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| POLICY NAME: | Debt Policy |
| POLICY NUMBER: | F024 |
| ADOPTED: | 18 June 2025 |
| DIRECTORATE | Corporate and Financial Services |
| REVIEW DUE | 30 June 2026 |

1 PURPOSE

The purpose of this policy is to ensure the sound management of Council's existing and future debt. The policy will provide clear guidance for staff in the management of Council's debt portfolio and maintenance of appropriate debt and debt service levels.

This policy applies to all Councillors and staff and extends to all borrowing activities of Council.

2 SCOPE

This policy relates to any form of borrowing undertaken by Council.

3 HEAD OF POWER

Section 192 of the *Local Government Regulation 2012* requires Council to prepare a debt policy each financial year and that the policy must state the following:

1. New borrowings planned for the current financial year and for the next nine financial years; and
2. The period over which it is planned to repay existing and proposed borrowings.

4 POLICY STATEMENT

Council will ensure that debt holdings remain below the maximum debt leverage ratio target level set by the State Government in the current *Financial Management (Sustainability) Guideline*.

4.1 Borrowing Principles

1. Council will not utilise loan funding to finance operating activities or recurrent expenditure.
2. Council may access short term borrowings via a Queensland Treasury Corporation (QTC) working capital facility to effectively manage its cash

balances throughout the year. Any working capital facility drawdowns will typically be fully repaid within one year.

3. Borrowings will be used to fund the repair, upgrade or construction of essential infrastructure that have an effective life greater than one year.
4. Borrowings for infrastructure that provides a positive rate of return on investment will take priority over borrowing for other assets.
5. All external borrowings shall be obtained through QTC using its full range of fund management services.
6. Where capital projects are financed through borrowings, Council will repay the loan over a term which takes into consideration the expected life of those assets, and over a term that optimises cash flow efficiency.
7. The term for new borrowings shall not exceed the estimated useful life of the asset.
8. Where capital expenditure is deferred from one year to the next, the drawdown of approved loan funds will be reviewed to minimise interest costs.
9. The decision on Council's ultimate levels of debt will require a balance between the levels of service provided, affordability for the community, and Council's long-term financial sustainability.

4.2 Short Term Borrowings

Short term borrowings are provided through a Working Capital Facility (WCF). Council will maintain a WCF to effectively manage cash balances throughout the year in order to ensure that appropriate cash coverage is maintained, particularly at low points in the annual cash flow cycle. Any drawdowns from the facility will be fully repaid within one year.

Councils will utilise a WCF limit up to \$8 million.

4.3 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 quarterly basis. Existing borrowings are outlined in the table below.

Long Term Borrowing Balances 30 June 2026

| Purpose | Lender | Interest Rate | Loan Balance 30 June 2026 | Remaining Term |
|------------------------------|--------|---------------|------------------------------|----------------|
| Barcaldine Sewerage (445976) | QTC | 1.415% | \$986,378 | 6 years |

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|-------------------------------|-----|--------|--------------------|---------|
| Barcaldine Water (80914) | QTC | 7.747% | \$121,997 | 2 years |
| Aramac Swimming Pool (237871) | QTC | 3.005% | \$157,246 | 3 years |
| Barcaldine Sewerage (80912) | QTC | 4.646% | \$65,757 | 2 years |
| TOTAL LOAN BALANCE | | | \$1,331,378 | |

Estimated Long Term Borrowing Repayments 2025–26

| Purpose | Interest Payment | Principal Repayment | Total Repayment | Balance as at 30 June 2026 |
|--------------------------------------|------------------|---------------------|------------------|----------------------------|
| Barcaldine Sewerage (445976) | \$15,705 | \$199,131 | \$214,837 | \$986,378 |
| Barcaldine Water (80914) | \$14,974 | \$112,987 | \$127,961 | \$121,997 |
| Aramac Swimming Pool (237871) | \$6,142 | \$75,162 | \$81,304 | \$157,246 |
| Barcaldine Sewerage (80912) | \$4,889 | \$62,788 | \$67,677 | \$65,757 |
| TOTAL | \$41,711 | \$450,068 | \$491,779 | \$1,331,378 |

Existing Long Term Borrowing Forecast Balances

| Year | Loan Balance |
|----------------|--------------|
| 2025–26 | \$1,331,378 |
| 2026–27 | \$864,214 |
| 2027–28 | \$579,577 |
| 2028–29 | \$371,827 |
| 2029–30 | \$1,127 |
| 2030–31 | \$– |
| 2031–32 | \$– |
| 2032–33 | \$– |
| 2033–34 | \$– |
| 2034–35 | \$– |

4.4 Proposed New Borrowings

Pursuant to section 192 of the *Local Government Regulation 2012*, Council must prepare a debt policy each year that states the new borrowings planned for the current financial year and the next 9 financial years.

Proposed Borrowings are outlined in Appendix A

APPENDIX A
Proposed Long Term Borrowings

| Year | Proposed Borrowing | Purpose |
|----------------|--------------------|------------------------|
| 2025-26 | \$2,950,000 | Barcaldine STP Upgrade |
| 2026-27 | \$1,500,000 | Jericho WTP Upgrade |
| 2027-28 | \$1,500,000 | Jericho WTP Upgrade |
| 2028-29 | \$- | |
| 2029-30 | \$- | |
| 2030-31 | \$- | |
| 2031-32 | \$- | |
| 2032-33 | \$- | |
| 2033-34 | \$- | |
| 2034-35 | \$- | |

Proposed Short Term Borrowings

| Year | Proposed Borrowing | Purpose |
|----------------|--------------------|---|
| 2025-26 | \$8,000,000 | Short term QTC working capital facility |