

Debt Policy

1. PURPOSE

Torres Strait Island Regional Council is strongly committed to ensuring robust financial management of Council's existing and future debt.

This policy provides Council with a debt management strategy based on sound financial management principles and guidelines.

2. SCOPE

This policy applies to all borrowings associated with Torres Strait Island Regional Council and associated enterprises.

3. LINK TO CORPORATE PLAN

- People *Bisnis* - *Pipol*
- Sustainability *Bisnis* - *Mekem las long*
- Prosperity *Bisnis* – *Pruitpul*

4. POLICY STATEMENT

4.1 Principles

The following principles are accepted financial management principles associated with non- current liability management.

- (a) Borrowings will not be utilised to fund recurrent operations.
- (b) The term of any borrowings should not exceed the life of the asset being funded, unless a longer term is recommended by the Queensland Treasury Corporation.
- (c) Borrowings for new assets should be linked with income producing assets that create wealth.
- (d) Before any borrowings are undertaken a full risk evaluation and financial analysis on the asset or works is required to be undertaken to enable Council to make a fully informed decision and ensure it is receiving 'value for money'.
- (e) Borrowings will only be for capital expenditure which has been approved through the annual budget and/or other documentation of a strategic nature e.g. State/Federal Government Planning.

- (f) Council will fund its capital works from revenue, grants and subsidies, contributions or specific reserves.
- (g) All borrowings will be considered in line with Council's long-term financial forecast and asset management plans.
- (h) A working capital facility may be utilised to support day-to-day operational liquidity requirements.

4.2 Existing and Planning Borrowings

Current Borrowings

Council has no current borrowings.

Borrowings planned for the next ten financial years

Council's current Long-Term Financial Plan does not identify any new borrowings planned for the next 10 financial years.

Council intends to apply for a working capital facility of no more than \$18 million to support its management of operational cash flows covering the period February 2025 to October 2025.

4.3 Credit Card Facility

While not borrowings for the purposes of the *Statutory Bodies Financial Arrangements Act 1982* it is noted that Council maintains a credit card facility which facility is fully repaid monthly.

5. REPORTING

No reporting requirements

6. RELATED DOCUMENTS AND REFERENCES

Statutory Bodies Financial Arrangements Act 1982

Statutory Bodies Financial Arrangements Regulation 2007

Local Government Act 2009

Local Government Regulation 2012

7. REVIEW

This policy is to be reviewed every three (3) years, if legislation changes, or at the direction of the Chief Executive Officer.

Policy type:	<input checked="" type="checkbox"/> Council <input type="checkbox"/> Administrative
Directorate:	Financial Services
Responsible Officer	Executive Director Financial Services
Authorised on:	18 March 2025
Effective date:	18 March 2025
Next review date:	March 2028
Review history:	2011, 2013, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024
Version	1.0