



**Sunshine Coast Council - Total  
 Statement of Income and Expense (i)**

For Period Ending 30 June

	Revised Budget	Forecast									
	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000
<b>Operating Revenue</b>											
Gross Rates & Utility Charges	305,882	335,690	349,387	363,670	379,060	396,521	414,818	433,991	454,084	475,139	497,203
Interest from Rates & Utilities	670	670	699	730	762	800	839	880	923	968	1,016
Less Discounts, Pensioner Remissions	(13,414)	(14,871)	(15,525)	(16,208)	(16,922)	(17,751)	(18,621)	(19,533)	(20,490)	(21,494)	(22,547)
<b>Net Rates &amp; Utility Charges</b>	<b>293,138</b>	<b>321,489</b>	<b>334,562</b>	<b>348,192</b>	<b>362,901</b>	<b>379,570</b>	<b>397,036</b>	<b>415,338</b>	<b>434,517</b>	<b>454,613</b>	<b>475,672</b>
Fees & Charges	56,754	57,857	59,506	61,202	63,313	65,498	67,757	70,095	72,513	75,015	77,603
Interest Received from Investments	8,768	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838	8,838
Grants and Subsidies - Recurrent	8,176	12,329	12,329	12,329	12,329	12,329	12,329	12,329	12,329	12,329	12,329
Operating contributions	303	319	319	319	319	319	319	319	319	319	319
Unitywater Participation	50,095	49,838	49,838	49,838	49,838	49,838	49,838	49,838	49,838	49,838	49,838
Other Revenue	23,997	25,016	42,065	62,401	33,333	40,233	21,110	21,132	42,360	45,804	39,832
Internal Revenues	5,711	8,101	8,332	8,569	8,865	9,171	9,487	9,815	10,153	10,503	10,866
<b>Total Operating Revenue</b>	<b>446,943</b>	<b>483,788</b>	<b>515,789</b>	<b>551,688</b>	<b>539,736</b>	<b>565,795</b>	<b>566,714</b>	<b>587,704</b>	<b>630,868</b>	<b>657,259</b>	<b>675,297</b>
<b>Operating Expenses</b>											
Employee costs	140,389	145,196	150,205	155,387	160,748	166,294	172,031	177,966	184,106	190,458	197,029
Materials & Services	174,323	191,695	204,505	224,158	213,870	225,760	228,886	237,320	254,244	264,609	269,806
Finance Costs	9,824	10,025	13,175	16,263	11,457	10,938	9,970	8,910	7,576	6,484	5,163
Company Contributions	1,495	1,527	1,556	1,586	1,625	1,666	1,707	1,750	1,794	1,839	1,885
Depreciation	75,355	79,076	81,429	84,011	87,151	90,056	93,452	96,740	100,198	103,619	107,232
Other Expenses	21,975	21,206	21,810	22,432	23,206	24,006	24,835	25,691	26,578	27,495	28,443
Recurrent Capital Expenses	12,257	5,250	3,732	4,279	2,967	3,155	2,658	2,667	2,958	2,973	2,658
<b>Total Operating Expenses</b>	<b>435,619</b>	<b>453,975</b>	<b>476,413</b>	<b>508,116</b>	<b>501,024</b>	<b>521,876</b>	<b>533,540</b>	<b>551,045</b>	<b>577,454</b>	<b>597,476</b>	<b>612,216</b>
<b>Operating Result</b>	<b>11,325</b>	<b>29,813</b>	<b>39,376</b>	<b>43,572</b>	<b>38,712</b>	<b>43,919</b>	<b>33,174</b>	<b>36,659</b>	<b>53,414</b>	<b>59,783</b>	<b>63,081</b>
<b>Non-recurrent Revenue &amp; Expenses</b>											
<b>Capital Revenue</b>											
Capital Grants and Subsidies	18,544	12,245	5,385	5,385	5,385	5,385	5,385	5,385	5,385	5,385	5,385
Capital Contributions	31,599	31,599	31,631	28,631	29,642	29,483	29,403	29,403	29,403	23,634	23,634
Contributed Assets	60,000	60,000	55,000	50,000	45,000	46,125	47,278	48,460	49,672	50,913	52,186
<b>Total Capital Revenue</b>	<b>110,143</b>	<b>103,844</b>	<b>92,016</b>	<b>84,016</b>	<b>80,028</b>	<b>80,993</b>	<b>82,067</b>	<b>83,249</b>	<b>84,460</b>	<b>79,933</b>	<b>81,206</b>
<b>Non-recurrent Expenses</b>											
Profit/Loss on disposal, revaluation & impairment	-	-	-	(29,047)	-	-	-	-	-	-	-
Movements in landfill and quarry provisions	(2,654)	(2,654)	(2,704)	(2,756)	(2,824)	(2,895)	(2,967)	(3,042)	(3,118)	(3,196)	(3,275)
Assets transferred to third parties	(11,285)	-	-	-	-	-	-	-	-	-	-
<b>NET RESULT</b>	<b>107,377</b>	<b>131,004</b>	<b>128,688</b>	<b>95,786</b>	<b>115,915</b>	<b>122,018</b>	<b>112,273</b>	<b>116,866</b>	<b>134,756</b>	<b>136,521</b>	<b>141,011</b>

**Sunshine Coast Council - Total**

**Statement of Financial Position (ii)**

For Period Ending 30 June

	Revised Budget	Forecast									
	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000
<b>Current Assets</b>											
Cash & Investments	201,182	209,032	194,081	256,194	249,504	243,451	238,742	242,239	243,111	235,066	277,564
Trade and other receivables	15,241	16,621	17,240	17,885	18,594	19,388	20,218	21,086	21,995	22,945	23,939
Inventories	17,889	17,877	17,181	13,620	12,924	13,074	13,942	15,058	13,950	12,874	12,812
Other Financial Assets	24,299	24,761	25,232	25,862	26,509	27,172	27,851	28,547	29,261	29,992	30,742
Non-current assets classified as held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>258,612</b>	<b>268,291</b>	<b>253,735</b>	<b>313,562</b>	<b>307,532</b>	<b>303,086</b>	<b>300,754</b>	<b>306,931</b>	<b>308,317</b>	<b>300,877</b>	<b>345,058</b>
<b>Non-Current Assets</b>											
Trade and other receivables	460,958	460,958	460,958	445,958	445,958	445,958	445,958	445,958	445,958	445,958	445,958
Property, plant & equipment	4,408,212	4,789,572	5,103,925	5,048,126	5,285,684	5,517,875	5,753,304	5,995,881	6,251,182	6,509,054	6,580,006
Investment in associates	538,213	538,213	538,213	538,213	538,213	538,213	538,213	538,213	538,213	538,213	538,213
Long Term Inventories	36,560	36,009	33,028	19,730	16,555	16,356	18,680	21,862	17,155	12,539	11,496
Intangible assets	14,571	14,571	14,571	14,571	14,571	14,571	14,571	14,571	14,571	14,571	14,571
<b>Total Non-Current Assets</b>	<b>5,458,514</b>	<b>5,839,322</b>	<b>6,150,694</b>	<b>6,066,598</b>	<b>6,300,981</b>	<b>6,532,972</b>	<b>6,770,726</b>	<b>7,016,484</b>	<b>7,267,079</b>	<b>7,520,335</b>	<b>7,590,243</b>
<b>TOTAL ASSETS</b>	<b>5,717,126</b>	<b>6,107,614</b>	<b>6,404,428</b>	<b>6,380,160</b>	<b>6,608,512</b>	<b>6,836,058</b>	<b>7,071,480</b>	<b>7,323,415</b>	<b>7,575,397</b>	<b>7,821,212</b>	<b>7,935,301</b>
<b>Current Liabilities</b>											
Trade and other payables	60,933	64,122	66,000	68,152	70,580	73,594	76,314	79,049	81,889	84,841	87,909
Short Term Borrowings	22,085	22,774	26,800	32,652	37,114	40,310	43,713	48,049	50,602	52,200	37,611
Provisions	20,594	21,181	21,785	22,537	23,314	24,118	24,950	25,811	26,702	27,623	28,314
Other	27,687	28,213	28,749	29,468	30,204	30,959	31,733	32,527	33,340	34,173	35,028
<b>Total Current Liabilities</b>	<b>131,299</b>	<b>136,291</b>	<b>143,334</b>	<b>152,808</b>	<b>161,212</b>	<b>168,982</b>	<b>176,711</b>	<b>185,436</b>	<b>192,533</b>	<b>198,838</b>	<b>188,862</b>
<b>Non-Current Liabilities</b>											
Long Term Borrowings	396,649	549,554	605,694	367,120	349,453	318,861	299,781	286,256	249,580	218,354	188,605
Long Term Provisions	38,027	39,110	40,225	41,613	43,049	44,534	46,070	47,660	49,304	51,005	52,280
<b>Total Non-Current Liabilities</b>	<b>434,676</b>	<b>588,665</b>	<b>645,919</b>	<b>408,733</b>	<b>392,502</b>	<b>363,395</b>	<b>345,851</b>	<b>333,915</b>	<b>298,884</b>	<b>269,359</b>	<b>240,885</b>
<b>TOTAL LIABILITIES</b>	<b>565,975</b>	<b>724,955</b>	<b>789,252</b>	<b>561,541</b>	<b>553,714</b>	<b>532,377</b>	<b>522,562</b>	<b>519,351</b>	<b>491,417</b>	<b>468,197</b>	<b>429,747</b>
<b>NET COMMUNITY ASSETS</b>	<b>5,151,150</b>	<b>5,382,658</b>	<b>5,615,176</b>	<b>5,818,619</b>	<b>6,054,799</b>	<b>6,303,681</b>	<b>6,548,918</b>	<b>6,804,064</b>	<b>7,083,980</b>	<b>7,353,015</b>	<b>7,505,554</b>
<b>Community Equity</b>											
Asset revaluation surplus	1,001,467	1,102,128	1,205,958	1,313,615	1,433,879	1,560,744	1,693,707	1,831,987	1,977,146	2,109,661	2,121,189
Retained Earnings	4,149,526	4,280,530	4,409,219	4,505,005	4,620,920	4,742,937	4,855,211	4,972,077	5,106,833	5,243,354	5,384,366
<b>TOTAL COMMUNITY EQUITY</b>	<b>5,150,993</b>	<b>5,382,659</b>	<b>5,615,176</b>	<b>5,818,619</b>	<b>6,054,799</b>	<b>6,303,681</b>	<b>6,548,918</b>	<b>6,804,064</b>	<b>7,083,980</b>	<b>7,353,015</b>	<b>7,505,554</b>

**Sunshine Coast Council - Total**  
**Statement of Changes in Equity (iii)**

For Period Ending 30 June

	Revised Budget	Forecast									
	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000
<b>Capital Accounts</b>											
<b>Asset Revaluation Reserve</b>											
<b>Balance at beginning of period</b>	<b>904,819</b>	<b>1,001,467</b>	<b>1,102,128</b>	<b>1,205,958</b>	<b>1,313,615</b>	<b>1,433,879</b>	<b>1,560,744</b>	<b>1,693,707</b>	<b>1,831,987</b>	<b>1,977,146</b>	<b>2,109,661</b>
Asset revaluation adjustments	96,648	100,661	103,829	107,657	120,264	126,865	132,964	138,280	145,159	132,514	11,528
Transfers to capital, reserves and shareholdings	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>1,001,467</b>	<b>1,102,128</b>	<b>1,205,958</b>	<b>1,313,615</b>	<b>1,433,879</b>	<b>1,560,744</b>	<b>1,693,707</b>	<b>1,831,987</b>	<b>1,977,146</b>	<b>2,109,661</b>	<b>2,121,189</b>
<b>Retained Earnings</b>											
<b>Balance at beginning of period</b>	<b>4,042,150</b>	<b>4,149,526</b>	<b>4,280,530</b>	<b>4,409,219</b>	<b>4,505,005</b>	<b>4,620,920</b>	<b>4,742,937</b>	<b>4,855,211</b>	<b>4,972,077</b>	<b>5,106,833</b>	<b>5,243,354</b>
Net result for the period	107,377	131,004	128,688	95,786	115,915	122,018	112,273	116,866	134,756	136,521	141,011
Transfers to capital, reserves and shareholdings	-	-	-	-	-	-	-	-	-	-	-
Transfers from capital, reserves and shareholdings	-	-	-	-	-	-	-	-	-	-	-
Asset revaluation adjustments	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>4,149,526</b>	<b>4,280,530</b>	<b>4,409,219</b>	<b>4,505,005</b>	<b>4,620,920</b>	<b>4,742,937</b>	<b>4,855,211</b>	<b>4,972,077</b>	<b>5,106,833</b>	<b>5,243,354</b>	<b>5,384,366</b>
<b>Total</b>											
<b>Balance at beginning of period</b>	<b>4,946,968</b>	<b>5,150,993</b>	<b>5,382,659</b>	<b>5,615,176</b>	<b>5,818,619</b>	<b>6,054,799</b>	<b>6,303,681</b>	<b>6,548,918</b>	<b>6,804,064</b>	<b>7,083,980</b>	<b>7,353,015</b>
Net result for the period	107,377	131,004	128,688	95,786	115,915	122,018	112,273	116,866	134,756	136,521	141,011
Transfers to capital, reserves and shareholdings	-	-	-	-	-	-	-	-	-	-	-
Transfers from capital, reserves and shareholdings	-	-	-	-	-	-	-	-	-	-	-
Asset revaluation adjustments	96,648	100,661	103,829	107,657	120,264	126,865	132,964	138,280	145,159	132,514	11,528
<b>Balance at end of period</b>	<b>5,150,993</b>	<b>5,382,659</b>	<b>5,615,176</b>	<b>5,818,619</b>	<b>6,054,799</b>	<b>6,303,681</b>	<b>6,548,918</b>	<b>6,804,064</b>	<b>7,083,980</b>	<b>7,353,015</b>	<b>7,505,554</b>

**Sunshine Coast Council - Total  
 Statement of Cash Flow (iv)**

For Period Ending 30 June

	Revised Budget	Forecast									
	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000
<b>Cash flows from operating activities</b>											
Operating Result	11,173	29,813	39,376	43,572	38,712	43,919	33,174	36,659	53,414	59,783	63,081
Adjustments for:											
Depreciation	75,355	79,076	81,429	84,011	87,151	90,056	93,452	96,740	100,198	103,619	107,232
Interest and dividends received	(58,863)	(58,676)	(58,676)	(58,676)	(58,676)	(58,676)	(58,676)	(58,676)	(58,676)	(58,676)	(58,676)
Landfill Quarry Provision	(2,654)	(2,654)	(2,704)	(2,756)	(2,824)	(2,895)	(2,967)	(3,042)	(3,118)	(3,196)	(3,275)
Finance Costs	9,824	10,025	13,175	16,263	11,457	10,938	9,970	8,910	7,576	6,484	5,163
Change in Working Capital	(7,118)	8,828	6,719	35,593	7,892	4,652	1,161	117	10,381	10,419	5,250
Change in Receivables	1,824	(1,842)	(1,090)	13,725	(1,356)	(1,456)	(1,509)	(1,565)	(1,622)	(1,682)	(1,744)
Change in Inventories	2,260	5,284	3,677	16,859	3,870	50	(3,192)	(4,297)	5,814	5,693	1,105
Change in Payables	(11,202)	5,386	4,132	5,010	5,378	6,059	5,862	5,978	6,189	6,408	5,888
<b>Net cash inflow (outflow) from operating activities</b>	<b>27,717</b>	<b>66,413</b>	<b>79,319</b>	<b>118,008</b>	<b>83,712</b>	<b>87,994</b>	<b>76,114</b>	<b>80,709</b>	<b>109,775</b>	<b>118,433</b>	<b>118,774</b>
<b>Cash flows from investing activities</b>											
Payments for property, plant and equipment	(342,263)	(308,123)	(238,934)	(188,192)	(158,159)	(148,651)	(148,732)	(152,301)	(161,466)	(159,945)	(128,267)
Proceeds from disposal non current assets	-	-	-	290,000	-	-	-	-	-	-	-
Capital grants, subsidies, contributions, donations	50,143	43,844	37,016	34,016	35,028	34,868	34,789	34,789	34,789	29,020	29,020
Interest and dividends received	58,863	58,676	58,676	58,676	58,676	58,676	58,676	58,676	58,676	58,676	58,676
Finance Costs	(9,824)	(10,025)	(13,175)	(16,263)	(11,457)	(10,938)	(9,970)	(8,910)	(7,576)	(6,484)	(5,163)
<b>Net cash inflow (outflow) from investing activities</b>	<b>(243,081)</b>	<b>(215,628)</b>	<b>(156,416)</b>	<b>178,237</b>	<b>(75,912)</b>	<b>(66,045)</b>	<b>(65,238)</b>	<b>(67,746)</b>	<b>(75,577)</b>	<b>(78,733)</b>	<b>(45,734)</b>
<b>Cash flows from financing activities</b>											
Proceeds from borrowings	145,189	178,658	88,493	42,904	22,204	11,870	26,877	36,491	16,691	5,621	6,305
Repayment of borrowing	(18,846)	(21,593)	(26,346)	(277,036)	(36,695)	(39,871)	(42,461)	(45,957)	(50,016)	(53,367)	(36,847)
<b>Net cash inflow (outflow) from financing activities</b>	<b>126,343</b>	<b>157,065</b>	<b>62,147</b>	<b>(234,132)</b>	<b>(14,491)</b>	<b>(28,002)</b>	<b>(15,584)</b>	<b>(9,466)</b>	<b>(33,325)</b>	<b>(47,746)</b>	<b>(30,541)</b>
<b>Net increase (decrease) in cash held</b>	<b>(89,020)</b>	<b>7,850</b>	<b>(14,951)</b>	<b>62,113</b>	<b>(6,691)</b>	<b>(6,052)</b>	<b>(4,709)</b>	<b>3,496</b>	<b>872</b>	<b>(8,045)</b>	<b>42,498</b>
Cash at beginning of reporting period	290,203	201,182	209,032	194,081	256,194	249,504	243,451	238,742	242,239	243,111	235,066
<b>Cash at end of reporting period</b>	<b>201,182</b>	<b>209,032</b>	<b>194,081</b>	<b>256,194</b>	<b>249,504</b>	<b>243,451</b>	<b>238,742</b>	<b>242,239</b>	<b>243,111</b>	<b>235,066</b>	<b>277,564</b>

## Sunshine Coast Council - Total Measures of Financial Sustainability (v)

For Period Ending 30 June

	Revised Budget	Forward Estimate									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Performance</b>											
Operating Performance Ratio (%)	2.5%	6.2%	7.6%	7.9%	7.2%	7.8%	5.9%	6.2%	8.5%	9.1%	9.3%
<b>Fiscal Flexibility</b>											
Council controlled revenue (%)	78.3%	78.4%	76.4%	74.2%	79.0%	78.7%	82.0%	82.6%	80.4%	80.6%	81.9%
Total debt service cover ratio (times)	2.9 x	3.2 x	2.9 x	3.3 x	2.8 x	2.7 x	2.5 x	2.5 x	2.6 x	2.7 x	2.8 x
Net Financial Liabilities Ratio (%)	68.8%	94.4%	103.8%	44.9%	45.6%	40.5%	39.1%	36.1%	29.0%	25.5%	12.5%
<b>Liquidity</b>											
Cash expense cover ratio (months)	7.0	6.9	6.1	7.5	7.6	7.0	6.7	6.6	6.3	5.8	6.7
<b>Asset Sustainability</b>											
Asset Sustainability Ratio (%)	75.6%	63.5%	69.0%	66.9%	69.8%	66.8%	63.9%	62.9%	62.3%	59.4%	63.3%

### Operating Performance Ratio

Measures the extent to which operating revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.  
Calculation: Operating Result (excluding capital items) as a percentage of operating revenue

Target: between 0% and 10%

### Council Controlled Revenue Ratio

Indicates the degree of reliance on external funding sources such as operating subsidies, donations and contributions. Council's financial flexibility improves the higher the level of its own source revenue.  
Calculation: Net rates, levies and charges & fees and charges / total operating revenue.

Target: Greater than 60%

### Total Debt Service Cover Ratio

Indicates the ability to repay loan funds. A low cover indicates constrained financial flexibility and limited capacity to manage unforeseen financial shocks.  
Calculation: (Operating result (excluding capital items) + depreciation and amortisation + gross interest expense) / (gross interest expense + prior year current interest bearing liabilities)

Target: Greater than 2 times

### Net Financial Liabilities Ratio

Measures the extent to which the net financial liabilities of Council can be repaid from operating revenues.  
Calculation: (Total liabilities - current assets) / total operating revenue (excl. capital items)

Target: not greater than 60%.

### Cash Expense Cover Ratio

Indicates the number of months council can continue paying its immediate expenses without additional cash loans.  
Calculation: (Current year's cash and cash equivalents balance / (total operating expenses - depreciation and amortisation - finance costs charged by QTC - interest paid on overdraft)) \* 12

Target: Greater than 3 months.

### Asset Sustainability Ratio

This ratio reflects the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.  
Calculation: Capital expenditure on replacement assets (renewals) / depreciation expense

Target: greater than 90%.



## Strategic Policy

### 2018/19 Debt Policy

Corporate Plan reference:	5.6 Information, systems and process underpin quality decisions and enhance customer relationships 5.6.19 – Sustainable financial position maintained	
Endorsed by Council on:	17 May 2018	Reference Number: OM18/65
Manager responsible for policy:	Chief Financial Officer, Business Performance Group	

### Policy purpose

The purpose of this policy is to ensure the sound management of Council's existing and future debt.

### Policy outcome

The policy will provide clear guidance for staff in the management of Council's debt portfolio and maintenance of appropriate debt and debt service levels.

### Policy scope

This policy applies to all Councillors and council staff and extends to all borrowing activities of Council and any controlled entities.

### Policy statement

New borrowings will only be made to fund capital expenditure, for a period less than or equal to the estimated useful life of the asset(s) and for no more than 20 years.

New borrowings will be undertaken in accordance with the Queensland Treasury Corporation Guidelines, the *Statutory Bodies Financial Arrangements Act 1982* and Section 192 of the *Local Government Regulation 2012*.

### Borrowing Purposes

- Council will not utilise loan funding to finance operating activities or recurrent expenditure.
- Council undertakes full analysis of all funding options as outlined in the Long Term Financial Forecast, including a forward program of capital works, to determine loan funding requirements.
- Council recognises that infrastructure demands placed upon Council can often only be met through borrowings, but will always be mindful of the additional cost incurred by the community when assets are acquired through borrowings, as this increases the cost of providing capital infrastructure.
- Council will endeavour to fund all capital renewal projects from operating cash flows and borrow only for new or upgrade capital projects, having regard to sound financial management principles and giving consideration to inter-generational equity for the funding of long term infrastructure projects.



- Where capital expenditure is deferred from one year to the next, the drawdown of approved loan funds will be reviewed to minimise interest expenses.
- Borrowings for infrastructure that provides a return on assets will take priority over borrowing for other assets.

#### **Debt Term**

Where capital projects are financed through borrowings, Council will repay the loans within a term not exceeding the life of those assets, and over a term that optimises cash flow efficiency. Loans undertaken for core Sunshine Coast capital investment are planned to be repaid within a twelve (12) year period. Loans undertaken for Region Making projects may have a term of greater than twelve years.

- If surplus funds become available, and where it is advantageous to Council, one-off loan repayments will be made to reduce the term of existing loans.
- In an environment of fluctuating interest rates, and where there is a distinct economic advantage to Council, consideration will be given to renegotiating any outstanding loans to obtain the best long-term benefit to Council.

#### **Repayment Ability**

Council will maintain close scrutiny of debt levels to ensure that relative sustainability indicators will not exceed target parameters recommended by Queensland Treasury Corporation and *Local Government Regulation 2012*.

#### **Borrowing Sources**

Council will raise all external borrowings at the most competitive rates available and from sources available as defined by legislation. Consideration will be given to provision of loans to business units from surplus cash reserves held by Council by way of an internal loan.

#### **Proposed Borrowings**

Proposed Borrowings planned for the current financial year and the next nine financial years are outlined in Appendix A, in accordance with Section 192 *Local Government Regulation 2012*.

#### **Internal Loans**

The provision and approval of an internal loan will depend on the availability of surplus funds at the time of application and the capacity of the business unit or operational activity to repay the loan.

- All applications for internal loans will be made by reference to the Finance Branch for consideration in accordance with the Long Term Financial Forecast.
- The term of the loan will be appropriate to the life of the asset being financed.
- In all cases, where business units are subject to the provisions of the National Competition Policy, the cost to the business unit will be no less than what would apply to an equivalent private sector business. The interest rate will be the sum of:
  - (a) the equivalent QTC borrowing rate for the proposed term;
  - (b) the QTC administration charge; and
  - (c) an additional margin above the QTC borrowing rate.
- The interest rate applicable to internal loans relating to operational activities of Council will be the actual borrowing cost from QTC including administrative charges.

Council may, upon reasonable notice being given, require repayment of part or all of the balance of the loan at any time, which would require the business unit to convert the outstanding balance of the loan to an external facility.

- Provision for the repayment of the loan will be included in the annual budget for the business unit.

## Guiding principles

The purpose of establishing this policy is to:

- Provide a comprehensive view of Council's long term debt position and the capacity to fund infrastructure growth for the region;
- Increase awareness of issues concerning debt management;
- Enhance the understanding between Councillors, community groups and council staff by documenting policies and guidelines;
- Demonstrate to government and lending institutions that Council has a disciplined approach to borrowing.

## Roles and responsibilities

Pursuant to Section 192 *Local Government Regulation 2012*, Council must prepare a debt policy each year that states the new borrowings planned for the current financial year and the next nine financial years.

The Finance Branch will review the cash flow requirements prior to loan proceeds being drawn down to minimise interest expenses.

## Measurement of success

Financial sustainability indicators remain within target ranges and the provision of necessary infrastructure is not constrained through the lack of capital funding.

Details of outstanding loans will be reported annually in Council's Financial Statements and Annual Report.

## Definitions

**Business unit** – A business activity within Council structure subject to the application of full cost pricing principles as defined under the National Competition Policy.

**Inter-generational equity** – This relates to the fairness of the distribution of the costs and benefits of a policy when costs and benefits are borne by different generations (i.e. the principle whereby those who derive a direct benefit from the service or infrastructure provided actually pay for that service).

**QTC** – Queensland Treasury Corporation.

## Related policies and legislation

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Statutory Bodies Financial Arrangements Act 1982*
- *Statutory Bodies Financial Arrangements Regulation 2007*

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	Adopted			2 June 2015
1.1	Annual Review	Y		19 February 2016
	Endorsement		Council	16 June 2016
1.2	Annual Review	Y		
	Endorsement		Council	15 June 2017
1.3	Annual Review	Y		
	Endorsement		Council	17 May 2018

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**Appendix A**

Schedule of proposed external borrowings:

\$'000	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
SCC Business Units	\$15,003	\$39,381	\$66,046	\$42,904	\$22,204	\$11,870	\$11,877	\$6,491	\$16,691	\$5,621	\$1,305
Maroochydore City Centre Project	\$26,686	\$10,000	\$0	\$0	\$0	\$0	\$15,000	\$30,000	\$0	\$0	\$5,000
Sunshine Coast Airport Runway	\$95,000	\$126,675	\$22,447	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sunshine Coast International Broadband Network	\$8,500	\$2,602	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$145,189	\$178,658	\$88,493	\$42,904	\$22,204	\$11,870	\$26,877	\$36,491	\$16,691	\$5,621	\$6,305

Note that Council operates a central treasury model and as such does not generally provide debt funding for specific projects or assets but rather uses debt funding to finance Council's balance sheet, with the exception being for strategic projects.

