- Employees are given continuous support and guidance in relation to the Debt (Borrowing) Policy.
- This policy is maintained and updated in line with legislation.

11 VERSION CONTROL

| Version | Details | Resolution No | Date |
|---------|-----------------------|---------------|-------------|
| V1 | Developed and adopted | 2012/03 | 01 Mar 2012 |
| V13 | Amended and adopted | 2024/07/13 | 31 Jul 2024 |
| V14 | Amended and adopted | 2025/57 | 25 Jun 2025 |