

MORETON BAY CITY COUNCIL
(Formerly known as Moreton Bay Regional Council)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 June 2023

MORETON BAY CITY COUNCIL

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MORETON BAY CITY COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Note	Consolidated		Council	
		2023 \$'000	Restated 2022 \$'000	2023 \$'000	Restated 2022 \$'000
Income					
Revenue					
Recurring Revenue					
Rates and utility charges	3(a)	374,734	349,894	374,734	349,894
Fees and charges	3(b)	40,359	45,075	40,359	45,075
Grants, subsidies and contributions	3(c)(i)	31,052	30,121	31,052	30,121
Sales revenue		5,189	5,251	5,189	5,251
		<u>451,334</u>	<u>430,341</u>	<u>451,334</u>	<u>430,341</u>
Capital Revenue					
Grants, subsidies and contributions	3(c)(ii)	144,720	148,718 *	144,720	148,718 *
Other Income					
Rental income		4,499	4,513	4,499	4,513
Interest revenue	3(d)	38,354	31,146	38,256	31,140
Other revenue	3(e)	35,919	26,895	35,919	26,895
Share of profit of associate	10	80,096	89,181	80,096	89,181
		<u>158,868</u>	<u>151,735</u>	<u>158,770</u>	<u>151,729</u>
Capital Income	3(f)	22,930	3,906	22,930	3,906
Total Income		<u>777,852</u>	<u>734,700</u>	<u>777,754</u>	<u>734,694</u>
Expenses					
Recurring Expenses					
Employee benefits	4(a)	(198,006)	(185,455)	(196,598)	(184,070)
Materials and services	4(b)	(218,193)	(201,379)	(219,808)	(204,527)
Depreciation and amortisation					
Property, plant and equipment	11	(134,828)	(114,399) *	(134,828)	(114,399) *
Right of use assets		(330)	(233)	(330)	(233)
Finance costs	4(c)	(16,699)	(18,656)	(16,699)	(18,656)
		<u>(568,056)</u>	<u>(520,122) *</u>	<u>(568,263)</u>	<u>(521,885) *</u>
Capital Expenses	4(d)	(14,658)	(19,449)	(14,658)	(19,449)
Total Expenses		<u>(582,714)</u>	<u>(539,571) *</u>	<u>(582,921)</u>	<u>(541,334) *</u>
NET RESULT		<u>195,138</u>	<u>195,129</u>	<u>194,833</u>	<u>193,360</u>
Other Comprehensive Income					
Items that will not be reclassified to net result					
Increase in asset revaluation surplus	17	634,111	661,521	634,111	661,521
Total other comprehensive income for the year		<u>634,111</u>	<u>661,521</u>	<u>634,111</u>	<u>661,521</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>829,249</u>	<u>856,650</u> *	<u>828,944</u>	<u>854,881</u> *

The accompanying notes form part of these financial statements.

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

MORETON BAY CITY COUNCIL
STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	Consolidated		Council	
		2023 \$'000	Restated 2022 \$'000	2023 \$'000	Restated 2022 \$'000
Assets					
Current Assets					
Cash and cash equivalents	5	107,089	194,474	104,975	192,374
Trade and other receivables	6	77,593	75,847	77,565	75,626
Investments	8	155,055	150,000	155,055	150,000
Inventories		2,427	2,178	2,427	2,178
Total Current Assets		342,164	422,499	340,022	420,178
Non-Current Assets					
Trade and other receivables	6	677,473	677,413	677,473	677,413
Other financial assets	7	124,175	114,016	124,175	114,016
Investments	8	15	15	15	15
Investment property	9	22,750	23,310	22,750	23,310
Investment in associate	10	1,420,914	1,378,918	1,420,914	1,378,918
Property, plant and equipment	11	6,949,522	6,118,287 *	6,949,522	6,118,287 *
Right of use assets		1,577	1,558	1,577	1,558
Total Non-Current Assets		9,196,426	8,313,517 *	9,196,426	8,313,517 *
Total Assets		9,538,590	8,736,016 *	9,536,448	8,733,695 *
Liabilities					
Current Liabilities					
Trade and other payables	12	81,123	73,202	81,034	72,632
Contract liabilities	13	9,440	13,784	9,440	13,784
Lease liabilities		359	336	359	336
Borrowings	14	40,541	42,387	40,541	42,387
Provisions	15	14,797	15,886	14,797	15,886
Other liabilities	16	31,557	30,315	31,557	30,315
Total Current Liabilities		177,817	175,910	177,728	175,340
Non-Current Liabilities					
Lease liabilities		1,353	1,360	1,353	1,360
Borrowings	14	229,431	269,444	229,431	269,444
Provisions	15	53,396	41,310	53,393	41,304
Other liabilities	16	44,953	48,239	44,953	48,239
Total Non-Current Liabilities		329,133	360,353	329,130	360,347
Total Liabilities		506,950	536,263	506,858	535,687
NET COMMUNITY ASSETS		9,031,640	8,199,753 *	9,029,590	8,198,008 *
Community Equity					
Retained surplus		6,718,307	6,520,531 *	6,716,257	6,518,786 *
Asset revaluation surplus	17	2,313,333	1,679,222	2,313,333	1,679,222
TOTAL COMMUNITY EQUITY		9,031,640	8,199,753 *	9,029,590	8,198,008 *

The accompanying notes form part of these financial statements.

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

MORETON BAY CITY COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

Consolidated	Retained Surplus	Asset Revaluation Surplus	Total Community Equity
Note	17		
	\$'000	\$'000	\$'000
Balance as at 1 July 2022 (Restated)	6,520,531	1,679,222	8,199,753
Net result	195,138	-	195,138
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	634,111	634,111
Adjustment to equity on the recognition of assets	2,638	-	2,638
Total comprehensive income for the year	197,776	634,111	831,887
Balance at 30 June 2023	6,718,307	2,313,333	9,031,640
Balance as at 1 July 2021 (Restated)	6,317,310	1,017,701	7,335,011 *
Net result	195,129	-	195,129
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	661,521	661,521
Adjustment to equity on the recognition of assets	8,092	-	8,092
Total comprehensive income for the year	203,221	661,521	864,742 *
Balance at 30 June 2022 (Restated)	6,520,531	1,679,222	8,199,753 *

The accompanying notes form part of these financial statements.

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

MORETON BAY CITY COUNCIL
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

Council	Retained Surplus	Asset Revaluation Surplus	Total Community Equity
Note	\$'000	\$'000	\$'000
Balance as at 1 July 2022 (Restated)	6,518,786	1,679,222	8,198,008
Net result	194,833	-	194,833
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	634,111	634,111
Adjustment to equity on the recognition of assets	2,638	-	2,638
Total comprehensive income for the year	197,471	634,111	831,582
Balance at 30 June 2023	6,716,257	2,313,333	9,029,590
Balance as at 1 July 2021 (Restated)	6,317,334	1,017,701	7,335,035 *
Net result	193,360	-	193,360
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	661,521	661,521
Adjustment to equity on the recognition of assets	8,092	-	8,092
Total comprehensive income for the year	201,452	661,521	862,973 *
Balance at 30 June 2022 (Restated)	6,518,786	1,679,222	8,198,008 *

The accompanying notes form part of these financial statements.

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

MORETON BAY CITY COUNCIL
STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	Consolidated		Council	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash flows from operating activities					
Receipts from customers		600,263	630,465	600,070	630,472
Payments to suppliers and employees		(457,751)	(421,039)	(457,475)	(423,140)
Interest received		38,506	31,839	38,409	31,833
Tax equivalent received		26,336	29,632	26,336	29,632
Borrowing costs		(14,327)	(16,696)	(14,327)	(16,696)
Net cash inflow from operating activities	CF-1	193,027	254,201	193,013	252,101
Cash flows from investing activities					
Payments for property, plant and equipment		(263,426)	(245,777)	(263,426)	(245,777)
Proceeds from sale of property, plant and equipment		2,644	1,762	2,644	1,762
Net movement in loans to community organisations		(89)	101	(89)	101
Cash investment term deposit entered into		(160,110)	(150,000)	(160,110)	(150,000)
Cash investment term deposit matured		155,055	30,000	155,055	30,000
Dividends received from associate		27,706	20,243	27,706	20,243
Net cash outflow from investing activities		(238,220)	(343,671)	(238,220)	(343,671)
Cash flows from financing activities					
Repayment of borrowings		(41,859)	(40,824)	(41,859)	(40,824)
Repayments made on leases	CF-2	(333)	(146)	(333)	(146)
Net cash outflow from financing activities		(42,192)	(40,970)	(42,192)	(40,970)
Net (decrease) in cash and cash equivalent held		(87,385)	(130,440)	(87,399)	(132,540)
Cash and cash equivalents at the beginning of the financial year		194,474	324,914	192,374	324,914
Cash and cash equivalents at the end of the financial year	5	107,089	194,474	104,975	192,374

The accompanying notes form part of these financial statements.

MORETON BAY CITY COUNCIL
STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

Notes to the statement of cash flows

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

	Consolidated		Council	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net result	<u>195,138</u>	195,129 *	<u>194,833</u>	193,360 *
Non-cash items:				
Depreciation and amortisation	135,158	114,632 *	135,158	114,632 *
Revaluation adjustments	(22,087)	(2,880)	(22,087)	(2,880)
Change in future rehabilitation and restoration costs	1,159	3	1,159	3
Change in infrastructure offsets and credits	214	5,328	214	5,328
Contributed assets	(50,432)	(60,158) *	(50,432)	(60,158) *
Share of profit of associate	(80,096)	(89,181)	(80,096)	(89,181)
	<u>(16,084)</u>	<u>(32,256)</u>	<u>(16,084)</u>	<u>(32,256)</u>
Investing and development activities:				
Net loss on disposal of non-current assets	13,766	14,121	13,766	14,121
Increase in distribution from investments	(1,392)	(2,723)	(1,392)	(2,723)
(Increase)/decrease in financial assets at fair value through profit and loss	(8,823)	10,058	(8,823)	10,058
	<u>3,551</u>	<u>21,456</u>	<u>3,551</u>	<u>21,456</u>
Changes in operating assets and liabilities:				
Decrease/(Increase) in receivables	16,040	(8,238)	15,848	(8,230)
(Increase) in other operating assets	(626)	(436)	(626)	(436)
Decrease in contract assets	-	25	-	25
Increase in payables	991	12,690	1,471	12,357
(Decrease)/Increase in contract liabilities	(4,344)	4,868	(4,344)	4,868
Increase/(Decrease) in provisions	406	(6,654)	409	(6,660)
(Decrease)/Increase in other liabilities	(2,045)	67,617	(2,045)	67,617
	<u>10,422</u>	<u>69,872</u>	<u>10,713</u>	<u>69,541</u>
Net cash inflow from operating activities	<u>193,027</u>	<u>254,201</u>	<u>193,013</u>	<u>252,101</u>

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

MORETON BAY CITY COUNCIL

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

Notes to the statement of cash flows (continued)

CF-2 Reconciliation of liabilities arising from financing activities

Consolidated

	Opening balance as at 1 July \$'000	Cashflows \$'000	Non-cash changes \$'000	Closing Balance as at 30 June \$'000
2023				
Loans	311,831	(41,859)	-	269,972
Lease liability	1,696	(333)	349	1,712
	<u>313,527</u>	<u>(42,192)</u>	<u>349</u>	<u>271,684</u>
2022				
Loans	352,655	(40,824)	-	311,831
Lease liability	375	(146)	1,467	1,696
	<u>353,030</u>	<u>(40,970)</u>	<u>1,467</u>	<u>313,527</u>

Council

	Opening balance as at 1 July \$'000	Cashflows \$'000	Non-cash changes \$'000	Closing Balance as at 30 June \$'000
2023				
Loans	311,831	(41,859)	-	269,972
Lease liability	1,696	(333)	349	1,712
	<u>313,527</u>	<u>(42,192)</u>	<u>349</u>	<u>271,684</u>
2022				
Loans	352,655	(40,824)	-	311,831
Lease liability	375	(146)	1,467	1,696
	<u>353,030</u>	<u>(40,970)</u>	<u>1,467</u>	<u>313,527</u>

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1 Information about these financial statements

1(a) Basis of preparation

Moreton Bay City Council is constituted under the Queensland *Local Government Act 2009* and is domiciled in Australia.

During 2022/23 Council submitted a formal request to the State Government for a change in legal name from "Moreton Bay Regional Council" to "Moreton Bay City Council". The State Government affirmed this change which was legislatively amended on 28 July 2023.

These general purpose financial statements are for the period 1 July 2022 to 30 June 2023. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) 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, investment property and the financial investment held with Queensland Investment Corporation (QIC).

1(b) Basis of consolidation

Council and its controlled entity (Millovate Pty Ltd) together form the consolidated entity. The financial statements of Millovate Pty Ltd are included in Council's consolidated financial statements.

Council has a 100% controlling interest in Millovate Pty Ltd. Council controlled Millovate Pty Ltd for the entirety of 2022/23.

Transactions between Council and Millovate Pty Ltd have been eliminated when preparing consolidated accounts. In addition, accounting policies of this controlled entity have been adjusted on consolidation where necessary, to ensure the financial statements of the consolidated entity are prepared using accounting policies that are consistent with those of the Council. Additional information on the controlled entity has been 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 2022. 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 2022/23.

1(d) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a material impact for council then further information has been provided in this note.

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1 Information about these financial statements (continued)

1(e) Estimates and judgements

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

Revenue recognition (Note 3)

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)

1(f) 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(g) 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.

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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:

Projects & Asset Services

Projects and Asset Services is responsible for the maintenance of Council infrastructure and public facilities, project management and construction of new infrastructure, coordination of disaster management response activities, the provision of sustainable waste management services and developing, implementing and reviewing long term asset management planning.

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 and building and facilities.

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.

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, external relations, 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 people, culture and safety, financial management, information and communication technology, procurement, community engagement and other related support functions.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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 2023	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Project & Asset Services	6,061	88,162	13,338	1,235	(21,074)	87,722	(230,181)	(125)	15,161	(215,145)	(127,423)	-
Infrastructure Planning	42	11,648	27	50	(2,310)	9,457	(25,788)	-	712	(25,076)	(15,619)	6,977,440
Community & Environmental Services	3,063	14,469	5,853	16	(155)	23,246	(70,805)	-	3,136	(67,669)	(44,423)	707
Office of the Chief Executive Officer	-	35	-	-	(35)	-	(22,086)	-	80	(22,006)	(22,006)	85
Planning	547	18,035	27,700	-	(45)	46,237	(23,652)	-	4,129	(19,523)	26,714	13
Finance & Corporate Services	20,171	463,872	259	119,172	7,618	611,092	(211,752)	(14,533)	(7,217)	(233,502)	377,590	2,558,203
Total Council	29,884	596,221	47,177	120,473	(16,001)	777,754	(584,264)	(14,658)	16,001	(582,921)	194,833	9,536,448
Controlled entities net of elimination	-	98	-	-	-	98	207	-	-	207	305	2,142
Total Consolidated	29,884	596,319	47,177	120,473	(16,001)	777,852	(584,057)	(14,658)	16,001	(582,714)	195,138	9,538,590

Year ended 30 June 2022	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Projects & Asset Services	1,986	78,663	17,850	4,424	(16,362)	86,561	(213,815)	1,350	15,285	(197,180)	(110,619)	-
Infrastructure Planning	5	10,636	-	-	(2,441)	8,200	(20,469)	321	39	(20,109)	(11,909)	6,146,637 *
Community & Environmental Services	3,558	12,672	80	-	(98)	16,212	(65,566)	-	590	(64,976)	(48,764)	707
Office of the Chief Executive Officer	-	38	-	-	(29)	9	(16,473)	-	32	(16,441)	(16,432)	92
Planning	55	24,692	13,466	3	(173)	38,043	(22,094)	-	2,847	(19,247)	18,796	10
Finance & Corporate Services	23,698	441,301	-	116,801 *	3,869	585,669	(198,701) *	(21,120)	(3,560)	(223,381) *	362,288 *	2,586,249
Total Council	29,302	568,002	31,396	121,228 *	(15,234)	734,694	(537,118) *	(19,449)	15,233	(541,334) *	193,360 *	8,733,695 *
Controlled entities net of elimination	-	6	-	-	-	6	1,763	-	-	1,763	1,769	2,321
Total Consolidated	29,302	568,008	31,396	121,228 *	(15,234)	734,700	(535,355) *	(19,449)	15,233	(539,571) *	195,129 *	8,736,016 *

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

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

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

3 Revenue

3(a) Rates and utility charges

Rates and utility 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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
General rates	306,409	288,735	306,409	288,735
Cleansing charges	51,959	47,007	51,959	47,007
Other special levies, rates and charges	22,220	20,014	22,220	20,014
	380,588	355,756	380,588	355,756
Less: Pensioner and other rebates	(5,854)	(5,862)	(5,854)	(5,862)
	374,734	349,894	374,734	349,894

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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Administration	5,173	5,346	5,173	5,346
Community facilities	5,053	4,255	5,053	4,255
Development services	17,702	24,268	17,702	24,268
Waste management	7,357	6,957	7,357	6,957
Animal control	5,015	4,232	5,015	4,232
Other fees	59	17	59	17
	40,359	45,075	40,359	45,075

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

3 Revenue (continued)

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 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.

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, a related liability (or equity items) recorded and income then recognised for any remaining asset value at the time that the asset is received. Council did not recognise any asset during the 2022/23 financial year that met the conditions of grant income under AASB 1058. Council also receives funding from certain grant programs where income is recognised when received as there are no identifiable performance obligations under the related agreements.

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 non-current asset 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.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

3 Revenue (continued)

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

	Consolidated		Council	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(i) Operating				
Government grants and subsidies	29,883	28,829	29,883	28,829
Other grants, subsidies, contributions	1,169	1,292	1,169	1,292
	<u>31,052</u>	<u>30,121</u>	<u>31,052</u>	<u>30,121</u>
(ii) Capital				
Government grants and subsidies	47,177	31,397	47,177	31,397
Infrastructure cash contributions	47,045	53,763	47,045	53,763
Contributed assets	50,432	60,158 *	50,432	60,158 *
Other capital income	66	3,400	66	3,400
	<u>144,720</u>	<u>148,718</u>	<u>144,720</u>	<u>148,718</u>

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

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

Consolidated		2023		2022	
	Note	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000
Grants and subsidies	3(c)	29,884	47,177	29,280	31,419
Contributions	3(c)	1,234	-	4,219	-
		<u>31,118</u>	<u>47,177</u>	<u>33,499</u>	<u>31,419</u>

Council		2023		2022	
	Note	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000	Revenue recognised at a point in time \$'000	Revenue recognised over time \$'000
Grants and subsidies	3(c)	29,884	47,177	29,280	31,419
Contributions	3(c)	1,234	-	4,219	-
		<u>31,118</u>	<u>47,177</u>	<u>33,499</u>	<u>31,419</u>

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

3 Revenue (continued)

3(d) Interest revenue

Interest received is accrued over the term of the investment.

	Note	Consolidated		Council	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest from financial institutions		10,197	1,744	10,099	1,738
Interest from Unitywater		27,149	27,758	27,149	27,758
Interest from overdue rates and utility charges		1,008	1,644	1,008	1,644
		<u>38,354</u>	<u>31,146</u>	<u>38,256</u>	<u>31,140</u>

3(e) Other revenue

Fair value gain/(loss) on other financial assets		8,823	(10,058)	8,823	(10,058)
Tax equivalent	24	16,330	26,214	16,330	26,214
Other income		10,766	10,739	10,766	10,739
		<u>35,919</u>	<u>26,895</u>	<u>35,919</u>	<u>26,895</u>

3(f) Capital income

Revaluation up of investment property	9	-	2,880	-	2,880
Revaluation up of property, plant and equipment	11(g)	22,647	-	22,647	-
Adjustment to landfill and Bio-solids composting sites		283	1,026	283	1,026
		<u>22,930</u>	<u>3,906</u>	<u>22,930</u>	<u>3,906</u>

4 Expenses

4(a) Employee benefits

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

	Note	Consolidated		Council	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Staff wages and salaries		184,820	172,177	183,565	170,938
Superannuation	21	20,693	19,078	20,570	18,960
		<u>205,513</u>	<u>191,255</u>	<u>204,135</u>	<u>189,898</u>
Other employee related expenses		5,143	6,055	5,113	6,027
		<u>210,656</u>	<u>197,310</u>	<u>209,248</u>	<u>195,925</u>
Less: Capitalised employee expenses		(12,650)	(11,855)	(12,650)	(11,855)
		<u>198,006</u>	<u>185,455</u>	<u>196,598</u>	<u>184,070</u>

Total full time equivalent employees at 30 June 2023 were 1,939 (2022: 1,894).

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

4 Expenses (continued)

4(b) Materials and services

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Contractors	121,700	111,430	121,532	111,370
Total waste levy payment	19,210	18,168	19,210	18,168
Waste levy refund*	(17,091)	(15,917)	(17,091)	(15,917)
Utilities	19,408	19,678	19,408	19,678
Other materials and services	11,870	5,645	11,566	5,265
Materials	11,806	11,023	11,806	11,023
Information technology hardware/software	9,278	8,212	9,278	8,212
Labour hire services	5,931	5,677	5,931	5,536
Fuel	5,070	4,261	5,070	4,261
Insurance premiums	4,486	3,795	4,486	3,795
Donations and grants	3,644	2,939	3,644	2,939
Commissions and contributions	3,608	4,249	3,608	4,249
Legal costs	3,360	2,206	3,360	2,206
Payment to controlled entity	-	-	3,300	5,904
Consultants	3,845	4,872	2,671	2,697
Printing, postage and stationery	2,554	2,380	2,554	2,380
Cleaning	2,396	2,605	2,396	2,605
Security	2,347	3,466	2,347	3,466
Councillors' remuneration	2,253	2,172	2,253	2,172
Expensed capital material and services	2,211	4,258	2,211	4,258
Audit of annual financial statements by the Auditor-General of Queensland**	307	260	268	260
	<u>218,193</u>	<u>201,379</u>	<u>219,808</u>	<u>204,527</u>

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

* The State government rebated \$17,625,982 (2022: \$14,699,665) of the state waste levy to mitigate the direct impacts on households.

** Total consolidated audit fees quoted by the Queensland Audit Office relating to the 2022/23 financial statements are \$268,350 (2022: \$253,500)

4(c) Finance costs

	Note	Consolidated		Council	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Finance cost on loans		14,303	16,680	14,303	16,680
Other		2,396	1,976	2,396	1,976
		<u>16,699</u>	<u>18,656</u>	<u>16,699</u>	<u>18,656</u>

4(d) Capital expenses

Book value of property, plant and equipment disposed of		16,410	15,883	16,410	15,883
Less: Proceeds from the sale of property, plant and equipment		(2,644)	(1,762)	(2,644)	(1,762)
Adjustment to landfill and Bio-solids sites		118	-	118	-
Revaluation down of investment property	9	560	-	560	-
Infrastructure credits recognised	15	214	5,328	214	5,328
		<u>14,658</u>	<u>19,449</u>	<u>14,658</u>	<u>19,449</u>

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

5 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash on hand, all cash and cheques received 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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	33,551	17,730	31,437	15,630
Deposits at call	73,538	176,744	73,538	176,744
	<u>107,089</u>	<u>194,474</u>	<u>104,975</u>	<u>192,374</u>

Restricted cash and cash equivalents

Council's 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:

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Unspent government grants and subsidies	9,440	13,784	9,440	13,784
Waste levy refund received in advance	65,127	65,865	65,127	65,865
	<u>74,567</u>	<u>79,649</u>	<u>74,567</u>	<u>79,649</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 \$14.622 million in trust monies at 30 June 2023 (2022: \$12.809 million).

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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. Refer to Note 18 for further information on exposure to credit risk for trade receivables.

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 and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Rates and utility charges	18,496	31,517	18,496	31,517
Loans to community organisations	131	102	131	102
Accrued receivable from Unitywater	29,103	21,940	29,103	21,940
Other debtors	18,778	10,564	18,778	10,564
GST recoverable	5,137	6,153	5,109	5,932
Prepayments	5,948	5,571	5,948	5,571
	<u>77,593</u>	<u>75,847</u>	<u>77,565</u>	<u>75,626</u>
Non-current				
Loans to community organisations	448	388	448	388
Subordinated debt receivable from Unitywater	677,025	677,025	677,025	677,025
	<u>677,473</u>	<u>677,413</u>	<u>677,473</u>	<u>677,413</u>

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit and loss	<u>124,175</u>	114,016	<u>124,175</u>	114,016
	<u>124,175</u>	<u>114,016</u>	<u>124,175</u>	<u>114,016</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 be reliably measured.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Term deposits	<u>155,055</u>	150,000	<u>155,055</u>	150,000
	<u>155,055</u>	<u>150,000</u>	<u>155,055</u>	<u>150,000</u>
Non-current				
Shares in Redcliffe Peninsula Financial Services Ltd	<u>15</u>	15	<u>15</u>	15
	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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	Consolidated		Council	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Owned investment property					
Fair value at beginning of financial year		23,310	20,430	23,310	20,430
Net (loss)/gain from fair value adjustments	3(f),4(d)	(560)	2,880	(560)	2,880
Fair value at end of financial year		<u>22,750</u>	<u>23,310</u>	<u>22,750</u>	<u>23,310</u>

Investment property fair values were determined by independent valuer Australis Asset Advisory Group as at 30 June 2023.

For investment property classified as level 2 amounting to \$22.750 million (2022: \$23.310 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. As at 30 June 2023, Council did not hold any building assets that were classified as level 3.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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 City Council, Sunshine Coast Regional Council and Noosa Shire Council. The participation rights effectively represent an investment in an associate by Moreton Bay City Council.

Associates are entities over which Moreton Bay City 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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Total assets	4,474,102	4,321,415	4,474,102	4,321,415
Total liabilities	(2,058,861)	(1,965,185)	(2,058,861)	(1,965,185)
Net assets	2,415,241	2,356,230	2,415,241	2,356,230
Share of net assets of associate	1,406,593	1,372,226	1,406,593	1,372,226
Total revenue	759,809	758,325	759,809	758,325
Total profit for the year	137,533	153,132	137,533	153,132
Share of profit of associate	80,096	89,181	80,096	89,181
Council investment in the associate comprises:				
Participation rights	1,420,914	1,378,918	1,420,914	1,378,918
Details of movements in participation rights:				
Opening Balance	1,378,918	1,313,267	1,378,918	1,313,267
Share of profit of associate	80,096	89,181	80,096	89,181
Less share of dividends received and accrued	(38,100)	(23,530)	(38,100)	(23,530)
Closing balance at end of year	1,420,914	1,378,918	1,420,914	1,378,918

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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 a desktop valuation using a suitable index was applied to the transport, stormwater and waterways and canals asset classes as indicated in Note 11(f).

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).

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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 2023 as either level 2 or level 3 in accordance with AASB 13.

	Level 2		Level 3		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Buildings	2,587	2,686	463,458	406,673	466,045	409,359
Land	219,037	219,651	713,495	686,617 *	932,532	906,268 *
Stormwater Infrastructure	-	-	2,336,974	2,072,099 *	2,336,974	2,072,099 *
Transport Infrastructure	-	-	2,302,403	1,909,487 *	2,302,403	1,909,487 *
Waterways and Canals	-	-	281,929	245,542	281,929	245,542
	221,624	222,337	6,098,259	5,320,418 *	6,319,883	5,542,755 *

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

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. Details of the valuation movement are shown in Note 11(g), where the below table reflects the additional detail of hierarchy movement.

	Level 3	
	Land \$'000	Buildings \$'000
Opening balance as at 1 July 2022	686,617	406,673
Additions	27,997	25,704
Disposals	(76)	(3,358)
Depreciation	-	(23,101)
Internal transfer	(620)	(1,060)
Asset revaluation surplus	-	59,290
Transfer between levels	(423)	(690)
Closing Balance as at 30 June 2023	713,495	463,458

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.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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 2023. This analysis identified that the movement in stormwater, transport and waterways and canals was significant, however no other indices were material, therefore no indexation has been applied to any other asset class.

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 2021 and indexed with the Australian Bureau of Statistics road and bridge construction Queensland index as at 31 December 2022.

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. Fair value has 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. The fair value of bridge infrastructure was determined by independent valuer Australis Asset Advisory Group as at 31 March 2021. Subsequent indexation was applied to transport infrastructure using the Australian Bureau of Statistics road and bridge construction Queensland index as at 31 December 2022.

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. Fair value has 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 Council's Drainage, Waterways and Coastal Planning Department as at 31 December 2020. Subsequent indexation was applied to waterways and canals using an average of the Australian Bureau of Statistics road and bridge construction Queensland index and the Australian Bureau of Statistics other heavy and civil engineering construction Australia index as at 31 December 2022.

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. Fair value has been determined by utilising unit rates provided by a suitably qualified valuation specialist and compared to Council's actual construction costs.

Buildings (Level 2 and 3)

The fair values of buildings (including pools) were determined by independent valuer AssetVal Pty Ltd as at 31 January 2023.

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 from information provided by Queensland Valuation and Sales (QVAS) of the Department of Resources. The revaluation was applied as at 31 January 2022.

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.

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

11 Property, plant and equipment (continued)

11(g) Movements

Council

30 June 2023

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
For the year ended 30 June 2023											
Gross value / cost	932,532	762,665	3,281,785	3,137,880	397,297	268,010	223,951	162,028	2,689	219,239	9,388,076
Less accumulated depreciation	-	(296,620)	(979,382)	(800,906)	(115,368)	(80,040)	(96,543)	(69,695)	-	-	(2,438,554)
Book value as at 30 June 2023	932,532	466,045	2,302,403	2,336,974	281,929	187,970	127,408	92,333	2,689	219,239	6,949,522

For the year ended 30 June 2023

Gross value / cost

Less accumulated depreciation

Book value as at 30 June 2023

Basis of measurement

Opening net value as at 1 July 2022 (Restated)

Plus capital expenses

Transfers between asset classes

Plus contributed assets

Plus assets not previously recognised

Add restoration assets adjustment

Less disposals

Less depreciation provided in the period

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to capital income

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

Transfers from work in progress

Book value as at 30 June 2023

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3(f)

	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
Opening net value as at 1 July 2022 (Restated)	906,268	409,359	1,909,487	2,072,099	245,542	171,810	111,900	85,872	2,635	203,315	6,118,287
Plus capital expenses	-	-	-	-	-	-	-	-	-	265,637	265,637
Transfers between asset classes	(729)	(1,060)	(336)	630	-	645	135	715	-	-	-
Plus contributed assets	4,330	148	18,118	25,655	-	209	1,925	-	47	-	50,432
Plus assets not previously recognised	-	-	370	1,093	-	1,042	(34)	167	-	-	2,638
Add restoration assets adjustment	-	-	-	-	-	9,219	-	-	-	-	9,219
Less disposals	(1,005)	(3,358)	(6,601)	(1,243)	-	(91)	(652)	(3,460)	-	-	(16,410)
Less depreciation provided in the period	-	(23,285)	(50,476)	(29,812)	(2,362)	(8,656)	(10,073)	(10,164)	-	-	(134,828)
Revaluation adjustment to asset revaluation surplus	-	58,685	277,712	259,102	38,612	-	-	-	-	-	634,111
Revaluation adjustment to capital income	-	-	22,647	-	-	-	-	-	-	-	22,647
Transfers from WIP to other non PP&E assets or expense	-	-	-	-	-	-	-	-	-	(2,211)	(2,211)
Transfers from work in progress	23,668	25,556	131,482	9,450	137	13,792	24,207	19,203	7	(247,502)	-
Book value as at 30 June 2023	932,532	466,045	2,302,403	2,336,974	281,929	187,970	127,408	92,333	2,689	219,239	6,949,522

Range of estimated useful life in years

unlimited	2 - 145	3 - unlimited	4 - 157	9 - unlimited	7 - 100	5 - 104	1 - 110	unlimited	-	
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MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

11 Property, plant and equipment (continued)

11(g) Movements (continued)

Council

30 June 2022 (Restated)

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
For the year ended 30 June 2022											
Gross value / cost	906,268	683,550	2,714,613	2,754,852	342,941	242,919	200,762	151,345	2,635	203,315	8,203,200
Less accumulated depreciation	-	(274,191)	(805,126)	(682,753)	(97,399)	(71,109)	(88,862)	(65,473)	-	-	(2,084,913)
Book value as at 30 June 2022	906,268	409,359	1,909,487	2,072,099	245,542	171,810	111,900	85,872	2,635	203,315	6,118,287

For the year ended 30 June 2022

Gross value / cost

Less accumulated depreciation

Book value as at 30 June 2022

	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
Basis of measurement											
Opening net value as at 1 July 2021	721,683	352,650	1,890,297	1,593,842	246,175	188,212	110,870	71,238	2,551	100,905	5,278,423
Opening net value as at 1 July 2021 not previously recognised *	1	-	3,942	5,359	-	-	86	-	-	-	9,388
Plus capital expenses	-	-	-	-	-	-	-	-	-	250,035	250,035
Transfers between asset classes	-	(1,776)	(1,389)	2,782	146	(263)	(5,237)	5,737	-	-	-
Plus contributed assets	4,444	-	15,941	23,516	-	2,516	1,084	247	54	-	47,802
Plus contributed assets not previously recognised *	451	-	4,433	7,406	-	66	-	-	-	-	12,356
Plus assets not previously recognised	-	(9)	844	6,655	-	653	(8)	(43)	-	-	8,092
Less restoration assets adjustment	-	-	-	-	-	(14,790)	-	-	-	-	(14,790)
Less disposals	(1,732)	(322)	(9,428)	(2,115)	-	(395)	(418)	(1,473)	-	-	(15,883)
Less depreciation provided in the period	-	(13,957)	(46,273)	(24,786)	(2,384)	(8,554)	(9,219)	(9,039)	-	-	(114,212)
Less depreciation provided in period not previously recognised *	-	-	(77)	(103)	-	(1)	(6)	-	-	-	(187)
Revaluation adjustment to asset revaluation surplus	156,835	50,726	-	453,960	-	-	-	-	-	-	661,521
Transfers from WIP to other non PP&E assets or expense	-	-	-	-	-	-	-	-	-	(4,258)	(4,258)
Transfers from work in progress	24,586	22,047	51,197	5,583	1,605	4,366	14,748	19,205	30	(143,367)	-
Book value as at 30 June 2022	906,268	409,359	1,909,487	2,072,099	245,542	171,810	111,900	85,872	2,635	203,315	6,118,287

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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* Not previously recognised adjustments as disclosed in Note 25 Restated balances.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Trade creditors and accruals	62,401	54,674	62,332	54,172
Employee entitlements	18,722	18,528	18,702	18,460
	81,123	73,202	81,034	72,632

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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Funds received upfront to construct Council	9,440	13,784	9,440	13,784
Controlled assets	9,440	13,784	9,440	13,784

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

13 Contract liabilities (continued)

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

	Consolidated	Council
	2023	2023
	\$'000	\$'000
Funds to construct Council Controlled assets	<u>9,415</u>	<u>9,415</u>
	<u><u>9,415</u></u>	<u><u>9,415</u></u>

Satisfaction of contract liabilities

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

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.

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Loans - Queensland Treasury Corporation	<u>40,541</u>	<u>42,387</u>	<u>40,541</u>	<u>42,387</u>
Non-current				
Loans - Queensland Treasury Corporation	<u>229,431</u>	<u>269,444</u>	<u>229,431</u>	<u>269,444</u>

The QTC loan market value at the reporting date was \$265,322,065. This represents the value of the debt if Council repaid it as at 30 June 2023.

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

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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 Reserve Bank of Australia (RBA) 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.

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

15 Provisions (continued)

	Consolidated		Council	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Long service leave	14,584	14,685	14,584	14,685
Bio-solids composting site rehabilitation	69	76	69	76
Refuse land fill sites restoration	144	1,125	144	1,125
	<u>14,797</u>	<u>15,886</u>	<u>14,797</u>	<u>15,886</u>
Non-current				
Long service leave	5,381	4,661	5,378	4,655
Bio-solids composting site rehabilitation	600	723	600	723
Refuse land fill sites restoration	46,725	35,307	46,725	35,307
Infrastructure credits	690	619	690	619
	<u>53,396</u>	<u>41,310</u>	<u>53,393</u>	<u>41,304</u>

Movements in non-employee benefit provisions:

	Consolidated 2023	Council 2023
	Infrastructure credits \$'000	Infrastructure credits \$'000
Balance at beginning of financial year	619	619
Provisions arising	214	214
Provisions paid	(143)	(143)
Balance at end of financial year	<u>690</u>	<u>690</u>

	Consolidated 2023	Council 2023	Consolidated 2023	Council 2023
	Bio-solids composting site rehabilitation \$'000	Bio-solids composting site rehabilitation \$'000	Refuse landfill sites restoration \$'000	Refuse landfill sites restoration \$'000
Balance at beginning of financial year	799	799	36,432	36,432
Amounts used	(9)	(9)	(62)	(62)
Increase due to unwinding of discount	24	24	1,300	1,300
(Decrease)/increase due to change in estimate	(116)	(116)	2,905	2,905
Increase due to change in rates of discount and inflation	38	38	7,356	7,356
Reversal of unused amounts	(67)	(67)	(1,062)	(1,062)
Balance at end of financial year	<u>669</u>	<u>669</u>	<u>46,869</u>	<u>46,869</u>

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

15 Provisions (continued)

Site	Expected site closure year	Post closure monitoring cost completion year
Bunya landfill site	2066	2080
Dakabin landfill site	2044	2058
Caboolture landfill site	2044	2058
Ningi landfill site	closed	2032
Woodford landfill site	closed	2032
Bio-solid composting site	closed	2032

16 Other liabilities

	Consolidated		Council	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Revenue received in advance	1,013	1,165	1,013	1,165
Waste levy refund received in advance	20,174	20,381	20,174	20,381
Prepaid rates	10,370	8,769	10,370	8,769
	<u>31,557</u>	<u>30,315</u>	<u>31,557</u>	<u>30,315</u>
Non-current				
Waste levy refund received in advance	44,953	48,239	44,953	48,239
	<u>44,953</u>	<u>48,239</u>	<u>44,953</u>	<u>48,239</u>

During 2021/22 and 2022/23 the State Government made advance payments of the waste levy refund which represents funding to be used by Council over the next four financial years (2023/24 to 2026/27) to ensure the waste levy has no direct impact on households in the region.

Based on the waste levy payable in prior years, the portion of the waste levy refund not applied to the waste levy payment is reported as a liability as at 30 June 2023 and is disclosed as a current and non-current liability.

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. Movements in the asset revaluation surplus by asset class are disclosed in Note 11(g). The closing balance of the asset revaluation surplus comprised the following asset classes:

	Consolidated		Council	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Land	404,487	404,488	404,487	404,488
Buildings	198,383	139,698	198,383	139,698
Transport infrastructure	277,712	-	277,712	-
Stormwater infrastructure	1,315,566	1,056,464	1,315,566	1,056,464
Waterways and canals	117,185	78,572	117,185	78,572
	<u>2,313,333</u>	<u>1,679,222</u>	<u>2,313,333</u>	<u>1,679,222</u>

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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 8.00% 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 2023, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	Consolidated		Council	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Rates and utility charges	18,496	31,517	18,496	31,517
GST recoverable	5,137	5,932	5,109	5,932
Associates	706,128	698,965	706,128	698,965
Community organisations	579	490	579	490
Other	18,778	10,564	18,778	10,564
	749,118	747,468	749,090	747,468

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

	Consolidated		Council	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Not past due	67,955	70,082	67,927	69,861
Past due 31-60 days	3,102	64	3,102	64
Past due 61-90 days	4	13	4	13
More than 90 days	1,032	505	1,032	505
Total gross carrying amount	72,093	70,664	72,065	70,443

The above analysis does not include the non-current receivable of \$677.025 million (2022: \$677.025 million), which represents a fixed rate of 4.01% on loans to Unitywater. The credit risk on these loans is considered low. Refer to Note 6 for further information.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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:

Consolidated	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Trade and other payables	62,401	-	-	62,401	62,401
Loans - QTC	52,131	178,748	81,534	312,413	269,972
	114,532	178,748	81,534	374,814	332,373
2022					
Trade and other payables	54,673	-	-	54,673	54,673
Loans - QTC	56,163	207,425	104,986	368,574	311,832
	110,836	207,425	104,986	423,247	366,505

Council	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Trade and other payables	62,332	-	-	62,332	62,332
Loans - QTC	52,131	178,748	81,534	312,413	269,972
	114,463	178,748	81,534	374,745	332,304
2022					
Trade and other payables	54,171	-	-	54,171	54,171
Loans - QTC	56,163	207,425	104,986	368,574	311,832
	110,334	207,425	104,986	422,745	366,003

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.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

18 Financial instruments (continued)

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.

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.

Consolidated	Net carrying amount \$'000	Effect on Net Result		Effect on Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2023					
Cash at bank	33,534	335	(335)	335	(335)
QTC cash fund	58,161	582	(582)	582	(582)
Other investments	294,608	2,946	(2,946)	2,946	(2,946)
Net total	386,303	3,863	(3,863)	3,863	(3,863)
2022					
Cash at bank	17,714	177	(177)	177	(177)
QTC cash fund	87,023	870	(870)	870	(870)
Other investments	353,738	3,537	(3,537)	3,537	(3,537)
Net total	458,475	4,584	(4,584)	4,584	(4,584)

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

18 Financial instruments (continued)

Council	Net carrying amount \$'000	Effect on Net Result		Effect on Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2023					
Cash at bank	31,420	314	(314)	314	(314)
QTC cash fund	58,161	582	(582)	582	(582)
Other investments	294,608	2,946	(2,946)	2,946	(2,946)
Net total	384,189	3,842	(3,842)	3,842	(3,842)
2022					
Cash at bank	15,614	156	(156)	156	(156)
QTC cash fund	87,023	870	(870)	870	(870)
Other investments	353,738	3,537	(3,537)	3,537	(3,537)
Net total	456,375	4,563	(4,563)	4,563	(4,563)

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.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

19 Commitments

Contractual commitments for capital expenditure

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	101,730	127,658	101,730	127,658
These expenditures are due for payment:				
Not later than one year	69,400	121,546	69,400	121,546
One to five years	32,330	6,112	32,330	6,112
	101,730	127,658	101,730	127,658

Contractual commitments for operating expenditure

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Waste and maintenance services	209,971	193,461	209,971	193,461
These expenditures are due for payment:				
Not later than one year	66,298	57,761	66,298	57,761
One to five years	93,363	79,884	93,363	79,884
More than five years	50,310	55,816	50,310	55,816
	209,971	193,461	209,971	193,461

Leases as lessor

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

	Consolidated		Council	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Not later than one year	2,509	2,799	2,509	2,799
1 to 2 years	1,614	2,042	1,614	2,042
2 to 3 years	1,169	1,397	1,169	1,397
3 to 4 years	946	986	946	986
4 to 5 years	905	769	905	769
Later than five years	6,602	4,696	6,602	4,696
Total	13,745	12,689	13,745	12,689

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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 \$11 million (2022: approximately \$5 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 2022 the financial statements of LGM Queensland reported a members' equity balance of \$69,455,872.

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 \$4,906,967.

MORETON BAY CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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 managed by the LGIASuper trustee as trustee for LGIASuper trading as Brighter Super.

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

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

Moreton Bay City Council may be liable to the scheme for a portion of another local government's 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 2021. The actuary indicated that "At the valuation date of 1 July 2021, 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 2024.

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.

	Consolidated		Council	
	2023	2022	2023	2022
Note	\$'000	\$'000	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund	527	624	527	624
Other superannuation contributions for employees	20,166	18,454	20,043	18,336
Total superannuation contributions paid by Council for employees:	4(a) 20,693	19,078	20,570	18,960

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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	2023
	\$'000
Revenue for services provided to Council	3,140
Revenue for services provided to external clients	65,670
Community service obligations	282
	69,092
Expenditure	63,988
Surplus/(deficiency)	5,104

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	2023 \$'000
Waste	
Litter Management	250
Clean Up Australia	32

23 Controlled entity

Council has a 100% controlling interest in Millovote Pty Ltd which oversees the strategic direction and investment associated with the Priority Development Area (PDA) at "The Mill" at Petrie.

The following table shows revenue and expenses before consolidating eliminations.

Millovote Pty Ltd

	2023 \$'000	2022 \$'000
Revenue	3,398	5,910
Expenses	(3,093)	(4,140)
Surplus / (deficit)	<u>305</u>	<u>1,770</u>

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

24 Related party transactions

(a) Subsidiary

Council has 100% controlling interest in Millovate Pty Ltd.

Transactions with Millovate Pty Ltd

	2023	2022
	\$'000	\$'000
Expenses		
Payment to fund operations	<u>3,300</u>	<u>5,904</u>
	<u>3,300</u>	<u>5,904</u>

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 2022/23 financial year as part of the annual budget process. No Millovate employees are related parties of Council.

(b) 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;

	2023	2022
	\$'000	\$'000
Revenue		
Interest on loans	27,149	27,758
Taxation equivalents	16,330	26,214
Dividends	38,100	23,530
Other revenue	<u>219</u>	<u>113</u>
	<u>81,798</u>	<u>77,615</u>
Expenses		
Material and services	<u>7,589</u>	<u>7,466</u>
	<u>7,589</u>	<u>7,466</u>
Amounts receivable		
Interest	6,787	6,940
Dividends	22,316	11,921
Taxation equivalents	<u>-</u>	<u>3,079</u>
	<u>29,103</u>	<u>21,940</u>
Loans		
Loans	<u>677,025</u>	<u>677,025</u>
	<u>677,025</u>	<u>677,025</u>
Amounts payable		
Material and services	1,206	1,129
Taxation equivalents	<u>6,927</u>	<u>-</u>
	<u>8,133</u>	<u>1,129</u>

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

24 Related party transactions (continued)

(b) Associate (continued)

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.

(c) 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 2022/23 year.

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

	2023	2022
	\$'000	\$'000
Short-term benefits	5,082	5,096
Post-employment benefits	539	526
Other long-term benefits	73	75
	<u>5,694</u>	<u>5,697</u>

(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:

	2023	2022
	\$'000	\$'000
Expense		
Employee expenses for close family members of KMP ¹	114	112

¹All 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 1939 staff of which only 1 is a close family member of KMP.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

24 Related party transactions (continued)

(d) 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.

(e) 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.

(f) Commitments to/from related parties

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

(g) 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.

(h) Brighter Super

Information about superannuation is included in Note 21.

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

25 Restated balances

Contributed assets not previously recognised

During 2022/23, Council identified a prior period error that related to contributed assets that had commission dates prior to 1 July 2022. As a result, for 2021/22 Council had understated its contributed revenue and property, plant and equipment by \$12.356 million and applicable depreciation of \$0.187 million. Prior to 1 July 2021, contributed revenue and property, plant and equipment had been understated by \$9.577 million and applicable depreciation of \$0.189 million.

Consequently to correctly reflect the impacts of the prior period error, Council has retrospectively restated the 2021/22 financial year.

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

Council

30 June 2022 Comparative year

Financial statement line item / balance affected	Note	Actual 2022 \$'000	Adjustments 2022 \$'000	Restated Actual 2022 \$'000
Statement of Comprehensive Income (Extract)				
Capital Revenue				
Grants, subsidies and contributions	3(c)(ii)	136,362	12,356	148,718
Total Income		722,338	12,356	734,694
Recurring Expenses				
Depreciation and amortisation Property, plant and equipment	11	(114,212)	(187)	(114,399)
Total Expenses		(541,147)	(187)	(541,334)
NET RESULT		181,191	12,169	193,360
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		842,712	12,169	854,881
Statement of Financial Position (Extract)				
Non-Current Assets				
Property, plant and equipment	11	6,096,730	21,557	6,118,287
Total Non-Current Assets		8,291,960	21,557	8,313,517
Total Assets		8,712,138	21,557	8,733,695
NET COMMUNITY ASSETS		8,176,451	21,557	8,198,008
Community Equity				
Retained surplus		6,497,229	21,557	6,518,786
TOTAL COMMUNITY EQUITY		8,176,451	21,557	8,198,008

MORETON BAY CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

25 Restated balances (continued)

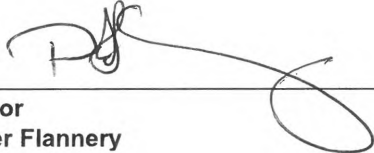
	Note	Actual 2022 \$'000	Adjustments 2022 \$'000	Restated Actual 2022 \$'000
Council				
<i>Statement of Changes in Equity (Extract)</i>				
Retained Surplus				
Balance at 1 July 2021		6,307,946	9,388	6,317,334
Net result		181,191	12,169	193,360
Total comprehensive income for the year		189,283	12,169	201,452
Balance at 30 June 2022		6,497,229	21,557	6,518,786
Consolidated				
30 June 2022 Comparative year				
<i>Statement of Comprehensive Income (Extract)</i>				
Capital Revenue				
Grants, subsidies and contributions	3(c)(ii)	136,362	12,356	148,718
Total Income		722,344	12,356	734,700
Recurring Expenses				
Depreciation and amortisation				
Property, plant and equipment	11	(114,212)	(187)	(114,399)
Total Expenses		(539,384)	(187)	(539,571)
NET RESULT		182,960	12,169	195,129
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		844,481	12,169	856,650
<i>Statement of Financial Position (Extract)</i>				
Non-Current Assets				
Property, plant and equipment	11	6,096,730	21,557	6,118,287
Total Non-Current Assets		8,291,960	21,557	8,313,517
Total Assets		8,714,459	21,557	8,736,016
NET COMMUNITY ASSETS		8,178,196	21,557	8,199,753
Community Equity				
Retained surplus		6,498,974	21,557	6,520,531
TOTAL COMMUNITY EQUITY		8,178,196	21,557	8,199,753
<i>Statement of Changes in Equity (Extract)</i>				
Retained Surplus				
Balance at 1 July 2021		6,307,922	9,388	6,317,310
Net result		182,960	12,169	195,129
Total comprehensive income for the year		191,052	12,169	203,221
Balance at 30 June 2022		6,498,974	21,557	6,520,531

MORETON BAY CITY COUNCIL
MANAGEMENT CERTIFICATE
For the year ended 30 June 2023

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 46, 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: 9, 10, 2023.



Chief Executive Officer
Scott Waters

Date: 9, 10, 2023

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Moreton Bay City Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Moreton Bay City Council (the Council) and its controlled entity (the Group).

In my opinion, the financial report:

- a) gives a true and fair view of the Council's and Group's financial position as at 30 June 2023, 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 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting 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 and the Group 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 City Council's annual report for the year ended 30 June 2023 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 formed a separate opinion on the current year financial sustainability statement.

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

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

Responsibilities of the councillors for the financial report

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

The councillors are also responsible for assessing the Council's and Group'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 Group.

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 skepticism 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 or the Group's internal control.
- Evaluate the appropriateness of material accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- Conclude on the appropriateness of the Council's and the Group'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 or the Group'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 or the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the Group. I remain solely responsible for my audit opinion.

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 2023:

- 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 and the Group's transactions and account balances to enable the preparation of a true and fair financial report.



9 October 2023

David Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

MORETON BAY CITY COUNCIL
CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT
For the year ended 30 June 2023

Measures of Financial

Council's performance at 30 June 2023 against key financial ratios and targets:

	How the measure is calculated	Actual Consolidated	Actual Council	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	6.9%	6.9%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	61.5%	61.5%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	27.0%	27.3%	not greater than 60%

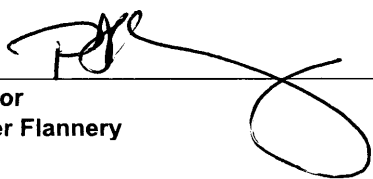
Note 1 - Basis of Preparation

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 2023.

MORETON BAY CITY COUNCIL
CERTIFICATE OF ACCURACY
For the year ended 30 June 2023

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: 9 / 10 / 2023



Chief Executive Officer
Scott Waters

Date: 9 / 10 / 2023

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Moreton Bay City Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Moreton Bay City Council for the year ended 30 June 2023, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Moreton Bay City Council for the year ended 30 June 2023 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 City Council's annual report for the year ended 30 June 2023 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 formed 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 forming an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.
- 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.



David Adams
as delegate of the Auditor-General

9 October 2023

Queensland Audit Office
Brisbane

MORETON BAY CITY COUNCIL
LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT
 Prepared as at 30 June 2023

Measures of Financial Sustainability

	Measure	Target	Actual	Projected for the years ended								
			30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	6.9%	1.3%	2.8%	2.8%	4.6%	3.7%	5.3%	5.9%	6.2%	7.6%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	61.5%	69.9%	69.7%	67.8%	62.7%	63.6%	69.2%	66.0%	57.4%	54.7%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	27.3%	29.9%	17.5%	27.2%	36.7%	46.1%	50.8%	54.7%	56.8%	56.8%

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 State Development, 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 Council's 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.

MORETON BAY CITY COUNCIL
CERTIFICATE OF ACCURACY

For the long-term financial sustainability statement prepared as at 30 June 2023

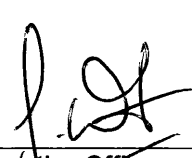
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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: 9 / 10 / 2023



Chief Executive Officer
Scott Waters

Date: 9 / 10 / 2023