

# Debt Policy

<b>Policy No:</b>	FIN-003
<b>Council Resolution Ref:</b>	184/25
<b>Date Adopted:</b>	July 2025
<b>Review Date:</b>	June 2026
<b>Version No:</b>	9
<b>Responsible Officer:</b>	Director of Corporate Services

## Purpose

The purpose of a debt policy for local government is to provide guidelines for responsibly managing borrowing, ensuring financial stability, maintaining creditworthiness, and funding essential public projects without overburdening future budgets.

## Commencement of Policy

This Policy will commence on adoption. It replaces all other specific Debt policies of Council (whether written or not).

## Application

Section 192 of the *Local Government Regulation 2012* requires Local Governments to adopt a debt policy each year.

The debt policy must state:

- (a) The new borrowings planned for the current financial year and the next 9 financial years; and
- (b) The time over which the local government plans to repay existing and new borrowings.

## Policy

### PURPOSES FOR WHICH BORROWING IS ALLOWABLE

Council shall, where necessary, undertake borrowing for the following purposes only:

- Road works/ Street works construction/reconstruction
- Bridgeworks construction/reconstruction
- Water Supply Infrastructure construction/reconstruction
- Urban Wastewater Infrastructure construction/reconstruction
- Aerodrome construction/reconstruction/upgrade
- Building construction/reconstruction
- Drainage works construction/reconstruction
- Community Services Infrastructure construction/reconstruction
- Urban and Industrial Land development

Borrowing for the above purposes is subject to the following restrictions in addition to those imposed elsewhere in this policy:-

# Debt Policy

## **4.1.1 Roadwork's construction / reconstruction**

Construction / Reconstruction to bitumen or equivalent standard Construction / Reconstruction of major road drainage works

## **4.1.2 Bridgeworks construction / reconstruction**

Construction / Reconstruction of major bridges

## **4.1.3 Water Supply Infrastructure construction / reconstruction**

Any construction / reconstruction which cannot be funded from revenue

## **4.1.4 Urban Wastewater Infrastructure construction / reconstruction**

Any construction / reconstruction which cannot be funded from revenue

## **4.1.5 Aerodrome construction / reconstruction**

Aerodrome pavement reconstruction etc.

## **4.1.6 Building construction / reconstruction**

Major public building construction / reconstruction

## **4.1.7 Drainage works construction / reconstruction**

Major storm water drainage works / flood mitigation works

## **4.1.8 Community Services Infrastructure**

Major Recreation / Sport / Economic Development / Cultural infrastructure construction / reconstruction which cannot be funded from revenue.

## **4.1.9 Urban and Industrial Land Development**

Develop sites to facilitate the growth in economic activity

## **4.1 FINANCIAL CONSTRAINTS ON BORROWING**

### **4.2.1 General Programmes**

Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's general rate revenue unless specifically authorised otherwise by resolution of Council.

### **4.2.2 Urban Water Programme**

Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's urban water utility charge revenue unless specifically authorised otherwise by resolution of Council.

# Debt Policy

## 4.2.3 Urban Wastewater Programme

Borrowing shall not be undertaken if the effect of such borrowing will result in annual Interest and Redemption payments exceeding 20% of Council's Urban Wastewater utility charge revenue unless specifically authorised otherwise by resolution of Council.

## 4.3 METHOD OF BORROWING

Council will borrow from the Queensland Treasury Corporation (QTC).

## 4.4 TERMS OF BORROWING

The repayment period of a loan shall not exceed the useful life of the asset being created. For example:

- A loan for the construction of a bitumen road with an expected life of 15 years shall not have a repayment period in excess of 15 years.

## 4.5 BORROWING PROGRAMME

Council's borrowing programme for the current financial year and the proposed borrowing programme (tentative) for the next nine (9) financial years is outlined in 4.7.

## 4.6 EXISTING BORROWINGS

Council's existing borrowings shall be redeemed over the period originally negotiated, excepting that Council may negotiate new repayment schedules which shorten the term of the loan.

Council's existing borrowings with QTC is shown in the following table.

Purpose	Term (Years)	Balance 30 June 2025
Murweh SC - Airport Upgrade	15	622,171
Murweh SC - Flood Mitigation	20	929,110
Murweh SC - Morven Rail Hub	15	759,719
Murweh SC - Council housing	15	903,787

## 4.7 PROPOSED BORROWINGS

Council is not proposing to borrow from 2025-26 to 2034-35 financial years.

## Audit and Review

This policy shall be reviewed every year or as required by changes to process of legislation, relevant Standards and industry best practice. Murweh Shire Council reserves the right to vary, replace or terminate this policy from time to time.

## Definitions

NIL

# Debt Policy

## References

*Local Government Act 2009 Section 104*

*Local Government Regulation 2012 Section 192*

## Version Control

Version No.	Date	Approved	Amendment

## Approval

Chief Executive Officer		Bruce Scott OAM	
Date:	16.07.2025	Signature:	