

# Debt Policy

<b>Responsible Manager</b>	Executive Director, Financial Services
<b>Head of power</b>	<i>Local Government Act 2009 Local Government Regulation 2012 Statutory Bodies Financial Arrangements Act 1982 Statutory Bodies Financial Arrangements Regulation 2019</i>
<b>Authorised by</b>	Council
<b>Authorised on</b>	28 June 2022
<b>Implemented from</b>	1 July 2022
<b>Last reviewed</b>	June 2022
<b>Review history</b>	2011, 2013, 2015, 2016, 2017, 2018, 2019, 2020, 2021
<b>To be reviewed on</b>	June 2023
<b>Corporate Plan</b>	People, Sustainability and Prosperity

## **1. Purpose**

Torres Strait Island Regional Council is strongly committed to ensuring robust financial management of Council's existing and future debt.

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*, *Local Government Regulation 2012*, *Statutory Bodies Financial Arrangements Act 1982* and *Statutory Bodies Financial Arrangements Regulation 2019*.

## **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) The term of any borrowings should not exceed the life of the asset being funded, unless a longer term is recommended by the Queensland Treasury Corporation;
- (c) Borrowings for new assets should be linked with income producing assets that create wealth;
- (d) Before any borrowings are undertaken a full risk evaluation and financial analysis on the asset or works is required to be undertaken to enable Council to make a fully informed decision and ensure it is receiving 'value for money';
- (e) 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;
- (f) Council will fund its capital works from revenue, grants and subsidies, contributions or specific reserves.
- (g) All borrowings will be considered in line with Council's long-term financial forecast and asset management plans.

## **5. Existing and Planning Borrowings**

### **Current Borrowings**

Council has no current borrowings

## **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:

Executive Director, Financial Services

**Adopted:** 28 June 2022  
**Due for revision:** 30 June 2023



James William  
Chief Executive Officer