

2024–2025

COMMUNITY FINANCIAL REPORT



Community Financial Report

This report provides community members with a user-friendly summary of the statutory financial statements of Redland City Council and its controlled entities (Council) as required by section 179 of the *Local Government Regulation 2012*.

The financial statements use accrual accounting, which means transactions are recorded when goods or services are received or provided — not when money changes hands. The report gives a simple, comprehensive overview of Council's financial results for the year ending 30 June 2025.

Council's financial statements are audited by the Queensland Audit Office and certified by the Mayor and the Chief Executive Officer as a true and fair presentation of the financial results. They are then adopted by Council and reported to the community.

The report provides an overview of the financial statements for the financial year ending 30 June 2025 to provide a simple, comprehensive view of Council's financial results.

Highlights

- Delivery of \$89 million worth of capital works during the year.
- \$332 million in revenue generated from rates and utility charges.
- Long-term loans increased by \$24 million to \$90 million during the year to fund the capital works program.
- Financial performance in the Statements of Comprehensive Income resulted in a surplus of \$2 million, however the recurrent operating result was a deficit of \$28 million.
- \$3.4 billion worth of property, plant and equipment assets managed.
- Community equity increased by \$100 million.
- Cash balance increased by \$17 million to \$235 million mainly due to additional borrowings of \$28 million for the capital works program offset by \$9 million in costs for responding to ex-Tropical Cyclone Alfred.
- \$22 million in State and Federal Government grants and subsidies recorded during the year.

Financial statements overview

The financial statements consist of four (4) reports with detailed notes that accompany them. They are set out under regulated formats to enable comparison across the local government sector. The four financial statements include:

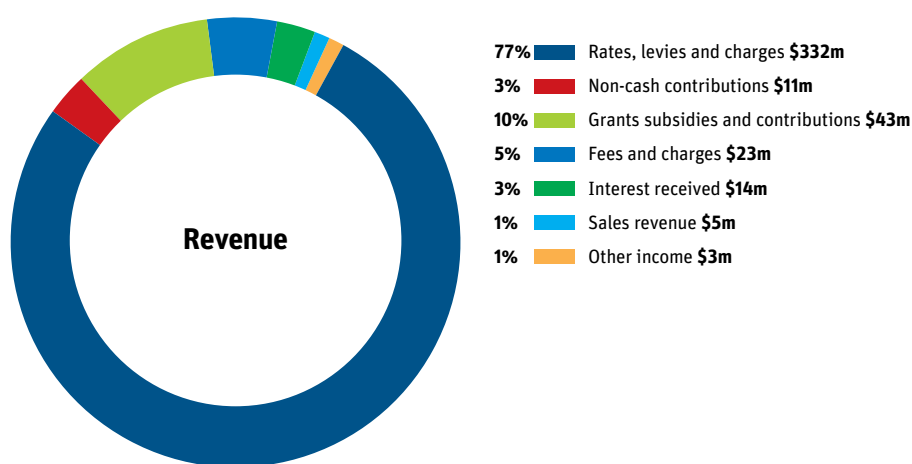
- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows

Statements of Comprehensive Income

Often called a profit and loss statement, the Statement of Comprehensive Income shows what Council earned (revenue) and spent (expenses) during the financial year to run its operations. It also reveals the net result, which affects community equity—essentially, our shared financial position. The table below provides a summary. For full details, see the Consolidated Statement of Comprehensive Income on page 77.

	2025 \$'000	2024 \$'000
What we earned (revenue):		
Recurrent and operating revenue	391,450	355,703
Capital revenue	39,634	83,429
Total income	431,084	439,132
What we spent (expenses):		
Recurrent expenses	(419,212)	(392,622)
Capital expenses	(9,623)	(4,868)
Total expenses	(428,835)	(397,490)
Net result	2,249	41,642

Revenue of \$431 million – where did the money come from?



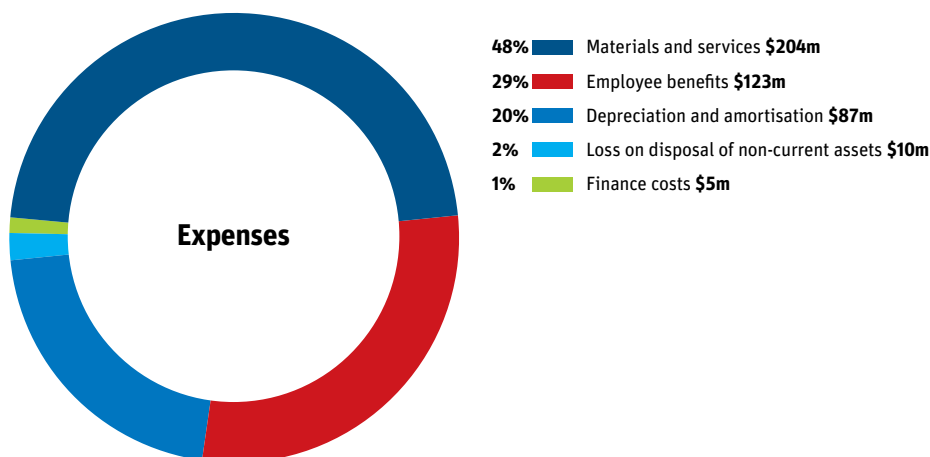
Last financial year, Council generated \$431 million in revenue, mostly from rates, levies, and charges. Most of this revenue came from residential property owners. This income helps fund the essential services, programs, facilities, and infrastructure that support the Redlands Coast every day.

Council's total income decreased by \$8 million, or two per cent, compared to the previous year.

Although there were increases in rates, wastewater charges, water usage, and waste collection fees, these were offset by a reduction in capital grants and fewer non-cash contributions.

Capital grants are provided by state and federal governments to support general needs or specific projects. These grants are not consistent year to year and can fluctuate. Non-cash contributions typically come from developers who construct assets—such as roads or parks — as part of new developments. These assets then become Council's responsibility to maintain into the future.

Expenses of \$429 million – where was the money spent?



Council spent \$429 million to deliver essential community services, programs, facilities and infrastructure during the financial year. This is an increase of \$31 million, or eight per cent, compared to last year and was mainly driven by higher employee costs due to additional works associated with disaster management activities related to ex-Tropical Cyclone Alfred.

Other factors include the enterprise bargaining agreement provisions, recruitment of long-standing vacancies to serve the community and increased depreciation and amortisation associated with the ongoing delivery of the capital works program and asset revaluations.

Statement of Financial Position

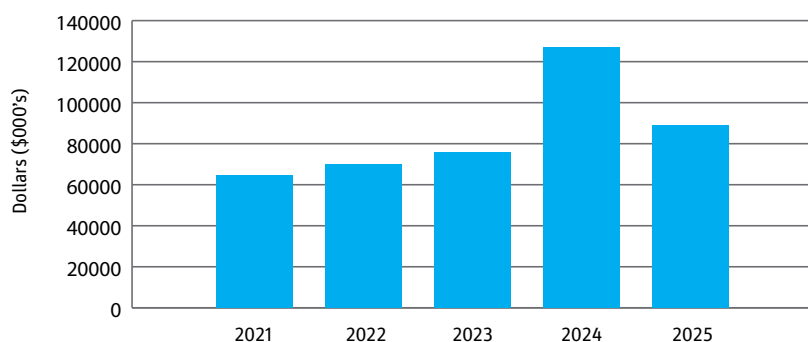
Often called the balance sheet, the Statement of Financial Position provides a snapshot of Council's financial health as at 30 June each year. It shows the value of Council's assets, the level of debt, and other liabilities.

The difference between these figures represents community equity – our shared net wealth. Spending on capital works increases our asset base, while drawing down loans adds to our liabilities. The net effect of these movements is reflected in changes to community equity.

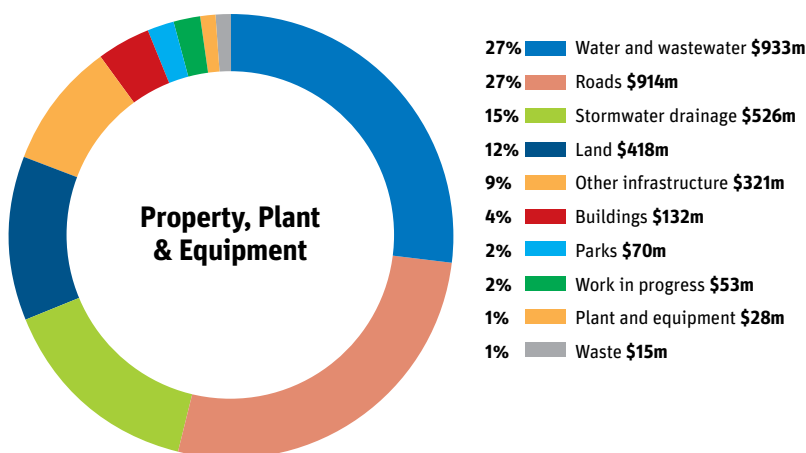
Capital works expenditure (Council) – key projects

Council delivered an \$89 million capital works program during the year. The graph below shows Council's capital works expenditure over the past five years. The spike in capital spend in the 2024 year is driven by the timing of work progress on a number of large, multi-year infrastructure projects, including the Wellington Street/Panorama Drive road upgrade, Weinam Creek Priority Development Area (PDA), Willards Farm restoration, Charlie Buckler Memorial Sporting Fields and marine revetment wall renewal works.

Capital works expenditure (\$'000's)



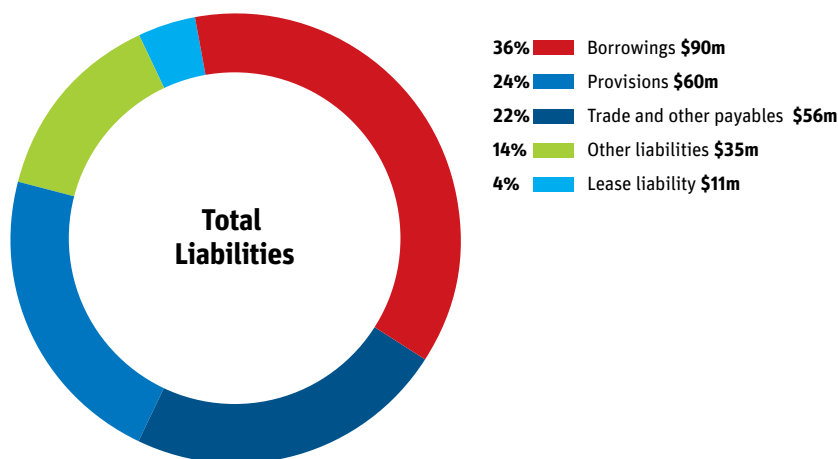
Property, plant and equipment of \$3,410 million – what do we own?



The total value of all assets on 30 June was \$3,785 million, of which \$3,410 million (90 per cent) relates to property, plant and equipment. The value of total assets increased by \$139 million (four per cent) during the year.

Some property, plant and equipment asset categories undergo a revaluation each year to reflect current market conditions and indicate to the community the value of the assets in today's terms. The revaluation exercise includes a re-estimate of the future depreciation costs based on that new value. During the year, a comprehensive valuation of land and building assets was completed with a desktop indexation valuation applied to roads, other infrastructure, stormwater, and water and wastewater. The revaluations resulted in an increase in the net value of assets of \$98 million (six per cent) which can be seen in the movement of the asset revaluation reserve. For further details, refer to the Consolidated Statements of Financial Position on page 77.

Liabilities of \$252 million – what do we owe?



Liabilities represent what Council owes to suppliers, employees or financial institutions (lenders) both now (current) and into the future (non-current). The total value of all liabilities owed on 30 June was \$252 million, of which \$90 million (36 per cent) relates to borrowings from the Queensland Treasury Corporation (QTC). Total liabilities increased by \$39 million (18 per cent) during the year, mainly due to the drawdown on loans from QTC to fund the capital works program (\$28 million) and the increase in unearned capital grants (where Council has received grant funds in advance of work being completed).

Borrowings – why do we borrow money when we have cash in the bank?

The annual spend by Council on infrastructure is significant and Council must consider sustainable funding strategies for this work. Some community projects are financed through loan borrowings to ensure 'intergenerational equity' in the allocation of cost over the life of the asset.

Intergenerational equity in local government is a principle that requires Council to consider the best way to meet present community needs without compromising the ability of future generations to meet their needs. Under this principle, the cost of long-lived assets is shared between all who benefit from the assets now and into the future.

Council strives to keep borrowings as low as possible to avoid unnecessary debt and associated interest expense with the long-term financial strategy including an assessment of Council's ability to borrow funds and gain access to grants, subsidies and future development contributions, which are used to finance the infrastructure required to support development on Redlands Coast.

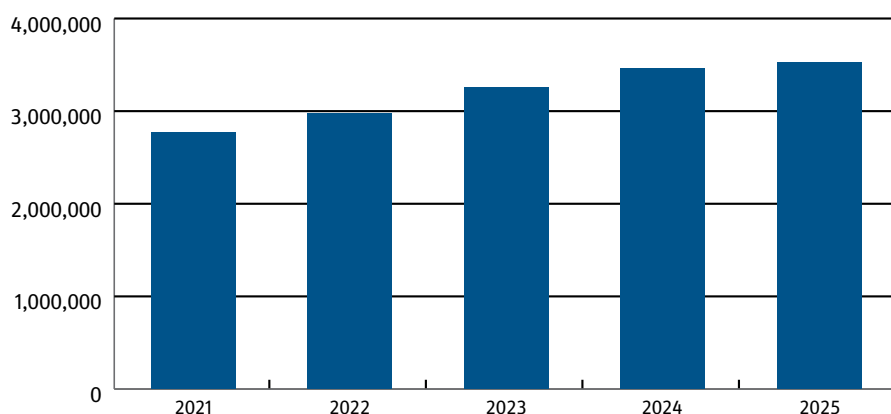
Council borrows from Queensland Treasury Corporation (QTC), which is the State Government-owned lending agency, in accordance with Council's Debt Policy.

Statements of Changes in Equity

Community equity includes retained surpluses (the cumulation of net results over time) and an asset revaluation surplus, which is non-cash equity reflecting the increase in the value of assets compared to their original cost. The sum of retained surplus and the asset revaluation surplus balances to the difference between total assets and total liabilities and represents the net wealth of Council.

The Statements of Changes in Equity provide a reconciliation of how the movement in the net result, the asset revaluation surplus and any other changes in equity within the financial year has impacted community equity. During the year, community equity increased by \$100 million (three per cent).

Community equity (\$'000)



Statements of Cash Flows

The Statements of Cash Flows provide a view of the incoming and outgoing flow of cash through the financial year as opposed to the Statements of Comprehensive Income, which include non-cash items and accruals. The Statements of Cash Flows show how cash was generated and where it flows to in broad categories including:

- Operating activities – cash flows in and out related to Council’s operating activities such as receipt of rates, levies and charges, and payment to suppliers and employees
- Investing activities – cash flows in and out for investment in long-term assets such as the construction of infrastructure and offsetting capital grants and contributions
- Financing activities – cash flows in and out for borrowings and leases such as loans from QTC.

What were the major sources of cash flows in and cash out?

The table below compares the main sources of cash receipts and cash payments during the year compared to last year. Council invests surplus funds to earn the best return possible until the funds are required for operational or capital purposes.

Main sources of cash flows in and out	2025 \$'000	2024 \$'000
Net cash received from operations (excluding interest)	\$26,784	\$48,862
Purchases and construction of assets	\$(76,614)	\$(116,131)
Capital grants, subsidies and contributions	\$35,399	\$31,106
Net borrowings	\$23,230	\$16,243
Short-term investment	\$(-)m	\$(39,874)
Interest received	\$13,851	\$13,893

Council started the financial year with \$218 million cash in the bank and ended the year with \$235 million.

Measures of sustainability

Council plays a vital role in shaping liveable, sustainable communities for current and future generations. To help track our progress, the local government sustainability framework includes a set of financial measures that assess Council’s ability to continue delivering essential services and infrastructure over time. Local governments are required to report on up to nine financial sustainability indicators, each with target levels that help gauge performance.

In addition to these required measures, Council also chooses to report on net financial liabilities to give the community a fuller picture of our financial position. These measures are outlined in the table on the following page.

Ratio	Target	2025	Five-year Average	Performance: ● Achieved ● Not achieved
Council-controlled revenue ratio*	N/A	90.72%	91.91%	N/A
Population growth ratio*	N/A	1.25%	1.11%	N/A
Operating surplus ratio	Greater than 0%	-7.09%	-3.80%	●
Operating cash ratio	Greater than 0%	15.48%	18.18%	●
Unrestricted cash expense cover ratio	Greater than 2 months	5.79 months	N/A	●
Asset sustainability ratio	Greater than 60%	47.56%	59.95%	●
Asset consumption ratio	Greater than 60%	61.82%	63.24%	●
Asset renewal funding ratio*	N/A	100%	N/A	N/A
Leverage ratio	0 – 4 times	1.49 times	0.96 times	●
Net financial liabilities ratio^	Less than 60%	-24.23%	-36.60%	●

* The Council-controlled revenue, population growth, and asset renewal funding ratio measures are reported for contextual purposes only, there are no specific targets set for these ratios.

^ The Net financial liabilities ratio is not a financial sustainability measure for the Queensland Local Government Sector as prescribed and defined within the *Financial Management Sustainability Guideline 2024* issued by the Department of Local Government, Water and Volunteers. This is calculated using net financial liabilities (total liabilities minus current assets) divided by total operating revenue. The negative number indicates that Council's current assets exceed the total liabilities. Therefore, Council has exceeded this target. Council has elected to include this key performance indicator in the budget and reports on this monthly, as this ratio does not feature in the Annual Financial Statements. Council chooses to retain this indicator to provide more information to the community on the extent to which net financial liabilities can be serviced by operating revenues.

The operating surplus ratio is negative and mainly driven by an increase in operating expenses compared to an increase in operating revenue. Contributing to the increase in operating expenses are increases in employee expenses due to additional works associated with disaster management activities related to ex-Tropical Cyclone Alfred and an increase in depreciation expense as a result of asset revaluations.

The asset sustainability ratio has a target to be achieved on average over the long-term (a period of at least 10 years) and is not necessarily expected to be met on a monthly or annual basis. Council regularly monitors this and achieving the target for the asset sustainability ratio continues to be a focus area. For further information please refer to the financial statements.