

# Measures of Financial Sustainability



In accordance with section 169(5) 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 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 are sourced from the 'Financial management (sustainability) guideline 2013' which is available from the website of The Department of State Development, Infrastructure, Local Government and Planning.

## Operating Surplus Ratio

| Description  | Measure   | Target  |
|--|---|---|
| Demonstrates the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes | <u>Net Operating Surplus/(Deficit)</u><br>Operating Revenue | Between 0% and 10%<br>(on average over the long term) |

| Target    | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 0% to 10% | 1.3%    | 2.8%    | 2.8%    | 4.6%    | 3.7%    | 5.3%    | 5.9%    | 6.2%    | 7.6%    | 10.2%   |

## Net Financial Liabilities Ratio

| Description   | Measure   | Target  |
|---|---|---|
| Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues | <u>Total Liabilities less Current Assets</u><br>Operating Revenue | Not greater than 60%<br>(on average over the long term) |

| Target                    | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| less than or equal to 60% | 29.9%   | 17.5%   | 27.2%   | 36.7%   | 46.1%   | 50.8%   | 54.7%   | 56.8%   | 56.8%   | 53.9%   |

## Asset Sustainability Ratio

| Description  | Measure  | Target  |
|--|--|---|
| Demonstrates the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives | <u>Capital Expenditure on Replacement Assets</u><br>Depreciation Expense | Greater than 90%<br>(on average over the long term) |

| Target                       | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| equal to or greater than 90% | 69.9%   | 69.7%   | 67.8%   | 62.7%   | 63.6%   | 69.2%   | 66.0%   | 57.4%   | 54.7%   | 59.2%   |