



**MACKAY REGIONAL COUNCIL**  
BUDGET 2023-2024

# Long-Term Financial Forecast 2024-2033



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## Executive Summary

The Long-Term Financial Forecast (LTFF) provide visibility of council's long term financial sustainability including early identification of financial pressures and potential impacts. The LTFF includes strategies to balance financial pressures with competing demands for services and facilities to the community. This plan balances funding needs of asset renewal and new infrastructure assets, managing services against rating and fee expectations, and managing debt compared to cash reserves.

The LTFF demonstrates council's ability to manage the wide range of services and infrastructure over the long term by maintaining sufficient liquidity, adequate debt servicing capacity and a reasonable level of financial flexibility. The plan will be continuously reviewed to reflect the prevailing economic conditions, updated asset management plans and community requirements.

# Long Term Financial Forecast 2024-2033

## 1.

## COUNCIL'S FINANCIAL STRATEGY

The Financial Strategy is council's roadmap for managing its financial resources and processes and is aligned with the objectives and priorities of the Corporate Plan. This strategy establishes the framework under which sound and sustainable financial decisions can be made, outlines the economic environment that council operates in and identifies challenges to be addressed by the strategy.

The strategy provides guidance on capital and operating revenue and expenditure, and cash and revenue management and is measured through a series of financial sustainability targets that must demonstrate alignment with the asset management system and appropriate levels of service to support the community.

### **The following principles are identified to achieve this:**

- Revenue generation is sufficient to achieve efficient and effective service delivery to meet the needs of the community;
- Key inter-generational infrastructure and service issues and initiatives are addressed with the right mix of debt, grant funding and council-generated funding to spread the financial impact over several years;
- Sufficient funding is provided to meet capital expenditure requirements identified in the LGIP to support development and population growth;
- Sufficient funding is provided to meet asset management requirements with agreed and affordable service levels over the long term;
- Strategic risks have been identified and are reflected in financial forecasts and asset management planning;
- Prudent management of investments and loan borrowings are ensured;
- A fair and equitable rating structure is provided.

## Key Initiatives

Council will deliver ongoing financial sustainability through the implementation of several initiatives including:

- Prioritising the capital program focussed on asset class budget targets to ensure the right projects are delivered at the right time;
- Improving long-term infrastructure planning and continuing to review robust systems around the review and management of the LTFF;
- Ensuring full lifecycle costs are considered as part of business case evaluation;
- Focusing on asset management practices and reviewing asset service level standards;
- Reviewing the mix of cash versus borrowings to balance affordability with equitable distribution of costs between current and future generations of ratepayers;
- Improving State and Federal grant allocations through improved advocacy and improved grants and liveability project planning;
- Maximising returns from cash investments to reduce financial impacts on ratepayers;
- Continuing to explore benefits of scale and shared services arrangements including through the Greater Whitsunday Council of Mayors (GWCoM).

## Economic Climate and Financial Risks

The following external risks are considered in the LTFF:

- Following COVID-19, risks around price increases of capital projects driven primarily by skilled labour shortages, rising prices of materials and supply chain issues are continuing to impact the long-term financial forecast.

- For specific projects and services, the ability to accurately quantify the financial risks over a long period is hampered by uncertainties surrounding the availability of funding such as grants and contributions from State and Federal governments.
- Council recognises that climate change has the potential to impact council's operations and the economic, social and environmental viability of the local government region and the community. Council's Environmental Sustainability Strategy provides direction on sustainability actions required including the development of a carbon reduction plan. Council is also preparing a Coastal Hazard Adaptation Study to identify risks to the community and council assets at risk, which will inform future risk mitigation options.

The following internal risks are considered in the LTFF:

- Maintaining the extensive local road network of approximately 2,500km and over 350km of pathways and shared paths.
- Managing an extensive levee system, with various opportunities identified for improved flood immunity. Some major levee improvement projects are now underway.
- Managing 550km of mainland coastline (including estuaries and inlets).
- A number of asset classes (e.g., timber bridges, community facilities, city centre services) nearing the end of their life, requiring increased rehabilitation or renewal, and required to be renewed at current (higher cost) standards.
- A number of larger asset network changes are planned in the medium term to support the continued growth of the region (including sewerage network and landfill remediation and expansion).



## 2.

## FORECAST ASSUMPTIONS

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

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

These assumptions are the main drivers in council's model to manage assets and services in the long term, used in conjunction with capital expenditure and associated funding assumptions from the ten-year capital works program. Note percentages are indicative and annual forecasts are adjusted for known changes in service levels or other impacts.

	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
<b>Growth increase %</b>										
General rates	0.50%	0.60%	0.65%	0.70%	0.75%	0.75%	0.80%	0.80%	0.90%	0.90%
Rates levies and charges	0.50%	0.60%	0.65%	0.70%	0.75%	0.75%	0.80%	0.80%	0.90%	0.90%
Fees & charges	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.25%	0.25%	0.25%
Employee costs	0.00%	0.50%	0.50%	0.50%	0.50%	1.00%	1.00%	1.00%	1.00%	1.00%
Material & Services	0.00%	0.20%	0.20%	0.20%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
<b>Price increase %</b>										
Underlying CPI	4.40%	4.00%	3.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
General rates	4.20%	5.20%	4.70%	4.70%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%
Other rates levies and charges	4.20%	5.20%	4.70%	4.70%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%
Waste/Water/Sewerage Rates	3.00%	4.00%	3.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees & charges	3.50%	4.00%	3.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee costs	2.50%	4.00%	3.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Electricity	11.40%	11.00%	10.50%	10.50%	9.50%	9.00%	8.50%	8.50%	8.50%	8.50%
Other materials and services	4.20%	3.80%	3.30%	3.30%	2.80%	2.30%	2.30%	2.30%	2.30%	2.30%
<b>Additional parameters</b>										
Vacancy factor	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%
Developer contributions (\$'000)	3,500	4,000	4,500	5,500	6,500	7,000	7,500	8,000	9,000	9,000

**Note:** Assumptions are reviewed annually as part of the LTFF, based on the best available information at the time.

# 3.

## FORECAST REVENUE

Council is required to raise revenue to maintain assets and provide services to the region, guided by the principles detailed in council's Revenue Policy.

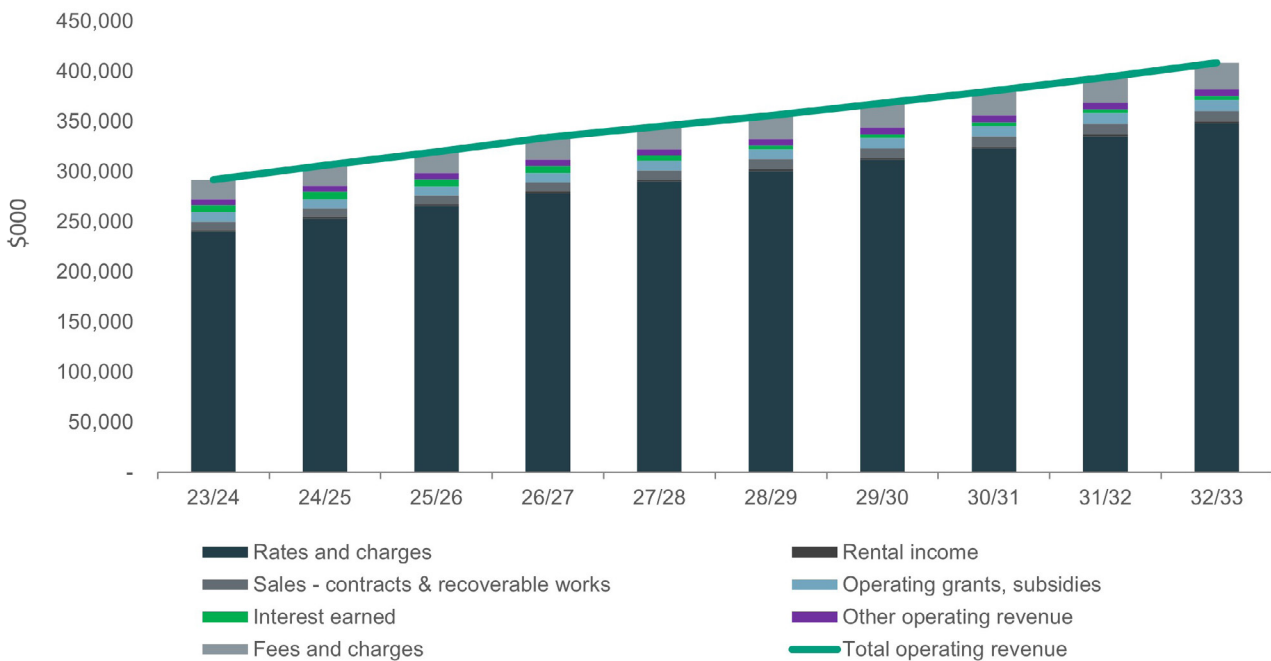
Council's main source of revenue is rates and charges, including:

- General Rates
- Utility Charges (e.g. sewerage, water utility, trade waste, waste management and waste facilities operations)
- Separate Charges (e.g. natural environment, roads improvement and disaster response)

Council also generate revenue from other sources including:

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

Operating Revenue



Total revenue by source over the next 10 years informed by the forecast assumptions

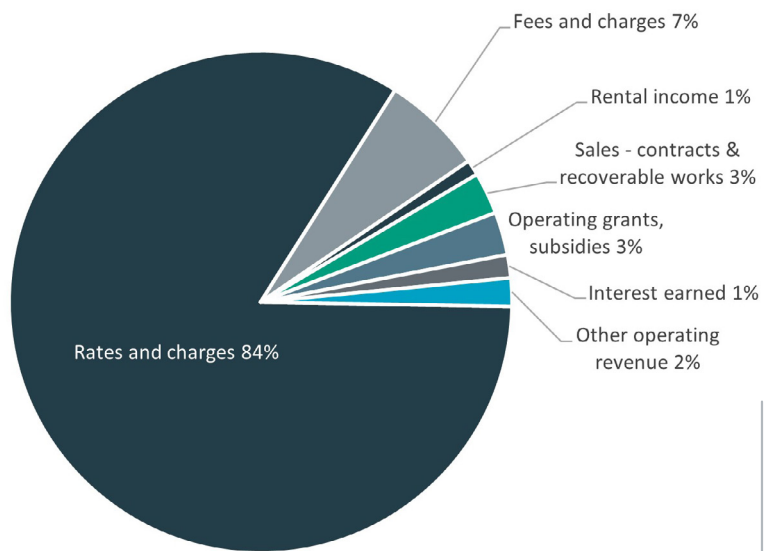




### Average Operating Revenue Distribution 2024-2033

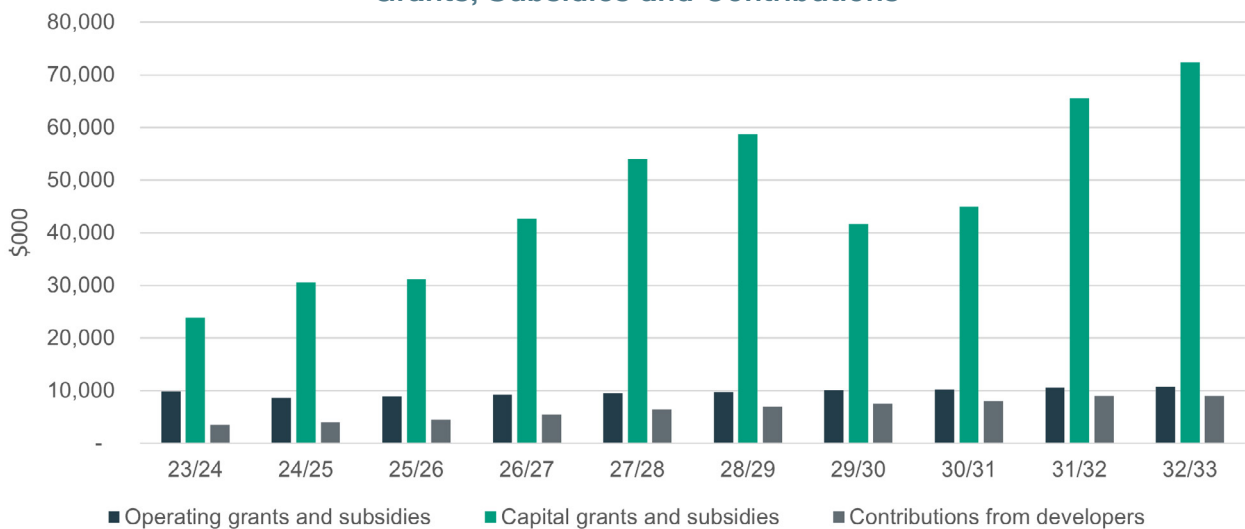
Cash flow requirements are monitored closely to identify any funds not required for operational purposes, with surplus cash invested as detailed in council's Investment Policy.

Through increased advocacy and ongoing development of council's grants management processes, council is projecting increased contributions from State and Federal Government grants to support various liveability projects and major asset management projects planned in the LTFF timeframe. Capital contributions are also received through infrastructure charges received from development to fund infrastructure projects identified in infrastructure agreements and the Local Government Infrastructure Plan.



Total revenue by source over the next 10 years informed by the forecast assumptions

### Grants, Subsidies and Contributions

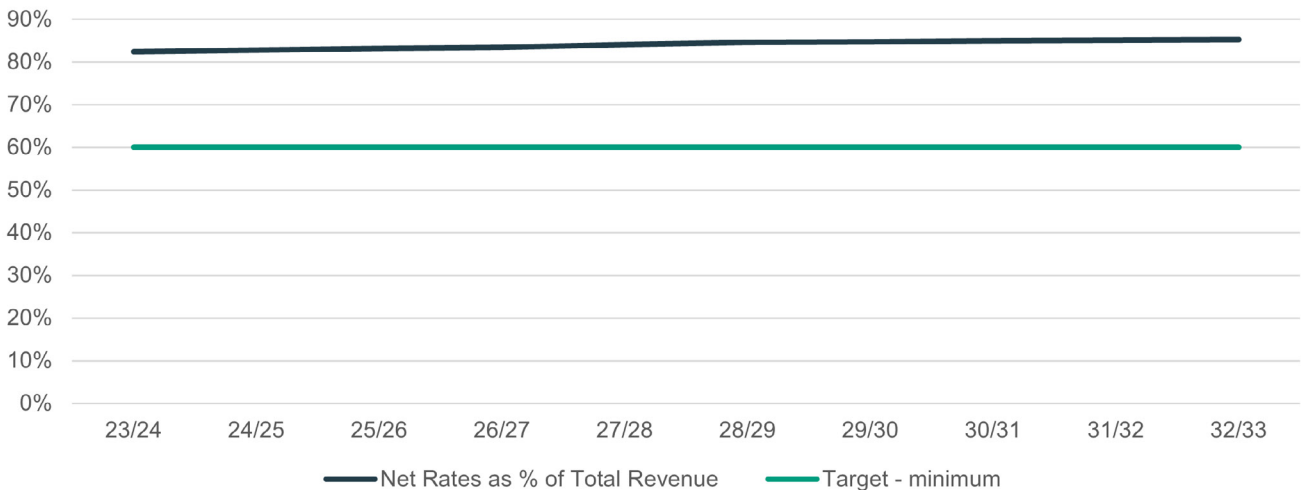




## Key Performance Information

The Council Controlled Revenue Ratio measures 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 with higher levels of council controlled revenue, with the optimum target being greater than 60%. Council maintains this ratio well above the 60% target across the 10-year span.

Council Controlled Revenue Ratio

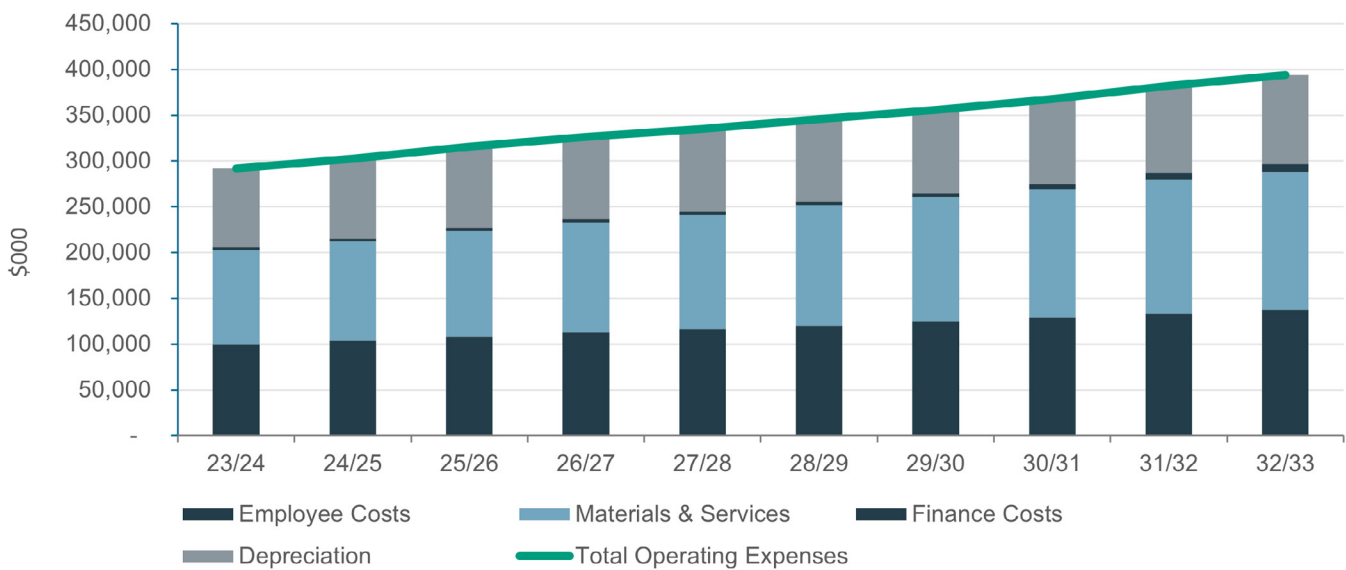


4.

# FORECAST EXPENDITURE

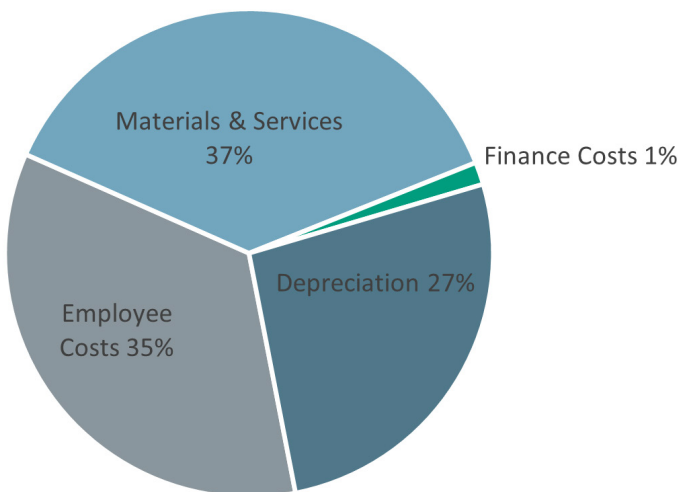
Total operating expenses will increase annually because of inflation, increased capital expenditure and increased finance costs due to increased borrowings and reduced cash reserves.

## Operating Expenses



Projected total operating expenses by source

## Average Operating Expenses 2024-2033



Employee costs include limited employee growth and estimated pay increases based on the current certified agreement and predicted future increases. A vacancy factor of 7% is deducted from the full establishment costs to reflect staff turnover and timing to fill vacancies in a competitive market.

Materials and services will continue to be a significant expense at 37% of total operating expenses, followed by employee costs at 35%. As council's asset management planning matures more detail will be included on operating costs associated with assets in the long term.



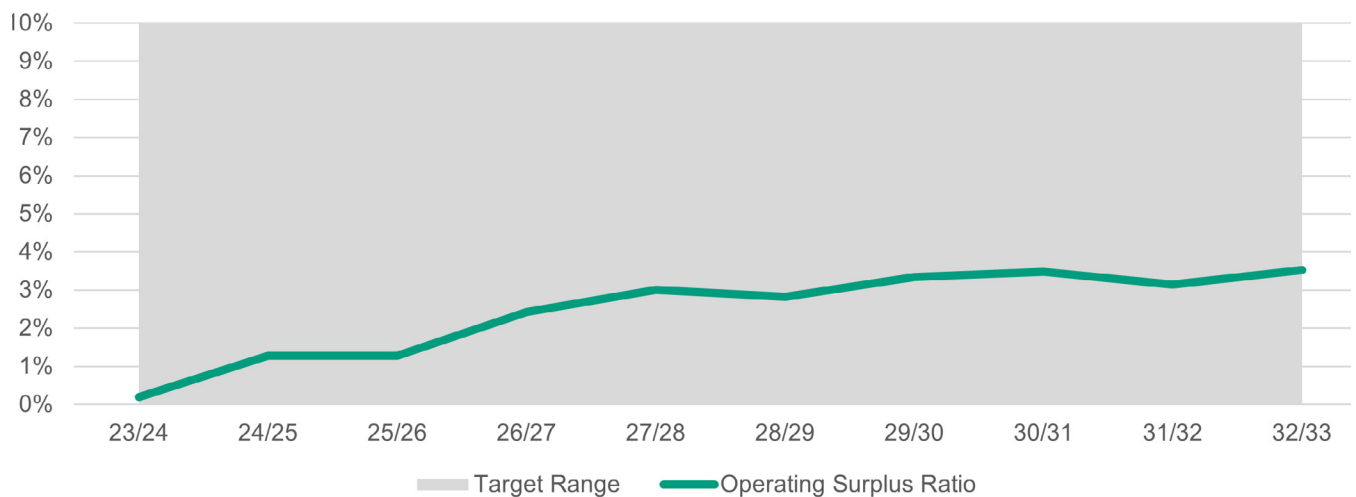
Depreciation is the recognition of consumption of future economic benefits or service potential embodied in non-current assets with limited useful lives and recognised as an expense in the Statement of Income and Expenses. Council's non-current assets are valued in excess of \$3.5 billion with a depreciation of \$85.4M in 2023-2024 and projected to be 27% for expenses for the forecast period. Ongoing review of depreciation charges is undertaken to ensure this expense reflects the estimated annual use and service potential of assets.

Finance costs are the smallest component of the operating expense budget making up around 1%. These costs mainly relate to interest and costs associated with council's long-term debt.

## Key Performance Information

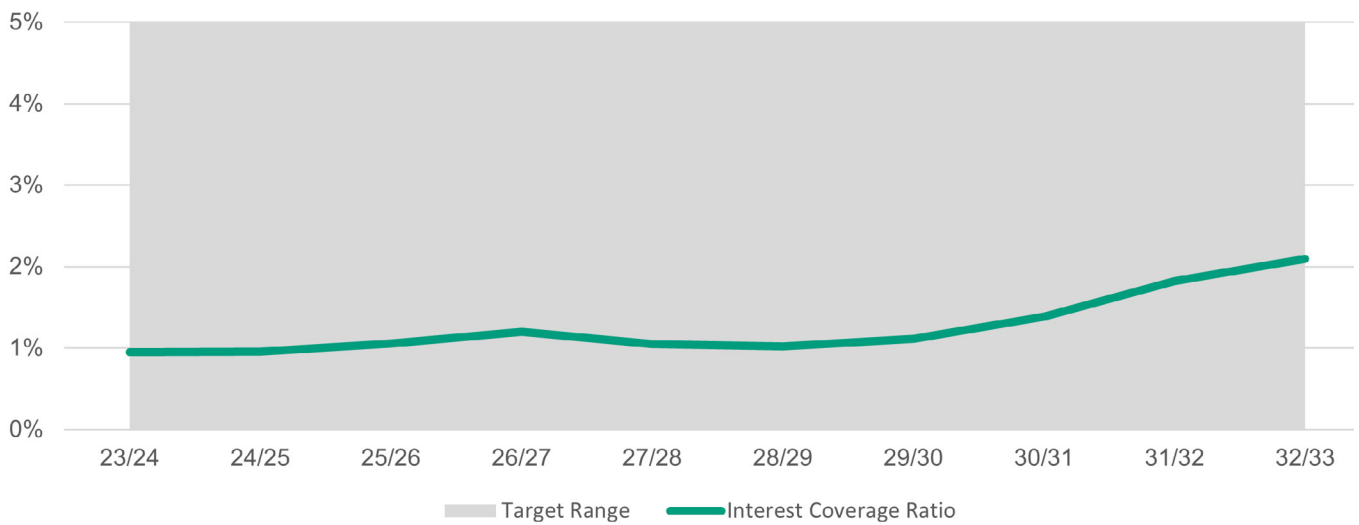
The Operating Surplus Ratio measures the extent to which revenue raised covers operating expenses or is available for capital funding or other purposes. A long-term ratio of between 0% and 10% means council is expecting to generate sufficient levels of revenue with an ability to fund proposed capital expenditure and/or debt repayments. Council is maintaining its operating surplus ratio within the target range for the forecast period, subject to revenue achieved as detailed in the forecast assumptions.

### Operating Surplus Ratio





### Interest Coverage Ratio



The Interest Coverage Ratio measures the extent to which operating revenues are committed to funding interest expense. A smaller ratio indicates borrowing capacity, a greater ratio indicates council's limited ability to borrow to fund infrastructure. Net interest expense to service debt increases in later years as debt increases but remains well within the target range of between 0% and 5%.

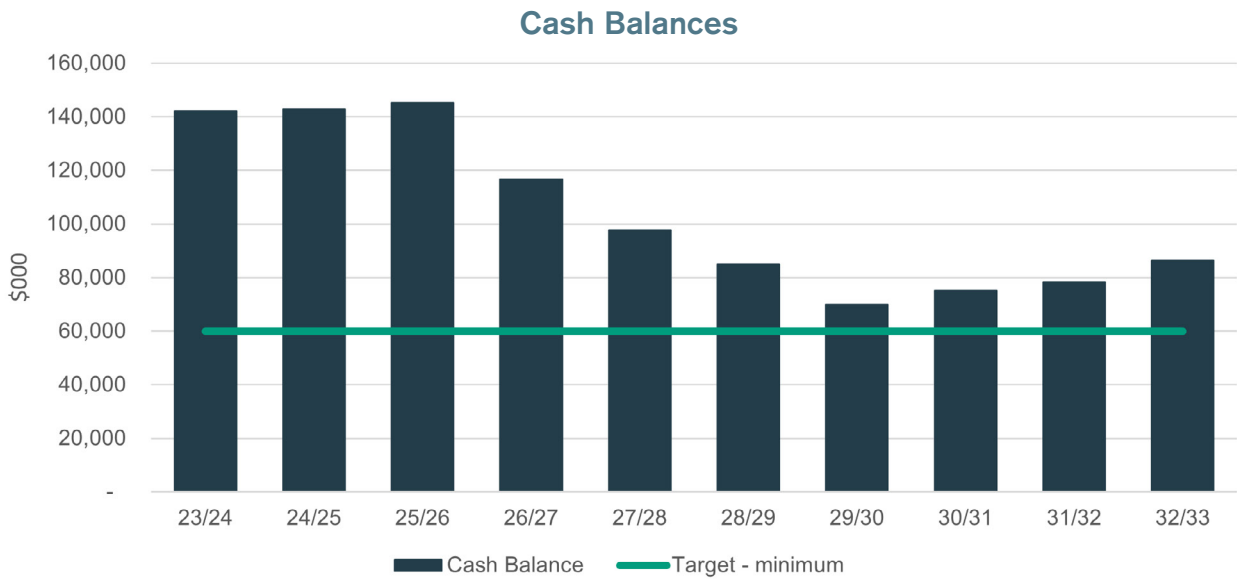


## 5.

# CASH MANAGEMENT

Maintaining a cash balance adequate to cover cash operating requirements is fundamental to any organisation, and particularly important given council's bi-annual rating cycle requiring a cash balance adequate to cover cash operating requirements for at least 3 months (minimum target). Cash balances remain high for the first 3 years and reduce in later years to fund borrowings and an increasing capital program. Council is forecasting to maintain available cash balances above the minimum target over the life of the strategy.

Cash reserves are invested as detailed in council's *Investment Policy*.

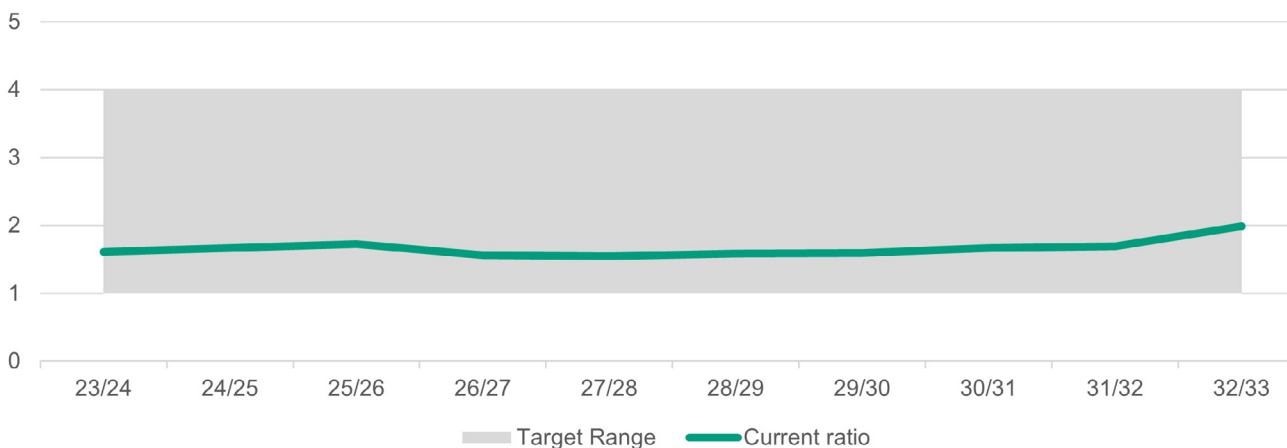




## Key Performance Information

The Current Ratio is an indicator of council's liquidity and ability to meet short-term obligations. A high Current Ratio over a sustained period indicates the council may not be using its current assets or its short-term financing facilities efficiently or may indicate problems in working capital management. The Current Ratio is within target bounds for the life of the forecast period.

Current Ratio

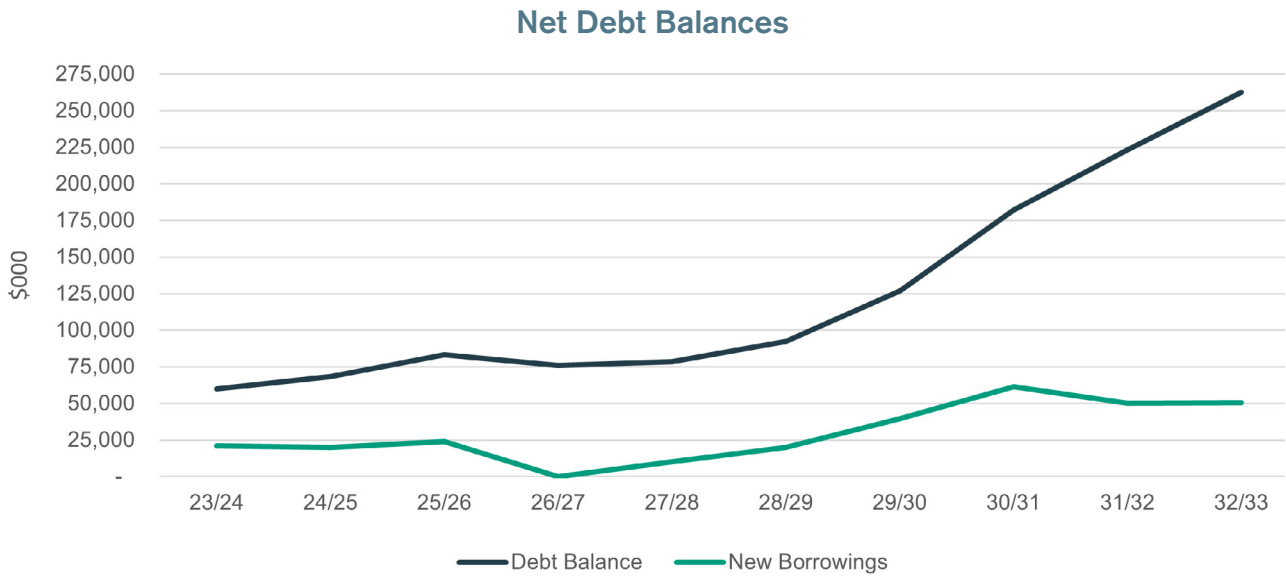


6.

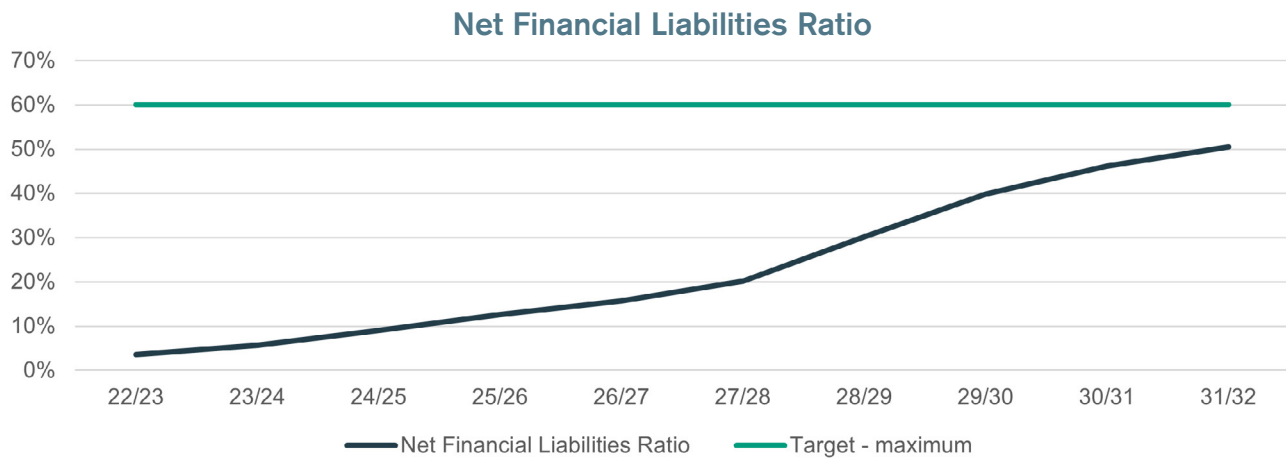
# DEBT MANAGEMENT

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 not exceeding 20 years.

Council plans to increase debt funding to fund the projected increased capital delivery program and accommodate projected inflation. This plan will require new borrowings of ~\$296M over the ten-year term of this plan. New Debt and Long-Term Debt balances (indexed values) are shown in the graph below.



Credit/sustainability reviews are undertaken by Queensland Treasury to ensure current budgeting, forecasting and financing assumptions are sustainable. Market conditions are also reviewed annually to determine the optimum time to make additional loan repayments.

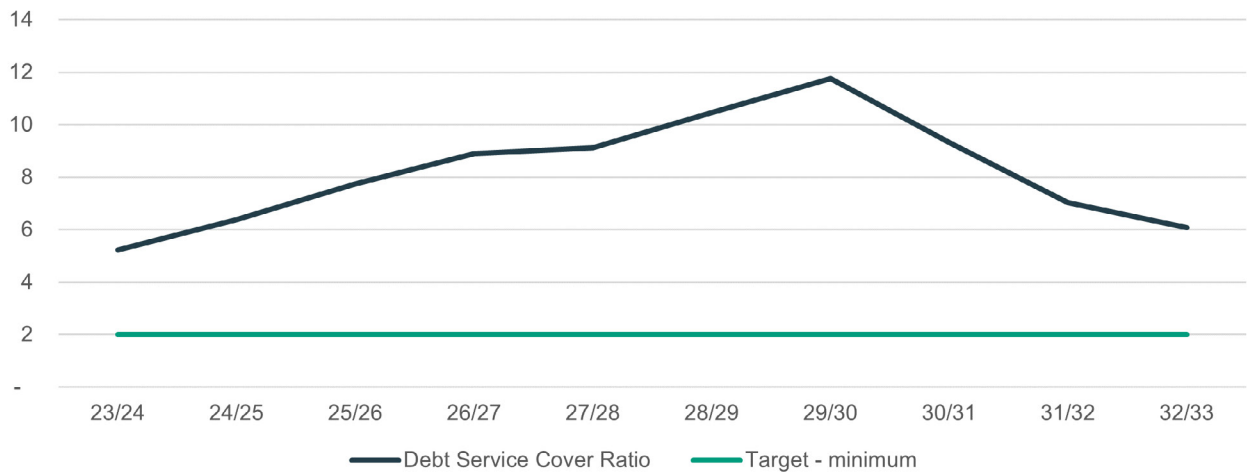


The **Net Financial Liabilities Ratio** is well below the target across all years of the financial model confirming council's ability to fund its net financial liabilities from operating revenue.



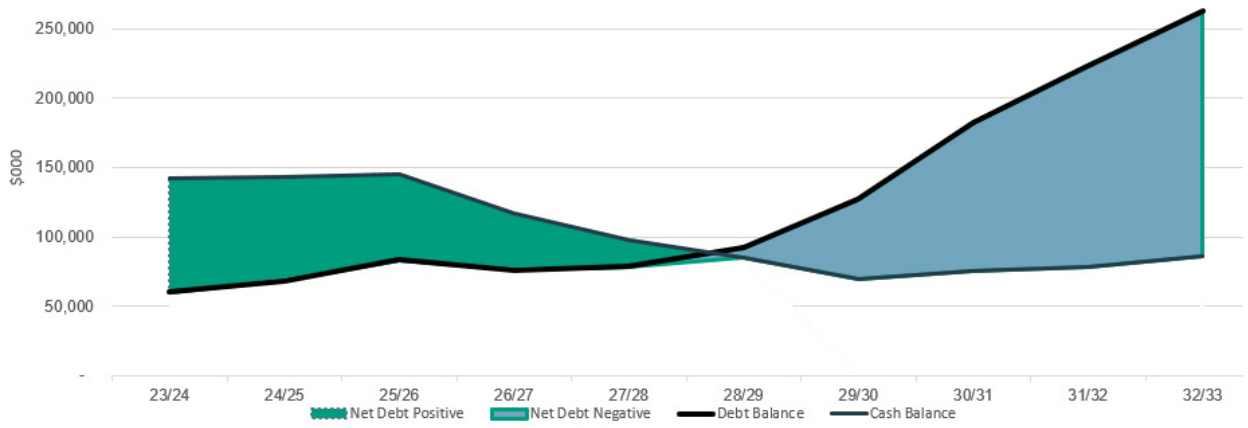
The **Debt Service Cover Ratio** indicates council's ability to repay loans, illustrating council's financial position to cover the principal and interest payments associated with borrowings. A low cover would indicate constrained financial flexibility and limited capacity to manage unforeseen shocks.

### Debt Service Cover Ratio



Net debt, calculated as total debt (current plus non-current) minus cash and cash equivalents, is a factor considered in Queensland Treasury sustainability reviews. The graph indicates council's strategy to use surplus cash balances and constrained cash reserves first before increasing borrowings to fund increased capital program in later years. Although debt is expected to exceed cash in later years, the Debt Service Cover Ratio demonstrates council's ability to continue to service debt during the forecast period.

### Net Debt Position



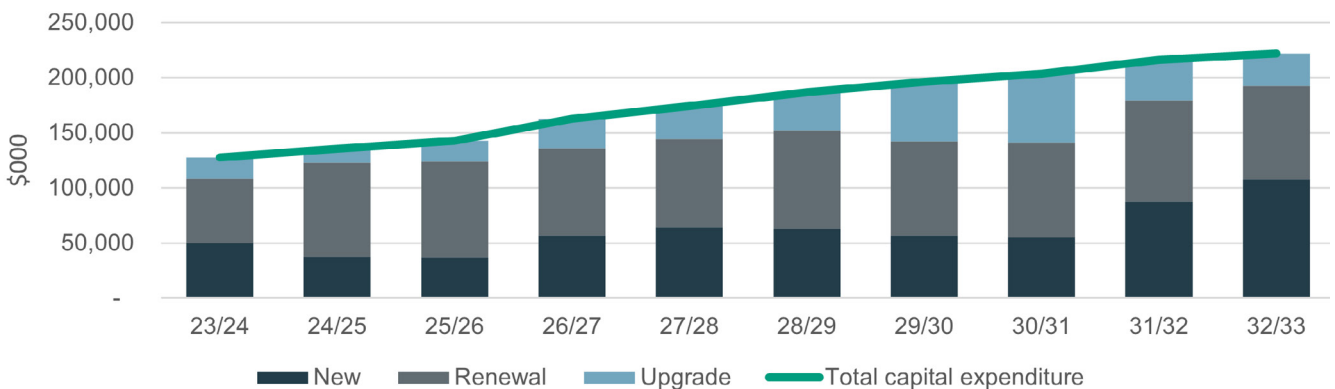


7.

## ASSET MANAGEMENT AND CAPITAL EXPENDITURE

Council is responsible for the 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). Each year council invests in planned renewal, upgrade or new projects to maintain or enhance our existing asset base through the asset plan as guided by the Corporate Plan. Council's Asset Management Plans quantify the asset portfolio and requirements to manage assets across their life cycle in a financially sustainable manner, by incorporating the knowledge of asset condition, risk and impact of reviewing and setting intervention and service levels for each asset class.

Capital Expenditure (including donated capital)

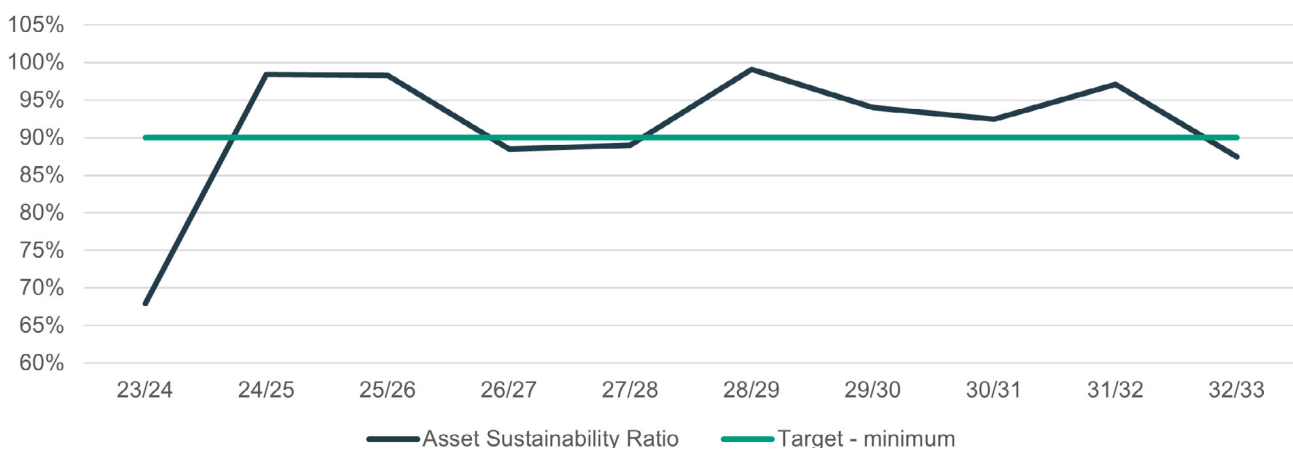


Council's projected ten-year capital program by spending type

## Key Performance Information

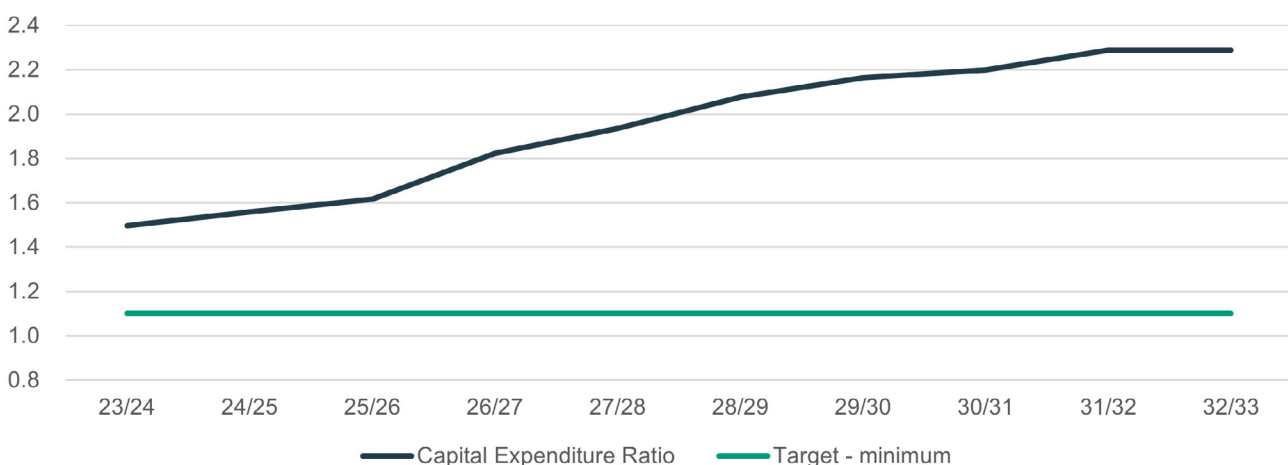
The **Asset Sustainability Ratio** approximates the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives. Over the past five years, council's annual asset sustainability ratio was less than 70%, now requiring increased investment to ensure sustainable asset replacement over the long term. Continuing refinement of council's asset management plans will improve council's ability to make informed decisions regarding asset management in the future.

Asset Sustainability Ratio



The **Capital Expenditure Ratio** measures the extent to which annual capital expenditure (including donated capital) is covered by annual depreciation (excluding amortisation charges). A ratio above 1.1 indicates investment in long-term asset growth beyond current existing levels. Council is forecasting to invest in capital projects at a higher level than its asset base is depreciated during the next 10 years.

Capital Expenditure Ratio



## Appendices

- **Statement of Income and Expenses  
(including long term forecast until 2032/33)**  
Presents council's consolidated revenues (where the money comes from) and expenses (where the money is spent)
- **Statement of Financial Position  
(including long term forecast until 2032/33)**  
Identifies the predicted financial position of council, including assets (what we own), liabilities (what we owe) and equity (our net worth)
- **Statement of Cash Flow  
(including long term forecast until 2032/33)**  
Reports how revenue received, and expenses paid impact council's cash balances
- **Statement of Changes in Equity  
(including long term forecast until 2032/33)**  
Reports changes to equity (council's assets net of liabilities)
- **Key Financial Sustainability Ratios  
(including long term forecast until 2032/33)**  
Identifies council's forecasted financial performance
- **Long Term Capital Works Program**  
Details forecasted capital program





**MACKAY REGIONAL COUNCIL**  
**STATEMENT OF INCOME AND EXPENSES**  
 For the year ending 30 June 2024  
 (including long term forecast until 2032/33)

	Budget 2023/24 \$000	Forward Estimate											
		2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	2031/32 \$000	2032/33 \$000			
<b>Operating revenue</b>													
Rates and charges	263,002	277,037	290,563	304,259	316,793	328,273	340,315	352,810	366,066	379,832			
Discounts	(19,906)	(20,822)	(21,686)	(22,597)	(23,444)	(24,206)	(25,126)	(26,081)	(27,098)	(28,155)			
Remissions	(2,539)	(2,656)	(2,766)	(2,882)	(2,990)	(3,087)	(3,189)	(3,294)	(3,407)	(3,522)			
Net Rates and charges	240,557	253,559	266,111	278,780	290,359	300,980	312,000	323,435	335,561	348,155			
Fees and charges	19,806	20,598	21,319	22,065	22,727	23,345	23,980	24,633	25,249	25,880			
Rental income	1,497	1,557	1,611	1,667	1,718	1,760	1,804	1,850	1,896	1,943			
Sales - contracts and recoverable works	8,230	8,559	8,859	9,169	9,444	9,680	9,922	10,170	10,424	10,685			
Grants and subsidies	9,839	8,653	8,956	9,270	9,548	9,787	10,031	10,282	10,539	10,802			
Interest earned	6,676	7,835	6,981	7,069	5,272	3,924	3,728	3,473	3,648	3,801			
Other operating revenue	5,537	5,759	5,961	6,169	6,354	6,513	6,676	6,843	7,014	7,189			
<b>Total operating revenue</b>	<b>\$ 292,142</b>	<b>\$ 306,520</b>	<b>\$ 319,798</b>	<b>\$ 334,189</b>	<b>\$ 345,422</b>	<b>\$ 355,989</b>	<b>\$ 368,141</b>	<b>\$ 380,686</b>	<b>\$ 394,331</b>	<b>\$ 408,455</b>			
<b>Operating expenses</b>													
Employee costs	99,822	104,200	108,267	112,497	116,347	120,331	124,454	128,721	133,138	137,465			
Materials and services	103,100	108,052	115,135	119,590	124,495	131,263	135,885	140,295	146,426	150,345			
Finance costs	3,230	3,402	3,873	4,524	4,150	4,159	4,648	5,840	7,769	9,160			
Depreciation	85,439	86,927	88,423	89,480	90,063	90,164	90,838	92,609	94,609	97,084			
<b>Total operating expenses</b>	<b>\$ 291,591</b>	<b>\$ 302,581</b>	<b>\$ 315,698</b>	<b>\$ 326,091</b>	<b>\$ 335,055</b>	<b>\$ 345,917</b>	<b>\$ 355,825</b>	<b>\$ 367,465</b>	<b>\$ 381,942</b>	<b>\$ 394,054</b>			
<b>Operating result</b>	<b>\$ 551</b>	<b>\$ 3,939</b>	<b>\$ 4,100</b>	<b>\$ 8,098</b>	<b>\$ 10,367</b>	<b>\$ 10,072</b>	<b>\$ 12,316</b>	<b>\$ 13,221</b>	<b>\$ 12,389</b>	<b>\$ 14,401</b>			
<b>Capital revenue</b>													
Grants and subsidies	23,910	30,675	31,128	42,755	54,075	58,741	41,720	44,950	65,620	72,330			
Contributions from developers	3,500	4,000	4,500	5,500	6,500	7,000	7,500	8,000	9,000	9,000			
Donated assets	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000			
Other capital income	-	-	-	-	-	-	-	-	-	-			
<b>Total capital revenue</b>	<b>\$ 31,410</b>	<b>\$ 38,675</b>	<b>\$ 39,628</b>	<b>\$ 52,255</b>	<b>\$ 64,575</b>	<b>\$ 69,741</b>	<b>\$ 53,220</b>	<b>\$ 56,950</b>	<b>\$ 78,620</b>	<b>\$ 85,330</b>			
<b>Capital expenses</b>													
Loss on disposal or sale of assets	740	768	799	812	1,100	975	925	892	(1,258)	(1,537)			
Revaluation decrement and loss on impairment	-	-	-	-	-	-	-	-	-	-			
Other capital expenses	2,000	3,500	3,500	3,500	3,500	3,500	3,000	3,000	2,820	2,000			
<b>Total capital expenses</b>	<b>\$ 2,740</b>	<b>\$ 4,268</b>	<b>\$ 4,299</b>	<b>\$ 4,312</b>	<b>\$ 4,600</b>	<b>\$ 4,475</b>	<b>\$ 3,925</b>	<b>\$ 3,892</b>	<b>\$ 1,562</b>	<b>\$ 463</b>			
<b>Net result</b>	<b>\$ 29,221</b>	<b>\$ 38,346</b>	<b>\$ 39,429</b>	<b>\$ 56,041</b>	<b>\$ 70,342</b>	<b>\$ 75,338</b>	<b>\$ 61,611</b>	<b>\$ 66,279</b>	<b>\$ 89,447</b>	<b>\$ 99,268</b>			

**MACKAY REGIONAL COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
**For the year ending 30 June 2024**  
 (including long term forecast until 2032/33)

	Budget 2023/24 \$000	Forward Estimate												
		2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	2031/32 \$000	2032/33 \$000				
<b>Current assets</b>														
Cash, cash equivalents and investments	142,190	142,893	145,224	116,765	97,803	85,043	70,058	75,132	78,335	86,288				
Trade and other receivables	21,059	22,094	23,140	24,198	25,093	26,043	26,957	27,903	28,821	29,933				
Contract assets	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500				
Other assets	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216				
Inventories	2,988	2,988	2,988	2,988	2,988	2,988	2,988	2,988	2,988	2,988				
Non-current assets held for sale	79	79	79	79	79	79	79	79	79	79				
<b>Total current assets</b>	<b>\$ 173,032</b>	<b>\$ 174,770</b>	<b>\$ 178,147</b>	<b>\$ 150,746</b>	<b>\$ 132,679</b>	<b>\$ 120,869</b>	<b>\$ 106,798</b>	<b>\$ 112,818</b>	<b>\$ 116,939</b>	<b>\$ 126,004</b>				
<b>Non-Current Assets</b>														
Investments	5,277	5,277	5,277	5,277	5,277	5,277	5,277	5,277	5,277	5,277				
Trade and other receivables	-	-	-	-	-	-	-	-	-	-				
Property, plant and equipment	3,730,542	3,775,921	3,826,970	3,896,140	3,976,243	4,069,180	4,170,449	4,277,274	4,397,156	4,520,633				
Intangible assets	3,927	3,962	3,948	3,935	3,921	3,908	3,899	3,895	3,891	3,887				
Right of use assets	1,143	1,062	982	901	821	741	660	580	500	449				
<b>Total non-current assets</b>	<b>\$ 3,740,889</b>	<b>\$ 3,786,222</b>	<b>\$ 3,837,177</b>	<b>\$ 3,906,253</b>	<b>\$ 3,986,262</b>	<b>\$ 4,079,106</b>	<b>\$ 4,180,285</b>	<b>\$ 4,287,026</b>	<b>\$ 4,406,824</b>	<b>\$ 4,530,246</b>				
<b>Total assets</b>	<b>\$ 3,913,921</b>	<b>\$ 3,960,992</b>	<b>\$ 4,015,324</b>	<b>\$ 4,056,999</b>	<b>\$ 4,118,941</b>	<b>\$ 4,199,975</b>	<b>\$ 4,287,083</b>	<b>\$ 4,399,844</b>	<b>\$ 4,523,763</b>	<b>\$ 4,656,250</b>				
<b>Current liabilities</b>														
Contract liabilities	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500				
Lease liabilities	66	66	66	66	66	66	66	66	66	66				
Trade and other payables	8,488	8,918	9,502	9,870	10,245	10,832	11,212	11,576	12,049	12,402				
Employee entitlements	14,135	14,224	14,302	14,383	14,451	14,533	14,613	14,694	14,772	14,862				
Borrowings	11,644	8,849	7,247	7,632	6,150	4,861	6,471	8,891	11,034	11,552				
Provisions	49,858	49,722	49,026	41,475	30,279	21,471	9,980	7,996	6,880	147				
Other liabilities	19,572	19,572	19,572	19,572	19,572	19,572	19,572	19,572	19,572	19,572				
<b>Total current liabilities</b>	<b>\$ 107,263</b>	<b>\$ 104,851</b>	<b>\$ 103,215</b>	<b>\$ 96,498</b>	<b>\$ 84,263</b>	<b>\$ 74,835</b>	<b>\$ 65,414</b>	<b>\$ 66,295</b>	<b>\$ 67,673</b>	<b>\$ 62,101</b>				
<b>Non-current liabilities</b>														
Lease liabilities	1,241	1,224	1,207	1,190	1,173	1,156	1,139	1,122	1,105	1,089				
Employee entitlements	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699	1,699				
Borrowings	48,406	59,560	76,116	68,484	72,336	87,477	120,510	173,125	212,095	251,049				
Provisions	13,268	13,268	13,268	13,268	13,268	13,268	15,171	8,174	2,315	2,168				
Other liabilities	11,691	11,691	11,691	11,691	11,691	11,691	11,691	11,691	11,691	11,691				
<b>Total non-current liabilities</b>	<b>\$ 76,305</b>	<b>\$ 87,442</b>	<b>\$ 103,981</b>	<b>\$ 96,332</b>	<b>\$ 100,167</b>	<b>\$ 115,291</b>	<b>\$ 150,210</b>	<b>\$ 195,811</b>	<b>\$ 228,905</b>	<b>\$ 267,686</b>				
<b>Total liabilities</b>	<b>\$ 183,568</b>	<b>\$ 192,293</b>	<b>\$ 207,196</b>	<b>\$ 192,830</b>	<b>\$ 184,430</b>	<b>\$ 190,126</b>	<b>\$ 215,624</b>	<b>\$ 262,106</b>	<b>\$ 296,578</b>	<b>\$ 329,797</b>				
<b>Net community assets</b>	<b>\$ 3,730,353</b>	<b>\$ 3,768,699</b>	<b>\$ 3,808,128</b>	<b>\$ 3,864,169</b>	<b>\$ 3,934,511</b>	<b>\$ 4,009,849</b>	<b>\$ 4,071,459</b>	<b>\$ 4,137,738</b>	<b>\$ 4,227,185</b>	<b>\$ 4,326,453</b>				
<b>Community equity</b>														
Retained surplus	2,340,937	2,379,283	2,418,712	2,474,753	2,545,095	2,620,433	2,682,043	2,748,322	2,837,769	2,937,037				
Asset revaluation reserve	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416				
<b>Total community assets</b>	<b>\$ 3,730,353</b>	<b>\$ 3,768,699</b>	<b>\$ 3,808,128</b>	<b>\$ 3,864,169</b>	<b>\$ 3,934,511</b>	<b>\$ 4,009,849</b>	<b>\$ 4,071,459</b>	<b>\$ 4,137,738</b>	<b>\$ 4,227,185</b>	<b>\$ 4,326,453</b>				

**MACKAY REGIONAL COUNCIL  
STATEMENT OF CASH FLOW  
For the year ending 30 June 2024  
(including long term forecast until 2032/33)**

	Budget 2023/24 \$000	Forward Estimate											
		2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	2031/32 \$000	2032/33 \$000			
<b>Cash flows from operating activities:</b>													
Receipts from customers	275,075	288,910	302,837	316,815	329,725	341,348	353,487	366,001	379,243	392,761			
Payments to suppliers and employees	(204,004)	(213,821)	(225,406)	(241,175)	(253,594)	(261,748)	(270,994)	(279,089)	(287,563)	(294,611)			
	\$ 71,071	\$ 75,089	\$ 77,431	\$ 75,640	\$ 76,131	\$ 79,600	\$ 82,493	\$ 86,912	\$ 91,680	\$ 98,150			
Interest received	6,676	7,835	6,981	7,069	5,272	3,924	3,728	3,473	3,648	3,801			
Non capital grants and contributions	9,824	8,739	8,934	9,247	9,529	9,767	10,013	10,263	10,522	10,781			
Borrowing Costs	(2,787)	(2,949)	(3,403)	(4,038)	(3,649)	(3,645)	(4,122)	(5,300)	(7,216)	(8,593)			
	\$ 84,784	\$ 88,714	\$ 89,943	\$ 87,918	\$ 87,283	\$ 89,646	\$ 92,112	\$ 95,348	\$ 98,634	\$ 104,139			
<b>Net cash inflow (outflow) from operating activities</b>													
<b>Cash flow from investing activities:</b>													
Payments for property, plant and equipment	(123,863)	(131,431)	(138,751)	(158,964)	(170,107)	(182,998)	(192,349)	(199,555)	(212,373)	(218,195)			
Payments for intangible assets	-	-	-	-	-	-	-	-	-	-			
Net movement in loans and advances	-	-	-	-	-	-	-	-	-	-			
Proceeds from sale of property plant and equipment	2,090	2,403	2,574	3,596	2,935	3,016	3,406	3,313	3,225	3,225			
Grants, subsidies, contributions and donations	27,410	34,675	35,628	48,255	60,575	65,741	49,220	52,950	74,620	81,330			
Other investing activities	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)			
	\$ (96,363)	\$ (96,353)	\$ (102,549)	\$ (109,113)	\$ (108,597)	\$ (116,241)	\$ (141,723)	\$ (145,292)	\$ (136,528)	\$ (135,640)			
<b>Net cash inflow (outflow) from investing activities</b>													
<b>Cash flow from financing activities:</b>													
Proceeds from borrowings	21,200	20,000	23,800	-	10,000	20,000	39,500	61,500	50,000	50,500			
Repayment of borrowings	(14,045)	(11,641)	(8,846)	(7,247)	(7,631)	(6,148)	(4,857)	(6,465)	(8,886)	(11,029)			
Principal lease repayments	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)			
	\$ 7,138	\$ 8,342	\$ 14,937	\$ (7,264)	\$ 2,352	\$ 13,835	\$ 34,626	\$ 55,018	\$ 41,097	\$ 39,454			
<b>Net cash inflow (outflow) from financing activities</b>													
<b>Net increase (decrease) in cash held</b>	\$ (4,441)	\$ 703	\$ 2,331	\$ (28,459)	\$ (18,962)	\$ (12,760)	\$ (14,985)	\$ 5,074	\$ 3,203	\$ 7,953			
Cash at beginning of reporting period	146,631	142,190	142,893	145,224	116,765	97,803	85,043	70,058	75,132	78,335			
<b>Cash at end of reporting period</b>	\$ 142,190	\$ 142,893	\$ 145,224	\$ 116,765	\$ 97,803	\$ 85,043	\$ 70,058	\$ 75,132	\$ 78,335	\$ 86,288			



**MACKAY REGIONAL COUNCIL  
STATEMENT OF CHANGES IN EQUITY**  
For the year ending 30 June 2024  
(including long term forecast until 2032/33)

	Budget 2023/24 \$000	Forward Estimate												
		2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	2031/32 \$000	2032/33 \$000				
<b>Retained Surplus</b>														
Opening balance	2,311,716	2,340,937	2,379,283	2,418,713	2,474,753	2,545,095	2,620,433	2,682,044	2,748,323	2,837,770	2,837,770	2,837,770	2,837,770	2,837,770
Adjustment to opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result for the period	29,221	38,346	39,429	56,041	70,342	75,338	61,611	66,279	89,447	89,447	89,447	89,447	89,447	89,268
<b>Closing balance</b>	<b>\$ 2,340,937</b>	<b>\$ 2,379,283</b>	<b>\$ 2,418,713</b>	<b>\$ 2,474,753</b>	<b>\$ 2,545,095</b>	<b>\$ 2,620,433</b>	<b>\$ 2,682,044</b>	<b>\$ 2,748,323</b>	<b>\$ 2,837,770</b>	<b>\$ 2,837,770</b>	<b>\$ 2,837,770</b>	<b>\$ 2,837,770</b>	<b>\$ 2,837,770</b>	<b>\$ 2,837,770</b>
<b>Asset Revaluation Reserve</b>														
Opening balance	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416	1,389,416
Adjustment to opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset revaluation adjustments	-	-	(1)	1	-	-	(1)	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>\$ 1,389,416</b>	<b>\$ 1,389,416</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,416</b>	<b>\$ 1,389,416</b>	<b>\$ 1,389,416</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,415</b>	<b>\$ 1,389,415</b>
<b>Total</b>														
Opening balance	3,701,132	3,730,353	3,768,699	3,808,128	3,864,169	3,934,511	4,009,849	4,071,459	4,137,738	4,137,738	4,137,738	4,137,738	4,137,738	4,227,185
Adjustment to opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result for the period	29,221	38,346	39,429	56,041	70,342	75,338	61,611	66,279	89,447	89,447	89,447	89,447	89,447	99,268
Asset revaluation adjustments	-	-	(1)	1	-	-	(1)	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY EQUITY</b>	<b>\$ 3,730,353</b>	<b>\$ 3,768,699</b>	<b>\$ 3,808,128</b>	<b>\$ 3,864,169</b>	<b>\$ 3,934,511</b>	<b>\$ 4,009,849</b>	<b>\$ 4,071,459</b>	<b>\$ 4,137,738</b>	<b>\$ 4,227,185</b>	<b>\$ 4,227,185</b>	<b>\$ 4,227,185</b>	<b>\$ 4,227,185</b>	<b>\$ 4,227,185</b>	<b>\$ 4,326,453</b>

**MACKAY REGIONAL COUNCIL**  
**KEY FINANCIAL SUSTAINABILITY METRICS**  
 For the year ending 30 June 2024  
 (including long term forecast until 2032/33)

	Target	Budget 2023/24	Forward Estimate									
			2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
<b>Operating surplus ratio</b> <i>Operating result (excluding capital items) as a percentage of operating revenue</i>	0% - 10%	0.2%	1.3%	1.3%	2.4%	3.0%	2.8%	3.3%	3.5%	3.1%	3.5%	
<b>Current ratio</b> <i>Current assets / current liabilities</i>	Between 1 and 4	1.6	1.7	1.6	1.6	1.6	1.6	1.6	1.7	1.7	2.0	
<b>Debt service cover ratio</b> <i>EBITDA / (interest expense + principal loan repayment)</i>	>2 times	5.2	6.4	7.7	8.9	9.1	10.5	11.7	9.3	7.0	6.1	
<b>Net financial liabilities ratio</b> <i>(Total liabilities - current assets) / total operating revenue (excluding capital items)</i>	< 60%	3.6%	5.7%	9.1%	12.6%	15.0%	19.5%	29.6%	39.2%	45.6%	49.9%	
<b>Asset sustainability ratio</b> <i>Capital expenditure on renewals / depreciation expense</i>	> 90%	67.9%	98.4%	98.3%	88.5%	88.9%	99.0%	94.0%	92.4%	97.1%	87.5%	
<b>Capital expenditure ratio</b> <i>Capital expenditure / depreciation</i>	> 1.1 times	1.5	1.6	1.6	1.8	1.9	2.1	2.2	2.2	2.3	2.3	

**MACKAY REGIONAL COUNCIL  
CAPITAL WORKS PROGRAM**  
For the year ending 30 June 2024  
(including long term forecast until 2032/33)

	Budget 2023/24 \$000	Forward Estimate										
		2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000	2029/30 \$000	2030/31 \$000	2031/32 \$000	2032/33 \$000		
<b>Buildings and Facilities</b>	<b>13,166</b>	<b>7,829</b>	<b>13,607</b>	<b>28,724</b>	<b>31,341</b>	<b>25,165</b>	<b>9,850</b>	<b>7,228</b>	<b>9,166</b>	<b>10,521</b>		
Renewal	4,694	6,155	7,569	5,777	4,826	3,981	4,323	6,277		3,921		
Upgrade	1,051	308	1,059	7,120	219	99	102					
New	7,421	1,365	5,814	14,035	25,344	20,243	5,769	2,803	2,889	6,599		
<b>Parks, Gardens, Coastal &amp; Foreshores, Waste</b>	<b>18,463</b>	<b>21,711</b>	<b>17,000</b>	<b>8,399</b>	<b>15,777</b>	<b>21,553</b>	<b>12,501</b>	<b>12,165</b>	<b>8,879</b>	<b>8,545</b>		
Renewal	2,979	4,992	2,893	4,014	4,488	6,365	5,012	4,275	5,648	3,826		
Upgrade	3,530	1,398	1,198	1,103	2,841	1,036	1,727	5,196	1,139	195		
New	11,954	15,322	12,909	3,283	8,447	14,151	6,062	2,695	2,092	4,525		
<b>Intangible</b>												
Renewal	-	-	-	-	-	-	-	-	-	-		
Upgrade	-	-	-	-	-	-	-	-	-	-		
New	-	-	-	-	-	-	-	-	-	-		
<b>Land</b>	<b>144</b>			<b>4,175</b>	<b>5,760</b>							
Renewal	-	-	-	-	-	-	-	-	-	-		
Upgrade	-	-	-	-	-	-	-	-	-	-		
New	144	-	-	4,175	5,760	-	-	-	-	-		
<b>Plant &amp; Equipment</b>	<b>11,235</b>	<b>13,353</b>	<b>13,641</b>	<b>11,136</b>	<b>10,654</b>	<b>10,944</b>	<b>12,646</b>	<b>12,838</b>	<b>13,726</b>	<b>12,564</b>		
Renewal	10,897	13,269	13,558	9,565	9,142	9,528	11,320	11,472	12,319	11,115		
Upgrade	36	84	-	303	-	-	-	-	-	-		
New	302	-	83	1,268	1,512	1,416	1,326	1,366	1,407	1,449		
<b>Roads, Drainage &amp; Network</b>	<b>62,468</b>	<b>55,390</b>	<b>49,401</b>	<b>53,893</b>	<b>71,119</b>	<b>71,369</b>	<b>80,461</b>	<b>98,485</b>	<b>107,567</b>	<b>101,066</b>		
Renewal	26,595	38,827	32,966	26,771	32,134	33,969	32,349	31,811	37,752	36,664		
Upgrade	12,759	5,928	7,088	10,564	20,972	21,914	22,886	35,851	34,069	14,864		
New	23,113	10,636	9,347	16,558	18,013	15,486	25,226	30,822	35,746	49,549		
<b>Sewerage</b>	<b>5,585</b>	<b>15,244</b>	<b>12,977</b>	<b>27,666</b>	<b>15,979</b>	<b>21,250</b>	<b>41,324</b>	<b>36,636</b>	<b>52,604</b>	<b>59,253</b>		
Renewal	4,174	10,017	8,246	14,768	12,164	17,140	16,075	16,348	12,386	12,830		
Upgrade	1,008	3,186	2,769	6,313	2,982	2,923	24,650	17,857	1,253	10,201		
New	404	2,041	1,963	6,585	834	1,187	599	2,431	38,964	36,221		
<b>Water</b>	<b>12,800</b>	<b>17,904</b>	<b>32,124</b>	<b>24,971</b>	<b>19,478</b>	<b>32,716</b>	<b>35,269</b>	<b>32,202</b>	<b>20,431</b>	<b>26,247</b>		
Renewal	8,654	12,198	22,412	16,390	16,316	17,375	16,574	17,289	17,407	16,513		
Upgrade	1,379	1,301	6,795	1,699	2,756	8,472	4,574	3,448	105	4,521		
New	2,767	4,404	2,917	6,883	406	6,869	14,121	11,465	2,919	5,212		
<b>Quarry and Landfill Remediation</b>	<b>557</b>	<b>1,636</b>	<b>2,197</b>	<b>9,050</b>	<b>12,696</b>	<b>10,308</b>	<b>10,589</b>	<b>9,980</b>	<b>7,996</b>	<b>6,680</b>		
Renewal	557	1,636	2,197	9,050	12,696	10,308	10,589	9,980	7,996	6,680		
Upgrade	-	-	-	-	-	-	-	-	-	-		
New	-	-	-	-	-	-	-	-	-	-		
<b>TOTAL</b>	<b>\$ 124,420</b>	<b>\$ 133,067</b>	<b>\$ 140,947</b>	<b>\$ 168,015</b>	<b>\$ 182,803</b>	<b>\$ 193,306</b>	<b>\$ 202,938</b>	<b>\$ 209,535</b>	<b>\$ 220,369</b>	<b>\$ 224,875</b>		

# Long-Term Financial Forecast

## 2024-2033

**MACKAY REGIONAL COUNCIL**  
BUDGET 2023-2024



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