

2011-12 BUDGET

**TOTAL COUNCIL
FINANCIAL RATIOS
for the period ending 30 June 2012**

KEY FINANCIAL INDICATORS	Estimated Position 2010/2011 \$'000	Budget 2011/2012 \$'000	Forward Estimate 2012/2013 \$'000	Forward Estimate 2013/2014 \$'000	Forward Estimate 2014/2015 \$'000	Forward Estimate 2015/2016 \$'000	Forward Estimate 2016/2017 \$'000	Forward Estimate 2017/2018 \$'000	Forward Estimate 2018/2019 \$'000	Forward Estimate 2019/2020 \$'000	Forward Estimate 2020/2021 \$'000
Working Capital Ratio 1:	3.6	2.7	2.5	2.3	2.3	2.0	1.8	1.6	1.4	1.2	1.1
Operating Surplus Ratio	22.4%	11.5%	11.1%	10.6%	10.5%	10.2%	10.1%	9.7%	9.5%	9.1%	8.9%
Net Financial Liabilities Ratio	6%	27%	34%	36%	35%	38%	40%	41%	41%	42%	43%
Interest Coverage Ratio	(9.8)%	(7.9)%	(7.8)%	(7.2)%	(6.9)%	(6.6)%	(6.3)%	(6.1)%	(6.1)%	(6.0)%	(5.9)%
Asset Sustainability Ratio	92.0%	75.0%	68.0%	76.0%	68.0%	63.0%	62.0%	62.0%	62.0%	62.0%	62.0%
Asset Consumption Ratio	79.0%	78.0%	78.0%	77.0%	77.0%	76.0%	76.0%	76.0%	75.0%	75.0%	74.0%
Operating Surplus Ratio (excluding Capital Revenues)	(0.5)%	0.6%	0.6%	0.5%	0.6%	0.8%	0.6%	0.8%	0.8%	0.9%	0.9%

Working Capital Ratio

Measures the extent to which Council has liquid assets available to meet short term financial obligations.

Calculation - Current assets (CA)/current liabilities (CL), expressed as X : 1 (where X = CA/CL).

Target - between 1:1 and 4:1.

Operating Surplus Ratio

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

Calculation - Net result divided by total operating revenue, expressed as a %.

Target - between 0% and 10%

Net Financial Liabilities Ratio

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

Calculation - (total liabilities less current assets) divided by total operating revenue, expressed as a %.

Target - not greater than 60%.

Interest Coverage Ratio

Measures the extent to which Council's operating revenues are committed to funding the interest expense on current loan borrowings and leases.

Calculation - net interest divided by total operating revenue, expressed as a %.

target - between 0% and 5%.

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 the replacement of infrastructure assets (renewals) divided by depreciation expense, expressed as a percentage.

Target greater than 90%.

Asset Consumption Ratio

Shows the remaining average proportion of Council's infrastructure assets relative to their as new value in current dollars.

Calculation - written down value of infrastructure assets divided by gross replacement cost of infrastructure assets, expressed as a percentage.

Target - between 40% and 80%.