

Policy



STATUTORY

DEBT

Head of Power

Section 192 of the *Local Government Regulation 2012* requires a Local Government to annually prepare a Debt Policy. Council's borrowing activities continue to be governed by the *Statutory Bodies Financial Arrangements Act 1982* and the *Statutory Bodies Financial Arrangements Regulation 2019*.

Key Supporting Council Document

Lockyer Valley Regional Council Corporate Plan (2022-2027):

Lockyer Leadership and Council –

- *Undertake robust and accountable financial, resource and infrastructure planning and management to ensure affordable and sustainable outcomes for our community.*

Definitions

N/A

Policy Objective

To establish a responsible debt management framework for the management of Council's future debt.

Policy Statement

This policy provides clear guidance for staff in the management of Council's debt portfolio and the maintenance of appropriate debt and debt servicing levels.

External Loans

Council will not utilise loan funds to finance operating activities.

Council recognises that the infrastructure requirements placed upon it in many instances can only be funded through borrowings but is mindful of the additional cost incurred by property owners when assets are acquired through borrowings.

Council will endeavour to fund all capital renewal projects from operating cash flows and borrow only for new or upgrade projects having regard to sound financial management principles and considering intergenerational equity for the funding of long-term assets.

Borrowings for infrastructure that provide a return on assets will take priority over borrowings for other assets.

Where capital assets are funded through borrowings, Council will repay the loans within the shortest term possible with the maximum term not exceeding the life of the asset.

Council will maintain scrutiny of debt levels with the intent to ensure that sustainability indicators do not exceed the target parameters recommended by the Financial Management (Sustainability) Guidelines provided by the Department of Housing, Local Government, Planning and Public Works, Queensland Treasury Corporation and the *Local Government Regulation 2012*.

Council will raise all external borrowings at the most competitive rates available from sources defined by legislation. Loans will be drawn down annually subject to cash flow requirements to minimise interest expenses.

Pursuant to Section 192 of the *Local Government Regulation 2012*, proposed borrowings for capital works projects as outlined in the adopted budget for the current financial year and subsequent financial years are as follows:

Financial Year	\$'000
2024/2025	-
2025/2026	-
2026/2027	-
2027/2028	-
2028/2029	-
2029/2030	-
2030/2031	-
2031/2032	-
2032/2033	-
2033/2034	-
2034/2035	-

Internal Loans

The provision of internal loans will depend upon the availability of excess Council funds and the capacity of the internal business unit to repay the loan.

The term of the internal loan will not exceed the life of the asset being financed.

The interest rate of the internal loan will be the sum of the equivalent Queensland Treasury Corporation borrowing rate, the Queensland Treasury Corporation administrative charge for the loan and an addition risk margin of no less

than 1%. The provision for the interest and redemption payments of internal loans will be included in the annual budget for the business unit.

Human Rights

Council is committed to respecting, protecting and promoting human rights. Council has an obligation under the Human Rights Act 2019 to give proper consideration to human rights when making a decision, and to act and make decisions in a way that is compatible with human rights. To the extent that an act or decision under this policy may engage human rights, Council will have regard to the Human Rights Act 2019 in undertaking the act or making the decision.

Related Documents

Lockyer Valley Regional Council – 2024-2025 Budget and Long-Term Financial Forecast