



Debt & Borrowing Policy

Resolution Number:	SM2018.07.14	Date Adopted:	27 th July, 2018
Classification:	Statutory	Scheduled Review:	31 st July, 2019
Responsible Officer:	Chief Executive Officer	Policy Number:	BSC039
Legislation:	<i>Local Government Act 2009, Local Government Regulation 2012; Statutory Bodies Financial Arrangements Act 1982.</i>		

Section of Corporate Plan: Council Financial Sustainability

OBJECTIVE

The objective of this policy is to ensure the sound management of Barcoo Shire Council's existing and future debt in the 2018-2019 financial year.

POLICY STATEMENT

Council will manage its finances to promote the best interests of local residents, including decisions made for the purposes outlined below.

DEFINITIONS

Nil

PROCEDURE

Council's approach to debt will incorporate the following principles:

- The appropriate mix of debt to internal funding used is intended to provide the lowest long term level of rates which does not over commit Council in the future,
- Borrowing should provide adequate flexibility in the short term,
- The total debt accrued should depend on future outlook for growth in the Shire area, and;
- The term of the debt will relate to the life of the asset obtained by borrowing, but will not exceed twenty (20) years for any individual asset.

Council will aim to reduce the overall level of debt by continuing repayments as per the adopted schedules set by the lending institute.

In order to provide the best possible service for ratepayers, Council will restrict the purpose of loans to asset acquisition and capital expenditure. As the outcome of borrowing for these purposes will benefit present and future generations and the cost is fairly shared across the years.

Council is expected to seek to borrow the following over the next 10 years:

Financial Year	\$ Amount	Purpose	Term (Years)
2018/19	\$1,083,900	Pay out existing hire buy arrangements for 2 graders and a loader	3
2018/19	\$964,000	Purchase grader, loader and prime mover less trade-ins.	5



The time over which it is planned to repay an existing loan is as follows:

Balance as at 30/07/2018	Purpose of Borrowing	Annual Repayments	Remaining Term (Years)	Interest Rate
42,016	Rural Electrification Loan	12,707	4	4.16%

ASSOCIATED DOCUMENTS AND POLICIES

- Barcoo Shire Council Procurement Policy
- Barcoo Shire Council Annual Operational Plan and Corporate Plan