



MORETON BAY REGIONAL COUNCIL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 June 2015



Financial Statements
For the year ended 30 June 2015
TABLE OF CONTENTS

Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the financial statements	
1 Significant accounting policies	5
2 Analysis of results by function	19
3 Rates and utility charges	21
4 Fees and charges	21
5 Grants, subsidies and contributions	21
6 Interest revenue	22
7 Other revenue	22
8 Capital income	22
9 Employee benefits	23
10 Material and services	23
11 Depreciation and amortisation	24
12 Finance costs	24
13 Capital expenses	24
14 Cash and cash equivalents	25
15 Trade and other receivables	25
16 Investment property	26
17 Investment in associate	27
18 Property, plant and equipment	28
19 Fair value measurements	30
20 Intangible assets	33
21 Trade and other payables	33
22 Borrowings	33
23 Provisions	34
24 Asset revaluation surplus	35
25 Commitments for expenditure	36
26 Contingent liabilities	37
27 Superannuation	38
28 Operating lease income	39
29 Trust funds	39
30 Reconciliation of net result for the year to net cash inflow from operating activities	39
31 Financial instruments	40
32 National competition policy	44
33 Events subsequent to balance date	44
Management Certificate	45
Independent Auditor's Report	46



STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Note	2015 \$'000	2014 * \$'000
Income			
Revenue			
Recurring Revenue			
Rates and utility charges	3	250,521	238,973
Fees and charges	4	35,619	32,391
Rental income		6,210	6,934
Grants, subsidies and contributions	5(a)	22,179	18,807
Interest revenue	6	46,341	46,287
Sales revenue		4,049	4,088
Other revenue	7	21,435	18,302
Share of profit of associate	17	70,062	49,192
		<u>456,416</u>	<u>414,974</u>
Capital Revenue			
Grants, subsidies and contributions	5(b)	100,817	81,523
Total Revenue		<u>557,233</u>	<u>496,497</u>
Capital Income	8	3,276	353
Total Income		<u>560,509</u>	<u>496,850</u>
Expenses			
Recurring Expenses			
Employee benefits	9	(124,271)	(123,480)
Materials and services	10	(134,821)	(130,755)
Depreciation and amortisation	11	(79,729)	(82,783)
Finance costs	12	(24,545)	(24,588)
		<u>(363,366)</u>	<u>(361,606)</u>
Capital Expenses	13	(365,908)	(30,334)
Total Expenses		<u>(729,274)</u>	<u>(391,940)</u>
NET RESULT		<u>(168,765)</u>	<u>104,910</u>
Other Comprehensive Income			
Items that will not be reclassified to net result			
Decrease in asset revaluation surplus	24	(227,549)	(7,843)
Total other comprehensive income for the year		<u>(227,549)</u>	<u>(7,843)</u>
TOTAL COMPREHENSIVE (DEFICIT)/INCOME FOR THE YEAR		<u>(396,314)</u>	<u>97,067</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

* Refer to note 17 for information on adjustments relating to investment in associate.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	2015 \$'000	2014 * \$'000
Assets			
Current Assets			
Cash and cash equivalents	14	252,287	205,080
Trade and other receivables	15	48,257	54,578
Inventories		986	919
Total Current Assets		<u>301,530</u>	<u>260,577</u>
Non-Current Assets			
Trade and other receivables	15	721,726	695,839
Investments		15	15
Investment property	16	42,355	46,310
Investment in associate	17	932,057	888,277
Property, plant and equipment	18	3,579,016	4,088,760
Intangible assets	20	2,838	3,147
Total Non-Current Assets		<u>5,277,807</u>	<u>5,722,348</u>
Total Assets		<u>5,579,337</u>	<u>5,982,925</u>
Liabilities			
Current Liabilities			
Trade and other payables	21	44,410	53,969
Borrowings	22	22,181	21,054
Provisions	23	15,058	14,522
Other		862	1,088
Total Current Liabilities		<u>82,511</u>	<u>90,633</u>
Non-Current Liabilities			
Trade and other payables	21	605	784
Borrowings	22	372,770	374,915
Provisions	23	22,623	19,451
Total Non-Current Liabilities		<u>395,998</u>	<u>395,150</u>
Total Liabilities		<u>478,509</u>	<u>485,783</u>
NET COMMUNITY ASSETS		<u>5,100,828</u>	<u>5,497,142</u>
Community Equity			
Retained surplus		4,799,591	4,968,356
Asset revaluation surplus	24	301,237	528,786
TOTAL COMMUNITY EQUITY		<u>5,100,828</u>	<u>5,497,142</u>

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

* Refer to note 17 for information on adjustments relating to investment in associate.



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015

	Retained Surplus	Asset Revaluation Surplus	Total Community Equity
Note		24	
	\$'000	\$'000	\$'000
Balance as at 1 July 2014	4,968,356	528,786	5,497,142
Net result	(168,765)	-	(168,765)
Other comprehensive income for the year			
Decrease in asset revaluation surplus	-	(227,549)	(227,549)
Total comprehensive income for the year	(168,765)	(227,549)	(398,314)
Balance at 30 June 2015	4,799,591	301,237	5,100,828
Balance as at 1 July 2013	4,863,446	536,629	5,400,075
Net result	104,910	-	104,910
Other comprehensive income for the year			
Decrease in asset revaluation surplus	-	(7,843)	(7,843)
Total comprehensive income for the year	104,910	(7,843)	97,067
Balance at 30 June 2014	4,968,356	528,786	5,497,142

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		323,238	312,599
Payments to suppliers and employees		(295,349)	(282,232)
Interest received		46,258	49,181
Rental income		6,210	6,934
Non capital grants and contributions		22,179	18,807
Tax equivalent received		17,964	4,511
Borrowing costs		(23,290)	(23,263)
Net cash inflow from operating activities	30	97,220	86,537
Cash flows from investing activities			
Payments for property, plant and equipment		(150,219)	(175,736)
Payments for intangible assets		(38)	(939)
Payments for investment property		(217)	(321)
Proceeds from sale of property, plant and equipment		24,712	4,234
Net movement in loans to community organisations		(115)	(13)
Net movement in loans to Unitywater		4,704	4,396
Dividends received from associate		24,999	30,344
Grants, subsidies, contributions and donations		47,179	42,453
Net cash outflow from investing activities		(48,995)	(95,582)
Cash flows from financing activities			
Proceeds from borrowings		20,000	31,000
Repayment of borrowings		(21,018)	(18,160)
Net cash (outflow)/inflow from financing activities		(1,018)	12,840
Net increase in cash and cash equivalent held		47,207	3,795
Cash and cash equivalents at the beginning of the financial year		205,080	201,285
Cash and cash equivalents at the end of the financial year	14	252,287	205,080

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1 Significant accounting policies

1.A Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

Recurring/capital classification

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

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

The following transactions are classified as either "Capital Income" or "Capital Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- discount rate and estimation adjustments to restoration provisions
- adjustments to infrastructure offsets provisions
- revaluations of investment property and property, plant and equipment.

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

1.B Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board that are relevant to Council's operations and effective for the current reporting period. Because Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS.

The main impacts are:

- the offsetting of revaluation and impairment gains and losses within a class of assets
- the timing of the recognition of non-reciprocal grant revenue.

1.C Constitution

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

1.D Date of authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1.E Currency

Council uses the Australian dollar as its functional currency and its presentation currency.

1.F Adoption of new and revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for Profit Public Sector Entities*. Council has decided to apply this standard retrospectively as it exempts public sector entities from specific disclosure requirements required under AASB 13 *Fair Value Measurement* for assets within the scope of AASB 116 *Property, Plant and Equipment* that are held primarily for their current service potential rather than to generate future net cash inflows. The disclosures exempted are concerned with quantitative information and sensitivity analysis concerning fair value measurements categorised within Level 3 of the fair value hierarchy.

Council generally applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the new accounting standards with a future application date that is expected to have a material impact on council's financial statements.

AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* will become effective for reporting periods beginning on or after 1 July 2016. Council has assessed the potential impact and identified additional information that will need to be disclosed in the 2016-17 financial statements.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost, and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

Management have yet to fully assess the impact that AASB 9 *Financial Instruments* and 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*. Initial analysis suggests that AASB 9 will have no impact on the financial statements, however further analysis will be required closer to the application date of the standard. Council does not expect to implement the amendments prior to the adoption date of 1 January 2018.

Recently AASB 15 *Revenue from Contracts with Customers* was released and Council is still reviewing the way that revenue is measured and recognised to identify whether it will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1.G Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined in the following financial statement notes:

Investment Property - Note 1.O and Note 16

Valuation and depreciation of property, plant and equipment - Note 1.P and Note 18

Impairment of non-current assets - Note 1.S

Liabilities - Note 1.V

Provisions - Note 1.X and Note 1.Y and Note 23

Contingent liabilities - Note 26

1.H Rates, grants and other revenue

Rates, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlement to the funds.

Rates

Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of the rating period.

Grants and subsidies

Grants and subsidies that are non-reciprocal are recognised as revenue upon receipt. Where Council is obligated to repay grant and subsidy income an expense is recognised once that obligation is known.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding arrangement are fulfilled.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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.

Infrastructure cash contributions

Council receives infrastructure contributions from developers for trunk infrastructure, such as roads and stormwater. These infrastructure contributions are not within the scope of AASB interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure contributions are recognised as income when received.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Rental income

Rental revenue from investment and other property is recognised as income on a periodic straight line basis over the lease term.

Interest

Interest received is accrued over the term of the investment.

Share of profit

As a party to the participation agreement with Unitywater, Council receives a proportional share of net profits as a participation return. Returns are calculated on the post-tax operating profits of Unitywater. Revenue is recognised on an accruals basis.

Fees and charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents or when the service is provided.

Income tax equivalent

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. Council recognises revenue quarterly based on a percentage of the Unitywater gross revenue.

1.I Financial assets and financial liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Council has categorised and measured the financial assets and financial liabilities held at reporting date as follows:

Financial assets

Cash and cash equivalents - Note 1.J

Receivables - Note 1.K

Financial liabilities

Payables - Note 1.U

Borrowings - Note 22

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 31.

1.J Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1.K Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs.

All known bad debts were written-off at year end. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

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

Works receivable as at the reporting date represents the value of financial contributions and costs incurred by Council less the value of any infrastructure 'handed' over to Council that has arisen out of the Moreton Bay Rail Link Project. The Moreton Bay Rail Link Project is a jointly funded project between the Australian Government, the Queensland State Government and Moreton Bay Regional Council to deliver 12.6 km of rail track, 6 rail stations, other rail structures, new road and bridge works along with new cycling and walking paths. The rail line will link the suburbs from Petrie to Kippa Ring. Council pays financial contributions toward the project, which is managed by the Queensland Department of Transport and Main Roads, and in return will progressively receive infrastructure for those contributions and other costs Council directly incurs in the delivery of the project. Council will make further contributions toward the project in 2015/16. Council anticipates that the total value of the financial contributions along with any other costs incurred will equate to the value of infrastructure to be received by Council over the course of the project.

1.L Inventories

Inventories held for distribution are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

1.M Investments

Financial institution deposits at call and term deposits with a short maturity of twelve months or less are treated as cash equivalents. Interest and dividend revenues are recognised on an accrual basis.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1.N Investment in associate

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

The participation rights effectively represent an investment in an associate by Moreton Bay Regional Council and are disclosed in Note 17.

Associates are entities over which Moreton Bay Regional Council exerts significant influence. Significant influence is the power to participate in the financial and operating policy decisions but is not control or joint control. Council has determined that Unitywater is an associate for accounting purposes.

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.

1.O Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

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 at no or nominal cost it is recognised at fair value.

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

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

1.P Property, plant and equipment

Asset classes

The classes of property, plant and equipment recognised by the Council are:

Land	Transport Infrastructure
Land Improvements	Stormwater Infrastructure
Buildings	Waterways and Canals Infrastructure
Park Equipment	Cultural and Heritage
Plant and Equipment	

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

There will be occasions where assets are adjusted between various classes due to refinements in the above definitions or misclassification of a particular asset. These movements will have a nil effect on the total assets value for Council.

Non-current asset thresholds

Items of property, plant and equipment with a total value of less than \$5,000 except for land and network assets are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

Acquisition of assets

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

Non-monetary assets, including property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation when the criteria for asset recognition per AASB 1004 *Contributions* are met and where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Capital and operating expenditure

Direct labour and material and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Valuation

Land, buildings, infrastructure assets and cultural and heritage assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. All other non-current assets, principally plant and equipment and intangible assets are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of assets does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every three to five years. This process involves the valuer physically sighting all Council assets where practical and making an independent assessment of the condition of the assets at the date of inspection.

In the intervening years, Council uses a suitable index to perform a desktop valuation. 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.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus for that asset class.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

During 2014/15 the revaluation that was undertaken for the Transport asset class resulted in a significant decrease in asset value, particularly for the asset sub classes of Pathways and Kerb and Channel. The primary driver for this decrease was the significant drop in unit rates which are used to value the assets. Unit rates are sourced from independent, professionally qualified valuers and are subject to several assumptions which impact upon the valuation outcome.

The large decrease in unit rates (in excess of 50%) for Pathways and Kerb and Channel prompted Council to undertake a review of the previous unit rates provided in 2011/12 and the current unit rates provided in 2014/15 to ensure fair value was appropriately reflected.

Specifically Council focused on the following for the review;

1. Consider any difference in valuation approach between the 2011/12 unit rates and the 2014/15 unit rates that may have given rise to the change in unit rates.
2. Undertake an analysis of specific work jobs performed during 2011/12 which specifically related to kerb and pathways to establish a cost per measure that would be comparable to the unit rates provided by the valuers in 2011/12.
3. Consider external factors that may have contributed to the higher unit rates for 2011/12, i.e. economic conditions or the impact of natural disasters.
4. Conduct an analysis of the 2014/15 unit rates compared against specific work jobs undertaken during 2014/15 for kerbs and pathways.
5. Compare unit rates for kerb and pathways with other local governments and other organisations where possible.

At the conclusion of the review the detailed analysis supported the substantial decrease in unit rates from 2011/12 to 2014/15. Specifically the analysis demonstrated;

1. The valuation approach by the valuers in 2011/12 as compared to 2014/15 was comparable except for minor differences in relation to on-cost assumptions and the assumed length of measure applicable for some unit rates.
2. Analysis of specific work jobs during 2011/12 and 2014/15 to arrive at a cost per measure corresponded approximately to the unit rates provided by the valuers.
3. Economic conditions and the impact of certain natural disasters in 2011 supported higher unit rates as there was increased demand for resources and materials.
4. The unit rate comparison with another local government identified the unit rates were within an acceptable range of variation.

Despite the significant revaluation down that occurred for the Transport asset class, Council is of the belief that through the analysis undertaken, the unit rates adopted for 2014/15 appropriately reflect fair value.

Details of valuers and methods of valuations are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Capital work in progress

Capital work in progress contains all assets purchased and/or constructed that are not yet available for use. The cost of property, plant and equipment under construction includes the cost of materials and direct labour. Indirect costs may also be included where such costs can be reasonably associated with capital construction projects.

Investment property under construction is classified as investment property. Refer to Note 1.0 for further information.

Depreciation

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. Details of the range of estimated useful lives for each class of asset are shown in Note 18.

During 2014/15 the Australian Accounting Standards Board (AASB) clarified the definition of residual value as defined in AASB 116 *Property, Plant and Equipment*. The clarification effectively limited the definition of residual value to circumstances where an entity expects to receive consideration for an asset at the end of its useful life. Previously Council interpreted residual value to include circumstances where salvaged materials from an existing asset were reused in the asset replacement process.

With the AASB clarifying the definition of residual value, Council has removed from its asset classes in 2014/15, residual values applicable to assets where salvaged materials were anticipated. The asset classes of Land Improvements, Park Equipment, Stormwater, Transport and Waterways and Canals were affected.

It is estimated that removing residual values from the affected asset classes resulted in an approximate increase in depreciation expense for 2014/15 in the amount of \$5.7 million. It is expected that increases in depreciation expense will be similar in future financial years.

Land under roads

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Assets not previously recognised

The initial recognition of non-current assets relates to items of property, plant and equipment that should have been included in previous years financial accounts, but has only been identified and placed into the fixed asset register during the current reporting period and not deemed material for the purposes of a prior period adjustment under the provisions of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

These assets do not form part of the current years capital acquisitions and have been recognised directly to the Statement of Comprehensive Income as capital revenue as shown in Note 5(b). These assets were identified due to the introduction of improved information capture processes. All immaterial identified assets have been initially recognised within the accounts at their written down fair value as at the reporting date detailed.

Road structure assets

During 2014/15 Council undertook a re-definition review of its road structure assets. The purpose of the re-definition review was to;

- a) establish whether the specific road asset components were still suitable for asset recognition purposes,
- b) establishing a consistent rule base across the region for defining "road blocks" and ensuring these blocks correlate to road assets in the financial asset register, and,
- c) ensuring that all corporate systems are utilising the same asset dataset, whether it be for asset identification, location, accounting, maintenance, operational or capital works activities, to enable better asset management outcomes.

Road structure assets are the following specific asset components; The road formation (earthworks), the road base, the road sub base and the road surface (seal). Road structure assets are recorded as separate assets in the Financial Asset Register. A "road block" is a segment of road with similar characteristics (e.g. material, width/ depth) which is broken into logical manageable extents. A road block from an asset management perspective is regarded as the asset however in the financial asset register this would represent those four asset components as described earlier.

The re-definition exercise resulted in the following outcomes.

- a) That it was appropriate from an asset recognition perspective to record road structure assets as formation, base, sub base and surface as each component had a specific defined useful life
- b) The re-defining of a road block to align Councils information systems would require the existing road structure assets recorded on the financial asset register to be removed and replaced with new road structure assets arising out of the road re-definition exercise. For this to occur Council had to re-draw its entire road network spatially and update road attribute data with information available on materials and road treatments.

In total 72,051 road structure assets were removed from the financial asset register and replaced with 78,307. The increase in asset numbers is not reflective of "new" assets found but rather a translation process of previous assets to current ones. Undertaking such a review not only increased the number of physical assets recorded on the asset register but also impacted upon the financial value of the assets. Previously the written down value of Council's 72,051 road structure assets was in the amount of \$1,189,160,937. The re-defined 78,307 road structure assets (which were re-valued as at 31 December 2014) have a written down value of \$979,253,670. The decrease in written down value of \$209,907,267 is a capital expense included as part of the revaluation down of property, plant and equipment recorded at Note 13. The change in written down value of the road structure assets is regarded as a change in accounting estimate in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1.Q Intangible assets

Intangible assets are assets that do not have a physical substance but are expected to provide future benefits to Council. Intangible assets derive their value from the rights that possession and use confer on Council. Council recognises identifiable intangible assets, such as software.

It has been determined that there is not an active market for any of Council's intangible assets. As such, these assets are recognised and carried at cost, less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over a life of between five and ten years.

Intangible assets with a cost or other value exceeding \$5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 20.

1.R Impairment of non-current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1.S Leases

Leases of plant and equipment under which Council as lessee assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1.T Payables

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

1.U Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date and are classified as current except where Council has an unconditional right to defer settlement beyond twelve months, in which case the liability is classified as non-current.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 21 as a payable.

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. The liability represents an accrued expense and is reported in Note 21 as a payable. 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.

Sick leave

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation. The liability represents an accrued expense and is reported in Note 21 as a current payable.

Superannuation

The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 27.

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. 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. This liability is reported in Note 23 as a provision.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1.V Borrowings and borrowing costs

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

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

Borrowing costs, which includes 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.

1.W Restoration provision

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. Further details of Council's provision for the cost of restoration of refuse landfill sites and bio-solids composting sites can be found in Note 23.

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 are reviewed at least annually and updated on the facts and circumstances available at the time.

The provision is measured at the expected cost of the work required discounted to present value. Changes in the provision not arising from the passing of time are treated as an adjustment to the provision and associated asset. Once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in profit and loss.

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

1.X Infrastructure offsets

Infrastructure offsets represent a liability that is recognised 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. The offset or liability arises when the value of the contributed infrastructure is greater than what the developer would have paid in infrastructure charges to Council. The offset/liability is recognised when the contributed asset is accepted as "on maintenance" (when Council accepts ownership of the asset) by Council. Once the offset is created the developer is entitled to be paid the offset owing 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 2015

1.Y Asset revaluation surplus

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

Increases and decreases on revaluation are offset within a class of assets. Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense. When an asset is disposed of, the amount in the surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

1.Z National competition policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 32.

1.AA Rounding and comparatives

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

Comparative information has been reclassified where necessary to be consistent with disclosures in the current reporting period. The resulting reclassifications have had no effect on the current year or prior year net community assets.

1.AB Trust funds held for 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 custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only in Note 29.

1.AC Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for 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.

Council has a participating interest in the Northern SEQ Distributor-Retailer Authority (trading as Unitywater) governed by a Participation Agreement. The Authority is subject to the Local Government Tax Equivalents Regime (LGTER). Under the LGTER the Authority is required to make income tax equivalent payments to Council in accordance with the requirements of the Participation Agreement. Income tax equivalent payments from the Authority are recognised as revenue when the significant risks and rewards related to the corresponding assets have been transferred to Council.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

2 Analysis of Results by Function

(a) Components of Council Functions

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

Engineering, Construction & Maintenance

Engineering, Construction and Maintenance is responsible for the maintenance of Council buildings and public facilities, as well as identifying, planning and delivering infrastructure to support the community and ensure a high standard of infrastructure within the Moreton Bay Region.

Community & Environmental Services

Community and Environmental Services is responsible for providing well managed and maintained community facilities, ensuring compliance with the local laws of Council, monitoring, reporting and engaging with the community to advance the protection and management of the natural environment.

Governance

The role of the Governance section is to ensure open and accountable governance of the region and comprises the Councillors, Chief Executive Officer, Internal Audit, legal, financial management, organisational and people development, information technology support, communications and other related support functions.

Strategic Planning & Development

Strategic Planning and Development is responsible for maintaining a strategic plan of Council's longer term functions and responsibilities in relation to land use planning, planning scheme development, development assessment and engineering.

Economic Development & Commercial Services

The role of Economic Development and Commercial Services is to support increased levels of employment within the region, foster a dynamic and prosperous business environment, manage Council's property portfolio, acquire and dispose of strategic land holdings, stimulate economic activity and provide sustainable and cost-effective solid waste management services to the community.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2015

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

Year ended 30 June 2015	Function	Gross program income						Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
		Operating		Capital		Operating	Capital								
		Grants	Other	Grants	Other										
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Engineering, Construction & Maintenance	3,272	15,085	14,142	2,311	(12,447)	22,363	(112,442)	(344,877)	12,348	(444,971)	(422,608)	3,587,102		
	Community & Environmental Services	3,556	20,270	12	-	(104)	23,734	(52,453)	-	389	(52,064)	(28,330)	337		
	Governance	14,694	347,294	175	87,368	1,696	451,227	(145,211)	(43,655)	(1,694)	(190,560)	260,667	1,952,269		
	Strategic Planning & Development	-	11,371	-	-	(62)	11,309	(10,489)	-	-	(10,489)	820	-		
	Economic Development & Commercial Services	-	54,008	-	85	(2,217)	51,876	(55,905)	22,624	2,091	(31,190)	20,686	39,629		
	Total	21,522	448,028	14,329	89,764	(13,134)	560,509	(376,500)	(365,908)	13,134	(729,274)	(168,765)	5,579,337		

Year ended 30 June 2014		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	\$'000	\$'000
Engineering, Construction & Maintenance	3,066	17,428	22,109	201	(12,692)	30,112	2,702	(107,418)	(92,316)	12,400	(82,204)	4,119,785		
Community & Environmental Services	4,728	20,516	-	-	(130)	25,114	-	(52,982)	(52,595)	387	(27,481)	402		
Governance	7,401	314,690	175	59,358	2,087	383,711	(34,390)	(154,404)	(190,727)	(1,843)	192,984	1,824,566		
Strategic Planning & Development	-	8,701	-	-	(3)	8,698	-	(10,487)	(10,485)	2	(1,787)	-		
Economic Development & Commercial Services	-	51,593	-	33	(2,411)	49,215	1,354	(49,374)	(45,817)	2,203	3,398	38,182		
Total	15,195	412,928	22,284	59,592	(13,149)	496,850	(30,334)	(374,755)	(391,940)	13,149	104,910	5,982,925		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
3 Rates and utility charges			
General rates		206,105	195,429
Cleansing charges		36,547	35,708
Other special levies, rates and charges		11,631	11,557
		<u>254,283</u>	<u>242,694</u>
Less: Pensioner and other rebates		(3,762)	(3,721)
		<u>250,521</u>	<u>238,973</u>
4 Fees and charges			
Administration		6,781	6,793
Community facilities		4,362	5,049
Development services		17,397	14,011
Waste management		3,751	3,408
Animal control		3,125	2,930
Other fees		203	200
		<u>35,619</u>	<u>32,391</u>
5 Grants, subsidies and contributions			
(a) Operating			
Government grants and subsidies		20,675	14,388
Other grants, subsidies, contributions and donations		1,504	4,419
		<u>22,179</u>	<u>18,807</u>
(b) Capital			
Government grants and subsidies		14,329	22,284
Infrastructure cash contributions		30,539	19,935
Contributed assets		49,719	39,070
Assets not previously recognised		3,919	-
Other capital income		2,311	234
		<u>100,817</u>	<u>81,523</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Conditions over contributions			
Contributions and grants which were recognised as revenues during the reporting period, and which were obtained on the condition that they be expended in a manner specified by the contributor, but had not been expended at the reporting date:			
Grants		2,153	1,559
		<u>2,153</u>	<u>1,559</u>
Contributions and grants which were recognised as revenues in a previous reporting period, and were expended during the current reporting period in accordance with Council's obligations:			
Grants		1,559	3,540
		<u>1,559</u>	<u>3,540</u>
6 Interest revenue			
Interest from financial institutions		8,129	8,329
Interest from Unitywater		37,238	36,940
Interest from overdue rates and utility charges		974	1,018
		<u>46,341</u>	<u>46,287</u>
7 Other revenue			
Tax equivalent		14,202	12,978
Other income		7,233	5,324
		<u>21,435</u>	<u>18,302</u>
8 Capital income			
Revaluation up of investment property	16	3,030	268
Estimation adjustment to refuse landfill sites		18	-
Discount rate adjustment to refuse landfill sites		3	-
Unused amount reversal to refuse landfill sites	23	40	-
Estimation adjustment to Bio-solids composting site	23	189	70
Discount rate adjustment to Bio-solids composting site	23	5	-
Unused amount reversal to Bio-solids composting site	23	11	15
Total capital income		<u>3,276</u>	<u>353</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
9 Employee benefits			
Total staff wages and salaries		103,038	102,203
Annual, sick, long service leave and other entitlements		12,644	12,643
Superannuation	27	12,672	12,591
		<u>128,354</u>	<u>127,437</u>
Other employee related expenses		5,230	5,576
		<u>133,584</u>	<u>133,013</u>
Less: Capitalised employee expenses		(9,313)	(9,533)
		<u>124,271</u>	<u>123,480</u>
		2015 No.	2014 No.
Total full time equivalent employees		1,505	1,504
		<u>1,505</u>	<u>1,504</u>
		2015 \$'000	2014 \$'000
10 Materials and services			
Contractors		73,657	69,356
Utilities		19,909	19,088
Materials		8,785	8,991
Other materials and services		5,824	7,151
Information technology hardware/software		5,215	4,944
Fuel		3,325	4,014
Insurance premiums		3,102	3,029
Labour hire services		2,304	2,988
Legal costs		2,101	777
Donations, grants and contributions		2,027	2,193
Printing, postage and stationery		1,739	1,715
Councillors' remuneration		1,728	1,654
Expensed capital		1,671	1,323
Commissions and contributions		1,593	1,762
Cleaning		1,388	1,151
Investment property expenses (property generating income)		226	397
Audit of annual financial statements by the Auditor-General of Queensland		225	220
Other audit assurance services performed		2	2
		<u>134,821</u>	<u>130,755</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
11 Depreciation and amortisation			
Depreciation of non-current assets			
Land improvements		4,460	4,143
Buildings		12,159	11,419
Park equipment		4,303	3,825
Plant and equipment		7,945	7,688
Transport infrastructure		34,391	43,946
Stormwater infrastructure		15,549	11,068
Waterways and canals		375	277
	18	<u>79,182</u>	<u>82,366</u>
Amortisation of intangible assets			
Software	20	547	417
Total depreciation and amortisation		<u>79,729</u>	<u>82,783</u>
12 Finance costs			
Finance cost on loans		23,233	23,197
Other		1,312	1,391
		<u>24,545</u>	<u>24,588</u>
13 Capital expenses			
Book value of property, plant and equipment disposed of		41,083	27,270
Less: Proceeds from the sale of property, plant and equipment		(24,712)	(4,234)
Estimation adjustment to refuse landfill sites		-	86
Discount rate adjustment to refuse landfill sites		-	77
Discount rate adjustment to Bio-solids composting site		-	63
Revaluation down of property, plant and equipment	18	346,965	-
Infrastructure offsets recognised	23	12,951	22,885
Infrastructure offsets extinguished	23	(10,379)	(15,813)
Total capital expenses		<u>365,908</u>	<u>30,334</u>



NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
14 Cash and cash equivalents			
Cash at bank and on hand		4,952	7,092
Deposits at call		186,935	82,588
Term deposits		60,400	115,400
Balance per Statement of Cash Flows		<u>252,287</u>	<u>205,080</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		2,153	1,559
Internally imposed expenditure restrictions at the reporting date:			
Unspent infrastructure contributions		102,958	95,636
Total unspent restricted cash		<u>105,111</u>	<u>97,195</u>
15 Trade and other receivables			
Current			
Rates and utility charges		6,720	7,117
Loans to community organisations		87	4
Loans to Unitywater		1,227	4,704
Accrued receivable from Unitywater		28,908	31,314
Other debtors		4,283	3,437
GST recoverable		2,665	3,175
Prepayments		4,708	5,033
		<u>48,598</u>	<u>54,784</u>
Less: Allowance for impaired debts		<u>(341)</u>	<u>(206)</u>
		<u>48,257</u>	<u>54,578</u>
Non-current			
Loans to community organisations		463	431
Loans to Unitywater		-	1,227
Subordinated debt receivable from Unitywater		677,025	677,025
Works receivable		44,238	17,156
		<u>721,726</u>	<u>695,839</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Loans have been made to Unitywater for working capital purposes. Interest is charged at a fixed rate of 6.7864% per annum. The credit risk on these loans is considered low.

The subordinated debt receivable from Unitywater is set at a fixed interest rate of 5.47%. The credit risk on these loans is considered low.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Movement in accumulated impairment losses (other debtors) is as follows:			
Opening balance at beginning of financial year		206	9
Impairment debts written off during the year		(4)	(11)
Additional impairments recognised during the year		149	208
Impairments recovered during the year		(2)	-
Impairments reversed during the year		(8)	-
Closing balance at end of financial year		<u>341</u>	<u>206</u>
15 Investment property			
Fair value at beginning of financial year		46,310	45,721
Additions from subsequent expenditure recognised		217	321
Net gain or (losses) from fair value adjustments		3,030	268
Disposal		(7,202)	-
Fair value at end of financial year		<u>42,355</u>	<u>46,310</u>

Investment property comprises:

- commercial property which is rented out
- land which is held for future development or an undetermined future use.

Investment property does not include residential properties, swimming pools, aerodrome hangers and caravan parks.

All investment property was valued at fair value by Australis Asset Advisory Group, an independent professionally qualified valuation firm, as at 30 June 2015. Fair value was determined by reference to market based evidence including observable historical sales data in the relevant market for properties of similar nature and specification.

Expenses in respect of investment property are shown in Note 10.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

17 Investment in associate

Details of the associate is as follow.

Name of the associate	Principal activity	Proportion of participation %
Unitywater	Water and sewerage services	58.2382

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

	2015 \$'000	2014 \$'000
Total assets	3,342,906	3,268,130
Total liabilities	(1,755,521)	(1,755,921)
Net assets	1,587,385	1,512,209
Share of net assets of associate	924,461	880,681
 Total revenue	 624,673	 550,493
Total profit for the year	120,302	84,466
Share of profit of associate	70,062	49,192
 Council investment in the associate comprises of:		
Participation rights	932,057	888,277
 Details of movements in participation rights:		
Opening Balance	888,277	867,200
Share of profit of associate	70,062	49,192
Less share of dividends received and accrued	(26,282)	(28,115)
Closing balance at end of year	932,057	888,277
 Reconciliation of the participation rights to the share of net assets:		
Closing value of participation rights	932,057	888,277
Less share of net assets	(924,461)	(880,681)
Share of loss of associate for the year ended 2009/10	7,596	7,596
 Share of loss of associate comprises:		
Total loss for the year ended 2009/10		13,043
Proportion of participation interest		58.2382%
Share of loss of associate for the year ended 2009/10		7,596

The variation between the value of participation rights and the share of net assets occurred because Unitywater incurred losses during 2009/10 prior to the commencement of the Council's participation in Unitywater which began on 1 July 2010.

During 2014/15 Unitywater identified a prior period error in their financial statements that related to the amount of income tax equivalent expense recorded in each financial year since 1 July 2010.

As Unitywater pay a percentage of income tax equivalence to Council, this prior period error consequently alters the amount of income tax equivalence revenue that Council has recorded. As a result Council has overstated income tax equivalence revenue in the amount of \$4.4 million since 1 July 2010 and consequently overstated the value of its participation rights in Unitywater by the same amount.

Consequently to correctly reflect the impacts of this prior period error, Council has adjusted the 2013/14 comparative amounts in the Statement of Comprehensive income and Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

18 Property, plant and equipment

30 June 2015

Basis of measurement

Asset Values

Opening gross value as at 1 July 2014

Additions

Transfers between asset classes

Contributed assets

Disposals

Assets not previously recognised/(derecognised)

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to capital expense

Transfers from work in progress

Closing gross value as at 30 June 2015

Accumulated depreciation and impairment

Opening balance as at 1 July 2014

Depreciation provided in period

Transfers between asset classes

Depreciation on disposals

Assets not previously recognised/(derecognised)

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to capital expense

Accumulated depreciation as at 30 June 2015

Total written down value as at 30 June 2015

Range of estimated useful life in years

Note

Land	Land Improvements	Buildings	Park Equipment	Plant and Equipment	Transport Infrastructure
Fair Value	Cost	Fair Value	Cost	Cost	Fair Value
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
473,100	108,763	412,459	96,126	92,960	2,719,535
-	-	-	-	-	-
-	(1,352)	9	(1,660)	(71)	3,092
25	149	-	1,087	56	27,561
(18,643)	(842)	(3,293)	(221)	(6,281)	(10,539)
2	-	-	108	-	(6,764)
-	-	-	-	-	(302,550)
-	-	-	-	-	(461,328)
9,116	5,529	45,690	8,754	11,628	67,817
463,600	112,247	454,865	104,194	98,292	2,036,824

-	33,827	164,054	31,961	37,080	676,958
-	4,460	12,159	4,303	7,945	34,391
-	(403)	-	(1,063)	(45)	1,511
-	(220)	(1,495)	(59)	(3,254)	(4,145)
-	-	-	-	-	4,808
-	-	-	-	-	(75,001)
-	-	-	-	-	(114,363)
-	37,664	174,718	35,142	41,726	524,159

463,600	74,583	280,147	69,052	56,566	1,512,665
-	3 - 100	5 - 108	5 - 110	2 - 110	1 - 140

30 June 2015

Basis of measurement

Asset Values

Opening gross value as at 1 July 2014

Additions

Transfers between asset classes

Contributed assets

Disposals

Assets not previously recognised/(derecognised)

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to capital expense

Transfers from work in progress

Closing gross value as at 30 June 2015

Accumulated depreciation and impairment

Opening balance as at 1 July 2014

Depreciation provided in period

Transfers between asset classes

Depreciation on disposals

Assets not previously recognised/(derecognised)

Revaluation adjustment to asset revaluation surplus

Revaluation adjustment to capital expense

Accumulated depreciation as at 30 June 2015

Total written down value as at 30 June 2015

Range of estimated useful life in years

Note

Stormwater Infrastructure	Waterways and Canals	Cultural and Heritage	Work in Progress	Total
Fair Value	Fair Value	Fair Value	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000
1,042,777	216,650	2,670	92,258	5,257,298
-	-	-	152,145	152,145
5	(23)	-	-	-
20,841	-	-	-	49,719
(4,722)	(70)	-	-	(44,611)
13,346	-	-	-	6,692
-	-	-	-	(302,550)
-	-	-	-	(461,328)
15,370	4,917	-	(196,771)	(27,550)
1,087,617	221,474	2,670	47,632	4,629,415

216,130	8,528	-	-	1,168,538
15,549	375	-	-	79,182
-	-	-	-	-
(1,554)	(3)	-	-	(10,730)
(2,035)	-	-	-	2,773
-	-	-	-	(75,001)
-	-	-	-	(114,363)
228,090	8,900	-	-	1,050,399

859,527	212,574	2,670	47,632	3,579,016
20 - 100	9 - 100	-	-	-

Additions comprises:

Renewals

Other additions

Total additions

\$
51,652,964
100,492,276
152,145,240

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

30 June 2014

Basis of measurement

Asset Values

Opening gross value as at 1 July 2013

Additions

Transfers between asset classes

Contributed assets

Disposals

Assets not previously recognised

Revaluation adjustment to asset revaluation surplus

Transfers from work in progress

Closing gross value as at 30 June 2014

Accumulated depreciation and impairment

Opening balance as at 1 July 2013

Depreciation provided in period

Transfers between asset classes

Depreciation on disposals

Assets not previously recognised

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2014

Total written down value as at 30 June 2014

Note

Land	Land Improvements	Buildings	Park Equipment	Plant and Equipment	Transport Infrastructure
Fair Value	Cost	Fair Value	Cost	Cost	Fair Value
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
482,016	103,864	397,672	81,342	98,668	2,652,459
-	-	-	-	-	-
(2,696)	(187)	(282)	221	50	2,723
-	112	-	415	19	24,782
(3,589)	(2,161)	(2,771)	(1,098)	(18,368)	(23,693)
-	-	-	-	-	-
(5,730)	-	-	-	-	-
3,097	7,135	17,840	15,246	12,562	63,264
473,100	108,763	412,459	96,126	92,960	2,719,535

24

11

-	31,938	153,498	28,859	42,474	641,897
-	4,143	11,419	3,825	7,688	43,946
-	(146)	(65)	11	(3)	203
-	(2,108)	(798)	(734)	(13,079)	(9,086)
-	-	-	-	-	-
-	-	-	-	-	-
-	33,827	164,854	31,961	37,090	676,958

473,100	74,936	248,405	64,165	55,880	2,042,577
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30 June 2014

Basis of measurement

Asset Values

Opening gross value as at 1 July 2013

Additions

Transfers between asset classes

Contributed assets

Disposals

Assets not previously recognised

Revaluation adjustment to asset revaluation surplus

Transfers from work in progress

Closing gross value as at 30 June 2014

Accumulated depreciation and impairment

Opening balance as at 1 July 2013

Depreciation provided in period

Transfers between asset classes

Depreciation on disposals

Assets not previously recognised

Revaluation adjustment to asset revaluation surplus

Accumulated depreciation as at 30 June 2014

Total written down value as at 30 June 2014

Note

Stormwater Infrastructure	Waterways and Canals	Cultural and Heritage	Work in Progress	Total
Fair Value	Fair Value	Fair Value	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000
1,019,515	216,241	2,606	62,053	5,116,438
-	-	-	178,319	178,319
171	-	-	-	-
13,568	-	174	-	39,070
(1,016)	-	(110)	-	(52,807)
-	-	-	-	-
-	(601)	-	-	(6,331)
10,539	1,010	-	(148,114)	(17,391)
1,042,777	216,650	2,670	92,258	5,257,298

24

11

205,306	6,739	-	-	1,110,711
11,068	277	-	-	82,366
-	-	-	-	-
(244)	-	-	-	(26,051)
-	-	-	-	-
-	1,512	-	-	1,512
216,130	8,526	-	-	1,188,538

826,647	206,122	2,670	92,258	4,068,760
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

19 Fair value measurements

(i) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

- Buildings
- Cultural and Heritage
- Investment Property
- Land
- Stormwater Infrastructure
- Transport Infrastructure
- Waterways and Canals

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 22 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (Level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature (Level 2).

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

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

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

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2015. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement*.

At 30 June 2015	Note	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
Recurring fair value measurements		\$'000	\$'000	\$'000
Buildings	18	-	280,147	280,147
Cultural and Heritage	18	-	2,670	2,670
Investment Property	16	39,920	2,435	42,355
Land	18	266,911	196,689	463,600
Stormwater Infrastructure	18	-	859,527	859,527
Transport Infrastructure	18	-	1,512,665	1,512,665
Waterways and Canals	18	-	212,574	212,574
		306,831	3,066,707	3,373,538

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Council has reviewed each valuation to ensure compliance with the requirements of AASB 13. No changes in valuation techniques were required as a result of this review.

Specific valuation techniques used to value Council assets comprise:

Buildings (Level 3)

The fair value of buildings were determined by independent valuer AssetVal Pty Ltd as at 30 June 2012.

Due to the specialised nature of Council buildings, the valuations have been determined using the Depreciated Replacement Cost method of valuation. The cost approach is an accepted valuation methodology under AASB 13 and is deemed to be a Level 3 input.

Cultural and Heritage (Level 3)

The fair value of Council's Cultural and Heritage asset class was independently revalued by Ross Searle Associates as at 31 December 2011.

Investment Property (Level 2 and 3)

Investment property fair values were determined by independent valuer Australis Asset Advisory Group as at 30 June 2015 as disclosed in Note 16 - Investment Property.

For investment property classified as level 2, fair value has been determined using the income capitalisation approach. 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.

For investment property classified at level 3, no active market exists and fair value has been measured utilising the cost approach.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Land (Level 2 and 3)

The fair value of land was determined by independent valuer AssetVal Pty Ltd as at 30 June 2013.

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 in use.

Stormwater Infrastructure (Level 3)

The fair value of stormwater infrastructure was determined by independent valuers AssetVal Pty Ltd as at 30 June 2012.

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 Depreciated Replacement Cost method of valuation. The cost approach is an accepted valuation methodology under AASB 13 and is deemed to be a Level 3 input.

Transport Infrastructure (Level 3)

The fair value of transport infrastructure was determined by independent valuers Cardno Pty Ltd as at 31 December 2014.

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 Depreciated Replacement Cost method of valuation. The cost approach is an accepted valuation methodology under AASB 13 and is deemed to be a Level 3 input.

Waterways and Canals (Level 3)

The fair value of waterway and canal assets was determined by independent valuer AssetVal Pty Ltd as at 30 June 2014.

Due to the specialised nature of Council's waterway and canal infrastructure, the valuations have been determined using the Depreciated Replacement Cost method of valuation. The cost approach is an accepted valuation methodology under AASB 13 and is deemed to be a Level 3 input.

(iii) Changes in fair value measurements using significant unobservable inputs (Level 3)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 18 (Property, Plant and Equipment). There has been a transfer in the amount of \$2.435 million for investment property from level 2 to level 3 as a result of the investment property revaluation during the year.

(iv) Valuation processes

Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) is set out in Note 1.O and Note 1.P respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
20 Intangible assets			
Software			
Opening gross carrying value		11,129	13,758
Additions through acquisitions		38	939
Disposals		-	(3,568)
Closing gross carrying value		<u>11,167</u>	<u>11,129</u>
Accumulated amortisation			
Opening balance		7,982	10,619
Amortisation in the period	11	547	417
Depreciation on disposals		-	(3,054)
Closing balance		<u>8,529</u>	<u>7,982</u>
Net carrying value at end of financial year		<u>2,638</u>	<u>3,147</u>
Software has a finite life estimated between 5 to 10 years. Straight line amortisation has been used with no residual value.			
Total intangible assets		<u>2,638</u>	<u>3,147</u>
21 Trade and other payables			
Current			
Trade creditors and accruals		33,338	43,074
Employee entitlements		11,072	10,895
		<u>44,410</u>	<u>53,969</u>
Non-Current			
Trade creditors and accruals		605	784
		<u>605</u>	<u>784</u>
22 Borrowings			
Current			
Loans - Queensland Treasury Corporation		22,181	21,054
		<u>22,181</u>	<u>21,054</u>
Non-current			
Loans - Queensland Treasury Corporation		372,770	374,915
		<u>372,770</u>	<u>374,915</u>

The QTC loan market value at the reporting date was \$454,239,608.72. This represents the value of the debt if Council repaid it as at 30 June 2015.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
23 Provisions			
Current			
Long service leave		14,019	13,729
Bio-solids composting site rehabilitation		15	22
Refuse restoration		1,024	771
		<u>15,058</u>	<u>14,522</u>
Non-current			
Long service leave		3,142	3,331
Bio-solids composting site rehabilitation		311	484
Refuse restoration		11,424	10,462
Infrastructure offsets		7,746	5,174
		<u>22,623</u>	<u>19,451</u>
Details of movements in provisions:			
Long service leave			
Balance at beginning of financial year		17,060	
Long service leave entitlement arising		2,460	
Long service leave entitlement extinguished		(881)	
Long service leave entitlement paid		(1,478)	
Balance at end of financial year		<u>17,161</u>	
Bio-solids composting site rehabilitation			
Balance at beginning of financial year		506	
Amount incurred and charged against the provision		(11)	
Increase in provision due to unwinding of discount		16	
Decrease in provision due to change in estimate	8	(169)	
Decrease in provision due to change in discount rate	8	(5)	
Unused amounts reversed	8	(11)	
Balance at end of financial year		<u>326</u>	

This provision is the present value of the estimated post closure monitoring cost of the bio-solids composting site. The projected cost is \$15,000 for every year and expected to be completed in 2038

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Refuse landfill sites restoration			
Balance at beginning of financial year		11,233	
Amount incurred and charged against the provision		(176)	
Increase in provision due to unwinding of discount		394	
Increase in provision due to change in estimate		1,580	
Decrease in provision due to change in discount rate		(543)	
Unused amounts reversed	8	(40)	
Balance at end of financial year		<u>12,448</u>	

Council holds an Environmental Protection Agency licence to operate a number of landfills. Council estimates and discounts expected future costs to restore landfill cells to present value at a discount factor based on Commonwealth bond yields rates.

Landfill site	Expected site closure year	Post closure monitoring cost completion year
Bunya landfill site	2050	2065
Dakabin landfill site	2025	2040
Caboolture landfill site	2045	2060
Ningi landfill site	closed	2027
Woodford landfill site	closed	2027

Infrastructure offsets

Balance at beginning of financial year		5,174	
Increase in provision for offsets recognised	13	12,951	
Decrease in provision due to offsets extinguished	13	(10,379)	
Balance at end of financial year		<u>7,746</u>	

24 Asset revaluation surplus

Movements in the asset revaluation surplus were as follows:

Balance at beginning of financial year		528,786	536,629
Net adjustment to non-current assets at end of period to reflect change in current fair value:			
Land		-	(5,730)
Transport infrastructure		(227,549)	-
Waterways and canals		-	(2,113)
	18	<u>(227,549)</u>	<u>(7,843)</u>
Balance at end of financial year		<u>301,237</u>	<u>528,786</u>



NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus comprises the following asset categories:			
Land		51,247	51,247
Buildings		47,218	47,218
Transport infrastructure		-	227,549
Stormwater infrastructure		165,207	165,207
Waterways and canals		37,424	37,424
Cultural and heritage		141	141
		<u>301,237</u>	<u>528,786</u>
25 Commitments for expenditure			
Contractual commitments			
Commitments for capital expenditure			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Property, plant and equipment		27,209	18,596
		<u>27,209</u>	<u>18,596</u>
These expenditures are due for payment:			
Not later than one year		27,209	18,596
		<u>27,209</u>	<u>18,596</u>
Commitments for operating expenditure			
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:			
Waste removal and recycling services		49,885	70,334
Outsourced management of facilities of other services		3,874	2,960
IT equipment and software licences		-	1,347
Grounds and equipment maintenance		18,040	5,492
Maintenance of infrastructure		431	2,500
Total contractual commitments at reporting date		<u>72,230</u>	<u>82,633</u>
These expenditures are due for payment:			
Not later than one year		28,168	25,813
One to five years		44,062	56,337
More than five years		-	483
		<u>72,230</u>	<u>82,633</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

26 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. Information in respect of individual claims has not been disclosed in accordance with AASB137 "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 \$19 million (2014: approximately \$22m).

Infrastructure offsets

Council enters into certain infrastructure agreements with developers where specific infrastructure is to be provided (contributed) to Council in lieu of charging infrastructure charges. Where the value of the infrastructure provided exceeds the value of the infrastructure charges forgone an offset may arise. The offset is only recognised once Council has received the infrastructure as "on maintenance" and takes ownership.

Where the infrastructure is yet to be recognised as "on maintenance" there is no certainty that the offset will eventuate and a contingent liability is recognised. In total the potential offsets amount to approximately \$11 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 it is 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 2014 the financial statements of LGM Queensland reported a members' equity balance of \$26,013,447.

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 was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$3,741,573.

There were no other material adjusting events after the balance date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

27 Superannuation

Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the AASB119 *Employee Benefits*. The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund

The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and

The Accumulation Benefits Fund (ABF)

The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which either fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 71 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 entities. Moreton Bay Regional Council made 4.90% of the total contributions to the plan for the 2014-2015 financial year.

The next actuarial investigation will be made as at 1 July 2015.

Note	2015 \$'000	2014 \$'000
The amount of superannuation contributions paid by Council to the scheme in this period for the benefit of employees and councillors was:		
9	12,572	12,591



NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
28 Operating lease income			
The minimum lease receipts are as follows:			
Not later than one year		4,328	5,520
One to five years		12,315	16,559
Later than five years		8,948	16,574
		<u>25,591</u>	<u>38,653</u>
29 Trust funds			
Trust funds held for outside parties			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities		6,122	5,886
		<u>6,122</u>	<u>5,886</u>
Council performs only a custodial role in respect of these monies. As these funds cannot be used by Council, they are not brought to account in these financial statements.			
30 Reconciliation of net result for the year to net cash inflow from operating activities			
Net result		<u>(168,765)</u>	<u>104,910</u>
Non-cash items:			
Depreciation and amortisation		79,729	82,783
Revaluation adjustments		343,935	(268)
Change in future rehabilitation and restoration costs		164	474
Change in infrastructure offsets		2,572	7,072
Share of profit of associate		<u>(70,062)</u>	<u>(49,192)</u>
		<u>356,338</u>	<u>40,869</u>
Investing and development activities:			
Net loss on disposal of non-current assets		16,371	23,036
Capital grants and contributions		<u>(100,817)</u>	<u>(81,523)</u>
		<u>(84,446)</u>	<u>(58,487)</u>
Changes in operating assets and liabilities:			
Decrease/(increase) in receivables		3,884	(225)
Decrease/(increase) in other operating assets		258	(174)
(Decrease)/increase in payables		(9,736)	3,810
(Decrease) in provisions		(86)	(2,155)
(Decrease) in other liabilities		<u>(227)</u>	<u>(2,011)</u>
		<u>(5,907)</u>	<u>(755)</u>
Net cash inflow from operating activities		<u>97,220</u>	<u>86,537</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

31 Financial instruments

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

- credit risk
- liquidity risk
- market risk

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

Financial risk management

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

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

Council does not enter into derivatives.

Credit risk exposure

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

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

Investments in financial instruments are required to be made with Queensland Treasury Corporation (QTC) or financial institutions in Australia, in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

Financial assets	Note	2015 \$'000	2014 \$'000
Cash and cash equivalents	14	252,287	205,080
Receivables - rates	15	6,720	7,117
Receivables - other		758,896	738,473
		<u>1,017,903</u>	<u>950,670</u>

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. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "BBB", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

Trade and other receivables

In the case of rate receivables, the Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

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 following represents an analysis of the age of Council's financial assets that are either fully performing, past due or impaired:

30-June-2015

	Fully performing	Past due			Total
		Less than 30 days	30-60 days	More than 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	85,851	1,342	106	1,292	88,591
Less Impairment	-	-	-	(341)	(341)
Net Receivables	<u>85,851</u>	<u>1,342</u>	<u>106</u>	<u>951</u>	<u>88,250</u>

30-June-2014

	Fully performing	Past due			Total
		Less than 30 days	30-60 days	More than 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	67,090	670	72	733	68,565
Less Impairment	-	-	-	(206)	(206)
Net Receivables	<u>67,090</u>	<u>670</u>	<u>72</u>	<u>527</u>	<u>68,359</u>

The above analysis does not include the non-current receivable of \$677,025 million (2014: \$677,025 million), which represents a fixed rate loan to Unitywater. Refer to Note 15 for further information.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

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.

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
2015					
Trade and other payables	33,565	678	-	34,243	33,943
Loans - QTC	45,417	183,405	333,395	562,217	394,951
	78,982	184,083	333,395	596,460	428,894
2014					
Trade and other payables	43,130	1,131	-	44,261	43,858
Loans - QTC	44,246	176,368	354,655	575,269	395,969
	87,376	177,499	354,655	619,530	439,827

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

Council does not have access to a fixed overdraft facility.

Market risk

Market risk is the risk that changes in market prices, 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 investments and borrowings with QTC and other financial institutions.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Sensitivity

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

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

	Net carrying amount \$'000	Profit/loss		Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2015					
QTC cash fund	-	699	(699)	699	(699)
Other investments	-	668	(668)	668	(668)
Net total	-	1,367	(1,367)	1,367	(1,367)
2014					
QTC cash fund	-	555	(555)	555	(555)
Other investments	-	361	(361)	361	(361)
Net total	-	916	(916)	916	(916)

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

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

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 22.

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 2015

32 National competition policy

Business activities 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:

	Type 2 Waste Function
Revenue	2015 \$'000
Revenue for services provided to Council	2,324
Revenue for services provided to external clients	45,327
Community service obligations	941
	48,592
Expenditure	39,671
Surplus/(deficiency)	8,921

Community Service Obligations:

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activities primary objective were 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 CSO's by Council.

Activities and CSO Description	2015 \$'000
Waste	
Pensioner Discounts	568
Litter Management	348
Clean Up Australia	25

33 Events subsequent to balance date

There were no material adjusting events after the balance date.


On July 20, 2015 Council purchased a strategic parcel of land for approximately \$53.9 million. The purchase of the site is the next step in investigating the feasibility of establishing a University and Community Precinct within the Moreton Bay Region. With the population of the Moreton Bay Region expected to grow by more than 40% in the next 20 years the land purchase is seen as a strong vision to create an economic hub for the future that will generate employment and provide ongoing economic prosperity for the region.

MANAGEMENT CERTIFICATE
For the year ended 30 June 2015

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

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 44, 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.



Cr Mike Charlton
Acting Mayor

Date: 15/10/2015



Mr Daryl Hitzman
Chief Executive Officer

Date: 15/10/2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Moreton Bay Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Moreton Bay Regional Council, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Financial Report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Moreton Bay Regional Council for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT
For the year ended 30 June 2015

Measures of Financial Sustainability

Council's performance at 30 June 2015 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	20.4%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	65.2%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	38.8%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.



CERTIFICATE OF ACCURACY
For the year ended 30 June 2015

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.

A handwritten signature in black ink, appearing to read "M. Charlton", written over a horizontal line.

Cr Mike Charlton
Acting Mayor

Date: 15/10/2015

A handwritten signature in black ink, appearing to read "D. Hitzman", written over a horizontal line.

Mr Daryl Hitzman
Chief Executive Officer

Date: 15/10/2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Moreton Bay Regional Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Moreton Bay Regional Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

The Council is responsible for the preparation and fair presentation of the current-year financial sustainability statement in accordance with the *Local Government Regulation 2012*. The Council's responsibility also includes such internal control as the Council determines 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 Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Moreton Bay Regional Council, for the year ended 30 June 2015, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



P J FLEMMING FCPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane



Moreton Bay
Council

LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT

Prepared as at 30 June 2015

Measures of Financial Sustainability

	Measure	Target	Projected for the years ended									
			Actual 30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	20.4%	11.4%	14.7%	13.4%	12.4%	13.6%	13.8%	14.4%	14.6%	15.5%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	65.2%	81.1%	72.2%	73.5%	69.5%	70.4%	73.1%	72.2%	72.4%	73.5%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	38.8%	54.8%	52.9%	50.9%	49.8%	47.9%	42.3%	35.2%	27.4%	18.1%

Council's Financial Management Strategy

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

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

The financial sustainability framework of the long term financial forecast forms the basis for the preparation of the 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 onto the path for ensuring future viability and financial sustainability for the region into the future.



CERTIFICATE OF ACCURACY

For the long-term financial sustainability statement prepared as at 30 June 2015

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.

A handwritten signature in black ink, appearing to read "Mike Charlton", written over a horizontal line.

Cf Mike Charlton
Acting Mayor

Date: 15 / 10 / 2015

A handwritten signature in black ink, appearing to read "Daryl Hitzman", written over a horizontal line.

Mr Daryl Hitzman
Chief Executive Officer

Date: 15 / 10 / 2015

(07) 3205 0555
Monday to Friday, 8.30am – 5.00pm

After hours (07) 3205 0555

Fax (07) 3205 0599

Email mbrc@moretonbay.qld.gov.au

POSTAL ADDRESS
Moreton Bay Regional Council
PO Box 159 Caboolture QLD 4510

