



Audit  
Tasmania



**Report of the Auditor-General  
No. 8 of 2025-26**

Auditor-General's report on the  
financial statements of State entities

**Volume 4 – Local Government**

Audit of State entities and audited  
subsidiaries of State entities  
30 June 2025

16 March 2026

**Auditing for a better Tasmania**

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# Foreword

This volume focuses on the results of the financial statement audits of the Local Government sector for the 2024-25 year. While in aggregate, councils continued to report generally positive outcomes, individual councils reported mixed results, reflecting the unique nature and characteristics of each of Tasmania's 29 councils. This report also notes, in a number of areas, the greater challenges faced by smaller rural councils in maintaining financial viability.

In aggregate, councils generated an underlying surplus of \$14.15 million for 2024-25, a decline of \$18.31 million on the previous year. This decline was evident across both urban and rural councils. This reverses the improving trend that was identified across the previous years of analysis.

As noted in the prior years, councils are not achieving their capital expenditure budgets, with 87.3% of the budget being spent. Urban and rural councils noted a decrease in their asset sustainability ratios indicating a reduced focus on renewal works compared to the prior year.

In aggregate, councils have continued to reduce their borrowings. In 2024-25, total borrowings reduced \$21.36 million to \$154.06 million in 2024-25. Cash holdings have also increased, in aggregate, although this is heavily influenced by a small number of urban councils with significant cash balances. A small number of councils were identified as having a low cash expense cover ratio, increasing the risk that funds set aside for future use may have to be called upon to fund day to day operations.

Overall, while variations exist within individual councils, the financial performance, position and cash flows of the Local Government Sector remains reasonable, continuing to show a modest improvement across a number of key areas.



Martin Thompson  
**Auditor-General**

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**2026  
PARLIAMENT OF TASMANIA**

**Auditor-General's report on the financial statements of State entities  
Volume 4 – Local Government  
Audit of State entities and audited subsidiaries of State entities 30 June 2025**

**16 March 2026**

Presented to both Houses of Parliament pursuant to  
Section 29 of the *Audit Act 2008*

## **Acknowledgement of Country**

We acknowledge Tasmanian Aboriginal people as the traditional owners of this Land, and pay respects to Elders past and present. We respect Tasmanian Aboriginal people, their culture and their rights as the first peoples of this Land. We recognise and value Aboriginal histories, knowledge and lived experiences and commit to being culturally inclusive and respectful in our working relationships with all Aboriginal people.

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# Executive summary

## Introduction

This report is the final of 4 volumes reporting on the audit of State entities for the years ended 31 December 2024 and 30 June 2025. This volume reports on the of audits of financial statements of the local government sector.

### **Councils improved the timeliness of submitting financial statements for audit, however issues delayed signing of audit reports within the statutory timeframe**

For the year ended 30 June 2025, only 1 local government entity, West Coast Council, failed to meet the financial statement submission deadline. This is a good result and represents an improvement over the 4 local government entities that failed to meet the deadline for the year ended 30 June 2024.

However, 21 audits for the year ended 30 June 2025 were not completed within the statutory timeframe, compared to 18 audits for the year ended 30 June 2024. The delays are caused by quality issues with the documentation and financial statements submitted, slow response times and resource constraints within Audit Tasmania. To address this, we are implementing changes in our audit methodology to complete more audit testing before year-end and tighter controls on timeframes for return of information required to complete the audits.

### **The number and value of corrections to submitted financial statements remain high**

Financial statements submitted for audit included a total of 46 misstatements with an aggregate value of \$157.28 million. Corrected misstatements are largely attributable to errors in the determination and calculation of items that are subject to the exercise of management judgement, including items such as provisions and asset valuations. Limitation in systems, including the reliance on spreadsheets for the calculation of key balances, also contributes to the frequency of errors.

### **In aggregate, the underlying surplus result for councils has declined after an extended period of improvement**

All councils, in aggregate, generated an underlying surplus of \$14.15 million for 2024-25, a decline of \$18.31 million on the previous year. Urban councils produced an aggregate underlying surplus of \$22.20 million in 2024-25, a decrease from the surplus of \$33.44 million in 2023-24. Rural councils also incurred a decline in aggregate underlying surplus in 2024-25, moving from a deficit of \$0.97 million in 2023-24 to a deficit of \$8.04 million. This reverses the improving trend identified over the first 3 years of the analysis. These results are supported by our analysis of operating revenue and expenses, where both urban and rural council expenditure growth exceeded the growth in revenue in 2024-25, reversing the improving trend identified in the prior year. Both rural and urban councils recorded a reduced increase in rate revenue compared to the prior year, which has had a significant influence on the reduced underlying surpluses.

## **Overall, councils are not meeting their capital expenditure targets, but the trend is improving**

Although councils continue to struggle to achieve their capital expenditure budgets, the trend is improving. In 2024-25, councils collectively spent \$393.69 million on capital projects. This was 87.3% of their budgeted spend for the financial year. In 2024-25, 22 councils spent less than their anticipated capital budget. This included 7 of the 10 urban councils, and 15 of the 19 rural councils. Over the past 4-year period, urban councils expended, on average, 76.4% of their depreciation expense to maintain existing non-current assets, whereas rural councils expended, on average, 89.1%. Despite most rural councils increasing their percentage of meeting their budgeted spend, the asset sustainability ratio, decreased from 101.0% to 88.8% in 2024-25, showing the impact of increased depreciation charges and less focus on renewal works compared to the prior year. Urban councils also noted a decrease in asset sustainability ratio, from 87.3% in 2023-24 to 82.5% in 2024-25

## **Cash and investments held by councils have increased**

Our analysis of cash and investments held by councils over the past 4 years showed most councils had steadily increased their cash and investments, although this is heavily influenced by a small number of urban councils with significant cash balances. At 30 June 2025, only 1 council had a cash expense cover ratio greater than 12 months compared to 2 councils in the prior year. Additionally, 9 councils were identified as having a cash expense cover ratio of less than 3 months on 30 June 2025, compared to 4 in the prior year. Two councils, Derwent Valley Council and West Coast Council, had a cash expense ratio below zero, as their committed funds exceed their current cash holdings. If these two councils continue to present similar results into the future, these councils would need to consider reducing services or capital expenditure to ensure ongoing viability.

## **Councils have reduced their level of borrowings**

Borrowings for councils totalled \$154.06 million in 2024-25, a decrease from \$175.42 million in the prior year. In total, 20 councils reduced their level of borrowings during the year and at 30 June 2025, 9 councils have no borrowings and a further 5 councils have borrowings below \$1.00 million.

## **Guide to using this report**

Guidance relating to the use and interpretation of financial information included in this report can be found on Audit Tasmania's website: [www.audit.tas.gov.au](http://www.audit.tas.gov.au)

The guidance includes information on the calculation and explanation of financial ratios, performance indicators and the definition of audit finding risk ratings.

# Local Government

## Introduction

This chapter contains commentary and financial analysis on Tasmanian local government entities subject to audit, comprising 29 councils, 1 council-controlled entity, 8 other local government entities and Tasmanian Water and Sewerage Corporation Pty Ltd (TasWater).

## Aggregated financial statements

This section focuses on the aggregated financial information for all 29 councils, including council controlled entities, but excluding other local government entities and TasWater. Transactions between councils have not been identified or eliminated in our aggregation of the financial statements.

Throughout this section, aggregated financial information is presented based on councils being grouped into 2 classifications, urban and rural, as follows:

- Urban, populations greater than 20,000 or at a density >30 per square kilometre
- Rural, populations up to 20,000 at a density of <30 per square kilometre.

## Impact of Financial Assistance Grants on the net results of councils

The Australian Government provides Financial Assistance Grants to help councils provide local services and infrastructure. The grant funds are untied, meaning they can be spent where they are needed most, and can be used councils at their discretion to meet the needs and priorities of local communities. As the grants are untied and have no performance obligations, AASB 1058 *Income of Not-For-Profit Entities* requires councils to recognise the grant funding as revenue when it is received.

In 2024-25, Tasmanian councils were allocated Financial Assistance Grant funding of \$102.92 million, however \$86.33 million of this allocation was received by councils prior to 1 July 2024. Similarly, in 2022-23, councils received \$97.69 million which related to the 2023-24 allocation. This led to councils recognising the 2025-26 advanced payment of \$53.24 million as revenue in their financial statements for 2024-25.

The net surplus balance in Table 2 reflects the funding received by councils in the financial year. For the 2024-25 underlying surplus calculation in Table 2, the advance payments have been adjusted in the calculation, with the 2024-25 advance payment received in 2023-24 included in the calculation and the 2025-26 advance payment received in 2024-25 excluded.

## Underlying surplus / (deficit)

<b>\$7.91m</b>	<b>\$12.15m</b>	<b>\$32.47m</b>	<b>\$14.15m</b>
2021-22	2022-23	2023-24	2024-25
<b>▲ 186.9%</b>	<b>▲ 53.5%</b>	<b>▲ 167.3%</b>	<b>▼ 56.4%</b>

▲ improvement from prior year ▼ deterioration from prior year ● no material change from prior year

The *Local Government (Management Indicators) Order 2014* defines underlying surplus or deficit as:

*'...an amount that is the recurrent income (not including income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature) of a council for a financial year less the recurrent expenses of the council for the financial year ...'*

The intent of reporting the underlying surplus is to show the outcome of a council's normal or usual day-to-day operations. It is intended to remove extraneous factors that could create volatility and therefore make it difficult for users to understand the outcome of a council's normal operations.

The term 'recurrent' is a commonly used term by entities to refer to transactions for all purposes except those of a capital nature. While the meaning of the word 'recurrent' may be interpreted as referring to items regularly occurring or repeating, for the purposes of determining underlying surplus, councils include operational transactions that may occur once or infrequently such as changes to existing decommissioning, rehabilitation, restoration or similar provisions or financial support, subsidies, grants and programs to organisations, businesses, or industry. Recurrent transactions include gains or losses on disposal of assets, unless there is an unusual reason for the disposal, such as a natural disaster.

Income of a capital nature includes amounts received that do not form part of operating activities and which are received in connection with non-financial assets. Examples include Roads to Recovery (RTR) funding, reimbursements of costs under the Tasmanian Relief and Recovery Arrangements: Natural Disaster Relief to Local Government Policy (NDRLG), gains or losses from one-off disposal of surplus assets or discontinued operations.

Other items, although not capital in nature, that would usually be excluded from underlying surplus include Australian Government Financial Assistance Grants received in advance, clearly identifiable clean-up costs after a natural disaster which are claimable under insurance or NDRLG and payments or provisions in relation to a redundancy program.

Table 2 discloses the underlying surplus generated, or deficit incurred, reported by councils over the 4 years to 30 June 2025, together with a trend indicator showing whether the

councils underlying surplus is improving, deteriorating or not materially changing over the 4-year period.

Table 2: Underlying surplus (deficit) by council for financial years 2021-22 to 2024-25

Council	Trend	2021-22	2022-23	2023-24	2024-25
		\$'000	\$'000	\$'000	\$'000
<b>Urban councils</b>					
Brighton Council	▲	331	1,655	1,326	1,680
Burnie City Council	▲	130	1,824	2,249	973
Central Coast Council	▲	(61)	(102)	(110)	106
Clarence City Council	▲	6,689	8,000	11,043	8,750
Devonport City Council	▲	1,552	1,631	5,195	2,552
Glenorchy City Council	●	2,033	(1,261)	1,933	463
Hobart City Council	▲	5,636	6,685	7,380	14,367
Kingborough Council	▼	(396)	(86)	(2,680)	(1,582)
Launceston City Council	●	(993)	(3,444)	3,752	(5,814)
West Tamar Council	●	1,696	2,968	3,349	701
<b>Total urban councils</b>	▲	<b>16,657</b>	<b>17,870</b>	<b>33,437</b>	<b>22,196</b>
<b>Rural councils</b>					
Break O'Day Council	▲	(714)	220	1,909	979
Central Highlands Council	▼	(3)	21	(447)	(1,790)
Circular Head Council	▼	(90)	260	(683)	(1,557)
Derwent Valley Council	●	(3,130)	(1,522)	(1,800)	(2,474)
Dorset Council	▼	(42)	678	(182)	(775)
Flinders Council	▲	(709)	(666)	19	(171)
George Town Council	●	80	506	157	72
Glamorgan Spring Bay Council	▲	(508)	638	1,934	1,283
Huon Valley Council	●	(270)	(1,802)	203	(468)

Council	Trend	2021-22	2022-23	2023-24	2024-25
		\$'000	\$'000	\$'000	\$'000
Kentish Council	▲	(1,013)	(1,270)	(805)	(239)
King Island Council	▼	(721)	(919)	(1,995)	(2,611)
Latrobe Council	▲	(5,898)	(1,812)	(656)	(1,876)
Meander Valley Council	▲	368	(1,215)	1,616	484
Northern Midlands Council	▼	2,101	(1,114)	(758)	(2,603)
Sorell Council	▲	1,555	2,673	2,750	3,007
Southern Midlands Council	▲	(90)	(101)	275	89
Tasman Council	●	527	489	(727)	865
Waratah-Wynyard Council	▼	777	834	1,088	279
West Coast Council	▲	(967)	(1,623)	(2,869)	(537)
<b>Total rural councils</b>	●	<b>(8,747)</b>	<b>(5,725)</b>	<b>(971)</b>	<b>(8,043)</b>
<b>All councils</b>					
<b>Total</b>	▲	<b>7,910</b>	<b>12,145</b>	<b>32,466</b>	<b>14,153</b>

▲ improvement in trend ▼ deterioration in trend ● no material change in trend

Table 2 shows:

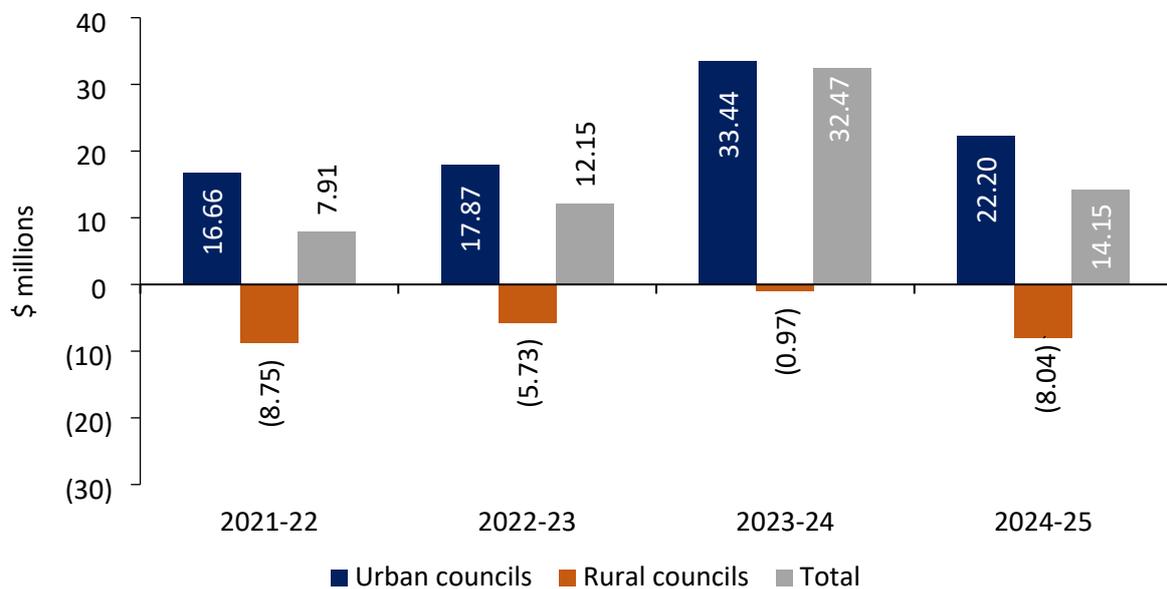
- 13 councils recorded underlying deficits in 2023-24, a regression on the 10 that recorded deficits in 2022-23.
- Kingborough, Derwent Valley, Kentish, King Island, Latrobe and West Coast Councils have incurred underlying deficits in each year, with Kingborough and King Island Councils' result indicating a deterioration in trend.
- Latrobe Council and Derwent Valley Council have the largest cumulative underlying deficits over the 4-year period, amounting to \$10.24 million and \$8.93 million respectively.

As shown in Figure 1, councils produced an aggregate underlying surplus of \$14.15 million for 2024-25, a decline of \$18.31 million compared to the previous year which recorded an underlying surplus of \$32.47 million.

Urban councils produced an aggregate underlying surplus of \$22.20 million in 2024-25, a decrease from the surplus of \$33.44 million in 2023-24. Rural councils also incurred a decline in aggregate underlying surplus in 2024-25, moving from a deficit of \$0.97 million in

2023-24 to a deficit of \$8.04 million. This reverses the improving trend identified over the first 3 years of the analysis.

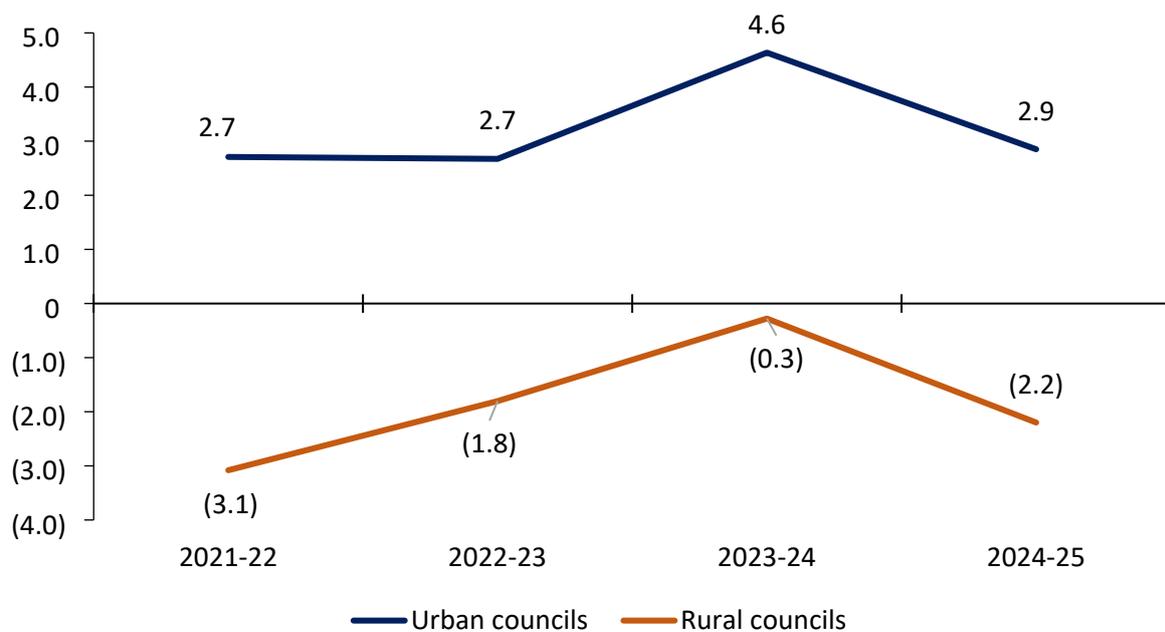
Figure 1: Underlying surplus (deficit)



The *Local Government (Management Indicators) Order 2014* requires councils to calculate and disclose in their financial statements their underlying ratio, which is calculated by dividing the underlying surplus or deficit by recurrent income.

The aggregated underlying ratio for urban and rural councils over the past 4 years is shown in Figure 2.

Figure 2: Underlying surplus ratio



The underlying surplus ratio for urban councils was trending positively since 2020-21, however a decrease was noted in the current year, down to 2.9. Rural councils incurred a

similar decline, dropping to an almost breakeven position of 0.3 in 2023-24 to negative 2.2 in 2024-25.

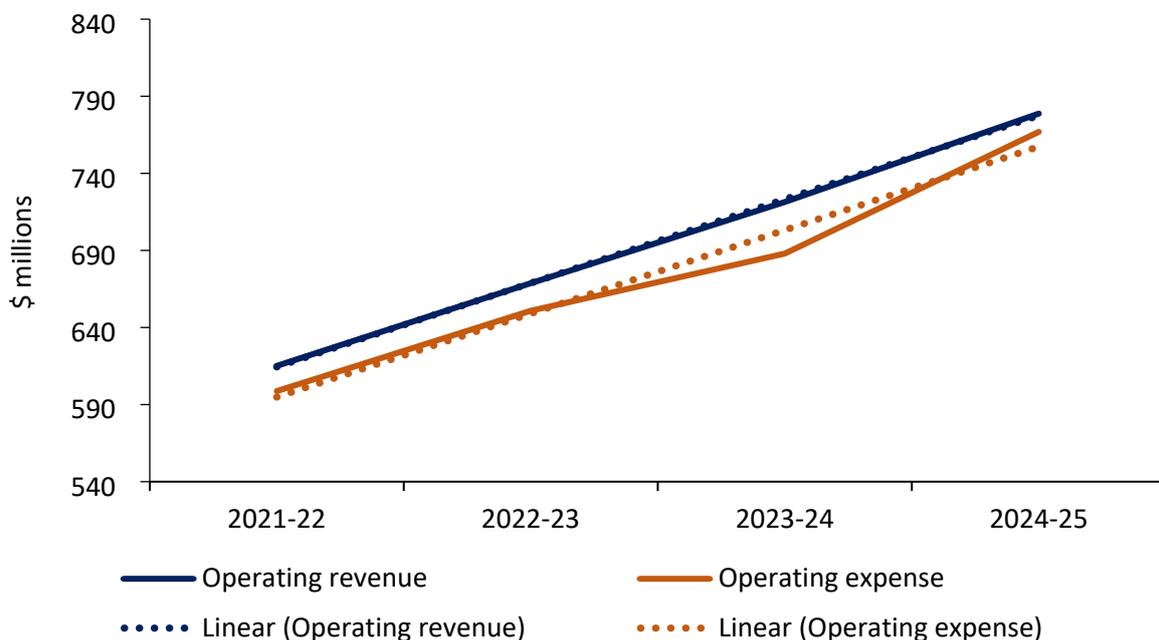
A core reason for the disparity in the underlying surplus ratio for urban and rural councils is the ability for urban councils to generate higher revenues from rates, and fees and charges, largely due to their higher populations.

Interestingly, urban council rate revenue increased by 26.7% from 2021-22 to 2024-25, compared to an increase of 34.7% for rural councils, and revenue from user fees and charges for urban councils increased by 25.3% from 2021-22 to 2024-25, compared to 27.5% for rural councils. However, expenses incurred by rural councils are increasing at a greater rate than expenses incurred urban councils, for example:

- Rural council employee expenses increased by 30.2% from 2021-22 compared to 24.1% for urban councils
- Rural council other expenses increased by 32.4% from 2021-22 compared to 30.3% for urban councils.

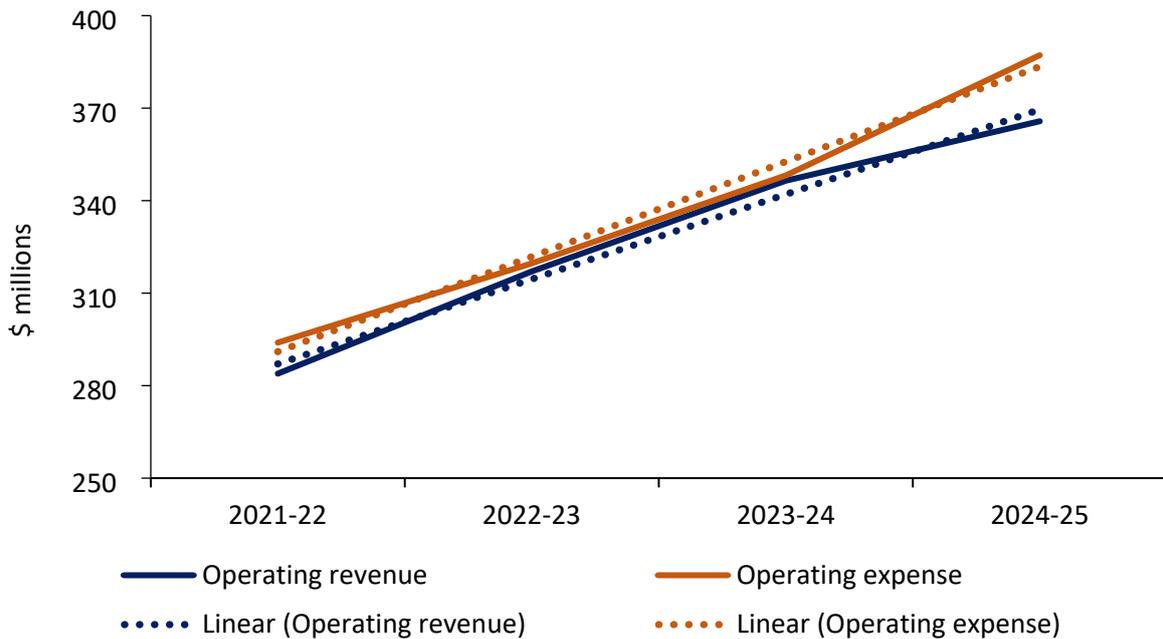
The movement in urban councils operating revenues and expenses over the 4-year period is illustrated in Figure 3, with the growth in expenses of 28.1% for the 4-year period exceeding growth in revenue of 26.6% for the 4-year period.

Figure 3: Average annual increase in urban councils operating revenue and expenses



The movement in rural councils operating revenues and expenses over the 4-year period is illustrated in Figure 4, with the growth in expenses of 31.7% for the 4-year period exceeding growth in revenues of 28.8% for the 4-year period. As the graph shows, the increasing expenditure, in relation to the increase in revenue, has led to the largest gap between these 2 financial totals within the 4 years of the analysis.

Figure 4: Average annual increase in rural councils operating revenue and expenses



The trend of rural council’s operating expenditure increasing at a higher rate than operating revenues was evident in the majority of councils in the current year. Rural councils that showed an improved result in the current year, reversing the trend noted above, were:

- Flinders Island Council
- Kentish Council
- Tasman Council
- West Coast Council.

## Revenue

<b>\$720.24m</b>	<b>\$182.03m</b>	<b>\$123.07m</b>	<b>\$94.83m</b>
Rate revenue	Fees & charges	Grants	Other
<b>▲ 7.7%</b>	<b>▲ 1.5%</b>	<b>▲ 5.9%</b>	<b>▲ 20.3%</b>

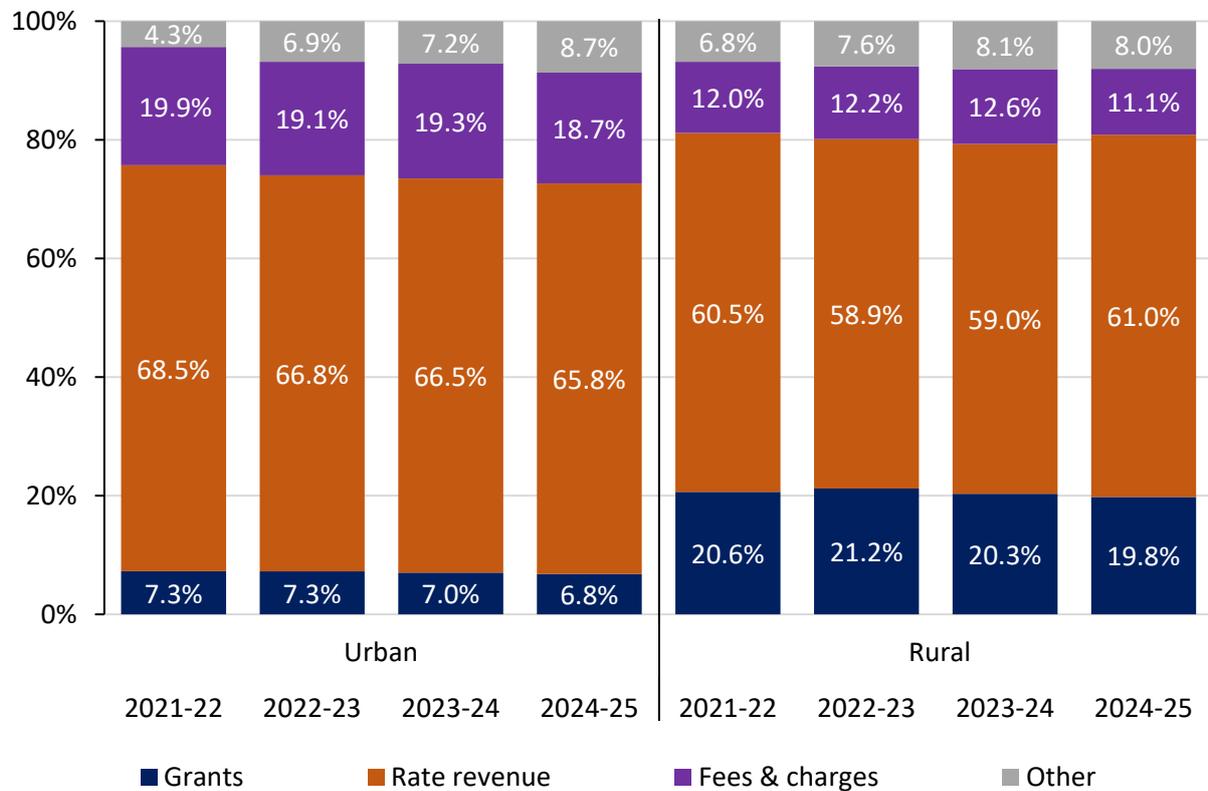
▲ improvement from prior year ▼ deterioration from prior year ● no material change from prior year

Councils recorded operating revenue of \$1.14 billion in 2024-25, an increase of \$74.61 million from 2023-24.

In general terms, urban councils with larger populations had the ability to generate higher levels of ‘own source’ revenue. Smaller rural councils, with lower population levels, relied more heavily on grant funding.

Figure 5 provides details of the composition of council revenue. Consistent with prior years, rural councils are more reliant on grant funding than urban councils. In 2024-25, grant funding was 19.8% of rural councils operating revenue, compared to 6.8% for urban councils.

Figure 5: Revenue source



The most significant contributor to council own source revenue was rates, which in 2024-25 equated to 65.8% of urban council revenue and 61.0% of rural council revenue. Rate revenue reflects charges for rates and associated charges such as the fire levy.

In line with their smaller populations, Flinders Council and King Island Council generated significantly below average total rate revenue in 2024-25 compared to other councils. Flinders Council's rates revenue was 38.2% of their operating revenue, with King Island Council's rates revenue representing 35.3% of their operating revenue. Both councils received government grants to assist in the provision of services but still generated underlying deficits in 2024-25. However, Flinders Council did maintain a low underlying surplus ratio for the second year in a row, amounting to a negative ratio of 2.0 in 2024-25 after a ratio of 0.3 in 2023-24.

Two other councils also recorded rate revenues that amounted to just above 50.0% of their operating revenues. They were Central Highlands Council and Southern Midlands Council, which recorded rates revenue of 50.9% and 51.0% of operating revenue respectively.

A comparison of increases in rate revenue by urban and rural councils and in aggregate for all councils over the past 4 years is shown in Figure 6.

Figure 6: Increases in council rate revenue

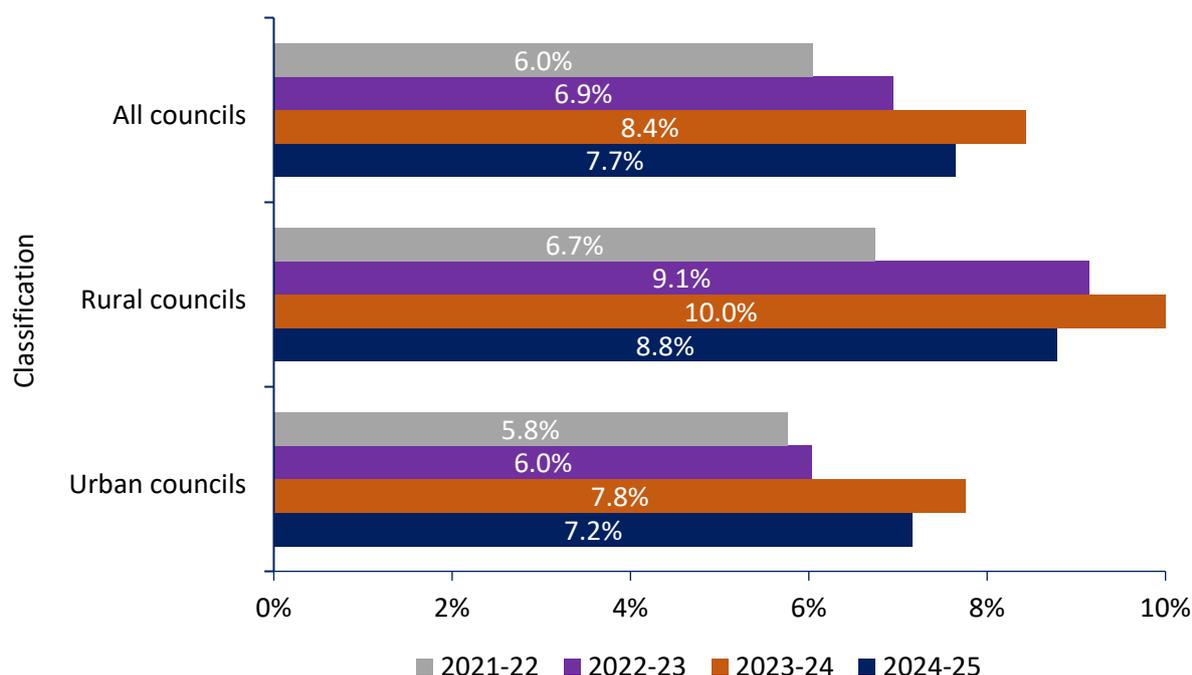


Figure 6 shows that both rural and urban councils recorded a reduced increase in rate revenue compared to the prior year, where the largest increase within the period of analysis was noted. The higher percentage increase recorded in 2023-24 reflects decisions made by councils to counter increasing cost pressures, especially for infrastructure materials, and the effects of the rate freeze in 2020-21.

Table 3 below details the rate revenue by council. Increases are attributed to a number of factors, for example, increases in the rates charged to property owners, the introduction of new levies or charges and increases in the number of rateable properties within the council’s municipality. The council with the most significant increase in rate revenue for 2024-25 was Latrobe Council, which had an increase of 23.7%. Rates revenue increased to \$13.09 million from \$10.52 million, principally due to:

- a general rate increase of 7.9%, which accounted for \$0.79 million of the increase
- the waste management charge increased by 127.0% from previous year, which accounted for \$1.68 million of the increase. This was due to the introduction of FOGO (Food organics and garden organics) collection, increases in the State Levy and general waste costs. The introduction of FOGO was heavily subsidised in the prior year hence the current year reflects a move towards full cost recovery.

The next largest increase was Kentish Council of 15.4%.

Table 3: Rate revenue increase by council

Council	2021-22	2022-23	2023-24	2024-25
<b>Urban councils</b>				
Brighton Council	9.2%	10.3%	9.7%	12.7%
Burnie City Council	3.8%	10.6%	10.3%	6.1%
Central Coast Council	4.1%	5.5%	5.0%	9.0%
Clarence City Council	4.8%	8.1%	9.3%	8.1%
Devonport City Council	4.3%	4.6%	7.3%	5.9%
Glenorchy City Council	8.9%	4.8%	7.9%	5.5%
Hobart City Council	6.5%	4.2%	8.0%	7.5%
Kingborough Council	6.5%	6.5%	6.2%	11.4%
Launceston City Council	4.5%	5.6%	6.3%	4.3%
West Tamar Council	6.1%	7.5%	8.6%	8.0%
<b>Total urban councils</b>	<b>5.8%</b>	<b>6.0%</b>	<b>7.8%</b>	<b>7.2%</b>
<b>Rural councils</b>				
Break O'Day Council	5.2%	6.1%	9.3%	13.9%
Central Highlands Council	3.5%	5.3%	9.3%	5.3%
Circular Head Council	4.7%	9.7%	11.6%	9.2%
Derwent Valley Council	9.4%	12.5%	5.1%	7.9%
Dorset Council	7.9%	10.6%	7.9%	7.3%
Flinders Council	6.6%	7.5%	10.9%	9.6%
George Town Council	4.9%	7.4%	8.6%	7.5%
Glamorgan Spring Bay Council	12.9%	14.4%	15.5%	6.5%
Huon Valley Council	7.1%	7.3%	13.8%	10.2%
Kentish Council	6.3%	6.0%	6.1%	15.4%
King Island Council	2.1%	6.2%	8.1%	3.4%

Council	2021-22	2022-23	2023-24	2024-25
Latrobe Council	9.7%	8.0%	10.7%	23.7%
Meander Valley Council	11.8%	8.7%	11.3%	6.5%
Northern Midlands Council	5.5%	6.5%	9.1%	1.6%
Sorell Council	5.4%	6.8%	9.2%	8.5%
Southern Midlands Council	5.1%	6.4%	8.5%	7.8%
Tasman Council	4.5%	5.8%	7.6%	8.4%
Waratah-Wynyard Council	5.9%	7.3%	6.6%	7.5%
West Coast Council	1.9%	31.4%	14.9%	6.7%
<b>Total rural councils</b>	<b>6.7%</b>	<b>8.9%</b>	<b>10.3%</b>	<b>8.8%</b>
<b>All councils</b>				
<b>Total</b>	<b>6.0%</b>	<b>6.9%</b>	<b>8.4%</b>	<b>7.7%</b>

## Capital investment

### Capital spend compared to budget

**\$1.34bn**

Total capital spend  
last 4 years

**\$1.68bn**

Total budgeted capital  
spend last 4 years

**\$336.91m**

Cumulative spending  
gap last 4 years

Councils undertake capital spending to build new, upgrade or renew their non-financial (physical) assets. These assets cover a variety of items, including buildings, infrastructure (including roads, bridges and footpaths) and specialist items such as heritage items or sports facilities. Each year, councils set capital budgets outlining the projects that they will undertake and the expected cost.

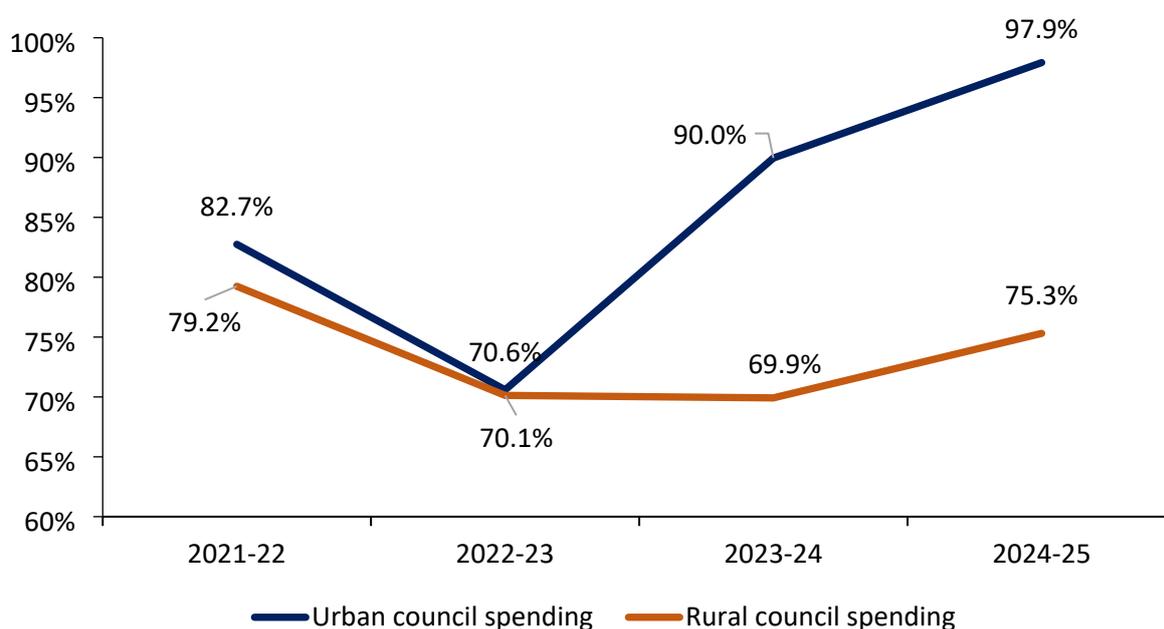
In 2024-25, the 29 councils collectively spent \$393.69 million on capital projects. This was only 79.9% of their budgeted spend for the 4-year period. A lower spend than budgeted usually indicates that projects have either not been started or haven't progressed as far as anticipated. This can happen for a variety of reasons, including changes in project scope or unanticipated delays in undertaking various stages of a project.

The increased demand in resources has led to many councils experiencing difficulties in engaging civil construction personnel and contractors to undertake or complete planned capital projects. Conversely, individual councils can over-deliver on their capital projects,

meaning they spend more than budgeted. This may indicate that new projects were added to council’s priorities after the original capital budget was set, sometimes due to the awarding of new grant funding from the Tasmanian or Australian Governments. It may also indicate that projects have overrun their anticipated costings.

As shown in Figure 7, in aggregate, councils have not spent their capital budgets in each of the past 4 years, however the trend is improving. In 2024-25, urban councils spent 97.9% of their capital budget, continuing the improved result since the 2022-23 financial year, where 70.6% was recorded. For rural councils, their percentage spend also increased, from 69.9% to 75.3%. This is the first increase noted within the 4-year period for rural councils, with the percentage spend approaching the levels recorded in 2021-22.

Figure 7: Capital spending as a percentage of capital budget



To provide additional context to Figure 7, Table 4 shows the level of capital spending above or below budget by council for the 4-year period to 2024-25.

Table 4: Capital spending above/(below) budget by council

Council	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000
<b>Urban councils</b>				
Brighton Council	(1,111)	(8,059)	3,260	(909)
Burnie City Council	3,163	(9,302)	(2,376)	(5,400)
Central Coast Council	(11,278)	(14,447)	(17,898)	(4,898)
Clarence City Council	(5,389)	(1,142)	3,591	20,891
Devonport City Council	(1,531)	2,935	2,474	(15,416)

Council	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000
Glenorchy City Council	(2,871)	(8,550)	(5,541)	(2,563)
Hobart City Council	(16,503)	(33,484)	(15,397)	(8,078)
Kingborough Council	3,497	5,036	(1,425)	3,496
Launceston City Council	2,551	3,119	10,981	12,513
West Tamar Council	(3,628)	(8,544)	(2,327)	(4,538)
<b>Total urban councils</b>	<b>(33,100)</b>	<b>(72,438)</b>	<b>(24,658)</b>	<b>(4,902)</b>
<b>Rural councils</b>				
Break O'Day Council	(2,176)	(4,481)	(2,402)	804
Central Highlands Council	(1,238)	293	(1,693)	(991)
Circular Head Council	258	1,055	(3,393)	(1,471)
Derwent Valley Council	(2,536)	(95)	(1,957)	(984)
Dorset Council	(1,210)	(2,156)	(1,359)	(2,103)
Flinders Council	2,375	(5,305)	(8,711)	(8,298)
George Town Council	5,068	6,263	3,470	(412)
Glamorgan Spring Bay Council	(4,708)	(4,060)	(2,094)	(4,004)
Huon Valley Council	726	(1,212)	(89)	2,248
Kentish Council	(3,231)	(2,511)	(1,768)	(1,207)
King Island Council	(531)	(431)	(2,162)	2,727
Latrobe Council	(15,704)	(6,661)	(7,060)	282
Meander Valley Council	(4,187)	(6,409)	(5,191)	(1,800)
Northern Midlands Council	(11,522)	(8,527)	(6,649)	(19,306)
Sorell Council	(2,703)	(8,246)	(7,078)	(4,273)
Southern Midlands Council	2,991	1,251	586	(1,329)
Tasman Council	(1,972)	(4,800)	(2,138)	(1,922)

Council	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000
Waratah-Wynyard Council	893	395	(5,459)	(3,327)
West Coast Council	5,500	(6,588)	(8,700)	(6,468)
<b>Total rural councils</b>	<b>(33,907)</b>	<b>(52,225)</b>	<b>(63,847)</b>	<b>(51,834)</b>
<b>All councils</b>				
<b>Total</b>	<b>(67,007)</b>	<b>(124,663)</b>	<b>(86,505)</b>	<b>(56,736)</b>

Table 5 shows the actual capital spend as a percentage of budget for each council.

Table 5: Capital spending as a percentage of budget

Council	Trend	2021-22	2022-23	2023-24	2024-25
<b>Urban councils</b>					
Brighton Council	▼	86.1%	36.1%	127.7%	91.3%
Burnie City Council	▼	146.7%	55.3%	94.0%	81.4%
Central Coast Council	▲	58.2%	41.5%	38.4%	78.9%
Clarence City Council	▲	74.9%	93.2%	112.4%	196.5%
Devonport City Council	▼	89.2%	125.6%	117.8%	55.9%
Glenorchy City Council	▲	85.4%	72.9%	83.0%	90.5%
Hobart City Council	▲	59.2%	53.5%	56.0%	77.4%
Kingborough Council	▲	123.0%	124.2%	91.1%	131.8%
Launceston City Council	●	110.3%	118.6%	153.2%	146.5%
West Tamar Council	▼	74.7%	54.5%	86.9%	72.2%
<b>Total urban councils</b>	▲	<b>82.7%</b>	<b>70.6%</b>	<b>90.0%</b>	<b>97.9%</b>
<b>Rural councils</b>					
Break O'Day Council	▲	68.5%	51.1%	71.2%	113.4%
Central Highlands Council	●	72.1%	105.3%	79.1%	80.3%
Circular Head Council	▲	104.8%	117.7%	68.5%	83.1%
Derwent Valley Council	▲	67.5%	97.3%	73.4%	89.5%

Council	Trend	2021-22	2022-23	2023-24	2024-25
Dorset Council	▼	91.0%	82.2%	86.9%	76.1%
Flinders Council	▲	530.3%	24.4%	20.4%	37.1%
George Town Council	▼	284.8%	1170.6%	152.5%	94.2%
Glamorgan Spring Bay Council	▼	44.6%	41.3%	71.4%	54.3%
Huon Valley Council	▲	111.6%	80.4%	99.0%	129.0%
Kentish Council	▲	56.3%	51.8%	70.6%	78.1%
King Island Council	▲	84.3%	81.3%	63.6%	174.8%
Latrobe Council	▲	33.1%	72.9%	57.3%	103.3%
Meander Valley Council	▲	63.2%	49.0%	68.3%	90.4%
Northern Midlands Council	▲	43.5%	56.7%	67.2%	40.1%
Sorell Council	▲	82.9%	44.1%	60.8%	74.7%
Southern Midlands Council	▼	139.7%	117.7%	106.1%	87.5%
Tasman Council	●	57.3%	20.5%	55.6%	57.4%
Waratah-Wynyard Council	▲	108.9%	103.5%	72.5%	81.2%
West Coast Council	▲	267.0%	53.8%	46.3%	61.4%
<b>Total rural councils</b>	▲	<b>79.2%</b>	<b>70.1%</b>	<b>69.9%</b>	<b>75.3%</b>
<b>All councils</b>					
<b>Total</b>	▲	<b>81.1%</b>	<b>70.4%</b>	<b>80.7%</b>	<b>87.3%</b>

▲ improvement in trend ▼ deterioration in trend ● no material change in trend

In 2022-25, 22 councils spent less than their anticipated capital budget. This included 7 of the 10 urban councils, and 15 of the 19 rural councils. This is consistent with the prior 2 years, however there were some significant overspends at some councils which offset the underspend at the other 22 councils.

Some of these significant variances include:

- Clarence City Council (\$20.89 million overspend) – this was due to the purchase of 30 Gordons Hill Road during the year that was not budgeted for (\$23.50 million).
- Hobart City Council (\$7.90 million underspend) – a number of projects had delays due to further consulting, contractor delays or revising of expenditure plans. Six large projects were noted with budget underspend of over \$500,000 each.

- Launceston City Council (\$12.76 million overspend) – a significant overspend was due to a number of large projects being carried forward from the previous financial year. These projects included the Albert Hall Upgrade and Refurbishment, the Regional Tennis Centre, and Princess Theatre and Earl Arts Centre Redevelopment. Expenditure on these 3 projects in 2024-25 amounted to \$14.78 million.
- Burnie City Council (\$9.23 million underspend) – this is mainly due to the coastal pathway project and rehabilitation / restoration occurring in 2024-25. Although conducted through Burnie City Council, the works occurred and were funded through Waratah Wynyard Council and the State Government, on land controlled by both councils and the Crown. The underspend occurred as Council only recognised capital improvements made relating to the land it controlled, resulting in \$9.20 million in project costs being expended.
- Devonport City Council (\$15.42 million underspend) – the capital budget included an Indoor Stadium with a total budget amount of \$15.25 million. Due to an appeal to the planning application of the Indoor Stadium, it led to a delay in the starting of that project with only \$620,118 being spent in 2024-25.
- Northern Midlands Council (\$19.83 million underspend) – budgeted works on significant road upgrades, at Campbell Town, Perth and Longford have carried forward to 2025-26 due to delays in the commencement dates.
- Flinders Council (\$8.30 million underspend) – this was due to underspends in 2 major projects. The Airport Upgrade project recorded an under-expenditure of \$2.98 million, while the Safe Harbour project recorded an under-expenditure of \$4.31 million. While both projects were delayed, they are expected to be completed in 2026.

Changed priorities and circumstances mean that councils may amend capital budgets during the year. In some cases, this may result in material differences between projects planned in initial budgets and final spending.

Similar to prior years, receipt of specific purpose funding, announcements of new funding programs and natural disasters can adversely affect capital spending allocations and add further pressure on available resources.

Whilst acknowledging the civil construction resource challenges facing the local government sector, councils should endeavour to achieve budgeted capital expenditure to ensure asset renewal occurs at the optimal time, thereby reducing the risks of increased maintenance costs, reduced asset condition, safety and functionality and reduced council services to communities. This is particularly important for those councils with a deteriorating trend in the capital expenditure gap.

## Capital investment funding source

**\$1.34bn**

Total capital spend  
last 4 years

**\$437.23m**

Total capital grants  
last 4 years

**\$905.98m**

Total self-funded  
last 4 years

Over the last 4 years, 67.4% of councils' capital spending was self-funded, with the balance from capital grants. Capital grants represented Tasmanian or Australian Government grants for new and upgraded assets and asset replacements. These included grants under the RTR program, Local Roads and Community Infrastructure (LRCI) program, NDRLG funding, as well as funding for improving public spaces, leisure and recreation facilities, bridge and street renewal, road safety, memorials and other purposes.

In 2024-25, Hobart City, Launceston City, Glenorchy City and Clarence City Councils accounted for \$133.98 million of the \$231.30 million spent by urban councils on capital projects. These councils only received \$25.80 million in capital grants towards these projects, which was less than 20.0%.

Capital grant funding for rural councils in 2024-25 increased from prior year levels with \$73.46 million recognised across the 19 councils (2023-24, \$55.48 million).

It is expected capital grants will vary from year to year depending on applications made by councils and budget priorities of governments. Despite this, a consistently large component of capital grants for local government was funding provided under the RTR and LRCI programs.

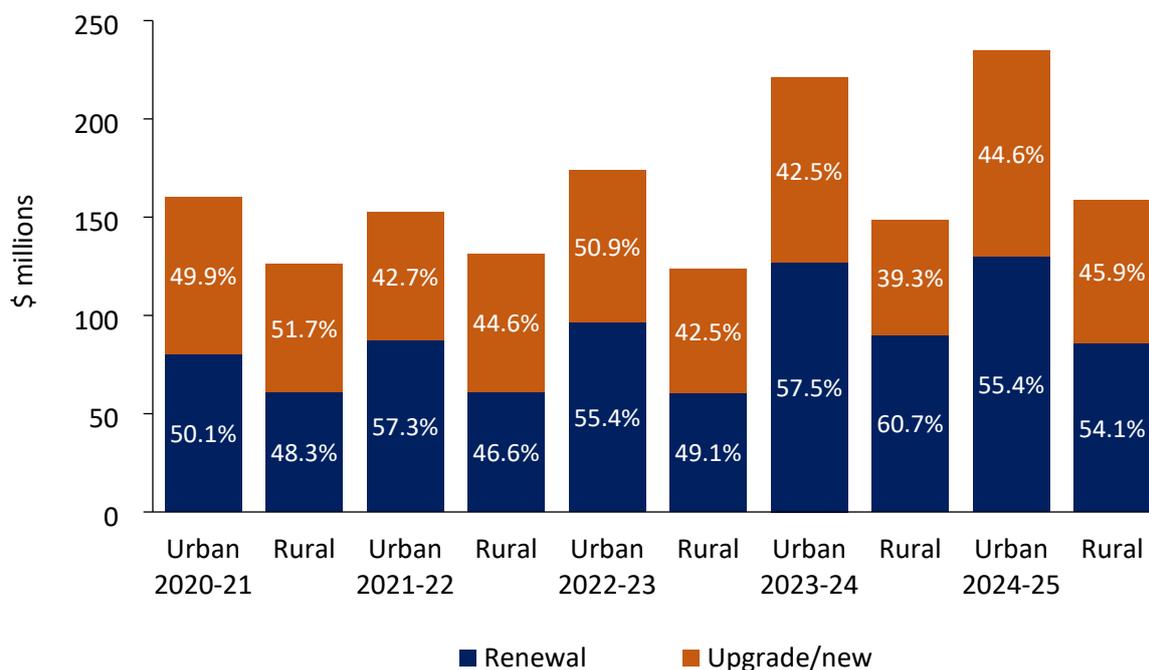
The current RTR program covers the period from 2019-20 to 2024-25 with total funds of \$101.72 million allocated to Tasmania, of which \$38.99 million had been allocated for urban councils and \$62.72 million allocated for rural councils. In 2024-25, a total of \$19.30 million (2023-24, \$21.44 million) in RTR funding was received by councils.

During 2024-25, councils recognised capital grant revenue of \$12.57 million under the LRCI program. This program was discussed at the start of this chapter.

## Capital investment allocation

As illustrated in Figure 8, in 2024-25, both urban and rural councils continued to focus on renewing their existing assets, instead of spending more on new or upgraded assets, although the trend did decrease slightly. In the current year, urban councils spent 55.4% on renewal (compared to 57.5% in the prior year) and rural councils spent 54.1% on renewal (compared to 60.7% in the prior year). It should be noted that renewal of assets does not include funding on maintenance.

Figure 8: Capital investment allocation



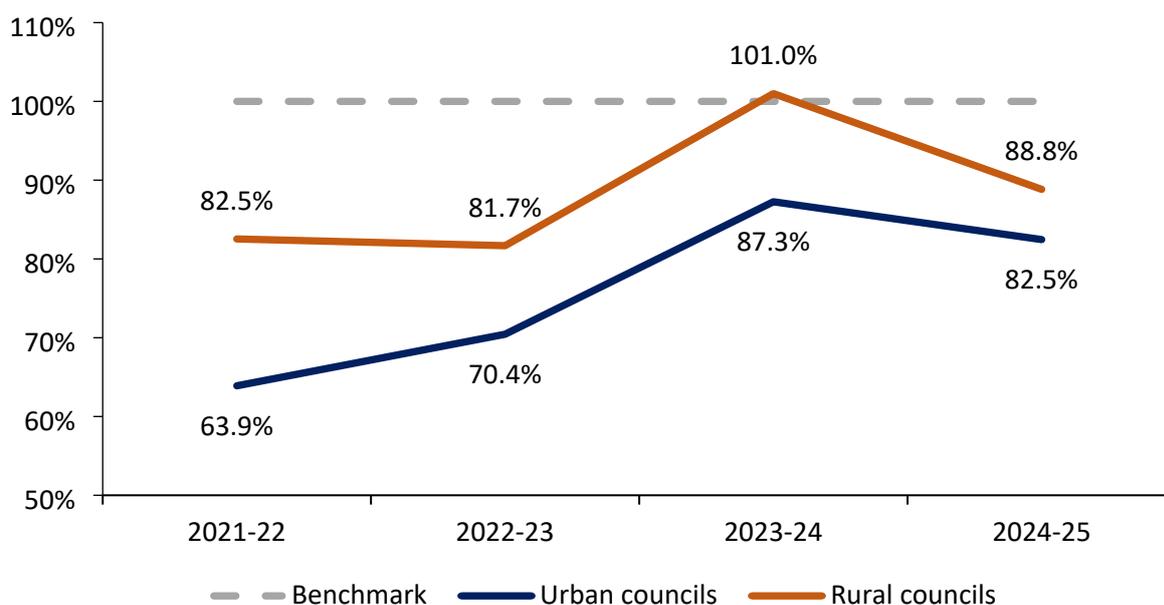
## Asset sustainability ratio

This ratio shows the extent to which councils maintain operating capacity through renewal of their existing asset base. The generally accepted benchmark for this ratio, subject to appropriate levels of maintenance expenditure and the existence of approved long-term asset management plans, is 100.0%.

The benchmark is based on a council expending the equivalent of its annual depreciation expense on asset renewals within the year. However, it is acknowledged this will not occur every year or evenly over time.

Figure 9 shows the asset sustainability ratio on an average basis for urban and rural councils over the last 4 years.

Figure 9: Asset sustainability ratio



Over the 4-year period, urban councils expended, on average, 76.4% of their depreciation expense to maintain existing non-current assets, whereas rural councils expended, on average, 89.1%. Rural councils generally have a higher asset sustainability ratio due to the smaller asset base compared to urban councils. In the prior year, rural councils had an aggregated asset sustainability ratio over 100.0%, however this figure has reduced in the current year, due to a rise in depreciation, combined with the decrease in capital renewal spend, as discussed previously. The trend for urban councils is also decreasing, but at a lower rate than rural councils.

On an individual council basis, 6 councils achieved an asset sustainability ratio equal to or above 100.0% in 2024-25, made up of 2 urban councils and 4 rural councils. Over the past 4 years, no council has achieved the 100.0% target for each year of analysis, however 9 councils (3 urban and 6 rural) have achieved the 100.0% target in at least 2 of the 4 years of the analysis. Conversely, 14 councils have never reached the 100.0% target in any of the years of the analysis, showing the variability within the sector.

## Cash and borrowings

**\$640.72m**

Cash and investments

**\$492.87m**

Working capital

**\$154.06m**

Interest-bearing liabilities

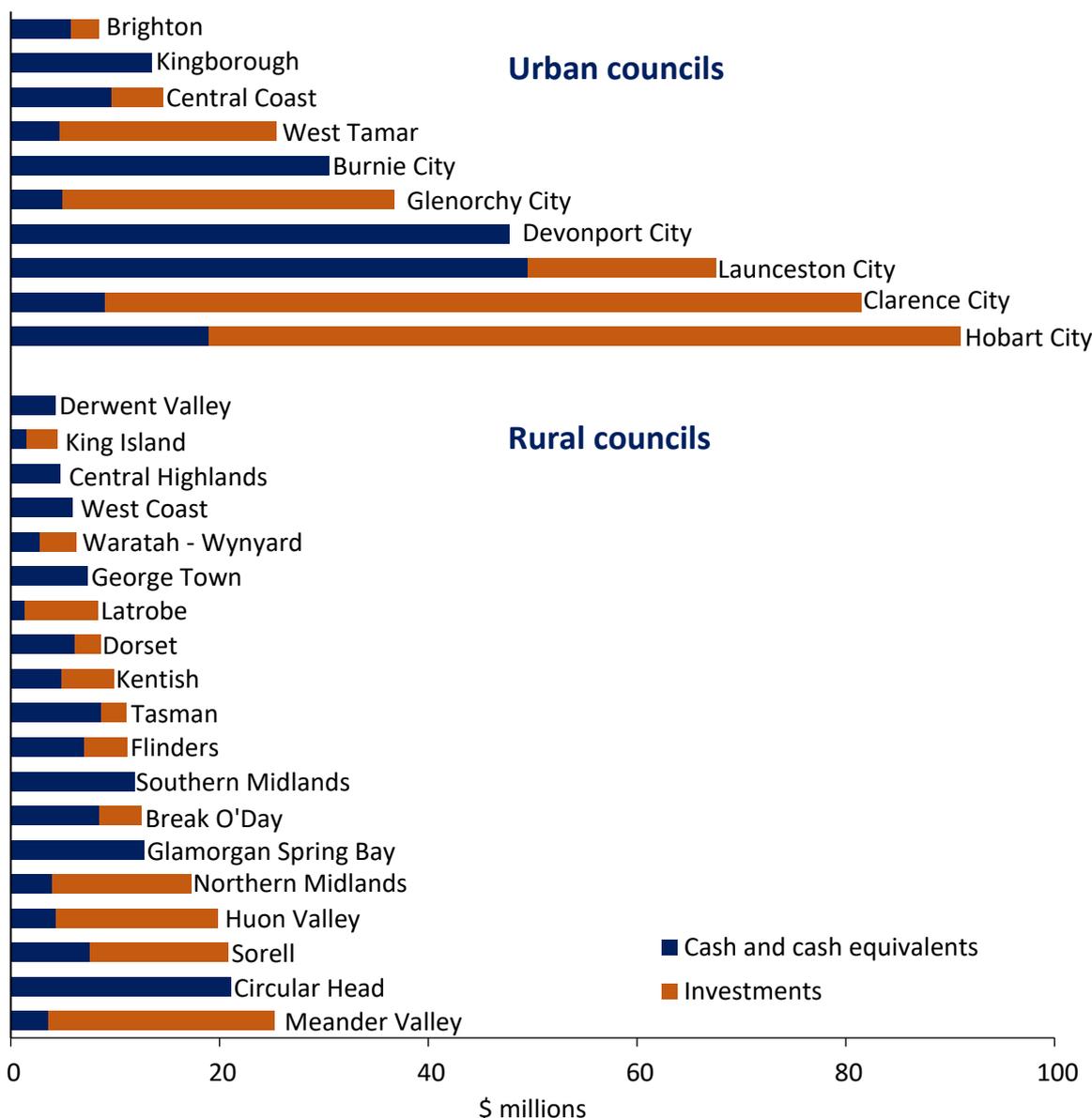
At 30 June 2025, councils held cash and investments of \$640.72 million, (30 June 2024, \$613.09 million) and interest-bearing liabilities of \$154.06 million (30 June 2024, \$175.42 million).

## Cash and investments

Cash comprises cash on hand and demand deposits together with cash equivalents, such as short-term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Cash equivalents are those assets that meet the definition as such under AASB 107 *Statement of Cash Flows*.

Cash and investments held by each council at 30 June 2025 is shown in Figure 10.

Figure 10: Cash and investments held at 30 June 2025



The advance payment of \$53.24 million (2023-24, \$86.33 million) of Australian Government Financial Assistance Grants for 2024-25 was included in cash and investments at the end of the financial year. Excluding these payments, overall cash and investments would have been \$587.48 million (2023-24, \$526.76 million).

Table 6 shows the value of cash and investments held by each council at 30 June from 2022 to 2025, together with a trend indicator depicting whether cash and investments were increasing, decreasing or remaining at the same level over the 4-year period.

Table 6: Cash and investments held at 30 June 2022 to 2025

Council	Trend	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2025 \$'000
<b>Urban councils</b>					
Brighton Council	▲	5,172	12,771	3,972	8,476
Burnie City Council	▲	18,092	21,889	14,941	30,530
Central Coast Council	▼	13,097	17,039	17,813	14,583
Clarence City Council	▼	98,471	103,175	92,137	81,535
Devonport City Council	▲	18,945	21,500	28,391	47,764
Glenorchy City Council	●	28,016	33,720	34,718	36,737
Hobart City Council	▲	65,333	62,993	72,740	90,946
Kingborough Council	▲	23,538	11,865	8,696	13,538
Launceston City Council	▼	81,902	95,051	76,900	67,535
West Tamar Council	●	24,634	25,581	23,231	25,459
<b>Total urban councils</b>	▲	<b>377,200</b>	<b>405,584</b>	<b>373,539</b>	<b>417,103</b>
<b>Rural councils</b>					
Break O'Day Council	▼	11,813	14,435	14,226	12,455
Central Highlands Council	▼	11,145	10,541	6,654	4,744
Circular Head Council	●	16,931	18,621	20,173	21,085
Derwent Valley Council	●	4,853	5,569	4,580	4,273
Dorset Council	●	9,432	9,033	8,239	8,585
Flinders Council	●	9,154	10,660	10,987	11,144
George Town Council	●	8,129	7,225	7,366	7,410
Glamorgan Spring Bay Council	▲	4,275	7,378	8,037	12,795
Huon Valley Council	▼	18,163	20,416	21,093	19,804
Kentish Council	▲	12,945	11,865	7,914	9,863

Council	Trend	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2025 \$'000
King Island Council	▼	8,281	10,371	7,885	4,501
Latrobe Council	▼	15,956	10,436	9,640	8,319
Meander Valley Council	▼	24,323	28,533	30,156	25,261
Northern Midlands Council	▼	26,152	20,956	19,551	17,301
Sorell Council	●	15,412	18,427	19,170	20,817
Southern Midlands Council	▼	14,636	17,451	14,553	11,901
Tasman Council	●	8,436	11,010	10,811	11,115
Waratah-Wynyard Council	▼	14,248	13,937	9,835	6,293
West Coast Council	▼	13,519	9,245	8,184	5,950
<b>Total rural councils</b>	▼	<b>247,803</b>	<b>256,109</b>	<b>239,054</b>	<b>223,616</b>
<b>All councils</b>					
<b>Total</b>	▲	<b>625,003</b>	<b>661,693</b>	<b>612,593</b>	<b>640,719</b>

▲ improvement in trend ▼ deterioration in trend ● no material change in trend

As can be seen from Table 6, the large majority of urban councils had steadily increased their cash and financial asset balances over the 4-year period. For rural councils, most councils had either maintained their balances over the period or had seen a decline in their cash holdings. In aggregate, the increase in cash and financial assets is likely to be attributed by the underspend by councils on capital works, as noted earlier in this report. It could also explain the underspend by rural councils, given declining levels of cash holdings.

### Cash expense cover ratio

The cash expense cover ratio is used to assess whether the level of uncommitted cash held by each council was appropriate. In calculating uncommitted cash, we deducted the following items from cash and financial asset balances held at 30 June 2025:

- trust funds and deposits
- accrued employee provisions
- unspent grants with conditions
- amounts used to cash-back specific reserves
- heritage funding commitments
- landfill or waste centre rehabilitation obligations
- other restricted funds, e.g. security deposits and bonds.

The cash expense cover ratio compared the uncommitted cash balance against the total payments for operating and financing activities from the cash flow statement, as the cash flow statement is more reflective of the actual movements in cash. The ratio represented the number of months a council can continue operating based on current monthly expenditure. The ratio does not take into account capital expenditure requirements.

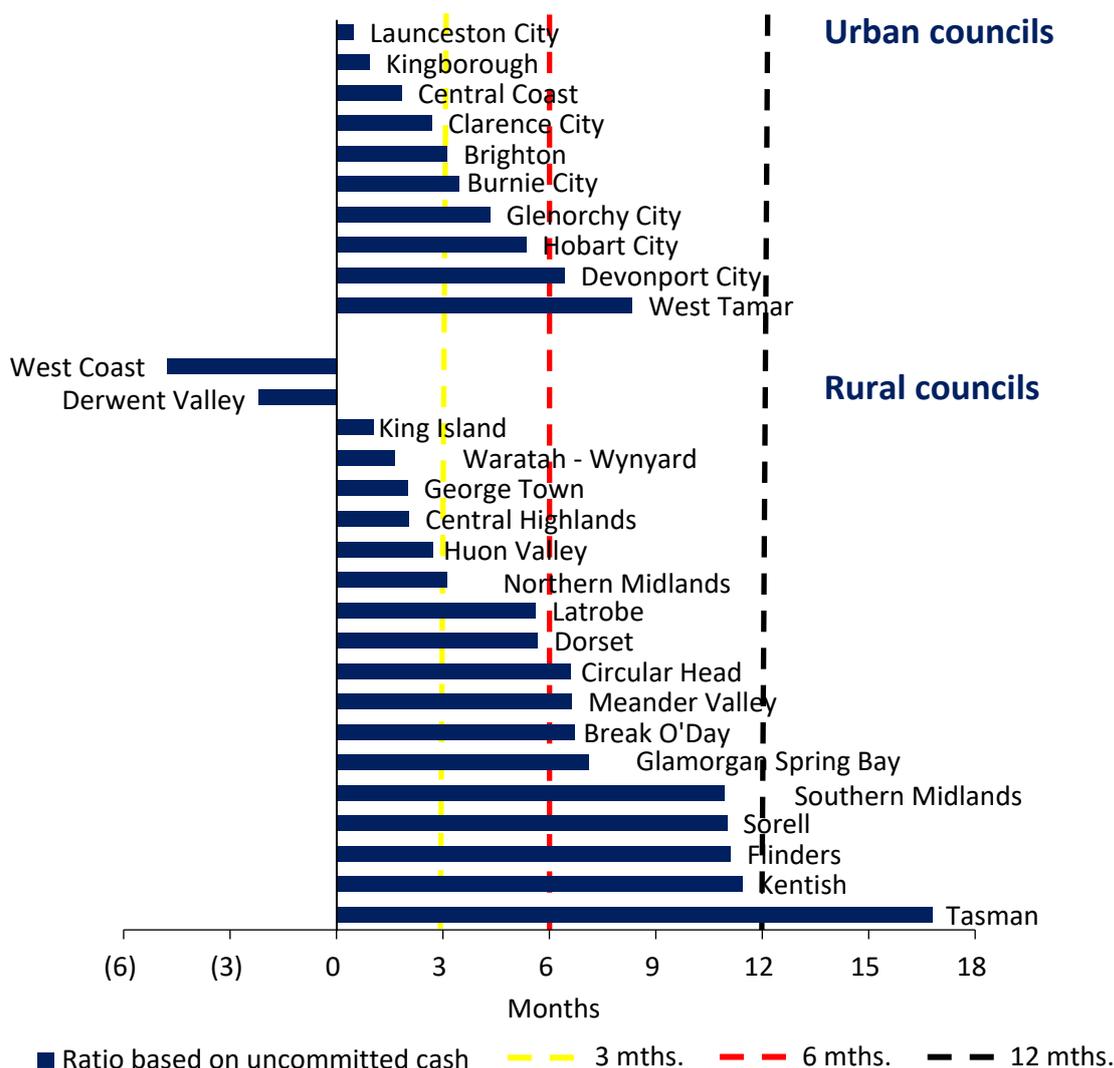
The following benchmarks were used to assess the adequacy of cash balances held:

- less than 3 months – level of cash considered less than adequate
- 3 to 6 months – level of cash considered adequate
- 6 to 12 months – level of cash considered more than adequate
- greater than 12 months – level of cash considered much more than adequate.

This ratio should not be considered in isolation but also take into account other ratios around financial sustainability.

Figure 11 shows that as at 30 June 2025, only 1 council had a much more than adequate cash expense ratio, with funds to cover more than 12 months of expenditure, down from 2 in the previous year.

Figure 11: Cash expense cover ratio - uncommitted cash at 30 June 2025



West Coast Council and Derwent Valley Council have a cash expense ratio below zero as their committed funds exceed their current cash holdings. Derwent Valley has funds set aside for landfill rehabilitation as part of their commitments.

In addition to the councils noted above, 9 councils, 4 urban and 5 rural, had ratios that indicated they do not have funds to cover 3 months of expenses. Whilst these councils receive operating revenue to enable them to meet their ongoing expenses, a less than adequate ratio indicates that these councils are at a higher risk of not being able to meet unexpected costs such as emergency situations, or to save funds for asset renewal or future payments out of provisions, for example, landfill rehabilitation. It should be noted that Clarence City has a significant amount of funds set aside for discretionary purposes, leading to a lower than expected ratio, given the balance of their cash holdings.

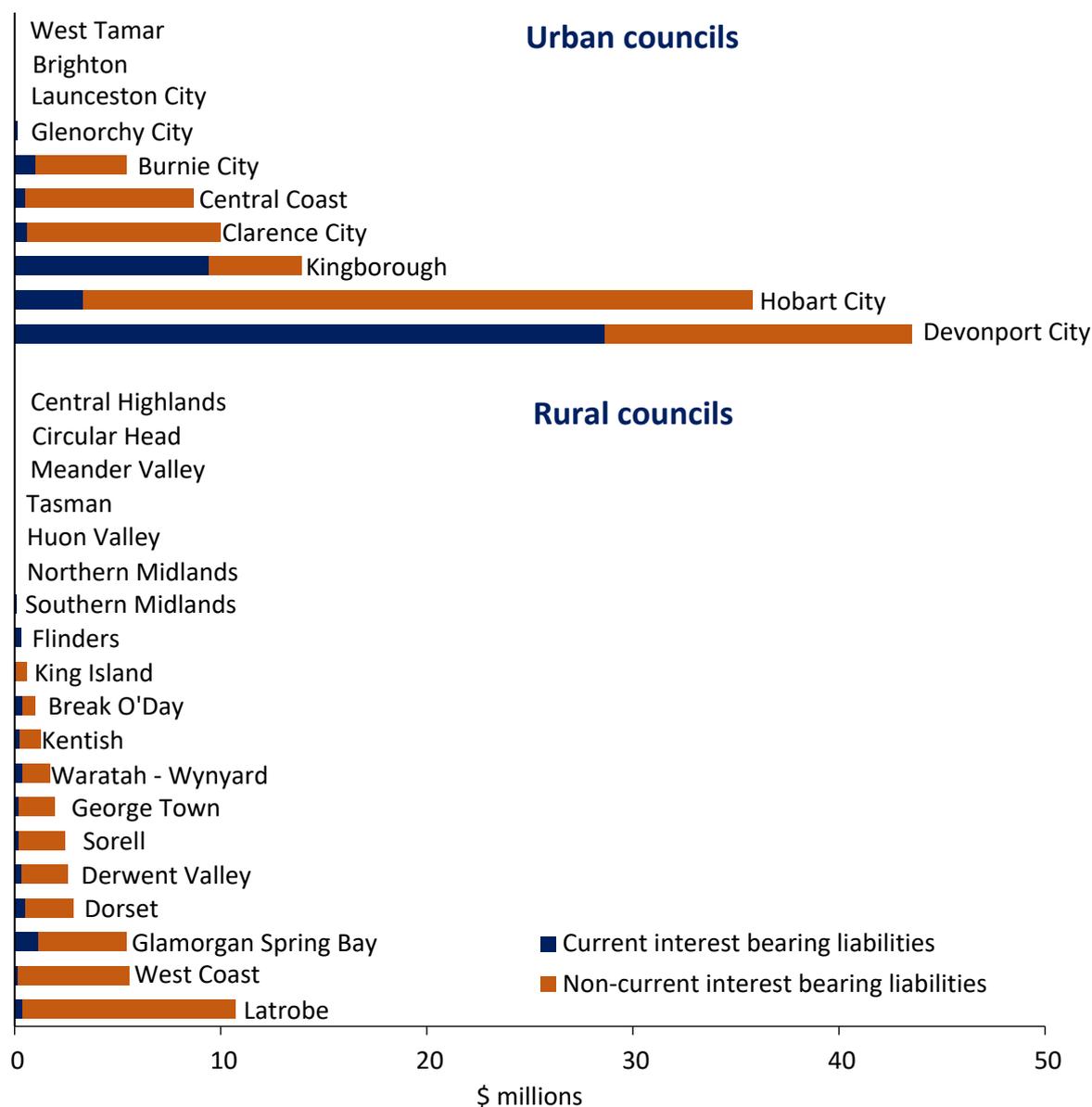
### Interest bearing liabilities

Under the *Local government Act 1993*, councils can request approval from the Treasurer to borrow funds. These borrowings may be used to fund longer-term projects such as the

development or improvement of community assets or infrastructure. Borrowings should not be utilised to fund operational expenditure.

At 30 June 2025, 20 of the 29 councils held interest bearing liabilities totalling \$154.06 million (30 June 2024, \$175.42 million). Figure 12 shows the level of interest bearing liabilities held by individual councils at 30 June 2025.

Figure 12: Interest bearing liabilities held by councils at 30 June 2025



As shown in Figure 12, Hobart City and Devonport City held significantly higher borrowings than other councils. Hobart City Council's borrowings were to fund capital works, however is offset by investment in term deposits and Devonport City Council's borrowings were to fund its Living City Project.

Table 7 shows the value of interest bearing liabilities held by each council at 30 June from 2022 to 2025.

Table 7: Interest bearing liabilities held at 30 June 2022 to 2025

Council	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2025 \$'000
<b>Urban councils</b>				
Brighton Council	720	720	720	0
Burnie City Council	8,706	7,597	6,465	5,436
Central Coast Council	8,129	9,791	9,241	8,675
Clarence City Council	19,980	14,569	9,064	10,010
Devonport City Council	46,863	45,774	44,671	43,551
Glenorchy City Council	2,249	1,621	518	126
Hobart City Council	60,251	49,992	39,860	35,796
Kingborough Council	22,323	16,723	13,923	13,923
Launceston City Council	26,000	26,000	6,000	0
West Tamar Council	2,200	0	0	0
<b>Total urban councils</b>	<b>197,421</b>	<b>172,787</b>	<b>130,462</b>	<b>117,517</b>
<b>Rural councils</b>				
Break O'Day Council	6,256	5,867	3,599	995
Central Highlands Council	0	0	0	0
Circular Head Council	0	0	0	0
Derwent Valley Council	3,864	3,323	2,952	2,571
Dorset Council	4,363	3,870	3,367	2,855
Flinders Council	446	401	354	305
George Town Council	3,436	2,899	2,350	1,964
Glamorgan Spring Bay Council	7,844	7,587	5,820	5,434
Huon Valley Council	585	296	0	0
Kentish Council	5,865	5,730	1,488	1,258

Council	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2025 \$'000
King Island Council	728	681	632	582
Latrobe Council	11,250	11,175	11,096	10,713
Meander Valley Council	3,600	0	0	0
Northern Midlands Council	9,570	3,000	3,000	0
Sorell Council	2,755	2,330	2,372	2,476
Southern Midlands Council	4,415	4,150	127	110
Tasman Council	25	0	0	0
Waratah-Wynyard Council	2,807	2,457	2,096	1,729
West Coast Council	8,500	5,857	5,708	5,553
<b>Total rural councils</b>	<b>76,309</b>	<b>59,623</b>	<b>44,963</b>	<b>36,545</b>
<b>All councils</b>				
<b>Total</b>	<b>273,730</b>	<b>232,410</b>	<b>175,425</b>	<b>154,062</b>

While only 1 council slightly increasing their borrowings in 2024-25, and 1 other keeping their borrowings level constant, the remaining councils with borrowings reduced the level being held during the year, with 3 councils, Brighton Council and Launceston City Council and Northern Midlands Council fully repaying their loans.

Despite their high level of borrowings, both Hobart City and Devonport City have reduced their borrowings over the 4-year period, with Hobart decreasing its borrowings significantly, by 40.6%, since 30 June 2022.

## Other local government entities

Entities included in this section are single, joint or controlling authorities controlled by councils established under the *Local government Act 1993*. The results for these entities are detailed in Appendix 2, Table 16.

TasWater is the most significant of the other local government entities. TasWater's controlled net assets was valued at \$1.93 billion at 30 June 2025 (30 June 2024, \$1.89 billion) and they reported an underlying surplus of \$26.43 million (2023-24, \$32.60 million).

Excluding TasWater, other local government entities controlled net assets valued at \$117.19 million at 30 June 2025 (2023-24, \$89.18 million). Additionally, they reported a combined underlying surplus of \$11.94 million for 2024-25 (2023-24, \$6.08 million).

The reporting framework for these entities is prescribed by enabling legislation or rules. In our analysis of financial performance, we have, where necessary, re-allocated certain revenue or expenditure items to better assist readers to interpret financial performance.

### Equity accounting

Both Copping Refuse Disposal Site Joint Authority and Dulverton Regional Waste Management Authority were equity accounted by councils that had equity interests in these entities. This means that, following initial recognition, the carrying amount of the investment in the entity increased or decreased to recognise each participating council's share of the joint authority's operating result, with a corresponding amount recognised in each council's income statement. Distributions received from the joint authority reduced the carrying amount of the investment.

## Submission of financial statements

State entities and audited subsidiaries of State entities are required to submit financial statements to the Auditor-General within 45 days after the end of each financial year. For 30 June 2025 financial reporting, the deadlines fell on 14 February 2025 and 14 August 2025, respectively. Before accepting the financial statements as submitted, the Auditor-General determines whether the financial statements are complete in all material respects. As part of this requirement, the financial statements must be signed by either the accountable authority or by a suitably senior finance officer responsible for financial reporting, such as the Chief Financial Officer or equivalent.

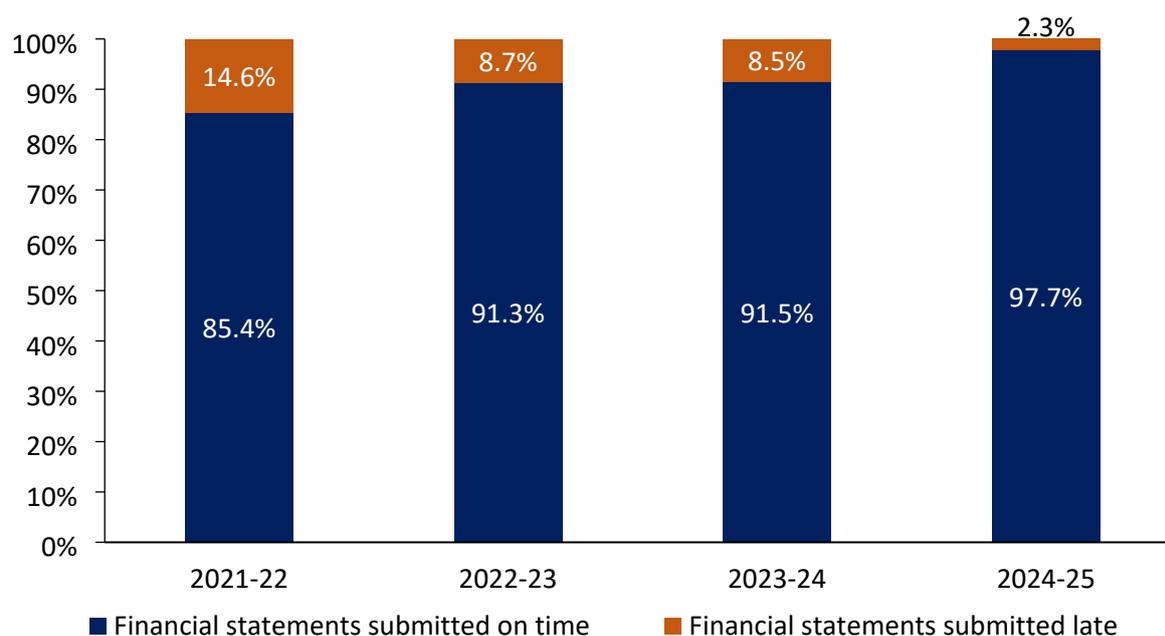
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Councils and other Local Government entities 30 June 2025	
<b>44</b>	<b>97.7%</b>
Financial statements submitted	Financial statements submitted on time

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A comparison of the timeliness of financial statement submission by councils and other Local Government entities for the past 4 years is shown in Figure 13.

Figure 13: Timeliness of submission of financial statements



For the year ended 30 June 2025, only 1 local government entity, West Coast Council, failed to meet the financial statement submission deadline. This result is an improvement over the 4 local government entities that failed to meet the deadline for the year ended 30 June 2024.

## Completion of financial statement audits

### Timeliness of audit completion

The Auditor-General must issue an audit report on the financial statements of State entities and audited subsidiaries of State entities within 45 days of the date of submission. For financial statements submitted on 14 February 2025 and 14 August 2025, our deadlines fell on 31 March 2025 and 29 September 2025, respectively.

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#### Councils and other Local Government entities

30 June 2025

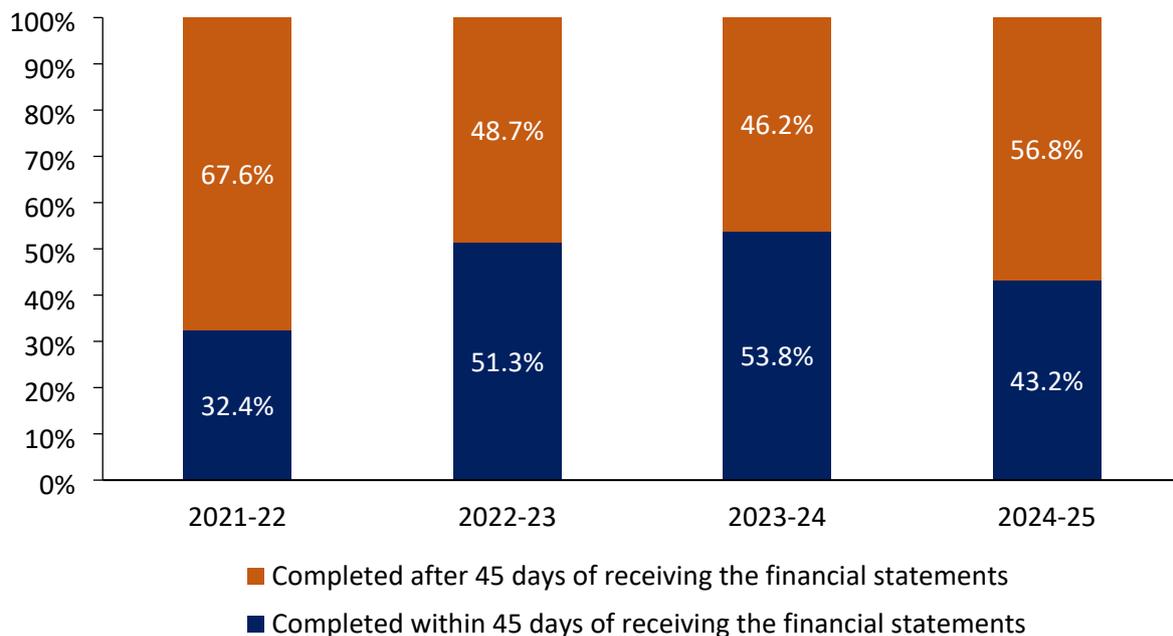
**16**

Audit reports issued within deadline

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A comparison of the timeliness of the completion of the audit of financial statements of State entities and audited subsidiaries of State entities for the past 4 years is shown in Figure 14.

Figure 14: Timeliness of audit completion



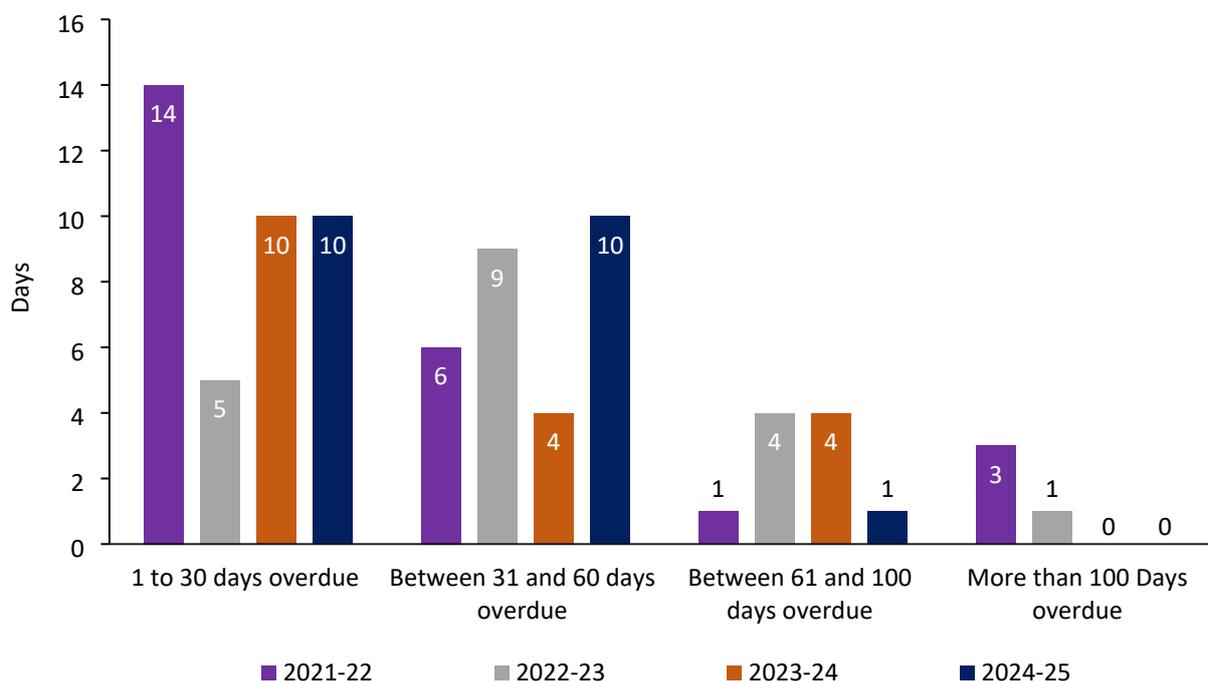
21 audits for the year ended 30 June 2025 were not completed within the statutory timeframe, compared to 18 audits for the year ended 30 June 2024.

Key themes for delays in finalising audits included:

- quality issues in documentation provided to audit teams
- entity failure to respond to audit team requests for information in a timely manner
- entity failure to identify and address Australian Accounting Standard requirements in a timely manner
- potential misstatements and accounting issues identified by audit teams not addressed by entities in a timely manner
- quantum and complexity of issues identified during final audit visits
- delays in receiving final financial statements signed by the accountable authority after audit clearance was provided
- flow on effects of earlier scheduled audits taking longer to complete than expected due to the reasons outlined above
- availability and timeliness of audit team resources.

The days late profile for audits completed after the statutory timeframe is shown in Figure 15.

Figure 15: Days late profile for audits completed after the statutory timeframe



The figure above shows that the number of audits completed within between 31 and 60 days overdue increased significantly in 2024-25, however those audits completed after 61 days has decreased from the prior year. Auditor’s reports signed more than 61 days from the statutory completion date are shown in Table 8.

Table 8: Auditor’s reports signed more than 61 days from the statutory completion date

Entity	Financial statements received	Statutory completion date	Audit opinion signed	Number of days from statutory completion date
Derwent Valley Council	14-Aug-2025	29-Sep-2025	2-Dec-2025	64

## Audit opinions on financial statements

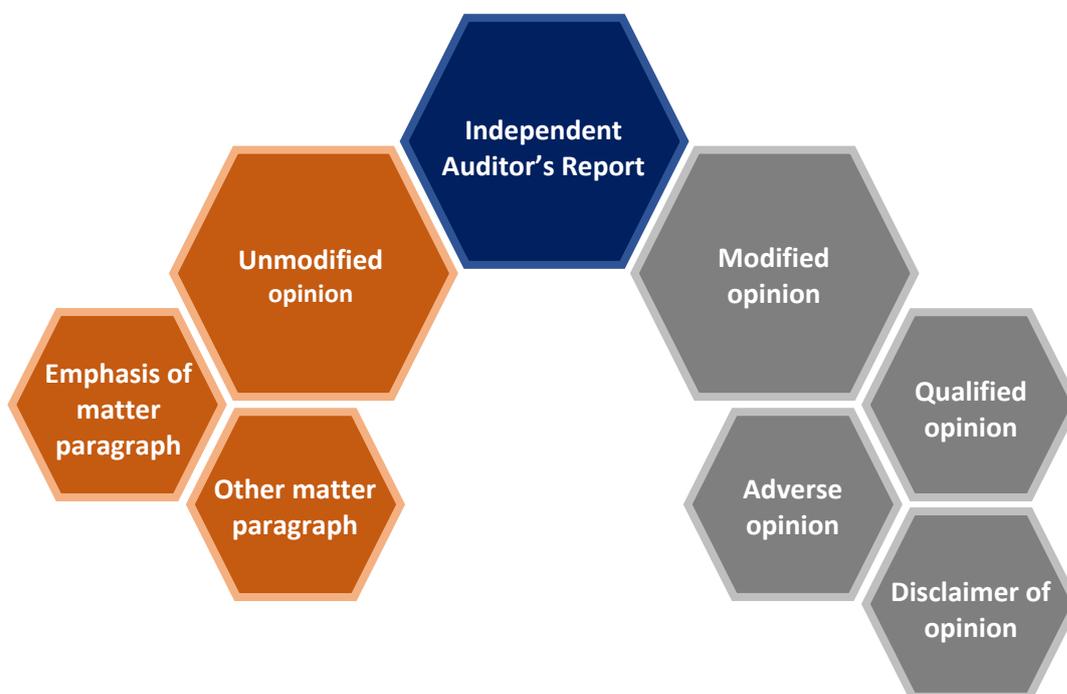
### Types of audit opinions on the financial statements

Under section 19(1) of the *Audit Act 2008* (Audit Act), the Auditor-General is to prepare and sign an opinion on an audit of the financial statements of State entities in accordance with Australian Auditing and Assurance Standards. Australian Auditing and Assurance Standards prescribe the auditor’s reporting responsibilities, including the responsibility to form an

opinion on whether the financial statements present fairly<sup>1</sup>, in all material respects, the financial performance and position of an entity and whether the financial statements were prepared in accordance with the relevant financial reporting framework.

The types of audit opinions that may be issued in an independent auditor's report are depicted in Figure 16.

Figure 16: Types of audit opinions



An unmodified opinion is issued when the auditor concludes that the financial statements were prepared, in all material respects, in accordance with the applicable financial reporting framework. A modified opinion is issued when the auditor concludes that the financial statements as a whole were not free from material misstatement or was unable to obtain sufficient appropriate audit evidence.

The auditor can also communicate additional matters in the auditor's report, while still expressing an unmodified opinion on the financial statements by including an emphasis of matter or other matter paragraph. The purpose of this is to draw the attention of the users of the financial statements to relevant information, which in itself is not significant enough to result in a modified opinion.

### **Audit opinions expressed on financial statements**

Of the 37 auditor's opinions issued on the audits of the 30 June 2025 financial statements, all were unmodified (commonly referred to as 'unqualified').

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<sup>1</sup> Give a true and fair view in the case of entities reporting under the *Corporations Act 2001* or the *Australian Charities and Not-for-profits Commission Act 2012*.

## Audit reports issued with an emphasis of matter paragraph

Of the 37 auditor's reports issued, none contained an emphasis of matter paragraph. An emphasis of matter paragraph was used to highlight matters that, although appropriately presented or disclosed in the financial statements, were fundamentally important to bring to the reader's attention to assist their understanding of the financial statements. Including an emphasis of matter paragraph does not modify the audit opinion.

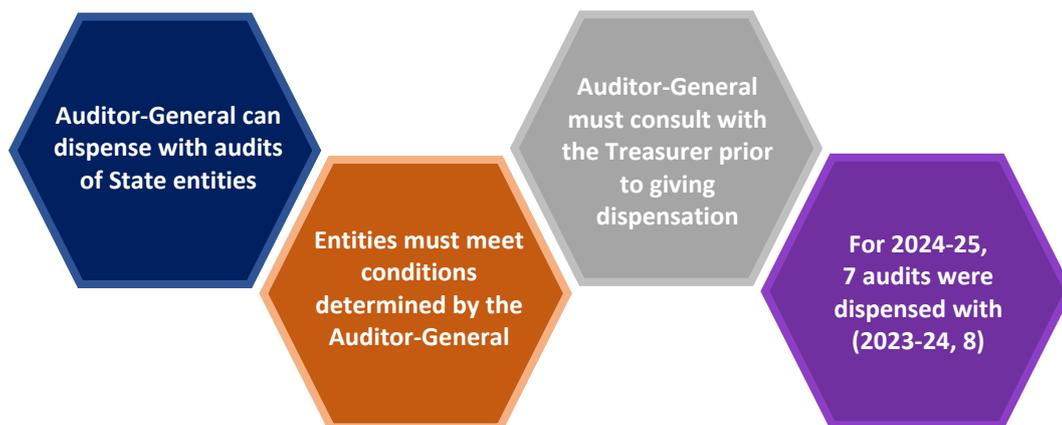
## Audits dispensed with

The Auditor-General has discretion under section 18 of the Audit Act to dispense with all or any part of the audit of a particular State entity, if considered appropriate in the circumstances. The Auditor-General has determined dispensation from audit may be provided where 1 of the following conditions are met:

- The entity is controlled by another State entity and is included in the group audit of the controlling entity.
- The entity has not operated and the accountable authority has provided evidence to support this assertion.
- Subject to any other condition that the Auditor-General may determine under section 18(2) of the Audit Act.

The audit dispensation process is illustrated in Figure 17.

Figure 17: Dispensation of audits process



It is important to note that dispensation of the audit does not limit any of the Auditor-General's functions or powers under the Audit Act. Where the entity is of significant size or by its nature of particular public interest, it is unlikely dispensation will be granted. The Audit Act also requires the Auditor-General to consult with the Treasurer before exercising the power to dispense with audits.

Entities where the Auditor-General has dispensed with the audit are listed in Appendix 3.

## Identification of misstatements

In completing our audits, we may identify misstatements that result from:

- an inaccuracy in gathering or processing data from which financial statements are prepared
- the inappropriate classification, aggregation or disaggregation, of information
- incorrect accounting estimates arising from overlooking, or clear misinterpretation of, facts
- judgements of management concerning accounting estimates that we consider unreasonable or the selection and application of accounting policies that we consider inappropriate
- the omission of amounts or disclosures, including inadequate or incomplete disclosures, which are required to meet the disclosure objectives of the financial reporting framework
- the omission of disclosures necessary for the financial statements to achieve fair presentation beyond disclosures specifically required by the financial reporting framework.

Identified misstatements are discussed with management, with a determination made on whether the error will be corrected in the financial statements before our auditor's report is issued. The requirement to correct the error will depend on its nature, value, and impact on the users of the financial statements. All identified misstatements above an agreed threshold are formally communicated to those charged with governance of the entity as part of our reporting on audit outcomes. Additionally, all material misstatements identified were corrected prior to an unqualified auditor's report being issued.

For completed audits of financial statements for the year ended 30 June 2025, 54 misstatements were identified for 37 entities (compared to 60 misstatements for 39 entities in 2023-24). Of these misstatements, 46 were corrected by the entity before the auditor's report was issued. The value and number of the corrected and uncorrected misstatements for 2021-22 to 2024-25, are shown in Figures 21 and 22, respectively.

Figure 10: Corrected misstatements

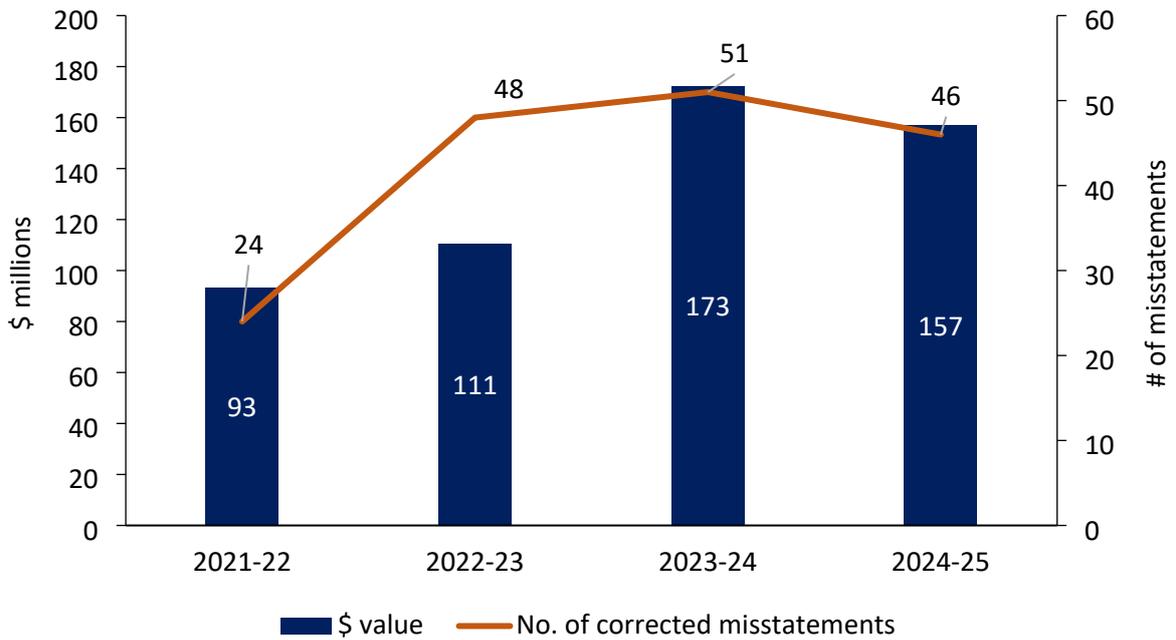
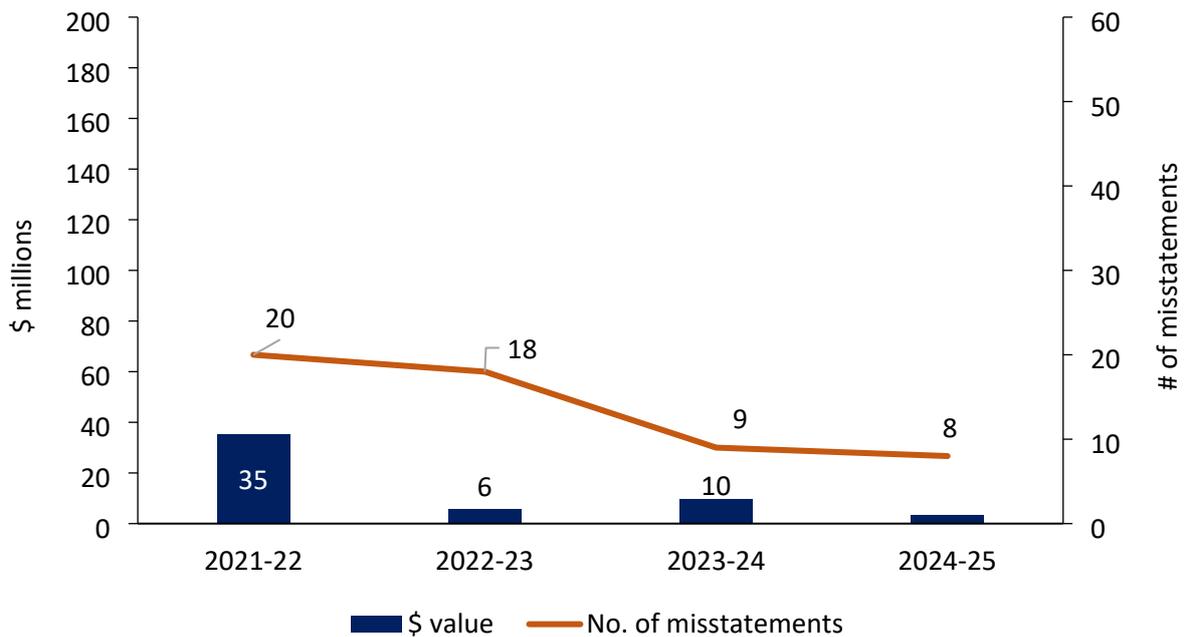


Figure 11: Uncorrected misstatements



## Prior period errors

Two prior period errors were reported in the completed audits for 30 June 2025, compared to 7 for the preceding year.

A prior period error represents an omission or misstatement in an entity's financial statements for 1 or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue, and
- (b) could reasonably be expected to have been obtained and considered in the preparation and presentation of those financial statements.

For reported prior period errors, the following disclosures are required in the financial statements:

- (a) the nature of the prior period error
- (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected
- (c) the amount of the correction at the beginning of the earliest prior period presented.

Where it is impracticable to adjust figures for a particular prior period, the financial statements must disclose the circumstances that led to the existence of the condition and a description of how and from when the error had been corrected.

Audit procedures undertaken to assess the appropriateness of prior period errors included:

- inspection and testing of evidence leading to the occurrence and quantification of the error
- consideration of the size and nature of the misstatements, both in relation to particular classes of transactions, account balances or disclosures and the financial statements as a whole
- discussions with management to confirm the appropriateness of the accounting treatment and disclosures to be made in the financial statements
- an assessment by Audit Tasmania's technical review committee of the proposed accounting treatment and disclosures.

Where material errors impact financial results and balances prior to the comparative year, a restated third statement of financial position may be required to be presented. Of the 2 entities that disclosed prior period errors, neither of them presented a third statement of financial position. This choice was made on the basis that the retrospective restatement or the reclassification had no material effect on the information in the statement of financial position at the beginning of the preceding period.

Prior period errors disclosed in 30 June 2025 financial statements are summarised in Table 13.

Table 13: Summary of prior period errors

Entity	Prior period error
Hobart City Council	<p>In 2021, council migrated its property, plant and equipment to a new asset system. Accumulated depreciation from revaluations and indexations undertaken since that time has not been applied correctly resulting in higher written down values and higher depreciation. This error has affected the Buildings, Land Improvements, Pathways and Cycleways, Stormwater, and Roads &amp; Bridges asset classes.</p> <p>Through the review process, council identified a number of projects in Capital Work in Progress that should have been written off in the 2022-23 financial year. The impact was a reduction in Capital Work in Progress and a reduction in Retained Earnings of \$3.40 million.</p> <p>In addition, council identified Rates Equivalents revenue previously recorded as part of Rates and Charges revenue that should not have been recorded as revenue as the performance obligations had yet to be met. The Rates Equivalents comes with a commitment to undertake future capital work in consultation with the University of Tasmania. Prior year comparatives noted a reduction to accumulated surplus of \$0.87 million for the combined 2021-22, 2022-23 and 2023-24 financial year impact. A corresponding increase was recorded to Contract liabilities for \$0.87 million.</p>
Flinders Council	<p>Flinders Council identified a material prior period error after discovering that a section of Palana Road, transferred to the State Government in August 2023, had not been removed from its asset register or financial statements for the year ended 30 June 2024. The road and associated land, with a total written-down value of \$4.09 million, continued to be recognised despite the council no longer controlling the asset, resulting in material misstatements to property, plant and equipment, depreciation, disposals, and related disclosures. In accordance with AASB 108, the council restated its 2024 comparative figures and included a detailed note outlining the correction in the 2025 financial report.</p>

# Appendix 1 – Completion of audits of financial statements

## Status of audits of financial statements

The status of audits of Local Government entities and audited subsidiaries is shown in Table 14 below.

Table 14: Status of audits of Local Government entities and audited subsidiaries

Audits of financial statements	June 2025	June 2024
State entity and audited subsidiaries of State entity financial statements submitted, complete in all material respects:		
<ul style="list-style-type: none"> <li>within 45 days of the end of the financial year [Audit Act, section 17(1)]</li> </ul>	43	43
<ul style="list-style-type: none"> <li>after 45 days of the end of the financial year</li> </ul>	1	4
	44	47
Audits of financial statements of State entities and audited subsidiaries of State entities:		
<ul style="list-style-type: none"> <li>completed within 45 days of receiving the financial statements [Audit Act, section 19(3)]</li> </ul>	16	20
<ul style="list-style-type: none"> <li>completed after 45 days of receiving the financial statements</li> </ul>	21	19
<ul style="list-style-type: none"> <li>audits dispensed</li> </ul>	7	8
<ul style="list-style-type: none"> <li>total audits completed</li> </ul>	44	47
<ul style="list-style-type: none"> <li>audits not yet completed</li> </ul>	0	0
<ul style="list-style-type: none"> <li>audits not yet dispensed</li> </ul>	0	0
	44	47

## Appendix 2 – Financial performance

The financial performance of councils for the year ended 30 June 2025 is summarised in Table 15.

Table 15: Financial performance of councils for the year ended 30 June 2025

Council	Underlying surplus (deficit) \$'000	Net surplus (deficit) \$'000
<b>Urban councils</b>		
Brighton Council	1,680	11,462
Burnie City Council	973	33,388
Central Coast Council	106	6,650
Clarence City Council	8,750	25,878
Devonport City Council	2,552	12,319
Glenorchy City Council	463	15,651
Hobart City Council	14,367	20,365
Kingborough Council	(1,582)	16,163
Launceston City Council	(5,814)	16,771
West Tamar Council	701	6,161
<b>Total urban councils</b>	<b>22,196</b>	<b>164,808</b>
<b>Rural councils</b>		
Break O'Day Council	979	1,697
Central Highlands Council	(1,790)	(822)
Circular Head Council	(1,557)	(4,512)
Derwent Valley Council	(2,474)	2,022
Dorset Council	(775)	1,871
Flinders Council	(171)	1,736
George Town Council	72	5,073
Glamorgan Spring Bay Council	1,283	3,824

Council	Underlying surplus (deficit) \$'000	Net surplus (deficit) \$'000
Huon Valley Council	(468)	955
Kentish Council	(239)	1,443
King Island Council	(2,611)	765
Latrobe Council	(1,876)	5,728
Meander Valley Council	484	5,649
Northern Midlands Council	(2,603)	5,891
Sorell Council	3,007	9,910
Southern Midlands Council	89	5,773
Tasman Council	865	1,363
Waratah-Wynyard Council	279	7,266
West Coast Council	(537)	3,685
<b>Total rural councils</b>	<b>(8,043)</b>	<b>59,317</b>
<b>All councils</b>		
<b>Total</b>	<b>14,153</b>	<b>224,125</b>

Councils generated an aggregated net surplus of \$224.13 million in 2024-25, an increase of \$33.24 million from the 2023-24 net surplus of \$190.88 million.

## Aggregated financial results of other local government entities

Table 16: Aggregated financial results of other local government entities for the 2024-25

Other Local Government entities	Underlying surplus (deficit) \$'000	Net surplus (deficit) \$'000	Total comprehensive surplus (deficit) \$'000	Net assets \$'000
<b>Significant Local Government entity</b>				
Tasmanian Water & Sewerage Corporation Pty Ltd	26,432	61,531	60,910	1,928,347
<b>Subsidiaries<sup>1</sup></b>				
C-Cell Unit Trust (Copping Refuse Disposal Site Joint Authority)	1,779	1,779	1,779	10,292
Launceston Flood Authority (Launceston City Council)	(333)	(333)	(333)	0
<b>Equity accounted<sup>2</sup></b>				
Copping Refuse Disposal Site Joint Authority	5,652	5,652	5,652	39,316
Dulverton Regional Waste Management Authority	2,903	2,903	17,630	49,388
<b>Other Local Government entities<sup>3</sup></b>				
Cradle Coast Authority	2,033	2,033	2,033	7,581
Local Government Association of Tasmania	(117)	(117)	(117)	9,423
Northern Tasmanian Development Corporation Ltd	10	10	10	731
Southern Tasmanian Councils Authority	(17)	(17)	(17)	168
TasWaste South	31	31	31	291
<b>Total</b>	<b>38,373</b>	<b>73,472</b>	<b>87,578</b>	<b>2,045,537</b>

**Notes**

Note 1: Financial results and information for these subsidiaries have been included within the consolidated financial results of their parent entity.

Note 2: Financial results and information for these equity investments have been included within the consolidated financial results of various councils.

Note 3: Financial results and information for these other local government entities are not included in the consolidated results of councils.

## Appendix 3 – Audits dispensed

Audits dispensed with
C-Cell Pty Ltd (Southern Waste Solutions)
Geeveston Town Hall Controlling Authority (Huon Valley Council)
Heritage Education & Skills Centre Pty Ltd (Southern Midlands Council)
Huon Valley Jobs Hub (Huon Valley Council)
Kingborough Waste Services Pty Ltd (Kingborough Council)
Northern Tasmanian Development Corporation Ltd
Southern Tasmanian Councils Authority

# Appendix 4 – Transmittal letter



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16 March 2026

President, Legislative Council  
Speaker, House of Assembly  
Parliament House  
**HOBART TAS 7000**

Dear President, Speaker

**Report of the Auditor-General No. 8 of 2025-26: Auditor-General's report on the financial statements of State entities, Volume 4 – Local Government, Audit of State entities and audited subsidiaries of State entities 30 June 2025**

In accordance with the requirements of section 29 of the *Audit Act 2008*, I have the pleasure in presenting the fourth volume of my report on the audit of the financial statements of State entities and audited subsidiaries of State entities for the year and 30 June 2025.

Yours sincerely

A handwritten signature in black ink, appearing to read "Martin Thompson".

Martin Thompson  
**Auditor-General**

## Appendix 5 – Our role

The Auditor-General and Tasmanian Audit Office (Audit Tasmania) are established under the Audit Act and *State Service Act 2000*, respectively. Our role is to provide assurance to Parliament and the Tasmanian community about the performance of public sector entities. We achieve this by auditing financial statements of public sector entities and by conducting audits, examinations and investigations on:

- how effective, efficient, and economical public sector entity activities, programs and services are
- how public sector entities manage resources
- how public sector entities can improve their management practices and systems
- whether public sector entities comply with legislation and other requirements.

Through our audit work, we make recommendations that promote accountability and transparency in government and improve public sector entity performance.

We publish our audit findings in reports, which are tabled in Parliament and made publicly available online. To view our past audit reports, visit our [reports](#) page on our website.

# Acronyms and abbreviations

AASB	Australian Accounting Standards Board
Audit Act	<i>Audit Act 2008</i>
Audited subsidiaries	Audited subsidiaries of State entities
Audit Tasmania	Tasmanian Audit Office
FOGO	Food organics and garden organics
IT	information technology
LRCI	Local Roads and Community Infrastructure
NDRLG	Natural Disaster Relief to Local Government Policy
RTR	Roads to Recovery
TasWater	Tasmanian Water and Sewerage Corporation Pty Ltd

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*Photography credits: L-R City of Hobart Council, Nick Hanson Visuals and Devonport City Council.*

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