Budget 2013/14
Measures of Financial Sustainability

In accordance with s169 of the Local Government Regulation 2012, the Council is required to disclose in the budget certain measures of financial sustainability.

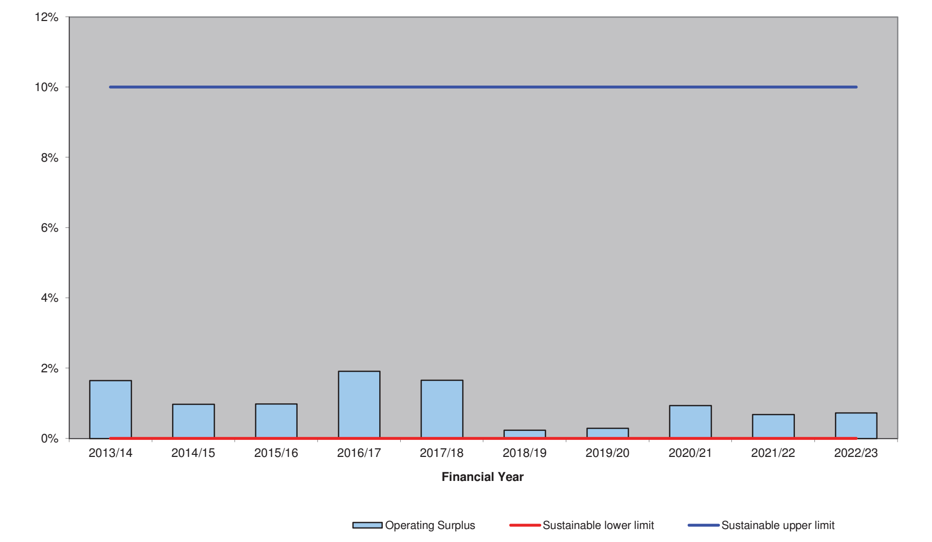
The Department of Local Government and Planning state the definition of sustainable Local Government in Queensland as being a, 'local government that is able to maintain its financial capital and infrastructure capital over the long term'.

To ensure the Council continues along the path of financial sustainability into the future, key long term strategic plans are developed and integrated together, from which the Council can demonstrate a strategy is in place to manage the financial implications of its long term planning.

The three financial sustainability measures cover the period of the annual budget plus the next nine financial years (10 years in total).

The targets indicated in each graph are sourced from the 'Financial management (sustainability) guideline 2011' which is available from the website of The Department of Local Government and Planning.

Operating Surplus Ratio



INDICATOR

Operating Surplus Ratio

DESCRIPTION

Demonstrates the extent to which operating revenues cover operation expenses only or are available for capital purposes.

MEASURE

Numerator - Net Operating Surplus/(Deficit)

Denominator - Operating Revenue

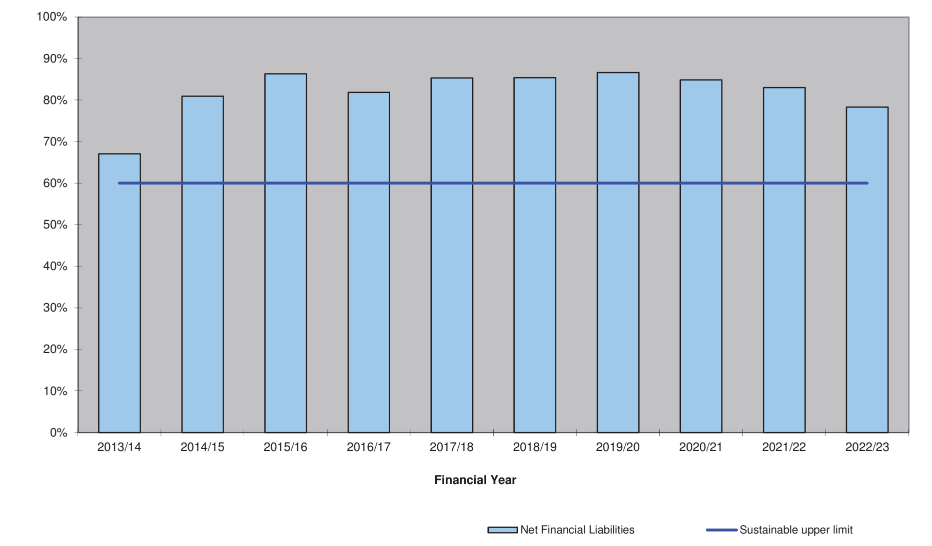
TARGET

Between 0% and 10%

Commentary

Council is forecasting an operating surplus in each of the ten years. Operating surpluses result in a positive operating surplus ratio (as indicated in the graph). A positive ratio (above 0%) indicates that recurring operating revenue exceeds recurring operating expenses and this assists in funding capital expenditure. This results in less reliance to borrow money to fund capital expenditure and thus reduces Council debt. The positive operating surplus ratio of Council for the entire ten year period is a strong indicator of long term sustainability.

Net Financial Liabilities Ratio



INDICATOR

Net Financial Liabilities Ratio

DESCRIPTION

Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues.

MEASURE

Numerator - Total Liabilities less Current Assets

Denominator - Operating Revenue

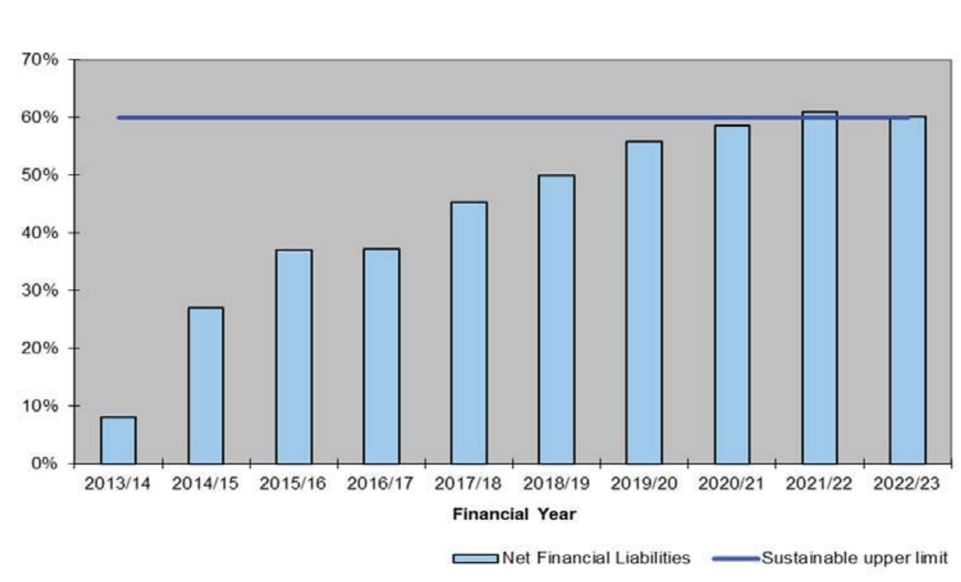
TARGET

Not greater than 60%

Commentary

This ratio indicates Council exceeds the desired target range from 2013/14 onwards and reflects a high reliance on its operating revenues to meet financial liabilities. Despite this, given the large size of Council's operating revenue base and its relatively stable level of total liabilities across the ten year forecast period (the ratio is fairly stable and begins to decline from 2020/21) there is no undue pressure on Council in the long term in meeting its financial liabilities as they fall due. The reason for the target range being exceeded is due to the water debt held by Council that was not transferred to Unitywater. When water related revenues and debt are excluded from the ratio calculation an alternate graphed ratio is shown on the following page.

Net Financial Liabilities Ratio (excludes water related debt)



INDICATOR
Net Financial Asset / Liability Ratio

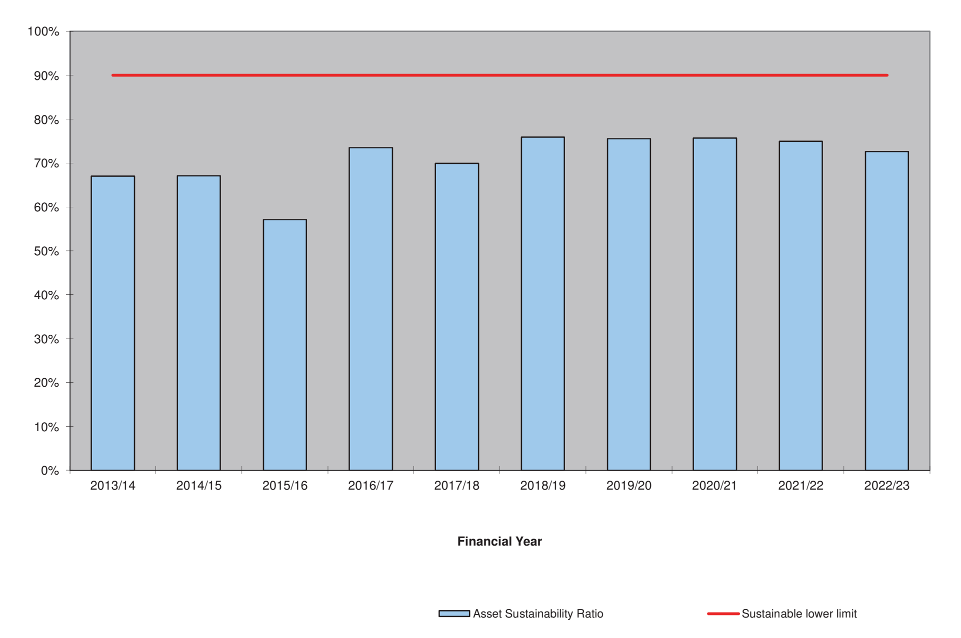
DESCRIPTION
Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues.

MEASURE
Numerator - Total Liabilities less Current Assets

Denominator - Operating Revenue

TARGET
Not greater than 60%

Asset Sustainability Ratio



INDICATOR
Asset Sustainability Ratio

DESCRIPTION
Demonstrates whether Council is renewing infrastructure assets at the same rate that it is wearing out its overall stock of assets

MEASURE
Numerator - Capital expenditure on replacement assets

Denominator - Depreciation Expense

TARGET
Greater than 90%

Commentary

Capital expenditure can broadly be classified as New (building something entirely new) or renewal (replacing an old asset with a new one). This ratio measures how much capital expenditure goes toward replacing existing assets each year when divided by depreciation expense. As the ten year forecast indicates Council's ratio is below the target of 90%.

Additional Legislative Disclosures

In accordance with s169 of the Local Government Regulation 2012, the Council is required to report the following information; The total value of the change, expressed as a percentage in the rates and utility charges levied for the financial year (2013/14) compared with the rates and utlity charges levied in the previous budget (2012/13). The calculation of this percentage for a financial year excludes rebates and discounts applicable on rates and utility charges.

	Adopted Budget 2012/13	Adopted Budget 2013/14	% Change from 2012/13 to 2013/14
Gross Rates and Utility Charges	229,608,733	241,908,914	5.36%

One point of note is that the percentage change is a combined revenue increase from all types of differential general rating categories, special charges and waste utility charges as defined in the Council's revenue statement (included in this budget) with a further allowance made for growth. Council has in total 252 differential general rating categories (examples being, residential properties, commercial properties, agricultural properties, hotels, shopping centres, retirement villages and many more) and a number of different special charges and waste utility charges which it levies.