



2021-22 COMMUNITY BUDGET REPORT



Livingstone
SHIRE COUNCIL



WELCOME TO THE 2021-22 LIVINGSTONE SHIRE COUNCIL BUDGET

INTRODUCTION

The purpose of this document is to give residents and ratepayers an overview of the 2021-22 Budget that was adopted by Council on 29 June 2021. By providing the budget information to the community, the community has the opportunity to help improve budget policies for the future years and let Council know what is important, and what ideas, suggestions or concerns there may be on the way the budget is allocated.

The primary focus of the 2021-22 budget is on responsible long-term financial sustainability while striving to deliver the best possible levels of service to our community. Through a series of service level reviews and cost efficiencies that match the goals and strategies of the Livingstone Community Plan: *Towards 2050*, by undertaking community engagement exercises on budget priorities, and with Councillors working with officers through a series of fifteen (15) budget workshops on every facet of the budget, we have attempted to deliver a budget that meets the Shire's needs going forward.

Residents were engaged with the development of the budget in several ways, either in person or online. The valuable feedback received from the community was taken into consideration by Councillors in the final development of the budget.



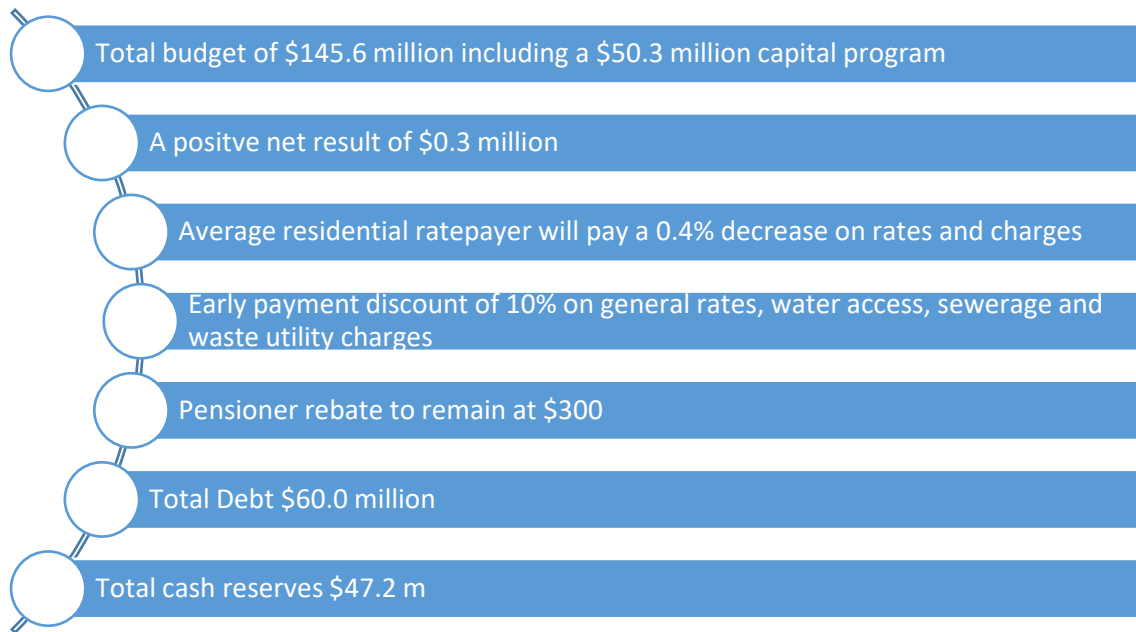
BUDGET AT A GLANCE

Livingstone Shire Council continues to deliver a responsible budget that ensures there is adequate revenue to fund expenditure to meet the needs of our community. Council is also conscious of cost of living pressures and this was one of the main reasons that Council has decided not to increase rates or levies for the 2021/2022 financial year. Although this constitutes a zero percent rates increase, which is not common in local government circles, through a series of service level reviews and cost efficiencies, Council is still delivering a small surplus, and continuing to reduce the significant level of debt this Council inherited when it came to office last year. The capital works program of **\$50.3** million is on track to deliver important major community and economic infrastructure in addition to ongoing significant investment in infrastructure such as roads, bridges, water, sewerage and footpaths. Council has been successful in obtaining external grant funding of **\$28.7** million in order to deliver the infrastructure that is important for the functioning of our region and infrastructure reflective of our community's future needs.

The operating budget is under continual pressure, not unlike household budgets, and has been developed acknowledging the importance of a responsible approach to rating movements and the importance of equity. Council is proposing a **0% increase** to hold general rates for all properties, and a **1% reduction** on the general rates for large residential properties. Similarly, Council has adopted a **0% increase** on the road network, environmental and disaster response levy charge for all ratepayers in the 2021-22 budget.

These austerity measures have resulted in a **total budget for 2021-22 at \$145.6 million** of which \$50.3 million is proposed to be invested in delivering infrastructure needed to facilitate future growth and maintain the existing asset base. Some significant highlights of the budget are:

- Holding or reducing general rates, and separate charges
- Phasing in over the next five (5) years towards a user pays charging structure for water schemes based on quality of water supplied (potable versus non-potable) and water pressure (on-demand versus constant flow)
- Transition over the next five (5) years to a two-tier consumption charge to bring water consumption charges more in line with industry peers and to provide a greater incentive to conserve water
- Maintaining the maximum \$300 rebate for pensioners and eligible concession card holders
- Continuing commitment to ongoing **community sponsorships and grant program of \$420,000**
- \$50.3 million investment in existing and new infrastructure
- No new loan borrowings with a **\$5.3 million reduction in loans** continuing the focus on debt reduction
- Healthy cash balance forecast



HOW WAS THE BUDGET DECIDED?

Council’s budget is highly complex and is the combination of nine (9) months’ work by all Councillors with the support of the organisation. It is informed, in part, by various Council decisions over the course of the year, as well as previously adopted strategies.

Work on the 2021-22 Livingstone Shire Council budget commenced in 2020 with pre-budget submissions in October 2020, and a series of councillor budget workshops commencing in January 2021. Further community consultation, including through members of Council’s Community Voice Panels, through online surveys, and establishing Council’s online budgeting tool, were also part of the development of the draft budget.

The feedback provided by the community was considered by Councillors prior to the adoption of the budget at the Special Meeting to be held on 29 June 2021.



FINANCIAL STATEMENTS

The budgeted financial statements have been prepared in accordance with legislative requirements and reflect the budget for the 2021-22 financial year and the next nine (9) financial years. The following report also contains information on the Long-Term Financial Forecast and demonstrates Council’s ability to manage its challenges over the long term by maintaining liquidity, adequate servicing capacity and a reasonable level of financial flexibility.

Financial Statements contained within this report include:

- **Statement of Income and Expenses** - presents Council’s revenues (where the money comes from) and expenses (where the money is spent)
- **Statement of Financial Position** – identifies the predicted financial position of Council including assets (what we own), liabilities (what we owe) and equity (our net worth)
- **Statement of Cash Flows** – reports how revenue received and expenses paid impact Council’s cash balances
- **Statement of Changes in Equity** - reports changes to equity (Council’s assets net of liabilities)
- **Measures of Financial Sustainability** – key financial indicators that measure Council’s financial performance

STATEMENT OF INCOME AND EXPENSES

OPERATING RESULT

Figure 1 - Operating Result, demonstrates that Council is on track to deliver an operational surplus of \$297,000, and despite LSC forecasting a lower surplus for the current financial year, the long-term outlook is for strong operating surpluses in all future years. This is primarily a result of increasing revenue by maximizing growth opportunities and optimising operating expenses. Any operating surpluses achieved are used to fund capital expenditure.

Rates increases for the forecast period beyond 2021/2022 are predicted to remain in line with CPI and will be reviewed annually against forecasted expenditure and economic conditions.

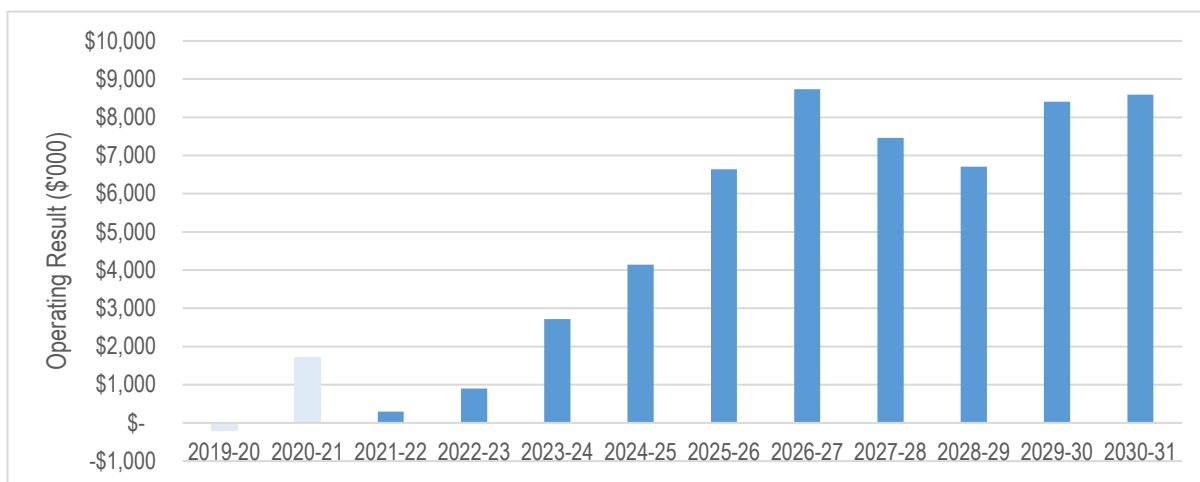


Figure 1 - Operating Result

OPERATING REVENUE - WHERE OUR MONEY COMES FROM?

Figure 2 - Break down of 2021-22 operating revenue streams Operating Revenue 2021-22 indicates that 83% of Council’s operating revenue is generated from rates and charges and around 6% is received from user fees and charges. It is important to note that Livingstone Shire Council does not rely heavily on funds from other tiers of government and actively seeks alternate revenue sources. Livingstone Shire Council also maximises investment earnings to supplement its core sources of revenue.

Livingstone receives income from several streams, with the majority collected from rates twice a year in February and August. The total operating revenue of \$95.5 million is forecast to be received 2021-22 and the following is a breakdown of Council’s budget income streams.

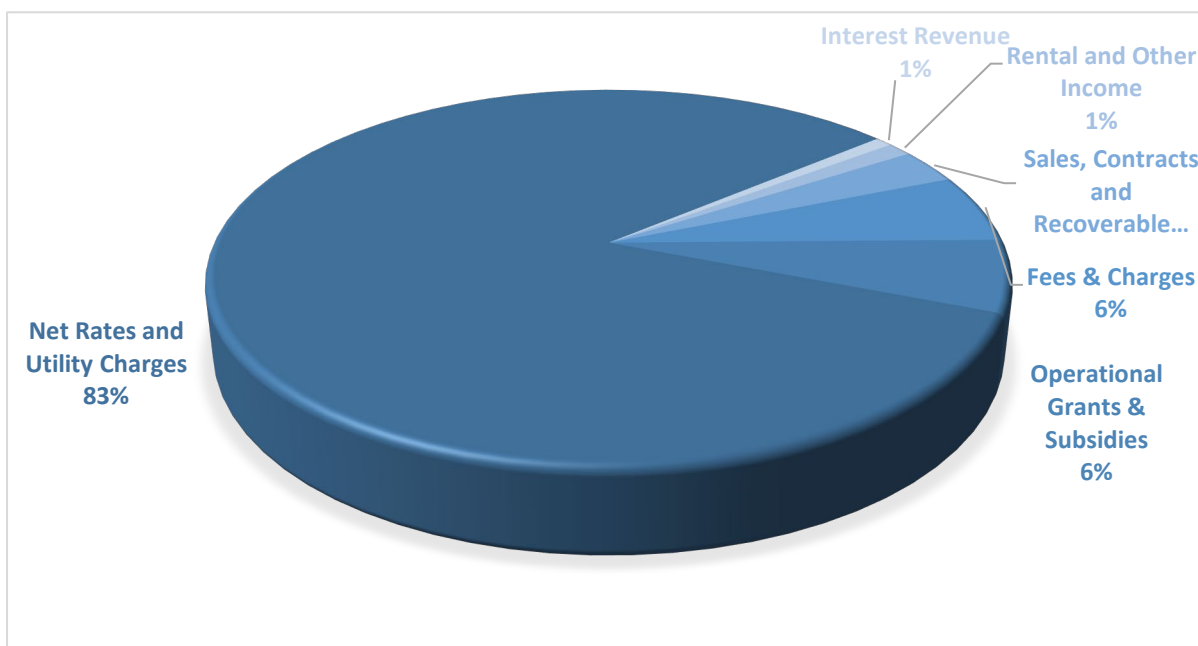


Figure 2 - Break down of 2021-22 operating revenue streams

NET RATES AND UTILITY CHARGES - \$77.8 MLLION

Total budgeted rates and utility charges for the year is \$84.5 million with estimated discounts and remissions of \$6.7 million.

Council is committed to reducing the high rate burden on its ratepayers. For the 2021-22 budget there has been an overall 0% increase in the general rate and separate charges with long term pricing plans in place for water and sewerage utilities. Council has absorbed cost increases below Consumer Price Index (CPI) figure for March 2020 at 1.1%.

The effect of the Department of Natural Resources, Mines and Energy (DNRME) unchanged valuations from 1 July 2020 will apply. This will mean that Council is not collecting any more in general rate revenue from existing properties. Individual ratepayers will not be influenced by any changes in valuation, as valuations on existing properties in Livingstone have not changed for the 2021-2022 financial year.

Table 1 - % of ratepayer increase/decrease by category(below) identifies the impact on different categories of ratepayers as a result of this year's budget.

The majority of ratepayers will see an increase of no more than \$100 on their general rate and utility charges (before discount) in 2021-22. An average residential property will see a combined decrease of all Council rates and charges of 0.4% which equates to approximately \$16.45 for the year.

CATEGORY	% Ratepayers \$100 or more decrease	% Ratepayers \$0 - \$100 decrease	% Ratepayers \$1 - \$100 increase	% Ratepayers \$100 or more increase
Residential	0.04%	50.28%	36.03%	0.00%
Commercial/Industrial	0.05%	1.10%	1.17%	0.10%
Primary Production	0.01%	3.13%	0.29%	0.01%
Other	0.00%	0.02%	0.02%	0.01%
Non Rateable and Not-for Profit	0.08%	6.99%	0.57%	0.11%
Total	0.17%	61.53%	38.08%	0.22%

Table 1 - % of ratepayer increase/decrease by category

GENERAL RATES - \$34.9 MILLION

Costs to Council increase just as household costs increase each year. These include costs such as utilities, for example electricity, and day-to-day costs such as petrol and materials. After taking into account all other sources of revenue, the balance is obtained through rates.

Council acknowledges it has a higher rating effort than comparable Council's and is taking action to reduce the rating burden on ratepayers.

Holding or reducing rate revenue has required a combination of changes to commercial fees and charges, reducing operational costs, and fine tuning levels of service, in order to be able to deliver this result while remaining a financially sustainable council.

Council gross general rate revenue will increase by only \$363,000, which is predominately driven from forecast growth.

There are also costs on your rates, which are Queensland Government levies, and Queensland Government issued valuations which impact the way your rates are calculated. These include the Emergency Management Levy and the Rural Fire Levy. Land valuations were reviewed by the Queensland Government in 2020 and Council has no control over this valuation. For the 2021-2022 financial year, valuations on existing properties with the Shire will not change.

Council will also provide \$1.0 million in rate rebates for pensioners, sporting, not-for-profit organisations and nature refuge assessments.

WATER UTILITY CHARGES - \$19.6 MILLION

Council has been working on reviewing the pricing structure for its water business and is proposing to phase in over the next five (5) years, a user pays charging regime. This pricing structure includes a transition to a two (2) tier water consumption model for residential properties, retaining the single tier consumption charge for non-residential and targeting this to be set at the ultimate 2nd tier residential water consumption charge.

Discounts will continue to apply on all access charges; however, it does not apply on consumption charges, and has not previously done so.

CAPRICORN COAST

- Reduction in 2021-22 base access charge from \$679 to \$663
- Target \$650 for base access charge in 2025-26

		Council - Capricorn Coast (On-demand potable water schemes [base service])						
Number of Assessments	Water Access	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
12279	20mm	666.00	679.00	663.00	660.00	657.00	654.00	650.00
102	25mm	1,039.00	1,061.00	1,034.00	1,030.00	1,025.00	1,020.00	1,014.00
7	32mm	1,703.00	1,738.00	1,697.00	1,690.00	1,682.00	1,674.00	1,664.00
123	40mm	2,661.00	2,719.00	2,652.00	2,640.00	2,628.00	2,616.00	2,600.00
55	50mm	4,158.00	4,244.00	4,144.00	4,125.00	4,106.00	4,088.00	4,063.00
1	65mm	7,027.00	7,170.00	7,001.00	6,970.00	6,938.00	6,906.00	6,864.00
1	75mm	9,595.00	9,548.00	9,322.00	9,280.00	9,237.00	9,195.00	9,139.00
2	80mm	10,918.00	10,864.00	10,608.00	10,560.00	10,512.00	10,464.00	10,400.00
20	100mm	16,632.00	16,975.00	16,575.00	16,500.00	16,425.00	16,350.00	16,250.00
7	150mm	37,422.00	38,194.00	37,294.00	37,125.00	39,956.00	36,788.00	36,563.00
1	200mm	66,526.00	67,900.00	66,300.00	66,000.00	65,700.00	65,400.00	65,000.00
795	Vacant	666.00	679.00	663.00	660.00	657.00	654.00	650.00

Table 2 – Capricorn Coast five-year price path water access charges

2021-22 COMMUNITY BUDGET REPORT

THE CAVES/MARLBOROUGH

- Current level of cost recovery is well below what the scheme costs.
- Increase in 2021-22 base access charge from \$468 to \$492
- Target \$650 for base access charge in 2025-26 to achieve 100% relativity with Capricorn Coast scheme.

Number of Assessments		Council - The Caves & Marlborough (On-demand potable water schemes [base service])							
		Water Access	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1448	20mm		459.00	468.00	492.00	528.00	566.00	606.00	650.00
13	25mm		718.00	731.00	767.00	823.00	882.00	946.00	1,014.00
1	32mm		1,175.00	1,198.00	1,259.00	1,351.00	1,448.00	1,553.00	1,664.00
4	40mm		1,837.00	1,872.00	1,968.00	2,111.00	2,263.00	2,426.00	2,600.00
5	50mm		2,870.00	2,925.00	3,075.00	3,298.00	3,535.00	3,791.00	4,063.00
	65mm		-	4,947.00	5,195.00	5,572.00	5,974.00	6,406.00	6,864.00
	75mm		-	6,586.00	6,917.00	7,419.00	7,953.00	8,529.00	9,139.00
	80mm		-	7,493.00	7,871.00	8,443.00	9,051.00	9,705.00	10,400.00
1	100mm		10,946.00	11,700.00	12,299.00	13,192.00	14,142.00	15,165.00	16,250.00
1	150mm		25,827.00	26,325.00	27,672.00	29,681.00	31,819.00	34,120.00	36,563.00
1	200mm		45,914.00	46,800.00	49,195.00	52,767.00	56,568.00	60,659.00	65,000.00
58	Vacant		459.00	468.00	492.00	528.00	566.00	606.00	650.00

Table 3 - The Caves/Marlborough five-year price path water access charges

NERIMBERA

- Increase in 2021-22 base access charge from \$447 to \$454
- Target \$520 for base access charge in 2025-26 to achieve 80% relativity with Capricorn Coast scheme

Number of Assessments		Council - Nerimbera (Constant flow potable water schemes - 80% of base service)							
		Water Access	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
91	20mm		438.00	447.00	454.00	470.00	486.00	502.00	520.00
2	25mm		684.00	698.00	707.00	733.00	758.00	785.00	811.00
0	32mm		-	-	1,161.00	1,202.00	1,245.00	1,287.00	1,331.00
2	40mm		1,751.00	1,788.00	1,814.00	1,878.00	1,945.00	2,012.00	2,080.00
	50mm		-	-	2,834.00	2,935.00	3,039.00	3,143.00	3,250.00
	65mm		-	-	4,789.00	4,959.00	5,134.00	5,311.00	5,491.00
	75mm		-	-	6,376.00	6,602.00	6,836.00	7,071.00	7,311.00
	80mm		-	-	7,256.00	7,513.00	7,779.00	8,047.00	8,320.00
1	100mm		10,946.00	11,175.00	11,337.00	11,740.00	12,155.00	12,573.00	13,000.00
	150mm		-	-	25,509.00	26,414.00	37,348.00	28,290.00	29,250.00
	200mm		-	-	45,349.00	56,959.00	48,618.00	50,293.00	52,000.00
	Vacant		438.00	447.00	454.00	470.00	486.00	502.00	520.00

Table 4 - Nerimbera five-year price path water access charges

OGMORE

- Decrease in 2021-22 base access charge from \$393 to \$386
- Target \$390 for base access charge in 2025-26 to achieve 60% relativity with Capricorn Coast scheme

Number of Assessments	Water Access	Council - Ogmores (Non-potable water - 60% of base service)						
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
49	20mm	385.00	393.00	386.00	387.00	388.00	389.00	390.00
	25mm			602.00	604.00	605.00	607.00	608.00
	32mm			988.00	991.00	993.00	996.00	998.00
	40mm			1,544.00	1,548.00	1,522.00	1,556.00	1,560.00
	50mm			2,413.00	2,419.00	2,425.00	2,431.00	2,438.00
	65mm			4,076.00	4,087.00	4,097.00	4,108.00	4,118.00
	75mm			5,427.00	6,441.00	5,455.00	5,469.00	5,483.00
	80mm			6,176.00	6,192.00	6,208.00	6,224.00	6,240.00
	100mm			9,650.00	9,675.00	96,700.00	9,725.00	9,750.00
	150mm			21,173.00	21,769.00	21,825.00	21,881.00	21,938.00
	200mm			38,600.00	38,700.00	38,800.00	38,900.00	39,000.00
	Vacant	385.00	393.00	386.00	387.00	388.00	389.00	390.00

Table 5 - Ogmores price path water access charges

WATER CONSUMPTION

Water use by residential properties in the region is relatively high. In order to encourage the responsible use of water, Council will utilise consumption charges to further promote demand management. Effective demand management provides a signal that the above average (or excess) water consumption comes at a much higher price, which places an incentive on the household to use water responsibly.

Council will progress towards a two-tier consumption charge to bring it more in line with industry peers by 2025-26. The water consumption for the first and second-tier consumption charge will be reduced to provide greater incentive to conserve water, but the cost per kilolitre will also be reduced.

Given the significance of the adjustment to the consumption charge structure, it is proposed that a five-year phase-in strategy is implemented. Council proposes to implement this by reducing the consumption tiers over time and setting the ultimate alignment of the non-residential consumption charge with the residential 2-tier consumption charge.

Consumption	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1 st tier charge	\$0.89	\$0.91	\$0.89	\$0.89	\$0.89	\$0.89	\$1.30
1 st tier Quarter threshold (kL)	75	75	60	45	30	15	75
2 nd tier charge	\$1.37	\$1.41	\$1.37	\$1.37	\$1.37	\$1.34	\$1.30
2 nd tier Quarter threshold (kL)	150	150	135	120	105	90	75
Residential Third tier charge	\$2.77	\$2.83	\$2.74	\$2.74	\$2.74	\$2.67	\$2.60
Non-residential single tier charge	\$2.03	\$2.07	\$2.14	\$2.25	\$2.36	\$2.47	\$2.60

Table 6 - Water consumption five year tier and consumption charges

SEWERAGE UTILITY CHARGES - \$11.8 MILLION

Council is proposing a five-year price path for the sewerage charge structure. There are no proposed amendments to the charging structure. The discount continues to apply on sewerage utility charges. There 2021-22 access charge will increase from \$829 to \$838.

Council - Capricorn Coast Sewerage							
Charge	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Private Dwelling/Residential Unit	813.00	829.00	838.00	863.00	889.00	906.00	925.00
Sewerage Charge	813.00	829.00	838.00	863.00	889.00	906.00	925.00
Vacant	772.00	788.00	796.00	819.00	844.00	860.00	888.00

Table 7 - Capricorn Coast five-year price path sewerage access charges

WASTE UTILITY CHARGES - \$7.4 MILLION

The Waste Management Utility Charges incorporate the general waste and recycling charges applied based on the number of bins at the property. Commercial charges are levied per bin per collection relative to the type of service outlined within the schedule of waste collection and recycling charges.

The proposed per collection service charge for 2021-22 for residential properties is set to increase by \$8 from \$511 to \$519 per annum and remains eligible for discount.

Council receives quarterly sums (in advance) from the Department of Environment and Science to mitigate any direct impacts of the State Government Waste Levy (implemented 2019/20) upon households, for the disposal of eligible municipal solid waste generated in Livingstone Shire Council areas that is delivered to a waste disposal site/landfill for the 2021-22 financial year. The Queensland Government have indicated that the advance payments will expire in 2022-23. Council anticipates this decision will cost the Livingstone budget approximately \$1.0 million of which the pricing considerations need to be assessed over the next twelve (12) months.

Council is strongly committed to delivering on the community plan goal to enhance reuse and recycling of resources by working with the community to divert and minimise waste through reuse and recycling practices. In order to facilitate this, Council is considering a range of measures as part of this budget including introducing a standard charging regime for green waste, providing the community with free standard grade mulch and reducing the number of free waste disposal vouchers which can be also be used towards the cost of green waste disposal.

LEVIES – \$12.3 MILLION

Separate charges are levied equally on all rateable properties and are used to offset the costs of providing services or maintaining infrastructure. There are no changes to the current separate charges with a 0% increase on all three separate charges.

- Road network separate charge \$571 per assessment;
- Natural environment separate charge \$66 per assessment;
- Disaster response levy \$25 per assessment.

Discount does not apply to separate charges.

There are no new special rates or charges proposed for 2021-22.

GRANTS AND SUBSIDIES - \$5.9 MILLION

Council receives grant funding relating to the Commonwealth Government's financial assistance grant at \$4.5 million and other minor grants and subsidies received for community support and development programs, libraries, youth programs, Regional Arts Development Fund and fuel tax credits.

FEEES, CHARGES AND SALES - \$8.5 MILLION

This revenue includes monies received from customers for the direct payment or contribution towards a particular fee or service provided by council.

Budgeted fees and charges are \$5.6 million, which is \$848,000 less than the estimated position for the previous financial year. A conservative approach has been taken to estimating the higher level of activity within the region, and this will be monitored throughout the year and updated as part of the regular budget review process. Commercial fees and charges are proposed to increase by 10% to reflect the full cost of providing the commercial services that Council provides.

General recoverable works have been adjusted based on known contracting opportunities and level of Council's infrastructure workloads. This line item also includes accounting adjustments required for the sale of land at the Gateway Business and Industry Park.

OTHER INCOME - \$1.1 MILLION

Council receives other minor income streams such as commissions and recoveries of costs incurred.

Council leases a variety of facilities and buildings to community groups and businesses.

INTEREST REVENUE - \$789,000

Interest from investments will be approximately \$213,000 more than the estimated 2020-21 financial position due to changes in the timing of capital works cash flows and a reduction in overall operating cash flows. Council's target investment return is 0.5% above the current cash rate.

OPERATING EXPENDITURE – WHERE OUR MONEY IS SPENT

Operating expenses are split into four main categories shown in Figure 4 - Operating Expenses 2021-22. Materials and Services, together with Employee Costs constitute 71% of Livingstone’s forecasted operational expenditure for 2021-22. Another significant operating expense is depreciation, which makes up 24% of Council expenses.

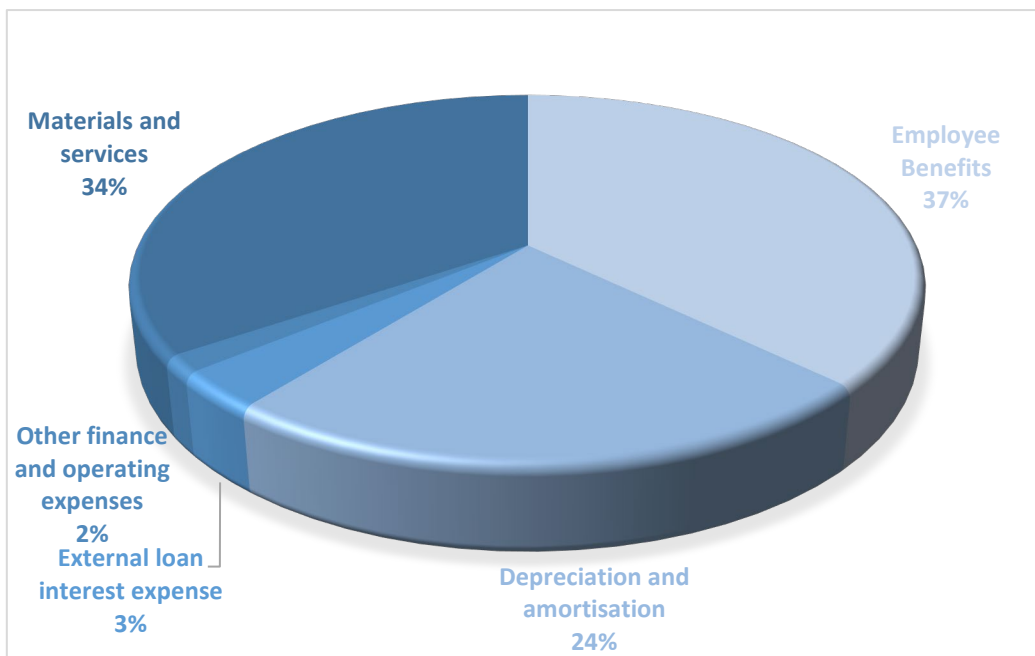


Figure 4 - Operating Expenses 2021-22

Total operating expenses are forecast to be \$95.3 million are made up of the following:

EMPLOYEE BENEFITS \$35.4 MILLION

Employee benefits represent the operational employee costs, including Councillors remuneration of the organisation and includes all employee related expenditure including items such as superannuation, fringe benefits tax, training, and worker’s compensation insurance.

Employee costs have been increased by \$2.7 million to \$35.4 million in the 2021-22 Budget. The increase is related to a temporary increase in employee numbers to support the implementation of an upgrade to new corporate systems, increase in externally funded program positions including eight trainees, recruitment for vacant positions, accounting adjustments to leave provisions and provision for certified agreement increases paid to all award employees. A new certified agreement is currently under negotiation. As with previous years, the Capital Works Program has a significant day labour component. The operating budget assumes the capital program will be completed as planned.

There have been no increases in 2021-22 to the established workforce numbers in an effort to minimise costs and still maintain appropriate service levels.

MATERIALS AND SERVICES - \$32.8 MILLION

The major expense categories for materials and services relate to contract costs for waste disposal and collection of approximately \$5.0 million, bulk water purchases of \$4.3 million, external contractors for maintenance of Council roads, water and sewerage networks, parks and buildings \$4.5 million. Consultant costs are budgeted at approximately \$2.7 million. Electricity, fuel and insurance amount to a total of \$4.9 million.

Council strongly supports locally owned and operated businesses, including those with an office or brand in our region. Livingstone Shire Council's Procurement Policy is underpinned by the principle of supporting local business therefore, leading to significant investment in the regional economy. Council spends on average 27% of its expenditure with businesses located within the shire boundaries (excluding salaries & wages), and approximately 93% of its expenditure within the region and the State of Queensland.

EXTERNAL LOAN INTEREST EXPENSE \$3.1 MILLION

These finance costs pertain to the interest on Council's loans from Queensland Treasury Corporation. Finance costs have decreased by \$0.4 million as Council continues to pay down existing debt.

Council's debt is forecast to reduce from \$60.0 million to \$7.2 million at the end of 2030-31. Council does not have any additional borrowing forecast in the next ten (10) years.

DEPRECIATION \$22.4 MILLION

Depreciation and amortisation represent the decline in value of assets. This is impacted by age, condition, and disposal of existing assets, as well as the purchase and construction of new assets. There may be some change in this line item during the year as the ongoing reviews of Council Asset Management Plans, asset replacement values and useful lives are completed.

MAJOR PROJECTS AND SPECIAL INITIATIVES



Livingstone manages a very diverse range of infrastructure assets with a value close to \$1.0 billion. These assets cover categories such as land, buildings and facilities, plant and equipment, roads and drainage, bridge, water, sewerage, waste. Council is responsible for the construction, upgrade and renewal of these assets through its capital works program. Livingstone forecasts to spend \$50.3 million on capital projects (excluding donated assets and infrastructure) during the year. Figure 5 - Capital Expenditure by Asset Class provides a breakdown of forecast capital works for the 2021-22 financial year.

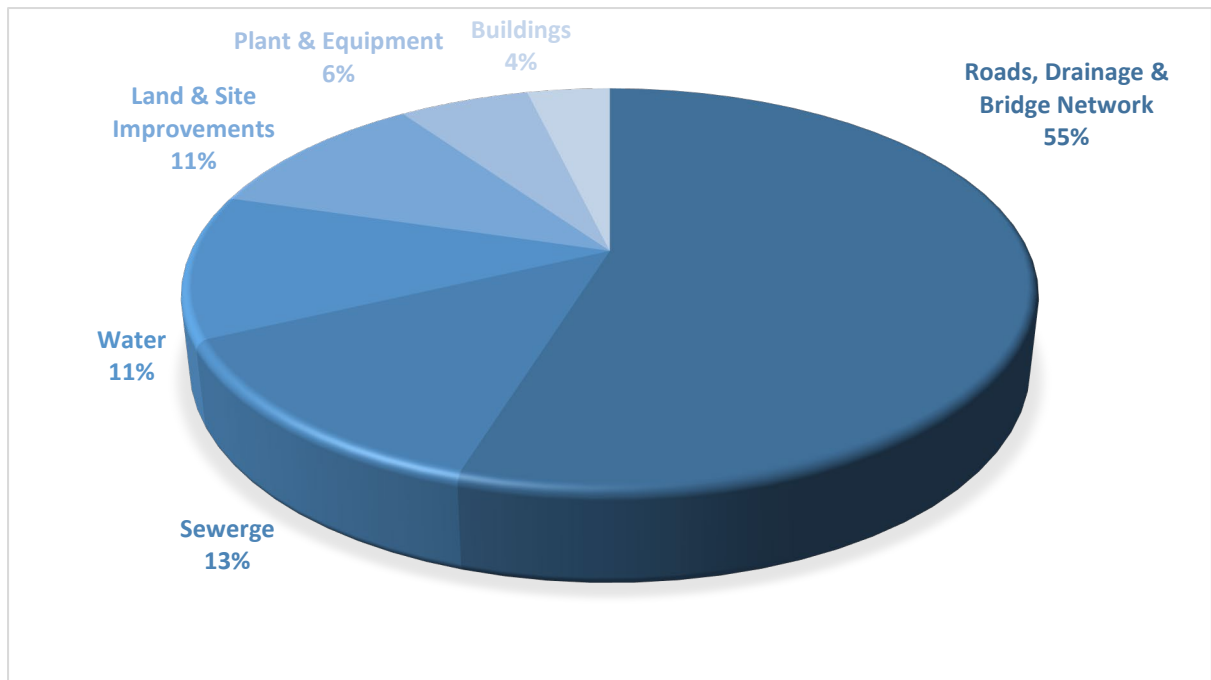


Figure 5 - Capital Expenditure by Asset Class

The main sources of capital funding are grants and subsidies of \$28.7 million, internal sources (general rate and utility charges) of \$17.5 million and application of infrastructure charges from developers of \$4.1 million.

Along with our day-to-day operations, Livingstone Shire Council will be delivering a range of major projects and special initiatives.

The 2021-22 budget includes the adoption of a 10-year forecast capital works program. This represents an investment of almost \$324.1 million in community infrastructure assets, establishing a platform for regional growth and providing a substantial boost to the local economic activity.

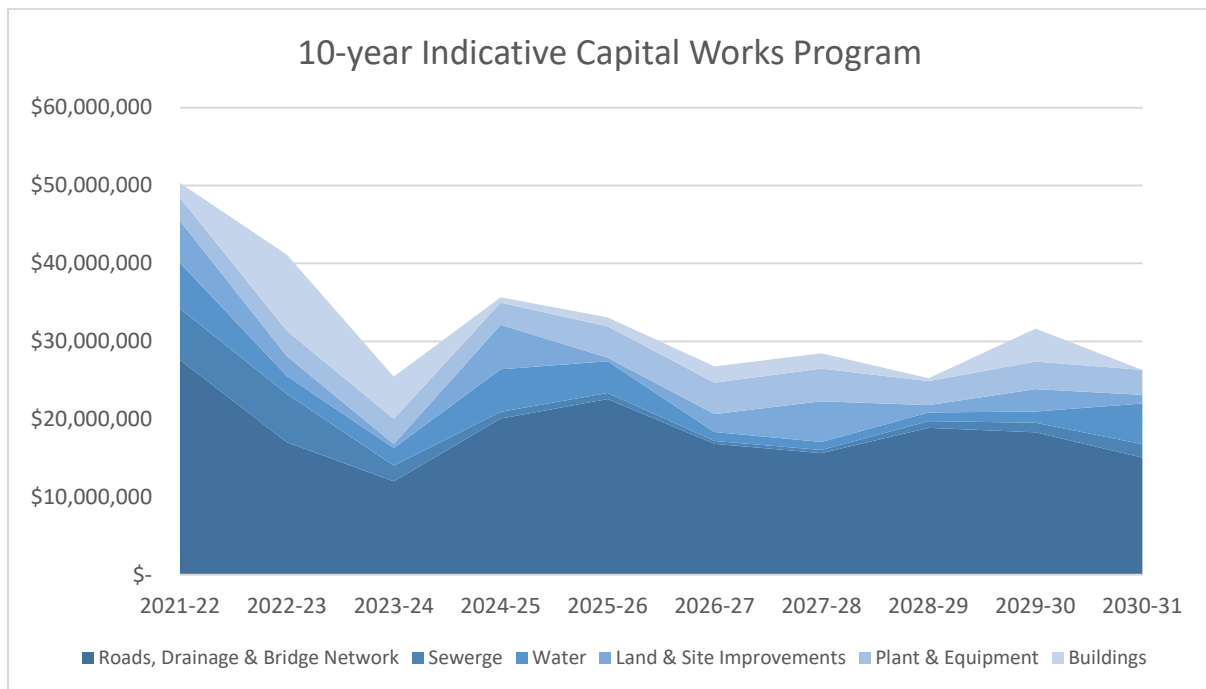


Figure 6 - 10-year indicative capital works program by asset class

The ten-year capital program takes into account project regional growth, better utilisation of assets as well as the ageing of the assets and the need to renew.

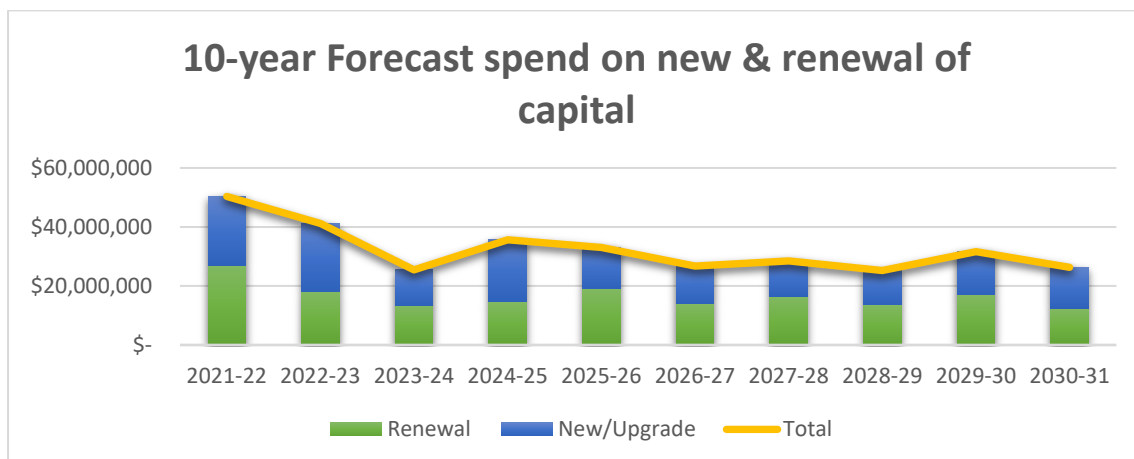


Figure 7 - 10-year indicative capital works program (new & renewal)

2021-22 COMMUNITY BUDGET REPORT

Below are some of the capital initiatives scheduled for the 2021-22 financial year:

BUILDING AND FACILITIES - \$3.0 MILLION

- Yeppoon Aquatic Centre upgrade - \$675,000*
- Fit-out of first floor at The Hub - \$500,000
- Completion of the Mill Gallery Upgrade - \$225,000
- Amenities Renewal at Beryl Hick and Merv Anderson Parks - \$200,000
- The Hub electrical switchboard upgrade - \$130,000
- Annual switchboard renewal program - \$70,000
- Completion of the Williamson Creek Amenities block - \$45,000*
- Lagoon Place Administration Building roof renewal works - \$30,000
- Lagoon Precinct lift improvements - \$20,000

PLANT AND EQUIPMENT - \$3.0 MILLION

- Annual fleet replacement program - \$2,000,000
- Corporate business system upgrades - \$446,000
- Annual ICT hardware replacement programs - \$422,000
- CCTV virtualisation upgrade - \$53,000
- Replacement of depot server room condenser core - \$35,000

ROADS, DRAINAGE AND BRIDGES - \$27.6 MILLION

- Stanage Bay Road upgrade - \$14,698,022*
- Taranganba Road – Upgrade Carige Boulevard intersection - \$1,800,000*
- Stage 2 Matthew Flinders Drive reconstruction - \$1,690,000*
- Annual unsealed road pavement renewal program - \$1,400,000*
- Upgrade Doonside Road bridge and Werribee Creek bridges - \$1,155,000*
- Gus Moore Street retaining wall stabilisation - \$737,000
- Fig Tree Creek bank protection works - \$675,000
- Emu Park West Reservoir Access Road Design Construction - \$616,000
- Upgrade existing gravel section on Sleipner Road to 6.5m wide sealed standard - \$600,000*
- Construction of new Wreck Point walking trail - \$585,000*
- Pavement rehabilitation of sections along Scenic Highway and Cawarral Road - \$492,000*
- Yeppoon Precinct shared path - \$351,000*
- Annual stormwater asset renewal program - \$305,000
- Hartley Street Pedestrian facilities - \$300,000
- Installation of a channelized right turn treatment on Dairy Inn Road/Mount Chalmers Road intersection - \$233,000*
- Annual urban street reseal program - \$215,000
- Yeppoon Creek Flood Mitigation - \$192,000
- Keppel Sands Groyne recreational path - \$160,000
- Renewal of traffic signals at Farnborough Road/Kerr Street - \$160,000*
- Matthew Flinders Drive cyclist and pedestrian refuge - \$160,000*

2021-22 COMMUNITY BUDGET REPORT

- New Zealand Gully Road upgrade - \$140,000
- Improve stormwater capability of Lamberton Street - \$113,000
- Yeppoon Creek Easement - \$101,000
- Annual pre-project planning and design program - \$100,000
- Roden Street, Keppel Sands pathway - \$100,000*
- Upgrade of unsealed service roads to sealed standard - \$94,600
- Clay Street drainage upgrade - \$76,000
- School Street drainage - \$65,000
- Construct pathway at Byfield between the School and library - \$60,000*
- Design works on Queen Street road upgrade - \$50,000
- Annual street lighting renewal program - \$50,000
- Annual guardrail and safety fencing renewal program - \$35,000
- Annual inlet upgrade program - \$31,000
- Design of Taranganba Road Footpath links - \$30,000*
- Design works for short term parking for recreational vehicles and caravans - \$20,000
- Causeway Lake boat ramp - \$10,000

WATER NETWORK INFRASTRUCTURE - \$5.9 MILLION

- Construction of new 4ML reservoir West Emu Park - \$2,132,000*
- New Inverness Booster Pump Station - \$868,000
- Annual water asset renewal programs - \$800,000
- Kelly's Dam remedial works - \$612,000*
- Filter media replacement at Woodbury Water Treatment Plant - \$500,000
- New 150mm water main along Tanby Road - \$270,000
- Upgrades to Rosslyn Bay trunk water reticulation mains - \$251,000
- Planning and design for the Mt Charlton tank repairs - \$236,000*
- Lammermoor reservoir valve and equipment upgrades - \$105,000
- Water dispensing station at Norpine Road - \$100,000*

SEWERAGE - \$7.0 MILLION

- Completion of the installation of solar power system at the Yeppoon Sewerage Treatment Plant - \$2,517,000*
- Completion of the Yeppoon water recycling system augmentation - \$1,910,000*
- Completion of the Emu Park sewerage treatment plant upgrade - \$717,000*
- Arthur Street Sewer Upgrade - \$527,000
- Annual sewerage asset renewal program - \$448,000
- New effluent water system at Emu Park Sewerage Treatment Plant - \$170,000
- Commence designs on Cathne Street sewer extension and Mary Street sewer realignment - \$245,000
- Electrical upgrades at Farnborough Road Sewer Pump Station - \$50,000
- Lamberton Street sewer extension - \$21,000

LAND AND SITE IMPROVEMENTS - \$5.4 MILLION

- Yeppoon Lagoon pebblecrete rectification - \$1,000,000
- Replacement of Yeppoon Town Centre Carpark façade - \$1,000,000
- Completion of Stage 2 of Yeppoon Landfill Resource Recovery Centre - \$923,000*
- Completion of Stage 2 of the Capricorn Coast Memorial Gardens - \$486,000*
- CBD CCTV surveillance system - \$400,000
- Lagoon precinct shade structure - \$245,000*
- Rotary Park upgrade - \$240,000*
- Keppel Sands Caravan Park improvements - \$160,000*
- James Street street works contributions - \$150,000
- Easement acquisitions - \$180,000
- Softfall renewal at Appleton Park - \$90,000*
- Entryway and place-branding sign program - \$75,000
- Purchase of pole banners - \$58,000
- Annual beach access upgrades - \$75,000
- Installation of bicycle racks - \$56,000
- Annual playground equipment renewal program - \$40,000
- Expansion of CCTV network through the shire - \$38,000*
- Repairs to shade structure at Emu Park Skate Park - \$30,000
- Provide pathway for wheelchair access at Merv Anderson Park - \$27,000
- Annual replacement of park furniture and equipment - \$60,000*
- Supply and installation of fans to the Emu Park community hall - \$22,000
- Re-surface Glenlee Park tennis courts - \$20,000*
- Installation of a roof top sprinkler system at the Yeppoon Lagoon - \$12,000

*Subject to external funding

STATEMENT OF FINANCIAL POSITION

The statement of financial position measures what Livingstone Shire Council owns and owes to relevant stakeholders. The result of these two components determines the net wealth of the community.

The community’s net worth (what we own less what we owe) is forecast to be approximately \$1.02 billion at the end of 2021-22.

CASH

Council invests surplus funds throughout the year in low risk, short-term investments in accordance with Council’s Investment Policy and regulatory guidelines. Livingstone’s short and long-term cash flows indicate that sufficient cash is available to meet recurring activities and capital expenditure. The cash position at the end of the ten-year period is sufficient to operate and allow for \$324.1 million spend of capital in that period. The capital projects in the latter half of the forecast period require more detailed analysis and scoping prior to delivery.

Figure 8 - Forecast cash balances illustrates healthy balances that exceed the minimum target of \$20 million (equivalent to three months of working capital) across the ten-year period.

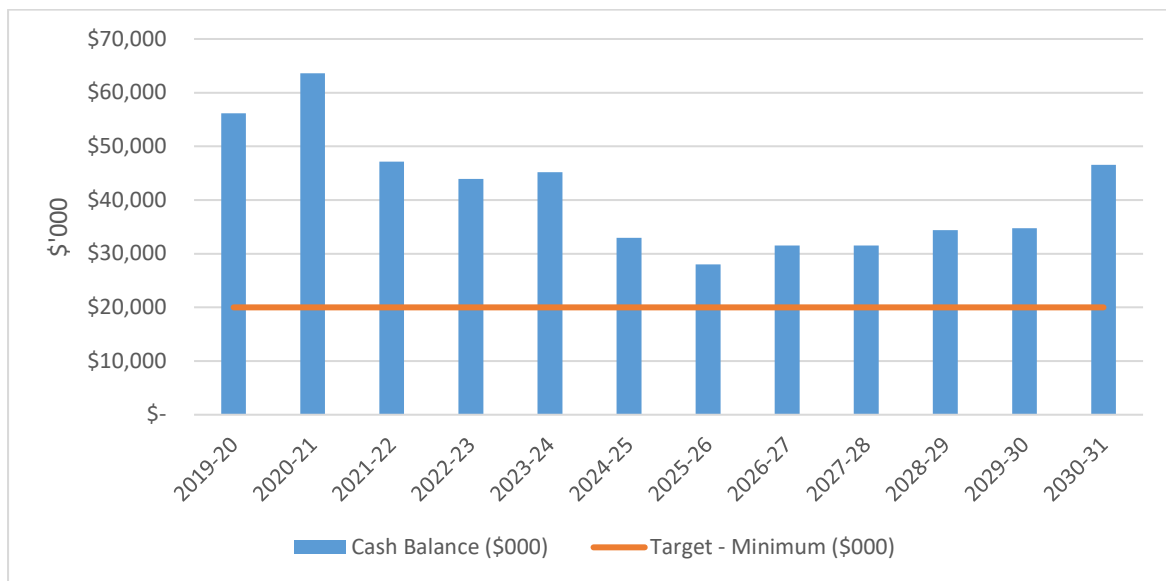


Figure 8 - Forecast cash balances

DEBT

Borrowing for long-term assets is an effective way of spreading the cost of community infrastructure over the life of the assets in such a way that those deriving a benefit from the investment pay for it as it is being used.

With no new borrowings forecast in the 2021-22 financial year, Council’s debt continues to reduce by \$5.3m. Over the last three years, Council’s debt has reduced by \$15.6 million and continues to reduce over the forecast period.

Council has set a target to reduce total borrowings to less than \$50 million within three years as part of the 2021-22 budget deliberations. This will be achieved in 2023-24. Figure 9 - Forecast Debt Balance, illustrates debt balances for each of the financial years across the ten-year forecast period, and highlights Council’s maximum capacity for new borrowings for future infrastructure.

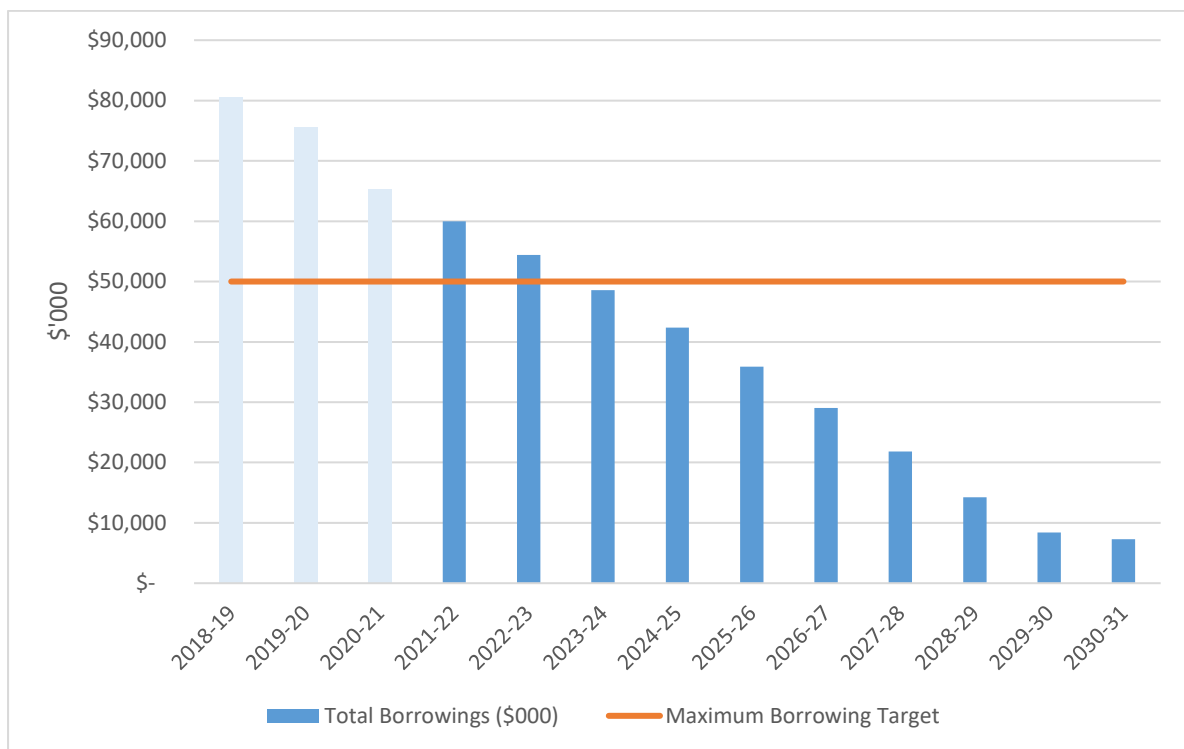


Figure 9 - Forecast Debt Balance

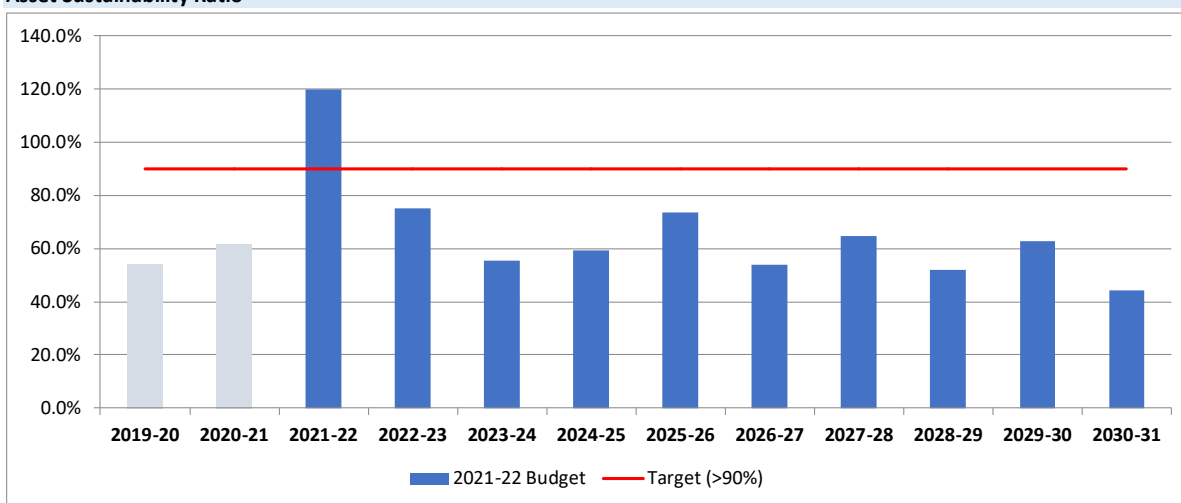
In summary, over the life of the forecast period, Livingstone Shire Council maintains strong liquidity and adequate debt servicing capacity resulting in adequate levels of financial flexibility.

KEY MEASURES OF FINANCIAL SUSTAINABILITY

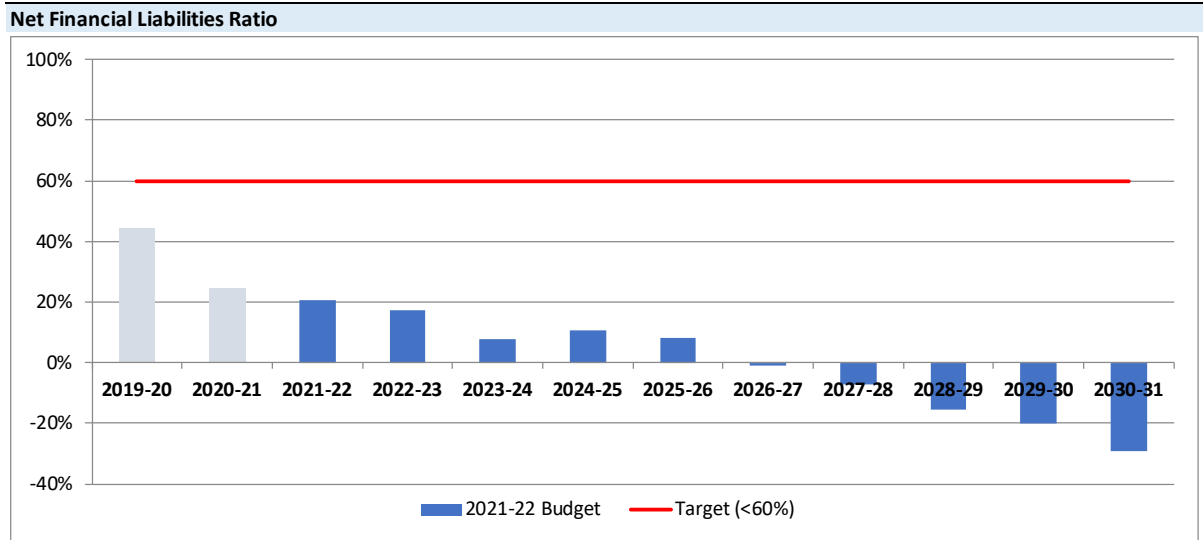
The Queensland Government defines a sustainable local government as being ‘able to maintain its financial capital and infrastructure capital over the long term’ (*Local Government Act 2009*, section 104(2)). To ensure the Council continues along the path of financial sustainability into the future, key 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 benchmark indicated in each graph is sourced from the ‘Financial Management (Sustainability) Guideline 2013’, which is available from the website of The Department of State Development, Infrastructure, Local Government and Planning.

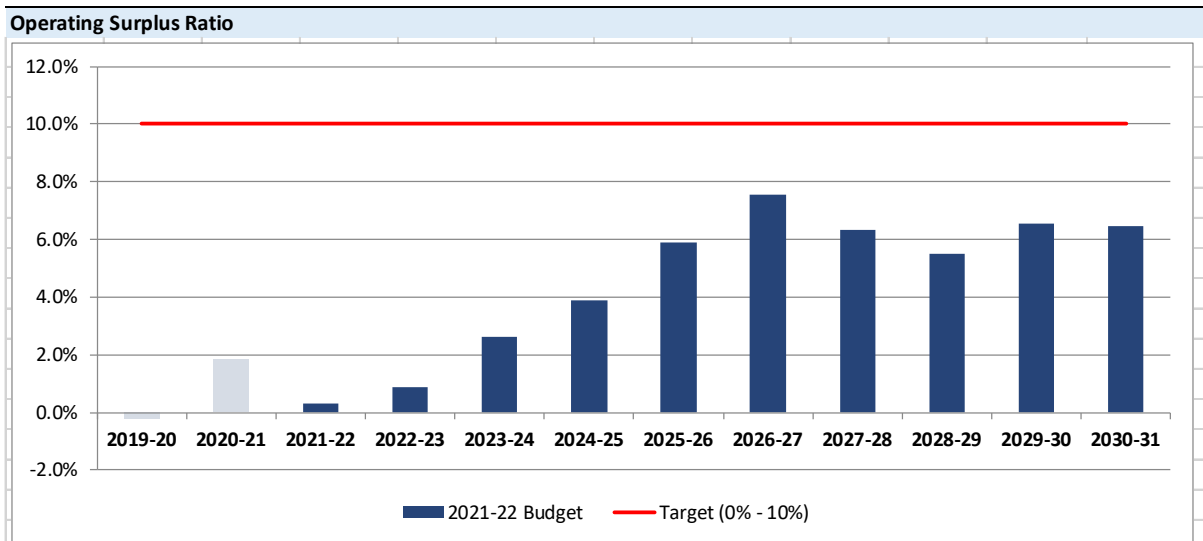
Asset Sustainability Ratio



Description	Measure	Target
Demonstrates the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.	$\frac{\text{Capital expenditure on replacement assets}}{\text{Depreciation expense}}$	Greater than 90% (on average over the long term)
Commentary		
Capital expenditure can broadly be classified as New (building something entirely new) or renewal (replacing an old asset with a new one). This ratio measures how much capital expenditure goes toward replacing existing assets each year when divided by depreciation expense. Whilst nine of the ten years in the long term plan are below the target benchmark of 90%, this is mainly due to the value of new infrastructure required to be constructed for growth as existing assets have reached capacity.		



Description	Measure	Target
Demonstrates the extent to which the net financial liabilities of Council can be serviced by its operating revenues.	<u>Total Liabilities less Current Asset</u> Operating Revenue	Not greater than 60% (on average over the long term)
Commentary		
Council is forecast to remain within the target range all financial years in the ten year forecast period. Debt (borrowings) continue to reduce, with no new borrowings required to fund the proposed ten-year capital program.		



Description	Measure	Target
Demonstrates the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes	<u>Net operating surplus/(deficit)</u> Operating Revenue	Between 0 & 10% (on average over the long term)
Commentary		
Council is forecasting a positive (greater than 0%) operating surplus ratio in nine of the ten 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 the ten year period is a very strong indicator of long term sustainability.		

BUDGET AND LONG TERM FINANCIAL FORECAST STATEMENTS

STATEMENT OF FINANCIAL POSITION
2021-22 BUDGET AND LONG TERM FINANCIAL FORECAST

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29	Forecast 2029-30	Forecast 2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current Assets										
Cash and Cash equivalents	47,156	43,960	45,161	32,968	28,028	31,523	31,528	34,363	34,733	46,559
Trade and other receivables	9,070	9,567	9,767	10,144	10,672	11,031	11,177	11,587	12,170	12,594
Inventories	2,798	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Other current assets	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660	2,660
Total Current Assets	61,684	57,293	58,693	46,877	42,465	46,320	46,471	49,715	50,669	62,918
Non-current assets										
Land held for development or sale	3,812	3,842	3,842	3,842	3,842	3,842	3,842	3,842	3,842	3,842
Property, plant & equipment	1,034,269	1,054,974	1,056,463	1,076,362	1,085,055	1,095,877	1,104,228	1,104,092	1,118,246	1,118,592
Other non-current assets	559	1,028	1,050	929	808	687	566	445	324	203
Total non-current assets	1,038,640	1,059,844	1,061,354	1,081,133	1,089,705	1,100,406	1,108,636	1,108,379	1,122,412	1,122,637
TOTAL ASSETS	1,100,324	1,117,137	1,120,047	1,128,010	1,132,170	1,146,726	1,155,107	1,158,094	1,173,081	1,185,556
LIABILITIES										
Current liabilities										
Trade and other payables	4,746	5,042	5,017	5,160	5,323	5,444	5,746	6,082	6,406	6,661
Borrowings	5,562	5,851	6,170	6,499	6,846	7,209	7,598	5,831	1,107	1,013
Provisions	4,481	5,113	5,355	3,135	3,134	3,132	3,130	3,128	3,126	3,124
Other current liabilities	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649
Total current liabilities	17,438	18,654	19,191	17,443	17,952	18,433	19,122	17,690	13,288	13,447
Non-current liabilities										
Borrowings	54,397	48,546	42,376	35,876	29,030	21,821	14,224	8,393	7,285	6,273
Provisions	9,439	7,343	5,011	4,906	4,808	4,719	4,637	4,564	4,499	4,440
Total non-current liabilities	63,836	55,889	47,387	40,782	33,838	26,540	18,861	12,957	11,784	10,713
TOTAL LIABILITIES	81,274	74,543	66,578	58,226	51,790	44,974	37,983	30,647	25,072	24,160
NET COMMUNITY ASSETS	1,019,050	1,042,594	1,053,469	1,069,784	1,080,380	1,101,752	1,117,123	1,127,447	1,148,008	1,161,395
COMMUNITY EQUITY										
Retained surplus	976,976	996,992	1,007,508	1,014,762	1,023,896	1,035,167	1,045,199	1,054,518	1,065,573	1,076,849
Asset revaluation surplus	42,074	45,602	45,962	55,022	56,484	66,585	71,924	72,929	82,436	84,547
TOTAL COMMUNITY EQUITY	1,019,050	1,042,594	1,053,469	1,069,784	1,080,380	1,101,752	1,117,123	1,127,447	1,148,008	1,161,395

2021-22 COMMUNITY BUDGET REPORT

STATEMENT OF CASH FLOWS 2021-22 BUDGET AND LONG TERM FINANCIAL FORECAST

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29	Forecast 2029-30	Forecast 2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts from customers	84,736	93,266	95,809	99,156	104,378	108,147	110,062	113,604	119,361	123,780
Payments to suppliers and employees	(80,874)	(73,210)	(73,187)	(75,006)	(77,259)	(79,077)	(83,068)	(87,253)	(91,533)	(95,033)
Payments for land held as inventory	-	(30)	-	-	-	-	-	-	-	-
Proceeds from sale of land held as inventory	1,118	2,034	-	-	-	-	-	-	-	-
Interest received	789	831	873	960	912	928	1,028	1,092	1,226	1,362
Borrowing costs	(3,140)	(2,859)	(2,570)	(2,252)	(1,922)	(1,575)	(1,213)	(824)	(447)	(273)
Payment of landfill provision	(312)	(1,800)	(2,437)	(2,686)	(473)	(478)	(483)	(488)	(493)	(499)
Non-capital grants and contributions	5,648	5,960	6,076	6,200	6,332	6,471	6,615	6,758	6,910	7,063
Cash inflow from Operating Activities	7,965	24,193	24,563	26,372	31,968	34,416	32,941	32,889	35,023	36,400
Cash flows from Investing Activities										
Payments for property, plant and equipment	(50,341)	(41,098)	(25,464)	(35,663)	(33,069)	(26,774)	(28,469)	(25,236)	(31,642)	(26,327)
Grants and contributions received	31,217	19,271	7,953	3,268	2,660	2,700	2,740	2,780	2,820	2,860
Proceeds from the sale of assets	-	-	-	-	-	-	-	-	-	-
Cash outflow from Investing Activities	(19,124)	(21,827)	(17,511)	(32,395)	(30,409)	(24,074)	(25,729)	(22,456)	(28,822)	(23,467)
Cash flows from Financing Activities										
Repayment of borrowings	(5,281)	(5,562)	(5,851)	(6,170)	(6,499)	(6,846)	(7,209)	(7,598)	(5,831)	(1,107)
Cash outflow from Financing Activities	(5,281)	(5,562)	(5,851)	(6,170)	(6,499)	(6,846)	(7,209)	(7,598)	(5,831)	(1,107)
Net increase/(decrease) in Cash Held	(16,440)	(3,196)	1,201	(12,193)	(4,940)	3,496	4	2,835	370	11,826
Cash at the beginning of the financial year	63,596	47,156	43,960	45,161	32,968	28,028	31,523	31,528	34,363	34,733
Cash at the end of the financial year	47,156	43,960	45,161	32,968	28,028	31,523	31,528	34,363	34,733	46,559

STATEMENT OF INCOME AND EXPENDITURE 2021-22 BUDGET AND LONG TERM FINANCIAL FORECAST

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29	Forecast 2029-30	Forecast 2030-31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Income										
Gross rates and utility charges	86,020	89,305	93,511	97,062	100,400	103,914	107,552	111,317	115,215	119,249
Less: discounts & remissions	(6,752)	(6,780)	(6,997)	(7,293)	(7,528)	(7,771)	(8,044)	(8,327)	(8,619)	(8,922)
Net rates and utility charges	79,268	82,525	86,515	89,769	92,871	96,143	99,508	102,991	106,596	110,327
Fees and charges	5,605	5,823	6,048	6,286	6,531	6,830	7,139	7,427	7,724	8,134
Rental Income	430	439	449	459	470	481	493	505	517	529
Interest revenue	789	831	873	960	912	928	1,028	1,092	1,226	1,362
Sales revenue	2,844	4,642	2,300	2,300	4,300	4,300	2,300	2,300	4,300	4,386
Operational grants and subsidies	5,908	5,966	6,086	6,214	6,344	6,484	6,627	6,774	6,924	7,078
Other income	704	721	739	758	777	796	816	837	857	879
Total Operating Income	95,548	100,947	103,009	106,745	112,206	115,963	117,911	121,925	128,144	132,695
Capital Income										
Contributions from developers	2,500	2,540	2,580	2,620	2,660	2,700	2,740	2,780	2,820	2,860
Capital grants and subsidies	28,717	16,731	5,373	648	-	-	-	-	-	-
Total Capital Income	31,217	19,271	7,953	3,268	2,660	2,700	2,740	2,780	2,820	2,860
Total Income	126,765	120,218	110,962	110,013	114,866	118,663	120,651	124,705	130,964	135,555
Operating expenses										
Employee benefits	35,441	36,681	36,055	37,308	38,195	39,110	40,046	41,005	41,987	42,991
Materials and services	32,843	35,603	35,871	36,589	37,958	38,803	42,021	45,265	48,533	50,940
Depreciation and amortisation	22,401	23,451	24,314	24,944	25,958	26,174	25,577	26,499	27,115	28,212
Finance Costs	256	257	259	262	264	266	268	270	272	274
External Loan interest expense	3,140	2,859	2,570	2,252	1,922	1,575	1,213	824	447	273
Other operating expenses	1,171	1,195	1,219	1,244	1,271	1,297	1,323	1,351	1,380	1,409
Total Operating Expenses	95,251	100,047	100,288	102,598	105,568	107,225	110,449	115,213	119,734	124,100
Capital Expenses										
Restoration and rehabilitation provision	152	155	158	161	164	167	170	173	176	179
Total Capital Expenses	152	155	158	161	164	167	170	173	176	179
Total Comprehensive Income	31,362	20,016	10,516	7,254	9,134	11,271	10,032	9,318	11,055	11,276
Operating Result	297	900	2,721	4,147	6,638	8,738	7,462	6,711	8,411	8,595
Underlying Result	123	559	2,721	4,147	6,638	8,738	7,462	6,711	8,411	8,595

APPENDIX A – GUIDING BUDGET PRINCIPLES

Council is required to raise an appropriate amount of revenue to maintain assets and provide services to the Shire as a whole. Council adheres to the following budget principles to underpin the development of the annual budget:

Accountability

Council will be honest and accountable in all aspects of the budget process, meeting the community's expectations of transparency and openness with a reporting framework that supports and enhances this. Councillors all own and are accountable for the budget and its implementation.

Strategic Approach

Council will maintain a strategic approach to the delivery of all Council services and capital works programmes. Council will align Council's budget with the Livingstone 2050 Community Plan themes, goals and strategies.

Sustainable Financial and Asset Management Planning

A 10-year Long Term Financial Plan and 10-year Long Term Asset Management Plans will inform the delivery and achievement of Council's long-term strategic objectives in a sustainable manner. All programmes will be regularly reviewed to ensure they fit within the Council's financial framework. Consideration is given to the relevance of Council's financial sustainability ratios given predicted growth and the relative newness of Council's asset base. Council's asset sustainability will focus on ensuring renewals identified as part of Asset Management Plans are included in the capital program.

Realistic Budgeting and Timely Reporting

All budget figures will be realistic and based on the best available information at the time of budget preparation. Material variances will be reported to Council and the Community as they are discovered, to enable Council to amend the budget and/or service delivery accordingly.

Regular updates are provided to Councillors in relation to major Capital Projects that are experiencing pressure to stay within budget or remain on schedule.

Quarterly budget reviews are to be presented to Council for review and consideration.

Meet Long Term Liabilities

Each budget will be fully funded, reconciled and prepared on an accrual basis. Adequate provisions will be made to reflect Council's long-term liabilities and to ensure appropriate funding is in place for infrastructure renewal as it falls due.

Council will ensure that the internal capital reserves and provisions will be fully funded by cash within the forecast period.

Cash Management

Cash held within Council's bank accounts will be maintained at three (3) months of operating costs plus fully funded reserves within the forecast period.

Affordable Rates Increases

Rates increases will be set at an “affordable” level having regard to the Corporate Plan and its social, environmental, economic and financial objectives, balanced against the community’s ability to pay.

Avoid Cost Shifting

Council will resist pressure to accept cost shifting from other levels of government.

Asset Sales

The operational budget will be structured such that there is no reliance on asset sales to fund core services, and net proceeds from asset sales are transferred to reserves for strategic capital purposes.

Borrowings

Council will consider borrowings as a last resort for funding, and only as a tool to be used in a strategic perspective to achieve the provision of services to the community.

Council will commit to funding all capital renewal projects from operating cash flows and borrow only for new or upgrade capital projects, having regard to sound financial management principles and giving consideration to inter-generational equity for the funding of long-term infrastructure projects.

Borrowing for infrastructure that provides a return on assets will generally take priority over borrowing for other assets.

Prior to undertaking any borrowing, Council shall assess its capacity to repay the loan, and to ensure that the community is not burdened with unnecessary risk and rate/charge increases.

All borrowings will be considered in line with Council’s Long-Term Financial Plan.

Financial Control

Council commits to ensuring that financial and other resources under Council’s control will be used only for approved purposes and within Council’s strategic framework, and that all risks to Council’s finances are properly managed.

Project Governance

All projects will be managed in accordance with the Project Management Framework. This framework assists in preparing evaluations concerning the acquisition, maintenance, or improvement of significant assets. This requirement results in the appropriate due diligence over costs and assessment of alternatives.

The Project Management Framework has been written to provide guidance on the common steps that apply in the methodology of Project Management. The aim is to establish a common framework for the management of projects, programs and the portfolio. A level of control and commonality is required for reporting and benchmarking.

Frameworks can vary in detail from organisation to organisation, but critical to the success is the freedom given to the project and senior managers to adapt the phases to suit the size and complexity of the project they are managing.

APPENDIX B – ASSUMPTIONS

The Budget and Long-Term Financial Forecast takes into account the 2021-22 Budget as a base and adjusts the forward years through a combination of specific organisation changes forecast, as well as various assumptions throughout the life of the forecast period.

While a number of detailed assumptions are made throughout the modelling of the long-term financial forecast, the below table provides a guide to some of the key assumptions used throughout the life of the forecast period.

Revenue	Comment
General Rates	0.0% increase from 2020-21 rating strategy. Nominal CPI increases ranging from 1.5% to 2.0% over the life of the forecast
Utility Charges	Water and Sewerage utility charges in accordance with a five-year price path for each scheme. Nominal CPI increases of 2.0% from year 6-10 of the forecast
Separate Charges	No increase for the first year and then nominal CPI ranging from 1.5% to 2.0% over the life of the forecast
Fees and Charges	Commercial fees 10% increase with regulatory fees projected at 1.48%. Forecast increase in line with nominal CPI increases ranging from 1.5% to 2.0% over the life of the forecast
Expense Items	Comment
Staff wages and Salaries	Forecast as per certified agreements, and then nominal CPI increases ranging from 1.5% and 2.0% for the remaining years
Councillor Remuneration	Maximum remuneration as set by Queensland Remuneration Tribunal. Nominal CPI increases ranging from 1.5% to 2.0% over the life of the forecast.
Materials and Services	Projected at 1% (growth) above CCI (1.48%) over the life of the forecast.
Other Items	Comment
CPI rate applied (CPI)	Ranging from 1.5% to 2.0% over the life of the forecast in line with the Queensland State Budget 2020-21 Forecast. March 2021 CPI 1.1%
Council cost index (CCI)	LGAQ Council Cost Index 2021 is a composite index collated to represent the average cost increases experienced by councils over the previous 12 months (Dec to Dec quarters). The LGAQ CCI 2021 was 1.48%.
Revaluation of assets	Asset values increased by 5% every 5 years.
Property Growth	Base property growth estimated at 1% increase in rateable properties, adjusted for 300 new residential and commercial in subsequent financial years for the next five years (Livingstone's 5 Year Housing Demand Analysis 2021)

