
NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 6 MAY 2020
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

1. INVESTMENT REPORT AS AT 30 APRIL 2020

Author	Director Finance & Corporate Strategy
Responsible Officer	Director Finance & Corporate Strategy
Link to Strategic Plans	CSP – 4.3 A financially sound Council that is responsible and sustainable DP - 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

Council's investments are made in accordance with legislative requirements and are certified as such by the Responsible Accounting Officer.

Report

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

The management of Council's Investments is delegated by the General Manager to the Director of Finance and Corporate Strategy.

Council's current investment portfolio is diversified across a number of investment types and institutions. This includes term deposits, on-call accounts and managed funds. Investments are in accordance with the Office of Local Government's Guidelines and Council's Investment Policy.

The Government Guarantee on aggregated Investments up to \$1 million per account holder per institution expired 1 February 2012 and the new cap is \$250,000.

The investment portfolio decreased **\$496,550** during the reporting period. This is due to more Capital and Operational payments than receipts.

Financial Implications

The 2019/20 Budget estimates the total annual Investment Revenue as \$615,080 which represents an estimated return of 2.5% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The estimated market value of Council's Investments held as at 29 April 2020 is **\$19,881,660**. The full list of investments is in ***Attachment No. 1***.

1. INVESTMENT REPORT AS AT 30 APRIL 2020 (Cont'd)

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 625
- Local Government (General) Regulation, 2005 – Clause 212
- Council Investment Policy adopted 11 March 2015
- Ministerial Investment Order – 12 January 2011

Risk Management Issues

Council's risk management strategy is to diversify the allocation of funds across different financial institutions and government authorities based on credit ratings as per the Investment Policy. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

Attachments

- 1 Investments – 29 April 2020 (estimated values)

RECOMMENDATION

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

2. QUARTERLY BUDGET REVIEW STATEMENT – 31 MARCH 2020

Author	Director Finance and Corporate Strategy
Responsible Officer	Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3.1 – Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies.
	Delivery Program – 4.3.1.5 - Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

The Quarterly Budget Review Statement (“QBR”) must be prepared by the Responsible Accounting Officer and presented to Council within two months of the end of the quarter.

Report

The Quarterly Budget Review Statement (QBR) has been prepared for the 31 March 2020 quarter and is presented to Council as **Attachment No.2**.

Council adopted a balanced cash based budget as part of the 2019-20 Operational Plan at the 13 June 2019 Council Meeting. Since then the following changes have occurred –

- a) Since the start of the financial year Council has adopted recommendations from staff which have also impacted on the budget result. These changes have already been approved by Council and are included in the “Approved Changes Column” in the Income and Expenditure Review Statement of the QBR document.
- b) A review of the last three months has been carried out by staff and the changes are included in the “Variations for this Quarter” column of the QBR document.

The net result of all changes for the year to the end of March 2020 is **Nil** as all adjustments have been funded from Reserves, Savings, Grants or Carryover Works approved by Council at the August 2019 meeting.

2. QUARTERLY BUDGET REVIEW STATEMENT – 31 MARCH 2020 (Cont.)

The adjustments which have been identified during the review are summarised below:

Summary	Budget Impact
Balanced budget at commencement of year	0
March 2020 QBR results	0
TOTAL CHANGE FOR YEAR TO DATE	0

The revised budget result following the March 2020 QBR is a balanced budget.

The financial position of Narromine Shire Council as at 31 March 2020 is considered to be satisfactory and is confirmed by the Report from the Responsible Accounting Officer.

Summary

The Office of Local Government released guidelines on the preparation of Quarterly Budget Review Statements (QBRs) to Councils in December 2010 with mandatory reporting in line with the guideline which commenced in July 2011.

The QBRs must show, by reference to the estimated income and expenditure that is set out in the operational plan adopted by Council for the relevant year, a revised estimate of income and expenditure for that year.

It also requires the Budget Review Statement to include a report by the Responsible Accounting Officer as to whether or not they consider the Statement indicates Council to be in a satisfactory financial position (with regard to its original budget) and if not, to include recommendations for remedial action.

Financial Implications

Council's original budget was adopted on 13 June 2019 and reflected a balanced overall cash based budget.

Legal and Regulatory Compliance

Local Government (General) Regulation 2005 (the Regulations) clause 203 requires a Council's Responsible Accounting Officer to prepare and submit a quarterly budget review statement to the governing body of Council within two months of the end of the quarter.

Office of Local Government – Quarterly Budget Review Guidelines issued December 2010.

2. QUARTERLY BUDGET REVIEW STATEMENT – 31 MARCH 2020 (Cont.)

Risk Management Issues

Nil

Internal/External Consultation

Nil

Attachments

- 2 Quarterly Budget Review Statement – March 2020

RECOMMENDATION

1. That the document entitled “Quarterly Budget Review Statement – March 2020”, as attached to the report, be noted;
2. That the variations of income, operating expenditure, capital expenditure and reserves as identified in the “Quarterly Budget Review Statement – March 2020” be approved and voted.

3. EXECUTION OF LOAN FACILITY

Author	Director Finance & Corporate Strategy
Responsible Officer	Director Finance & Corporate Strategy
Link to Strategic Plans	CSP – 4.3 A financially sound Council that is responsible and sustainable DP - 4.3.1 Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies

Executive Summary

In accordance with Council’s Annual Budget two loans have been sought. The lender, TCorp, requires a Council resolution to accompany the executed documents.

Report

At its ordinary meeting held 13 June 2019 Council approved the 2019/20 Statement of Revenue Policy which included a Statement of Borrowings for loans totalling \$3.04m. At Council’s meeting held 11 December 2019 Council resolved to borrow \$1.94m for the Skypark Residential Development and \$1.1m for the Aerodrome Light Industrial Development, these loans total \$3.04m.

3. EXECUTION OF LOAN FACILITY (Cont'd)

TCorp has since approved these two loans subject to a resolution from Council approving the execution of the Loan Agreement. The Loan Agreement is attached (see *Attachment No. 3*).

Financial Implications

The approved 2019/20 Budget includes the proceeds of loans totalling \$3.04m for land development and the associated loan repayments. The 2019/20 Budget assumes an interest rate of 4.5% p.a. whereas the indicative rate offered is 1.44% p.a.

The addition of these loans will lift Council's total borrowings to around \$7.1m and lower Council's debt service cover ratio to 4.3x next financial year, which remains above the OLG benchmark of 2.0x.

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 625
- Local Government (General) Regulation, 2005 – Clause 212

Risk Management Issues

The risk of default is low and will be monitored through the maintenance of monthly cashflow forecasting and budget monitoring.

Attachments

- 3 Loan Agreement between New South Wales Treasury Corporation and Narromine Shire Council

RECOMMENDATION

1. That the General Manager and Mayor execute the Loan Agreement between New South Wales Treasury Corporation and Narromine Shire Council for the facility limit of \$1,100,000 for the development of industrial land and \$1,940,000 for the development of residential land.
2. That the Common Seal of Narromine Shire Council be duly affixed to the Loan Agreement.

John Sevil
Director Finance & Corporate Strategy
Responsible Accounting Officer

Investments – 30 April 2020 (estimated)

Financial Institution	Bank Rating	Investment Type/Maturity Date	Investment Rating	Current Rate	Term	Amount (\$)
Cash & At Call						
CBA	AA-	Business Online Saver - at call	A-1+	1.00%	N/A	2,685,095.45
TOTAL						\$2,685,095.45
Percentage Exposure of Total Portfolio						13.51%
Average Investment Yield (annualised)						1.00%
Pooled Managed Investments						
				Mth %	FYTD%	Market Value
TCorp	AAA	T-CorpIM Long Term Growth Fund		2.18%	-4.42%	11,152,448
TCorp	AAA	T-CorpIM Cash Fund		0.25%	0.42%	6,044,116
TOTAL						17,196,564
Percentage Exposure of Total Portfolio						86.49%
Total Investments and Cash						\$19,881,660



Narromine Shire Council

Quarterly Budget Review

2019-2020

Third Quarter (Q3)

31 March 2020



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Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

31 March 2020

It is my opinion that the Quarterly Budget Review Statement for Narromine Shire Council for the quarter ended 31/03/20 indicates that Council's projected financial position at 30/6/20 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

John Sevil
Responsible Accounting Officer

Narramine Shire Council

Quarterly Budget Review Statement
for the period 01/01/20 to 31/03/20

Income & Expenses Budget Review Statement

Budget review for the quarter ended 31 March 2020

Income & Expenses - Council Consolidated

(\$000's)	Original Budget 2019/20	Approved Changes				Revised Budget 2019/20	Variations for this Mar Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs					
Income										
Development and Environmental Services										
Building	204					204		204	95	
Fire Prevention and Emergency Services	183			2		181		181	116	
Planning	26					26		26	2	
Regulatory Services	93			54		147		147	131	
Manager Development and Environmental Serv	1					1		1	-	
Public Health	6					6		6	0	
Engineering										
Water	1,773				1,300	3,073		3,073	1,363	
Roads Bridges Footpaths	4,198					4,198		4,198	1,943	
Manager Engineering Office	14					14		14	16	
Parks and Reserves	215					215		215	0	
Sport and Recreation Facilities	134	1,059		22		1,215	909	2,124	484	
Mining	135					135		135	136	
Street Lighting	45					45		45	-	
Stormwater Drainage	770					770		770	188	
Aerodrome	106				1	107		107	52	
Quarry Operations	315					315		315	116	
Cemeteries	74					74		74	60	
Plant Operations	1,808					1,808		1,808	1,073	
Private Works	21			381		402		402	69	
Sewer	1,473					1,473		1,473	1,312	
Waste Management	1,623				150	1,773		1,773	1,762	
Buildings and Property	22					22		22	0	
Governance										
CEO Office	65					65		65	41	
Governance	-					-		-	-	
Corporate Services										
Manager Corporate Service Office	100					100		100	76	
Finance	3,669	736				4,405		4,405	1,859	
Human Resources	24			4		28		28	47	
Rates	5,738					5,738		5,738	5,792	
Community & Economic Development										

(\$000's)	Original Budget 2019/20	Approved Changes				Revised Budget 2019/20	Variations for this Mar Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS					
Community and Social Development	-					-		-	11	
Libraries	32			63	95			95	79	
Manager Community Services Office	20				20			20	-	
Health Services	104				104			104	55	
Children Youth and Family Services	1				1			1	-	
Tourism and Events	884			16	900			900	20	
Total Income from Continuing Operations	23,877	1,059	736	459	1,530	-	909	28,570	16,899	
Expenses										
Development and Environmental Services										
Building	77				77			77	16	
Fire Prevention and Emergency Services	429		4		425			425	200	
Planning	127				127			127	153	
Regulatory Services	548		149		697			697	216	
Manager Development and Environmental Serv	23				23			23	10	
Public Health	157				157			157	69	
Engineering										
Water	1,693			76	1,769			1,769	1,168	
Roads Bridges Footpaths	3,949				3,949			3,949	2,163	
Depot Operations	265				265			265	160	
Manager Engineering Office	1,218		-	57	1,161			1,161	446	
Parks and Reserves	1,241			39	1,280			1,280	625	
Sport and Recreation Facilities	511			27	538		20	558	565	
Mining	135				135			135	77	
Street Lighting	137				137			137	78	
Stormwater Drainage	358			100	458			458	234	
Aerodrome	583				583			583	358	
Quarry Operations	315			150	465			465	4	
Cemeteries	69				69			69	87	
Plant Operations	1,463				1,463			1,463	844	
Private Works	-			381	381			381	136	
Sewer	1,480				1,480			1,480	649	
Waste Management	1,657			35	1,717			1,717	926	
Buildings and Property	128				128		4	124	84	
Governance										
CEO Office	1,268			36	1,182		20	1,162	674	
Elected Members	226				226			226	123	
Governance	676				676			676	370	
Corporate Services										
Manager Corporate Service Office	467			70	537			537	65	

(\$000's)	Original Budget 2019/20	Approved Changes				Revised Budget 2019/20	Variations for this Mar Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRS	Sep QBRS	Dec QBRS					
Finance	302					302	4	306	-	
Information Technology	552					552		552	503	
Records Management	187					187		187	76	
Human Resources	647			4		651		651	422	
Community & Economic Development										
Community and Social Development	107					107		107	10	
Libraries	505				63	568		568	425	
Manager Community Services Office	42					42		42	35	
Health Services	127					127		127	61	
Children Youth and Family Services	3					3		3	2	
Tourism and Events	533			8	16	557		557	381	
Business and Economic Development	22					22		22	11	
Total Expenses from Continuing Operations	22,228	-	-	766	230	23,224	-	23,224	12,212	
Net Operating Result from Continuing Operations	1,649	1,059	736	(307)	1,300	4,437	909	5,346	4,687	
Discontinued Operations - Surplus/(Deficit)										
Net Operating Result from All Operations	1,649	1,059	736	(307)	1,300	4,437	909	5,346	4,687	
Funding										
Rates & Other Untied Funding										
Capital Grants & Contributions					1,300		909			
Reserves:										
- External Restrictions/Reserves				(67)						
- Internal Restrictions/Reserves			736	(240)						
New Loans										
Total Funding	-	-	736	(307)	1,300	-	909	-	-	
Net Funding - Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

	note	WO Description	Comments	Total
Revenue	6	NSW Club Grant - Narrormine Netball Facility Courts - Cale		(130,000)
	7	2019-2020 SCC Round 3 - Cale Oval South End Development	to fund Cale Oval South End Development	(444,000)
		2019-2020 SCC Round 3 - Tomingley Streetscape - Eric W	to fund Cale Oval South End Development	(20,000)
		2019-2020 SCC Round 3 - Trangie Sporting Precinct Playgr	to fund Cale Oval South End Development	(200,000)
		2019-2020 SCC Round 3 - Dundas Park Playground Upgrad	to fund Cale Oval South End Development	(115,478)
		Revenue Total		(909,478)
Expenses	13	Utility costs	reduction to fund increased fees	(4,170)
		Audit Fees	increase in fee funded by opex saving	4,170
	16	GM Contingency Budget	\$20k to fund Aquatic Centres business case	(20,000)
		Nme & Tge Aquatic Centre Business Case	business case outsourced	20,000
		Expenses Total		-

Capital Budget Review Statement

Budget review for the quarter ended 31 March 2020

Capital Budget - Council Consolidated

(\$'000's)

Capital Expenditure

	Original Budget 2019/20	Approved Changes						Revised Budget 2019/20	Variations for this Mar Qtr	Notes	Projected Year End Result	Actual YTD figures
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs	Mar QBRs	Mar Qtr					
New Assets												
- Plant & Equipment	-	-	-	3	7	-	10	1	3,4	11	-	
- Land & Buildings	4,545	16	741				5,302			5,302	4,717	
- Roads, Bridges, Footpaths	-	-			(50)		-			-	-	
- Other Infrastructure	675	1,582			1,170		2,207			2,207	738	
- Water & Sewer	1,000	-	416				2,586			2,586	2,306	
Renewal Assets (Replacement)												
- Plant & Equipment	780	-		20			800	49	4,18	849	324	
- Land & Buildings	142	198		34	28		402	(11)	1,5,11,17	391	208	
- Roads, Bridges, Footpaths	3,303	-					3,303			3,303	2,490	
- Other Infrastructure	676	915			8		1,599	986	2,6,7,10,12,14,15,16	2,585	1,393	
- Water & Sewer	3,143	2,068			(796)		4,415			4,415	646	
Total Capital Expenditure	14,264	4,779	1,157	57	367	-	20,625	1,025		21,650	12,823	

Capital Funding

Rates & Other United Funding

Capital Grants & Contributions

Reserves:

- External Restrictions/Reserves

- Internal Restrictions/Reserves

New Loans

Receipts from Sale of Assets

- Plant & Equipment

- Land & Buildings

Total Capital Funding

Net Funding - Surplus/(Deficit)

	1,268		10	1,300				909			
	2,068	416		(927)				58			
	1,443	741	47	(6)				58			
Total Capital Funding	-	4,779	1,157	57	367	-	-	1,025		-	-
Net Funding - Surplus/(Deficit)	-	-	-	-	-	-	-	-		-	-

Narromine Shire Council

Quarterly Budget Review Statement
 for the period 01/01/20 to 31/03/20

Capital Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

	note	WO Description	Comments	Total
new	3,4	2019-2020 Touch Terminal - Smiley Touch - Customer Serv	new feedback terminals	1,300
new Total				1,300
renew	1	2019-2020 Depot 25T Hoist Install	to fund urgent Trangie Showground elec. Works	(25,000)
		Trangie Showground Electrical Upgrade	urgent works funded from WO 3940	25,000
	2	Narromine Sports Centre Toilet Change Room Facilities Ca	savings to fund sports centre toilets work	(7,698)
		Narromine Sports Centre Upgrade External Toilets Facilities	funded by savings from Sports Centre change room	7,698
	4	2017-2018 IT ERP Upgrade	underspend to fund other IT projects	(932)
		2018-2019 Firewall Software	underspend to fund other IT projects	(30,000)
		2018-2019 IT Server Backup Software	underspend to fund other IT projects	(5,628)
		2018-2019 Office Equipment Replacement Plan	underspend to fund other IT projects	(6,080)
		2018-2019 Security - Renew Old Devices	underspend to fund other IT projects	(20,004)
		2018-2019 Upgrade Phone System in Chambers Building	underspend to fund other IT projects	(9,000)
		91003507 IT Equip - Replace Router/Firewall at Depot	underspend to fund other IT projects	(2,256)
		IT Contingency Works	underspend to fund other IT projects	(20,256)
		IT Equipment Upgrade Switches	underspend to fund other IT projects	8,132
		2018-2019 DRP - Mobile Equipment Replacements	underspend to fund other IT projects	(9,996)
		2018-2019 Equipment Mobile Office	underspend to fund other IT projects	(9,996)
		IPAD Replacements - Outdoor Staff	underspend to fund other IT projects	(4,973)
		Council Wi-fi Upgrade	underspend to fund other IT projects	(25,004)
		2019-2020 LAN and WAN Upgrade	underspend to fund other IT projects	(20,004)
		Councillor iPads	funded by savings in IT budget	11,000
		Desk phones 'Yes' x 12 (46S - \$330)	funded by savings in IT budget	3,960
		Desk phones 'maybe' x 15 (46S - \$330)	funded by savings in IT budget	4,950
		Mobile Handsets (Desktop) x 1	funded by savings in IT budget	300
		Mobile Phones x 5	funded by savings in IT budget	3,000
		Switch Hive Manager & SFP's	funded by savings in IT budget	2,089
		Other iPads x 3	funded by savings in IT budget	2,550
		10 x other iPad	funded by savings in IT budget	9,790
		BT Keyboards (10)	funded by savings in IT budget	2,350
		Fibre Trench	funded by savings in IT budget	75,008
		Replace computers and peripherals	funded by savings in IT budget	25,000
		CRM Interrogation tool	funded by savings in IT budget	7,000
	5	2019-2020 Upgrade Narromine Depot Security	underspend to fund minor cap works	(13,662)
		Nme Depot - Depot Security Cameras	funded by underspend WO5115	5,446
		Nme Depot - relocate emergency generator	funded by underspend WO5115	5,731
		Nme Depot - replace workshop lights	funded by underspend WO5115	2,485
	6	NSW Club Grant - Narromine Netball Facility Courts - Cale	new courts grant funded	130,000
	7	2019-2020 SCC Round 3 - Dundas Park Playground Upgra	funded by grant - SCC R3	250,000
		2019-2020 SCC Round 3 - Cale Oval South End Developm	funded by grant - SCC R3	47,700
		2019-2020 SCC Round 3 - Cale Oval South End Developm	funded by grant - SCC R3	30,000
		2019-2020 SCC Round 3 - Cale Oval South End Developm	funded by grant - SCC R3	9,000
		2019-2020 SCC Round 3 - Cale Oval South End Developm	funded by grant - SCC R3	5,000
		2019-2020 SCC Round 3 - Cale Oval South End Developm	funded by grant - SCC R3	352,300
	2019-2020 SCC Round 3 - Tomingley Streetscape - Eric W	funded by grant - SCC R3	6,500	
	2019-2020 SCC Round 3 - Tomingley Streetscape - Eric W	funded by grant - SCC R3	13,500	
	2019-2020 SCC Round 3 Trangie Sporting Precinct - Playg	funded by grant - SCC R3	200,000	
	Narromine Rotary Park Playground Equipment Upgrade/Site	reallocation	(50,000)	
	Narromine Rotary Park West - Softfall/Site Playground Cap	reallocation	(40,914)	
	2019-2020 Sporting facilities Upgrade/Site Structures & She	reallocation	(5,801)	
10	2019-2020 Narromine Swimming Pool Cleaner Replacemen	urgent funded from asset replacement reserve	14,064	
12	Trangie Pool Additional Shade Structure	underspend to fund Tge netball roller	(2,500)	
	Trangie netball court roller	funded from capex underspend	2,500	
14	2019-2020 Tourism - Town Entrance Signs Upgrade	reduce sign capex to fund Nme Dandaloo st banne	(7,790)	
	2019-2020 Promotional Banners - Narromine Dandaloo Stre	new capex funded by entrance sign capex reductio	7,790	
15	2018-2019 Trangie Kerb & Gutter Capital Replacement	project not progressing to fund Trangie Kerb & Gut	(39,288)	
	K&G renewal - Dandaloo St Trangie	project not progressing to fund Trangie Kerb & Gut	60,000	
17	Drought Communities Program - Community Grants Progra	grant proceeds from capex last year	(11,000)	
18	Komatsu Loader	purchase funded from reserves	58,000	
19	Cale Oval Grandstand Hand Rails	funded from GM Contingency	4,000	
renew Total				1,024,061

Narramine Shire Council
Quarterly Budget Review Statement
 for the period 01/01/20 to 31/03/20

Cash & Investments Budget Review Statement

Budget review for the quarter ended 31 March 2020

Cash & Investments - Council Consolidated

(\$000's)	Original Budget 2019/20	Approved Changes			Revised Budget 2019/20	Variations for this Mar Qtr	Notes	Projected Year End Result
		Carry Forwards	Other than by QBRs	Sep QBRs				
Externally Restricted ⁽¹⁾								
Developers Contributions	299				299		299	
Special Purpose Unexpended Grants	1,452	(190)			1,262		1,262	
Domestic Waste Management	842	(35)		(25)	782	(58)	724	18
OROC Surplus Operating Funds	38				38		38	
OROC - Unexpended Grant	70				70		70	
NSRAC - Operating Funds	120		(32)		88		88	
TSRAC - Operating Funds	19				19		19	
TSRAC - Bonds	3				3		3	
WATER FUND								
Water Network - Operating Funds	793		(232)	850	1,411		1,411	
Water Network - S64 Contributions	144				144		144	
Water Network - Capital Works Carried Forward	1,358	(1,358)			-		-	
SEWERAGE FUND								
Sewerage - Operating Funds	5,677		(184)		5,493		5,493	
Sewerage Funds - S64 Contributions	77				77		77	
Sewerage Fund - Capital Works Carried Forward	710	(710)			-		-	
Total Externally Restricted	11,602	(2,258)	(451)	825	9,686	(58)	9,628	
⁽¹⁾ Funds that must be spent for a specific purpose								
Internally Restricted ⁽²⁾								
Executive Services								
Election Expenses	32				32		32	
Financial Management								
Employee Leave Entitlements	545				545		545	
Capital Works Carried Forward	1,600	(1,600)			-		-	
OHS Bonus	102				102		102	
FAGS Advanced Grant	2,287				2,287		2,287	
Environment								
Weilands Development	46				46		46	
Youth Services								
Youth Education Activities (Mac 2100 Grant)	18				18		18	
Health Facilities								
Medical Centre	144			(4)	140		140	
Cultural Development								
Trangie Local History Group	1				1		1	
Aerodrome								
Aerodrome Development	752		(752)		-		-	
Natfly	4				4		4	
Mining								
Alkane - Roads Contribution	-				-		-	

(\$000's)	Original Budget 2019/20	Approved Changes				Revised Budget 2019/20	Variations for this Mar Qtr	Notes	Projected Year End Result
		Carry Forwards	Other than by QBRs	Sep QBRs	Dec QBRs				
Alkane - Community Contributions (future fund)	106					106		106	
Alkane - Environmental Monitoring	92					92		92	
Alkane - Tomingley Water Tanks Project	80		(45)			35		35	
Economic Development									
Economic Development Reserve	12		(12)			-		-	
Strategic Business Initiatives Reserve	-		87			87		87	
Real Estate Development									
Land Development	499		(31)			468		468	
Long Term Asset Plans									
Office Equipment (LTP)	7					7		7	
IT Strategy (LTP)	129					129	7	136	
Administration Buildings (LTP)	8					8	4	12	
Pound Improvements (LTP)	8					8		8	
Community Hall Upgrades (LTP)	-					-	11	11	
Public Amenities Upgrades (LTP)	45					45		45	
Library Improvements (LTP)	133					133		133	
Cemetery Improvements (LTP)	26					26		26	
Council Buildings	62					62		62	
Depot Improvements (LTP)	62					62		62	
Plant and Vehicle Replacement (LTP)	-					-		-	
Quarries	264			(150)		114		114	
Footpaths (LTP)	16					16		16	
Street Lighting Works	9					9		9	
Drainage Construction (LTP)	322					322	(21)	301	
Kerb & Gutter Construction - Narramine (LTP)	60					60		60	
Kerb & Gutter Construction - Trangie (LTP)	135					135		135	
Kerb & Gutter Construction - Tomingley (LTP)	15					15		15	
Stormwater Levee Bank	2					2		2	
Aerodrome Capital Improvements (LTP)	147					147		147	
Playground Equipment Upgrades (LTP)	76					76		76	
Playground Shade Structure Upgrades (LTP)	49					49		49	
Playground/Sporting Fields Fencing (LTP)	33					33		33	
Park Amenities (LTP)	95			(20)		75		75	
Street Tree Planting Program	7					7		7	
Softfall Establishment (LTP)	73					73		73	
Sporting Facility Upgrades (LTP)	54					54		54	
Irrigation System Establishment (LTP)	72					72		72	
Sports Centre Upgrades (LTP)	35					35		35	
Swimming Facilities Upgrade (LTP)	42					42	(14)	28	
Tomingley - Dicken Park Landscaping	5					5		5	
Total Internally Restricted	8,311	(1,600)	(753)	(170)	(4)	5,784	(17)	5,767	
(2) Funds that Council has earmarked for a specific purpose									
Unrestricted (ie. available after the above Restrict	4,319	1,204	202	(821)	(1,800)	3,104	(38)	3,066	
Total Cash & Investments	24,232					24,232	(113)	24,119	

Narramine Shire Council

Quarterly Budget Review Statement
for the period 01/01/20 to 31/03/20

Contracts Budget Review Statement

Budget review for the quarter ended 31 March 2020

Part A - Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)	Notes
Haldon Industries Pty Ltd	Design, Supply, Operate, Maintain and Dismantle Package Plant for Treatment of Bore 6D	409,747	05/12/19		Y	
Tracserv Pty Ltd	Doosan DL300 Front end loader	280,570	30/03/20		Y	

Narramine Shire Council

Quarterly Budget Review Statement
for the period 01/01/20 to 31/03/20

Consultancy & Legal Expenses Budget Review Statement

Consultancy & Legal Expenses Overview

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	203,270	Y
Legal Fees	15,829	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details



Loan Agreement – NSW Local Councils

New South Wales Treasury Corporation

and

Narromine Shire Council

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Loan Agreement

Date: The date specified in Schedule 1

Parties

1. **NEW SOUTH WALES TREASURY CORPORATION ABN 99 095 235 825**, constituted pursuant to the *Treasury Corporation Act 1983* (NSW) (**Lender**)
2. The party described in Schedule 1 (**Borrower**)

Background

- A. The New South Wales Government has approved the Lender establishing the Loan Scheme.
- B. The Lender's application for a loan under the Loan Scheme has been approved.
- C. The Lender has agreed to make a loan facility available to the Borrower on the terms and conditions set out in this agreement.

The Parties Agree

1. Interpretation

1.1 Definitions

In this agreement, unless expressed or implied otherwise:

Accounting Standards means the accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia.

Advance means an advance made by the Lender to the Borrower under this agreement or, where the context requires, the balance of the loan which is outstanding. The maximum number of Advances permitted under this agreement is specified at Item 1 of Schedule 1.

Amortising Loan means a loan whereby the principal outstanding is repaid progressively over the term of the loan.

Amortising Loan Amount means, in respect of an Amortising Loan, the payment required to be made by the Borrower to the Lender on each Interest Payment Date, as notified by the Lender to the Borrower.

Annuity Payment means the payment calculated by the Lender in accordance with clause 7.3.

Annuity Payment Date has the meaning specified in Item 11 of Schedule 1.

Authorised Officer means:

- (a) in respect of the Borrower, any person from time to time nominated as an Authorised Officer by the Borrower by a notice to the Lender signed by the General Manager of the Borrower, accompanied by certified copies of signatures of all persons so appointed (and in respect of which the Lender has not received notice of revocation of the appointment); and
- (b) in respect of the Lender, any person appointed by the Lender pursuant to its delegation authorities as authorised to sign documents, provide notices or take actions under this Agreement.

Availability Period means the period starting on the date of this agreement and ending on the date as set out in Item 3 of Schedule 1 (and which such date must not be later than 30 June of the financial year in which this agreement was entered into).

Borrower's Bank Account means the account specified in Item 4 of Schedule 1.

Break Costs means any losses and costs incurred or suffered by the Lender and reasonably determined in the sole discretion of the Lender by reason of:

- (a) the liquidation, prepayment, repayment or re-employment of deposits, borrowings or other funds acquired or contracted for by or on account of the Lender to fund or maintain the Advance;
- (b) terminating, cancelling or varying any arrangements to fund or maintain the Advance or any interest rate or currency hedge or any related trading position entered into to hedge, fix or limit its effective cost of funding or maintaining the Advance and whether such arrangement is with a third party or established pursuant to any internal accounting policy,

and the amount of loss or cost may be determined by the Lender in such manner as it reasonably thinks fit including without limitation by reference to its estimation of current market interest rates for relevant bonds issued by the Lender or other similar market instruments or by reference to a pool of funds, notional borrowings, averaging techniques or such other reasonable methods adopted by the Lender rather than by reference to a specific borrowing or a specific contract made to fund or maintain the Loan.

Break Gains means any gains derived by the Lender and reasonably determined in the sole discretion of the Lender by reason of:

- (c) the liquidation, prepayment, repayment or re-employment of deposits, borrowings or other funds acquired or contracted for by or on account of the Lender to fund or maintain the Advance;
- (d) terminating, cancelling or varying any arrangements to fund or maintain the Advance or any interest rate or currency hedge or any related trading position entered into to hedge, fix or limit its effective cost of funding or maintaining the Advance and whether such arrangement is with a third party or established pursuant to any internal accounting policy,

and the amount of any gain may be determined by the Lender in such manner as it reasonably thinks fit including without limitation by reference to its estimation of current market interest rates for relevant bonds issued by the Lender or other similar market instruments or by reference to a pool of funds, notional borrowings, averaging techniques or such other reasonable methods adopted by the Lender rather than by reference to a specific borrowing or a specific contract made to fund or maintain the Loan.

Business Day means a day that banks are open for business in Sydney, but excludes a Saturday, Sunday or public holiday.

Cash Expense Ratio means on any Relevant Date, $(A/B) \times 12$, where

- (a) A is the cash and cash equivalents (including term deposits) for the financial year ending on that date; and
- (b) B is total expenses less depreciation and Interest Expense for the financial year ending on that date.

Consumer Price Index or CPI means the "Weighted Average of Eight Capital Cities: All-Groups Index" as maintained and published quarterly by the Australian Bureau of Statistics ("ABS"), subject to:

- (a) if the ABS ceases to publish the CPI and publishes another index which it states to be in replacement of the CPI, then that index will be used as CPI for the purposes of this agreement; and
- (b) If a relevant CPI number is revised after the Annuity Payment Date, a subsequent adjustment will be made to the Annuity Payment to take account of any discrepancy.

Debt Service Cover Ratio means on any Relevant Date, the ratio of A:B where:

- (a) A is EBITDA of the Borrower for the financial year ending on that date; and
- (b) B is the sum of principal repayments made in that financial year and Interest Expense for the financial year ending on that date.

Default Rate means the aggregate of the Interest Rate and 3% per annum.

Drawdown Notice means a notice given under clause 3.1.

EBITDA means the net operating result before Interest Expense, depreciation and amortisation.

Event of Default has the meaning given in clause 12.1.

Facility means the loan facility made available under this agreement for the purposes set out in clause 2.2.

Facility Limit means an aggregate amount equal the amount set out in Item 5 of Schedule 1 or such other amount as requested by the Borrower and agreed by the Lender (in its absolute discretion).

Final Repayment Date means the date specified in Item 11 of Schedule 1.

Finance Document means:

- (a) this Agreement;
- (b) any Related Loan Agreement; and
- (c) a document that the Lender and the Borrower agree is a Finance Document.

Financial Liability means any present or future, actual or contingent indebtedness in respect of any financial accommodation, bill of exchange, credit or hedging arrangement,

finance lease or hire purchase arrangement or any guarantee or other assurance given in respect of any such indebtedness.

Fixed Rate means the interest rate as determined by the Lender using the current TCorp benchmark midpoint yield curve and notified to the Borrower, in respect of the Advance, with such interest rate including the Margin.

Government Authority means any government or any governmental or semi-governmental entity, authority, agency, commission, corporation or body, local government authority, administrative or judicial body or tribunal.

GST means the goods and services tax levied under the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Indexed Annuity Loan means an inflation indexed annuity loan, where the Annuity Payments consist of components of principal and interest and is otherwise adjusted in accordance with clause 7.

Interest Cover Ratio means, on any Relevant Date, the ratio of A:B where:

- (a) A is EBITDA of the Borrower for the financial year ending on that date; and
- (b) B is Interest Expense for the financial year ending on that date.

Interest Expense means, in respect of a financial year, interest and amounts in the nature of interest, or having a similar purpose or effect to interest, whether paid, payable or capitalised by the Borrower in respect of that financial year.

Interest Payment Date means the last day of each Interest Period.

Interest Period means each period of the number of months specified in Item 9 of Schedule 1, commencing on the date of the first Advance, with the final period ending on the Final Repayment Date.

Interest Rate means:

- (a) where the Interest Rate Type is "Fixed Rate", the Fixed Rate; and
- (b) where the Interest Rate Type is "Floating Rate", the Floating Rate.

Interest Rate Type means the type of interest rate nominated in Item 7 of Schedule 1.

LG Act means the *Local Government Act 1993* (NSW).

LG Regulation means the *Local Government (General) Regulation 2005* (NSW).

Loan Scheme means the loan scheme established by TCorp for the provision of loans to Councils in connection with the NSW Government's "Fit For The Future" reform program.

Loan Type means the form of the loan nominated in Item 6 of Schedule 1, being a Principal at Maturity Loan, an Amortising Loan or an Indexed Annuity Loan.

Long Term Financial Plan means the Borrower's 10 year financial plan prepared in accordance with the integrated planning and reporting guidelines determined by the OLG.

Margin means the amount as set out in Item 10 of Schedule 1.

Obligations means all the liabilities and obligations of the Borrower to the Lender under or by reason of any Finance Document, and includes any liabilities or obligations which:

- (a) are liquidated or unliquidated;
- (b) are present, prospective or contingent;
- (c) are in existence before or come into existence after the date of this document;
- (d) relate to the payment of money or the performance or omission of any act;
- (e) sound in damages only; or
- (f) accrue as a result of any Event of Default,

and irrespective of:

- (g) whether the Borrower is liable or obligated solely, or jointly, or jointly and severally with another person;
- (h) the circumstances in which the Lender comes to be owed each liability or obligation, including any assignment of any liability or obligation; or
- (i) the capacity in which the Borrower and the Lender comes to owe or to be owed that liability or obligation.

OLG means the NSW Office of Local Government, a division of the NSW Department of Planning and Environment.

Permitted Use Certificate means a certificate substantially in the form provided by the Borrower in its Application, applicable as at the date of this document, signed by the Mayor and General Manager of the Borrower.

Potential Event of Default means any event which with the giving of notice, lapse of time, satisfaction of a condition or determination could constitute an Event of Default.

Principal at Maturity Loan means a loan where the principal is only repayable on the Final Repayment Date.

Principal Outstanding means the aggregate of all Advances drawn under this agreement.

Related Loan Agreement means any other loan agreement between the Lender and the Borrower in connection with the Loan Scheme, whether entered into before or after the date of this agreement.

Relevant Date means 30 June each year.

Settlement Date means, in relation to an Advance, the date on which funds are provided to the Borrower.

Statute means any legislation of the Parliament of the Commonwealth of Australia or of any State or Territory of the Commonwealth of Australia in force at any time, and any rule, regulation, ordinance, by-law, statutory instrument, order or notice at any time made under that legislation.

Taxes means all present and future taxes, levies, imposts, deductions, charges, fees and withholdings, in each case plus interest, related penalties, and any charges, fees or other amounts in respect of any of them.

TCorp Portal means the secure web-based TCorp Client Portal at portal.tcorp.nsw.gov.au/login (or such other platform made available as notified by TCorp).

Termination Date means the earlier of:

- (a) the Final Repayment Date; and
- (b) any date on which the Facility is terminated or cancelled by the Lender in accordance with this document.

1.2 Interpretation

In this agreement, unless the contrary intention appears:

1.2.1 a reference to:

- (a) a person includes an individual, the estate of an individual, a corporation, and authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (b) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes a substituted or an additional trustee;
- (c) a document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (d) a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (e) a word importing the singular includes the plural (and vice versa), and a word indicating a gender includes every other gender;
- (f) a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this agreement including all schedules, exhibits, attachments and annexures to it;

1.2.2 if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

1.2.3 **'includes'** in any form is not a word of limitation; and

1.2.4 a reference to '\$' or **'dollar'** is to Australian currency.

2. Advances

2.1 Advances

2.1.1 On the Borrower's request the Lender agrees that it shall make one or more Advances to the Borrower at the time and in the amount specified in a Drawdown Notice during the Availability Period, provided that the total aggregate amount of Advances made by the Lender shall not exceed the Facility Limit.

2.1.2 The Borrower acknowledges the:

- (a) Facility Limit represents the amount of funds available for borrowing during the current financial year
- (b) Facility Limit may not represent all amounts required to be borrowed by the Borrower in connection with the Approved Purpose; and
- (c) provision of the Loan under this Agreement does not oblige the Lender to provide additional funds to the Borrower, whether in respect of the Approved Purpose or otherwise, and should the Borrower require additional funds, it must submit a new loan application to the Lender in respect of such required funds.

2.2 Approved Purpose

The Borrower may only use the amounts borrowed by it under the Facility for the Approved Purpose.

2.3 Availability

- 2.3.1 Any amount which has not been drawn at 5.00pm on the last day of the Availability Period is cancelled.
- 2.3.2 The Borrower acknowledges that the Availability Period ends on 30 June of the financial year in which this agreement is executed, irrespective of whether the Approved Purpose for which the loan has been sought requires additional funds for completion.

2.4 Security

The parties acknowledge that the Facility and each Advance provided hereunder is secured by a charge on the income of the Borrower pursuant to section 623 of the LG Act and clause 229 of the LG Regulation.

3. Drawdown

3.1 Notice

- 3.1.1 The Borrower may draw down the Facility on a Business Day by giving written notice of its intention to do so to the Lender by way of a Drawdown Request sent through the TCorp Portal.
- 3.1.2 The proceeds of each Advance will be deposited directly to the Borrower's Bank Account (or such other account notified by the Borrower to the Lender in writing not less than 5 Business Days before a drawdown date).

3.2 Requirements of Drawdown Request

- 3.2.1 Each Drawdown Request will be irrevocable and must:
 - (a) specify the amount of the drawdown, term, repayment frequency and the proposed Settlement Date;
 - (b) be received by the Lender 3 Business Days before the proposed Settlement Date (or such other time as agreed between the Lender and the Borrower);
 - (c) be made by the General Manager or Authorised Officer of the Borrower; and

- (d) not be given if the making of the Advance requested would cause the Facility Limit to be exceeded or otherwise would not comply with any term of this agreement.

3.2.2 When each Drawdown Request is given, the Borrower is deemed to make the following representations and warranties:

- (a) the proceeds of the Advance will be used only for the Approved Purposes;
- (b) each representation and warranty made by the Borrower in, or in connection with, the Facility, including without limitation, those set out in clause 10, repeated with reference to the facts and circumstances subsisting at the date of the Drawdown Request, remains true and correct; and
- (c) no Event of Default or Potential Event of Default has occurred which remains remedied or which has not been waived in writing or will occur as a result of the drawdown.

4. Conditions Precedent

4.1 Conditions Precedent to the First Advance

The obligation of the Lender to make the first Advance is subject to the condition that it has first received all of the following in form and substance satisfactory to it:

- 4.1.1 **Certificate:** a certificate in the form of Schedule 2 providing the details and annexures specified in that schedule dated not more than 20 days before the first Settlement Date, in respect of the Borrower;
- 4.1.2 **Permitted Use Certificate:** the Permitted Use Certificate;
- 4.1.3 **Insurance:** certificates of currency in relation to insurance held by the Borrower;
- 4.1.4 **Original Documents:** this document fully executed; and

4.2 Conditions precedent to each Advance

The obligation of the Lender to make each Advance is subject to the condition that:

- 4.2.1 **Representations and warranties true:** the representations and warranties set out in this document are true and correct as at the date of the Drawdown Request and the Settlement Date as though made at that date;
- 4.2.2 **No Event of Default:** no Event of Default or Potential Event of Default is subsisting at the date of the Drawdown Request and the Settlement Date or will result from the provision or continuation of the Advance.

5. Interest Provisions

5.1 Application of Part 5

This part 5 applies to all Loan Types except Indexed Annuity Loans.

5.2 Interest

- 5.2.1 The Principal Outstanding bears interest on the principal outstanding from and including the initial Settlement Date up until, but excluding, the Final Repayment Date.
- 5.2.2 The interest rate for each Interest Period is the Interest Rate.
- 5.2.3 Each Interest Period in relation to the Principal Outstanding is the period commencing on:
- (a) in the case of the initial Interest Period, the Settlement Date for the initial Advance; and
 - (b) in the case of each subsequent Interest Period, on the day after the expiry of the immediately preceding Interest Period for the Advance,
- and ending on the last day of such Interest Period.
- 5.2.4 The term of each Interest Period is subject to any marginal adjustment as the Lender in its discretion determines so that the final Interest Period ends on the Termination Date.

5.3 Calculation of interest

- 5.3.1 Interest is to be computed on a daily basis on the actual number of days in a year.
- 5.3.2 Interest accrues during an Interest Period from day to day until it is paid.

5.4 Payment of interest

The Borrower will pay to the Lender all interest accrued during the course of an Interest Period in relation to the Loan in arrears on the Interest Payment Date.

5.5 Switching Interest Rates

- 5.5.1 The Borrower may by written notice to the Lender request to switch the type of interest payable in respect of the Loan. The Lender will use all reasonable endeavours to agree to the request, but it is not required to do so.
- 5.5.2 The Interest Rate on the Loan may only be changed as from the Interest Payment Date immediately following the Lender's agreement to the change requested.
- 5.5.3 If the Borrower is changing from a Fixed Rate to a Floating Rate:
- (a) where Break Costs are incurred in connection with such switch, the Borrower will be required to pay to the Lender such Break Costs; and
 - (b) where Break Gains are realised in connection with such switch, the Lender will pay to the Borrower such Break Gains.
- 5.5.4 In the case of a switch from Floating Rate to Fixed Rate, the Lender will notify the Borrower of the Interest Rate to apply to the loan as from the next Interest Payment Date.

6. Repayment

6.1 Application of Part 6

This part 6 applies to all Loan Types except Indexed Annuity Loans.

6.2 Repayment

6.2.1 If the Borrower has selected a Principal at Maturity Loan, the Borrower must pay to the Lender the Principal Outstanding on the Final Repayment Date.

6.2.2 If the Borrower has selected an Amortising Loan, the Borrower must pay to the Lender the Amortising Loan Amount (consisting of principal and interest) on each Interest Payment Date, up to and including the Final Repayment Date. The Lender must notify the Borrower of the Amortising Loan Amount (and its components) as soon as practicable after it makes such determination.

6.3 Prepayment

6.3.1 The Borrower may prepay the whole or part of the Loan on an Interest Payment Date on giving not less than 3 Business Days' prior written notice to the Lender, provided that any part repayment of the Loan must be for a minimum amount of A\$1,000,000 or the balance of the Principal Outstanding (whichever is lower).

6.3.2 Any notice of prepayment given by the Borrower is irrevocable and the Borrower is bound to prepay in accordance with the notice.

6.3.3 Interest accrued on any amount prepaid under this agreement must be paid at the time of prepayment.

6.3.4 Any prepayment is permanent and the Facility will be cancelled to the extent of the prepayment.

6.3.5 On the proposed prepayment date, the Borrower must:

- (a) pay the amount notified to be prepaid;
- (b) pay all interest and other amounts accrued or due under this agreement on the amount prepaid; and
- (c) if applicable, pay any Break Costs (or if any Break Gains are realised, any prepayment may be reduced by the amount of such Break Gains).

7. Indexed Annuity Loans

7.1 Application of Part 7

This part 7 applies to Indexed Annuity Loans only.

7.2 Annuity Payments

7.2.1 The Borrower must pay the Annuity Payments to the Lender in accordance with this clause 7.

7.2.2 Each Annuity Payment comprises components of principal, interest and inflation adjustment.

- 7.2.3 Annuity Payments are payable on each Annuity Payment Date, up to and including the Final Repayment Date.

7.3 Calculation of Annuity Payments

Each Annuity Payment is calculated in accordance with the following formula:

$$B_t = B_0 \times \frac{CPI_t}{CPI_0}$$

Where:

- B_t = the amount of the relevant Annuity Payment at time t.
 B_0 = Base Annuity Payment (as notified by the Lender to the Borrower).
 CPI_0 = CPI for the second last full calendar quarter prior to the Initial Settlement Date.
 CPI_t = the highest CPI from CPI_0 to the CPI for the full calendar quarter prior to the relevant Annuity Payment Date.

7.4 Notification of Annuity Payments

In respect of each Annuity Payment Date, the Lender must notify the Borrower of the Annuity Payment and the components of principal, interest and inflation adjustment for that Annuity Payment, as soon as practicable after it has made such determination.

7.5 Prepayment

- 7.5.1 The Borrower may prepay the whole or part of the Loan on an Annuity Payment Date on giving not less than 3 Business Days' prior written notice to the Lender, provided that any part repayment of the Loan must be for a minimum amount of A\$1,000,000 or the balance of the Principal Outstanding (whichever is lower).
- 7.5.2 Any notice of prepayment given by the Borrower is irrevocable and the Borrower is bound to prepay in accordance with the notice.
- 7.5.3 Interest accrued on any amount prepaid under this agreement must be paid at the time of prepayment.
- 7.5.4 Any prepayment is permanent and the Facility will be cancelled to the extent of the prepayment.
- 7.5.5 On the proposed prepayment date, the Borrower must:
- (a) pay the amount notified to be prepaid;
 - (b) pay all interest and other amounts accrued or due under this agreement on the amount prepaid; and
 - (c) if applicable, pay any Break Costs (or if any Break Gains are realised, any prepayment may be reduced by the amount of such Break Gains).

8. Interest on Overdue Amounts

8.1 Payment of Interest

The Borrower will pay interest on all amounts due and payable by it under or in respect of this document and unpaid, including any interest payable under this clause 8.

8.2 Accrual of Interest

Interest will accrue on all amounts due and payable from day to day from the day 2 Business Days after due date up to the date of actual payment, before and (as a separate and independent obligation) after judgment, at the Default Rate for successive 30 day periods (as if these were 30 day Interest Periods) commencing on the date of default and, if not paid when due, will itself bear interest in accordance with this clause 8.2.

9. Payments

9.1 Time and place

Unless expressly provided otherwise in writing, all payments by the Borrower under this document are to be made to the Lender in dollars in immediately available funds not later than 11.00 am Sydney time on the due date to the account that the Lender from time to time designates, or as otherwise agreed between the Borrower and the Lender.

9.2 No deduction for Taxes and no set-off or counterclaim

All payments by the Borrower under this document, whether of principal, interest or other amounts due under this document, will be:

9.2.1 free of any set-off or counterclaim; and

9.2.2 without deduction or withholding for any present or future Taxes, unless the Borrower is compelled by law to deduct or withhold the same, in which event the Borrower will pay to the Lender any additional amount necessary to enable the Lender to receive, after all deductions and withholdings for Taxes, a net amount equal to the full amount which would otherwise have been payable had no such deduction or withholding been required to be made.

9.3 Merger

If the liability of the Borrower to pay any of the Obligations to the Lender becomes merged in any judgment or order, the Borrower will, as an independent obligation, pay interest at the rate which is the higher of that payable under this document and that fixed by or payable under the judgment or order.

9.4 GST gross-up

If any party:

9.4.1 is liable to pay GST on a supply made in connection with this agreement; and

9.4.2 certifies to the recipient of the supply that it has not priced the supply to include GST,

then the recipient of the supply agrees to pay that party an additional amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

10. Representations and Warranties

10.1 Representations and Warranties

The Borrower represents and warrants to the Lender:

- 10.1.1 **Legal power:** it has full power and authority to own its assets and to enter into and perform the obligations under this agreement;
- 10.1.2 **Legally binding obligation:** this agreement constitutes a valid and legally binding obligation of the Borrower in accordance with its terms;
- 10.1.3 **Due authority:** it has taken all action required to enter into this agreement and to authorise the execution and delivery of this agreement and the satisfaction of its obligations under it; and
- 10.1.4 **Execution, delivery and performance:** the execution, delivery and performance of this agreement does not violate any Statute or law, or any document or agreement to which the Borrower is a party or which is binding on it or any of its assets;
- 10.1.5 **Filings:** it has filed all notices and document with the OLG and all of those filings are current, complete and accurate.
- 10.1.6 **No material adverse effect:** no litigation, arbitration, mediation, conciliation, criminal or administrative proceedings are current, pending or, to the knowledge of the Borrower, threatened, which, if adversely determined would or could have a material adverse effect on the financial condition of the Borrower;
- 10.1.7 **Solvency:** there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- 10.1.8 **Information accurate:** Any information provided by or on behalf of the Borrower to the Lender in writing in connection with this agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated, and nothing has occurred and no information has been given or withheld that results in the information provided by the Borrower being untrue or misleading in any material respect;
- 10.1.9 **Borrowings:** it is not in default in the payment of any material sum, or in the satisfaction of any material obligation in respect of any Financial Liability, and no event has occurred which with the giving of notice, lapse of time or other condition could constitute a default in respect of any Financial Liability;
- 10.1.10 **No Event of Default:** no event has occurred which constitutes an Event of Default;
- 10.1.11 **Statutes:** the Borrower has complied with all Statutes;
- 10.1.12 **Financial statements:** its most recent financial statements, together with the notes thereto complies with current accounting practice and all applicable laws, is a true and fair statement of its financial position and state of affairs as at the date to which it is prepared and discloses or reflects all its actual and contingent liabilities as at that date; and
- 10.1.13 **No adverse change:** since the date of the financial statements referred to in clause 10.1.12, there has been no change in its affairs which has had or may have a material adverse effect on it.

10.2 Representations and Warranties Repeated

Each representation and warranty in this document will be repeated on each day whilst any of the Obligations remain outstanding (whether or not then due for payment) or the Facility is available for drawdown, with reference to the facts and circumstances then subsisting, as if made on each such day.

11. Undertakings

11.1 General Undertakings

For as long as any amount is outstanding under the Facility or the Facility is available for drawdown, the Borrower undertakes to the Lender that it will:

- 11.1.1 **Satisfy Obligations:** satisfy the Obligations;
- 11.1.2 **Maintain all consents:** obtain, renew, maintain and comply with all consents, licences, approvals and authorisations necessary for the validity and enforceability of this agreement, the satisfaction of its obligations under this agreement, and it will promptly provide copies of these to the Lender when they are obtained or renewed;
- 11.1.3 **Provision of information:** supply to the Lender:
 - (a) as soon as they are available and within 180 days of the end of each financial year copies of its audited financial statements for that financial year;
 - (b) copies of any updated Long Term Financial Plan;
 - (c) promptly on request, any additional financial or other information the Lender may request (including, but not limited to, information in relation to the Borrower's management and structure);
- 11.1.4 **Comply with laws:** comply with all Statutes and all lawful requirements of every Government Authority, including any Ministerial directions issued in respect of the Borrower or councils generally;
- 11.1.5 **Insurance:** take out and keep in full force and effect insurance over all of its physical assets and premises for such amounts and against such risks as is reasonably prudent for a NSW local council;
- 11.1.6 **Notification of certain events:** immediately notify the Lender in writing if it becomes aware of the occurrence of the following:
 - (a) **Event of Default:** any Event of Default or Potential Event of Default;
 - (b) **Litigation:** any litigation, arbitration, criminal or administrative proceedings or labour disputes relating to the Borrower or the Borrower's property, assets or revenues that involves a claim against the Borrower that, if decided adversely to the Borrower, could have a material adverse effect on the ability of the Borrower to perform the Obligations.

11.2 Financial Covenant Undertakings

- 11.2.1 After the initial Settlement Date, the Borrower must ensure that on each Relevant Date up until the Final Repayment Date:

- (a) **(Debt Service Cover Ratio)** the Debt Service Cover Ratio must be at least 1.50:1;
- (b) **(Interest Cover Ratio)** the Interest Cover Ratio must be at least 3.00:1; and
- (c) **(Cash Expense Ratio)** the Cash Expense Ratio must be at least 2 months.

11.2.2 The financial covenants referred to above shall be:

- (a) calculated by reference to the Accounting Standards; and
- (b) based on the then most recent audited financial statements of the Borrower.

11.2.3 At the time the Borrower provides the financial statements under clause 11.1.3(a), the Borrower must provide calculations demonstrating its compliance with the financial ratios in clause 11.2.1.

11.2.4 In addition, in connection with its financial projections in the most recently provided Long Term Financial Plan, the Borrower must include calculations demonstrating whether the financial projections of the Borrower for the following 5 years would comply with the financial covenants in clause 11.2.1.

11.2.5 Where the calculations made for the purposes of clauses 11.2.3 or 11.2.4 indicate that the Borrower has not, or may not in the future (as the case may be), comply with the financial ratios in clause 11.2.1:

- (a) the Lender and the Borrower will discuss the non-compliance as part of the annual review under clause 11.3; and
- (b) the Borrower acknowledges that the Lender may notify OLG of such non-compliance, which may lead to OLG seeking a performance improvement order in respect of the Borrower.

11.2.6 For the avoidance of doubt, a failure by the Borrower to comply with the financial ratios under this clause 11.2 is not to be taken as a breach of this agreement and does not entitle the Lender to take action against the Borrower under clause 12 of this Agreement or at general law.

11.3 Annual Review

11.3.1 The Lender will conduct an annual review of the Borrower, and the Borrower will provide the Lender with such information as reasonably required by the Lender for the purposes of the review.

11.3.2 The Long Term Financial Plan is to be provided as soon as available and within 180 days of the end of the financial year.

11.4 Investments

The Borrower will inform and consult with the Lender at least 20 Business Days prior to effecting any change to their investment policy. The Lender may make recommendations to the Borrower regarding changes to their investment policy. The Borrower will use all reasonable endeavours to agree to the Lender's recommendations.

12. Default and Termination

12.1 Events of Default

Each of the following events is an Event of Default, whether or not the cause is beyond the control of the Borrower, or any other person:

- 12.1.1 **Failure to pay:** the Borrower does not pay at or within 5 Business Days of the due date and in the manner specified in this agreement or otherwise in accordance with the Obligations;
- 12.1.2 **Failure to comply:** the Borrower defaults in fully performing and observing any provision of this agreement other than a provision requiring the payment of money as contemplated by clause 12.1.1, and that default is not remedied within 20 Business Days of its occurrence;
- 12.1.3 **Untrue warranty:** any representation, warranty or statement made, repeated or deemed to be made or repeated in this agreement or in connection with the Facility or any accounts, or any opinion furnished under this document is proved to be untrue in any material respect when made or repeated or deemed to be made or repeated (as the case may be);
- 12.1.4 **Breach of undertaking:** the Borrower breaches any undertaking given at any time to the Lender or fails to comply with any condition imposed by the Lender in agreeing to any matter (including any waiver);
- 12.1.5 **Cross default:** the Borrower fails to pay any indebtedness when due or within an applicable grace period;
- 12.1.6 **Void or voidable:** this agreement, becomes or is claimed by the Borrower to be void, voidable or unenforceable in whole or in part;
- 12.1.7 **Illegality:** at any time it is unlawful for the Borrower to perform any of its obligations under this agreement;
- 12.1.8 **Failure to comply with Statutes:** the Borrower fails to duly and punctually comply with all Statutes binding on it;
- 12.1.9 **Material change:** any other event or series of events whether related or not (including, any material adverse change in the material assets or financial condition of the Borrower) occurs which in the reasonable opinion of the Lender could affect the ability of the Borrower to satisfy all or any of its respective obligations under this agreement.

12.2 Lender's Rights on Event of Default

If any Event of Default occurs and if it continues, the Lender may (but is not obliged to), by written notice to the Borrower:

- (a) declare the Lender's obligations under this document to be cancelled immediately (including, but not limited to, any obligation to provide any further advance) and the same and the Facility (including any part of the Facility) will be cancelled immediately; and/or
- (b) declare the Principal Outstanding, interest on the Principal Outstanding and all other money the payment of which forms part of the Obligations immediately due and payable, and the same are immediately due and payable,

and for the avoidance of doubt, any decision by the Lender to reserve its rights or not to exercise its rights under this clause 12.2 is not to be interpreted as waiver of, or election in reaction to, such rights.

12.3 Appointment of consultants and disclosures:

12.3.1 The Lender may where it considers an Event of Default has or is likely to have occurred or is reasonably likely to occur within 12 months:

- (a) appoint consultants (in this clause, **Investigating Consultants**) to investigate the affairs and financial position of the Borrower; and
- (b) notify the OLG of the occurrence (or potential occurrence) of an Event of Default or appointment of Investigating Consultants.

12.3.2 The Borrower:

- (a) unconditionally authorises the Investigating Consultants to take all actions which may be reasonably necessary for the investigation; and
- (b) undertakes to give the Investigating Consultants all reasonable assistance for that purpose.

12.3.3 The Borrower unconditionally authorises the disclosure by:

- (a) Investigating Consultants to the Lender, OLG and its legal and other professional advisers all information and documents obtained or generated in the course of or in connection with the investigation; and
- (b) the Lender to the OLG all information and documents relating to the occurrence (or potential occurrence) of an Event of Default.

12.3.4 The Borrower is liable for the costs and expenses of the investigations described in this clause 12.3 and must upon demand by the Lender pay the Investigating Consultants and reimburse the Lender for any such costs or expenses incurred or paid by it.

13. Indemnities, change in law or circumstance

13.1 Borrower to indemnify Lender

The Borrower will on demand indemnify the Lender against any loss or reasonable costs or expenses which the Lender may sustain or incur as a consequence of:

- 13.1.1 any sum payable by the Borrower under this document not being paid when due;
- 13.1.2 the occurrence of any Event of Default; or
- 13.1.3 the Lender receiving payments of principal other than on the last day of an Interest Period (or any other day permitted under the terms of this agreement)

13.2 Unlawfulness

If, at any time, the Lender reasonably determines that the introduction of or a change in a law, guideline, direction, request or requirement (whether or not having the force of law) or in the interpretation or application of any of them by a Government Authority makes it unlawful for

the Lender to make, fund or maintain the Facility or an Advance, or to otherwise give effect to a provision of this agreement, then:

- 13.2.1 the Lender may notify the Borrower of its determination;
- 13.2.2 on that notification, the Facility is cancelled and the obligation to make, fund or maintain the Facility or an Advance or give effect to the relevant provision ceases; and
- 13.2.3 the Borrower must pay the Principal Outstanding (plus all accrued interest) to the Lender within:
 - (a) 60 days; or
 - (b) another period specified in the notice and certified by the Lender as being required or permitted by the relevant law.

13.3 Increased costs

If the Lender reasonably decides that:

- 13.3.1 the cost to it of providing, funding or maintaining the Facility is increased; or
- 13.3.2 an amount payable or the effective return to it under this agreement is reduced;

because of any law or regulation or a directive by a Government Authority (including, but not limited to, those relating to taxation, other change in tax rules (in each case, not being a tax imposed on its overall net income), capital adequacy or reserve requirements or banking or monetary control or any policy with which it habitually complies) or any change in the way they are interpreted or applied, then:

- 13.3.3 the Lender must promptly notify the Borrower of that decision; and
- 13.3.4 the Borrower indemnifies the Lender against that loss and must pay the Lender on demand whatever amount the Lender certifies is reasonably necessary to indemnify it.

14. Expenses and Taxes

14.1 Expenses

The Borrower must reimburse the Lender on demand for, and indemnifies the Lender against all reasonable expenses, including legal fees, costs and disbursements (on a solicitor/own client basis) incurred in connection with:

- 14.1.1 **Consents:** any consent, agreement, approval, waiver, or amendment relating to this agreement; and
- 14.1.2 **Enforcement:** exercising, enforcing or preserving, or attempting to exercise, enforce or preserve, rights under this agreement, including any expenses incurred in the evaluation of any matter of material concern to the Lender.

14.2 Taxes

The Borrower:

- 14.2.1 must pay all stamp duty, transaction, registration and similar Taxes, including fines and penalties and debits tax which may be payable to or required to be paid by any appropriate authority or determined to be payable in connection with the execution, delivery, performance or enforcement of this agreement or any payment, receipt or other transaction contemplated by them; and
- 14.2.2 indemnifies the Lender against any loss or liability incurred or suffered by it as a result of the delay or failure by the Borrower to pay Taxes.

15. Assignment

15.1 Assignment by Lender

The Lender cannot assign any of its rights under this agreement without the Borrower's prior written consent (not to be unreasonably withheld).

15.2 Assignments by the Borrower

The Borrower cannot assign any of its rights under this agreement without the Lender's prior written consent (not to be unreasonably withheld).

16. Miscellaneous

16.1 Governing law and jurisdiction

- 16.1.1 This agreement is governed by and must be construed according to the law applying in New South Wales.
- 16.1.2 Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales, and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this agreement.

16.2 Certificate of Lender

A certificate in writing signed by the Lender or by an officer of the Lender certifying the amount payable by the Borrower under this document to the Lender or stating any other act, matter or thing relating to this agreement is conclusive and binding on the Borrower in the absence of manifest error on the face of the certificate.

16.3 Counterparts

This agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this agreement, and all together constitute one agreement.

16.4 Amendment

No provision of this agreement may be amended, supplemented, waived, varied or charged in any way or assigned (subject to clause 9 above), novated or transferred (in whole or part) without the prior written consent of the parties hereto.

16.5 Notices

Any notice required or permitted to be given by a party hereunder will be left at, sent by registered or recorded delivery post to the address below:

16.5.1 Lender

New South Wales Treasury Corporation
Level 7, Deutsche Bank Place
126 Phillip Street
SYDNEY NSW 2000

Attention: General Counsel

Facsimile: 02 9325 9333

Email: legal@tcorp.nsw.gov.au

16.5.2 Borrower

See Schedule 1

16.6 Severance

If at any time a provision of this agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair:

16.6.1 the legality, validity or enforceability in that jurisdiction of any other provision of this agreement; or

16.6.2 the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this agreement.

16.7 Waiver

16.7.1 A waiver or consent given by the Lender under this agreement is only effective and binding on the Lender if it is given or confirmed in writing.

16.7.2 No waiver of a breach of a term of this agreement operates as a waiver of another breach of that term or of a breach of any other term of this agreement.

Signing Page

Executed as an agreement

NEW SOUTH WALES TREASURY CORPORATION
by its authorised signatories:

Authorised signatory

Authorised signatory

Name (please print)

Name (please print)

The Seal of **NARROMINE SHIRE COUNCIL**
was affixed to this Loan Agreement in the presence
of the Mayor and General Manager:

Mayor

General Manager

Name (please print)

Name (please print)

Schedule 1 - Variables

Date of Agreement: 2020

Borrower: Narromine Shire Council
ABN 99 352 328 405

Notice Details: 120 Dandaloo Street, Narromine, NSW, 2821

Attention: Jane Redden, General Manager

Email: jredden@narromine.nsw.gov.au

Item		Loan 1
1.	Advances	One
2.	Approved Purpose	Development of industrial land
3.	Availability Period	Until 30 June 2020
4.	Borrower's Bank Account	BSB No.: 062-731 Account No.: 10010721 Account Name: Narromine Shire Council
5.	Facility Limit	\$1,100,000
6.	Loan Type	Amortising Loan
7.	Interest Rate Type	Fixed Rate
8.	Term	6 years
9.	Interest Period	Quarterly
10.	Margin	0.55% p.a.
11.	Final Repayment Date	

Item		Loan 2
1.	Advances	One
2.	Approved Purpose	Development of residential land
3.	Availability Period	30 June 2020
4.	Borrower's Bank Account	BSB No.: 062-731 Account No.: 10010721 Account Name: Narromine Shire Council
5.	Facility Limit	\$1,940,000
6.	Loan Type	Amortising Loan
7.	Interest Rate Type	Fixed Rate
8.	Term	6 years
9.	Interest Period	Quarterly
10.	Margin	0.55% p.a.
11.	Final Repayment Date	

Schedule 2 - Condition precedent certificate

To: New South Wales Treasury Corporation (the " **Lender**")

This condition precedent certificate is given under clause 4 of the Loan Agreement between the Lender and Narromine Shire Council ("Borrower"). Terms defined in the Loan Agreement have the same meaning in this condition precedent certificate.

I, Jane Redden, being the General Manager of the Borrower, certify that true, complete and up to date copies of an extract of minutes (marked "Annexure A") of a duly convened meeting of the governing body of the Borrower approving execution of the Loan Agreement are attached to this Certificate, which minutes are fully effective and have not been varied or revoked.

Signed: _____

General Manager

Date: