1 Purpose

Section 192 of the *Local Government Regulation 2012* requires a local government to prepare and adopt a debt policy each financial year. Council's borrowing activities are further governed by the *Statutory Bodies Financial Arrangements Act 1982*.

The purpose of this policy is to define the principles used by Council to borrow for funding purposes.

2 Scope and applications

This debt policy is effective from the date of Council's resolution and will apply to the financial year from 1 July 2026 to 30 June 2027.

The policy will identify Council's new borrowings planned for the current financial year and the next nine financial years. It will also state the period over which Council plans to repay existing and new borrowings.

3 Principles

The underlying principles of this policy are Council's Key Priorities as per the Corporate Plan (2024 - 2029) including:

- 4.2 Continue to pursue prudent financial management and sustainability.
- 4.7 Knowing and managing our risks.

In addition to upholding the Corporate Plan principles outlined above, Council is committed to upholding the obligations in the *Human Rights Act 2019*.

4 Content

1. Council reviews, at least annually, its forward projections for capital works and all funding options.
2. Borrowings will only be used to finance capital works for or on behalf of Toowoomba Regional Council that will provide services now and into the future, and which cannot be funded from the revenue sources of Council.
3. Borrowings will be limited to the funding of those major items of physical infrastructure whose estimated useful life will exceed the term of the borrowing. Council will generally borrow for a maximum term of twenty years.
4. No borrowings will be used to finance recurrent expenditure and the operational activities of Council.
5. Council will only utilise loan funding where it has capacity to meet the arising debt service obligations.
6. Borrowing decisions should be based upon careful consideration of the impact on Council's financial sustainability ratios. Council's preferred target range are in line with those determined by the *Financial Management (Sustainability) Guideline 2024* published by the Department of Infrastructure, Local Government and Planning.

7. These are:

Ratio	Target Range
Operating Surplus Ratio	Greater than 0%
Operating Cash Ratio	Greater than 0%
Unrestricted Cash Expense Cover Ratio	Greater than 2 months
Asset Sustainability Ratio	Greater than 60%
Asset Consumption Ratio	Greater than 60%
Leverage Ratio	0 – 4 times
Council Controlled Revenue	Contextual measure
Population Growth	Contextual measure
Asset Renewal Funding Ratio	Contextual measure

8. Council shall raise all external borrowing at the most competitive rates available and from sources as defined by legislation. As a principle this will be Queensland Treasury Corporation (QTC).
9. Based on Council's most recent review of capital funding requirements the borrowings identified as being required for the current financial year and the next nine financial years are outlined in Schedule A.

5 Responsibilities/accountabilities

The Corporate Accounting Section is responsible for:

- detailing the proposed borrowing for the current year and the future nine (9) years as prepared during the annual budget process.
- applications outlining proposed borrowings which are forwarded to the Minister for Local Government for approval.
- drawing down loan proceeds subject to cash flow requirements annually so as to minimise interest expenses.

The QTC will periodically undertake Credit Reviews on behalf of the Minister for Local Government.

6 Relevant laws

Local Government Regulation 2012

Statutory Bodies Financial Arrangements Act 1982

7 Related policies/documents

Members of the public can access Council policies on Council's website. If a policy listed below does not appear on the website please contact 131 872 or email info@tr.qld.gov.au to request a copy. Staff may access policies via the Policy Register and Review Schedule.

Council policies

4.48 Asset Management Policy

Other documents

Register of Delegations - Chief Executive Officer to Employees and Contractors

Corporate Plan 2024 - 2029

8 Related forms

Nil.

9 Definitions

Term	Definition
Operating Surplus Ratio	Operating Result / Operating Revenue
Operating Cash Ratio	(Operating Result add Depreciation, Amortisation add Finance Costs) / Total Operating Revenue
Unrestricted Cash Expense Cover Ratio	Total Cash and Equivalents add Current Investments add Available Ongoing QTC Working Capital Facility Limit less Externally Restricted Cash) / (Total Operating Expenditure less Depreciation and Amortisation less Finance Costs)
Asset Sustainability Ratio	Capital Expenditure on Replacement of Infrastructure Assets (Renewals) / Depreciation Expenditure on Infrastructure Assets
Asset Consumption Ratio	Written Down Replacement Cost of Depreciable Infrastructure Assets / Current Replacement Cost of Depreciable Infrastructure Assets
Leverage Ratio	Book Value of Debt / (Total Operating Revenue less Total Operating Expenditure add Depreciation and Amortisation)
Council-Controlled Revenue	(Net Rates, Levies and Charges add Fees and Charges) / Total Operating Revenue
Population Growth	(Prior Year estimated Population / Previous Year estimated Population) – 1

Term	Definition
Asset Renewal Funding Ratio	Total of Planned Capital Expenditure on Asset Renewals over 10 years / Total of Required Capital Expenditure on Asset Renewals over 10 years

10 Policy details

Policy category:	Council Policy	**Policy version number[1]:**	1.00
Date adopted/approved:	30 June 2026	**Effective date:**	30 June 2026
Approval authority:	Council		
Policy Owner:	Financial Services Branch		
Contact officer:	Manager Financial Services		
Review date:	June 2027		

11 Revision history

Policy version	Approval date	DM Reference
1.00	30 June 2026	12615775v2

[1] Printed copies are uncontrolled. It is the user's responsibility to ensure that any copies of policy documents are the current issue. Any delegations should be verified via the relevant Delegation Register as it takes precedence if there is a conflict. The Chief Executive Officer will, if necessary, be the sole arbiter in resolving any issues of conflict

12 Schedule A

Purpose	Term (years)	2026/27 ($'000s)	2027/28 ($'000s)	2028/29 ($'000s)	2029/30 ($'000s)	2030/31 ($'000s)	2031/32 ($'000s)	2032/33 ($'000s)	2033/34 ($'000s)	2034/35 ($'000s)	2035/36 ($'000s)
Roads/ Transport	20	-	-	-	-	-	-	-	-	-	-
Council Properties	20	-	5,000	20,000	40,000	40,000	50,000	20,000	25,000	10,000	10,000
Parks and Recreation	20	-	-	-	-	-	-	-	-	-	-
Wastewater	20	-	-	-	-	-	-	-	-	-	-
Water	20	40,000	35,000	20,000	-	-	-	-	-	-	-
Waste	20	-	-	-	-	-	-	-	-	-	-
TOTAL LOANS		**40,000**	**40,000**	**40,000**	**40,000**	**40,000**	**50,000**	**20,000**	**25,000**	**10,000**	**10,000**