

Gladstone Regional Council

Council Policy

Title	DEBT
Policy Number	P-2023-09
Business Unit/s	FINANCE GOVERNANCE AND RISK
Date of Adoption	20 JUNE 2023
Resolution Number	S/23/5013
Review Date	20 JUNE 2024
Date Repealed	

1.0 PURPOSE:

Under section 192 of the *Local Government Regulation 2012*, 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 2022.

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.

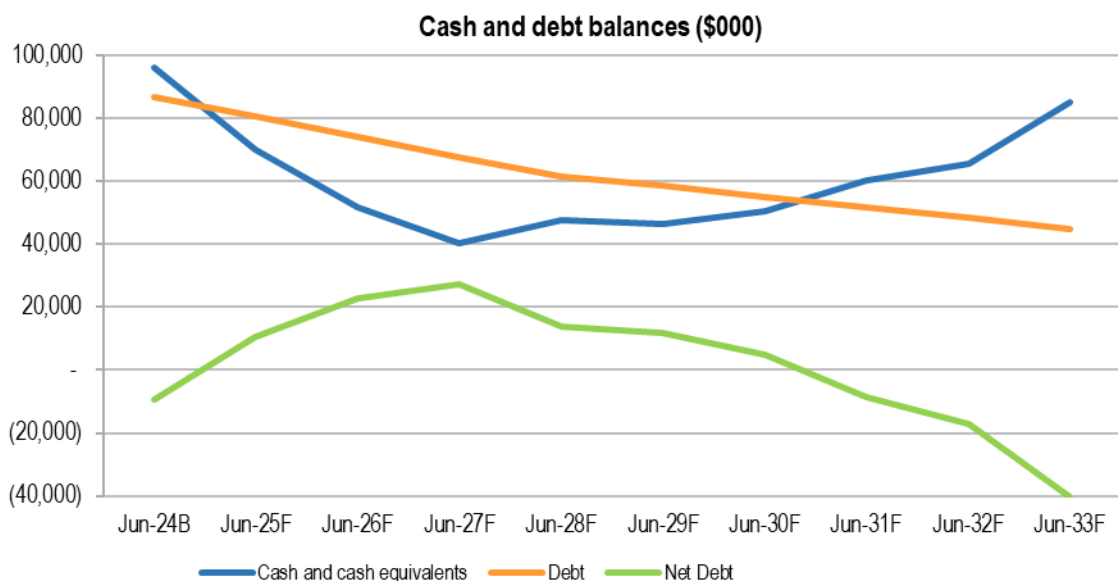
- Council will manage its financial assets, holistically, taking a treasury management approach to the management of its financial assets, and will establish a working capital facility through Queensland Treasury Corporation and manage the facility in accord with the approval parameters set by the Department of Local Government.
- The current Long Term Financial Forecast identifies the potential need for a working capital facility from the 2026/2027 year through to the 2029/2030 year. No borrowings are expected in the 10-year forecast period, as indicated in Table 1 below:

Table 1:

Financial Year End	Indicative Borrowing (\$)
2023/2024	Nil
2024/2025	Nil
2025/2026	Nil
2026/2027	Nil
2027/2028	Nil
2028/2029	Nil
2029/2030	Nil
2030/2031	Nil
2031/2032	Nil
2032/2033	Nil

- Expected levels of borrowings balances over the 2023/2024 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 2024.

7.0 ATTACHMENTS:

1. External Loan Summary 2023/2024.

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 line 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	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	15 June 2021	S/21/4520	Formerly P-2021-03.
Amendment 14	25 July 2022	S/22/4793	Formerly P-2021-17.
Amendment 15	20 June 2023	S/23/5013	Formerly P-2022-06.

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LEISA DOWLING
CHIEF EXECUTIVE OFFICER

Gladstone Regional Council

Council Policy

ATTACHMENT 1 - External Loan Summary 2023/2024

EXTERNAL LOAN SUMMARY

LOAN	OPENING BALANCE	NEW BORROWINGS	DEBT SERVICE PAYMENT	FINANCE COSTS	PRINCIPAL REPAID	LOAN BALANCE
	1/07/2023	2023/2024	2023/2024	2023/2024	2023/2024	30/06/2024
General	\$ 693,742	\$ -	\$ 47,078	\$ 15,409	\$ 31,668	\$ 662,074
(General) GEC Flat Floor 2012-13	\$ 7,770,164	\$ -	\$ 527,286	\$ 172,590	\$ 354,696	\$ 7,415,468
General Total	\$ 8,463,906	\$ -	\$ 574,364	\$ 188,000	\$ 386,364	\$ 8,077,542
Airport	\$ 33,862,225	\$ -	\$ 2,297,904	\$ 752,145	\$ 1,545,759	\$ 32,316,466
Interest Only - Airport	\$ 13,700,000	\$ -	\$ 377,435	\$ 375,530	\$ -	\$ 13,698,095
Airport Total	\$ 47,562,225	\$ -	\$ 2,675,339	\$ 1,127,675	\$ 1,545,759	\$ 46,014,561
Water Lake Awoonga	\$ 278,598	\$ -	\$ 18,906	\$ 6,188	\$ 12,718	\$ 265,881
Water - Lake Awoonga Total	\$ 278,598	\$ -	\$ 18,906	\$ 6,188	\$ 12,718	\$ 265,881
Water Miriam Vale	\$ 578,903	\$ -	\$ 39,285	\$ 12,859	\$ 26,426	\$ 552,477
Water - Miriam Vale Total	\$ 578,903	\$ -	\$ 39,285	\$ 12,859	\$ 26,426	\$ 552,477
Water - Agnes Water	\$ 7,693,752	\$ -	\$ 522,101	\$ 170,893	\$ 351,208	\$ 7,342,544
*Interest Free - Agnes Water Integrated Water and Sewerage	\$ 3,104,955	\$ -	\$ 606,060	\$ -	\$ 606,060	\$ 2,498,895
Water - Agnes/1770	\$ 10,798,708	\$ -	\$ 1,128,161	\$ 170,893	\$ 957,268	\$ 9,841,440
Calliope Refuse	\$ 414,517	\$ -	\$ 28,129	\$ 9,207	\$ 18,922	\$ 395,595
Sewerage - Calliope Refuse Total	\$ 414,517	\$ -	\$ 28,129	\$ 9,207	\$ 18,922	\$ 395,595
Sewerage Agnes 1770	\$ 3,209,814	\$ -	\$ 217,819	\$ 71,296	\$ 146,523	\$ 3,063,291
Sewerage - Agnes/ 1770 Total	\$ 3,209,814	\$ -	\$ 217,819	\$ 71,296	\$ 146,523	\$ 3,063,291
Sewerage BITS	\$ 7,449,314	\$ -	\$ 505,513	\$ 165,464	\$ 340,050	\$ 7,109,264
Sewerage - BITS Total	\$ 7,449,314	\$ -	\$ 505,513	\$ 165,464	\$ 340,050	\$ 7,109,264
Regional Landfill	\$ 1,034,742	\$ -	\$ 70,218	\$ 22,984	\$ 47,234	\$ 987,508
Regional Landfill Total	\$ 1,034,742	\$ -	\$ 70,218	\$ 22,984	\$ 47,234	\$ 987,508
Sewerage Pipeline and Infrastructure	\$ 16,045,795	\$ -	\$ 3,838,759	\$ 772,915	\$ 3,065,845	\$ 12,979,951
Sewerage - Curtis Island	\$ 16,045,795	\$ -	\$ 3,838,759	\$ 772,915	\$ 3,065,845	\$ 12,979,951
Grand Total	\$ 95,836,522	\$ -	\$ 9,096,493	\$ 2,547,479	\$ 6,547,109	\$ 89,287,508