

Gladstone Regional Council

Council Policy

Title	DEBT POLICY
Policy Number	P-2021-17
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Date Repealed	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.

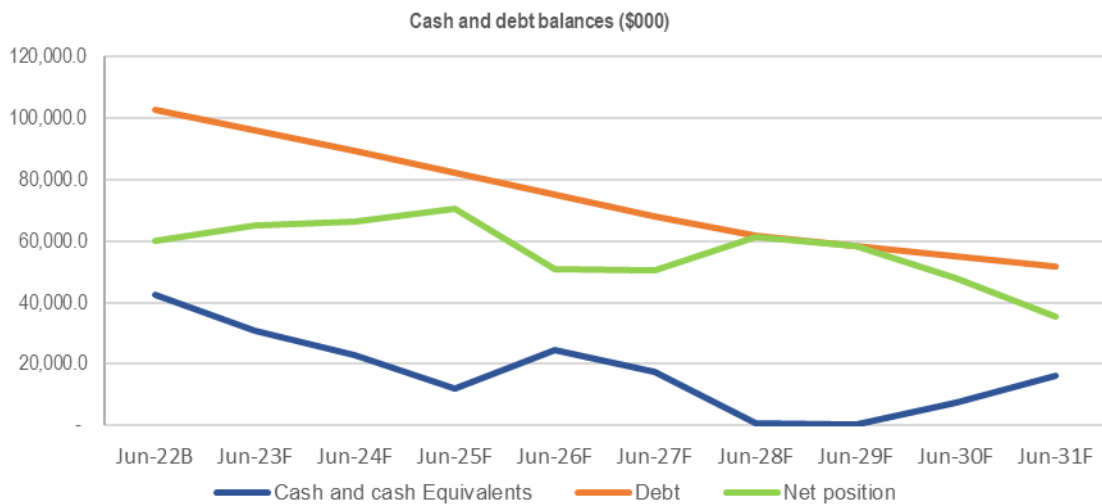
- Council will manage its financial assets, holistically, taking a treasury management approach to the management of its financial assets, and will establish a working capital facility through Queensland Treasury Corporation and manage the facility in accord with the approval parameters set by the Department 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 2021/2022 financial year and the nine (9) subsequent years, as indicated in Table 1 below:

Table 1:

Financial Year End	Indicative Borrowing (\$)
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
2030/2031	Nil

- Expected levels of borrowings balances over the 2021/2022 year and the following nine (9) years are set out in Graph 1 below:

Graph 1:



- This debt policy proposes that long term loans as set out in Attachment 1 will be in place as at 30 June 2022.

7.0 ATTACHMENTS:

1. External Loan Summary 2021/2022

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. Three years from date of 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	07 July 2020	S/20/4227	Formerly P-2019-17
Amendment 12	16 February 2021	GM/21/4441	Formerly P-2020-11. Amendment made in response to Local Government Debt Refinancing Initiative.
Amendment 13			Formerly P-2021-03.

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LEISA DOWLING
CHIEF EXECUTIVE OFFICER

Gladstone Regional Council

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ATTACHMENT 1 - External Loan Summary 2021/2022

EXTERNAL LOAN SUMMARY

LOAN	OPENING BALANCE		NEW BORROWINGS		DEBT SERVICE PAYMENT		FINANCE COSTS		PRINCIPAL REPAID		LOAN BALANCE	
		1/07/2021		2021/2022		2021/2022		2021/2022		2021/2022		30/06/2022
General	\$	755,045	\$	-	\$	44,676	\$	12,722	\$	31,954	\$	723,091
(General) GEC Flat Floor 2012-13	\$	8,455,938	\$	-	\$	500,341	\$	142,478	\$	357,863	\$	8,098,075
General Total	\$	9,210,983	\$	-	\$	545,017	\$	155,200	\$	389,817	\$	8,821,166
Airport	\$	38,303,935	\$	-	\$	2,266,456	\$	645,399	\$	1,621,057	\$	36,682,878
Interest Only - Airport	\$	3,916,156	\$	9,754,000	\$	313,730	\$	313,730	\$	-	\$	13,670,156
Airport Total	\$	42,220,091	\$	9,754,000	\$	2,580,186	\$	959,129	\$	1,621,057	\$	50,353,034
Water Lake Awoonga	\$	303,223	\$	-	\$	17,942	\$	5,109	\$	12,833	\$	290,390
Water - Lake Awoonga Total	\$	303,223	\$	-	\$	17,942	\$	5,109	\$	12,833	\$	290,390
Water Miriam Vale	\$	630,038	\$	-	\$	37,280	\$	10,616	\$	26,664	\$	603,375
Water - Miriam Vale Total	\$	630,038	\$	-	\$	37,280	\$	10,616	\$	26,664	\$	603,375
Water - Agnes Water	\$	8,372,909	\$	-	\$	495,428	\$	141,079	\$	354,349	\$	8,018,560
Interest Free - Agnes Water Integrated Water and Sewerage	\$	3,494,940	\$	-	\$	606,060	\$	-	\$	606,060	\$	2,888,880
Water - Agnes/1770	\$	11,867,849	\$	-	\$	1,101,488	\$	141,079	\$	960,409	\$	10,907,440
Calliope Refuse	\$	451,108	\$	-	\$	26,692	\$	7,601	\$	19,091	\$	432,017
Sewerage - Calliope Refuse Total	\$	451,108	\$	-	\$	26,692	\$	7,601	\$	19,091	\$	432,017
Sewerage Agnes 1770	\$	3,493,255	\$	-	\$	206,697	\$	58,859	\$	147,838	\$	3,345,417
Sewerage - Agnes/ 1770 Total	\$	3,493,255	\$	-	\$	206,697	\$	58,859	\$	147,838	\$	3,345,417
Sewerage BITS	\$	8,107,584	\$	-	\$	444,967	\$	136,608	\$	308,359	\$	7,799,225
Sewerage - BITS Total	\$	8,107,584	\$	-	\$	444,967	\$	136,608	\$	308,359	\$	7,799,225
Regional Landfill	\$	1,126,225	\$	-	\$	66,639	\$	18,976	\$	47,663	\$	1,078,562
Regional Landfill Total	\$	1,126,225	\$	-	\$	66,639	\$	18,976	\$	47,663	\$	1,078,562
Sewerage Pipeline and Infrastructure	\$	21,745,940	\$	-	\$	3,838,759	\$	1,079,719	\$	2,759,040	\$	18,986,899
Sewerage - Curtis Island	\$	21,745,940	\$	-	\$	3,838,759	\$	1,079,719	\$	2,759,040	\$	18,986,899
Grand Total	\$	99,156,296	\$	9,754,000	\$	8,865,666	\$	2,572,896	\$	6,292,771	\$	102,617,526