

2025–2026

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 2026.

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 2026 to provide a simple, comprehensive view of Council's financial results.

Highlights

- Delivery of \$97 million worth of capital works during the year.
- \$369 million in revenue generated from rates and utility charges.
- Long-term loans are \$86 million used to fund the capital works program.
- Financial performance in the Statements of Comprehensive Income resulted in a net result of \$50 million and the recurrent operating result was a surplus of \$3 million.
- \$3.6 billion worth of property, plant and equipment assets managed.
- Community equity increased by \$178 million.
- Cash balance increased by \$40 million to \$325 million.
- \$27 million in State and Federal Government grants and subsidies recorded during the year.

Financial statements overview

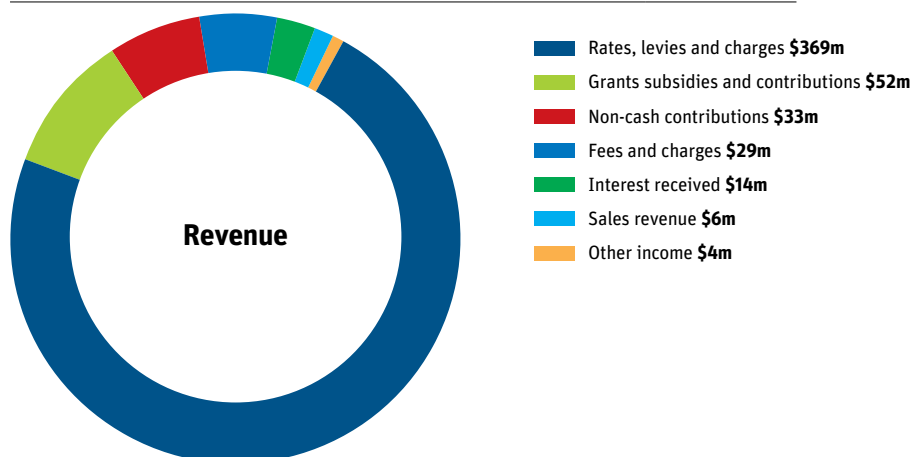
The financial statements consist of four reports with detailed notes that accompany them. They are set out under regulated formats to enable comparison across the local government sector. The four financial statements include:

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

Statements of Comprehensive Income

Often called a profit and loss statement, the Statements 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 below table provides a summary. For full details, see the Consolidated Statements of Comprehensive Income on [page 3 of 41] of the Annual Financial Statements, commencing on page 76 of the 2025–2026 Redland City Council Annual Report.

	2026 \$'000	2025 \$'000
What we earned (revenue):		
Recurrent and operating revenue	\$440,831	\$391,450
Capital revenue	\$65,765	\$39,634
Total income	\$506,596	\$431,084
What we spent (expenses):		
Recurrent expenses	\$(437,988)	\$(408,716)
Capital expenses	\$(18,154)	\$(20,119)
Total expenses	\$(456,142)	\$(428,835)
Net result	\$50,454	\$2,249



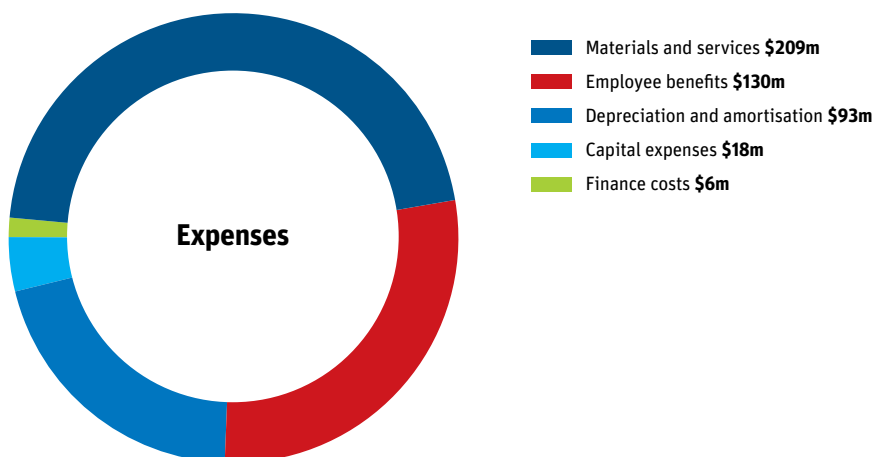
Revenue of \$507 million – where did the money come from?

Council generated \$507 million in total revenue during the financial year with \$369 million, or approximately 73 per cent, coming from rates, levies and utility charges. This revenue, largely contributed by Redlands Coast property owners and utility customers, funds the essential services, programs, facilities and infrastructure that support Redlands Coast every day.

Total revenue increased by \$76 million, or 18 per cent, compared to the previous year rising from \$431 million to \$507 million. The increases were driven by growth across a number of revenue streams, including rates and utility charges, development and related application fees, operating grants and subsidies and developer contributions. The most significant movements were increases of \$37 million in rates, levies and charges, \$22 million in non-cash contributions, and \$9 million in grants and subsidies.

Capital and operating grants are provided by State and Federal governments to support both general service delivery and the delivery of specific projects and infrastructure. As these grants are often linked to government funding programs and project milestones, annual funding levels can vary from year to year. Non-cash contributions primarily comprise infrastructure assets such as roads, stormwater networks, parks, and water and wastewater assets constructed by developers and transferred to Council. While these assets increase Council's asset base without an immediate cash outlay, they become Council's responsibility to maintain, renew and replace over their useful lives.

Expenses of \$456 million – where was the money spent?



Council invested \$456 million in delivering essential services, community programs, facilities and infrastructure during the financial year. This represents an increase of \$27 million, or six per cent, compared with the previous year. The increase was primarily driven by higher expenditure on materials and services, employee benefits, and depreciation and amortisation.

Materials and services expenditure increased due to higher bulk water purchase costs, increased service delivery and operational activities, and growth in asset maintenance and waste management costs. Employee benefits increased as a result of enterprise agreement salary increases, higher superannuation costs, recruitment to support service delivery, and additional resourcing associated with disaster management and recovery activities following ex-Tropical Cyclone Alfred.

Depreciation and amortisation increased as Council's asset base continued to grow through investment in new and upgraded infrastructure and the impact of asset revaluations. Capital expenses of \$18 million included landfill rehabilitation costs, impairment losses and the net loss on disposal of non-current assets, which represents the difference between the carrying value of assets removed from service and any proceeds received from their disposal.

Statement of Financial Position

Often referred to as the balance sheet, the Statement of Financial Position provides a snapshot of Council's financial position at 30 June each year. It shows the value of the assets owned by Council, the liabilities it owes, and the resulting community equity, which represents the community's net wealth.

During the financial year, Council's total assets increased by \$192 million to \$4.0 billion, primarily reflecting continued investment in infrastructure and the impact of asset revaluations. Total liabilities increased by \$14 million to \$265 million, largely due to the recognition of unearned grant revenue received in advance of project delivery.

As a result of these movements, community equity increased by \$178 million to \$3.7 billion, reflecting the continued growth in Council's asset base and overall financial position.

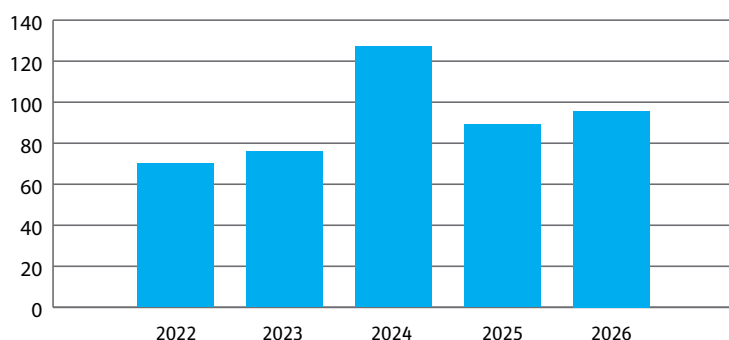
Capital works expenditure (Council) – key projects

Council delivered a \$97 million capital works program during the financial year, continuing investment in the infrastructure, facilities and community assets that support Redlands Coast. The program included upgrades and renewals across roads, water and wastewater networks, parks, recreational facilities and other essential community infrastructure.

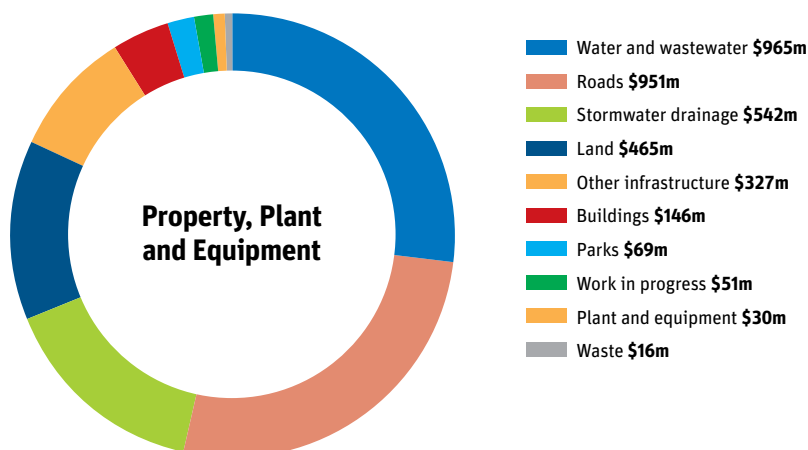
Capital investment contributed to growth in Council's asset base, with property, plant and equipment increasing to \$3.6 billion at 30 June 2026. This investment, together with asset revaluations completed during the year, supported a \$192 million increase in total assets and a \$178 million increase in community equity.

Council's capital program was delivered while maintaining prudent debt management. No new borrowings were drawn during the year and outstanding debt reduced through scheduled loan repayments, demonstrating Council's ongoing focus on balancing infrastructure investment with long-term financial sustainability.

Capital works expenditure (\$m)



Property, plant and equipment of \$3,562 million – what do we own?

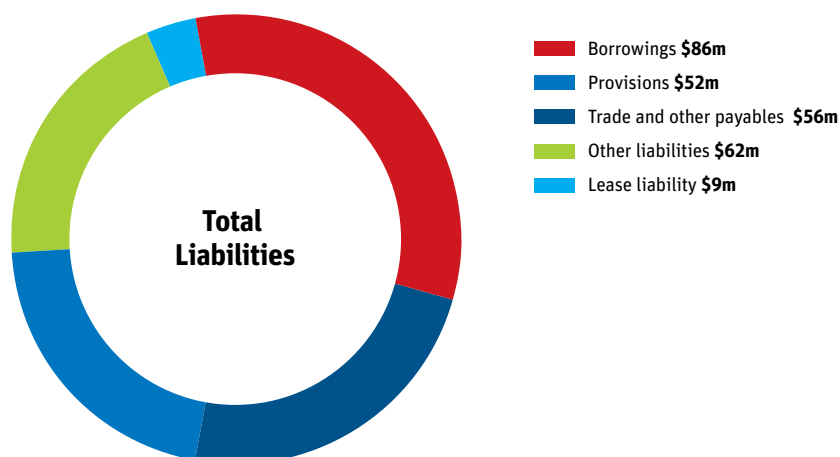


Property, plant and equipment represents \$3.6 billion, or 90 per cent of Council's total assets, and includes the roads, water and wastewater networks, stormwater infrastructure, parks, buildings and community facilities that support Redlands Coast. During the financial year, Council delivered a \$97 million capital works program, investing in the renewal, upgrade and expansion of community infrastructure.

Council also undertakes annual asset revaluations to ensure asset values reflect current replacement costs and market conditions. These revaluations increased asset values by \$128 million during the year.

Maintaining and renewing these assets helps ensure Council can continue delivering services and supporting the needs of the community into the future. For further details, refer to the Consolidated Statements of Financial Position on [page 4 of 41] of the Annual Financial Statements, commencing page 76 of the 2025–2026 Redland City Council Annual Report.

Liabilities of \$265 million – what do we owe?



Liabilities represent what Council owes to suppliers, employees or financial institutions both now and into the future.

The total value of all liabilities owed on 30 June 2026 was \$265 million, of which \$86 million (32 per cent) relates to borrowings from Queensland Treasury Corporation. Total liabilities increased by \$14 million (five per cent) during the year, mostly due to \$24 million recognition of unearned capital grants, where Council has received grant funds in advance of work being completed.

Importantly, Council did not draw any new borrowings during the year and reduced its Queensland Treasury Corporation debt through scheduled principal repayments, with borrowings decreasing from \$90 million to \$86 million.

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.

Under this principle, the cost of long-lived assets is shared between all who benefit from the assets now and into the future.

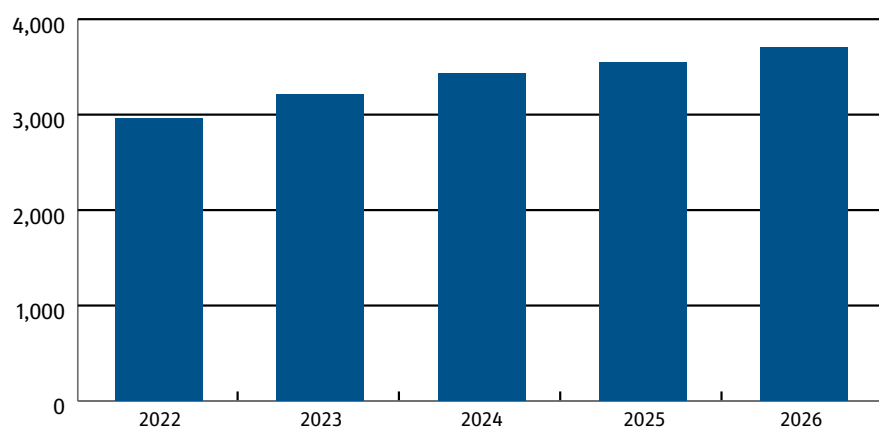
Council borrows from Queensland Treasury Corporate in accordance with Council's *Debt Policy* (FIN-009-P).

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 \$178 million (five per cent).

Community equity (\$m)



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 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	2026 \$'000	2025 \$'000
Net cash received from operations (excluding interest, borrowing costs and waste levy)	\$55,112	\$26,784
Cash received for waste levy (State)	\$5,046	\$5,637
Purchases and construction of assets	\$(84,128)	\$(76,614)
Capital grants, subsidies and contributions	\$58,190	\$35,399
Net borrowings	\$(5738)	\$23,230
Borrowing costs	\$(2,708)	\$(1,815)
Interest received	\$13,918	\$13,851

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 below.

Ratio	Target	2026	Five-year average	Performance: ✓ Achieved ✗ Not achieved
Council-controlled revenue ratio (%)*	N/A	90.24	91.53	N/A
Population growth ratio (%)*	N/A	1.23	1.09	N/A
Operating surplus ratio (%)	Greater than 0%	0.93	-1.97	✗
Operating cash ratio (%)	Greater than 0%	22.66	20.20	✓
Unrestricted cash expense cover ratio (months)	Greater than two months	5.66	N/A	✓
Asset sustainability ratio (%)	Greater than 60%	56.05	61.09	✓
Asset consumption ratio (%)	Greater than 60%	61.28	62.97	✓
Asset renewal funding ratio (%)*	N/A	100	N/A	N/A
Leverage ratio (times)	0 – 4 times	0.86	1.00	✓
Net financial liabilities ratio (%)^	Less than 60%	-27.90	-35.31	✓

* 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 five-year average operating surplus ratio is negative and mainly driven by an increase in operating expenses compared to an increase in operating revenue.

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 [page 38 of 41] of the Annual Financial Statements, commencing page 76 of the 2025–2026 Redland City Council Annual Report.