

MID-YEAR BUDGET REVIEW 2018/19

A Simpler, Faster,
Better Council

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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 the mid-year review of Townsville City Council's 2018/19 budget – fulfilling our commitment to transparency and showing residents how their rates are being spent.

This year's budget acknowledged that our community needed an opportunity to get back on its feet by minimising increases to rates and charges. Townsville's had one of the lowest, if not the lowest, general rates increase in Queensland of only 1.9 per cent to match the rate of inflation. Council's strong works program has provided the basis for economic development whilst working towards delivering major projects and capital works for our community. This is why creating jobs for the future and ensuring a diverse economy was at the forefront of financial planning in 2018/19.

I am proud of the huge amount of work that has been completed so far this year. This report outlines clear progress and demonstrates that we are on track to deliver on our promises for our community in 2018/19.

Our mid-year budget review forecasts council maintaining an underlying operating surplus of \$0.6m and a strengthening financial position over the long term.

These results demonstrate the benefits of the simpler, faster, better approach that council has adopted.

Council is on track to deliver a strong capital program of \$399.7m for 2018/19, an increase of 79% from the previous year. Water security is our top priority, and this budget allocates approximately \$140 million toward the Townsville's water security which will be completed by December 2019. We remain committed to investing in vital infrastructure with \$165 million for capital works projects, creating jobs, developing the Stadium Precinct, and building and improving amenities across the suburbs.

I thank the council and staff for their contribution to the first half of the 2018/19 financial year and look forward to continuing the good work.



Cr Jenny Hill
Mayor of Townsville



MID-YEAR BUDGET REVIEW

2018/19

Townsville City Council has undertaken a mid-year budget review. The intent of the review is to provide greater transparency to the community as well as provide an update of council's financial position since the 2018/19 adopted budget in June.

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

The mid-year budget review is consistent with the Corporate Plan 2014-2019 and incorporates actual data to November 2018 plus forecast data for the remaining months of the 2018/19 financial year.

Council's financial policies, including rates and charges, were adopted in the 2018/19 budget. These policies remain unchanged as a result of the budget review, with the exception of the Debt Policy which was updated and adopted by council on 28 August 2018.

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 on track to deliver an underlying operating surplus of \$0.6m and capital expenditure program of \$399.7m. The main differences between Council's adopted budget and the mid-year review are included in pages 5 to 7. Council's financial statements are included in Tables 1 through 9.

HIGHLIGHTS

\$0.6m

underlying operating surplus



**+ 30 minutes
Free CBD
parking**

Giving more time to run errands or enjoy a coffee

+ 22 new trainees



funded through Skilling Workers QLD

Water Smart Package has commenced in 18/19 and will continue into future budgets

+\$1.8m

Repairing our rural roads with Natural Disaster Relief and Recovery funding

Commitment to **hard kerb collection round 2**



\$399.7m

Expenditure on Roads and Infrastructure



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 2018/19 financial year.

Operating Revenue \$395.5m ( \$6.0m on adopted budget)



Rates charges



\$0.6m

Higher growth realised



Utility charges



\$2.6m

Increased water consumption from commercial customers



Restoration and
emergent works



\$1.8m

Receipt of NDRRA funding to repair rural roads following rainfall event in early 2018.



Grants and
Subsidies



\$0.4m

Funding for 22 Skilling Workers QLD trainees



FIVE-MINUTE MID-YEAR REVIEW (continued)

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 2018/19 financial year.

Operating Expenses \$394.8m - (↑ \$1.5m on adopted budget)



Restoration and
emergent works



\$1.8m

Repairs to rural roads following rain event in early 2018 (fully funded by NDRRA)



Employee costs



\$2.3m

Increased service delivery requirements including an investment in labour for Hard Kerb collection and addition of Skilling Workers QLD Trainees



Depreciation



\$1.2m

Assets in use earlier than expected



Bulk Water



\$0.5m

Higher water production costs due to increased water usage



Engineering
Services



\$0.1m

Roads assessments to support road improvement program

Underlying operating surplus \$0.6m

Impact of federal grant \$1.9m: Water Smart Package received in 2017/18



Water Smart
Package



\$4.5m

Realignment of Water Smart Package \$1.9m to be spent in 2018/19 and \$7.2m in future budgets.

Reportable operating deficit \$1.2m

FIVE-MINUTE MID-YEAR REVIEW (continued)

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 2018/19 financial year.

Capital Revenue \$110.2m (↓ \$13.4m on adopted budget)



Smart Water Meters



\$6.0m

External funding for this project uncertain



Southern Suburbs
Rising Main



\$2.6m

Funding to be received in 2019/20 rather than 2018/19



Contributions from
developers



\$2.2m

Estimates based on current year economic activity



Cleveland Bay
Sewerage Treatment
Plant Performance
Rectification



\$2.0m

2019/20 funding now expected to be received in 2018/19

Capital Expenditure \$399.7m (↓ \$32.9m on adopted budget)



Water Security
Programs



\$19.1m

Continued progress of 3 point water security program across 2018/19 and 2019/20 budgets



Smart Water Meters



\$6.0m

External funding for this project uncertain



Cleveland Bay
Sewerage Treatment
Plant Performance
Rectification



\$6.0m

Scheduled works brought forward into 2018/19



Southern Suburbs
Rising Main



\$2.3m

Construction of stage 2 deferred to be delivered in 2019/20

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

Account classification	Adopted Budget FY 2018/19 \$'000	Mid-Year Review FY 2018/19 \$'000	Budget Movement FY 2018/19 \$'000
Operating revenue			
General rates	169,075	169,337	262
Utility charges	197,753	200,306	2,553
Discount and concessions	(24,724)	(24,394)	331
Fees and charges	21,002	21,135	133
Interest received	3,898	4,313	415
Contributions from developers	365	365	-
Grants and subsidies	9,565	12,013	2,448
Other revenue	12,557	12,424	(133)
Total operating revenue	389,490	395,499	6,009
Operating expenses			
Employee costs	128,225	130,555	(2,330)
Materials and services	124,713	121,725	2,988
Depreciation and amortisation	119,948	121,126	(1,178)
Finance costs	21,554	22,029	(474)
Other expenses	784	1,295	(512)
Total operating expenses	395,224	396,730	(1,506)
Operating surplus / (deficit)	(5,734)	(1,231)	4,503
Capital income			
Grants, subsidies, contributions and donations	123,662	110,222	(13,440)
Total capital income	123,662	110,222	(13,440)
Net result	117,928	108,991	(8,936)

LEGISLATIVE REPORTING

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 the local government'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 the local government'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 the 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

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Revenue			
General rates	169,337	174,348	182,536
Utility charges	200,306	206,618	213,108
<i>Water</i>	<i>93,570</i>	<i>97,680</i>	<i>101,991</i>
<i>Wastewater</i>	<i>86,042</i>	<i>87,316</i>	<i>88,841</i>
<i>Refuse and Recycling</i>	<i>20,694</i>	<i>21,623</i>	<i>22,276</i>
Discounts and concessions	(24,394)	(24,614)	(17,856)
Fees and charges	21,135	21,616	22,121
Interest received	4,313	5,418	5,845
Contributions from developers	365	374	382
Grants and subsidies	12,013	17,901	18,488
Other revenue	12,424	12,304	12,893
Total revenue	395,499	413,964	437,517
Expenses			
Employee costs	130,555	130,559	133,836
Materials and services	121,725	125,806	130,118
Depreciation and amortisation	121,126	128,465	130,948
Finance costs	22,029	24,550	22,797
Other expenses	1,295	871	1,486
Total expenses	396,730	410,252	419,184
Operating surplus / (deficit)	(1,231)	3,712	18,333
Operating surplus ratio	-0.31%	0.90%	4.19%
Capital income	110,222	191,102	229,321
Capital expense	-	4,000	2,500
Net result	108,991	190,814	245,154

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)

	17/18 - 18/19	18/19 - 19/20	19/20 - 20/21
Increase in rates and utility charges revenue before discounts and concessions (increases include average growth of 0.83% over the forecast period)	5.79%	3.06%	3.85%
Increase in rates and utility charges revenue after discounts and concessions (increases include average growth of 0.83% over the forecast period)	5.8%	3.22%	6.02%

TABLE 3: STATEMENT OF FINANCIAL POSITION

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Current assets			
Cash and cash equivalents	54,484	84,029	98,996
Trade and other receivables	33,736	37,533	37,262
Inventories	1,486	1,486	1,486
Other assets	4,211	4,211	4,211
Total current assets	93,917	127,260	141,955
Non-current assets			
Trade and other receivables	2,336	-	-
Property, plant and equipment	4,991,440	5,150,004	5,294,387
Intangible assets	7,330	4,860	2,917
Other assets	4,970	4,970	4,970
Total non-current assets	5,006,075	5,159,834	5,302,274
Total assets	5,099,992	5,287,094	5,444,229
Current liabilities			
Trade and other payables	43,125	46,257	46,829
Borrowings	29,720	33,191	36,187
Provisions	23,819	26,143	26,088
Other current liabilities	354	354	354
Total current liabilities	97,018	105,945	109,458
Non-current liabilities			
Borrowings	474,864	455,640	359,507
Provisions	24,271	27,184	18,477
Other non-current liabilities	1,723	1,723	1,723
Total non-current liabilities	500,859	484,548	379,708
Total liabilities	597,877	590,493	489,165
Net community assets	4,502,115	4,696,601	4,955,063
Community equity			
Asset revaluation reserve	752,282	755,955	769,263
Retained surplus	3,749,833	3,940,647	4,185,800
Total community equity	4,502,115	4,696,601	4,955,063

TABLE 4: STATEMENT OF CASH FLOWS

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Cash Flows from Operating Activities			
Receipts from customers	399,325	406,137	428,622
Payment to suppliers and employees	(264,535)	(253,006)	(276,229)
Interest received	4,312	5,418	5,845
Borrowing costs	(22,760)	(23,466)	(21,713)
Other cash flows from operating activities	(19,532)	-	-
Net cash provided by operating activities	96,811	135,083	136,526
Cash flow from investing activities			
Payments for property, plant and equipment	(348,942)	(220,099)	(176,848)
Net movement in loan and advances	1	1	2,335
Proceeds from sale of property, plant and equipment	342	1,679	1,487
Grants, subsidies, contributions and donations	59,918	128,635	144,602
Net cash used in investing activities	(288,681)	(89,784)	(28,423)
Cash flows from financing activities			
Proceeds from borrowings	186,455	113,553	40,000
Repayment of borrowings	(26,079)	(129,306)	(133,136)
Net cash provided by financing activities	160,376	(15,753)	(93,136)
Net increase/(decrease) in cash held	(31,495)	29,545	14,967
Cash at beginning of reporting period	85,979	54,484	84,029
Cash at end of reporting period	54,484	84,028	98,996

TABLE 5: STATEMENT OF CHANGES IN EQUITY

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Asset revaluation reserve			
Opening balance	752,282	752,282	755,955
Increase in asset revaluation reserve	-	3,673	13,309
Closing balance	752,282	755,955	769,263
Retained surplus			
Opening Balance	3,640,841	3,749,833	3,940,647
Net result for the period	108,992	190,814	245,153
Closing balance	3,749,833	3,940,647	4,185,800
Total community equity	4,502,115	4,696,601	4,955,063

TABLE 6: STATEMENT OF BUSINESS ACTIVITIES

Account classification	Townsville Water FY 2018/19 \$'000	Townsville Waste FY 2018/19 \$'000	Performing Arts FY 2018/19 \$'000
Operating revenue			
Utility charges	200,129	20,853	-
Less discount and concessions	(2,420)	(235)	-
Fees and charges	2,771	13,537	627
Income from investments and financing	966	133	-
N.C.P. revenue / recovery	2,591	1,361	-
Other revenue	9,659	2,176	1,177
Total operating revenue	213,697	37,824	1,804
Operating expenses			
Employee costs	21,036	8,241	3,005
Materials and services	49,851	18,891	5,790
Finance costs	17,292	662	-
Depreciation and amortisation	40,315	3,672	64
N.C.P. expense / charges	769	392	-
Other expenses	10	3	2
Total operating expenses	129,273	31,860	8,860
Operating surplus / (deficit) before tax	84,424	5,964	(7,056)
Income tax	25,452	1,593	-
Operating surplus / (deficit) after tax	58,971	4,371	(7,056)
Capital income	54,058	-	-
Net result	113,030	4,371	(7,056)

TABLE 6: STATEMENT OF BUSINESS ACTIVITIES (continued)

Account classification	Townsville Water FY 2018/19 \$'000	Townsville Waste FY 2018/19 \$'000	Performing Arts FY 2018/19 \$'000
Operating revenue			
Services provided to local government (LG)	31,435	7,496	-
Services provided to clients other than LG	180,222	29,174	1,804
Community service obligation	2,039	1,154	-
Total operating revenue	213,697	37,824	1,804
Operating expenses	129,273	31,860	8,860
Other capital amounts	54,058	-	-
Net result before tax	138,482	5,964	(7,056)
Income tax	25,452	1,593	-
Net result after tax	113,030	4,371	(7,056)

Community service obligations	Townsville Water FY 2018/19 \$'000	Townsville Waste FY 2018/19 \$'000
Arcadian Surf Life Saving Club (sewerage pump out)	8	-
Concessions on wastewater utility charges	502	-
Concessions on water utility charges	1,529	-
National Recycling Week		4
Concessions on landfill fees for charity organisations		63
Costs of provision of dead animal collection services		32
Costs of provision of infirmed services		33
Clean-up Australia Day		7
Free dump weekend November		155
Community clean up events		10
Stadium remediation works		850
Total community service obligations	2,039	1,154

LONG-TERM FINANCIAL FORECAST

The mid-year budget review shows further strengthening of council's long-term financial position and financial sustainability.

The long-term forecast allows council to understand the future financial commitments for infrastructure assets, and to develop strategies that address key strategic issues.

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

All of 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: Income Statement); and
- Value of assets, liabilities and equity of council (Table 8: Balance Sheet)

MEASURES OF FINANCIAL SUSTAINABILITY

Measures of financial sustainability are required under section 169 of the Local Government Regulation 2012.

Table 9 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 are available for capital funding purposes or other 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 Asset / 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 current assets.

These net financial liabilities must be serviced using available operating revenues. A positive value less than 60 per cent indicates the 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 the council has limited capacity to increase its loan borrowings.

Asset Sustainability Ratio

This is an approximation of the extent to which the infrastructure assets managed by council are being replaced as these reach the end of their useful lives. 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)

	2018/19 \$'000	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
Revenue										
General rates	169,337	174,348	182,536	191,227	197,582	204,350	211,558	219,236	227,416	236,132
Utility charges	200,306	206,618	213,108	221,339	230,138	239,599	249,728	260,577	272,102	284,500
<i>Water</i>	<i>93,570</i>	<i>97,680</i>	<i>101,991</i>	<i>107,302</i>	<i>113,002</i>	<i>119,167</i>	<i>125,793</i>	<i>132,918</i>	<i>140,584</i>	<i>148,911</i>
<i>Wastewater</i>	<i>86,042</i>	<i>87,316</i>	<i>88,841</i>	<i>91,042</i>	<i>93,375</i>	<i>95,852</i>	<i>98,483</i>	<i>101,276</i>	<i>104,140</i>	<i>107,149</i>
<i>Refuse & Recycling</i>	<i>20,694</i>	<i>21,623</i>	<i>22,276</i>	<i>22,995</i>	<i>23,762</i>	<i>24,580</i>	<i>25,453</i>	<i>26,384</i>	<i>27,378</i>	<i>28,439</i>
Discounts and concessions	(24,394)	(24,614)	(17,856)	(18,023)	(18,196)	(18,376)	(18,563)	(18,757)	(18,959)	(19,167)
Fees and charges	21,135	21,616	22,121	22,639	23,169	23,712	24,268	24,837	25,420	26,016
Interest received	4,313	5,418	5,845	6,758	6,829	6,952	7,943	7,736	8,386	9,548
Contributions from developers	365	374	382	390	399	407	416	425	434	444
Grants and subsidies	12,013	17,901	18,488	19,334	9,748	10,030	10,320	10,619	10,925	11,241
Other revenue	12,424	12,304	12,893	13,395	16,067	17,347	19,453	20,481	21,281	21,745
Total revenue	395,499	413,964	437,517	457,059	465,736	484,022	505,123	525,153	547,005	570,459
Expenses										
Employee costs	130,555	130,559	133,836	137,332	140,919	144,600	148,525	152,556	156,696	161,108
Materials and services	121,725	125,806	130,118	136,209	134,656	141,232	147,876	157,338	165,407	174,527
Depreciation and amortisation	121,126	128,465	130,948	139,040	142,349	145,857	149,993	157,375	166,326	173,172
Finance costs	22,029	24,550	22,797	20,697	19,845	18,866	18,257	17,209	16,704	16,184
Other expenses	1,295	871	1,486	1,540	1,584	1,629	1,676	1,727	1,781	1,838
Total expenses	396,730	410,252	419,184	434,819	439,353	452,184	466,327	486,205	506,915	526,830
Operating surplus/(deficit)	(1,231)	3,712	18,333	22,241	26,383	31,837	38,797	38,948	40,090	43,629
Operating surplus ratio	-0.31%	0.90%	4.19%	4.87%	5.66%	6.58%	7.68%	7.42%	7.33%	7.65%
Capital income	110,222	191,102	229,321	84,804	158,621	118,099	164,979	212,266	136,922	132,082
Capital expense	-	4,000	2,500	-	-	4,000	2,500	-	-	-
Net result	108,991	190,814	245,154	107,044	185,005	145,937	201,276	251,214	177,013	175,712

TABLE 8: STATEMENT OF FINANCIAL POSITION (LONG-TERM)

	2018/19 \$'000	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
Current assets										
Cash and cash equivalents	54,484	84,029	98,996	102,588	101,917	109,938	119,666	123,682	141,898	156,410
Trade and other receivables	33,736	37,533	37,262	38,862	39,465	40,842	42,662	44,366	46,139	47,912
Inventories	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486
Other current assets	4,211	4,211	4,211	4,211	4,211	4,211	4,211	4,211	4,211	4,211
Total current assets	93,917	127,260	141,955	147,147	147,079	156,477	168,025	173,745	193,734	210,019
Non-current assets										
Trade and other receivables	2,336	-	-	-	-	-	-	-	-	-
Property, plant and equipment	4,991,440	5,150,004	5,294,387	5,415,098	5,610,879	5,792,135	5,992,000	6,267,131	6,449,795	6,626,327
Intangible assets	7,330	4,860	2,917	2,403	2,371	2,340	2,309	2,278	2,256	2,234
Other non-current assets	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970
Total non-current assets	5,006,075	5,159,834	5,302,274	5,422,471	5,618,220	5,799,445	5,999,279	6,274,378	6,457,020	6,633,530
Total assets	5,099,992	5,287,094	5,444,229	5,569,618	5,765,300	5,955,922	6,167,303	6,448,123	6,650,754	6,843,550
Current liabilities										
Trade and other payables	43,125	46,257	46,829	49,583	49,481	52,248	55,464	59,559	63,146	66,927
Borrowings	29,720	33,191	36,187	39,852	39,326	32,699	35,123	38,503	37,605	40,364
Provisions	23,819	26,143	26,088	27,987	29,376	31,956	33,890	35,789	37,178	39,078
Other current liabilities	354	354	354	354	354	354	354	354	354	354
Total current liabilities	97,018	105,945	109,458	117,777	118,538	117,257	124,831	134,204	138,284	146,722
Non-current liabilities										
Borrowings	474,864	455,640	359,507	359,718	360,454	367,818	352,726	354,287	356,744	341,419
Provisions	24,271	27,184	18,477	19,315	17,662	21,820	24,123	24,960	23,308	24,146
Other non-current liabilities	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723	1,723
Total non-current liabilities	500,859	484,548	379,708	380,756	379,840	391,361	378,573	380,971	381,776	367,289
Total liabilities	597,877	590,493	489,165	498,532	498,378	508,618	503,404	515,175	520,059	514,011
Net community assets	4,502,115	4,696,601	4,955,063	5,071,085	5,266,922	5,447,304	5,663,900	5,932,948	6,130,695	6,329,539
Community equity										
Asset revaluation reserve	752,282	755,955	769,263	778,240	789,072	823,517	838,837	856,671	877,405	900,537
Retained surplus	3,749,833	3,940,647	4,185,800	4,292,845	4,477,850	4,623,787	4,825,063	5,076,277	5,253,290	5,429,001
Total community equity	4,502,115	4,696,601	4,955,063	5,071,085	5,266,922	5,447,304	5,663,900	5,932,948	6,130,695	6,329,539

TABLE 9: MEASURES OF FINANCIAL SUSTAINABILITY

	Target Ratio	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating surplus ratio											
(Net operating surplus / Total operating revenue)	0% - 10%	-0.3%	0.9%	4.2%	4.9%	5.7%	6.6%	7.7%	7.4%	7.3%	7.6%
Net financial liability ratio											
(Total liabilities - Current assets) / Total operating revenue	<60%	127.4%	111.8%	79.3%	76.8%	75.4%	72.7%	66.3%	65.0%	59.6%	53.2%
Asset sustainability ratio											
(Capital expenditure on the replacement of assets (renewals) / Depreciation)	>90%	70.4%	52.1%	68.1%	81.5%	57.6%	80.7%	83.6%	84.7%	85.2%	76.5%

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