

Council Policy

Debt

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Portfolio	Council Sustainability	Next Review Date	30/06/2026
Business Unit	Financial Management	Document ID	10964902

1. Purpose/Objective

The objectives of this Policy are to:

1. Outline parameters for borrowing and debt levels within Council's annual budget and long-term financial forecast; and
2. Ensure Council complies with its requirements under the *Local Government Act 2009* and *Local Government Regulation 2012*, with regard to Debt as part of its system of financial management.

2. Scope

This Policy applies to all Council borrowings.

3. Responsibility

The Financial Management Coordinator will be responsible for ensuring compliance with relevant legislation and for the annual review in accordance with the annual budget modelling adopted by Council.

4. Policy

Council is committed to:

1. At least on an annual basis, and in accordance with section 171 of the *Local Government Regulations 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.
2. Ensuring that 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.

3. Ensuring that in borrowing for infrastructure, the term of the loan shall not exceed the finite life of the related asset.
4. Ensuring that planned Borrowings are identified in Council's budget and long-term financial forecast; and listed as an attachment to this policy. 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.

5. 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.

6. Related Legislations/Documents

1. *Local Government Act 2009* (the Act);
2. *Local Government Regulations 2012* (the Regulation);
3. *Statutory Bodies Financial Arrangements Act 1982*;
4. *Statutory Bodies Financial Arrangements Regulation 2007*;
5. *Statutory Bodies Financial Arrangements Act 1982 - Operational Guidelines*.

This Policy supports the Scenic Rim Regional Council Corporate Plan 2025 - 2030.

7. Version Information

Version No	Adoption Date	Key Changes	Approved by
1	23/06/2011	Special Meeting Item No. 2.21; Annual Review	Council
2	13/07/2012	Special Meeting Item No. 2.19; Annual Review	Council
3	20/06/2013	Special Meeting Item No.1.21; Annual Review	Council
4	03/07/2014	Special Meeting Item Number 1.19; Annual Review	Council
5	27/10/2015	Finance Committee Meeting 13/10/2015; Ordinary Meeting Item No. 6.	Council
6	23/06/2016	Special Meeting Item No. 1.8; Annual Review	Council
7	15/06/2017	Special Meeting Item No. 1.7; Annual Review	Council
8	13/06/2018	Special Meeting Item No. 1.7; Annual Review; Updated into new policy format;	Council
9	12/06/2019	Special Meeting Item No. 1.13; Annual Review	Council
10	06/07/2020	Special Meeting Item No. 5.17; Annual Review; Updated into new policy format;	Council
11	09/02/2021	Ordinary Meeting Item No. 10.11; Annual Review; Debt refinancing initiative consideration;	Council

12	24/06/2021	Special Meeting Item No. 6.14; Annual Review	Council
13	11/07/2022	Special Meeting Item No. 6.17; Annual Review; Updated into new policy template;	Council
14	25/10/2022	Ordinary Meeting Item No. 10.11; Update to repayment terms	Council
15	19/06/2023	Special Meeting Item No. 6.17; Annual review nil amendments to Policy, updates to New and existing borrowings only.	Council
15	26/06/2024	Special Meeting Item No. 5.17; Annual review nil amendments to Policy, updates to New and existing borrowings only.	Council
16	09/07/2025	Special Meeting Item No. 6.15; Annual review nil amendments to Policy, updates to New and existing borrowings only.	Council

Attachment 1

Scenic Rim Regional Council Planned Borrowings

New Borrowings

No new borrowings identified in Council's long-term financial forecast.

Existing Borrowings

Existing borrowings are shown in the following table:

Year Borrowed	Amount Borrowed	Purpose	Repayment Period	Interest Rate + Admin Fee	Year to be Repaid	Principal Outstanding 31/05/2025
2019	\$3,300,000	Scenic Rim RC - Bridge Rehabilitation 2019	20 yrs	2.255%	2039	\$2,509,703
2020	\$1,500,000	Scenic Rim RC - Bridge Rehabilitation 2020	20 yrs	1.945%	2040	\$1,199,415
2020	\$5,000,000	Beauesert Enterprise Precinct 2020	13 yrs	1.495%	2033	\$3,294,745
2021	\$19,440,546	Refinanced Loans 2021	20 yrs	2.275%	2041	\$16,512,194
2021	\$1,500,000	Land Acquisition 2021	20 yrs	2.275%	2041	\$1,116,532
2021	\$15,000,000	Major Capital Works 2021	20 yrs	2.275%	2041	\$12,740,532
2022	\$1,395,000	New Landfill Cell Bromelton 2022	6 yrs	3.965%	2028	\$803,043
2023	\$2,000,000	Capital Works 2023	20 yrs	5.005%	2043	\$1,913,094
2023	\$3,075,000	Property Purchase 2023	2 yrs	4.625%	2025	\$403,888
Total						\$40,493,146

Overdrafts

Council has an ongoing Working Capital Facility with Queensland Treasury Corporation (limit \$10,000,000).

Legislation

Section 34 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.

Section 104 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 the new borrowings planned for the current financial year and the next 9 financial years; and 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.

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