

# **Debt Policy**

# **2020-21**

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**Brisbane City Council**

**Debt Policy** **2020-21**

## 1. Legislation

Section 184 of the *City of Brisbane Regulation 2012* (the Regulation) provides that, for each financial year, Council must prepare and adopt, by resolution, a debt policy.

## 2. Overview

This debt policy:

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

(b) states the new borrowings planned for the 2020-21 financial year and the next nine financial years and

(c) states the period over which Council plans to repay existing and new borrowings and

(d) sets 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 2020 to 30 June 2021.

## 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 a variable rate loan, working capital and overdraft facilities 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 variable rate loan, working capital facility and bank overdraft, which are used as revolving line of credit facilities, any annual new borrowings taken on must also be approved by the Queensland Government Department of Local Government, Racing and Multicultural Affairs.

The Queensland Government 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):

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
| $ million | $ million | $ million | $ million | $ million | $ million | $ million | $ million | $ million | $ million |
| $220 | $175 | $480 | $230 | $50 | $165 | $175 | $0 | $0 | $0 |

The above forecasts have been sourced from Council’s Annual Plan and Budget 2020-21.

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. Authority

Council, 25 June 2020

## 6. Policy Owner

Chief Financial Officer, Corporate Finance, Organisational Services

## 7. 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/>

## 8. 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.

## 9. Review Date

In accordance with section 184 of the Regulation, a new debt policy must be prepared and adopted for each financial year.