

How do cash and borrowings fit in?

Maintaining a budget surplus

Our goal is to maintain a modest operating surplus of about \$12 million.

That may seem like a lot of “money in the bank” but this surplus is only “extra funds” when it comes to our operating costs and, in actual fact, is money that is already committed.

This surplus plays a critical role in funding principal debt repayments each year, while also ensuring there is capacity to maintain and replace infrastructure, respond to unforeseen costs and support future community needs.

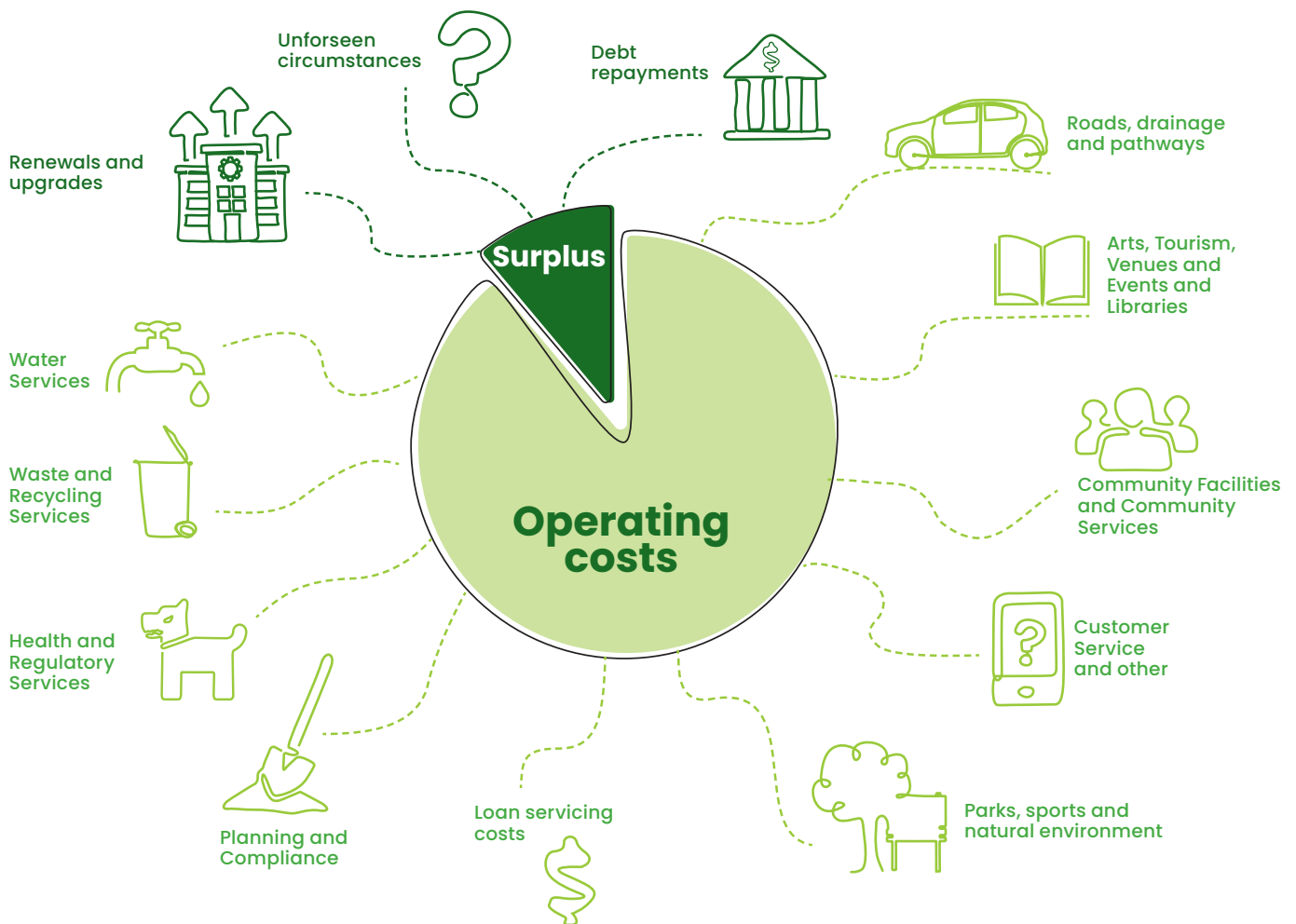
Debt repayments

On average, our principal debt repayments are about \$8 million a year, funded from the surplus.

So why would we borrow? Well, there’s actually a strategic reason for that.

For example, in 2018 we officially opened the Rubyanna Wastewater Treatment Plant which was a critical piece of infrastructure to unlock growth for decades to come in coastal communities.

Total operating budget funds



The project cost about \$70 million but the community benefit and value will be felt over 50 years or more.

If the ratepayers living in the region during the project's construction had their rates raised to cover the costs of that infrastructure project at the time it would have been unsustainable.

But by borrowing the funds for projects which will provide intergenerational value, all of the ratepayers who benefit from its construction over future years also help to contribute to its construction costs.

The principal repayments are made from surpluses so that debt does not impact our services and we carefully manage debt levels to ensure they don't become unsustainable, ensuring repayments for debt don't impact our ability to deliver everyday services.

However, if we don't collect enough to cover our principal debt repayments each year it could lead to service delivery impacts, capital funding limitations and a higher reliance on debt.

Infrastructure renewal and upgrade

Council also has a responsibility to manage and maintain community assets worth \$3.5 billion and generally invests in a capital budget of approximately \$1 billion every 10 years.

This includes essential infrastructure - like roads and water and wastewater networks - so it's critical for our community that there are enough funds available to renew and upgrade them so they keep pace with our growing community and the modern standards required.

Unforeseen circumstances

It's also important that we have enough financial capacity to respond to emerging situations - such as supply chain crises and other significant financial hits that may be felt across the globe - to ensure we can manage these ups and downs, without impacting our services or increasing rates when it is not absolutely necessary to do so, in the short term.

Read more about how we plan to achieve surpluses in future years in our Long Term Financial Plan fact sheet.

