	Cloncurry Shire Council	**POLICY NO.** COR 1006

DEBT POLICY 2020/2021

1. Statement

The Cloncurry Shire Council will utilise a debt management strategy based on sound financial management guidelines. For 2020/2021, there is no budgeted new debt.

2. Objectives

The purpose of establishing an annual debt policy is to:

- Provide a comprehensive view of the Shires long term debt position;
- Increase awareness of issues concerning debt;
- Enhance understanding between Councillors, community groups and Council staff by documenting policies; and
- Demonstrate to lending institutions that Council adopts a disciplined approach to borrowing.

3. Scope

This policy applies to all Councillors and Council staff.

4. Roles and Responsibilities

The Chief Executive Officer and Director Corporate Services are responsible for ensuring that this policy is understood and adhered to by all staff.

5. Policy

5.1 Council will not use long-term debt to finance operating activities or recurrent expenditure.

5.2 Council recognises and accepts that infrastructure demands placed upon the Council can often only be met through borrowings but will always be mindful of the additional cost incurred by the community when assets are acquired through borrowings, which increases the cost of providing capital infrastructure.

5.3 Council will endeavour to fund all capital renewal projects from operating cash flows and borrow only for new and upgrade capital projects.

5.4 Where borrowing is constrained, borrowings for infrastructure that provides a return on capital will take precedence over borrowings for other assets.

5.5 When Council finances capital projects through borrowings, it will repay the loans in a term not exceeding the life of those assets and in accordance with Queensland Treasury Corporation's borrowing guidelines.

5.6 Council will maintain close scrutiny of its level of debt to ensure its relevant financial sustainability indicators will not exceed the minimum limits recommended by the Queensland Treasury Corporation.

5.7 Council will use as its basis for determining funding options the detailed capital works and asset acquisition programs for the next five years, together with the 10-year financial model.

5.8 The Council will follow a policy of full debt disclosure in all relevant financial reports.

5.9 Pursuant to s192 of the *Local Government Regulation 2012*, details of the planned borrowings for the budget year and the following nine (9) financial years will be presented at Council's annual budget meeting. The details will include the planned borrowings for each year, the purpose of the borrowings and the term of repayment of existing and planned borrowings (*Refer Annexure A*).

6. Compliance Review

Compliance with this policy and associated procedures should form part of an annual compliance review and that review be subject to the oversight of the Internal Audit Function.

7. Accountability and Reporting

This policy must be formally reviewed and readopted by Council annually.

References and Related Documents:

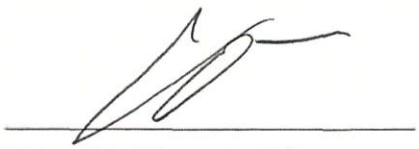
Local Government Act 2009
Local Government Regulation 2012
Revenue Statement
Revenue Policy

Adopted by Council Resolution

POLICY VERSION AND REVISION INFORMATION

Version No.	Date Adopted	Review Date
6.1	30.07.2020	June 2021

Policy Authorised by: David Bezuidenhout



Title: Chief Executive Officer

Existing Borrowings

	2020-21	*2021-22 Budget*	*2022-23 Budget*	*2023-24 Budget*	*2024-25 Budget*	*2025-26 Budget*	*2026-27 Budget*	*2027-28 Budget*	*2028-29 Budget*	*2029-30 Budget*
Beginning Balance	12,782,947	11,893,399	10,953,397	9,959,754	9,091,491	8,240,297	7,345,329	6,404,113	5,414,031	4,372,309
Add: New Borrowing	-	-	-	-	-	-	-	-	-	-
Less : Principal Payment	(889,548)	(940,003)	(993,643)	(868,263)	(851,193)	(894,968)	(941,216)	(990,082)	(1,041,722)	(1,096,299)
Closing	11,893,399	10,953,397	9,959,754	9,091,491	8,240,297	7,345,329	6,404,113	5,414,031	4,372,309	3,276,010
Principal & Interest repayment	(1,479,733)	(1,479,733)	(1,479,733)	(1,300,803)	(1,241,160)	(1,241,160)	(1,241,160)	(1,241,160)	(1,241,160)	(1,241,160)

BOOK STATEMENT - DEBT POOL ACCOUNT

Loan Description	Current Balance at June 30, 2020	Due Date of Loan	Interest Rate	Annual Debt Service Payment
Capital 2008 A/C	$679,637	15-Sep-23	7.75%	$238,572
Capital 2010 A/C	$876,767	17-Jun-30	6.53%	$120,102
Community Precint 15 yr	$2,768,203	15-Dec-31	5.52%	$326,714
Industrial Land Dev 15 yr	$1,452,841	16-Jun-31	6.06%	$181,915
Mary Kathleen Park	$629,245	15-Dec-31	5.46%	$74,058
Water Treatment Plant	$2,055,907	16-Jun-31	6.06%	$257,426
Sewerage Treatment Plant	$4,320,347	15-Jun-39	2.29%	$280,946
Totals	$12,782,947			$1,479,733