

Monthly Financial Report

September 2020



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1. EXECUTIVE SUMMARY

This monthly report illustrates the financial performance and position of Redland City Council compared to its adopted budget at an organisational level for the period ended 30 September 2020. The year to date annual revised budget referred to in this report incorporates the changes from budget capital carryovers adopted by Council on 19 August 2020.

The Queensland Audit Office audited Council's 2019/20 financial statements and issued an unmodified audit opinion on 30 September 2020. 30 June 2020 audited balances will be updated in the finance system in October 2020. As such, the financial position for the month of September may adjust over the next month.

Key Financial Highlights and Overview

Key Financial Results (\$000)	Annual Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance	YTD Variance %	Status Favourable ✓ Unfavourable ✗
Operating Surplus / (Deficit)	(1,473)	(741)	2,969	3,710	501%	✓
Recurrent Revenue	304,795	72,876	71,920	(956)	-1%	✗
Recurrent Expenditure	306,268	73,617	68,951	(4,666)	-6%	✓
Capital Works Expenditure	91,150	11,046	9,579	(1,467)	-13%	✓
Closing Cash & Cash Equivalents	171,713	176,662	172,367	(4,295)	-2%	✗

Council reported a year to date operating surplus of \$2.97M which is favourable to budget by \$3.71M. Water consumption is lower than expected, resulting in lower than expected revenue. Of note, interest income is lower than budget due to lower than expected interest rates on investments. The favourable variance in recurrent expenditure is mainly due to underspend in bulk water costs and contractor costs.

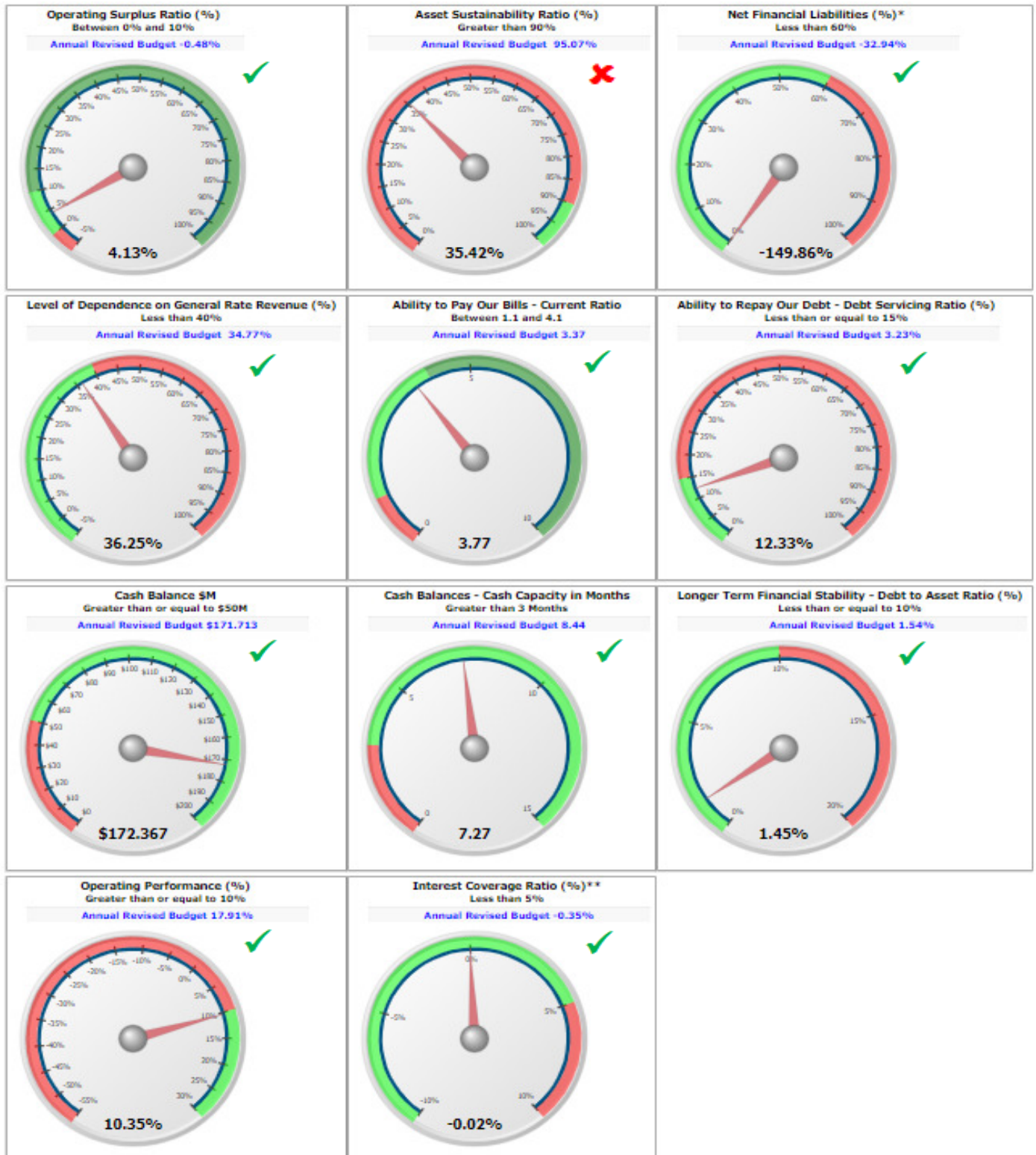
Capital grants, subsidies and contributions are below budget due to timing of developer cash contributions.

Council's capital works expenditure is below budget by \$1.47M due to timing of works for a number of infrastructure projects.

Council's cash balance is behind budget due to higher than anticipated payments to suppliers. Constrained cash reserves represent 58% of the cash balance.

2. KEY PERFORMANCE INDICATORS

■ Target met
 ■ Target exceeded
 ■ Target not met



* The net financial liabilities ratio exceeds the target range when current assets are greater than total liabilities (and the ratio is negative)

** The interest coverage ratio exceeds the target range when interest revenue is greater than interest expense (and the ratio is negative)

3. STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME					
For the period ending 30 September 2020					
	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Recurrent revenue					
Rates charges	108,926	108,926	27,217	26,820	(397)
Levies and utility charges	160,082	160,082	38,487	37,564	(923)
Less: Pensioner remissions and rebates	(3,430)	(3,430)	(830)	(900)	(70)
Fees	13,554	13,554	3,611	3,917	306
Rental income	956	956	186	233	47
Interest received	2,999	2,999	750	510	(240)
Sales revenue	3,630	3,630	860	798	(62)
Other income	533	533	43	332	289
Grants, subsidies and contributions	14,896	17,545	2,552	2,646	94
Total recurrent revenue	302,146	304,795	72,876	71,920	(956)
Recurrent expenses					
Employee benefits	91,988	92,088	23,211	22,994	(217)
Materials and services	145,591	148,140	33,867	30,027	(3,840)
Finance costs	2,382	2,382	598	622	24
Depreciation and amortisation	64,938	64,938	16,284	15,848	(436)
Other expenditure	520	520	106	14	(92)
Net internal costs	(1,800)	(1,800)	(449)	(554)	(105)
Total recurrent expenses	303,619	306,268	73,617	68,951	(4,666)
OPERATING SURPLUS / (DEFICIT)	(1,473)	(1,473)	(741)	2,969	3,710
Capital revenue					
Grants, subsidies and contributions	25,922	32,449	5,674	4,217	(1,457)
Non-cash contributions	3,480	3,480	20	-	(20)
Total capital revenue	29,402	35,930	5,694	4,217	(1,477)
Capital expenses					
(Gain) / loss on disposal of non-current assets	289	289	72	(156)	(228)
Total capital expenses	289	289	72	(156)	(228)
TOTAL INCOME	331,548	340,725	78,570	76,137	(2,433)
TOTAL EXPENSES	303,908	306,557	73,689	68,795	(4,894)
NET RESULT	27,641	34,168	4,881	7,342	2,461
Other comprehensive income / (loss)					
Items that will not be reclassified to a net result					
Revaluation of property, plant and equipment	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	27,641	34,168	4,881	7,342	2,461

3. STATEMENT OF COMPREHENSIVE INCOME - CONTINUED

LEVIES AND UTILITY CHARGES ANALYSIS For the period ending 30 September 2020

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Levies and utility charges					
Refuse collection rate charge	29,127	29,127	7,223	7,277	54
SES separate charge	497	497	124	123	(1)
Environment separate charge	8,387	8,388	2,097	2,083	(14)
Separate charge landfill remediation	2,163	2,163	538	537	(1)
Wastewater charges	47,842	47,842	11,874	11,530	(344)
Water access charges	20,120	20,120	5,002	5,016	14
Water consumption charges	51,945	51,945	11,629	10,998	(631)
Total levies and utility charges	160,082	160,082	38,487	37,564	(923)

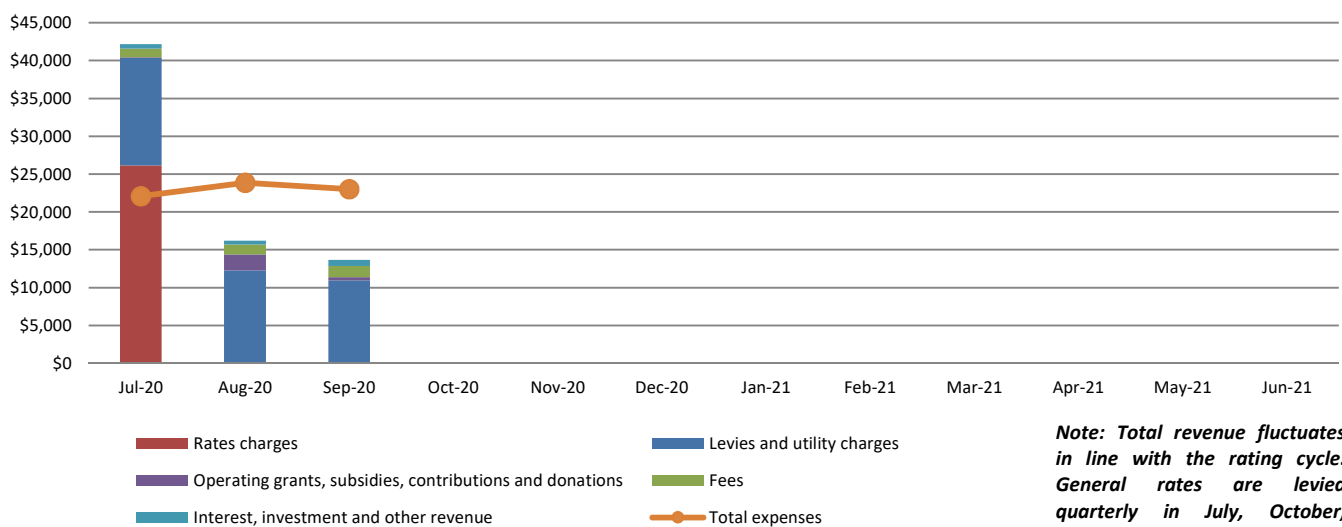
MATERIALS AND SERVICES ANALYSIS For the period ending 30 September 2020

	Annual	Annual	YTD	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000	Variance \$000
Materials and services					
Contractors	38,549	39,033	8,508	6,859	(1,649)
Consultants	2,813	3,283	635	316	(319)
Other Council outsourcing costs*	23,063	21,938	4,743	4,784	41
Purchase of materials	53,059	55,534	13,003	11,985	(1,018)
Office administration costs	11,685	11,748	2,861	2,547	(314)
Electricity charges	5,748	5,748	1,447	1,355	(92)
Plant operations	3,548	3,548	828	742	(86)
Information technology resources	3,067	3,284	814	653	(161)
General insurance	1,646	1,611	400	340	(60)
Community assistance**	1,777	1,777	475	298	(177)
Other material and service expenses	636	636	153	148	(5)
Total materials and services	145,591	148,140	33,867	30,027	(3,840)

* Other Council outsourcing costs are various outsourced costs including refuse collection and disposal, waste disposal, legal services, traffic control, external training, valuation fees, etc.

** Community assistance costs represent community related costs including community grants, exhibitions and awards, donations and sponsorships.

Actuals - Total Revenue and Expenses (\$000)



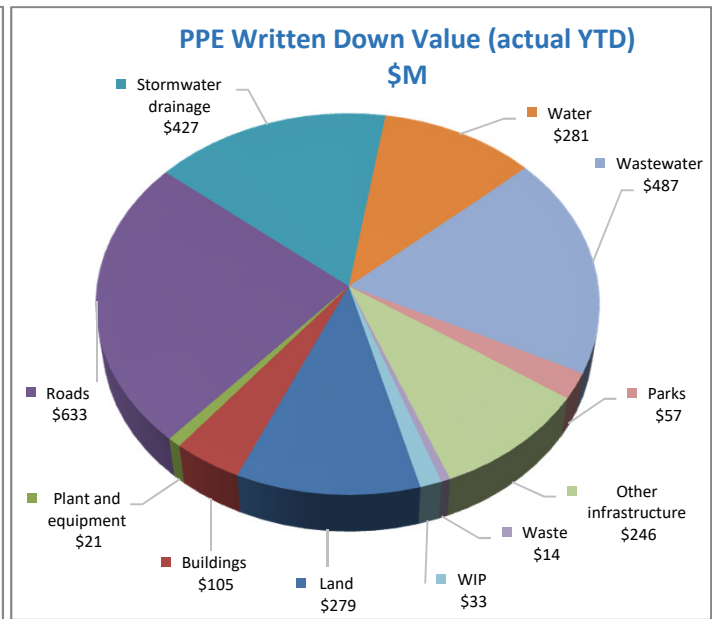
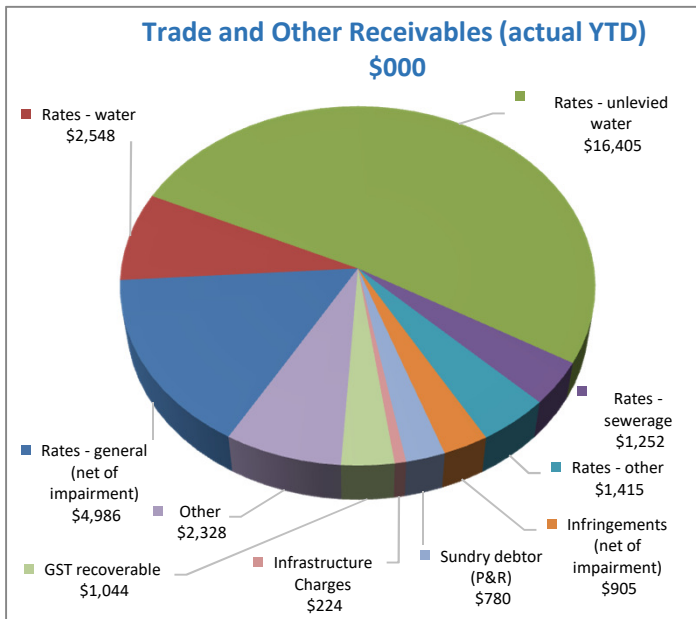
Note: Total revenue fluctuates in line with the rating cycle. General rates are levied quarterly in July, October, January and April.

4. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION As at 30 September 2020

	Annual	Annual	YTD	YTD
	Original Budget \$000	Revised Budget \$000	Revised Budget \$000	Actual \$000
CURRENT ASSETS				
Cash and cash equivalents	169,264	171,713	176,662	172,367
Trade and other receivables	45,924	45,900	41,447	31,887
Inventories	918	853	875	905
Non-current assets held for sale	-	118	118	-
Other current assets	1,955	2,956	2,956	3,394
Total current assets	218,061	221,539	222,058	208,553
NON-CURRENT ASSETS				
Investment property	1,091	1,225	1,225	1,225
Property, plant and equipment	2,572,288	2,617,957	2,583,631	2,582,593
Intangible assets	486	1,682	2,013	1,974
Right-of-use assets	5,919	5,911	6,772	6,772
Other financial assets	73	73	73	73
Investment in other entities	13,101	13,101	13,101	13,101
Total non-current assets	2,592,958	2,639,948	2,606,815	2,605,738
TOTAL ASSETS	2,811,018	2,861,487	2,828,873	2,814,291
CURRENT LIABILITIES				
Trade and other payables	28,839	41,895	46,642	24,592
Borrowings - current	6,361	8,326	8,326	8,326
Lease liability - current*	1,302	1,294	1,294	1,294
Provisions - current	10,769	12,188	13,857	14,399
Other current liabilities	-	1,960	2,251	6,745
Total current liabilities	47,271	65,663	72,370	55,356
NON-CURRENT LIABILITIES				
Borrowings - non-current	37,900	35,840	24,886	24,895
Lease liability - non-current*	5,481	5,481	6,400	6,363
Provisions - non-current	15,120	14,162	14,162	14,162
Total non-current liabilities	58,501	55,483	45,448	45,420
TOTAL LIABILITIES	105,772	121,146	117,818	100,776
NET COMMUNITY ASSETS	2,705,246	2,740,341	2,711,055	2,713,515
COMMUNITY EQUITY				
Asset revaluation surplus	1,008,120	1,035,840	1,035,840	1,035,840
Retained surplus	1,580,316	1,597,694	1,572,260	1,577,583
Constrained cash reserves	116,810	106,807	102,955	100,092
TOTAL COMMUNITY EQUITY	2,705,246	2,740,341	2,711,055	2,713,515

4. STATEMENT OF FINANCIAL POSITION - CONTINUED



RIGHT-OF-USE ASSETS For the period ending 30 September 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual Balance \$000
Right-of-use asset				
Buildings	2,780	2,697	3,161	3,167
Land	2,763	2,847	3,147	3,141
Plant and Equipment	376	367	464	464
Closing balance	5,919	5,911	6,772	6,772

PROPERTY, PLANT AND EQUIPMENT (PPE) MOVEMENT* For the period ending 30 September 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual Balance \$000
PPE movement				
Opening balance (includes WIP from previous years)	2,556,325	2,588,458	2,588,458	2,588,458
Acquisitions and WIP in year movement	81,096	94,632	11,065	9,578
Depreciation in year	(63,282)	(63,282)	(15,820)	(15,344)
Disposals	(1,851)	(1,851)	(72)	(99)
Closing balance	2,572,288	2,617,957	2,583,631	2,582,593

* This table includes movement relating to property, plant and equipment only and is exclusive of intangible assets.

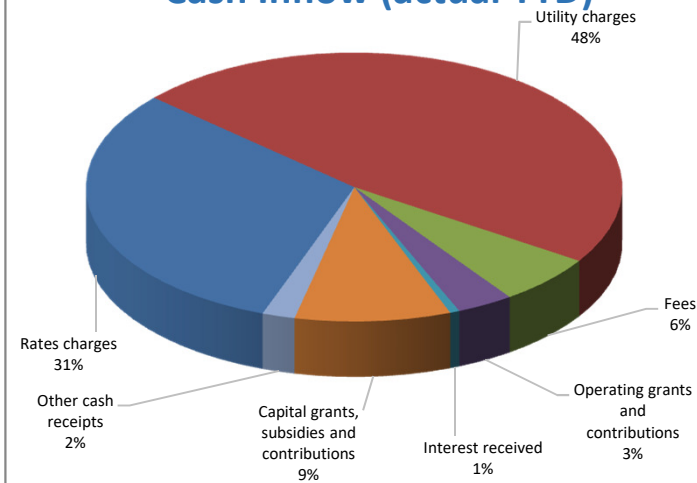
** Other adjustments include transfers between asset classes, revaluation adjustments, prior period adjustments and depreciation thereon.

5. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS For the period ending 30 September 2020

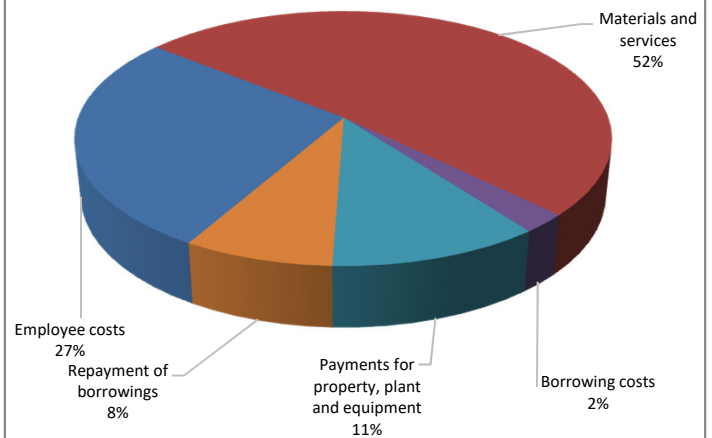
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	276,486	276,486	66,871	75,530
Payments to suppliers and employees	(239,435)	(242,084)	(53,052)	(68,997)
	37,051	34,402	13,819	6,533
Interest received	2,999	2,999	750	510
Rental income	956	956	186	233
Non-capital grants and contributions	14,483	17,132	2,502	3,013
Borrowing costs	(2,052)	(2,052)	(2,052)	(2,048)
Right-of-use assets interest expense	(144)	(144)	(37)	(36)
Net cash inflow / (outflow) from operating activities	53,294	53,294	15,168	8,205
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment	(77,614)	(91,150)	(11,046)	(9,579)
Proceeds from sale of property, plant and equipment	1,562	1,562	-	373
Capital grants, subsidies and contributions	25,922	34,149	7,375	8,248
Net cash inflow / (outflow) from investing activities	(50,131)	(55,439)	(3,671)	(958)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings	9,612	9,612	-	-
Repayment of borrowings	(6,361)	(6,361)	(6,361)	(6,369)
Right-of-use lease payment	(1,294)	(1,294)	(375)	(412)
Net cash inflow / (outflow) from financing activities	1,957	1,957	(6,736)	(6,781)
Net increase / (decrease) in cash held	5,120	(188)	4,761	466
Cash and cash equivalents at the beginning of the year	164,145	171,901	171,901	171,901
Cash and cash equivalents at the end of the financial year / period	169,264	171,713	176,662	172,367

Cash Inflow (actual YTD)



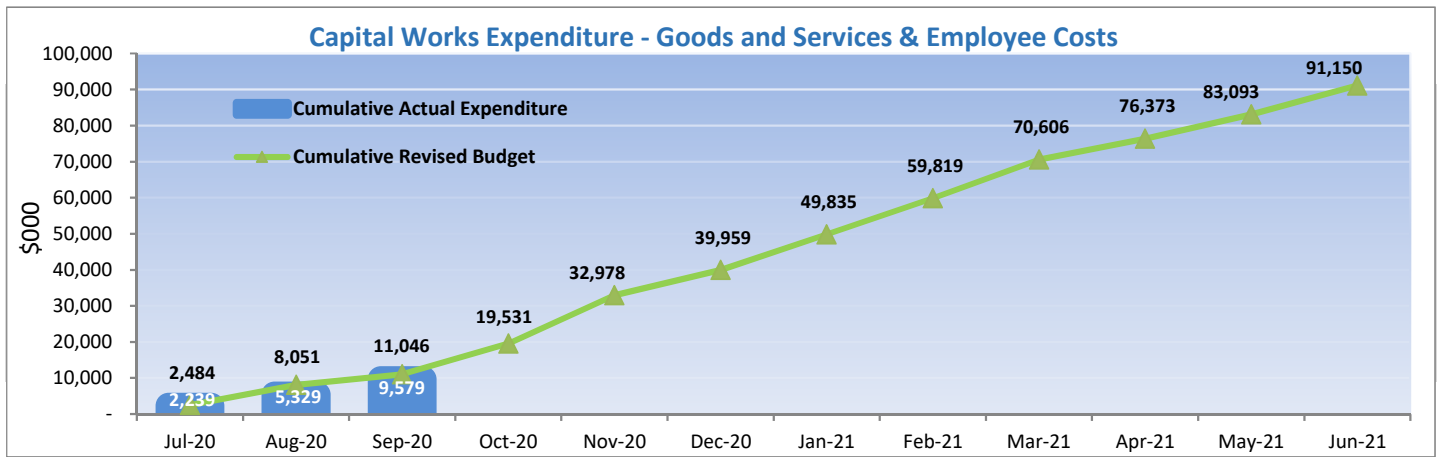
Total Cash Funding (Actual YTD)	87,907
Total Cash Funding (Annual Revised Budget)	342,897
% of Budget Achieved YTD	26%

Cash Outflow (actual YTD)



Total Cash Expenditure (Actual YTD)	87,441
Total Cash Expenditure (Annual Revised Budget)	343,085
% of Budget Achieved YTD	25%

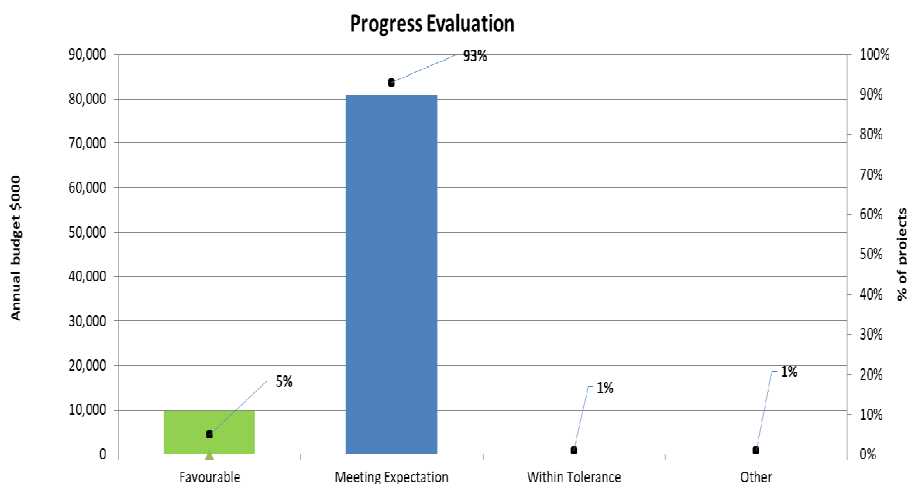
6. CAPITAL EXPENDITURE



	Annual Revised Budget \$'000	YTD Revised Budget \$'000	YTD Actual \$'000	YTD Variance \$'000
Capitalised goods and services	82,717	9,396	7,839	(1,557)
Capitalised employee costs	8,433	1,650	1,740	90
Total	91,150	11,046	9,579	(1,467)

7. PROGRAM AND PROJECT UPDATE

Favourable (budget under/schedule on track)	Meeting expectations (budget and schedule on track)	Within tolerance (either budget and schedule not on track)	Other (Schedule to be tracked)
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Programs and projects are what Council uses to introduce change to achieve corporate outcomes. They allow new infrastructure, products, systems, procedures and services to be delivered. Projects may be undertaken on a standalone basis or as part of a program. Programs and projects may span multiple financial years.

Council is currently progressing more than 100 programs and projects.

Notable Projects

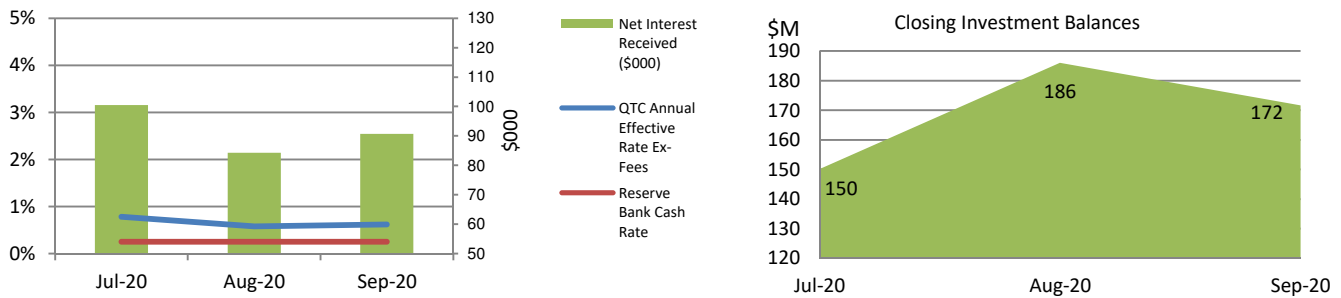
The status of two notable projects are as follows:

Project description	Progress
Osprey Nest Pole (Sam Sciacca Sportfield) - This project will construct new osprey nest pole; relocate existing nest from light pole to the new constructed nest pole and undertake any maintenance of the light pole as required.	Meeting Expectations
Open Space Asset Renewal Program - This program is mostly comprised of renewals of open space assets and some minor upgrade and expansion of open space assets.	Meeting Expectations

8. INVESTMENT & BORROWINGS REPORT

For the period ending 30 September 2020

INVESTMENT RETURNS - QUEENSLAND TREASURY CORPORATION (QTC)



Total Investment at End of Month was \$171.68M

All Council investments are currently held in the Capital Guaranteed Cash Fund, which is a fund operated by the Queensland Treasury Corporation (QTC).

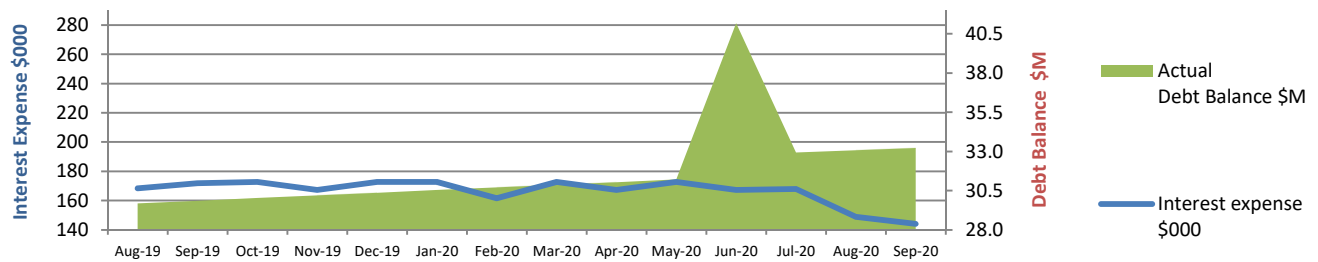
The movement in interest earned is indicative of both the interest rate and the surplus cash balances held, the latter of which is affected by business cash flow requirements on a monthly basis as well as the rating cycle.

Note: the Reserve Bank reduced the cash rate down to 0.25% during March 2020.

On a daily basis, cash surplus to requirements is deposited with QTC to earn higher interest as QTC is offering a higher rate than what is achieved from Council's transactional bank accounts. The current annual effective interest rate paid by QTC is 0.62%. Term deposit rates are being monitored to identify investment opportunities to ensure Council maximises its interest earnings.

Council adopted its Investment Policy (POL-3013) in June 2020 for the 2020/2021 financial year

BORROWINGS AND BORROWING COSTS (QTC)



The existing loan accounts were converted to fixed rate loans on 1 April 2016 following a QTC restructure of loans and policies. In line with Council's debt policy, debt repayment of \$8.42M, being \$6.37M principal and \$2.05M interest has been made *annually* for 2020/2021 which will result in the loans being repaid approximately one year earlier.

The debt balance shows a decrease as the Annual Debt Service Payment (ADSP) was made during July 2020. Interest will accrue monthly on a daily balance until next ADSP in July 2021 which is reflected in the increasing debt balance.

In June 2020 additional borrowings of \$9.80M were undertaken as part of Council's Capital Works Plan.

Total Borrowings at End of Month were \$33.22M

Council adopted its Debt Policy (POL-1838) in June 2020 for the 2020/2021 financial year

BORROWINGS For the period ending 30 September 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual Balance \$000
Borrowings				
Opening balance	(41,273)	(41,178)	(41,178)	(41,178)
Accrued interest on borrowings	(1,789)	(1,789)	(447)	(460)
Interest paid on borrowings	2,052	2,052	2,052	2,048
Principal repaid	6,361	6,361	6,361	6,369
Loan drawdown	(9,612)	(9,612)	-	-
Closing balance	(44,261)	(44,166)	(33,212)	(33,221)

9. CONSTRAINED CASH RESERVES

Reserves as at 30 September 2020	Purpose of reserve	Opening Balance \$000	To Reserve \$000	From Reserve \$000	Closing Balance \$000
Special Projects Reserve:					
Aquatic Paradise Revetment Wall Reserve	To fund Aquatic Paradise revetment wall works program	2	7	-	9
Weinam Creek Reserve	Maintenance and improvements associated with Weinam Creek projects	-	155	(155)	-
Waste Levy Reserve	To fund Waste Levy Program	-	1,084	(953)	131
Raby Bay Revetment Wall Reserve	To fund Raby Bay revetment wall works program	2,093	712	(147)	2,658
Fleet Plant & Capital Equipment Reserve	To support the long term fleet replacement program	2,536	888	(16)	3,408
		4,631	2,846	(1,271)	6,206
Constrained Works Reserve:					
Public Parks Trunk Infrastructure Reserve	Capital projects for public parks trunk infrastructure	6,662	785	(164)	7,283
Land for Community Facilities Trunk Infrastructure Reserve	Land for community facilities trunk infrastructure	3,086	28	-	3,114
Water Supply Trunk Infrastructure Reserve	Upgrade, expansion or new projects for water supply trunk infrastructure	14,626	40	-	14,666
Sewerage Trunk Infrastructure Reserve	Upgrade, expansion or new projects for sewerage trunk infrastructure	10,909	535	(1,092)	10,352
Local Roads Trunk Infrastructure Reserve	Capital projects for local roads trunk infrastructure	33,731	1,217	(345)	34,603
Cycleways Trunk Infrastructure Reserve	Capital projects for cycleways trunk infrastructure	11,923	420	(59)	12,284
Stormwater Trunk Infrastructure Reserve	Capital projects for stormwater trunk infrastructure	10,842	149	(851)	10,140
Tree Planting Reserve	Acquisition and planting of trees on footpaths	103	23	(3)	123
Koala Tree off-set Planting Reserve	Acquisition and planting of trees for koala habitat	12	-	(3)	9
		91,894	3,197	(2,517)	92,574
Separate Charge Reserve:					
Environment Charge Maintenance Reserve	Ongoing conservation and maintenance operations	-	2,091	(1,662)	429
SES Separate Charge Reserve	On-going costs of maintaining the Redland SES	38	123	(135)	26
		38	2,214	(1,797)	455
Special Charge Reserve - Canals:					
Aquatic Paradise Canal Reserve*	Maintenance and repairs of Aquatic Paradise canals	758	-	-	758
Sovereign Waters Lake Reserve*	Maintenance and repairs of Sovereign Lake	431	-	-	431
1718 Raby Bay Canal Reserve	Service, facility or activity of works in respect of the canals of the Raby Bay canal estate	219	-	-	219
1718 Aquatic Paradise Canal Reserve	Service, facility or activity of works in respect of the canals of the Aquatic Paradise canal estate	(495)	-	-	(495)
1718 Sovereign Waters Lake Reserve	Service, facility or activity of works in respect of the lake	(56)	-	-	(56)
		857	-	-	857
TOTALS		97,420	8,257	(5,585)	100,092
		Closing cash and cash equivalents		172,367	
		Reserves as percentage of cash balance		58%	

*No interest charged for these reserves September 2020 year to date due to low prevailing interest rate.

10. REDLAND WATER STATEMENTS

REDLAND WATER SUMMARY OPERATING STATEMENT For the period ending 30 September 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	122,970	122,970	29,311	28,370	(941)
Total expenses	71,469	71,469	17,691	16,958	(733)
Earnings before interest, tax and depreciation (EBITD)	51,501	51,501	11,620	11,412	(208)
External interest expense	71	71	18	28	10
Internal interest expense	10,621	10,621	2,655	2,655	-
Depreciation	24,142	24,142	6,035	5,997	(38)
Operating surplus / (deficit)	16,667	16,667	2,912	2,732	(180)

REDLAND WATER CAPITAL FUNDING STATEMENT For the period ending 30 September 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Capital contributions, donations, grants and subsidies	2,537	2,537	634	576	(58)
Net transfer (to) / from constrained capital reserves	(2,365)	(374)	(560)	516	1,076
Non-cash contributions	3,399	3,399	-	-	-
Funding from utility revenue	8,568	10,151	2,298	102	(2,196)
Total sources of capital funding	12,138	15,714	2,372	1,194	(1,178)
Contributed assets	3,399	3,399	-	-	-
Capitalised expenditure	8,258	11,833	2,252	659	(1,593)
Loan redemption	482	482	120	535	415
Total application of capital funds	12,138	15,714	2,372	1,194	(1,178)

11. REDWASTE STATEMENTS

REDWASTE OPERATING STATEMENT For the period ending 30 September 2020

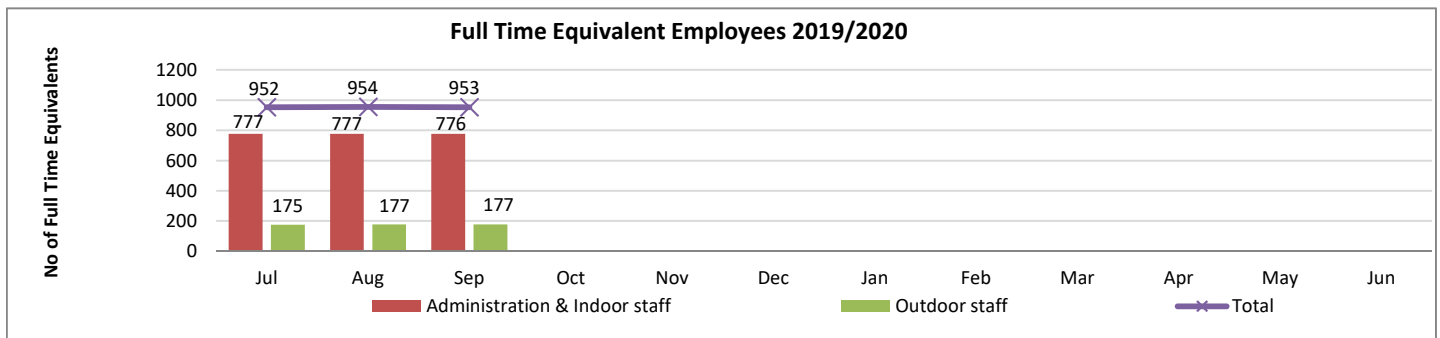
	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Total revenue	35,715	35,715	8,871	8,891	20
Total expenses	27,427	27,427	6,813	6,648	(165)
Earnings before interest, tax and depreciation (EBITD)	8,288	8,288	2,058	2,243	185
External interest expense	17	17	4	4	-
Depreciation	327	327	82	83	1
Operating surplus / (deficit)	7,943	7,943	1,972	2,156	184

REDWASTE CAPITAL FUNDING STATEMENT For the period ending 30 September 2020

	Annual Original Budget \$000	Annual Revised Budget \$000	YTD Revised Budget \$000	YTD Actual \$000	YTD Variance \$000
Non-cash contributions	-	-	-	-	-
Funding from utility revenue	924	2,729	1,251	355	(896)
Total sources of capital funding	924	2,729	1,251	355	(896)
Capitalised expenditure	779	2,584	1,128	243	(885)
Loan redemption	145	145	123	112	(11)
Total application of capital funds	924	2,729	1,251	355	(896)

12. APPENDIX: ADDITIONAL AND NON-FINANCIAL INFORMATION

Workforce Reporting



September 2020: Headcount	Employee Type			
Department Level	Casual	Full Time	Part Time	Total
Office of CEO and People and Culture	34	272	71	377
Organisational Services	6	35	7	48
Community and Customer Services	9	354	16	379
Infrastructure and Operations	7	209	18	234
Total	56	870	112	1,038

Note: Full Time Equivalent Employees includes all full time employees at a value of 1 and all other employees, at a value less than 1. The table above demonstrates the headcount by department. Following Ourspace, the table includes contract of service and temporary personnel. It includes casual staff in their non-substantive roles as at the end of the period where relevant.

Overdue Rates Debtors & Statistics

Days Overdue	Sep-20	% Overdue	Sep-19	% Overdue	\$ Variance	% Variance	Rates & Charges Statistics	September 2020	September 2019
0 - 30	\$1,266	0.0%	\$3,761	0.0%	-\$2,495	0.0%	Levied (Billed) Rates & Charges since 1 July 2020	\$70,903,107	\$66,540,321
31 - 60	\$4,279,772	5.1%	\$3,852,572	5.1%	\$427,200	0.0%	Rate arrears brought forward 1 July 2020	\$12,988,652	\$9,452,770
61 - 90	\$0	0.0%	\$2,266	0.0%	-\$2,266	0.0%	Total	\$83,891,759	\$75,993,091
91 - 180	\$2,023,956	2.4%	\$1,804,127	2.4%	\$219,829	0.0%	Balance of overdue rates & charges	\$10,367,504	\$9,181,429
>180	\$4,062,510	4.8%	\$3,518,703	4.6%	\$543,807	0.2%	% Overdue	12.3%	12.1%
Total	\$10,367,504	12.3%	\$9,181,429	12.1%	\$1,186,075	0.2%			

13. GLOSSARY

Key Terms

Written Down Value:

This is the value of an asset after accounting for depreciation or amortisation, and it is also called book value or net book value.

Work In Progress:

This represents an unfinished project that costs are still being added to. When a project is completed, the costs will be either capitalised (allocated to relevant asset class) or written off.

Definition of Ratios

Operating Surplus Ratio*:

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes

Net Operating Surplus

Total Operating Revenue

Asset Sustainability Ratio*:

This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate that its overall stock of assets is wearing out

Capital Expenditure on Replacement of Infrastructure Assets (Renewals)

Depreciation Expenditure on Infrastructure Assets

Net Financial Liabilities*:

This is an indicator of the extent to which the net financial liabilities of Council can be serviced by operating revenues

Total Liabilities - Current Assets

Total Operating Revenue

Level of Dependence on General Rate Revenue:

This ratio measures Council's reliance on operating revenue from general rates (excludes utility revenues)

General Rates - Pensioner Remissions

Total Operating Revenue - Gain on Sale of Developed Land

Current Ratio:

This measures the extent to which Council has liquid assets available to meet short term financial obligations

Current Assets

Current Liabilities

Debt Servicing Ratio:

This indicates Council's ability to meet current debt instalments with recurrent revenue

Interest Expense*** + Loan Redemption^

Total Operating Revenue - Gain on Sale of Developed Land

Cash Balance - \$M:

Cash balance includes cash on hand, cash at bank and other short term investments.

Cash Held at Period End

Cash Capacity in Months:

This provides an indication as to the number of months cash held at period end would cover operating cash outflows

Cash Held at Period End

[[Cash Operating Costs + Interest Expense] / Period in Year]

Longer Term Financial Stability - Debt to Asset Ratio:

This is total debt as a percentage of total assets, i.e. to what extent will our long term debt be covered by total assets

Current and Non-current Debt**

Total Assets

Operating Performance:

This ratio provides an indication of Council's cash flow capabilities

Net Cash from Operations + Interest Revenue and Expense

Cash Operating Revenue + Interest Revenue

Interest Coverage Ratio:

This ratio demonstrates the extent to which operating revenues are being used to meet the financing charges

Net Interest Expense on Debt Service***

Total Operating Revenue

* These targets are set to be achieved on average over the longer term and therefore are not necessarily expected to be met on a monthly basis.

** Debt includes lease liabilities.

*** Interest expense includes interest on leases.

^ Loan redemption includes lease redemption.