



**MORETON BAY REGIONAL COUNCIL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 June 2021**



**Financial Statements**  
**For the year ended 30 June 2021**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2021

		2021	Restated
		\$'000	2020
	Note		\$'000
<b>Income</b>			
<b>Revenue</b>			
<b>Recurring Revenue</b>			
Rates and utility charges	3(a)	331,936	321,366
Fees and charges	3(b)	41,944	34,101
Grants, subsidies and contributions	3(c)(i)	23,325	22,986
Sales revenue		4,142	2,869
		<u>401,347</u>	<u>381,322</u>
<b>Capital Revenue</b>			
Grants, subsidies and contributions	3(c)(ii)	<u>149,554</u> *	<u>169,747</u>
<b>Other Income</b>			
Rental income		4,455	5,476
Interest revenue	3(d)	33,646	40,045
Other revenue	3(e)	51,999	26,942 #
Share of profit of associate	10	80,706	83,510
		<u>170,806</u>	<u>155,973</u> #
<b>Capital Income</b>	3(f)	2,031	325
<b>Total Income</b>		<u>723,738</u>	<u>707,367</u> #
<b>Expenses</b>			
<b>Recurring Expenses</b>			
Employee benefits	4(a)	(165,187)	(142,708)
Materials and services	4(b)	(193,269)	(198,503)
Depreciation and amortisation			
Property, plant and equipment	11	(107,027)	(103,901)
Intangible assets		-	(40)
Right of use assets		(111)	(9)
Finance costs	4(c)	<u>(20,276)</u>	<u>(22,086)</u>
		<u>(485,870)</u>	<u>(467,247)</u>
<b>Capital Expenses</b>	4(d)	(15,382)	(22,063)
<b>Total Expenses</b>		<u>(501,252)</u>	<u>(489,310)</u>
<b>NET RESULT</b>		<u>222,486</u>	<u>218,057</u> #
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	17	15,859	65,084
<b>Total other comprehensive income for the year</b>		<u>15,859</u>	<u>65,084</u> #
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>238,345</u>	<u>283,141</u>

The accompanying notes form part of these financial statements.

\* Grants, subsidies and contributions for 2020/21 includes approximately \$3.7 million of contributed asset revenue which relates to the prior period of 2019/20. Refer to note 3(C)(ii) for further information.

# Comparative figures have been restated. Refer to Note 25 for details.



## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	324,914	189,941
Trade and other receivables	6	64,147	45,395
Investments	8	30,000	160,000
Inventories		1,659	1,293
Contract assets		25	284
<b>Total Current Assets</b>		<b>420,745</b>	<b>396,913</b>
<b>Non-Current Assets</b>			
Trade and other receivables	6	677,498	677,487
Other financial assets	7	121,415	103,142
Investments	8	15	15
Investment property	9	20,430	28,705
Investment in associate	10	1,317,832	1,257,621
Property, plant and equipment	11	5,270,043	5,127,059 *
Right of use assets		325	436
<b>Total Non-Current Assets</b>		<b>7,407,558</b>	<b>7,194,465 *</b>
<b>Total Assets</b>		<b>7,828,303</b>	<b>7,591,378 *</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	60,278	52,431
Contract liabilities	13	8,916	1,399
Lease liabilities		130	52
Borrowings	14	41,448	38,153
Provisions	15	16,678	15,339
Other liabilities	16	10,938	10,736
<b>Total Current Liabilities</b>		<b>138,388</b>	<b>118,110</b>
<b>Non-Current Liabilities</b>			
Lease liabilities		245	372
Borrowings	14	311,207	331,940
Provisions	15	56,631	65,334
<b>Total Non-Current Liabilities</b>		<b>368,083</b>	<b>397,646</b>
<b>Total Liabilities</b>		<b>506,471</b>	<b>515,756</b>
<b>NET COMMUNITY ASSETS</b>		<b>7,321,832</b>	<b>7,075,622 *</b>
<b>Community Equity</b>			
Retained surplus		6,304,131	6,073,780 *
Asset revaluation surplus	17	1,017,701	1,001,842
<b>TOTAL COMMUNITY EQUITY</b>		<b>7,321,832</b>	<b>7,075,622 *</b>

The accompanying notes form part of these financial statements.

\* The opening balances of retained earnings and property, plant and equipment for 2019/20 have been adjusted (increased) by approximately \$1 million to reflect contributed assets that related to periods prior to 1 July 2019. Refer to note 11(g) for further information.



## STATEMENT OF CHANGES IN EQUITY

### For the year ended 30 June 2021

	Retained Surplus	Asset Revaluation Surplus	Total Community Equity
Note		17	
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2020</b>	<b>6,073,780</b>	<b>1,001,842</b>	<b>7,075,622</b>
Net result	222,486	-	222,486
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	15,859	15,859
Adjustment to equity on the recognition of assets	7,865	-	7,865
<b>Total comprehensive income for the year</b>	<b>230,351</b>	<b>15,859</b>	<b>246,210</b>
<b>Balance at 30 June 2021</b>	<b>6,304,131</b>	<b>1,017,701</b>	<b>7,321,832</b>
<b>Balance as at 1 July 2019</b>	<b>5,827,256</b>	<b>936,758</b>	<b>6,764,014</b> *
Adjustment on initial application of AASB 15 / AASB 1058	(6,264)	-	(6,264)
<b>Restated balance at 1 July 2019</b>	<b>5,820,992</b>	<b>936,758</b>	<b>6,757,750</b> *
Net result	218,057	-	218,057
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	65,084	65,084
Adjustment to equity on the recognition of assets	34,731	-	34,731
<b>Total comprehensive income for the year</b>	<b>252,788</b>	<b>65,084</b>	<b>317,872</b>
<b>Balance at 30 June 2020</b>	<b>6,073,780</b>	<b>1,001,842</b>	<b>7,075,622</b> *

The accompanying notes form part of these financial statements.

\* The opening balances of retained earnings have been adjusted (increased) by approximately \$1 million to reflect contributed assets that related to periods prior to 1 July 2019.

# Comparative figures have been restated. Refer to Note 25 for details.

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		525,020	508,720
Payments to suppliers and employees		(389,713)	(386,472)
Interest received		34,238	40,316
Tax equivalent received		22,996	23,637
Borrowing costs		(18,524)	(20,182)
<b>Net cash inflow from operating activities</b>	<b>CF-1</b>	<b>174,017</b>	<b>166,019</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(190,761)	(190,665)
Payments for investment property		(66)	(89)
Proceeds from sale of property, plant and equipment		1,318	2,158
Proceeds from sale of investment property		14,937	-
Proceeds from sale of non-current asset held for sale		889	-
Net movement in loans to community organisations		(14)	(58)
Cash investment term deposit entered into		(50,000)	(370,550)
Cash investment term deposit matured		180,000	405,550
Dividends received from associate		22,140	20,051
Other dividends received		-	2
<b>Net cash outflow from investing activities</b>		<b>(21,557)</b>	<b>(133,601)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		20,000	25,000
Repayment of borrowings		(37,438)	(33,899)
Repayments made on leases		(49)	(21)
<b>Net cash outflow from financing activities</b>	<b>CF-2</b>	<b>(17,487)</b>	<b>(8,920)</b>
Net increase in cash and cash equivalent held		<b>134,973</b>	<b>23,498</b>
Cash and cash equivalents at the beginning of the financial year		<b>189,941</b>	<b>166,443</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5</b>	<b>324,914</b>	<b>189,941</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

### Notes to the statement of cash flow

#### CF-1 Reconciliation of net result for the year to net cash inflow from operating activities

	2021 \$'000	2020 \$'000
Net result	<u>222,486</u>	<u>218,057</u>
Non-cash items:		
Depreciation and amortisation	107,138	103,950
Revaluation adjustments	(1,644)	(135)
Change in future rehabilitation and restoration costs	492	1,323
Change in infrastructure offsets and credits	3,803	6,543
Gain of property, plant and equipment	(19)	-
Contributed assets	(63,914)	(84,920)
Share of profit of associate	(80,706)	(83,510)
	<u>(34,850)</u>	<u>(56,749)</u>
Investing and development activities:		
Net loss on disposal of non-current assets	11,579	14,941
Increase in distribution from investments	(11,710)	(1,429)
(Increase)/decrease in financial assets at fair value through profit and loss	(6,564)	6,762
Other dividends received	-	(2)
	<u>(6,695)</u>	<u>20,272</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(19,858)	2,347
(Increase) in other operating assets	(846)	(1,753)
Decrease/(Increase) in contract assets	259	(284)
Increase in payables	7,793	294
Increase in contract liabilities	7,517	1,399
(Decrease) in provisions	(1,990)	(6,696)
Increase/(decrease) in other liabilities	201	(10,868)
	<u>(6,924)</u>	<u>(15,561)</u>
Net cash inflow from operating activities	<u><u>174,017</u></u>	<u><u>166,019</u></u>

#### CF-2 Reconciliation of liabilities arising from financing activities

	Opening balance as at 1 July \$'000	Cashflows \$'000	Non-cash changes (new leases) \$'000	Closing Balance as at 30 June \$'000
<b>2021</b>				
Loans	370,093	(17,438)	-	352,655
Lease liability	424	(49)	-	375
	<u>370,517</u>	<u>(17,487)</u>	<u>-</u>	<u>353,030</u>
<b>2020</b>				
Loans	378,992	(8,899)	-	370,093
Lease liability	-	(21)	445	424
	<u>378,992</u>	<u>(8,920)</u>	<u>445</u>	<u>370,517</u>



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### **1 Information about these financial statements**

##### **1(a) Basis of preparation**

Moreton Bay Regional 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 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

The 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 complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and investment property.

##### **1(b) Basis of consolidation**

Council has a 100% controlling interest in Millovate Pty Ltd which will oversee the strategic direction and investment associated with the Priority Development Area (PDA) at "The Mill" at Petrie. Millovate Pty Ltd is not consolidated into Council's financial statements due to its immaterial size and nature of operations that occurred over the course of the financial year. Information on Millovate Pty Ltd is included in Note 23.

##### **1(c) New and revised Accounting Standards**

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2020, none of the standards had a material impact on reported position, performance and cash flows.

Council generally applies standards and interpretations in accordance with their respective commencement dates. No Australian Accounting Standards have been early adopted for 2020/21.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 1 Significant accounting policies (continued)

##### 1(d) Estimates and judgements

Councils make 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)

Valuation of Investment property (Note 9)

Valuation and depreciation of property, plant and equipment (Note 11)

Impairment of non-current assets (Note 11(d))

Provisions (Note 15)

Financial instruments and financial liabilities (Note 18)

Contingent liabilities (Note 20)

##### ***Impact of COVID-19***

At the beginning for the financial year the Novel Coronavirus (COVID-19) pandemic was a continuing consideration for Council however the financial impacts were quite minimal as Council's services returned to normal.

Support measures initiated toward the end of the previous financial year extended into 2020/21 and comprised a rates rebate, grants to the community and the non-charging of certain licencing fees and interest on overdue rates. The estimated financial impact for 2020/21 is \$2 million.

With substantial financial assistance in the form of grants provided by the Federal and State Governments, Council has brought forward a number of capital works projects to stimulate the local economy. The financial assistance provided by the Federal and State Governments funded projects during 2020/21 and will extend into the following financial year.

##### 1(e) Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

##### 1(f) Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The net amount of GST recoverable from the Australian Taxation Office (ATO) or payable to the ATO is shown as an asset or liability respectively.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **For the year ended 30 June 2021**

## **2 Analysis of Results by Function**

### **2(a) Components of Council Functions**

The activities relating to Council's components reported in Note 2(b) below are as follows:

#### **Engineering, Construction & Maintenance**

Engineering, Construction and Maintenance is responsible for the maintenance of Council infrastructure and public facilities, project management and construction of new infrastructure, coordination of disaster management response activities and the provision of sustainable waste management services to the community.

#### **Infrastructure Planning**

Infrastructure planning is responsible for the strategic functions and responsibilities associated with planning new infrastructure which includes, integrated transport networks, parks and recreational facilities, drainage, waterways and coastal networks, building and facilities and developing, implementing and reviewing long term asset management planning.

#### **Community & Environmental Services**

Community and Environmental Services is responsible for providing well managed and maintained community facilities, ensuring compliance with local laws, protection and management of the natural environment and management of Council's property portfolio.

#### **Office of the Chief Executive Officer**

The role of the Office of the Chief Executive Officer is to ensure open and accountable governance of the region and comprises the Mayor, Councillors, Chief Executive Officer, legal services, internal audit, strategy and engagement, economic development and meeting support.

#### **Planning**

The role of Planning is to maintain a strategic plan of Council's longer term functions and responsibilities in relation to land use planning, planning scheme development, growth management, development assessment, engineering, building and development compliance and environmental planning.

#### **Finance & Corporate Services**

Finance and Corporate Services provides professional corporate and financial services to the organisation in the areas of Human Resources, Financial Management, Information and Communication Technology and other related support functions.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2021

**2 Analysis of Results by Function (continued)**

2(b) Income and expenses defined between operating and capital are attributed to the following functions:

Year ended 30 June 2021	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
Function	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000								
Engineering, Construction & Maintenance	782	71,850	16,890	3,050	(14,884)	77,688	(187,915)	1,191	13,946	(172,778)	(95,090)	-
Infrastructure Planning	468	4,689	11,754	268	(2,907)	14,272	(25,926)	-	3,219	(22,707)	(8,435)	5,293,274
Community & Environmental Services	3,797	17,781	-	889	(49)	22,418	(64,789)	14,937	392	(49,460)	(27,042)	893
Office of the Chief Executive Officer	1	107	-	-	(77)	31	(17,449)	-	54	(17,395)	(17,364)	108
Planning	-	23,137	333	-	(14)	23,456	(18,618)	-	47	(18,571)	4,885	12
Finance & Corporate Services	17,488	446,017	-	118,401	3,967	585,873	(185,137)	(31,510)	(3,694)	(220,341)	365,532	2,534,016
Total	22,536	563,581	28,977	122,608	(13,964)	723,738	(499,834)	(15,382)	13,964	(501,252)	222,486	7,828,303

Year ended 30 June 2020	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
Function	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000								
Engineering, Construction & Maintenance	782	68,891	1,095	312	(15,411)	55,669	(166,158)	682	13,807	(151,669)	(96,000)	-
Infrastructure Planning	347	3,582	9,752	10	(1,861)	11,830	(21,350)	-	2,981	(18,369)	(6,539)	5,159,966
Community & Environmental Services	4,120	18,261	-	-	(63)	22,318	(69,922)	813	452	(68,657)	(46,339)	1,102
Office of the Chief Executive Officer	-	300	-	-	(102)	198	(12,925)	-	126	(12,799)	(12,601)	30
Planning	-	17,161	17,500	5,369	(95)	39,935	(16,285)	-	87	(16,198)	23,737	9
Finance & Corporate Services	16,962	421,386	(15)	136,049	3,035	577,417	(195,104)	(23,558)	(2,956)	(221,618)	355,799	2,430,271
Total	22,211	529,581	28,332	141,740	(14,497)	707,367	(481,744)	(22,063)	14,497	(489,310)	218,057	7,591,378

Comparative information has been restated to be consistent with disclosures in the current reporting period.

\* The opening balances of property, plant and equipment for 2019/20 have been adjusted (increased) by approximately \$1 million to reflect contributed assets that related to periods prior to 1 July 2019.

# Comparative figures have been restated. Refer to Note 25 for details.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

### 3 Revenue

#### 3(a) Rates and utility charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

	2021 \$'000	2020 \$'000
General rates	275,408	266,061
Cleansing charges	43,812	42,791
Other special levies, rates and charges	18,584	17,243
	<u>337,804</u>	<u>326,095</u>
Less: Pensioner and other rebates	(5,868)	(4,729)
	<u><u>331,936</u></u>	<u><u>321,366</u></u>

#### 3(b) Fees and charges

Revenue arising from fees and charges is recognised at the 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 or in some cases, the customer is required to pay on arrival, for example caravan parks. 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.

	2021 \$'000	2020 \$'000
Administration	4,135	4,140
Community facilities	3,847	3,469
Development services	23,003	16,877
Waste management	6,623	5,492
Animal control	4,270	4,088
Other fees	66	35
	<u><u>41,944</u></u>	<u><u>34,101</u></u>

#### 3(c) Grants, subsidies and contributions

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 grants, cash is received upfront for some grants and on the achievement of certain payment milestones for others.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

### 3 Revenue (continued)

#### 3(c) Grants, subsidies and contributions (continued)

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, revenue is recognised using either costs or time incurred.

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised 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.

Physical assets contributed to Council by developers in the form of infrastructure are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution on the date of acquisition. Non-cash contributions with a value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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 non-cash contributions which are usually infrastructure assets received from developers.

	2021 \$'000	2020 \$'000
<b>(i) Operating</b>		
Government grants and subsidies	21,562	21,190
Other grants, subsidies, contributions	1,763	1,796
	<u>23,325</u>	<u>22,986</u>
<b>(ii) Capital</b>		
Government grants and subsidies	28,977	28,332
Infrastructure cash contributions	53,136	50,994
Contributed assets	63,914 *	84,920
Other capital income	3,527	5,501
	<u>149,554</u>	<u>169,747</u>

\*Contributed assets includes approximately \$3.7 million of revenue that relates to 2019/20.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2021

**3 Revenue (continued)**

**3(c) Grants, subsidies and contributions (continued)**

**(iii) Timing of revenue recognition for grants, subsidies and contributions**

		2021		2020	
		Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
	Note	\$'000	\$'000	\$'000	\$'000
Grants and subsidies	3(c)	22,470	29,045	22,174	28,368
Contributions	3(c)	4,314	-	6,277	-
		<u>26,784</u>	<u>29,045</u>	<u>28,451</u>	<u>28,368</u>

**3(d) Interest revenue**

Interest received is accrued over the term of the investment.

	Note	2021 \$'000	2020 \$'000
Interest from financial institutions		2,747	6,305
Interest from Unitywater		30,534	32,904
Interest from overdue rates and utility charges		365	836
		<u>33,646</u>	<u>40,045</u>

**3(e) Other revenue**

Dividend		-	2
Fair value gain/(loss) on other financial assets		6,564	(6,762)
Tax equivalent	24	26,479	25,477
Other income		18,956	8,225
		<u>51,999</u>	<u>26,942</u>

**3(f) Capital income**

Gain on sale of assets classified as held for sale		19	-
Revaluation up of investment property	9	574	135
Revaluation up of property, plant and equipment	11(g)	1,070	-
Adjustment to landfill and Bio-solids composting sites		368	190
		<u>2,031</u>	<u>325</u>

**4 Expenses**

**4(a) Employee benefits**

Employee benefit expenses are recorded when the service has been provided by the employee.

Staff wages and salaries		154,177	132,750
Superannuation	21	16,828	14,405
		<u>171,005</u>	<u>147,155</u>
Other employee related expenses		6,043	4,915
		<u>177,048</u>	<u>152,070</u>
Less: Capitalised employee expenses		(11,861)	(9,362)
		<u>165,187</u>	<u>142,708</u>

Total full time equivalent employees at 30 June 2021 were 1,773 (2020: 1,633).



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 4 Expenses (continued)

##### 4(b) Materials and services

Expenses are recorded on an accruals basis as Council receives the goods or services.

	2021	2020
Note	\$'000	\$'000
Contractors	104,122	94,784
Utilities	20,672	21,092
Total waste levy payment	16,057	14,547
Waste levy refund*	(13,448)	(11,790)
Materials	11,069	10,313
Labour hire services	8,331	7,798
Information technology hardware/software	8,277	7,409
Commissions and contributions	5,066	6,888
Legal costs	4,620	4,000
Insurance premiums	3,374	3,127
Donations and grants	3,180	9,829
Security	3,111	2,868
Fuel	3,018	3,214
Other materials and services	4,377	3,626
Expensed capital material and services	2,904	13,847
Printing, postage and stationery	2,399	1,690
Councillors' remuneration	2,090	2,003
Consultants	1,966	1,306
Cleaning	1,844	1,656
Audit of annual financial statements by the Auditor-General of Queensland**	240	296
	<u>193,269</u>	<u>198,503</u>

Councillor remuneration represents regular payments and other allowances paid in respect of carrying out their duties.

\* The State government rebated \$14,280,967 of the state waste levy to mitigate the direct impacts on households.

\*\* Total audit fees quoted by the Queensland Audit Office relating to the 2020/21 financial statements are \$240,000 (2020: \$240,000)

##### 4(c) Finance costs

Finance cost on loans	18,521	20,182
Other	1,755	1,904
	<u>20,276</u>	<u>22,086</u>

##### 4(d) Capital expenses

Book value of property, plant and equipment disposed of	27,834	17,099
Less: Proceeds from the sale of property, plant and equipment	(16,255)	(2,158)
Adjustment to landfill and Bio-solids sites	-	579
Infrastructure credits recognised	15 3,820	6,595
Infrastructure credits extinguished	15 (17)	(52)
	<u>15,382</u>	<u>22,063</u>



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 5 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash and cheques receipted but not banked at year end, deposits held at call with financial institutions, other short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

	2021 \$'000	2020 \$'000
Cash at bank and on hand	11,209	18,218
Deposits at call	313,705	171,723
	<u>324,914</u>	<u>189,941</u>

#### Restricted cash and cash equivalents

Council cash and cash equivalents are subject to a number of external restrictions that limit amounts available for discretionary or future use. These include:

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

	2021 \$'000	2020 \$'000
Unspent government grants and subsidies	8,880	1,727
	<u>8,880</u>	<u>1,727</u>

#### Trust funds held for outside parties

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 on behalf of outside parties 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 paid into the trust account by Council. Council performs only a custodial 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. Council holds \$12.383 million in trust monies at 30 June 2021 (2020: \$10.092 million).



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 6 Trade and other receivables

Receivables are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

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 property to recover outstanding rate debts, Council does not impair any rate receivables.

Loans and advances are made to community organisations, and are recognised in the same way as other receivables. Security is not normally obtained.

The subordinated debt receivable from Unitywater is an interest only loan with the interest rate to be set by Queensland Treasury Corporation (QTC) annually.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Rates and utility charges	19,118	10,013
Loans to community organisations	118	115
Accrued receivable from Unitywater	22,764	21,519
Other debtors	12,941	4,402
GST recoverable	3,553	4,173
Prepayments	5,653	5,173
	<u>64,147</u>	<u>45,395</u>
<b>Non-current</b>		
Loans to community organisations	473	462
Subordinated debt receivable from Unitywater	677,025	677,025
	<u>677,498</u>	<u>677,487</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 7 Other non-current financial assets

Investments with Queensland Investment Corporation (QIC) are recognised as financial assets and carried at fair value, which is the net market value of the investments as advised by QIC. Any increase or decrease in the fair value of these investments is recognised through the profit and loss.

	2021 \$'000	2020 \$'000
Financial assets at fair value through profit and loss	<u>121,415</u>	<u>103,142</u>
	<u><b>121,415</b></u>	<u><b>103,142</b></u>

#### 8 Investments

Term deposits with original maturities of greater than three months are included in investments. All term deposits are held to maturity.

Investments intended to be held longer than 12 months are non-current.

Council holds shares in Redcliffe Peninsula Financial Services Ltd, the shares are valued at cost because they are not quoted in an active market and their fair value cannot to reliably measured.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Term deposits	<u>30,000</u>	<u>160,000</u>
	<u><b>30,000</b></u>	<u><b>160,000</b></u>
<b>Non-current</b>		
Shares in Redcliffe Peninsula Financial Services Ltd	<u>15</u>	<u>15</u>
	<u><b>15</b></u>	<u><b>15</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 9 Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation but does not include residential properties or other property held to provide a social service.

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the reporting date by a registered valuer. Where investment property is acquired for significantly below fair value it is recorded at fair value on initial recognition.

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

	Note	2021 \$'000	2020 \$'000
Owned investment property			
Fair value at beginning of financial year		28,705	28,481
Additions from subsequent expenditure recognised		66	89
Net gain from fair value adjustments	3(f)	574	135
Disposal		(14,930)	-
Transfer to investment property		6,015	-
Fair value at end of financial year		<u>20,430</u>	<u>28,705</u>

Investment property fair values were determined by independent valuer Australis Asset Advisory Group as at 30 June 2021.

For investment property classified as level 2 amounting to \$12.150 million (2020: \$26.440 million), fair value has been determined using a market approach using the income capitalisation method.

The income capitalisation method of valuation involves capitalising the estimated net income of the property at an appropriate capitalisation rate (net yield) that has been determined through the analysis of market based sales evidence for properties of similar nature and specification.

The market approach utilises inputs such as capital value and price per square metre, which is derived by assessing market based sales evidence of comparable properties.

Specialised buildings have significant unobservable inputs (level 3 in the fair value hierarchy) and are valued using the current replacement cost approach. The fair value as at 30 June 2021 was \$8.280 million (2020: \$2.265 million).

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 10 Investment in associate

Council holds 58.2382% of participation rights in Unitywater, a water distribution and retail business established in accordance with the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, to deliver water and waste water services to customers within the local government areas of Moreton Bay Regional Council, Sunshine Coast Regional Council and Noosa Council. The participation rights effectively represent an investment in an associate by Moreton Bay Regional Council.

Associates are entities over which Moreton Bay Regional Council exerts significant influence. Significant influence is the power to participate in the financial and operating policy decisions but is not control or joint control. Accordingly, as Council has no control over Unitywater AASB 10 *Consolidated Financial Statements* is not applied.

Investments in associates are accounted for in the financial statements using the equity method and are carried at the lower of cost and recoverable amount. Under this method, the entity's share of post-acquisition profits or losses of associates is recognised in the Statement of Comprehensive Income and the interest in the equity of the associate is recognised in the Statement of Financial Position. The cumulative post-acquisition movements, being the share of profits less dividends received and accrued, are adjusted against the cost of the investment.

Summarised financial information in respect of the associate is set out below.

	2021 \$'000	2020 \$'000
Total assets	4,193,352	4,052,307
Total liabilities	(1,932,989)	(1,896,095)
Net assets	<u>2,260,363</u>	<u>2,156,212</u>
Share of net assets of associate	<u>1,316,395</u>	<u>1,255,739</u>
Total revenue	<u>723,830</u>	<u>730,046</u>
Total profit for the year	<u>138,579</u>	<u>143,394</u>
<b>Share of profit of associate</b>	<u><b>80,706</b></u>	<u><b>83,510</b></u>
Council investment in the associate comprises:		
Participation rights	<u>1,317,832</u>	<u>1,257,621</u>
Details of movements in participation rights:		
Opening Balance	1,257,621	1,193,241
Share of profit of associate	80,706	83,510
Less share of dividends received and accrued	<u>(20,495)</u>	<u>(19,130)</u>
Closing balance at end of year	<u><b>1,317,832</b></u>	<u><b>1,257,621</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 11 Property, plant and equipment

##### 11(a) Recognition

Purchases of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold or maintenance expenditure.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network, for example the components of parks.

Land under roads and reserve land under the *Land Act 1994* or *Land Title Act 1994* are controlled by Queensland State Government and not recognised in the Council financial statements.

##### 11(b) Measurement

Property, plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of consideration plus costs incidental to the acquisition. Direct labour, materials and an appropriate portion of overheads incurred in the acquisition or construction of assets are also included as capital costs.

Property, plant and equipment received in the form of contributions, for significantly less than fair value or as offsets to infrastructure charges are recognised as assets and revenue at fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the initial provision and subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against property, plant and equipment.

##### 11(c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Land, work in progress, canals, cultural and heritage, and road formation assets are not depreciated.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

The useful life of leasehold improvements is the shorter of the useful life of the asset or the remaining life of the lease.

Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### **11 Property, plant and equipment (continued)**

##### **11(d) Impairment of non-current assets**

Property, plant and equipment held at cost is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the asset's recoverable amount is determined. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

##### **11(e) Valuation**

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Approximately every three years, Council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council uses a suitable index to assess whether a desktop valuation is required based on materiality. A desktop revaluation involves the application of suitable indexes undertaken at the reporting date when there has been a material movement in value for an asset class subsequent to the last comprehensive revaluation. During the financial year an analysis performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the income statement, in that case the increase is taken to the income statement to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus relating to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income. Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate. Details of valuers and methods of valuations are disclosed in Note 11(f).

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 11 Property, plant and equipment (continued)

##### 11(f) Fair value measurements

Fair values are classified into three levels as follows:

Level 1 - the fair value is based on quoted prices (unadjusted) in active markets for identical assets.

Level 2 - the fair value is estimated using inputs that are directly or indirectly observable for the assets, such as prices for similar assets.

Level 3 - the fair value is estimated using unobservable inputs for the asset.

All fair value measurements are recurrent and categorised as either level 2 or level 3 in the fair value hierarchy. None of Council's valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy.

The following table represents Council's assets as at 30 June 2021 as either level 2 or level 3 in accordance with AASB 13.

	Level 2		Level 3		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	2,518	2,453	350,132	333,328	352,650	335,781
Land	182,211	183,302	537,581	517,291	719,792	700,593
Stormwater Infrastructure	-	-	1,591,235	1,552,860	1,591,235	1,552,860
Transport Infrastructure	-	-	1,886,444	1,829,053	1,886,444	1,829,053
Waterways and Canals	-	-	246,175	231,673	246,175	231,673
	<b>184,729</b>	<b>185,755</b>	<b>4,611,567</b>	<b>4,464,205</b>	<b>4,796,296</b>	<b>4,649,960</b>

Land and buildings inputs are reviewed annually. Council recognises transfers between level 2 and 3 in the fair value hierarchy. It is Council's policy to recognise such transfers at the end of the reporting period. There were no transfers of assets between fair value hierarchy levels during the period.

	Level 3	
	Land	Buildings
	2021	2021
	\$'000	\$'000
<b>Opening balance as at 1 July 2020</b>	<b>517,291</b>	<b>333,328</b>
Additions	21,328	36,138
Disposals	(458)	(477)
Depreciation	-	(12,883)
Internal transfer	(580)	(5,974)
<b>Closing Balance as at 30 June 2021</b>	<b>537,581</b>	<b>350,132</b>

For stormwater Infrastructure, transport infrastructure and waterways and Canals asset classes which are categorised under level 3 of fair value hierarchy, refer to Note 11(g) for the level 3 fair value measurement reconciliation.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 11 Property, plant and equipment (continued)

##### 11(f) Fair value measurements (continued)

For the below asset classes, management has performed an analysis of suitable indices for the intervening period being the period since valuation by an independent valuer to 30 June 2021. This analysis identified that the movement in the indices was not material, therefore no indexation has been applied to any asset class.

##### **Buildings (Level 2 and 3)**

The fair values of buildings (including pools) were determined by independent valuer Australis Asset Advisory Group as at 31 January 2020.

For buildings classified as level 2, fair value has been derived by utilising inputs such as market based sales evidence of comparable properties within the relevant geographic location.

For buildings and pools classified as level 3, no active market exists and fair value has been determined using the current replacement cost method valuation.

##### **Land (Level 2 and 3)**

The fair value of land was determined by independent valuer AssetVal Pty Ltd as at 31 December 2019.

For land classified as level 2, fair value has been derived by utilising inputs such as price per square metre, which is derived by assessing market based sales evidence of land in the relevant geographic location and of a comparable land use and/or zoning.

For land classified at level 3 no active market exists and fair value has been measured utilising a discounted price per square metre. The price per square metre is based upon market based sales evidence and is discounted because the land has specific characteristics or particular restrictions.

##### **Stormwater Infrastructure (Level 3)**

The fair value of stormwater infrastructure was determined by unit rates provided by independent valuers AssetVal Pty Ltd as at 31 December 2018.

Due to the specialised nature of Council's stormwater infrastructure there is no active market for the assets. As such, fair value has been determined using the current replacement cost method of valuation and is deemed to be a Level 3 input. Level 3 input have been determined by utilising unit rates provided by a suitably qualified valuation specialist and compared to Council's actual construction costs.

##### **Transport Infrastructure (Level 3)**

The fair value of transport unit rates was determined by independent valuers AssetVal Pty Ltd as at 31 December 2020 and bridge infrastructure was determined by independent valuer Australis Asset Advisory Group as at 31 March 2021.

Due to the specialised nature of Council's transport infrastructure there is no active market for the assets. As such, fair value has been determined using the current replacement cost method of valuation and is deemed to be a Level 3 input. Level 3 input have been determined by utilising unit rates provided by a suitably qualified valuation specialist and compared to Council's actual construction costs.

##### **Waterways and Canals (Level 3)**

The fair value of canal assets was determined by independent valuer AssetVal Pty Ltd as at 31 December 2020. The fair value of Seawalls was determined by Councils Drainage, Waterways and Coastal Planning Department as at 31 December 2020.

Due to the specialised nature of Council's waterway and canal infrastructure, the valuations have been determined using the current replacement cost method of valuation and is deemed to be a Level 3 input. Level 3 input have been determined by utilising unit rates provided by a suitably qualified valuation specialist and compared to Council's actual construction costs.





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

### 11 Property, plant and equipment (continued)

#### 11(g) Movements

30 June 2021

Note

#### For the year ended 30 June 2021

Gross value / cost

Less accumulated depreciation

Book value as at 30 June 2021

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
719,792	576,872	2,654,469	2,076,055	340,930	268,951	194,026	127,528	2,551	100,905	7,062,079
-	(224,222)	(768,025)	(484,820)	(94,755)	(80,754)	(83,170)	(56,290)	-	-	(1,792,036)
719,792	352,650	1,886,444	1,591,235	246,175	188,197	110,856	71,238	2,551	100,905	5,270,043

Basis of measurement

Opening net value as at 1 July 2020

Plus capital expenses

Transfers between asset classes

Plus contributed assets

Plus assets not previously recognised

Less restoration assets adjustment

Less disposals

Less depreciation provided in the period

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to capital income

Transfer to investment property

Transfer to assets classified as held for sale

Transfers from WIP to other non PP&E assets or expense

Transfers from work in progress

Book value as at 30 June 2021

17

3(f)

9

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
700,593	335,781	1,829,053	1,552,860	231,673	182,986	96,650	64,964	2,546	129,953	5,127,059
-	-	-	-	-	-	-	-	-	193,731	193,731
-	41	(565)	(247)	(407)	1,019	54	105	-	-	-
13,251	-	20,414	29,311	-	134	799	-	5	-	63,914
147	-	140	5,952	(80)	1,024	682	-	-	-	7,865
-	-	-	-	-	(9,669)	-	-	-	-	(9,669)
(1,149)	(477)	(7,685)	(1,508)	(68)	(171)	(198)	(1,648)	-	-	(12,904)
-	(13,023)	(45,073)	(21,054)	(2,346)	(9,183)	(8,133)	(8,215)	-	-	(107,027)
(110)	-	-	-	15,969	-	-	-	-	-	15,859
-	-	1,070	-	-	-	-	-	-	-	1,070
-	(6,015)	-	-	-	-	-	-	-	-	(6,015)
(870)	-	-	-	-	-	-	-	-	-	(870)
-	-	-	-	-	-	-	-	-	(2,970)	(2,970)
7,930	36,343	89,090	25,921	1,434	22,057	21,002	16,032	-	(219,809)	-
719,792	352,650	1,886,444	1,591,235	246,175	188,197	110,856	71,238	2,551	100,905	5,270,043

Range of estimated useful life in years

unlimited	7 - 120	3 - unlimited	4 - 157	9 - unlimited	7 - 100	5 - 104	1 - 110	unlimited	-	
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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

### 11 Property, plant and equipment (continued)

#### 11(g) Movements (continued)

30 June 2020

Note

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
700,593	552,576	2,502,361	2,014,331	325,775	254,941	170,226	115,858	2,546	129,953	6,769,160
-	(216,795)	(673,308)	(461,471)	(94,102)	(71,955)	(73,576)	(50,894)	-	-	(1,642,101)
700,593	335,781	1,829,053	1,552,860	231,673	182,986	96,650	64,964	2,546	129,953	5,127,059

#### For the year ended 30 June 2020

Gross value / cost

Less accumulated depreciation

Book value as at 30 June 2020

Basis of measurement

Opening net value as at 1 July 2019

Opening net value as at 1 July 2019 not previously recognised \*

Plus capital expenses

Transfers between asset classes

Plus contributed assets

Plus assets not previously recognised

Plus restoration assets

Less disposals

Less depreciation provided in the period

Revaluation adjustment to asset revaluation surplus

Transfers from WIP to other non PP&E assets or expense

Transfers from work in progress

Book value as at 30 June 2020

17

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
635,049	318,919	1,769,981	1,504,129	233,737	159,611	82,335	60,959	2,573	99,444	4,866,737
12	-	633	419	-	-	-	-	-	-	1,064
-	-	-	-	-	-	-	-	-	204,601	204,601
(394)	(1,182)	902	85	-	364	8	217	-	-	-
11,353	276	31,113	37,274	412	1,213	3,256	23	-	-	84,920
1,139	(9)	14,249	14,188	-	3,258	1,788	118	-	-	34,731
-	-	-	-	-	4,858	-	-	-	-	4,858
(1,173)	(1,502)	(9,279)	(1,261)	-	(72)	(1,123)	(2,655)	(34)	-	(17,099)
-	(12,601)	(44,468)	(20,627)	(2,476)	(8,323)	(7,320)	(8,086)	-	-	(103,901)
48,348	16,736	-	-	-	-	-	-	-	-	65,084
-	-	-	-	-	-	-	-	-	(13,936)	(13,936)
6,259	15,144	65,922	18,653	-	22,077	17,706	14,388	7	(160,156)	-
700,593	335,781	1,829,053	1,552,860	231,673	182,986	96,650	64,964	2,546	129,953	5,127,059

Range of estimated useful life in years

unlimited	7 - 120	3 - unlimited	4 - 157	9 - unlimited	3 - 100	5 - 100	1 - 110	unlimited	-	
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\* The opening balance of property, plant and equipment for 2019/20 has been adjusted (increased) by approximately \$1 million to reflect contributed assets that related to periods prior to 1 July 2019.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 12 Trade and other payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as vested sick leave and annual leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of annual leave beyond twelve months after the reporting date, all annual leave is classified as current.

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade creditors and accruals	43,550	38,711
Employee entitlements	16,728	13,720
	<u>60,278</u>	<u>52,431</u>

#### 13 Contract liabilities

Contract liabilities arise where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Funds received upfront to construct Council Controlled assets	8,916	1,363
Non-capital performance obligations not yet satisfied	-	36
	<u>8,916</u>	<u>1,399</u>

Revenue recognised that was included in the contract liability balance at the beginning of the year

	2021 \$'000
Funds received upfront to construct Council Controlled assets	662
Non-capital performance obligations	36
	<u>698</u>



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 14 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Borrowing costs, which include interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing. Borrowing costs are treated as an expense, as assets constructed by Council are generally completed within one year and therefore are not considered to be qualifying assets.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Loans - Queensland Treasury Corporation	<u>41,448</u>	<u>38,153</u>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	<u>311,207</u>	<u>331,940</u>

The QTC loan market value at the reporting date was \$400,137,458. This represents the value of the debt if Council repaid it as at 30 June 2021.

No assets have been pledged as security by the Council for any liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 15 Provisions

##### Long service leave

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 using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website. Long service leave is treated as current where Council does not have an unconditional right to defer settlement beyond twelve months. All other long service leave is treated as non-current.

##### Restoration and rehabilitation

The provision is made for the cost of restoration in respect of refuse landfill sites and bio-solids composting sites where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate.

The provision represents the present value of the anticipated future costs associated with the closure of these sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as 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 these sites is reviewed annually and updated on the facts and circumstances available at the time.

Changes in the provision not arising from the passing of time are treated as an adjustment to the provision and associated asset. Once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in profit and loss. Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

##### Infrastructure offsets and credits

Infrastructure offsets occur when infrastructure has been contributed to Council by a developer in lieu of paying infrastructure charges. Terms and conditions surrounding the delivery of the contributed infrastructure and the realisation of the offset are set out in "Infrastructure Agreements" that the Council and the developer(s) enter into. When the value of the contributed infrastructure is greater than what the developer would have paid in infrastructure charges to Council an infrastructure credit results. The credit is recognised when the contributed asset is accepted as "on maintenance" (when Council accepts ownership of the asset) by Council. Once the credit is created the developer is entitled to be refunded that amount in cash or can use it to offset any infrastructure charges for future developments that the developer may undertake.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2021

**15 Provisions (continued)**

	2021 \$'000	2020 \$'000
<b>Current</b>		
Long service leave	15,847	15,008
Bio-solids composting site rehabilitation	103	99
Refuse restoration	728	232
	<u>16,678</u>	<u>15,339</u>
<b>Non-current</b>		
Long service leave	4,298	3,481
Bio-solids composting site rehabilitation	1,228	1,333
Refuse restoration	50,011	59,699
Infrastructure credits	1,094	821
	<u>56,631</u>	<u>65,334</u>

Movements in the provisions during the financial year are set out below:

	2021 \$'000	2021 \$'000
	<b>Long service leave</b>	<b>Infrastructure credits</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	18,489	821
Provisions arising	3,487	3,820
Provisions extinguished	(457)	(17)
Provisions paid	(1,374)	(3,530)
Balance at end of financial year	<u>20,145</u>	<u>1,094</u>
	<b>Bio-solids composting site rehabilitation</b>	<b>Refuse landfill sites restoration</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	1,432	59,931
Amount used	(28)	(88)
Increase in provision due to unwinding of discount	8	852
Increase in provision due to change in estimate	21	915
Increase in provision due to change in discount rate	(30)	(10,727)
Unused amounts reversed	(72)	(144)
Balance at end of financial year	<u>1,331</u>	<u>50,739</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

### 15 Provisions (continued)

Site	Expected site closure year	Post closure monitoring cost completion year
Bunya landfill site	2091	2105
Dakabin landfill site	2048	2062
Caboolture landfill site	2053	2067
Ningi landfill site	closed	2032
Woodford landfill site	closed	2032
Bio-solid composting site	closed	2032

### 16 Other liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Revenue received in advance	598	415
Waste levy refund received in advance	3,973	3,281
Prepaid rates	6,367	7,040
	<u>10,938</u>	<u>10,736</u>

Based on the waste levy payable in 2019/20 and 2020/21, the portion of the waste levy refund not applied to the waste levy payment is reported as a liability as at 30 June 2021.

### 17 Asset revaluation surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.

	Balance at beginning of year \$'000	Movements \$'000	Balance at end of year \$'000
<b>2021</b>			
Land	247,763	(110)	247,653
Buildings	88,971	-	88,971
Stormwater infrastructure	602,505	-	602,505
Waterways and canals	62,603	15,969	78,572
	<u>1,001,842</u>	<u>15,859</u>	<u>1,017,701</u>
	Balance at beginning of year \$'000	Movements \$'000	Balance at end of year \$'000
<b>2020</b>			
Land	199,415	48,348	247,763
Buildings	72,235	16,736	88,971
Stormwater infrastructure	602,505	-	602,505
Waterways and canals	62,603	-	62,603
	<u>936,758</u>	<u>65,084</u>	<u>1,001,842</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 18 Financial instruments

Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

##### Financial risk management

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

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. Council's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Council does not enter into derivatives.

##### Credit risk exposure

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 security relating to the financial assets held by Council.

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 18 Financial instruments (continued)

##### *Cash and cash equivalents*

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. 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. Other investments are held with highly rated/regulated banks and financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

##### *Other non-current financial assets*

Other non-current financial assets are held with Queensland Investment Corporation (QIC), which is highly rated and regulated, and whilst not capital guaranteed, the likelihood of a credit failure is considered remote.

##### *Trade and other receivables*

In the case of rate receivables, interest is charged on outstanding debts at a rate of 8.53% per annum and Council has the power to sell the property to recover any defaulted amounts and therefore generally for rates debtors the credit risk is low.

In other cases, the 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 Council's operations, there is a geographical concentration of risk in the Council's area. However, the region has a wide variety of industries, reducing the geographical risk.

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2021, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2021 \$'000	2020 \$'000
Rates and utility charges	19,118	10,013
GST recoverable	3,553	4,173
Associates	699,789	698,544
Community organisations	591	577
Other	12,941	4,402
	<u>735,992</u>	<u>717,709</u>

A summary of the Council's exposure to credit risk for trade receivables is as follows:

	2021 \$'000	2020 \$'000
Not past due	51,122	39,189
Past due 31-60 days	174	121
Past due 61-90 days	7,096	126
More than 90 days	575	1,248
<b>Total gross carrying amount</b>	<u>58,967</u>	<u>40,684</u>

The above analysis does not include the non-current receivable of \$677.025 million (2020: \$677.025 million), which represents a fixed rate of 4.51% on loans to Unitywater. The credit risk on these loans is considered low. Refer to Note 6 for further information.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 18 Financial instruments (continued)

##### Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the 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.

Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
Trade and other payables	43,550	-	-	43,550	43,550
Loans - QTC	57,504	212,007	156,569	426,080	352,655
	<b>101,054</b>	<b>212,007</b>	<b>156,569</b>	<b>469,630</b>	<b>396,205</b>
<b>2020</b>					
Trade and other payables	38,711	-	-	38,711	38,711
Loans - QTC	55,958	211,752	191,156	458,866	370,093
	<b>94,669</b>	<b>211,752</b>	<b>191,156</b>	<b>497,577</b>	<b>408,804</b>

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table.

Council does not have access to a fixed overdraft facility.

##### Market risk

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

##### Interest rate risk

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

The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 18 Financial instruments (continued)

##### *Sensitivity*

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the net result and equity, 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.

	Net carrying amount	Effect on Net Result		Effect on Equity	
	\$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
<b>2021</b>					
Cash at bank	11,194	112	(112)	112	(112)
QTC cash fund	156,075	1,561	(1,561)	1,561	(1,561)
Other investments	309,045	3,090	(3,090)	3,090	(3,090)
Net total	476,314	4,763	(4,763)	4,763	(4,763)
<b>2020</b>					
Cash at bank	18,202	182	(182)	182	(182)
QTC cash fund	120,904	1,209	(1,209)	1,209	(1,209)
Other investments	313,962	3,140	(3,140)	3,140	(3,140)
Net total	453,068	4,531	(4,531)	4,531	(4,531)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Fixed Rate Loan - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

##### **Fair value**

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is disclosed in Note 14.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 19 Commitments

##### Contractual commitments for capital expenditure

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

	2021 \$'000	2020 \$'000
Property, plant and equipment	<u>114,082</u>	<u>70,824</u>
These expenditures are due for payment:		
Not later than one year	96,388	69,135
One to five years	<u>17,694</u>	<u>1,689</u>
	<u>114,082</u>	<u>70,824</u>

##### Contractual commitments for operating expenditure

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

	2021 \$'000	2020 \$'000
Waste and maintenance services	<u>212,687</u>	<u>188,141</u>
These expenditures are due for payment:		
Not later than one year	50,823	47,366
One to five years	93,277	73,992
More than five years	<u>68,587</u>	<u>66,783</u>
	<u>212,687</u>	<u>188,141</u>

##### Leases as lessor

The following table sets out a maturity analysis of future undiscounted lease payments receivable under the Council's operating leases.

	2021 \$'000	2020 \$'000
Not later than one year	1,470	2,308
1 to 2 years	915	1,126
2 to 3 years	538	846
3 to 4 years	422	751
4 to 5 years	292	630
Later than five years	<u>2,204</u>	<u>4,187</u>
Total	<u>5,841</u>	<u>9,848</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

## 20 Contingencies

### Contingent liabilities

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

#### Legal claims

Council is subject to a number of compensation claims with regards to the compulsory acquisition of land and contract disputes. Information in respect of individual claims has not been disclosed in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* on the basis that Council considers such disclosures would seriously prejudice the outcome of the claims. In total the claims amount to approximately \$6 million (2020: approximately \$5.6 million).

#### Local Government Mutual

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 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 to any year that a deficit arises.

As at 30 June 2020 the financial statements of LGM Queensland reported a members' equity balance of \$74,664,079.

#### Local Government Workcare

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme 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 be 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 circumstances arise. Council's maximum exposure to the bank guarantee is \$4,022,368.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 21 Superannuation - Regional Defined Benefits Fund

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper 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 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.

Moreton Bay Regional 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 LGIASuper 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 2018. The actuary indicated that "At the valuation date of 1 July 2018, 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% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial review is not due until 1 July 2021.

The most significant risks that may result in LGIASuper 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.

	2021	2020
Note	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund	670	770
Other superannuation contributions for employees	<u>16,158</u>	<u>13,635</u>
Total superannuation contributions paid by Council for employees:	<b>4(a) <u>16,828</u></b>	<u>14,405</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

## 22 National competition policy

### Business activity to which the code of competitive conduct is applied

Council applies the competitive code of conduct to the following activity:

Waste Function

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The following activity statements are for activities subject to the competitive code of conduct:

	Waste Function
Revenue	<b>2021</b>
	<b>\$'000</b>
Revenue for services provided to Council	3,351
Revenue for services provided to external clients	55,893
Community service obligations	885
	60,129
Expenditure	53,436
Surplus/(deficiency)	6,693

### Community Service Obligations:

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activity's primary objective was to make a profit. Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSOs by Council.

Activities and CSO Description	<b>2021</b> <b>\$'000</b>
<b>Waste</b>	
Pensioner Discounts	689
Litter Management	166
Clean Up Australia	30

## 23 Controlled entity that has not been consolidated

Council has 100% controlling interest in Millova Pty Ltd, however because of its size and nature it is not material to Council's operations and has not been consolidated into Council's accounts.

The following table shows revenue and expenses:

	Revenue	Expenses	Surplus / (deficit)
	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Millova Pty Ltd	1,442	(1,466)	(24)

As 2020/21 was the first operational period of the Company, there are no comparative amounts.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

## 24 Related party transactions

### (a) Associate

Council has a participating interest in the Northern SEQ Distributor-Retailer Authority (trading as Unitywater) governed by a Participation Agreement.

#### Transactions with Unitywater

The details of transactions and balances with Unitywater are as follows;

	2021 \$'000	2020 \$'000
<b>Revenue</b>		
Interest on loans	30,534	32,904
Taxation equivalents	26,479	25,477
Dividends	20,495	19,130
Other revenue	2,879	237
	<u>80,387</u>	<u>77,748</u>
<b>Expenses</b>		
Material and services	8,775	7,763
	<u>8,775</u>	<u>7,763</u>
<b>Amounts receivable</b>		
Interest	7,633	8,226
Dividends	8,634	10,279
Taxation equivalents	6,497	3,014
Other	-	3
	<u>22,764</u>	<u>21,522</u>
<b>Loans</b>		
Loans	677,025	677,025
	<u>677,025</u>	<u>677,025</u>
<b>Amounts payable</b>		
Material and services	1,410	1,378
	<u>1,410</u>	<u>1,378</u>

During 2020/21 Council constructed certain water and sewerage infrastructure at the Petrie Mill site which upon completion was handed over to Unitywater. The infrastructure had a value of \$41k.

Unitywater operates under an income tax equivalent regime; with all tax paid being distributed to the participating Councils on a pro-rata basis to their participation rights. Income tax equivalent payments from Unitywater are recognised as revenue when the significant risks and rewards related to the corresponding assets have been transferred to Council.

Dividends received by Council from Unitywater are recorded as a reduction in the carrying value of the non-current asset.

Participant loans provide for a fixed interest rate with monthly interest only payments.

Further detail regarding Unitywater is contained in Note 10 Investment in associate.



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 24 Related party transactions (continued)

##### (b) Key management personnel

##### (i) Details of compensation

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of Council directly or indirectly. The Mayor, Councillors, CEO and the Executive Leadership Team are the KMP of Council for 2020/21 year.

Total compensation for key management personnel of Council is set out below:

	2021 \$'000	2020 \$'000
Short-term benefits	4,607	4,471
Post-employment benefits	470	447
Other long-term benefits	59	58
Termination benefits	-	31
	5,136	5,007

##### (ii) Transactions with other related parties - KMP's close family members and organisations in which the KMP and/or their close family members have controlling interests (individually or jointly)

Details of transactions between Council and KMP are disclosed below:

	2021 \$'000	2020 \$'000
<b>Expense</b>		
Employee expenses for close family members of KMP <sup>1</sup>	160	212
Purchase of material and services from entities controlled by close family member of KMP	-	218
<b>Revenue</b>		
Infrastructure contributions and development fees received from entities controlled by KMP	-	129
Infrastructure charges received from close family member by KMP	-	18

<sup>1</sup>All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the relevant award for the job they perform. Council employs 1960 staff of which only 2 are close family members of KMP.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2021**

**24 Related party transactions (continued)**

**(c) Outstanding balances**

There were no balances outstanding at the end of reporting period in relation to transactions with related parties.

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

**(d) Loans and guarantees to/from related parties**

Apart from its associate (Unitywater) Council does not make loans to or receive loans from related parties. No guarantees have been provided.

**(e) Commitments to/from related parties**

There were no commitments outstanding at the end of reporting period in relation to transactions with related parties.

**(f) Transaction with related parties not disclosed**

On a regular basis ordinary citizen transactions occur between Council and its related parties. Examples include rates, use of Council pools, payment of animal registration and library borrowings. Council has not included these types of transactions in its disclosure where they are made on the same terms and conditions available to the general public.

**(g) LGLAsuper**

Information about superannuation is included in Note 21.

**(h) Subsidiaries**

Council provides free rental accommodation and administration services to Millovate Pty Ltd, which is financially dependent on Council. All funding support given to Millovate Pty Ltd was agreed to by the Council for the 2020/21 financial year. Refer to Note 23 for further information.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2021

#### 25 Restated balances

##### Fair value gain/(loss) on other financial assets

During 2020/21 Council identified that it had incorrectly disclosed a decrease in fair value from its investment with Queensland Investment Corporation for the previous financial year. For 2019/20 the decrease in fair value of \$6.762 million had been disclosed in Other Comprehensive Income as "changes in the fair value of financial assets at fair value through other comprehensive income" as the financial asset had been determined to be an equity instrument.

A review undertaken during 2020/21 determined that the financial asset is not an equity instrument and any increase or decrease in fair value arising from the investment must go through profit and loss. Consequently, to correct the prior period error, Council has adjusted the 2019/20 comparative amounts in the Statement of Comprehensive Income and Statement of Changes in Equity and notes where indicated.

Details of the adjustments impacting financial statement line items is provided below:

#### 30 June 2020 Comparative year

Financial statement line item / balance affected	Note	Actual 2020 \$'000	Adjustments 2020 \$'000	Restated Actual 2020 \$'000
<b>Statement of Comprehensive Income (Extract)</b>				
Other revenue	3(e)	33,704	(6,762)	26,942
		<u>162,735</u>	<u>(6,762)</u>	<u>155,973</u>
<b>Total Income</b>		<u>714,129</u>	<u>(6,762)</u>	<u>707,367</u>
<b>NET RESULT</b>		<u>224,819</u>	<u>(6,762)</u>	<u>218,057</u>
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to net result</b>				
Changes in the fair value of financial assets at fair value through other comprehensive income		(6,762)	6,762	-
<b>Total other comprehensive income for the year</b>		<u>58,322</u>	<u>6,762</u>	<u>65,084</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>283,141</u>	<u>-</u>	<u>283,141</u>

#### **Statement of Changes in Equity (Extract)**

##### **Retained Surplus**

<b>Restated balance at 1 July 2019</b>	<u>5,820,992</u>	<u>-</u>	<u>5,820,992</u>
Net result	224,819	(6,762)	218,057
Other comprehensive income for the year			
Changes in the fair value of financial asset at fair value through other comprehensive income	(6,762)	6,762	-
<b>Total comprehensive income for the year</b>	<u>252,788</u>	<u>-</u>	<u>252,788</u>
<b>Balance at 30 June 2020</b>	<u>6,073,780</u>	<u>-</u>	<u>6,073,780</u>



## MANAGEMENT CERTIFICATE

For the year ended 30 June 2021

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 42, 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.



\_\_\_\_\_  
Mayor  
Peter Flannery

Date: 11 / 10 / 2021



\_\_\_\_\_  
Chief Executive Officer  
Greg Chemello

Date: 11 / 10 / 21

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Moreton Bay Regional Council

### Report on the audit of the financial report

#### Opinion

I have audited the financial report of Moreton Bay Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, 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 significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

#### 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* (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

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Moreton Bay Regional Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 expressed 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 financial report, 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 expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

#### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

- 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.

#### **Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Local Government Act 2009*, any other Act 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.



C G Strickland  
as delegate of the Auditor-General

14 October 2021

Queensland Audit Office  
Brisbane

## CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT

For the year ended 30 June 2021

### Measures of Financial Sustainability

Council's performance at 30 June 2021 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
<b>Operating surplus ratio</b>	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	<b>15.1%</b>	between 0% and 10%
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	<b>72.0%</b>	greater than 90%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue (excluding capital items)	<b>15.0%</b>	not greater than 60%

### Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2021.





**CERTIFICATE OF ACCURACY**  
**For the year ended 30 June 2021**

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 current-year financial sustainability statement has been accurately calculated.

  
\_\_\_\_\_  
**Mayor**  
**Peter Flannery**

Date: 11 / 10 / 2021

  
\_\_\_\_\_  
**Chief Executive Officer**  
**Greg Chemello**

Date: 11 / 10 / 21

## INDEPENDENT AUDITOR'S REPORT

To the councillors of Moreton Bay Regional Council

### Report on the current-year financial sustainability statement

#### Opinion

I have audited the accompanying current-year financial sustainability statement of Moreton Bay Regional Council for the year ended 30 June 2021, 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 Moreton Bay Regional Council for the year ended 30 June 2021 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* (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 2013 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

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Moreton Bay Regional Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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 expressed a separate opinion on the general purpose financial report.

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 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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.



C G Strickland  
as delegate of the Auditor-General

14 October 2021

Queensland Audit Office  
Brisbane



## LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT

Prepared as at 30 June 2021

### Measures of Financial Sustainability

			Actual	Projected for the years ended								
	Measure	Target	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030
<b>Operating surplus ratio</b>	Net result divided by total operating revenue	between 0% and 10%	15.1%	9.9%	10.9%	11.9%	13.1%	13.2%	16.1%	16.4%	17.7%	18.4%
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	72.0%	108.6%	119.1%	88.2%	87.0%	88.1%	89.4%	92.2%	91.5%	92.1%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue	not greater than 60%	15.0%	42.7%	54.2%	44.7%	53.0%	58.9%	60.1%	59.9%	57.3%	52.9%

### 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.

Every financial year the Council must prepare a long term financial forecast in accordance with section 171 of the *Local Government Regulation 2012*. This high level planning document sets the financial sustainability framework in which the Council should operate within the next ten financial years. One of the key outcomes from this planning process is to ensure that the three relevant measures of financial sustainability that are disclosed (above) are within the target ranges as set by the Department of Infrastructure, Local Government and Planning in accordance with the Financial Management (Sustainability) Guideline 2013.

The financial sustainability framework of the long term financial forecast forms the basis for the preparation of the Councils annual budget. The targets set during the long term financial forecast process must be adhered to during the budget process to ensure consistency between the long term forecast planning horizon and the short term annual commitments of the budget. This will place the Council on the path for ensuring future viability and financial sustainability for the region.



## **CERTIFICATE OF ACCURACY**

**For the long-term financial sustainability statement prepared as at 30 June 2021**

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**  
**Peter Flannery**

Date: 11 / 10 / 2021



\_\_\_\_\_  
**Chief Executive Officer**  
**Greg Chemello**

Date: 11 / 10 / 2021