



Burwood Inc.1874
Burwood . Burwood Heights . Croydon . Croydon Park . Enfield . Strathfield

ORDINARY MEETING

LATE ITEMS

Notice is hereby given that a meeting of the Council of Burwood will be held in the Council Chamber, 2 Conder Street, Burwood on Tuesday 26 April 2022 at 6:00pm

Tommaso Briscese
GENERAL MANAGER

Our Mission

**Burwood Council will create a quality lifestyle for its citizens
by promoting harmony and excellence in the delivery of its services**

AGENDA

GENERAL BUSINESS

(ITEM 36/22) LOAN BORROWING PROGRAMME FOR 2021-22 FINANCIAL YEAR 3

CONFIDENTIAL ITEMS

(ITEM 35/22) WESTINVEST PROPOSED PROJECTS - APRIL 2022

That above item be considered in Closed Session to the exclusion of the press and public in accordance with Section 10A(2) (c) (d) of the Local Government Act, 1993, as the matter involves information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; AND commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret.

(ITEM 34/22) PROPERTY MATTER

That above item be considered in Closed Session to the exclusion of the press and public in accordance with Section 10A(2) (c) of the Local Government Act, 1993, as the matter involves information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

(ITEM 36/22) LOAN BORROWING PROGRAMME FOR 2021-22 FINANCIAL YEAR

File No: 22/14025

REPORT BY CHIEF FINANCE OFFICER

Summary

To seek Council's approval of the interest rate to be charged for the 2021-2022 Loan Borrowing Programme of \$1 million to continue to address Council's infrastructure backlog.

Operational Plan Objective

2.3.1 Identify and maintain additional revenue sources to ensure financial sustainability

Background

At the March 2022 Council meeting, Council resolved to adopt the recommendation to borrow \$1 million from TCorp at an indicative rate of 2.82% over ten years to address Council's Road infrastructure backlog which currently sits at \$20.4million of the overall Council infrastructure backlog of \$29.89million and to report back to Council if the revised interest rate differed by more than 0.50%.

Current Position

On 23 March 2022, the Mayor and General Manager executed the TCorp loan application and the Chief Finance Officer forwarded to TCorp for approval.

TCorp has now finalised their "Credit Assessment" on Council and has issued a revised indicative interest rate of 3.76%. This rate will not be set until TCorp receives the signed loan deeds.

The higher indicative interest rates based on an interest and principal quarterly repayments over a 10 year term is:

- TCorp – indicative interest rate 3.76%. Interest and principal repayment will be - \$120,439.17 per year a difference of \$5,327.58 on the indicative rate of 2.82%.

Please note: the TCorp rate is indicative and may change again at time of accepting the offer, which will be on Wednesday 27 April 2022.

Proposal

It is proposed to accept TCorp's revised indicative offer of interest rate of 3.76% to fund Council's loan borrowing for the 2021-2022 financial year. Another revised interest rate will be tabled on the night of the Council meeting.

Consultation

Loan borrowings were included as part of the 2021-2022 Operational Plan and Draft Budget that was publicly exhibited. No objections were received during the exhibition period against the proposed borrowing of \$1 million to address Council's infrastructure backlog.

Financial Implications

An allowance has been factored into the 2021-2022 budget for the repayment of Principal and Interest repayments of \$129,753 to cover the existing loan which will be maturing during the year and the first quarterly repayment of the new loan. Council's loan liability is estimated to be at \$5.76million at 30 June 2022 above the industry benchmark.

The following chart shows the 10 year bond rates which TCorp lends money. As indicated in the graph below interest rates have been on the rise for sometime now.



Conclusion

Given Council's intention to continue to address its infrastructure backlog, a loan borrowing will contribute to accelerating the program of renewal.

Recommendation(s)

1. That Council accept the indicative interest rate of 3.76% from TCorp to fund Council's \$1 million 2021-2022 Infrastructure Loan Borrowing Programme toward the improvement of Council's Road Infrastructure and funds to be drawn down on Friday 29 April 2022.
2. That Council delegate to the General Manager the authority to accept a final interest rate from TCorp up to a maximum difference of 0.5%.

Attachments

There are no attachments for this report.