



Draft Budget 2021-2022

*For Public
Consultation*

Purpose and structure

- The purpose of this document is to provide Mount Isa citizens with the Draft FY22 Budget.
- Key assumptions / known issues
- Forecast financial results (Profit and Loss Statement / Comprehensive Income Statement)
- Forecast Statement of Financial Position (Balance Sheet)
- Key Departments Budgets
- 10 Year Financial Forecast
 - Financial Statements
 - Assumptions
- Capital Works
- Fees and Charges
- The Appendix includes a comparison with like-for-like councils.

Restating the Budget timeline

Key deliverables for FY22 Budget	Date
Draft Budget reviewed by Councillors	28 Apr
Draft Budget approved for community consultation	30 Apr
Community consultation period	30 Apr to 14 May
Review of public submissions	17 May to 21 May
Incorporate approved public submissions into Final Budget	4 Jun
Approval of Final Budget by Councillors	23 Jun
Publication of Approved Budget	30 Jun

FY22 key assumptions

Revenue assumptions

- All controllable revenue streams assumed to increase by 3.75%
- Mount Isa Water Board dividend assumed to be \$5.08M based on historic trend.
- Financial Assistance Grants (FAGs) revenue assumed to be paid in advance (from FY23) and increase by 1.5%
- External batch plant sales forecast to be \$0.61M, internal sales (~\$1.24M)
- Revenue from flood damage works assumed to be \$2.4M, in line with FY21.
- All other revenues assumed to be comparable to FY21 (eg interest revenue, etc).

General assumptions

- COVID19 managed – business as usual

Expenditure assumptions

- Significant decrease in materials and services costs due to less reliance on contractors.
- Employee costs:
 - Headcount of 227 based on revised organisation chart updated 22 April – 209.49 FTEs (budgeted).
- Bulk Water costs assumed to be same as FY21.
- Waste levy assumed \$2.4M based on forecast volumes and nature of the waste.
- Labour capitalisation assumed to be \$1 million.
- Depreciation costs assumed based on register and auditor recommendations – up from FY21 (subject to new assets and FY21 capex delivered).
- Certified Agreement wage rise 2.5%

FY22 draft forecast Statement of Income and Expenditure

\$M	FY19 Result (Actual)	FY20 Result (Actual)	FY21 Result (Forecast)	FY22 Budget (Draft)	FY21-FY22 Change
Income					
Grants	9.3	10.8	6.9	7.3	0.4
Fees & Charges	2.3	2.5	2.7	2.7	0.0
Rates	42.4	43.6	42.1	43.7	1.6
Interest	1.9	1.0	0.9	1.0	0.1
Sales	1.6	1.2	1.7	2.6	0.9
Other revenue	2.5	2.2	8.8	9.0	0.3
Total Income	60.0	61.3	63.0	66.3	3.3
Expenditure					
Employee costs	11.0	13.5	17.5	18.8	1.3
Depreciation	13.1	13.9	14.2	14.6	0.5
Finance costs	1.7	1.5	1.5	1.6	0.1
Other expenditure	31.0	33.3	31.5	31.4	(0.1)
Total Expenditure	56.7	62.2	64.7	66.4	1.8
Operating surplus/(deficit)	3.3	(0.9)	(1.6)	(0.1)	1.5
Capital income	7.0	6.1	9.7	11.1	(1.5)
Capital expenses	0.0	(0.3)	(12.0)	0.0	12.0
Net result	10.2	4.9	(4.0)	11.0	15.0

FY22 draft forecast Statement of Financial Position

\$M	FY21 Budget (Forecast)	FY22 Budget (Draft)	\$M	FY21 Budget (Forecast)	FY22 Budget (Draft)
Current Assets			Current Liabilities		
Cash and Equivalents	60.3	51.7	Trade and other payables	6.5	5.2
Rates	8.0	8.0	Annual Leave Payable	1.6	1.6
Trade & Other Receivables	2.6	2.6	Borrowings	1.6	1.7
Contract Assets	1.0	1.0	Provisions	0.8	0.8
Inventories	0.2	0.2	Total Current Liabilities	10.6	9.4
Non current assets for sale (Land)	2.0	2.0			
Total Current Assets	74.0	65.5	Non-Current Liabilities		
Non-Current Assets			Trade & Other Payables	0.0	0.0
Receivables	0.0	0.0	Borrowings	18.9	17.2
Investments	0.0	0.0	Landfill Rehabilitation Provision	12.0	12.5
Property, plant and equipment	399.0	418.5	Provisions	0.4	0.4
Intangible Assets	0.3	0.3	Total Non-Current liabilities	31.3	30.1
Capital works in progress	7.6	5.0	TOTAL LIABILITIES	41.9	39.4
Land Held for Resale	0.0	0.0	NET COMMUNITY ASSETS	439.1	449.8
Total Non-Current Assets	407.0	423.8	Community Equity		
TOTAL ASSETS	481.0	489.3	City Capital	201.4	201.4
			Asset Revaluation Reserve	219.5	219.5
			Accumulated Surplus (Deficit)	6.7	17.4
			Other Reserves	11.5	11.5
			TOTAL COMMUNITY EQUITY	439.1	449.8

FY22 Main Points

- Completion of organisation staffing structure finalised.
- FY22 capital works program has been proposed at \$31.707M
- Creation for a land restoration allowance for the landfill. This will be a once only provision of \$12M in FY21 with increases annually of \$0.5M on the basis of number of years remaining. A study on this will be completed in May 2021 to determine the exact requirements.
- No assumption made for reduction in landfill tonnage from the MRF, concrete and organic waste.
- The changes to collection of outstanding rate revenue will not affect the profit loss account but will improve cash on hand.
- Likely to be cost reductions from completion of smart meters (date unknown, estimated 31 Dec 21) and installation of new HR Payroll system.
- Operating costs of MRF won't commence until June 2023 financial year.

FY22 forecast P&L - Water

\$M	FY20 Result (Actual)	FY21 Result (Forecast)	FY22 Draft Budget
Income			
Grants	0.0	0.0	0.0
Fees & Charges	0.0	0.3	0.3
Rates	15.6	15.6	16.5
Interest	0.2	0.2	0.2
Sales	0.0	0.0	0.0
Other revenue	1.5	0.0	0.0
Total Income	18.4	16.1	17.1
Expenditure			
Employee costs	0.6	1.1	1.2
Depreciation	2.2	2.1	2.1
Finance costs	0.1	0.1	0.1
Other expenditure	12.7	12.7	13.7
Total Expenditure	15.6	16.0	16.0
Operating surplus/(deficit)	2.8	0.1	1.1
Capital income	0.0	0.0	0.0
Capital expenses	0.0	0.0	0.0
Net result	2.8	0.1	1.1

FY22 forecast P&L - Sewerage

\$M	FY20 Result (Actual)	FY21 Result (Forecast)	FY22 Budget (Forecast)
Income			
Grants	0.0	0.0	0.0
Fees & Charges	0.0	0.0	0.0
Rates	7.2	7.2	7.5
Interest	0.1	0.1	0.1
Sales	0.0	0.0	0.0
Other revenue	0.1	0.3	0.3
Total Income	7.3	7.6	7.8
Expenditure			
Employee costs	0.5	0.8	0.7
Depreciation	1.9	1.8	1.8
Finance costs	0.6	0.6	0.6
Other expenditure	1.2	0.8	0.6
Total Expenditure	4.2	4.0	3.7
Operating surplus/(deficit)	3.2	3.6	4.1
Capital income	0.0	0.0	0.0
Capital expenses	0.0	0.0	0.0
Net result	3.2	3.6	4.1

FY22 forecast P&L - Waste

\$M	FY20 Result (Actual)	FY21 Result (Forecast)	FY22 Draft Budget
Income			
Grants	0.0	0.0	0.0
Fees & Charges	1.5	1.1	1.0
Rates	3.9	3.8	3.8
Interest	0.0	0.0	0.0
Sales	0.0	0.0	0.0
Other revenue	1.1	0.9	1.0
Total Income	6.5	5.8	5.8
Expenditure			
Employee costs	1.1	1.9	1.9
Depreciation	0.3	0.3	0.3
Finance costs	0.0	0.0	0.0
Other expenditure	3.3	3.8	3.5
Total Expenditure	4.7	6.0	5.7
Operating surplus/(deficit)	1.8	(0.2)	0.1
Capital income	0.0	0.0	0.0
Capital expenses	0.0	0.0	0.0
Net result	1.8	(0.2)	0.1

FY22 forecast P&L – Parks and Gardens

\$M	FY20 Result (Actual)	FY21 Result (Forecast)	FY22 Budget (Forecast)
Income			
Grants	0.0	0.0	0.0
Fees & Charges	0.0	0.0	0.0
Rates	0.0	0.0	0.0
Interest	0.0	0.0	0.0
Sales	0.0	0.0	0.0
Other revenue	0.0	0.0	0.0
Total Income	0.0	0.0	0.0
Expenditure			
Employee costs	1.0	1.6	1.7
Depreciation	0.6	0.6	0.6
Finance costs	0.0	0.0	0.0
Other expenditure	2.8	1.3	1.5
Total Expenditure	4.4	3.5	3.8
Operating surplus/(deficit)	(4.4)	(3.5)	(3.8)
Capital income	0.0	0.0	0.0
Capital expenses	0.0	0.0	0.0
Net result	(4.4)	(3.5)	(3.8)

Long Term Financial Forecast

- 10 Year Budgeted Statement of Income and Expenditure
- 10 Year Budgeted Statement of Financial Position
- 10 Year Budgeted Financial Ratios
- 10 Year Budgeted Statement of Cash Flow
- 5 Year Capital Works Budget 2021-2022

Long Term Financial Forecast

Assumptions

Revenue

- **Controllable charges increased by 3.75% for 2021-2022**
- **General Rates, Water Access, Water Consumption, Sewerage, Garbage and Environmental Levy increase at 2% per annum from 2022-2023**
- **Fees and Charges, Grants and Subsidies and Financial Assistance Grants increase by 2% per annum**
- **Interest rate from QTC is 0.5% per annum**

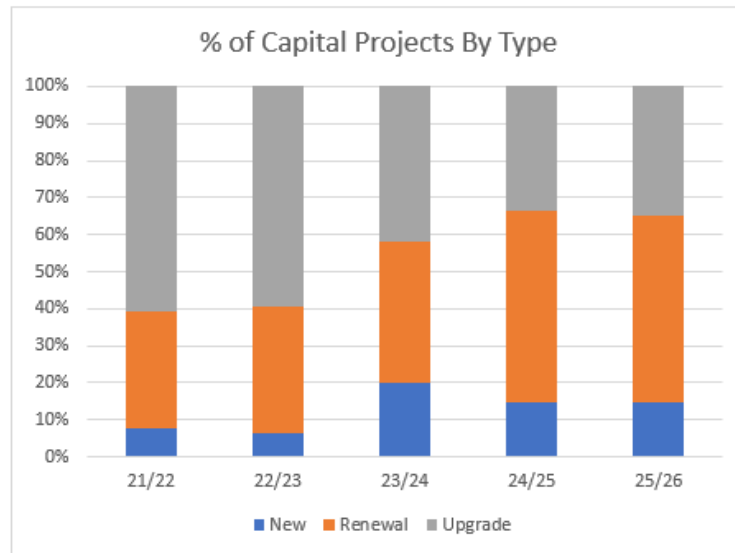
Expenditure

- **All Council expenditure increases at 2% per annum**
- **Pensioner remissions of \$280 per annum continue**

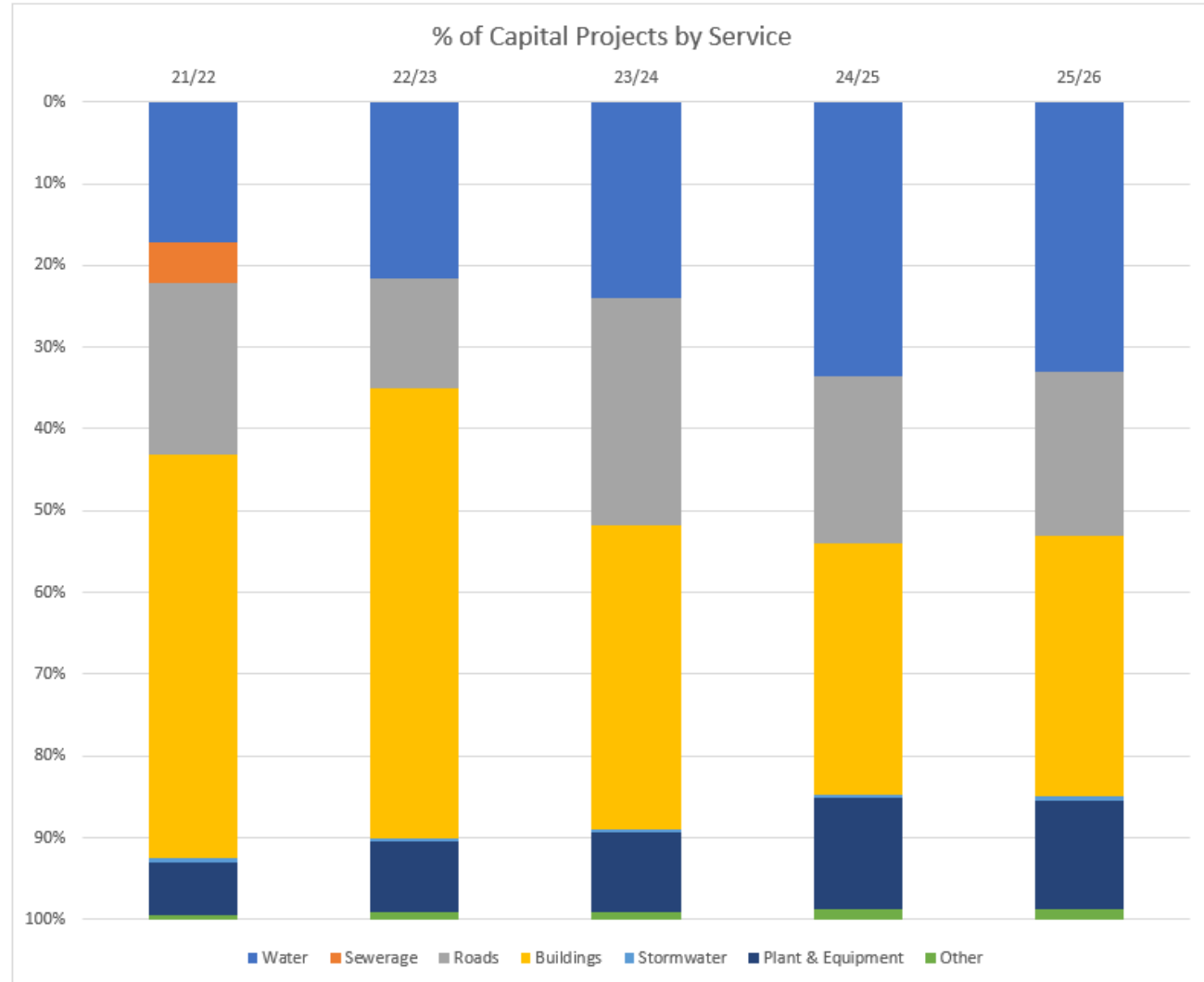
Capital Expenditure – Projects by Type & Service

Table 1: Capital Project Spend Percentages for Assets

Totals	21/22	22/23	23/24	24/25	25/26
New	8%	6%	20%	15%	15%
Renewal	32%	34%	38%	52%	51%
Upgrade	61%	59%	42%	34%	35%
% for assets	99.4%	99.1%	99.0%	98.7%	98.7%
% for other	0.6%	0.9%	1.0%	1.3%	1.3%



% of CAPEX	21/22	22/23	23/24	24/25	25/26
Water	17%	22%	24%	34%	33%
Sewerage	5%	0%	0%	0%	0%
Roads	21%	13%	28%	20%	20%
Buildings	49%	55%	37%	31%	32%
Plant & Equipment	6%	9%	10%	13%	13%
Stormwater	1%	0%	0%	1%	1%
Other	1%	1%	1%	1%	1%



Capital Expenditure – Renewals by Type & Service

Water	21/22	22/23	23/24	24/25	25/26
<i>AREG Replacements</i>	\$ 518,770	\$ 962,353	\$ 216,408	\$ 67,485	\$ 39,521,217
Renewal*	\$ 1,600,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
New*	\$ 90,000	\$ -	\$ -	\$ -	\$ -
Upgrade*	\$ 3,760,000	\$ -	\$ -	\$ -	\$ -
Total	\$ 5,450,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000

Water	21/22	22/23	23/24	24/25	25/26
New	2%	0%	0%	0%	0%
Renewal	29%	100%	100%	100%	100%
Upgrade	69%	0%	0%	0%	0%

Sewerage	21/22	22/23	23/24	24/25	25/26
<i>AREG Replacements</i>	\$ 196,364	\$ 516,142	\$ 97,358	\$ 859,914	\$ 1,147,875
Renewal*	\$ 1,460,000	\$ -	\$ -	\$ -	\$ -
New*	\$ -	\$ -	\$ -	\$ -	\$ -
Upgrade*	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,560,000	\$ -	\$ -	\$ -	\$ -

Sewerage	21/22	22/23	23/24	24/25	25/26
New	0%	0%	0%	0%	0%
Renewal	94%	0%	0%	0%	0%
Upgrade	6%	0%	0%	0%	0%

* From Capital Budget Spreadsheet

Capital Expenditure – Renewals by Type & Service

Roads	21/22	22/23	23/24	24/25	25/26
<i>AREG Replacements</i>	\$ 3,019,790	\$ 3,186,988	\$ 2,355,933	\$ 548,290	\$ 1,998,852
Renewal*	\$ 2,590,000	\$ 2,590,000	\$ 2,590,000	\$ 2,590,000	\$ 2,590,000
New*	\$ 1,123,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Upgrade*	\$ 2,972,000	\$ 300,000	\$ 2,990,000	\$ 250,000	\$ 250,000
Total	\$ 6,685,000	\$ 3,090,000	\$ 5,780,000	\$ 3,040,000	\$ 3,040,000

Roads	21/22	22/23	23/24	24/25	25/26
New	17%	6%	3%	7%	7%
Renewal	39%	84%	45%	85%	85%
Upgrade	44%	10%	52%	8%	8%

Buildings	21/22	22/23	23/24	24/25	25/26
<i>AREG Replacements</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Renewal*	\$ 4,276,500	\$ 200,000	\$ 200,000	\$ -	\$ -
New*	\$ 1,211,000	\$ 1,300,000	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000
Upgrade*	\$ 10,115,000	\$ 11,250,000	\$ 3,550,000	\$ 2,550,000	\$ 2,850,000
Total	\$ 15,602,500	\$ 12,750,000	\$ 7,750,000	\$ 4,550,000	\$ 4,850,000

Buildings	21/22	22/23	23/24	24/25	25/26
New	18%	42%	69%	66%	66%
Renewal	64%	6%	3%	0%	0%
Upgrade	0%	0%	0%	0%	0%

* From Capital Budget Spreadsheet

Capital Expenditure – Renewals by Type & Service

Stormwater	21/22	22/23	23/24	24/25	25/26
<i>AREG Replacements</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Renewal*	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
New*	\$ -	\$ -	\$ -	\$ -	\$ -
Upgrade*	\$ 150,000	\$ -	\$ -	\$ -	\$ -
Total	\$ 230,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000

Stormwater	21/22	22/23	23/24	24/25	25/26
New	0%	0%	0%	0%	0%
Renewal	35%	100%	100%	100%	100%
Upgrade	65%	0%	0%	0%	0%

Other	21/22	22/23	23/24	24/25	25/26
<i>AREG Replacements</i>	\$ -	\$ -	\$ -	\$ -	\$ -
Renewal*	\$ -	\$ -	\$ -	\$ -	\$ -
New*	\$ -	\$ -	\$ -	\$ -	\$ -
Upgrade*	\$ 180,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Total	\$ 180,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000

Other	21/22	22/23	23/24	24/25	25/26
New	0%	0%	0%	0%	0%
Renewal	0%	0%	0%	0%	0%
Upgrade	100%	100%	100%	100%	100%

* From Capital Budget Spreadsheet

Capital Expenditure – Major Projects



- **Family Fun Precinct Redevelopment Project**
 - \$5.1 million project jointly funded by the Queensland Government's Building our Regions program (\$3.756 million) and Council (\$1.355 million).
 - Stage 2 of the Family Fun Precinct Redevelopment project will deliver critical infrastructure improvements to increase the usability, functionality and appeal of the multi-use recreational venue.
 - Council is currently progressing through the planning stages and is commencing procurement.
 - Work will include:
 - Removing and replacing boundary fencing throughout the Family Fun Precinct
 - Replacing damaged shade sails with shade structures throughout the Fun Park
 - Installing new shade structures over the amphitheatre, Skate Park and Splashez (with solar panels on the Splashez shade structure)
 - Installing decorative shade structures within Splashez
 - Replacing and upgrading damaged park equipment, including existing play equipment, water bubblers and bins
 - Installing a new exercise equipment area
 - Removing and replacing damaged soft fall within the Fun Park

Capital Expenditure – Major Projects

- **Smart Water Meters rollout**

- \$2.95 million project – \$1.77 million in funding from the Queensland Government's 2019-21 Local Government Grants and Subsidy Program, and \$1.18 million from Council.
- Successful tender to be awarded by Council in the near future – 8 tenders were received in total.
- Project entails replacing about 7,300 existing ageing analogue water meters across Mount Isa with digital smart meters that will enable Council to record how much water is being used on a daily basis.
- The new meters will provide extremely accurate and precise water usage information for residents, who will be able to obtain their data via a web portal or smartphone app.
- Additional sensors and intelligent alarms will be installed as part of the rollout to assist Council in identifying priority areas to address leaks in the city's reticulated potable water system.
- It is anticipated that the rollout will take place in late 2021.



Capital Expenditure – Major Projects

- **Gallipoli Park Pump Track and Recreation Redevelopment**
 - \$895,000 project, completely funded by the Queensland Government's Active Community Infrastructure Funding Stream.
 - Council is proposing to “activate” Gallipoli Park, which currently has no facilities, through the installation of quality recreational infrastructure.
 - The proposed development will feature a state-of-the-art pump track with ancillary equipment at Gallipoli Park South, Soldiers Hill.
 - Council plans to:
 - Install an asphalt pump track
 - Install a “pedal park” (beginners’ level)
 - Install exercise equipment
 - Install covered picnic tables
 - Provide landscaping and beautification
 - A community survey held in 2020 found the majority of respondents (about 70%) are in favour of the project. Residents of houses surrounding Gallipoli Park were surveyed as well to inform them of the development.



Capital Expenditure – Major Projects

- **Materials Recovery Facility**

- \$6 million project funded by the Federal Government's Building Better Regions Fund.
- Will involve the construction of a Materials Recovery Facility (MRF), which will be used to sort and process recyclable domestic waste such as plastic, metals and cardboard, at Council's Waste Management Facility.
- Also involves the construction of a recycling storage shed and the establishment of a tip shop.
- Tender has been awarded for the design, supply and construction of the recycling storage shed (project cost: \$308,450).
- As part of the construction of the Materials Recovery Facility, yellow-top bins will be distributed throughout the community in the second half of 2022 to implement a residential recycling collection service for residents – a first for Mount Isa – with the recycling collections to be done on a fortnightly basis.
- Community information sessions about the planned new bin collections and residential recycling service are expected to be held in the coming weeks.

Fees and Charges

General

All commercial revenue streams to increase by approximately 3.75%.

The final charge has been rounded to the nearest 50c or \$1.00 for ease of providing change.

All cost recovery revenue streams have been reviewed and the charges set.

[Draft Register of Commercial Charges](#)

[Draft Register of Cost Recovery Fees](#)

Appendix A: Council comparisons

Council comparisons: Councils used in comparison

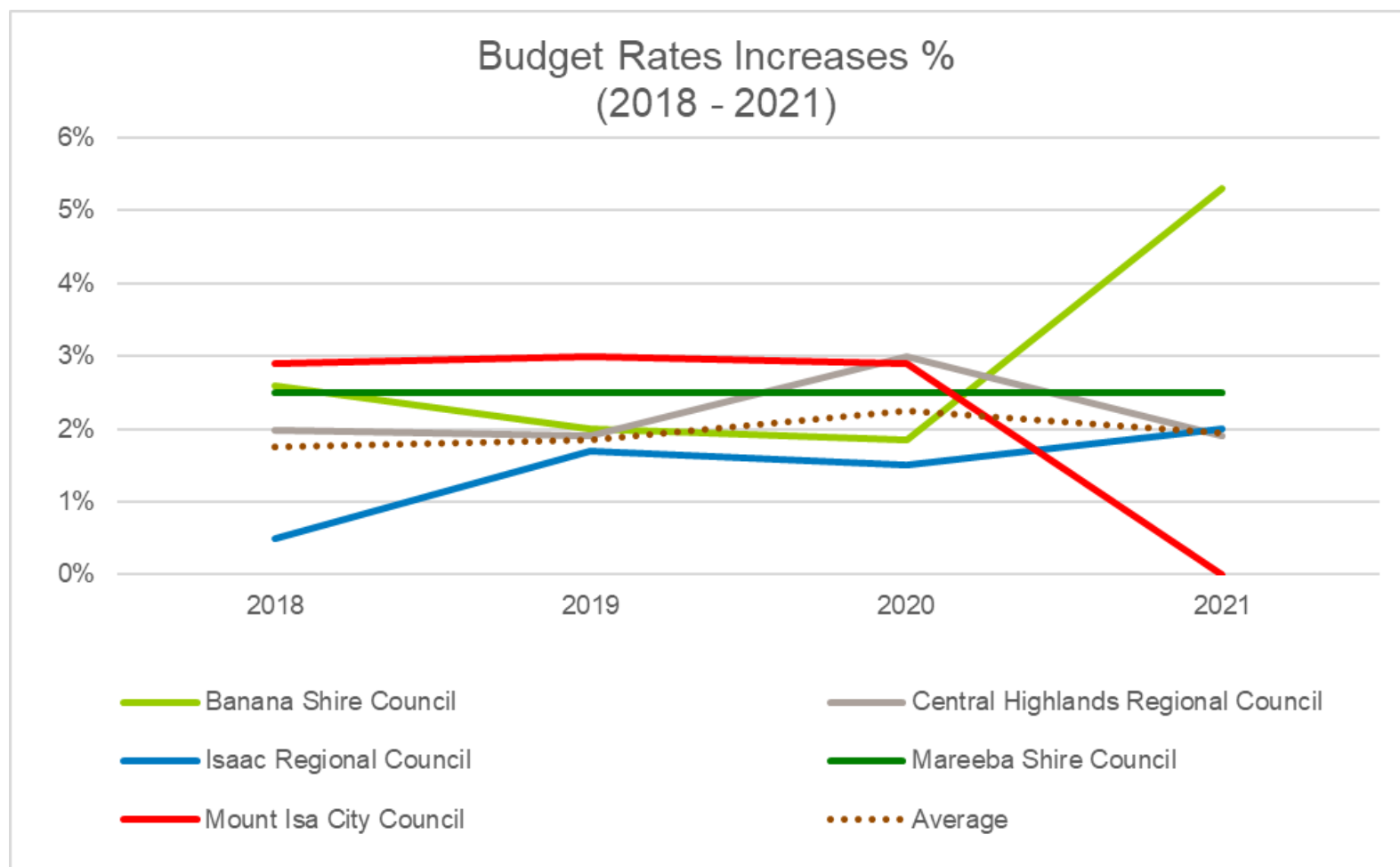
Comparative Councils	QAO category	Area (Km2)	Dwellings (2016)	Average population (2014 - 2020)	Population CAGR (2014 - 2020)
Banana Shire Council	Resources	28,550	6,500	14,503	-0.5%
Central Highlands Regional Council	Resources	59,835	12,359	28,868	-0.5%
Isaac Regional Council	Resources	58,708	10,193	21,491	-1.4%
Maranoa Regional Council	Resources	58,705	6,147	12,963	-0.8%
Mareeba Shire Council	Rural/Regional	53,491	8,851	22,224	0.9%
Mount Isa City Council	Resources	43,713	7,932	19,683	-1.3%

Peer group selected based on the following attributes:

- regional and / or resources councils (though resource types differ)
- having comparable land area
- having comparable dwellings / population sizes, and
- similar population trends (largely declining populations).

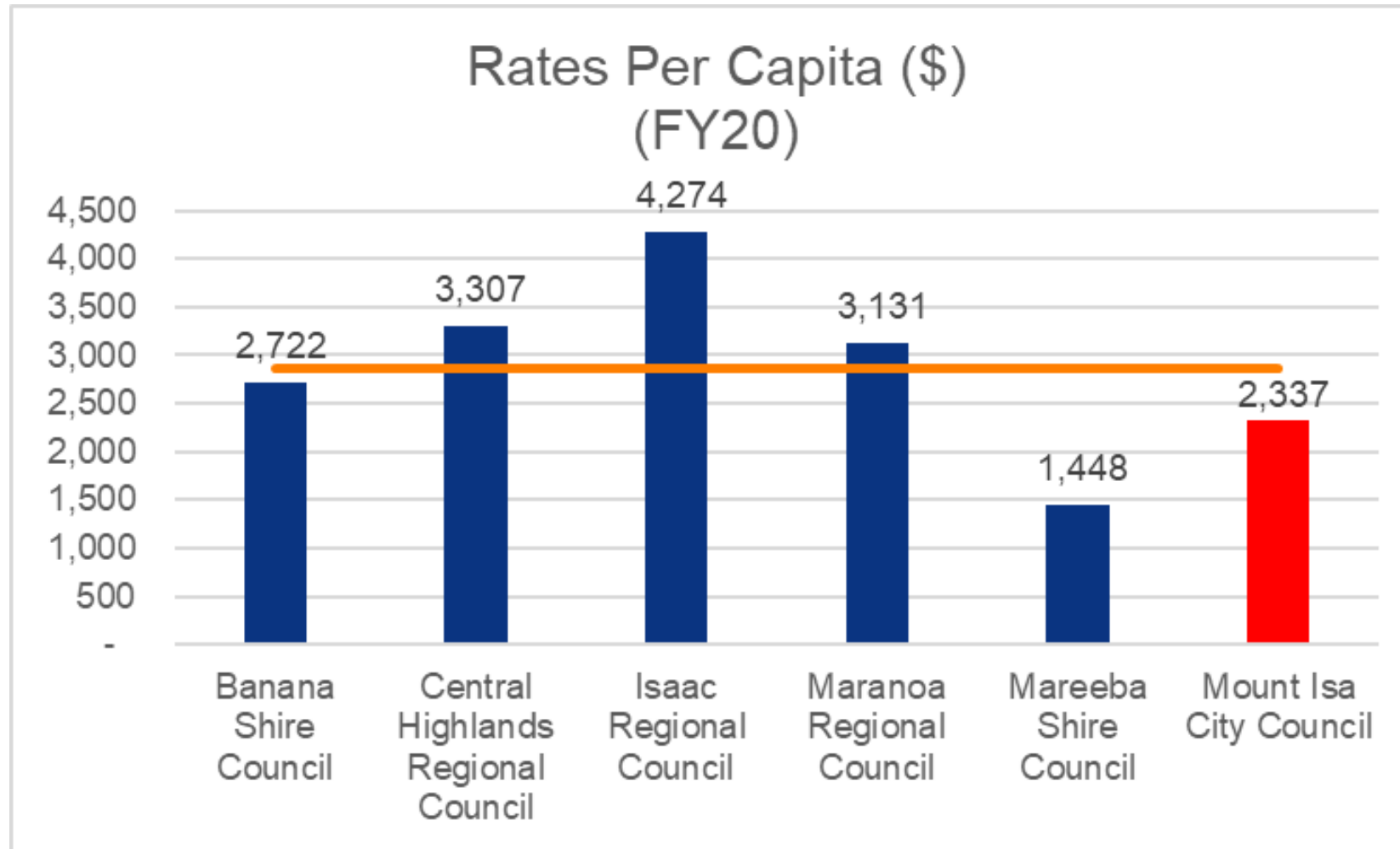
Data sourced from: (i) Council Annual Reports, (ii) Queensland Government Statistician's Office, (iii) Department of Local Government, Racing and Multicultural Affairs Local Government Comparative Reports, (iv) Australian Bureau of Statistics, (v) Council Budget Statements, and (vi) QTC Client Quick Reference Guide.

Council comparisons: Rates increases*



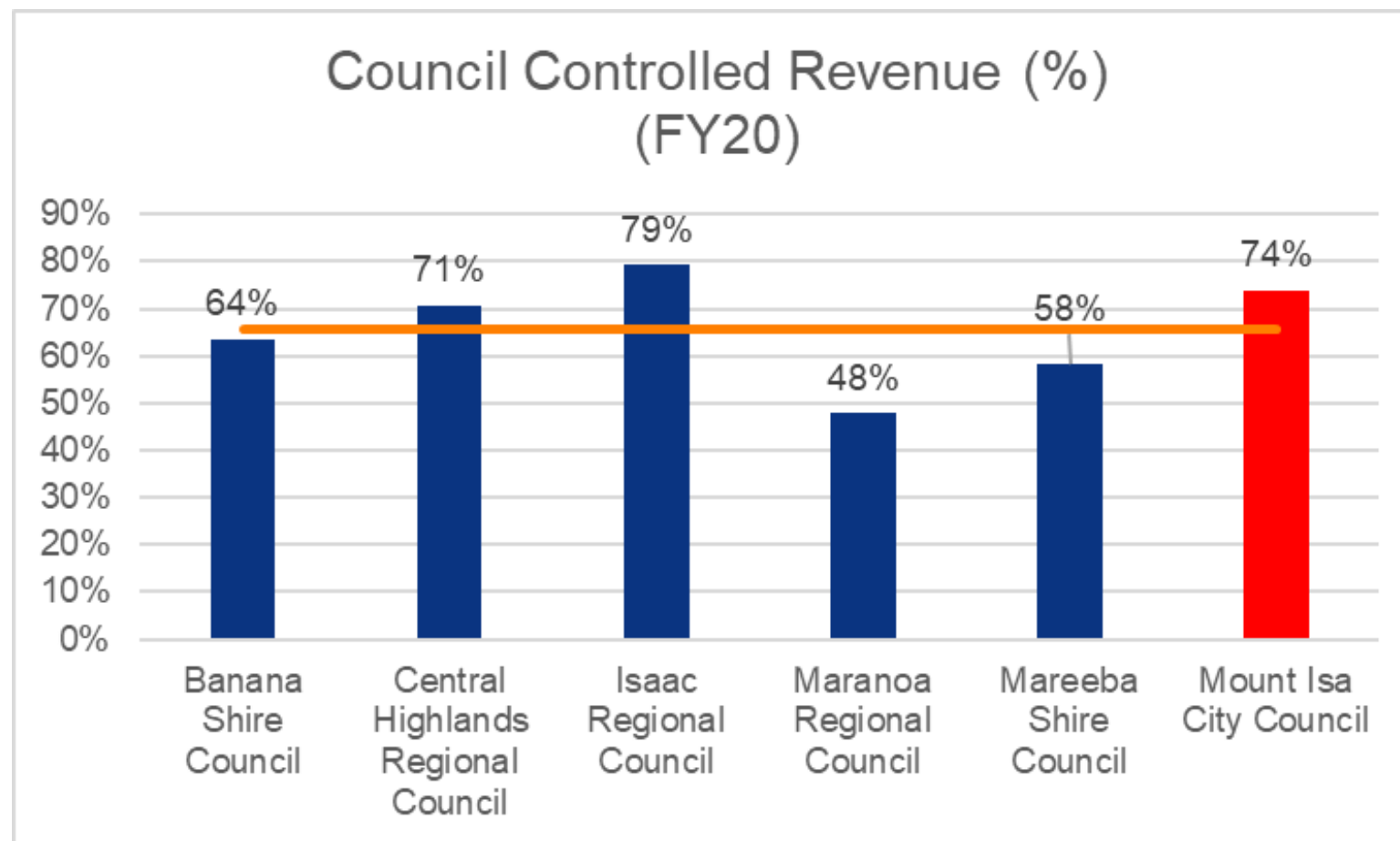
* All years are based on announced rates increases in budget statements. Note, Maranoa has not been included as historical information is not available.
29/04/2021

Council comparisons: Rates per capita*



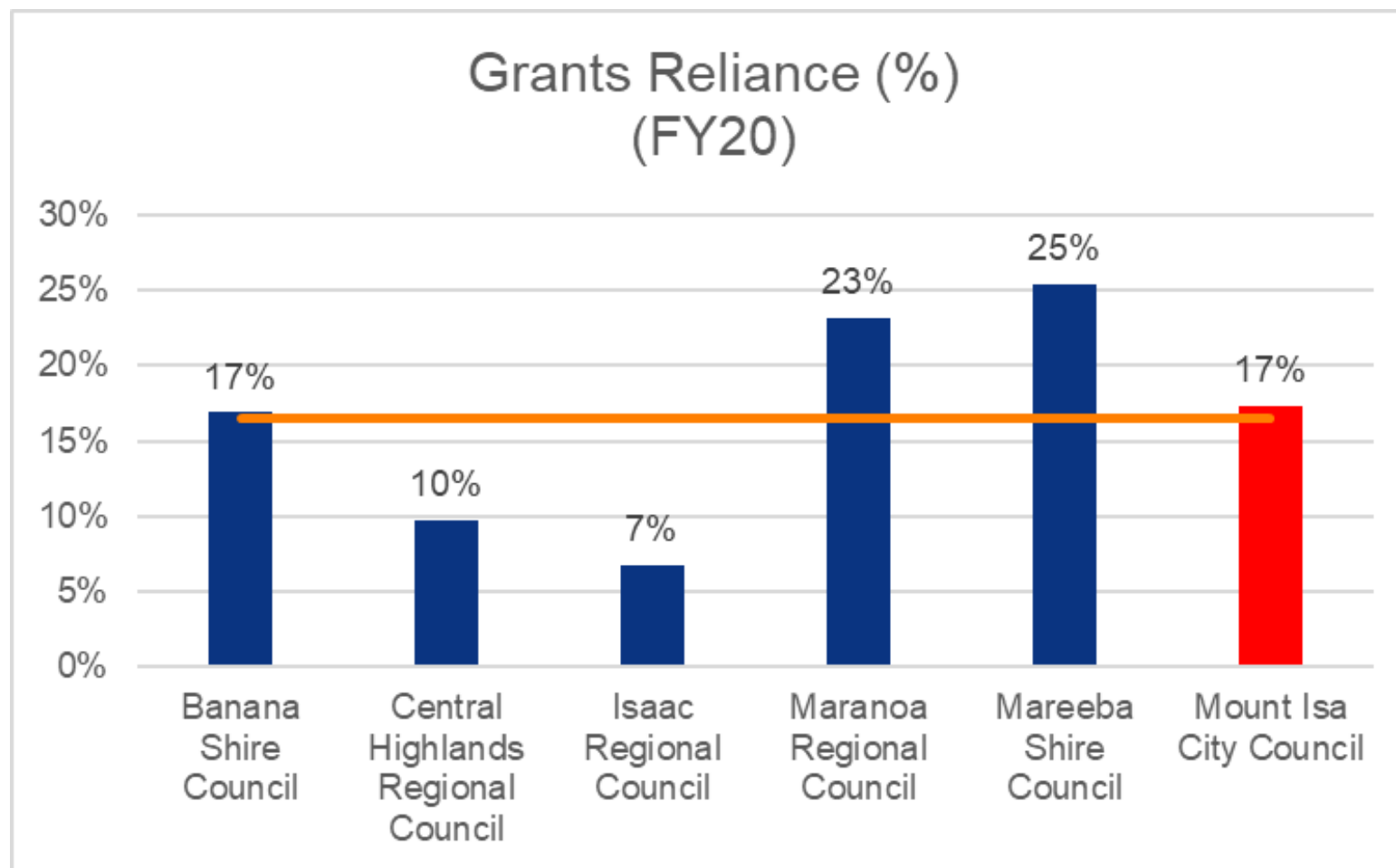
* Calculated as [rates, levies, fees and charges / population].
29/04/2021

Council comparisons: Council controlled revenue*



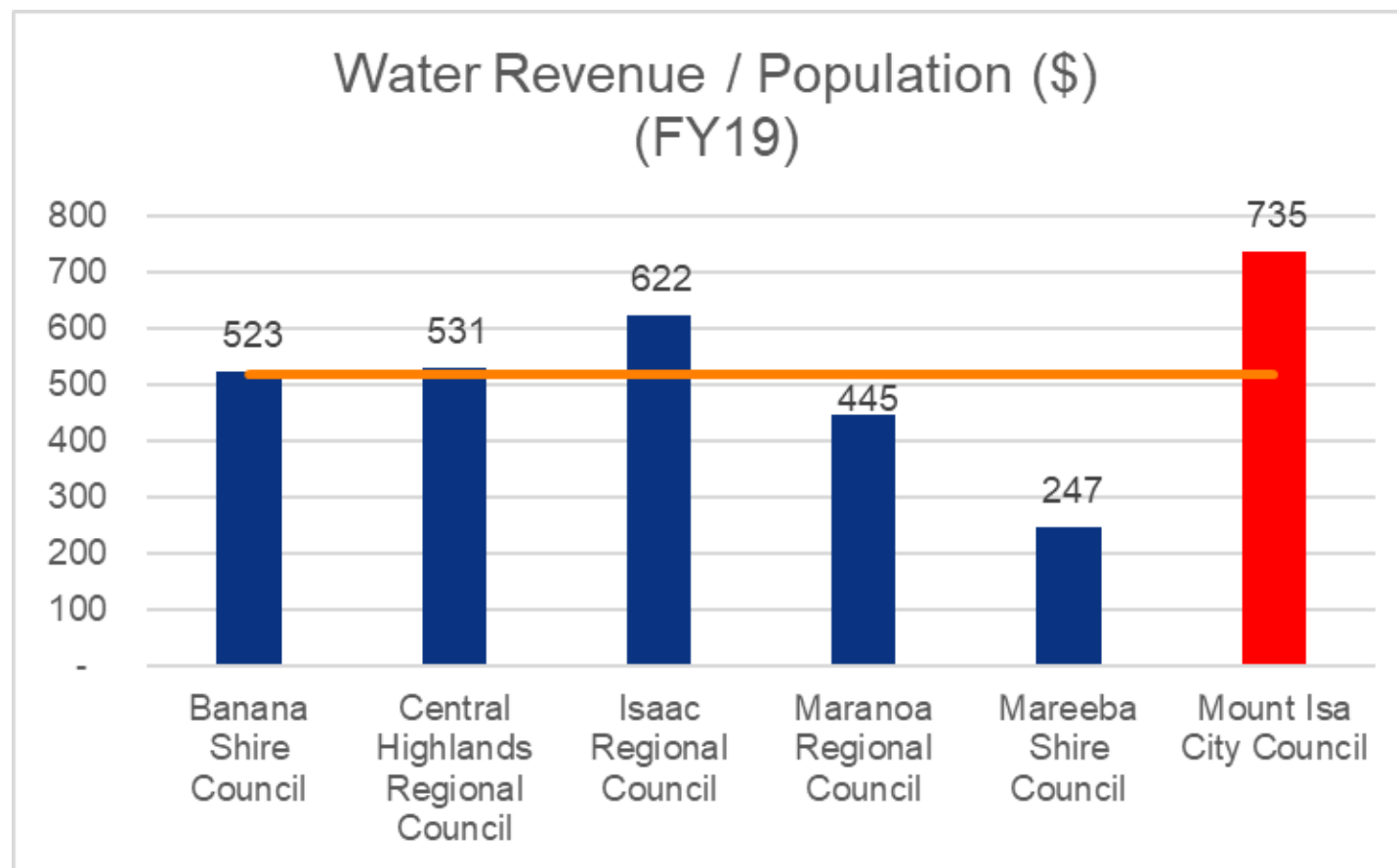
* Calculated as [rates, levies, fees and charges / total operating revenue].
29/04/2021

Council comparisons: Grants reliance ratio*



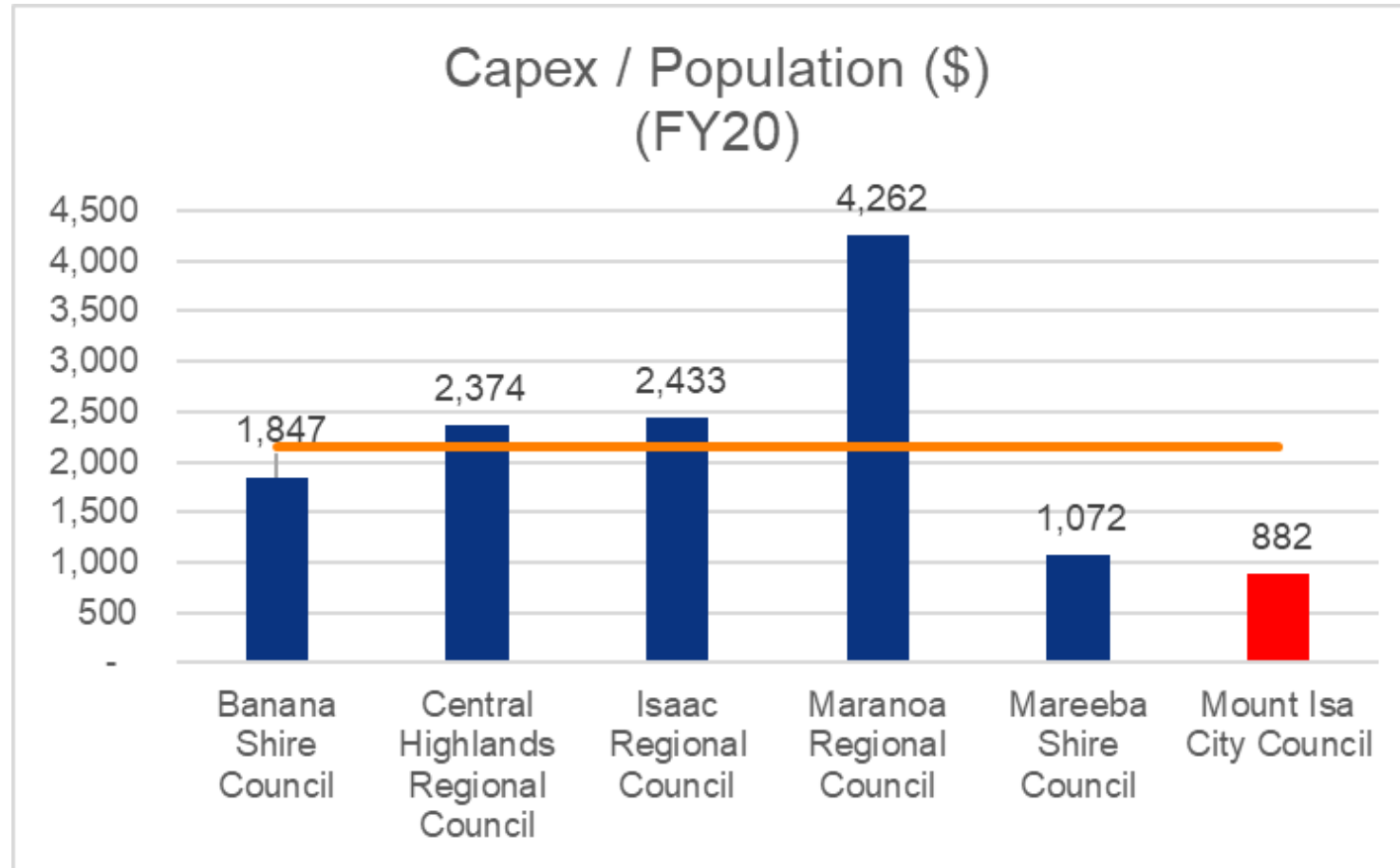
* Calculated as [operating grants, subsidies, contributions and donations / total operating revenue].
29/04/2021

Council comparisons: Water revenue per capita*



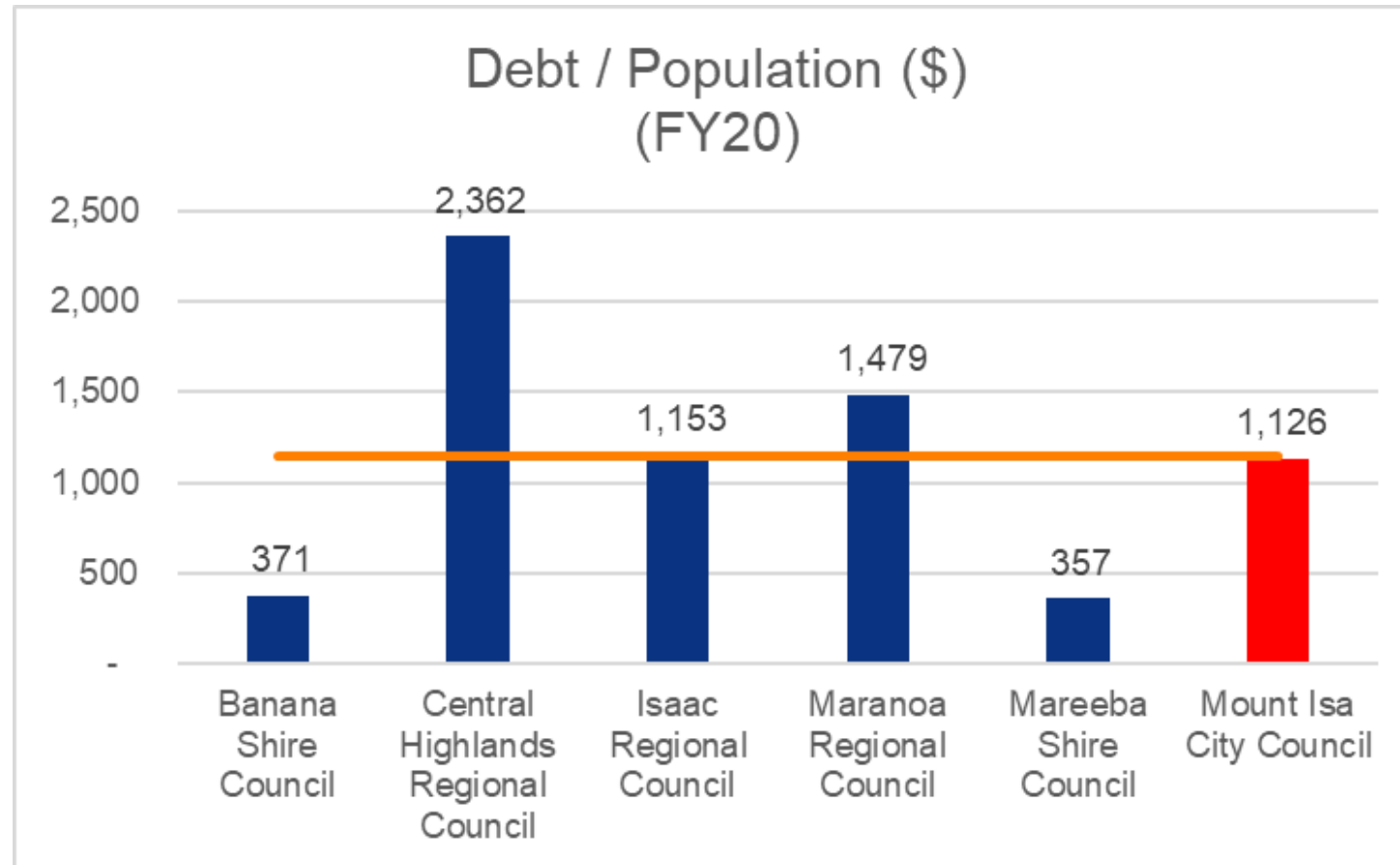
* Calculated as [total water revenue / population]. Note, 2019 data used as it is the most up-to-date data in the Local Government Comparative Reports.
29/04/2021

Council comparisons: Capital expenditure per capita*



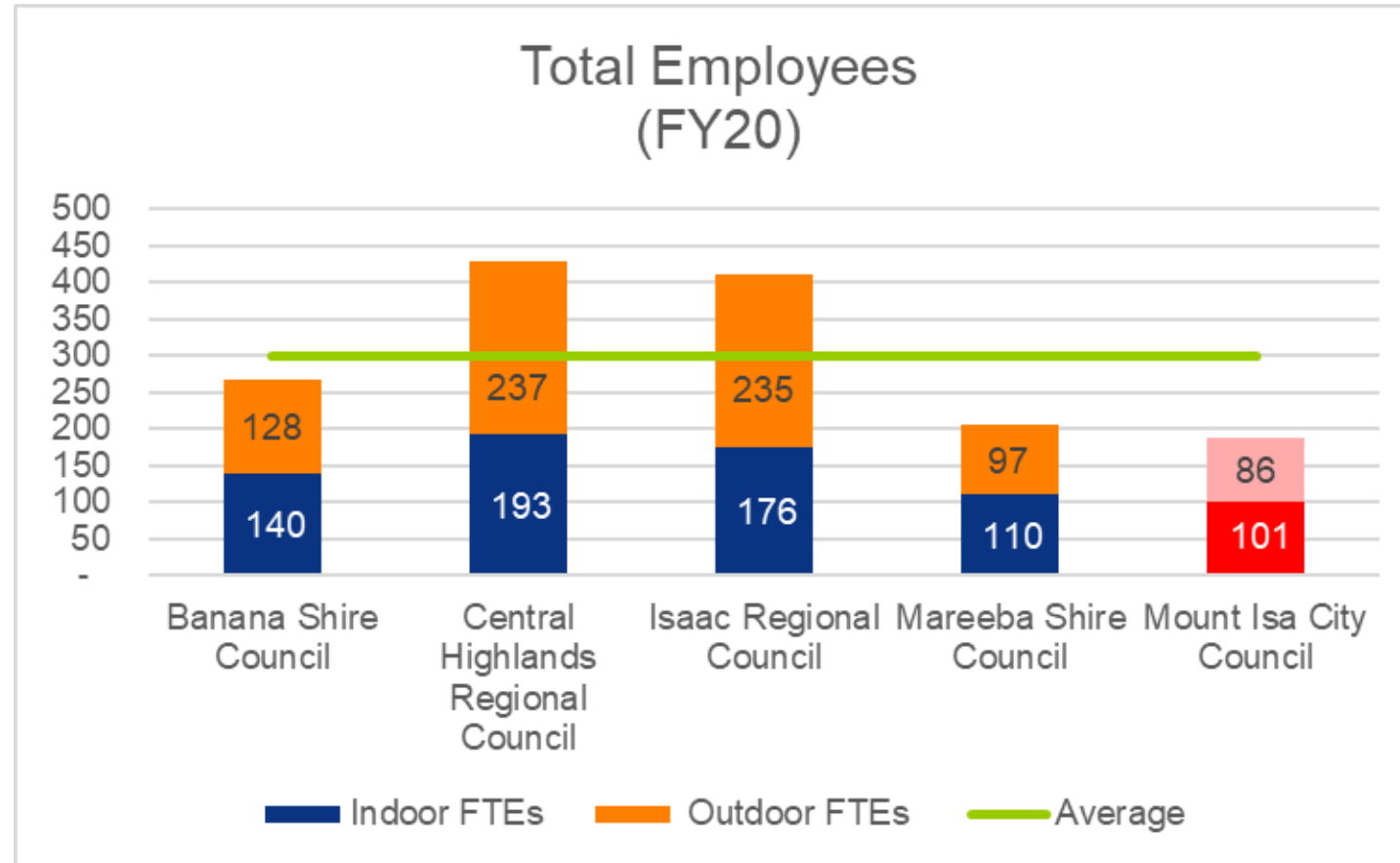
* Calculated as [payments for PP&E / population].
29/04/2021

Council comparisons: Debt per capita*



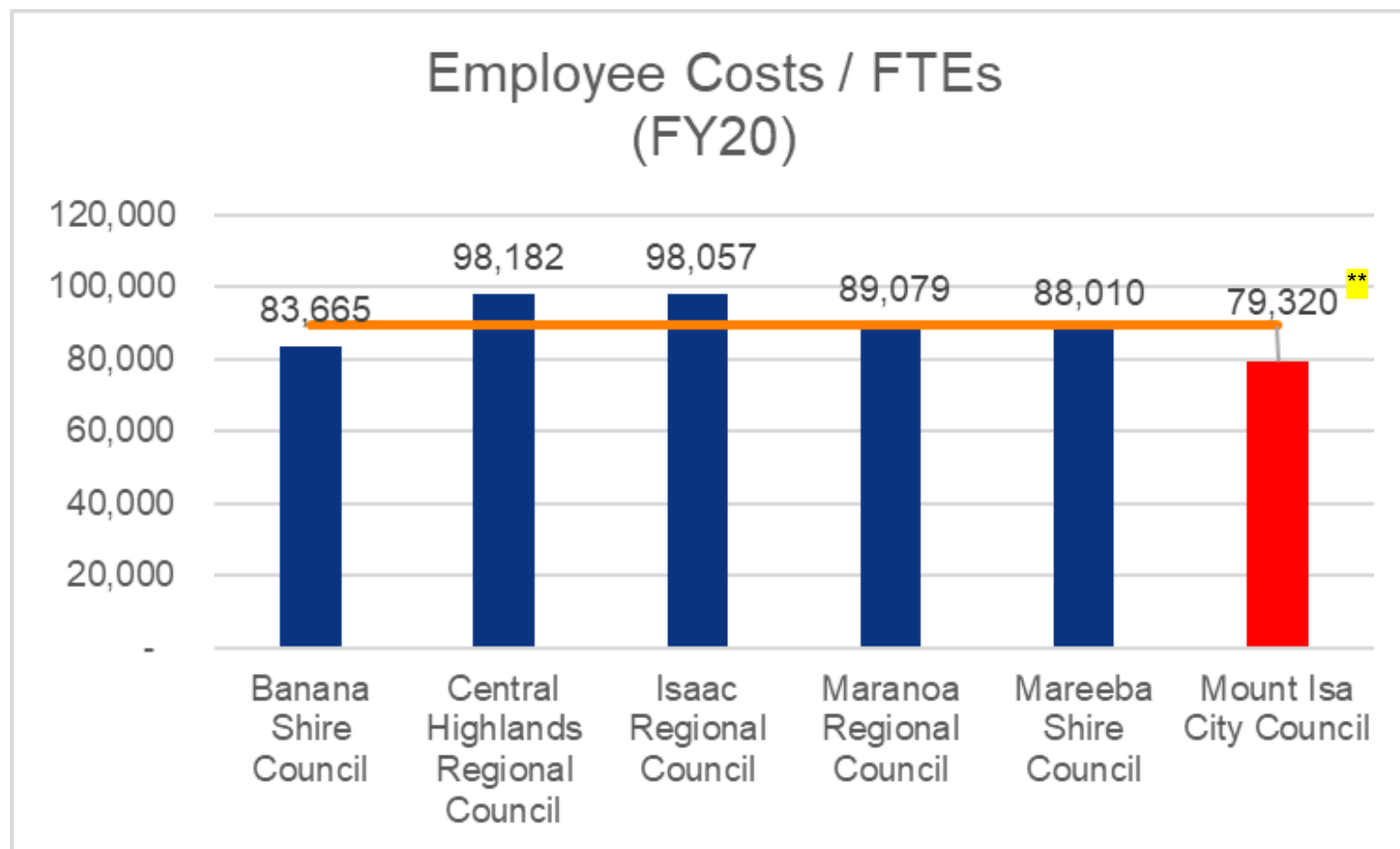
* Calculated as $[(\text{current debt} + \text{non-current debt}) / \text{population}]$.
29/04/2021

Council comparisons: Total full time equivalent staff*



* Full time equivalent employees as reported in council annual reports. Note, Maranoa has been excluded as the split was not reported.
29/04/2021

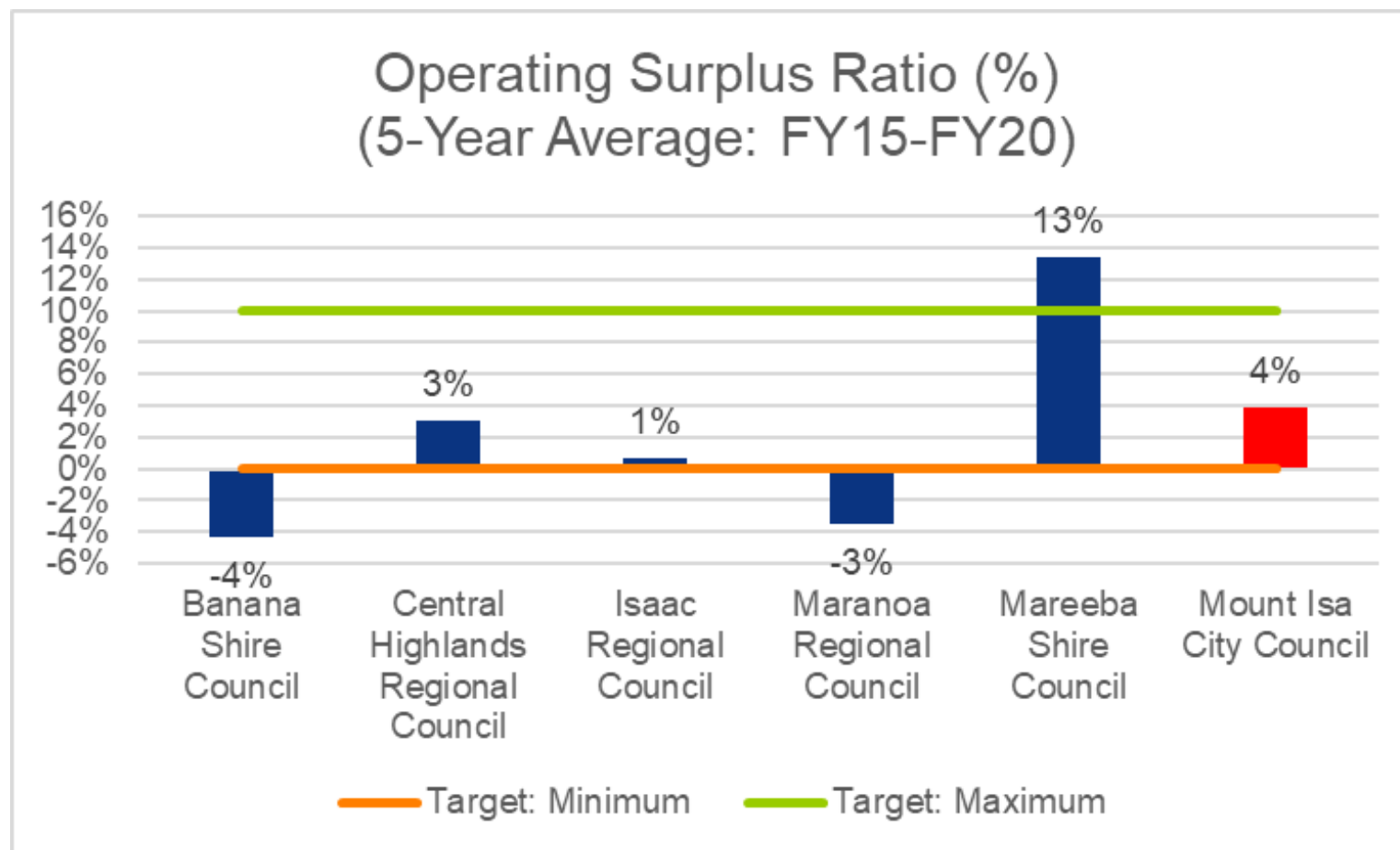
Council comparisons: Average employee expense*



* Calculated as [employee benefit expense / total FTEs]. **Note: Mount Isa's employee benefit expense should be higher – reported lower due to coding issues.**

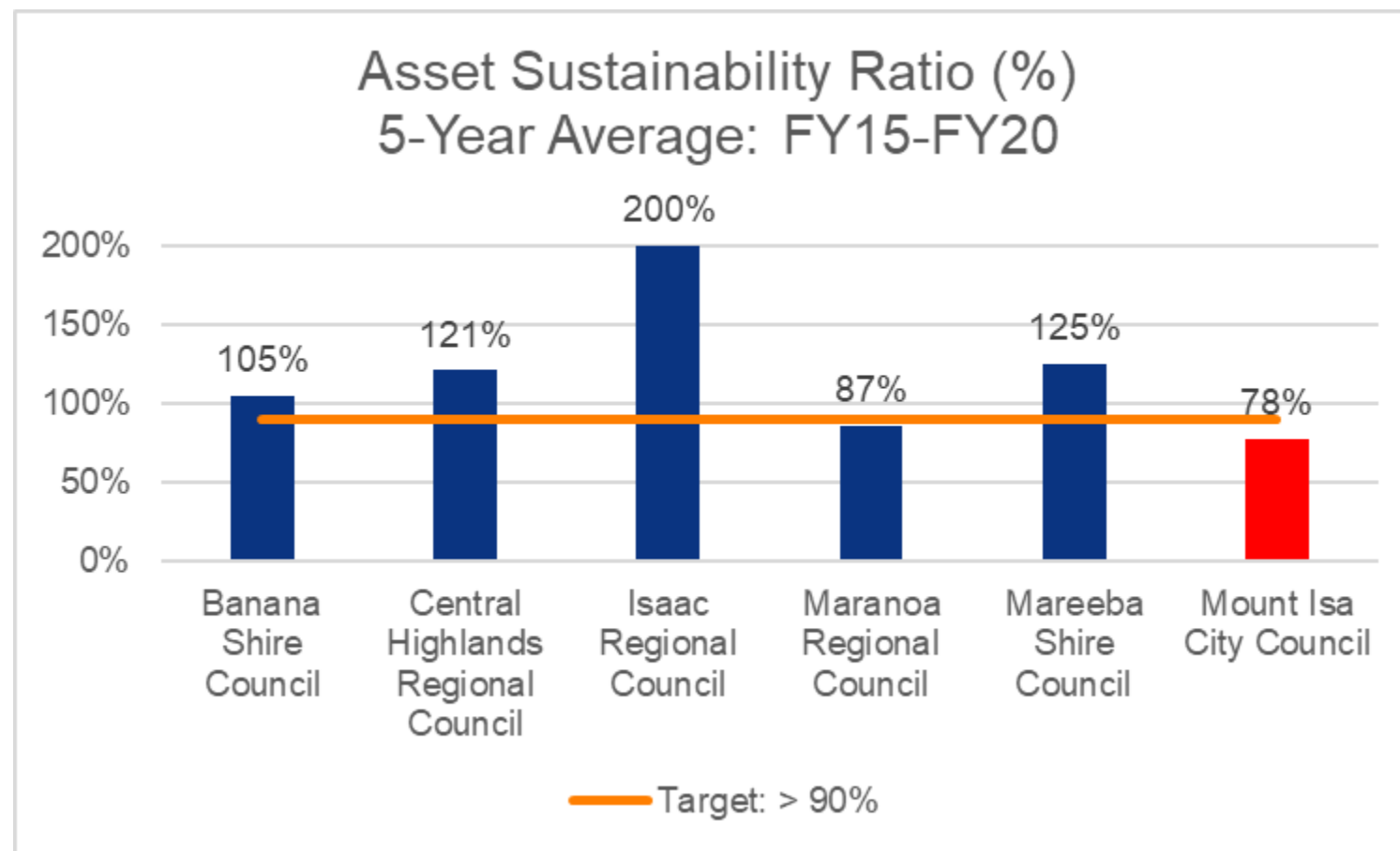
29/04/2021

Council comparisons: Operating surplus ratio*



* Calculated as [operating result / operating revenue]. Indicates extent to which revenues cover operational expenses. A positive ratio means surplus can be used to fund capex.
29/04/2021

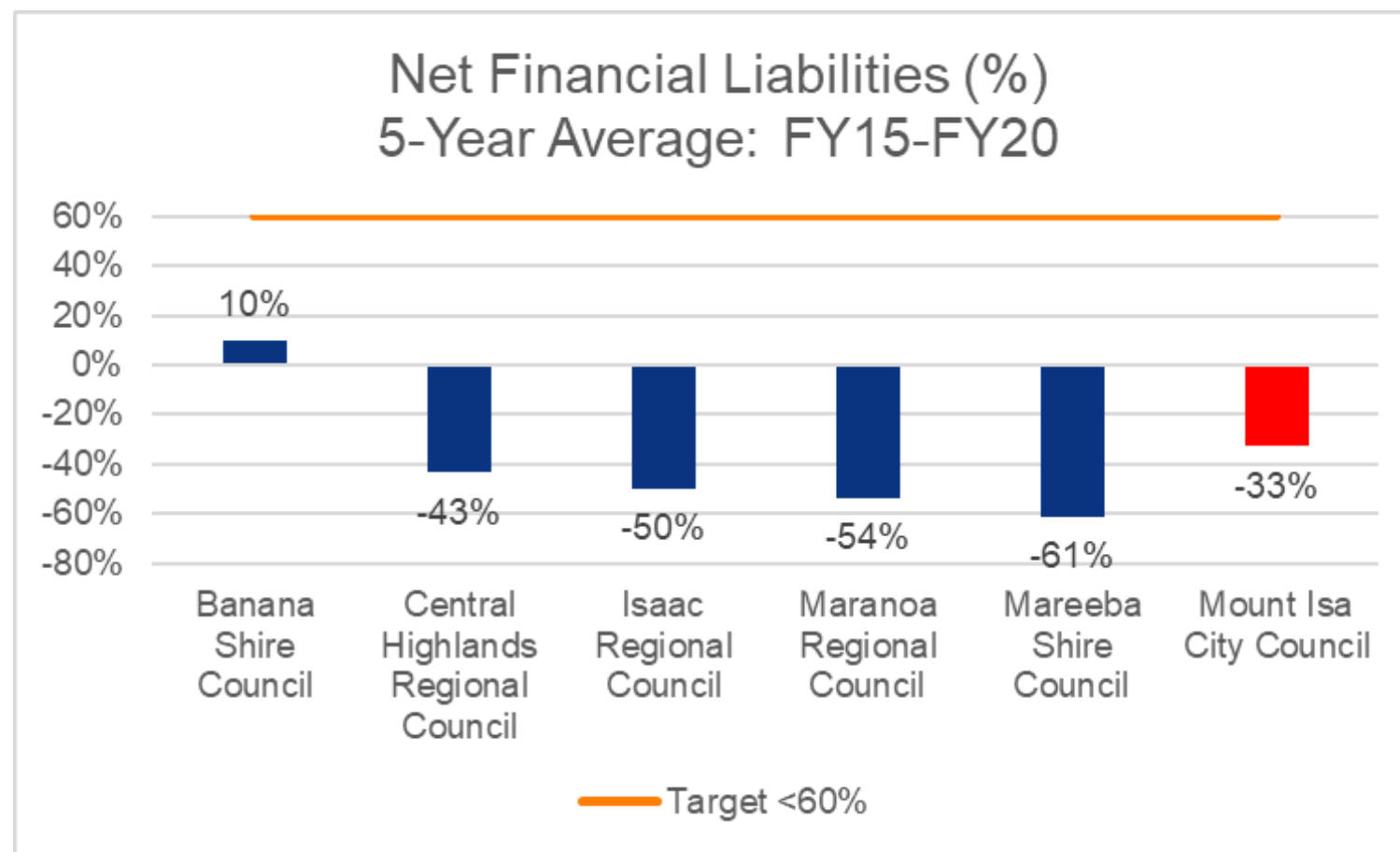
Council comparisons: Asset sustainability ratio*



* Calculated as [capital expenditure on replacement assets / depreciation expense]. Approximates the extent of asset replacement as service potential is used up.
29/04/2021

<https://clients.qtc.com.au/wp-content/uploads/2016/09/Quick-Reference-Guide-Financial-Performance.pdf>

Council comparisons: Net financial liabilities*



* Calculated as $[(\text{total liabilities} - \text{current assets}) / \text{operating revenues}]$. Indicates net financial debt can be serviced by operating revenue. > 0% implies liabilities exceed current assets.

29/04/2021

<https://clients.qtc.com.au/wp-content/uploads/2016/09/Quick-Reference-Guide-Financial-Performance.pdf>