

Ordinary Council Meeting

Late Items of Business

Maclean - 22 August 2023 - 2:00pm



AGENDA

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10. LATE ITEMS OF BUSINESS AND MATTERS ARISING**ITEM 10.23.001 DEBT REVIEW UPDATE**

Meeting	Council	22 August 2023
Directorate	General Manager	
Prepared by	Manager Finance & Systems, Kate Maginnity	
Reviewed by	Director Corporate & Community, Alex Moar	
Attachments	A. DRAFT Debt Review Update (Confidential)	

SUMMARY

This report returns to Council a Debt Review update conducted in response to Item 07.23.098, which called for a review of Council's borrowing capacity.

OFFICER RECOMMENDATION

That Council note the current borrowing capacity position of \$143m at the Consolidated Fund level and \$88.2m for the General Fund.

LINKAGE TO OUR COMMUNITY PLAN

Theme Leadership

Objective We will have a strong, accountable and representative Government

KEY ISSUES

Ernst Young was engaged to review Council's current sustainable debt level. The analysis found Council has headroom of \$88.2M in its General Fund.

Sustainable debt service level analysis	30 June 2017		30 June 2021		30 June 2023	
	Consolidated	General Fund	Consolidated	General Fund	Consolidated	General Fund
Sustainable debt level	\$131m	\$66m	\$197m	\$101m	\$222m	\$99m
Council debt level	\$123m	\$25m	104.1m	\$15.3m	\$78.9m	\$10.5m
Headroom to limit of 'Moderate risk' debt range	\$8m	\$41m	\$92.9m	\$86.1m	\$143m	\$88.2m
Capacity to increase borrowings	\$8m		\$92.9m		\$143m	

Not only does CVC have capacity for an additional \$22m under its sustainable debt level (as measured based on the upper limit of the 'moderate risk' debt level range) but it also has capacity for this amount under its 'conservative risk' debt level (\$146m providing \$67.1m of further debt capacity).

The full report is provided in draft as a Confidential attachment, awaiting signatures and on completion will be referenced in Council's Borrowing Policy.

BACKGROUND

The review was sought in the context of discussions about whether Council could afford to loan fund intergenerational facilities such as the Regional Aquatic Facility and the Yamba Community Precinct. From a financial perspective, Ernst Young considers ample capacity to loan fund the estimated \$22m required to deliver these two projects.

With the exception of the Regional Aquatic Facility and Yamba Community Precinct, there are no plans for other General Fund borrowings.

COUNCIL IMPLICATIONS

Budget/Financial

The cost of the review was \$35,000, funded from PJ 993003.

Asset Management

N/A

Policy and Regulation

N/A

Consultation

N/A

Legal and Risk Management

N/A

Climate Change

N/A