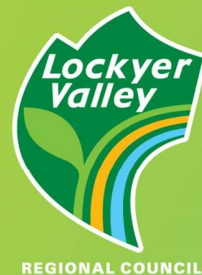


# Policy document



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 2007*.

### Key Supporting Council Document

Lockyer Valley Regional Council Corporate Plan (2017-2022)

5.1 *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 existing and 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 inter-generation 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. Current loans are planned to be repaid within their existing loan terms.

Consideration will be given to renegotiating loans where it is in Council's long-term interests to do so.

If surplus funds become available and where it is advantageous to do so, one-off loan repayments will be made to reduce the balance of existing loans.

Council will maintain scrutiny of debt levels to try and ensure that sustainability indicators do not exceed the target parameters recommended by the 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.

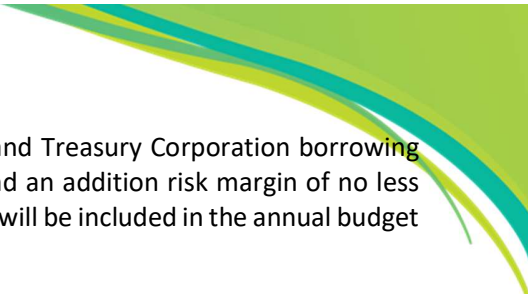
Pursuant to Section 192 of the *Local Government Regulation 2012*, proposed borrowings for capital works projects as outlined in the adopted budget for the current financial year and subsequent financial years are as follows:

Financial Year	\$'000
2021/2022	-
2022/2023	-
2023/2024	-
2024/2025	-
2025/2026	-
2026/2027	-
2027/2028	-
2028/2029	-
2029/2030	-
2030/2031	-

### 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.

## Related Documents

Lockyer Valley Regional Council – *2021-2022 Budget and Long-Term Financial Forecast*