

## MEASURES OF FINANCIAL SUSTAINABILITY

### 2020-21 BUDGET AND LONG TERM FINANCIAL FORECAST 2021 to 2030

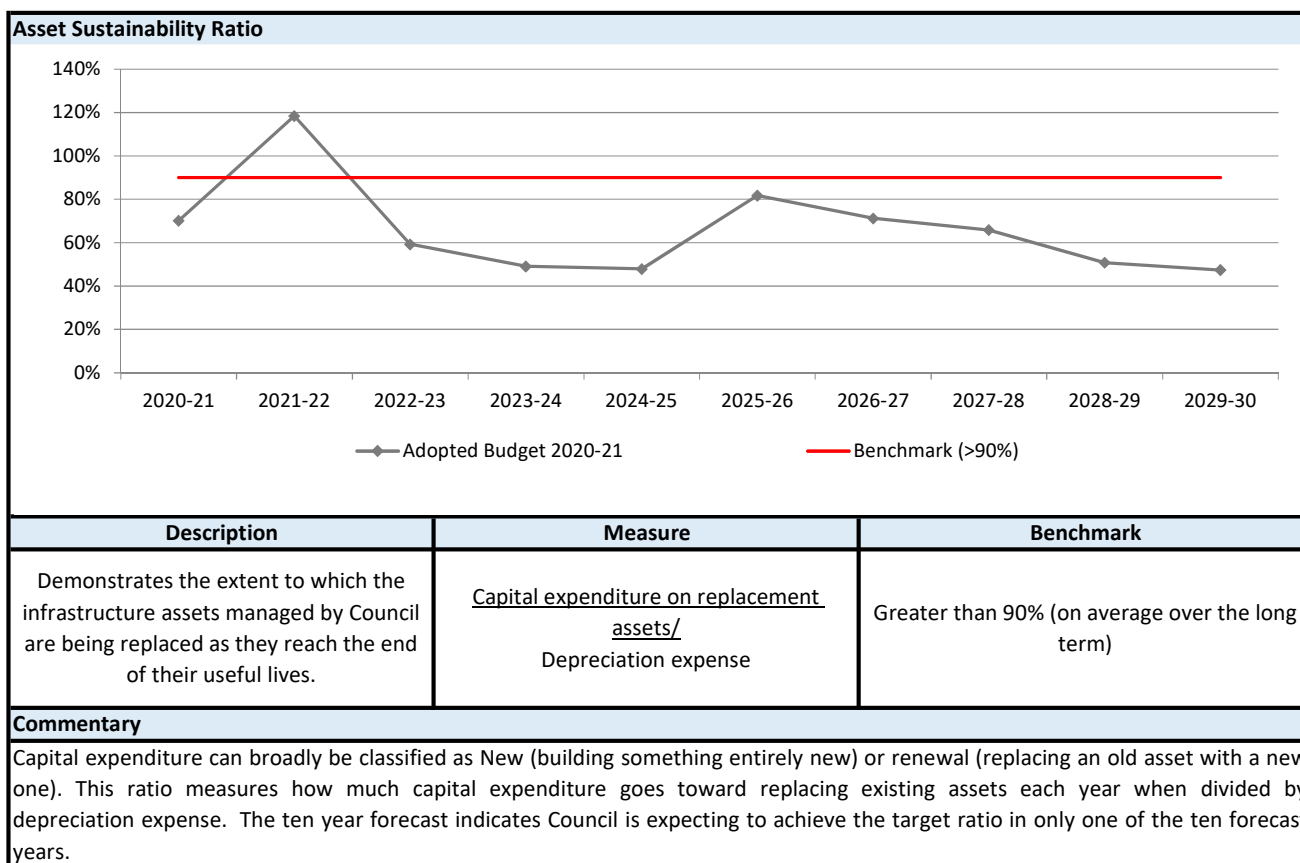
In accordance with section 169 of the Local Government Regulation 2012, the Council is required to disclose in the budget certain measures of financial sustainability.

The Queensland Government defines a sustainable local government as being 'able to maintain its financial capital and infrastructure capital over the long term' (Local Government Act 2009, section 104(2)).

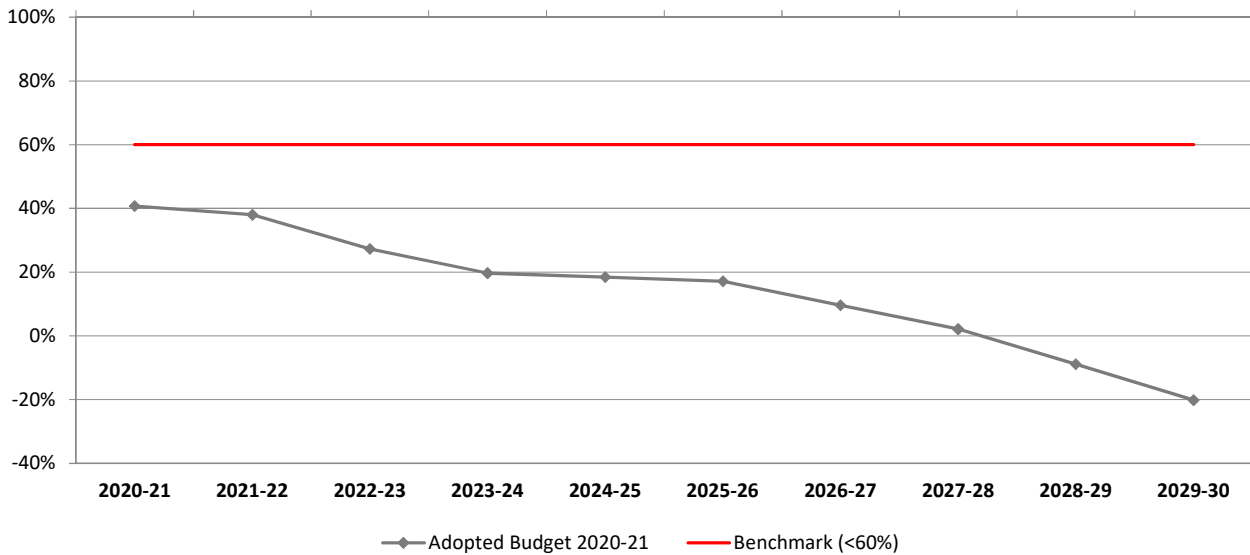
To ensure the Council continues along the path of financial sustainability into the future, key long term strategic plans are developed and integrated, demonstrating a strategy is in place to manage the financial implications of its long term planning.

The three financial sustainability measures cover the period of the annual budget plus the next nine financial years (10 years in total).

The target indicated in each graph are sourced from the 'Financial management (sustainability) guideline 2013' which is available from the website of The Department of Local Government, Racing and Multicultural Affairs.



### Net Financial Liabilities Ratio

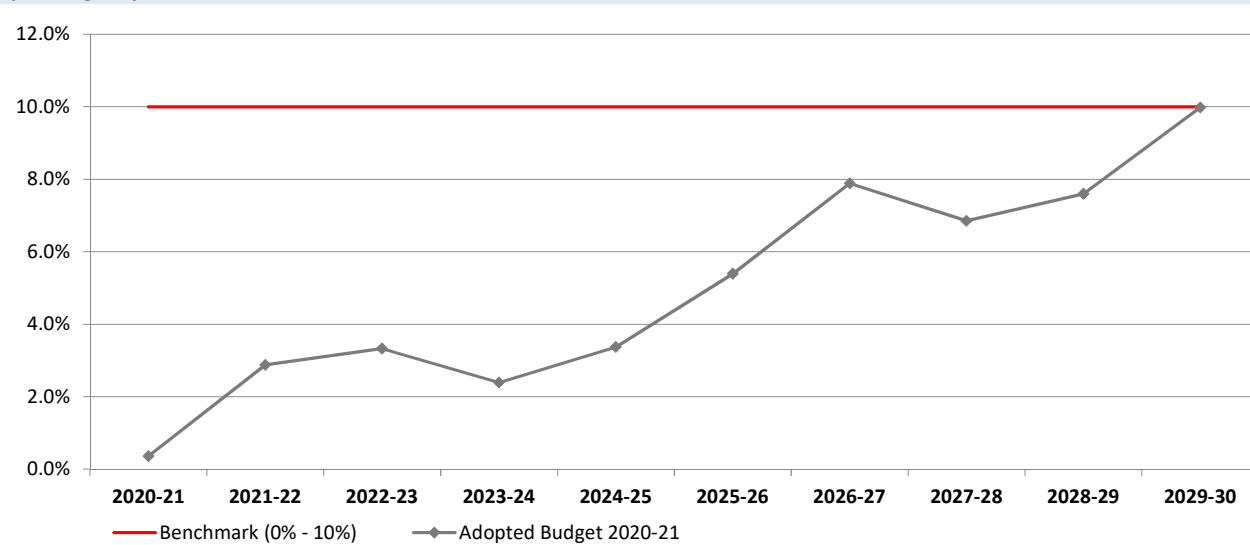


Description	Measure	Benchmark
Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	$\frac{\text{Total Liabilities less Current Asset}}{\text{Operating Revenue}}$	Not greater than 60% (on average over the long term)

#### Commentary

Council is forecasting to achieve this ratio in all financial years during the ten year forecast period.

### Operating Surplus Ratio



Description	Measure	Benchmark
Demonstrates the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes	$\frac{\text{Net operating surplus/(deficit)}}{\text{Operating Revenue}}$	Between 0 & 10% (on average over the long term)

#### Commentary

Council is forecasting a positive (greater than 0%) operating surplus ratio in all ten (10) years in the forecast period. A positive ratio indicates that recurring operating revenue exceeds recurring operating expenses and this assists in funding capital expenditure. This can result in less reliance on borrowing money to fund capital expenditure and thus reduces Council debt. The positive operating surplus ratio of Council for each of the ten years in the forecast period is a very strong indicator of long term sustainability.