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## DEBT POLICY

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<b>Adoption Date:</b>	July 2023	<b>Revision Date:</b>	July 2024
<b>Division:</b>	Corporate	<b>Responsible Officer:</b>	Chief Executive Officer
<b>Note:</b>	P – Primary Author S – Secondary Author		Director Corporate Services

### 1. POLICY OBJECTIVE

This policy sets out the Council's existing borrowing and its intentions for borrowing in the current year, and in the next 9 financial years.

### 2. DEFINITIONS

<b>Term</b>	<b>Definition</b>
<b>Borrow</b>	Includes raise and obtain, in any way, money, credit, and other financial accommodation
<b>Other financial accommodation</b>	<p>Includes –</p> <ul style="list-style-type: none"><li>a) Finance leases primarily to raise amounts to buy, or to finance the purchase of, property the subject of the leases; and</li><li>b) Guarantees, letters of credit, and any other form of undertaking provided by a financial institution or other person to meet the liabilities or obligations of a statutory body</li></ul> <p>Subject to a regulation under subsection 3, a statutory body does not borrow merely because, in the ordinary course of performing its functions, it enters into any of the following:</p> <ul style="list-style-type: none"><li>a) A hire purchase agreement;</li><li>b) An operating lease</li><li>c) A credit card facility.</li></ul> <p>A regulation may prescribe that something is, or is not, a form of financial accommodation for the definition "borrow", including, for example, a particular type of hire-purchase agreement, operating lease or credit card facility.</p>

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### 3. RELEVANT LEGISLATION

Local Government Regulation 2012 (s.192)

#### 4. BACKGROUND

The legislation requires that local government must consider the long-term financial forecast before planning new borrowings.

#### 5. POLICY STATEMENT

For each borrowing, Council must ensure that the following general principles are observed: -

Borrowings will only be undertaken if:

- all alternative options for undertaking the project without borrowing have been investigated and proved less advantageous to Council;
- the benefit received from undertaking the borrowing is greater, over the life of the borrowing, than the costs of borrowing;
- repayments will be met from project income or other untied income of Council (not grant funding).

Long-term debt is only to be used for income producing assets or those assets that can be matched with a revenue stream.

Debt including a bank overdraft is not to be used to finance recurrent/operating budget activities.

The maximum term of any new debt is to be 10 years, or matched with the useful life of the asset, whichever is shorter.

Council shall monitor its capacity to pay, ensuring the community is not burdened with unnecessary risk.

Only those projects identified in strategic planning documents or other approved plans shall be eligible for funding through borrowings.

Borrowings must be undertaken in Australia and be in Australian dollars.

The borrowings policy will be reviewed and updated annually.

Existing Borrowings

Existing borrowings, their purpose and the time over which they will be repaid are:

Date of borrowing	Purpose of borrowing	Amount	Repayment Time	Treasurer Approval
<b>NO EXISTING BORROWINGS</b>				

#### 6. PROPOSED COUNCIL BORROWINGS

The following information will be included in this policy:

- new borrowings planned for the current financial year and the next nine (9) financial years; and
- the purpose of the new borrowings; and
- the time over which it is planned to repay existing and proposed borrowings.

New borrowings planned for the current financial year and the next nine (9) financial years, including the purpose and proposed repayment period are:

Date of borrowing	Purpose of borrowing	Amount	Repayment Time	Treasurer Approval
<b>NO PROPOSED BORROWINGS</b>				

## 7. COUNCILLOR LIABILITY

If Council borrows without the authority conferred under the Statutory Bodies Financial Arrangements Act 1982, under s.112 of Local Government Act 2009, Councillors who knowingly agreed to the borrowing will be jointly and severally liable, i.e. will be required to pay back to the Council the amount borrowed, any interest and any penalties incurred for the borrowing.

## 8. PROCEDURE/S

Not Applicable

## 9. BUDGETARY IMPLICATIONS

Nil

## 10. IMPLEMENTATION

Policy to be implemented by the Director of Administration and Finance

Policy commences immediately on adoption by Council

An annual review is required as part of the budget process

Any transaction which **might** constitute borrowings **MUST** be discussed with the Director Corporate Services before Council is committed.

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