

BARCALDINE REGIONAL COUNCIL POLICY

SYSTEM:	Finance
POLICY TITLE:	Debt
ADOPTED:	24 June 2015
POLICY NUMBER:	FS024

PURPOSE: To outline Council's plans for new loan borrowings for the next ten years, the purpose of those borrowings and the repayment terms for new and existing borrowings.

1. Principles

- (a) *Existing Loans:* Council will, within budgetary limits, reduce the level of debt by continuing repayments as per adopted schedules set by Council's lending institution.
- (b) *New Loans:* Council will restrict the purpose of new loans to funding infrastructure assets only. The service provided by infrastructure assets benefits both present and future generations. Debt provides a mechanism for sharing the cost of that infrastructure between present and future generations.

The appropriate mix of debt to internal funding is intended to provide the lowest long-term level of rates which does not over-commit the future and which provides adequate flexibility of funding in the short term.

The term of any new loan will not exceed the life of the asset funded, up to a maximum term of 20 years.

2. Legislative Requirements

Section 192 of the *Local Government Regulation 2012* states that a Council must prepare a debt policy each financial year and that the Policy must state the following:

- (a) new borrowings planned for the current financial year and for the next nine financial years; and
- (b) the period over which it is planned to repay existing and proposed borrowings.

The Qld Treasury Corporation report *Financial Sustainability in Queensland Local Government* recommends that "local governments should consider an optimal funding mix for capital investment programs and borrow where appropriate. The prudent use of debt, particularly for commercialized activities, will provide financial discipline, flexibility and leverage to enable local governments to meet strategic objectives."

3. New Borrowings

a. New borrowings planned for the 2015-16 financial year

There are no new borrowings planned for the current financial year.

b. New borrowings planned for the period 2015-16 to 2024-25

There are no new borrowings currently planned for this period but borrowings may be necessary to fund essential infrastructure.

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4. Loan Balances as at 30 June 2015 and estimated Repayment Periods

<i>Purpose</i>	<i>Lender</i>	<i>Interest Rate</i>	<i>Loan Balance</i>	<i>Remaining Term</i>
Barcaldine Saleyards	QTC	7.99%	\$ 50,926.32	2 years
Barcaldine Water (Water Mains)	QTC	7.08%	\$ 991,239.81	13 years
Barcaldine Water (Pomona Bore)	QTC	8.33%	\$ 41,274.94	2 years
Barcaldine Sewerage Extension	QTC	4.27%	\$ 621,513.04	12 years
Barcaldine Stormwater Drainage	QTC	4.14%	\$ 513,134.04	5 years
Muttaburra Bore	QTC	4.14%	\$ 146,609.72	5 years
Aramac Sewerage	QTC	4.14%	\$ 142,211.46	5 years
Alpha Pool	QTC	4.14%	\$ 1,000,000.00	10 years
TOTAL LOAN BALANCES			\$3,506,909.33	

5. Estimated Repayments for 2015-16::

<i>Purpose</i>	<i>Interest & Fees Payment</i>	<i>Principal Repayment</i>	<i>Total Repayment</i>	<i>Balance as at 30 June 2016</i>
Barcaldine Saleyards	\$ 3,324.36	\$ 24,033.44	\$ 27,357.80	\$ 26,892.88
Barcaldine Water (Water Mains)	\$ 70,159.19	\$ 47,777.89	\$ 117,937.08	\$ 943,461.92
Barcaldine Water (Pomona Bore)	\$ 2,731.88	\$ 21,646.52	\$ 24,378.40	\$ 19,628.42
Barcaldine Sewerage Extension	\$ 26,587.95	\$ 40,406.29	\$ 66,994.24	\$ 581,106.75
Barcaldine Stormwater Drainage	\$ 20,223.41	\$ 93,129.11	\$ 113,352.52	\$ 420,004.93
Muttaburra Bore	\$ 5,778.13	\$ 26,608.31	\$ 32,386.44	\$ 120,001.41
Aramac Sewerage	\$ 5,604.77	\$ 25,810.07	\$ 31,414.84	\$ 116,401.39
Alpha Pool	\$ 41,100.00	\$ 100,000.00	\$ 141,100.00	\$ 900,000.00
TOTAL	\$ 175,509.69	\$379,411.63	\$554,921.32	\$ 3,127,497.70

6. Future Expected Loan Balances:

Year:	Expected Balance as at 30 June:
2016	\$3,127,497.70
2017	\$2,673,219.49
2018	\$2,256,869.31
2019	\$1,830,691.22
2020	\$1,400,652.21
2021	\$1,128,902.90
2022	\$849,814.46
2023	\$712,924.20
2024	\$567,846.81
2025	\$407,892.82