



Debt Policy 2023-2024 (Statutory)

1. PURPOSE

The purpose of the Debt Policy is to outline Council's intentions for future new borrowings and the time for repaying existing borrowings.

2. SCOPE & AUTHORITY

This policy applies to all current and future borrowings proposed by Council to comply with Section 192 of the Local Government Regulation 2012. Council is required to adopt a debt policy each year which 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.

3. POLICY STATEMENT

3.1 Purposes for which borrowing is allowable

Council shall, where necessary, undertake borrowing for the following purposes and is subject to the following restrictions in addition to those imposed elsewhere in this policy:-

a. Roadworks's construction / reconstruction

- Construction / Reconstruction to bitumen or equivalent standard
- Construction / Reconstruction of major road drainage works
- Plant to undertake roadworks

b. Bridgework's construction / reconstruction

- Construction / Reconstruction of major bridges

c. Water Supply Infrastructure construction / reconstruction

- Any construction / reconstruction which cannot be funded from revenue
- Any water allocation requirements for water security

d. Urban Wastewater Infrastructure construction / reconstruction

- Any construction / reconstruction which cannot be funded from revenue

e. Aerodrome construction / reconstruction

- Aerodrome pavement reconstruction

f. Building construction / reconstruction

- Major public building construction / reconstruction
- Upgrade of infrastructure services depot St George
- Land development for residential or other purposes including construction of housing

g. Drainage works construction / reconstruction

- Major storm water drainage works / flood mitigation works

h. Community Services Infrastructure

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



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- i. Wild Dog Exclusion Fence Scheme**
 - Any debt incurred with respect to providing Wild Dog Exclusion Fencing will be recouped by a special rate over a land holders land over a 25-year period.
- j. Beautification Special Rate Scheme**
 - Council may initiate borrowings for a beautification scheme to provide a special benefit to business houses to improve the façade and/or offer energy efficiency within the boundary of the shire. Any debt incurred with respect to provide a beautification scheme would be recouped by a special rate over a landholder's land over a max 25-year period.

3.2 Financial constraints on borrowing

a. 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.

b. 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.

c. 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.

3.3 Method of borrowing

Council will borrow from the Queensland Treasury Corporation.

3.4 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.

The Wild Dog Exclusion Fence Scheme or Beautification special rate scheme will be for a loan period of 25 years and will be recouped by a special levy over a land holders land.

3.5 Borrowing programme

Council had approved borrowings up to \$8,540,987m (including capitalised interest) that could be drawn down by instalments from 1 July 2019 to 30 June 2021 for the Wild Dog Exclusion Fence Scheme. A total of \$4,685,445.32 was drawn down in Rounds 1 and 2 of the Wild Dog Exclusion Fence Scheme. Revenue will be raised via a special rate to repay the loans itemised below. Actual borrowings are stated in the table below. No further borrowings are proposed beyond 2022/23 financial year for wild dog exclusion fencing.

During 2023/24 Council plans to make an application for \$4 million to upgrade the infrastructure depot at St George.

3.6 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.



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Where the provisions of this borrowing policy allow, loans which fall due for conversion shall be fully redeemed at the time specified for conversion.

Loans which fall due for conversion, and are to be renegotiated, shall be renegotiated as if they are new loans under this borrowing policy.

Start Date	Amount Borrowed	Balance as at 31/05/2023 (except where Nil stated)	Purpose of Borrowing	Annual Repayments with Interest	Remaining (Years) Repayment Terms	Interest Rate
15/06/2012	\$ 900,000	\$531,253	Water	\$ 71,342.76	15/06/2032	4.8860
15/06/2012	\$2,100,000	\$1,284,590	Administration Building	\$166,466.48	15/06/2032	4.8860
15/11/2019	\$472,171.44	\$493,404	WDEF Round 1 – Drawdown 1	Nil repayments for 2 years \$10,609.60 for 3 years \$38,423.96 for 15 years	15/09/2039	2.0450
02/12/2019	\$477,642.28	\$497,096	WDEF Round 1 – Drawdown 2	Nil repayments for 2 years \$9,930.08 for 3 years \$38,296.96 for 15 years	15/09/2039	1.8910
31/01/2020	\$2,224,436.49	\$2,316,110	WDEF Round 1 – Drawdown 3	Nil repayments for 2 years \$44,888.72 for 3 years \$177,687.04 for 15 years	15/12/2039	1.8310
18/12/2020	\$1,228,806.03	\$1,281,352	WDEF Round 2 – Drawdown 4	Nil repayments for 2 years	15/12/2040	1.7920
14/05/2021	282,389.08	\$297,561	WDEF Round 2 – Drawdown 5	Nil repayments for 2 years	14/05/2041	2.4490

4. RESPONSIBILITIES

4.1 All Councillors and Council employees

- It is mandatory for all Councillors and Council employees to act consistently with this policy when considering new borrowings in the course of council business.

4.2 Managers and Directors

- Shall respect, promote and act compatibly with the principles described in this policy.

4.2 Director Finance and Corporate Services

- Shall be the custodian of this policy



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- Shall implement control measures and training that provide assurance that Council acts in accordance with the policy.

4.3 Chief Executive Officer

- Shall ensure, through the Director, Finance & Corporate Services that the Council is complying with this Policy and the relevant legislative requirements.

5. RISK

The Debt policy seeks to outline Council's plan for new borrowings and how Council plans to repay existing borrowings. This reduces the risk of increasing Council's Net Financial Liabilities ratio. The policy also provides transparency to the community on Council's current and non-current liabilities.

6. IMPACTS

Corporate Plan: The Policy is consistent with the Governance Goal and Program Areas of financial management for long term sustainability.

Human Rights Compatibility Statement: This Policy has been assessed as compatible with the Human Rights protected under the Human Rights Act 2019.

Engagement: This policy has been developed in consultation with the Senior Leadership Group and Council.

7. RELATED LAWS

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

8. RELATED DOCUMENTS

- *Budget 2023-2024*

9. REVISION HISTORY

Revokes: Debt Policy 2022/2023 adopted 27 October 2022, 29 June 2029 (Doc ID 616168)

Previous approved versions: 29/06/2023

Suggested to review by: Annually reviewed