



MID-YEAR BUDGET REVIEW 2017/18

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.*

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I am pleased to present the mid-year review of Townsville City Council's 2017/18 budget – fulfilling our commitment to transparency and showing residents how their rates are being spent.

Council delivered a strong, sustainable and equitable budget in July, including an upfront 5% cut to gross general rates for all residential ratepayers.

I am proud of the effort and achievements that have been completed so far this year and this report outlines progress.

The budget has been adjusted to accommodate a drop in revenue from water charges collected from residents as a result of level 3 water restrictions.

However, offsetting this, council is delivering further operational efficiencies.

Our mid-year review forecasts an improved operating surplus of \$6.7m due to a range of factors including:

- ▶ an increase in grants
- ▶ a reduction in employee costs, and
- ▶ a reduction in information technology, vehicle and plant costs.

In addition to the operating surplus, this budget highlights a strengthening financial position over the long term.

Capital expenditure is expected to increase by \$36.3m largely due to the \$35.4m worth of works completed under the Works for Queensland program that was funded by the Queensland Government.

Projects included –

- ▶ planning for a new 3-metre wide concrete pathway along Nelly Bay Road
- ▶ construction of a new multi-purpose sports court at Alligator Creek
- ▶ an upgrade to footpaths, street façade and gardens in Palmer Street, and
- ▶ a major upgrade of Edison Park including the establishment of new pathways, shelters, a dog off-leash area, footbridges, irrigation and softscapes.



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

I thank the council and staff for their contribution to the first half of the 2017/18 financial year and look forward to continuing the good work.



Adele Young
Chief Executive Officer

MID-YEAR BUDGET REVIEW 2017/18

Townsville City Council (council) has undertaken its first mid-year budget review. The intent of the change is to provide greater transparency to the community and to align council to best reporting practices.

The 2017/18 mid-year budget review provides an update of council's (council) financial position since the 2017/18 adopted budget.

The primary driver of the mid-year review was to realign the budget to council's operating and capital requirements. The start to the financial year saw council continue to reshape the organisation in order to be 'a simpler, faster, better council'. These efficiencies continue to be realised throughout the 2017/18 financial year.

The mid-year budget review is consistent with the Corporate Plan 2014-2019 and incorporates actual data to November 2017 plus forecast data for the remaining months of the 2017/18 financial year. Council's financial policies, including rates and utility charges adopted in the 2017/18 budget,

remain unchanged as a result of the budget review and have not been restated within this report. The policies can be viewed in the 2017/18 Operational Plan and Budget document adopted by council in June 2017 and include:

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

The mid-year review reflects an increase in the operating surplus from \$0.1m to \$6.7m when compared to the 2017/18 adopted budget. This result includes \$6.0m of grant funding to be spent in 2018/19. Capital income is forecast to increase by \$23.8m and capital expenditure is forecast to increase by \$36.3m, compared to the 2017/18 adopted budget. Council's financial statements are included in Tables 1 through 9.

HIGHLIGHTS

\$6.7m

**2017/18 operating surplus
including \$6.0m to be spent in 2018/19**

+\$35.4m

**Job creating maintenance and
minor infrastructure projects
with Works for Queensland**

+\$2.0m

**Enhancing our suburbs
with the 'Basics Blitz'
campaign**

-\$9.4m






**Further savings in
employee costs**

+\$10.0m

**Grants revenue to transition
towards water efficient
practices and devices**

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 2017/18 financial year.

Operating Revenue \$383.7m - (net variance adopted budget \$6.0m favourable)				
	Rates charges	↓	\$1.5m	Decline of less than 1% in total rates revenue due to a marginal reduction in property growth expectations
	Utility charges	↓	\$4.6m	Reduced excess water charges collected from residents due to water restrictions
	Parking Infringements	↓	\$0.2m	Reduction in some parking infringements to help activate the CBD and support economic activity
	Income from investing	↑	\$0.5m	Higher expected interest on cash balances
	Grants	↑	\$11.4m	Receipt of \$10.0m for community water transition package to be spent over the next 3 financial years and \$0.7m for Royalties for Region grants



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 2017/18 financial year.

Operating Expenses \$377.0m - (net variance adopted budget \$0.6m favourable)				
	Employee costs	↓	\$9.4m	Savings of \$9.4m due to restructure efficiencies
	Basic Blitz	↑	\$2.0m	Basic Blitz campaign investment
	Information, communication and technology	↓	\$0.8m	Optus managed service project to commence in January 2018
	Services	↑	\$0.9m	Includes a further investment of \$0.5m to support various economic activation projects underway
	Vehicle and plant costs	↓	\$0.6m	Realignment of fleet operational requirements
	Other materials and services	↑	\$5.9m	Increased costs for delivery of funded water transition initiative \$4.0m combined with \$1.9m realignment to operating requirements



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 2017/18 financial year.

Capital Revenue \$101.2m - (net variance adopted budget \$23.8m additional revenue)				
	Capital grants	↑	\$25.6m	\$32.0m Queensland Government funding received for Works for Queensland offset by other infrastructure grant delays
	Developer contributions	↓	\$1.8m	Reduction in contributions due to potential infrastructure offsets
Capital Expenditure \$246.4 m - (net variance adopted budget \$36.3m additional expenditure)				
	Works for Queensland Projects (W4Q)	↑	\$35.4m	Expenditure for funded Works for Queensland Projects

CAPITAL WORKS

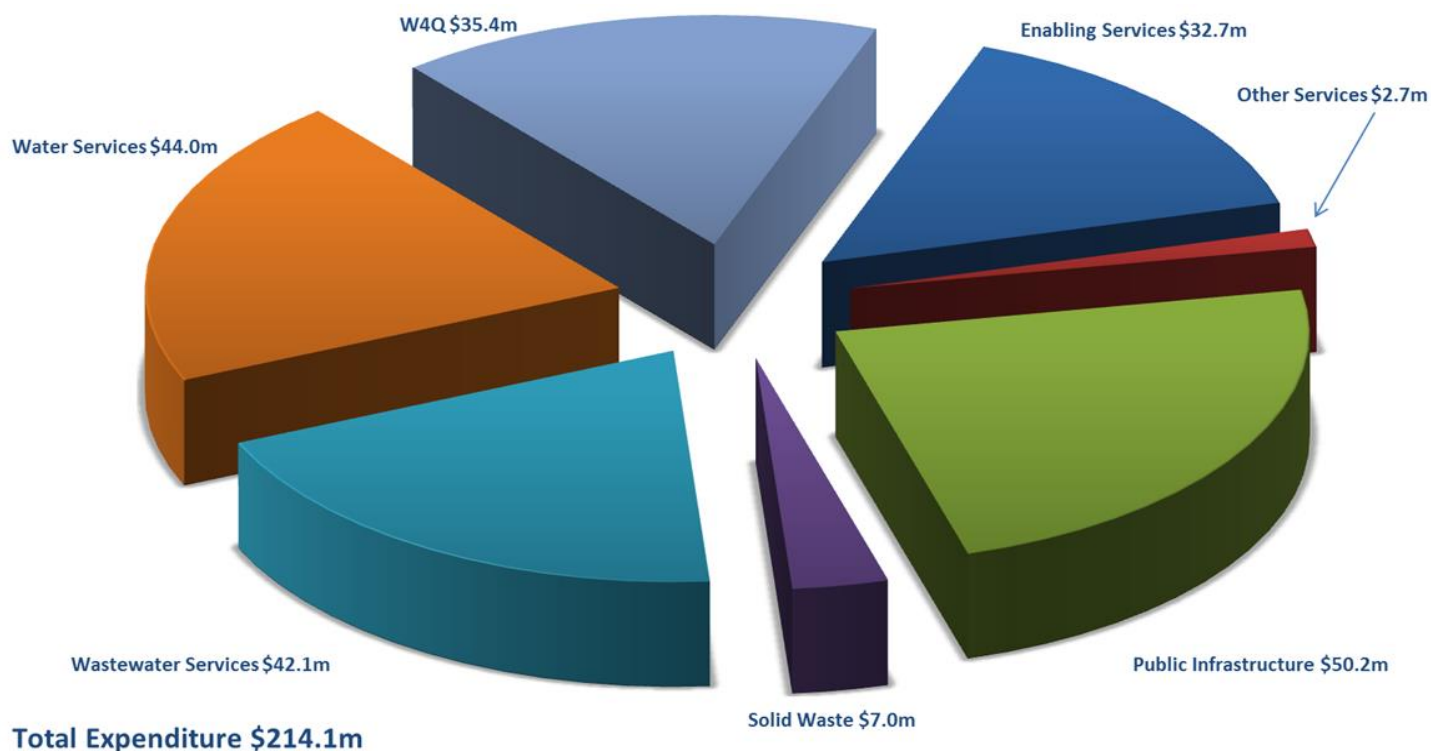


TABLE 1: INCOME STATEMENT – BUDGET COMPARISON

Account classification	Adopted Budget FY 2017/18 \$'000	Mid-Year Review FY 2017/18 \$'000	Budget Movement FY 2017/18 \$'000
Operating revenue			
Rate charges	164,907	163,407	(1,500)
Utility charges	187,533	182,955	(4,578)
Less discount and concessions	(23,390)	(23,440)	(50)
Fees and charges	21,492	21,570	78
Income from investments and financing	4,274	4,802	528
Contributions recurrent	768	760	(8)
Grants and subsidies recurrent	10,408	21,838	11,430
Other revenue	11,779	11,878	99
Total operating revenue	377,771	383,770	5,999
Operating expenses			
Employee costs	127,398	119,948	7,450
Materials and services	111,807	118,769	(6,962)
Finance costs	23,090	23,090	-
Depreciation and amortisation	114,399	114,387	12
Other expenses	944	843	101
Total operating expenses	377,638	377,037	601
Surplus / (deficit) before capital	133	6,733	6,600
Capital income			
Grants, subsidies, contributions and donations	77,383	101,159	23,776
Donated assets			
Total capital income and expenses	77,383	101,159	23,776
Increase / (decrease) in operating capability	77,516	107,892	30,376
Capital works			
Capital works	177,806	214,155	(36,349)
Restoration and rehabilitation works	2,241	2,192	49
Donated assets	30,077	30,077	-
Total capital works	210,124	246,424	(36,300)

LEGISLATIVE REPORTING

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

Income Statement

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.

Balance Sheet

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.

Cash Flow Statement

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: INCOME STATEMENT

	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000
Revenue			
General rates	163,407	168,062	173,018
Utility charges	182,955	187,066	192,276
<i>Water</i>	79,861	82,464	86,076
<i>Wastewater</i>	83,594	84,534	85,528
<i>Refuse and Recycling</i>	19,500	20,067	20,671
Discounts and concessions	(23,440)	(23,664)	(23,913)
Fees and charges	21,570	21,609	22,131
Interest received	4,802	4,652	3,762
Contributions	760	760	760
Grants and subsidies	21,838	9,415	9,557
Other revenue	11,878	12,022	12,269
Total revenue	383,770	379,921	389,860
Expenses			
Employee costs	119,948	124,747	127,931
Materials and services	118,769	104,562	106,017
Depreciation and amortisation	114,387	120,407	127,095
Finance costs	23,090	24,250	24,381
Other expenses	843	1,117	1,148
Total expenses	377,037	375,084	386,572
Surplus/(Deficit) before capital income	6,733	4,837	3,288
Operating surplus ratio	1.76%	1.28%	0.85%
Capital income			
Grants, subsidies, contributions and donations	101,159	111,115	189,311
Total capital income	101,159	111,115	189,311
Increase/(Decrease) in operating capability	107,892	115,953	192,599
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)			
	16/17 - 17/18	17/18 - 18/19	18/19 - 19/20
Increase in rates and utility charges revenue before discounts and concessions (increases include average growth of 0.75% over the forecast period)	-4.81%	2.53%	2.86%
Increase in rates and utility charges revenue after discounts and concessions (increases include average growth of 0.75% over the forecast period)	-2.67%	2.65%	2.99%

TABLE 3: BALANCE SHEET

	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Current Assets			
Cash and cash equivalents	99,750	88,121	86,558
Trade and other receivables	35,609	35,234	38,533
Inventories	1,385	1,385	1,385
Other assets	3,106	3,170	3,235
Non-current assets held for sale	97	97	97
Total Current Assets	139,947	128,007	129,808
Non-Current Assets			
Investments	21,950	20,141	18,332
Trade and other receivables	2,339	2,339	-
Property, plant and equipment	4,598,235	4,840,927	5,009,881
Intangible assets	6,862	5,365	4,002
Other assets	14,175	14,175	14,175
Total Non-Current Assets	4,643,561	4,882,947	5,046,390
Total Assets	4,783,508	5,010,954	5,176,198
Current Liabilities			
Trade and other payables	61,148	57,067	58,401
Borrowings	26,621	33,708	33,784
Provisions	11,353	11,641	11,941
Other current liabilities	533	533	533
Total Current Liabilities	99,655	102,949	104,659
Non-Current Liabilities			
Borrowings	347,628	456,210	426,937
Provisions	37,318	33,466	26,505
Other non-current liabilities	1,773	1,773	1,773
Total Non-Current Liabilities	386,719	491,449	455,215
Total Liabilities	486,374	594,398	559,875
Net Community Assets	4,297,134	4,416,555	4,616,323
Community Equity			
Asset revaluation reserve	621,865	625,335	632,502
Retained surplus	3,675,269	3,791,222	3,983,821
Total Community Equity	4,297,134	4,416,556	4,616,323

TABLE 4: CASH FLOW STATEMENT

	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000
Cash Flows from Operating Activities			
Receipts			
Receipts from customers	372,806	374,727	384,196
Payment to suppliers and employees	(239,769)	(236,349)	(238,672)
Interest received	4,802	4,652	3,762
Borrowing costs	(21,927)	(23,248)	(23,380)
Other cash flows from operating activities	-	(64)	(65)
Net Cash Provided by Operating Activities	115,911	119,718	125,841
Cash Flow from Investing Activities			
Payments for property, plant and equipment	(214,155)	(303,659)	(228,970)
Proceeds from sale of property, plant and equipment	1,110	1,106	842
Grants, subsidies, contributions and donations	71,082	55,536	129,922
Net Cash Used in Investing Activities	(141,964)	(247,017)	(98,206)
Cash Flows from Financing Activities			
Proceeds from Borrowings	30,000	143,000	105,000
Repayment of Borrowings	(23,843)	(27,329)	(134,198)
Net Cash Provided by Financing Activities	6,157	115,671	(29,198)
Net Increase/(Decrease) in Cash Held	(19,896)	(11,629)	(1,563)
Cash at Beginning of Reporting Period	119,646	99,750	88,121
Cash at End of Reporting Period	99,750	88,121	86,558

TABLE 5: STATEMENT OF CHANGES IN EQUITY

	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000
Asset Revaluation Reserve			
Opening balance	621,865	621,865	625,335
Increase in asset revaluation reserve	-	3,470	7,167
Closing Balance	621,865	625,335	632,502
Retained Surplus			
Opening Balance	3,567,377	3,675,269	3,791,222
Net result for the period	107,892	115,953	192,599
Closing Balance	3,675,269	3,791,222	3,983,821
Total Community Equity	4,297,134	4,416,556	4,616,323

TABLE 6: STATEMENT OF BUSINESS ACTIVITIES

Account classification	Townsville Water FY 2017/18 \$'000	Townsville Waste FY 2017/18 \$'000	Performing Arts FY 2017/18 \$'000
Operating revenue			
Utility charges	170,219	19,669	-
Less discount and concessions	(2,031)	(120)	-
Fees and charges	2,715	13,059	353
Income from investments and financing	668	86	-
Contributions recurrent	534	-	-
N.C.P. revenue / recovery	2,688	1,181	-
Grants and subsidies recurrent	10,000	-	-
Other revenue	13,055	2,142	630
Total operating revenue	197,848	36,017	983
Operating expenses			
Employee costs	21,120	7,519	3,559
Materials and services	60,911	15,885	6,715
Finance costs	17,454	570	-
Depreciation and amortisation	39,608	3,722	68
N.C.P. expense / charges	804	430	-
Taxes other than income tax	-	-	-
Other expenses	42	1	3
Total operating expenses	139,939	28,127	10,345
Operating surplus / (deficit) before income tax and capital items	57,909	7,890	(9,362)
Income tax	16,744	2,367	-
Operating surplus / (deficit) before capital items	41,165	5,523	(9,362)
Capital income			
Contributions capital	20,351	-	-
Contributions non-cash capital	7,798	-	-
Grants and subsidies capital	575	-	-
Total capital income	28,724	-	-
Increase / (decrease) in operating capability	69,889	5,523	(9,362)
Capital works			
Capital works	86,317	6,989	100
Restoration and rehabilitation works	-	1,117	-
Donated assets	7,798	-	-
Total capital works	94,115	8,106	100

TABLE 6: STATEMENT OF BUSINESS ACTIVITIES (continued)

Account classification	Townsville Water FY 2017/18 \$'000	Townsville Waste FY 2017/18 \$'000	Performing Arts FY 2017/18 \$'000
Operating revenue			
Services provided to local government (LG)	21,137	6,801	-
Services provided to clients other than LG	174,669	28,171	983
Community service obligation	2,042	1,045	-
Total operating revenue	197,848	36,017	983
Operating expenses	139,939	28,127	10,345
Other capital amounts	28,724	-	-
Increase / (decrease) in operating capability before tax	86,633	7,890	(9,362)
Income tax	16,744	2,367	-
Increase / (decrease) in operating capability after tax	69,889	5,523	(9,362)

Community service obligations	Townsville Water FY 2017/18 \$'000	Townsville Waste FY 2017/18 \$'000
Arcadian Surf Life Saving Club (sewerage pump out)	12	-
Concessions on wastewater utility charges	502	-
Concessions on water utility charges	1,528	-
National Recycling Week		4
Concessions on landfill fees for charity organisations		62
Costs of provision of dead animal collection services		31
Costs of provision of infirmed services		33
Clean-up Australia Day		6
Great Northern Clean-up		3
Free dump weekend October		148
Free dump weekend January		148
Community clean up events		10
Stadium remediation works		600
Total community service obligations	2,042	1,045

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: INCOME STATEMENT (LONG-TERM)

	2017/18 \$'000	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
Revenue										
General rates	163,407	168,062	173,018	178,296	183,917	189,901	196,271	203,053	210,275	217,966
Utility charges	182,955	187,066	192,276	201,123	208,680	216,757	225,959	236,440	247,729	260,343
<i>Water</i>	79,861	82,464	86,076	93,188	97,975	103,104	109,176	116,332	124,087	133,044
<i>Wastewater</i>	83,594	84,534	85,528	86,620	88,706	90,925	93,278	95,777	98,431	101,150
<i>Refuse & Recycling</i>	19,500	20,067	20,671	21,314	21,999	22,728	23,505	24,331	25,211	26,149
Discounts and concessions	(23,440)	(23,664)	(23,913)	(24,188)	(24,489)	(24,817)	(25,174)	(25,560)	(25,976)	(26,425)
Fees and charges	21,570	21,609	22,131	22,672	23,235	23,819	24,426	25,056	25,712	26,393
Interest received	4,802	4,652	3,762	6,178	6,694	5,750	5,680	6,409	5,946	5,984
Contributions	760	760	760	760	760	760	760	760	760	760
Grants and subsidies	21,838	9,415	9,557	9,702	9,849	10,000	10,153	10,310	10,470	10,633
Other revenue	11,878	12,022	12,269	12,522	12,780	13,043	13,312	13,586	13,866	14,152
Total revenue	383,770	379,921	389,860	407,065	421,425	435,212	451,387	470,054	488,781	509,807
Expenses										
Employee costs	119,948	124,747	127,931	131,325	134,876	138,591	142,478	146,547	150,806	155,265
Materials and services	118,769	104,562	106,017	107,545	112,201	120,647	127,634	134,658	142,739	152,059
Depreciation and amortisation	114,387	120,407	127,095	132,427	134,511	142,069	148,755	152,773	159,528	167,269
Finance costs	23,090	24,250	24,381	21,486	19,434	19,853	20,232	19,544	17,755	16,873
Other expenses	843	1,117	1,148	1,179	1,213	1,249	1,287	1,326	1,368	1,413
Total expenses	377,037	375,084	386,572	393,962	402,235	422,408	440,386	454,848	472,197	492,879
Surplus/(Deficit) before capital income	6,733	4,837	3,288	13,103	19,190	12,804	11,001	15,206	16,584	16,928
Operating surplus ratio	1.76%	1.28%	0.85%	3.23%	4.55%	2.94%	2.44%	3.23%	3.39%	3.32%
Capital income										
Grants, subsidies, contributions and donations	101,159	111,115	189,311	174,183	115,912	136,335	98,257	118,007	131,327	142,883
Total capital income	101,159	111,115	189,311	174,183	111,412	136,335	98,257	105,507	131,327	142,883
Increase/(Decrease) in operating capability	107,892	115,953	192,599	187,286	130,601	149,139	109,259	120,713	147,911	159,810

TABLE 8: BALANCE SHEET (LONG-TERM)

	2017/18 \$'000	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
Current Assets										
Cash and cash equivalents	99,750	88,121	86,558	127,128	120,304	85,768	83,340	81,985	84,762	83,074
Trade and other receivables	35,609	35,234	38,532	37,741	39,097	40,541	42,018	43,894	45,778	47,839
Inventories	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385
Other current assets	3,106	3,170	3,235	3,302	3,370	3,439	3,510	3,582	3,656	3,731
Non-current assets held for sale	97	97	97	97	97	97	97	97	97	97
Total Current Assets	139,947	128,007	129,808	169,653	164,253	131,230	130,350	130,943	135,678	136,126
Non-Current Assets										
Investments	21,950	20,141	18,332	16,523	16,523	16,523	16,523	16,523	16,523	16,523
Trade and other receivables	2,339	2,339	-	-	-	-	-	-	-	-
Property, plant and equipment	4,598,235	4,840,927	5,009,881	5,068,217	5,267,135	5,520,092	5,664,183	5,799,114	5,981,599	6,184,527
Intangible assets	6,862	5,365	4,002	2,643	1,421	682	660	638	615	593
Other non-current assets	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175
Total Non-Current Assets	4,643,561	4,882,947	5,046,390	5,101,558	5,299,254	5,551,472	5,695,541	5,830,450	6,012,912	6,215,819
Total Assets	4,783,508	5,010,954	5,176,198	5,271,211	5,463,507	5,682,702	5,825,891	5,961,392	6,148,590	6,351,945
Current Liabilities										
Trade and other payables	61,148	57,067	58,401	60,563	63,500	67,204	70,193	73,605	77,250	81,389
Borrowings	26,621	33,708	33,784	34,899	39,895	40,735	34,075	35,788	38,875	37,691
Provisions	11,353	11,641	11,941	12,256	12,585	12,930	13,290	13,668	14,063	14,476
Other current liabilities	533	533	533	533	533	533	533	533	533	533
Total Current Liabilities	99,655	102,949	104,659	108,251	116,514	121,401	118,091	123,594	130,721	134,089
Non-Current Liabilities										
Borrowings	347,628	456,210	426,937	326,338	361,059	400,450	406,437	370,649	361,821	356,180
Provisions	37,318	33,466	26,505	21,145	20,082	20,650	20,103	29,016	29,790	30,711
Other non-current liabilities	1,773	1,773	1,773	1,773	1,773	1,773	1,773	1,773	1,773	1,773
Total Non-Current Liabilities	386,719	491,449	455,215	349,256	382,914	422,873	428,314	401,438	393,384	388,664
Total Liabilities	486,374	594,398	559,875	457,507	499,427	544,274	546,405	525,032	524,105	522,754
Net Community Assets	4,297,134	4,416,556	4,616,323	4,813,704	4,964,080	5,138,428	5,279,486	5,436,361	5,624,485	5,829,191
Community Equity										
Asset revaluation reserve	621,865	625,335	632,502	642,598	662,372	687,581	719,380	755,541	795,754	840,650
Retained surplus	3,675,269	3,791,222	3,983,821	4,171,107	4,301,708	4,450,847	4,560,106	4,680,819	4,828,731	4,988,541
Total Community Equity	4,297,134	4,416,556	4,616,323	4,813,704	4,964,080	5,138,428	5,279,486	5,436,361	5,624,485	5,829,191

TABLE 9: MEASURES OF SUSTAINABILITY

	Target Ratio	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating surplus ratio (Net operating surplus / Total operating revenue)	0% - 10%	1.8%	1.3%	0.8%	3.2%	4.6%	2.9%	2.4%	3.2%	3.4%	3.3%
Net financial liability ratio (Total liabilities - Current assets) / Total operating revenue	<60%	90.7%	123.3%	110.8%	71.0%	79.5%	94.9%	92.2%	83.8%	79.5%	75.8%
Asset sustainability ratio (Capital expenditure on the replacement of assets (renewals) / Depreciation)	>90%	68.9%	63.6%	61.4%	54.1%	87.2%	78.2%	78.0%	83.5%	87.3%	85.0%