



# Murweh Shire Council

## Debt Policy

Policy No:	FIN-003	Date adopted:	30 July 2024
Council Resolution Ref:	172/24	Review Date:	June 2025
Responsible Officer:	Director of Corporate Services	Version No:	9

### 1. Legislative Authority

*Local Government Act 2009* Section 104  
*Local Government Regulation 2012* Section 192

### 2. Commencement of Policy

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

### 3. Introduction

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

The debt policy must state:

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

### 4. Purpose

#### 4.1 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 Waste Water 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:-

##### 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 Waste Water 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

### **4.2 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.

#### **4.2.3 Urban Waste 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 Waste Water 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.

<b>Purpose</b>	<b>Term (Years)</b>	<b>Estimated Balance 30 June 2024</b>
Murweh SC - Airport Upgrade	15	669,103
Murweh SC - Flood Mitigation	20	976,746
Murweh SC - Morven Rail Hub	15	821,457
Murweh SC - Council housing	15	953,025

#### 4.7 PROPOSED BORROWINGS

Council is not proposing to borrow from 2024-25 to 2033-34 financial years.

### 5. Variations

Murweh Shire Council reserves the right to vary, replace or terminate this policy from time to time.

### 6. 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.