CASSOWARY COAST REGIONAL COUNCIL

BUDGET COMMUNITY SUMMARY

What this Budget means for Ratepayers

For every $100 of General Rates collected in 2024/2025, we're investing:

$51
Renewing local infrastructure

$9
CBD's & Open Spaces

$9
Managing Roads & Transport

$6
Events, Engagement & Economic Development

$6
Maintaining Buildings

$5
Ensuring good governance

$4
Libraries & Museums

$4
Stinger Nets & Swimming Pools

$4
Planning, Development & Compliance

$2
Environment & Emergency Management

**Water, Waste Water and Waste & Resource Recovery are funded through separate charges and utility charges*

Rates Comparison

In accordance with Section 169 (7) & (8) of the *Local Government Regulation 2012,* Council is required to report the total value change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the budget for the previous financial year. Discounts and rebates must be excluded.

2024-2025 Budget
Total Value of Changes in Rates & Utility Charges %

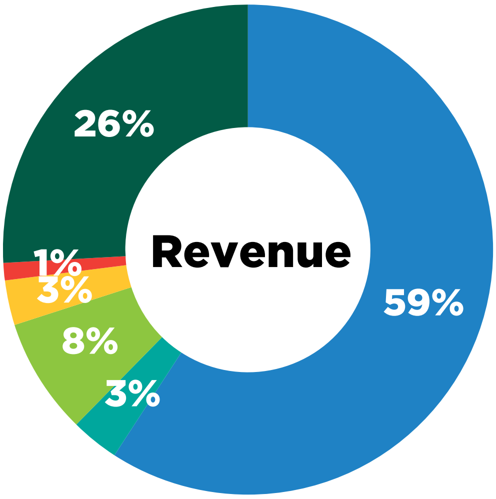
	Budget 2023/2024 $'000	Budget 2024/2025 $'000	Variance %
General Rates	42,536	44,976	5.74%
Utilities and Charges	36,642	38,844	6.01%
Total Net Rates and Utility Charges excluding discount	**79,178**	**83,820**	**5.86%**
Less Discounts	(2,528)	(2,528)	
Total Net Rates and Utility Charges	**76,650**	**81,292**	**6.06%**

**Discounts are inclusive of General Rates discount and pensioner remissions*

Operating Result

Operating Income $102M + **Operating Expenditure $103M** = **Net Operating Deficit ($1.05M)**

What we expect to earn (Revenue)



Type of Revenue	$'000's
Net Rates and Utilities	81,292
Fees and Charges	4,397
Grants, Contributions and Donations	10,612
Interest Income	4,090
Other Operational Revenue	1,589
Capital Grants, Contributions and Donations	35,735
Total Revenue	**137,715**

Where does Council's revenue come from? Council raises revenue through charging general rates which enables Council to provide services and infrastructure to our community. Separate charges & utility charges are also levied to fund a particular service.

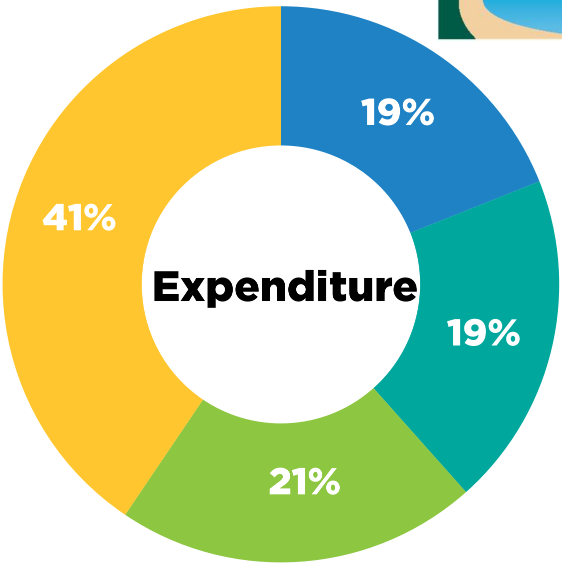
How does Council set its rates for the upcoming financial year? As part of the budget process, councils decide the rates and charges for the financial year. Council evaluates and determines the range of services it needs to support the community, and how much money is needed to fund these services. Council then considers how much funding it can expect to receive from the federal and state governments, and other income sources. Council then determines how much money is required from rates and charges to cover the balance of expenditure.

What is Council's planned income over the next 10 years? In accordance with section 169 – 171 of the *Local Government Regulation 2012*, Council is required to adopt a Budget which must include a long-term financial plan (LTFP) for a period of at least 10 years.

Council is forecasting income to increase to offset rising costs, in particular the ever-increasing depreciation expense. Whilst Council like any business faces rising costs, Council will continue to focus on growing other revenue streams outside of rates revenue, and identifying additional revenue streams to attempt to reduce the burden of providing community services on the ratepayers. Council has forecast a conservative population increase of 1.2% per annum with a general rates increase between 4-5% over the next 10 years.

What we expect to spend (Expenditure)

Type of Expenditure	$'000's
Employee Expenses	32,951
Materials and Services	33,808
Depreciation	36,271
Capital Expenses	70,449
Total Expenditure	**173,479**



What are forecast to be the largest cost increases for Council over the next 12 months? Council has continued its commitment to review costs and ensure value for money for all ratepayers. This has resulted in a below CPI increase in employee related expenses of +2%, and a +3% increase in materials & services (vs. 2023/2024 Estimated Position). There has however, been a material increase in the depreciation expense for 2024/2025 of +$4.16M or +13%.

What is depreciation and why has it increased so significantly? Depreciation is a way of spreading out the cost of big items, like a road, water mains or a piece of equipment, over the time it is used. Instead of paying for it all at once, you recognise a part of its cost each year. This helps us plan for repairs and replacements, making sure we have enough money set aside for these future expenses.

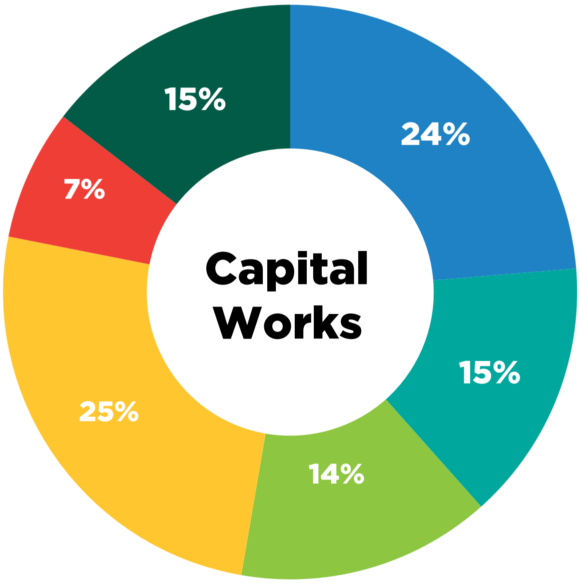
Council is required to account for depreciation in line with the Australian Accounting Standards Board (AASB – AASB 116 Property, Plant and Equipment). Accounting for depreciation is not specific to local government; private sector businesses also account for depreciation.

Council is required to do an annual review of its asset values to ensure the value reported is reflective of their current replacement cost. Whilst completing a comprehensive revaluation of Council's transport assets, which entailed a significant level of physical inspection and evaluation of its unit rates, Council has been informed of a significant increase in the unit rates. Simply put this means if unit rates increase, the revalued asset cost is now higher, leading to an increased carrying value. Consequently, annual depreciation expenses will also increase since depreciation is based on the new, higher value.

As can be seen in Council's LTFP, the depreciation expense is forecast to increase 5.3% per annum on average over the next 10 years, which is significantly more than any other cost increase over this period.

Capital Works Program

Council manages a very diverse range of community assets with a total value in excess of $1.4B. These cover land, buildings, plant and equipment, and a network of road, bridges, marine, drainage, waste, water and waste water assets. Council is responsible for the construction, upgrade and renewal of these assets through its capital works program.



Type of Program	$'000's
Water	16,694
Sewerage	10,363
Transport	10,087
CBD's	17,880
Drainage	5,190
Other Capital Works	10,236
Total Capital Expenditure	70,449

How does Council fund its Capital Works Program? Council's capital works program for 2024/2025 totals $70.4M. Council uses a combination of depreciation (funded through the raising of rates), cash reserves, external grants from state and federal governments, developer contributions, special levies and, loans & borrowings to fund these works.

What is Council's planned Capital Works Program over the next 10 years? The 2024/2025 Budget includes the adoption of a 10-year forecasted capital works program. This represents an investment of $509M in community infrastructure assets, establishing a platform for regional growth and providing a sustained boost to local economic activity. The ten-year capital program takes into account projected regional growth, better utilisation of assets, as well as the ageing of the assets and the need to renew. *See Capital Works 3 Year Plan included within this Budget document for a detailed list of projects forecast for the upcoming 3 years.*

Key Capital Works Projects:

- $27.1 million towards Water & Waste Water
- $16.8 million towards the Mission Beach CBD Revitalisation
- $5.4 million for road improvements
- $5.2 million for stormwater drainage renewals and upgrades
- $3.7 million fleet replacement
- $3.6 million towards bridge and culvert renewals
- $2.4 million Waste & Resource recovery
- $2.1 million renewal of Council owned facilities
- $1.5 million for pathway renewals and upgrades
- $1 million for the Tully CBD Masterplan
- $350,000 for recreation and natural areas

Measures of Financial Sustainability

During any period, responsible financial management is crucial for Council to ensure it is financially sustainable for the short, medium and long term. In accordance with the *Local Government Regulation* 2012, Council is required to report on each measure of financial sustainability applicable to the local government. There are eight (8) measures of financial sustainability used to demonstrate that Council is operating in a prudent financial manner whilst maintaining its financial management objectives.

The below displays Council's Measures of Financial Sustainability for the 2024/2025 year, with the following nine (9) years included within the Long-Term Financial Plan. Council is measured as a financially sustainable Council based off the below measures, where it currently is only falling below the target on the Operating Surplus Ratio. This is due to Council not raising enough revenue to fund its full depreciation expense due to the large increase resulting from the recent transport revaluation.

Type	Sustainability Ratio	Description	How is the measure calculated?	2024/2025	Target	On Target?
Financial Capacity	**Council-Controlled Revenue Ratio**	Council-controlled revenue is an indicator of a council's financial flexibility, ability to influence its operating income, and capacity to respond to unexpected financial shocks.	Net Rates, Levies and Charges **add** Fees and Charges / Total Operating Revenue	84%	No target	N/A
Financial Capacity	**Population Growth Ratio**	Population growth is a key driver of a council's operating income, service needs, and infrastructure requirements into the future.	Prior year estimated population / Previous year estimated population	0.6%	No target	N/A
Operating Performance	**Operating Surplus Ratio**	Indicates the extent to which operational revenues raised cover operational expenses	Operating Result / Total Operating Revenue	-1.0%	Great than 0%	
Operating Performance	**Operating Cash Ratio**	The operating cash ratio is a measure of a council's ability to cover its core operational expenses and generate a cash surplus excluding depreciation, amortisation, and finance costs.	Operating Result **add** Depreciation and Amortisation **add** Finance Costs / Total Operating Revenue	35%	Great than 0%	
Liquidity	**Unrestricted Cash Expense Cover Ratio**	Represents the number of months a council can continue operating based on current monthly expenses	(Total Cash and Equivalents **add** Current Investments **add** Available Ongoing QTC Working Capital Facility Limit **less** Externally Restricted Cash) / (Total Operating Expenditure **less** Depreciation and Amortisation **less** Finance Costs)	14.24	Greater than 4 months	
Asset Management	**Asset Sustainability Ratio**	Indicates the extent to which infrastructure assets are being replaced as they reach the end of their useful lives	Capital Expenditure on Replacement of Infrastructure Assets / Depreciation Expenditure on Infrastructure Assets	171%	Greater than 80%	
Asset Management	**Asset Consumption Ratio**	Indicates the extent extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community.	Written Down Replacement Cost of Depreciable Infrastructure Assets / Current Replacement Cost of Depreciable Infrastructure Assets	72%	Greater than 60%	
Debt Servicing Capacity	**Leverage Ratio**	Indicates council's ability to repay its existing debt.	Book Value of Debt / Operating Results **add** Depreciation and Amortisation **add** Finance Costs	0.36	0 to 3 Times	