

Policy title	Borrowing Management Policy
Responsible manager(s)	Director Finance and Business Development
Contact officer(s)	Divisional Manager Finance
Directorate	Finance and Business Development
Approval date	To be inserted
Focus area	Support Services
Delivery Program link	SS1.1 Manage Council's financial assets and obligations SS1.2 Maintain a sound governance framework within which Council operates
Operational Plan link	SS1.1.1 Provide integrated corporate accounting and financial management systems and procedures SS1.1.2 Undertake forward budgeting and financial reporting SS1.2.1 Manage council risk and insurances SS1.2.2 Ensure transparency in council dealings

Purpose

Council seeks to ensure that its borrowing policy and related procedures are publicly transparent and meet good business and best practice criteria including controls over identified risks. Council has a strong preference for certainty in relation to debt repayment, management of risk, and to minimise administrative complexity.

Eurobodalla Shire Council's policy was developed to govern the objectives, procedures and controls in relation to the Council's borrowing decisions and processes.

Policy aims

- To ensure compliance with legislative requirements under sections 621 – 624 of the *Local Government Act 1993* (the Act), sections 229 – 230 of the *Local Government (General) Regulation 2005* and a borrowing order signed by the Minister Local Government (Office of Local Government Circular to Councils NO: 09.21)
- To promote awareness of the requirements of the Act with respect to borrowing management.
- To make Council's policies and requirements for borrowing management readily accessible and understandable to the public.
- To ensure Council has appropriate working capital (an unrestricted current ratio equal to or greater than 1.5:1 per the current OLG benchmark) to satisfy its obligations when they fall due, to deliver the outcomes of its Operational Plan and Delivery Program and to inform its long term financial strategies. Where Council finds itself in a strong liquidity position it shall consider replacing borrowings with cash. However, the intergenerational responsibility element of any loan funding will also be considered.
- To ensure that the costs of any expenditure can be recovered at the time that the benefits of that expenditure accrue. In particular debt may be used to fund capital expenditure that provides future service benefits (the principle of improving the valuation and pricing of social and ecological resources applies - the users of goods and services should pay prices based on the full life cycle costs, this particularly applies to the matching of debt profiles to infrastructure asset profiles).
- To ensure that the debt is used in a manner consistent with competitive neutrality policy requirements.

- For procedures and controls to address risk and meet good business and best practice requirements.

Policy details

1	Application This borrowing policy is intended to govern the objectives, procedures and controls in relation to the Council's borrowing decisions and processes.
2	Legislation This policy ensures Eurobodalla Shire Council's compliance with Sections 621 – 624 of the <i>Local Government Act 1993</i> , Sections 229 – 230 of the <i>Local Government (General) Regulation 2005</i> and borrowing order signed by the Minister Local Government (Office of Local Government Circular to Councils NO: 09.21).

Implementation

Requirements		Responsibility
1	Staff Under supervision, relevant Council staff will be responsible for ensuring that this policy is implemented appropriately within their work area, after they have received appropriate training to do so.	Council officers
2	Concerns Public concerns communicated to Council in relation to this policy will be recorded on Council's records system and handled in accordance with Council's Customer Service or Complaints policy. These records will be used to determine any follow-up actions and analyse the history of reported public concerns.	Council officers
3	Consultation Any consultation deemed necessary will occur as required with key stakeholders, which may include (but not be limited to) the community, other agencies, statutory and industry bodies Public submissions regarding this policy are invited for consideration during the exhibition period.	As applicable

Review

The policy will be automatically revoked at the expiration of twelve months after the declaration of the poll for the next general NSW local government election, unless Council revokes it sooner.

Note: *Automatic revocation of the policy is provided for by section 165(4) of the Local Government Act 1993. The next general local government election is expected to be held in September 2020.*

This policy may also be reviewed and updated as necessary when legislation requires it; or Council's functions, structure or activities change; or when technological advances or new systems change the way that Council manages Borrowing.

Reviews of the effectiveness of this policy could include the following:

Performance indicator	Data source(s)
External review	Auditor

Interest rate exposure	Financial system
Liquidity risk	Financial system
Credit risk	Credit ratings

Governance

This policy should be read in conjunction with any related legislation, codes of practice, relevant internal policies, and guidelines.

Related legislation and policies

Name	Link
Asset Disposals policy	www.esc.nsw.gov.au/inside-council/council/council-policies
Local Government Act 1993	www.legislation.nsw.gov.au/maintop/view/inforce/act+30+1993+cd+0+N
Local Government (General) Regulation 2005	www.austlii.edu.au/au/legis/nsw/consol_reg/lgr2005328/
Minister For Local Government Revised Borrowing Order	www.olg.nsw.gov.au/news/09-21-revised-borrowing-order

Related external references

Name	Link
Office of Local Government	www.olg.nsw.gov.au

Change history

Version	Approval date	Approved by	Min No	File No	Change
1	24 Nov 2009	Council	09/369	E09.3418 E05.9513	Policy commenced
2	23 Apr 2016	Council	13/110	E13.7095 E05.9513	Reviewed and updated (start of new Council term)
3	28 Mar 2017	Council	17/56	E16.0297 E05.9513	Reviewed and updated (start of new Council term)

Internal use

Responsible officer		Director Finance and Business Development		Approved by	Council
Minute	17/56	Report	GMR17/008	Effective date	28 Mar 17
File	E05.9513 E16.0297	Review date	Sep 2020	Pages	3