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ABN: 34 103 787 081

Policy: D001

## Debt Policy

### Head of Power

*Local Government Act 2009*  
*Local Government Regulation 2012*  
*Statutory Bodies Financial Arrangements Act 1982*  
*Statutory Bodies Financial Arrangements Regulation 2019*

### Objective

To provide Council with a debt management framework based on sound financial management, to undertake borrowings to fund capital expenditure.

To establish a framework for:

- a) New borrowings planned for the current financial year & the next nine (9) financial years; and
- b) time over which Council plans to repay existing and new borrowings.

### Application

This policy applies to all forms of borrowings by Pormpuraaw Aboriginal Shire Council.

### Policy Statement

1. Council aims to finance capital works and new assets to the greatest extent possible from revenue, grants and subsidies or any specific reserves primarily established to fund capital works.
2. Borrowings will only be made for:
  - a. Capital expenditure; or
  - b. Short-term working capital; or
  - c. A genuine emergency or hardship.
3. Borrowing will be undertaken in accordance with Queensland Treasury Corporation guidelines and the Statutory Bodies Financial Arrangements Act 1982.
4. Borrowings to support capital expenditure will be for a period which is less than or equal to the estimated useful life of the related asset(s). However, in the case of road, water and sewerage infrastructure with useful lives ranging from 10 to 80 years the term will be limited to between 10 and 20 years unless longer terms are recommended by the Queensland Treasury Corporation.
5. Detailed capital works and asset acquisition programs (Asset Management Plans, Strategies and Policies) for the next 10 years together with Council's 10-year Long Term Financial Forecast will provide the basis for deciding between funding options and if any borrowings should be planned.

6. Council will review the level of debt to ensure its relevant financial sustainability indicators do not exceed target parameters recommended by Queensland Treasury Corporation and Local Government Sustainability Framework.
7. The amount of debt to be borrowed in a financial year must be approved as part of the annual budget process, excluding working capital.
8. Council will use the Queensland Treasury Corporation for the management of its long-term debt facilities.
9. Council currently has no existing borrowings.
10. Council's planned borrowings for the current financial year budget and the long-term financial forecast for the following 9 financial years is outlined below including the term for repayment.

Year	Purpose	Borrowing Amount (\$)	Original Terms (Yrs)	Year of Final Repayment
2024/2025	Nil	\$0	Nil	N/A
2025/2026	Nil	\$0	Nil	N/A
2026/2027	Nil	\$0	Nil	N/A
2027/2028	Nil	\$0	Nil	N/A
2028/2029	Nil	\$0	Nil	N/A
2029/2030	Nil	\$0	Nil	N/A
2030/2031	Nil	\$0	Nil	N/A
2031/2032	Nil	\$0	Nil	N/A
2032/2033	Nil	\$0	Nil	N/A
2033/2034	Nil	\$0	Nil	N/A
	<b>Total</b>	\$0		

### Related Documents

This policy compliments and is to be implemented in conjunction with other Council policies and directives (but not limited to):

- R002 – Risk Management Policy
- 10 Year Financial Forecast Report

### Risk Management

This policy supports Council's strong commitment to transparency, accountability and adherence to our governance framework.

This policy mitigates the risk of inappropriate borrowings and assists to protect Council's financial sustainability.

### Review Triggers

This policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions when any of the following occurs:

- The related documents are amended.
- The related documents are replaced by new documents.
- Amendments are made to the head of power which affect the scope and effect of this Policy.
- Other circumstances as determined from time to time by a resolution of Council.

Notwithstanding the above, this policy is to be reviewed and adopted annually.

### Responsibility

This Policy is to be

- implemented by the CEO; and
- reviewed and amended in accordance with the "Review Triggers" by the Finance Manager.

**Version Control**

<b>Policy: D001</b>		<b>Official Version: D 001-V13</b>
<b>Version</b>	<b>Adoption (Council Resolution Number)</b>	<b>Date</b>
V1	March 2012 (2012/03)	01/03/2012
V12	July 2023 (2023/07/15)	27/07/2023
V13	July 2024 (2024/07/ )	31/07/2024

Approved by CEO:

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*Signature*