



Gladstone Regional Council

Council Policy

| | |
|--------------------------|------------------------------------|
| Title | DEBT POLICY |
| Policy Number | P-2020-11 |
| 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| Date Repealed | |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:

Nil.

6.0 POLICY STATEMENT:

- At a minimum Council will annually review 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.

- Where possible:
 - external borrowings 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.
- Priority Infrastructure Plans have been developed as part of the Our Place Our Plan Gladstone Regional Council Planning Scheme in addition to the continual review of Long Term Asset Management Plans for all asset classes.

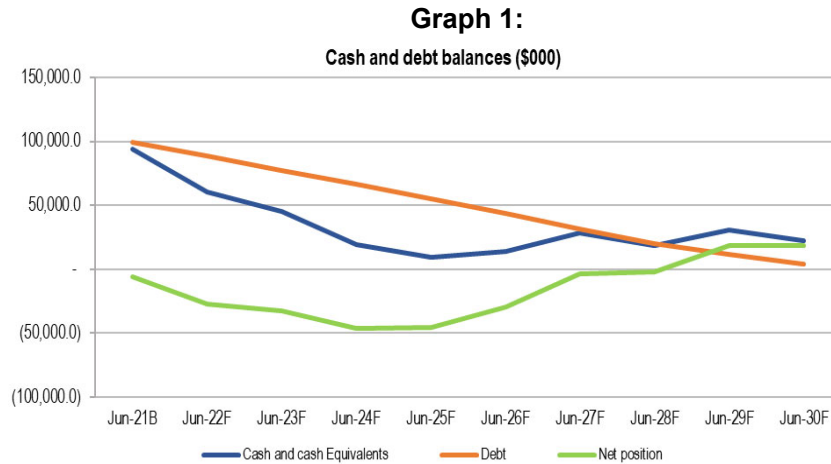
The outcomes of these plans and reviews are incorporated into Council's Long Term Financial Forecast to identify funding gaps for the construction of new and replacement infrastructure over the life of the financial plan. It is these funding gaps that are considered for funding via debt.

- 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.
- 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 2012/2021 financial year and the nine (9) subsequent years, as indicated in Table 1 below:

Table 1:

| Financial Year End | Indicative Borrowing (\$) |
|---------------------------|----------------------------------|
| 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 |

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



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

7.0 ATTACHMENTS:

1. External Loan Summary 2020 / 2021

8.0 REVIEW MECHANISM:

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

1. The related legislation or governing documents are amended or replaced; or
2. Other circumstances as determined by resolution of Council or the CEO; or
3. 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 |

.....
LEISA DOWLING
CHIEF EXECUTIVE OFFICER

ATTACHMENT 1

EXTERNAL LOAN SUMMARY

| LOAN | REPAYMENT PERIOD | LOAN EXPIRY | OPENING BALANCE | NEW BORROWINGS | DEBT SERVICE PAYMENT | FINANCE COSTS | PRINCIPAL REPAID | 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 | \$ - |
| Sewerage - Industrial Total | | | \$ 25,809 | \$ - | \$ 26,290 | \$ 481 | \$ 25,809 | \$ - |
| 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 |