

K. Financial sustainability measures

The then Department of Housing, Local Government, Planning and Public Works (now the Department of Local Government, Water and Volunteers) introduced the *Financial Management (Sustainability) Guideline (2024)*, effective from the 2023–24 financial year onwards.

This guideline has considered the challenges that councils face, especially in rural and remote areas, and introduced additional ratios to measure financial sustainability. It groups councils into tiers, based on their remoteness and their population.

The guideline has 9 ratios on which councils are required to report in their financial sustainability statements, as a part of the financial statements. The council-controlled revenue, population growth, and asset renewal funding ratio measures are reported by councils for contextual purposes only and are not audited by us. We have summarised the 6 ratios that we audit, including the target benchmarks, in Figure K1.



**Figure K1
Financial sustainability ratios that we audit**

				Target prescribed in the guideline							
Type	Ratio (measure)	Description	Formula	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8
Operating performance	Operating surplus ratio	An indicator of the extent to which operating revenues generated cover operational expenses	$\frac{\text{Operating results}}{\text{Total operating revenue}}$ Expressed as a percentage	> 0%			> -2%		N/A *		
	Operating cash ratio	A measure of council's ability to cover its core operational expenses	$\frac{\text{Operating results plus depreciation and amortisation plus financial costs}}{\text{Operating revenue}}$ Expressed as a percentage	0%							
Liquidity	Unrestricted cash expense cover ratio	An indicator of the unconstrained liquidity available to council to meet ongoing and emergent financial demands	$\frac{\text{(Total cash and cash equivalents plus current investments plus available ongoing Queensland Treasury Corporation working capital facility less external restricted cash) *12}}{\text{(Total operating expenditure less depreciation and amortisation less finance costs)}}$ Expressed in months	>2 months		>3 months		>4 months			
Asset management	Asset sustainability ratio	Indicates the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives	$\frac{\text{Capital expenses on replacement of assets (renewals)}}{\text{Depreciation expenses on infrastructure assets}}$ Expressed as a percentage	>50%	>60%	>80%		>90%			
	Asset consumption ratio	Measures the extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community	$\frac{\text{Written-down replacement cost of depreciable infrastructure assets}}{\text{Current replacement cost of depreciable infrastructure assets}}$ Expressed as a percentage	>60%							
Debt servicing capacity	Leverage ratio	Indicator of council's ability to repay its debts	$\frac{\text{Book value of debt}}{\text{Operating results add depreciation and amortisation and finance costs}}$ Expressed in times	0–5	0–4	0–3					

Note: * Under the department's guidelines, for tiers 6 to 8, the operating surplus ratio is contextual only – meaning that although these councils need to report this ratio, they do not have a benchmark for this ratio to measure their performance against.

Source: Queensland Audit Office.



Figure K2
Financial sustainability ratio by council tiers: Results at the end of 2024–25

	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 1 councils																
Brisbane City Council	5.0	3.9	▼	21.5	23.1	▼	5.1	61.5	67.3	▼	81.1	78.4	▲	5.7	4.7	▲
Tier 2 councils																
Cairns Regional Council	5.0	1.2	▲	31.5	29.8	▲	7.2	83.3	75.6	▼	68.3	68.3	▼	0.8	1.4	▼
Council of the City of Gold Coast	-6.0	-2.9	▼	16.5	19.7	▼	4	94.5	75.3	▲	63.8	65.0	▼	2.6	2	▲
Fraser Coast Regional Council	1.2	-0.3	▲	29.8	27.4	▼	5	67.6	80.8	▼	66.9	65.2	▲	0.4	0.6	▼
Ipswich City Council	3.6	1.9	▲	30.8	30.1	▼	7.3	60.0	67.6	▼	70.0	70.6	▲	3.9	3.8	-
Logan City Council	3.1	1.9	▲	25.2	24.1	▲	11.5	91.0	82.7	▲	70.3	70.4	▼	3	2.3	▲
Mackay Regional Council	-1.5	-1.0	▼	28.8	29.8	▼	7.4	59.3	61.8	▲	67.5	65.3	▲	0.3	0.7	▼
Moreton Bay City Council	6.7	8.7	▼	29.9	32.2	▼	4.7	62.2	67.4	▲	69.0	70.4	▼	0.8	1.3	▼
Redland City Council	-7.1	-3.8	▼	15.5	18.2	▼	5.8	47.6	60.0	▲	61.8	63.2	▼	1.5	1	▲
Sunshine Coast Regional Council	2.4	3.5	▼	28.0	25.5	▼	0.8	63.6	70.6	▼	66.5	67.7	▼	2.3	3.5	▼
Toowoomba Regional Council	0.4	0.4	▲	29.7	29.3	▼	7.6	32.1	61.2	▼	71.0	73.1	▼	1.4	1.6	▼
Townsville City Council	-0.6	-3.3	▼	30.2	29.9	▼	5.8	35.4	70.7	▼	65.8	64.9	▼	2.6	2.9	-

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2025.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; - a stable trend.

Source: Queensland Audit Office.



	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 3 councils																
Bundaberg Regional Council	-1.2	0.8	▼	28.3	28.1	-	9.5	47.6	48.1	▼	68.5	68.4	▼	1.5	1.6	-
Gladstone Regional Council	2.3	-3.5	▲	25.3	19.9	▼	8.9	87.1	88.1	▲	68.5	69.9	▼	1.2	-0.5	▼
Gympie Regional Council ²	-9.7	-4.3	N/A	17.4	20.0	N/A	3.3	262.2	114.0	▲	72.4	72.0	N/A	0.8	0.7	N/A
Noosa Shire Council	5.5	4.6	▲	21.0	21.1	▼	8	314.0	161.7	▲	70.3	72.6	▼	0.8	0.9	▼
Rockhampton Regional Council	0.8	0.2	▲	32.8	29.8	▲	6.7	50.1	70.8	▼	68.5	68.8	▼	1.4	2	▼
Lockyer Valley Regional Council	4.8	8.5	▲	23.0	26.9	▲	8.4	135.7	168.3	▲	70.1	73.0	▼	0	0.6	▼
Scenic Rim Regional Council	-4.0	-1.8	-	17.4	18.7	▲	4.8	257.4	166.0	▲	70.3	73.6	▼	1.9	2.3	-
Tier 4 councils																
Cassowary Coast Regional Council	-1.2	-1.9	▲	28.2	30.7	▼	7.3	118.6	86.4	▼	63.9	66.5	▼	0.2	0.2	▲
Central Highlands Regional Council	11.2	3.1	▲	37.0	29.6	▲	8.5	68.0	81.4	▼	62.6	67.3	▼	0.6	1.4	▼
Isaac Regional Council	6.7	1.6	▲	30.6	26.4	▲	5.8	85.4	81.3	▼	63.8	67.0	▼	0.5	0.7	▼
Livingstone Shire Council	7.0	3.4	▲	35.4	32.7	▲	18.7	52.4	52.4	▲	68.2	70.2	▼	1	1.6	▼
Mareeba Shire Council	22.6	15.0	▲	36.9	33.1	▲	16.8	99.0	127.9	▼	74.0	75.7	▼	0.2	0.3	▼
Somerset Regional Council	-5.6	-3.8	▼	11.2	13.2	▼	5.6	98.1	98.4	▼	77.7	69.6	▲	N/A	N/A	N/A
South Burnett Regional Council	-2.4	-2.9	▲	20.3	23.5	▼	8.1	62.1	83.7	▼	70.6	70.2	▼	0.9	1.3	▼
Southern Downs Regional Council	5.5	0.8	▲	31.4	24.8	▲	12.7	129.9	154.6	▲	64.0	65.1	-	0.3	0.7	▼
Tablelands Regional Council	-4.4	-1.2	▲	25.5	26.1	▲	8	87.0	75.0	▲	63.7	65.5	▼	1.1	0.7	▲
Western Downs Regional Council	9.0	6.4	▲	34.5	33.4	▲	11	200.8	119.2	▲	64.6	65.9	▼	N/A	N/A	N/A
Whitsunday Regional Council	0.1	3.0	▼	23.7	26.7	▼	9.5	135.0	108.8	▲	68.8	71.9	▼	1.5	1.8	▼

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2026.² The current sustainability guideline that came into effect in the 2023–24 financial year introduced new ratios and changed the calculation for the operating surplus ratio. Given the council has not completed their 2024–25 financial statements, the ratios reported are those relating to 2023–24 so there is no trend analysis provided.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; - a stable trend.

Source: Queensland Audit Office.

	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 5 councils																
Banana Shire Council	2.8	3.9	▲	29.5	30.1	▲	4.7	182.0	157.3	▲	70.8	72.2	▼	0	0.1	▼
Burdekin Shire Council	10.2	4.3	▲	33.8	29.1	▲	20.7	87.9	85.5	▼	63.6	65.1	▼	0	0	-
Charters Towers Regional Council	8.8	-0.6	▲	20.4	12.8	▲	8.1	99.4	80.9	▼	65.9	65.3	▲	0	0	-
Douglas Shire Council	1.7	-1.5	▲	28.0	23.4	▲	6.8	265.0	129.3	▲	61.8	62.1	▼	N/A	N/A	N/A
Goondiwindi Regional Council	8.4	0.3	▲	28.9	23.7	▲	14.4	76.9	156.7	▼	68.9	70.9	▼	N/A	N/A	N/A
Hinchinbrook Shire Council	-16.1	-13.2	-	12.4	13.9	-	6	29.7	63.2	▼	65.9	66.4	-	N/A	N/A	N/A
Maranoa Regional Council	-0.3	-1.3	▼	20.5	20.2	▼	9	78.7	105.6	▼	70.5	71.3	▲	0.7	1	-
Mount Isa City Council	3.8	-3.6	▲	20.9	17.8	▲	5.2	25.8	40.5	▼	59.5	59.6	▲	0.6	-1.2	▼
North Burnett Regional Council	-6.2	-26.0	▲	26.1	14.0	▲	4.1	209.2	114.8	▲	71.0	76.4	▼	0.1	0.1	▼
Tier 6 councils																
Balonne Shire Council	15.3	-2.2	▲	32.7	12.5	▲	9.1	59.6	65.1	▼	69.3	70.2	▼	0.3	0.6	▼
Barcaldine Regional Council	5.2	-10.2	▲	18.2	7.0	▲	2.3	28.9	136.1	▼	73.8	74.9	▲	0.2	0.5	▼
Cloncurry Shire Council	15.7	-8.8	▲	41.4	25.6	▲	8.5	287.4	174.3	▼	71.4	72.6	▼	0.6	1.9	▼
Cook Shire Council	1.0	-9.0	-	14.0	8.0	▲	4.1	20.0	30.0	▼	72.0	70.0	▲	0.1	2.9	▼
Longreach Regional Council	5.2	-6.1	▲	24.2	13.9	▲	10	69.9	76.7	▲	68.3	70.7	▼	1	0.7	▼
Murweh Shire Council	10.0	-16.0	▲	30.0	9.0	▲	3.2	72.0	75.0	▼	70.0	75.0	▼	0.3	0.4	▼
Torres Shire Council	5.5	-18.2	▲	26.8	10.0	▲	8	127.3	68.7	▲	59.5	68.0	▼	0	0	-

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Source: Queensland Audit Office.



	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 7 councils																
Barcoo Shire Council	17.8	-13.9	▲	44.1	17.7	▲	12	47.3	68.6	▲	61.4	70.0	▼	0	0	N/A
Blackall-Tambo Regional Council	9.5	-1.4	▲	24.0	15.0	▲	12	87.1	90.0	▲	78.8	72.4	▲	N/A	N/A	N/A
Boulia Shire Council ²	-105.8	-34.8	N/A	-42.6	4.2	N/A	13.9	6.1	80.7	▼	72.7	78.2	N/A	-0.4	-0.5	N/A
Burke Shire Council	4.5	-20.7	▲	12.6	5.8	▲	6	104.8	114.6	▲	58.0	61.9	▼	N/A	N/A	N/A
Bulloo Shire Council	13.0	-4.7	▲	29.1	22.1	▲	7.9	70.7	43.5	▲	79.5	77.3	▲	N/A	N/A	N/A
Carpentaria Shire Council	8.2	-7.8	▲	21.8	8.6	▲	7	19.2	25.9	▼	61.3	63.1	▼	0.3	0.7	▼
Croydon Shire Council	9.0	2.6	▲	18.8	13.3	▲	9	13.2	72.8	▼	71.7	73.3	▼	N/A	N/A	N/A
Diamantina Shire Council	-21.0	-16.5	▼	3.9	8.0	▼	3.7	29.2	12.3	▼	63.6	67.2	▼	4.9	1.7	▲
Etheridge Shire Council	8.9	-2.5	▲	20.0	10.7	▲	2.9	34.4	16.3	▲	79.9	75.8	▼	0.5	-1.2	▼
Flinders Shire Council	11.8	4.1	▲	30.1	19.0	▲	19.4	10.1	36.1	▼	70.0	75.4	▼	0.5	0.1	▲
McKinlay Shire Council	26.9	-1.0	▲	50.1	30.0	▲	34.3	470.8	411.1	▼	70.0	73.6	▼	N/A	N/A	N/A
Paroo Shire Council	4.8	-3.9	▲	25.3	18.2	▲	7	53.2	45.1	▼	65.1	64.5	▲	0	-0.1	▼
Quilpie Shire Council	8.7	-3.0	▲	28.2	15.6	▲	10.1	15.7	40.2	▼	76.8	78.2	▼	N/A	N/A	N/A
Richmond Shire Council	3.4	-16.2	▲	29.0	12.7	▲	4.3	77.5	129.0	▼	72.2	77.0	▼	0.1	0.3	▼
Winton Shire Council	-3.5	-22.6	▲	22.5	5.3	▲	12.3	258.4	274.0	▲	67.5	72.6	▼	0.1	0.2	▼

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2026.

² The current sustainability guideline that came into effect in the 2023–24 financial year introduced new ratios and changed the calculation for the operating surplus ratio. Given the council has not completed their 2024–25 financial statements, the ratios reported are those relating to 2023–24 so there is no trend analysis provided.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; – a stable trend.

Source: Queensland Audit Office.

	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 8 councils																
Aurukun Shire Council	-13.3	-24.1	▼	10.0	9.3	▼	8.1	2.1	6.5	▼	58.8	63.9	▼	0.1	-0.8	▼
Cherbourg Aboriginal Shire Council	-26.0	-36.9	▼	28.6	12.0	▲	9	12.7	45.5	▼	61.8	68.1	▼	N/A	N/A	N/A
Doomadgee Aboriginal Shire Council	31.0	-5.0	▲	46.0	24.0	▲	14	206.0	111.0	▲	63.0	65.0	▼	N/A	N/A	N/A
Hope Vale Aboriginal Shire Council	23.2	9.2	▲	45.7	33.1	▲	46.1	41.7	82.3	▼	59.2	61.6	▼	N/A	N/A	N/A
Kowanyama Aboriginal Shire Council	-6.6	-18.5	▲	33.6	24.1	▲	15.5	122.0	118.3	▲	53.4	52.4	▼	0.1	0.4	▲
Lockhart River Aboriginal Shire Council	12.7	-5.8	▲	23.1	6.4	▲	6	68.6	84.3	▲	67.7	75.4	▲	N/A	N/A	N/A
Mapoon Aboriginal Shire Council	18.2	-20.8	▲	36.4	0.9	▲	9.7	187.3	53.4	▲	79.0	82.8	▲	N/A	N/A	N/A
Mornington Shire Council ²	-44.0	-23.0	N/A	-15.0	8.0	N/A	0.5	87.0	80.0	▼	72.0	61.0	N/A	N/A	N/A	N/A
Napranum Aboriginal Shire Council	6.0	-21.0	▲	21.0	-1.0	▲	4.4	105.0	52.0	▲	54.0	58.0	▼	N/A	N/A	N/A
Northern Peninsula Area Regional Council ²	-69.0	-36.0	N/A	-36.0	-4.0	N/A	-1	60.0	39.0	▼	60.0	54.0	N/A	N/A	N/A	N/A
Palm Island Aboriginal Shire Council ²	-42.3	-15.3	N/A	15.8	26.3	N/A	6.7	49.3	44.6	▲	65.9	70.5	N/A	N/A	N/A	N/A
Pompuraaw Aboriginal Shire Council	36.2	10.2	▲	55.5	40.4	▲	60	39.2	41.0	▼	63.8	62.8	▼	N/A	N/A	N/A
Torres Strait Island Regional Council	-59.0	-87.0	▲	9.0	-5.0	▲	3	40.0	29.0	▲	47.0	49.0	▼	N/A	N/A	N/A
Woorabinda Aboriginal Shire Council ³	Not complete															
Wujal Wujal Aboriginal Shire Council ³	Not complete															
Yarrabah Aboriginal Shire Council	-10.7	-30.0	▲	17.6	5.0	▲	5.4	27.4	36.0	▼	59.8	62.6	▼	N/A	N/A	N/A

Notes:

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² The current sustainability guideline that came into effect in the 2023–24 financial year introduced new ratios and changed the calculation for the operating surplus ratio. Given the council has not completed their 2024–25 financial statements, the ratios reported are those relating to 2023–24 so there is no trend analysis provided.

³ The 2023–24 audit for this council was not completed by the date of this report. As this was the first time all sustainability measures were reported by councils, there are no ratios from previous audited financial statements included in this table.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; - a stable trend.

Source: Queensland Audit Office.

