



MAPOON ABORIGINAL SHIRE COUNCIL
Debt Policy 2020-2021
RESOLUTION NO. 116/2020 VERSION V3

This is an official copy of the **Debt Policy 2020-2021** of **Mapoon Aboriginal Shire Council**, made in accordance with the provisions of the Local government Act and Regulations, Public Records Act, Mapoon Aboriginal Shire Council's Local Laws, Subordinate Local Laws and current Council Policies.

The Debt Policy 2020-2021 is a Statutory Policy.

The Debt Policy 2020-2021 is required by legislation to updated each year for consideration in the development of the Council Budget.

Statutory policies are prepared in response to legislative requirements and mandate employee behaviour. This Policy is approved by the Mapoon Aboriginal Shire Council for the guidance of Council and Council staff.

DOCUMENT VERSION CONTROL			
VERSION	DATE	RESOLUTION N°.	DETAILS
1.0	1/7/2017		Mandated Annual Revue Responsible Officer: Accountant Policy Type: Statutory Policy
2.0	16/07/2019	86/2019	Minor changes to text.
3.0	16/06/2020	116/2020	Change to Responsible Officer Mandated Annual Revue Responsible Officer: Executive Finance Policy Type: Statutory Policy
EXPIRY			30/6/2021



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Debt Policy 2020-2021

1. Introduction/Policy Statement:

The purpose of this policy is to outline Council's debt strategy and provides for responsible financial management on loan funding by ensuring the level of Council indebtedness is within acceptable limits.

2. Policy scope:

This policy applies to all loan instruments of the Council and applies for the 10 years commencing 1 July 2019 and may be amended as budget assumptions change during the year.

3. Definitions:

Debt

Funds borrowed by Council.

4. Policy statement:

Council will only undertake financing for its assets and operations where its long-term financial forecast indicates Council can make the principle and interest repayments without reducing the essential services to the community.

In those circumstances where Council's financial position allows for the establishment of debt the following must also be considered before entering into a loan agreement.

- Council will restrict all debt to expenditure on identified capital projects that are considered by Council to be of the highest priority and which cannot be fully funded by revenue, grants or subsidies.
- Debt used to acquire assets for business activities, which generate income or net worth, be limited to a maximum loan term of twenty (20) years.
- Debt used to acquire assets for social and other non-business activities, which do not generate income or net worth, be limited to a maximum loan term of five (5) years.
- Council intends to maintain a repayment schedule consistent with an interest and principal repayment calculation so that the exposure to interest rate fluctuations are minimised.
- Council will continually evaluate its financing options to ensure it assesses the relative risks and benefits, including the performance of its finances.

Current and Future Planned Debt is contained in Table 1.



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5. Inclusions and exclusions

For the purposes of this policy, the following inclusions and exclusions apply:

The following controls must be applied to any proposed debt:

- Approval must be granted by the Queensland Treasurer in relation to debt;
- The debt portfolio of Council is raised solely with the Queensland Treasury Corporation (QTC);
- Council will endeavour to keep the net financial liabilities ratio to a positive value of not greater than 30%. This indicates that Council has the capacity to fund its liabilities and appears to have the capacity to increase its debt; and
- The interest coverage ratio indicates the extent to which Council's operating revenues are committed to interest expenses. Council's aim is to maintain a ratio between 0% - 10%

6. Relevant Legislation

- Local Government Act 2009
- Local Government Regulation 2012

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(1) A local government must prepare and adopt a debt policy for a financial year.

(2) The debt policy must state—

(a) the new borrowings planned for the current financial year and the next 9 financial years; and

(b) the period over which the local government plans to repay existing and new borrowings.

7. Variations

MASC reserves the right to vary, replace or terminate this policy from time to time.

8. Related Policies and Procedures

Revenue Policy



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9. Policy Version and Revision Information

Policy authorised and adopted by: Original issue: 1/7/2017

Naseem Begam Chetty: Chief Executive Officer and The Mapoon Aboriginal Shire Council.

Policy Maintained by: Accountant This version: 2.0
Adoption Date: 18/6/2019

Policy Maintained by: Executive Finance This version: 3.0
Adoption Date: 16/6/2020

Review date: 30/6/2021

10. Workplace Participant Acknowledgement

I acknowledge:

- (a) Receiving this MASC Policy:
- (b) That I should comply with this policy; and
- (c) That there may be disciplinary consequences if I fail to comply, including termination of employment.

11.

Your name: _____

Signed: _____

Date: _____

