

Loan Borrowings

PURPOSE

To provide guidance on how Council will consider and manage any loan borrowings.

SCOPE

This policy applies to the consideration and management of all current and future loan borrowings.

POLICY

- That based on compliance with State Government Prudential Guidelines, Council will only borrow funds for capital expansion projects that provide intergenerational equity.
- Council will retain its debt servicing and redemption costs at or below 10 cents in the dollar.
- During budget preparations Council will identify its loan borrowing needs for the coming year.
- Any required loan funds will normally be obtained from major banks in Australia, after assessment of competitive proposals.
- All loan borrowings are to be approved by Council.
- The term of a loan will not exceed the expected life of a capital purchase, or 15 years, whichever is the lesser.
- All loans are to be recorded in Council's Loan Register.
- Council will review its Loan Register annually to identify changes that could be made to the term of a loan, to take advantage of lower interest rates.

RELATED POLICIES

*Budget Preparation and Financial Reporting
Council Policy Protocol*

RELATED LEGISLATION

*Local Government Act 1989 (p 7 s 144 – s 150)
Local Government (Finance and Reporting) Regulations 2004*

REFERENCES

- Moira Shire Council, *Strategic Resource Plan*
- Australian Loan Council Approval

Warning: Do not print and **store** a hard copy of this policy. Intranet or Policy Register version should always be used to ensure policy is the latest version.

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REVIEW

This policy will be reviewed in conjunction with preparation of a Council Plan, incorporating a Strategic Resource Plan, with operational amendments as required in accordance with Council's approval.

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