



Gladstone Regional Council

Council Policy

Title	DEBT POLICY
Policy Number	P-2020-XX11
Business Unit/s	FINANCE GOVERNANCE AND RISK
Date of Adoption	
Resolution Number	
Review Date	
Date Repealed	

1.0 PURPOSE:

Under section 192 of the *Local Government Regulation 2012*, [Gladstone Regional Council](#) (Council) must prepare and adopt a debt policy for a financial year. This policy sets out how Council will maintain responsible financial management of the loan funding of infrastructure capital projects by ensuring the level of Council indebtedness is within acceptable limits to Council, its ratepayers and interested external parties.

2.0 SCOPE:

This Policy applies to the use of loan borrowings to fund infrastructure and other important capital projects.

3.0 RELATED LEGISLATION:

- *Local Government Act 2009*; and
- *Local Government Regulation 2012*.

4.0 RELATED DOCUMENTS:

- *Financial Management (Sustainability) Guideline 2013*.

5.0 DEFINITIONS:

~~Council means Gladstone Regional Council.~~ Nil.

6.0 POLICY STATEMENT:

- ~~6.1~~ At a minimum Council will annually review ~~at least annually~~ its forward projections for reserves, borrowings and major capital funding and any decision to undertake external borrowings taking into account an examination of projected reserves for the fund relative to the works to be financed and the community's ability to service that debt.

- ~~6.2~~ Where possible:
 - external borrowings ~~are to~~will be limited to the funding of major items of physical infrastructure whose life will exceed the term of any loans; and
 - will occur where these works cannot be funded by Council's own resources.
- ~~6.3~~ Priority Infrastructure Plans have been developed as part of the ~~new Gladstone Regional Council- Our Place Our Plan Gladstone Regional Council~~ Planning Scheme in addition to and there is also at the continual review of Long Term Asset Management Plans for all asset classes.

The outcomes of these plans and reviews are incorporated into Council's Long Term Financial Forecast to identify funding gaps for the construction of new and replacement infrastructure over the life of the financial plan. It is these funding gaps that are considered for funding via debt.

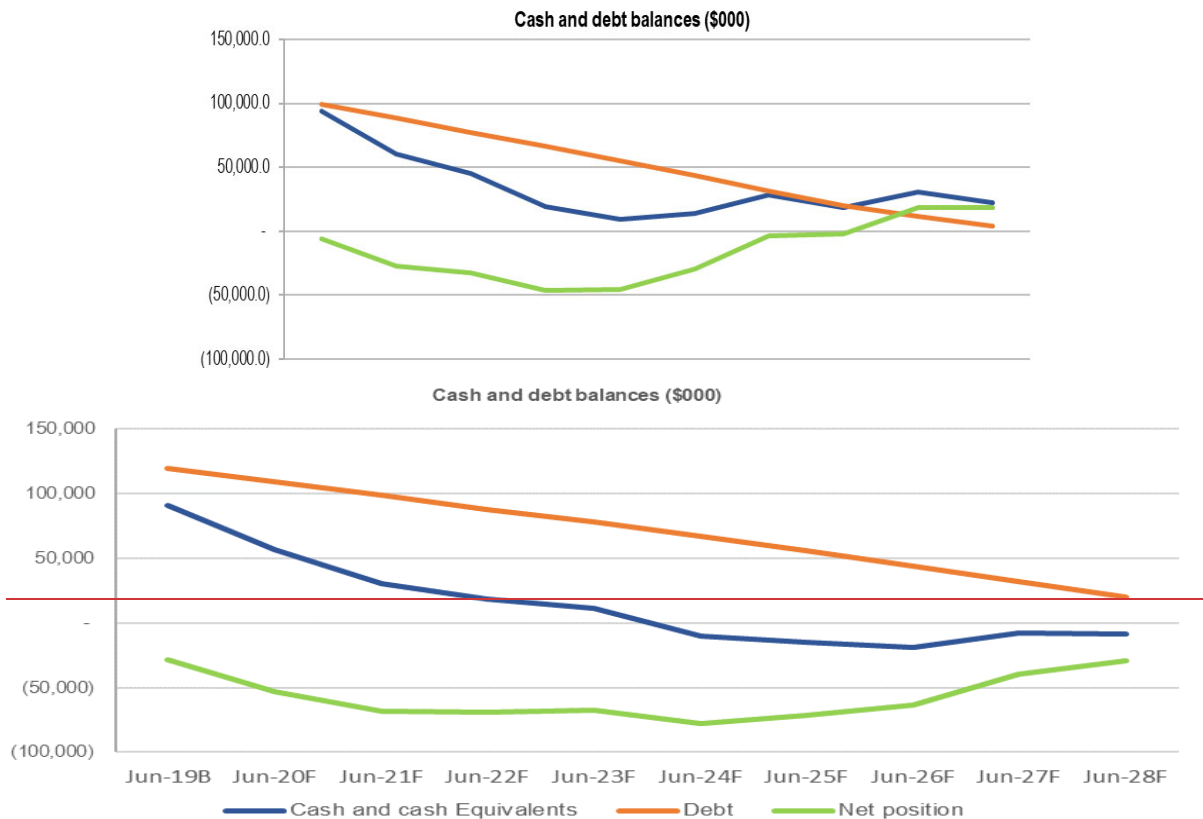
- ~~6.4~~ Council will manage its financial assets, holistically, taking a treasury management approach to the management of its financial assets, and will establish a working capital facility through Queensland Treasury Corporation and manage the facility in accord with the approval parameters set by the Department of Local Government.
- ~~6.5~~ The current Long Term Financial Forecast identifies the need for a working capital facility and it is expected that this facility will negate the need for long term borrowings based on current capital requirements and anticipated funding for the ~~2019~~2012/2020 2021 financial year and the nine (9) subsequent years, as indicated in Table 1 below:

Table 1:

Financial Year End	Indicative Borrowing (\$)
2018/2019	Nil
2019/2020	Nil
2020/2021	Nil
2021/2022	Nil
2022/2023	Nil
2023/2024	Nil
2024/2025	Nil
2025/2026	Nil
2026/2027	Nil
2027/2028	Nil
2028/2029	Nil
2029/2030	Nil

- ~~6.6~~ Expected levels of borrowings balances over the ~~2019~~2020/2020-2021 year and the following nine (9) years are set out in Graph 1 below:

Graph 1:



- 6.7 This debt policy proposes that long term loans as set out in Attachment 1 will be in place as at 30 June 2020/2021. The attachment also sets out the expected loan balances and repayment periods.

7.0 ATTACHMENTS:

- External Loan Summary 2019-2020 / 2020-2021

8.0 REVIEW MECHANISM:

This policy will be reviewed when any of the following occur:

- The related legislation or governing documents are amended or replaced; or
- Other circumstances as determined by resolution of Council or the CEO; or
- Annually in conjunction with budget adoption.

TABLE OF AMENDMENTS			
Document History	Date	Council Resolution No.	Notes (including the prior Policy No, precise of change/s, etc)
Originally Approved	06 July 2010	10/123	
Amendment 1	05 July 2011	G/11/596	
Amendment 2	06 December 2011	G/11/80	

Amendment 3	18 September 2012	G/12/1238	
Amendment 4	01 July 2013	S/13/1606	
Amendment 5	02 July 2014	G/14/2060	
Amendment 6	06 July 2015	S/15/2465	
Amendment 7	05 July 2016	S/16/2830	
Amendment 8	04 July 2017	S/17/3090	
Amendment 9	24 July 2018	S/18/3481	
Amendment 10	17 July 2019	S/19/3865	Formerly P-2018-15
Amendment 11			Formerly P-2019-17

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LEISA DOWLING
CHIEF EXECUTIVE OFFICER

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EXTERNAL LOAN SUMMARY

LOAN	REPAYMENT PERIOD	LOAN EXPIRY	OPENING BALANCE		NEW BORROWINGS		DEBT SERVICE PAYMENT		FINANCE COSTS		PRINCIPAL REPAYED		LOAN BALANCE	
			1/07/2019		2019/2020		2019/2020		2019/2020		2019/2020		30/06/2020	
General	11	15/03/2022	\$ 2,589,739	\$ -	\$ -	\$ -	\$ 1,039,033	\$ -	\$ 156,973	\$ -	\$ 882,060	\$ -	\$ 1,707,679	
(General) GEC Flat Floor 2012-13	19	15/12/2032	\$ 9,485,367	\$ -	\$ -	\$ -	\$ 975,725	\$ -	\$ 475,645	\$ -	\$ 500,081	\$ -	\$ 8,985,286	
General Total			\$ 12,075,106	\$ -	\$ -	\$ -	\$ 2,014,758	\$ -	\$ 632,617	\$ -	\$ 1,382,141	\$ -	\$ 10,692,965	
Airport	19	15/06/2030	\$ 48,698,626	\$ -	\$ -	\$ -	\$ 6,232,542	\$ -	\$ 3,110,790	\$ -	\$ 3,121,752	\$ -	\$ 45,576,874	
Airport Total			\$ 48,698,626	\$ -	\$ -	\$ -	\$ 6,232,542	\$ -	\$ 3,110,790	\$ -	\$ 3,121,752	\$ -	\$ 45,576,874	
Water Lake Awoonga	14	15/12/2025	\$ 409,407	\$ -	\$ -	\$ -	\$ 79,482	\$ -	\$ 28,538	\$ -	\$ 50,943	\$ -	\$ 358,463	
Water - Lake Awoonga Total			\$ 409,407	\$ -	\$ -	\$ -	\$ 79,482	\$ -	\$ 28,538	\$ -	\$ 50,943	\$ -	\$ 358,463	
Water Miriam Vale	18	15/09/2029	\$ 739,454	\$ -	\$ -	\$ -	\$ 98,537	\$ -	\$ 45,758	\$ -	\$ 52,779	\$ -	\$ 686,675	
Water - Miriam Vale Total			\$ 739,454	\$ -	\$ -	\$ -	\$ 98,537	\$ -	\$ 45,758	\$ -	\$ 52,779	\$ -	\$ 686,675	
Water - Agnes Water	21	15/03/2032	\$ 9,465,516	\$ -	\$ -	\$ -	\$ 1,029,831	\$ -	\$ 499,898	\$ -	\$ 529,933	\$ -	\$ 8,935,583	
Interest Free - Agnes Water Integrated Water and Sewerage	13	1/01/2024	\$ 4,420,964	\$ -	\$ -	\$ -	\$ 606,060	\$ -	\$ -	\$ -	\$ 606,060	\$ -	\$ 3,814,904	
Water - Agnes/1770			\$ 13,886,480	\$ -	\$ -	\$ -	\$ 1,635,891	\$ -	\$ 499,898	\$ -	\$ 1,135,993	\$ -	\$ 12,750,487	
Industrial Sewerage	9	15/09/2020	\$ 123,855	\$ -	\$ -	\$ -	\$ 105,161	\$ -	\$ 7,795	\$ -	\$ 97,366	\$ -	\$ 26,489	
Sewerage - Industrial Total			\$ 123,855	\$ -	\$ -	\$ -	\$ 105,161	\$ -	\$ 7,795	\$ -	\$ 97,366	\$ -	\$ 26,489	
Calliope Refuse	11	15/06/2022	\$ 1,284,733	\$ -	\$ -	\$ -	\$ 465,408	\$ -	\$ 61,070	\$ -	\$ 404,338	\$ -	\$ 880,395	
Sewerage - Calliope Refuse Total			\$ 1,284,733	\$ -	\$ -	\$ -	\$ 465,408	\$ -	\$ 61,070	\$ -	\$ 404,338	\$ -	\$ 880,395	
Sewerage Agnes 1770	17	15/03/2028	\$ 4,289,536	\$ -	\$ -	\$ -	\$ 630,158	\$ -	\$ 245,081	\$ -	\$ 385,077	\$ -	\$ 3,904,458	
Sewerage - Agnes/ 1770 Total			\$ 4,289,536	\$ -	\$ -	\$ -	\$ 630,158	\$ -	\$ 245,081	\$ -	\$ 385,077	\$ -	\$ 3,904,458	
Sewerage BITS	18	15/03/2029	\$ 9,586,017	\$ -	\$ -	\$ -	\$ 1,359,546	\$ -	\$ 648,832	\$ -	\$ 710,714	\$ -	\$ 8,875,303	
Sewerage - BITS Total			\$ 9,586,017	\$ -	\$ -	\$ -	\$ 1,359,546	\$ -	\$ 648,832	\$ -	\$ 710,714	\$ -	\$ 8,875,303	
Regional Landfill	17	15/06/2028	\$ 1,351,925	\$ -	\$ -	\$ -	\$ 209,259	\$ -	\$ 101,226	\$ -	\$ 108,033	\$ -	\$ 1,243,892	
Regional Landfill Total			\$ 1,351,925	\$ -	\$ -	\$ -	\$ 209,259	\$ -	\$ 101,226	\$ -	\$ 108,033	\$ -	\$ 1,243,892	
Sewerage Pipeline and Infrastructure	16	15/03/2028	\$ 26,855,529	\$ -	\$ -	\$ -	\$ 3,838,759	\$ -	\$ 1,358,338	\$ -	\$ 2,480,421	\$ -	\$ 24,375,107	
Sewerage - Curtis Island			\$ 26,855,529	\$ -	\$ -	\$ -	\$ 3,838,759	\$ -	\$ 1,358,338	\$ -	\$ 2,480,421	\$ -	\$ 24,375,107	
Grand Total			\$ 119,300,666	\$ -	\$ -	\$ -	\$ 16,669,502	\$ -	\$ 6,739,944	\$ -	\$ 9,929,558	\$ -	\$ 109,371,109	

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LOAN	REPAYMENT PERIOD	LOAN EXPIRY	OPENING BALANCE	NEW BORROWINGS	DEBT SERVICE PAYMENT	FINANCE COSTS	PRINCIPAL REPAYED	LOAN BALANCE
			1/07/2020	2020/2021	2020/2021	2020/2021	2020/2021	30/06/2021
General	11	15/03/2022	\$ 1,702,838	\$ -	\$ 1,039,033	\$ 91,241	\$ 947,793	\$ 755,045
(General) GEC Flat Floor 2012-13	19	15/12/2032	\$ 8,983,249	\$ -	\$ 975,725	\$ 448,414	\$ 527,311	\$ 8,455,938
General Total			\$ 10,686,087	\$ -	\$ 2,014,758	\$ 539,655	\$ 1,475,104	\$ 9,210,983
Airport	19	15/06/2030	\$ 45,560,700	\$ -	\$ 6,232,542	\$ 2,891,933	\$ 3,340,609	\$ 42,220,091
Airport Total			\$ 45,560,700	\$ -	\$ 6,232,542	\$ 2,891,933	\$ 3,340,609	\$ 42,220,091
Water Lake Awoonga	14	15/12/2025	\$ 358,169	\$ -	\$ 79,482	\$ 24,536	\$ 54,946	\$ 303,223
Water - Lake Awoonga Total			\$ 358,169	\$ -	\$ 79,482	\$ 24,536	\$ 54,946	\$ 303,223
Water Miriam Vale	18	15/09/2029	\$ 686,409	\$ -	\$ 98,537	\$ 42,166	\$ 56,370	\$ 630,038
Water - Miriam Vale Total			\$ 686,409	\$ -	\$ 98,537	\$ 42,166	\$ 56,370	\$ 630,038
Water - Agnes Water	21	15/03/2032	\$ 8,933,309	\$ -	\$ 1,029,831	\$ 469,432	\$ 560,399	\$ 8,372,909
Interest Free - Agnes Water Integrated Water and Sewerage	13	1/01/2024	\$ 5,151,520	\$ -	\$ 606,060	\$ -	\$ 606,060	\$ 4,545,460
Water - Agnes/1770			\$ 14,084,829	\$ -	\$ 1,635,891	\$ 469,432	\$ 1,166,459	\$ 12,918,369
Industrial Sewerage	9	15/09/2020	\$ 25,809	\$ -	\$ 26,290	\$ 481	\$ 25,809	\$ 0
Sewerage - Industrial Total			\$ 25,809	\$ -	\$ 26,290	\$ 481	\$ 25,809	\$ 0
Calliope Refuse	11	15/06/2022	\$ 878,661	\$ -	\$ 465,408	\$ 37,855	\$ 427,553	\$ 451,108
Sewerage - Calliope Refuse Total			\$ 878,661	\$ -	\$ 465,408	\$ 37,855	\$ 427,553	\$ 451,108
Sewerage Agnes 1770	17	15/03/2028	\$ 3,902,651	\$ -	\$ 630,158	\$ 220,763	\$ 409,396	\$ 3,493,255
Sewerage - Agnes/ 1770 Total			\$ 3,902,651	\$ -	\$ 630,158	\$ 220,763	\$ 409,396	\$ 3,493,255
Sewerage BITS	18	15/03/2029	\$ 8,871,394	\$ -	\$ 1,359,546	\$ 595,736	\$ 763,810	\$ 8,107,584
Sewerage - BITS Total			\$ 8,871,394	\$ -	\$ 1,359,546	\$ 595,736	\$ 763,810	\$ 8,107,584
Regional Landfill	17	15/06/2028	\$ 1,243,236	\$ -	\$ 209,259	\$ 92,248	\$ 117,011	\$ 1,126,225
Regional Landfill Total			\$ 1,243,236	\$ -	\$ 209,259	\$ 92,248	\$ 117,011	\$ 1,126,225
Sewerage Pipeline and Infrastructure	16	15/03/2028	\$ 24,364,761	\$ -	\$ 3,838,759	\$ 1,219,937	\$ 2,618,822	\$ 21,745,940
Sewerage - Curtis Island			\$ 24,364,761	\$ -	\$ 3,838,759	\$ 1,219,937	\$ 2,618,822	\$ 21,745,940
Grand Total			\$ 110,662,706	\$ -	\$ 16,590,631	\$ 6,134,741	\$ 10,455,890	\$ 100,206,816