



SOUTHERN DOWNS REGIONAL COUNCIL GENERAL MEETING OF COUNCIL

LATE AGENDA ITEMS
Wednesday, 28 March 2018

ORDER OF BUSINESS:


10. EXECUTIVE.....1

10.3 Draft Budget 2018/2019.....1

10. EXECUTIVE

10.3 Draft Budget 2018/2019

Document Information

 Southern Downs REGIONAL COUNCIL	Report To: General Council Meeting	
	Reporting Officer:	Meeting Date: 28 March 2018
	Manager Finance & Information Technology	File Ref:

Recommendation

THAT Council:-

1. Receive the Draft Budget for 2018/19.
2. Place the Draft Budget for 2018/2019 on public exhibition for 28 days to receive feedback from the community.

Report

In 2016 Council initiated a new Budget consultation process that delivered a higher level of transparency in relation to where ratepayers' funds are being expended in both services and capital works. The new process allows the community to provide feedback on key aspects of the Draft Budget, as well as indicating the financial sustainability of Southern Downs Regional Council.

Councillors and Council Officers will provide a number of presentations to the community outlining highlights of the Draft Budget that relate to services, capital works and debt management. The consultation process will also provide a clear indication of where Council sources income in the form of grants, fees and charges and the delivery of services.

The Draft Budget for 2018/2019 is attached.

Budget Implications

As detailed above

Policy Consideration

Council's Long Term Financial Forecast
QTC Credit Review

Community Engagement

There will be a 28 day public exhibition

Legislation/Local Law

Local Government Act 2009
Local Government Regulation 2012
Australian Accounting Standards

Options

Council:-

1. Receive the Draft Budget for 2018/19.
2. Place the Draft Budget for 2018/2019 on public exhibition for 28 days to receive feedback from the community.
3. Not receive the Draft Budget for 2018/19.
4. Not place the Draft Budget for 2018/2019 on public exhibition for 28 days to receive feedback from the community.

Attachments

1. Draft Budget 2018/2019 [View](#)



Southern Downs Regional Council

PROPOSED ANNUAL BUDGET 2018-2019

*Incorporating the 10 year Long
Term Financial Forecast*

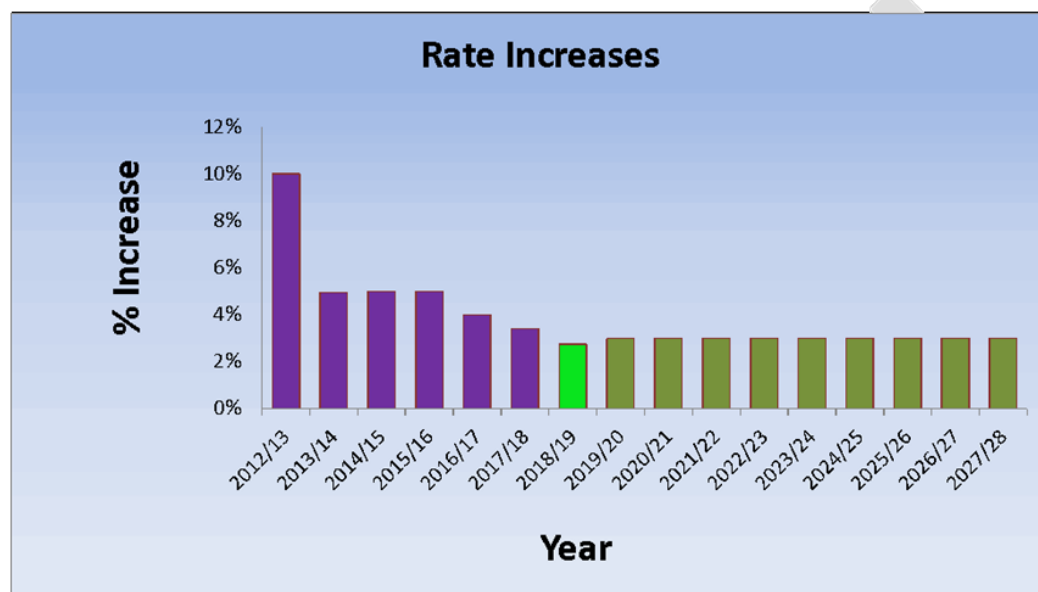
Contents

Executive Summary	3
1. Budget Process	11
2. Analysis of Operating Budget.....	12
3. Analysis of Capital Budget.....	20
4. Analysis of Budgeted Balance Sheet	24
Appendix A – Statement of Comprehensive Income.....	26
Appendix B – Statement of Financial Position	27
Appendix C – Statement of Cash Flows	28
Appendix D – Statement of Changes in Equity	29
Appendix E – QTC 10 year Statement of Comprehensive Income.....	30
Appendix F – QTC 10 year Statement of Financial Position	34
Appendix G – QTC 10 year Statement of Cash Flows	37
Appendix H – QTC 10 year Statement of Changes in Equity	39
Appendix I – Budgeted Capital Program 2018/19	40

Executive Summary

Council has prepared a Budget for the 2018/19 financial year, which seeks a balance between the demand for quality services and provision of infrastructure. Key budget information is provided below about the rate increase, operating result, cash position, cash from operations, capital expenditure, borrowings and financial sustainability of the Council.

Rates



The general rate for 2018/19 will increase by 2.75% with all the other charges for Waste, Water and Waste Water also to increase by 2.75%. It is projected that total rates and charges income will increase by 2.75% over the base that was raised last year to \$55.26 million.

The rate increase for the 2017/18 financial year was 3.4%.

Council has budgeted for a 3% increase from 2019/20 going forward in its Long Term Financial Forecast. This Long Term Financial Forecast is currently under review by the Queensland Audit Office and the Queensland Treasury Corporation.

Operating result

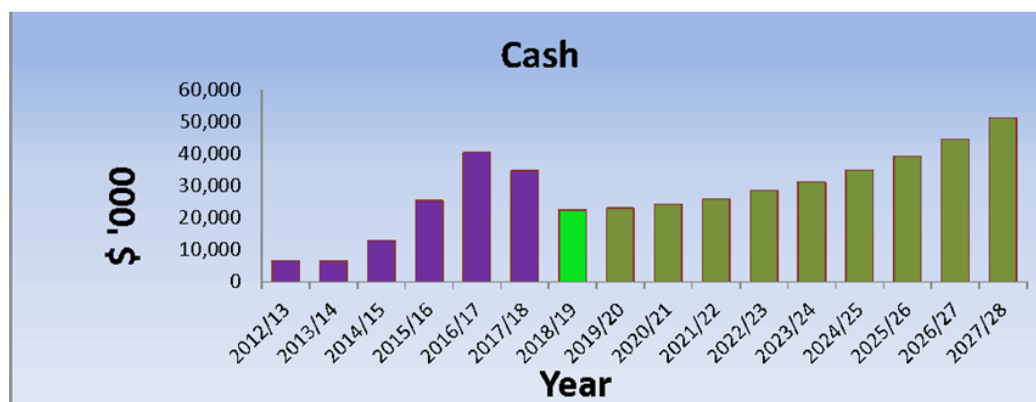


The expected operating result for the 2018/19 year is a surplus of \$19.20m which is less than the projected \$24.14m surplus result for 2017/18. Please note that this is as per the second quarter budget review for the 2017/18 financial year as at 31 December 2017.

The projected operating results in the forward budget remain relatively stable for a number of years.

In the later years of the Forecast the projected operating result has a gradual upward trend. This is due to a consistent approach taken to ensure that expenditure is contained going forward.

Cash position



The cash position is expected to decrease during the year to \$22.50m as at 30 June 2019. It is projected to be \$34.77m as at 30 June 2018. Of this cash as at 30 June 2018, \$12.62m is restricted to meet Council's short term commitments. This consists of \$4.21m for staff provisions, \$6.57m for trade creditor's payable, \$1.43 to meet Council's Loan repayments and a small amount of funds to ensure other short term commitments are cash backed of \$408,000.

The decrease in the cash level in the 2018/19 budget year is directly related to Council's budgeted Capital Works Program within that year. The strengthening of cash in the future years is in line with Council's Long Term Financial Strategies. It provides funding capacity that is periodically released for capital works requirements in later years. It also provides some financial capacity for unavoidable cost events and strategic opportunities that may occur or present in the later years of the plan.

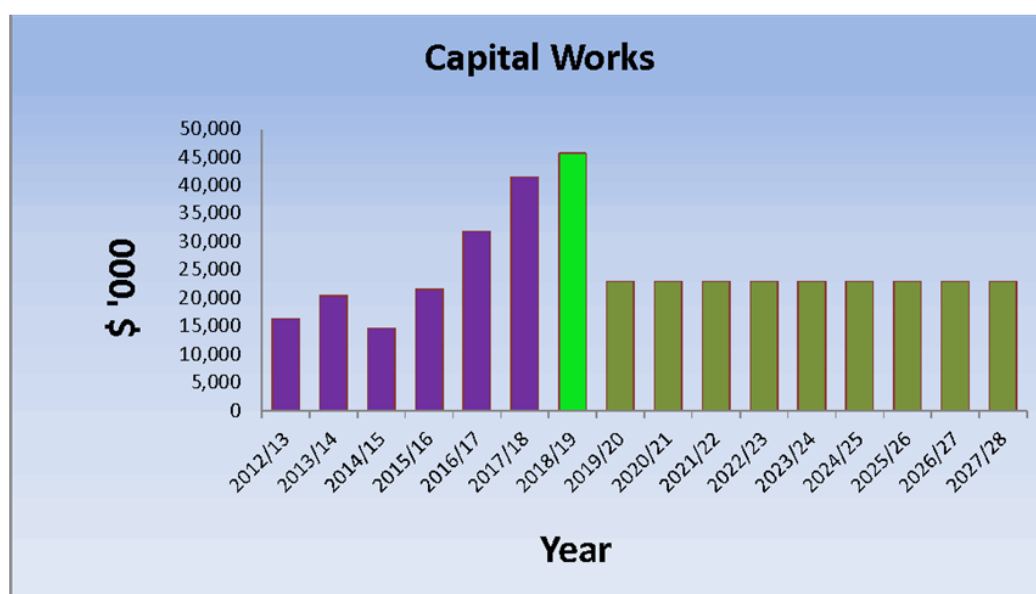
Cash from operations



Net cash from operations for 2018/19 is forecast to be \$16.32m. It is less than the previous year's projection of \$45.02m.

Cash from operations provides funding for future years' capital works renewal programs.

Capital expenditure



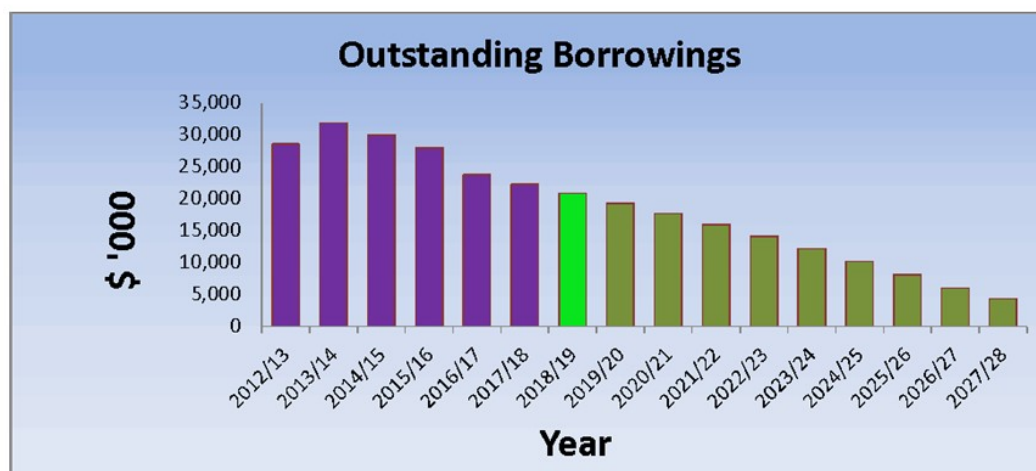
The capital expenditure program for the 2018/19 year is \$45.73m which is \$4.22m more than for 2017/18. The projected capital expenditure for the previous financial year is \$41.50m. The capital program going forward is currently sitting at \$23.00m. This will be amended after the public consultations have taken place.

The previous 2017/18 year's capital expenditure includes \$9.10m expenditure for projects that were budgeted for, but not completed in 2016/17. The carried forward component was fully funded from the 2016/17 Budget.

The capital works program for 2018/19 has been set and prioritised based on a rigorous process that has enabled Council to assess needs and develop sound business cases for each project, as well as renewal of assets.

Council is continuing to develop its Asset Management Plans which will support the capital program going forward. These documents will also feed into Council's Long Term Financial Forecast.

Borrowings

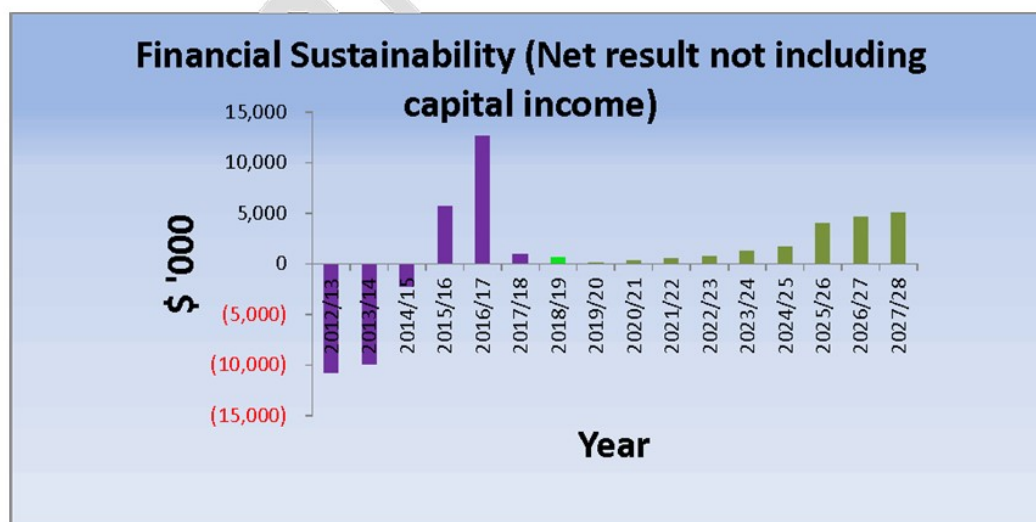


Council has not borrowed since 2013/14 when it borrowed \$5.0m for the Allora Water Pipeline.

Council has not included any borrowings in the Long Term Financial Forecast and Council intends to pay off these loans in line with its obligations with the Queensland Treasury Corporation.

During the financial year 2018/19 Council will continue to reduce its debt liability by an amount of \$1.56m.

Financial sustainability



A detailed Long Term Financial Forecast for the years 2018/19 to 2027/28 has been developed to assist Council in adopting an annual Budget within a longer term prudent financial framework. The key objective of the plan is to achieve financial sustainability in the medium to long term, whilst still achieving the Council's strategic objectives as specified in the Corporate Plan. Council's financial history shows large operating deficits with a peak being in 2012/13 where the operating deficit reached \$10.71m. Council has since then introduced savings measures to address these deficits, and as such is forecasting another operating surplus of \$965,000 for 2017/18 at the time of the second quarter review.

The immediate forward years project a series of stable underlying surpluses. In the mid to later years of the plan the projected underlying operating result has a gradual upward trend. This is due to Council maintaining its commitment to control spending in these later years.

Longer Term Key Performance Indicators

The table below shows a series of key performance indicators that are used to assess the financial integrity of the budgeted financial statements in the Long Term Financial Forecast.

Key financial sustainability metrics	Range	Budget		Forecast									
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating surplus ratio	0% to 10%	1.40%	0.90%	0.20%	0.50%	0.70%	1.00%	1.70%	2.10%	4.80%	5.40%	5.80%	
Cash expense cover ratio	> 3 months	7.7	5.1	5.1	5.2	5.4	5.8	6.3	6.9	7.6	8.4	9.4	
Asset sustainability ratio	> 90%	153.90 %	266.30 %	111.40 %	108.30 %	105.40 %	102.60 %	100.00 %	97.50%	105.80 %	104.30 %	101.60 %	
Net financial liabilities ratio	<= 60%	-3.90%	11.70%	8.50%	4.60%	0.00%	-5.30%	-11.30%	17.90%	-25.30%	-33.20%	-41.80%	
Council controlled revenue ratio	> 60%	82.50%	84.40%	84.90%	85.20%	85.50%	85.90%	86.20%	86.50%	86.80%	87.00%	87.30%	
Total debt service cover ratio	> 2 times	10.6	6.5	6.6	6.8	7	7.3	7.5	7.9	8.3	9.1	11.7	

Ratios coloured green denote low risk, yellow medium risk and red indicate either short term / immediate sustainability concerns.

The 'Operating Surplus Ratio' compares recurrent income and recurrent expenditure. The underlying result is forecast to be in the green zone in 2017/18. This is a very good improvement over the previous years where Council has been in the red.

For 2018/19 and subsequent years in the Financial Forecast the underlying result trends into yellow zone for 4 years with the remaining 6 years within the green zone. Council's programming into the future allows for the continued delivery of an Operating surplus to ensure sustainability.

The 'Cash Expense Cover Ratio' assesses Council's ability to meet its short term expenditure. Council's ability here is within the performance of where it needs to be.

The 'Asset Sustainability Ratio' measures asset renewal and upgrade expenditure spend effort over a period of time. It is forecast to be in the green zone for 2017/18 and 2018/19. However, more work is still required to be undertaken in relation to implementation of Asset Management Plans and their linkage to this ratio.

The 'Net Financial Liabilities Ratio' is an indicator of the extent to which the net financial liabilities can be serviced by operating revenue.

The 'Council Controlled Revenue Ratio' assesses the amount of income that Council has control over. Such revenue items include rates and charges, rent etc.

The 'Total Debt Service Cover Ratio' assesses Council's ability to meet its debt service arrangements for existing and any future debt.

The key financial performance indicators in the Long Term Financial Forecast serve as very important lead indicators to identify future years' financial ramifications of decisions that are made in the present period.

The proposed 2018/19 Budgeted Long Term Financial Forecast is financially sustainable and will allow for the delivery of consistent surpluses which may allow Southern Downs Regional Council to be removed from the State Government's watch list of local government authorities that are not financially sustainable.

1. Budget Process

This section lists the processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 2009* (the Act) and *Local Government Regulations 2012* (the Regulations).

Under the Act, Council is required to prepare and adopt an annual Budget for each financial year. The Budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2018/19 Budget, which is included in this report, is for the year 1 July 2018 to 30 June 2019 and is prepared in accordance with the Act and Regulations. The Budget includes financial statements being a budgeted Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and details of Capital Works. These statements have been prepared for the year ending 30 June 2019 in accordance with the Act and Regulations, and are consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The Budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the Budget, officers review and update Council's long term financial projections. Financial projections for 10 years are included in Council's Long Term Financial Forecast which is produced on a rolling annual basis.

The preparation of the Budget, within this broader context, begins with officers preparing the operating and capital components of the annual Budget during December to February. A draft consolidated Budget is then prepared and various iterations are considered by Council at Briefings during March. A 'proposed or draft' Budget is prepared in accordance with the Act and Regulations and submitted to Council in March for approval in principle. Council has then decided to give 'public notice' that it intends to adopt the Budget. Council has given 28 days' notice of its intention to adopt the proposed Budget and make the Budget available for inspection at its offices and on its internet web site. A person has a right to make a submission on any proposal contained in the Budget and any submission must be considered before the formal adoption of the Budget by Council.

The final step is for Council to adopt the Budget after receiving and considering any submissions from interested parties. The Budget is required to be adopted by 1 August 2018.

2. Analysis of Operating Budget

This section of the Annual Budget report analyses the expected revenues and expenses of the Council for the 2018/19 year.

2.1 Budgeted Income Statement

	Reference	Forecast 2017/18 \$'000	Budget 2018/19 \$'000	Variance Increase /(Decrease) \$'000
Total Income	2.2	93,684	93,717	33
Total expenses	2.3	69,545	75,718	6,173
Surplus (deficit) for the year		24,139	17,998	(6,140)
Grants - capital		21,938	17,325	(4,613)
Capital contributions		1,356	150	(1,206)
Profit / (Loss) on disposal of assets		(120)	(120)	0
Adjusted underlying surplus (deficit)		965	643	(322)

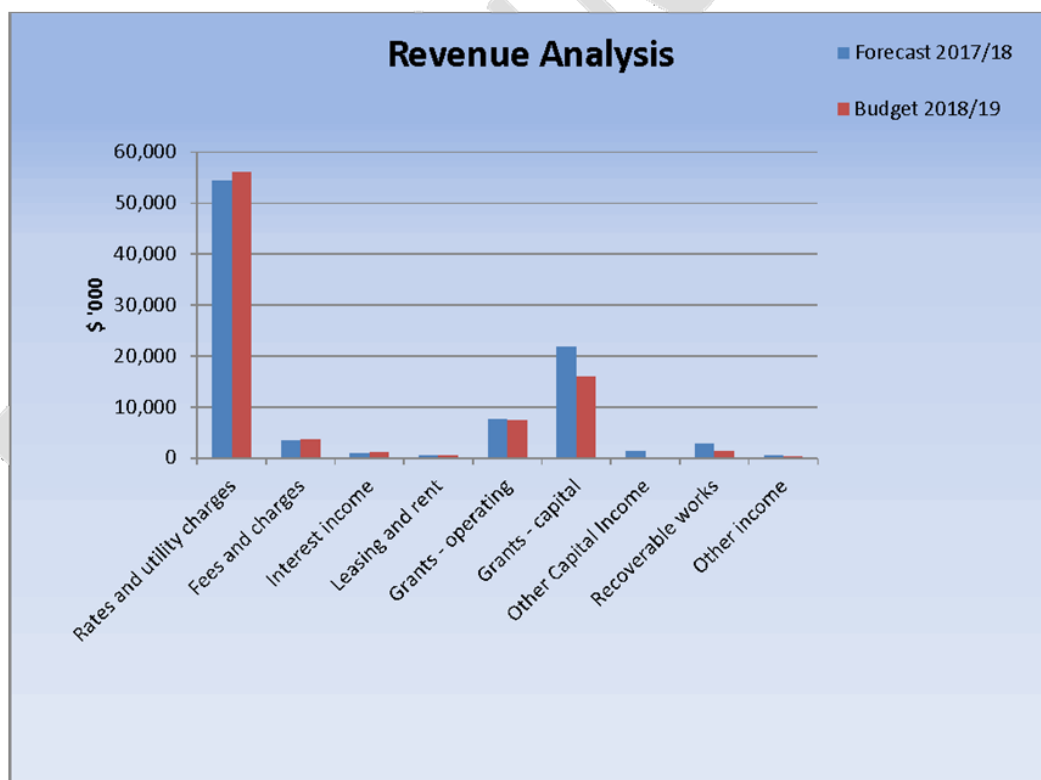
2.1.1 Adjusted Underlying Surplus (\$322,000 decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for capital grants, contributions of non-monetary assets and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives.

The adjusted underlying result for the 2018/19 year is a surplus of \$643,000 which is a reduction of \$322,000 compared to the 2017/18 year. In calculating the underlying result, Council has excluded capital grants and capital contribution. Contributions of non-monetary assets are also excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

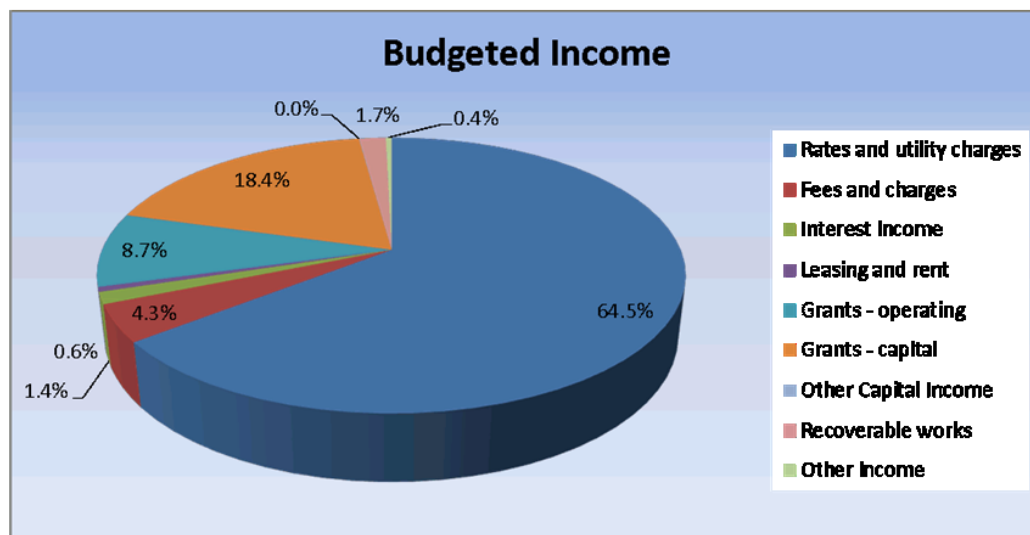
2.2 Income

	Reference	Forecast 2017/18 \$'000	Budget 2018/19 \$'000	Variance Increase /(Decrease) \$'000
Rates and utility charges	2.2.1	54,552	56,028	1,476
Fees and charges	2.2.2	3,485	3,769	284
Interest income	2.2.3	968	1,202	234
Leasing and rent	2.2.4	489	485	(4)
Grants - operating	2.2.6	7,613	7,555	(58)
Grants - capital		21,938	16,031	(5,907)
Other Capital Income		1,236	30	(1,206)
Sales (including recoverable works)	2.2.5	2,786	1,500	(1,286)
Other income		498	332	(166)
Internal Revenue		0	5,491	5,491
Total Revenue		93,564	92,423	(6,632)



2.2.1 Rates and Charges (\$1.47m Increase)

It is projected that general rates and charges income will increase by 2.75% over the base that was raised last year to \$56.03m.



The general rate will increase by 2.75%, as will the other utility charges for water, waste water and charges for garbage collection and recycling.

2.2.2 Fees and Charges (\$284,000 increase)

There is a increase of \$284,000 or 8% for fees and charges. Fees and charges relate to fees and fines levied in accordance with State Government legislation and include Planning, Health Act Registrations and Parking Fines.

2.2.3 Interest Income (\$234,000 increase)

There is a increase of \$234,000 or 24% in Interest income. Interest income relates to interest being received on Council's investments and on overdue rates.

2.2.4 Leasing and Rent (\$4,000 decrease)

There is a decrease of \$4,000 or 1% in leasing and rental income. Leasing and rental income comes from Council leasing land, buildings (etc.), and rental comes from Council's housing stock. This income primarily relates to Community Housing.

2.2.5 Sales including Recoverable Work (\$1.33m decrease)

There is a decrease of \$1.33m or 47% in sales recoverable work income. Sales and Recoverable work income comes from Council undertaking private works for the public and the sales of items. This forecasted decrease highlights the number of capital programs that Council has underway over the next 12 months.

2.2.6 Grants - Operating (\$58,000 decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers, as well as one-off funding for projects undertaken on behalf of community organisations. Overall, the level of grants has decreased by \$58,000 or 0.5% compared to 2017/18.

A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Operating Grant Funding	Forecast 2017/18	Budget 2018/19	Variance Increase /(Decrease)
	\$	\$	\$
Federal Grants			
Financial Assistance Grant	6,747,651	6,875,857	128,206
Fuel Grant	215,000	220,000	5,000
Federal Grants Total	6,962,651	7,095,857	133,206
State Grants			
Library Book Purchase	183,000	183,000	
Pest Animal Control	113,950	113,950	
Trainee Subsidies	12,300	22,500	10,200
Economic Development	21,500	20,000	(1,500)
RADF Program	55,000	55,000	
Tech Savvy Seniors QLD Grant	9,500		(9,500)
Fire Trail Development and Maintenance	7,265	7,500	235
Get Ready Queensland Project	27,030	20,000	(7,030)
Warwick State Emergency Services	22,660	23,000	340
Stanthorpe State Emergency Services	13,890	14,000	110
Natural Disaster	184,000		(184,000)
State Grants Total	650,095	458,950	(191,145)
Total Operating Grants	7,612,746	7,554,807	(57,939)

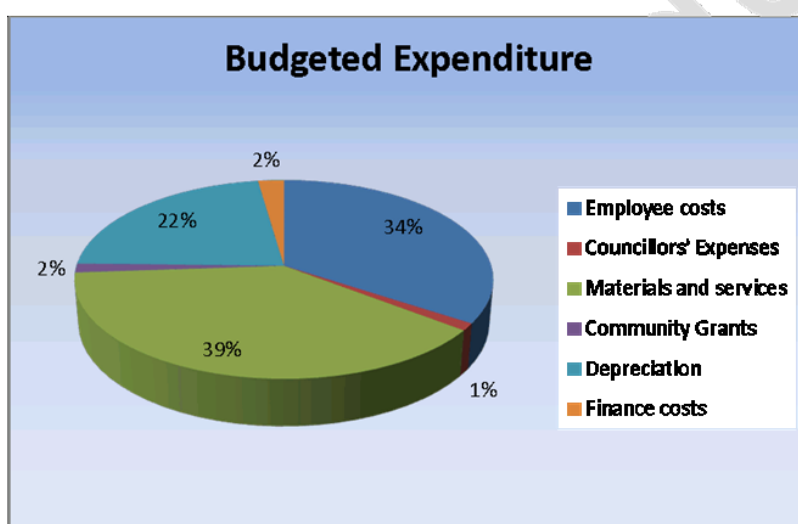
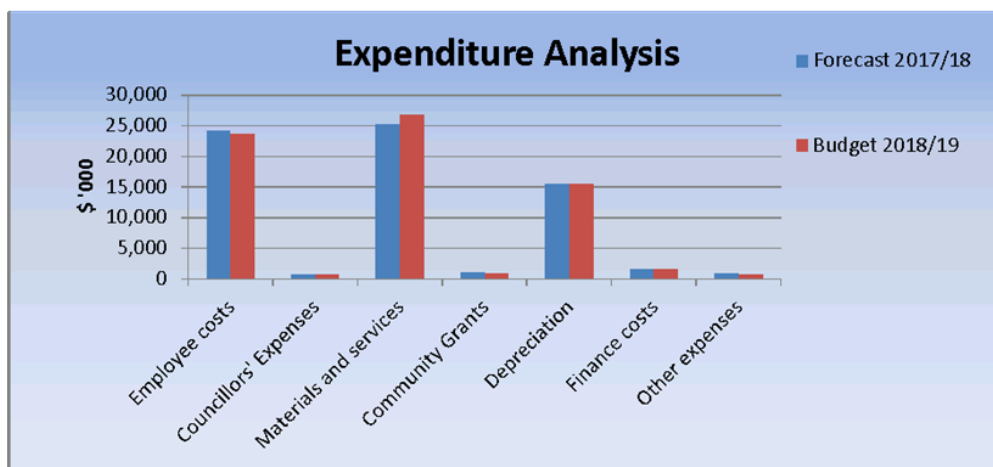
2.2.7 Grants - Capital (\$5.90m decrease)

Capital grants include all monies received from State and Federal governments for the purposes of funding the capital works program. Overall the level of grants has decreased by \$5.90m or 27% compared to 2017/18. A list of capital grants by type is included below.

Capital Grant Funding	2017/18	Budget 2018/19	Variance Increase /(Decrease)
<i>Roads to Recovery</i>	2,551	1,093	(1,458)
<i>Transport Infrastructure Development Scheme (TIDS)</i>	1,116	1,099	(17)
<i>Blackspot Funding</i>	1,131	562	(569)
<i>Cycle Network LG Grants Program</i>	231	150	(81)
<i>Bridge Renewal Program</i>	956	1,000	44
<i>Works for Queensland</i>	3,883	750	(3,133)
<i>Building Our Regions</i>	50		(50)
<i>Local Government Grant Subsidy Program</i>	3,007	3,939	932
<i>Natural Disaster Relief and Recovery Arrangements</i>	9,000	7,438	(1,562)
<i>Natural Disaster Resilience Program</i>	4		(4)
<i>Royalties for the Regions</i>	9	0	(9)
Total Capital Grants	21,938	16,031	(5,907)

2.3 Expenditure

Expenditure types	Reference	Forecast 2017/18 \$'000	Budget 2018/19 \$'000	Variance Increase /(Decrease) \$'000
Employee costs	2.3.1	24,222	23,826	(396)
Councillors' Expenses		749	766	17
Materials and services	2.3.2	26,175	27,500	1,325
Community Grants	2.3.3	1,078	1,018	(60)
Depreciation	2.3.4	15,526	15,530	4
Finance costs	2.3.5	1,675	1,587	(88)
Other expenses		0	0	0
Total Operating Expenses		69,425	70,227	802



2.3.1 Employee Costs (\$396,000 decrease)

Employee costs include all labour related expenditure including wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation and fringe benefits tax.

Employee costs are forecast to decrease by \$396,000 when compared to the 2017/18 forecast result.

In delivering services to the community, Council may choose to use in-house or outsourced resources. The efficiency of Council's service delivery relies on a combination of both to

achieve best value for the community.

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

Directorate	Budget 2018/19 \$'000	Budget 2018/19 FTE
Executive Services	4,594	48.51
Engineering Services	17,437	204.42
Planning, Environment & Community Services	6,400	84.86
Total staff expenditure	28,431	337.79
Other staff related costs	534	
Less capitalised labour costs	5,139	
Total employee costs	23,826	

2.3.2 Materials and Services (\$1.32m increase)

Materials and consumables are forecast to increase by \$1.32m or 5% compared to 2017/18. The increased expenditure on materials and consumables in 2018/19 can mainly be attributed to an increase in external contracts.

2.3.3 Community Grants (\$60,000 decrease)

The reduction in the Community Grants relates to a decrease in relation to the Stanthorpe YMCA and a decrease in relation to the Stanthorpe Apple and Grape is not on within the 2018/19 financial year.

Community grants relate to the follow specific items:

Community Grants	Amount within the 2018/19 Budget
Warwick Art Gallery	175,000
Stanthorpe Art Gallery	175,000
Stanthorpe Museum	10,000
RADF	105,000
Community Grant	142,325
Fast Response Small Grants	25,000
Sport & Recreation Grants	100,000
Events Grant	100,000

Warwick Rodeo	10,000
Jumpers & Jazz	10,000
Leyburn Sprints	5,000
Snowflakes	10,000
River Improvements Trusts	150,675
Total Community Grants	<u>1,018,000</u>

2.3.4 Depreciation and Amortisation (\$4,000 increase)

Depreciation relates to the usage of Council's property, plant and equipment including Infrastructure assets such as roads and drains. Depreciation systematically allocates the cost of the 'consumption of the service potential' over the useful life of the asset to the Income Statement.

Periodic revaluation of Infrastructure asset classes, the completion of the 2017/18 Capital Works Program and the full year effect of depreciation on the 2017/18 Capital Works Program impacts upon the depreciation charges. Refer to Section 3 'Analysis of Capital Budget' for a more detailed analysis of Council's Capital Works Program for the 2018/19 year.

2.3.5 Borrowing Cost Expenses (\$88,000 decrease)

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to decrease by \$88,000 from 2017/18.

3. Analysis of Capital Budget

This section of the Budget report analyses the planned capital expenditure for the 2018/19 year and the sources of funding for the Budget.

3.1 Capital Works

Capital Works Areas	Ref	Forecast Actual 2017/18 \$'000	Budget 2018/189 \$'000	Variance \$'000
Property	3.1.1			
Land		465		(465)
Buildings		729	1,585	856
Saleyards		75	250	175
Parks & Open Spaces		1,555	335	(1,220)
Disaster Management				
Community Facilities		350	1,173	823
Environmental Services		31		(31)
Council Depots			195	195
Total property		3,205	3,538	333
Plant, machinery and equipment	3.1.2			
Plant and machinery		3,293	4,975	1,682
Computers and telecommunications		386	636	250
Total plant, machinery and equipment		3,679	5,611	1,932
Infrastructure	3.1.3			
Roads, Bridges & Footpaths		25,947	23,569	(2,378)
Drainage		350	600	250
Waste management		200	1,460	1,260
Water		4,896	8,640	3,744
Waste Water		3,231	2,313	(918)
Total infrastructure		34,624	36,582	1,958
Total capital works expenditure		41,508	45,731	4,223
Represented by:				
New asset expenditure		4,476	2,510	(1,966)
Asset renewal / upgrade expenditure		37,032	43,221	6,189
Total capital works expenditure		41,508	45,731	4,223

3.1.1 Property (\$3.54m)

The property class comprises buildings and building improvements including community facilities, municipal offices, sports facilities and pavilions.

For the 2018/19 year, \$3.54m will be expended on land, building and building improvement

projects. The major projects include improvements to both Stanthorpe and Warwick Aerodromes (\$1.00m), Cemetery works (\$173,000), and Saleyards Safety improvements (\$250,000).

3.1.2 Plant and Equipment (\$5.61m)

Plant and equipment includes plant, machinery and equipment, computers and telecommunications.

For the 2018/19 year, \$5.61m will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$4.97m) and upgrade and replacement of Information Technology (\$636,500).

3.1.3 Infrastructure (\$36.58m)

Infrastructure includes roads, bridges, footpaths, drainage, waste facilities, water and waste water.

For the 2018/19 year, \$24.17m will be expended on roads, bridges, drainage and footpaths. The main projects include Amiens Road widening (\$998,846), Road resealing (\$1.5m), resheeting of gravel roads (\$2.20m), Inverramsay Road widening (\$800,000), Goomburra Road rehabilitation (\$600,000), Forest Plains Road pavement repairs (\$600,000), Sundown Road Rehabilitation (\$250,000) and Black Spot funded initiatives (\$562,500).

Waste Facilities budget for 2018/19 is \$1.46m of which the major project is to Cap the existing cell of \$1.19m. Other small capital items at both the Warwick and Stanthorpe facilities will also be undertaken.

Water Infrastructure works is budgeted for \$8.64m for 2018/19. Major project is the Water Trunk Main Construction – Storm King Dam (\$6.56m), plus other capital projects.

Waste Water works is budgeted for \$2.31m for 2017/18. Major projects include sewer relining (\$650,000), Pump Station upgrade – Market Square (\$203,501), and a number of other projects.

3.1.4 Asset Renewal/ Upgrade (\$43.22m), and New (\$2.51m).

A distinction is made between expenditure on new assets and asset renewal and upgrade. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have any element of renewal or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

The major projects included in the above categories which constitute expenditure on new assets are: Easey Street Stormwater (\$600,000), Wood Street Footpath (\$80,000), Stanthorpe Industrial

Estate Extension (\$750,000), Condamine River Walk (\$150,000), and other projects within the Water and Waste Water areas of Council.

The rest of the expenditure relates to renewal and upgrade of existing assets.

3.1.5 Carried Forward Works (\$Nil)

At the end of each financial year there are projects which are either incomplete or not commenced due to planning issues, weather delays, extended consultation or other delays.

There is no amount shown as cash held to fund carry forward works at 30 June 2018, as it is planned that the capital works budget in the 2017/18 financial year will be completed.

3.2 Funding Sources

	Reference	Forecast 2017/18 \$'000	Budget 2018/19 \$'000	Variance Increase /(Decrease) \$'000
Grants	3.2.1	21,938	16,031	(5,907)
Contributions		1,355	150	(1,205)
Borrowings	3.2.3	0	0	0
Council Cash				
-Operations	3.2.4	14,166	25,725	11,559
-Proceeds from sale of assets	3.2.5	580	1,294	714
-Reserves	3.2.6	3,461	1,344	(2,117)
-Provisions		0	1,188	1,188
Total Funding Sources		41,500	45,732	4,232

3.2.1 Grants (\$16.03m)

Capital grants include all monies received from State and Federal sources for the purposes of funding the Capital Works Program. Significant grants are budgeted to be received for the Roads to Recovery funding (\$1.01m), Transport Infrastructure Development Scheme (\$1.09m), Black Spot Funding (\$562,500), Betterment Program (\$6.30m) and Local Governments Grant & Subsidies (\$3.94m).

3.2.3 Borrowing (\$Nil)

There are no borrowings budgeted for in the 2018/19 financial year for capital projects.

3.2.4 Council Cash - Operations (\$25.73m)

During the year Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$25.73m will be generated from operations to fund the 2018/19 capital works program (after allowing for capital grants and contributions).

3.2.5 Council Cash - Proceeds from Sale of Assets (\$1.29m)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$1.29m.

3.2.6 Council Cash - Reserve Cash (\$1.34m)

Council has cash reserves, which will be used to fund areas of its annual Capital Works Program. For 2018/19, \$1.34m will be used to fund new capital works where appropriate.

4. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2017/18 and 2018/19.

1.1 Budgeted Balance Sheet

	Reference	Forecast 2017/18 \$'000	Budget 2018/19 \$'000	Variance Increase /(Decrease) \$'000
Current				
Assets	4.1.1	41,286	26,525	(14,761)
Liabilities	4.1.2	12,624	12,886	262
Net-current assets		28,662	13,639	(15,023)
Non-Current				
Assets	4.1.3	765,483	795,684	30,201
Liabilities	4.1.4	25,928	24,413	(1,515)
Net non-current assets		739,555	771,271	31,716
Community Equity				
Asset revaluation reserve	4.1.5	182,932	182,932	0
Retained Surplus	4.1.6	585,285	601,978	16,693
Total Community Equity		768,217	784,910	16,693

4.1.1 Current Assets (\$14.76m decrease)

The current assets are projected to be less than 2017/18. The main contributor being a decrease in the cash position. Rate and other debtors are not expected to change significantly.

4.1.2 Current Liabilities (\$262,000 increase)

There is a projected increase of \$262,000 in current liabilities (obligations that Council must pay within the next 12 months). This is predominantly due to an increase in projected provisions as at the end of the period.

4.1.3 Non-Current Assets (\$30.20m increase)

The increase in non-current assets is due to the net result of the Capital Works Program.

4.1.4 Non-Current Liabilities (\$1.52m decrease)

The decrease is in relation to a reduction in Council's long term provisions and Council's debt level.

4.1.5 Asset Revaluation Reserve (No movement)

The Asset Revaluation reserve is the balance of all movements within each asset class in relation to revaluations undertaken by Council. This balance will offset any negative revaluations in the future if needed.

4.1.6 Retained Surplus (\$16.69m increase)

The increase in the accumulated surplus is impacted by the budgeted comprehensive surplus of \$16.69m.

4.2 Key assumptions

In preparing the budgeted Balance Sheet for the year ended 30 June 2019 it was necessary to make a number of assumptions about key assets, liabilities and equity balances. The key assumptions are as follows:

- The collection level of rates and charges in 2018/19 will be at similar levels to that of previous years;
- Trade creditors increase slightly while other creditors and debtors to remain consistent with 2017/18 levels;
- Proceeds from the sale of property in 2018/19 will be received in full in 2018/19 if applicable;
- Employee entitlements are to decrease. No increase in the average rate of leave taken is expected however the provisions for such have been amended;
- Total capital expenditure to be \$45.73m.

Appendix A 2018/19 Draft Budget

Statement of Comprehensive Income (Income and Expenditure)

	Anticipated 17/18 Actual	Draft 18/19 Budget	Forward Estimate for 19/20	Forward Estimate for 20/21
Revenue				
Operating revenue				
General rates	30,838	31,685	32,636	33,615
Separate Rates	500	498	498	498
Water	7,488	7,693	7,924	8,162
Water consumption, rental and sundries	4,435	4,557	4,694	4,835
Sewerage	8,485	8,718	8,980	9,249
Garbage charges	4,316	4,435	4,568	4,705
Other rates, levies and charges	284	284	284	284
Less: discounts	- 1,794	- 1,843	- 1,843	- 1,843
Net rates, levies and charges	54,552	56,027	57,740	59,504
Fees and charges	3,485	3,769	3,769	3,769
Rental income	489	485	485	485
Interest received	968	1,191	1,069	1,082
Sales revenue	2,786	1,500	1,500	1,500
Other income	497	332	332	332
Grants, subsidies, contributions and donations	7,613	7,555	7,555	7,555
Total operating revenue	70,390	70,859	72,450	74,227
Capital income				
Government subsidies and grants—capital	23,293	16,181	8,500	8,500
Grants, subsidies, contributions and donations	23,293	16,181	8,500	8,500
Total income	93,683	87,040	80,950	82,727
Expenses				
Operating expenses				
Employee benefits	24,971	24,592	25,207	25,774
Materials and services	27,253	28,518	29,160	29,816
Finance costs	1,675	1,587	1,508	1,417
Depreciation and amortisation	15,526	15,530	16,445	16,905
Total operating expenses	69,425	70,227	72,319	73,912
Capital expenses	120	120	-	-
Total expenses	69,545	70,347	72,319	73,912
Total comprehensive income for the year	24,138	16,693	8,631	8,815
Operating result				
Operating revenue	70,390	70,859	72,450	74,227
Operating expenses	69,425	70,227	72,319	73,912
Net Operating result	965	632	131	315

Appendix B

2018/19 Draft Budget

Statement of Financial Position

(Balance Sheet)

	Anticipated 17/18 Actual	Draft 18/19 Budget	Forward Estimate for 19/20	Forward Estimate for 20/21
Assets				
Current assets				
Cash and cash equivalents	34,777	19,995	20,568	21,686
Trade and other receivables	5,726	5,747	5,871	6,032
Inventories	783	783	783	783
Total current assets	41,286	26,525	27,222	28,501
Non-current assets				
Investments	742	742	742	742
Property, plant & equipment	763,085	793,568	800,405	806,783
Other non-current assets	1,656	1,374	1,092	810
Total non-current assets	765,483	795,684	802,239	808,335
Total assets	806,769	822,209	829,461	836,836
Liabilities				
Current liabilities				
Trade and other payables	6,569	6,746	6,884	7,058
Borrowings	1,432	1,516	1,614	1,715
Provisions	4,215	4,215	4,215	4,215
Other current liabilities	408	408	408	408
Total current liabilities	12,624	12,886	13,122	13,397
Non-current liabilities				
Borrowings	20,809	19,294	17,680	15,964
Provisions	5,119	5,119	5,119	5,119
Total non-current liabilities	25,928	24,413	22,799	21,083
Total liabilities	38,552	37,299	35,920	34,480
Net community assets	768,217	784,910	793,541	802,356
Community equity				
Asset revaluation surplus	182,932	182,932	182,932	182,932
Retained surplus	585,285	601,978	610,609	619,424
Total community equity	768,217	784,910	793,541	802,356

Appendix C

2018/19 Draft Budget

Statement of Cash Flow

	Anticipated 17/18 Actual	Draft 18/19 Budget	Forward Estimate for 19/20	Forward Estimate for 20/21
Cash flows from operating activities				
Receipts from customers	89,242	61,610	63,214	64,945
Payments to suppliers and employees	- 55,619	- 53,260	- 54,563	- 55,757
Interest received	968	1,191	1,069	1,082
Rental income	711	485	485	485
Non-capital grants and contributions	11,066	7,553	7,557	7,553
Borrowing costs	- 1,346	- 1,260	- 1,174	- 1,076
Net cash inflow from operating activities	45,022	16,319	16,589	17,233
Cash flows from investing activities				
Payments for property, plant and equipment	- 41,134	- 45,731	- 23,000	- 23,000
Payments for intangible assets	- 374	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-	-
Grants, subsidies, contributions and donations	23,293	16,181	8,500	8,500
Other cash flows from investing activities	- 120	- 120	-	-
Net cash inflow from investing activities	- 18,335	- 29,670	- 14,500	- 14,500
Cash flows from financing activities				
Repayment of borrowings	- 1,512	- 1,430	- 1,516	- 1,614
Net cash inflow from financing activities	- 1,512	- 1,430	- 1,516	- 1,614
Total cash flows				
Net increase in cash and cash equivalent held	25,175	- 14,782	573	1,118
Opening cash and cash equivalents	9,602	34,777	19,995	20,568
Closing cash and cash equivalents	34,777	19,995	20,568	21,686

Appendix D

2018/19 Draft Budget

Statement of Changes in Equity

	Anticipated 17/18 Actual	Draft 18/19 Budget	Forward Estimate for 19/20	Forward Estimate for 20/21
Asset revaluation surplus				
Opening balance	182,932	182,932	182,932	182,932
Increase/decrease in asset revaluation surplus	-	-	-	-
Closing balance	182,932	182,932	182,932	182,932
Retained surplus				
Opening balance	585,285	585,285	601,978	610,609
Net result	-	16,693	8,631	8,815
Closing balance	585,285	601,978	610,609	619,424
Total				
Opening balance	768,217	768,217	784,910	793,541
Net result	-	16,693	8,631	8,815
Increase in asset revaluation surplus	-	-	-	-
Closing balance	768,217	784,910	793,541	802,356

Appendix E

QTC Local Government Forecasting Model—Southern Downs Regional Council Statement of Comprehensive Income

	Jun-17A	Jun-18B	Jun-18F	Jun-20F	Jun-21F	Jun-22F	Jun-23F	Jun-24F	Jun-25F	Jun-26F	Jun-27F
Statement of Comprehensive Income											
Income											
Revenue											
Operating revenue											
General rates	28,597	30,741	32,182	33,691	35,269	36,822	38,652	40,464	42,361	44,346	46,423
Water	7,175	7,499	7,851	8,219	8,604	9,007	9,429	9,871	10,334	10,818	11,325
Water consumption, rental and sundries	4,207	4,375	4,580	4,795	5,019	5,255	5,501	5,759	6,029	6,311	6,607
Sewerage	8,220	8,565	8,967	9,387	9,827	10,287	10,769	11,274	11,803	12,355	12,934
Garbage charges	4,110	4,250	4,449	4,658	4,876	5,105	5,344	5,594	5,857	6,131	6,418
Other rates, levies and charges	283	283	296	310	325	340	356	373	390	408	427
Less: discounts	(1,615)	(1,869)	(1,957)	(2,048)	(2,144)	(2,245)	(2,350)	(2,460)	(2,576)	(2,696)	(2,822)
Net rates, levies and charges	51,977	53,844	56,368	59,011	61,775	64,670	67,701	70,674	74,197	77,673	81,312
Infringements	93	33	33	34	34	34	35	35	36	36	36
Licences and registrations	265	282	285	288	291	295	299	301	304	308	311
Other fees and charges	3,287	3,266	3,348	3,431	3,517	3,605	3,695	3,788	3,882	3,979	4,079
Fees and charges	3,645	3,581	3,666	3,753	3,843	3,934	4,028	4,124	4,222	4,323	4,426
Other rental income	491	472	484	496	508	521	534	547	561	575	589
Rental income	491	472	484	496	508	521	534	547	561	575	589
Interest from overdue rates, levies and charges	198	185	190	194	199	204	209	215	220	225	231

Interest received from investments	133	425	414	335	311	292	346	391	487	609	744
Other interest received	1,014	348	357	386	375	384	394	404	414	424	435
Interest received	1,343	958	960	895	885	880	940	1,009	1,121	1,258	1,410
Contract and recoverable works	2,508	2,313	2,371	2,430	2,481	2,553	2,617	2,682	2,749	2,818	2,889
Sales revenue	2,508	2,313	2,371	2,430	2,481	2,553	2,617	2,682	2,749	2,818	2,889
Other income	389	213	218	224	229	235	241	247	253	260	266
Other income	389	213	218	224	229	235	241	247	253	260	266
General purpose grants	6,748	6,748	6,917	7,090	7,267	7,449	7,635	7,826	8,021	8,222	8,427
State subsidies and grants—operating	553	517	530	543	557	571	585	600	615	630	646
Grants, subsidies, contributions and donations	7,301	7,265	7,447	7,633	7,824	8,019	8,220	8,425	8,636	8,852	9,073
Total operating revenue	67,664	68,646	71,514	74,442	77,555	80,813	84,289	87,909	91,740	95,759	99,965
Capital revenue											
Government subsidies and grants—capital	13,414	7,053	5,986	3,402	3,758	950	8,763	1,538	1,438	1,538	16,538
Contributions—capital	175	0	0	0	0	0	0	0	0	0	0
Grants, subsidies, contributions and donations	13,589	7,053	5,986	3,402	3,758	950	8,763	1,538	1,438	1,538	16,538
Total revenue	81,253	75,699	77,500	77,844	81,313	81,763	93,052	89,447	93,178	97,297	116,503
Capital income											
Profit/(loss) on disposal of property, plant & equipment	220	0	0	0	0	0	0	0	0	0	0
Total capital income	220	0	0	0	0	0	0	0	0	0	0
Total income	81,473	75,699	77,500	77,844	81,313	81,763	93,052	89,447	93,178	97,297	116,503
Expenses											

Operating expenses											
Total staff wages and salaries	23,730	24,525	25,287	26,062	26,987	27,979	28,985	30,024	31,106	32,223	33,029
Councillors' remuneration	734	749	768	787	807	827	847	869	890	913	935
Other employee related expenses	1,360	1,539	1,595	1,651	1,711	1,773	1,837	1,903	1,971	2,042	2,093
Employee benefits	25,824	26,813	27,649	28,500	29,514	30,579	31,670	32,796	33,987	35,178	36,057
M&S—administration supplies	403	353	365	377	390	404	417	431	446	461	477
M&S—audit services	158	158	163	169	175	181	187	193	200	206	213
M&S—communication & IT	572	616	637	659	681	704	729	753	778	805	832
M&S—consultants	1,814	2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955	3,103
M&S—contractors	8,749	8,712	9,148	9,605	10,085	10,589	11,119	11,675	12,259	12,872	13,515
M&S—electricity	1,667	1,469	1,506	1,543	1,582	1,622	1,662	1,704	1,746	1,790	1,835
M&S—council maintenance	4,295	4,052	4,250	4,458	4,677	4,908	5,146	5,399	5,664	5,941	6,233
M&S—travel	1,152	1,397	1,487	1,540	1,617	1,698	1,783	1,872	1,968	2,064	2,167
M&S—other	4,243	5,687	5,878	6,098	6,326	6,563	6,810	7,068	7,331	7,607	7,894
Materials and services	23,053	24,424	25,514	26,655	27,649	29,098	30,405	31,773	33,204	34,702	36,289
Finance costs charged by QTC	1,562	1,257	1,149	1,059	959	856	746	632	512	387	256
Bank charges	142	147	151	154	158	162	166	170	175	179	184
Other finance costs	35	297	298	300	301	302	304	305	307	309	310
Finance costs	1,739	1,701	1,597	1,513	1,418	1,320	1,216	1,108	994	875	750
Land improvements	0	0	17	32	32	35	127	221	230	230	231
Buildings	1,371	1,371	1,398	1,458	1,499	1,521	1,562	1,614	1,652	1,688	1,687
Plant & equipment	2,003	1,701	2,455	3,024	3,513	3,970	4,012	4,588	4,989	4,291	3,481
Roads, drainage & bridge network	5,553	5,803	5,205	5,445	5,677	5,944	6,187	6,377	6,549	6,654	6,828
Water	2,679	2,671	2,751	2,879	2,952	3,035	3,098	3,145	3,176	3,219	3,257
Sewerage	2,596	2,594	2,747	2,800	2,813	2,863	2,868	2,938	2,938	2,938	2,938
Miscellaneous	607	907	1,238	1,346	1,390	1,427	1,456	1,451	1,469	1,287	1,309
Amortisation of intangible assets	276	262	313	371	447	488	311	244	257	223	218

Depreciation and amortisation	15,085	15,309	16,123	17,356	18,322	19,282	19,622	20,559	21,262	20,511	19,949
Total operating expenses	65,701	68,247	70,883	74,024	77,104	80,279	82,913	86,235	89,427	91,264	93,025
Capital expenses											
Other capital expenses	0	120	120	120	120	120	120	120	120	120	120
Total capital expenses	0	120	120	120	120	120	120	120	120	120	120
Total expenses	65,701	68,367	71,003	74,144	77,224	80,399	83,033	86,355	89,547	91,384	93,145
Net result	15,771	7,332	6,497	3,700	4,090	1,384	10,019	3,092	3,630	5,913	23,358
Total comprehensive income for the year	15,771	7,332	6,497	3,700	4,090	1,384	10,019	3,092	3,630	5,913	23,358
Operating result											
Operating revenue	67,664	68,646	71,514	74,442	77,555	80,813	84,268	87,909	91,740	95,759	99,965
Operating expenses	65,701	68,247	70,883	74,024	77,104	80,279	82,913	86,235	89,427	91,264	93,025
Operating result	1,962	399	631	418	452	534	1,376	1,674	2,312	4,495	6,940

Appendix F

QFC Local Government Forecasting Model—Southern Downs Regional Council											
Statement of Financial Position											
	Jun-17A	Jun-18B	Jun-19F	Jun-20F	Jun-21F	Jun-22F	Jun-23F	Jun-24F	Jun-25F	Jun-26F	Jun-27F
Statement of Financial Position											
Assets											
Current assets											
Cash and cash equivalents	23,728	21,833	11,075	7,087	4,627	7,802	11,028	19,919	31,792	44,772	59,560
General trade and other receivables	5,844	5,583	5,799	6,028	6,302	6,570	6,850	7,123	7,448	7,767	8,100
Trade and other receivables	5,844	5,583	5,799	6,028	6,302	6,570	6,850	7,123	7,448	7,767	8,100
Inventories held for distribution	401	401	401	401	401	401	401	401	401	401	401
Land held for development or sale	135	135	135	135	135	135	135	135	135	135	135
Inventories	536	536	536	536	536	536	536	536	536	536	536
Prepayments	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other current assets	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total current assets	30,908	28,732	18,410	14,651	12,485	15,908	19,414	28,578	40,776	54,075	69,196
Non-current assets											
Investment property	794	794	794	794	794	794	794	794	794	794	794
Investments	794	794	794	794	794	794	794	794	794	794	794
Land	41,161	41,161	41,161	41,161	41,161	41,161	41,161	41,161	41,161	41,161	41,161
Land improvements	0	340	1,336	1,354	1,424	6,039	10,587	10,816	10,636	10,456	10,275

Buildings	73,133	72,421	72,586	72,114	71,113	71,094	71,404	71,287	70,057	68,840	67,575
Plant & equipment	18,574	18,396	20,513	21,399	21,561	17,811	18,273	17,398	16,039	15,378	15,528
Roads, drainage & bridge network	375,842	378,213	385,928	393,291	399,539	399,724	398,998	397,381	395,482	393,589	391,631
Water	134,299	136,524	141,331	142,290	143,721	142,765	141,264	139,617	137,937	136,215	140,456
Sewerage	73,997	74,634	73,263	70,791	69,434	66,701	69,082	66,144	63,205	60,267	57,328
Miscellaneous	32,300	33,298	34,346	34,101	33,637	32,987	32,521	31,561	30,583	29,987	29,280
Property, plant & equipment	747,305	754,987	770,444	776,501	781,590	778,281	783,291	775,364	765,110	755,904	752,235
Intangible assets	1,430	1,354	1,331	1,340	1,094	782	646	757	707	659	617
Other non-current assets	275	275	275	275	275	275	275	275	275	275	275
Other non-current assets	1,705	1,629	1,606	1,615	1,369	1,057	921	1,032	982	934	892
Total non-current assets	749,804	757,410	772,644	778,909	783,753	780,132	785,008	777,190	766,887	757,832	753,921
Total assets	780,712	788,142	791,254	793,560	796,218	796,040	804,420	805,768	807,863	811,707	833,117
Liabilities											
Current liabilities											
Employee payables	2,122	2,204	2,273	2,336	2,426	2,513	2,603	2,688	2,792	2,891	2,964
Other payables	3,929	4,048	4,228	4,404	4,612	4,818	5,033	5,244	5,464	5,741	5,999
Trade and other payables	6,051	6,252	6,501	6,740	7,038	7,331	7,636	7,932	8,286	8,632	8,962
Loans	1,812	1,635	1,632	1,732	1,835	1,944	2,040	2,089	2,214	2,279	1,705
Borrowings	1,812	1,635	1,632	1,732	1,835	1,944	2,040	2,089	2,214	2,279	1,705
Employee	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215
Provisions	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215	4,215
Other	135	135	135	135	135	135	135	135	135	135	135

Other current liabilities	135	135	135	135	135	135	135	135	135	135	135
Total current liabilities	12,213	12,237	12,482	12,822	13,223	13,826	14,026	14,371	14,850	15,261	15,017
Non-current liabilities											
Loans	21,955	20,030	18,398	16,666	14,832	12,887	10,847	8,758	6,544	4,266	2,561
Borrowings	21,955	20,030	18,398	16,666	14,832	12,887	10,847	8,758	6,544	4,266	2,561
Employee	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,329	1,329
Restoration & rehabilitation	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974
Provisions	5,303	5,303	5,303	5,303	5,303	5,303	5,303	5,303	5,303	5,303	5,303
Total non-current liabilities	27,258	25,333	23,701	21,969	20,135	18,190	16,150	14,061	11,847	9,569	7,864
Total liabilities	39,471	37,570	36,183	34,791	33,358	31,016	30,176	28,432	26,697	24,829	22,881
Net community assets	741,241	748,572	755,070	758,769	762,860	764,224	774,244	777,336	780,966	786,878	810,236
Community equity											
Asset revaluation surplus	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847
Retained surplus	562,394	569,725	576,223	579,922	584,013	585,377	595,397	598,489	602,119	608,031	631,389
Total community equity	741,241	748,572	755,070	758,769	762,860	764,224	774,244	777,336	780,966	786,878	810,236

Appendix G

QTC Local Government Forecasting Model—Southern Downs Regional Council Statement of Cash Flows

	Jun-17A	Jun-18B	Jun-19F	Jun-20F	Jun-21F	Jun-22F	Jun-23F	Jun-24F	Jun-25F	Jun-26F	Jun-27F
Statement of Cash Flows											
Cash flows from operating activities											
Receipts from customers	84,947	80,022	62,404	65,204	68,084	71,142	74,324	77,671	81,118	84,774	88,579
Payments to suppliers and employees	(51,523)	(51,479)	(53,364)	(55,370)	(57,524)	(59,848)	(62,240)	(64,748)	(67,299)	(70,021)	(72,490)
Interest received	1,475	958	981	895	885	880	949	1,009	1,120	1,258	1,410
Rental income	545	473	483	495	507	520	533	546	560	574	588
Non-capital grants and contributions	8,102	7,274	7,432	7,819	7,806	8,003	8,203	8,410	8,617	8,834	9,055
Borrowing costs	(1,552)	(1,257)	(1,148)	(1,059)	(959)	(856)	(746)	(632)	(512)	(387)	(256)
Net cash inflow from operating activities	21,994	15,990	16,768	17,795	18,799	19,841	21,023	22,257	23,803	25,032	26,887
Cash flows from investing activities											
Payments for property, plant and equipment	(28,569)	(22,729)	(31,267)	(23,042)	(22,964)	(15,486)	(24,321)	(12,388)	(10,751)	(11,081)	(28,083)
Payments for intangible assets	(300)	(186)	(290)	(380)	(202)	(175)	(175)	(355)	(208)	(175)	(175)
Proceeds from sale of property, plant and equipment	220	-	-	-	-	-	-	-	-	-	-

Grants, subsidies, contributions and donations	13,589	7,053	5,986	3,402	3,758	950	8,763	1,538	1,438	1,538	16,538
Other cash flows from investing activities	-	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)
Net cash inflow from investing activities	(15,060)	(15,982)	(25,691)	(20,140)	(19,528)	(14,831)	(15,853)	(11,325)	(9,641)	(9,838)	(9,820)
Cash flows from financing activities											
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(2,192)	(2,102)	(1,635)	(1,632)	(1,732)	(1,835)	(1,944)	(2,040)	(2,089)	(2,214)	(2,279)
Net cash inflow from financing activities	(2,192)	(2,102)	(1,635)	(1,632)	(1,732)	(1,835)	(1,944)	(2,040)	(2,089)	(2,214)	(2,279)
Total cash flows											
Net increase in cash and cash equivalent held	4,742	(2,095)	(10,558)	(3,988)	(2,460)	3,175	3,226	8,891	11,873	12,980	14,787
Opening cash and cash equivalents	18,986	23,728	21,633	11,075	7,087	4,827	7,802	11,028	19,919	31,792	44,772
Closing cash and cash equivalents	23,728	21,633	11,075	7,087	4,627	7,802	11,028	19,919	31,792	44,772	59,559

Appendix H

QIC Local Government Forecasting Model – Southern Downs Regional Council											
Statement of Changes in Equity											
	Jun-17A	Jun-18B	Jun-19F	Jun-20F	Jun-21F	Jun-22F	Jun-23F	Jun-24F	Jun-25F	Jun-26F	Jun-27F
Statement of Changes in Equity											
Asset revaluation surplus											
Opening balance		178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847
Closing balance	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847	178,847
Retained surplus											
Opening balance		582,394	569,635	578,037	579,636	583,819	584,865	594,766	587,734	601,232	607,008
Net result		7,332	6,498	3,700	4,090	1,364	10,019	3,092	3,630	5,913	23,358
Closing balance	582,394	569,726	576,133	579,737	583,726	584,983	594,884	597,858	601,364	607,145	630,364
Total											
Opening balance		741,241	748,482	754,884	756,482	762,466	763,712	773,613	776,580	780,079	785,853
Net result		7,332	6,498	3,700	4,090	1,364	10,019	3,092	3,630	5,913	23,358
Closing balance	741,241	748,573	754,980	758,584	762,572	763,830	773,731	776,705	780,210	785,992	809,211

Appendix I

Budgeted Capital Program 2018/19

2018/19 Draft Budget

Project	Renew/Upgrade or New	Proposed Budget	Revenue Funded	Grant Funded	Loan Funded	Other Funded
Blackspot 18-19 - Old Warwick Rd & Applethorpe Rd	Renewal	562,500	0	562,500		
Donnelly's Castle Rd Major Pavement Repairs/Rehab 18-19	Renewal	150,000	150,000			
Enterprise Search Engine	Renewal	55,000	55,000			
Water Meter Renewals	Renewal	120,000	120,000			
Valve and Hydrant Renewals	Renewal	120,000	120,000			
Council Facility Security Review	Renewal	276,500	276,500			
Dam Safety Remediation	Renewal	1,185,000	1,185,000			
SCADA and Telemetry Renewals and Upgrades	Renewal	960,000	960,000			
Reseals 18-19	Renewal	1,942,000	1,898,174	43,826		
Relining of Wastewater Mains	Renewal	650,000	650,000			
Gravel Resheeting 18/19	Renewal	2,200,000	2,200,000			
Jimmy Mann Rd Floodway	Upgrade	150,000	150,000			
Stanthorpe Industrial Estate Extension (W402)	New	750,000	0	750,000		
Sundown Rd Widen and Rehabilitate 18-19	Renewal	250,000	250,000			
TIDS Amiens Rd Widening 18-19	Renewal	998,846	499,423	499,423		
Stanthorpe Wastewater Network Planning Report	Renewal	90,000	90,000			
Stanthorpe Water Network Planning Report	New	70,000	70,000			
Stanthorpe WWTP Generator and Load Bank Investigation	Upgrade	70,000	70,000			
Storm King Dam-Upgrade Trunk Raw Water Main	Renewal	6,565,000	1,962,000	3,939,000		664,000
Install New Security Fencing and Signage	New	20,000	20,000			
Oxenham/Rangers/Junabee Intersection Upgrade	Upgrade	250,000	0	250,000		
Cliffords Rd Major Pavement Repairs/Rehab 18-19	Renewal	70,000	70,000			
Condamine River Walk/Cycle Path (W402)	New	150,000	0	150,000		
Easey Street Drainage 18-19	New	600,000	0			600,000
Elphinstone Rd Major Pavement Repairs/Rehab 18-19	Renewal	150,000	150,000			
Forest Plain Rd Widen and Rehabilitate 18-19	Renewal	600,000	600,000			

Project	Renew/Upgrade or New	Proposed Budget	Revenue Funded	Grant Funded	Loan Funded	Other Funded
Goomburra Rd Widen and Rehabilitate 18-19	Renewal	600,000	0	600,000		
Palmer Bridge Replacement Freestone Rd	Renewal	2,988,000	1,988,000	1,000,000		
Pony Club Rd Rehabilitation	Renewal	350,000	350,000			
TIDS Freestone Rd Rehabilitation 18-19	Renewal	400,000	200,000	200,000		
TIDS Inverramsay Rd Widening 18-19	Renewal	800,000	400,000	400,000		
Upper Forest Springs Rd Rehabilitation	Renewal	250,000	250,000			
Village Street Sealing 18-19 (Hendon)	Upgrade	200,000	0	200,000		
Wood St Footpath 18-19 (LGIP)	New	80,000	0			80,000
Warwick Wastewater Network Planning Report	New	100,000	100,000			
Warwick Water Network Planning Report	New	100,000	100,000			
Connolly Dam Spillway Options Analysis Project Concept Approval	New	80,000	80,000			
Leslie Dam-Upgrade offtake System	Upgrade	80,000	80,000			
Warwick Sale Yards Truck Wash Effluent Treatment-Design	New	120,000	120,000			
SCADA and Telemetry Upgrades	Upgrade	20,000	20,000			
WWPS Upgrade-Emergency Storage	Upgrade	283,501	283,501			
Raw Water Extension Sale Yards-Design	New	80,000	80,000			
Leyburn Water Treatment System	Upgrade	200,000	200,000			
WWTP Septic Receiving Points-Design	New	40,000	40,000			
Recycled Water Extension Industrial Area-Design	New	100,000	100,000			
Warwick Saleyards Sheep Loading Ramps	Upgrade	250,000	193,000			57,000
B Double Access East Street	Upgrade	350,000	350,000			
Stanthorpe Admin Building Under-Pining	Renewal	90,000	90,000			
Warwick Administration Building - 1st Floor Carpet Replacement	Renewal	75,000	75,000			
Fred Rogers Camp Water Supply Upgrade	Upgrade	150,000	150,000			
Stanthorpe Admin Building - Replace 1st Floor Ceiling	Renewal	150,000	150,000			
Stanthorpe Pool - Paint and Re-caulk	Upgrade	70,000	70,000			
Stanthorpe Pool - External Painting of Pool surrounds	Upgrade	15,000	15,000			
APRA - Roof Repairs	Renewal	75,000	75,000			
Equitable Access Requirements - Stanthorpe	Renewal	150,000	150,000			
Equitable Access Requirements - Warwick	Renewal	300,000	300,000			
Building Fire Systems Upgrades	Upgrade	90,000	90,000			
Warwick Aerodrome Glider Runway	Renewal	200,000	200,000			
Stanthorpe Aerodrome Runway Reseal	Renewal	800,000	800,000			

Project	Renew/Upgrade or New	Proposed Budget	Revenue Funded	Grant Funded	Loan Funded	Other Funded
Allora / Kilarney Pools - Paint and Re-caulk	Upgrade	70,000	70,000			
Building Security Upgrade Yangan Depot	Renewal	45,000	45,000			
Tech1 Asset Mobility	Renewal	80,000	80,000			
Tech1 BPM	Renewal	30,000	30,000			
Tech 1 CPD	Renewal	130,000	130,000			
Tech 1 eRecruitment	Renewal	20,000	20,000			
Upgrades to Depots	Upgrade	195,000	195,000			
Footpath Strategic Plan	Renewal	45,000	45,000			
Expansion of Stanthorpe Cemetery	Renewal	30,000	30,000			
Columbarium	Renewal	40,000	40,000			
Stanthorpe Streetscape	Renewal	85,000	85,000			
Fence Replacement Eden Gardens	Renewal	35,000	35,000			
Lawn Cemetery Beams	Renewal	20,000	20,000			
Playground equipment Kilpa Street	Renewal	175,000	175,000			
Rehabilitation of Existing Streetscape	Renewal	75,000	75,000			
Parks Furniture renewal	Renewal	160,000	160,000			
QRA Betterment Program	Renewal	7,000,000	700,000	6,300,000		
REPA Complimentary Works	Renewal	1,572,406	436,101	1,136,305		
Baby Section Upgrade	Upgrade	48,000	48,000			
Stanthorpe Waste Facility Minor Capital Works	Upgrade	80,000	80,000			
Warwick Waste Facility Minor Capital Works	Upgrade	80,000	80,000			
Stanthorpe Waste Facility Waste Cell Batter Profiling	Renewal	1,223,000	35,000			1,188,000
Stanthorpe Waste Facility On site Drainage Works	Renewal	12,100	12,100			
Stanthorpe Waste Facility Operations Governance	Renewal	35,000	35,000			
Yangan Waste Facility Operations	Renewal	30,000	30,000			
Southern Downs Entry and Place marking Signage	Renewal	170,000	170,000			
Upper Wheatvale Rd Widening	Upgrade	450,000	450,000			
Plant Replacement Program	Renewal	4,975,000	3,681,000			1,294,000
Allora Play Group Safety Improvements	Upgrade	30,000	30,000			
Town Hall - Kitchen Upgrade	Upgrade	150,000	150,000			
Total Costs		\$45,731,853	\$25,817,799	\$16,031,054	\$0	\$3,883,000