

# J. 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 new guideline has considered the challenges that councils face, especially in rural and remote areas, and introduces additional ratios to measure financial sustainability and groups councils into tiers (based on their remoteness and their population) as shown in Figure J1.

**Figure J1**  
**Sustainability groupings of councils that apply from 1 July 2023**

<b>Tier 1 councils</b>			
Brisbane City Council			
<b>Tier 2 councils</b>			
Cairns Regional Council	Ipswich City Council	Moreton Bay City Council	Toowoomba Regional Council
Fraser Coast Regional Council	Logan City Council	Redland City Council	Townsville City Council
Gold Coast City Council	Mackay Regional Council	Sunshine Coast Regional Council	
<b>Tier 3 councils</b>			
Bundaberg Regional Council	Gympie Regional Council	Noosa Shire Council	Scenic Rim Regional Council
Gladstone Regional Council	Lockyer Valley Regional Council	Rockhampton Regional Council	
<b>Tier 4 councils</b>			
Cassowary Coast Regional Council	Livingstone Shire Council	South Burnett Regional Council	Western Downs Regional Council
Central Highlands Regional Council	Mareeba Shire Council	Southern Downs Regional Council	Whitsunday Regional Council
Isaac Regional Council	Somerset Regional Council	Tablelands Regional Council	
<b>Tier 5 councils</b>			
Banana Shire Council	Douglas Shire Council	Hinchinbrook Shire Council	Mount Isa City Council
Burdekin Shire Council	Goondiwindi Regional Council	Maranoa Regional Council	North Burnett Regional Council
Charters Towers Regional Council			

**Tier 6 councils**

Balonne Shire Council	Cloncurry Shire Council	Longreach Regional Council	Torres Shire Council
Barcaldine Regional Council	Cook Shire Council	Murweh Shire Council	

**Tier 7 councils**

Barcoo Shire Council	Burke Shire Council	Etheridge Shire Council	Quilpie Shire Council
Blackall-Tambo Regional Council	Carpentaria Shire Council	Flinders Shire Council	Richmond Shire Council
Boulia Shire Council	Croydon Shire Council	McKinlay Shire Council	Winton Shire Council
Bulloo Shire Council	Diamantina Shire Council	Paroo Shire Council	

**Tier 8 councils**

Aurukun Shire Council	Kowanyama Aboriginal Shire Council	Napranum Aboriginal Shire Council	Torres Strait Island Regional Council
Cherbourg Aboriginal Shire Council	Lockhart River Aboriginal Shire Council	Northern Peninsula Area Regional Council	Woorabinda Aboriginal Shire Council
Doomadgee Aboriginal Shire Council	Mapoon Aboriginal Shire Council	Palm Island Aboriginal Shire Council	Wujal Wujal Aboriginal Shire Council
Hope Vale Aboriginal Shire Council	Mornington Shire Council	Porpuraaw Aboriginal Shire Council	Yarrabah Aboriginal Shire Council

Source: Compiled by the Queensland Audit Office, using the then Department of Housing, Local Government, Planning and Public Works (now the Department of Local Government, Water and Volunteers) Financial Management (Sustainability) Guideline (2023).

The new 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 J2.

**Figure J2**  
**Financial sustainability ratios that we audit**

Type	Ratio (measure)	Description	Formula	Target prescribed in the new guideline							
				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 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 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 J3**  
**Financial sustainability ratio by council tiers: Results at the end of 2023–24**

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio*			Asset consumption ratio		Leverage ratio <sup>1</sup>	
	Current year	5-year average	Current year	5-year average	Current year	Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
<b>Tier 1 councils</b>												
Brisbane City Council	5.5%	4.3%	22.9%	24.0%	3.5 months	81.2%	71.6%	▲	79.0%	78.0%	5.2 times	4.2 times
<b>Tier 2 councils</b>												
Cairns Regional Council	-2.2%	-0.1%	26.1%	29.1%	4.9 months	60.3%	79.2%	▼	68.5%	68.4%	1.3 times	1.7 times
Council of the City of Gold Coast <sup>2</sup>	-2.1%	1.6%	19.4%	23.1%	4.3 months	82.2%	67.5%	▲	64.5%	67.5%	1.5 times	1.7 times
Fraser Coast Regional Council	-1.7%	-0.7%	26.1%	27.5%	6.3 months	73.8%	83.5%	▼	64.1%	65.1%	0.6 times	0.8 times
Ipswich City Council	-0.7%	1.8%	29.4%	30.3%	7.2 months	62.9%	69.2%	▼	70.9%	70.5%	3.7 times	3.8 times
Logan City Council	-1.8%	1.3%	19.6%	23.6%	7.1 months	89.3%	79.8%	▲	69.7%	70.9%	3.3 times	2.1 times
Mackay Regional Council	-4.3%	-0.8%	27.5%	30.8%	6.8 months	48.7%	60.1%	▼	68.7%	64.5%	0.5 times	0.9 times
Moreton Bay City Council	3.9%	10.2%	29.6%	33.6%	2 months	71.0%	66.0%	▲	69.7%	71.1%	1.2 times	1.5 times
Redland City Council	-10.4%	-2.8%	11.6%	19.2%	10.3 months	78.5%	59.0%	▲	62.4%	64.1%	1.7 times	0.8 times
Sunshine Coast Regional Council	2.2%	4.8%	24.4%	25.7%	2.6 months	72.3%	72.0%	▼	67.3%	68.3%	3 times	3.8 times
Toowoomba Regional Council	-2.4%	0.1%	24.0%	30.0%	6.1 months	54.3%	67.7%	▼	72.6%	73.2%	1.7 times	1.6 times
Townsville City Council	-11.9%	-2.8%	22.7%	31.2%	3.5 months	63.8%	78.8%	▲	66.1%	67.4%	3.5 times	2.9 times

Notes:

<sup>1</sup> The leverage ratio is not required for councils that have no debt as of 30 June 2024.

<sup>2</sup> No 5-year consolidated average reported within Council of the City of Gold Coast's financial statements as related entity Experience Gold Coast only consolidated in the 2023–24 financial year. The 5-year average presented has been recalculated based on 4 years of council-only data and one year of consolidated data.

\* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio*			Asset consumption ratio		Leverage ratio <sup>1</sup>	
	Current year	5-year average	Current year	5-year average	Current year	Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
<b>Tier 3 councils</b>												
Bundaberg Regional Council	-6.2%	1.3%	22.5%	28.1%	9.2 months	45.9%	48.8%	▲	69.0%	69.8%	2.2 times	1.6 times
Gladstone Regional Council	6.6%	-4.2%	29.3%	21.6%	9.7 months	88.8%	78.9%	▲	68.7%	72.0%	1.2 times	0.4 times
Gympie Regional Council	-9.7%	-4.3%	17.4%	20.0%	3.3 months	262.2%	114.0%	▲	72.4%	72.0%	0.8 times	0.7 times
Noosa Shire Council	5.3%	4.6%	22.3%	25.2%	9.3 months	119.2%	122.7%	▼	71.2%	73.5%	0.8 times	1 times
Lockyer Valley Regional Council	3.0%	7.8%	22.5%	26.7%	4.6 months	373.6%	156.1%	▲	73.1%	73.8%	0 times	0.9 times
Rockhampton Regional Council	-0.9%	-0.3%	29.0%	29.3%	4.3 months	68.6%	76.3%	▼	67.6%	69.3%	1.7 times	2.1 times
Scenic Rim Regional Council	-8.1%	-1.8%	12.1%	18.5%	5.4 months	226.5%	142.9%	▼	73.1%	75.6%	3 times	2.3 times
<b>Tier 4 councils</b>												
Cassowary Coast Regional Council	-9.0%	-2.4%	26.4%	30.9%	9 months	73.1%	88.9%	▼	64.0%	67.4%	0.5 times	0.2 times
Central Highlands Regional Council	2.8%	-0.5%	29.0%	26.2%	6.9 months	102.6%	92.5%	▼	64.0%	69.4%	1.4 times	1.7 times
Isaac Regional Council	-8.1%	0.3%	19.8%	25.8%	4.4 months	84.0%	88.7%	▼	66.3%	68.2%	1 times	0.7 times
Livingstone Shire Council	3.4%	2.0%	34.5%	31.1%	14.2 months	31.0%	52.3%	▼	68.1%	71.3%	1.2 times	1.9 times
Mareeba Shire Council	5.0%	12.6%	22.5%	31.3%	17.5 months	89.0%	133.8%	▼	71.1%	78.4%	0.4 times	0.4 times
Somerset Regional Council	-8.0%	-3.0%	8.0%	16.0%	4 months	98.0%	104.0%	▼	71.0%	67.0%	N/A	N/A
South Burnett Regional Council	-11.1%	-3.2%	17.0%	25.1%	9.6 months	119.6%	98.3%	▲	70.9%	70.5%	1.6 times	1.5 times
Southern Downs Regional Council	-2.8%	-0.5%	21.5%	23.0%	9.7 months	210.7%	92.0%	▼	64.9%	65.1%	0.6 times	0.8 times
Tablelands Regional Council	-9.7%	-1.6%	22.2%	24.2%	8.6 months	62.4%	71.5%	▼	63.6%	66.5%	1.2 times	0.5 times
Western Downs Regional Council	0.6%	5.5%	29.6%	33.1%	12.8 months	155.9%	90.0%	▲	65.2%	67.4%	N/A	N/A
Whitsunday Regional Council	-1.8%	3.5%	20.9%	27.6%	12.2 months	127.6%	108.4%	▼	69.1%	72.6%	2 times	2 times

Notes:

<sup>1</sup> The leverage ratio is not required for councils that have no debt as of 30 June 2024.

\* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio*			Asset consumption ratio		Leverage ratio <sup>1</sup>	
	Current year	5-year average	Current year	5-year average	Current year	Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
<b>Tier 5 councils</b>												
Banana Shire Council	-11.9%	0.6%	15.5%	27.2%	2 months	259.2%	137.6%	▲	72.0%	72.9%	0 times	0.1 times
Burdekin Shire Council	-4.2%	3.1%	23.4%	27.9%	19.5 months	66.9%	86.3%	▼	63.7%	65.9%	0 times	0 times
Charters Towers Regional Council	-15.2%	-2.6%	1.7%	11.0%	9.1 months	97.7%	90.7%	▼	66.3%	65.0%	0 times	0 times
Douglas Shire Council	-7.4%	-2.2%	11.3%	23.1%	5.1 months	111.4%	110.9%	▲	60.5%	62.1%	N/A	N/A
Goondiwindi Regional Council	-13.9%	-1.0%	13.0%	23.4%	12.4 months	241.8%	161.5%	▲	69.9%	72.0%	N/A	N/A
Hinchinbrook Shire Council	-23.3%	-14.9%	7.7%	12.6%	7 months	33.8%	76.1%	▼	68.3%	66.6%	N/A	N/A
Maranoa Regional Council	-15.3%	-0.8%	5.2%	21.3%	7.4 months	110.6%	127.4%	▼	71.1%	71.2%	2.1 times	1 times
Mount Isa City Council	-21.0%	-5.6%	-2.0%	17.3%	5.8 months	24.7%	41.3%	▼	62.7%	59.9%	-10 times	-0.9 times
North Burnett Regional Council	-67.5%	-27.8%	-12.1%	13.3%	4.7 months	67.6%	95.1%	▼	77.0%	77.8%	-0.4 times	0.2 times
<b>Tier 6 councils</b>												
Balonne Shire Council	-20.0%	-7.2%	-7.4%	9.8%	2.5 months	67.7%	66.2%	▲	69.9%	70.8%	-1.1 times	0.8 times
Barcaldine Regional Council	-57.6%	-16.4%	-33.4%	4.8%	0.3 months	138.0%	146.2%	▲	74.9%	73.1%	-0.2 times	0.6 times
Cloncurry Shire Council	-30.2%	-12.3%	9.2%	24.1%	4.5 months	218.3%	189.8%	▲	71.4%	73.3%	3.9 times	2 times
Cook Shire Council	-27.0%	-9.0%	-8.0%	6.0%	3.3 months	56.0%	32.0%	▲	74.0%	68.0%	-0.3 times	5.7 times
Longreach Regional Council	-32.2%	-8.3%	-9.0%	11.8%	6.3 months	69.8%	70.8%	▼	69.9%	70.9%	-3.8 times	1.1 times
Murweh Shire Council	-61.0%	-21.0%	-26.0%	6.0%	-0.4 months	54.0%	84.0%	▼	73.0%	77.0%	-0.6 times	0.5 times
Torres Shire Council	-57.8%	-25.5%	-17.6%	4.4%	9 months	40.3%	67.5%	▼	67.6%	70.5%	0 times	0 times

Notes:

<sup>1</sup> The leverage ratio is not required for councils that have no debt as of 30 June 2024.

\* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.



	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio*			Asset consumption ratio		Leverage ratio <sup>1</sup>	
	Current year	5-year average	Current year	5-year average	Current year	Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
<b>Tier 7 councils</b>												
Barcoo Shire Council	-67.4%	-26.1%	-13.1%	8.8%	6.2 months	123.4%	65.5%	▲	70.8%	71.0%	N/A	N/A
Blackall-Tambo Regional Council	-40.6%	-8.3%	-16.2%	11.2%	11 months	120.5%	83.4%	▲	69.6%	71.2%	N/A	N/A
Boulia Shire Council	-105.8%	-34.8%	-42.6%	4.2%	13.9 months	6.1%	80.7%	▼	72.7%	78.2%	-0.4 times	-0.5 times
Burke Shire Council	-49.1%	-27.9%	-19.8%	0.1%	2.9 months	136.6%	103.1%	▲	58.5%	63.9%	N/A	N/A
Bulloo Shire Council	-31.8%	-9.5%	1.5%	21.5%	10.7 months	40.4%	43.0%	▼	81.4%	76.2%	N/A	N/A
Carpentaria Shire Council	-25.3%	-11.0%	-4.8%	6.3%	2.9 months	15.4%	33.5%	▲	62.2%	73.2%	-2.1 times	0.9 times
Croydon Shire Council	-16.7%	0.7%	-4.9%	13.1%	9.9 months	128.2%	97.3%	▼	73.1%	73.9%	N/A	N/A
Diamantina Shire Council	Not complete <sup>2</sup>											
Etheridge Shire Council	-21.3%	-5.4%	-5.3%	8.7%	2.8 months	16.2%	10.9%	▼	80.3%	80.8%	-2.9 times	-0.6 times
Flinders Shire Council	-31.6%	2.1%	-10.1%	15.9%	14.3 months	4.2%	64.0%	▲	71.1%	78.2%	-2.5 times	0.1 times
McKinlay Shire Council	-66.5%	-16.3%	-18.0%	19.5%	15.1 months	753.0%	473.8%	▲	66.3%	76.9%	N/A	N/A
Paroo Shire Council	-30.0%	-12.8%	-1.9%	15.0%	4 months	38.8%	46.5%	▼	65.3%	64.5%	-1.2 times	0.1 times
Quilpie Shire Council	-32.0%	-9.4%	-12.4%	13.1%	5 months	55.8%	42.3%	▲	78.1%	78.8%	N/A	N/A
Richmond Shire Council	-64.4%	-19.4%	-18.4%	9.7%	9 months	127.6%	170.0%	▲	76.6%	79.0%	-0.6 times	0.6 times
Winton Shire Council	-100.0%	-24.3%	-52.9%	4.3%	11.8 months	251.0%	266.7%	▼	72.0%	73.6%	-0.1 times	0.3 times

Notes:

<sup>1</sup> The leverage ratio is not required for councils that have no debt as of 30 June 2024.

<sup>2</sup> The 2023–24 audit for this council was not complete by the date of this report. As this is the first time all sustainability measures have been reported by councils, there are no ratios from previous audited financial statements included in this table.

\* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio		Leverage ratio <sup>1</sup>	
	Current year	5-year average	Current year	5-year average	Current year	Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
<b>Tier 8 councils</b>												
Aurukun Shire Council	-31.2%	-12.8%	-0.5%	12.5%	10.3 months	10.2%	11.6%	▲	60.5%	64.4%	-5.0 times	1.9 times
Cherbourg Aboriginal Shire Council	-76.2%	-34.4%	-2.6%	8.3%	4.5 months	23.1%	80.5%	▼	64.7%	70.8%	N/A	N/A
Doomadgee Aboriginal Shire Council	-39.0%	-16.0%	-3.0%	16.0%	4 months	137.0%	82.0%	▲	63.0%	66.0%	N/A	N/A
Hope Vale Aboriginal Shire Council	2.8%	5.8%	27.9%	29.6%	34.7 months	72.2%	87.8%	▼	61.0%	62.1%	N/A	N/A
Kowanyama Aboriginal Shire Council	-39.6%	-29.6%	11.9%	14.8%	9.2 months	89.7%	115.5%	▲	52.4%	53.2%	0.5 times	0.2 times
Lockhart River Aboriginal Shire Council	-19.7%	-12.9%	-5.8%	0.7%	4.1 months	12.0%	82.7%	▲	75.3%	74.5%	N/A	N/A
Mapoon Aboriginal Shire Council	-50.0%	-30.5%	-22.1%	-7.8%	2.9 months	0.0%	42.0%	▼	80.8%	81.8%	N/A	N/A
Mornington Shire Council	Not complete <sup>2</sup>											
Napranum Aboriginal Shire Council	-50.5%	-27.9%	-26.7%	-4.4%	1.3 months	114.7%	32.9%	▲	55.3%	58.3%	N/A	N/A
Northern Peninsula Area Regional Council	Not complete <sup>2</sup>											
Palm Island Aboriginal Shire Council	Not complete <sup>2</sup>											
Pormpuraaw Aboriginal Shire Council	-6.2%	2.7%	25.9%	35.7%	46.3 months	32.9%	41.4%	▼	65.6%	63.8%	N/A	N/A
Torres Strait Island Regional Council	-100.0%	-92.0%	-14.0%	-6.0%	1 months	26.0%	27.0%	▼	47.0%	51.0%	N/A	0 times
Woorabinda Aboriginal Shire Council	Not complete <sup>2</sup>											
Wujal Wujal Aboriginal Shire Council	Not complete <sup>2</sup>											
Yarrabah Aboriginal Shire Council	-47.1%	-37.2%	-11.0%	1.3%	4.1 months	66.6%	36.5%	▲	61.2%	64.8%	N/A	N/A

Notes:

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\* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

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Source: Queensland Audit Office.