

OSCAR President

From: OSCAR President <president@oscar.org.au>
Sent: Monday, 5 August 2019 16:55
To: 'warren.bunker@sunshinecoast.qld.gov.au'
Cc: 'sharyn.eyles@sunshinecoast.qld.gov.au'
Subject: Debt policy and financing for the City Hall follow-up questions

Dear Warren

I refer to your letter, in your capacity as Acting CEO, in response to our letter of 3 June 2019 re Debt Policy.

OSCAR would appreciate clarification of aspects of your answer from the appropriate Council officer if this is no longer your responsibility.

The follow-up questions are shown below:

Questions relating to debt policy and financing for the City Hall

OSCAR question:

We note a significant increase in the borrowing figures for the Council's Business Units (which we have been previously advised as including Waste and Resource Management, SC Holiday Parks and Quarries) between 28 February 2019 and 23 May 2019.

Can you explain why these figures have increased so much?

Council response:

- The variance in borrowings for 2019/20 for the Council business units between 28 February 2019 (ie. \$16.369 million) and 23 May 2019 (ie. \$37.806 million) is principally due to revisions in the timing for the drawdown of borrowings.

Follow-up question

Can this response be explained in more detail please to assist in our understanding of the nature of such revisions?

OSCAR question:

OSCAR understands that it is premature to provide an expected costing on the new CBD based Council Chambers project but we would appreciate some idea of how the cost will be funded.

To what extent will the funding for this project be achieved through external borrowings?

Council response:

No quantum provided.

Follow-up question

Can this response provide an indication of the proportion of the total cost that will require to be funded by borrowings?

OSCAR question:

If part, or all of these costs, are to be via external borrowings, are those additional borrowings reflected in the Debt Policy figures tabled at the 23 May Ordinary Meeting?

Council response:

Whilst the total financing requirements for the project will not be known until the completion and award of the construction tender, borrowings will likely be a major source of finance required for this project.

Follow-up question

Why is this not then reflected in the Debt Policy figures at this stage given that figures are clearly only estimates as evidenced by the changes in Business Unit borrowings between February and May?

Additional question

To what extent is the percentage rise in Council rates (higher than other councils in SE Queensland according to published information) the result of increased costs associated with servicing projected borrowings?

Best wishes ... Greg

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