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<b>NUMBER:</b>	<b>S0001</b>
<b>ACT:</b>	<b>LOCAL GOVERNMENT ACT 2009</b> <b>LOCAL GOVERNMENT REGULATION 2012</b>
<b>POLICY TITLE:</b>	<b>DEBT POLICY 2022-23</b>

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### POLICY

#### 1. PURPOSE AND SCOPE

1.1 The purposes of the annual debt policy are to:

- comply with legislative requirements.
- establish when borrowings will be made by Council and for what purpose.
- provide a view of any long-term debt requirements.
- demonstrate to lending institutions that Council adopts a disciplined approach to borrowing.

1.2 Council's debt management strategy is based on sound financial management guidelines.

#### 2. COMMENCEMENT OF POLICY

2.1 This Policy will commence from 1 July 2022 and replaces all other policies relating to debt (whether written or not).

#### 3. APPLICATION OF POLICY

3.1 This policy applies to all people acting for an on behalf of the Charters Towers Regional Council, including councillors, employees, consultants, and contractors.

#### 4. POLICY PROVISIONS

4.1 Borrowings are only available for capital investment purposes and are based on the following considerations:

- 4.1.1. Council will initially consider meeting capital investment requirements by first using any surplus cash available (including if any surplus is only short-term) before undertaking a new borrowing, and even if using existing funds only defers the need to borrow for a short period of time.
- 4.1.2. Council will not use long-term debt to finance operating activities or recurrent expenditure. A working capital facility or overdraft may be utilised to help fund short-term cash flow requirements that may arise from time to time.
- 4.1.3. Council will consider the need to borrow balancing the additional cost incurred by the community when assets are acquired through borrowings, with the benefit gained by future generations from those same community assets.
- 4.1.4. Council will endeavour to fund all capital renewal projects from operating cash flows in the first instance and borrow for new and upgrade capital projects.
- 4.1.5. Where borrowing is constrained, borrowings for infrastructure that provides a return on capital will take precedence over borrowings for other assets.
- 4.1.6. 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.
- 4.1.7. Council will closely monitor its level of debt to ensure its relevant financial sustainability indicators do not exceed the targets recommended by Queensland Treasury Corporation.
- 4.1.8. The amount of new debt to be borrowed in a financial year must be approved as part of the annual budget process, excluding working capital and bank overdraft facilities. New borrowing applications must also be approved by the Department of Local Government, Racing and Multicultural Affairs.

**Planned Borrowings**

In accordance with section 192 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.

Planned borrowings are as follows:

<b>Year</b>	<b>Purpose</b>	<b>Amount</b>
Year 1 - 2022/23	No Borrowings	Nil
Year 2 - 2023/24	No Borrowings	Nil
Year 3 - 2024/25	No Borrowings	Nil
Year 4- 2025/26	No Borrowings	Nil
Year 5 - 2026/27	No Borrowings	Nil
Year 6 - 2027/28	No Borrowings	Nil
Year 7 - 2028/29	Sewerage Infrastructure Upgrade	\$3.5 million
Year 8 - 2029/30	No Borrowings	Nil
Year 9 - 2030/31	No Borrowings	Nil
Year 10 – 2031/32	No Borrowings	Nil

**Loan Repayment Timeframes**

- Repayment term of new loans is up to 20 years.
- Council currently has one existing QTC loan that is a 10-year loan which will mature in June 2027.
- The amount of outstanding debt as at 30 June 2023 is \$650,341.
- Anticipated loan principal repayments for the year ended 30 June 2023 is \$151,614.

**Short Term Financing**

The Council may, from time to time, seek Treasury approval for short-term finance for operational cash-flow purposes. Borrowings of this type are only contemplated in cases of an emergent nature and would be raised through Queensland Treasury Corporation by way of an overdraft facility.

**5. VARIATIONS**

5.1 CTRC reserves the right to vary, replace or terminate this Policy from time to time.

**ASSOCIATED DOCUMENTS**

- *Local Government Act 2009.*
- *Local Government Regulation 2012.*
- *Statutory Bodies Financial Arrangements Act 1982.*
- Adopted Budget.
- Revenue Statement.
- Revenue Policy.
- Strategic Asset Management Plan.
- Long Term Financial Plan.