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Lord Mayors explore financing solutions for capital cities

Australian Governments are facing a growing demand for public infrastructure projects, coupled with a diminishing capacity to pay for this infrastructure through core revenues. Lord Mayors commissioned Ernst and Young to assess innovative financing mechanisms available to help build the infrastructure our nation needs.

In releasing the report, CCCLM Chair Lord Mayor of Brisbane, Graham Quirk commented that “this report provides a concise roundup of infrastructure financing options for local government and highlights the infrastructure task facing our cities and their communities. It investigates capital city revenue sources and their capacity and capability to fund the infrastructure required, as well as the constraints and opportunities influencing alternative use of finance”.

Key findings of the research show that:
- Our Cities are in a strong position to move towards a more favourable debt load and make better use of alternative sources of finance for their identified capital investment needs
- Loans supported by State Governments, in those jurisdictions where they are available to councils, are likely to be the cheapest form of borrowing for local governments in the short and medium term
- For larger borrowing requirements, public bond issuance into the Australian market could provide significant savings compared with ‘conventional’ bank debt
- Collective borrowing arrangements across a number of councils could provide favourable outcomes
- There could be further reduction in costs for borrowing councils should the Commonwealth Government consider tax concessional arrangements for lenders.

Lord Mayor Quirk commented that “there is an opportunity for capital city council to use innovative financing solutions to deliver infrastructure projects”.

“Lord Mayors call on the Commonwealth and State and Territory governments to collaborate with capital cities on projects of national significance” said Lord Mayor Quirk.

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Infrastructure financing solutions for Australia’s Capital Cities can be accessed at - [http://www.lordmayors.org/](http://www.lordmayors.org/)

The Council of Capital City Lord Mayors membership consists of the ACT Government, Adelaide City Council, Brisbane City Council, City of Darwin, Hobart City Council, City of Melbourne, City of Perth and City of Sydney.