

## 1. Heads of Power

*Local Government Act 2009 (Qld)*

*Local Government Regulation 2012 (Qld)*

*Financial Accountability Act 2009 (Qld)*

*Statutory Bodies Financial Arrangements Act 1982 (Qld)*

## 2. Purpose

The purpose of this policy is to establish a framework for responsible borrowing by Aurukun Shire Council (**Council**), ensuring compliance with Section 192 of the *Local Government Regulation 2012* (Qld). This policy provides guidance on the management of existing and future debt obligations in a sustainable and financially prudent manner.

## 3. Scope

This policy applies to all current and future borrowings undertaken by Council. It covers short-term and long-term debt obligations and defines the principles guiding debt management, repayment strategies, and financial sustainability.

## 4. Policy Objectives

The objectives of this policy are to:

- Ensure borrowings are undertaken for capital investment, not operating expenses.
- Maintain debt at levels that are financially sustainable and do not burden future generations.
- Ensure repayment schedules align with the useful life of the asset funded by the borrowing.
- Provide clear principles for Council's approach to debt financing and repayment.
- Maintain compliance with statutory borrowing limits and financial sustainability indicators.

## 5. Borrowing Principles

Council will adhere to the following principles when borrowing funds:

- **Capital-Focused Borrowing:** Borrowings will only be used to fund capital projects and will not be used for operational expenditure.
- **Long-Term Financial Sustainability:** Debt levels will be managed to ensure ongoing financial sustainability.
- **Repayment Alignment:** Loan terms will not exceed the useful life of the asset being funded, with a maximum term of 20 years.
- **Affordable Repayments:** Debt servicing costs will be maintained at a level that does not impose excessive financial risk.
- **Compliance:** All borrowings will comply with Queensland Treasury Corporation (**QTC**) lending requirements.

## 6. Types of Borrowings

### 6.1. Short-Term Borrowings

- Short-term borrowings (e.g., working capital facilities) may be used to manage temporary cash flow shortfalls.

- These borrowings must be repaid within one financial year.

## **6.2. Long-Term Borrowings**

- Long-term borrowings are used for major capital projects and must be approved by Council.
- Borrowings will be structured to align with asset lifespans and repayment capacity.

## **7. Current Borrowings**

As of 2024/2025 Council holds the following loan:

- Wuungkam Lodge Upgrade Loan: Borrowed from QTC, with final repayment due 30 June 2035.

## **8. Proposed Borrowings**

Council has no planned borrowings for the next ten financial years. Any proposed borrowings will require a resolution of Council and must align with this policy.

## **9. Repayment Terms**

- Loan repayments will be structured to ensure minimal financial impact on operational budgets.
- Early repayment of debt may be considered where financially beneficial.
- Council will maintain a loan repayment reserve where appropriate to mitigate future financial risks.

## **10. Reporting and Monitoring**

- Debt levels will be monitored regularly as part of financial sustainability reporting.
- Council's Annual Report will include details of borrowings, repayments, and compliance with debt policies.
- The Finance Department will prepare monthly debt management reports for Council as a part of the monthly financial report.

## **11. Related Documents**

- Annual Budget
- Long-Term Financial Forecast
- Financial Sustainability Policy
- *Local Government Act 2009* (Qld)
- *Local Government Regulation 2012* (Qld)

## **12. Document Controls**

Council will review this policy annually to ensure ongoing compliance with legislation and Council's financial strategy.

## **13. Policy Owner**

Finance Manager.