



MORETON BAY CITY COUNCIL
trading as
CITY OF MORETON BAY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2025



Financial Statements
For the year ended 30 June 2025
TABLE OF CONTENTS

	Page Number
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows (including notes to the statement of cash flows)	4
 Notes to the financial statements	
1 Information about these financial statements	7
2 Analysis of results by function	9
 Financial performance	
3 Revenue	11
4 Expenses	14
 Financial position	
Assets	
5 Cash and cash equivalents	16
6 Trade and other receivables	17
7 Other non-current financial assets	17
8 Investments	18
9 Investment property	18
10 Investment in associate	19
11 Property, plant and equipment	20
 Liabilities	
12 Trade and other payables	25
13 Contract liabilities	25
14 Borrowings	26
15 Provisions	27
16 Other liabilities	29
 Equity	
17 Asset revaluation surplus	29
 Other disclosures	
18 Financial instruments	30
19 Commitments	35
20 Contingencies	36
21 Superannuation - Regional Defined Benefits Fund	37
22 National competition policy	38
23 Events subsequent to balance date	38
24 Related party transactions	39
 Management Certificate	42
Independent Auditor's Report	43



STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Income			
Revenue			
Recurring Revenue			
Rates and utility charges	3(a)	442,178	402,823
Fees and charges	3(b)	52,775	48,979
Grants, subsidies and contributions	3(c)(i)	38,728	7,313
Sales revenue		4,828	5,054
		<u>538,509</u>	<u>464,169</u>
Other Income			
Rental income		4,451	4,800
Interest revenue	3(d)	45,837	44,227
Other revenue	3(e)	54,548	43,413
Share of profit of associate	10	105,375	96,564
		<u>210,211</u>	<u>189,004</u>
Total Operating Revenue		<u>748,720</u>	<u>653,173</u>
Capital Revenue			
Grants, subsidies and contributions	3(c)(ii)	170,283	195,326
Capital Income		2,717	797
Total Capital Income		<u>173,000</u>	<u>196,123</u>
Total Income		<u>921,720</u>	<u>849,296</u>
Expenses			
Recurring Expenses			
Employee benefits	4(a)	(243,130)	(215,294)
Materials and services	4(b)	(278,994)	(240,340)
Depreciation and amortisation			
Property, plant and equipment	11	(163,627)	(156,151)
Right of use assets		(679)	(356)
Finance costs	4(c)	(12,889)	(15,068)
		<u>(699,319)</u>	<u>(627,209)</u>
Capital Expenses	4(d)	(22,535)	(30,518)
Total Expenses		<u>(721,854)</u>	<u>(657,727)</u>
NET RESULT		<u>199,866</u>	<u>191,569</u>
Other Comprehensive Income			
Items that will not be reclassified to net result			
Decrease in asset revaluation surplus	17	(63,220)	(52,744)
Total other comprehensive income for the year		<u>(63,220)</u>	<u>(52,744)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>136,646</u>	<u>138,825</u>

The accompanying notes form part of these financial statements.



STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

		2025	2024
	Note	\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents	5	248,621	94,084
Trade and other receivables	6	68,038	83,589
Investments	8	-	50,000
Inventories		2,099	2,375
Total Current Assets		318,758	230,048
Non-Current Assets			
Trade and other receivables	6	677,432	677,478
Other financial assets	7	65,186	138,866
Investments	8	15	15
Investment property	9	26,355	23,400
Investment in associate	10	1,564,192	1,485,599
Property, plant and equipment	11	7,199,402	7,077,096
Right of use assets		4,946	1,312
Total Non-Current Assets		9,537,528	9,403,766
Total Assets		9,856,286	9,633,814
Liabilities			
Current Liabilities			
Trade and other payables	12	79,525	42,743
Contract liabilities	13	21,004	6,054
Lease liabilities		1,431	382
Borrowings	14	44,489	42,728
Provisions	15	40,740	35,311
Other liabilities	16	31,370	31,217
Total Current Liabilities		218,559	158,435
Non-Current Liabilities			
Contract liabilities	13	44,485	18,162
Lease liabilities		3,353	1,064
Borrowings	14	142,990	187,139
Provisions	15	96,726	49,749
Other liabilities	16	13,710	28,520
Total Non-Current Liabilities		301,264	284,634
Total Liabilities		519,823	443,069
NET COMMUNITY ASSETS		9,336,463	9,190,745
Community Equity			
Retained surplus		7,139,094	6,930,156
Asset revaluation surplus	17	2,197,369	2,260,589
TOTAL COMMUNITY EQUITY		9,336,463	9,190,745

The accompanying notes form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	Retained Surplus	Asset Revaluation Surplus	Total Community Equity
		17	
	\$'000	\$'000	\$'000
Balance as at 1 July 2024	6,930,156	2,260,589	9,190,745
Net result	199,866	-	199,866
Other comprehensive income for the year			
Decrease in asset revaluation surplus	-	(63,220)	(63,220)
Total comprehensive income for the year	199,866	(63,220)	136,646
Adjustment to equity on the recognition of assets	9,072	-	9,072
Balance at 30 June 2025	7,139,094	2,197,369	9,336,463
Balance as at 1 July 2023	6,734,395	2,313,333	9,047,728
Net result	191,569	-	191,569
Other comprehensive income for the year			
Decrease in asset revaluation surplus	-	(52,744)	(52,744)
Total comprehensive income for the year	191,569	(52,744)	138,825
Adjustment to equity on the recognition of assets	4,192	-	4,192
Balance at 30 June 2024	6,930,156	2,260,589	9,190,745

The accompanying notes form part of these financial statements.



STATEMENT OF CASH FLOWS
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		728,161	625,051
Payments to suppliers and employees		(522,233)	(524,102)
Interest received		45,278	43,381
Tax equivalents received		19,734	12,420
Borrowing costs		(9,832)	(12,049)
Net cash inflow from operating activities	CF-1	261,108	144,701
Cash flows from investing activities			
Payments for property, plant and equipment		(233,805)	(259,366)
Payments for investment property		(346)	-
Withdrawals of financial assets held at fair value		85,310	-
Proceeds from sale of property, plant and equipment		2,943	3,286
Net movement in loans to community organisations		74	(4)
Term deposits entered into		(20,000)	(245,000)
Term deposits matured		70,000	350,055
Dividends received from associate		32,303	35,898
Net cash outflow from investing activities		(63,521)	(115,131)
Cash flows from financing activities			
Principal repayments of borrowings		(42,388)	(40,104)
Principal repayments made on leases	CF-2	(662)	(357)
Net cash outflow from financing activities		(43,050)	(40,461)
Net Increase/(decrease) in cash and cash equivalents held		154,537	(10,891)
Cash and cash equivalents at the beginning of the financial year		94,084	104,975
Cash and cash equivalents at the end of the financial year	5	248,621	94,084

The accompanying notes form part of these financial statements.



STATEMENT OF CASH FLOWS
For the year ended 30 June 2025

Notes to the statement of cash flows

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

	2025 \$'000	2024 \$'000
Net result	<u>199,866</u>	<u>191,569</u>
Non-cash items:		
Depreciation and amortisation	164,306	156,507
Revaluation adjustments	(2,609)	(650)
Change in future rehabilitation and restoration costs	1,849	1,823
Change in infrastructure offsets and credits	(83)	10,597
Contributed assets	(89,338)	(83,536)
Share of profit of associate	<u>(105,375)</u>	<u>(96,564)</u>
	<u>(31,250)</u>	<u>(11,823)</u>
Investing and development activities:		
Net loss on disposal of non-current assets	22,564	19,921
(Increase) in distribution from investments	(5,919)	(7,541)
(Increase) in financial assets at fair value through profit and loss	<u>(5,792)</u>	<u>(7,208)</u>
	<u>10,853</u>	<u>5,172</u>
Changes in operating assets and liabilities:		
Decrease/(Increase) in receivables	9,227	(16,352)
Decrease/(Increase) in other operating assets	924	(327)
Increase/(Decrease) in payables	36,991	(12,845)
Increase in contract liabilities	41,273	14,777
Increase/(Decrease) in provisions	7,882	(8,698)
(Decrease) in other liabilities	<u>(14,658)</u>	<u>(16,772)</u>
	<u>81,639</u>	<u>(40,217)</u>
Net cash inflow from operating activities	<u><u>261,108</u></u>	<u><u>144,701</u></u>



STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

Notes to the statement of cash flows (continued)

CF-2 Reconciliation of liabilities arising from financing activities

	Opening balance as at 1 July \$'000	Cashflows \$'000	Non-cash changes \$'000	Closing Balance as at 30 June \$'000
2025				
Loans	229,868	(42,389)	-	187,479
Lease liability	1,445	(661)	4,000	4,784
	231,313	(43,050)	4,000	192,263
2024				
Loans	269,972	(40,104)	-	229,868
Lease liability	1,712	(357)	90	1,445
	271,684	(40,461)	90	231,313



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

1 Information about these financial statements

1(a) Basis of preparation

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

These general purpose financial statements are for the period 1 July 2024 to 30 June 2025. 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

As at 30 June 2024, Council had a 100% controlling interest in Millovate Pty Ltd which oversaw the strategic direction and investment associated with the Priority Development Area (PDA) at "The Mill" at Petrie. Millovate Pty Ltd as an entity ceased all operational activities on 27 September 2024. The operational activities and net assets of \$0.126 million of Millovate Pty Ltd transferred to Council on 14 October 2024. For the year ended 30 June 2025, Millovate Pty Ltd is not consolidated into Council's financial statements due to its immaterial size and nature of operations that occurred over the course of the financial year ended 30 June 2025. Consolidated comparative information for 30 June 2024 has not been included on the basis of materiality, consequently the financial statements reflect the activities of Council only. For the year ended 30 June 2024, the consolidation of Millovate Pty Ltd resulted in a increase in consolidated Council net assets of \$0.802 million.

1(c) New and revised Accounting Standards

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2024. The relevant standards for Council were:

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

- AASB 13 *Fair Value Measurement* (amended by AASB 2022-10).

Council generally applies standards and interpretations in accordance with their respective commencement dates. No Australian Accounting Standards have been early adopted for 2024/25.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

1 Information about these financial statements (continued)

1(d) Estimates and judgements

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

Revenue recognition (Note 3)

Valuation of investment property (Note 9)

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

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

Provisions (Note 15)

Financial instruments and financial liabilities (Note 18)

Contingent liabilities (Note 20)

Impact of natural disaster - cyclone Alfred March 2025

In March 2025, an extreme weather event occurred that resulted in flooding and damage across South East Queensland.

The impact of the event on the Moreton Bay region was relatively minimal in terms of infrastructure damage, which is approximately in the amount of \$15 million. Council will be submitting claims to the Queensland Reconstruction Authority to assist with funding the infrastructure, which will be replaced over the course of the 2025/26 financial year.

1(e) Rounding and comparatives

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

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

1(f) Taxation

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

2 Analysis of results by function

2(a) Components of Council functions

Moreton Bay City Council adopted a new organisational structure that commenced from 1 July 2024. The four functional groups of the Council are Office of the Chief Executive Officer, City Administration, City Operations and City Futures.

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

Office of the Chief Executive Officer

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, external relations, people and capability and economic development.

City Administration

City Administration provides professional corporate and financial services to the organisation in the areas of governance, internal audit, financial management, procurement, community engagement, asset management, the project management office, commercial services and other support functions.

City Operations

City Operations is responsible for providing well managed and maintained sporting, recreation and community facilities, ensuring compliance with local laws, protection and management of the natural environment, maintenance of Council infrastructure and public facilities, project development and delivery of new infrastructure, coordination of disaster management response activities, wellbeing and safety and sustainable waste management services.

City Futures

City Futures 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 buildings and facilities, and also includes the strategic direction of Councils longer term functions and responsibilities of land use planning, planning scheme development, growth management, development assessment, engineering, building and development compliance, environmental planning and digital innovation and information technology.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

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 2025	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
Function	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000								
Office of the Chief Executive Officer	680	4,187	932	-	(26)	5,773	(31,661)	-	146	(31,515)	(25,742)	73
City Administration	23,705	631,749	508	130,095	590	786,647	(259,171)	(22,606)	(569)	(282,346)	504,301	9,849,140
City Operations	13,323	59,234	16,425	120	(18,474)	70,628	(346,246)	-	17,401	(328,845)	(258,217)	4,383
City Futures	374	33,432	24,764	156	(54)	58,672	(80,205)	71	986	(79,148)	(20,476)	2,690
Total	38,082	728,602	42,629	130,371	(17,964)	921,720	(717,283)	(22,535)	17,964	(721,854)	199,866	9,856,286

Year ended 30 June 2024	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
Function	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Chief Executive Officer	309	37	12	-	(27)	331	(21,761)	-	74	(21,687)	(21,356)	155
City Administration	798	520,886	550	130,001	970	653,205	(241,632)	(30,508)	(601)	(272,741)	380,464	9,631,153
City Operations	4,860	110,061	40,570	1,557	(17,836)	139,212	(328,389)	(10)	16,467	(311,932)	(172,720)	604
City Futures	471	32,644	23,290	143	-	56,548	(52,320)	-	953	(51,367)	5,181	1,902
Total	6,438	663,628	64,422	131,701	(16,893)	849,296	(644,102)	(30,518)	16,893	(657,727)	191,569	9,633,814

Comparative information has been reclassified to be consistent with disclosures in the current reporting period as per Note 2(a).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

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.

	2025 \$'000	2024 \$'000
General rates	358,841	325,763
Cleansing charges	69,076	58,382
Other special levies, rates and charges	26,736	24,838
	<u>454,653</u>	<u>408,983</u>
Less: Pensioner and other rebates	(12,475)	(6,160)
	<u><u>442,178</u></u>	<u><u>402,823</u></u>

3(b) Fees and charges

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.

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

	2025 \$'000	2024 \$'000
Administration	5,564	5,632
Community facilities	6,046	5,408
Development services	24,041	23,013
Waste management	12,090	9,958
Animal control	4,884	4,874
Other fees	150	94
	<u><u>52,775</u></u>	<u><u>48,979</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

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 2024/25 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

3 Revenue (continued)

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

		2025	2024
		\$'000	\$'000
(i) Operating			
Government grants and subsidies		38,082	6,438
Other grants, subsidies, contributions		646	875
		38,728	7,313
(ii) Capital			
Government grants and subsidies		42,629	64,422
Infrastructure cash contributions		35,848	45,795
Contributed assets		89,338	83,536
Other capital income		2,468	1,573
		170,283	195,326
(iii) Timing of revenue recognition for grants, subsidies and contributions			

		2025		2024	
	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)	39,857	40,854	6,438	64,422
Contributions	3(c)	3,114	-	2,448	-
		42,971	40,854	8,886	64,422

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

3 Revenue (continued)

3(d) Interest revenue

	Note	2025 \$'000	2024 \$'000
Interest from financial institutions		11,847	12,380
Interest from Unitywater		32,768	30,534
Interest from overdue rates and utility charges		<u>1,222</u>	<u>1,313</u>
		<u>45,837</u>	<u>44,227</u>

3(e) Other revenue

Fair value gain on other financial assets		5,792	7,208
Distribution re-invested on other financial assets		6,394	8,195
Tax equivalents	24	22,037	19,171
Other income		<u>20,325</u>	<u>8,839</u>
		<u>54,548</u>	<u>43,413</u>

Other income comprises of a large number of income streams that have been grouped together, none of which are individually material. These include recycling waste income, insurance recoveries, fines and penalties, legal costs recovered, cost recoveries of Council facilities, employment subsidies, commissions as well as other proceeds or recovered amounts arising from the ordinary business of council.

4 Expenses

4(a) Employee benefits

	Note	2025 \$'000	2024 \$'000
Staff wages and salaries		226,924	200,675
Superannuation	21	<u>25,144</u>	<u>22,475</u>
		<u>252,068</u>	<u>223,150</u>
Other employee related expenses		<u>6,718</u>	<u>5,689</u>
		<u>258,786</u>	<u>228,839</u>
Less: Capitalised employee expenses		<u>(15,656)</u>	<u>(13,545)</u>
		<u>243,130</u>	<u>215,294</u>

Total full time equivalent employees at 30 June 2025 were 2,173 (2024: 2,135).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

4 Expenses (continued)

4(b) Materials and services

	2025	2024
	\$'000	\$'000
Contractors	155,556	133,759
Total waste levy payment	25,736	23,002
Waste levy refund*	(16,703)	(20,016)
Utilities	23,020	21,489
Materials	13,483	14,199
Other materials and services	11,576	10,993
Information technology hardware/software	8,355	9,549
Fuel	4,646	5,010
Insurance premiums	5,288	4,697
Expensed capital material and services	7,339	4,695
Consultants	5,596	4,667
Labour hire services	5,941	4,254
Commissions and contributions	4,041	3,806
Legal costs	4,973	3,746
Donations and grants	5,575	3,440
Cleaning	3,282	2,916
Security	3,327	2,875
Printing, postage and stationery	2,623	2,393
Councillors' remuneration	2,500	2,317
Payment to controlled entity	-	1,000
Equipment maintenance	1,223	760
Marketing and promotions	1,292	498
Audit of annual financial statements by the Auditor-General of Queensland**	325	291
	<u>278,994</u>	<u>240,340</u>

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

* The State government rebated \$16,545,227 (2024: \$16,883,748) of the State waste levy to mitigate the direct impacts on households.

** Total audit fees quoted by the Queensland Audit Office relating to the 2024/25 financial statements are \$303,500 (2024: \$290,850).

4(c) Finance costs

	2025	2024
	\$'000	\$'000
Finance cost on loans	9,743	12,026
Other	3,146	3,042
	<u>12,889</u>	<u>15,068</u>

4(d) Capital expenses

Book value of property, plant and equipment disposed of		25,507	23,207
Less: Proceeds from the sale of property, plant and equipment		(2,943)	(3,286)
Adjustment to landfill and Bio-solids sites		54	-
Infrastructure credits recognised	15	(83)	10,858
Infrastructure credits extinguished	15	-	(261)
		<u>22,535</u>	<u>30,518</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

5 Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank and on hand	71,876	28,367
Deposits at call	<u>176,745</u>	<u>65,717</u>
	<u>248,621</u>	<u>94,084</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.

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

	2025 \$'000	2024 \$'000
Unspent government grants and subsidies	55,268	21,054
Waste levy refund received in advance	28,520	45,223
Unspent financial contributions	<u>10,221</u>	<u>3,162</u>
	<u>94,009</u>	<u>69,439</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 \$23.817 million in trust monies at 30 June 2025 (2024: \$17.051 million).

QTC working capital facility

	2025 \$'000	2024 \$'000
Used	-	-
Unused	<u>50,000</u>	<u>-</u>
Facility limit	<u>50,000</u>	<u>-</u>

Council maintains a working capital facility arrangement with Queensland Treasury Corporation to provide a short-term line of credit for any unexpected volatility in cash balances.

The working capital facility is limited to a maximum amount of \$50 million in any one financial year. Any approved working capital limit will only be used by Council for operational liquidity management purposes with all drawdowns repaid in full within three months.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

6 Trade and other receivables

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.

	2025 \$'000	2024 \$'000
Current		
Rates and utility charges	17,531	18,559
Loans to community organisations	102	130
Accrued receivable from Unitywater	23,096	25,930
Other debtors	14,450	26,804
GST recoverable	7,180	5,840
Prepayments	5,679	6,326
	<u>68,038</u>	<u>83,589</u>
Non-current		
Loans to community organisations	407	453
Subordinated debt receivable from Unitywater	677,025	677,025
	<u>677,432</u>	<u>677,478</u>

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.

	2025 \$'000	2024 \$'000
Financial assets at fair value through profit and loss	65,186	138,866
	<u>65,186</u>	<u>138,866</u>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

8 Investments

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.

	2025 \$'000	2024 \$'000
Current		
Term deposits	-	50,000
	<u>-</u>	<u>50,000</u>
Non-current		
Shares in Redcliffe Peninsula Financial Services Ltd	15	15
	<u>15</u>	<u>15</u>

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).

	2025 \$'000	2024 \$'000
Owned investment property		
Fair value at beginning of financial year	23,400	22,750
Additions from subsequent expenditure recognised	346	-
Net gain/(loss) from fair value adjustments	2,609	650
Fair value at end of financial year	<u>26,355</u>	<u>23,400</u>

Investment property fair values were determined by independent valuer Australis Asset Advisory Group as at 30 June 2025.

For investment property classified as level 2 amounting to \$26.355 million (2024: \$23.400 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 2025, Council did not hold any building assets that were classified as level 3.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

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.

	2025 \$'000	2024 \$'000
Total assets	5,383,260	4,930,284
Total liabilities	(2,721,995)	(2,403,970)
Net assets	<u>2,661,265</u>	<u>2,526,314</u>
Share of net assets of associate	<u>1,549,873</u>	<u>1,471,280</u>
Total revenue	<u>931,626</u>	887,447
Total profit for the year	<u>180,937</u>	165,810
Share of profit of associate	<u>105,375</u>	<u>96,564</u>
Council investment in the associate comprises:		
Participation rights	<u>1,564,192</u>	<u>1,485,599</u>
Details of movements in participation rights:		
Opening Balance	1,485,599	1,420,914
Share of profit of associate	105,375	96,564
Less share of dividends received and accrued	<u>(26,782)</u>	<u>(31,879)</u>
Closing balance at end of year	<u>1,564,192</u>	<u>1,485,599</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

11 Property, plant and equipment

11(a) Recognition

The asset capitalisation threshold for Council is:

Land	\$1
Land Improvements	\$5,000
Buildings	\$5,000
Park Equipment	\$1
Plant and Equipment	\$5,000
Transport Infrastructure	\$1
Stormwater Infrastructure	\$1
Intangibles	\$5,000
Cultural and Heritage	\$5,000
Waterways and Canals	\$5,000
Investment Property	\$1

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.

11(c) Depreciation

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. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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 compares the carrying amount of its property, plant and equipment on an annual basis to current 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 Land asset class as indicated in Note 11(f).

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

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 2025 as either level 2 or level 3 in accordance with AASB 13.

	Level 2		Level 3		Total	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	7,416	5,933	452,640	484,272	460,056	490,205
Land	267,577	272,377	942,689	723,663	1,210,266	996,040
Stormwater Infrastructure	-	-	2,161,397	2,379,292	2,161,397	2,379,292
Transport Infrastructure	-	-	2,334,085	2,263,146	2,334,085	2,263,146
Waterways and Canals	-	-	273,298	275,265	273,298	275,265
	274,993	278,310	6,164,109	6,125,638	6,439,102	6,403,948

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	Buildings
	2025	2025
	\$'000	\$'000
Opening balance as at 1 July 2024	723,663	484,272
Additions	7,520	17,036
Disposals	(1,961)	(941)
Depreciation	-	(34,228)
Assets not previously recognised	7,069	-
Internal transfer	-	(13,499)
Asset revaluation surplus	150,256	-
Transfer between levels	56,142	-
Closing Balance as at 30 June 2025	942,689	452,640

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025**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 2025. This analysis identified the movement in land 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 independent valuers AssetVal Pty Ltd as at 31 December 2024.

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 infrastructure was determined by independent valuers AssetVal Pty Ltd as at 31 December 2023.

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 waterways and canals assets was determined by independent valuer AssetVal Pty Ltd as at 31 December 2023.

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 using a combination of suitable indices, the Australia Bureau of Statistics total value of dwellings and data obtained from an online subscription service that tracks the price movement of properties relevant to the Moreton Bay Region. The revaluation was applied as at 30 June 2025.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

11 Property, plant and equipment (continued)

11(g) Movements

30 June 2025

Note

For the year ended 30 June 2025

Gross value / cost
Less accumulated depreciation
Book value as at 30 June 2025

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
1,210,266	816,352	3,409,350	2,914,241	388,015	335,185	257,307	189,978	2,962	270,395	9,794,051
-	(356,296)	(1,075,265)	(752,844)	(114,717)	(99,665)	(114,737)	(81,125)	-	-	(2,594,649)
1,210,266	460,056	2,334,085	2,161,397	273,298	235,520	142,570	108,853	2,962	270,395	7,199,402

Basis of measurement

Opening net value as at 1 July 2024
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
Transfers from WIP to other non PP&E assets or expense
Transfers from work in progress
Book value as at 30 June 2025

17

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
996,040	490,205	2,263,146	2,379,292	275,265	180,876	132,744	98,971	2,953	257,604	7,077,096
-	-	-	-	-	-	-	-	-	241,490	241,490
-	(13,499)	5,264	6,493	-	1,440	(497)	799	-	-	-
6,732	118	34,203	45,059	-	934	2,226	66	-	-	89,338
7,068	-	1,603	76	-	464	(139)	-	-	-	9,072
-	-	-	-	-	42,445	-	-	-	-	42,445
(1,961)	(941)	(15,216)	(2,689)	-	(185)	(443)	(4,072)	-	-	(25,507)
-	(34,583)	(58,902)	(31,520)	(2,493)	(10,180)	(12,317)	(13,632)	-	-	(163,627)
192,617	-	-	(255,837)	-	-	-	-	-	-	(63,220)
-	-	-	-	-	-	-	-	-	(7,685)	(7,685)
9,770	18,756	103,987	20,523	526	19,726	20,996	26,721	9	(221,014)	-
1,210,266	460,056	2,334,085	2,161,397	273,298	235,520	142,570	108,853	2,962	270,395	7,199,402

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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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

11 Property, plant and equipment (continued)

11(g) Movements (continued)

30 June 2024

Note

For the year ended 30 June 2024

Gross value / cost
Less accumulated depreciation
Book value as at 30 June 2024

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
996,040	815,260	3,292,491	3,214,529	387,489	270,357	235,255	173,650	2,953	257,604	9,645,628
-	(325,055)	(1,029,345)	(835,237)	(112,224)	(89,481)	(102,511)	(74,679)	-	-	(2,568,532)
996,040	490,205	2,263,146	2,379,292	275,265	180,876	132,744	98,971	2,953	257,604	7,077,096

Basis of measurement

Opening net value as at 1 July 2023
Plus capital expenses
Transfers between asset classes
Plus contributed assets
Plus assets not previously recognised
Less restoration assets adjustment
Less disposals
Less depreciation provided in the period
Revaluation adjustment to asset revaluation surplus
Transfers from WIP to other non PP&E assets or expense
Transfers from work in progress
Book value as at 30 June 2024

17

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
937,619	466,045	2,306,687	2,345,389	281,929	187,970	127,760	92,333	2,689	219,239	6,967,660
-	-	-	-	-	-	-	-	-	264,061	264,061
-	1,718	(14,685)	11,638	(2)	2,529	(2,080)	882	-	-	-
7,076	72	29,735	43,416	-	167	2,834	-	236	-	83,536
-	(91)	252	4,475	-	(244)	(248)	48	-	-	4,192
-	-	-	-	-	(5,556)	-	-	-	-	(5,556)
(5,735)	(1,892)	(9,541)	(1,718)	-	(60)	(375)	(3,886)	-	-	(23,207)
-	(33,365)	(55,551)	(32,672)	(2,523)	(9,460)	(11,032)	(11,548)	-	-	(156,151)
18,475	-	(67,080)	-	(4,139)	-	-	-	-	-	(52,744)
-	-	-	-	-	-	-	-	-	(4,695)	(4,695)
38,605	57,718	73,329	8,764	-	5,530	15,885	21,142	28	(221,001)	-
996,040	490,205	2,263,146	2,379,292	275,265	180,876	132,744	98,971	2,953	257,604	7,077,096

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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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

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.

	2025	2024
	\$'000	\$'000
Current		
Trade creditors and accruals	79,525	42,743
	79,525	42,743

13 Contract liabilities

	2025	2024
	\$'000	\$'000
Current		
Funds received upfront to construct Council controlled assets	20,450	6,054
Non-capital performance obligations not yet satisfied	554	-
	21,004	6,054
Non-Current		
Funds received upfront to construct Council Controlled assets	44,485	18,162
	44,485	18,162

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

	2025
	\$'000
Funds to construct Council controlled assets	4,322
	4,322

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.

Significant changes in contract liabilities

Council has received several grants over the past twelve months, each tied to projects with delivery timelines ranging from one to three years. These grants have been classified into current and non-current based on when the projects are expected to be delivered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

14 Borrowings

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.

	2025 \$'000	2024 \$'000
Current		
Loans - Queensland Treasury Corporation	<u>44,489</u>	<u>42,728</u>
Non-current		
Loans - Queensland Treasury Corporation	<u>142,990</u>	<u>187,139</u>

The QTC loan market value at the reporting date was \$184,539,639. This represents the value of the debt if Council repaid it as at 30 June 2025.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

15 Provisions

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. Measurement is based on hours of entitlement, current pay rates, projected future increases and a percentage applicable based on years of service.

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

Landfill and bio-solids composting

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. During 2024/25 a new updated cost of clay per unit was obtained from a third party, sourced as part of Council's updates to the filling plans for the three landfill sites. The new updated cost has increased significantly since the last formal evaluation had taken place and is contributing to the significant increase in the provision.

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.

Make good provision

Council leases a building which is used for additional workspace. The lease contains a make good obligation. The initial estimate of the make good restoration costs has been included in the cost of the right-of-use asset. The provision has been discounted using a rate that reflects current market assessments.

Infrastructure offsets and credits

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

15 Provisions (continued)

	2025 \$'000	2024 \$'000
Current		
Annual leave	19,710	16,942
Long service leave	18,460	15,406
Sick leave	718	647
Other entitlements	1,624	1,417
Bio-solids composting site rehabilitation	78	66
Refuse land fill sites restoration	150	833
	<u>40,740</u>	<u>35,311</u>
Non-current		
Long service leave	8,436	6,529
Bio-solids composting site rehabilitation	538	513
Refuse land fill sites restoration	87,115	42,289
Make good provision	318	-
Infrastructure credits	319	418
	<u>96,726</u>	<u>49,749</u>

Movements in non-employee benefit provisions:

	2025 Infrastructure credits \$'000
Balance at beginning of financial year	418
Provisions arising	16
Provisions reversed	(99)
Provisions paid	(16)
Balance at end of financial year	<u>319</u>

	2025 Make good provision \$'000	2025 Bio-solids composting site rehabilitation \$'000	2025 Refuse landfill sites restoration \$'000
Balance at beginning of financial year	-	579	43,122
Amounts used	-	(30)	(79)
Increase due to unwinding of discount	5	21	1,877
Additional provisions	313	77	42,413
Increase due to change in discount rate	-	5	686
Reversal of unused amounts	-	(36)	(754)
Balance at end of financial year	<u>318</u>	<u>616</u>	<u>87,265</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

15 Provisions (continued)

Site	Expected site closure year	Post closure monitoring cost completion year
Bunya landfill site	2050	2063
Dakabin landfill site	2037	2050
Caboolture landfill site	2044	2057
Ningi landfill site	closed	2032
Woodford landfill site	closed	2032
Bio-solid composting site	closed	2032

16 Other liabilities

	2025 \$'000	2024 \$'000
Current		
Revenue received in advance	1,697	1,784
Waste levy refund received in advance	14,810	16,703
Prepaid rates	14,863	12,730
	<u>31,370</u>	<u>31,217</u>
Non-current		
Waste levy refund received in advance	13,710	28,520
	<u>13,710</u>	<u>28,520</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 period 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 2025 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. 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:

	2025 \$'000	2024 \$'000
Land	615,580	422,963
Buildings	198,383	198,383
Transport infrastructure	210,632	210,632
Stormwater infrastructure	1,059,729	1,315,566
Waterways and canals	113,045	113,045
	<u>2,197,369</u>	<u>2,260,589</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

18 Financial instruments

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

- credit risk
- liquidity risk
- market risk

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

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.

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. 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. QTC Working Capital Facility deposits have a duration of three months. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

18 Financial instruments (continued)

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 2025, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2025 \$'000	2024 \$'000
Rates and utility charges	17,531	18,559
GST recoverable	7,180	5,840
Associates	700,121	702,955
Community organisations	509	583
Other	14,450	26,804
	739,791	754,741

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

	2025 \$'000	2024 \$'000
Not past due	60,439	60,552
Past due 31-60 days	123	75
Past due 61-90 days	6	16,532
More than 90 days	2,198	557
Total gross carrying amount	62,766	77,716

The above analysis does not include the non-current receivable of \$677.025 million (2024: \$677.025 million), which represents a fixed rate of 4.84% on loans to Unitywater. The credit risk on these loans is considered low. Refer to Note 6 for further information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

18 Financial instruments (continued)

Liquidity risk

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

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

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

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
2025					
Trade and other payables	79,525	-	-	79,525	79,525
Loans - QTC	51,582	113,143	43,426	208,151	187,479
	131,107	113,143	43,426	287,676	267,004
2024					
Trade and other payables	42,742	-	-	42,742	42,742
Loans - QTC	52,131	148,091	60,060	260,282	229,868
	94,873	148,091	60,060	303,024	272,610

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

18 Financial instruments (continued)

	Net carrying amount \$'000	Effect on Net Result		Effect on Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2025					
Cash at bank	71,876	719	(719)	719	(719)
QTC cash fund	176,745	1,767	(1,767)	1,767	(1,767)
Other investments	65,186	652	(652)	652	(652)
Net total	313,807	3,138	(3,138)	3,138	(3,138)
2024					
Cash at bank	28,367	284	(284)	284	(284)
QTC cash fund	65,717	657	(657)	657	(657)
Other investments	188,866	1,889	(1,889)	1,889	(1,889)
Net total	282,950	2,830	(2,830)	2,830	(2,830)

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

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

Fair value

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

19 Commitments

Contractual commitments for capital expenditure

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

	2025 \$'000	2024 \$'000
Property, plant and equipment	<u>226,075</u>	<u>75,667</u>
These expenditures are due for payment:		
Not later than one year	110,296	69,755
One to five years	115,091	5,912
Later than five years	688	-
	<u>226,075</u>	<u>75,667</u>

Contractual commitments for operating expenditure

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

	2025 \$'000	2024 \$'000
Waste and maintenance services	<u>209,184</u>	<u>218,825</u>
These expenditures are due for payment:		
Not later than one year	64,454	61,204
One to five years	122,346	114,230
Later than five years	22,384	43,391
	<u>209,184</u>	<u>218,825</u>

Leases as lessor

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

	2025 \$'000	2024 \$'000
Not later than one year	2,457	2,619
1 to 2 years	1,596	1,425
2 to 3 years	1,513	1,174
3 to 4 years	1,373	1,120
4 to 5 years	1,185	975
Later than five years	5,662	6,154
	<u>13,786</u>	<u>13,467</u>



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

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 \$7.6 million (2024: approximately \$9 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 2024 the financial statements of LGM Queensland reported a members' equity balance of \$72,144,102.

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 \$5,477,595.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

21 Superannuation - Regional Defined Benefits Fund

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each standard 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 2024. The actuary indicated that "At the valuation date of 1 July 2024, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% 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 2027.

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.

	2025	2024
Note	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund	532	533
Other superannuation contributions for employees	24,612	21,942
Total superannuation contributions paid by Council for employees:	4(a) <u>25,144</u>	<u>22,475</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

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	2025
	\$'000
Revenue for services provided to Council	4,080
Revenue for services provided to external clients	95,396
Community service obligations	325
	99,801
Expenditure	97,238
Surplus/(deficiency)	2,563

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	2025 \$'000
Waste	
Litter Management	291
Clean Up Australia	34

23 Events subsequent to balance date

There has not been any event that occurred after the end of the reporting period that has significantly affected, or may significantly affect, the current or future financial results of the Council.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

24 Related party transactions

(a) Associate

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

Transactions with Unitywater

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

	2025	2024
	\$'000	\$'000
Revenue		
Interest on loans	32,768	30,534
Taxation equivalents	22,037	19,171
Dividends	26,782	31,879
Other revenue	155	202
	81,742	81,786
Expenses		
Material and services	12,982	12,984
	12,982	12,984
Amounts receivable		
Interest	8,192	7,633
Dividends	12,776	18,297
Taxation equivalents	2,128	-
Other	30	28
	23,126	25,958
Loans		
Loans	677,025	677,025
	677,025	677,025
Amounts payable		
Material and services	2,656	1,705
Taxation equivalents	-	176
	2,656	1,881

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

24 Related party transactions (continued)

(a) 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 quarterly interest only payments.

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

(b) Key management personnel

(i) Details of compensation

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of Council directly or indirectly. The Mayor, Councillors, CEO and the Strategic Directions Group (SDG) are the KMP of Council for 2024/25 year.

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

	2025	2024
	\$'000	\$'000
Short-term benefits	5,039	5,434
Post-employment benefits	550	520
Other long-term benefits	62	79
Termination benefits	-	138
	<u>5,651</u>	<u>6,171</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025**24 Related party transactions (continued)****(c) Subsidiary**

Information about Millovate Pty Ltd is included in Note 1(b).

(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.



MANAGEMENT CERTIFICATE
For the year ended 30 June 2025

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

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

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

Chief Executive Officer
Scott Waters

Date: 7 October 2025

Date: 7 October 2025

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2025, and of its financial performance for the year then ended; and
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

Basis for opinion

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

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

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

Other information

The councillors are responsible for the other information.

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

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

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



David Adams
as delegate of the Auditor-General

9 October 2025

Queensland Audit Office
Brisbane



CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT

For the year ended 30 June 2025

Measures of Financial Sustainability

Council's performance at 30 June 2025 against key financial ratios and targets:

Type	Measure	Target (Tier 2)	Actual Current Year	5-year Average	Council Narrative
Audited ratios Operating performance	Operating surplus ratio	Greater than 0%	6.7%	8.7%	A positive ratio indicates that recurring operating revenue exceeds recurring operating expenses and this can facilitate utilising operating surpluses to assist in funding capital expenditure and reduce the reliance on borrowings.
	Operating cash ratio	Greater than 0%	29.9%	32.2%	A positive operating cash ratio indicates that Council is generating good surplus cash from its core operations, which suggests that council has the ability to use these funds to assist in funding its capital expenditure requirements.
Liquidity	Unrestricted cash expense cover ratio	Greater than 2 months	4.68 months	N/A	As indicated by the ratio Council has a ratio in excess of the target of 2 months available cash. This places Council in a position of having sufficient free cash available to contribute to the cost of future planned and unplanned expenditures such as infrastructure investment or disaster recovery.
Asset management	Asset sustainability ratio	Greater than 60%	62.2%	67.4%	Council's ratio is exceeding the target of 60% and highlights that infrastructure assets are being replaced in an appropriate timeframe.
	Asset consumption ratio	Greater than 60%	69.0%	70.4%	Council's ratio is greater than the target range of 60%. This means that Council is replacing its assets at the earliest possible time whilst ensuring assets are not being run down to an unacceptable level of service.
Debt servicing capacity	Leverage ratio	0 - 4 times	0.8 times	1.3 times	As indicated by the ratio Council sits comfortably below the upper band limit of 4 times. Low ratios indicate the Council is performing well operationally, can repay its existing debt and has the capacity to borrow additional funds without placing undue financial pressure on the organisation.

Note 1 - Basis of Preparation


The current year financial sustainability statement is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the 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 2025.



CERTIFICATE OF ACCURACY
For the year ended 30 June 2025

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

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



Mayor
Peter Flannery

Date: 7 October 2025



Chief Executive Officer
Scott Waters

Date: 7 October 2025

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 2025, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

The councillors are responsible for the other information.

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

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

My opinion on the current year financial sustainability statement does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

However, as required by the Local Government Regulation 2012, I have formed a separate opinion on the general-purpose financial report.

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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



David Adams
as delegate of the Auditor-General

9 October 2025

Queensland Audit Office
Brisbane



CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT - CONTEXTUAL RATIOS

For the year ended 30 June 2025

Measures of Financial Sustainability

Council's performance at 30 June 2025 against key financial ratios and targets:

Type	Measure	Target (Tier 2)	Actual Current Year	5-year Average	Council Narrative
Contextual ratios - Unaudited					
Financial capacity	Council-controlled revenue	N/A	66.1%	67.3%	The higher the percentage the better, as this indicates Council has the financial flexibility to significantly influence its operating income, and the capacity to respond to unexpected financial shocks. It also indicates a strong rate base that can drive operating revenue and place Council in a position to rely less on external sources of financial support, for example Federal or State Government assistance.
	Population Growth	N/A	2.7%	2.2%	The ratio indicates the Moreton Bay Region can expect to see strong continued population growth over the forecast period.
Asset management	Asset renewal funding ratio	N/A	98.3%	N/A	This ratio is a contextual measure with the objective to be on or close to 100%. As indicated by the ratio Council is close to 100% mark which indicates Council plans to deliver renewal infrastructure fully in accordance with its asset management plans.

Note 1 - Basis of Preparation

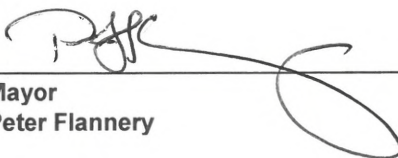
The current year financial sustainability statement - Contextual Ratios is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the reported measures are prepared on an accrual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



CERTIFICATE OF ACCURACY
For the year ended 30 June 2025

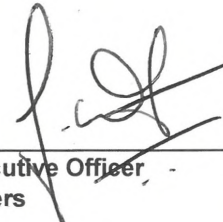
This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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



Mayor
Peter Flannery

Date: 7 October 2025



Chief Executive Officer
Scott Waters

Date: 7 October 2025



LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT
Prepared as at 30 June 2025

Measures of Financial Sustainability

			Actual	Projected for the years ended								
Type	Measure	Target	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033	30 June 2034
Contextual ratios - Unaudited												
Financial capacity	Council-controlled revenue	N/A	66.1%	73.6%	75.7%	76.8%	78.0%	79.1%	80.2%	81.2%	82.2%	83.2%
	Population Growth	N/A	2.7%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Asset management	Asset renewal funding ratio	N/A	98.3%	N/A for long-term sustainability statement								
Audited ratios												
	Operating surplus ratio	Greater than 0%	6.7%	6.1%	5.0%	5.3%	6.8%	6.6%	6.9%	8.2%	8.1%	10.0%
	Operating cash ratio	Greater than 0%	29.9%	29.5%	28.6%	29.1%	30.5%	30.1%	30.1%	30.9%	30.2%	31.4%
Liquidity	Unrestricted cash expense cover ratio	N/A	4.68 months	N/A for long-term sustainability statement								
Asset management	Asset sustainability ratio	Greater than 60%	62.2%	83.5%	80.4%	70.1%	71.2%	76.9%	81.4%	79.6%	65.3%	83.8%
	Asset consumption ratio	Greater than 60%	69.0%	71.0%	70.6%	70.1%	69.6%	69.1%	68.7%	68.1%	67.6%	67.0%
Debt servicing capacity	Leverage ratio	0 - 4 times	0.8 times	1.0	1.3	1.6	1.7	1.9	2.0	1.9	1.9	1.7

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 nine relevant measures of financial sustainability that are disclosed (above) are within the target ranges (where applicable) as set by the Department of Local Government, Water and Volunteers in accordance with the Financial Management (Sustainability) Guideline 2024.


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.



CERTIFICATE OF ACCURACY
For the long-term financial sustainability statement prepared as at 30 June 2025

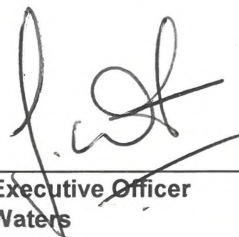
This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the Regulation).

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



Mayor
Peter Flannery

Date: 7 October 2025



Chief Executive Officer
Scott Waters

Date: 7 October 2025