HINCHINBROOK
SHIRE COUNCIL

HINCHINBROOK

FINANCIAL STATEMENTS
2024 - 2025

HINCHINBROOK SHIRE COUNCIL

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Statement of Comprehensive Income

For the year ended 30 June 2025

	Note	2025 $000	2024 $000
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3(a)	29,908	28,307
Fees and charges	3(b)	1,585	1,546
Sales revenue	3(c)	1,735	1,303
Grants, subsidies, contributions and donations	4(a)	11,962	799
Other income		134	111
Total recurrent revenue		45,324	32,066
Interest income		1,577	1,321
Rental income		248	208
Total Operating revenue		1,825	1,529
Capital income			
Grants, subsidies, contributions and donations	4(b)	3,750	3,195
Total capital income		3,750	3,195
Total income		50,900	36,790
Expenses			
Recurrent expenses			
Employee benefits	5	(18,875)	(16,994)
Finance costs		(829)	(496)
Materials and services	6	(21,618)	(14,014)
Depreciation	12(a)	(13,426)	(9,927)
Total recurrent expenses		(54,747)	(41,430)
Capital expenses	7	(14,082)	(11,628)
Total expenses		(68,829)	(53,058)
Net result		**(17,929)**	**(16,268)**
Other comprehensive income			
Items that will not be reclassified to net result			
Increase in asset revaluation surplus	16	(14,249)	8,599
Total other comprehensive income for the year		(14,249)	8,599
Total comprehensive income for the year		**(32,179)**	**(7,669)**

Rounding differences may apply.

The above statement should be read in conjunction with the accompanying notes and accounting policies.

HINCHINBROOK
SHIRE COUNCIL

Statement of Financial Position

As at 30 June 2025

	Note	2025 $000	2024 $000
Current assets			
Cash and cash equivalents	8	37,073	21,455
Receivables	9	2,639	2,026
Inventories		730	534
Contract assets	10(a)	997	1,938
Other assets	11	1,812	1,285
Total current assets		**43,250**	**27,236**
Non-current assets			
Property, plant and equipment	12	443,628	438,701
Total non-current assets		**443,628**	**438,701**
Total assets		**486,878**	**465,936**
Current liabilities			
Payables	13	3,876	3,763
Provisions	14	13,469	8,050
Contract liabilities	10(b)	15,574	1,653
Other liabilities	15	428	415
Total current liabilities		**33,347**	**13,880**
Non-current liabilities			
Provisions	14	22,911	17,398
Other liabilities	15	374	733
Total non-current liabilities		**23,285**	**18,131**
Total liabilities		**56,632**	**32,010**
Net community assets		**430,246**	**433,927**
Community equity			
Asset revaluation surplus	16	288,777	274,529
Retained surplus		141,469	159,398
Total community equity		**430,246**	**433,927**

Rounding differences may apply.

The above statement should be read in conjunction with the accompanying notes and accounting policies.

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Statement of Changes in Equity
For the year ended 30 June 2025

	Retained Surplus $000	Asset Revaluation Surplus Note 16 $000	Total $000
Balance at 1 July 2024	**159,399**	**274,529**	**433,927**
Net result	(17,929)	-	(17,929)
Other comprehensive income for the year			
Revaluation of property, plant and equipment	-	14,249	14,249
Total comprehensive income for the year	**(17,929)**	**14,249**	**(3,680)**
Balance at 30 June 2025	**141,470**	**288,778**	**430,246**
Balance at 1 July 2023	**175,665**	**265,930**	**441,595**
Net result (restated)	(16,268)	-	(16,268)
Other comprehensive income for the year			
Revaluation of property, plant and equipment	-	8,599	8,599
Total comprehensive income for the year	**(16,268)**	**8,599**	**(7,669)**
Balance as at 30 June 2024	**159,399**	**274,529**	**433,927**

Rounding differences may apply.

The above statement should be read in conjunction with the accompanying notes and accounting policies.

HINCHINBROOK
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Statement of Cash Flows
For the year ended 30 June 2025

	Note	2025 $000	2024 $000
Cash flows from operating activities:			
Receipts from customers		63,044	38,061
Payments to suppliers and employees		(40,790)	(31,289)
Interest received		1,577	1,321
Net cash inflow / (outflow) from operating activities	21	**23,831**	**8,093**
Cash flows from investing activities:			
Payments for property, plant and equipment		(8,543)	(8,681)
Proceeds from sale of property, plant and equipment	7	330	277
Net cash inflow / (outflow) from investing activities		**(8,213)**	**(8,404)**
Net increase / (decrease) in cash and cash equivalents held		15,618	(311)
Cash and cash equivalents at beginning of the financial year		21,455	21,766
Cash and cash equivalents at end of the financial year	8	**37,073**	**21,455**

Rounding differences may apply.

The above statement should be read in conjunction with the accompanying notes and accounting policies.

1 Information about these financial statements

(a) Basis of preparation

Hinchinbrook Shire Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

These general purpose financial statements are for the period 1 July 2024 to 30 June 2025 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the Local Government Regulation 2012.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment which are measured at fair value.

Recurrent/capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes any non-cash contributions (usually infrastructure assets) which may have been received from developers.

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:
- disposal of non-current assets
- discount rate adjustments to restoration provisions

All other revenue and expenses have been classified as "recurrent".

(b) New and revised Accounting Standards adopted during the year

Hinchinbrook Shire Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2024, none of the standards had a material impact on reported position, performance and cash flows.

The relevant standards for Council were:

- AASB 101 Presentation of Financial Statements (amended by AASB 2020-1, AASB 2020-6, AASB 2022-6, AASB 2023-3) relating to current / non-current classification of liabilities.
- AASB 13 Fair Value Measurement (amended by AASB 2022-10)

(c) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not mandatorily effective at 30 June 2025, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Standards issued but not yet effective are not considered to have a significant impact on Council's financial report.

1 Information about these financial statements (continued)

(d) Estimates and judgements

Council makes a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

Revenue recognition - Note 3 and 4
Valuation and depreciation of property, plant and equipment - Note 12
Provisions - Note 14
Contingent liabilities - Note 18

(e) Capital and operating expenditure

Direct labour and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class. Routine operating maintenance and repair costs to maintain the operational capacity and existing useful life of the non-current asset is expensed as incurred, while expenditure that relates to extension or replacement of a major component of an asset to maintain its service potential is capitalised.

Expenditure incurred in accordance with Disaster Recovery Funding Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council to review the nature and extent of expenditure on a given asset.

(f) National Competition Policy

Council has reviewed its business activities and elected not to apply the Code of Competitive Conduct to those activities during the year ended 30 June 2025.

(g) Rounding and comparatives

Any minor differences between calculated balances in the financial statements and the related notes are due to rounding.

The financial statements are in Australian dollars and have been rounded to the nearest $1,000, or where that amount is $500 or less, to zero.

Except for the effects of the restatment of prior year balances as outlined in Note 25, comparative information is prepared on the same basis as the prior year, with the exception of minor reclassifications.

(h) Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax, Goods and Services Tax ('GST') and payroll tax on certain activities. The GST recoverable from the ATO is shown as a current asset and the GST payable to the ATO is shown as a current liability.

2 Analysis of results by function

(a) Components of Council functions

The activities relating to the Council's components, along with details of any function consolidations reported on in Note 2 (b) are as follows:

Corporate and Community Services

The goal of this function is to facilitate the business of Council in a timely and professional manner and to ensure that the financial resources of Council are effectively and efficiently utilised and to encourage the development of a sound and diverse economic base for the Shire and to facilitate the creation of, and access to, business and tourism opportunities. The Corporate and Community function also aims to promote the utilisation of Council and community facilities in order to cater for the social and cultural needs of the community. This function includes art, library and cultural services, support for festivals and events, in addition to aged and youth services, facility hire and cemeteries. The program also includes activities related to rating, financial control and reporting, information technology, regulatory services, procurement, record management, customer services, administration services, risk management,corporate governance, town planning and economic development, building certifications, environmental health and compliance functions.

Mayor and CEO Office

The objective of this function is to provide executive support across Council in order to achieve optimal outcomes for the community. Activities included in this function relate to executive support, grant management, human resources and payroll services, and elected member support, as well as community counter disaster and emergency management services.

Infrastructure and Utility Services

The goal of the Infrastructure Services function is to enhance and maintain the quality of life of people in the Shire through the provision of infrastructure services and strategic infrastructure maintenance and development. This function also includes activities related to public spaces and biosecurity services, with the aim to enhance and maintain sustainable environmental management practices within the community. Additionally, the Infrastructure Services function is responsible for natural disaster reconstruction management and recovery programs.

The goal of the Utility Services function is to develop, maintain and promote environmentally sustainable systems for managing the provision of waste, water and sewerage services to the Shire in a safe and reliable way. Waste service activities relate to environmental waste compliance, waste operations, recycling and strategic management of landfill sites. Water service activities relate to water connections, reticulation, storage and treatment. Sewerage service activities relate to sewerage treatment and trade waste disposal.

2(b) Income and expenses defined between recurring and capital, and assets at written down value are attributed to the following functions:

	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent 2025 $000		Capital 2025 $000		2025 $000	Recurrent 2025 $000	Capital 2025 $000	2025 $000	2025 $000	2025 $000	2025 $000
Functions	**Grants**	**Other**	**Grants**	**Other**							
Corporate and Community Services	10,287	21,829	79	-	32,195	(17,900)	(16)	(17,916)	14,216	14,279	43,250
Mayor and CEO Office	181	43	(18)	-	206	(4,398)	-	(4,398)	(4,174)	(4,192)	-
Infrastructure and Utility Services	1,494	13,316	3,598	91	18,499	(32,449)	(14,066)	(46,515)	(17,639)	(28,016)	443,628
Total	**11,962**	**35,188**	**3,659**	**91**	**50,900**	**(54,747)**	**(14,082)**	**(68,829)**	**(7,597)**	**(17,929)**	**486,878**

	Gross program income				Total income	Gross program expenses		Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent 2024 $000		Capital 2024 $000		2024 $000	Recurrent 2024 $000	Capital 2024 $000	2024 $000	2024 $000	2024 $000	2024 $000
Functions	**Grants**	**Other**	**Grants**	**Other**							
Corporate and Community Services	267	20,699	(147)	-	20,819	(9,464)	-	(9,464)	11,503	11,355	27,236
Mayor and CEO Office	210	58	(123)	-	145	(3,702)	-	(3,702)	(3,434)	(3,557)	-
Infrastructure and Utility Services	322	12,039	3,465	-	15,825	(28,264)	(11,628)	(39,891)	(15,903)	(24,066)	438,701
Total	**799**	**32,796**	**3,194**	-	**36,789**	**(41,429)**	**(11,628)**	**(53,057)**	**(7,834)**	**(16,268)**	**465,936**

3 Revenue

	2025 $000	2024 $000
(a) Rates, levies and charges		
General rates	19,674	18,803
Cleansing charge	1,657	1,572
Waste management levy - separate charge	1,275	1,118
Water base charge	2,834	2,680
Water consumption charge	1,737	1,536
Sewerage charge	3,057	2,913
Special charges	6	6
Total rates and utility charge revenue	**30,239**	**28,627**
Less: concessions	(332)	(320)
Net rates, levies and charges	**29,908**	**28,307**

Rates, levies and charges are recognised as revenue in the period in which they are levied. Prepaid rates are recognised as a financial liability until the beginning of the period in which the rates are levied.

	2025 $000	2024 $000
(b) Fees and charges		
Animal registration fees	41	28
Application fees	127	147
Cemetery fees	158	164
Facility hire	71	100
Licence and registration fees	45	41
Search fees	87	73
Waste disposal fees	863	831
Other fees and charges	195	163
	1,585	**1,546**

Revenue arising from fees and charges are recognised at a point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of the infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

	2025 $000	2024 $000
(c) Sales revenue		
Private and recoverable works	1,498	1,018
Other sales revenue	237	285
	1,735	**1,303**

Sale of goods revenue is recognised at a point in time when the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

Revenue from private and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in contract liabilities and is recognised as revenue in the period when the service is performed.

4 Grants, subsidies, contributions and donations

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied. The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Donations and contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council. Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

		2025 $000	2024 $000
(a)	**Operating**		
	Contributions	217	255
	State government subsidies and grants	385	203
	Commonwealth government subsidies and grants - other	121	185
	Commonwealth government subsidies and grants - NDRRA	996	(53)
	Commonwealth government subsidies and grants - financial assistance grant	10,221	135
	Other grants and subsidies	22	75
		11,962	**799**
(b)	**Capital**		
	Contributions	91	236
	Commonwealth government subsidies and grants - NDRRA	-	789
	Commonwealth government subsidies and grants - other	733	158
	Commonwealth government subsidies and grants - roads to recovery subsidy	1,113	141
	State government grants and subsidies - TIDS subsidy	495	496
	State government grants and subsidies - other	1,318	1,326
	Other capital grants	-	50
		3,750	**3,195**

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets.

4 Grants, subsidies, contributions and donations (continued)

(c) Timing of revenue recognition for grants, subsidies, contributions and donations

	2025 $000		2024 $000	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grants and subsidies	11,417	3,987	576	3,037
Contributions and donations	307	-	381	-
	11,725	**3,987**	**957**	**3,037**

	Note	2025 $000	2024 $000
5 Employee benefits			
Staff wages and salaries		13,812	12,737
Councillors' remuneration		527	498
Annual, sick and long service leave entitlements		2,739	2,567
Superannuation	19	1,848	1,696
		18,926	**17,497**
Other employee related expenses		461	254
		19,387	**17,751**
Less : Capitalised employee costs		(512)	(757)
		18,875	**16,994**

Councillor remuneration represents allowances paid in respect of carrying out their duties.

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees and Councillors. Details of those arrangements are set out in Note 19.

Councillors and full time equivalent employees for the financial year	2025 No.	2024 No.
Councillors	7	7
Administration, depot and outdoors staff	184	179

The total of full time equivalent employees has been calculated based on the total ordinary hours worked for the relevant financial year.

		2025 $000	2024 $000
6	**Materials and services**		
	Internal audit fees	49	35
	Audit of financial statements by Auditor General of Queensland	98	80
	Communications and information technology	1,942	1,643
	Consultancies and professional services	461	296
	Contractors and hire expenses	11,617	5,872
	Donations and contributions	291	244
	Electricity	1,245	1,122
	Precept payments	305	305
	Insurance	725	682
	Memberships, licenses and subscriptions	287	256
	Minor equipment and consumables	427	351
	Other materials and services	2,077	1,247
	Raw materials	1,428	1,173
	Water testing	76	190
	Waste levy payment	606	602
	Training, conferences and accommodation	328	248
	Waste levy refund*	(344)	(333)
		21,618	**14,014**

* The State Government rebated $344,277 (2024: $333,289) of the state waste levy to mitigate the direct impacts on households.

Total audit fees quoted by the Queensland Audit Office relating to the 2024-25 financial statements are $97,800 (2024: $93,200).

		2025 $000	2024 $000
7	**Capital expenses**		
	Gain/(loss) on the disposal of non-current assets		
	Proceeds from the sale of property, plant and equipment	330	277
	Less: carrying value of disposed of property, plant and equipment	(2,125)	(699)
		(1,796)	**(422)**
	Land revaluation decrement in P&L	(826)	-
	Write off prior years work in progress	(1,492)	-
	Change in value of landfill restoration provision (refer to Note 14)	(9,968)	(11,206)
		(14,082)	**(11,628)**
8	**Cash and cash equivalents**		
	Cash at bank and on hand	927	396
	Short term deposits	3,054	3,000
	QTC - cash fund	33,091	18,059
	Balance per Statement of Financial Position and Statement of Cash Flows	**37,073**	**21,455**

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and with other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

			2025 $000	2024 $000
8	**Cash and cash equivalents (continued)**			

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use.

		2025 $000	2024 $000
Unrestricted cash			
Cash and cash equivalents		37,073	21,455
Less: externally imposed restrictions on cash	(i)	16,307	2,729
Less: internally imposed restrictions on cash	(ii)	60	43
Unrestricted cash		**53,440**	**24,227**

	2025 $000	2024 $000
(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets		
Unspent government grants and subsidies - operating purposes	9,526	1,265
Unspent government grants and subsidies - capital purposes	6,049	388
Waste levy refund received in advance	733	1,077
Total externally imposed restrictions on cash assets	**16,307**	**2,729**

Cash at bank and on hand at 30 June 2025 includes $733k (2024: $1.077m) received from the State government to mitigate the direct impacts on housholds of the State Waste Levy. This money has been set aside to help fund the Council's 2024-25, 2025-26 and 2026-27 Levy expenses.

	2025 $000	2024 $000
(ii) Internal allocations of cash at the reporting date		
Amount held for SES funding purposes	60	43
Total internally allocated cash	**60**	**43**

Internal allocations of cash may be lifted by Council with a resolution.

Trust funds

Trust funds held for outside parties

	2025 $000	2024 $000
Monies collected or held on behalf of another entity yet to be paid out to or on behalf of that entity	161	184
	161	**184**

In accordance with the *Local Government Act 2009* and Local Government Regulation 2012, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). The council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

		2025 $000	2024 $000
9	**Receivables**		
	Current		
	Rates and utility charges	1,319	1,315
	Interest receivable	-	0
	Other debtors	1,339	722
	Less: loss allowance	(19)	(12)
	Total current receivables	**2,639**	**2,026**

Settlement of receivables is required within 30 days after the invoice is issued. Receivables are measured at amortised cost which approximates their fair value at reporting date.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's freehold property to recover outstanding rate debt, the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property. Council does impair rate receivables where outstanding rates debts apply to leasehold land.

Interest is charged on outstanding rates at 12.35% per annum from 1 July 2024 for the 2025 financial year (previously 11.64% per annum). No interest is charged on other debtors.

Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Councils operations, there is a geographical concentration of risk in the Council's area. As the area is largely agricultural based, there is also a concentration in the agricultural industry.

		2025	2024
		$000	$000

10 **Contract balances**

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

	2025 $000	2024 $000
(a) Contract assets	997	1,938
(b) Contract liabilities		
Funds received upfront to construct Council controlled assets	9,526	1,265
Non-capital performance obligations not yet satisfied	6,049	388
	15,574	1,653
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	417	347
Non-capital performance obligations (including deposits received in advance)	7	13
	424	359

Satisfaction of contract liabilities

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets. Council expects to recognise the contract liability as income in the next 1-2 years.

(c) Significant changes in contract balances

Changes in contract balance amounts from year to year are dependent on the time the receipt of grants and works being carried out.

11 **Other assets**

	2025 $000	2024 $000
Water charges not yet levied	726	648
GST recoverable	380	235
Prepayments	474	167
Accrued income	232	235
	1,812	1,285

12 Property, plant and equipment

(a)

	Land	Buildings, land improvements and other structures	Fleet assets	Roads, drainage and bridges network	Water	Sewerage	Computer network	Plant and equipment	Work in progress	Total
	2025	2025	2025	2025	2025	2025	2025	2025	2025	2025
Basis of measurement	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Cost	Cost	Cost	
Asset values	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening gross value as at 1 July 2024	3,752	98,673	10,211	400,794	66,421	44,788	1,296	5,380	9,632	640,947
Transfers between classes	-	2,818	(84)	164	48	(5)	1,183	(4,124)	-	-
Additions	-	-	-	-	-	-	-	-	8,543	8,543
Completed assets transferred from work in progress	-	4,091	1,661	3,248	1,305	82	23	13	(10,422)	-
Disposals	-	(276)	(1,034)	(2,661)	(343)	(66)	-	(17)	-	(4,397)
Work in progress written off									(1,492)	(1,492)
Revaluation adjustment in P&L	(826)	-	-	-	-	-	-	-	-	(826)
Revaluation adjustment in ARS	(25)	2,761	-	26,811	108	0	-	-	-	29,655
Closing gross value as at 30 June 2025	**2,902**	**108,066**	**10,754**	**428,355**	**67,540**	**44,800**	**2,501**	**1,252**	**6,260**	**672,430**
Accumulated depreciation										
Opening balance as at 1 July 2024	-	(35,758)	(4,762)	(108,986)	(29,898)	(19,269)	(811)	(2,762)	-	(202,245)
Transfers between classes	-	(1,201)	84	(87)	(16)	12	(899)	2,108	-	-
Depreciation provided in period	-	(2,566)	(836)	(8,068)	(1,098)	(617)	(161)	(81)		(13,426)
Depreciation on disposals	-	129	686	1,196	217	36	-	10	-	2,274
Revaluation adjustment	-	(7,262)	-	(8,115)	(29)	-	-	-	-	(15,406)
Accumulated depreciation as at 30 June 2025	**-**	**(46,657)**	**(4,828)**	**(124,059)**	**(30,824)**	**(19,837)**	**(1,871)**	**(725)**	**-**	**(228,802)**
Total written down value as at 30 June 2025	**2,902**	**61,409**	**5,926**	**304,296**	**36,715**	**24,962**	**630**	**527**	**6,260**	**443,628**
Range of estimated useful life in years	Land: Not depreciated.	3 - 185	2 - 25	3 - 1000	5 - 180	2 - 160	2 - 50	2 - 100	Not depreciated	
Additions by asset class comprise:										
Renewals	-	1,167	-	1,977	386	140	-	-	-	3,672
Upgrade	-	81	-	1,721	864	-	-	-	-	2,666
New	-	109	1,141	319	68	41	-	-	526	2,204
Total additions	**-**	**1,357**	**1,141**	**4,017**	**1,320**	**182**	**-**	**-**	**526**	**8,543**

12 Property, plant and equipment

(b)

	Land	Buildings, land improvements and other structures	Fleet assets	Roads, drainage and bridges network	Water	Sewerage	Computer network	Plant and equipment	Work in progress	Total
	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024
Basis of measurement	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Cost	Cost	Cost	
Asset values	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening gross value as at 1 July 2023	3,752	93,509	9,867	399,300	61,691	40,302	1,296	5,301	12,335	627,353
Additions	-	-				-	-	-	8,681	8,681
Completed assets transferred from work in progress	-	714	1,176	8,163	65	1,187	-	78	-11,384	-
Disposals	-	-	-832	-833	-6	-3	-	-	-	(1,674)
Transfers and adjustments	-	-2,845	-	2,994	-149	-	-	-	-	-
Revaluation adjustment	-	7,296	-	-8,830	4,820	3,302	-	-	-	6,588
Closing gross value as at 30 June 2024	**3,752**	**98,673**	**10,211**	**400,794**	**66,421**	**44,788**	**1,296**	**5,380**	**9,632**	**640,945**
Accumulated depreciation										
Opening balance as at 1 July 2023	-	(32,891)	(4,501)	(110,699)	(26,749)	(17,263)	(709)	(2,495)	-	(195,306)
Depreciation provided in period	-	(1,574)	(814)	(5,510)	(1,078)	(581)	(102)	(267)	-	(9,927)
Depreciation on disposals	-	-	553	416	4	2	-	-	-	975
Transfers between asset classes	-	1,356	-	6,806	41	-	-	-	-	8,203
Revaluation adjustment	-	(2,649)	-	-	(2,116)	(1,427)	-	-	-	(6,191)
Accumulated depreciation as at 30 June 2024	**-**	**(35,758)**	**(4,762)**	**(108,986)**	**(29,898)**	**(19,269)**	**(811)**	**(2,762)**	**-**	**(202,246)**
Total written down value as at 30 June 2024	**3,752**	**62,916**	**5,450**	**291,808**	**36,523**	**25,519**	**485**	**2,618**	**9,632**	**438,701**
Range of estimated useful life in years	Land: Not depreciated.	3 - 185	2 - 25	3 - 1000	5 - 180	2 - 160	2 - 50	2 - 100	Not depreciated	
Additions by asset class comprise:										
Renewals	78	220	-	2,171	418	149	-	-	-	3,036
Upgrade	-	52	-	2,311	-	512	-	-	-	2,875
New	889	178	1,047	24	456	-	-	177	-	2,771
Total additions	**967**	**450**	**1,047**	**4,507**	**874**	**661**	**-**	**177**	**-**	**8,681**

12 Property, plant and equipment (continued)

(c) Recognition and measurement

Capitalisation thresholds

Items of plant and equipment with a total value of less than $5,000, and infrastructure assets and buildings with a total value of less than $10,000 are treated generally as an expense in the year of acquisition. All other items of property, plant and equipment are generally capitalised.

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight, architect's fees, engineering design fees and all other establishment costs.

Subsequently, each class of property, plant and equipment is carried as fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

All asset acquisitions are accounted for in work in progress and when completed are transferred from work in progress to the relevant asset class.

Assets that have been identified as a result of new information having been obtained are recognised as a revaluation adjustment against the asset revaluation surplus in the year that they are identified.

Land under roads

Land under roads is recognised as a non-current asset where Council holds title or a lease over the asset.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

(d) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption for all Council assets.

(e) **Valuation**

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every five years with interim valuations using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index. Ongoing monitoring of asset conditions through work programs, maintenance schedules and onsite observations allows any material change in asset conditions to be recognised. In a year of formal revaluation the valuer physically sights a representative sample of the asset class being revalued and makes assessments of the condition of the assets at the date of inspection.

In accordance with AASB 13 fair value measurements are categorised on the following basis:

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The following table lists Council's assets with fair value measurements of level 2 and 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The table presents the Council's assets measured and recognised at fair value at 30 June 2025.

At 30 June 2025	Note	Level 1	Level 2	Level 3
		$000	$000	$000
Recurring fair value measurements				
Land	12(a)	-	2,902	-
Buildings, land improvements and other structures	12(a)	-	-	61,409
Road, bridges and drainage network	12(a)	-	-	304,296
Water infrastructure	12(a)	-	-	36,715
Sewerage infrastructure	12(a)	-	-	24,962
		-	**2,902**	**427,383**

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

12 Property, plant and equipment (continued)
(f) Valuation (continued)
(i) Valuation techniques used to derive fair values

Asset class	Valuation approach	Last independent valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index applied this year	Other interim revaluation adjustment
Land (level 2)	Market value	30 June 2025	APV Valuers and Asset Management	Comparison to recently sold properties of a similar type, adjusted for size, zoning, topography and configuration. Price per square metre is the most significant input.	N/A	Nil
Land and land improvements (level 3)	Current replacement cost	30 June 2025	APV Valuers and Asset Management	Price per square metre taking into account condition.	N/A	Nil
Buildings and structures	Current replacement cost	30 June 2025	AVR Consulting Pty Ltd	Estimation of replacement cost by component, including consideration of the cost of construction, pattern of consumption and asset condition.	N/A	Nil
Roads, drainage and bridges network	Current replacement cost	30 June 2023	Bridges, Culverts and Footbridges were revalued by pitt &sherry. Other other transport infrastructure asset were revalued by Shepherd Services Pty Ltd.	Replacement cost is calculated by reference to asset linear and area specifications, estimated labour and material inputs and service costs sourced from recently completed projects. Assets were componentised into components that reflect their functional purpose, useful life and differing levels of service potential consumption. As infrastructure assets have varying age profiles, it is best practice is to ensure all assets are suitably componentised into long life and short life assets. This was taken into account when carrying out useful life review. Remaining life of assets based on condition, taking into account functionality, capability, utilisation and obsolescence.	7%	Nil
Water	Current replacement cost	30 June 2021	APV Valuers and Asset Management	Unit rates established through quoted prices from suppliers, cost guides such as Rawlinson's Construction Handbook and prices supplied by Council. Remaining useful life based on condition or age, adjusted for obsolescence.	Nil	Nil
Sewerage	Current replacement cost	30 June 2021	APV Valuers and Asset Management	Unit rates established through quoted prices from suppliers, cost guides such as Rawlinson's Construction Handbook and prices supplied by Council. Remaining useful life based on condition or age, adjusted for obsolescence.	Nil	Nil

		2025 $000	2024 $000
13	**Payables**		
	Current		
	Trade creditors and accruals	2,463	2,563
	Prepaid rates	1,413	1,200
		3,876	**3,763**

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

		2025 $000	2024 $000
14	**Provisions**		
	Current		
	Annual leave	2,199	1,992
	Long service leave	1,818	2,009
	Rostered days off	73	94
	Time in lieu	31	32
	Ingham landfill site restoration	5,494	-
	Warren's Hill landfill site restoration	3,855	3,922
		13,469	**8,050**
	Non-current		
	Ingham landfill site restoration	3,372	3,301
	Taylors Beach landfill site restoration	3,870	975
	Forrest Beach landfill site restoration	2,270	568
	Lucinda landfill site restoration	2,320	195
	Warren's Hill landfill site restoration	10,652	12,139
	Long service leave	427	220
		22,911	**17,398**

The following information for the Ingham, Taylors Beach, Forrest Beach and Lucinda landfill sites is based on an estimate to undertake remediation works at these closed landfill sites. Council is continuing monitoring and testing of these sites. The remediation works are expected to occur over the next 10 years, with Council continuing to investigate options for remediation works.

2025 **Landfill site restoration**	Ingham $000	Taylors Beach $000	Forrest Beach $000	Lucinda $000	Total $000
Balance at beginning of financial year	3,301	975	568	195	5,039
Increase in provision due to unwinding of discount	72	41	23	9	144
Increase in provision due to change in cost estimate	5,493	2,860	1,690	2,117	12,160
Decrease in provision due to change in timing, inflation and discount rates	-	(6)	(10)	(1)	(17)
Balance at end of financial year	**8,866**	**3,870**	**2,270**	**2,320**	**17,326**

2024 **Landfill site restoration**	Ingham $000	Taylors Beach $000	Forrest Beach $000	Lucinda $000	Total $000
Balance at beginning of financial year	3,065	966	545	200	4,776
Increase in provision due to unwinding of discount	129	41	22	9	201
Increase in provision due to change in cost estimate	(35)	(75)	(24)	(22)	(156)
Decrease in provision due to change in timing, inflation and discount rates	142	43	25	8	218
Balance at end of financial year	**3,301**	**975**	**568**	**195**	**5,039**

		2025 $000	2024 $000
14	**Provisions (continued)**		
	Warren's Hill landfill site restoration		
	Balance at beginning of financial year	16,061	4,665
	Increase/(decrease) in provision due to unwinding of discount	623	248
	Increase/(decrease) in provision due to change in discount rate	161	110
	Increase/(decrease) in provision due to change in inflation rate	(393)	(336)
	Increase/(decrease) in provision due to change in cost estimate	(1,944)	11,374
	Balance at end of financial year	**14,508**	**16,061**

This is the present value of the estimated cost of restoring the landfill site to a useable state at the end of its useful life. The costs above relate to the three cells at Warren's Hill. The projected cost to restore all three cells is $13.6m and this cost is expected to be incurred in stages for each cell.

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility. This liability is provided in respect of landfill sites.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current Commonwealth Government bond rate is considered an appropriate rate. The calculation of the provision requires assumptions such as the application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for landfill sites is reviewed annually and updated based on the facts and circumstances available at the time.

Some landfill sites are located on State reserves which Council does not control. The cost of the provisions for restoration of these is therefore treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the passing of time are treated as an expense or income.

Changes to the provisions resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yeild rates published on the Department of State Development, Infrastrcture, Local Government and Planning website.

Where employees have met the prerequisite length of service and Council does not have an unconditional right to defer this liability beyond twelve months, long service leave is classified as a current liability.

		2025 $000	2024 $000
15	**Other liabilities**		
	Current		
	Waste levy refund received in advance	359	344
	Other revenue received in advance	69	71
		428	**415**
	Non-Current		
	Waste levy refund received in advance	374	733
		374	**733**

The State Government made advance payments to Council in June 2023 and June 2024 to mitigate the impacts on households for years 2024-25 to 2026-27 of the State Waste Levy. The Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites. The State is required to make an annual subsidy payment to the Council for the portion of the Levy that relates to domestice waste. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users. As the receipts from the State in June 2023 and June 2024 relate to future years, a portion has been recognised as a liability at 30 June 2025.

		2025 $000	2024 $000
16	**Asset revaluation surplus**		
	Movements in the asset revaluation surplus were as follows:		
	Balance at beginning of financial year	274,529	265,930
	Net adjustment to capital non-current assets at end of period to reflect a change in fair value:		
	Buildings and structures	(4,501)	4,647
	Road, drainage and bridge network	18,695	(629)
	Water	79	2,705
	Sewerage	-	1,875
	Land and land improvements	(25)	-
	Movements total	14,249	8,599
	Balance at end of financial year	**288,779**	**274,529**

Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus comprises the following asset categories:

	2025 $000	2024 $000
Land and land improvements	-	25
Buildings and structures	33,393	37,894
Road, drainage and bridge network	216,117	197,422
Water	20,414	20,335
Sewerage	18,855	18,855
	288,779	**274,529**

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense.

When an asset is disposed of, the amount in the surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

17 Commitments for expenditure

Operational contractual commitments

Contractual and carry over commitments at balance date but not recognised in the financial statements are payable as follows:

	2025 $000	2024 $000
Contract for refuse disposal were reviewed in 2020/21, with a new contract in place until 30 June 2028. Value of contract presented is based on the number of waste services provided at 30 June 2025 multiplied by the cost per service and adjusted for inflationary factors.	2,666	5,288
	2,666	**5,288**

Capital contractual commitments

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:

	2025 $000	2024 $000
Property, plant and equipment		
Road, drainage and bridge network	1,421	1,875
Water	-	1,576
Fleet	-	808
Other	-	1,309
	1,421	**5,568**
These expenditures are payable as follows:		
Within one year	1,421	5,568
One to five years	-	-
Later than five years	-	-
	1,421	**5,568**

		2025	2024
		$000	$000

18 Contingent liabilities and assets

Details and estimates of maximum amounts of contingent liabilities are as follows:

Local Government Workcare

Hinchinbrook Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstance arise.

	2025	2024
The Council's maximum exposure to the bank guarantee is:	426	430

Local Government Mutual

Hinchinbrook Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect of any year that a deficit arises.

As at 30 June 2025 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Warren's Hill Landfill

Council is currently involved in a legal dispute with an external contractor regarding defects at the Warren's Hill landfill facility. Council must incur significant additional costs to secure and adequately remidate Cell 1. These additional costs have been included in the provision disclosed in Note 14 to the financial statements. At the date of this report, Council expect to recover the value of additional works from the contractor.

19 Superannuation

Council contributes to the Brighter Super (the scheme), at the rate of 12.5% for each permanent employee who is a defined benefit member. This rate is set in accordance with the Brighter Super trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009.* The scheme is managed by the LGIAsuper trustee as trustee for LGIAsuper trading as Brighter Super.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at the Council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the Council.

Hinchinbrook Shire Council may be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the Brighter Super trust deed changes to Council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2024. The actuary indicated that "At the valuation date of 1 July 2024, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12.5% of employee salary or wages and there are no known requirements to change the rate of contributions.

19 Superannuation (continued)

The next triennial actuarial review is not due until 1 July 2027.

The most significant risks that may result in Brighter Super increasing the contribution rate, on the advice of the actuary, are:
- Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.
- Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	Note	2025 $000	2024 $000
Superannuation contributions made to the Regional Defined Benefits Fund		80	86
Other superannuation contributions for employees		1,768	1,610
Total superannuation contributions paid by Council for employees:	5	**1,848**	**1,696**

20 Joint arrangement

Hinchinbrook Community Wetlands

The Council has a 50% share joint arrangement interest in the Hinchinbrook Community Wetland (an unincorporated body jointly managed by Council and a third party). The principal activity of which is to develop and maintain a local wetland to treat waste water. Council's share of the results and net assets of this body are as follows:

	2025	2024
Ordinary revenues	17	14
Ordinary expenses	(43)	(69)
Net result	**(26)**	**(55)**
Sewerage infrastructure assets - 100%	997	1,347

21 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	2025	2024
Net result	(17,929)	(16,268)
Non-cash items :		
Depreciation	13,426	9,927
Work in progress written off	1,492	-
Revaluation decement in P&L	826	-
	(2,186)	**(6,341)**
Investing and development activities (non-cash) :		
Net (profit)/loss on disposal of non-current assets	1,793	422
	1,793	**422**
Changes in operating assets and liabilities :		
(Increase)/decrease in receivables	(613)	322
(Increase)/decrease in other assets	(528)	(397)
(Increase)/decrease in contract assets	941	2,977
(Increase)/decrease in inventories	(195)	35
Increase/(decrease) in payables	113	(240)
Increase/(decrease) in contract liabilities	13,921	(311)
Increase/(decrease) in other liabilities	(347)	(281)
Increase/(decrease) in provisions	10,932	11,907
	24,224	**14,013**
Net cash inflow from operating activities	**23,831**	**8,094**

22 Events after the reporting period

There were no material adjusting events after the balance date that require disclosure.

23 Financial instruments and financial risk management

Hinchinbrook Shire Council has exposure to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

Risk management framework

Hinchinbrook Shire Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies. Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

No collateral is held as a security relating to the financial assets held by Hinchinbrook Shire Council.

Liquidity Risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

Hinchinbrook Shire Council is exposed to liquidity risk through its normal course of business. The Council does not have any borrowings or external loans, limiting their exposure to liquidity risks.

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities to cater for unexpected volatility in cash flows. Unrestricted access was available at balance date to the lines of credit listed below:

	2025 $000	2024 $000
Bank overdraft facility	150	150

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments.

Interest Rate Risk

Hinchinbrook Shire Council is exposed to interest rate risk through investments with QTC and other financial institutions.

Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets and liabilities on the carrying amount at reporting date.

A reasonably possible change in interest rates (assumed to be 1%) would have an impact of $370,720 (30 June 2024: $214,550) on the profit and equity of the Council, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

		2025 $000	2024 $000
24	**Transactions with related parties**		

(a) Transactions with key management personnel (KMP)

KMP includes the Mayor, Councillors, Council's Chief Executive Officer and Directors.

Compensation paid to KMP:

	2025 $000	2024 $000
Short-term employee benefits	1,454	1,341
Post-employment benefits	140	127
Long-term benefits	121	12
Termination benefits	102	-
Total KMP compensation	**1,817**	**1,480**

KMP were employed through arms length processes. Further detail in relation to KMP remuneration is included in the annual report.

(b) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse, parents, grandparents, brother and sisters.

Details of transactions between Council and other related parties are disclosed below:

	2025 $000	2024 $000
Payment of precept to Associate	250	252
Employee expenses for close family members of KMP	175	135
Fees and charges charged to entities controlled by KMP	-	6
Purchase of materials and services from entities controlled by KMP	177	217
Total transactions with other related parties	**602**	**610**

All close family members of KMP were employed through an arm's length process. They are paid in accordance with the Award for the job they perform. The Council employs 184 full time equivalent staff of which 2 are close family members of KMP at reporting date.

The Council purchased the following material and services from entities that are controlled by members of key management personnel. All purchases were at arm's length in the normal course of council operations and in accordance with Council's fees and charges schedule.

Unleaded petrol and diesel fuel
Motor vehicle tyres and tyre repairs
Maintenance materials and labour
Certificates of inspection
Gravel
Provision of rental accommodation
Community recovery payment
Concreting Services
Hardware supplies

(c) Outstanding balances

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2025 $000	2024 $000
Entities controlled by KMP	-	10
Total outstanding balances	**-**	**10**

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed to related parties.

(d) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(e) Commitments to/from other related parties

Council has no outstanding commitments to/from other related parties.

(f) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the Hinchinbrook Shire. Therefore, on a regular basis ordinary citizen transactions occur between council and its related parties. It has been determined that the aggregate of any such transactions, which occurred on no different terms to that of the general public, is not material for disclosure in these general purpose financial statements.

HINCHINBROOK
SHIRE COUNCIL

MANAGEMENT CERTIFICATE
For the year ended 30 June 2025

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the Local Government Regulation 2012 (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that:

(i) the prescribed requirements of the *Local Government Act 2009* and Local Government Regulation 2012 for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements, as set out on pages 1 to 28, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

R Jayo	M Uren
Mayor	Chief Executive Officer
Date: 29 January 2026	Date: 29 January 2026

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INDEPENDENT AUDITOR'S REPORT

To the councillors of Hinchinbrook Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Hinchinbrook Shire Council.

The financial report comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

a) gives a true and fair view of the council's financial position as at 30 June 2025, and of its financial performance for the year then ended; and

b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Hinchinbrook Shire Council's annual report for the year ended 30 June 2025 was the current year financial sustainability statement, current year financial sustainability statement - contextual ratios and unaudited long-term financial sustainability statement.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have formed a separate opinion on the current year financial sustainability statement.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The councillors are also responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the council.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2025:

a) I received all the information and explanations I required

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

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Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, and the Local Government Regulation 2012. The applicable requirements include those for keeping financial records that correctly record and explain the council's transactions and account balances to enable the preparation of a true and fair financial report.

30 January 2026

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

HINCHINBROOK
SHIRE COUNCIL

2024 - 2025 Current Year Financial Sustainability

Certificate of Accuracy - Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

2024 - 2025 Current Year Financial Sustainability - Contextual Ratios

Certificate of Accuracy - Current Year Financial Sustainability Statement - Contextual Ratios

HINCHINBROOK
SHIRE COUNCIL

Current Year Financial Sustainability Statement
For the year ended 30 June 2025

Type	Measure	Target (Tier 5)	Actual Current Year	5-Year Average	Council Narrative
Audited ratios					
Liquidity	Unrestricted cash expense cover ratio	Greater than 4 months	6 months	6.6 months	The unrestricted cash expense cover ratio is an indicator of the unconstrained liquidity available to a council to meet ongoing and emergent financial demands, which is a key component to solvency. Council is currently exceeding the target which indicates council has sufficient liquidity to continue operating for an extended period of time based on current monthly expenses.
Operating performance	Operating surplus ratio	Greater than -2%	-16.11%	-13.15%	The operating surplus ratio is an indicator of the extent to which operating revenues generated cover operational expenses. The deficit has resulted from increased materials and services and depreciation expenses.
	Operating cash ratio	Greater than 0%	12.36%	13.90%	The operating cash ratio is a measure of council's ability to cover its core operational expenses and generate a cash surplus excluding depreciation, amortisation, and finance costs. Council has the ability to meet its core operational expenses comfortably.
Asset management	Asset sustainability ratio	Greater than 90%	29.74%	63.16%	The asset sustainability ratio approximates the extent to which the infrastructure assets managed by a council are being replaced as they reach the end of their useful lives. Council's asset sustainability ratio is currently behind target.
	Asset consumption ratio	Greater than 60%	65.88%	66.37%	The asset consumption ratio approximates 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. Council's asset comsumption ratio is currently ahead of target.

Note 1
The current year financial sustainability statement is prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the five reported measures are prepared on an accrual basis and are drawn from council's audited general purpose financial statements for the year ended 30 June 2025.

Certificate of Accuracy
For the year ended 30 June 2025

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this financial sustainability statement has been accurately calculated.

Mayor
R Jayo
Date 29 January 2026

Chief Executive Officer
M Uren
Date 29 January 2026

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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Hinchinbrook Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Hinchinbrook Shire Council for the year ended 30 June 2025, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Hinchinbrook Shire Council for the year ended 30 June 2025 has been accurately calculated.

Basis of opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the current year financial sustainability statement* section of my report.

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the Financial Management (Sustainability) Guideline 2024 for the purpose of fulfilling the council's reporting responsibilities under the Local Government Regulation 2012. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2025, but does not include the financial sustainability statement and our auditor's report thereon.

At the date of this auditor's report, the available other information in Hinchinbrook Shire Council's annual report for the year ended 30 June 2025 was the general-purpose financial statements, current-year financial sustainability statement – contextual ratios, and the unaudited long-term financial sustainability statement.

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the Local Government Regulation 2012, I have formed a separate opinion on the general-purpose financial report.

In connection with my audit of the financial sustainability statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial sustainability statement and my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the councillors for the current year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The councillors responsibility also includes such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the current year financial sustainability statement

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the council's future sustainability.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.

I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

30 January 2026

Sri Narasimhan
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

HINCHINBROOK
SHIRE COUNCIL

Current Year Financial Sustainability Statement - Contextual Ratios
For the year ended 30 June 2025

Type	Measure	Target (Tier 5)	Actual Current Year	5-Year Average	Council Narrative
Contextual ratios (unaudited)					
Financial capacity	Council-controlled revenue	n/a	66.79%	73.98%	Council controlled revenue is an indicator of a council's financial flexibility, ability to influence its operating income, and capacity to respond to unexpected financial shocks.
	Population growth	n/a	0.26%	0.23%	Population growth is a key driver of a council's operating income, service needs, and infrastructure requirements into the future.

The current year financial sustainability statement - contextual ratios is prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the two reported measures are prepared on an accrual basis and are drawn from council's audited general purpose financial statements for the year ended 30 June 2025.

Certificate of Accuracy
For the year ended 30 June 2025

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the Local Government Regulation 2012 (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this financial sustainability statement has been accurately calculated.

Mayor
R Jayo

Date: 29 January 2026

Chief Executive Officer
M Uren

Date: 29 January 2026

HINCHINBROOK SHIRE COUNCIL

2024 - 2025 Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy - Long Term Financial Sustainability Statement

HINCHINBROOK
SHIRE COUNCIL

Unaudited Long-Term Financial Sustainability Statement
For the year ended 30 June 2025

Type	Measure	Target (Tier 5)	Actuals as at 30 June 2025	Forecast as at 30 June 2026	Forecast as at 30 June 2027	Forecast as at 30 June 2028	Forecast as at 30 June 2029	Forecast as at 30 June 2030	Forecast as at 30 June 2031	Forecast as at 30 June 2032	Forecast as at 30 June 2033	Forecast as at 30 June 2034
Financial capacity	Council-controlled revenue	n/a	66.79%	77.90%	78.20%	78.20%	78.20%	78.20%	78.20%	78.20%	78.20%	78.20%
	Population growth	n/a	0.26%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Operating performance	Operating surplus ratio	Greater than -2%	-16.11%	-8.30%	-8.10%	-7.80%	-7.00%	-6.60%	-6.30%	-5.40%	-4.60%	-4.00%
	Operating cash ratio	Greater than 0%	12.36%	16.90%	16.60%	16.30%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%
Liquidity	Unrestricted cash expense cover ratio	Greater than 4 months	6 months	7 months	7 months	7 months	7 months	7 months	7 months	7 months	7 months	7 months
Asset management	Asset sustainability ratio	Greater than 90%	29.74%	92.90%	95.60%	98.00%	100.40%	102.80%	105.00%	107.30%	109.40%	111.40%
	Asset consumption ratio	Greater than 60%	65.88%	62.00%	62.00%	61.00%	60.00%	59.00%	58.00%	58.00%	57.00%	58.00%

Hinchinbrook Shire Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about the efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

Certificate of Accuracy
For the long-term financial sustainability statement prepared as at 30 June 2025

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.

Mayor
R Jayo

Date: 29 January 2026

Chief Executive Officer
M Uren

Date: 29 January 2026