

MEASURES OF FINANCIAL SUSTAINABILITY

For the period ending 30 June 2018

SUNSHINE COAST COUNCIL TOTAL

	Current Budget 2016/17 \$000	Original Budget 2017/18 \$000	Forward Estimate									
			2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	
Operating Performance												
Operating Surplus Ratio (%)	5.5%	5.7%	5.1%	8.3%	6.3%	8.6%	10.8%	7.6%	8.6%	9.5%	8.9%	
Fiscal Flexibility												
Council controlled revenue (%)	78.3%	75.7%	77.4%	74.4%	76.7%	74.8%	74.6%	80.3%	79.8%	80.0%	82.5%	
Total debt service cover ratio (times)	5.0	4.0	4.0	4.4	3.9	4.2	4.5	3.8	3.8	3.8	3.6	
Net Financial Liabilities Ratio (%)	28.5%	34.7%	54.7%	76.1%	76.4%	9.7%	5.7%	5.4%	4.1%	3.2%	7.2%	
Liquidity												
Cash expense cover ratio (months)	8.5	7.5	6.9	7.3	7.0	9.8	10.0	10.0	9.5	8.9	7.5	
Asset Sustainability												
Asset Sustainability Ratio (%)	88.8%	83.0%	79.4%	73.6%	79.9%	72.6%	74.9%	69.8%	73.6%	73.1%	77.0%	

Operating Surplus Ratio

Measures the extent to which operating revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

Calculation: Operating Result (excluding capital items) as a percentage of operating revenue.

Target: between 0% and 10%

Council Controlled Revenue Ratio

Indicates the degree of reliance on external funding sources such as operating subsidies, donations and contributions. Council's financial flexibility improves the higher the level of its own source revenue.

Calculation: Net rates, levies and charges & fees and charges / total operating revenue.

Target: Greater than 60%

Total Debt Service Cover Ratio

Indicates the ability to repay loan funds. A low cover indicates constrained financial flexibility and limited capacity to manage unforeseen financial shocks.

Calculation: (Operating result (excluding capital items) + depreciation and amortisation + gross interest expense) / (gross interest expense + prior year current interest bearing liabilities)

Target: Greater than 2 times

Debt service cover ratio adjusted in 2021/22 to account for one year impact of settling the Sunshine Coast Airport Runway Debt

Net Financial Liabilities Ratio

Measures the extent to which the net financial liabilities of Council can be repaid from operating revenues.

Calculation: (Total liabilities - current assets) / total operating revenue (excluding capital items)

Target: not greater than 60%.

Cash Expense Cover Ratio

Indicates the number of months council can continue paying its immediate expenses without additional cash loans.

Calculation: (Current year's cash and cash equivalents balance / (total operating expenses - depreciation and amortisation - finance costs charged by QTC - interest paid on overdraft) * 12

Target: Greater than 3 months.

Asset Sustainability Ratio

This ratio reflects the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.

Calculation: Capital expenditure on replacement assets (renewals) / depreciation expense

Target: greater than 90%.