

DEBT POLICY

Intent: To provide Council with a debt management strategy based on sound financial management guidelines.

Scope: This policy applies to all borrowings of Cairns Regional Council including all of the commercialised business units of Council.

PROVISIONS

The following sets out the Debt Policy for the year ending 30 June 2020 as required by chapter 5, part 4, and section 192 of *Local Government Regulation 2012*.

New borrowings planned for the next ten financial years are as follows:

Year and Purpose of Borrowing	Amount	Term
2019/20 Capital Works Program	\$60M	15 years
2020/21 Capital Works Program	\$48M	15 years
2021/22 Capital Works Program	\$30M	15 years
2022/23 Capital Works Program	\$21M	15 years
2023/24 Capital Works Program	\$70M	15 years
2024/25 Capital Works Program	\$82M	15 years
2025/26 Capital Works Program	-	-
2026/27 Capital Works Program	-	-
2027/28 Capital Works Program	-	-
2028/29 Capital Works Program	-	-

The default repayment term of new loans is 15 years however will be set on a case by case basis (up to a maximum of 20 years) to ensure best use of Council's surplus funds.

The planned repayment of existing borrowings is as follows:

Year and Purpose of Borrowing	Current Balance	Term Remaining
2017/18 Borrowings	\$30M	9 years
2015/16 Consolidated Debt	\$70M	7 years
Holloways Beach Rock Wall Stage 1	\$92k	4 years
Holloways Beach Rock Wall Stage 2A	\$71k	5 years
Holloways Beach Rock Wall Stage 2B	\$132k	5 years

Principles

- Council aims to finance capital works and new assets to the greatest extent possible from revenue, grants and subsidies.
- Financing of major infrastructure assets requires a strategic approach to evaluate the risk exposure of Council.
- Council should continually evaluate its financing options to ensure it assesses the relative risks and benefits, including the performance of its finances.
- Council will not use long-term debt to finance operating activities or re-current expenditure of Council.

- Council's long term financial model will provide the basis for determination of funding options.
- Council will only enter into finance lease agreements in line with the provisions contained in the *Statutory Bodies Financial Arrangements Act 1982* and the *Local Government Act 2012*.

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This policy is to remain in force until otherwise determined by Council.

General Manager Responsible for Review:

Chief Financial Officer

ORIGINALLY ADOPTED: 21/06/2002
CURRENT ADOPTION: 03/07/2019
DUE FOR REVISION: 30/06/2020
REVOKED/SUPERSEDED:



John Andrejic
Chief Executive Officer