

Kowanyama Aboriginal Shire Council

Debt Policy



Policy Number:	KASC-STAT-008
Responsible Manager:	Executive Manager Corporate and Financial Services
Legislation:	Local Government Act 2009 Local Government Regulation 2012 Statutory Bodies Financial Arrangements Act 1982 Statutory Bodies Financial Arrangements Regulation 2019
Approval Date:	10 July 2024

1. Purpose

- 1.1. This policy aims to provide Kowanyama Aboriginal Shire Council (Council) with robust financial management principles associated with borrowings and working capital facilities.

This policy sets out the debt for end of financial year as required by Chapter 5, Part 4, section 192 of the Local Government Regulation 2012.

2. Scope

- 2.1. This policy applies to all current and future borrowings by Council in accordance with Local Government Act 2009 (Section 104(5)(c)(ii), Local Government Regulation 2012 (Section 192), Statutory Bodies Financial Arrangements Act 1982 and Statutory Bodies Financial Arrangements Regulation 2019.
- 2.2. This policy applies to all people acting for and on behalf of the Kowanyama Aboriginal Shire Council, including Councillors, employees, consultants, and contractors.

3. Objective

The intent of this policy is to detail the principles upon which Council bases its decisions when considering the type of expenditure to be funded by borrowing for the financial years 2024/25 to 2033/34, the total current and projected borrowings and the ranges of periods over which they will be repaid.

4. Terms and Definitions

4.1. In this policy:

Council:	Means Kowanyama Aboriginal Shire Council
Debt:	Is also defined as borrowings

5. Acronyms and Abbreviations

5.1. In this policy:

KASC:	Means Kowanyama Aboriginal Shire Council
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6. Policy statement

- 6.1. Borrowings are a valid funding option for assets of a long-term nature, as they allow the cost of such assets to be spread across the present and future generations who will benefit from them, subject to Council's ability to service any associated debt obligations.
- 6.2. Council will use as its basis for determining funding options the Long-term Asset Management Plan, together with the Long-Term Financial Plan.
- 6.3. Capital projects are to have undergone a thorough process of evaluation (including risk assessment), prioritisation and review prior to borrowings being sought.
- 6.4. Council cannot use long-term debt to finance operating activities or recurrent expenditure.
- 6.5. A working capital facility or overdraft may be utilised to help fund short-term cash flow requirements that may arise from time to time.
- 6.6. Where borrowing is constrained, borrowings for infrastructure that provides a return on capital will take precedence over borrowings for other assets.
- 6.7. The term of debt will generally relate to the life of the asset created but will not exceed twenty (20) years for any individual asset. Current and new borrowings are planned to be repaid within a twenty (20) year term.
- 6.8. Council will maintain ongoing scrutiny of its level of debt to ensure its continuing ability to service its commitments without unduly burdening the community with unnecessary financial risk.
- 6.9. The amount of new debt to be borrowed in a year must be approved as part of the annual budget process, excluding working capital and bank overdraft facilities.
- 6.10. Approval for future borrowings or working capital facilities will also be sought from either Council's administering Department, or Queensland Treasury, in accordance with the Statutory Bodies Financial Arrangement Act 1982.
- 6.11. In accordance with the Local Government Regulation 2012, details of the planned borrowings for the budget year and the following nine (9) financial years will be presented at Council's annual budget meeting. The details will include the planned borrowings for each year, the purpose of the borrowings and the term of repayment of existing and planned borrowings.

7. Policy Review

- 7.1. The policy is to be reviewed in accordance with the Policy Framework.
- 7.2. Kowanyama Aboriginal Shire Council reserves the right to vary, replace, or terminate this policy from time to time.

8. Approval

- 8.1. This policy was duly authorised by Council on 10 July 2024 as Kowanyama Aboriginal Shire Council's Debt Policy and shall hereby supersede any previous policies of the same intent.

Attachment 1: QTC Principal and Interest Schedule



Indicative Principal and Interest Schedule



ACCOUNT ENQUIRIES
1800 641 057

DATE OF ISSUE

3 June 2024

REPORTING DATE

31 May 2024

Current Interest Rate: 2.803%

Client: Kowanyama Aboriginal Shire Council

Account: 81259 - Kowanyama ASC - WCF

Payment Date	Opening Balance \$	Payment \$	Interest \$	Administration \$	Principal \$	Closing Balance \$
17 Jun 2024	1,136,474.46	43,442.16	7,637.11	326.74	35,478.31	1,100,996.15
16 Sep 2024	1,100,996.15	43,442.15	7,398.69	316.54	35,726.92	1,065,269.23
16 Dec 2024	1,065,269.23	43,442.15	7,158.61	306.26	35,977.28	1,029,291.95
17 Mar 2025	1,029,291.95	43,442.15	6,916.84	295.92	36,229.39	993,062.56
16 Jun 2025	993,062.56	43,442.15	6,673.38	285.51	36,483.26	956,579.30
15 Sep 2025	956,579.30	43,442.15	6,428.21	275.02	36,738.92	919,840.38
15 Dec 2025	919,840.38	43,442.15	6,181.33	264.45	36,996.37	882,844.01
16 Mar 2026	882,844.01	43,442.15	5,932.71	253.82	37,255.62	845,588.39
15 Jun 2026	845,588.39	43,442.15	5,682.35	243.11	37,516.69	808,071.70
15 Sep 2026	808,071.70	43,442.15	5,430.24	232.32	37,779.59	770,292.11
15 Dec 2026	770,292.11	43,442.15	5,176.36	221.46	38,044.33	732,247.78
15 Mar 2027	732,247.78	43,442.15	4,920.71	210.52	38,310.92	693,936.86
15 Jun 2027	693,936.86	43,442.16	4,663.26	199.51	38,579.39	655,357.47
15 Sep 2027	655,357.47	43,442.15	4,404.00	188.42	38,849.73	616,507.74
15 Dec 2027	616,507.74	43,442.15	4,142.93	177.25	39,121.97	577,385.77
15 Mar 2028	577,385.77	43,442.15	3,880.03	166.00	39,396.12	537,989.65
15 Jun 2028	537,989.65	43,442.15	3,615.29	154.67	39,672.19	498,317.46
15 Sep 2028	498,317.46	43,442.15	3,348.69	143.27	39,950.19	458,367.27
15 Dec 2028	458,367.27	43,442.15	3,080.23	131.78	40,230.14	418,137.13
15 Mar 2029	418,137.13	43,442.14	2,809.88	120.21	40,512.05	377,625.08
15 Jun 2029	377,625.08	43,442.15	2,537.64	108.57	40,795.94	336,829.14
17 Sep 2029	336,829.14	43,442.15	2,263.49	96.84	41,081.82	295,747.32
17 Dec 2029	295,747.32	43,442.15	1,987.42	85.03	41,369.70	254,377.62
15 Mar 2030	254,377.62	43,442.15	1,709.42	73.13	41,659.60	212,718.02
17 Jun 2030	212,718.02	43,442.16	1,429.47	61.16	41,951.53	170,766.49
16 Sep 2030	170,766.49	43,442.15	1,147.55	49.10	42,245.50	128,520.99
16 Dec 2030	128,520.99	43,442.15	863.66	36.95	42,541.54	85,979.45
17 Mar 2031	85,979.45	43,442.15	577.78	24.72	42,839.65	43,139.80
16 Jun 2031	43,139.80	43,442.10	289.90	12.40	43,139.80	0.00
TOTALS		1,259,822.32	118,287.18	5,060.68	1,136,474.46	