

# **Debt Policy**

# **2019-20**

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**Brisbane City Council**

Attachment “B”

**Debt Policy** **2019-20**

## 1. Authority

It is a requirement of section 184 of the *City of Brisbane Regulation 2012* (the Regulation) that, for each financial year, Council prepares and, by resolution, adopts a debt policy.

## 2. Overview

The purpose of this debt policy is:

(a) to comply in all respects with legislative requirements and

(b) to set out the principles used by Council to borrow for funding purposes.

## 3. Applicability

This debt policy is effective from the date of Council’s resolution and will apply to the financial year from 1 July 2019 to 30 June 2020.

The debt policy will be used to identify Council’s new borrowings planned for the current and next nine financial years. It will also be used to show the time over which Council plans to repay existing and new borrowings.

## 4. Policy

Debt management is undertaken within approved guidelines, in accordance with Council’s Financial Risk Management Framework and the Queensland Government’s *Statutory Bodies Financial Arrangements Act* *1982*.

Council borrows in order to fund business operations. Debt is used to supplement revenues as a means of paying for specific and general capital expenditures, particularly where the assets being funded have long economic lives.

Council also employs working capital and overdraft to help fund short term cashflow requirements that may arise from time to time.

The amount of new debt to be borrowed in any one year must be approved as part of the annual budget. Excluding working capital facilities and bank overdraft, which are used as revolving line of credit facilities, any annual new borrowings taken on must also be approved by the Department of Local Government, Racing and Multicultural Affairs.

The Department Local Government, Racing and Multicultural Affairs receives authority to approve these borrowings as part of the annual Queensland Government borrowing program.

Council manages the borrowing requirements in order to minimise the cost of funding. This is achieved by targeting the most effective use for these borrowings and the optimal time to employ the funds.

Based on the current financial plan, Council forecasts that the borrowings over the next 10 years are as follows (all figures in $ million):

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| $ million | $ million | $ million | $ million | $ million | $ million | $ million | $ million | $ million | $ million |
| $220 | $360 | $275 | $270 | $0 | $40 | $340 | $240 | $10 | $0 |

The above forecasts have been sourced from Council’s Annual Plan and Budget 2019-20.

The repayment term of debt will depend on the nature of the underlying transactions to which individual portions of the borrowings are assigned and can vary from a few days out to 30 years.

## 5. Policy Owner

Chief Financial Officer, Organisational Services

## 6. Further Assistance

For further information, please refer to the “About Council - Publications” page on Council’s website at:

<http://www.brisbane.qld.gov.au/about-council/council-information-rates/news-publications/>

## 7. Related Information

This policy is Council's debt policy. There are various administrative policies and arrangements that make up the total Council response to debt management.

## 8. Review Date

Under section 184 of the Regulation, the debt policy must be prepared for each financial year. This policy will be reviewed as required.