LITCHFIELD COUNCIL

LONG TERM FINANCIAL PLAN

2021-22 to 2030-31

Contents

Executive Summary

This Long Term Financial Plan is designed to ensure the financial sustainability of Litchfield Council over the next 10 Years by supporting sound financial decision making.

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

Council currently has strong cash reserves and no debt which provides a good foundation in the short term. In the long term however, Council faces several challenges including:

- operating deficits due to depreciation;
- dependency of external funding due to insufficient own-source revenue; and
- inadequate funding for capital expenditure to maintain the existing asset base.

These challenges are not easily resolved and can only be addressed through a long term, disciplined approach to the allocation of financial resources.

The Long Term Financial Plan is based on the following strategies:

- Constrain growth in operating costs;
- Advocate strongly for grants from other levels of Government;
- Improve the approach to Asset Management;
- Allocate unrestricted reserves and grant funding to capital renewal projects until operational income supports investment in new assets; and
- Increase rate income to fund sustainable capital spend.

The combination of these strategies will improve the sustainability of Litchfield gradually over time with the key objective of increasing the level of capital expenditure, which is currently inadequate.

A ten year Operating Statement, Cash Flow Statement and Balance Sheet has been prepared based on a series of assumptions about the movement of each income and expenditure type. This ten-year view provides the context for the annual Municipal Plan and budget process and reports against the financial Key Performance Indicators of the Strategic Plan.

Edit note:

In May 2021, NT Government announced planning for the next residential land release with the creation of two new suburbs Holtze and Kowandi. These suburbs will provide more than 5,000 new residential lots within the next 30 years. The proposed development will increase rates revenue which will result in less pressure for rate increases to be applied into the future. Due to the timing of this announcement, the details are not contained in this draft, however, work is being completed to calculate the effect of these new residential lots (expected title release date from 2026) which will result in changes to the future years in the Long Term Financial Plan prior to its adoption in June 2021.

The necessity of having a Long Term Financial Plan

The Local Government Act requires Council to prepare and maintain a Long Term Financial Plan (LTFP). Litchfield Council has therefore developed a ten-year plan to ensure that the decisions made today are truly sustainable in the long term.

A long-term financial plan provides a framework to consider:

- The level of funding required to deliver services for the community.
- The funding of new or upgraded assets.
- What income sources are available and how can these be maximised?
- What property rating strategy should be adopted?

The goal of the LTFP is to ensure financial sustainability which can be defined as:

'…a government's ability to manage its finances so it can meet its spending commitments, both now and in the future. It ensures future generations of taxpayers do not face an unmanageable bill for government services provided to the current generation.' (Commonwealth Government, Intergenerational Report, May 2002)

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

The directions of the LTFP are informed by Council's Strategic Plan and Asset Management Plans. The LTFP also provides the context and financial limits that need to be considered in the development of long term plans and the management of expectations about what can be achieved.

The LTFP is developed using a series of assumptions about future growth in income and expenses. These assumptions have been based on the best available information and will be reviewed on an annual basis in conjunction with the development of the Municipal Plan. The strategies contained in the LTFP will help set the parameters for the development of the annual budget.

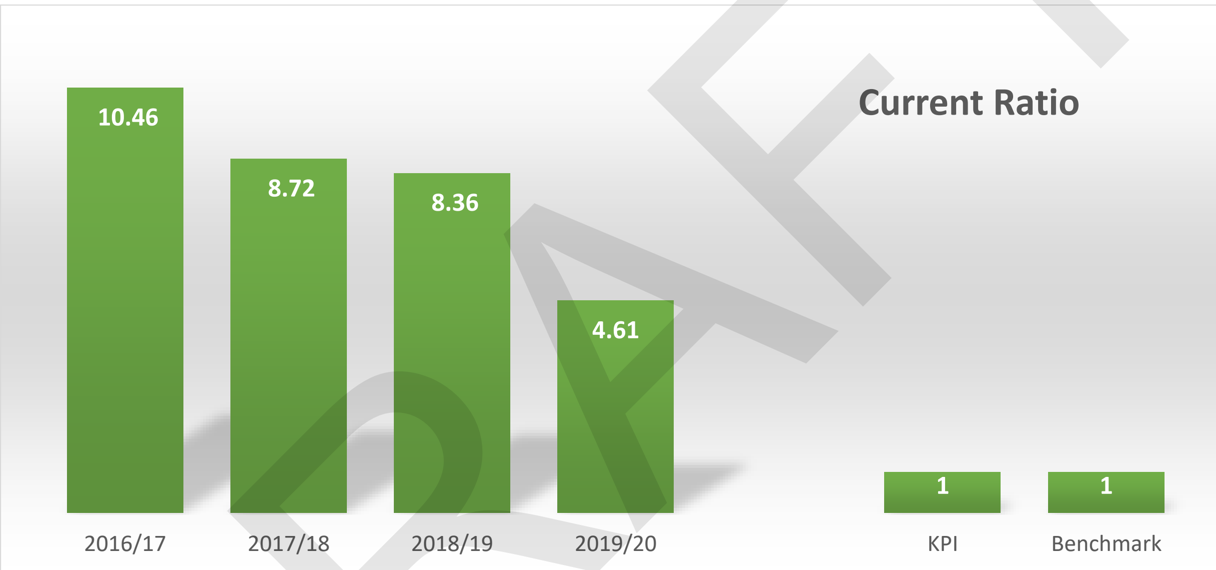
Current Financial Position

The following section of the Plan provides analysis of Council's current financial situation based on a set of criteria that are generally accepted measures of sustainability.

Current Ratio

The current ratio compares current assets to current liabilities and is an indicator of Council's capacity to meet its short term financial obligations. The ratio should be greater than 1 to provide assurance that Council has sufficient funds to meet short term debts.

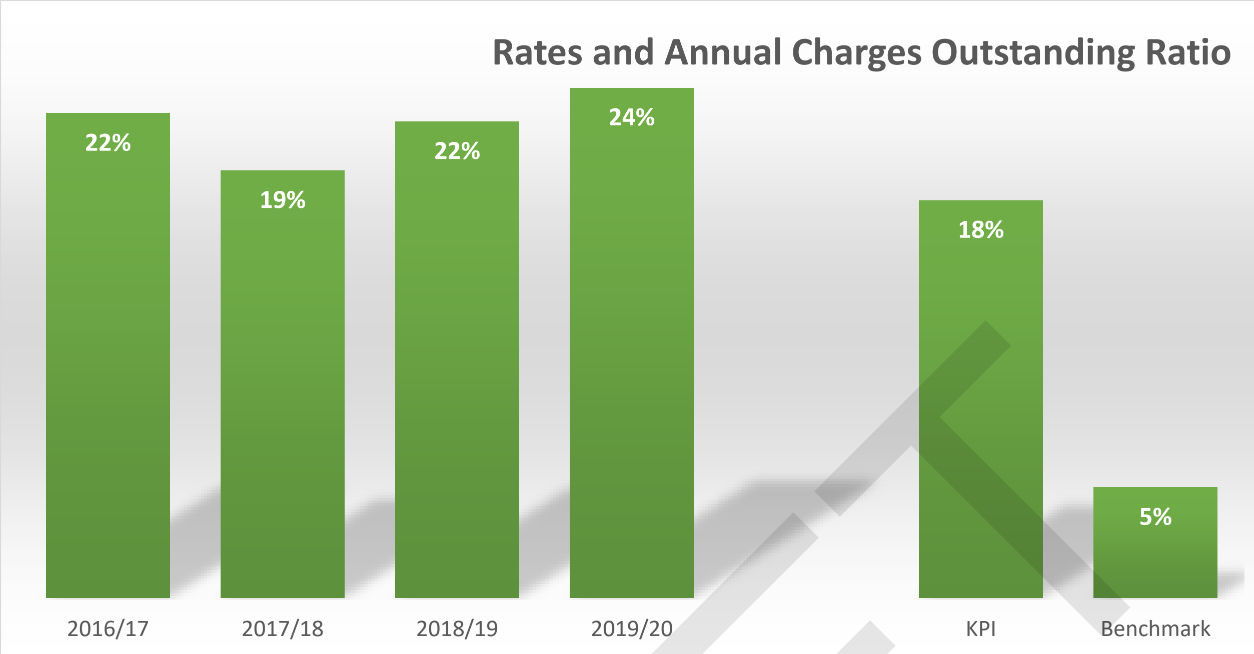
Council has strong cash reserves and minimal short term liabilities, which provides Council with a strong ratio, well above local government benchmark as shown below.



Rates and Annual Charges Outstanding Ratio

A Local Government indicator for the success of Council's collection of debt is the Rates and Annual Charges Outstanding ratio. This measure gives the percentage of Rates and Charges outstanding over Rates and Charges Income of the relevant year. Historically Council has had difficulty with debt collection.

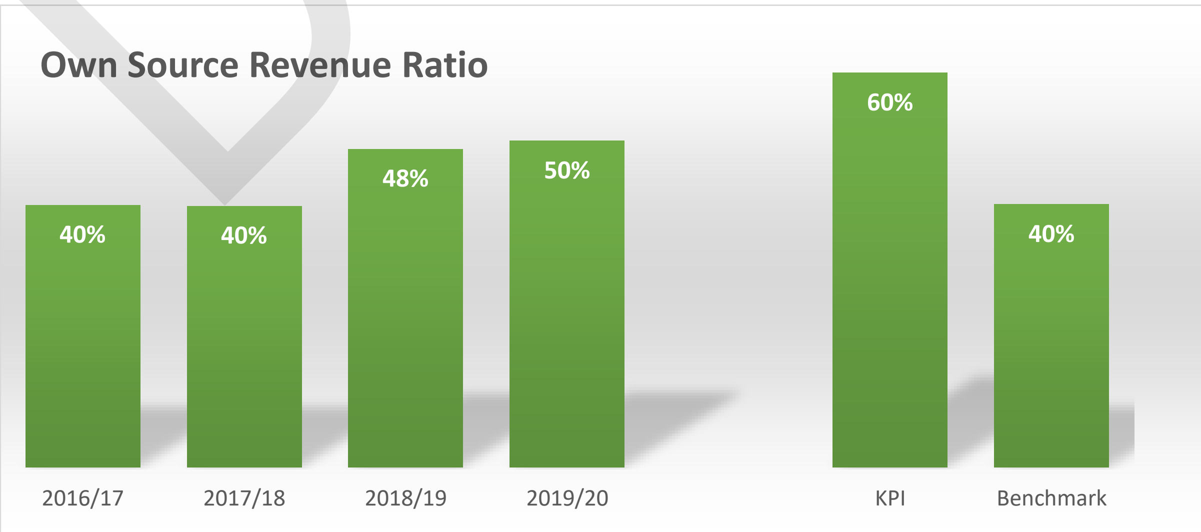
Council continues to work through these legacy issues and recognises that it is not realistic to achieve the local government benchmark of 5% within the current Strategic Plan timeframe. However, initiatives to reduce outstanding rates debts are underway and Council expect to see a drop from 2019/20s 24% and has set the KPI at 18%.



Whilst Council's debt is above the local government benchmark this indicator does not raise concerns regarding financial sustainability as Council continue to maintain a strong cash position highlighted in the current ratio. This ratio does clearly identify though, that Council needs to remain focussed on debt collection over the coming years.

Own Source Revenue Ratio

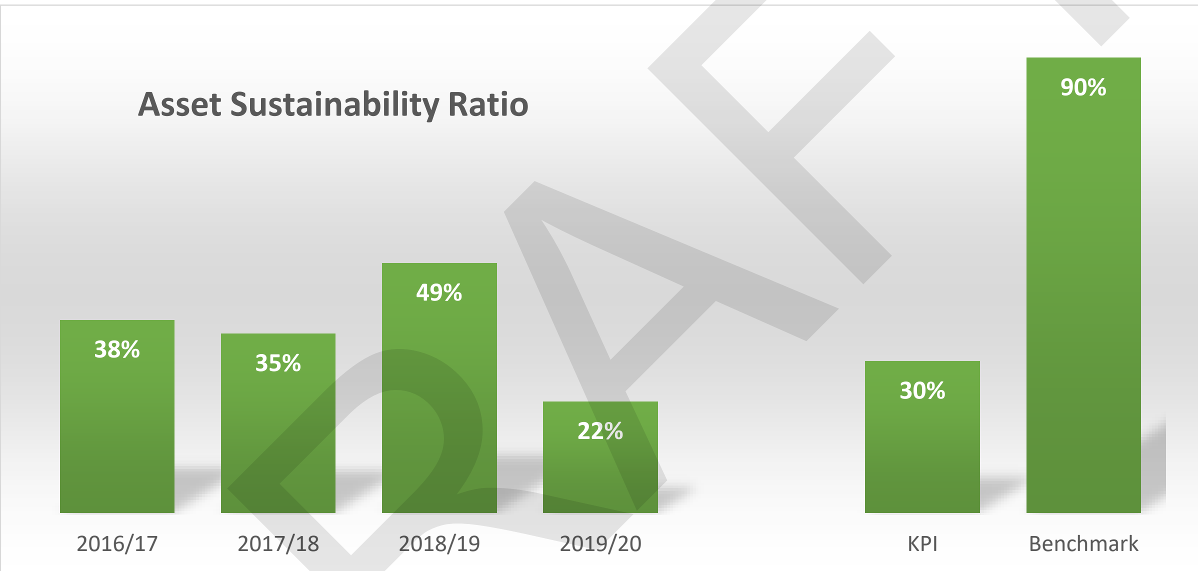
The Own Source Revenue Ratio indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts, being rates and charges and other revenue, but excluding grants and subsidies received. The higher the percentage, the more self-reliant Council is and the lower the risk is of external impacts on Council's financial sustainability. A ratio of greater than 40% is considered a basic local government standard and low risk. Council set its KPI at the intermediate local government benchmark of 60% to reduce the risk of essential services being reliant on external funding.



The ratio is sitting at 50% as per the 2019/20 annual report which indicates that Council is quite dependent on external sources of revenue, mainly government grants. This does present some risks to Council if the territory or federal Governments reduce or freeze grants.

Asset Sustainability Ratio

This ratio indicates Council's performance in replacing assets as they reach the end of their useful life to ensure that services continue to be delivered at agreed levels. The Asset Sustainability Ratio compares the level of capital works expenditure on renewals to depreciation. A ratio of greater than 100% means that Council is increasing the value of its asset base and delivering above the set service level. A ratio of less than 100% means that Council's asset stock is losing value as it is deteriorating more quickly than it is being renewed and the service level may not be achieved.



Council is spending substantially less on capital renewal works than the depreciation expense with a sustainability ratio of 22% in 2019/20. If the ratio is any lower than the benchmark of 90% Council is not fulfilling the service levels set for assets or the service level is unrealistic for the financial capacity of the Council. Council recognises its gap and plans to increase investment in capital renewals however, affordable rates remains the priority for Council and as such, Council will not meet the 90% benchmark within the current ten-year plan time frame.

Summary of Financial Position

Litchfield Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield faces several challenges including very large operating deficits and inadequate funding for capital expenditure to maintain the existing asset base.

Emerging Issues

The Impact of Growth

Litchfield municipality has experienced substantial growth in population over the last 10 years with the addition of 5,137 estimated resident population (ABS 2011 to 2016) a growth of over 25%.

Population growth can impact on the financial position of Council in a number of ways. Additional properties provide more income to Council through property rates and waste management charges. Whilst pressure on existing services and infrastructure increase. Another impact of growth noted over the past years is increasing community expectations for an expanded range and quality of services, for example library services and an aquatic facility. Managing these expectations can be challenging as funding new service standards may be beyond the financial capacity of Council with rate income generated through additional properties not increasing proportionally. Council has struggled with this disproportional growth of residents to rateable properties for several years.

For the purposes of the long-term financial planning no growth in rateable properties has been assumed as the development of properties has decreased over the past years.

Asset Management

Council has an extensive network of infrastructure assets with a current replacement value of $510 million. Maintaining these assets in good order and renewing them as they approach the end of their useful life requires substantial expenditure each year.

Depreciation provides an estimate of the value of assets consumed during each financial year. The Asset Sustainability Ratio mentioned above highlighted Council’s inability to fund the usage of infrastructure assets annually. This means Council is not replacing assets as they are due for renewal in line with current service levels. This challenge also extends to the Thorak Regional Cemetery.

The Way Ahead – Improving Long Term Sustainability

As indicated in the section of this Long Term Financial Plan relating to the current financial position, Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield Council faces several challenges including very large operating deficits and inadequate funding for capital expenditure required to maintain its existing asset base. These long term challenges will require a concerted and disciplined approach to the management of financial resources so that sustainability can be improved.

The aim of the Long Term Financial Plan is to improve sustainability by:

1. Decreasing the size of the operating deficit; and
2. Increasing the funding available for capital expenditure.

The following strategies are designed to address both of these challenges.

Constrain Growth in Operating Costs

The major expenditure categories to which this strategy applies are Employee costs, Contractors and Materials. The Northern Territory is experiencing very low inflation and the LTFP assumptions reflect these trends. The growth in operating costs are expected to be much lower in the coming years than has historically been the case. Council has recently negotiating a new Enterprise Agreement ensuring the growth in employee costs is constrained. Note that assumptions of the LTFP do not allow for additional staffing.

The LTFP provides for a small pool of New Initiative funds to be allocated to high priority one-off projects and activities each year. Whilst the amount is modest, it does provide a small amount of flexibility in what will otherwise be a constrained budget. Recurrent increases in operating expenditure must be funded from matching income sources or reductions in expenditure in another part of the budget.

Advocate Strongly for Grants from other levels of Government

Council has received substantial grants for one-off capital projects in recent years and continues to advocate strongly for grants relating to works on the road network and recreation reserves. The Mango Strategic Road Project is a successful advocacy program that resulted in the contribution of $18 million from NT and federal Government into local roads upgrades. Advocacy efforts in this area will lean heavily toward funding for capital renewals. New assets will be considered by exception however, it is important to note that new assets require ongoing maintenance and long term renewal which will only contribute to the challenge Council faces in generating sufficient income to maintain its asset base.

Given the uncertainty about the allocation of grant funding, the LTFP has taken a conservative approach to forecasting future grant income. However, advocacy efforts and grant applications will be stepped-up to ensure that any available funding that is consistent with meeting Council’s strategic objectives is targeted.

As mentioned under Current Financial Position in this plan, Council is focussing on the set KPI to increase the Own Source Revenue Ratio to ensure the dependency on grant funding is lowered and will not become a greater risk to Council.

Improve the Approach to Asset Management

Council has an extensive network of infrastructure assets and the ongoing maintenance and renewal of these assets is one of its biggest challenges. To ensure that decisions about the allocation of funding to infrastructure works is sustainable, ongoing work will continue to improve the data and analysis of asset condition, valuation and useful life.

Council continues to work on the development and implementation of Asset Management Plans which will in future provide more reliable data for projection of costs. Asset Management Plans for roads and the cemetery have been adopted by Council with other plans in draft form. The current LTFP makes assumptions on asset renewal for some asset classes and includes the cost for major new and upgraded assets based on the financial capacity of Council.

Allocate unrestricted reserves and grant funding to capital renewal projects until operational income supports investment in new assets

Council has very strong cash reserves made up of a number of specific purpose reserves. These reserves provide a short term opportunity to deliver a higher level of capital works but do not represent a long term solution. Whilst Council will use reserves to fund renewal of assets, it is important that reserves are not completely exhausted to ensure financial long term sustainability.

Increase Rate Income to fund Increased Levels of Capital Expenditure

Rates and the waste management charge provide approximately 65% of the total revenue and is the most stable and predictable source of revenue for Council.

The current level of rates is insufficient to fund the level of capital expenditure required to maintain the condition of existing assets and over time this will lead to either noticeable deterioration of infrastructure assets or the need to considerably review the level of rates imposed on properties.

In 2020 Council concluded a comprehensive review of the Rating Policy and listened to the community in retaining the fixed rate for Rural Residential, Urban Residential and Horticulture/Agriculture properties. This decision has decreased the option of Council to spread future rates burden in an equitable way and will see Council have to continue with consistent rate increases across all properties in the future.

Assumptions

The LTFP has been prepared on the assumption that Council will continue to provide services that are currently in place and has made the following specific assumptions.

Operating income and expenditures

ITEM	Increment (Annual)
INCOME	
Rates Income	FY23 – 10% reducing by 1% each year for 5 years*
Waste Charge	3.0%
Statutory Charges	2.0%
User Charges	5.0%
Grants, Subsidies and Contributions	1.0%
EXPENSES	
Employee Costs	2.0%
Elected Member Expenses	0.5%
Election Expenses	10% every four years
Energy	1.0%
Insurance	2.0%
Other expenses	1.0%

Capital Income and Expenditures

Assumptions of capital works have been made in lieu of detailed Asset Management Plans for some asset classes of Council. Furthermore, capital grants have been predicted and limited to historical reoccurring grants that Council has received consistently.

ITEM	Increment (Annual)
CAPITAL INCOME	
–2022	$2.9m Roads to Recovery & Blackspot annual funding, Local Roads & Community Infrastructure Program, Developer Contributions & Special Rates Levy
2023 - 2031	Approximately $1.5m Roads to Recovery & Blackspot annual funding
CAPITAL EXPENSE	
Thorak Regional Cemetery	Annual Renewal $80,000
Council Buildings	Annual Renewal $30,000
Sealing of roads	Annual Upgrade $500,000
Motor Vehicles and Plant	Annual Renewal $300,000
Waste Management Plant and Equipment	Annual Renewal $35,000
Reserve Building & Playground Renewal	Annual Renewal $32,000
Seal/Pavement renewal	$40.3m over 10 years
Other roads and drainage upgrades	$19.7m over 10 years
Pathway Renewals	$2.1m over $10 years
Public Lighting	$750k over 10 years
Community Hall & Council Building Renewal	$1.2m 2022
Mira Square Development	$150k - 2022
Road Safety - School Safety Audits	$50k – 2022
Productive Roads – Mango Roads	$300k - 2022
Waste Management Recycling Centre	$1.8m over 2027 & 2028

10 Year Income Statement

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
$'000's	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Income from Continuing Operations												
Revenue:												
Rates & annual charges	10,686	10,796	11,721	12,833	13,788	14,720	15,617	16,452	17,204	17,989	18,816	19,686
Statutory Charges	137	200	189	193	197	201	205	209	213	217	221	226
User charges & fees	1,757	1,436	1,289	1,354	1,421	1,492	1,567	1,645	1,728	1,814	1,905	2,000
Interest & investment revenue	690	523	250	252	255	257	260	262	265	267	270	273
Other revenues	154	517	416	424	432	441	450	459	468	477	487	497
Grants & contributions for operating purposes	3,855	3,668	3,609	3,645	3,681	3,718	3,755	3,793	3,831	3,869	3,908	3,947
TOTAL INCOME FROM CONTINUING OPERATIONS	**17,279**	**17,141**	**17,473**	**18,700**	**19,774**	**20,830**	**21,854**	**22,820**	**23,708**	**24,634**	**25,607**	**26,628**
Expenses from Continuing Operations												
Employee benefits & costs	6,643	6,699	7,218	7,261	7,406	7,554	7,705	7,859	8,017	8,177	8,340	8,507
Materials, contracts and other expenses	7,219	8,434	8,899	9,806	9,820	9,911	10,307	10,160	10,191	10,302	10,692	10,546
Depreciation, amortisation & Impairment	13,166	13,240	13,660	13,807	13,890	13,978	14,070	14,167	14,280	14,397	14,508	14,613
TOTAL EXPENSES FROM CONTINUING OPERATIONS	**27,028**	**28,373**	**29,778**	**30,873**	**31,117**	**31,443**	**32,083**	**32,186**	**32,488**	**32,876**	**33,541**	**33,666**
OPERATING RESULT FOR THE YEAR	**(9,749)**	**(11,233)**	**(12,305)**	**(12,173)**	**(11,342)**	**(10,613)**	**(10,229)**	**(9,367)**	**(8,780)**	**(8,241)**	**(7,934)**	**(7,038)**
OPERATING RESULT FOR THE YEAR excluding Depreciation	**3,369**	**2,007**	**1,355**	**1,633**	**2,548**	**3,364**	**3,842**	**4,800**	**5,500**	**6,155**	**6,574**	**7,575**
Changes in Revaluation Surplus - I,P,P& E	(1,558)	-	-	-	-	-	-	-	-	-	-	-
Asset Disposal & Fair Value Adjustments	(31)	-	-	-	-	-	-	-	-	-	-	-
Amounts received specifically for new or upgraded assets	408	3,428	2,949	1,681	1,581	1,681	1,581	1,681	1,581	1,581	1,581	1,581
Prior Period Adjustments	1,774	-	-	-	-	-	-	-	-	-	-	-
Physical resources received free of charge	-	18,480	3,650	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)	**(9,156)**	**10,675**	**(5,706)**	**(10,492)**	**(9,761)**	**(8,932)**	**(8,648)**	**(7,686)**	**(7,199)**	**(6,660)**	**(6,353)**	**(5,457)**

10 Year Statement of Cash Flows

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
$ '000	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	10,211	10,170	11,983	12,833	13,616	14,553	15,456	16,301	17,068	17,848	18,667	19,529
User charges & fees	2,080	1,955	1,799	1,872	1,617	1,692	1,771	1,853	1,940	2,030	2,125	2,225
Investment & interest revenue received	690	512	404	252	255	257	260	262	265	267	270	273
Grants & contributions	3,919	3,668	3,609	3,645	3,681	3,718	3,755	3,793	3,831	3,869	3,908	3,947
Other	2,135	512	411	420	428	437	445	454	463	473	482	492
Payments:												
Employee benefits & costs	(7,166)	(6,699)	(7,218)	(7,261)	(7,406)	(7,554)	(7,705)	(7,859)	(8,017)	(8,177)	(8,340)	(8,507)
Materials, contracts & other expenses	(8,299)	(8,434)	(8,899)	(9,806)	(9,820)	(9,911)	(10,307)	(10,160)	(10,191)	(10,302)	(10,692)	(10,546)
Finance Payments	-	-	-	-	-	-	-	-	-	-	-	-
Other operating payments	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	**3,570**	**1,685**	**2,089**	**1,955**	**2,371**	**3,192**	**3,675**	**4,645**	**5,359**	**6,009**	**6,420**	**7,413**
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	-	-						-	-	-	-	-
Sale of infrastructure, property, plant & equipment	79	-	-	-	-	-	-	-	-	-	-	-
Amounts specifically for new or upgraded assets	1,792	3,428	2,949	1,681	1,581	1,681	1,581	1,681	1,581	1,581	1,581	1,581
Payments:												
Purchase of investment securities	(729)	-		-	-	-	-					
Purchase of infrastructure, property, plant & equipment	(5,166)	(10,950)	(6,593)	(5,856)	(6,111)	(6,493)	(6,754)	(7,934)	(8,154)	(7,813)	(7,348)	(8,200)

NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	**(4,024)**	**(7,522)**	**(3,644)**	**(4,175)**	**(4,530)**	**(4,812)**	**(5,173)**	**(6,253)**	**(6,573)**	**(6,232)**	**(5,767)**	**(6,619)**
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	**-**	**-**		-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	(48)	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	***(48)***	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	**(502)**	**(5,837)**	**(1,555)**	**(2,221)**	**(2,158)**	**(1,620)**	**(1,498)**	**(1,609)**	**(1,214)**	**(223)**	**654**	**794**
CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	**23,903**	**18,066**	**16,511**	**14,290**	**12,132**	**10,512**	**9,014**	**7,405**	**6,191**	**5,968**	**6,622**	**7,416**

10 Year Statement of Financial Position

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
$ '000	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assets												
Current Assets:												
Cash & cash equivalents	23,903	23,239	21,608	19,466	17,388	15,849	14,434	12,909	11,780	11,642	12,383	13,265
Receivables – Rates and Charges	2,586	2,892	2,310	2,310	2,482	2,650	2,811	2,961	3,097	3,238	3,387	3,543
Receivables - other	339	339	339	14	14	15	16	16	17	18	19	20
TOTAL CURRENT ASSETS	**26,828**	**26,471**	**24,257**	**21,790**	**19,884**	**18,513**	**17,260**	**15,887**	**14,894**	**14,898**	**15,789**	**16,828**
Non-Current Assets:												
Infrastructure, property, plant & equipment	301,370	317,560	314,143	306,193	298,413	290,929	283,613	277,380	271,254	264,670	257,510	251,096
Work in progress	4,365	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	**305,735**	**317,560**	**314,143**	**306,193**	**298,413**	**290,929**	**283,613**	**277,380**	**271,254**	**264,670**	**257,510**	**251,096**
TOTAL ASSETS	**332,563**	**344,031**	**338,400**	**327,983**	**318,297**	**309,442**	**300,873**	**293,267**	**286,148**	**279,568**	**273,298**	**267,924**
Liabilities												
Current Liabilities:												
Payables	4,497	5,293	5,346	5,399	5,453	5,508	5,563	5,619	5,675	5,732	5,789	5,847
Borrowings	33	-	-	-	-	-	-	-	-	-	-	-
Provisions	605	623	635	648	661	674	687	701	715	729	744	759
TOTAL CURRENT LIABILITIES	**5,135**	**5,916**	**5,981**	**6,047**	**6,114**	**6,182**	**6,250**	**6,320**	**6,390**	**6,461**	**6,533**	**6,606**
Non-Current Liabilities:												
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	432	445	453	462	472	481	491	501	511	521	531	542

TOTAL NON-CURRENT LIABILITIES	**432**	**445**	**453**	**462**	**472**	**481**	**491**	**501**	**511**	**521**	**531**	**542**
TOTAL LIABILITIES	**5,567**	**6,360**	**6,434**	**6,510**	**6,586**	**6,663**	**6,741**	**6,820**	**6,901**	**6,982**	**7,064**	**7,147**
NET ASSETS	**326,996**	**337,671**	**331,966**	**321,473**	**311,712**	**302,780**	**294,132**	**286,446**	**279,247**	**272,587**	**266,234**	**260,777**
Equity												
Retained earnings/(accumulated deficit)	11,432	30,176	19,388	11,429	3,640	(3,854)	(11,180)	(17,423)	(23,558)	(30,153)	(37,324)	(43,748)
Other Reserves	21,262	13,193	18,276	15,743	13,770	12,332	11,010	9,567	8,504	8,437	9,256	10,222
Revaluation reserves	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302	294,302
TOTAL EQUITY	**326,996**	**337,671**	**331,966**	**321,473**	**311,712**	**302,780**	**294,132**	**286,446**	**279,247**	**272,587**	**266,234**	**260,777**

Financial Ratios

	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast
Current Ratio	5.22	4.47	4.06	3.60	3.25	2.99	2.76	2.51	2.33	2.31	2.42	2.55
Asset Sustainability Ratio	39%	83%	30%	35%	35%	40%	40%	40%	45%	45%	50%	50%
Rates and Annual Charges Outstanding	24%	27%	20%	18%	18%	18%	18%	18%	18%	18%	18%	18%
Own Source Revenue Coverage Ratio	50%	47%	47%	49%	52%	55%	56%	59%	61%	63%	65%	67%

Current Ratio

This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities.

Benchmark - Greater than 1.0

current assets / current liabilities

Asset Sustainability Ratio

This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets.

Benchmark - Greater than 90% *KPI - Greater than 30%*

annual capital expenditure on renewals / annual depreciation

Rates and Annual Charges Outstanding

This measure gives the percentage of Rates and Charges outstanding over the Rates and Charges Income.

Benchmark - Smaller than 5% *KPI - Smaller than 18%*

Rates and Annual Charges collected/Total Rates and Annual Charges raised

Own Source Revenue Coverage Ratio

Indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts.

Benchmark - Greater than 40% *KPI - Greater than 60%*

Total own source revenue/total operating expenditure including depreciation