

2023/24 BUDGET FINANCIAL STATEMENTS



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1. COMMUNITY FINANCIAL REPORT

BACKGROUND

The following report outlines Council's budgeted financial position and performance for the 2023/24 financial year. The information contained in this report is based upon Council's budgeted Financial Statements for the three-year period commencing in 2023/24 with a comparison to the 2022/23 forecast year end position. The budgeted financial statements are contained in Section 2 of this report and include:

- **Statement of Income and Expenditure** – expected revenue and expenses.
- **Statement of Financial Position** – anticipated assets (what we own), liabilities (what we owe) and community equity (our net worth).
- **Statement of Cash Flows** – how forecast revenue received and expenses paid will impact on Council's cash balance.
- **Statement of Changes in Equity** – summary of the forecast transfers to and from equity accounts including accumulated surplus, capital and other reserves.

Council maintains a robust long term financial forecast in order to ensure Council continues to be sustainable in the long term. This forecast is used to calculate sustainability ratios in line with Department of State Development, Infrastructure, Local Government and Planning requirements. These ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which should be met to ensure the prudent management of financial risks. An analysis of these ratios is detailed later in this report.

ANNUAL BUDGET 2023/24 AT A GLANCE

Statement of Income and Expenditure (\$'000)		Financial Position (\$'000)	
Operating Revenue	377,915	Current Assets	70,416
Capital Revenue	56,319	Non-Current Assets	4,862,007
Total Revenue	434,234	Total Assets	4,932,423
Operating Expenses	377,666	Current Liabilities	113,196
Capital Expenses	14,000	Non-Current Liabilities	158,750
Total Expenses	391,666	Total Liabilities	271,946
Net Result	42,568	Net Community Assets	4,660,477
Capital Expenditure (\$'000)		Borrowings (\$'000)	
Capital Works Program	164,792	Outstanding Borrowings	174,112
Repayment of Borrowings	27,149	Borrowings per Assessment \$	2,297

The annual operating budget ensures that Council has adequate revenue to fund expenditure that meets the needs of the community. The capital budget provides for the delivery of infrastructure to service the region now and in the future. The long term forecast focuses on Council's ability to continue to meet community needs over the long term as the community grows.

Council's operations during 2022/23 have been impacted by high inflation levels, supply chain shortages and delays and rising interest rates. Considering this and the ongoing inflationary pressures, Council's 2023/24 Budget has endeavoured to strike a balance between maintaining service levels, the delivery of the capital works program, and keeping rates affordable. Based upon a 2022/23 rates benchmarking report, the Cairns ratepayers continue to pay some of the lowest rates and utility charges in Queensland when compared to similar local government areas.

The 2023/24 Budget sets out a Capital Works program of \$164.8M and sees all ratepayers receiving a rate rise of 5.99%.

BUDGET ASSUMPTIONS AND PRINCIPLES

Under the requirements of the *Local Government Regulation 2012*, Council's budget for each financial year must be prepared on an accruals basis and include financial statements for the year for which it was prepared and the next two financial years.

The results of this budget are linked to the Corporate Plan which provides the strategic direction of Council and the Operational Plan which outlines key objectives and deliverables for Council for the upcoming year. The budget forms the basis of Council's Long Term Financial Forecast and is aligned with Council's Asset Management Plan and Capital Works Program.

Council controls and manages infrastructure assets that are largely unique to the public sector. These infrastructure assets include roads, bridges, footpaths, water reticulation and sewerage assets, which generally have very long useful lives and can only be used for providing local government services. The costs associated with the maintenance, depreciation and replacement of these assets form a material part of Council's annual expenditure.

During 2023/24 Council will continue to manage costs by ensuring that the business is operating efficiently and effectively while keeping rate rises at a minimum and not increasing reliance on long term debt.

CORPORATE FINANCIAL STATEMENTS

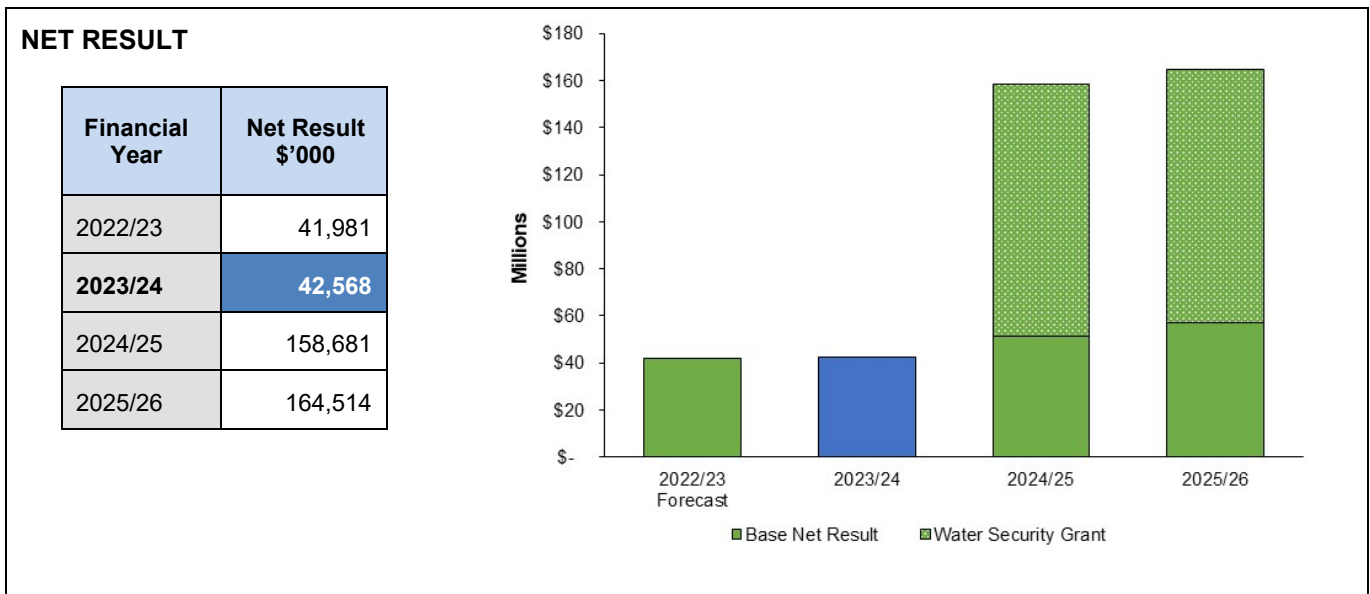
STATEMENT OF INCOME AND EXPENDITURE

NET RESULT

Council's net result reflects total revenue less total expenses. It incorporates capital income and expenditure however does not include expenditure amounts for capital projects.

Council has forecasted a net result of \$42.0M for the Financial Year 2022/23, with a budgeted result of \$42.6M for the Financial Year 2023/24. The net result increases to \$158.7M for the Financial Year 2024/25 and \$164.5M for the Financial Year 2025/26 due to grant funding for the Cairns Water Security Strategy of \$107.5M each year.

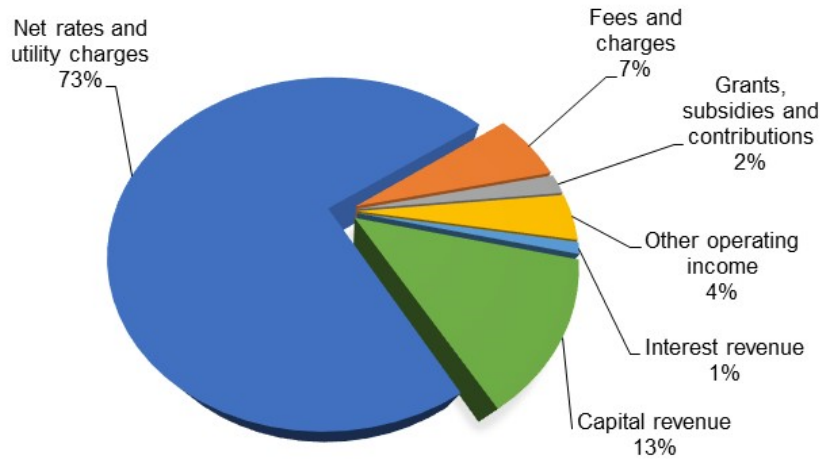
The following graph shows a breakdown of the net result and capital grant funding.



REVENUE

REVENUE CATEGORIES 2023/24

Category	Budget \$'000
Net rates and utility charges	318,691
Fees and charges	28,188
Grants, subsidies and contributions	8,028
Other operating income	18,397
Interest revenue	4,611
Capital revenue	56,319
Total Revenue	434,234

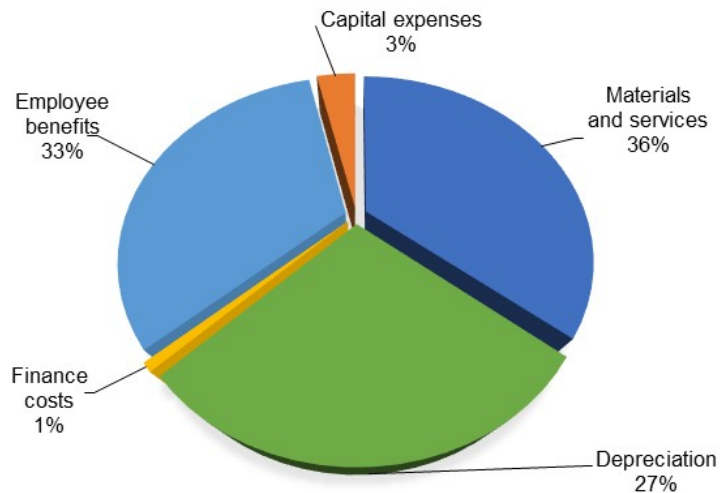


Rates and utility charges continue to be the major source of income for Council. Implicit in Council's revenue assumptions is a growth rate of 1.00% and a general price increase of 5.99% for 2023/24.

EXPENSES

EXPENSES CATEGORIES 2023/24

Category	Budget \$'000
Employee benefits	128,933
Materials and services	139,766
Depreciation	105,989
Finance costs	2,978
Capital expenses	14,000
Total Expenses	391,666



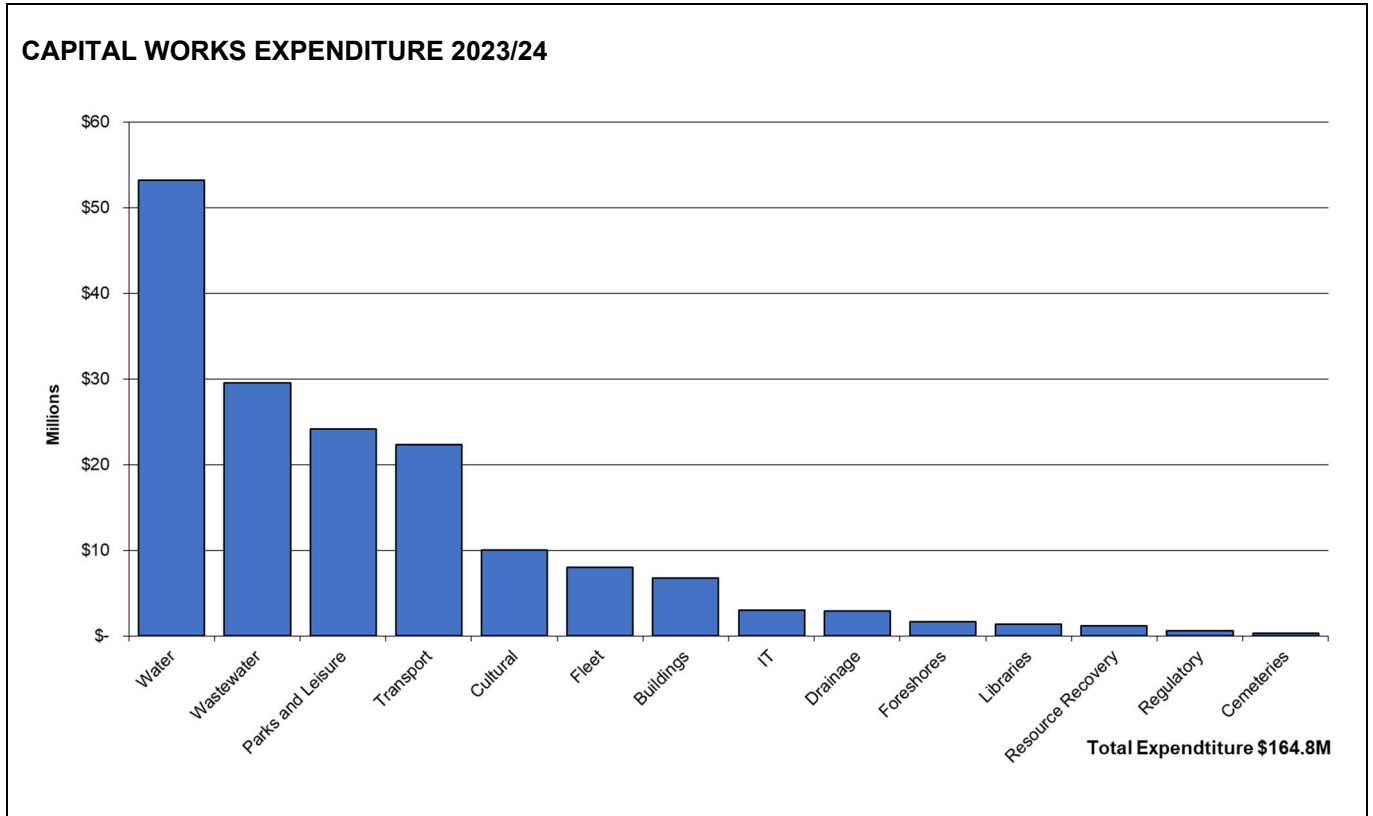
Materials and services together with employee benefits comprise 69% of Council's forecast total expenditure. Council is one of the region's largest employers whose strong workforce is responsible for the provision of water, wastewater, resource recovery services, maintenance, planning, lifestyle and community services and capital infrastructure for the community.

In addition to these expenses, depreciation makes up 27% of Council's planned expenditure. Depreciation represents an allocation of the use or wear and tear of an asset over its expected life. It is impacted by the age, condition and disposal of existing assets as well as the purchase and construction of new assets. Depreciation is not a cash expense.

CAPITAL WORKS PROGRAM

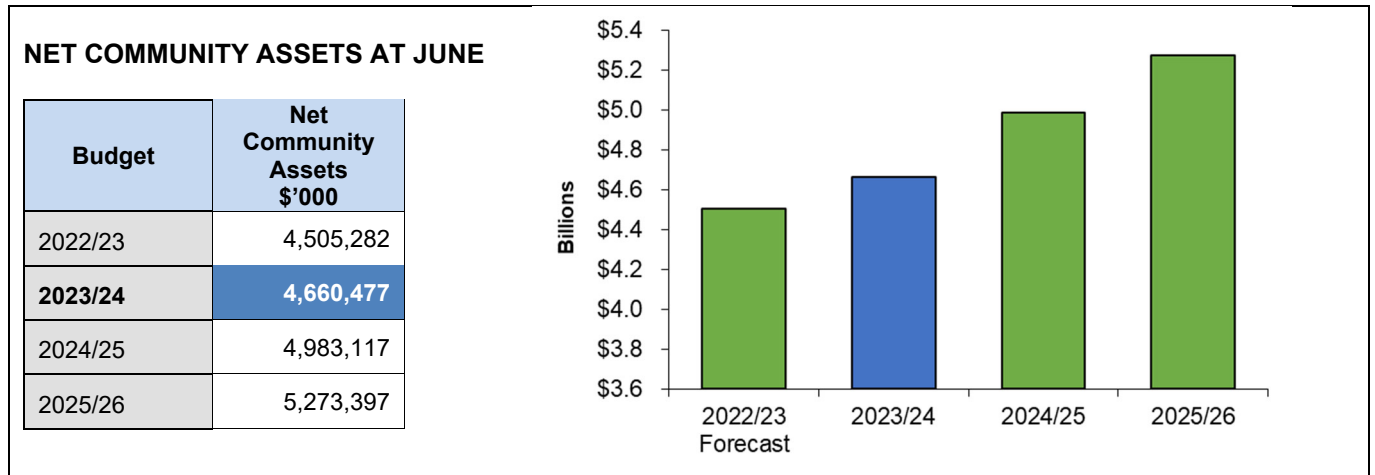
Council manages a very diverse range of infrastructure assets with a gross value in excess of \$6.3B. These assets cover categories such as land, buildings, plant and equipment, road and bridge network, drainage, water, sewerage and solid waste disposal. Council is responsible for the construction, upgrade and renewal of the majority of these assets through its capital works program with a small portion of these assets being contributed by developers via various developments throughout the region.

Council's capital works program for 2023/24 is \$164.8M. Council will utilise a combination of revenue, developer contributions, capital grants and loans to fund this program. The following table provides a breakdown of the proposed capital works for the 2023/24 year by asset category.



STATEMENT OF FINANCIAL POSITION

Council manages \$4.5B of net community assets on behalf of ratepayers and residents of the region. Growth of net community assets is projected to increase steadily over the next three years, driven mostly by Council's capital works program.



BORROWINGS

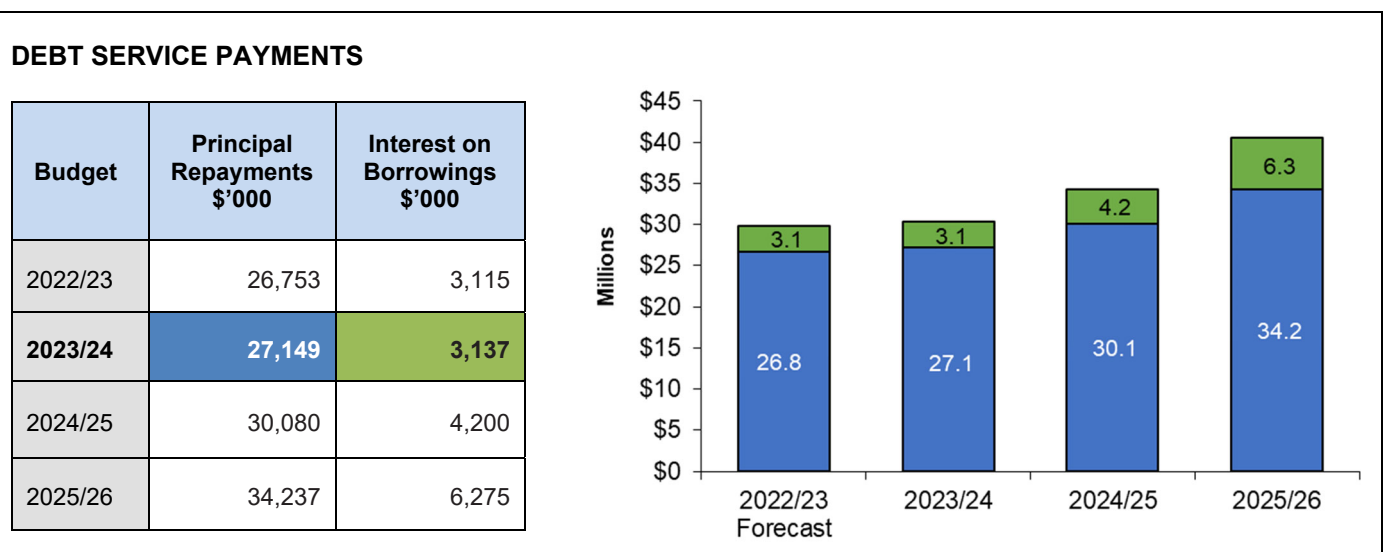
Borrowings are in line with Council's Debt Policy and are obtained from Queensland Treasury Corporation (QTC) with the exception of capital projects funded under interest-free loan agreements with Economic Development Queensland (EDQ).

Borrowings are repaid on a monthly basis in accordance with the terms and conditions set by QTC. Council borrows to fund the construction of long term infrastructure assets that provide essential services and ongoing benefits to the community. These borrowings are set to increase in line with Council's extensive budgeted capital works program.

Council also maintains an overdraft facility to effectively manage cash balances throughout the year in order to delay the drawdown of long term debt. Any drawdowns from the facility are typically fully repaid within one year.

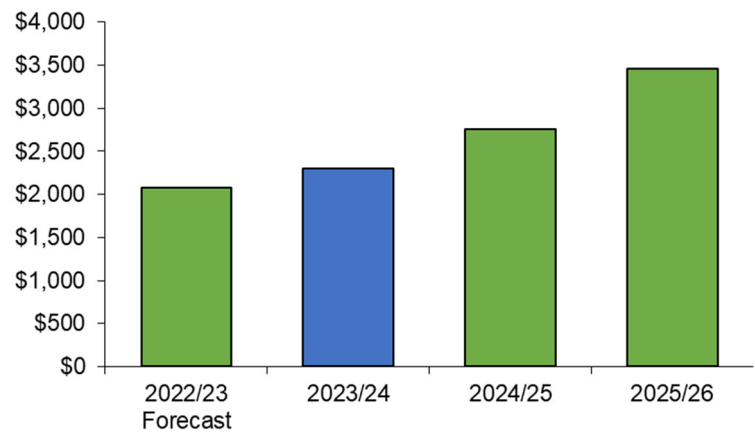
Council's long term debt balance is forecast to increase in line with its treasury management strategy of achieving an appropriate balance of cash and debt to fund future capital expenditure needs whilst maintaining rates at an affordable level. This strategy proves sustainable over the long term as is demonstrated in the long term financial forecast.

Council's borrowings are projected to increase significantly over the 2024/25 to 2026/27 financial years in line with the expenditure on Councils Water Security Strategy.



DEBT PER RATEABLE ASSESSMENT

Financial Year	Loan Balance \$'000	Debt per Rateable Assessment \$
2022/23	156,260	2,083
2023/24	174,112	2,297
2024/25	211,031	2,757
2025/26	267,795	3,464



LONG TERM FINANCIAL FORECAST

Council maintains a long term financial forecast in order to ensure it continues to be sustainable in the long term. The forecast covers a period of 10 years and contains forecasts for revenue and expenditure, assets values, liabilities and equity. The long term financial forecast is key to the strategic direction of Council and is consistent with Council's corporate plan and long term asset management plans underpinned by reasonable annual increases in rates.

In Council's 2022 Credit Review by Queensland Treasury Corporation (QTC), Council was rated as Sound with a Neutral outlook. The Sound rating category indicates that Council has adequate capacity to meet its financial commitments in the short, medium and long term and to manage core business risks. The outlook changed from Developing to Neutral in 2022 which is in recognition of Council's efforts to balance debt and cash reserves to meet financial obligations whilst continuing to invest in an extensive capital works program. QTC however, have noted that Council will need to continue to closely monitor the impacts of the Cairns Water Security Strategy on its long term financial plans.

Factors positively contributing to the 2022 sound rating included:

- Steady operating performance and adequate debt servicing capacity
- Reasonably sized and stable ratepayer base
- Moderate degree of financial flexibility driven by high level of Council controlled revenue

The next Credit Review for Council is due in 2024.

Further details are contained in Section 4 of this report.

RATE INCREASES

The following table breaks down the forecast rate increases for general rates and fixed utility charges implicit in the long term forecast.

As part of the Cairns Water Security Strategy, Council is set to construct a new water treatment and storage facility at Edmonton in line with water demand projections. The facility is estimated to cost \$375M to build and will have significant operating costs once commissioned. Detailed design for the facility will commence in 2023/24 and will better inform capital and operating cost estimates. It is anticipated that additional rate increases will be required to accommodate this facility as demonstrated in the table below.

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Growth	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Price - Majority	5.99%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Water Rates – Price	-	1.80%	1.73%	1.67%	1.63%	-	-	-	-	-
Total	6.99%	6.30%	5.23%	5.17%	5.13%	3.50%	3.50%	3.50%	3.50%	3.50%

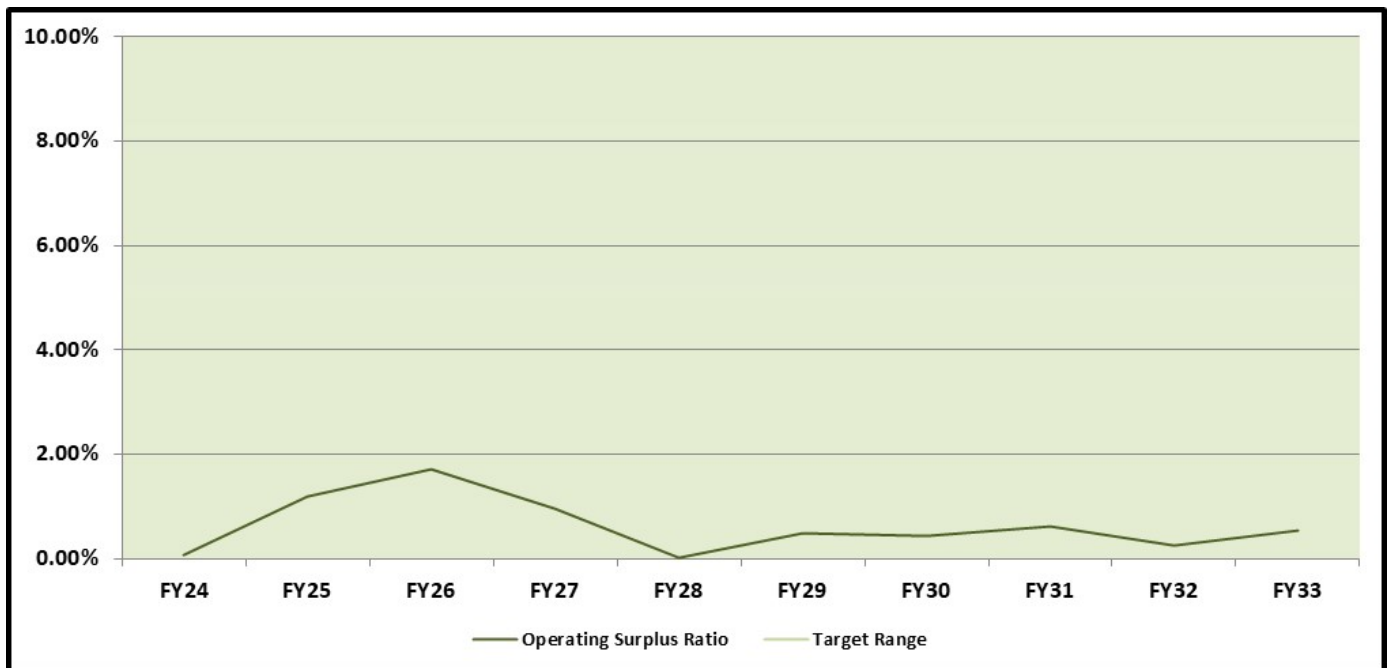
MEASURES OF FINANCIAL SUSTAINABILITY

The following ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which should be met to ensure the prudent management of financial risks in accordance with Chapter 5, Part 2 Division 3 of the *Local Government Regulation 2012*. Ratios have been calculated for a 10 year period being the three year forecast budget period as well as an additional seven years from Council's Long Term Financial Forecast. The benchmarks used for the prescribed ratios are per the Department of State Development, Infrastructure, Local Government and Planning guidelines.

OPERATING SURPLUS RATIO

This is an indicator of the extent to which revenues raised cover operational expenses only or are available for capital funding purposes. The measure for this ratio is the net result divided by total operating revenue and the benchmark is 0-10%.

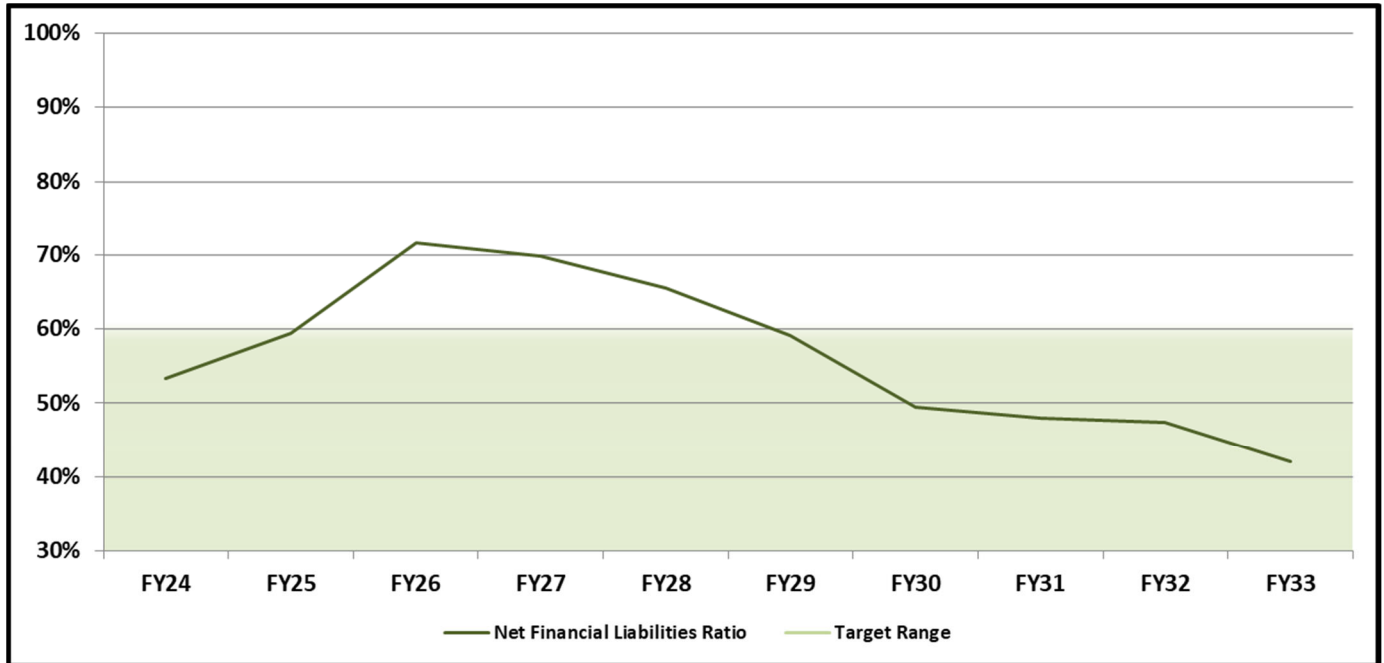
Council is within the benchmark range for the long term forecast. Council is budgeting operating surpluses in order to service long term debt required to fund the capital works program.



NET FINANCIAL LIABILITIES RATIO

This is an indicator of the extent to which the net financial liabilities of Council can be serviced by its operating revenues. The measure for this ratio is total liabilities less current assets divided by total operating revenue and the benchmark is less than 60%.

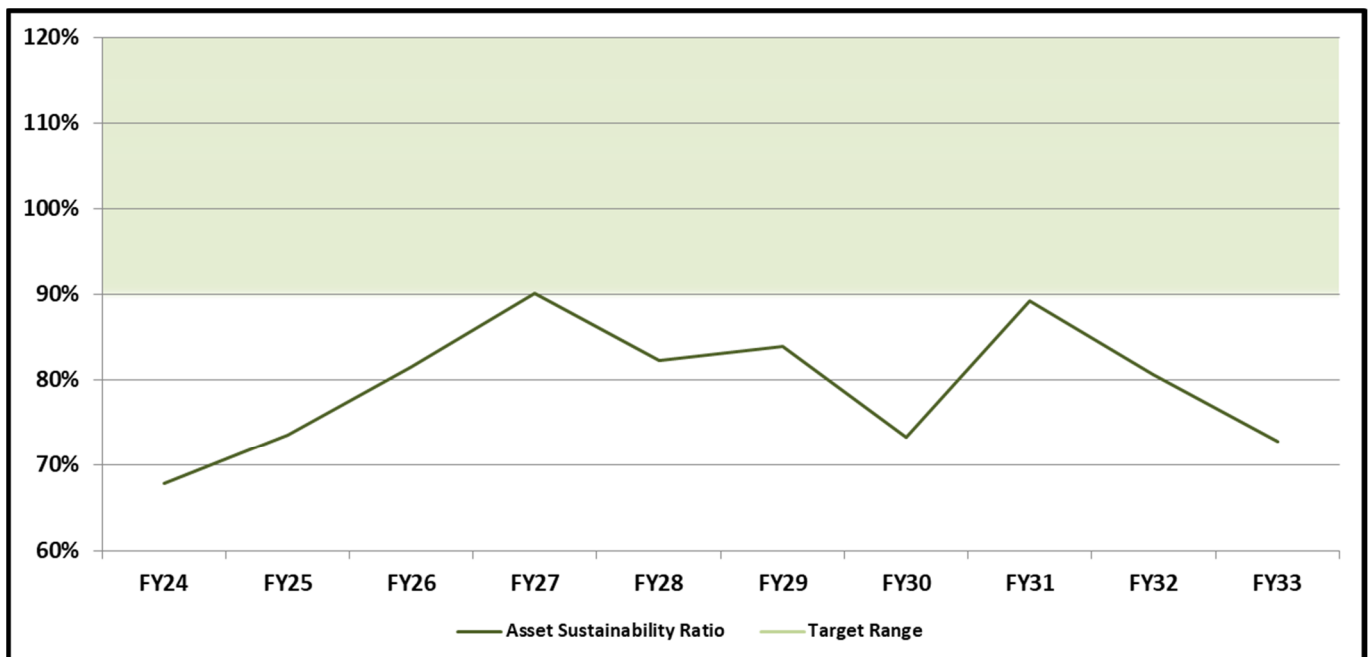
This ratio remains around the benchmark until FY25 when significant borrowing is forecast to fund the construction of a new water treatment and storage facility at Gordonvale in order to meet growth demands, after which debt is forecast to decrease leading to the Net Financial Liabilities ratio moving back within the benchmark. Council is confident that this debt is serviceable and its financial position remains sound throughout the forecast period.



ASSET SUSTAINABILITY RATIO

This is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. The measure for this ratio is capital expenditure on renewals divided by depreciation expense and the benchmark is greater than 90% (on average over the long term).

The Asset Sustainability Ratio is calculated based on the planned capital expenditure on the renewal of assets as indicated by Council’s Asset Management Plans. Council’s average ratio over the 10 year period is 79%. Council is confident that this expenditure satisfies asset renewal and replacement requirements based on its current asset management plans.



DRAFT FINANCIAL MANAGEMENT (SUSTAINABILITY) GUIDELINE 2022

In November 2022, DSDILGP released a draft Financial Management (Sustainability) Guideline to be implemented from the 2023/24 financial year. The purpose of the Guideline is to enable the Department to more effectively monitor performance and sustainability within the local government sector with the aim of providing more targeted support to Councils as required. A summary of the new ratios and the results over the 10 year forecast period is provided below:

Type	Measure	Rationale	Target	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33
Financial Capacity	Council Controlled Revenue*	Capacity to generate revenue internally	N/A	92%	92%	93%	93%	93%	93%	93%	93%	93%	93%
	Population Growth*	Population growth/decline pressures on Council	N/A	N/A for long-term sustainability statement									
Operating Performance	Operating Surplus Ratio	Holistic overview of Council operating performance	> 0%	0%	1%	2%	1%	0%	0%	0%	1%	0%	1%
	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	> 0%	29%	31%	32%	32%	31%	31%	31%	31%	31%	31%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	> 2 months	N/A for long-term sustainability statement									
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	> 60%	68%	74%	81%	90%	82%	84%	73%	89%	81%	73%
	Asset Consumption Ratio	Extent to which assets are being consumed	> 60%	68%	68%	68%	68%	67%	67%	66%	66%	65%	65%
	Asset Renewal Funding Ratio*	Asset replacement program performance	N/A	N/A for long-term sustainability statement									
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	0 - 4 times	1.6	1.8	2.1	2.1	2.0	1.8	1.5	1.4	1.3	1.2

* This ratio is for contextual purposes only so does not have a target benchmark.

Council is within the required targets for the draft DSDILGP ratios for all 10 years.

2. BUDGETED FINANCIAL STATEMENTS

Cairns Regional Council - Budgeted Statement of Income and Expenditure

	2022/23 Forecast \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Operating Revenue				
Rates and utility charges	303,573	323,981	344,305	362,741
Less: rebates	(5,014)	(5,290)	(5,528)	(5,749)
Net rates and utility charges	298,559	318,691	338,777	356,992
Fees and charges	28,561	28,188	30,242	30,329
Interest revenue	3,609	4,611	3,019	2,810
Grants, subsidies and contributions	6,689	8,028	8,038	8,191
Other operating income	20,618	18,397	19,225	19,898
	<u>358,036</u>	<u>377,915</u>	<u>399,301</u>	<u>418,220</u>
Capital Revenue				
Capital grants and subsidies	14,727	19,036	130,500	131,200
Contributions from developers	15,000	15,200	15,400	18,300
Contributed assets	25,980	22,083	22,304	22,527
	<u>55,707</u>	<u>56,319</u>	<u>168,204</u>	<u>172,027</u>
TOTAL REVENUE	<u>413,743</u>	<u>434,234</u>	<u>567,505</u>	<u>590,247</u>
Operating Expenses				
Employee benefits	122,333	128,933	133,211	137,434
Materials and services	130,615	139,766	143,977	145,837
Depreciation	100,450	105,989	112,786	121,188
Finance costs	4,464	2,978	4,540	6,648
	<u>357,862</u>	<u>377,666</u>	<u>394,514</u>	<u>411,107</u>
Capital Expenses				
Loss on disposal of non-current assets	13,900	14,000	14,310	14,626
TOTAL EXPENSES	<u>371,762</u>	<u>391,666</u>	<u>408,824</u>	<u>425,733</u>
NET RESULT	<u>41,981</u>	<u>42,568</u>	<u>158,681</u>	<u>164,514</u>
Other Comprehensive Income				
Increase / (decrease) in asset revaluation surplus	362,399	112,627	163,959	125,766
TOTAL COMPREHENSIVE INCOME	<u>404,380</u>	<u>155,195</u>	<u>322,640</u>	<u>290,280</u>

Estimated Costs of Significant Business Activities for 2023/24

(i) the local government's significant business activities carried on using a full cost pricing basis;

-

(ii) the activities of local government's commercial business units:

Cairns Water

95,503

Cairns Resource Recovery

36,156

(iii) the local government's significant business activities

-

Total of Cairns Water and Cairns Resource Recovery

131,659

Refer to the Estimated Costs of Commercial Business Units at Section 3 for more information

Cairns Regional Council - Budgeted Financial Position

	2022/23 Forecast \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Current Assets				
Cash assets and equivalents	29,563	20,906	20,736	20,081
Receivables	47,504	45,898	48,857	46,662
Inventories	3,430	3,612	3,734	3,833
	<u>80,497</u>	<u>70,416</u>	<u>73,327</u>	<u>70,576</u>
Non-Current Assets				
Property, plant and equipment	4,682,575	4,862,007	5,220,616	5,573,006
	<u>4,682,575</u>	<u>4,862,007</u>	<u>5,220,616</u>	<u>5,573,006</u>
TOTAL ASSETS	<u>4,763,072</u>	<u>4,932,423</u>	<u>5,293,943</u>	<u>5,643,582</u>
Current Liabilities				
Trade and other payables	47,712	50,062	51,183	52,141
Interest bearing liabilities	27,149	30,088	34,249	28,474
Other liabilities	23,988	21,099	22,048	22,930
Provisions	14,431	11,947	12,462	12,660
	<u>113,280</u>	<u>113,196</u>	<u>119,942</u>	<u>116,205</u>
Non-Current Liabilities				
Interest bearing liabilities	129,111	144,024	176,782	239,321
Other liabilities	1,747	807	-	-
Provisions	13,652	13,919	14,102	14,659
	<u>144,510</u>	<u>158,750</u>	<u>190,884</u>	<u>253,980</u>
TOTAL LIABILITIES	<u>257,790</u>	<u>271,946</u>	<u>310,826</u>	<u>370,185</u>
NET COMMUNITY ASSETS	<u>4,505,282</u>	<u>4,660,477</u>	<u>4,983,117</u>	<u>5,273,397</u>
Community Equity				
Asset revaluation surplus	1,765,256	1,877,883	2,041,842	2,167,608
Retained surplus / (deficit)	2,740,026	2,782,594	2,941,275	3,105,789
TOTAL COMMUNITY EQUITY	<u>4,505,282</u>	<u>4,660,477</u>	<u>4,983,117</u>	<u>5,273,397</u>

Cairns Regional Council - Budgeted Statement of Cash Flows

	2022/23 Forecast \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Cash flows from operating activities				
Receipts				
Receipts from customers	352,227	365,673	385,167	409,244
Interest revenue	2,043	4,611	3,019	2,810
Operating grants and contributions	6,914	9,054	8,034	8,262
	<u>361,184</u>	<u>379,338</u>	<u>396,220</u>	<u>420,316</u>
Payments				
Payments to suppliers and employees	(260,476)	(268,407)	(275,708)	(281,932)
Finance costs	(3,528)	(3,137)	(4,200)	(6,275)
	<u>(264,004)</u>	<u>(271,544)</u>	<u>(279,908)</u>	<u>(288,207)</u>
Cash provided by / (used in) operational activities	<u>97,180</u>	<u>107,794</u>	<u>116,312</u>	<u>132,109</u>
Cash flows from investing activities				
Receipts				
Proceeds / (loss) from the sale of non-current assets	2,069	1,500	1,500	1,500
Proceeds from developers and government for capital projects	21,537	30,407	146,042	150,382
	<u>23,606</u>	<u>31,907</u>	<u>147,542</u>	<u>151,882</u>
Payments				
Payments for property, plant and equipment	(104,731)	(166,209)	(300,944)	(341,409)
	<u>(104,731)</u>	<u>(166,209)</u>	<u>(300,944)</u>	<u>(341,409)</u>
Cash provided by / (used in) investing activities	<u>(81,125)</u>	<u>(134,302)</u>	<u>(153,402)</u>	<u>(189,527)</u>
Cash flows provided from financing activities				
Receipts				
Proceeds from borrowings	-	45,000	67,000	91,000
Payments				
Repayment of borrowings	(26,753)	(27,149)	(30,080)	(34,237)
	<u>(26,753)</u>	<u>17,851</u>	<u>36,920</u>	<u>56,763</u>
Cash provided by / (used in) financing activities	<u>(26,753)</u>	<u>17,851</u>	<u>36,920</u>	<u>56,763</u>
Net increase / (decrease) in cash held	<u>(10,698)</u>	<u>(8,657)</u>	<u>(170)</u>	<u>(655)</u>
Cash at beginning of reporting period	40,261	29,563	20,906	20,736
Cash at end of reporting period	<u>29,563</u>	<u>20,906</u>	<u>20,736</u>	<u>20,081</u>

Cairns Regional Council - Budgeted Statement of Changes in Equity

	Total			
	2022/23	2023/24	2024/25	2025/26
	Forecast			
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the period	4,100,902	4,505,282	4,660,477	4,983,117
Increase (decrease) to asset revaluation surplus	362,399	112,627	163,959	125,766
Increase (decrease) in net result	41,981	42,568	158,681	164,514
Balance at the end of the period	4,505,282	4,660,477	4,983,117	5,273,397

	Asset Revaluation Surplus			
	2022/23	2023/24	2024/25	2025/26
	Forecast			
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the period	1,402,857	1,765,256	1,877,883	2,041,842
Increase (decrease) to asset revaluation surplus	362,399	112,627	163,959	125,766
Balance at the end of the period	1,765,256	1,877,883	2,041,842	2,167,608

	Retained Surplus/(Deficit)			
	2022/23	2023/24	2024/25	2025/26
	Forecast			
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the period	2,698,045	2,740,026	2,782,594	2,941,275
Increase (decrease) in net result	41,981	42,568	158,681	164,514
Balance at the end of the period	2,740,026	2,782,594	2,941,275	3,105,789

Cairns Regional Council - Notes to and forming part of the Budgeted Accounts

	2022/23 Original \$	2022/23 Forecast \$	2023/24 \$	2024/25 \$	2025/26 \$
1 Rates and utility charges					
General rates	130,574	130,140	139,111	145,372	151,186
Water	25,017	24,928	26,667	33,612	40,446
Sewerage	82,002	81,863	87,622	91,565	94,770
Special charges	932	930	966	1,009	1,045
Water usage	34,602	35,138	36,872	38,531	39,880
Cleansing charges	30,763	30,574	32,743	34,216	35,414
	303,890	303,573	323,981	344,305	362,741
Less: rebates	(5,131)	(5,014)	(5,290)	(5,528)	(5,749)
	298,759	298,559	318,691	338,777	356,992

	2022/23	2022/23	2023/24	2022/23 Original vs 2023/24 Original Budget		2022/23 Forecast vs 2023/24 Original Budget	
	Original \$	Forecast \$	Original \$	Variance \$	Variance %	Variance \$	Variance %
Rates and utility charges - value of change							
General rates and utility charges ¹							
General rates	130,574	130,140	139,111	8,537	6.54%	8,971	6.89%
Water	25,017	24,928	26,667	1,650	6.60%	1,739	6.98%
Sewerage	82,002	81,863	87,622	5,620	6.85%	5,759	7.03%
Cleansing charges	30,763	30,574	32,743	1,980	6.44%	2,169	7.09%
	268,356	267,505	286,143	17,787	6.63%	18,638	6.97%
Water usage ²	34,602	35,138	36,872	2,270	6.56%	1,734	4.93%

Note 1

Movements in general rates and utility charges incorporates an assumed growth in rateable properties of 1.0%. The increase in the rate in the dollar for each rates category in 2023/24 is 5.99%.

Note 2

Water usage movements reflect price and growth increase listed in note 1 as well as assumptions around consumption. Residential water usage has increased 9c per kilolitre (6.1%) and Commercial water usage has increased 9c per kilolitre (5.8%).

3. ESTIMATED COSTS OF COMMERCIAL BUSINESS UNITS

Cairns Regional Council - Budgeted Income Statement

Cairns Water

	2022/23 Forecast \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Operating Revenue				
Rates and utility charges	140,823	149,980	162,474	174,602
Fees and charges	2,956	2,989	3,228	3,261
Interest revenue	860	1,170	1,211	1,241
Other operating income	918	802	838	867
	<u>145,557</u>	<u>154,941</u>	<u>167,751</u>	<u>179,971</u>
Capital Revenue				
Capital grants, subsidies and contributions	570	640	229	-
Contributed assets	9,211	7,829	7,806	7,884
	<u>9,781</u>	<u>8,469</u>	<u>8,035</u>	<u>7,884</u>
TOTAL REVENUE	<u>155,338</u>	<u>163,410</u>	<u>175,786</u>	<u>187,855</u>
Operating Expenses				
Employee benefits	16,186	16,355	16,969	17,639
Materials and services	35,759	34,669	36,315	37,677
Depreciation	40,542	44,479	48,557	54,149
	<u>92,487</u>	<u>95,503</u>	<u>101,841</u>	<u>109,465</u>
Capital Expenses				
Loss on disposal of non-current assets	5,793	7,790	6,324	8,235
TOTAL EXPENSES	<u>98,280</u>	<u>103,293</u>	<u>108,165</u>	<u>117,700</u>
NET RESULT	<u>57,058</u>	<u>60,117</u>	<u>67,621</u>	<u>70,155</u>
Other Comprehensive Income				
Increase in asset revaluation surplus	82,943	34,453	51,735	42,899
TOTAL COMPREHENSIVE INCOME	<u>140,001</u>	<u>94,570</u>	<u>119,356</u>	<u>113,054</u>

Cairns Regional Council - Budgeted Income Statement

Cairns Resource Recovery

	2022/23 Forecast \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000
Operating Revenue				
Rates and utility charges	30,574	32,743	34,216	35,585
Fees and charges	2,850	3,067	3,312	3,098
Interest revenue	209	284	294	302
Other operating income	7,078	7,303	7,632	7,899
Grants, subsidies and contributions	75	125	-	-
	<u>40,786</u>	<u>43,522</u>	<u>45,454</u>	<u>46,884</u>
TOTAL REVENUE	<u>40,786</u>	<u>43,522</u>	<u>45,454</u>	<u>46,884</u>
Operating Expenses				
Employee benefits	5,728	5,883	6,103	6,344
Materials and services	27,312	28,645	30,006	31,131
Depreciation	1,726	1,628	1,682	1,774
	<u>34,766</u>	<u>36,156</u>	<u>37,791</u>	<u>39,249</u>
Capital Expenses				
Loss on disposal of non-current assets	162	194	200	205
	<u>34,928</u>	<u>36,350</u>	<u>37,991</u>	<u>39,454</u>
TOTAL EXPENSES	<u>34,928</u>	<u>36,350</u>	<u>37,991</u>	<u>39,454</u>
Net Result	<u>5,858</u>	<u>7,172</u>	<u>7,463</u>	<u>7,430</u>
Other Comprehensive Income				
Increase in asset revaluation surplus	5,296	718	1,030	780
TOTAL COMPREHENSIVE INCOME	<u>11,154</u>	<u>7,890</u>	<u>8,493</u>	<u>8,210</u>

4. 2023/24 LONG TERM FINANCIAL FORECAST

Cairns Regional Council - Long Term Financial Forecast (extract)

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue											
Rates and utility charges	298,559	318,691	338,777	356,992	375,056	393,663	408,225	422,519	437,314	453,494	469,373
Fees and charges	28,561	28,188	30,242	30,329	31,934	32,027	33,723	33,823	35,615	35,723	37,617
Interest revenue	3,609	4,611	3,019	2,810	3,679	3,934	4,229	4,637	4,580	4,350	4,766
Grants, subsidies and contributions	6,689	8,028	8,038	8,191	8,478	8,775	9,082	9,400	9,729	10,069	10,421
Other operating income	20,618	18,397	19,225	19,898	20,594	21,315	22,061	22,833	23,632	24,459	25,315
	<u>358,036</u>	<u>377,915</u>	<u>399,301</u>	<u>418,220</u>	<u>439,741</u>	<u>459,714</u>	<u>477,320</u>	<u>493,212</u>	<u>510,870</u>	<u>528,095</u>	<u>547,492</u>
Capital Revenue											
Capital grants and subsidies	14,727	19,036	130,500	131,200	24,400	25,100	25,800	26,600	27,400	28,200	29,100
Contributions from developers	15,000	15,200	15,400	18,300	18,500	18,700	18,900	19,000	19,200	19,400	19,600
Contributed assets	25,980	22,083	22,304	22,527	22,752	22,980	23,209	23,442	23,676	23,913	24,152
	<u>55,707</u>	<u>56,319</u>	<u>168,204</u>	<u>172,027</u>	<u>65,652</u>	<u>66,780</u>	<u>67,909</u>	<u>69,042</u>	<u>70,276</u>	<u>71,513</u>	<u>72,852</u>
TOTAL REVENUE	<u>413,743</u>	<u>434,234</u>	<u>567,505</u>	<u>590,247</u>	<u>505,393</u>	<u>526,494</u>	<u>545,229</u>	<u>562,254</u>	<u>581,146</u>	<u>599,608</u>	<u>620,344</u>
Operating Expenses											
Employee benefits	122,333	128,933	133,211	137,434	142,245	147,222	152,376	157,707	163,227	168,942	174,852
Materials and services	130,615	139,766	143,977	145,837	156,838	170,258	175,514	181,934	188,590	196,520	202,648
Depreciation	100,450	105,989	112,786	121,188	126,104	130,968	135,735	140,501	145,720	151,424	157,043
Finance costs	4,464	2,978	4,540	6,648	10,386	11,244	11,442	10,981	10,134	9,832	9,999
	<u>357,862</u>	<u>377,666</u>	<u>394,514</u>	<u>411,107</u>	<u>435,573</u>	<u>459,692</u>	<u>475,067</u>	<u>491,123</u>	<u>507,671</u>	<u>526,718</u>	<u>544,542</u>
Capital Expenses											
Loss on disposal of non-current assets	13,900	14,000	14,310	14,626	14,949	15,278	15,613	15,956	16,305	16,661	17,024
TOTAL EXPENSES	<u>371,762</u>	<u>391,666</u>	<u>408,824</u>	<u>425,733</u>	<u>450,522</u>	<u>474,970</u>	<u>490,680</u>	<u>507,079</u>	<u>523,976</u>	<u>543,379</u>	<u>561,566</u>
Net result	<u>41,981</u>	<u>42,568</u>	<u>158,681</u>	<u>164,514</u>	<u>54,871</u>	<u>51,524</u>	<u>54,549</u>	<u>55,175</u>	<u>57,170</u>	<u>56,229</u>	<u>58,778</u>
Capital works program expenditure	<u>113,146</u>	<u>164,792</u>	<u>299,944</u>	<u>340,409</u>	<u>180,901</u>	<u>169,930</u>	<u>164,233</u>	<u>150,317</u>	<u>197,098</u>	<u>205,849</u>	<u>189,580</u>
Community Assets											
Total assets	4,763,072	4,932,423	5,293,943	5,643,582	5,841,587	6,027,870	6,207,474	6,384,366	6,582,155	6,795,366	6,995,432
Total liabilities	257,790	271,946	310,826	370,185	379,517	376,395	359,509	335,787	327,829	332,477	318,288
Net Community Assets	<u>4,505,282</u>	<u>4,660,477</u>	<u>4,983,117</u>	<u>5,273,397</u>	<u>5,462,070</u>	<u>5,651,475</u>	<u>5,847,965</u>	<u>6,048,579</u>	<u>6,254,326</u>	<u>6,462,889</u>	<u>6,677,144</u>

5. 2023/24 CODE OF COMPETITIVE CONDUCT STATEMENT

STATEMENT OF ACTIVITIES TO WHICH THE CODE OF COMPETITIVE CONDUCT (CCC) APPLIES

Council has decided by resolution that the CCC is to be applied to the following Prescribed Business Activities for the 2023/24 financial year:

- Cairns Water
- Cairns Resource Recovery

2023/24 ESTIMATED ACTIVITY STATEMENT

Description	Cairns Water \$'000	Cairns Resource Recovery \$'000
Estimated Revenue		
Services provided to the local government	9,464	6,465
Services provided to anyone else	163,410	43,522
Community Service Obligations (net cost)	1,058	1,100
Revenue Total	173,932	51,087
Estimated Expenses		
Employee Costs	16,461	6,080
Materials and Services	45,085	36,013
Depreciation	44,479	1,628
Other Expenditure	7,790	194
Income Tax	18,035	2,152
Expenditure Total	131,850	46,067
Estimated Surplus or (Deficit) before dividend:	42,082	5,020

2023/24 ESTIMATED COSTS OF CARRYING OUT COMMUNITY SERVICE OBLIGATIONS

Activities	Description of the nature of the Community Service Obligation	Cost of CSO \$'000
Water	Water Rates Rates Based Financial Assistance	60
	Total	60
Wastewater	Sewerage Rates Rates Based Financial Assistance	998
	Total	998
	Total	1,058

Activities	Community Service Obligation Description	Cost of CSO \$'000
Waste Services	Free Green Waste conducted four times a year	645
	Charity exemptions for waste disposal	229
	Collection and disposal relating to community clean up events	3
	Free hazardous waste disposal to prevent incorrect disposals	177
	Recycling services fee free of charge to schools	37
	In Kind Waste & Recycling Collections	7
	Donations of buy back shop items to charity	2
	Total	1,100