

3.7 Debt Policy

Objective

The purpose of this Debt Policy is to establish a set of principles for the efficient management of the Shire of East Pilbara's existing and future debt.

Policy

1. 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 and subsidies.
2. Council will not borrow funds to finance operating activities or recurrent expenditure.
3. Before borrowing funds, Council would generally consider using existing surplus funds in the first instance.
4. 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.
5. Council will review the net financial liabilities and coverage ratios.
6. Council will continually evaluate its financing options to ensure it assesses the relative risks and benefits, including the performance of its finances.

Controls

1. Council will review the anticipated borrowing requirements and relevant sustainability ratios in the preparations of each financial year's budget and for the period covered by the 10- year financial plan.
2. This policy is to be reviewed at intervals of no more than one year in conjunction with the budget.

Authorisation Details

References:	<i>Local Government Act 1995</i> (as amended) - sections 6.20 to 6.24 <i>Trustees Act 1962</i> (as amended) <i>Local Government (Financial Management) Regulations 1996</i> – Regulations 20, 21, 29, and 48 Australian Accounting Standards		
Authorised by:	Council		
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Responsible Officer	Manager Corporate Services		
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