



MID-YEAR BUDGET REVIEW 2019/20

A smarter, faster, better Council

Townsville

TOWNSVILLE CITY COUNCIL

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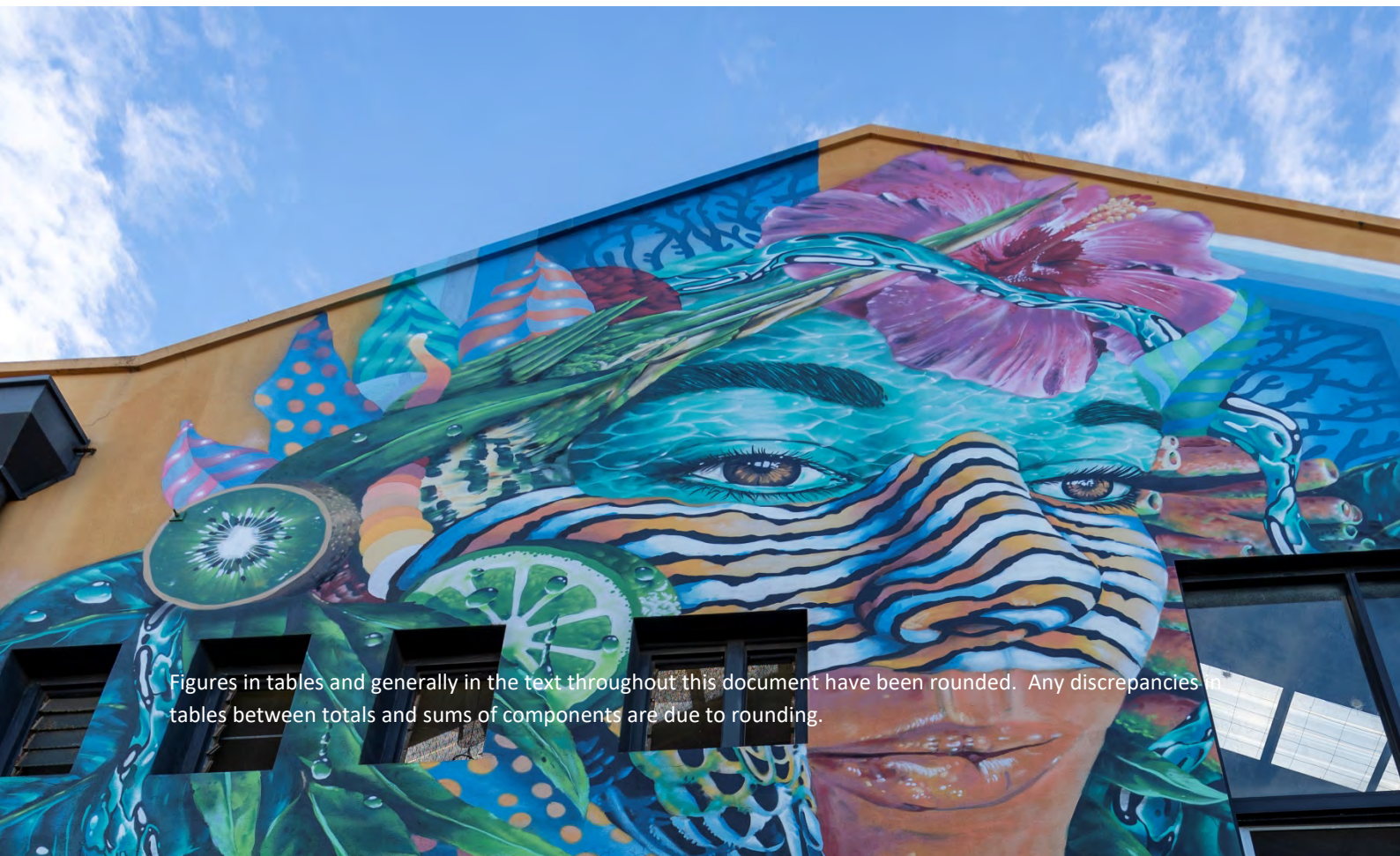
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MID-YEAR BUDGET REVIEW 2019/20

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Figures in tables and generally in the text throughout this document have been rounded. Any discrepancies in tables between totals and sums of components are due to rounding.

MAYOR'S MESSAGE

I am pleased to present Townsville City Council's mid-year review of the 2019/20 budget – keeping our community well informed.

The mid-year review continues to focus on rebuilding our infrastructure and our natural environment after the unprecedented weather event.

As a city we cannot afford to sit idle, which is why Council has allocated \$23 million for critical infrastructure such as the Southern Suburbs Rising Main and the Stuart Landfill Cells. Council is hopeful that the Queensland Reconstruction Authority will release funds for these projects along with other identified infrastructure submissions.



The mid-year review forecasts that Council will maintain its balanced budget with an operating surplus of \$3.2 million in 2019/20. Responsible financial management has allowed Council to invest heavily in community infrastructure while reducing our debt and keeping rate rises low at 2%.

Water Security is still a key priority for Council and throughout this budget projects such as the Townsville Water Pipeline Project, the Water Smart Package and Recycled Water Scheme will be delivered. Creating a water resilient city in the dry tropics is the key to responsible water management and the water re-use scheme will allow eligible facilities to tap into high quality treated recycled water for use on sporting fields, public spaces and for industrial use.

By operating as a smarter, faster and better Council we have been able to do the basics well while also focusing on major job-creating infrastructure projects through our \$431.1 million infrastructure investment over the 2019/20 year. The new year will see projects such as stage 1 of the 1.8m diameter water pipeline, the North Queensland Stadium and elements of the Waterfront Promenade come to life.

Townsville City Council is committed to building for our future, which is why we remain invested in providing projects that future proof our city. Over the last term Council has invested heavily in traditionally unseen infrastructure in underground utilities - the arteries of our city. The Southern Suburb Rising Main and the Howitt Street Pump Station will ensure long term resilience as Townsville grows.

I thank the Council and staff for their contribution to the first half of the 2019/20 financial year and look forward to continuing the good work.

A handwritten signature in black ink that reads "Jenny Hill".

Cr Jenny Hill
Mayor of Townsville

MID-YEAR BUDGET REVIEW 2019/20

BUILDING FOR OUR FUTURE

Townsville City Council has undertaken a mid-year budget review. This review provides an update of Council's financial position to the community following the 2019/20 adopted budget in June.

The primary driver of the mid-year review is to realign the budget to Council's operating and capital requirements.

The mid-year budget review is consistent with the Corporate Plan 2019-2024 and incorporates actual data to November 2019 plus forecast data for the remaining months of the 2019/20 financial year.

Council's financial policies, including rates and charges, were adopted in the 2019/20 budget. These policies remain unchanged as a result of the budget review. The below policies can be viewed on Townsville City Council's website:

- ▶ Revenue Statement
- ▶ Revenue Policy
- ▶ Debt Policy
- ▶ Investment Policy
- ▶ Pensioner Rates Concession Policy
- ▶ Charitable and Community Organisations Rates and Charges Concessions Policy.

Council is forecasting to deliver an operating surplus of \$3.2 million and a capital expenditure program of \$431.2 million. The main differences between Council's adopted budget and the mid-year review are included in pages 5 to 7. Council's budget has been included in the financial statements in Tables 1 through 11.



\$858.6m TOTAL BUDGET

Invested in infrastructure and operations.



\$3.2m OPERATING SURPLUS

(including \$2.7m non-cash depreciation savings).



3rd year CONSECUTIVE **BALANCED BUDGET & REDUCING DEBT**

Through 'smarter, faster, better' initiatives.



\$431.2m

INFRASTRUCTURE INVESTMENT

Capital investment in Townsville infrastructure.



2,990 JOBS FORECAST

Through capital investment – ensuring locals have the best opportunity to secure work.



RATES RELIEF

3-month rates extension for ratepayers affected by the monsoon event for the next six-monthly rates notice (issuing in January 2020).



DISASTER RECOVERY

Continuing to work with the Queensland and Australian Governments to build a resilient city following the 2019 monsoon event.

FIVE MINUTE MID-YEAR REVIEW

The five-minute mid-year review is designed to give a quick overview of the main differences between Council's adopted budget and the mid-year review for the 2019/20 financial year.

Operating Revenue \$430.6m



Disaster funding



\$3.8m

Funding to cover disaster management, emergency works and environmental recovery.



Insurance receipts



\$2.1m

Money received or expected from Council's insurer for damaged assets and lost revenue.

Operating Expenses \$427.4m



Culture and events



\$2.3m

Investment in community events including NAFA, HALO and Townsville Eats.



Environmental recovery



\$1.6m

Funded recovery works for our flood impacted riverways and coastal areas.



Landscaping



\$0.5m

Restore parks and gardens in the south-west sections of the city impacted by the monsoon event.



Water Production



\$0.5m

Costs associated with higher water usage.



Community Safety



\$0.2m

CCTV monitoring and CBD community response presence in addition to \$13.3m in the adopted budget.



Depreciation



\$2.7m

Change in consumption of assets following full asset valuation (non-cash).

FIVE MINUTE MID-YEAR REVIEW (continued)

Capital Revenue \$321.7m



Disaster Recovery



\$7.9m

Approved funding for roads, water and sewerage infrastructure.



NQ Stadium precinct



\$10.6m

Reid Park Bridge and stadium funding.



Monsoon works



\$23.0m

Critical infrastructure works funded by Council - awaiting disaster funding approval.

Capital Expenses \$431.2m



Disaster Recovery



\$7.1m

Approved funding for roads, water and sewerage infrastructure.



NQ Stadium precinct



\$12.2m

Reid Park Bridge, Footpath and Stadium Recycle Mains.



Other projects



\$6.8m

Council funded Civic Theatre and Riverway Arts Centre Non-Insured Works. Townsville Water Laboratory Building, Essential Water and Wastewater upgrades and Cape Cleveland culverts upgrades.

TABLE 1: STATEMENT OF INCOME AND EXPENDITURE (BUDGET COMPARISON)

	Adopted Budget	Mid-Year Review	Budget Movement
	2019/20	2019/20	2019/20
	\$'000	\$'000	\$'000
Revenue			
General rates	173,824	173,989	165
Utility charges	207,963	208,679	716
<i>Water</i>	99,297	100,013	716
<i>Wastewater</i>	87,537	87,537	-
<i>Refuse and recycling</i>	21,129	21,129	-
Discounts and concessions	(25,300)	(24,721)	579
Fees and charges	35,684	30,762	(4,922)
Interest received	5,578	4,837	(741)
Contributions from developers	278	116	(162)
Grants and subsidies	18,564	22,317	3,753
Other revenue	12,799	14,595	1,796
Total revenue	429,390	430,574	1,184
Expenses			
Employee costs	134,940	135,613	673
Materials and services	143,293	143,511	178
Depreciation and amortisation	127,709	125,042	(2,667)
Finance costs	21,719	21,719	-
Other expenses	1,294	1,472	178
Total expenses	428,955	427,357	(1,638)
Operating surplus/(deficit)	435	3,217	2,822
Operating surplus ratio	0.10%	0.7%	
Capital income			
Grants, subsidies, contributions and donations	321,830	321,709	(121)
Other capital income	-	1,000	1,000
Total capital income and expenses	321,830	322,709	879
Net result	322,265	325,926	3,701

FINANCIAL STATEMENTS

The following financial statements have been included pursuant to section 169 of the Local Government Regulation 2012:

Statement of Income and Expenditure

The income statement included in Table 2 is a financial statement that measures Council's financial performance over a specific accounting period.

Financial performance is assessed by giving a summary of how Council incurs its revenues and expenses through both operating and non-operating activities.

It also shows the net profit or loss incurred over a specific accounting period, typically over a fiscal year.

Statement of Financial Position

The Balance Sheet included in Table 3 is a financial statement that summarises Council's assets, liabilities and equity at a specific point in time.

It presents what the Council owns and owes, as well as the value of community equity utilised by Council.

Statement of Cash Flows

The Statement of Cash Flows included in Table 4 is a financial statement that provides an overview of the cash inflows and outflows of the local government, typically over a fiscal year.

Statement of Changes in Equity

The Statement of Changes in Equity included in Table 5 is a summary of the changes in equity of a local government that have occurred during a specific accounting period, typically over a fiscal year.

Statement of Business Activities

The Statement of Business Activities included in Table 6 summarises the activities of Council to which the competitive code of conduct applies. To these activities Council applies full cost pricing, identifying the cost of community service obligations and eliminating the advantages and disadvantages of public ownership within that activity.

TABLE 2: STATEMENT OF INCOME AND EXPENDITURE

	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000
Revenue			
General rates	173,989	179,025	184,525
Utility charges	208,679	218,870	225,569
<i>Water</i>	100,013	106,956	110,218
<i>Wastewater</i>	87,537	90,154	92,922
<i>Refuse and recycling</i>	21,129	21,761	22,429
Discounts and concessions	(24,721)	(25,542)	(25,779)
Fees and charges	30,762	31,221	31,790
Interest received	4,837	3,785	4,354
Contributions from developers	116	118	121
Grants and subsidies	22,317	10,324	10,622
Other revenue	14,595	13,414	13,876
Total revenue	430,574	431,215	445,077
Expenses			
Employee costs	135,613	136,761	140,194
Materials and services	143,511	138,979	143,348
Depreciation and amortisation	125,042	133,179	137,052
Finance costs	21,719	20,201	20,453
Other expenses	1,472	1,199	1,231
Total expenses	427,357	430,318	442,277
Operating surplus/(deficit)	3,217	896	2,799
Operating surplus ratio	0.7%	0.2%	0.6%
Capital income			
Grants, subsidies, contributions and donations	321,709	93,012	78,686
Other capital income	1,000	-	-
Total capital income and expenses	322,709	93,012	78,686
Net result	325,926	93,908	81,485

Pursuant to Section 169 (6) and (7) of the Local Government Regulation 2012
(noting the below changes do not reflect an adjustment to the rate in a dollar charged this financial year)

	18/19 - 19/20	19/20 - 20/21	20/21 - 21/22
Increase in rates and utility charges revenue before discounts and concessions (increases include average growth of 0.94% over the forecast period)	6.41%	3.98%	3.07%
Increase in rates and utility charges revenue after discounts and concessions (increases include average growth of 0.94% over the forecast period)	7.06%	4.02%	3.21%

TABLE 3: STATEMENT OF FINANCIAL POSITION

	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	86,781	99,057	104,619
Trade and other receivables	38,389	36,983	38,126
Inventories	1,759	1,759	1,759
Other assets	5,506	5,506	5,506
Total current assets	132,435	143,304	150,010
Non-current assets			
Trade and other receivables	1	1	-
Property, plant and equipment	5,245,373	5,319,926	5,364,095
Intangible assets	2,400	796	705
Other assets	2,750	2,750	2,750
Total non-current assets	5,250,524	5,323,473	5,367,551
Total assets	5,382,959	5,466,778	5,517,560
Current liabilities			
Trade and other payables	73,447	70,016	72,122
Borrowings	32,040	35,026	37,155
Provisions	21,267	21,398	20,495
Other current liabilities	384	384	384
Total current liabilities	127,138	126,824	130,156
Non-current liabilities			
Borrowings	336,608	326,621	289,466
Provisions	32,607	27,978	15,149
Other non-current liabilities	1,673	1,673	1,673
Total non-current liabilities	370,888	356,272	306,288
Total liabilities	498,026	483,096	436,444
Net community assets	4,884,933	4,983,681	5,081,117
Community equity			
Asset revaluation reserve	876,334	881,173	897,124
Retained surplus	4,008,599	4,102,508	4,183,993
Total community equity	4,884,933	4,983,681	5,081,117

TABLE 4: STATEMENT OF CASH FLOWS

	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers	424,450	425,536	438,586
Payment to suppliers and employees	(319,677)	(287,484)	(297,932)
Interest received	4,837	3,785	4,354
Borrowing costs	(20,523)	(19,118)	(17,927)
Net cash provided by operating activities	89,086	122,718	127,081
Cash flow from investing activities			
Payments for property, plant and equipment	(369,868)	(132,288)	(103,419)
Net movement in loans and advances	1	2,335	-
Proceeds from sale of property, plant and equipment	414	2,355	640
Grants, subsidies, contributions and donations	148,069	24,156	16,286
Net cash used in investing activities	(221,384)	(103,442)	(86,493)
Cash flows from financing activities			
Proceeds from borrowings	20,000	25,000	-
Repayment of borrowings	(29,602)	(32,000)	(35,026)
Net cash provided by financing activities	(9,602)	(7,000)	(35,026)
Net increase/(decrease) in cash held	(141,900)	12,276	5,562
Cash at beginning of reporting period	228,681	86,781	99,057
Cash at end of reporting period	86,781	99,057	104,619

TABLE 5: STATEMENT OF CHANGES IN EQUITY

	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000
Asset revaluation reserve			
Opening balance	876,334	876,334	881,173
Increase in asset revaluation reserve	-	4,839	15,951
Closing balance	876,334	881,173	897,124
Retained surplus			
Opening balance	3,805,920	4,008,599	4,102,508
Adjustment on initial application of AASB 15, AASB 1058 and AASB 16	(123,247)	-	-
Net result for the period	325,926	93,908	81,485
Closing balance	4,008,599	4,102,508	4,183,993
Total community equity	4,884,933	4,983,681	5,081,117

TABLE 6: STATEMENT OF BUSINESS ACTIVITIES

Account classification	Townsville Water 2019/20 \$'000	Townsville Waste 2019/20 \$'000	Performing Arts 2019/20 \$'000
Operating revenue			
Utility charges	202,527	21,293	-
Less discount and concessions	(2,420)	(235)	-
Fees and charges	2,786	23,862	789
Income from investments and financing	966	133	-
National Competition Policy revenue / recovery	-	-	-
Grants and subsidies	4,216	3,749	-
Other revenue	8,225	-	144
Total operating revenue	227,879	50,872	2,459
Operating expenses			
Employee costs	20,807	7,825	3,399
Materials and services	59,047	22,635	8,652
Finance costs	16,495	532	-
Depreciation and amortisation	44,667	4,873	49
National Competition Policy expense / charges	548	350	-
Other expenses	191	167	-
Total operating expenses	141,755	36,382	12,100
Operating surplus / (deficit) before income tax	86,124	14,490	(9,641)
Income tax	26,014	3,633	-
Operating surplus / (deficit)	60,111	10,857	(9,641)
Capital income			
Contributions capital	3,716	-	-
Contributions non-cash capital	22,782	-	-
Grants and subsidies capital	137,340	-	-
Total capital income	163,839	-	-
Net result	223,950	10,857	(9,641)
Capital works			
Capital works	201,814	14,988	-
Restoration and rehabilitation work	-	750	-
Donated assets	22,782	-	-
Total capital works	224,596	15,738	-

TABLE 6: STATEMENT OF BUSINESS ACTIVITIES (continued)

Account classification	Townsville Water 2019/20 \$'000	Townsville Waste 2019/20 \$'000	Performing Arts 2019/20 \$'000
Operating revenue			
Services provided to local government (LG)	27,525	8,036	-
Services provided to clients other than LG	196,746	39,306	2,459
Community service obligation	3,608	3,530	-
Total operating revenue	227,879	50,872	2,459
Operating expenses	141,755	36,382	12,100
Other capital amounts	163,839	-	-
Net result before tax	249,963	14,490	(9,641)
Income tax	26,014	3,633	-
Net result after tax	223,950	10,857	(9,641)

Community service obligations	Townsville Water 2019/20 \$'000	Townsville Waste 2019/20 \$'000
Concessions on Wastewater Utility Charges	602	-
Concessions on Water Utility Charges	2,998	-
Arcadia Surf Life Saving Club (Sewerage Pump Out)	8	-
Concessions on landfill fees for charity organisations	-	73
Costs of provision of dead animal collection services	-	32
Costs of provision of infirmed services	-	39
Clean-up Australia Day	-	1
Free Dump Weekend November	-	170
Community Clean Up Events	-	15
Stadium Remediation Works	-	3,200
Concessions on Wastewater Utility Charges	602	-
Total community service obligations	3,608	3,530

LONG-TERM FINANCIAL FORECAST

The Long-term Financial Forecast allows Council to understand the future financial commitments for infrastructure assets and to develop strategies that address key strategic issues.

These long-term forecasts inform Council's approach to service provision and service levels, how Council manages its debt, and from where Council sources its revenue, including how it will apply rates.

All these factors assist Council to understand what its future commitments are in order to prepare the budget.

The following reports are required under section 171 of the Local Government Regulation 2012:

- ▶ Income and expenditure of Council (Table 7: Statement of Income and Expenditure)
- ▶ Value of assets, liabilities and equity of Council (Table 8: Statement of Financial Position)

MEASURES OF SUSTAINABILITY

Measures of Financial Sustainability are required under section 169 of the Local Government Regulation 2012.

Table 11 indicates the relevant measures of financial sustainability as well as identified target ranges as described in the *Financial Management (Sustainability) Guideline 2013*. In addition, it outlines Council's performance against each of the measures over the forecast period.

Operating Surplus Ratio

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

A positive ratio indicates that surplus revenue is available. This may be used to support the funding of capital expenditure or used to offset past or future operating deficits. If the surplus is not required for this purpose in a particular year, it can be held to support future capital expenditure funding as a financial asset, used to offset past deficit funding or, used to reduce current debt levels.

Net Financial Liability Ratio

This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues. A ratio greater than zero (positive) indicates that total financial liabilities exceed assets.

These net financial liabilities must be serviced using available operating revenues. A positive value less than 60 per cent indicates Council has the capacity to fund the financial liabilities and appears to have the capacity to increase its loan borrowings if required.

A positive value greater than 60 per cent indicates Council has limited capacity to increase its loan borrowings.

Asset Sustainability Ratio

This approximates the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their service potential.

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.

TABLE 7: STATEMENT OF INCOME AND EXPENDITURE (LONG TERM)

	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000
Revenue										
General rates	173,989	179,025	184,525	190,571	197,009	203,865	211,169	218,949	227,240	236,077
Utility charges	208,679	218,870	225,569	232,925	240,755	249,088	257,961	267,409	277,472	288,312
<i>Water</i>	100,013	106,956	110,218	113,796	117,603	121,652	125,961	130,547	135,430	140,749
<i>Wastewater</i>	87,537	90,154	92,922	95,966	99,206	102,658	106,334	110,250	114,423	118,871
<i>Refuse & recycling</i>	21,129	21,761	22,429	23,163	23,946	24,779	25,666	26,611	27,619	28,692
Discounts and concessions	(24,721)	(25,542)	(25,779)	(26,023)	(26,276)	(26,540)	(26,812)	(27,096)	(27,389)	(27,693)
Fees and charges	30,762	31,221	31,790	32,372	32,969	33,581	34,207	34,849	35,507	36,180
Interest received	4,837	3,785	4,354	4,444	4,690	4,822	4,950	4,950	4,601	5,057
Contributions from developers	116	118	121	123	125	127	129	132	134	136
Grants and subsidies	22,317	10,324	10,622	10,924	11,230	11,542	11,861	12,190	12,528	12,874
Other revenue	14,595	13,414	13,876	14,344	14,753	15,279	15,840	16,078	16,414	16,728
Total revenue	430,574	431,215	445,077	459,679	475,256	491,764	509,306	527,462	546,506	567,671
Expenses										
Employee costs	135,613	136,761	140,194	143,855	147,613	151,469	155,579	159,802	164,139	168,761
Materials and services	143,511	138,979	143,348	149,154	154,717	160,815	168,319	175,730	183,452	191,435
Depreciation and amortisation	125,042	133,179	137,052	144,214	143,551	143,979	150,026	157,062	162,807	163,148
Finance costs	21,719	20,201	20,453	18,248	15,959	14,185	13,333	12,326	10,701	9,772
Other expenses	1,472	1,199	1,231	1,266	1,305	1,344	1,387	1,432	1,480	1,530
Total expenses	427,357	430,318	442,277	456,737	463,144	471,792	488,645	506,352	522,579	534,646
Operating surplus/(deficit)	3,217	896	2,799	2,941	12,112	19,972	20,661	21,109	23,926	33,024
Operating surplus ratio	0.7%	0.2%	0.6%	0.6%	2.5%	4.1%	4.1%	4.0%	4.4%	5.8%
Capital income										
Grants, subsidies, contributions and donations	321,709	93,012	78,686	138,516	113,156	125,093	195,745	157,123	155,480	163,308
Other capital income	1,000	-	-	-	-	-	-	-	-	-
Total capital income and expenses	322,709	93,012	78,686	138,516	113,156	125,093	195,745	157,123	155,480	163,308
Net result	325,926	93,908	81,485	141,457	125,268	145,065	216,406	178,232	179,406	196,332

TABLE 8: STATEMENT OF FINANCIAL POSITION (LONG TERM)

	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000
Current assets										
Cash and cash equivalents	86,781	99,057	104,619	108,567	119,891	129,590	128,282	111,538	118,158	122,392
Trade and other receivables	38,389	36,983	38,126	39,372	40,576	42,092	43,586	45,138	46,669	48,569
Inventories	1,759	1,759	1,759	1,759	1,759	1,759	1,759	1,759	1,759	1,759
Other current assets	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506	5,506
Total current assets	132,435	143,304	150,010	155,203	167,731	178,946	179,133	163,940	172,091	178,225
Non-current assets										
Trade and other receivables	1	1	-	-	-	-	-	-	-	-
Property, plant and equipment	5,245,373	5,319,926	5,364,095	5,477,983	5,579,837	5,748,632	5,975,902	6,161,464	6,346,383	6,524,920
Intangible assets	2,400	796	705	681	659	637	615	593	571	548
Other non-current assets	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Total non-current assets	5,250,524	5,323,473	5,367,551	5,481,415	5,583,247	5,752,020	5,979,267	6,164,808	6,349,705	6,528,220
Total assets	5,382,959	5,466,778	5,517,560	5,636,618	5,750,979	5,930,966	6,158,400	6,328,748	6,521,796	6,706,445
Current liabilities										
Trade and other payables	73,447	70,016	72,122	74,795	77,180	80,203	83,576	86,933	90,174	94,045
Borrowings	32,040	35,026	37,155	35,105	26,914	29,234	31,616	28,992	31,345	28,942
Provisions	21,267	21,398	20,495	22,352	25,598	27,899	29,615	31,488	32,765	32,996
Other current liabilities	384	384	384	384	384	384	384	384	384	384
Total current liabilities	127,138	126,824	130,156	132,636	130,077	137,719	145,191	147,798	154,668	156,367
Non-current liabilities										
Borrowings	336,608	326,621	289,466	254,362	227,448	218,245	206,661	177,668	166,355	137,413
Provisions	32,607	27,978	15,149	15,792	23,221	26,030	25,986	26,712	24,522	17,231
Other non-current liabilities	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673
Total non-current liabilities	370,888	356,272	306,288	271,826	252,341	245,948	234,320	206,053	192,550	156,317
Total liabilities	498,026	483,096	436,444	404,462	382,418	383,667	379,511	353,851	347,218	312,684
Net community assets	4,884,933	4,983,681	5,081,117	5,232,156	5,368,560	5,547,299	5,778,889	5,974,898	6,174,578	6,393,761
Community equity										
Asset revaluation reserve	876,334	881,173	897,124	906,705	917,842	951,516	966,700	984,477	1,004,751	1,027,601
Retained surplus	4,008,599	4,102,508	4,183,993	4,325,451	4,450,718	4,595,783	4,812,189	4,990,421	5,169,827	5,366,160
Total community equity	4,884,933	4,983,681	5,081,117	5,232,156	5,368,560	5,547,299	5,778,889	5,974,898	6,174,578	6,393,761

TABLE 9: STATEMENT OF CASH FLOWS (LONG TERM)

	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000
Cash flows from operating activities										
Receipts from customers	424,450	425,536	438,586	452,963	468,303	484,333	501,732	519,789	539,161	559,457
Payment to suppliers and employees	(319,677)	(287,484)	(297,932)	(290,603)	(300,041)	(309,430)	(321,635)	(332,365)	(348,056)	(366,184)
Interest received	4,837	3,785	4,354	4,444	4,690	4,822	4,950	4,950	4,601	5,057
Borrowing costs	(20,523)	(19,118)	(17,927)	(15,722)	(13,433)	(11,659)	(10,807)	(9,800)	(8,175)	(7,246)
Net cash provided by operating activities	89,086	122,718	127,081	151,083	159,519	168,066	174,239	182,574	187,531	191,084
Cash flow from investing activities										
Payments for property, plant and equipment	(369,868)	(132,288)	(103,419)	(130,752)	(139,375)	(201,726)	(232,824)	(208,917)	(209,676)	(204,257)
Net movement in loans and advances	1	2,335	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment	414	2,355	640	659	1,011	844	2,203	649	803	1,206
Grants, subsidies, contributions and donations	148,069	24,156	16,286	20,112	25,274	49,397	64,277	40,565	36,923	47,546
Net cash used in investing activities	(221,384)	(103,442)	(86,493)	(109,981)	(113,090)	(151,485)	(166,344)	(167,703)	(171,950)	(155,505)
Cash flows from financing activities										
Proceeds from borrowings	20,000	25,000	-	-	-	20,000	20,000	-	20,000	-
Repayment of borrowings	(29,602)	(32,000)	(35,026)	(37,155)	(35,105)	(26,883)	(29,202)	(31,616)	(28,961)	(31,345)
Net cash provided by financing activities	(9,602)	(7,000)	(35,026)	(37,155)	(35,105)	(6,883)	(9,202)	(31,616)	(8,961)	(31,345)
Net increase/(decrease) in cash held	(141,900)	12,276	5,562	3,947	11,324	9,698	(1,307)	(16,745)	6,620	4,235
Cash at beginning of reporting period	228,681	86,781	99,057	104,619	108,567	119,891	129,590	128,282	111,538	118,158
Cash at end of reporting period	86,781	99,057	104,619	108,567	119,891	129,590	128,282	111,538	118,158	122,392

TABLE 10: STATEMENT OF CHANGES IN EQUITY (LONG TERM)

	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000
Asset revaluation reserve										
Opening balance	876,334	876,334	881,173	897,124	906,705	917,842	951,516	966,700	984,477	1,004,751
Increase in asset revaluation reserve	-	4,839	15,951	9,581	11,137	33,674	15,184	17,777	20,274	22,850
Closing balance	876,334	881,173	897,124	906,705	917,842	951,516	966,700	984,477	1,004,751	1,027,601
Retained surplus										
Opening balance	3,805,920	4,008,599	4,102,508	4,183,993	4,325,451	4,450,718	4,595,783	4,812,189	4,990,421	5,169,827
Adjustment on initial application of AASB 15, AASB 1058 and AASB 16	(123,247)	-	-	-	-	-	-	-	-	-
Net result for the period	325,926	93,908	81,485	141,457	125,268	145,065	216,406	178,232	179,406	196,332
Closing balance	4,008,599	4,102,508	4,183,993	4,325,451	4,450,718	4,595,783	4,812,189	4,990,421	5,169,827	5,366,160
Total community equity	4,884,933	4,983,681	5,081,117	5,232,156	5,368,560	5,547,299	5,778,889	5,974,898	6,174,578	6,393,761

TABLE 11: MEASURES OF FINANCIAL SUSTAINABILITY

	Target Ratio	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating surplus ratio (Net operating surplus / Total operating revenue)	0% - 10%	0.7%	0.2%	0.6%	0.6%	2.5%	4.1%	4.1%	4.0%	4.4%	5.8%
Net financial liability ratio (Total liabilities - Current assets) / Total operating revenue	<60%	84.9%	78.8%	64.3%	54.2%	45.2%	41.6%	39.3%	36.0%	32.0%	23.7%
Asset sustainability ratio (Capital expenditure on the replacement of assets (renewals) / Depreciation)	>90%	85.3%	69.4%	62.8%	58.7%	67.4%	84.3%	88.1%	84.8%	77.1%	77.3%

