

MEASURES OF FINANCIAL SUSTAINABILITY

2015/16

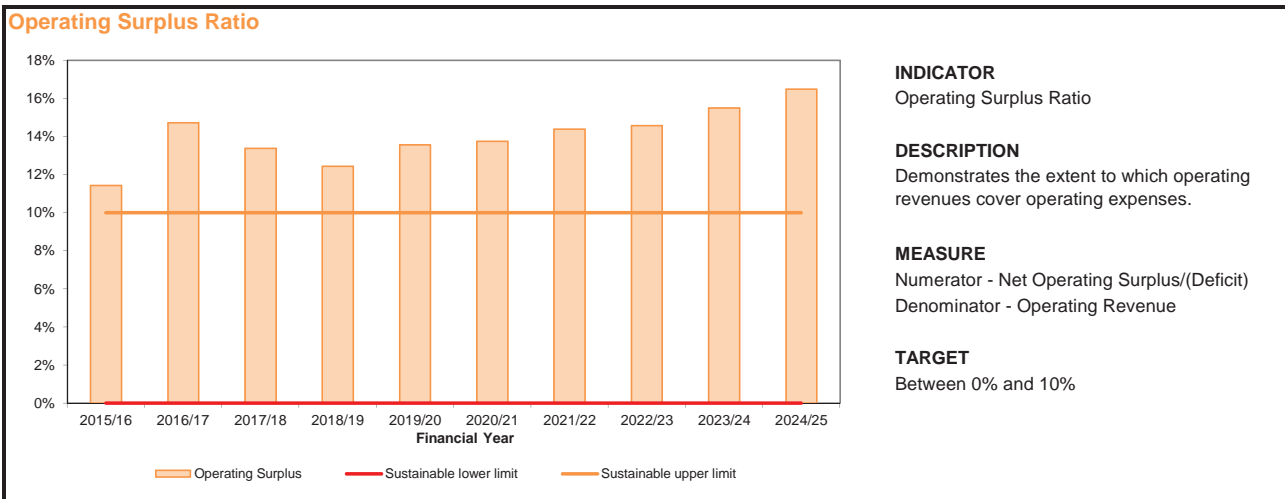
In accordance with s169 of the Local Government Regulation 2012, the Council is required to disclose in the budget certain measures of financial sustainability.

The Queensland Government defines a sustainable local government as being 'able to maintain its financial capital and infrastructure capital over the long term' (*Local Government Act 2009* (Act), section 104 (2)).

To ensure the Council continues along the path of financial sustainability into the future, key long-term strategic plans are developed and integrated, demonstrating a strategy to manage the financial implications of its long-term planning.

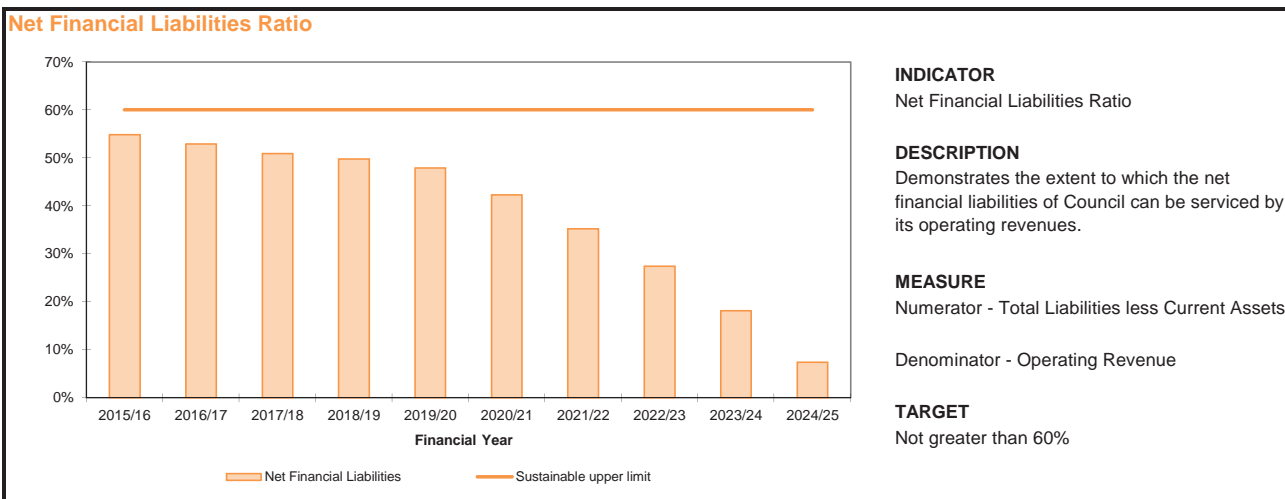
The three financial sustainability measures cover the period of the annual budget plus the next nine financial years (10 years in total).

The targets indicated in each graph are sourced from the *Financial Management (Sustainability) Guideline 2013* which is available from the website of the Department of Infrastructure, Local Government and Planning.



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 facilitates utilising operating surpluses in assisting to fund capital expenditure. This places less reliance on borrowing 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.



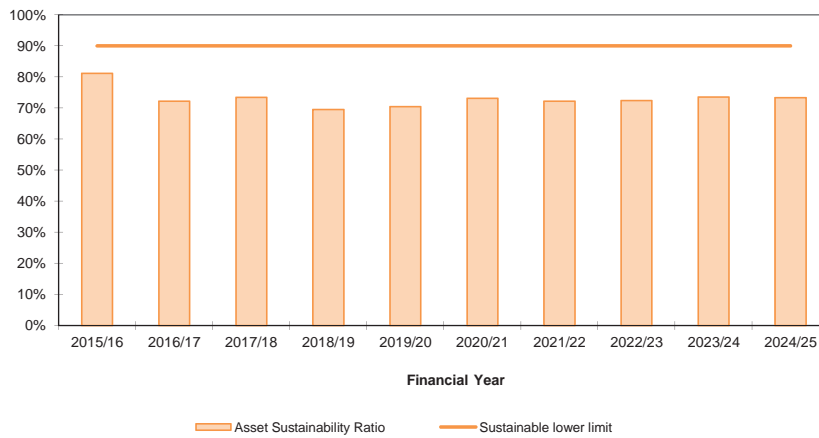
Commentary

This ratio indicates Council does not exceed the upper limit of 60% over the entire forecast period. This indicates an acceptable level of operating revenues are being used to meet finance charges associated with debt. Keeping under the 60% mark means Council is not over-extending its operating revenues to meet interest obligations and is a healthy indicator of long-term sustainability.

MEASURES OF FINANCIAL SUSTAINABILITY (CONT'D)

2015/16

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% or better but is an improvement on the previous year.

ADDITIONAL LEGISLATIVE DISCLOSURES

2015/16

In accordance with s169 of the Local Government Regulation 2012, the Council is required to report the total value of the change, expressed as a percentage in the rates and utility charges levied for the financial year (2015/16) compared with the rates and utility charges levied in the previous budget (2014/15). The calculation of this percentage for a financial year excludes rebates and discounts applicable on rates and utility charges.

	Adopted Budget 2014/15	Adopted Budget 2015/16	% Change from 2014/15 to 2015/16
Gross Rates and Utility Charges	252,585,223	261,416,863	3.50%

One point of note is that the percentage change is a combined increase across 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 rate growth. Council has in total 254 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.