

# Debt Policy

<b>Responsible Manager</b>	Chief Financial Officer
<b>Head of power</b>	<i>Local Government Act 2009</i> <i>Local Government Regulation 2012</i>
<b>Authorised by</b>	Council
<b>Authorised on</b>	23 June 2020
<b>Implemented from</b>	1 July 2020
<b>Last reviewed</b>	2020
<b>Review history</b>	2011, 2013, 2015, 2016, 2017, 2018, 2019
<b>To be reviewed on</b>	June 2021
<b>Corporate Plan</b>	People, Sustainability and Prosperity

## **1. Purpose**

Council is strongly committed to ensuring robust financial management.

This policy provides Council with a debt management strategy based on sound financial management principles and guidelines.

## **2. Application**

This policy applies to all borrowings associated with Torres Strait Island Regional Council and associated enterprises.

## **3. Legislation/Policies**

This policy is established with reference to obligations specified in the *Local Government Act 2009* and the *Local Government Regulation 2012*.

## **4. Principles**

The following principles are accepted financial management principles associated with non-current liability management.

- (a) Borrowings will not be utilised to fund recurrent operations;
- (b) Borrowings will be “matched” with the profile of the asset (asset life will exceed the term of any loans);
- (c) Borrowings for new assets should be linked with income producing assets that create wealth;
- (d) Before Borrowings are undertaken a risk evaluation on the asset or works is required to be undertaken to enable Council to make a fully informed decision;
- (e) The ratio of Interest and Redemption to Grant Income should remain less than ten (10) percent;
- (f) Borrowings will only be for capital expenditure which has been approved through the annual budget and/or other documentation of a strategic nature e.g. State/Federal Government Planning;
- (g) Where transactions are considered “off-balance sheet”, a full financial analysis including a risk assessment is to be undertaken in accordance with State Government Guidelines to ensure that the Council is receiving “value for money”.
- (h) Council will fund its capital works from revenue, grants and subsidies, contributions or specific reserves.

## 6. Existing and Planning Borrowings

### Current Borrowings

Existing Loan	Amount outstanding as at 31 May 2020	Term Remaining
Island Co-ordinating Council	\$129,070.65(MV), \$122,621.16(BV)	1.25 years

### Borrowings planned for the next ten financial years

Council's current Long-Term Financial Plan does not identify any new borrowings for the next 10 financial years.

Manager Responsible for Review:

Chief Financial Officer

Adopted: 23/06/2020  
Due for revision: 30/06/2021

  
Bruce Ranga  
Chief Executive Officer