



Borrowings Policy

Reference Number:	3.6
Type:	Council
Category:	Corporate Services
Relevant Community Vision Outcome:	<u>Responsible Governance</u> We will manage our city in a sustainable and affordable way with responsible governance. <u>Excellence in Customer Experience and Service Provision</u> We will foster an organisational culture focused on continuous improvement and delivering excellence in customer experience and service provision.
Responsible Officer(s):	Manager Financial Services
First Issued/Approved:	July 1996
Minutes Reference:	CoS 03/08/2026, Item 4.2
Last Reviewed:	August 2026
Next Review Due:	August 2028
Applicable Legislation:	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Related Policies:	
Related Procedures:	

1. Purpose

To outline Council's approach to the prudent use and management of borrowings as a funding source, ensuring debt is considered in the context of strategic priorities, long-term financial sustainability and intergenerational equity.

2. Scope

This Policy applies to Council's consideration, approval and management of short and long-term borrowings, including the circumstances in which debt may be used and the financial sustainability benchmarks used to guide borrowing decisions.

3. Policy Statement

Council recognises that borrowings can be an appropriate and responsible funding source when used prudently to support strategic priorities, long-term financial sustainability and intergenerational equity.

Debt may be considered where it:

1. supports Council's strategic objectives and approved service levels;
2. is consistent with Council's Long-Term Financial Plan, Annual Business Plan and Budget and relevant asset management plans;
3. funds long-term infrastructure acquisition, renewal, upgrade or rehabilitation;
4. aligns the cost of long-lived assets with the communities that benefit from them; or
5. manages temporary cash flow requirements.

Borrowings will be managed on a whole-of-Council basis, having regard to net debt, cash flow requirements, investment balances, interest rate exposure and Council's adopted financial sustainability targets.

Council will avoid unnecessary borrowings where surplus funds can be applied to reduce or defer debt, unless those funds are required to be held separately by legislation, agreement or Council resolution.

All borrowings must be approved by Council following consideration of advice from the General Manager Corporate Services and/or Manager Financial Services, including the proposed purpose, term, structure, interest rate exposure and impact on Council's Long-Term Financial Plan.

Debt levels will be assessed against Council's adopted financial sustainability indicators, including a net financial liabilities ratio of less than 100% and an interest cover ratio of less than 10%, unless otherwise resolved by Council through its Long-Term Financial Plan or budget processes.

Borrowings will be sourced through the Local Government Finance Authority in the first instance, unless Council resolves that an alternative procurement approach is appropriate.

The Corporate Services Committee will receive an annual report on borrowings, including current debt levels, compliance with this Policy and the impact of borrowings on Council's Long-Term Financial Plan.

4. Definitions

N/A