Financial Strategy and Long Term Financial Forecast 2019 - 2028

Mackay REGIONAL COUNCIL

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Document Version Control

Version	Date	Change Description	Author
1.0	December 2017	Create file based on 2017/2018 adopted financial forecast.	Tania Caldwell
1.1	May 2018	Major rewrite to incorporate proposed 2018/2019 financial forecast principles.	Kylie Lamb
1.2	June 2018	Format and update values to reflect final 2018/2019 forecast in preparation for council adoption.	Tania Caldwell

1. Executive Summary and Overview

1.1 Executive Summary

1.1.1 The Financial Strategy and Long Term Financial Forecast

The Financial Strategy (Strategy) is Council's long term financial plan that is derived from a series of policies, plans, risk responses and associated financial stability and sustainability targets to measure performance. The Strategy establishes the financial framework under which sound and sustainable financial decisions can be made and is reviewed annually with the inclusion of a Long Term Financial Forecast (LTFF) in accordance with section 171 of the *Local Government Regulation 2012* (Regulation).

The main component of the Strategy is the Long Term Financial Forecast (LTFF). The LTFF is Council's ten year financial forecast which comprises of the long term financial model and includes income, expenditure, cash flow projections, assets, liabilities and community equity. Council refers to this model when considering long term financial decisions. For example, new borrowings, long term operational projections and future capital expenditure forecasts. The LTFF is continually revised and amended following formal budget reviews, government announcements that will impact on Council, changes in operating procedures and in conjunction with the annual budget development process.

Council's Financial Strategy and Long Term Financial Forecast are elements within our broader planning and reporting framework that includes the:

- Corporate Plan
- Long Term Asset Management Plans (AMPs)
- Annual Budgets
- Operational Plans
- Local Government Infrastructure Plan (LGIP)
- Annual Report

Diagram 1: Planning and Reporting Framework

1.1.2 The Financial Strategy Objectives

The primary objective of the Strategy is to ensure Council remains financially sustainable as defined by section 104(2) of the *Local Government Act 2009* (Act):

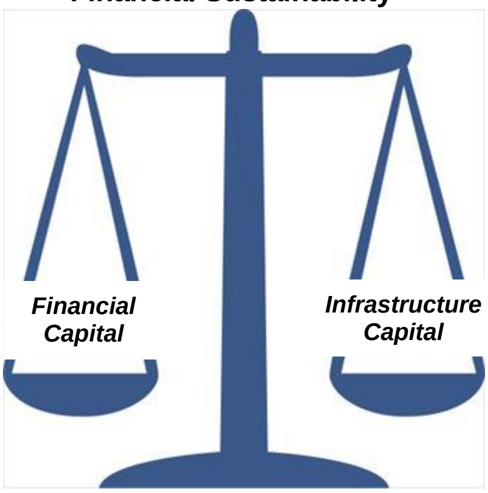
> "*A local government is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long term*".

The key elements of the definition are:

- maintaining financial capital,
- maintaining infrastructure capital, and
- both over the long term

'Financial capital' in the definition above is the productive capacity provided by the difference between current assets and current liabilities (working capital). *'Infrastructure Capital'* is the productive capacity provided by significant asset classes (eg roads, water, sewerage, buildings etc.) that provide or support public services. This is represented by the non-current assets and financing liabilities (eg debt). *'Long term'* refers to a period of ten years or more. *(Department of Local Government, Racing and Multicultural Affairs "Financial Management (Sustainability) Guideline 2013 Version 1.1)*

Financial Sustainability

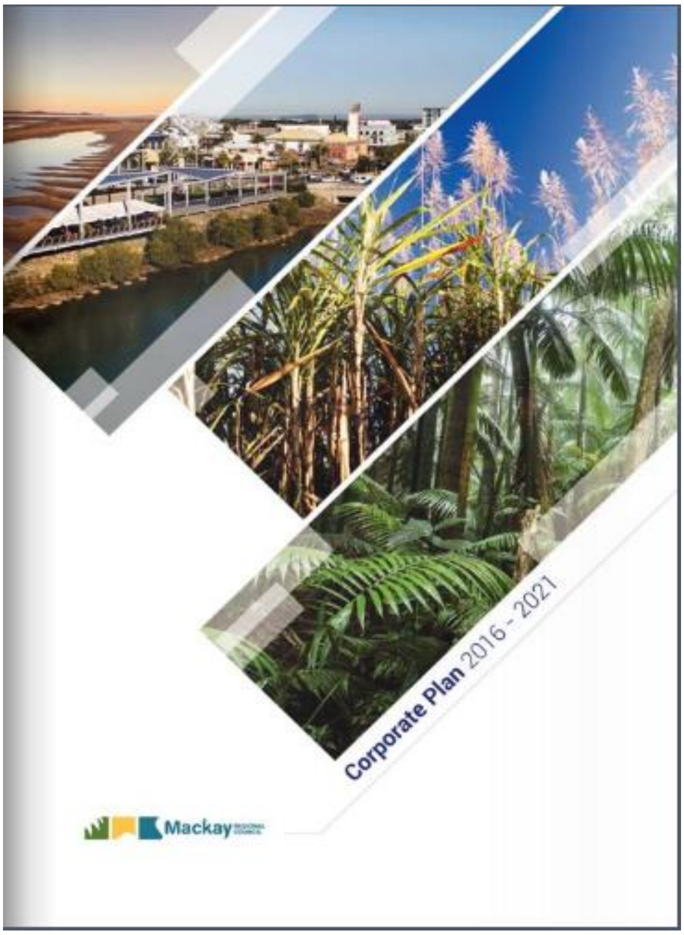


It is important that each of the capital components is effectively managed within an integrated approach in order to maintain the desired service level over the long term. Focusing only on one of the components could have a detriment effect on the other. This means we need to continue to generate sufficient finances to continue to operate without eroding our physical asset base.

In order to achieve the above, some key principles have been identified below:

- Revenue generation is sufficient to achieve efficient and effective service delivery to meet the needs of the community
- Operating results which are balanced or, on average achieve surpluses, are expected over the forecast period
- The right mix of debt and council generated funding is used to address intergenerational issues for current and future ratepayers
- Use of long term asset management plans linked to long term financial forecasts, to ensure assets are renewed at the appropriate time and there is adequate funding available
- Major strategic risks have been identified and are reflected in future financial and asset management planning

Council's vision is to be "*Prosperous, Sustainable and Vibrant"*. This vision is underpinned by our Mission: *To deliver the vision for the Mackay region in partnership with our community and to strive for excellence in planning, delivering and managing community services and facilities*. Both Council's vision and mission demonstrate a strong commitment to financial sustainability through improved forecasting and being fiscally responsible with community's assets and funds.



The current Corporate Plan 2016 - 2021 has identified eight strategic priorities to shape the Council vision until 2021. The Corporate Plan provides the platform for council to deliver services; the incentive to pursue projects which will secure our future; and the authority to make the decisions that will deliver our community effective local government. While stable, efficient, cost-effective government and the welfare of our community are the foundation of the priorities found in this plan. The eight key themes identified will position Council to have a healthy, connected and sustainable community that creates jobs and growth opportunities. This will only be achieved with engaged and transparent organisational performance, supported by robust decision-making, quality leadership and being responsive. The eight strategic priorities listed in the Corporate Plan are:

- Community pride
- Regional identity
- Community health and wellbeing
- Environment
- Lifelong learning
- Economy
- Infrastructure and transport
- Organisational performance

1.1.3 Key Initiatives

Mackay Regional Council is committed to working as one team to achieve results for our clients and the community. We have five core values that we stand by in delivery efficient and effective outcomes for our community. These five core values are *Employee Health and Safety, Client Satisfaction, Teamwork, Accountability and Respect.*

Council will strive to deliver financial sustainability through the implementation of a number of initiatives including:

- continue to conduct first principle reviews of our services in order to, optimise and review service delivery levels, eliminate rework and wastage to reduce costs and continually look for improvements to processes
- ongoing review of our rating strategies to ensure equitable distribution of costs between different groups of ratepayers
- implementation of a centralised capital delivery directorate to improve outcomes and efficiency
- prioritisation of the capital program to ensure the timing of projects is optimised to deliver the best return in line with objectives and strategies
- focus on improving asset management practices
- maximising returns from cash investments to reduce ongoing financial impacts on ratepayers
- monitor the mix of cash versus borrowings to balance affordability with equitable distribution of costs between current and future generations of ratepayers
- look for innovative ways to generate additional sources of revenue
- continue to explore benefits of scale and shared services arrangements including through the Greater Whitsunday Council of Mayors (GWCoM)

1.1.4 Reviewing and Refining the Financial Strategy

The Strategy will be continually revised by:

- ensuring that any changes to corporate plans are reflected in the Strategy
- being responsive to any emerging operating issues
- capturing the budget revisions in our LTFF and analysing the impacts of any changes on our financial stability ratios and measures of sustainability
- undertaking annual reviews of our capital and operational projects

1.2 Financial Risk

The *Local Government Regulation 2012* requires Council to keep a written record of '*the risks the local government's operations are exposed to, to the extent they are relevant to financial management'* and *'the control measures adopted to manage the risks*'.

Council's Risk Management approach applies consequences/likelihood matrixes to evaluate risks under the categories of:

- Public Health
- Emergency and Disaster
- Finance
- Assets
- Environment

- Workforce
- Safety
- Reputation and Service Delivery
- Governance and Compliance
- ICT

The consequences/likelihood table for Finance is as follows:

		Consequences				
	Finance	**Insignificant** Council's annual net financial loss is less than 1% of annual operating budget (less than $2.6M) with no impact on program or business operation	**Minor** Council's annual net financial result reduced by 1-2% of annual operating budget ($2.6M to $5.1M), with minimal impact on program or business operation	**Moderate** Council's annual net financial result reduced by 2-4% of annual operating budget ($5.1M to $10.3M) with considerable impact on program or business operation	**Major** Council's annual net financial result reduced by 4-6% of annual operating budget ($10.3M to $15.4M) with severe impact on program or business operation	**Catastrophic** Council's annual net financial result reduced by more than 6% of annual operating budget (more than $15.4M) with loss of program or business operation
Likelihood	**Almost Certain** Event expected to occur at most times	Medium 8	High 16	High 18	Extreme 23	Extreme 25
	Likely Will probably occur at some stage based on evidence of previous incidents	Medium 7	Medium 10	High 17	High 20	Extreme 24
	Possible Not generally expected to occur but may under specific circumstances	Low 3	Medium 9	Medium 12	High 19	High 22
	Unlikely Conceivable but not likely to occur under normal operations; no evidence of previous incidents	Low 2	Low 5	Medium 11	Medium 14	High 21
	Rare Only ever occurs under exceptional circumstances	Low 1	Low 4	Low 6	Medium 13	Medium 15

2. Parameters and Measures

2.1 Parameters

Council has a range of assumptions grouped into the following categories:

- Growth increase (%)
- Price increase (%)
- Additional parameters

Growth increases are linked to population forecasts and how this impacts demand for Council services. They relate to the percentage increase in base revenue or expenses through growth. For rates this occurs through an increase in rateable assessments through new development and subdivisions. For fees and charges this relates to increase in revenue generated from greater usage of Council services and for employee costs refers to increase in staff establishment needed to deliver the increase in demand.

Price increase are reflective of general increases in costs and wage increases in line with rising prices. Where possible these are linked to CPI. This is relevant for both revenue and expenses. Where individual components are not aligned to general price increases these will be identified separately and adjusted accordingly.

These assumptions are the main drivers in the model in tandem with capital expenditure data and associated funding which is compiled from the ten year capital works program. The summary below outlines the parameters for each of the ten years that the Long Term Financial Forecast covers.

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Growth increase %										
General rates	0.5%	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Rates levies and charges	0.5%	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Fees & charges	10.0%	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Employee costs	1.0%	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%
Price increase %										
Underlying CPI	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
General rates	1.6%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other rates levies and charges	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Fees & charges	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Employee costs	2.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Electricity	0.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other materials and services	2.0%	2.0%	2.0%	2.5%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
Additional parameters										
Vacancy factor	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Developer contributions ($'000)	2,000	2,000	2,000	3,500	3,500	3,500	3,500	3,500	3,500	3,500

2.2 Financial Sustainability Targets

The *Local Government Regulation 2012* requires Councils to include the following "relevant measure of financial sustainability". These ratios and targets are set by the Department of Local Government, Racing and Multicultural Affairs and all are deemed to be long term target ranges. Council reports on its performance against both the target monthly as part of the Strategic Financial report. The anticipated performance is also updated in line with revisions to the budget during the year. The actual results for the year are audited annually by the Queensland Audit Office and are published as part of the annual financial statement in the annual report.

Ratio	Definition	Calculation	Target
Asset sustainability ratio	This is an approximation of the extent to which the infrastructure assets management by a local government are being replaced as these reach the end of their useful lives	*Capital expenditure on replacement assets as a percentage of depreciation expense*	> 90%
Operating surplus ratio	This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes	*Operating result as a percentage of operating revenue*	Between 0% and 10%
Net financial liabilities ratio	This is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues	*Total liabilities less current assets divided by total operating revenue (expressed as a percentage)*	< 60%

In addition to the above ratios, Council reports and monitors against a number of other financial sustainability metrics. These ratios are reported monthly in the Strategic Financial report. These ratios and their definitions are identified below.

Ratio	Definition	Calculation	Target
Current ratio	This measures the extent to which Council has liquid assets available to meet short term financial obligations	*Current assets divided by current liabilities*	Between 1 and 4
Interest coverage ratio	This ratio indicates the extent to which operating revenues are committed to interest expenses	Net interest expense on debt service divided by total operating revenue (expressed as a percentage)	Between 0% and 5%
Capital expenditure ratio	This ratio indicates the extent to which capital expenditure is covered by depreciation	*Capital expenditure divided by depreciation*	> 1.1 times

3. Revenue

3.1 Background

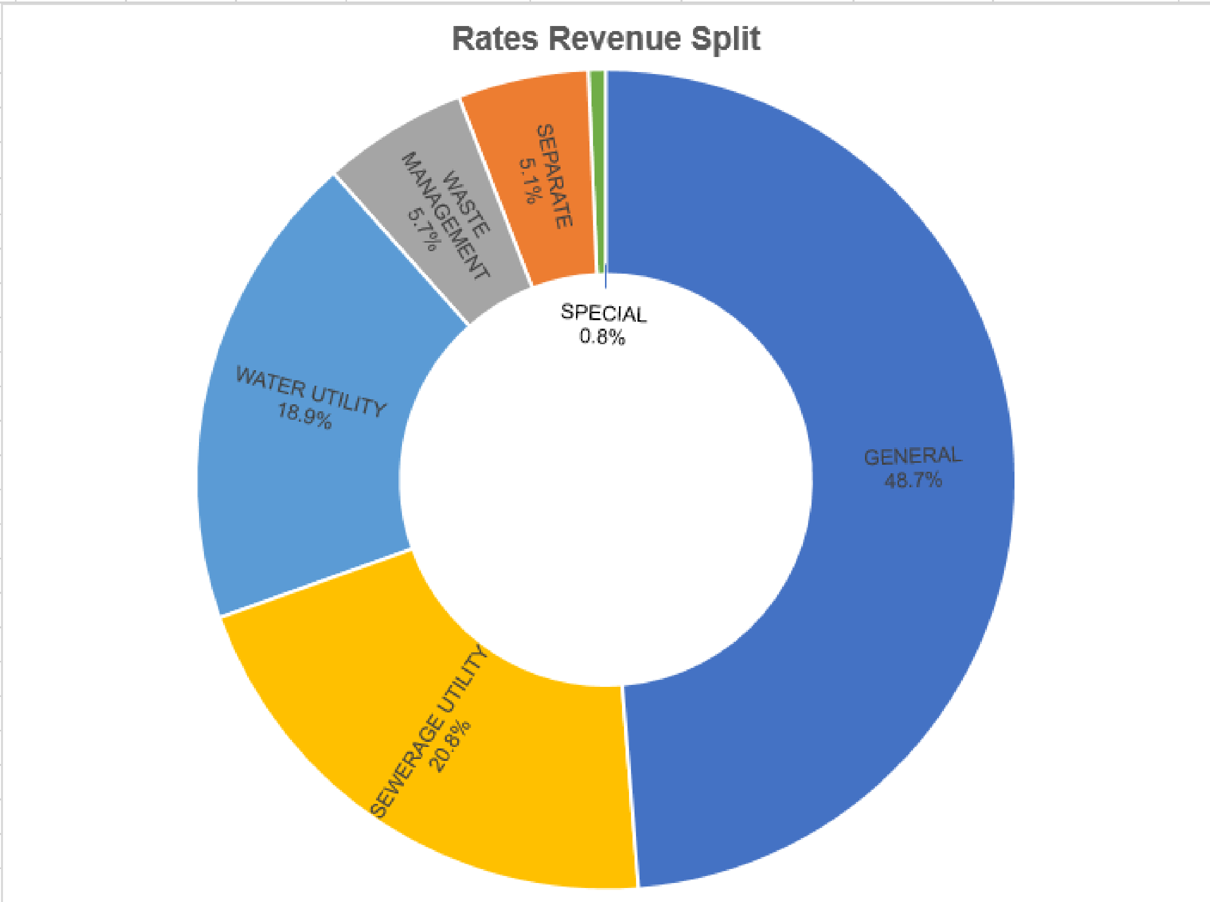
Council is required to raise an appropriate amount of revenue to maintain assets and provide services to the region, as a whole.

Council will be guided by the following principles:

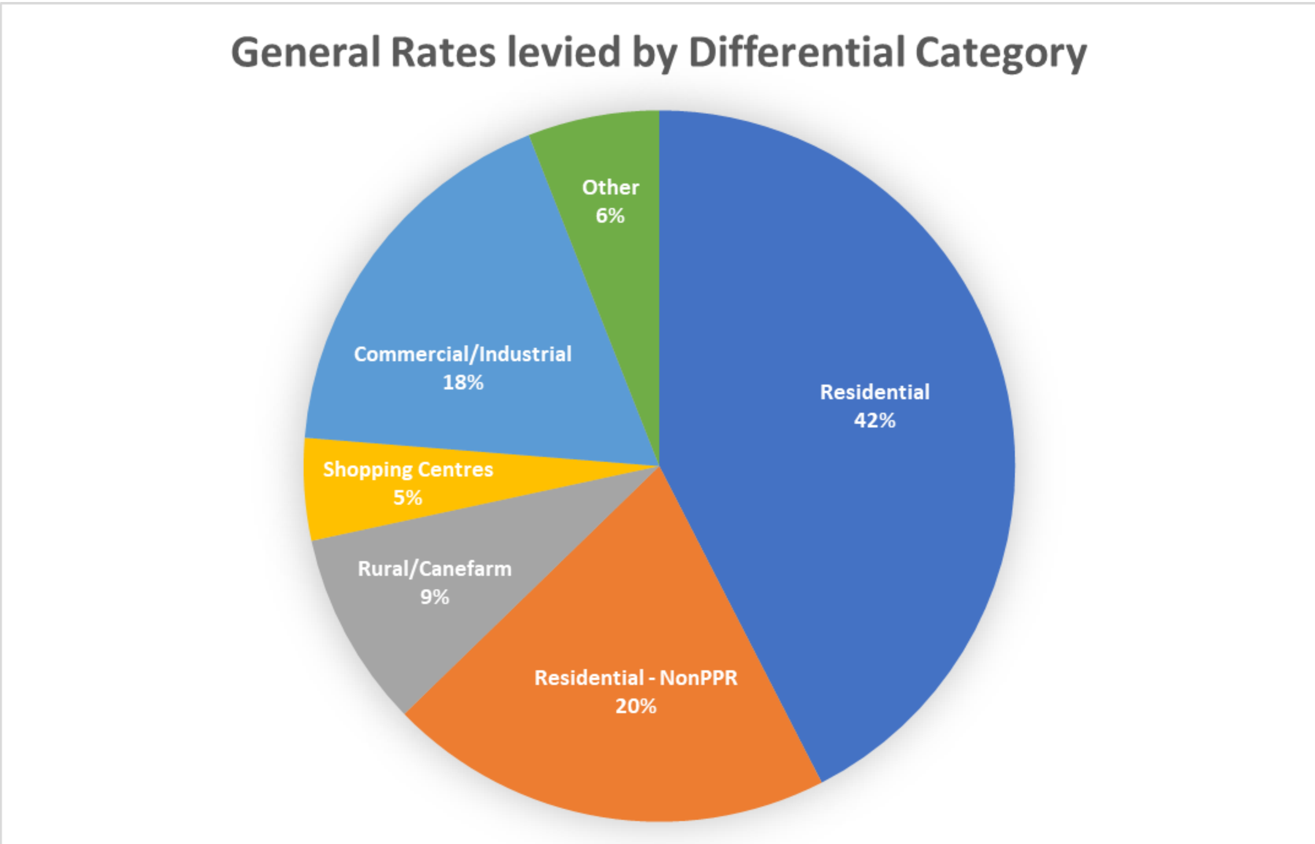
- **Accountability** — Council will be accountable to the providers of funds to ensure those funds are applied efficiently and effectively to satisfy the objective for which the funds were raised
- **Transparency** — Council will be transparent in its revenue raising activities and will endeavor to use systems and practices able to be understood by the community
- **Representation** — Council will act in the interests of the whole community in making decisions about rates and charges
- **Sustainable financial management** — Council will ensure it manages revenue diligently and that the application of funds is founded on sustainable strategic objectives that result in timely and optimal investment in identified priorities
- **Fairness** — while the rating legislation requires Council to use property valuations as the basis for raising rate revenue, Council will monitor the impact of valuation changes and moderate increases where possible
- **Differentiation of categories** — Council will apply different rates to various categories of property that will reflect the particular circumstances of the categories and Council's policy objectives related to those categories
- **Special needs and user pays** — Council will draw from various revenue sources to fund special needs including (but not necessarily limited to):
  - separate rates or charges for whole of community programs
  - special rates or charges for recovery of costs from beneficiaries
  - utility charges for specific services based generally on usage
  - regulatory fees and charges in accordance with legislation, regulation or local laws
  - commercial fees and charges where users can clearly be identified
- **Social conscience** — Council will apply a range of concessions (e.g. for pensioners and institutions) and will accommodate
  - special circumstances where hardship can be demonstrated

Council's main source of revenue is rates and charges. These are several different types of rates and charges which make up this revenue amount. The different types of rates and charges are listed below:

- General Rates
- Utility Charges (eg sewerage, waste management and water utility)
- Separate Charges (eg Natural Environment, Roads Improvement and Disaster Response)
- Special Charges (eg Rural Fire Services, City Centre Management and Slade Point Seawall)



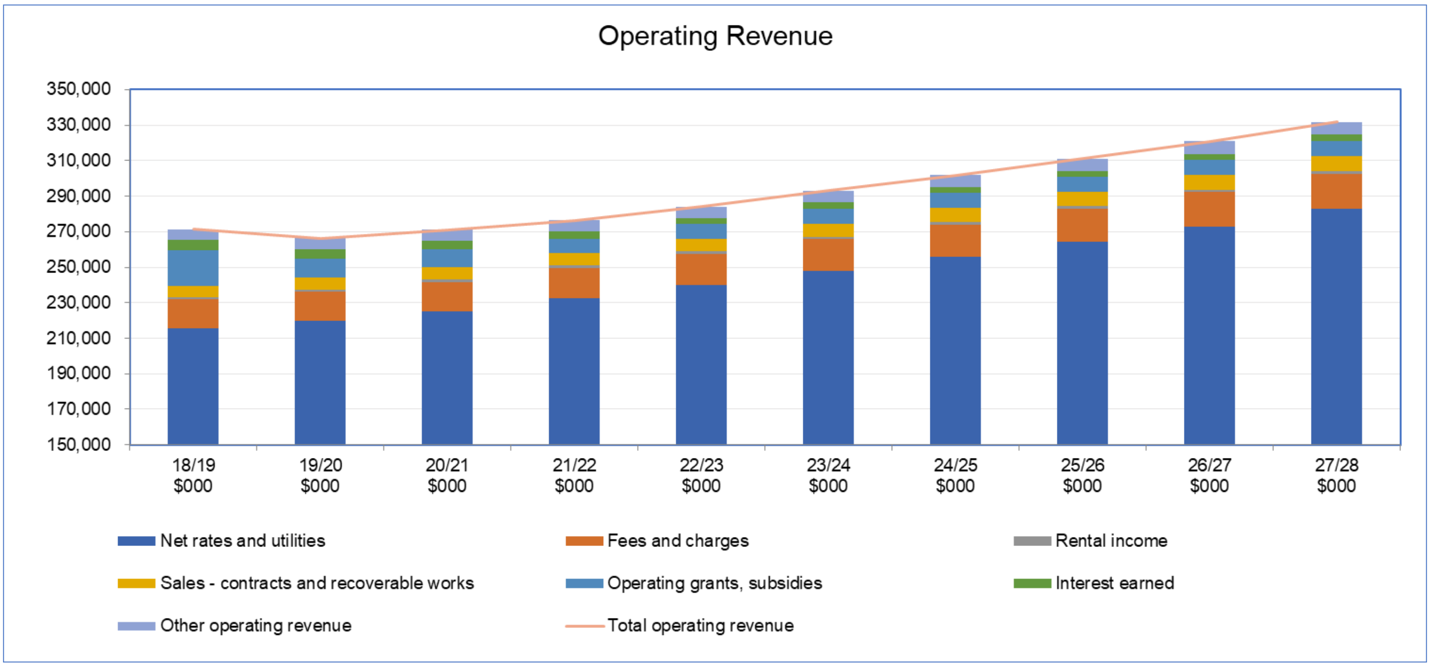
General rates are levied on ratepayers to provide revenue for a broad range of services. Council adopts a differential general rating scheme which categories all rateable land into different general rates categories.



Beside rates and charges, Council generates revenue from various other sources. Other revenue types include:

- Fees and charges
- Rental income
- Interest earned
- Sales – contract and recoverable works
- Other revenue grants, subsidies and contributions

The following chart provides an analysis of total revenue by source.



Where possible Council endeavours to maximise revenue from sources other than rates. Fees and charges account for approximately 6% of total operating revenue. Fees and charges can be classified as either:

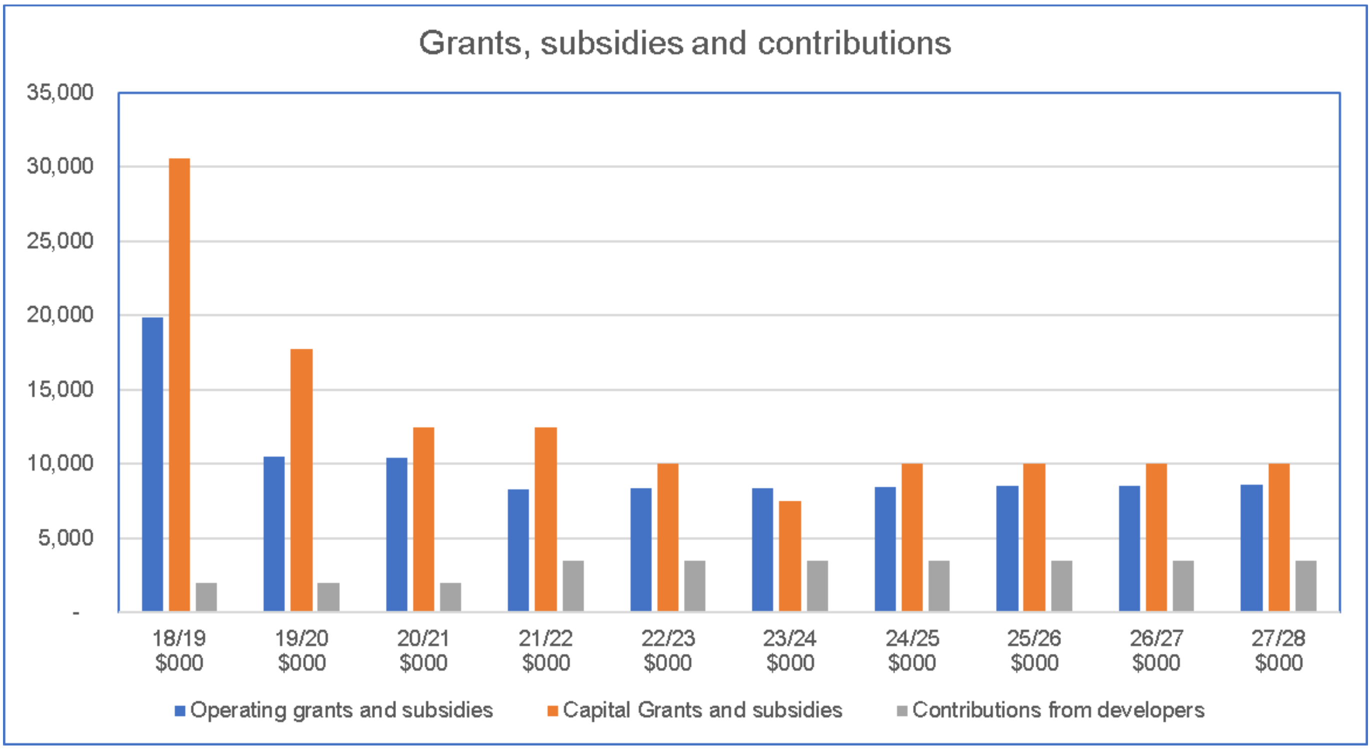
- Cost recovery fees are council levies under a statutory power. These fees must not be charged at greater than the full cost to council to administer the fee
- Commercial charges are fees council is able to charge for any service other than regulatory fees. These charges may contain a commercial margin

Interest earned is mainly generated on cash holdings with minimal interest being earned on unpaid rates. Cash flow requirements are monitored closely to identify any funds not required for operational purposes. Surplus cash is invested to optimum rates and terms that maximise interest income. The controls and policy direction for the investment of surplus cash is comprehensively covered in Council's Investment Policy. This policy is adopted annually with Council's budget. Some key controls identified in the policy include:

- investing only in investments as authorised under current legislation
- investing only with approved institutions
- investing to facilitate diversification and minimise portfolio risk
- investing to protect the capital value of investments (balancing risk with return opportunities)

- investing to facilitate working capital requirements
- reporting on the performance of investments on a monthly basis as part of monthly financial reports to Council
- ensuring no more than 40% of Council's investments are held with one financial institution, or one fund manager for investments outside of Queensland Treasury Corporations (QTC)

Council actively identifies, manages and advocates for capital and operating grants and subsidies to assist funding capital works and provide services to the community. Capital contributions are also received through development applications and are to be spent in accordance with the infrastructure agreements or local government infrastructure plans under which they are received.



Council will continually seek to maximise federal and state government contributions, grant funding and subsidy opportunities and explore partnership funding opportunities with the private and not-for-profit sector to deliver projects before allocating general revenue. These opportunities present themselves frequently and the assumptions made in the LTFF are best estimates of likely funding at this point in time.

3.2 Risks and opportunities

In order to achieve the financial sustainability targets and projections identified in the LTFF, the following items have been identified in relation to the identified revenue streams:

Rates	
Risks	• Future increases in rates may be too expensive and place financial pressure on the ratepayers • Water usage patterns have an adverse impact on revenue • Predicted growth does not materialise • State legislation changed resulting in reduced revenue • Ageing population increases burden on pensioner remissions
Opportunities	• Council diversifies its revenue streams to reduce the dependence on general rates

Grants, subsidies and contributions	
Risks	• Cessation or reduction of government funding • Potential reduction in service delivery due to insufficient funding from external parties • Future and historic infrastructure charges do not fully meet LGIP requirements • Development slower than expected resulting in reduced developer contributions
Opportunities	• Council maximises funding from State and Federal Governments

Fees & charges	
Risks	• Fees and charges take up is reduced under 'user pays' pricing model • Development slower than expected resulting in reduced development fees
Opportunities	• Fees and charges recover full cost of providing service

Interest earned	
Risks	• Interest rates significantly below benchmark resulting in lower returns • Cash balances reduce quicker than anticipated
Opportunities	• Investment income increases beyond forecast due to higher cash balances and/or higher interest rates • Improved cash flow forecasting results in appropriately term-diversified investment portfolio resulting in additional revenue

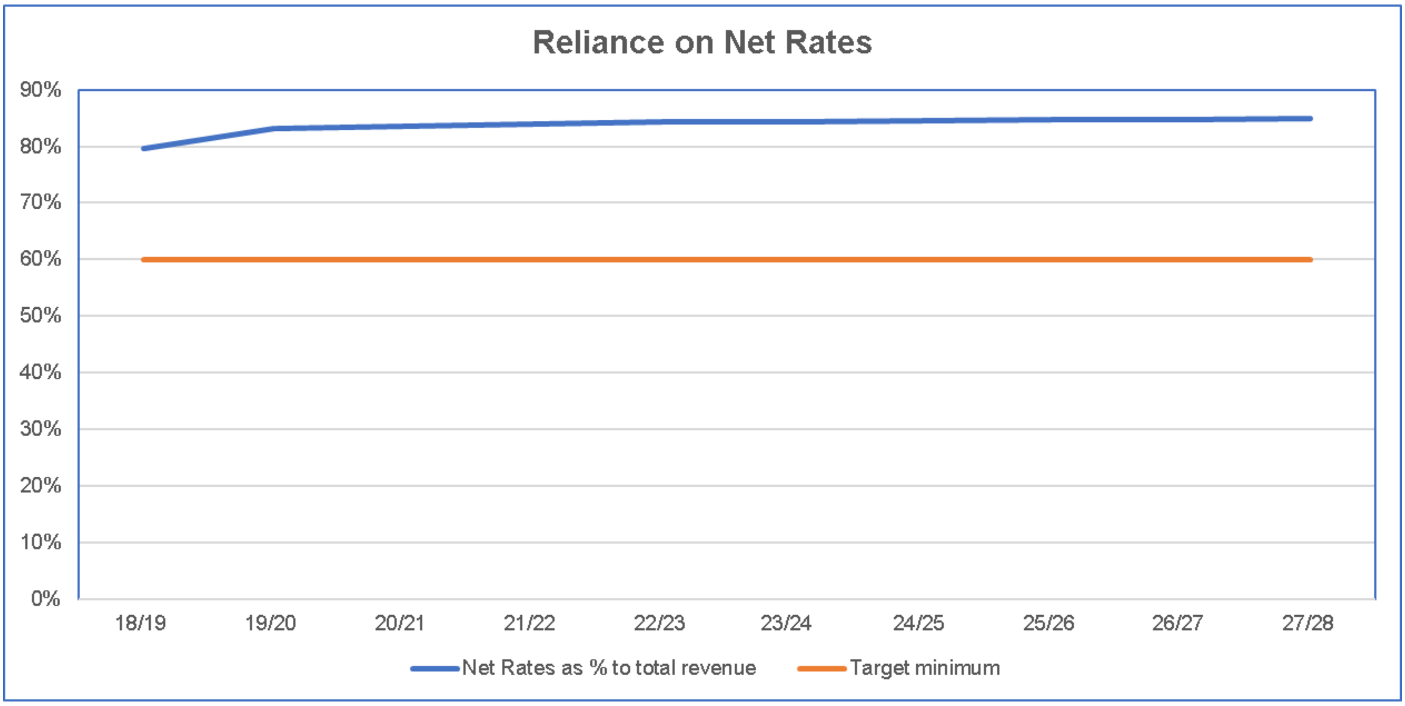
In order to mitigate the above risks or explore the opportunities, the following projects and actions progress across Council:

- continue to review and improve monthly cash management forecasting using the corporate finance system in order to increase returns on investments and continue to reduce borrowings
- further develop Council's grants management processes – continue strong relationships with state and federal stakeholders to explore opportunities in sourcing available monies and support to business areas to ensure external funding sources are considered every time to reduce the burden on the current and future ratepayers
- continue to consider other opportunities to generate other income streams for council.

3.3 Key Performance Information

The only financial key performance indicator directly related to revenue is the Council Controlled Revenue Ratio. This ratio measure net rates as a percentage of total operating revenue and indicates the degree of reliance on external funding sources such as operating subsidies, donations and contributions. Council's financial flexibility improves the higher the level of its Council controlled revenue with the optimum target being greater than 60%.

The ratio is well above the target amount of 60% across all years of the financial model.


Reliance on Net Rates
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
18/19
19/20
20/21
21/22
22/23
23/24
24/25
25/26
26/27
27/28
Net Rates as % to total revenue
Target minimum

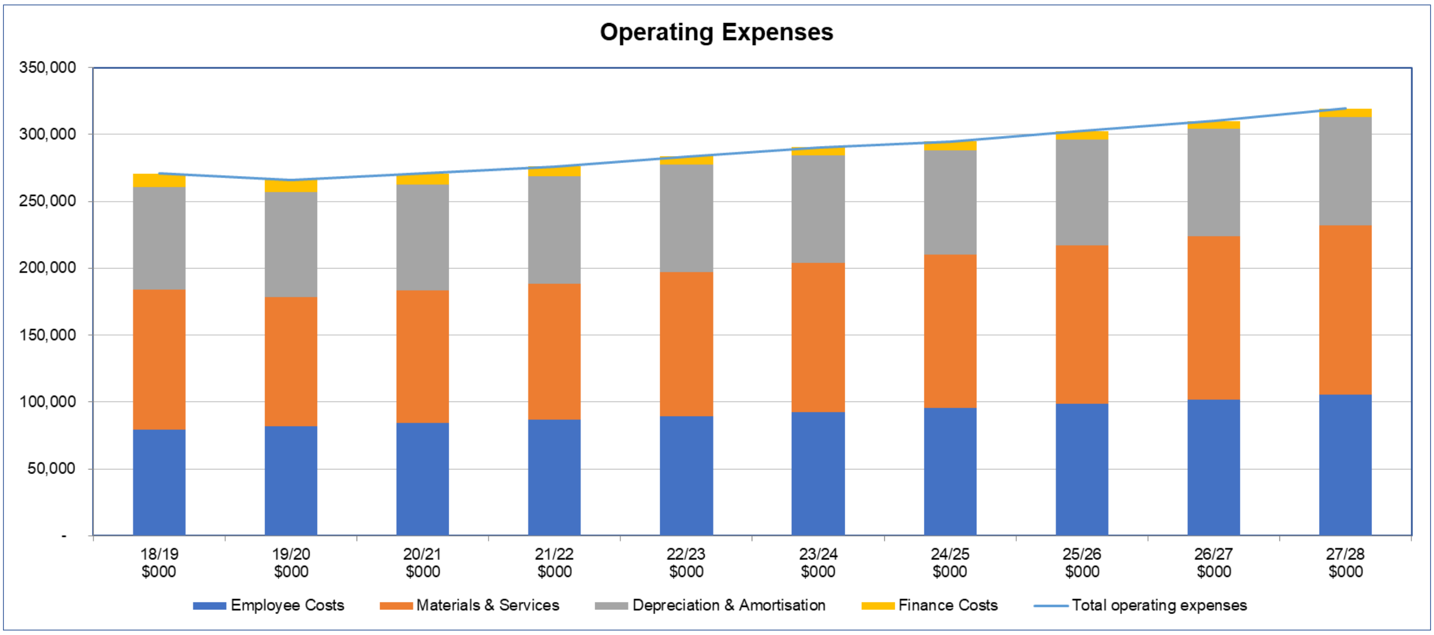
4. Expenditure

4.1 Background

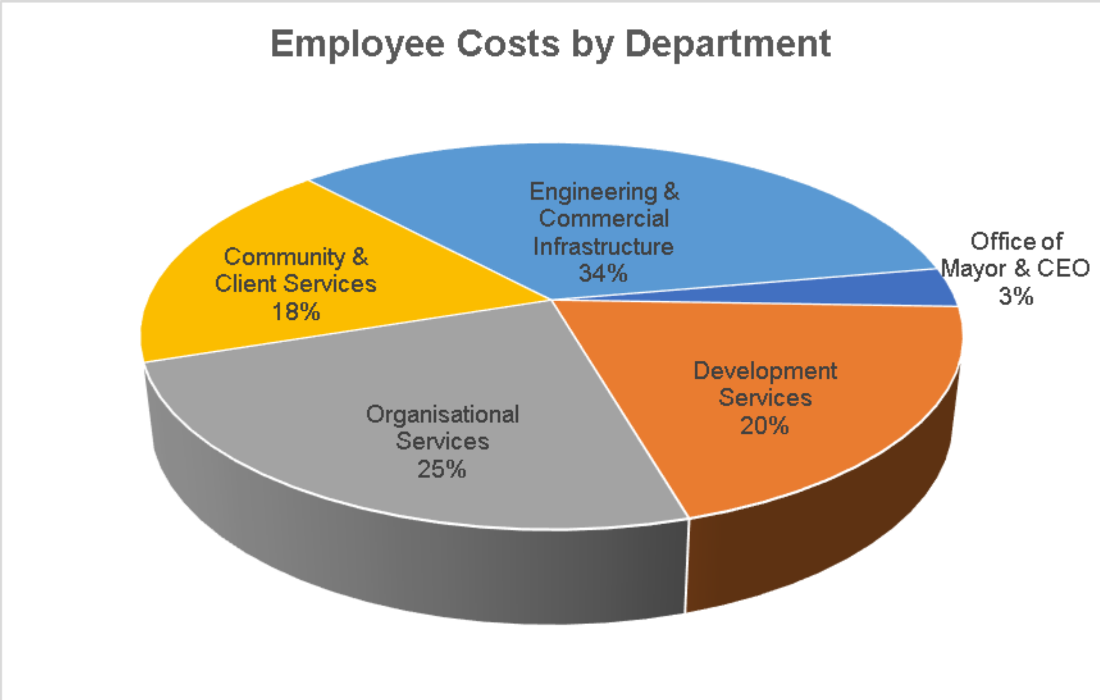
Council's significant sources of operational expenses include:

- employee costs
- goods and services
- interest and finance costs
- depreciation

The following chart provides an analysis of the total operating expenses by source.



Employee costs are a significant expense of Council, making up approximately 30% of total operating expenses. The financial model reflects estimated pay increases associated with certified agreement negotiations and predicted future increases. Limited growth components for establishment numbers have been applied in future years, which will be assessed each year based on need. Each year a vacancy factor will be deducted from the full establishment costs to more closely reflect reality. This is due to staff turnover creating a period of time between when the vacancy becomes available and when the new employee starts. Applying this vacancy factor ensures revenue is not raised from the community unnecessarily. For 2018/19 the vacancy factor applied is 5%. This factor may change in the future to reflect the economic climate at the time and the ability to fill vacancies in a timely manner.



Materials and services makes up the largest component of operating expenses at nearly 40%. Continuous review of the services delivered, service levels and standard will ensure costs are keep under control and do not place additional burden on ratepayers. Ongoing review of goods and services expenditure will be carried out to continue to identify opportunities for appropriate contract control for identified operating expenses. Council continues to refine its asset management plans and ensure all operating costs are included at the appropriate level.

Depreciation is the recognition of consumption of future economic benefits or service potential embodied in non-current assets with limited useful lives. This consumption is recognised as an expense in the Operating Statement. Council's non-current assets are valued in excess of $3B with annual depreciation around $77M in 2018/19. Ongoing review of depreciation charges is undertaken to ensure this best reflects the estimated annual use and service potential of assets.

Finance costs are the smallest component of the operating expense budget making up around 4%. These costs mainly relate to interest and costs associated with Council's long term debt. Reductions in debt levels will see a corresponding reduction in interest costs. Rising debt will have the opposite effect. The structure of our loans as long term fixed rate debt means that early repayment of debt at this time, will result on a significant market rate adjustment being incurred on our operating statement. Constant monitoring of interest rate movements and the cost of debt will be carried out to determine the optimum time to make adjustments to our debt levels outside our normal repayment terms.

4.2 Risks and opportunities

In order to achieve the financial sustainability targets and projections identified in the LTFF, the following items have been identified in relation to the identified expenditure streams:

Employee costs	
Risks	• Future enterprise agreements may increase employee costs beyond predicted levels • Future certified agreements may limit the capacity of service reviews • The unemployment rate is higher or lower than anticipated

	• Employment growth is greater than anticipated • Staff turnover and skills shortage putting pressure on wage increases
Opportunities	• Cross skilling staff to create agile workforce • Succession planning to ensure vital roles are able to be filled quickly • Improved leave management resulting in reduced costs • Workforce planning to ensure the correct mix of staff required to deliver desired standard of service

Materials and services	
Risks	• Inflation is significantly higher than estimated • Reduction in service delivery due to cost shifting from other tiers of governments • Failure to reflect whole of life costs of services in forecasting • Society become more litigious and legal expenses increase • Ineffective planning of increases to service levels leads to increased costs
Opportunities	• Improved project management processes results in reduced costs and risks, enhanced processes, better prioritisation and benefits realisation management. • Improved procurement practices in line with relevant legislation • Continual review of service levels and standards • Improved control of consultants and temporary staff to minimise increasing costs

Finance costs	
Risks	• Early repayment of debt leading to significant market rate adjustment in operating statement
Opportunities	• Continual review of early payout options to optimise the time to reduce debt

Depreciation	
Risks	• The mix of renewals, upgrade and new assets changes resulting in changes in depreciation forecasts • Significant movement in asset valuations affecting the level of depreciation required
Opportunities	• Continued improvements in the asset management area to ensure assets are recorded and depreciated accurately

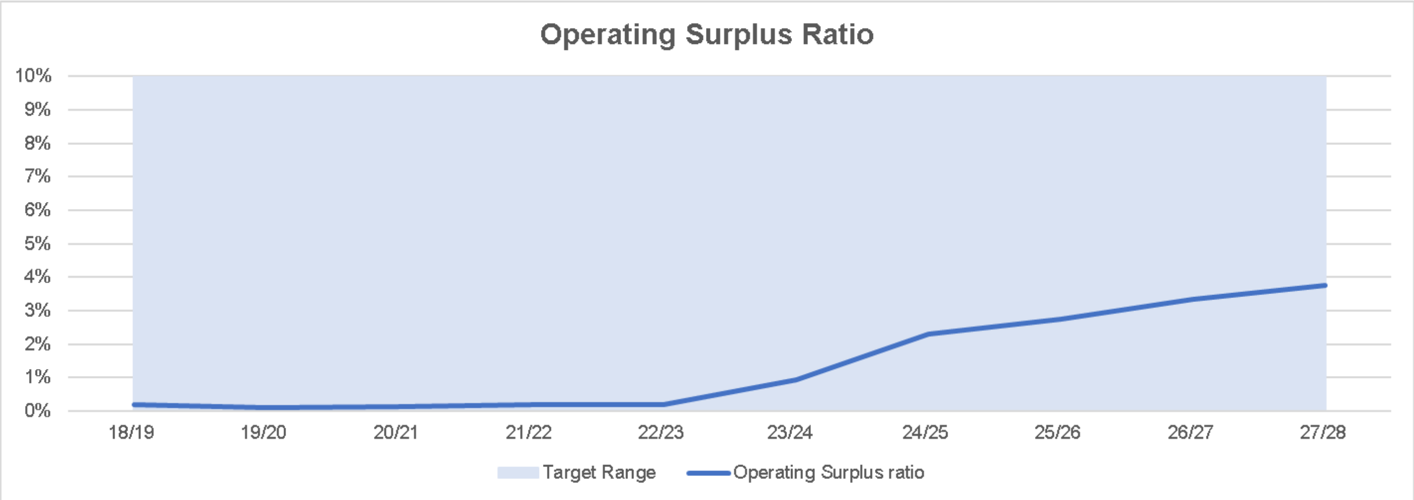
In order to mitigate the above risks and explore the opportunities, the following projects and actions progress across Council:

- continued business process reviews and service level review projects – to undertake robust reviews of our services to determine the optimum level of efficiency and cost effectiveness (First Principles Review)
- Council-wide response to asset management driven by the Strategy Leadership and Performance Team (SLPT) via the Asset Management Working Group

4.3 Key Performance Information

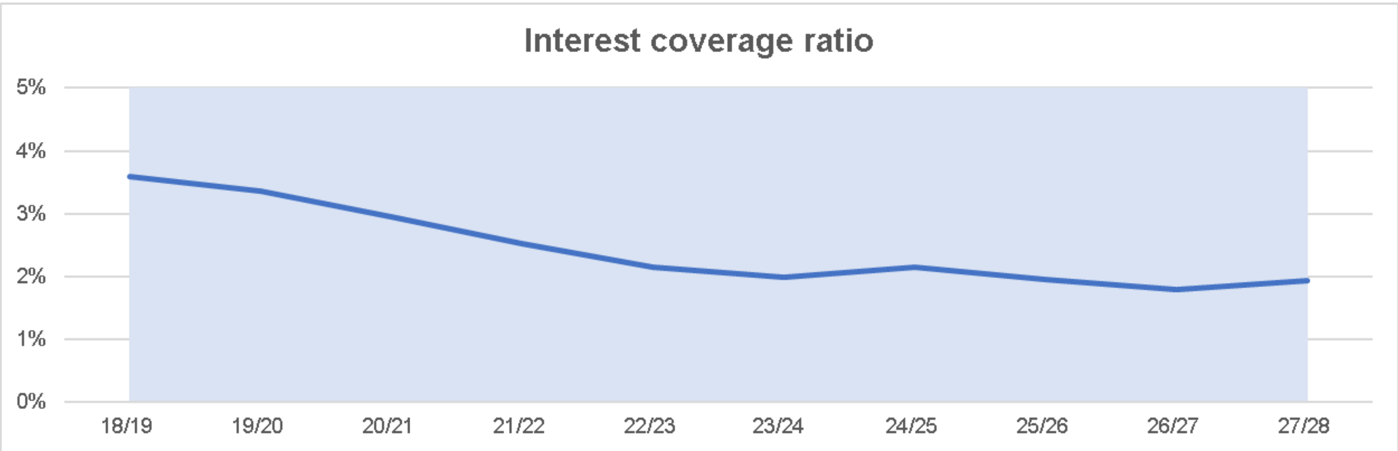
The key performance indicator applying to operating costs and operating surpluses is the Operating Surplus Ratio. This measures the extent to which operating revenue raised cover operating expenses. A percentage between 0% and 10% over the long term means Council is expecting to generate healthy levels of revenue with an ability to fund proposed capital expenditure and/or debt repayments. It also means Council is less likely to compromise the levels of service expected by ratepayers.

The ratio is within the target range of between 0% and 10% across all years of the financial model.



The interest coverage ratio measures the extent to which operating revenues are committed to funding interest expense. A small ratio indicates borrowing capacity while the greater the ratio the smaller the space in which Council can borrow to fund infrastructure.

Council is within the target range of between 0% and 5% for the life of the financial model.

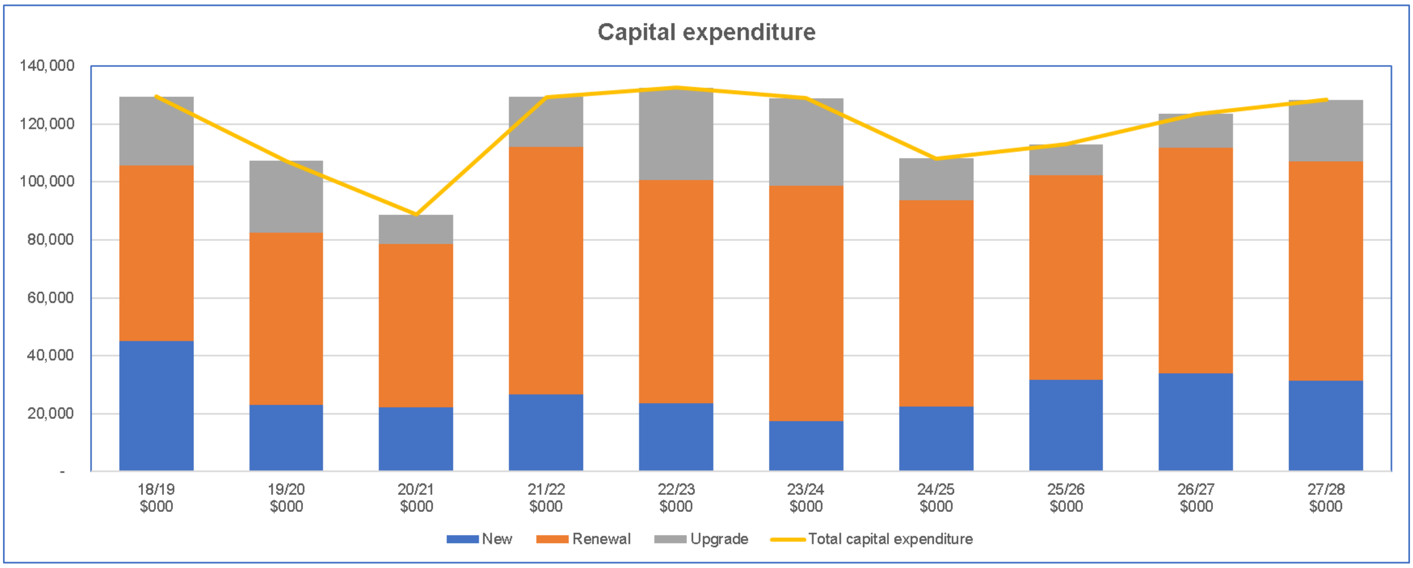


5. Asset Management and Capital Expenditure

5.1 Background

Council is responsible for provision of a diverse range of services to meet community needs and expectations. A significant number of these services are provided through infrastructure and other non-current assets (referred to as property, plant and equipment). Council owns, manages, maintains and creates assets that are valued in the order of $3.2 billion. Each year Council invests considerable expenditure on planned renewal and non-renewal projects to maintain or enhance our existing asset base.

The following chart provides a break up of this spending type in the projected ten year capital program. The expenditure split is underpinned by Council's viewpoint – "maintain existing infrastructure – '*renewal*' before '*upgrade*' or '*new*' work".



Council's policy purpose is to ensure assets are managed in such a way that service outcomes are delivered and are sustainable. The lifecycle cost of assets is recognised as having the biggest impact on the cost of service delivery, and it is therefore imperative to ensure assets are managed effectively and efficiently.

Council has established an Asset Management Working Group to advance asset management through further development and update of asset management plans, asset management systems and processes. This together with the Capital Governance Committee and Capital Delivery Directorate will ensure expenditure on assets and renewal works is only undertaken at the optimum time and thorough consideration of the options to minimise whole of life costs.

5.2 Risks and opportunities

In order to achieve the financial sustainability targets and projections identified in the LTFF, the following items have been identified in relation to the identified expenditure streams:

Asset management and capital expenditure	
Risks	• Assets are not maintained, renewed or rehabilitated resulting in public liability claims • Major asset failure due to inadequate maintenance, renewals or rehabilitation

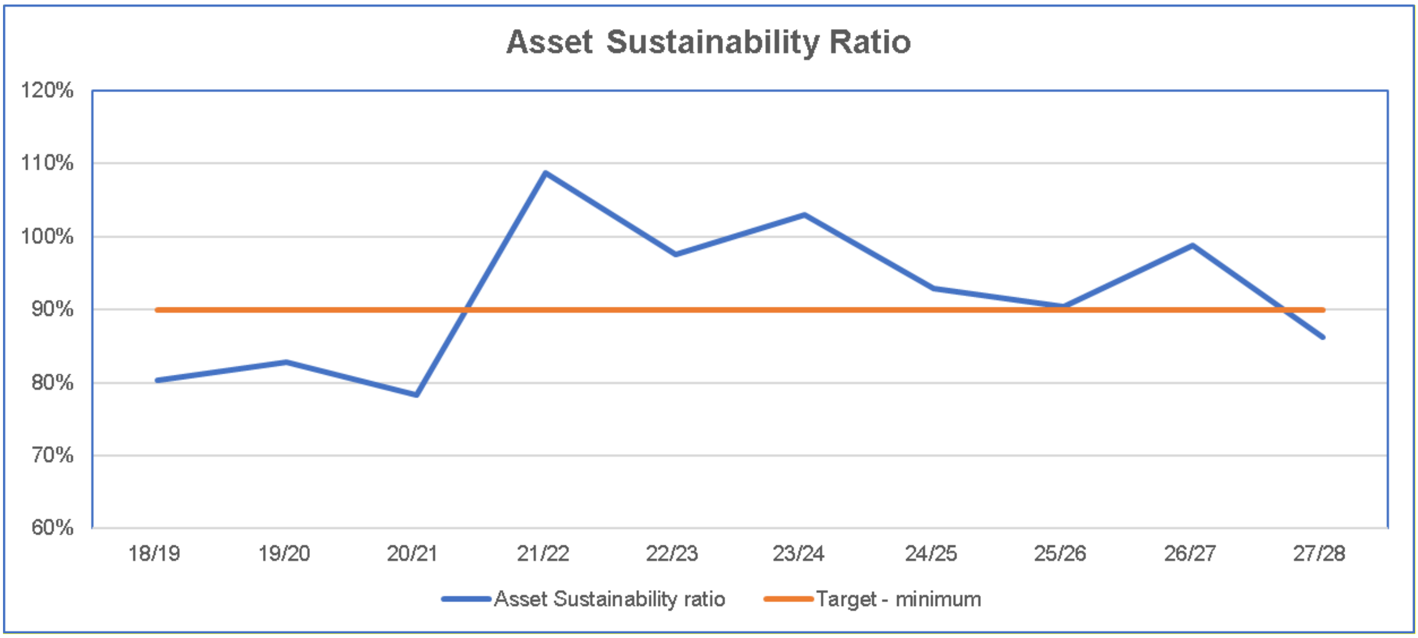
	• Development slower than expected resulting in reduced developer contributions • Asset management planning identifies growth infrastructure in excess of forecast • Population growth and development not in line with modelling • Changing demographics directly influencing the quantity and type of assets and services required • Service level of assets are not at the level required
Opportunities	• Improved processes around asset management planning lead to more accurate forecasts for future capital and maintenance works • Refinement of Asset Management Plans will improve council's ability to make informed decisions regarding asset management into the future • Valuation and depreciation methodologies reviewed to ensure the optimisation of depreciation cost allocation • Capital expenditure will be prioritised towards asset renewals before asset upgrades or the creation of new assets • Condition of asset base strengthened to better understanding remaining useful lives, to ensure a true prediction of assets life cycle • Asset management system developments generate improved information for recording, reporting, long term financial forecasting and better asset management practices • Council's infrastructure planning and delivery team improves the correlation between trunk infrastructure and financial strategy outcomes

In order to mitigate the above risks or explore the opportunities, the following projects and actions are progressing across Council:

- Asset Management Working Group – to establish a Council-wide response to asset management driven by the Strategy Leadership and Performance Team (SLPT)
- ongoing additional development of asset management plans in accordance with statutory requirements, business needs and agreed service levels
- continuation of the Shaping Mackay Strategy Group to ensure Council is maximising opportunities for recovery of appropriate costs with respect to trunk infrastructure
- implementation of the Capital Delivery Department to ensure governance, accountability and deliverability over project delivery
- improved financial asset management and integration of asset planning with budgeting and forecasting – supported with improvements in the asset management system
- developing a complete understanding of the remaining useful lives of our asset base.

5.3 Key Performance Information

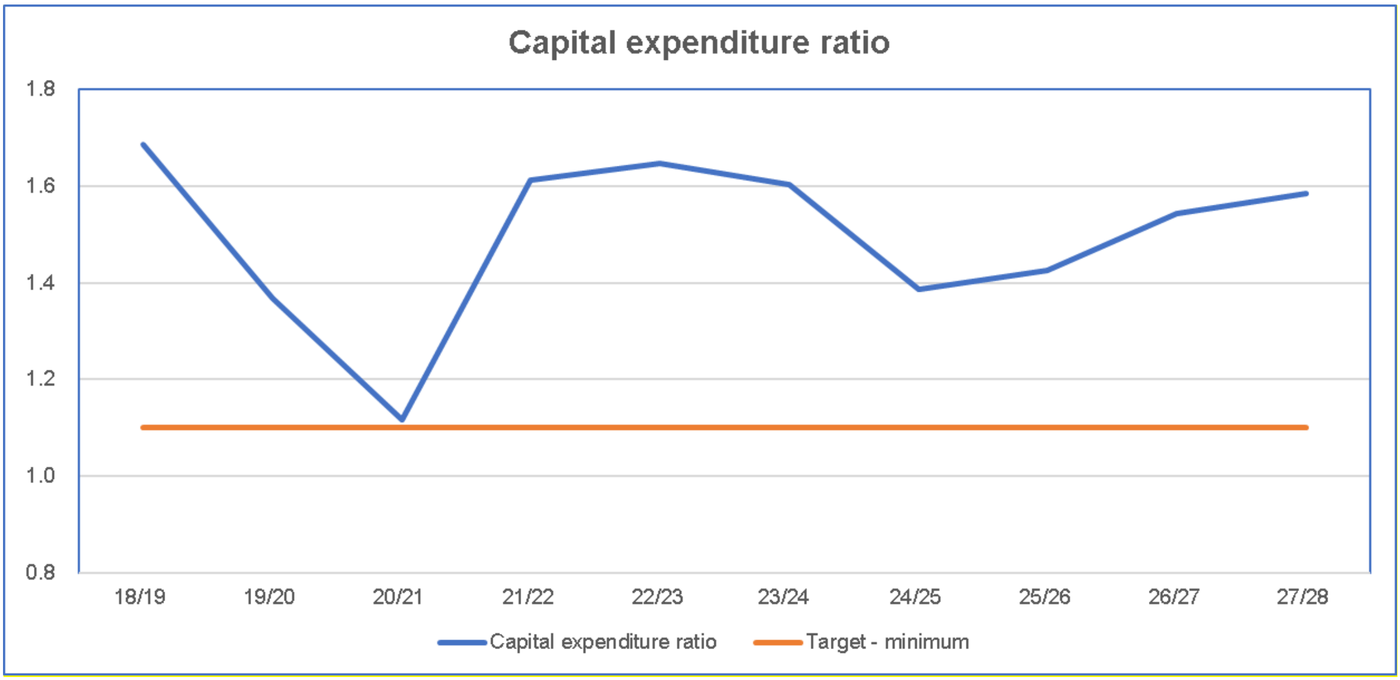
The asset sustainability ratio target is 'an average over the long term'. As mentioned previously Council is committed to investing in renewals to ensure continued services to the community over the long term. The current ten year capital program and depreciation forecasts result in the following graph:



The above ratio is calculated based on the planned capital expenditure on the renewal of assets. Council is confident that although it does not reach the set target in the first few years of the forecast, it does contribute to sustainable asset replacement over the long term. Continuing refinement of Council's asset management plans will only improve Council's ability to make informed decisions regarding asset management in the future.

The capital expenditure ratio measures the extent to which annual capital expenditure is covered by annual depreciation. A ratio above 1.1 indicates investment in long term asset growth beyond current existing levels.

This ratio indicates that Council is willing to invest more than depreciation into expanding its assets base for the life of the financial model.

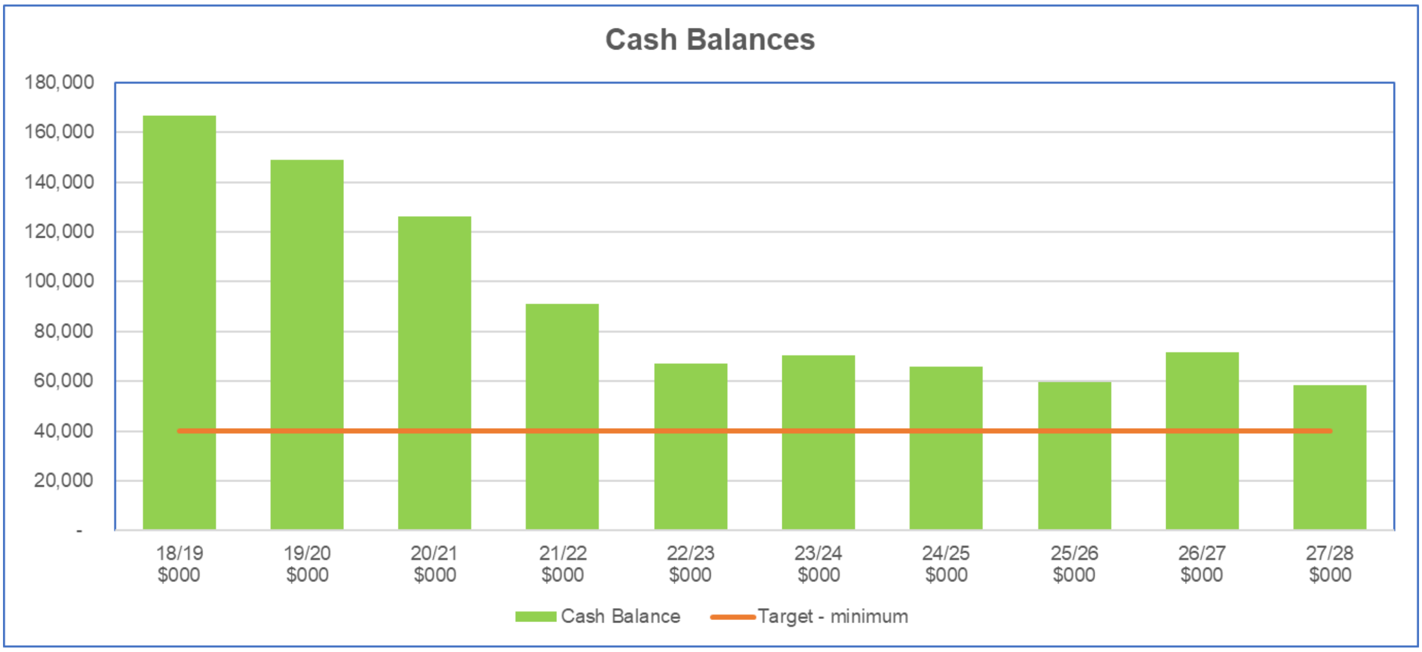


6. Cash Management

6.1 Background

Council holds considerable cash balances during the first half of the term of this strategy. During this time, Council considers its risk appetite and policy position with respect to investment of surplus funds. To maximise returns on investments, officers invest or withdraw funds as required to keep minimal balances in the transaction account. The performance of Council's investment account is reported to the community on a monthly basis and is regularly reviewed to ensure opportunities are maximised and risks are minimised.

Traditionally, the main source of interest revenue resulting from the investment of cash balances has been through the Queensland Treasury Corporation (QTC) but we are now actively searching the market to attract the highest possible returns. The following chart illustrates the available cash balances over the life of the strategy.



Maintaining a cash balance adequate to cover cash operating requirements is fundamental to any organisation and particularly important given Council's main revenue cycle. Council currently operates on a six-monthly rating cycle. This means that our main cash inflows will be also be on a six-monthly cycle. Maintaining a cash balance adequate to cover cash operating requirements for a period of three to five months is essential.

Council continues to financially access the benefits of using existing cash balances verses new borrowings when allocating funding sources for new projects. In accordance with Council's Debt Policy, new borrowings are only used to fund capital expenditure, for a period less than or equal to the estimated useful life of the asset(s) and for no more than 20 years.

6.2 Risks and opportunities

In order to achieve the financial sustainability targets and projections identified in the LTFF, the following items have been identified in relation to the identified expenditure streams:

Cash management	
Risks	• Investment rates lower than expected

	• Global financial issues severely limit credit availability • Unforeseen events delay levying of rates • Economic circumstances result in an increase in overdue rates, fees and charges
Opportunities	• Revenue growth higher than predicted • Availability of competitive interest rates to maximise investment returns

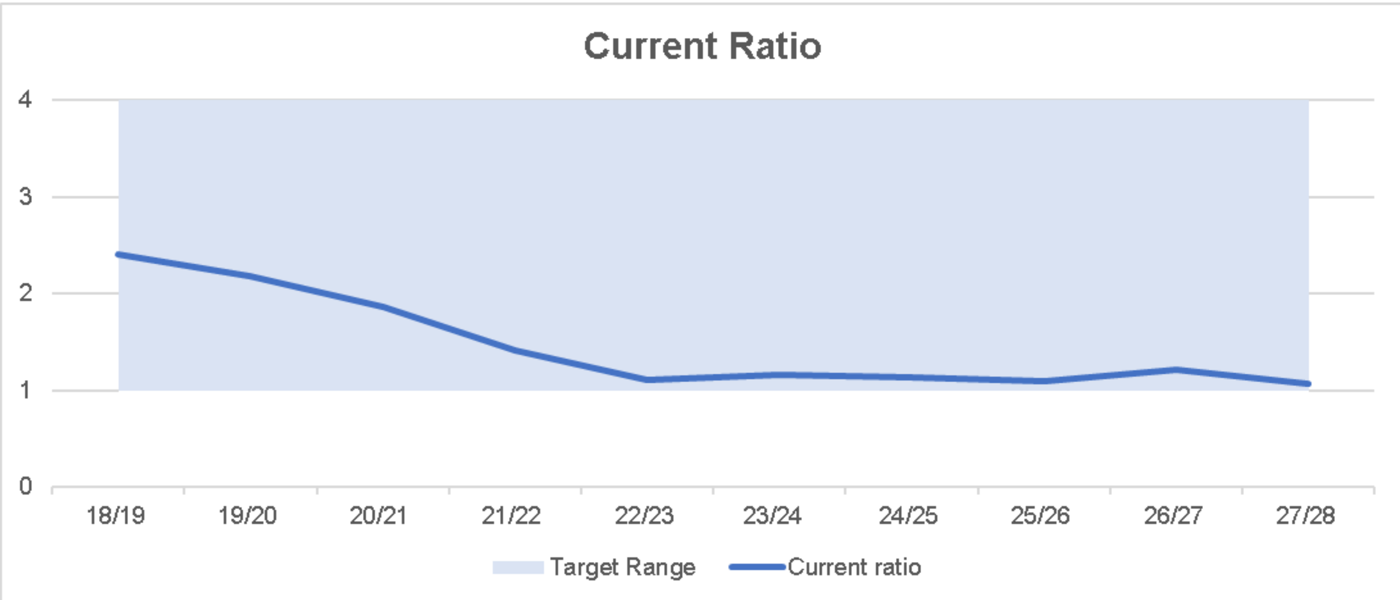
In order to mitigate the above risks or explore the opportunities, the following projects and actions are progressing across Council:

- Improvements in cash flow forecasting through more accurate budgeting will be a key requirement in the coming financial years, together with the continued development of rolling forecasts
- Cash management – regular reviews of debtors, creditors and payroll processes to ensure the community's cash is being utilised in the most efficient manner
- Institutional investment – diversifying the institutions that we invest in and the terms of those investments where possible to achieve the highest possible return.

6.3 Key Performance Information

The current ratio is a good indicator of Council's liquidity and ability to meet short term obligations.

If the current ratio is too high over a sustained period, this may indicate the Council may not be efficiently using its current assets or its short-term financing facilities and may also indicate problems in working capital management.



7. Debt Management

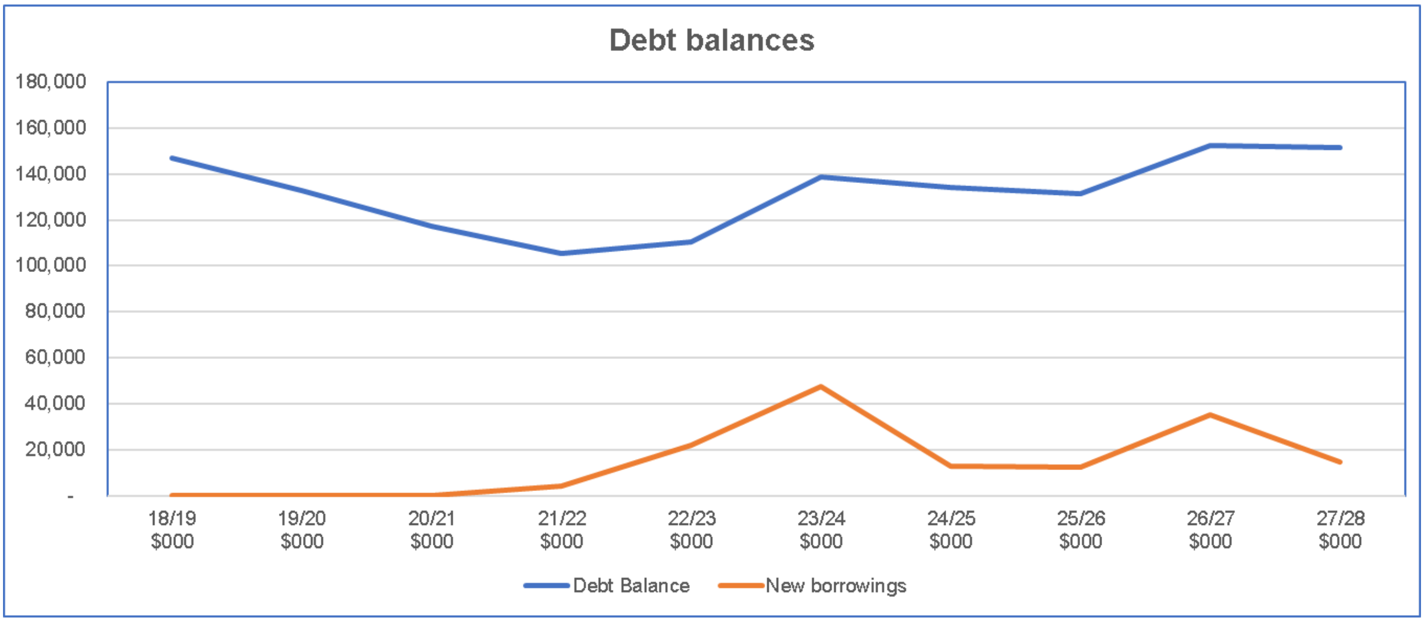
7.1 Background

Council borrows from Queensland Treasury Corporation (QTC) to fund infrastructure and other capital projects that will have a financial impact over a number of years. This method ensures that the region's ratepayers are not burdened by unrealistic expenditure levels.

New borrowings will only be made to fund capital expenditure, for a period less than or equal to the estimated useful life of the asset(s) and for no more than 20 years. Council's debt is recorded in the financial accounting system at book value and officers undertake regular reviews to ensure the book rates and the repayment amounts remain appropriate to repay the debt over the original term and that the relevant financial sustainability indicators will not exceed the maximum limits recommend by Queensland Treasury Corporation and the Department of Local Government, Racing and Multicultural Affairs.

Currently, debt is repaid quarterly in advance to reduce interest expense. Council continually strives to manage its cash balances to achieve the best possible return for council. As some of council's debt was borrowed when interest rates were higher, currently the cost of debt is higher than the returns on investments.

The following chart illustrates Council's current risk appetite to reduce debt balances over the life of this financial plan although a review is undertaken of this policy position on an annual basis when updating the debt policy and this strategy.



7.2 Risks and opportunities

In order to achieve the financial sustainability targets and projections identified in the LTFF, the following items have been identified in relation to the identified expenditure streams:

Debt management	
Risks	• Interest rates increase significantly over the forecast period and future loans costs significantly more • Global financial issues severely limit credit availability • Reduced ability to repay borrowing costs and early repayment of

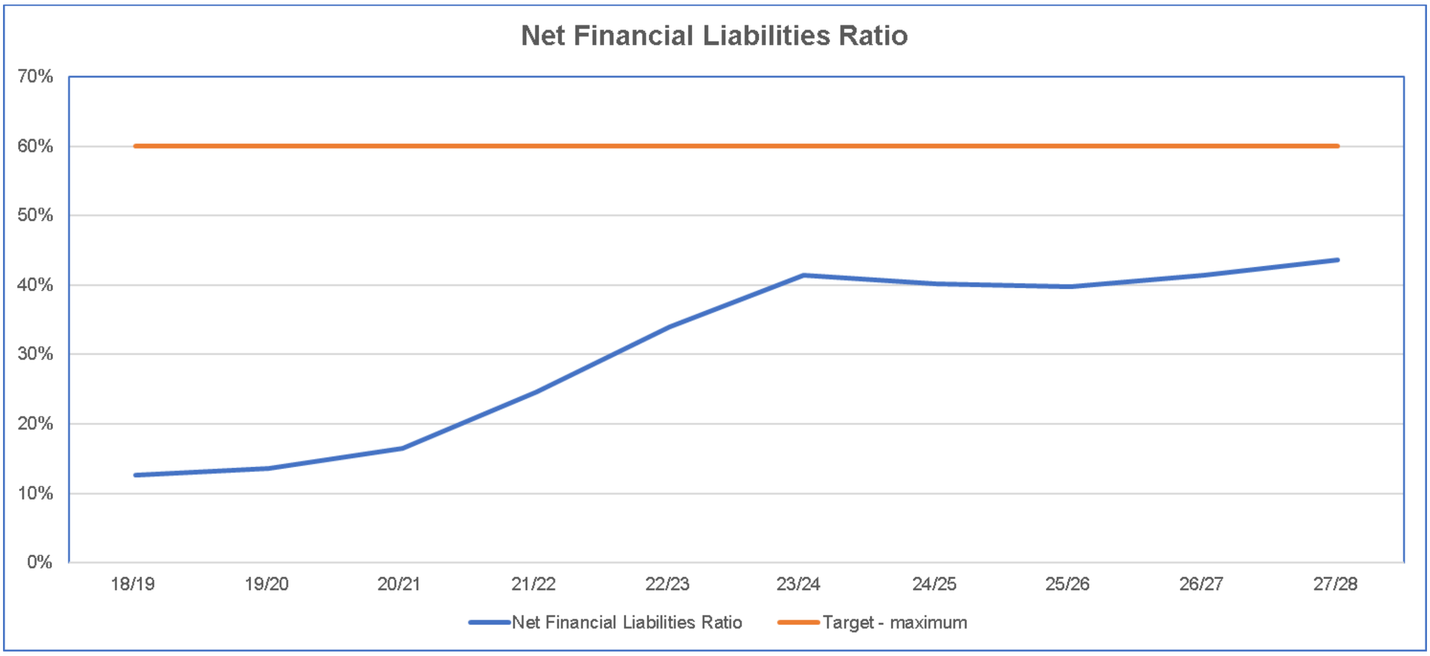
	debt • Asset management planning identifies increase growth infrastructure requirements requiring debt funding • Reduction in State and Federal grants for new assets requiring debt funding to finance
Opportunities	• Improved processes around financing of capital projects results in optimisation of borrowings • Investigation into alternative funding sources

In order to mitigate the above risks or explore the opportunities, the following projects and actions are progressing across Council:

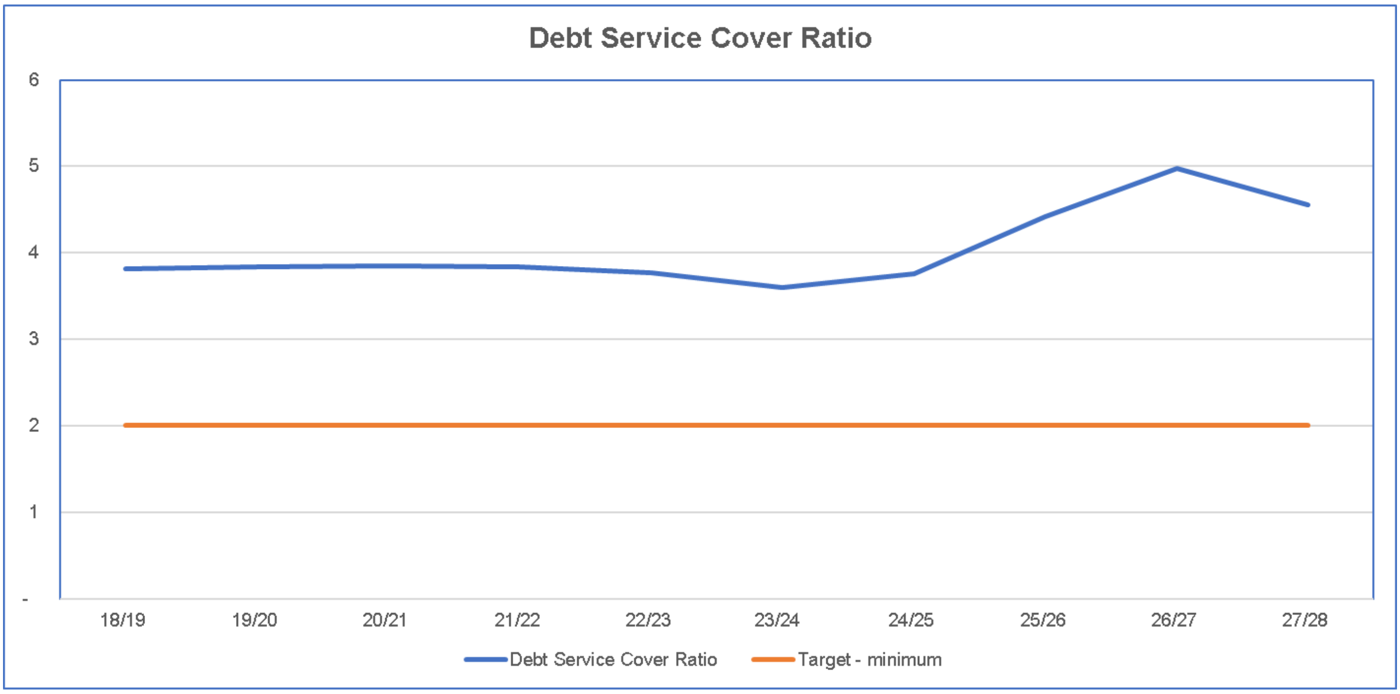
- Council will review its ten year capital program simultaneously to its annual review of the financial strategy. The ten year capital program will be the basis for the long term financial forecast and then the long term financial forecast model will assist in the determination if borrowings are required
- Council will continue to work with QTC and request credit/sustainability reviews or similar where practicable to ensure current budgeting, forecasting and financing assumptions and parameters are reasonable.

7.3 Key Performance Information

The following chart evidences Council's ability to fund its net financial liabilities from recurrent revenue. The net financial liabilities ratio also considers the non-current liabilities in addition to current liabilities and subtracts the current assets before considering this amount as a percentage of total operating revenue.



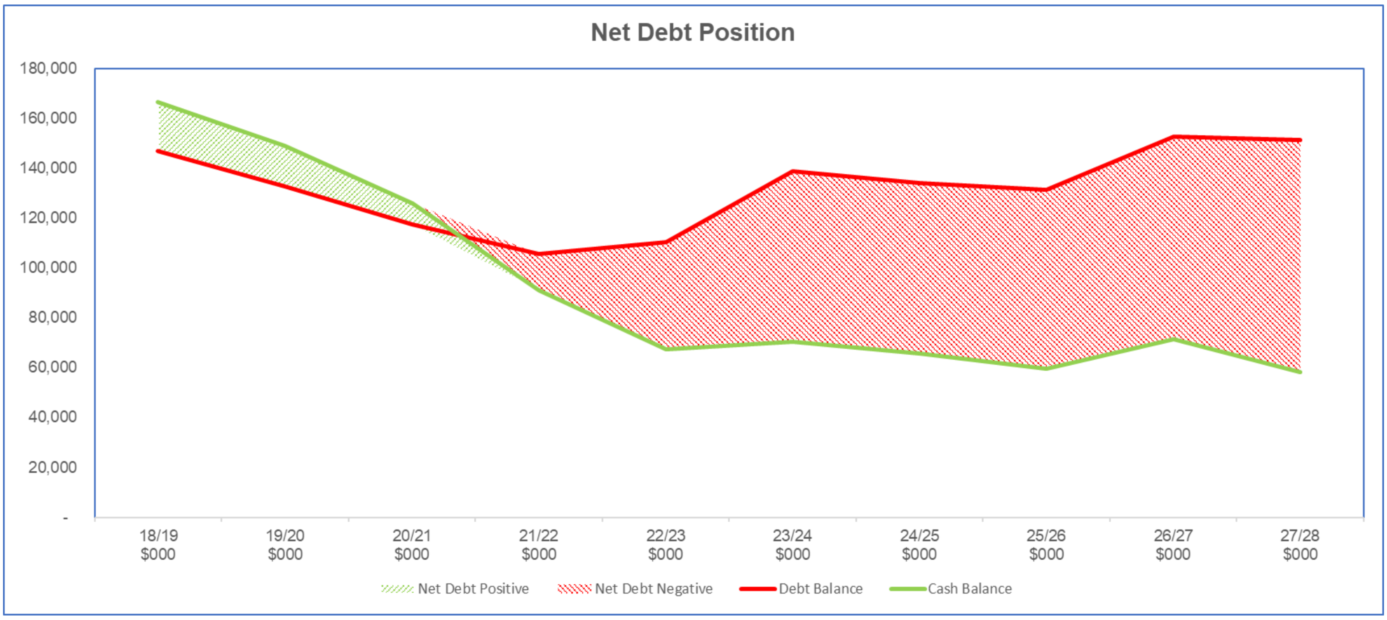
The debt service cover ratio indicates Council's ability to repay loan funds. A low cover indicates constrained financial flexibility and limited capacity to manage unforeseen shocks.



The above graph illustrates Council can clearly cover the principal and interest payments associated with borrowings.

In addition to the aforementioned ratios, Council is aware of its net debt position. Net debt is calculated as total debt minus cash and cash equivalents. The net debt measure is a factor in the QTC sustainability reviews and our ratio level is due to Council's commitment to utilise surplus cash balances and constrained cash reserves in the short term.

When debt exceeds cash at any time this is a signal, although not necessarily a major concern, provided Council can still service the debt. Council's ability to service its debt is confirmed with its debt service cover ratio exceeding the target as shown above. Council will closely monitor this in future modelling.



8. Appendices

8.1 Long Term Financial Forecast Statements

MACKAY REGIONAL COUNCIL
STATEMENT OF INCOME AND EXPENSES
For the year ending 30 June 2019
(including long term forecast until 2027/28)

	Budget	Forward Estimate								
	2018/19 $000	2019/20 $000	2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000
Operating Revenue										
Rates and utilities charges	235,648	240,128	245,888	254,005	262,353	271,024	279,725	288,979	298,543	309,646
Discounts	(17,666)	(18,108)	(18,560)	(19,210)	(19,882)	(20,578)	(21,298)	(22,044)	(22,815)	(23,728)
Remissions	(2,259)	(2,316)	(2,374)	(2,457)	(2,543)	(2,632)	(2,724)	(2,819)	(2,918)	(3,035)
Net Rates and utilities charges	215,723	219,704	224,954	232,338	239,928	247,814	255,703	264,116	272,810	282,883
Fees and charges	16,057	16,378	16,705	17,123	17,551	17,990	18,439	18,900	19,373	19,857
Rental income	1,298	1,324	1,351	1,384	1,419	1,454	1,491	1,528	1,566	1,605
Sales - contracts and recoverable works	6,614	6,746	6,881	7,053	7,230	7,410	7,596	7,785	7,980	8,180
Grants and subsidies	19,842	10,506	10,415	8,281	8,333	8,386	8,441	8,497	8,554	8,613
Interest earned	5,774	5,625	4,750	4,070	3,291	3,312	3,334	3,356	3,379	3,402
Other operating revenue	5,970	5,989	6,122	6,286	6,455	6,629	6,808	6,992	7,181	7,376
Total operating revenue	**$ 271,278**	**$ 266,272**	**$ 271,178**	**$ 276,535**	**$ 284,207**	**$ 292,995**	**$ 301,812**	**$ 311,174**	**$ 320,843**	**$ 331,916**
Operating Expenses										
Employee costs	79,624	81,922	84,288	86,741	89,266	92,287	95,412	98,646	101,992	105,455
Materials and services	104,405	96,512	98,863	101,795	107,578	111,507	114,660	118,449	122,105	126,314
Finance costs	10,009	9,161	8,206	7,213	6,311	6,056	6,706	6,311	6,002	6,633
Depreciation	76,758	78,435	79,444	80,289	80,488	80,463	78,065	79,273	80,018	81,087
Total operating expenses	**270,796**	**$ 266,030**	**$ 270,801**	**$ 276,038**	**$ 283,643**	**$ 290,313**	**$ 294,843**	**$ 302,679**	**$ 310,117**	**$ 319,489**
Operating result	**$ 482**	**$ 242**	**$ 377**	**$ 497**	**$ 564**	**$ 2,682**	**$ 6,969**	**$ 8,495**	**$ 10,726**	**$ 12,427**
Capital Revenue										
Grants and subsidies	30,576	17,751	12,500	12,500	10,000	7,500	10,000	10,000	10,000	10,000
Contributions from developers	2,000	2,000	2,000	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Donated assets	4,000	4,000	4,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Other capital income	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of assets	2,787	1,638	1,529	1,549	1,585	1,811	2,072	871	2,153	1,804
Total capital revenue	**39,363**	**$ 25,389**	**$ 20,029**	**$ 25,549**	**$ 23,085**	**$ 20,811**	**$ 23,572**	**$ 22,371**	**$ 23,653**	**$ 23,304**
Net result	**$ 39,845**	**$ 25,631**	**$ 20,406**	**$ 26,046**	**$ 23,649**	**$ 23,493**	**$ 30,541**	**$ 30,866**	**$ 34,379**	**$ 35,731**

MACKAY REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
For the year ending 30 June 2019
(including long term forecast until 2027/28)

	Budget	Forward Estimate								
	2018/19 $000	2019/20 $000	2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000
Current Assets										
Cash and cash equivalents	166,763	148,998	126,152	91,032	67,278	70,566	65,720	59,783	71,552	58,367
Trade and other receivables	22,036	23,074	22,104	22,551	23,176	23,766	24,475	25,166	25,880	26,631
Inventories	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645
	191,444	174,717	150,901	116,228	93,099	96,977	92,840	87,594	100,077	87,643
Non-current assets held for sale	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358
	$ 192,802	$ 176,075	$ 152,259	$ 117,586	$ 94,457	$ 98,335	$ 94,198	$ 88,952	$ 101,435	$ 89,001
Non-Current Assets										
Trade and other receivables	1,450	-	-	-	-	-	-	-	-	-
Investments	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897
Property, plant and equipment	3,287,923	3,317,019	3,346,534	3,396,077	3,448,353	3,496,958	3,527,077	3,561,245	3,604,781	3,652,187
Intangible Assets	5,288	5,112	4,867	4,421	4,335	4,215	4,217	3,776	3,789	3,801
	$ 3,298,558	$ 3,326,028	$ 3,355,298	$ 3,404,395	$ 3,456,585	$ 3,505,070	$ 3,535,191	$ 3,568,918	$ 3,612,467	$ 3,659,885
TOTAL ASSETS	**$ 3,491,360**	**$ 3,502,103**	**$ 3,507,557**	**$ 3,521,981**	**$ 3,551,042**	**$ 3,603,405**	**$ 3,629,389**	**$ 3,657,870**	**$ 3,713,902**	**$ 3,748,886**
Current Liabilities										
Trade and other payables	25,131	24,501	24,767	25,056	25,579	25,931	26,281	26,656	27,020	27,400
Borrowings	14,258	15,218	15,911	17,115	18,987	17,908	15,261	13,715	15,628	14,488
Provisions	39,528	39,528	39,528	39,528	39,528	39,528	39,528	39,528	39,528	39,528
Other liabilities	1,255	1,255	1,255	1,255	1,255	1,255	1,255	1,255	1,255	1,255
	$ 80,172	$ 80,502	$ 81,461	$ 82,954	$ 85,349	$ 84,622	$ 82,325	$ 81,154	$ 83,431	$ 82,671
Non-Current Liabilities										
Borrowings	132,703	117,485	101,574	88,459	91,475	121,072	118,812	117,598	136,974	136,987
Provisions	14,103	14,103	14,103	14,103	14,103	14,103	14,103	14,103	14,103	14,103
	$ 146,806	$ 131,588	$ 115,677	$ 102,562	$ 105,578	$ 135,175	$ 132,915	$ 131,701	$ 151,077	$ 151,090
TOTAL LIABILITIES	**$ 226,978**	**$ 212,090**	**$ 197,138**	**$ 185,516**	**$ 190,927**	**$ 219,797**	**$ 215,240**	**$ 212,855**	**$ 234,508**	**$ 233,761**
NET COMMUNITY ASSETS	**$ 3,264,382**	**$ 3,290,013**	**$ 3,310,419**	**$ 3,336,465**	**$ 3,360,115**	**$ 3,383,608**	**$ 3,414,149**	**$ 3,445,015**	**$ 3,479,394**	**$ 3,515,125**
Community Equity										
Retained surplus	2,016,557	2,042,188	2,062,594	2,088,640	2,112,289	2,135,782	2,166,323	2,197,189	2,231,568	2,267,299
Asset revaluation reserve	1,247,825	1,247,825	1,247,825	1,247,825	1,247,826	1,247,826	1,247,826	1,247,826	1,247,826	1,247,826
TOTAL COMMUNITY EQUITY	**$ 3,264,382**	**$ 3,290,013**	**$ 3,310,419**	**$ 3,336,465**	**$ 3,360,115**	**$ 3,383,608**	**$ 3,414,149**	**$ 3,445,015**	**$ 3,479,394**	**$ 3,515,125**

MACKAY REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the year ending 30 June 2019
(including long term forecast until 2027/28)

	Budget	Forward Estimate								
	2018/19 $000	2019/20 $000	2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/2027 $000	2027/2028 $000
Retained Surplus										
Opening balance	1,976,712	2,016,557	2,042,188	2,062,594	2,088,640	2,112,289	2,135,782	2,166,323	2,197,189	2,231,568
Net result for the period	39,845	25,631	20,406	26,046	23,649	23,493	30,541	30,866	34,379	35,731
Transfers to/(from) capital and reserves	-	-	-	-	-	-	-	-	-	-
Closing balance	**$ 2,016,557**	**$ 2,042,188**	**$ 2,062,594**	**$ 2,088,640**	**$ 2,112,289**	**$ 2,135,782**	**$ 2,166,323**	**$ 2,197,189**	**$ 2,231,568**	**$ 2,267,299**
Asset Revaluation Reserve										
Opening balance	1,247,825	1,247,825	1,247,825	1,247,825	1,247,825	1,247,826	1,247,826	1,247,826	1,247,826	1,247,826
Asset revaluation adjustments	-	-	-	-	1	-	-	-	-	-
Closing balance	**$ 1,247,825**	**$ 1,247,825**	**$ 1,247,825**	**$ 1,247,825**	**$ 1,247,826**	**$ 1,247,826**	**$ 1,247,826**	**$ 1,247,826**	**$ 1,247,826**	**$ 1,247,826**
Total										
Opening balance	3,224,537	3,264,382	3,290,013	3,310,419	3,336,465	3,360,115	3,383,608	3,414,149	3,445,015	3,479,394
Net result for the period	39,845	25,631	20,406	26,046	23,649	23,493	30,541	30,866	34,379	35,731
Asset revaluation adjustments	-	-	-	-	1	-	-	-	-	-
Transfers to/(from) capital and reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY EQUITY	**$ 3,264,382**	**$ 3,290,013**	**$ 3,310,419**	**$ 3,336,465**	**$ 3,360,115**	**$ 3,383,608**	**$ 3,414,149**	**$ 3,445,015**	**$ 3,479,394**	**$ 3,515,125**

MACKAY REGIONAL COUNCIL
STATEMENT OF CASH FLOW
For the year ending 30 June 2019
(including long term forecast until 2027/28)

	Budget	Forward Estimate								
	2018/19 $000	2019/20 $000	2020/21 $000	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000
Cash flows from operating activities:										
Receipts from customers	245,221	249,860	255,527	263,580	271,961	280,709	289,334	298,635	308,201	319,153
Payments to suppliers and employees	(183,780)	(179,347)	(181,722)	(188,541)	(196,623)	(203,753)	(210,041)	(217,047)	(224,067)	(231,734)
	$ 61,441	$ 70,513	$ 73,805	$ 75,039	$ 75,338	$ 76,956	$ 79,293	$ 81,588	$ 84,134	$ 87,419
Interest received	5,774	5,625	4,750	4,070	3,291	3,312	3,334	3,356	3,379	3,402
Non capital grants and contributions	19,812	11,199	10,419	8,438	8,329	8,384	8,435	8,492	8,550	8,610
Borrowing Costs	(9,731)	(8,878)	(7,918)	(6,917)	(6,007)	(5,745)	(6,388)	(5,985)	(5,667)	(6,290)
Net cash inflow (outflow) from operating activities	**$ 77,296**	**$ 78,459**	**$ 81,056**	**$ 80,630**	**$ 80,951**	**$ 82,907**	**$ 84,674**	**$ 87,451**	**$ 90,396**	**$ 93,141**
Cash flow from investing activities:										
Payments for property, plant and equipment	(105,538)	(103,355)	(104,713)	(121,080)	(124,678)	(120,948)	(100,185)	(104,999)	(115,568)	(120,504)
Proceeds from sale of property plant and equipment	2,787	1,638	1,529	1,549	1,585	1,811	2,072	871	2,153	1,804
Grants, subsidies, contributions and donations	32,576	19,751	14,500	16,000	13,500	11,000	13,500	13,500	13,500	13,500
Other Capital Revenue	-	-	-	-	-	-	-	-	-	-
Net cash inflow (outflow) from investing activities	**$ (70,175)**	**$ (81,966)**	**$ (88,684)**	**$ (103,531)**	**$ (109,593)**	**$ (108,137)**	**$ (84,613)**	**$ (90,628)**	**$ (99,915)**	**$ (105,200)**
Cash flow from financing activities:										
Proceeds from borrowings	-	-	-	4,000	22,000	47,500	13,000	12,500	35,000	14,500
Repayment of borrowings	(13,404)	(14,258)	(15,218)	(16,219)	(17,112)	(18,982)	(17,907)	(15,260)	(13,712)	(15,626)
Net cash inflow (outflow) from financing activities	**$ (13,404)**	**$ (14,258)**	**$ (15,218)**	**$ (12,219)**	**$ 4,888**	**$ 28,518**	**$ (4,907)**	**$ (2,760)**	**$ 21,288**	**$ (1,126)**
Net increase (decrease) in cash held	**$ (6,283)**	**$ (17,765)**	**$ (22,846)**	**$ (35,120)**	**$ (23,754)**	**$ 3,288**	**$ (4,846)**	**$ (5,937)**	**$ 11,769**	**$ (13,185)**
Cash at beginning of reporting period	173,046	166,763	148,998	126,152	91,032	67,278	70,566	65,720	59,783	71,552
Cash at end of reporting period	**$ 166,763**	**$ 148,998**	**$ 126,152**	**$ 91,032**	**$ 67,278**	**$ 70,566**	**$ 65,720**	**$ 59,783**	**$ 71,552**	**$ 58,367**

MACKAY REGIONAL COUNCIL
KEY FINANCIAL SUSTAINABILITY METRICS
For the year ending 30 June 2019
(including long term forecast until 2027/28)

	Target	Budget 2018/19 $	Forward Estimate 2019/20 $	2020/21 $	2021/22 $	2022/23 $	2023/24 $	2024/25 $	2025/26 $	2026/27 $	2027/28 $
Operating surplus ratio *Operating result (excluding capital items) as a percentage of operating revenue*	0% - 10%	0.2%	0.1%	0.1%	0.2%	0.2%	0.9%	2.3%	2.7%	3.3%	3.7%
Current ratio *Current assets / current liabilities*	Between 1 and 4	2.4	2.2	1.9	1.4	1.1	1.2	1.1	1.1	1.2	1.1
Interest coverage ratio *Net interest expense / operating revenue*	0% - 5%	1.6%	1.3%	1.3%	1.1%	1.1%	0.9%	1.1%	0.9%	0.8%	1.0%
Net financial liabilities ratio *(Total liabilities - current assets) / total operating revenue (excluding capital items)*	< 60%	12.6%	13.5%	16.5%	24.6%	33.9%	41.5%	40.1%	39.8%	41.5%	43.6%
Asset sustainability ratio *Capital expenditure on renewals / depreciation expense*	> 90%	80.3%	77.4%	72.7%	108.9%	97.8%	103.3%	93.1%	90.6%	99.1%	94.5%
Capital expenditure ratio *Capital expenditure / depreciation*	> 1.1 times	1.4	1.4	1.4	1.7	1.7	1.6	1.4	1.5	1.6	1.6

MACKAY REGIONAL COUNCIL
CAPITAL WORKS PROGRAM
For the year ending 30 June 2019
(including long term forecast until 2027/28)

	Budget	Forward Estimate								
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Buildings and Facilities	**22,777**	**4,918**	**1,514**	**888**	**1,570**	**1,582**	**529**	**565**	**174**	**2,283**
Administration Building	255	660	705	54	461	-	245	216	-	-
Aquatic Facilities	152	-	468	-	166	-	-	-	-	960
Council Buildings/Houses	3,966	3,851	245	736	647	1,478	177	179	62	1,208
Bus Shelters	152	95	97	99	102	104	107	109	112	115
Civic Precinct Buildings	542	312	-	-	195	-	-	61	-	-
Community Buildings	14,947	421	629	986	362	1,524	385	909	298	526
Depot Buildings	1,810	653	-	358	-	-	163	-	415	-
Field of Dreams	50	-	-	-	-	-	-	-	-	-
General Works	230	-	371	-	77	-	-	276	-	-
Library Buildings	-	292	174	130	132	505	423	262	143	146
Park Infrastructure Replacement Program	31	-	-	-	-	-	-	-	-	-
Public Conveniences	642	-	-	-	-	-	-	-	-	-
Parks, Gardens, Coastal & Foreshores, Waste	**9,270**	**15,309**	**10,518**	**11,678**	**9,784**	**5,655**	**10,538**	**4,833**	**9,070**	**12,866**
Botanic Gardens Renewal, Upgrade & Expansion Program	140	283	260	269	276	283	580	951	605	312
CBD Projects	50	50	50	50	50	50	50	50	50	50
Cemetery Development Program	13	285	72	72	74	75	77	79	81	83
Civic Precinct Buildings	-	21	-	-	-	-	-	-	-	-
Coastal Waterway & Sustainability Infrastructure Program	728	57	-	-	-	-	-	-	-	-
Other Potential Parks Projects	385	-	-	-	-	-	-	-	-	-
Flood Event 2017	1,969	-	-	-	-	-	-	-	-	-
General Works	215	241	42	44	45	46	48	49	50	51
Park Infrastructure Replacement Program	139	988	780	808	828	566	580	594	609	624
Parks Planning and Design	-	380	-	221	226	232	238	244	250	256
Park Upgrades Program	1,484	659	-	200	200	250	250	250	300	300
Shade & Play Equipment Compliance Program	293	895	-	538	552	566	580	594	609	624
Quarry Remediation	244	801	880	462	500	142	272	70	71	-
Regional Park Development	2,000	6,600	-	-	-	-	-	-	-	-
Special Projects	1,500	700	-	-	-	-	-	-	-	-
Transfer Stations	-	1,816	-	-	108	1,762	292	-	-	6,752
Landfill	111	1,430	5,205	2,458	56	999	3,833	1,473	6,200	289
Legacy	-	104	3,229	6,557	2,755	684	3,739	479	246	3,523
Recycling	-	-	-	-	4,115	-	-	-	-	-
Intangible	**1,351**	**1,573**	**1,597**	**1,637**	**1,645**	**1,670**	**1,225**	**1,588**	**1,558**	**1,750**
Corporate Computer Systems	1,351	1,573	1,597	1,621	1,645	1,670	1,148	1,165	1,183	1,201
General Works	-	-	-	16	-	-	77	423	375	550
Land	**2,601**	**1,421**	**2,236**	**-**	**-**	**-**	**-**	**-**	**-**	**15,984**
Trunk Drainage	1,355	658	2,112	-	-	-	-	-	-	10,939
Land	178	763	124	-	-	-	-	-	-	-
Trunk Roads	1,067	-	-	-	-	-	-	-	-	5,045

MACKAY REGIONAL COUNCIL
CAPITAL WORKS PROGRAM
For the year ending 30 June 2019
(including long term forecast until 2027/28)

	Budget	Forward Estimate								
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Plant & Equipment	**14,671**	**13,313**	**8,863**	**8,324**	**9,554**	**8,767**	**10,908**	**5,837**	**11,163**	**9,537**
Civic Precinct Buildings	378	1,781	591	339	343	352	360	368	377	386
Community Buildings	202	-	-	-	-	-	-	-	-	-
Corporate Computer Systems	331	634	411	419	429	330	339	347	356	365
Facilities	162	-	-	-	-	-	-	-	-	-
General Works	2,251	2,883	696	500	484	475	180	114	484	496
Library Buildings	20	270	123	192	171	138	141	145	227	202
Plant	11,006	7,254	6,540	6,357	7,596	6,928	8,979	4,234	9,075	7,427
Tools of Trade - Sewerage	96	180	183	190	194	199	204	237	243	249
Traffic Signals	87	90	92	95	98	101	104	107	110	113
Waste Capital Plant/Tools of Trade	41	42	42	43	44	46	47	48	49	50
Transfer Stations	-	-	-	-	-	-	351	-	-	-
Tools of Trade	96	180	183	190	194	199	204	237	243	249
Roads, Drainage & Network	**52,286**	**45,424**	**44,118**	**55,621**	**49,618**	**50,679**	**52,385**	**54,471**	**47,445**	**50,771**
Boat Ramp	1,307	2,090	-	-	-	-	-	-	-	-
Bridge Replacement	1,801	300	300	166	966	3,323	913	184	188	193
Carpark	-	289	149	152	156	160	164	168	172	177
Cemetery Development Program	40	-	-	-	-	-	-	-	-	-
Trunk Drainage	15,123	8,681	9,368	6,163	11,655	8,633	3,766	6,690	4,990	2,940
Flood Event 2017	1,372	-	-	-	-	-	-	-	-	-
Footpath and Bikeways	4,992	5,701	759	2,710	256	200	2,815	2,055	2,826	2,614
General Works	3,082	2,467	100	3,436	5,888	7,336	650	100	100	4,782
High Risk Footpath Header	416	424	433	-	-	-	-	-	-	-
Infrastructure Agreements	-	954	-	-	-	-	-	1,753	-	-
LATM Traffic and Road Safety	3,150	1,545	718	698	649	673	699	725	751	779
Pavement Improvements	6,753	7,000	7,500	10,906	11,179	11,458	11,745	12,039	12,339	10,075
Shoulder Treatment Initiatives	850	1,831	-	-	-	-	-	-	-	-
Special Projects	3,845	7,000	17,000	19,000	14,000	9,000	14,000	14,000	14,000	14,000
Trunk Roads	9,554	7,141	7,792	12,389	4,869	9,895	17,633	16,758	12,078	15,212
Sewerage	**15,287**	**13,622**	**4,412**	**25,603**	**42,733**	**36,621**	**16,751**	**16,385**	**20,198**	**13,160**
Sewerage Special Projects	1,794	1,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sewerage Treatment Plant	6,529	9,862	364	3,722	22,380	23,056	3,063	3,535	3,623	647
Sewerage Mains	3,061	2,096	2,372	12,609	9,970	7,528	7,859	7,685	7,168	6,882
Sewerage Pump Station	707	663	676	7,273	8,384	4,038	3,829	3,165	7,406	3,631
Recycled Water	3,196	-	-	-	-	-	-	-	-	-
Water	**11,294**	**10,410**	**14,281**	**24,163**	**17,201**	**21,944**	**14,878**	**27,871**	**33,102**	**18,231**
Special Projects	2,183	2,476	2,300	3,339	2,962	2,701	2,761	4,927	4,831	3,052
Raw Water	626	111	44	163	678	171	49	9,560	12,029	53
Water Treatment Facilities	1,852	3,103	52	1,076	2,922	5,032	4,041	4,742	5,376	4,812
Water Main	5,804	3,604	8,999	12,250	8,662	9,862	5,730	6,768	8,675	8,537
Water Pump Station	828	204	208	5,539	1,978	2,232	2,298	1,874	2,192	1,778
Water Reservoir	-	912	2,678	1,796	-	1,946	-	-	-	-
	$ 129,538	**$ 107,355**	**$ 88,713**	**$ 129,388**	**$ 132,678**	**$ 128,948**	**$ 108,185**	**$ 113,000**	**$ 123,567**	**$ 125,255**