



# CHERBOURG ABORIGINAL SHIRE COUNCIL

22 BARAMBAH AVENUE  
CHERBOURG QLD 4605

Phone: (07) 4168 1866  
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## DEBT POLICY

### 1. PURPOSE

The purpose of this policy is to ensure the sound management of Council's existing and future borrowings.

### 2. COMMENCEMENT OF POLICY

The policy commences on adoption by Council.

### 3. SCOPE

This policy applies to all borrowing activities of the council.

### 4. BACKGROUND

Council has a responsibility to operate in a financially sustainable manner. In developing a Long Term Financial Plan, borrowing is identified as an alternative source for funding major capital projects. In accordance with the *Local Government Regulation 2012*, Section 192 Debt Policies, Council must prepare and adopt by resolution a Debt Policy for a financial year.

The policy must state:

- (i) The new borrowings planned for the current financial year and the next 9 financial years; and
- (ii) The period over which the local government plans to repay existing and new borrowings.

### 5. PRINCIPLES

The debt policy aims to provide Council with a debt management strategy based on sound financial management guidelines.

- Council will in general, seek to minimise its dependence on borrowings in order to minimise future revenue committed to debt servicing and redemption charges.
- Council will not utilise loan funding to finance operating activities or recurrent expenditure.



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- Council will only borrow funds for the purpose of acquiring assets, improving facilities, services or infrastructure and/or substantially extend their useful lives.
- Borrowings for infrastructure that provides a return on assets will take priority over borrowing for other assets

Borrowings will only be undertaken if:

- All alternative options for undertaking a project without borrowing have been investigated and proved less advantageous to the Council;
- The benefit received from undertaking the borrowing is greater, over the life of the borrowing, than the costs of borrowing; and
- Repayments will be met from project income or other untied income of Council (not grant funding).
- Approvals in accordance with legislative requirements are met.

## 6. EXISTING BORROWINGS

Council currently has no borrowings.

## 7. NEW BORROWINGS

Council has no borrowings planned for the next 9 financial years.



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## Variations

CASC reserves the right to vary, replace or terminate this policy from time to time.

## Associated Documents

- Corporate Plan
- Operational Plan
- Budget

## POLICY VERSION AND REVISION INFORMATION

<b>Policy Type:</b>	Statutory	
<b>Policy Authorised by:</b>	Chatur Zala	<b>Original issue:</b> June 2022
<b>Title:</b>	Chief Executive Officer	
<b>Policy Maintained by:</b>		<b>Current version:</b> 3
<b>Title:</b>	Finance Manager	
<b>Date Reviewed:</b>	June 2024	
<b>Council Resolution:</b>		<b>Resolution date:</b>