

**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 2026 as required by chapter 5, part 4, and section 192 of *Local Government Regulation 2012*.

Borrowings are obtained from Queensland Treasury Corporation (QTC), with the exception of capital projects funded under interest-free loan agreements with Economic Development Queensland (EDQ). Council maintains both long and short term borrowings. Borrowing approvals are subject to an annual approval process facilitated by the Department of Housing, Local Government, Planning and Public Works.

**Short Term Borrowings**

Short term borrowings are provided through a Working Capital Facility (WCF). Council maintains a WCF to effectively manage cash balances throughout the year in order to delay the drawdown of long term debt. Any drawdowns from the facility are typically fully repaid within one year.

Councils utilises a WCF limit up to \$120 Million.

**Long Term Borrowings**

Long term borrowings are utilised to fund the construction of long-term infrastructure assets that provide essential services and ongoing benefits to the community. QTC Borrowings are repaid on a monthly basis. EDQ loan repayments are made annually.

Planned long term borrowing requirements are set out below:

<b>Year and Purpose of Borrowing</b>	<b>Amount</b>	<b>Term</b>
2025/26 Capital Works Program	\$36M	15 years
2025/26 EDQ – Mt Peter	\$15M	12 years
2026/27 Capital Works Program	-	-
2027/28 Capital Works Program	-	-
2028/29 Capital Works Program	\$25M	15 years
2029/30 Capital Works Program	\$35M	15 years
2030/31 Capital Works Program	\$24M	15 years
2031/32 Capital Works Program	\$17M	15 years
2032/33 Capital Works Program	\$8M	15 years
2033/34 Capital Works Program	\$7M	15 years
2034/35 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 long term borrowings is as follows:

<b>Year and Purpose of Borrowing</b>	<b>Current Balance</b>	<b>Term Remaining</b>
2021/22 Borrowings	\$22M	7 years
2020/21 Borrowings	\$18M	6 years
2019/20 Borrowings	\$31M	5 years
2018/19 Borrowings	\$8M	4 years
2017/18 Borrowings	\$11M	3 years
EDQ – Mt Peter (interest-free)	\$0.5M	2 years
2015/16 Consolidated Debt	\$10M	1 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 maintains a WCF to effectively manage cash balances throughout the year in order to delay the drawdown of long term debt.
- 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.**

**Director Responsible for Review:**

**Chief Financial Officer**

**ORIGINALLY ADOPTED: 21/06/2002**  
**CURRENT ADOPTION: 25/06/2025**  
**DUE FOR REVISION: 25/06/2026**  
**REVOKED/SUPERSEDED:**



**Ken Gouldthorp**  
**Chief Executive Officer**