



# 2025 – 2026 DEBT POLICY

## POLICY PURPOSE

The purpose of this policy is to ensure the sound financial management of Council's existing and future debt.

This policy applies to the 2025/26 financial year and may be amended as budget assumptions change during the year.

## SCOPE

Pursuant to *Section 192 of the Local Government Regulation 2012*, Council must prepare and adopt a debt policy for a financial year. The debt policy must state the new borrowings planned for the current financial year and the next nine (9) financial years; and period over which Council plans to repay existing and new borrowings.

Furthermore, Council's borrowing activities are governed by the *Statutory Bodies Financial Arrangements Act 1982*.

## POLICY CONTENT

### Borrowing Purposes

Borrowings will only be used to finance capital works that will provide services now and into the future. No borrowings will be used to finance recurrent expenditure and the operational activities of the Council.

When seeking funding for capital works Council will, wherever possible, use its existing cash reserves. The use of any existing cash reserves will be subject to maintaining all relevant financial ratios and measures within adopted targets.

Council recognises and accepts that infrastructure demands placed upon the Council can often only be met through borrowings, but will always be mindful of the additional cost incurred by the community when assets are acquired through borrowings, which increases the cost of providing capital infrastructure.

Council will endeavour to fund all capital renewal projects from operating cash flows and borrow only for new and upgrade capital projects.

Where borrowing is constrained, borrowings for infrastructure that provides a return on capital will take precedence over borrowings for other assets.

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Approved By: Council Resolution 012/2526

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Review Date: June 2026



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The Council will follow a policy of full debt disclosure in all relevant financial reports. Council will maintain close scrutiny of its level of debt to ensure its relevant financial sustainability indicators will not exceed the minimum limits recommended by the Queensland Treasury Corporation.

### **Borrowing Sources**

Council shall raise all external borrowings at the most competitive rates available and from sources as defined by legislation. In essence, debt is to be raised through Queensland Treasury Corporation, unless Treasurer's approval is received to raise debt elsewhere.

### **Debt Term**

When Council finances capital projects through borrowings, it will repay the loans in a term not exceeding the life of those assets and in accordance with Queensland Treasury Corporation's borrowing guidelines.

Council will continue to discharge this debt in the shortest possible time subject to overall budgetary constraints.

### **Proposed Borrowings**

Council has plans to borrow \$3,000,000 in the 2025/26 financial year for the development of staff housing. It is proposed to borrow \$2,000,000 over a term of 10 years and \$1,000,000 over a 5 year term.

Total borrowings as at the end of each financial year over the next ten years are expected to be in the order of:

<b>2025/2026</b>	\$3,000,000.00
<b>2026/2027</b>	\$2,624,543.00
<b>2027/2028</b>	\$2,262,381.00
<b>2028/2029</b>	\$1,884,586.00
<b>2029/2030</b>	\$1,490,478.00
<b>2030/2031</b>	\$1,097,725.00
<b>2031/2032</b>	\$894,072.00
<b>2032/2034</b>	\$680,850.00
<b>2034/2035</b>	\$457,611.00
<b>2035/2036</b>	\$223,884.00

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## DEFINITIONS

N/A

## RELEVANT LEGISLATION

- Local Government Regulation 2012
- Statutory Bodies Financial Arrangements Act 1982

## RELATED POLICIES

Nil

## RELATED DOCUMENTS

Nil

## REVISION HISTORY

<i><b>Version</b></i>	<i><b>Title</b></i>	<i><b>Decision Date</b></i>
2.6	Debt Policy 2014-2015	22 July 2014
2.7	Debt Policy 2015-2016	21 July 2015
1	Debt Policy 2016-2017	22 July 2016
1	Debt Policy 2017-2018	27 June 2017
1	Debt Policy 2018-2019	29 June 2018
1	Debt Policy 2019-2020	09 August 2019
1	Debt Policy 2020-2021	21 July 2020
1	Debt Policy 2021-2022	20 July 2021
1	Debt Policy 2022-2023	19 July 2022
1	Debt Policy 2023-2024	18 July 2023
1	Debt Policy 2024-2025	16 July 2024

## CONTACT OFFICERS

Director Corporate and Community Services

## SCHEDULE OF TOTAL DEBT 2025/2026 for McKinlay Shire Council

<i><b>Debt Schedule</b></i>	<i><b>Opening Balance 1 July 2025</b></i>	<i><b>New Loans</b></i>	<i><b>Budgeted Interest</b></i>	<i><b>Budgeted Redemption</b></i>	<i><b>Estimated Closing Balance 30 June 2026</b></i>
	Nil	\$3,000,000			\$3,000,000

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