



**ISAAC REGIONAL COUNCIL**

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# BUDGET REVIEW

2012/2013

**ADOPTED BY COUNCIL ON  
THE 19 MARCH 2013**



**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Comprehensive Income**

For the periods ending 30 June -

	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	% Incr	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>												
Rates and utility charges	75,961,531	78,003,234	3	82,796,440	87,162,952	91,766,368	96,619,838	101,737,260	107,133,314	112,823,512	118,824,246	125,152,837
Less Discounts	(2,722,007)	(4,547,084)	67	(4,728,966)	(4,918,124)	(5,114,848)	(5,319,441)	(5,532,217)	(5,753,505)	(5,983,644)	(6,222,988)	(6,471,906)
Net rates and utility charges	73,239,524	73,456,150	0	78,067,474	82,244,828	86,651,520	91,300,397	96,205,043	101,379,809	106,839,868	112,601,258	118,680,931
Statutory fees and charges	7,333,845	6,393,044	-13	5,632,866	5,801,851	5,975,904	6,155,178	6,339,831	6,530,023	6,725,920	7,135,524	7,349,588
Other fees and charges	10,930,357	1,953,541	-82	1,038,549	1,069,705	1,101,796	1,134,849	1,168,894	1,203,960	1,240,078	1,277,280	1,315,598
Rental and levies	1,189,136	1,831,685	54	1,330,782	1,411,823	1,454,176	1,497,799	1,542,731	1,589,011	1,636,679	1,685,777	1,736,349
Major fees and charges	2,188,260	7,421,200	239	8,792,800	9,328,280	9,608,126	9,896,368	10,193,256	10,499,051	10,814,020	11,138,438	11,472,588
Operating grants, subsidies and contributions	16,734,683	33,511,666	100	36,167,290	7,664,542	7,664,542	7,664,542	7,664,542	7,664,542	7,664,542	7,664,542	7,664,542
Interest revenue	6,106,311	5,015,150	-18	5,014,400	3,515,668	3,622,374	3,697,374	3,697,374	3,697,374	3,572,374	3,572,374	3,572,374
Sales of contract and recoverable works	4,942,619	2,503,408	-49	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065
Proceeds from sales of land developed for resale	281,810	5,235,600	1758	1,000,000	34,165,600	6,730,000	-	-	-	-	-	-
Other Income	195,115	83,000	-57	371,150	382,283	393,751	405,562	417,727	430,257	443,163	456,457	470,149
	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>123,141,660</b>	<b>137,404,444</b>	<b>12</b>	<b>143,590,187</b>	<b>120,967,804</b>	<b>119,264,528</b>	<b>124,474,787</b>	<b>129,957,655</b>	<b>135,727,989</b>	<b>141,676,484</b>	<b>148,069,715</b>	<b>154,800,184</b>
<b>Expenses</b>												
Employee benefits	(27,674,871)	(29,877,282)	8	(30,733,558)	(32,128,405)	(33,342,952)	(34,606,083)	(35,919,738)	(37,285,939)	(38,706,788)	(40,184,471)	(41,721,260)
Materials and services	(41,077,403)	(70,099,082)	71	(81,901,946)	(50,094,119)	(52,097,879)	(54,181,791)	(56,349,059)	(60,947,136)	(63,385,016)	(65,920,412)	(68,557,224)
Current cost of developed land sold	(54,089)	(5,760,000)	10549	(180,000)	(11,813,496)	(2,691,344)	-	-	-	-	-	-
Depreciation and Amortisation	(16,563,759)	(16,623,867)	0	(17,300,537)	(17,411,688)	(17,543,266)	(17,662,416)	(17,801,286)	(17,959,033)	(18,117,254)	(18,276,898)	(18,449,197)
Finance Costs	(963,347)	(1,404,632)	46	(2,040,391)	(1,730,792)	(1,671,349)	(1,599,723)	(1,529,148)	(1,455,061)	(1,381,047)	(1,295,612)	(1,209,551)
<b>TOTAL OPERATING EXPENSES</b>	<b>(86,333,469)</b>	<b>(123,764,863)</b>	<b>43</b>	<b>(111,982,101)</b>	<b>(106,060,108)</b>	<b>(106,739,358)</b>	<b>(110,217,281)</b>	<b>(113,853,191)</b>	<b>(117,647,169)</b>	<b>(121,590,105)</b>	<b>(125,677,393)</b>	<b>(129,937,232)</b>
<b>Operating surplus (deficit)</b>	<b>36,808,191</b>	<b>13,639,580</b>	<b>-63</b>	<b>31,608,086</b>	<b>14,907,696</b>	<b>12,525,170</b>	<b>14,257,506</b>	<b>16,104,464</b>	<b>18,080,820</b>	<b>20,086,379</b>	<b>22,392,322</b>	<b>24,862,952</b>
Capital income and expenditure:												
Cash capital grants, subsidies and contributions	14,060,337	25,048,162	78	8,853,372	2,250,000	2,970,000	-	-	-	-	-	-
Contributed physical capital assets	9,930,820	-	-100	-	-	-	-	-	-	-	-	-
Other capital income	464,646	52,223	-89	33,000	-	-	-	-	-	-	-	-
Other capital expense	(12,716,289)	(383,750)	-97	(123,342)	(240,352)	(147,668)	(324,931)	(260,777)	(232,212)	(272,547)	(337,047)	(454,047)
Special loan for operational funding	-	-	-	16,800,000	-	-	-	-	-	-	-	-
<b>Net income/(loss) for period before equity adjustme</b>	<b>48,547,705</b>	<b>38,356,216</b>	<b>-21</b>	<b>40,338,116</b>	<b>16,917,344</b>	<b>15,347,502</b>	<b>13,932,575</b>	<b>15,843,687</b>	<b>17,848,608</b>	<b>19,813,832</b>	<b>22,055,275</b>	<b>24,408,905</b>
Asset revaluations direct to equity	37,197,708	-	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>85,745,413</b>	<b>38,356,216</b>	<b>-55</b>	<b>40,338,116</b>	<b>16,917,344</b>	<b>15,347,502</b>	<b>13,932,575</b>	<b>15,843,687</b>	<b>17,848,608</b>	<b>19,813,832</b>	<b>22,055,275</b>	<b>24,408,905</b>

**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Financial Position**

As at the periods ending 30 June -

	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	\$	\$	% Incr	\$	% Incr	\$	% Incr	\$	% Incr	\$	% Incr	\$	% Incr
<b>Current Assets</b>													
Cash and deposits	106,900,621	65,636,747		71,198,705		75,635,337		76,107,727		74,111,538		75,024,360	
Receivables	11,819,865	12,494,084		9,994,084		9,994,084		9,994,084		9,994,084		9,994,084	
Inventories	9,721,801	9,549,125		27,610,306		28,402,728		25,711,384		25,711,384		25,711,384	
	128,442,287	87,679,956		109,595,517		111,340,805		111,813,195		109,817,006		110,729,828	
Non-current - Assets classified as held for sale	-	595,449		-		-		-		-		-	
	128,442,287	88,275,405		109,595,517		111,340,805		111,813,195		109,817,006		110,729,828	
<b>Non-Current Assets</b>													
Receivables	7,593,867	-		10,000,000		10,000,000		10,000,000		10,000,000		10,000,000	
Investment properties	10,198,144	9,733,498		10,198,144		10,198,144		10,198,144		10,198,144		10,198,144	
Property, plant and equipment	843,107,721	915,264,229		940,299,932		954,461,112		968,535,071		1,014,838,676		1,076,053,445	
Intangible assets	49,991	-		(54,044)		(54,044)		(54,044)		(54,044)		(54,044)	
Capital Work in Progress	45,220,299	15,794,028		45,220,299		45,220,299		45,220,299		45,220,299		45,220,299	
	906,170,022	940,791,755		1,005,664,331		1,019,825,511		1,046,449,640		1,080,203,075		1,141,417,844	
<b>TOTAL ASSETS</b>	<b>1,034,612,309</b>	<b>1,029,067,160</b>		<b>1,115,259,848</b>		<b>1,131,166,316</b>		<b>1,158,262,835</b>		<b>1,190,020,081</b>		<b>1,252,147,672</b>	
<b>Current Liabilities</b>													
Trade and other payables	13,639,638	12,856,669		12,950,935		13,048,972		13,256,966		13,367,244		13,854,265	
Interest bearing liabilities	387,175	4,895,512		1,246,970		1,306,413		954,117		1,522,702		1,768,212	
Provisions	211,463	219,922		228,718		237,866		257,275		267,566		313,011	
Other	159,391	-		-		-		-		-		-	
	14,397,667	17,972,103		14,426,623		14,593,251		14,468,358		15,157,512		15,935,488	
<b>Non-Current Liabilities</b>													
Trade and other payables	1,609,215	1,024,072		1,065,035		1,107,636		1,198,018		1,295,775		1,457,570	
Interest bearing liabilities	11,747,045	12,256,838		34,407,738		33,101,325		30,769,168		29,246,466		22,431,173	
Provisions	1,994,923	2,074,720		2,157,708		2,244,016		2,427,127		2,524,212		2,952,969	
	15,351,183	15,355,630		37,630,481		36,452,977		34,394,313		33,016,616		26,841,712	
<b>TOTAL LIABILITIES</b>	<b>29,748,850</b>	<b>33,327,733</b>		<b>52,057,104</b>		<b>51,046,228</b>		<b>48,862,671</b>		<b>46,927,622</b>		<b>42,777,200</b>	
<b>NET COMMUNITY ASSETS</b>	<b>1,004,863,459</b>	<b>995,739,427</b>		<b>1,063,202,744</b>		<b>1,080,120,088</b>		<b>1,109,400,165</b>		<b>1,143,092,460</b>		<b>1,209,370,472</b>	
<b>Community Equity</b>													
Capital account	647,472,476	720,138,122		737,840,164		753,248,314		768,628,686		798,430,010		885,049,000	
Asset revaluation reserve	254,704,491	213,193,763		254,704,491		254,704,491		254,704,491		254,704,491		254,704,491	
Restricted capital reserves	26,796,304	32,096,625		20,898,341		20,898,341		20,898,341		20,898,341		20,898,341	
Other capital reserves	58,521,678	21,054,153		44,555,519		46,055,519		46,055,519		43,555,519		43,555,519	
Recurrent reserves	15,855,095	9,080,291		5,125,684		5,125,684		5,125,684		5,125,684		5,125,684	
Accumulated surplus/(deficiency)	1,513,415	176,473		78,545		87,739		59,234		21,275		37,437	
<b>TOTAL COMMUNITY EQUITY</b>	<b>1,004,863,459</b>	<b>995,739,427</b>		<b>1,063,202,744</b>		<b>1,080,120,088</b>		<b>1,109,400,165</b>		<b>1,143,092,460</b>		<b>1,209,370,472</b>	

**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Cash Flows**

For the periods ending 30 June -

	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
Receipts												
Net rates and utility charges	74,554,550	76,495,600	74,135,644	78,067,474	82,244,828	86,651,520	91,300,397	96,205,043	101,379,809	106,839,868	112,601,258	118,680,931
Total fees and charges	18,264,202	8,346,585	6,641,166	6,840,400	7,045,609	7,256,974	7,474,680	7,698,917	7,929,880	8,167,773	8,412,804	8,665,186
Rental and levies	1,189,136	1,831,685	1,330,782	1,370,704	1,411,823	1,454,176	1,497,799	1,542,731	1,589,011	1,636,679	1,685,777	1,736,349
Major fees and charges	2,188,260	7,421,200	8,792,800	9,056,584	9,328,280	9,608,126	9,896,368	10,193,256	10,499,051	10,814,020	11,138,438	11,472,588
Sales of contract and recoverable works	4,942,619	2,503,408	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065	2,538,065
Interest revenue	5,360,996	5,015,150	6,672,284	3,515,668	3,622,374	3,697,374	3,697,374	3,697,374	3,697,374	3,572,374	3,572,374	3,572,374
Contributions and donations	292,436	356,344	407,335	236,900	236,900	236,900	236,900	236,900	236,900	236,900	236,900	236,900
Government subsidies and grants	16,442,247	33,155,322	35,759,955	7,427,642	7,427,642	7,427,642	7,427,642	7,427,642	7,427,642	7,427,642	7,427,642	7,427,642
Other Income	(2,463,914)	83,000	(663,866)	371,150	382,283	393,751	405,562	417,727	430,257	443,163	456,457	470,149
Proceeds from sale of developed land	281,810	5,235,600	1,000,000	34,165,600	6,730,000	-	-	-	-	-	-	-
GST received for the year	(924,025)	-	963,418	-	-	-	-	-	-	-	-	-
	120,128,317	140,443,894	137,577,583	143,590,187	120,967,804	119,264,528	124,474,787	129,957,655	135,727,989	141,676,484	148,069,715	154,800,184
Payments												
Employee benefits	(27,267,755)	(29,678,998)	(30,013,005)	(30,506,545)	(31,892,311)	(33,097,415)	(34,350,724)	(35,654,164)	(37,009,743)	(38,419,544)	(39,885,738)	(41,410,578)
Materials and services	(36,538,426)	(70,182,922)	(82,621,113)	(50,094,119)	(52,097,879)	(54,181,791)	(56,349,059)	(58,603,019)	(60,947,136)	(63,385,016)	(65,920,412)	(68,557,224)
Finance costs	(867,890)	(1,404,632)	(700,530)	(2,040,391)	(1,730,792)	(1,671,349)	(1,599,723)	(1,529,148)	(1,455,061)	(1,381,047)	(1,295,612)	(1,209,551)
Land and development costs	-	(5,760,000)	(18,241,181)	(12,605,918)	-	-	-	-	-	-	-	-
	(64,674,071)	(107,026,552)	(131,575,829)	(95,246,973)	(85,720,982)	(88,950,555)	(92,299,506)	(95,786,331)	(99,411,940)	(103,185,607)	(107,101,762)	(111,177,353)
<b>Cash provided by / (used in) operational activities:</b>	55,454,246	33,417,342	6,001,754	48,343,214	35,246,822	30,313,973	32,175,281	34,171,324	36,316,049	38,490,877	40,967,953	43,622,831
<b>Cash Flow from Investing Activities :</b>												
Proceeds from sale of capital assets	4,169,450	579,000	553,000	-	-	-	-	-	-	-	-	-
Contributions	8,775,397	16,800,000	3,429,381	-	-	-	-	-	-	-	-	-
Government grants and subsidies	5,118,328	8,248,162	7,860,662	8,853,372	2,250,000	2,970,000	-	-	-	-	-	-
Payments for property, plant and equipment	(45,299,647)	(126,110,191)	(81,178,571)	(50,679,083)	(31,813,220)	(31,764,893)	(30,537,518)	(32,981,060)	(37,025,683)	(36,611,055)	(38,976,844)	(41,533,859)
Movement in work in progress	(17,879,261)	34,760,041	-	-	-	-	-	-	-	-	-	-
Net proceeds (cost) from advances and cash invest	(7,222,367)	3,066,294	(2,406,133)	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	(52,338,100)	(62,656,695)	(71,741,661)	(41,825,711)	(29,563,220)	(28,794,893)	(30,537,518)	(32,981,060)	(37,025,683)	(36,611,055)	(38,976,844)	(41,533,859)
<b>Cash Flow from Financing Activities :</b>												
Proceeds from borrowings	-	29,826,408	29,800,000	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(359,950)	(24,808,370)	(1,384,000)	(4,895,512)	(1,246,970)	(1,306,413)	(1,378,040)	(954,117)	(1,522,702)	(1,596,717)	(1,682,152)	(1,768,212)
Net cash provided by financing activities	(359,950)	5,018,038	28,416,000	(4,895,512)	(1,246,970)	(1,306,413)	(1,378,040)	(954,117)	(1,522,702)	(1,596,717)	(1,682,152)	(1,768,212)
<b>Net Increase (Decrease) in Cash Held</b>	2,756,196	(24,221,314)	(37,323,907)	1,621,991	4,436,632	212,667	259,723	236,147	(2,232,336)	283,105	308,957	320,760
Cash at beginning of reporting period	104,144,425	89,858,061	106,900,621	69,576,714	71,198,705	75,635,337	75,848,004	76,107,727	76,343,874	74,111,538	74,394,643	74,703,600
<b>Cash at end of Reporting Period</b>	106,900,621	65,636,747	69,576,714	71,198,705	75,635,337	75,848,004	76,107,727	76,343,874	74,111,538	74,394,643	74,703,600	75,024,360

**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Changes in Equity**

For the periods ending 30 June -

	Total												
	Estim Act 2012	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of period	919,118,046	919,118,046	957,383,212	1,004,863,459	1,022,864,628	1,063,202,744	1,080,120,088	1,095,467,590	1,109,400,165	1,125,243,852	1,143,092,460	1,162,906,292	1,184,961,567
Adjustments direct to equity													
Asset revaluations direct to reserve	(4,313,020)	37,197,708	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net result	42,578,186	48,547,705	38,356,216	18,001,169	40,338,116	16,917,344	15,347,502	13,932,575	15,843,687	17,848,608	19,813,832	22,055,275	24,408,905
Other transfers to Capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of period	957,383,212	1,004,863,459	995,739,427	1,022,864,628	1,063,202,744	1,080,120,088	1,095,467,590	1,109,400,165	1,125,243,852	1,143,092,460	1,162,906,292	1,184,961,567	1,209,370,472

**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Changes in Equity**

For the periods ending 30 June -

	Retained Surplus/Deficit												
	Estim Act 2012 \$	Audit Act 2012 \$	Orig Bud 2013 \$	AmendBud 2013 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Balance at the beginning of period	972,336	972,336	365,548	1,513,415	25,272	78,545	87,739	54,869	59,234	29,807	21,275	17,136	27,360
Adjustments direct to equity													
Asset revaluations direct to reserve													
Increase (decrease) in net result	42,578,186	48,547,705	38,356,216	18,001,169	40,338,116	16,917,344	15,347,502	13,932,575	15,843,687	17,848,608	19,813,832	22,055,275	24,408,905
Other transfers to Capital and reserves	(61,503,855)	(68,986,749)	(49,330,101)	(51,172,198)	(43,810,236)	(20,641,341)	(19,098,894)	(17,898,440)	(19,845,394)	(21,869,362)	(23,933,544)	(26,293,602)	(28,831,167)
Transfers from capital and reserves	18,318,882	20,980,123	10,784,811	31,682,886	3,525,393	3,733,191	3,718,522	3,970,229	3,972,280	4,012,222	4,115,573	4,248,551	4,432,340
Transfers between capital and reserves													
Balance at the end of period	365,548	1,513,415	176,473	25,272	78,545	87,739	54,869	59,234	29,807	21,275	17,136	27,360	37,437

**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Changes in Equity**

For the periods ending 30 June -

	Capital												
	Estim Act 2012 \$	Audit Act 2012 \$	Orig Bud 2013 \$	AmendBud 2013 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Balance at the beginning of period	600,349,649	600,349,649	651,340,404	647,472,476	699,689,448	737,840,164	753,248,314	768,628,686	782,556,896	798,430,010	818,787,150	838,605,121	860,650,172
Adjustments direct to equity													
Asset revaluations direct to reserve													
Increase (decrease) in net result					-	-	-	-	-	-	-	-	-
Other transfers to Capital and reserves	32,371,128	34,905,050	19,281,939	32,081,710	17,056,864	16,891,341	16,128,894	17,898,440	19,845,394	21,869,362	23,933,544	26,293,602	28,831,167
Transfers from capital and reserves	(13,271,162)	(16,909,671)	(3,667,225)	(20,263,475)	(3,525,393)	(3,733,191)	(3,718,522)	(3,970,229)	(3,972,280)	(4,012,222)	(4,115,573)	(4,248,551)	(4,432,340)
Transfers between capital and reserves	31,890,789	29,127,448	53,183,004	40,398,737	24,619,245	2,250,000	2,970,000	-	-	2,500,000	-	-	-
Balance at the end of period	651,340,404	647,472,476	720,138,122	699,689,448	737,840,164	753,248,314	768,628,686	782,556,896	798,430,010	818,787,150	838,605,121	860,650,172	885,049,000

**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Changes in Equity**

For the periods ending 30 June -

	Asset Revaluation Surplus												
	Estim Act 2012	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of period	217,506,783	217,506,783	213,193,763	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491
Adjustments direct to equity													
Asset revaluations direct to reserve	(4,313,020)	37,197,708	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net result													
Other transfers to Capital and reserves													
Transfers from capital and reserves	-	-											
Transfers between capital and reserves	-	-											
Balance at the end of period	213,193,763	254,704,491	213,193,763	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491



**ISAAC REGIONAL COUNCIL**

**Budgeted Statement of Changes in Equity**

For the periods ending 30 June -

	Reserves												
	Estim Act 2012	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of period	100,289,278	100,289,278	92,483,497	101,173,077	68,445,417	70,579,544	72,079,544	72,079,544	72,079,544	72,079,544	69,579,544	69,579,544	69,579,544
Adjustments direct to equity													
Asset revaluations direct to reserve								-					-
Increase (decrease) in net result													
Other transfers to Capital and reserves	29,132,727	34,081,699	30,048,162	19,090,488	26,753,372	3,750,000	2,970,000	-	-	-	-	-	-
Transfers from capital and reserves	(5,047,720)	(4,070,452)	(7,117,586)	(11,419,411)	-	-	-	-	-	-	-	-	-
Transfers between capital and reserves	(31,890,789)	(29,127,448)	(53,183,004)	(40,398,737)	(24,619,245)	(2,250,000)	(2,970,000)	-	-	(2,500,000)	-	-	-
Balance at the end of period	92,483,497	101,173,077	62,231,069	68,445,417	70,579,544	72,079,544	72,079,544	72,079,544	72,079,544	69,579,544	69,579,544	69,579,544	69,579,544

**ISAAC REGIONAL COUNCIL**

**Budgeted Maintenance of Capital Capacity and Other Key Sustainability Indicators**

For the periods ending 30 June -

	Estim Act 2012	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At the beginning of each year Capital value (Capacity) comprises:													
Investment in capital assets	600,349,649	600,349,649	647,472,476	647,472,476	720,138,122	737,840,164	753,248,314	768,628,686	782,556,896	798,430,010	818,787,150	838,605,121	860,650,172
Future Capital Sustainability Reserve			9,207,542										
Unspent capital loan funds	9,662,920	9,662,920	3,929,954	3,929,954									
Asset revaluation reserve	217,506,783	217,506,783	254,704,491	254,704,491	213,193,763	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491	254,704,491
<b>Total opening capital capacity</b>	<b>827,519,352</b>	<b>827,519,352</b>	<b>915,314,463</b>	<b>906,106,921</b>	<b>933,331,885</b>	<b>992,544,655</b>	<b>1,007,952,805</b>	<b>1,023,333,177</b>	<b>1,037,261,387</b>	<b>1,053,134,501</b>	<b>1,073,491,641</b>	<b>1,093,309,612</b>	<b>1,115,354,663</b>
Operating surplus/deficit in period	37,343,866	36,808,191	13,639,580	6,698,735	31,608,086	14,907,696	12,525,170	14,257,506	16,104,464	18,080,820	20,086,379	22,392,322	24,862,952
Gain \ (loss) from operational changes in capital assets	(8,659,405)	(12,251,643)	(331,527)	(147,000)	(123,342)	(240,352)	(147,668)	(324,931)	(260,777)	(232,212)	(272,547)	(337,047)	(454,047)
<b>Closing balance of opening capital value</b>	<b>856,203,813</b>	<b>852,075,900</b>	<b>928,622,517</b>	<b>912,658,656</b>	<b>964,816,629</b>	<b>1,007,211,999</b>	<b>1,020,330,307</b>	<b>1,037,265,752</b>	<b>1,053,105,074</b>	<b>1,070,983,109</b>	<b>1,093,305,473</b>	<b>1,115,364,887</b>	<b>1,139,763,568</b>
Maintenance of council's opening capital value (capacity)	28,684,461	24,556,548	13,308,054	6,551,735	31,484,744	14,667,344	12,377,502	13,932,575	15,843,687	17,848,608	19,813,832	22,055,275	24,408,905
	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
Cummulative maintenance of capital capacity to deliver services (sustainability)	28,684,461	24,556,548	37,864,602	31,108,283	69,349,346	84,016,690	96,394,192	110,326,767	126,170,454	144,019,062	163,832,894	185,888,169	210,297,074

This calculation demonstrates whether the council has maintained the capital value it started with at the beginning of the year.

This analysis each year, excludes new capital income and assets are added during the year. New assets added and any revaluations during the year are included in the opening capital value of the next year.

If the council can not maintain its opening capital value each year, service levels will decline and it will ultimately be unsustainable.

**Budgeted cash position to maintain the Capital Capacity**

Opening cash position	104,144,425	104,144,425	89,858,061	106,900,621	69,576,714	71,198,705	75,635,337	75,848,004	76,107,727	76,343,874	74,111,538	74,394,643	74,703,600
Closing cash position	89,858,061	106,900,621	65,636,747	69,576,714	71,198,705	75,635,337	75,848,004	76,107,727	76,343,874	74,111,538	74,394,643	74,703,600	75,024,360
Change in cash position for period	(14,286,364)	2,756,196	(24,221,314)	(37,323,907)	1,621,991	4,436,632	212,667	259,723	236,147	(2,232,336)	283,105	308,957	320,760
It is considered a bank balance of less than	5,000,000												

will put the council under extreme financial pressure requiring corrective action.

**The forecast bank balance over the next 10 years does not indicate that this will occur.**

**Analysis of change in council equity**

Opening council equity value	919,118,046	919,118,046	957,383,212	1,004,863,459	1,022,864,628	1,104,713,472	1,121,630,816	1,136,978,318	1,150,910,893	1,166,754,580	1,184,603,188	1,204,417,020	1,226,472,295
Capital grants and contributions received	13,893,724	14,060,337	25,048,162	11,449,434	8,853,372	2,250,000	2,970,000						
Donated physical capital assets		9,930,820											
Operating profit/(loss) in the period	37,343,866	36,808,191	13,639,580	6,698,735	31,608,086	14,907,696	12,525,170	14,257,506	16,104,464	18,080,820	20,086,379	22,392,322	24,862,952
Gains \ (losses) from changes in capital asset:	(8,659,405)	(12,251,643)	(331,527)	(147,000)	(123,342)	(240,352)	(147,668)	(324,931)	(260,777)	(232,212)	(272,547)	(337,047)	(454,047)
<b>Change in equity before inflation</b>	<b>42,578,186</b>	<b>48,547,705</b>	<b>38,356,216</b>	<b>18,001,169</b>	<b>40,338,116</b>	<b>16,917,344</b>	<b>15,347,502</b>	<b>13,932,575</b>	<b>15,843,687</b>	<b>17,848,608</b>	<b>19,813,832</b>	<b>22,055,275</b>	<b>24,408,905</b>
Inflation adjustments to capital assets:													
Asset revaluation adjustments to the ARR	(4,313,020)	37,197,708	(41,510,728)		41,510,728								
<b>Total change in council equity in the period</b>	<b>38,265,166</b>	<b>85,745,413</b>	<b>(3,154,512)</b>	<b>18,001,169</b>	<b>81,848,844</b>	<b>16,917,344</b>	<b>15,347,502</b>	<b>13,932,575</b>	<b>15,843,687</b>	<b>17,848,608</b>	<b>19,813,832</b>	<b>22,055,275</b>	<b>24,408,905</b>
<b>Council equity value period end</b>	<b>957,383,212</b>	<b>1,004,863,459</b>	<b>954,228,700</b>	<b>1,022,864,628</b>	<b>1,104,713,472</b>	<b>1,121,630,816</b>	<b>1,136,978,318</b>	<b>1,150,910,893</b>	<b>1,166,754,580</b>	<b>1,184,603,188</b>	<b>1,204,417,020</b>	<b>1,226,472,295</b>	<b>1,250,881,200</b>

## ISAAC REGIONAL COUNCIL

Financial Ratios of the Budget

For the year ended 30 June :

	Estim Act 2012	Audit Act 2012	Orig Bud 2013	AmendBud 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	%	%	%	%	%	%	%	%	%	%	%	%	%
<b>29 Asset sustainability ratio</b>													
Current year funded depreciation divided by replacement asset expenditure													
<u>Expenditure on Replacement Assets</u>													
Depreciation expense	426.5%	107.9%	105.4%	102.2%	100.7%	92.9%	71.8%	103.2%	89.9%	83.6%	90.1%	104.1%	124.3%
Indicator suggests percentage should be >90%													
This indicator should be averaged over atleast 10 years. Not an annual expectation.													
Shows the amount spent on replacement / renewal assets compared to the annual depreciation of those assets.													
<b>Asset Consumption Ratio</b>													
Seeks to highlight the aged condition of council's infrastructure assets													
<u>Written down value of infrastructure assets</u>	92.5%	89.1%	92.5%	88.0%	85.3%	83.2%	82.6%	81.7%	81.1%	80.7%	80.1%	79.6%	79.2%
Replacement cost of infrastructure assets													
Infrastructure assets = Road, bridge and drainage, Water, Sewerage, Waste Management, Aerodrome													
The lower the percentage the nearer replacement will need to take place. Guidance range between 40% and 80%													
<b>Interest coverage ratio</b>													
Indicator range is between 0% and 5%													
<u>Net interest expense</u>													
Operating Revenue	-4.2%	-4.4%	-2.7%	-3.2%	-1.0%	-1.6%	-1.7%	-1.7%	-1.7%	-1.7%	-1.5%	-1.5%	-1.5%
This shows the council's capacity to fund additional borrowings.													
A negative percentage indicates interest income exceeds the interest expense.													
<b>Working Capital Ratio :</b>													
This ratio measures extent to which unrestricted liquid assets are available to meet short term liabilities.													
<u>Unrestricted current assets</u>													
Current liabilities	6.4 : 1	7.0 : 1	3.6 : 1	4.3 : 1	6.1 : 1	6.2 : 1	6.1 : 1	6.3 : 1	6.0 : 1	5.8 : 1	5.7 : 1	5.7 : 1	5.6 : 1
NB. This ratio calculation meets the requirements of the DLGP but inventory (excluding land) held at value in use not at a realisable value. Restricted cash should also be excluded.													
<b>Debt Payment Ratio :</b>													
<u>Debt servicing &amp; redemption cost</u>													
Total operating revenue	0.9%	0.9%	19.0%	1.5%	4.8%	2.5%	2.5%	2.4%	1.9%	2.2%	2.1%	2.0%	1.9%
<b>Operating Surplus Ratio</b>													
Extent to which operating revenue covers operational expenses. Target range 0 per cent to 10 per cent.													
A ratio >0% indicates an operating surplus, these funds are available to maintain or increase council's capital value													
A ratio <0% indicates an operating loss, results in opening capital value declining which has future sustainability issues.													
<u>Net operating surplus</u>													
Total operating revenue	29.2%	29.9%	9.9%	4.9%	22.0%	12.3%	10.5%	11.5%	12.4%	13.3%	14.2%	15.1%	16.1%
<b>Revenue Ratio :</b>													
<u>Rate revenue</u>													
Total revenue	59.5%	59.5%	53.5%	54.5%	54.4%	68.0%	72.7%	73.3%	74.0%	74.7%	75.4%	76.0%	76.7%
<b>Level of Debt</b>													
<u>Total liabilities</u>													
Total assets	2.9%	2.9%	3.2%	5.3%	4.7%	4.5%	4.4%	4.2%	4.1%	3.9%	3.8%	3.6%	3.4%
<b>Net Financial Liabilities Ratio</b>													
<u>Total liabilities-Current Assets</u>													
Operating revenue	-70.8%	-80.1%	-40.0%	-37.1%	-40.1%	-49.8%	-51.6%	-50.6%	-49.2%	-46.3%	-45.5%	-44.7%	-43.9%
A positive percentage <60% indicates a capacity to increase borrowings													
A positive percentage >60% indicates a limited capacity to increase borrowings													

**All Rates/Total Operating Costs.**

Median of 48% of costs covered by rates

Less than 40% puts dependency on grants & other revenue	79.1%	84.8%	59.4%	57.3%	69.7%	77.5%	81.2%	82.8%	84.5%	86.2%	87.9%	89.6%	91.3%
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**Asset Renewal Funding Ratio**

The net PV of budgeted expenditure on renewal assets divided by the PV of required expenditure on renewal assets over the same period.

**Maintenance of Council's Capital Value - Council's Sustainability Performance**

This is the over-riding sustainability indicator - The maintainance of council's opening capital value each year

Opening capital value	827,519,352	827,519,352	915,314,463	906,106,921	933,331,885	992,544,655	1,007,952,805	1,023,333,177	1,037,261,387	1,053,134,501	1,073,491,641	1,093,309,612	1,115,354,663
Change in opening capital value	<b>24,556,548</b>	<b>24,556,548</b>	<b>13,308,054</b>	<b>6,551,735</b>	<b>31,484,744</b>	<b>14,667,344</b>	<b>12,377,502</b>	<b>13,932,575</b>	<b>15,843,687</b>	<b>17,848,608</b>	<b>19,813,832</b>	<b>22,055,275</b>	<b>24,408,905</b>
Balance of openign capital value at period end	852,075,900	852,075,900	928,622,517	912,658,656	964,816,629	1,007,211,999	1,020,330,307	1,037,265,752	1,053,105,074	1,070,983,109	1,093,305,473	1,115,364,887	1,139,763,568

The opening capital value is calculated before recognising new capital income and inflation adjustments during the year

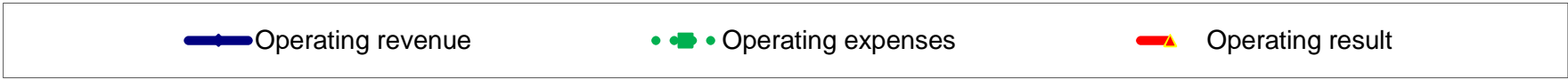
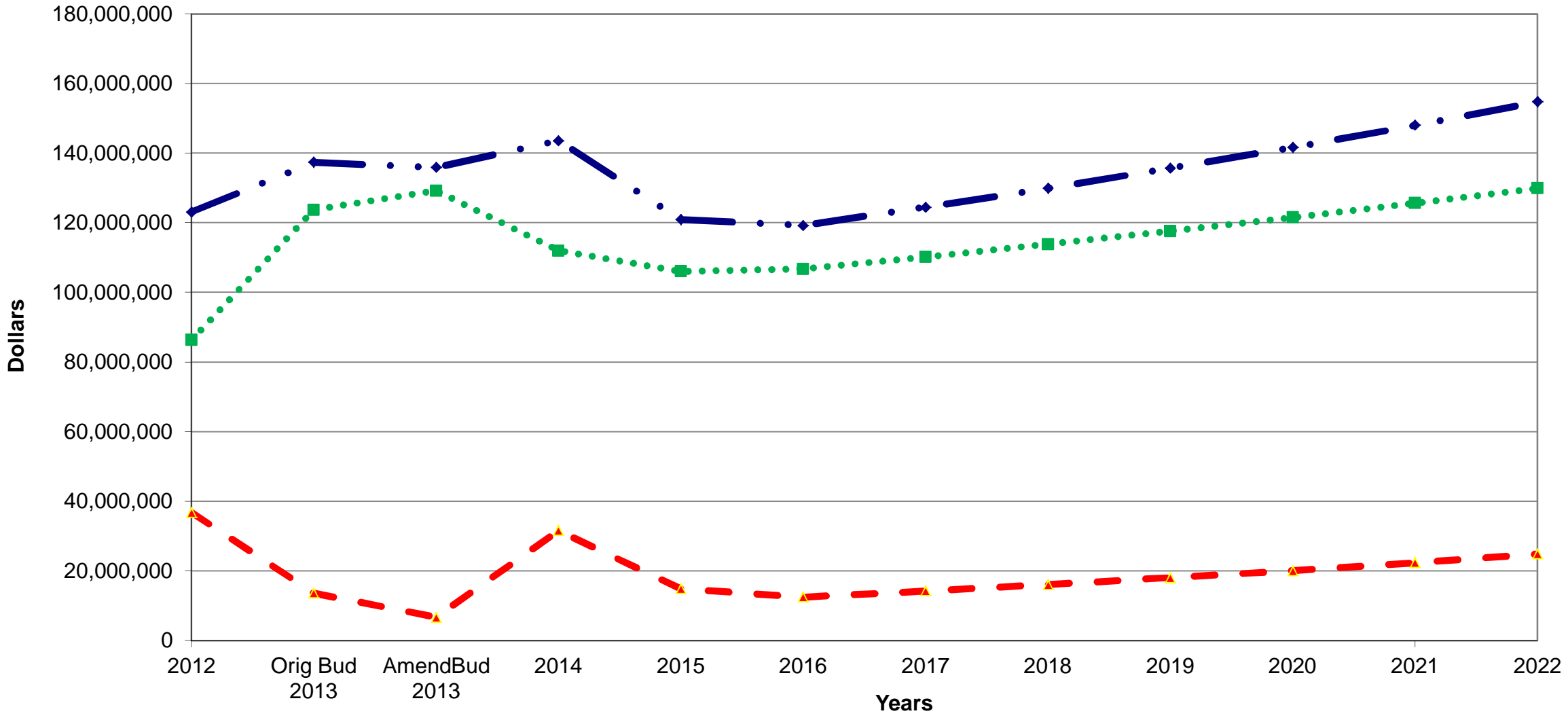
A negaitve change over time will lead to a reduction in service levels and potentially major sustainability problems.

**Net rates & utility charges original budget prior year**

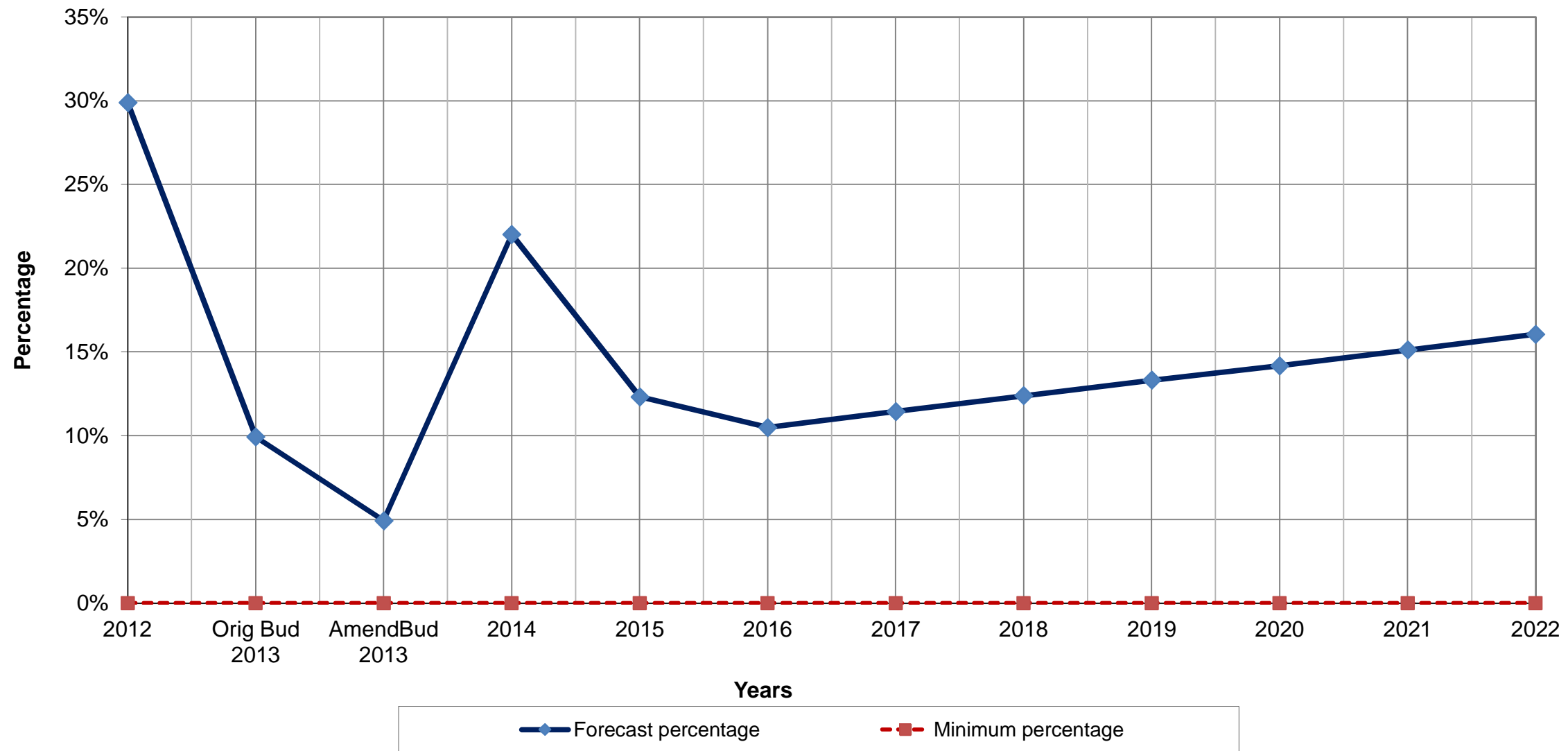
**Net rates & utility charges budgeted for current year**

				73,456,150	78,067,474	82,244,828	86,651,520	91,300,397	96,205,043	101,379,809	106,839,868	112,601,258		
				<u>73,456,150</u>	<u>74,107,300</u>	<u>78,067,474</u>	<u>82,244,828</u>	<u>86,651,520</u>	<u>91,300,397</u>	<u>96,205,043</u>	<u>101,379,809</u>	<u>106,839,868</u>	<u>112,601,258</u>	<u>118,680,931</u>
Change rates and utility chages net of discounts				<u>73,456,150</u>	<u>74,107,300</u>	<u>4,611,324</u>	<u>4,177,354</u>	<u>4,406,692</u>	<u>4,648,877</u>	<u>4,904,646</u>	<u>5,174,766</u>	<u>5,460,059</u>	<u>5,761,390</u>	<u>6,079,673</u>
Percentage change						6.3%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	

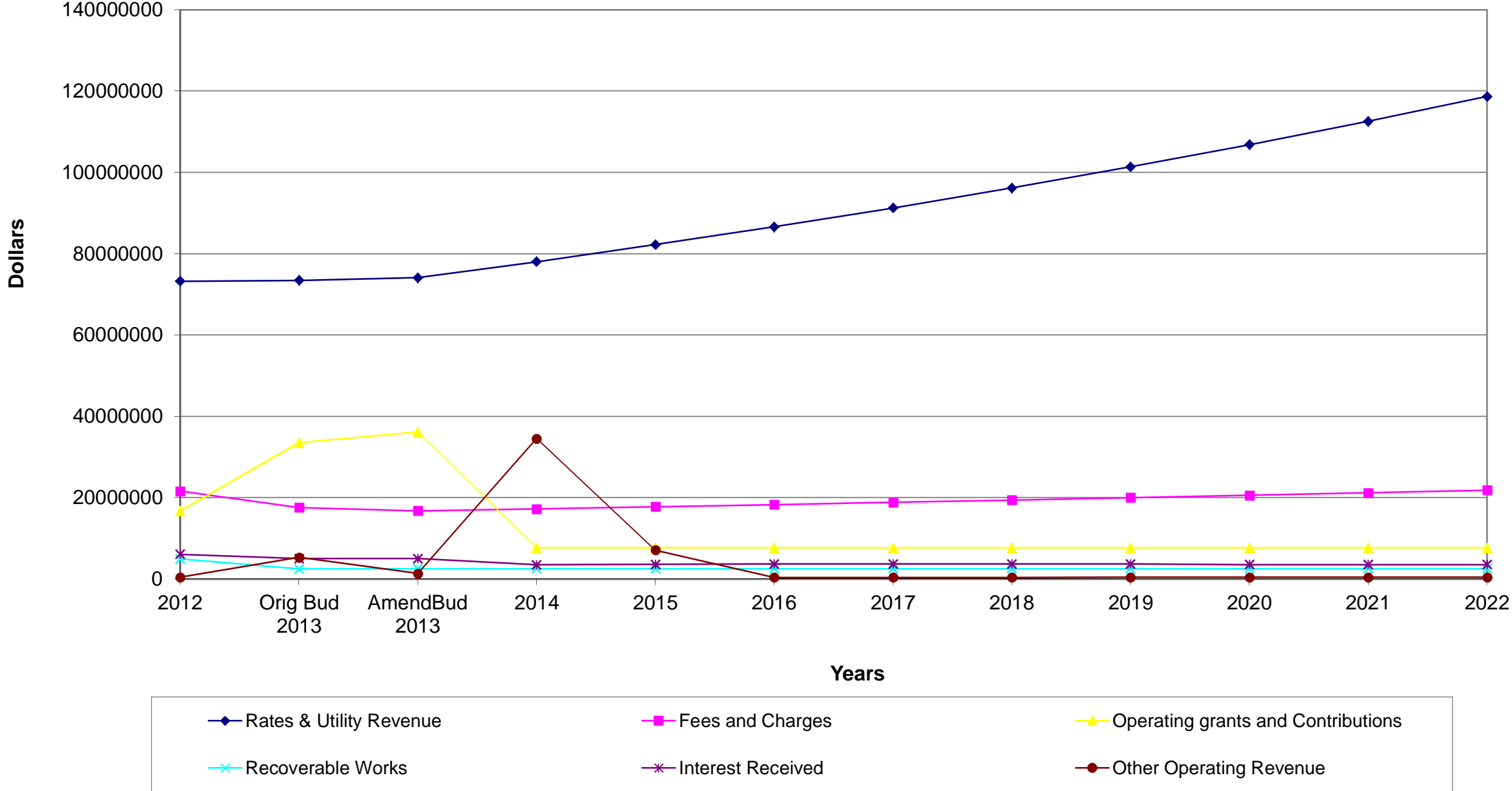
### Operating Result



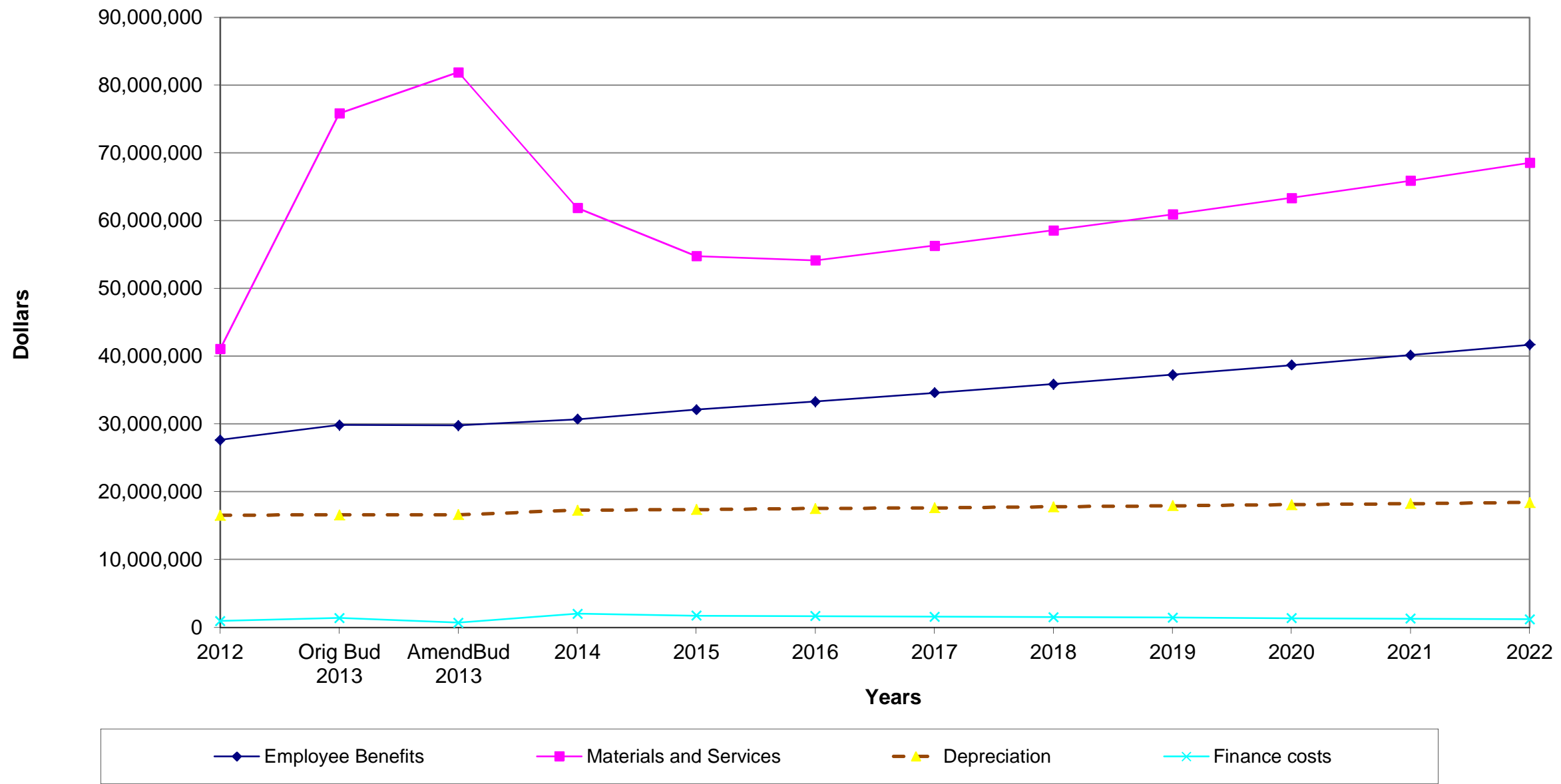
### Operating surplus ratio



### Operating Revenue

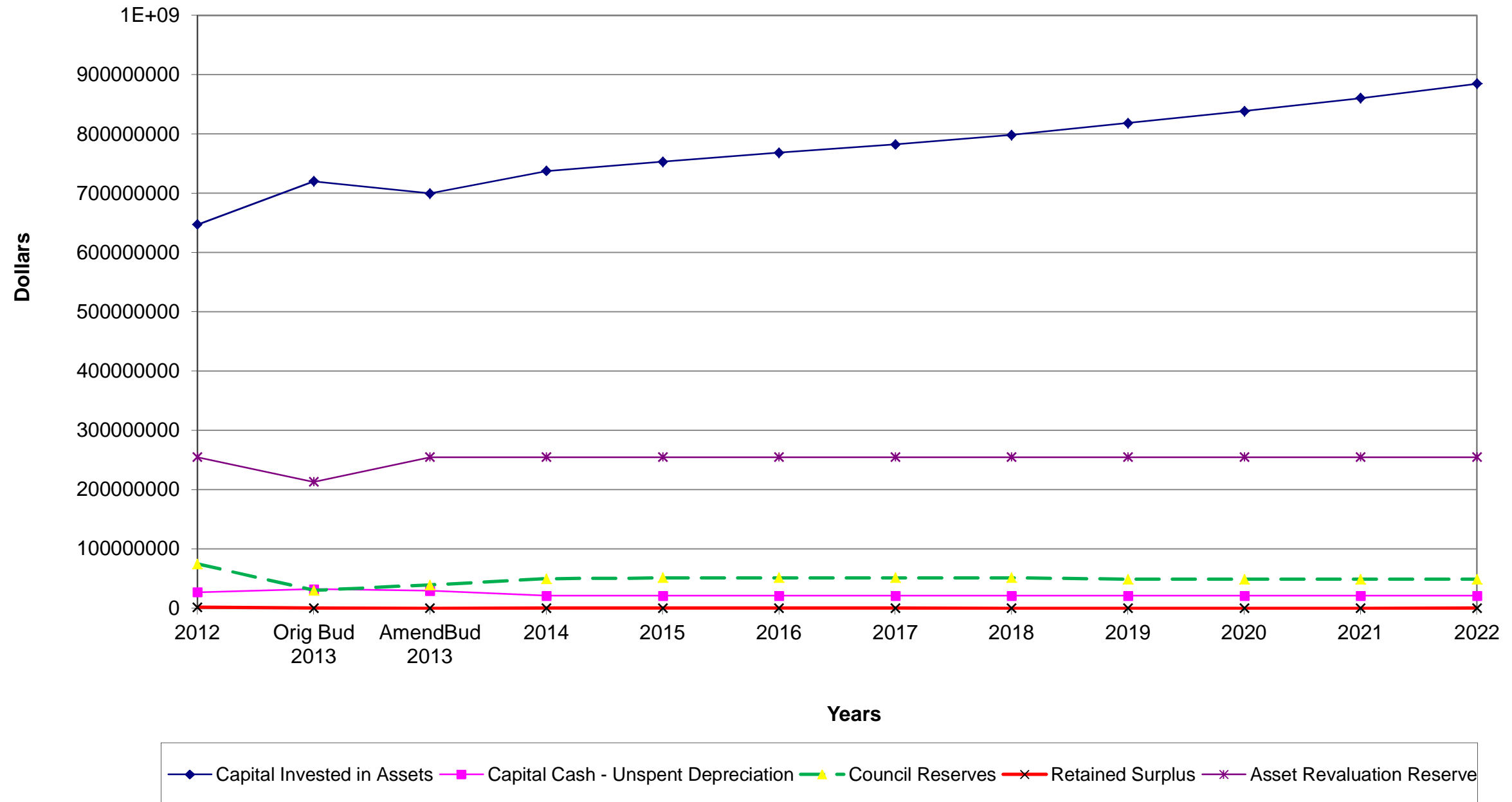


### Operating Expenses

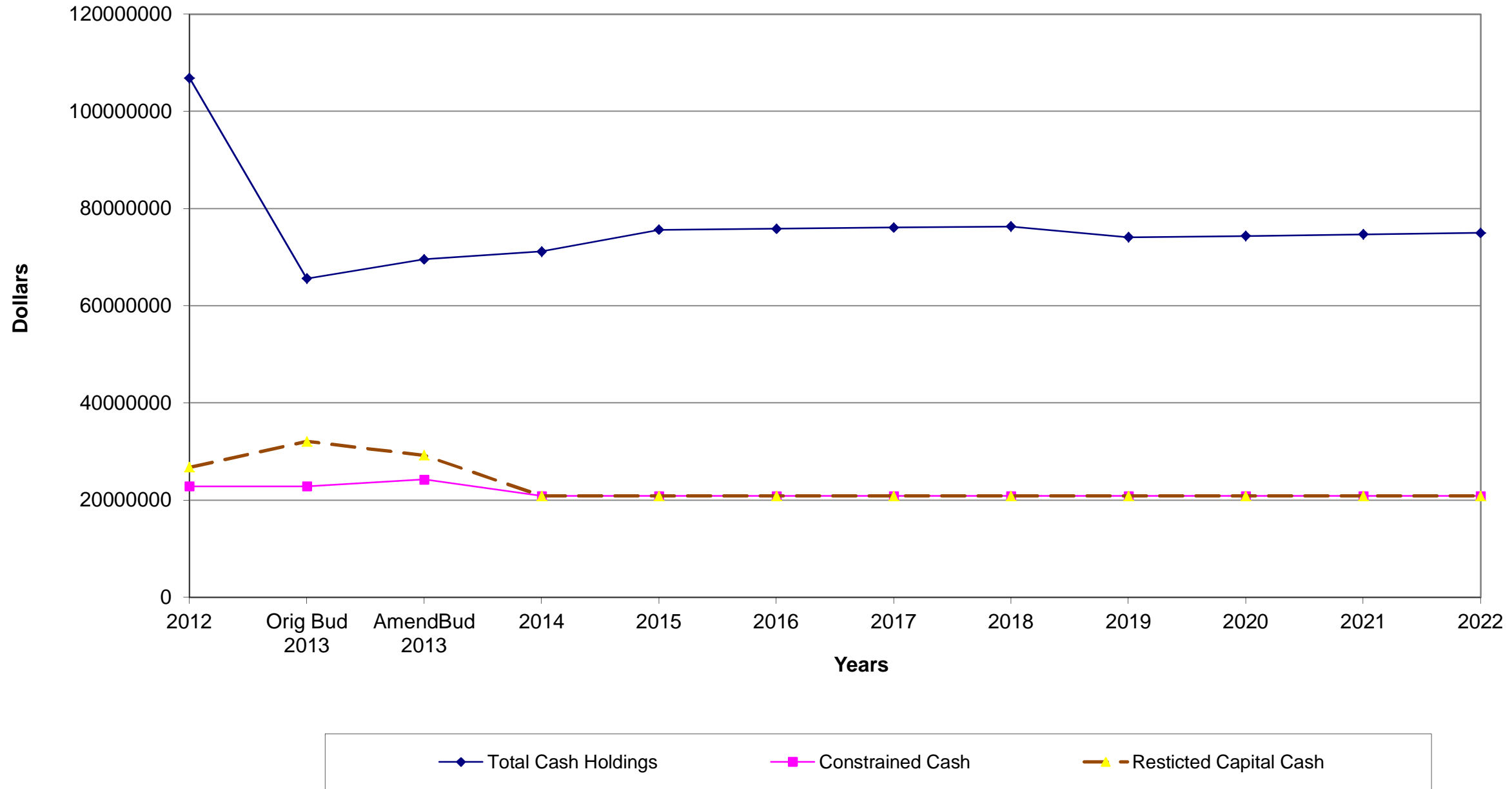




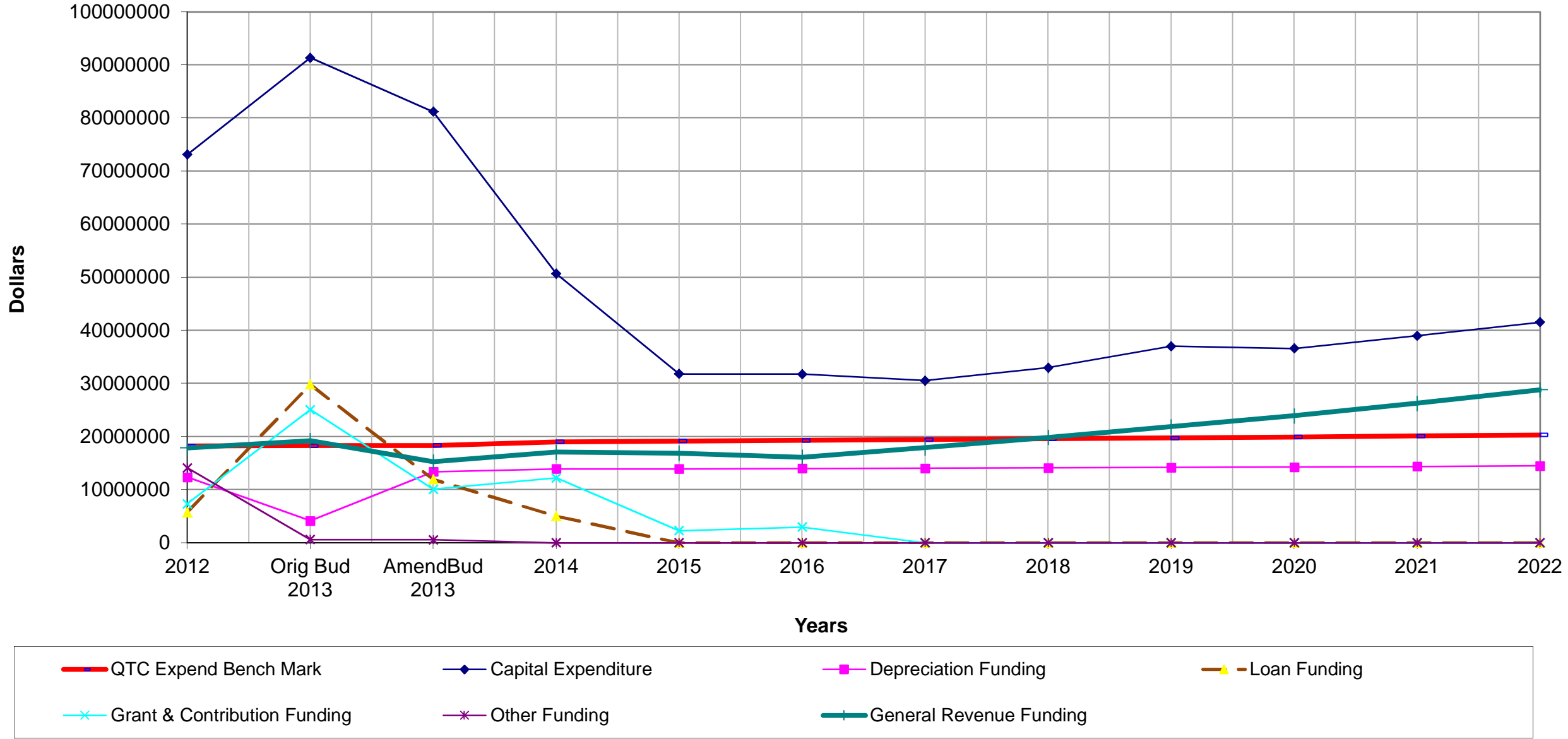
### Communtiy Equity



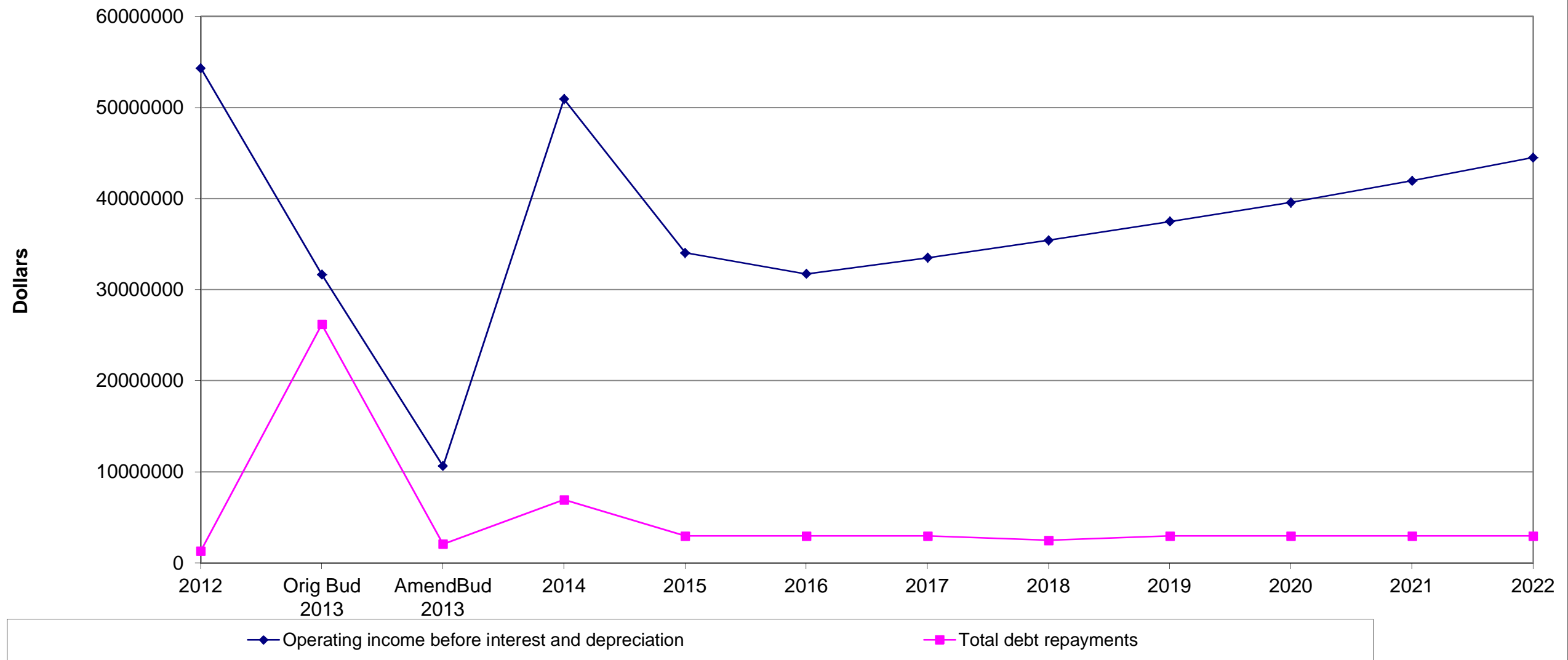
### Cash Flow



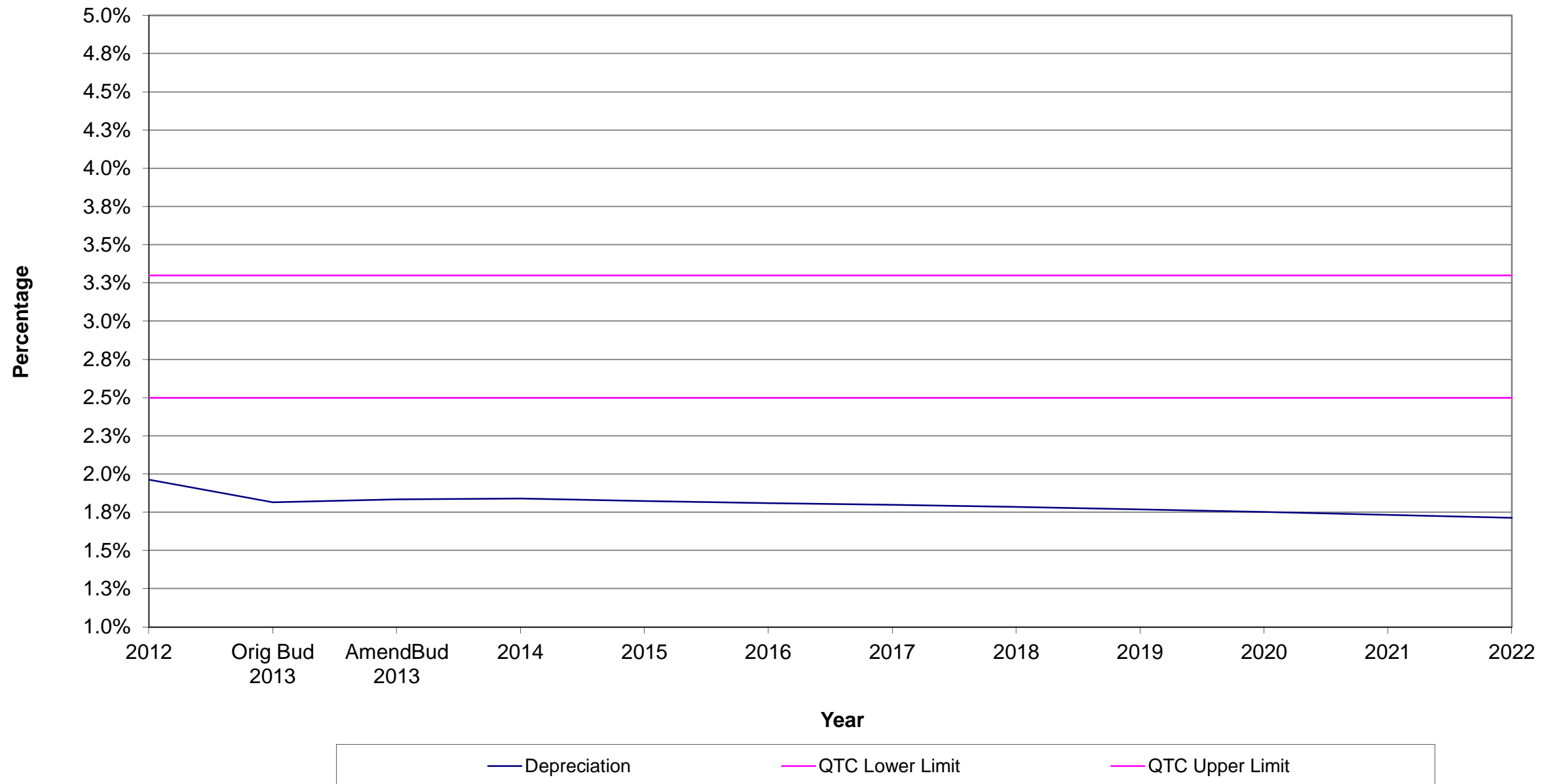
### Capital Expenditure and Funding



**Operating Income before Interest & Depreciation v Total Debt Repayments**



### Depreciation Expense as a Percentage of the NBV of PPE





**POLICY TITLE:** DEBT POLICY 2012/13

**POLICY NUMBER:** IRCSTAT-003

**CATEGORY:** COUNCIL POLICY

**CLASSIFICATION:** STATUTORY

**CORPORATE PLAN REFERENCE:** Theme 5 – Our Governance, Finance and Leadership  
Objective 5.1  
Objective 5.3

**STATUTORY REFERENCE:** Local Government Regulation 2012.

**STATUS TABLE:**

Approved by Council	Meeting number and date	
	Resolution number	
Approval by CEO	N/A	
Effective date	Review date	
	Annually upon adoption of budget	
Policy Author		
Cameron Ruddell – Senior Treasury Officer		
Endorsed by		
N/A		
Responsible Position		
Executive Director Financial and Corporate Services		
Current incumbent	Contact number	Email address
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# DEBT POLICY 2012/13

## 1. BACKGROUND AND CONTEXT

To adopt a policy on borrowings that provides for responsible financial management on the loan funding of infrastructure capital projects by ensuring the level of Council indebtedness is within acceptable limits to Council, its ratepayers and interested external parties. This policy is in accordance with Local Government Regulation 2012.

## 2. PURPOSE AND SCOPE

To adopt a policy on borrowings for 2012/2013

## 3. DEFINITIONS

Not applicable

## 4. POLICY PROVISIONS

As a general principle, Council recognises that loan borrowings for capital works are an important funding source for Local Government and that the full cost of infrastructure should not be borne entirely by present-day ratepayers but be contributed to by future ratepayers who will also benefit. Whilst recognising the importance of loan borrowings, Council should not place undue reliance upon loans as a source of income.

Council restrict all borrowings to expenditure on identified capital projects that are considered by Council to be of the highest priority, and which cannot be funded from revenue, as identified by the adopted budget. In no circumstances should council borrow funds for recurrent expenditure.

The basis for determination of the utilisation of loan funds will be as follows:

- Analysis of existing debt levels with a loan servicing cost target of less than 25% in any one year.
- Where a capital project for a service that is funded by utility or user charges e.g. water, sewer, waste, is determined to be funded by way of loans, the user charge should reflect the cost of providing the service including the loan servicing costs.
- Other specific capital projects, not funded by user charges, should only be considered for loan funding where the project is considered by Council to be beneficial to the majority of ratepayers.
- The term of any loan should not exceed the expected life of the asset being funded.

## TEN YEAR LOAN PROGRAMME FORECAST

Council utilises loan borrowing to fund major capital and infrastructure works so that repayments are spread over the years to which the Capital Works will be utilised by ratepayers. The Borrowing Policy deals with the following areas:

- 1) Ten Year Loan Programme Forecast
- 2) Repayment Schedule

The following ten year programme is proposed by Council, although allocations in future years are revised on an annual basis in conjunction with the review of the Capital/Works Loan Program:

<b>PROJECT</b>	<b>LOAN TERM</b>	<b>2011-12 '000</b>	<b>2012-13 '000</b>	<b>2013-14 '000</b>	<b>2014-15 '000</b>	<b>2015-16 '000</b>	<b>2016-17 '000</b>	<b>2017-18 '000</b>	<b>2018-19 '000</b>	<b>2019-20 '000</b>	<b>2020-21 '000</b>	<b>2021-22 '000</b>
<b>Land Development – Moranbah</b>	<b>20 years</b>	<b>\$0</b>	<b>\$13,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Land Purchase - Moranbah</b>	<b>20 years</b>	<b>\$0</b>	<b>\$16,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## **REPAYMENT SCHEDULE**

The loan portfolio of Council is raised solely with the Queensland Treasury Corporation. The Queensland Treasury Corporation maintains Council debt as the Book Debt plus a market provision, to market value the total liability outstanding. The provision is principally a result of past movements in the Market Value of the liabilities within each Debt Pool. If the Council was to liquidate this debt it would be required to pay the Market Value of the loan portfolio. The portfolio has been dissected so that loan borrowings in relation to Land Purchase in Moranbah and Land Development - Moranbah are maintained in separate accounts to more accurately reflect the cost of the provision of this infrastructure. This approach is needed otherwise the loan term is amalgamated and the average term for repayments lengthens.

It is proposed that Council consider maintaining a repayment schedule consistent with an interest and principal repayment calculation so that the exposure to interest rate fluctuations is minimised. This basis of repayment will continue to be assessed even though separate accounts have been established for Land Purchase - Moranbah and Land Development - Moranbah. The Budgeted Loan Portfolio of Council for 2012/2013 is as follows:

**TABLE (2)**

**ISAAC REGIONAL COUNCIL  
BUDGET INTEREST AND REDEMPTION BY FUND AND FUNCTION  
FOR THE YEAR TO 30 JUNE 2013**

	A	B	C	D	C(1)	D (A – D + C (1))
FUNCTION DESCRIPTION	EST BOOK DEBT BALANCE 30/06/2012	QTC INTEREST	QTC ADMIN	QTC REDEMPTION	NEW ADVANCES	EST BOOK DEBT BALANCE 30/06/2013
LAND DEVELOPMENT - NEBO	4,892,585	503,586	3192	1,150,000	0	3,742,585
SEWERAGE FUNCTIONS	7,271,300	355,402	6,048	234,000	0	7,037,300
LAND DEVELOPMENT – MORANBAH		0	0	0	13,000,000	13,000,000
LAND PURCHASE – MORANBAH		0	0	0	16,850,000	16,850,000
<b>TOTAL ALL FUNDS</b>	<b>12,163,885</b>	<b>858,988</b>	<b>9,240</b>	<b>1,384,000</b>	<b>29,850,000</b>	<b>40,629,885</b>

**NOTE:** This Policy will be reviewed each year with the Adoption of the Budget.

**5. AUTHORITIES AND ACCOUNTABILITIES**

Delegations as per Isaac Regional Council Delegations Register

The Chief Executive Officer is responsible for communicating, implementing and enforcing the Borrowing Policy.

**6. RELATED DOCUMENTATION**

This policy complies with the requirements of Local Government Regulation 2012.