



TOWNSVILLE CITY COUNCIL

MID-YEAR BUDGET REVIEW 22/23

TOWNSVILLE.QLD.GOV.AU



OUR VISION

A globally connected community
driven by lifestyle and nature

OUR PURPOSE






Grow Townsville

OUR MISSION

Add 6,400 new jobs by 2026



CONTACT US

 103 Walker Street, Townsville City
 PO Box 1268, Townsville QLD 4810
 13 48 10
 enquiries@townsville.qld.gov.au
 townsville.qld.gov.au

ACKNOWLEDGEMENT OF COUNTRY

The Townsville City Council acknowledges the Wulgurukaba of Gurambilbarra and Yunbenun, Bindal, Gugu Badhun and Nywaigi as the Traditional Owners of this land. We pay our respects to their cultures, their ancestors and their Elders - past and present – and all future generations.

Townsville City Council is a proud White Ribbon accredited organisation.














Table 1 - Statement of Income and Expenditure (budget comparison)

	Adopted Budget 2022/23 \$'000	Mid-Year Budget Review 2022/23 \$'000	Movement 2022/23 \$'000
Revenue			
General rates	197,988	197,988	-
Utility charges	224,571	221,684	(2,887)
<i>Water</i>	104,985	102,961	(2,024)
<i>Wastewater</i>	92,687	92,687	-
<i>Refuse and recycling</i>	26,899	26,036	(863)
Discounts and concessions	(23,299)	(23,299)	-
Fees and charges	33,575	34,258	683
Interest received	3,147	6,722	3,575
Contributions from developers	300	300	-
Grants and subsidies	10,267	10,711	444
Other revenue	11,381	10,900	(481)
Total revenue	457,930	459,264	1,334
Expenses			
Employee costs	149,053	151,018	(1,965)
Materials and services	160,579	161,583	(1,004)
Depreciation and amortisation	129,550	129,550	-
Finance costs	19,114	19,630	(516)
Other expenses	464	464	-
Total expenses	458,760	462,245	(3,485)
Operating surplus/(deficit)	(830)	(2,981)	(2,151)
Operating surplus ratio	(0.18%)	(0.65%)	(0.47%)
Capital income			
Grants, subsidies, contributions and donations	270,577	241,214	(29,363)*
Total capital income	270,577	241,214	(29,363)
Net result	269,747	238,233	(31,514)













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.

* Timing of grant funding in line with project expenditure.

Operating Budget Summary Mid-Year Budget Review

2022/23 Budget Operating Revenue					
	General Rates	\$198.0m		Grants and Subsidies	\$10.7m
	Utility Charges	\$221.7m		Other Revenue	\$10.9m
	Discounts and Concessions	(\$23.3m)		Interest Received	\$6.7m
	Fees and Charges	\$34.3m		Contribution from Developers	\$0.3m
Total Operating Revenue \$459.3m					
2022/23 Budget Operating Expenditure					
	Workforce Costs	\$151.0m		Finance Costs	\$19.6m
	Materials and Services	\$161.6m		Other Expenses	\$0.5m
	Depreciation and Amortisation	\$129.5m			
Total Operating Expenditure \$462.2m					
Operating Deficit \$2.9m					

Capital Budget Summary Mid-Year Budget Review

2022/23 Budget Capital Revenue					
	Grants, Donations and Contributions				\$241.2m
Total Capital Revenue \$241.2m					
2022/23 Budget Capital Expenditure					
	Water Services	\$205.2m		Resource Recovery	\$12.2m
	Roads and Transport Management	\$72.4m		Fleet	\$12.7m
	Wastewater Services	\$55.8m		Drain and Stormwater Management	\$8.9m
	Donated Assets	\$36.5m		Information Communication Technology	\$3.2m
	Parks and Open Space Management	\$22.9m		Cultural and Community Services	\$0.7m
	Buildings and Facilities	\$23.4m			
Total Capital Expenditure \$453.9m					

OUR BUDGET



Overview

The 2022/23 mid-year budget review has been prepared in accordance with the Local Government Regulation 2012. It remains consistent with Townsville 2021-2026 (5-year Corporate Plan) and the Operational Plan 2022/23.

Table 2 - Statement of Income and Expenditure

	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000
Revenue			
General rates	197,988	208,039	218,064
Utility charges	221,684	230,891	256,385
<i>Water</i>	102,961	109,114	126,286
<i>Wastewater</i>	92,687	94,450	96,245
<i>Refuse and recycling</i>	26,036	27,327	33,854
Discounts and concessions	(23,299)	(24,587)	(26,428)
Fees and charges	34,258	38,051	39,946
Interest received	6,722	4,632	5,030
Contributions from developers	300	318	334
Grants and subsidies	10,711	8,640	10,270
Other revenue	10,900	11,227	15,177
Total revenue	459,264	477,211	518,778
Expenses			
Employee costs	151,018	155,855	161,567
Materials and services	161,583	164,414	183,460
Depreciation and amortisation	129,550	134,372	144,944
Finance costs	19,630	18,914	16,845
Other expenses	464	478	490
Total expenses	462,245	474,033	507,306
Operating surplus/(deficit)	(2,981)	3,178	11,472
Operating surplus ratio	(0.65%)	0.67%	2.21%
Capital income			
Grants, subsidies, contributions and donations	241,214	217,859	153,448
Total capital income	241,214	217,859	153,448
Net result	238,233	221,037	164,920

Table 3 - Statement of Financial Position

	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Current assets			
Unrestricted cash and cash equivalents	59,327	103,704	109,383
Externally restricted cash	31,456	10,556	4,875
Contract Assets	56,352	-	-
Receivables	49,233	51,280	55,693
Inventories	2,395	2,395	2,395
Other assets	5,239	5,239	5,239
Total current assets	204,002	173,174	177,585
Non-current assets			
Property, plant and equipment	5,977,343	6,175,221	6,312,285
Right of use assets	7,390	5,856	4,375
Intangible assets	2,579	1,326	1,304
Other assets	3,124	3,124	3,124
Total non-current assets	5,990,436	6,185,527	6,321,088
Total assets	6,194,438	6,358,701	6,498,673
Current liabilities			
Payables	107,281	108,623	116,657
Contract liabilities	20,900	5,681	4,875
Borrowings	43,813	35,817	37,621
Lease liabilities	1,867	1,723	1,619
Provisions	17,063	17,352	17,706
Other current liabilities	-	-	-
Total current liabilities	190,924	169,196	178,478
Non-current liabilities			
Contract liabilities	10,556	4,875	-
Borrowings	375,014	339,197	301,576
Lease liabilities	5,484	3,761	2,142
Provisions	30,867	28,981	29,780
Other non-current liabilities	1,523	1,523	1,523
Total non-current liabilities	423,444	378,337	335,021
Total liabilities	614,368	547,533	513,499
Net community assets	5,580,070	5,811,168	5,985,174
Community equity			
Asset revaluation reserve	1,306,279	1,316,340	1,325,426
Retained surplus	4,273,791	4,494,828	4,659,748
Total community equity	5,580,070	5,811,168	5,985,174

Table 4 - Statement of Cash Flows

	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Cash flows from operating activities			
Receipts from customers	449,938	470,533	509,335
Payments to suppliers and employees	(313,678)	(330,715)	(343,076)
Interest received	6,722	4,632	5,030
Borrowing costs	(18,564)	(17,848)	(15,779)
Net cash provided by operating activities	124,418	126,602	155,510
Cash flow from investing activities			
Payments for property, plant and equipment	(413,106)	(218,044)	(205,080)
Net movement in loans and advances	300	-	-
Proceeds from sale of property, plant and equipment	595	1,107	1,140
Grants, subsidies, contributions and donations	148,185	159,492	85,968
Net cash used in investing activities	(264,026)	(57,445)	(117,972)
Cash flows from financing activities			
Proceeds from borrowings	45,000	-	-
Repayment of borrowings	(44,096)	(43,813)	(35,817)
Repayment of leases	(3,198)	(1,867)	(1,723)
Net cash provided by financing activities	(2,294)	(45,680)	(37,540)
Net increase/(decrease) in cash held	(141,902)	23,477	(2)
Cash at beginning of reporting period	232,685	90,783	114,260
Cash at end of reporting period	90,783	114,260	114,258

Table 5 - Statement of Changes in Equity

	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Asset revaluation reserve			
Opening balance	1,306,272	1,306,279	1,316,340
Increase in asset revaluation reserve	7	10,061	9,086
Closing balance	1,306,279	1,316,340	1,325,426
Retained surplus			
Opening balance	4,035,558	4,273,791	4,494,828
Net result for the period	238,233	221,037	164,920
Closing balance	4,273,791	4,494,828	4,659,748
Total community equity	5,580,070	5,811,168	5,985,174

Table 6 - Statement of Business Activities

Account Classification	Townsville Water 2022/23 \$'000	Townsville Waste 2022/23 \$'000
Revenue		
Utility charges	211,373	26,330
Discount and concessions	(3,147)	-
Fees and charges	4,495	28,931
Interest received	727	-
National Competition Policy revenue/recovery	4,021	584
Grants and subsidies	-	-
Other revenue	17,834	2,360
Total revenue	235,303	58,205
Operating expenses		
Employee costs	22,626	8,750
Materials and services	71,422	37,728
Finance costs	13,329	1,062
Depreciation and amortisation	45,103	3,332
National Competition Policy expense/charges	586	366
Other expenses	-	-
Total operating expenses	153,066	51,238
Operating surplus/(deficit) before income tax and capital items	82,237	6,967
Income tax	20,363	3,327
Operating surplus/(deficit) before capital items	61,874	3,640
Capital income		
Capital contributions	8,301	-
Capital non-cash contributions	13,613	-
Capital grants and subsidies	147,191	1,008
Total capital income	169,105	1,008
Net result	230,979	4,648
Capital works		
Capital works	261,041	9,177
Restoration and rehabilitation work	-	3,021
Donated assets	13,613	-
Total capital works	274,654	12,198

Table 6 - Statement of Business Activities (continued)

Account Classification	Townsville Water 2022/23 \$'000	Townsville Waste 2022/23 \$'000
Revenue		
Services provided to local government	35,932	15,175
Services provided to clients other than local government	196,224	42,672
Community service obligations	3,147	358
Total revenue	235,303	58,205
Expenses	153,066	51,238
Other capital income	169,105	1,008
Net result before tax	251,342	7,975
Income tax	20,363	3,327
Net result after tax	230,979	4,648

Table 7 - Community Service Obligations

Community Service Obligations	Townsville Water 2022/23 \$'000	Townsville Waste 2022/23 \$'000
Concessions on wastewater utility charges	1,008	-
Concessions on water utility charges	2,139	-
Concessions on landfill fees for charity organisations	-	37
Costs of provision of dead animal collection services	-	54
Costs of provision of infirmed services	-	40
Clean-up Australia Day	-	1
Free dump weekends	-	160
Community clean up events	-	66
Total community service obligations	3,147	358

Table 8 - Change in Rates and Utilities Levied

The changes in rates and utilities levied is in accordance with 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).

	2021/22 - 2022/23	2022/23 - 2023/24	2023/24 - 2024/25
Increase in rates and utility changes revenue <u>before discounts and concessions</u> ¹	5.95%	4.59%	8.09%
Increase in rates and utility changes revenue <u>after discounts and concessions</u> ¹	6.04%	4.53%	8.13%

¹Increases include year on year growth in number of rateable properties

Table 9 - Statement of Income and Expenditure (Long-Term)

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
General rates	197,988	208,039	218,064	230,691	237,751	242,117	253,245	262,262	268,937	275,782
Utility charges	221,684	230,891	256,385	267,472	282,075	289,063	296,263	303,361	311,000	319,826
<i>Water</i>	102,961	109,114	126,286	134,423	146,300	150,894	155,653	160,588	165,701	171,939
<i>Wastewater</i>	92,687	94,450	96,245	98,076	99,940	101,539	103,164	104,815	106,491	108,206
<i>Refuse and recycling</i>	26,036	27,327	33,854	34,973	35,835	36,630	37,446	37,958	38,808	39,681
Discounts and concessions	(23,299)	(24,587)	(26,428)	(28,368)	(29,896)	(31,088)	(32,828)	(34,665)	(36,246)	(37,524)
Fees and charges	34,258	38,051	39,946	42,202	44,186	45,441	46,738	48,077	49,459	51,111
Interest received	6,722	4,632	5,030	4,645	4,963	4,960	4,498	3,620	4,075	3,630
Contributions from developers	300	318	334	347	358	367	376	385	395	405
Grants and subsidies	10,711	8,640	10,270	8,375	8,481	8,481	8,481	8,481	8,481	8,481
Other revenue	10,900	11,227	15,177	17,624	17,863	18,110	18,366	18,482	18,751	19,096
Total revenue	459,264	477,211	518,778	542,988	565,781	577,451	595,139	610,003	624,852	640,807
Expenses										
Employee costs	151,018	155,855	161,567	166,485	171,460	176,584	183,644	190,988	198,629	206,579
Materials and services	161,583	164,414	183,460	194,867	202,188	210,441	220,669	228,485	236,569	249,009
Depreciation and amortisation	129,550	134,372	144,944	148,561	151,236	152,720	157,531	162,978	165,831	170,391
Finance costs	19,630	18,914	16,845	15,047	13,992	12,038	10,107	8,133	6,828	6,090
Other expenses	464	478	490	505	520	536	552	568	585	603
Total expenses	462,245	474,033	507,306	525,465	539,396	552,319	572,503	591,152	608,442	632,672
Operating surplus/(deficit)	(2,981)	3,178	11,472	17,523	26,385	25,132	22,636	18,851	16,410	8,135
Operating surplus ratio	(0.65%)	0.67%	2.21%	3.23%	4.66%	4.35%	3.80%	3.09%	2.63%	1.27%
Capital income										
Grants, subsidies, contributions and donations	241,214	217,859	153,448	102,979	72,020	112,071	88,599	84,782	90,122	96,814
Total capital income	241,214	217,859	153,448	102,979	72,020	112,071	88,599	84,782	90,122	96,814
Net Result	238,233	221,037	164,920	120,502	98,405	137,203	111,235	103,633	106,532	104,949

Table 10 - Statement of Financial Position (Long-Term)

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets										
Unrestricted cash and cash equivalents	59,327	103,704	109,383	110,474	111,914	110,951	125,481	127,935	131,717	117,091
Externally restricted cash	31,456	10,556	4,875	-	-	-	-	-	-	-
Contract assets	56,352	-	-	-	-	-	-	-	-	-
Trade and other receivables	49,233	51,280	55,693	58,344	60,717	61,825	63,984	65,712	67,287	68,883
Inventories	2,395	2,395	2,395	2,395	2,395	2,395	2,395	2,395	2,395	2,395
Other current assets	5,239	5,239	5,239	5,239	5,239	5,239	5,239	5,239	5,239	5,239
Total current assets	204,002	173,174	177,585	176,452	180,265	180,410	197,099	201,281	206,638	193,608
Non-current assets										
Property, plant and equipment	5,977,343	6,175,221	6,312,285	6,428,347	6,526,306	6,646,331	6,719,877	6,804,135	6,905,568	7,027,271
Right to use assets	7,390	5,856	4,375	2,988	7,965	6,617	5,723	5,053	4,383	3,713
Intangible assets	2,579	1,326	1,304	1,282	1,260	1,238	1,216	1,194	1,172	1,150
Other non-current assets	3,124	3,124	3,124	3,124	3,124	3,124	3,124	3,124	3,124	3,124
Total non-current assets	5,990,436	6,185,527	6,321,088	6,435,741	6,538,655	6,657,310	6,729,940	6,813,506	6,914,247	7,035,258
Total assets	6,194,438	6,358,701	6,498,673	6,612,193	6,718,920	6,837,720	6,927,039	7,014,787	7,120,885	7,228,866
Current liabilities										
Trade and other payables	107,281	108,623	116,657	121,361	122,951	126,455	131,537	135,446	139,496	144,920
Contract liabilities	20,900	5,681	4,875	-	-	-	-	-	-	-
Borrowings	43,813	35,817	37,621	41,214	38,881	40,787	38,160	24,420	17,294	17,095
Lease liabilities	1,867	1,723	1,619	1,200	1,706	640	652	664	676	688
Provisions	17,063	17,352	17,706	18,060	18,603	19,017	19,298	19,652	20,006	20,201
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Total current liabilities	190,924	169,196	178,478	181,835	182,141	186,899	189,647	180,182	177,472	182,904
Non-current liabilities										
Contract liabilities	10,556	4,875	-	-	-	-	-	-	-	-
Borrowings	375,014	339,197	301,576	280,399	241,518	200,731	162,571	138,151	120,858	103,762
Lease liabilities	5,484	3,761	2,142	942	5,319	4,816	4,165	3,501	2,825	2,137
Provisions	30,867	28,981	29,780	30,573	39,065	42,305	40,141	40,941	41,741	36,043
Other non-current liabilities	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523
Total non-current liabilities	423,444	378,337	335,021	313,437	287,425	249,375	208,400	184,116	166,947	143,465
Total liabilities	614,368	547,533	513,499	495,272	469,566	436,274	398,047	364,298	344,419	326,369
Net community assets	5,580,070	5,811,168	5,985,174	6,116,921	6,249,354	6,401,446	6,528,992	6,650,489	6,776,466	6,902,497
Community equity										
Asset revaluation reserve	1,306,279	1,316,340	1,325,426	1,336,671	1,370,699	1,385,588	1,401,899	1,419,763	1,439,208	1,460,290
Retained surplus	4,273,791	4,494,828	4,659,748	4,780,250	4,878,655	5,015,858	5,127,093	5,230,726	5,337,258	5,442,207
Total community equity	5,580,070	5,811,168	5,985,174	6,116,921	6,249,354	6,401,446	6,528,992	6,650,489	6,776,466	6,902,497

Table 11 - Statement of Cash Flows (Long-Term)

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities										
Receipts from customers	449,938	470,533	509,335	535,696	558,443	571,384	588,481	604,655	619,203	635,581
Payments to suppliers and employees	(313,678)	(330,715)	(343,076)	(361,949)	(372,608)	(383,969)	(402,731)	(416,043)	(431,646)	(457,336)
Interest received	6,722	4,632	5,030	4,645	4,963	4,960	4,498	3,620	4,075	3,630
Borrowing costs	(18,564)	(17,848)	(15,779)	(13,981)	(12,926)	(10,972)	(9,041)	(7,067)	(5,762)	(5,024)
Net cash provided by operating activities	124,418	126,602	155,510	164,411	177,872	181,403	181,207	185,165	185,870	176,851
Cash flow from investing activities										
Payments for property, plant and equipment	(413,106)	(218,044)	(205,080)	(175,971)	(153,201)	(164,769)	(150,380)	(171,825)	(188,528)	(207,671)
Net movement in loans and advances	300	-	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant & equipment	595	1,107	1,140	1,710	595	1,300	996	923	1,648	1,321
Grants, subsidies, contributions and donations	148,185	159,492	85,968	25,270	19,205	21,553	24,134	27,003	29,876	32,843
Net cash used in investing activities	(264,026)	(57,445)	(117,972)	(148,991)	(133,401)	(141,916)	(125,250)	(143,899)	(157,004)	(173,507)
Cash flows from financing activities										
Proceeds from borrowings	45,000	-	-	20,000	-	-	-	-	-	-
Repayment of borrowings	(44,096)	(43,813)	(35,817)	(37,585)	(41,214)	(38,881)	(40,787)	(38,160)	(24,420)	(17,294)
Repayment of leases	(3,198)	(1,867)	(1,723)	(1,619)	(1,817)	(1,569)	(640)	(652)	(664)	(676)
Net cash provided by financing activities	(2,294)	(45,680)	(37,540)	(19,204)	(43,031)	(40,450)	(41,427)	(38,812)	(25,084)	(17,970)
Net increase/(decrease) in cash held	(141,902)	23,477	(2)	(3,784)	1,440	(963)	14,530	2,454	3,782	(14,626)
Cash at beginning of reporting period	232,685	90,783	114,260	114,258	110,474	111,914	110,951	125,481	127,935	131,717
Cash at end of reporting period	90,783	114,260	114,258	110,474	111,914	110,951	125,481	127,935	131,717	117,091

Table 12 - Statement of Changes in Equity (Long-Term)

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve										
Opening balance	1,306,272	1,306,279	1,316,340	1,325,426	1,336,671	1,370,699	1,385,588	1,401,899	1,419,763	1,439,208
Increase in asset revaluation reserve	7	10,061	9,086	11,245	34,028	14,889	16,311	17,864	19,445	21,082
Closing balance	1,306,279	1,316,340	1,325,426	1,336,671	1,370,699	1,385,588	1,401,899	1,419,763	1,439,208	1,460,290
Retained surplus										
Opening balance	4,035,558	4,273,791	4,494,828	4,659,748	4,780,250	4,878,655	5,015,858	5,127,093	5,230,726	5,337,258
Net result for the period	238,233	221,037	164,920	120,502	98,405	137,203	111,235	103,633	106,532	104,949
Closing balance	4,273,791	4,494,828	4,659,748	4,780,250	4,878,655	5,015,858	5,127,093	5,230,726	5,337,258	5,442,207
Total community equity	5,580,070	5,811,168	5,985,174	6,116,921	6,249,354	6,401,446	6,528,992	6,650,489	6,776,466	6,902,497

Table 13 – Summary of Council's Financial Sustainability

Below is a summary of Council's financial sustainability and indicates the relevant measures of financial sustainability as well as the 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.

	Target Ratio	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating surplus ratio (Net operating surplus / total operating revenue)	0% - 10%	(0.6%)	0.7%	2.2%	3.2%	4.7%	4.4%	3.8%	3.1%	2.6%	1.3%
Net financial asset / liability ratio (Total liabilities less current assets / total operating revenue)	<60%	89.4%	78.4%	64.8%	58.7%	51.1%	44.3%	33.8%	26.7%	22.1%	20.7%
Asset sustainability ratio (Capital expenditure on the replacement of assets (renewals) / depreciation)	>90%	130.4%	50.4%	59.9%	51.9%	63.1%	77.9%	67.9%	56.1%	94.4%	55.3%

