



Debt Policy

Relevant Legislation:	Local Government Act 2009 Local Government Regulation 2012
Authorised:	Council Ordinary Meeting
Implemented from:	June 2020
To be reviewed:	June 2021
Responsible Officer:	Director Corporate & Community Services

- the benefit received from undertaking the borrowing is greater, over the life of the borrowing, than the costs of borrowing;
- repayments will be met from project income or other untied income of Council (not grant funding);
- only those projects identified in strategic planning documents or other approved plans shall be eligible for funding through borrowings.

Council's policy is to:

- Only borrow loan monies for new, or upgrades to, major capital assets and to repay those loans prior to the end of the useful life of the asset.
- Ensure that Council's total commitment in respect of loan redemption (principal and interest) shall not annually exceed 30% of its total anticipated annual income from rates and utility charges and the Financial Assistance Grant.

Borrowings will only be undertaken if:

- all alternative options for undertaking the project without borrowing have been investigated and proved less advantageous to Council;

1 Summary of Outstanding Balances

Total Outstanding QTC Loans 30/06/19 (QTC projection)
\$ 695,507

2 Repayment of Existing and Proposed Borrowings

- (a) Repayment terms of existing loans are as follows:
Airport Runway Upgrade Period up to 14 years

3 Budgeted Loan Movement 2019/20

The following table shows the expected movement in loans during the 2020/2021 financial year:

Loan Details	Balance at 30 June 2020	Term in Years	Repayments 2020/21		Balance 30-06-21	Repayments as % of Rates
	19/20		Principal	Interest		
Horn Island Airport - Runway Upgrade	648,838	14	88,595	40,785	601,028	8.0%

4 Loan Balances

The following table shows the expected movement in loan balances from 2019/20 to 2028/29 although allocations in future years are revised on annual basis in conjunction with movements in interest rates.

Loan Details	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Horn Island Airport - Runway Upgrade	601,028	550,052	495,702	437,754	375,969	310,095	239,858	164,973	85,129

Torres Shire Council does not anticipate any confirmed borrowings for the financial years 2020-21 to 2029/2030.