

<b>Policy title</b>	Borrowing Management Policy
<b>Responsible manager(s)</b>	Chief Financial Officer
<b>Contact officer(s)</b>	Chief Financial Officer
<b>Directorate</b>	General Manager
<b>Approval date</b>	26 April 2022
<b>Outcome area</b>	5. Our engaged community with progressive leadership
<b>Strategy</b>	5.3 Work together to achieve our collective vision
<b>Delivery Program</b>	5.3.1 Provide strong corporate and financial management that is ethical, fair, transparent and accountable
<b>Operational Plan</b>	5.3.1.1 Provide sound and strategic financial management and reporting

### 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**

<b>1</b>	<b>Application</b> This borrowing policy is intended to govern the objectives, procedures and controls in relation to the Council's borrowing decisions and processes.
<b>2</b>	<b>Legislation</b> 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
<b>1</b>	<b>Staff</b> 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
<b>2</b>	<b>Concerns</b> 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
<b>3</b>	<b>Consultation</b> 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**

This policy will be reviewed every 4 years. It may also be reviewed and updated as necessary if legislation requires it; or when Council's related policies, functions, structure or activities change; or when technological advances or new systems change the way that Council manages borrowing.

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

**Note:** *The next general local government election is expected to be held in September 2024.*

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	<a href="https://www.esc.nsw.gov.au/_data/assets/pdf_file/0011/138548/Asset-Disposals-Policy.pdf">https://www.esc.nsw.gov.au/_data/assets/pdf_file/0011/138548/Asset-Disposals-Policy.pdf</a>
Local Government Act 1993	<a href="http://www.austlii.edu.au/au/legis/nsw/consol_act/lga1993182/">www.austlii.edu.au/au/legis/nsw/consol_act/lga1993182/</a>
Local Government (General) Regulation 2005	<a href="https://legislation.nsw.gov.au/view/pdf/asmade/sl-2021-460">https://legislation.nsw.gov.au/view/pdf/asmade/sl-2021-460</a>
Minister For Local Government Revised Borrowing Order	<a href="http://www.olg.nsw.gov.au/news/09-21-revised-borrowing-order">www.olg.nsw.gov.au/news/09-21-revised-borrowing-order</a>

### Related external references

Name	Link
Office of Local Government	<a href="http://www.olg.nsw.gov.au">www.olg.nsw.gov.au</a>

### 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)
4	26 April 2022	Council	22/91	E16.0297	Reviewed & updated at new Council term. Report GMR22/046

### Internal use

Responsible officer		Chief Financial Officer		Approved by	Council
Minute	22/91	Report	GMR22/046	Effective date	26 April 2022
File	E16.0297	Review date	Feb 2022	Pages	3