



WUJAL WUJAL ABORIGINAL SHIRE COUNCIL

DEBT POLICY

Document Control

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DEBT POLICY

Purpose

This Policy aims to provide Council with robust financial management principles associated with borrowings / loans.

To establish a framework for:

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

Policy Statement

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.

Borrowings will only be made for:

- (a) Capital expenditure; or
- (b) Short-term working capital; or
- (c) A genuine emergency or hardship.

Borrowing will be undertaken in accordance with Queensland Treasury Corporation guidelines.

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

Debt is not to be used to finance recurrent/operating budget activities.

Capital projects are to have undergone a thorough process of evaluation (including risk assessment), prioritisation and review.

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

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

Existing and Planned Borrowings

Council had a working capital facility (WCF) with the Queensland Treasury Corporation which was subsequently converted to a 10-year loan borrowing at 31 January 2022. Council intends to repay that loan over the next 10 years.

The balance of that loan as at 30 June 2022 was \$3,620,000.00

The balance of that loan as at 30 June 2023 was \$3,286,217.62

Council's long-term financial plan does not identify any further borrowings for the next ten years.

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Authorisation

This policy was authorised by Council as the Wujal Wujal Aboriginal Shire Council as part of the 2022/23 budget adoption and shall hereby supersede any previous policies of the same intent.

Reviewed and Adopted by Council

28 August 2023

Next review due

July 2024



Kiley Hanslow

Chief Executive Officer