

Financial Management (Credit Facility) Approval 2008 (No 1)*

Disallowable Instrument DI2008—236

made under the

Financial Management Act 1996, section 59 (9) (Borrowing by territory authorities)

1 Name of instrument

This instrument is the *Financial Management (Credit Facility) Approval 2008 (No 1)*.

2 Commencement

This instrument commences on the day after its notification day.

3 Credit facility approved—Act, section 59 (5)

A loan credit facility from the Territory Banking Account (the **Territory Banking Account Loan Facility**) is approved for the Land Development Agency (LDA).

4 Purposes—Act, section 59 (7) (a)

The purpose of the credit facility is to allow LDA to primarily do the following:

- retain approximately \$20 million in working capital which reflects the commitment to an average of 3 civil works contracts running at any given time;
- increase its average inventory; and
- develop the Kingston Foreshore Harbour Works.

The proposed loan credit facility is consistent with what has been published in the 2008-09 Budget and 2008-09 LDA Statement of Intent.

5 Maximum amounts—Act, section 59 (7) (b)

The Territory Banking Account Loan Facility is a revolving credit facility meaning amounts can be drawn and repaid at any time so long as the outstanding loan amount does not exceed the maximum amount of \$25 million in the 2008-09 financial year.

*Name amended under Legislation Act, s 60

6 Conditions of approval—Act, section 59 (7) (c)

- (1) The following conditions apply to the credit facility:
 - a. The outstanding loan amount does not exceed the maximum loan amount as set out in clause 5.
 - b. Loan drawdowns can be requested at any time.
 - c. Principal repayments can be made at any time without penalty.
 - d. Interest will be charged on the outstanding daily balance and is payable on a quarterly basis (1 October, 2 January, 1 April and 1 July) to the Territory Banking Account.
 - e. The rate of interest payable will be based on the 3-month bank bill swap rate (BBSW) plus a margin of 50 basis points.
 - f. The interest rate will be reset at the beginning of each quarter in accordance with the prevailing 3-month bank bill swap rate.
 - g. The interest rate can be reviewed in accordance with any potential formal credit rating undertaken by LDA or any future review of the application of the DGL and competitive neutrality issues.
 - h. Statements detailing the drawdown, interest and repayment transactions for each quarter will be provided by Treasury to LDA at the end of each quarter.
 - i. Principal and interest payments are to be made to the Territory Banking Account, BSB 062-987, Account Number 10000149.
 - j. The level of principle repayments that LDA will be required to make at any given time will be determined by Treasury in consultation with LDA, in the context of LDA's cash position.
- (2) The terms and conditions of the Territory Banking Account Loan Facility must be reviewed annually by the Treasurer.

7 Revocation of approval

Financial Management (Credit Facility) Approval 2007 (No1) DI2007-220 is revoked.

8 Authorisation

I, Jon Stanhope, Treasurer, authorise Financial Management (Credit Facility) Approval 2008 (No 1).

Jon Stanhope MLA
Treasurer

19 August 2008