

Logan City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Primary Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Management Certificate	60
Independent Auditor's Report	61
Current Year Financial Sustainability Statement	62
Certificate of Accuracy (audited ratios)	64
Independent Auditor's Report - Current Year Financial Sustainability Statement	65
Certificate of Accuracy (contextual ratios - unaudited)	67
Unaudited Long Term Financial Sustainability Statement	68
Certificate of Accuracy - Long Term Financial Sustainability Statement	71

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	Restated 2023
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	579,869	538,430
Fees and charges	3b	47,971	45,592
Sales revenue		20,474	18,878
Grants, subsidies and contributions	3c	11,142	28,859
Total recurrent revenue		659,456	631,759
Capital revenue			
Grants, subsidies and contributions	3c	58,815	28,372
Infrastructure charges	8	300,997	278,271
Total capital revenue		359,812	306,643
Other income			
Interest received		23,324	18,200
Other income		25,357	19,243
Capital income		778	1,160
Total other income		49,459	38,603
Total income		1,068,727	977,005
Expenses			
Recurrent expenses			
Employee benefits	4	185,705	169,024
Materials and services	5	373,180	340,553
Finance costs	6	15,386	14,405
Other expenses		5,955	4,400
Depreciation and amortisation:			
Depreciation of property, plant and equipment	13	140,056	126,633
- Intangible assets		386	486
Total recurrent expenses		720,668	655,501
Other expenses			
Capital Expenses	7	55,357	177,728
Total other expenses		55,357	177,728
Total expenses		776,025	833,229
Operating result		292,702	143,776
Net Result		292,702	143,776
Other comprehensive income			
Amounts which will not be reclassified subsequently to the operating result			
Increase/(decrease) in asset revaluation surplus	13	223,406	309,720
Increase (decrease) in future rehabilitation		-	201
Total other comprehensive income for the year		223,406	309,921
Total comprehensive income for the year		516,108	453,697

The above statement should be read in conjunction with the accompanying notes and material accounting policies.

The above statement excludes transactions and balances of controlled entities. Refer to note 29 for controlled entities that have not been consolidated.

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	Restated 2023
Assets			
Current assets			
Cash and cash equivalents	9	391,950	445,874
Receivables	10	52,760	50,282
Inventories		1,485	1,288
Contract assets	14	1,322	808
Other financial assets	11	66,611	56,280
Total current assets		514,128	554,532
Non-current assets			
Financial assets	9	10,382	8,356
Receivables *	10	–	12,858
Property, plant and equipment	13	7,510,507	6,854,673
Intangible assets		4,277	3,393
Total non-current assets		7,525,166	6,879,280
Total Assets		8,039,294	7,433,812
Liabilities			
Current liabilities			
Payables	16	99,806	106,053
Contract liabilities	14	7,341	14,180
Borrowings	17	25,787	22,429
Lease liabilities	15	433	1,004
Provisions	18	23,768	21,935
Other liabilities	19	28,619	27,883
Total current liabilities		185,754	193,484
Non-current liabilities			
Contract liabilities	14	3,557	3,572
Borrowings	17	431,961	294,909
Lease liabilities	15	5,768	34,915
Provisions	18	11,527	9,931
Other liabilities	19	21,088	33,470
Total non-current liabilities		473,901	376,797
Total Liabilities		659,655	570,281
Net community assets		7,379,639	6,863,531
Community equity			
Asset revaluation surplus	20	3,283,081	3,059,675
Retained surplus		4,096,558	3,803,856
Total community equity		7,379,639	6,863,531

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	Asset revaluation surplus	Retained surplus	Total equity
Balance as at 1 July 2023		3,059,675	3,803,856	6,863,531
Restated balance as at 1 July 2023		3,059,675	3,803,856	6,863,531
Net result		–	292,702	292,702
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	13	223,406	–	223,406
Other comprehensive income		223,406	–	223,406
Total comprehensive income for the year		223,406	292,702	516,108
Balance as at 30 June 2024		3,283,081	4,096,558	7,379,639
Balance as at 1 July 2022		2,749,754	3,660,080	6,409,834
Restated balance as at 1 July 2022		2,749,754	3,660,080	6,409,834
Net result		–	143,776	143,776
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	13	309,720	–	309,720
- Increase/(decrease) in future rehabilitation		201	–	201
Other comprehensive income		309,921	–	309,921
Total comprehensive income for the year		309,921	143,776	453,697
Balance as at 30 June 2023		3,059,675	3,803,856	6,863,531

The above statement should be read in conjunction with the accompanying notes and material accounting policies.

Statement of Cash Flows

for the year ended 30 June 2024

\$ '000	Notes	2024	Restated 2023
Cash flows from operating activities			
Receipts from customers		644,085	595,200
Payments to suppliers and employees		<u>(571,079)</u>	<u>(496,954)</u>
		73,006	98,246
Receipts			
Interest received		23,324	18,200
Non capital grants and contributions		3,945	20,230
Other		13,086	4,458
Payments			
Other		<u>(3,191)</u>	<u>(5,736)</u>
Net cash inflow/(outflow) from operating activities	24	<u>110,170</u>	<u>135,398</u>
Cash flows from investing activities			
Receipts			
Developer cash infrastructure charges		66,098	82,211
Grants, subsidies, contributions and donations		58,815	28,372
Proceeds from sale of property, plant and equipment		4,043	4,011
Payments			
Payments for financial assets		(10,192)	–
Payments for intangible assets		(1,270)	(1,885)
Payments for property, plant and equipment		(414,645)	(316,711)
Other investing activity payments		7,037	(10,509)
Net cash inflow/(outflow) from investing activities		<u>(290,114)</u>	<u>(214,511)</u>
Cash flows from financing activities			
Receipts			
Proceeds from borrowings		162,210	60,249
Payments			
Other financing activity payments		(13,369)	(13,218)
Repayment of borrowings		(21,800)	(32,230)
Repayments made on leases (principal only)		(1,021)	(899)
Net cash flow inflow/(outflow) from financing activities		<u>126,020</u>	<u>13,902</u>
Net increase/(decrease) in cash and cash equivalents held		<u>(53,924)</u>	<u>(65,211)</u>
Cash and cash equivalents at the beginning of the financial year		445,874	511,085
Cash and cash equivalents at the end of the financial year	9	<u>391,950</u>	<u>445,874</u>

The above statement should be read in conjunction with the accompanying notes and material accounting policies.

Notes to the Financial Statements

for the year ended 30 June 2024

Contents of the Notes accompanying the General Purpose Financial Statements

Note	Details	Page
1	Information about these financial statements	7
2	Analysis of results by function	10
3	Revenue	13
4	Employee benefits	16
5	Materials and services	17
6	Finance costs	17
7	Capital expenses	18
8	Infrastructure charges	18
9	Cash, cash equivalents and financial assets	19
10	Receivables	20
11	Other assets	22
12	Equity accounted investments	23
13	Property, plant and equipment	25
14	Contract balances	35
15	Leases	37
16	Payables	39
17	Borrowings	40
18	Provisions	41
19	Other liabilities	44
20	Asset revaluation surplus	44
21	Commitments for expenditure	45
22	Contingent liabilities	46
23	Superannuation – regional defined benefit fund	47
24	Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities	48
25	Correction of error	49
26	Events after the reporting period	51
27	Financial instruments and financial risk management	52
28	National competition policy	55
29	Controlled entities that have not been consolidated	57
30	Transactions with related parties	58

Notes to the Financial Statements

for the year ended 30 June 2024

Note 1. Information about these financial statements

(a) Reporting entity

Logan City Council is a not-for-profit local government entity constituted under the Queensland *Local Government Act 2009* and domiciled in Australia. The Council registered office and principle place of business are located at 150 Wembley Road, Logan Central, Queensland, 4114.

(b) Basis of preparation

These general-purpose financial statements are for the period 1 July 2023 to 30 June 2024 and have been prepared in compliance with the *Local Government Act 2009* and the Local Government Regulation 2012. These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment.

(c) Basis of Consolidation

Council and its controlled entities together form the consolidated entity.

In the previous financial year, Council's wholly owned subsidiary, Invest Logan Pty Ltd formed the consolidated group. Council has determined during the year that the operations of Invest Logan Pty Ltd were immaterial to Council's operations and hence, Council has not prepared consolidated financial statements for the year ended 30 June 2024.

Information about controlled entities that have not been consolidated, because they are not considered material, is included in note 29.

(d) Statement of compliance

These financial statements have been prepared in accordance with all Australian Accounting Standards and Interpretations that are relevant to Council's operations and effective for the current reporting period.

Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

(e) 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 has been signed by the Mayor and Chief Executive Officer.

(f) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and are rounded to the nearest thousand (\$000) unless otherwise stated. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(g) Taxation

Council is subject to Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and payroll tax on certain activities. The net amount of GST recoverable from or payable to the Australian Tax Office is shown as an asset or liability respectively. Income of local government bodies is exempt from income tax due to the provisions of the *Income Tax Act 1997*.

(h) Volunteer Services

Volunteer services have not been recognised in these financial statements, as the Council considers that the amount of volunteer services is not material and would not be purchased if not donated.

(i) New and revised Accounting Standards adopted during the year

Logan City Council was not required to adopt any new standards which became mandatorily effective for annual reporting periods beginning on 1 July 2023.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 1. Information about these financial statements (continued)

The adoption of the revisions to AASB 101 Presentation of Financial Statements resulted in disclosure of material accounting policy information only rather than significant accounting policies. This means that accounting policy information is disclosed only if it relates to material transactions, other events or conditions and:

- a) Council has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- b) Council chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- c) The accounting policy was developed in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors in the absence of an Australian Accounting Standard that specifically applies.
- d) The accounting policy relate to an area for which a Council is required to make significant judgements or assumptions in applying an accounting policy, and the Council discloses those judgements or assumptions in the financial statements.
- e) The accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

(j) Standards issued by the AASB not yet effective

Council has assessed all the standards / interpretations which are not yet effective and have determined that there is no expected material impact on the reported financial position or performance.

(k) Estimates and Judgements

The financial statements are subject to the use of estimates and judgements. The estimates and judgements that have a risk of causing an adjustment to the carrying amounts of assets and liabilities relate to:

Transactions where the consideration to acquire an asset is significantly less than fair value principally to enable Council to further its objectives under AASB 1058

The council receives grants and subsidies from State and Federal government departments, provided principally to enable the Council to further its objectives. Grants are funds provided to further government policy outcomes and are generally for a specific purpose.

Grants (funding arrangements) may require that funds are used for a specific purpose over a specified time period or may be of a more generalised nature (for example Federal Financial Assistance Grants are un-tied in the hands of local governments allowing councils to spend the grants according to local priorities). Certain funding arrangements, however, have individual or multiple identified obligations attached to them and spending is not at Council's discretion. Some funding arrangements have an acquittal process and may be paid in advance, in arrears or periodically based on the achievement of obligations listed in the funding agreement.

Management has assessed all funding arrangements that the Council is participative in during the financial year and has used judgement to determine whether the funding agreements are enforceable and include specific and measurable performance obligations, or whether the funds are untied. Where there are specific and measurable performance obligations, management has assessed the related performance obligations and determined whether the obligations will be satisfied over time or at a point-in-time. Management further has determined the most appropriate criteria to measure Council's progress in satisfying the performance obligations and determined the amount of revenue recognised in the current financial year on a percentage completion basis based on the actual amount spent. The percentage completion method is appropriate as the work schedule provides a direct link between the charge amount and the work completed. For performance obligations satisfied at a point in time, the customer obtains control over the promised goods or services when the related infrastructure asset is available for public use. Refer note 3 for details of Council's policy criteria.

The nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer under AASB 15

The council is provided the power under the *Planning Act 2016* to, by resolution, adopt charges for providing trunk infrastructure for development (infrastructure charges). The charge resolution may also provide for automatic increases in levied charges if not paid in accordance with the agreement. Development agreements may include a schedule of works that the Council is required to complete under the contract. The development agreement specifies the transaction price and performance obligations. Management undertakes a percentage completion assessment to determine how much of the related work schedule has been completed and revenue is recognised in proportion to completion percentages based on actual expenditure. The percentage completion method used in determining is appropriate as the work schedule provides a direct link between the charge amount and the work completed. For performance obligations satisfied at a point in time, the customer obtains

Notes to the Financial Statements

for the year ended 30 June 2024

Note 1. Information about these financial statements (continued)

control over the promised goods or services when the related infrastructure asset is available for public use. In accordance with the practical expedient offered under AASB15.94, any incremental costs incurred in obtaining a contract are expensed when incurred.

Receivables impairment

Council undertakes a regular review of receivables and contract assets to determine whether current carrying amounts may exceed expected recoverable amounts.

When Council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss. Council has identified distinctive groupings of its receivables: Rates & Charges, Statutory Charges and Other Trade Receivables and relevant judgements in relation to expected credit loss has been made for each group.

Property, plant and equipment valuation, depreciation rates and methodologies, asset useful lives, residual values, and impairment

Management exercises judgement to determine the estimated useful lives and residual values of property, plant and equipment (PPE) assets at the end of each reporting period based on previous experience with each asset category and the estimated consumption of asset service potential. Council conducts condition assessments to estimate the rate of consumption of economic benefits and determine the remaining useful life of road surface and pavements. Each of these estimates has the potential to affect the amount of depreciation recognised annually. Council uses standard rates of depreciation for each major asset category unless factors exist that require a different rate to be applied for particular assets. There have been no major changes during the current year. Depreciation methodologies and useful lives are disclosed in note 13(c).

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset 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 of each class of property, plant and equipment assets at least once every three to five years according to Council policy. In the intervening years, Council uses internal valuers, engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Note 13 provides further valuation disclosures.

Provisions - Asset removal and restoration provisions

Council recognises provisions for the estimated cost of dismantling and removing items of PPE and restoring the site on which these items are located (collectively removal and restoration costs).

Removal and restoration costs may arise in respect of refuse dumps (landfills), quarries, and water or wastewater treatment plants, where it is probable the Council will be liable for, or required to, incur such a cost on the cessation of use of these facilities.

Removal and restoration provisions are measured at the expected cost of the work required; discounted to current day values using the interest rates attaching to Commonwealth Government guaranteed securities with a maturity date corresponding to the anticipated date of the restoration. Management estimates the amount of expected removal and restoration work based on current known removal and restoration costs inflated using relevant cost inflation indices and then discounted to current day values; and the timing of the work based on estimated landfill or quarry volumes or planned cessation dates. Further details are provided under note 18.

Contingencies - assets and liabilities

Management assesses past events that may result in assets or obligations based on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. Where it is likely that the event will result in a future asset or liability, Council discloses these amounts as contingent assets or liabilities. Reference note 22 for further details.

Unbilled Water Consumption

Council recognises an accrual for unbilled water consumption. The amount which is representative of water consumption billed in the month of July is based on actual meter readings. The amount which will not be billable until the month of October which represents estimated water consumption from the last customer meter reading up to the end of the reporting period, is based on the customers historical usage.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 2. Analysis of results by function

(a) Components of Council functions

Council's Executive Leadership Team (ELT) have determined Council functions and activities based on service delivery. During the current year Council continued with the organisational restructure which saw some changes to Council's previous functions and activities and alignment of those under newly formed directorships.

Current Council directorships consist Organisational Services, Growth, Economy and Sustainability, Community and Lifestyle, Transport and Water Services and People and Engagement. The innovation and City Transformation directorate has been dissolved and the remaining functions have been transitioned to other parts of the organisation. Council reports business units and Corporate Revenues separate from other functions, as management considers that such disclosures are meaningful to users of Council's financial report.

Council business units

Council's Water and Sewerage Services, and Waste Services, are significant business activities under the Local Government Regulation 2012 for National Competition Policy (NCP) purposes, accounted for as separate business units. No new significant Council business activities started in the current financial year.

Water and sewerage services

Council's water and sewerage services unit is a commercially focused business unit, the principal activities of which are the provision of water and sewerage services. Its business goal is to maximise financial returns and cash flows to support other Council operations. Water and sewerage services consist of three areas comprising asset management, water treatment and quality managed by the Water branches. Infrastructure planning, design and construction managed by the water infrastructure solutions branch; maintenance and supply services managed by the water service delivery branch; and water information and quality managed by Water Service Performance Branch. Water and sewerage services and transport services together comprise the Transport and Water Services directorate.

Waste services

The goal of the Waste Services business unit is to protect and support our community and natural environment by sustainably managing refuse. The Waste Services branch is responsible for all city waste activities. These include the collection of household waste, kerbside clean ups, servicing of litter bins, bulk disposals at landfills, waste transfer stations, the Logan recycling market, gas extraction from landfills, municipal bulk solid waste collection, the management of waste vegetation, maintenance of closed landfills, household hazardous waste services and environmental monitoring of current and former waste disposal facilities. Waste services currently forms part of the Growth, Economy and Sustainability directorate.

Corporate revenue

Corporate Revenue consists of activities related to the collection of general rates and financial service activities comprising Council's treasury function, which is responsible for the administration of council borrowings and investments.

Transport services

Transport Services provide a high quality and effective road and drainage network. Services consist of plant fleet services, road construction and maintenance, and road infrastructure planning and road infrastructure delivery.

Community and lifestyle

The objective of community and lifestyle is to ensure that Logan is a healthy, vibrant, contemporary and connected community. The directorship includes city safety and liveability, venues and events, sports and community infrastructure, libraries and creative industries and parks.

Growth, economy and sustainability

The goal of the Growth, Economy and Sustainability directorship is to support the local business economy to ensure that it is strong and sustainable. During the year, the health, environment and waste branch was split into two branches. The first being health, climate and conservation and the second being, waste and resource recovery (which is the separate Waste Services business unit). The directorship now encompasses health, climate and conversation, development assessment and economic development & city planning.

Organisational services

Organisational Services supports Council business units and city services. The directorship consists of corporate governance, finance, legal services, corporate property and information services. The Office of the Chief Executive directorate includes advocacy, strategic data and asset management, business optimisation and portfolio planning and investment.

People and engagement

The goal of People and Engagement is to consistently deliver a better experience for our people. This includes delivery of our front end services through our customer service and information branch, community engagement and marketing through

Notes to the Financial Statements

for the year ended 30 June 2024

Note 2. Analysis of results by function (continued)

our corporate communications branch and providing a safe, healthy and dynamic workplace for our employees through our People and Culture branch.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 2. Analysis of results by function (continued)

(b) Income, expenses and assets attributed to Council functions

Functions \$ '000	Gross program income				Gross program expenses				Net result	Total assets
	Recurring grants	Recurring other	Capital grants	Capital other	Total income	Recurring	Capital	Total expenses		
2024										
Water and sewerage services	1,429	281,000	–	83,812	366,241	(208,808)	(23,530)	(232,338)	133,903	1,649,351
Waste services	–	61,103	64	–	61,167	(43,909)	–	(43,909)	17,258	56,662
Corporate revenue	589	312,439	–	–	313,028	(25,431)	(8,166)	(33,597)	279,431	584,340
Roads infrastructure services	4,728	1,456	23,527	143,069	172,780	(168,172)	(17,751)	(185,923)	(13,143)	4,267,944
Community and lifestyle	1,339	14,403	14,025	72,424	102,191	(137,007)	(5,787)	(142,794)	(40,603)	1,261,222
Growth economy and sustainability	1,374	24,965	478	2,668	29,485	(49,363)	–	(49,363)	(19,878)	22,647
Innovation and city transformation	–	–	–	–	–	–	–	–	–	–
Organisational services	1,275	1,624	20,721	(198)	23,422	(64,162)	(123)	(64,285)	(40,863)	195,760
People and Engagement	408	5	–	–	413	(23,816)	–	(23,816)	(23,403)	1,368
Total	11,142	696,995	58,815	301,775	1,068,727	(720,668)	(55,357)	(776,025)	292,702	8,039,294
2023										
Water and sewerage services	1,209	260,834	1,824	78,994	342,861	(189,095)	(146,584)	(335,679)	7,182	1,547,025
Waste services	1,144	55,857	41	2,182	59,224	(47,282)	(140)	(47,422)	11,802	66,244
Corporate revenue	15,963	284,092	–	3,387	303,442	(14,848)	–	(14,848)	288,594	648,431
Roads infrastructure services	7,035	1,131	8,990	145,056	162,212	(129,988)	(30,018)	(160,006)	2,206	3,900,797
Community and lifestyle	1,910	13,033	7,278	45,535	67,756	(124,779)	(338)	(125,117)	(57,361)	1,104,478
Growth economy and sustainability	119	23,735	1,334	–	25,188	(33,563)	–	(33,563)	(8,375)	11,530
Innovation and city transformation	1,164	–	–	–	1,164	(4,159)	–	(4,159)	(2,995)	–
Organisational services	12	1,657	8,905	4,277	14,851	(90,176)	(644)	(90,820)	(75,969)	154,083
People and Engagement	303	4	–	–	307	(21,611)	(4)	(21,615)	(21,308)	1,224
Total	28,859	640,343	28,372	279,431	977,005	(655,501)	(177,728)	(833,229)	143,776	7,433,812

Notes to the Financial Statements

for the year ended 30 June 2024

Note 3. Revenue

\$ '000	2024	2023
(a) Rates, levies and charges		
Rates revenue is recognised upon issue of the levies within the respective rating period, while revenue for water consumption charges is recognised as revenue when the water is supplied to customers. Prepaid rates are recognised as a financial liability until the beginning of the rating period.		
General rates	233,271	212,542
Water access charge	44,352	41,719
Water consumption	101,409	96,885
Sewerage charges	98,864	93,124
Garbage charges	51,246	46,160
Environmental and community charges	73,865	69,633
Total rates and utility charge revenue	603,007	560,063
Less: discounts and pensioner remissions	(23,138)	(21,633)
Total rates, levies and charges	579,869	538,430

A prompt payment discount of 5% is offered on certain rates paid by due date provided all arrears rates have also been paid.

(b) Fees and charges

Fees and charges include fees for processing applications, licensing and search fees.

Revenue arising from fees and charges is recognised at the point in time when the performance obligations are completed and the customer has received the benefit of the goods or services being provided. Council records payments received prior to the completion of related performance obligations as contract liabilities and recognises revenue progressively as the related performance obligations are performed.

\$ '000	2024	2023
Building, development, town planning and property connection fees	24,103	24,904
Licences, permits and parking fees	2,514	2,474
Refuse fees	11,316	9,236
Animal registration fees	2,245	2,212
Property search fees	2,415	2,248
Property leases and rentals	2,749	2,044
Other fees and charges	2,629	2,474
Total fees and charges	47,971	45,592

(c) Grants, subsidies, contributions and donations

Council recognises a receivable for grants and subsidies from State and Federal government departments as soon as Council has entitlement or control over the funds, which normally occurs on approval by the fund's provider. Each funding arrangement is different, and Council determines when it has entitlement to the funds prior to raising an invoice.

Grant income under AASB 15

Where grant income arises from an enforceable agreement that contains sufficiently specific performance obligations, amounts are initially recognised as contract liabilities and revenue recognised either at a point-in-time or progressively as performance obligations are satisfied, which is typically on construction of the distinct assets identified in the contract. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Where control is transferred over time, generally the input methods being either costs or time incurred, are deemed to be the most appropriate methods to reflect the transfer of benefit.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 3. Revenue (continued)

Where there are no restrictions or conditions over the use of the funds, revenue is recognised as soon as the Council gains control over the funds, which is generally on the earlier of receipt of the funds or on approval of a funding contract. Contributions are measured at fair value.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the assets' fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Council grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications, which will be under Council's control and which is enforceable, are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred. This method is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Council recognises amounts for which performance obligations are yet to be satisfied in contract liabilities in the statement of financial position. These usually relate to capital projects with obligations attached to the grants generally completed in the following financial year. Funds are restricted to specific capital projects identified in the funding agreement.

As the period between customer payment and performance will always be one year or less, the Council applies the practical expedient in AASB 15.63 and does not adjust the promised amount of consideration for the effects of financing.

In June 2023, Council received an amount of \$13.137m equating to 100% of the 2023-24 Commonwealth Financial Assistance Grant allocation. As these grants are considered untied grants, they were recognised upon received in the 2022-23 financial year. In the 2023-24 financial year, Council did not receive any such advance grant funding and as such, there is a decrease in Council's operating revenue.

\$ '000	2024	2023
(i) Operating		
Operational grants and subsidies	9,313	27,596
Other operational contributions	1,829	1,263
Total recurrent grants, subsidies, contributions and donations	11,142	28,859

(ii) Capital

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.

Capital grants and subsidies	58,815	28,372
	58,815	28,372
Total capital grants, subsidies, contributions and donations	58,815	28,372

Notes to the Financial Statements

for the year ended 30 June 2024

Note 3. Revenue (continued)

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

	2024		2023	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
\$ '000				
Grants and subsidies	66,773	748	39,556	15,724
Contributions	2,436	–	1,951	–
	69,209	748	41,507	15,724

Notes to the Financial Statements

for the year ended 30 June 2024

Note 4. Employee benefits

\$ '000	Notes	2024	2023
Employee benefit expenses are recorded when the service has been provided by the employee.			
Wages and salaries		126,269	116,158
Councillors remuneration		2,050	2,008
Leave entitlements		25,645	20,594
Termination benefits		299	297
Superannuation	23	18,193	17,119
Other employee related expenses		13,249	12,848
Total Employee benefits		185,705	169,024

Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.

	2024 Number	2023 Number
Additional information:		
Total Council employees at the reporting date:		
Elected members	13	13
Administration staff	1,299	1,294
Depot and outdoors staff	231	311
Total full time equivalent employees	1,543	1,618

Notes to the Financial Statements

for the year ended 30 June 2024

Note 5. Materials and services

\$ '000	2024	2023
Expenses are recorded on an accruals basis as Council receives the goods or services.		
Maintenance services	18,753	28,740
Utilities and water charges	115,382	99,847
Contracted professional services	122,871	104,333
Solid and green waste collection and disposal	19,570	17,508
Other materials and minor contracts	11,490	13,039
Plant hire and running costs	24,666	21,332
Printing stationery and postage	2,769	3,106
Software licences	14,893	14,584
Property and equipment leases	1,443	1,097
Operational services	41,343	36,967
Total materials and services	373,180	340,553

Total audit fees quoted by the Queensland Audit Office relating to the 2023-24 financial statements are \$265,000 (exclusive of GST). (2023: \$247,000).

Note 6. Finance costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs can be attributed to a specific capital project, the costs are capitalised as part of the qualifying asset during construction.

\$ '000	2024	2023
Queensland Treasury Corporation interest	10,721	10,539
Account charges	1,498	1,706
Interest on leases	1,150	973
Finance costs due to discounting	2,017	1,187
Total finance costs	15,386	14,405

Notes to the Financial Statements

for the year ended 30 June 2024

Note 7. Capital expenses

\$ '000		2024	2023
(a) Loss on impairment			
Impairment of non-current assets:			
Other plant and equipment		142	–
Investment in Subsidiaries		8,166	–
		<u>8,308</u>	<u>–</u>
Total impairment losses		<u>8,308</u>	<u>–</u>
Impairment (gain)/losses recognised in the Income Statement		<u>8,308</u>	<u>–</u>

\$ '000	Notes	2024	2023
(b) Revaluation decrement			
Revaluation decrement of property, plant and equipment	13	19,302	144,041
		<u>19,302</u>	<u>144,041</u>

(c) Other capital expenses

Decommissioning of infrastructure assets		27,747	33,687
		<u>27,747</u>	<u>33,687</u>
Total capital expenses		<u>55,357</u>	<u>177,728</u>

Note 8. Infrastructure charges

\$ '000	2024	2023 Restated
---------	------	------------------

Infrastructure charges

Council receives cash (financial) and non-cash (non-financial) infrastructure charges from developers, in accordance with development application contracts with customers (collectively infrastructure charges).

All infrastructure charges are measured at fair value in accordance with development agreements. For cash infrastructure charges, revenue recognition occurs when Council obtains control over the funds, unless there are distinct goods and services (performance obligations) identified in the development contract, in which case revenue recognition occurs progressively on satisfaction of the performance obligations. In most cases, performance obligations require the construction of distinct assets, and revenue recognition is undertaken proportional to the percentage completion of the related assets based on the amount expended. Non-cash infrastructure charges (donated assets) are recognised as revenue when the development becomes "on-maintenance".

As the period between customer payment and performance may extend beyond one year, the Council periodically adjusts the amount of consideration for the effects of financing based on indexation amounts stipulated in development contracts. There was no revenue recognised in the current reporting period from performance obligations satisfied in previous periods. Infrastructure charges levied through development contracts are allocated to relevant branch infrastructure charges according to schedules of works either contained in the agreement or specified by the Council. Contract liability details and expected revenue recognition timings are provided in note 14.

Infrastructure charges - financial assets	66,098	82,211
Infrastructure charges - non-financial assets	234,899	196,060
Infrastructure charges	<u>300,997</u>	<u>278,271</u>

Notes to the Financial Statements

for the year ended 30 June 2024

Note 9. Cash, cash equivalents and financial assets

\$ '000	Notes	2024	2023
Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques received but not banked at the year-end, on-call deposits, and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.			
Deposits with original maturities of greater than three months are classified as financial assets and not included in cash and cash equivalents. Cash and cash equivalents at the end of the reporting period, as shown in the statement of cash flows, can be reconciled to the related items in the statement of financial position as follows:			
Cash and cash equivalents			
Cash at bank		5,662	10,925
On-call deposits		405,504	461,605
Less trust funds		(19,216)	(26,656)
Balance per Statement of Financial Position		391,950	445,874
Balance per Statement of Cashflows		391,950	445,874
Financial assets - non-current			
Unlisted equity securities	12	10,382	8,356
Total non current financial assets		10,382	8,356
Total financial assets		10,382	8,356

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

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

Unspent government grants and subsidies	3,170	5,878
Total externally imposed restrictions on cash assets	3,170	5,878

Trust Funds

In accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*, a separate bank account and separate accounting records are maintained for funds held in a trust account on behalf of outside parties. Funds held in the trust account 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 (e.g. wages). The Council performs only a custodian role in respect of these funds, and does not account for them in the financial statements since Council has no control over the assets.

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	18,420	25,911
Security deposits	796	745
	19,216	26,656

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10. Receivables

Trade and other receivables are amounts owed to Council at year end and include loans and advances to community organisations. Loans and advances to community organisations are recognised at the amount provided less any amounts repaid. The imposition of interest and loan terms will vary from contract to contract. The provision of security for loans is generally not required.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment.

In accordance with the *Planning Act 2016*, s144, developer infrastructure charges are taken to be rates and may be rolled onto property rates notices if unpaid. Rates and utility charges and developer infrastructure receivables are recoverable through sale of the land in accordance with the *Local Government Act 2009*, s95 and s96(c). Additionally, GST is recoverable from the Australian Federal Government and considered unimpaired.

Therefore, Council only raises an impairment allowance for other trade receivables and infrastructure charges levied under the *Integrated Planning Act 1997* and the *Sustainable Planning Act 2009*, as Council is unable to transfer amounts levied under these acts to a rates account.

Council's accounting policy for recognising an impairment provision against other trade receivables changed during the year. Previously, Council would raise an impairment allowance against the other receivable where the amount was due >90days. At 30 June 2024 the loss allowance for other receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information.

All known bad debts are written off during the year. Amounts recovered in subsequent periods are recognised as revenue. Debt write-offs amounted to \$5,346 in the current financial year (last year \$57,980). Amounts written off during the reporting period are no longer subject to enforcement activity.

\$ '000	2024	2023
Current		
Rates and utility charges	29,259	24,230
Infrastructure charges	5,383	6,035
Loans to subsidiary company	8,525	2,704
Other trade receivables	13,061	18,017
Total	56,228	50,986
less: Provision for impairment		
Other	(3,468)	(704)
Total provision for impairment - receivables	(3,468)	(704)
Total current receivables	52,760	50,282
Non-current		
Loans to subsidiary company	–	12,858
Total	–	12,858
Total non-current receivables	–	12,858

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10. Receivables (continued)

\$ '000	2024	2023
Movement in accumulated impairment losses is as follows:		
Opening balance at 1 July	704	992
Add		
Additional impairments recognised	3,050	–
Less		
Impairments reversed	(286)	(288)
Balance at the end of the year	3,468	704

2024	Closing balance \$ '000	Historical probability of default %
Ageing		
Other Receivables		
1-30 days	8,726	0.17%
31-60 days	1,375	0.03%
61-90 days	333	0.01%
90+ days	975	2.53%
Less loss allowance	–	0%
Total	11,409	

2023	Closing balance \$ '000	Historical probability of default %
Ageing		
Other Receivables		
1-30 days	7,532	0.12%
31-60 days	6,838	0.11%
61-90 days	37	0.00%
90+ days	1,229	3.12%
Less loss allowance	–	0%
Total	15,636	

Notes to the Financial Statements

for the year ended 30 June 2024

Note 10. Receivables (continued)

Loans

Council has approval under s73 (1) of the Statutory Bodies Financial Arrangements Act 1982 (the SBFA Act) to enter into a type 2 financial arrangement under s61A of the SBFA Act to provide Invest Logan with a loan facility of \$25.5m comprising \$22.5m for property acquisition and \$3m for working capital. The following is a listing of the balances of loans and related security arrangements at the reporting date that the Council has provided to Invest Logan:

Purpose	Average interest rate p.a.	Interest rate terms	Capital repayment	2024 \$ '000	2023 \$ '000
2 Main Street, Beenleigh	2.975%	Fixed	12 Feb 2029	970	970
12-14 Main Street, Beenleigh	1.820%	Variable	27 Nov 2029	1,475	1,475
21-23 Brandon Street, Marsden	1.820%	Variable	31 Dec 2022	-	293
21-23 Brandon Street, Marsden	1.278%	Variable	31 Dec 2022	-	142
21-23 Brandon Street, Marsden	0.950%	Variable	31 Dec 2022	-	2,269
8 Cinderella Drive, Springwood	2.498%	Variable	22 July 2027	-	5,020
38-42 Sunningdale Ave, Rochedale South	3.738%	Variable	30 Sep 2024	-	1,641
15 Vanessa Boulevard, 1-3 Laurinda Crescent, Springwood	3.930%	Variable	2 Mar 2028	3,941	3,752
				<u>6,386</u>	<u>15,561</u>

Variable interest rates are reviewed quarterly. All loans have been provided to enable the borrower to acquire and develop properties. In all cases, the borrower has provided a first ranking registered mortgage over the properties to the Lender.

In accordance with the Business Cessation Agreement, the properties known as 2 Main Street, 12-14 Main Street, 15 Vanessa Boulevard and 1-3 Laurinda Crescent have been transferred to Council as at 16 July 2024 at market value of \$5,475,000. The balance of the loans in excess of the transfer value (totalling \$911,258) and working capital loans totalling \$2,139,231 have been impaired as at 30 June 2024.

Note 11. Other assets

\$ '000	2024	2023
Current		
Unbilled water consumption	40,549	41,520
GST recoverable	9,830	5,690
Prepayments	16,232	9,070
Total current other assets	<u>66,611</u>	<u>56,280</u>

Notes to the Financial Statements

for the year ended 30 June 2024

Note 12. Equity accounted investments

Equity accounted investments

Logan City Council, Ipswich City Council and Redland City Council are involved in the joint investigation of establishing a new Materials Recovery Facility (MRF) to receive, sort and process the contents of the yellow lid recycling bins. On 20 June 2019 the Australian Competition and Consumer Commission (ACCC) authorised the sub-regional alliance to collectively tender for waste processing services. A joint funding application has been lodged for a MRF through the Queensland Recycling Modernisation Fund.

In October 2023, the Logan, Ipswich and Redland City Councils (the Councils) each resolved to establish Greenovate Pty Ltd as a beneficial enterprise pursuant to Section 40 of the *Local Government Act 2009* as the special purpose vehicle through which the Councils would enter into a design, build, operate and maintain (DBOM) contract for a Materials Recovery Facility (MRF) – subject to the execution of an acceptable funding agreement from the State Government.

Greenovate Pty Ltd has been legally established and as at 30 June 2024, the Councils have the following ownership (ordinary shares) and voting rights.

Greenovate Pty Ltd has prepared separate financial statements which have been audited by the Queensland Audit Office and are published for viewing on each respective Council's website.

Interests	Ownership 2024	Voting rights 2023
Logan City Council	48%	33.33%
Ipswich City Council	35%	33.33%
Redland City Council	17%	33.33%

Council's investment in Greenovate Pty Ltd as per Note 12(b) is accounted for using the equity accounting method - and are disclosed as a 1 line entry in both the income statement and statement of financial position

\$ '000	Notes	Council's share of net income		Council's share of net assets	
		2024	2023	2024	2023
Greenovate Pty Ltd	9	–	–	7,992	–
Total		–	–	7,992	–

(a) Subsidiaries (ie. entities and operations controlled by council)

The Council's investment in Invest Logan of \$8,166,000 (2023: \$8,166,000) is in ordinary shares at \$1 per share accounted for at cost. The shares in Invest Logan Pty Ltd are not traded on an active market and their fair value cannot be determined reliably. On 22 March 2023 Council ratified a decision to wind up the company and discontinue the company's operations as a beneficial enterprise. The Business Cessation Agreement has been agreed and the completion date is 13 September 2024. Council has assessed the equity interest for impairment as at the reporting date and has recorded an impairment loss of \$8,166,206.

On 21 September 2023 Council became the registered member of shares in Underwood Innovation Lab Pty Ltd (Uilab). The ordinary shares were issued at \$22,000 per share for a total investment of \$2,200,000 carried at cost.

Interests in Subsidiary	Ownership 2024	Ownership 2023	Voting rights 2024	Voting rights 2023
Underwood Innovation Lab Pty Ltd	100%	0%	100%	0%
Invest Logan Pty Ltd	100%	100%	100%	100%

Notes to the Financial Statements

for the year ended 30 June 2024

Note 12. Equity accounted investments (continued)

(b) Joint ventures and associates

Summarised financial information for joint ventures and associates

\$ '000	Greenovate Pty Ltd	
	2024	2023
Summarised statement of financial position		
Current assets		
Cash and cash equivalents	4,695	—
Other current assets	557	—
Total Current assets	5,252	—
Non-current assets		
Property, plant and equipment	6,011	—
Right of use assets	103	—
Total Non-current assets	6,114	—
Current liabilities		
Financial liabilities (excl. accounts payable)	2	—
Other current liabilities	440	—
Total Current liabilities	442	—
Non-current liabilities		
Financial liabilities (excl. accounts payable)	101	—
Total Non-current liabilities	101	—
Net assets	10,823	—
Council's share in % *	73.8%	0.0%
Council's share in \$	7,992	—

(*) Council's share in % is based on the equity contributions paid as at 30 June 2024. This % will reduce to 48% once all shareholders have paid their contribution.

Notes to the Financial Statements
for the year ended 30 June 2024

Note 13. Property, plant and equipment

\$ '000	Notes	Land	Buildings	Leased buildings	Plant and equipment	Leased equipment	Roads and drainage	Water and sewerage	W & S facilities	Landfill and quarry	Work in progress	Total
2024												
Fair value category		Level 2	Level 2 & 3				Level 3	Level 3	Level 3	Level 3		
Measurement basis		Fair Value	Fair Value	Cost	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Opening gross balance		956,720	529,695	38,526	354,101	162	5,193,050	1,618,022	277,433	42,583	346,172	9,356,464
Additions		80,643	46,209	3,795	51,037	285	181,332	85,388	110,490	4,284	90,025	653,488
Disposals		-	(347)	-	(7,166)	-	-	-	-	-	-	(7,513)
Write-offs / decommissioning		-	(8,628)	-	(1,978)	-	(31,625)	(9,601)	(639)	-	-	(52,471)
Revaluation decrements to P/L	7	-	-	-	-	-	-	69,771	(41,487)	-	-	28,284
Revaluations		27,097	63,456	-	-	-	209,781	-	-	1,161	-	301,495
Reclassifications		-	(787)	-	787	-	-	-	-	-	-	-
Transfers from/(to) right of use asset (former assets under finance lease)		-	-	(34,758)	-	-	-	-	-	-	-	(34,758)
Total gross value of property, plant and equipment		1,064,460	629,598	7,563	396,781	447	5,552,538	1,763,580	345,797	48,028	436,197	10,244,989
Opening accumulated depreciation and impairment		12,504	141,939	3,946	173,549	162	1,491,744	520,282	123,462	34,203	-	2,501,791
Depreciation expense		-	8,404	2,190	23,954	50	75,838	18,270	9,496	1,854	-	140,056
Depreciation on disposals		-	(149)	-	(4,099)	12	-	-	-	-	-	(4,236)
Write-offs / decommissioning		-	(3,161)	-	(1,538)	-	(14,016)	(5,687)	(327)	-	-	(24,729)
Revaluation decrements to P/L	9	-	-	-	-	-	-	38,902	8,683	-	-	47,585
Revaluations		-	21,116	-	-	-	56,038	-	-	935	-	78,089
Transfers from/(to) right of use asset (former assets under finance lease)		-	-	(4,074)	-	-	-	-	-	-	-	(4,074)
Reclassifications		-	(113)	-	113	-	4	(4)	-	-	-	-
Total accumulated depreciation and impairment property, plant and equipment		12,504	168,036	2,062	191,979	224	1,609,608	571,763	141,314	36,992	-	2,734,482
Total net book value of property, plant and equipment		1,051,956	461,562	5,501	204,802	223	3,942,930	1,191,817	204,483	11,036	436,197	7,510,507
*Asset additions comprise												
Additions		15,407	31,864	-	40,877	-	-	-	1,223	-	325,137	414,508
Completed projects		8,196	13,567	-	2,318	-	63,449	34,031	109,267	4,284	(235,112)	-
Right-of-use assets		-	-	3,795	-	285	-	-	-	-	-	4,080
Donated assets		57,040	778	-	7,842	-	117,883	51,357	-	-	-	234,900
Total asset additions		80,643	46,209	3,795	51,037	285	181,332	85,388	110,490	4,284	90,025	653,488

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

\$ '000	Notes	Land Restated	Buildings Restated	Leased buildings Restated	Plant and equipment Restated	Leased equipment Restated	Roads and drainage Restated	Water and sewerage Restated	W & S facilities Restated	Landfill and quarry Restated	Work in progress Restated	Total Restated
2023												
Fair value category		Level 2	Level 2 & 3				Level 3	Level 3	Level 3	Level 3		
Measurement basis		Fair Value	Fair Value	Cost	Cost	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Opening gross balance		846,990	466,692	37,027	325,904	165	4,664,288	1,638,802	326,346	41,361	221,505	8,569,080
Correction to opening balances		-	9,746	-	-	-	38,297	-	-	-	-	48,043
Additions		64,743	25,186	1,499	31,760	-	177,240	73,141	18,935	-	124,667	517,171
Disposals		(640)	(1,638)	-	(2,410)	-	-	-	-	-	-	(4,688)
Write-offs / decommissioning		-	(1,137)	-	(1,472)	(3)	(52,464)	(4,294)	(673)	-	-	(60,043)
Revaluation decrements to P/L	7	-	-	-	-	-	-	(89,627)	(67,175)	-	-	(156,802)
Revaluations		45,627	31,165	-	-	-	365,689	-	-	1,222	-	443,703
Reclassifications		-	(319)	-	319	-	-	-	-	-	-	-
Total gross value of property, plant and equipment		956,720	529,695	38,526	354,101	162	5,193,050	1,618,022	277,433	42,583	346,172	9,356,464
Opening accumulated depreciation and impairment		-	114,254	2,222	152,888	165	1,333,564	519,553	111,972	32,403	-	2,267,021
Correction to opening balances		-	6,433	(1)	280	-	8,568	-	-	-	-	15,280
Depreciation expense		-	6,899	1,725	22,621	-	67,000	18,432	9,135	821	-	126,633
Depreciation on disposals		-	(401)	-	(1,443)	-	-	-	-	-	-	(1,844)
Write-offs / decommissioning		-	(166)	-	(809)	(3)	(22,955)	(2,108)	(316)	-	-	(26,357)
Impairment loss (recognised in equity)		12,504	2,098	-	-	-	-	-	-	-	-	14,602
Revaluation decrements to P/L	9	-	-	-	-	-	-	(15,595)	2,671	-	-	(12,924)
Revaluations		-	12,834	-	-	-	105,567	-	-	979	-	119,380
Reclassifications		-	(12)	-	12	-	-	-	-	-	-	-
Total accumulated depreciation and impairment property, plant and equipment		12,504	141,939	3,946	173,549	162	1,491,744	520,282	123,462	34,203	-	2,501,791
Total net book value of property, plant and equipment		944,216	387,756	34,580	180,552	-	3,701,306	1,097,740	153,971	8,380	346,172	6,854,673
*Asset additions comprise												
Additions		11,707	-	-	7,591	-	-	-	-	-	300,315	319,613
Completed projects		-	23,087	-	21,688	-	84,770	27,168	18,935	-	(175,648)	-
Right-of-use assets		-	-	1,499	-	-	-	-	-	-	-	1,499
Donated assets		53,036	2,099	-	2,481	-	92,470	45,973	-	-	-	196,059
Total asset additions		64,743	25,186	1,499	31,760	-	177,240	73,141	18,935	-	124,667	517,171

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

(a) Recognition

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

A complex asset is a physical asset capable of disaggregation into significant components, such as road infrastructure where the components may include initial earthworks, formation, pavement, seal, kerb and channelling, road furniture and footpaths. A network asset is a physical asset that is either not separately identifiable or is networked for operational reasons (e.g. computer cabling).

Capitalisation thresholds

The asset capitalisation thresholds for Council are:

	\$
Land	1,000
All other assets	5,000

A complex asset is a physical asset capable of disaggregation into significant components, such as road infrastructure where the components may include initial earthworks, formation, pavement, seal, kerb and channelling, road furniture and footpaths. A network asset is a physical asset that is either not separately identifiable or is networked for operational reasons (e.g. computer cabling).

Land under Roads

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

Additions for Council financial sustainability statement

	Total \$ '000	2023/24 Renewals \$ '000	Other \$ '000	Total \$ '000	2022/23 Renewals \$ '000	Other \$ '000
Additions analysis	653,488	101,661	551,827	517,171	107,941	409,230

Restrictions on title and property, plant and equipment pledged as security.

Council has the following assets pledged as security for various liabilities:

Logan Central Respite Centre bill of mortgage

Council entered into a Bill of Mortgage agreement with the Department of Child Safety, Seniors and Disability Services (the department) as security over grant funding of \$1,210,000 provided by the department for building a respite centre on land owned by Council at 36 Fawkner Street, Slacks Creek. The Bill of Mortgage would only have effect if Council was to breach certain clauses in the funding agreement (e.g. allowing the facility to be used for a purpose other than that stipulated in the lease) and failed, when required, to remedy the breach. The State Government holds the Bill of Mortgage over the Logan Central Respite Centre situated at 36 Fawkner Street, Slacks Creek. The Bill of Mortgage expires in 2032.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

(b) Measurement

Measurement at initial recognition

Initial fixed asset carrying values consist of purchase price plus other directly attributable and estimated removal and restoration costs. Non-monetary assets contributed to Council (contributed or donated assets) are recognised as assets and revenues at fair value determined by Council valuation.

Fixed assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Measurement subsequent to initial recognition

Subsequent to initial recognition, assets within each class of asset, excluding plant and equipment, but including major plant and equipment, are measured at fair value less accumulated depreciation and accumulated impairment. Major plant and equipment is defined as that component of plant and equipment with a gross carrying value in excess of \$1m. Council had no recorded major plant and equipment at 30 June 2024. Any plant and equipment with a gross carrying value of less than \$1m is measured at cost less accumulated depreciation and accumulated impairment.

Revaluations are performed with sufficient regularity such that asset carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Formal valuations are carried out every 3 to 5 years in accordance with Council policy with desktop and indexed updates undertaken in interim years.

Basis used to determine fair value

Due to the nature of Council's business, there is not always an active market for Council's assets. Where there is an active market, as is the case with most land and some building assets, a market approach is used to determine fair value, which is based on recent purchase or sales prices for similar assets in the same or a similar location.

Where there is no active market for similar assets and a market approach is inappropriate, fair value is determined using a valuation technique. An income approach using a discounted cash flow (DCF) analysis is used for water and sewerage infrastructure assets. Other Council infrastructure and specialised building assets are valued using a current replacement cost (CRC) approach, which is determined based on the CRC of similar assets purchased or constructed by Council or the cost to Council to acquire or construct an equivalent asset of comparable utility, adjusted for obsolescence.

Fixed asset fair value measures are classified under a fair value hierarchy required by Australian Accounting Standard AASB 13, *Fair Value Measurement*. Details of fair value classifications and the techniques used to determine fair value are disclosed in note 13(d), Valuation.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

(c) Depreciation

Depreciation is recognised to write off the cost or valuation of depreciating assets (i.e. fixed assets other than freehold land, roads earthworks, artwork, and work in progress) less their residual values over their estimated useful lives, using a straight-line, reducing balance or a consumption-based method where consumption can be accurately determined.

Council owns a wide range of assets and asset lives are determined based on the nature of the asset, durability, use, technology changes and other factors relevant to Council's business. Asset sub-classes and asset groups provide further details to facilitate asset management. Separately identifiable parts of an asset that are of significant value, and have different useful lives, are recognised as separate asset components and depreciated separately.

Asset depreciation methods, depreciation periods for asset classes, and major sub classes, are tabled below:

Asset class	Asset sub-class	Depreciation periods	
Land	Freehold land	Not depreciated	
Buildings	All buildings	4 -213 years (straight line)	
Leased buildings	All building leases	2-20 years (straight line)	
Plant and equipment	Bikeways and pathways	10-50 years (straight line)	
	Parks equipment	5-25 years (straight line)	
	Library materials	2-8 years (straight line)	
	Computer hardware	2-20 years (straight line)	
	Other equipment	2-100 years (straight line)	
	Vehicles	2-18 years (trucks - straight line; cars and utility vehicles - reducing balance)	
	Artwork	All artwork	Not depreciated
Leased equipment	All leased equipment	3-4 years	
Roads and drainage	Roads surface	20-25 years (straight line)	
	Pavements	70 years (straight line)	
	Earthworks	Not depreciated	
	Pathways	30-75 years	
	Roads inventory	5-75 years	
	Car parks	20-80 years	
	Bridges	30-100 years (straight line)	
	Drainage - box culverts, headwalls and pipes	100-120 years (straight line)	
	Drainage - channels	100 years (straight line)	
	Drainage - pits	Short-lived 50 years (straight line) Long-lived 100 years (straight line)	
		Drainage - Water Sensitive Urban Design	Filter media 25 years (straight line); subsoil drains 50 years (straight line)
		Gross pollutant traps	20-70 years (straight line)
		Public lighting	5-40 years (straight line)
Water and sewerage	Water infrastructure	12-80 years (straight line)	
	Sewerage infrastructure	70-140 years (straight line)	
	Water and sewerage facilities	10-70 years (straight line)	
Waste landfill	Waste cells	0.2-19.2% based on airspace consumed	

(d) Impairment

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

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

(e) Valuation

Council measures most Property, Plant and Equipment (PPE) assets and some other assets and liabilities at fair value for financial reporting purposes as disclosed in the notes. All fair value measurements are recurrent and categorised as either level 2 or level 3 fair value measurements according to the fair value hierarchy provided in AASB 13 Fair Value Measurements.

Fair values are classified into three levels as follows:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Valuation techniques used to derive level 2 and level 3 fair values

Where there are transfers between the different levels of the fair value hierarchy, they are disclosed below. Transfers between levels will occur where inputs used in making individual asset and liability fair value measurements no longer satisfy the current level of classification. There have been no transfers between hierarchy levels in the current year. Specific valuation techniques used to value Council assets include:

Land (level 2)

Independent valuer, Australian Pacific Valuers (APV) determined land fair values based on a desktop update of the assets effective 31 December 2023. Land was last comprehensively valued in December 2019 and the next comprehensive valuation is planned for December 2024.

Land has been valued primarily using a direct comparison to sales approach whereby properties are compared to recently sold properties, which are of a similar type. This comparison is adjusted to take into consideration the characteristics of land such as size, zoning, topography and configuration.

Where a direct comparison to sales approach was not possible, land was valued using an alternate valuation approach, such as a "hypothetical development approach" for land that is specialised in nature so that there are no comparable land sales available to conduct a direct comparison approach to valuation, a "value to an adjoining owner approach" for land deemed to have no commercial utility as a standalone entity and a "nominal value approach" for land deemed to have no commercial utility or to an adjoining owner.

Buildings (level 2 and 3)

Independent valuer, Australian Pacific Valuers (APV) determined buildings fair values based on a desktop update of the assets effective 31 December 2023. Buildings were last comprehensively valued in December 2019 and the next comprehensive valuation is planned for December 2024.

The majority of specialised buildings and some non-specialised buildings where there was no evidence to support a market approach have been valued using a current replacement cost approach. A market (direct comparison) approach was used for residential buildings and commercial buildings where the relevant inputs were able to be observed from current market evidence. Buildings assets measured under level 2 and level 3 are tabled below:

	2024 \$ '000	2023 \$ '000
Buildings - Commercial (Level 3)	460,267	379,168
Buildings - Residential (Level 2)	1,295	2,103
	<u>461,562</u>	<u>381,271</u>

Infrastructure assets (level 3)

Due to their specialist nature, there is no active market for Council infrastructure assets and fair value is determined using a valuation technique. At 30 June 2024, water and sewerage infrastructure assets were valued using a Discounted Cash Flow

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

(DCF) valuation technique, while all other infrastructure assets were valued using a current replacement cost (CRC) valuation technique.

For CRC valuations, fair value was the asset's current replacement cost less accumulated depreciation calculated based on such cost to reflect the already consumed or expired future economic benefits of the asset. Council determined, and then adjusted the asset gross replacement cost to replace the full service potential of the asset, to take account of the expired service potential of the asset. CRC was measured by reference to the average cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant, an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks. Fair value was determined using methods relevant to the asset class as described under individual asset categories below.

Infrastructure assets - Waste landfill cells

The following process was used to determine the fair value of Waste landfill assets:

- Estimating the equivalent new replacement cost for the identified assets using direct costing or other trending techniques;
- Estimating physical deterioration of the assets based on asset ages, reduced lifespan and remaining units-of-production; and;
- Investigating and measuring functional and economic obsolescence if appropriate

Current replacement cost (CRC)

Waste landfill cells fair values were determined by Council engineers effective 31 December 2023. Last comprehensive valuation occurred effective 31 December 2019 by independent valuer, InSitu Advisory, who determined landfill cells fair values based on a comprehensive valuation of the assets effective 31 December 2019. The next comprehensive valuation is planned for December 2024.

As the Council is a not-for-profit entity and landfill assets are of a specialised nature and not cash-generating assets, CRC has been measured using a cost approach on an optimised basis by reference to the price of a modern equivalent asset adjusted for differences in service capacity.

Accumulated depreciation

Fair value was determined on the basis of replacement with a new asset having similar service potential. CRC was adjusted by an amount representing the physical deterioration of the assets based on asset ages, reduced lifespan and remaining air space for each landfill cell, which was also used to determine percentage cell capacity used in the year for depreciation purposes. Waste landfill valuations are included in level 3.

Infrastructure assets – Roads and Stormwater

All infrastructure asset classes are subject to a full revaluation once every three (3) to five (5) years and a desktop review annually. As there is significant level of professional judgement used in determining the valuation due to the level of unobservable data, they are considered Level 3 type value inputs as prescribed by the fair value hierarchy.

Roads – Current Replacement Cost

Council categorised its road infrastructure assets into urban and rural roads and further sub-categorised these into sealed and unsealed roads. Urban roads are managed in segments of up to 500m, while rural roads are managed in segments up to 1km in length. All road segments are then componentised into surface, pavement and earthworks (where applicable). Road pavement assets were subject to a desktop revaluation process as at 30 June 2024. A comprehensive revaluation was last completed in 2023.

In determining the level of accumulated depreciation, road pavement assets were disaggregated into components to reflect the varying useful lives and consumption patterns. Components to road pavement assets include surface, pavement and earthworks. Earthworks components are considered to be perpetual assets and hence are not depreciable.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

Comprehensive road network condition surveys are carried out once every three years. As part of the surveys, assessments of assets' remaining useful lives are undertaken based on four Austroads pavement health indices:

- Pavement Health Roughness Index,
- Pavement Health Index,
- Surface Health Cracking Index,
- Surface Health Texture Index.

Survey outputs are then utilised to calculate assets' remaining useful lives and fair values. Straight line annual depreciation can then be calculated as fair value divided by remaining useful life.

Infrastructure assets - Transport Inventory (Current Replacement Cost)

Transport Inventory Infrastructure assets fair values were determined by a comprehensive revaluation for respective road inventory classes. The road inventory classes that were comprehensively revalued during the current financial year included:

- Pathways
- Bus Stops
- Bridges
- Traffic Signals
- Public Lighting
- Electronic Signs
- Large Traffic Management Signs

The remaining asset classes were comprehensively revalued as at 30 June 2023 and were subject to an annual desktop review as at 30 June 2024 carried out by Stantec. A review of cost movements was undertaken in June 2024 based on the following price indices, which were considered to reflect cost trends in the nominated asset classes:

- Building Price Index
- Implicit Price Deflator
- Producer Price Index 3101 Road and Bridge Construction (QLD)

Infrastructure assets - Drainage (Stormwater) – (Current Replacement Cost)

Stormwater infrastructure assets were subject to a desktop revaluation process as at 30 June 2024. A comprehensive revaluation was last completed in 2023.

The revaluation of stormwater infrastructure assets was based on each asset's physical characteristics, dimensions and depth. Unit rates and replacement costs were determined with reference to recent Council construction data, Cardno's developed databases and cost curves, Rawlinsons Australia Construction Handbook, and other comparable cost indices. These rates were applied to the asset specifications including depth, length and width/diameter. Unit rates take into consideration material, labour, service and overhead costs.

Assets are componentised to reflect varying expected useful lives and consumption patterns. Where current condition is available, this information has been applied as an indicator of physical obsolescence to inform the fair value of the assets. In the absence of condition, age based assumptions are used. This is undertaken with reference to the assets' adopted useful lives. Accumulated depreciation is calculated based on a straight line depreciation basis.

Infrastructure assets - Water and sewerage

Water and sewerage infrastructure and facilities assets of Council's water business are considered a single unit of account for valuation purposes as they are collectively employed to generate revenue from the provision of water and waste services. The fair value of these assets is determined via Council's valuations using an income-based approach (discounted cash flow technique), which reflects the present value of the assets' future cash flows in order to arrive at a current fair value estimate at 30 June.

Water and sewerage infrastructure assets are classified at level 3 of the fair value hierarchy as the employed valuation approach uses inputs that are not based on observable market data (i.e. unobservable inputs). There has been no change to the valuation technique or fair value hierarchy classification throughout the reporting period for these assets.

The fair value of Council's water business is determined by initially calculating the total value of all assets that contribute to the generation of future cash flows. The fair value of water and sewerage infrastructure and facilities assets is then derived by

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

deducting land, buildings, plant, equipment, intangible assets and work-in-progress asset values. Land and buildings assets values are determined independently at market value or using a current replacement cost where there is no active market, while plant and equipment, intangible assets and work in progress assets are valued at cost.

The discounted cash flow valuation of the assets uses cash flow projections for a 30-year period based initially on Council's approved ten-year financial budget with projections for revenue price paths based on Maximum Allowable Revenue (MAR) in accordance with the building block regulatory approach. Capital and operating expenditure projections from year 11 onwards of the forecast use a mix of estimates and growth rates. Cash flows beyond the final year of the 30-year forecast are extrapolated via a terminal value. Net cash flows are discounted using a Weighted Average Cost of Capital (WACC) and reflects the rate of return at the reporting date required by a market participant for the assets. The valuation is calculated using post-tax nominal cash flow forecasts.

Two separate valuations are calculated using differing estimation approaches for the terminal value, being the Gordon Growth Model and a forecast of the deemed regulatory asset base of Council's water business. The average of the two terminal value scenarios is adopted as the fair value of the assets.

The following table outlines the key inputs and assumptions and their relationships to fair value considered in the discounted cash flow methodology for the valuation of the water and sewerage infrastructure and facilities assets:

Unobservable input	Nature and range of input	Relationship of unobservable input to fair value
Revenue forecast	<ul style="list-style-type: none"> Revenue is forecasted using a price path based on Maximum Allowable Revenue (MAR) in accordance with a building block regulatory approach. 	<ul style="list-style-type: none"> Higher (lower) revenue cash flow forecast increases (decreases) the fair value.
Operating and capital expenditure forecast	<ul style="list-style-type: none"> Operating and capital expenditure forecasts are based on the corporate plans of Council to year ten of the forecast. Forecast projections for these cash flows use a mix of estimates and growth rates for future years of the forecast. 	<ul style="list-style-type: none"> Higher (lower) operating and capital expenditure cash flow forecasts decrease (increase) the fair value.
Terminal value – RAB Projection	<ul style="list-style-type: none"> Terminal value is based on Council's forecast of a deemed regulatory asset base (RAB) at the end of the thirty-year forecast. A terminal value multiple of 0.94 (2023: 0.95) is employed for the valuation. 	<ul style="list-style-type: none"> Higher (lower) RAB value and multiple increases decreases) the fair value.
Terminal value – Gordon Growth Model	<ul style="list-style-type: none"> Cash flows beyond the final year are extrapolated to give a terminal value using a growth rate. The extrapolated cash flows are assumed to continue in perpetuity and have been escalated at a rate of 2.50% (2023: 2.50%). 	<ul style="list-style-type: none"> Higher (lower) terminal value forecast and growth rate increases (decreases) the fair value.
WACC discount rate	<ul style="list-style-type: none"> A post-tax nominal WACC of 6.01% (2023: 5.50%) has been employed in the valuation. The WACC discount rate has been determined in consultation with independent experts based on a long-term view of the market cost of capital. 	<ul style="list-style-type: none"> Higher (lower) discount rate decreases (increases) the fair value.

The maximum allowable revenue forecasted for the assets is a function of operating expenditure, capital expenditure and the WACC discount rate (representing a regulatory rate of return on the assets). Any increase (decrease) in one of these inputs will result in an increase (decrease) to revenue. These interrelationships mitigate the effect of changes to these inputs on the fair value measurement of the water and sewerage infrastructure and facilities assets.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 13. Property, plant and equipment (continued)

Valuation process

The Corporate Governance Committee, which comprises Councillors and administrative staff, sets Council's valuation policies and procedures. Valuation processes are subject to annual review taking into consideration an analysis of movements in fair value and other relevant information. As it is unlikely that any material value will be recoverable from Council's infrastructure assets when they reach the end of their useful lives, no allowance made for residual values.

Disclosed fair values

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The market (fair) value of borrowings disclosed in note 18 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 14. Contract balances

Contract assets

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents material work in progress amounts as contract assets, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

Council did not have any material contract asset amounts at the reporting date other than those included in accounts receivable balances. The amounts reported relate to recoverable works in-process.

Contract liabilities

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds, which exceed revenue recognised, as a contract liability.

Contract liabilities arise from Council contracts with customers relating to grants and subsidies, infrastructure charges on development applications and in relation to recoverable works. Council recognises revenue or contract liabilities from contracts with customers based on the percentage completion of associated performance obligations, as disclosed in note 3. There were no amounts recognised during the reporting period for performance obligations satisfied in previous periods.

\$ '000	2024	2023
(a) Contract assets		
Current		
Contract assets	1,322	808
Total current contract assets	1,322	808
Classified as:		
Current contract assets	1,322	808
Total contract assets	1,322	808
Contracts with customers	1,322	808
(b) Contract liabilities		
Current		
Grants		
Infrastructure charges	–	71
Grants and subsidies	5,496	12,093
Total grants	5,496	12,164
Other services		
Recoverable works	1,845	2,016
Total other services	1,845	2,016
Total current contract liabilities	7,341	14,180

Notes to the Financial Statements

for the year ended 30 June 2024

Note 14. Contract balances (continued)

\$ '000	2024	2023
Non-current		
Grants		
Other	3,557	3,572
Total grants	3,557	3,572
Total non-current contract liabilities	3,557	3,572
Classified as:		
Current contract liabilities	7,341	14,180
Non-current contract liabilities	3,557	3,572
Total contract liabilities	10,898	17,752

Timing of satisfaction of performance obligations

For grants and subsidies, infrastructure charges, and private works, the timing of the satisfaction of performance obligations will vary from agreement to agreement. The Council raises invoices for amounts when the Council has entitlement to the funds and for private works in advance of commencing work.

The timing of payments of grants and subsidies and infrastructure charges will vary from contract to contract, while private works amounts are prepaid. Revenue recognition is either at a point-in-time or progressively depending on the nature of the contract, as disclosed in note 3.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 15. Leases

Council as a lessee

Recognition

Council recognises a right-of-use asset and a lease liability at the commencement date of a lease contract, except where the lease is a short-term lease or where the underlying asset is of low value.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less. Low-value assets are where the initial lease asset take-on value is less than the Council lease threshold of \$20,000. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Where a contract contains a non-lease component and a lease component, the Council has elected not to separate non-lease components from lease components, and account for both as a single lease component.

Measurement

The right-of-use asset is initially measured using the cost model and is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

Where the Council is committed to leases that have not yet commenced, details of these commitments are provided in note 21. Council will recognise a right-of-use asset and lease liability on commencement of the lease. The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Council's estimate of the amount expected to be payable under a residual value guarantee, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Council presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities as "lease liabilities" in the statement of financial position.

Types of leases

Building leases - The Council leases buildings for its office space, which typically run for a period of between six and nine years. Some leases include an option to renew the lease for an additional period of between three and ten years. Some leases provide for additional rent payments that are based on changes in local price indices and rent amounts are generally determined annually. Where practicable, the Council seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Council and not by the lessors. The Council assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Council reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Equipment leases - The Council leases equipment with lease terms of three to five years. A number of leased equipment assets are considered low-value and therefore not subject to lease accounting.

Leases financial disclosures

The following financial disclosures are presented elsewhere in the financial statements:

- Depreciation charges, additions and the carrying amounts of right-of-use assets by asset class - Note 13
- Interest expense on lease liabilities - Note 6
- Principal cash flows for leases are included as "Principal payment of finance lease liabilities" under "Cash flows from financing activities" in the Cash Flow Statement.
- Interest cash flows for leases are included in "Finance costs paid" under "Cash flows from financing activities" in the Cash Flow Statement.
- Commitments for operating leases; which are low-value equipment leases classified as operating leases, are disclosed in note 21.
- Council has not incurred any expenses in relation to short-term leases accounted for as operating leases.
- Expenses relating to low-value assets accounted for as operating leases amounted to \$1.443m (last year \$1.097m) for the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 15. Leases (continued)

\$ '000	2024	2023
Lease liabilities		
Classified as:		
Current lease liability	433	1,004
Non-current lease liability	5,768	34,915
Total lease liabilities	6,201	35,919

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per statement of financial position
2024					
Leases	685	2,681	4,380	7,746	6,201
	685	2,681	4,380	7,746	6,201
2023					
Leases	1,974	8,510	36,221	46,705	35,919
	1,974	8,510	36,221	46,705	35,919

Council as a lessor

The Council did not have any finance leases as lessor at the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 16. Payables

\$ '000	2024	2023
---------	------	------

Accounts payable are recognised as a liability at the time the amount owed can be measured reliably and when it is probable the amount will have to be paid, when the goods are received or the service is performed. Amounts are unsecured and normally settled within 14 days from date of invoice.

Accrued employee benefits comprise annual leave, vested sick leave, leave in lieu, Christmas leave, and accrued salaries and wages. Annual leave, vested sick leave, leave in lieu and Christmas leave represent the amount which Council has a present obligation to pay resulting from employees' services provided up to balance date. The accrual is based on the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

As Council does not have an unconditional right to defer settlement of the annual leave, vested sick leave, leave in lieu, or Christmas leave beyond twelve months after the reporting date, these leave types are classified as current liabilities.

Current

Creditors and accruals	79,927	87,286
Accrued employee benefits	19,879	18,767
Total current payables	99,806	106,053

Notes to the Financial Statements

for the year ended 30 June 2024

Note 17. Borrowings

Borrowings comprise both general and specific purpose loans initially measured at fair value; net of transaction costs charged as an expense against Council's net result; and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is charged against Council's net result over the period of the borrowings using the Queensland Treasury Corporation (QTC) book rate methodology.

Borrowings are removed from the Statement of financial position when the obligation specified in the contract is discharged, cancelled or expelled. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised as finance cost expenses charged against Council's net result.

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 QTC's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times. All loans payable at the reporting date are with the QTC and are measured and disclosed in the statement of financial position at book value of the principal outstanding. The book value of loans represents the current value of the debt to be repaid over its remaining term.

Where borrowing costs can be attributed to a specific capital project, the costs are capitalised as part of the qualifying asset during construction. Otherwise, borrowing costs are expensed as finance costs when they are incurred.

\$ '000	2024	2023
Current		
Borrowings	25,787	22,429
Total current borrowings	25,787	22,429
Non-current		
Borrowings	431,961	294,909
Total non-current borrowings	431,961	294,909

Council's liabilities arising from financing activities consist of borrowings and leases. A reconciliation between the opening and closing balances of borrowings is provided below; while lease details are provided in note 15:

Reconciliation of Loan Movements for the year**Loans - Queensland Treasury Corporation**

Opening balance at beginning of financial year	317,338	289,319
Loans raised	162,201	60,249
Principal repayments	(21,791)	(32,230)
Book value at end of financial year	457,748	317,338

Market value represents the value of debt if Council repaid the debt at year-end date. Expected final repayment dates vary from 15 June 2030 to 15 June 2044. There have been no defaults or breaches of loan agreements during the financial reporting period. Principal and interest payments are made quarterly in arrears. The weighted average borrowing rate for QTC borrowings at 30 June 2024 is 4.689% ranging from 1.945% to 5.845% (2023 - 4.356%).

Council does not have an approved bank guarantee facility and has provided no guarantees except to the Local Government Workcare (LGW) disclosed in Note 22, has no credit standby facilities or bank overdrafts, and there were no unused financing facilities available to the Council at the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 18. Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of a past event, it is probable that Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation and the effect of the time value of money is material, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value for money and the risks specific to the liability. Any increase in provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

\$ '000	2024	2023
Current		
Long service leave	21,934	20,886
Sub total - aggregate employee benefits	<u>21,934</u>	<u>20,886</u>
Refuse restoration	1,834	1,049
Total current provisions	<u>23,768</u>	<u>21,935</u>
Non-current		
Long service leave	5,034	3,671
Sub total - aggregate employee benefits	<u>5,034</u>	<u>3,671</u>
Refuse restoration	6,493	6,260
Total non-current provisions	<u>11,527</u>	<u>9,931</u>

Notes to the Financial Statements

for the year ended 30 June 2024

Note 18. Provisions (continued)

\$ '000	2024	2023
Details of movements in provisions		
Long service leave		
Balance at beginning of financial year	24,557	25,036
Additional provision	6,731	5,969
Increase/(decrease) in provision due to change in discount rate	(227)	(1,523)
Amounts used	(4,093)	(4,925)
Balance at end of financial year	26,968	24,557
Refuse restoration		
Balance at beginning of financial year	7,309	7,371
Additional provision	1,234	(242)
Amounts used	(439)	–
Increase/(decrease) in provision due to change in discount rate	223	180
Balance at end of financial year	8,327	7,309

Restoration provisions

Council has a legal obligation to restore quarry sites used in Council operations and has prepared site management and post closure plans to deal with the filling and future use of quarry sites. The provision is the present value of the estimated cost of restoring the quarry site to a useable state at the end of its useful life.

Council also holds an Environmental Protection Agency licence to operate a number of landfills. The licence includes a legal obligation to restore any affected area. Standard landfill practice is to progressively level the site through use of top soil and then re-grass the affected area. Council estimates and discounts expected future costs to restore landfill cells to present value at a discount factor based on Commonwealth bond yields rates over the relevant period.

Council also recognises provisions for dismantling and removing other Council assets, such as wastewater treatment plants. The provision is added to the gross carrying amount of the asset and depreciated over the asset's useful life.

Landfill restoration

The provision represents the present value of the anticipated future costs associated with the closure of Council landfill sites, decontamination and monitoring of historical residues, and leaching on these sites. The provision recognised for landfills is reviewed at least annually and updated based on the facts and circumstances available at the time. Current landfill cells are expected to close in 2041.

Quarry restoration

The provision represents the present value of the anticipated future costs associated with the closure of the Kingston quarry site, decontamination and monitoring of historical residues, and leaching on the site. The provision recognised for the quarry is reviewed at least annually and updated based on the facts and circumstances available at the time. The quarry site is expected to close in 2033.

Flagstone wastewater treatment plant

The Flagstone Waste Water Treatment Plant restoration provision has been created to account for the cost of planning and undertaking the decommissioning and demolition of infrastructure including the treatment of any contamination on the site. This also includes effluent lagoons. The decommissioning work has been undertaken and the demolition works which commenced during 2023 are expected to be completed by the end of 2024/25.

Employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave, vested sick 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.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 18. Provisions (continued)

Liabilities that are expected to be settled within 12 months after the reporting date are measured at the amount expected to be paid when the liabilities are settled and are not discounted to present value. Liabilities that are expected to be settled at least 12 months after the reporting date are measured as the present value of the estimated future cash flows 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 the Council's employment or other associated employment, which could result in the 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. The provision is discounted using the Commonwealth Bond yield rates published on the Department of Housing, Local Government, Planning and Public Works website.

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 16 as a payable.

Leave classifications

As Council does not have an unconditional right to defer leave liabilities beyond 12 months all leave balances, except where there is no current entitlement, are classified as current liabilities. In all cases, amounts expected to be settled within 12 months are calculated on current salary levels including related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future salary levels and related on-costs discounted to present value.

Annual and sick leave

Council has an obligation to pay accumulating annual leave and vested sick leave to qualifying employees, and liabilities have been recognised for these obligations. Council does not recognise a liability for non-accumulating sick leave. Annual and sick leave liabilities that represent accrued expenses are reported in note 16 as payables.

Long service leave

Council has an obligation to pay accumulating long service leave that employees have qualified for at the reporting date, which is reported in note 16 as a payable, but does not have an obligation to pay long service leave based on the probability that employees will reach entitlement, which is reported in note 18 as a provision.

Superannuation

Payments to defined contribution and to defined benefit retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions. The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to employees.

The local government superannuation (Brighter Super) scheme is a multi-employer plan. As Brighter Super is unable to account to Council for its proportionate share of any obligation, plan assets or costs associated with the defined benefit plan, the plan is accounted for as if it were a defined contribution plan. Superannuation arrangements are further detailed in note 23.

Third party claims

Council raises provisions based on the expected amount and timing of valid third party compensation claims. Where compensation claims are subject to adjudication through the courts or there is uncertainty in terms of the validity or amount of a claim, amounts may be disclosed as a contingent liability.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 19. Other liabilities

\$ '000	2024	2023
Current		
Unearned revenue	2,538	1,508
Monies received in advance	25,995	26,157
Other liabilities	86	218
Total current other liabilities	28,619	27,883
Non-current		
Monies received in advance	21,088	33,470
Total non-current other liabilities	21,088	33,470

Note 20. Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in 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 reported in surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

Movements in the asset revaluation surplus

	2024 \$'000	Restated 2023 \$'000
Opening revaluation surplus	3,059,675	2,749,754
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land	27,098	33,123
Buildings	42,338	16,233
Roads and drainage infrastructure	153,744	260,121
Landfill and quarry	226	243
	<u>223,406</u>	<u>309,720</u>
Change in the value of future rehabilitation cost:		
Landfill and quarry	-	201
Closing revaluation surplus	3,283,081	3,059,675

Asset revaluation surplus analysis

	2024 \$'000	Restated 2023 \$'000
Closing revaluation surplus by asset class:		
Land	509,059	481,961
Buildings	209,771	167,434
Roads and drainage infrastructure	2,558,301	2,404,556
Landfill and quarry	5,950	5,724
Closing revaluation surplus	3,283,081	3,059,675

Notes to the Financial Statements

for the year ended 30 June 2024

Note 21. Commitments for expenditure

\$ '000	2024	2023
(a) Contractual commitments		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Waste contracts		
Waste and recyclables collection	81,463	95,665
Other waste operational	2,119	891
Water contracts		
Removal of bio-solids and grit	3,673	3,218
Other water operational	22,425	48,408
Roads contracts		
Minor works	9,080	2,685
Other	21,204	4,881
Other operational contracts		
Maintenance	27,983	25,090
Cleaning	8,874	618
Professional services	8,121	1,791
Other	28,481	32,202
	<u>213,423</u>	<u>215,449</u>

(b) Capital commitments (exclusive of GST)

As at 30 June 2024, Council has capital commitments of \$234.475m (2023: \$305.809m). Council's largest commitments are over a term of 2 years.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 22. Contingent liabilities

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

	2024 \$'000	2023 \$'000
Liability claims	12,252	12,411
Infrastructure offsets	29,738	20,385
Local Government Workcare maximum exposure	3,406	2,844
	<u>45,396</u>	<u>35,640</u>

Local Government Mutual Liability Self-Insurance Pool

Logan City Council is a member of the local government mutual liability self-insurance pool, Local Government Mutual (LGM) Queensland. LGM provides claims and risk management services, insurance placement, fund management and consulting services to collectively exercise control over and manage the legal liability exposures confronting local government.

In the event of the pool being wound up, or if 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 to the total pool contributions in the year that a deficit arises.

As at 30 June 2024, the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

Local Government Workcare

Logan City Council is a member of the Queensland local government worker's compensation (LGW) self-insurance scheme.

Under this scheme, Council has provided an indemnity towards a bank guarantee to cover any bad debts that may remain should the self-insurance license be cancelled and there was insufficient funds available to cover outstanding liabilities. Only LGW may call on any part of the guarantee were the above circumstances to arise. The Council's maximum exposure to the bank guarantee is \$3,406,378 (2023: \$2,844,398).

Infrastructure Offsets

Council enters into infrastructure agreements with developers where trunk infrastructure is to be contributed to Council in lieu of charging infrastructure charges. Where the value of infrastructure provided exceeds the value of the infrastructure charges required, a refund may arise. Any such refund is contingent on the developer successfully completing the work and will be disclosed as a contingent liability up until the point of Council approval of the development. Once the development has been approved any remaining excess is recognised as an actual liability.

Liability Claims

Council is a defendant in a number of claims that arise because of the operations of council and its ownership of public assets. All liability claims are subject to review and are only provided for when genuine and not contingent on a future event. Liability and insurance claims not provided for are disclosed as contingent liabilities.

Information in respect of individual claims has not been disclosed on the basis that Council considers such disclosures would seriously prejudice the outcome of these claims.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 23. Superannuation - regional defined benefit fund

The Council contributes to the Brighter Super Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the Brighter Super trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because Brighter Super is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically the Council can be liable to the scheme for a portion of other local governments' obligations should that local government be unable to meet them. However, the risk of this occurring is extremely low and in accordance with the Brighter Super trust deed changes to Council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2021. The actuary indicated, "At the valuation date of 1 July 2021, the value of the schemes assets are sufficient to meet the value of the schemes liabilities in respect of accrued benefits at the review date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions, which remain at 12% of employee assets, and there are no known requirements to change the rate of contributions.

The most significant risks that may result in Brighter Super increasing the contribution rate, on the advice of the actuary, are:

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

The next triennial actuarial review will be carried out no later than 1 July 2024.

\$ '000	Notes	2024	2023
Superannuation contributions made to the Regional Defined Benefits Fund		332	428
Other superannuation contributions for employees		18,856	17,698
Capitalised superannuation		(995)	(1,007)
Total superannuation contributions paid by Council for employees	4	18,193	17,119

Notes to the Financial Statements

for the year ended 30 June 2024

Note 24. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

\$ '000	2024	2023 Restated
Net operating result from income statement	292,702	143,776
Non-cash items		
Depreciation and amortisation	140,442	127,119
Impairment of property, plant and equipment	8,308	–
Decommissioning of infrastructure assets	27,747	33,687
Donations of assets	(234,899)	(196,060)
Interest accrued on leases	1,150	973
Revaluation decrement	19,302	144,041
Net (profit)/loss on disposal of assets	(778)	(1,160)
Gain on early lease termination	(2,093)	–
	(40,821)	108,600
Losses/(gains) recognised on fair value re-measurements through the income		
Revaluation Increase/(decrease) in future rehabilitation	–	201
	–	201
Investing and development activities		
Increase/(decrease) in subsidiary loan	(7,037)	10,509
Capital contributions	(66,098)	(82,211)
Capital grants and subsidies	(58,815)	(28,372)
Finance costs	12,219	12,245
	(119,731)	(87,829)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	7,616	(23,617)
Increase/(decrease) in provision for doubtful debts	2,764	(288)
(Increase)/decrease in inventories	(197)	8
(Increase)/decrease in contract assets	(514)	434
(Increase)/decrease in other assets	(10,331)	(8,096)
Increase/(decrease) in payables	(7,359)	14,593
Increase/(decrease) in contract liabilities	(6,854)	(8,903)
Increase/(decrease) in employee leave entitlements	2,411	(479)
Increase/(decrease) in other provisions	1,018	(62)
Increase/(decrease) in other liabilities	(10,534)	(2,940)
	(21,980)	(29,350)
Net cash provided from/(used in) operating activities from the statement of cash flows	110,170	135,398

Notes to the Financial Statements

for the year ended 30 June 2024

Note 25. Correction of error

Nature of prior-period error

Buildings

Council's Sport and Community Infrastructure branch leases Council buildings to various operators. In some circumstances, the lessee will carry out improvements to these properties and seek approval from Council. Under the terms of the lease, Council is responsible for any capital or structural works including maintenance, replacement and repair. The lease agreement also specifies that all improvements belong to the Trustee (Council). During the year, Council recognised these buildings on its financial asset register.

Roads and Drainage

As part of Council processes to better align financial and asset management principles, practices, and systems, Council's infrastructure assets are reviewed on a progressive basis to determine asset consumption, and maintenance, restoration and replacement needs.

During the 2024 financial year initiatives were undertaken across a number of transport and stormwater asset classes which identified the requirement for the financial and physical asset information systems to be updated. These initiatives identified concrete and unsealed road pavement assets that had not been financially recognised by Council in prior years for which the Council has ownership.

In addition there were found stormwater assets identified across the transport network. These assets have been brought to account in the current reporting period and reported as a prior period error in line with the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2022) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below:

Changes to the opening Statement of Financial Position at 1 July 2022

Statement of Financial Position

\$ '000	Original Balance 1 July, 2022	Impact Increase/ (decrease)	Restated Balance 1 July, 2022
Property, plant and equipment	6,302,059	35,836	6,337,895
Total assets	6,913,451	35,836	6,949,287
Total liabilities	539,453	–	539,453
Asset revaluation surplus	2,730,643	19,111	2,749,754
Retained surplus	3,643,355	16,725	3,660,080
Total community equity	6,373,998	35,836	6,409,834

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Property, plant and equipment	6,821,003	33,670	6,854,673
Total assets	7,400,142	33,670	7,433,812
Total liabilities	570,281	–	570,281

Notes to the Financial Statements

for the year ended 30 June 2024

Note 25. Correction of error (continued)

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Asset revaluation surplus	3,043,164	16,511	3,059,675
Retained surplus	3,786,698	17,159	3,803,857
Total community equity	6,829,861	33,670	6,863,531

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Infrastructure charges	277,225	1,046	278,271
Total income	975,959	1,046	977,005
Depreciation and amortisation	126,021	612	126,633
Total expenses	832,617	612	833,229
Operating result	–	–	–
Net result	143,342	434	143,776

Other comprehensive income

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Increase/(decrease) in asset revaluation surplus	312,520	(2,601)	309,919
Total other comprehensive income for the year	312,520	(2,601)	309,919

Notes to the Financial Statements

for the year ended 30 June 2024

Note 26. Events after the reporting period

Events that occur after the reporting date of 30 June 2024, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 02/10/24.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the reporting date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2024.

(ii) Events that have provided evidence of conditions that arose after the reporting date

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2024 and which are only indicative of conditions that arose after 30 June 2024.

Council is aware of the following "non adjusting events" that merit disclosure;

City of Logan Charitable Trust

In July 2024, the Logan City Council ("the Council") City Governance Committee requested a report be presented to a future City Governance meeting outlining options for the future of the City of Logan Charitable Trust ('The Trust'), including the financial implication of each option. This recommendation was subsequently ratified at the Ordinary Council meeting held on 17th July 2024.

Presently, the Trust is dependent on the ongoing financial assistance from the Council for the delivery of the Trust's charitable programs. Any future funding and support for the Trust will be considered when the report outlined above is considered by the City Governance Committee.

The City of Logan Charitable Trust is solvent at the reporting date; however, the Council and the Trust are in discussions regarding the future of the Trust and the steps to be taken following a decision of Council. Given this uncertainty, the board have decided to limit operations and to pause the receipt of donations, pending the future decision of Council.

Underwood Innovation Lab Pty Ltd

At 30 June 2024, a review of the company's performance was in progress to determine if further funding of \$2,200,000 will be approved by Council (for an additional 100 shares at \$22,000 per share).

At the Ordinary Council meeting held on 11 September 2024 additional funding of \$1,126,730 to Underwood Innovation Lab Pty Ltd was approved.

Invest Logan Pty Ltd

In accordance with the Business Cessation Agreement, the properties known as 2 Main Street, 12-14 Main Street, 15 Vanessa Boulevard and 1-3 Laurinda Crescent have been transferred to Council as at 16 July 2024 at market value of \$5,475,000.

Council have advanced a further amount of \$463,790 in opex funding since 30 June 2024. The balance of the loans will be recorded as a bad debt expense in 30 June 2025.

The business cessation date was extended to 13 September 2024.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 27. Financial instruments and financial risk management

(a) Financial assets and financial liabilities

Financial instruments recognition

Financial assets and financial liabilities are recognised when the council becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied. Council has exposure to credit, liquidity, and market risks from financial instruments.

Council is responsible for the establishment and oversight of a 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.

Financial instruments classifications

Financial assets and liabilities are classified as "subsequently measured at amortised cost" or "at fair value through profit or loss". The classification depends on the nature and purpose of the financial assets, is established at the time of initial recognition, and determines subsequent measurement practices.

Financial assets and liabilities classified at fair value through profit or loss

On-call deposits are designated as at fair value through profit or loss and are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates interest earned on the financial asset and is included in the 'interest received' line item.

Other financial assets classified as at fair value through profit or loss comprise unlisted equity investments in Council's wholly-owned subsidiary, Invest Logan, as described in note 9, and investments in the Logan Country Financial Services Limited and the SEQ Regional Recreational Facilities Pty Ltd. As the shares in these entities are not traded on an active market and their fair values cannot be ascertained reliably, the investments in these entities are measured at cost.

Financial assets and liabilities classified as subsequently measured at amortised cost

Financial assets classified as "subsequently measured at amortised cost" include term deposits held to collect contractual cash flows. The contractual terms of the term deposits give rise to payments of solely principal and interest on specified dates based on the principal amount outstanding.

Other financial assets including loans, and trade and sundry receivables, are measured at amortised cost less a loss allowance (impairment) for any expected credit losses.

Financial liabilities classified as "subsequently measured at amortised cost" include borrowings, and trade and other payables, initially measured at fair value, net of transaction costs, and subsequently at amortised cost. Council borrows from the Queensland Treasury Corporation (QTC) and amortised cost is determined using the QTC book rate methodology, with interest expense recognised on an effective yield basis. Further details are provided in note 17.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment and expected credit losses at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 27. Financial instruments and financial risk management (continued)

For short-term financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced by an impairment account. When a trade receivable is considered uncollectible, the expected uncollectible amount is adjusted against the impairment account. Subsequent recoveries of amounts are credited against the impairment account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The collectability of trade receivables and contract assets arising under AASB 15 are reviewed on an ongoing basis. Uncollectible debts are written off by reducing the carrying amount directly. An impairment account is used when there is objective evidence that Council will not be able to collect amounts due according to the original terms of the receivables. Further receivables impairment (loss allowance) details are provided in note 1 (j).

The amount of the impairment loss is recognised as an expense charged against Council's net result within other expenses. When a trade receivable for which an impairment allowance was recognised becomes uncollectible in a subsequent period, it is written off to expense and the impairment allowance is reversed.

Subsequent recoveries of amounts previously written off are credited against other expenses resulting in an increase in Council's net result. 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.

Financial risk management

The Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies. Council's Treasury Committee approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

The Council's Audit and Risk Committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from the Council's investments and receivables from customers. By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely residential, there is also a concentration in the residential sector. Exposure to credit risk is managed through regular analysis of credit counterparties abilities to meet payment obligations. The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund and various term deposits with financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties.

Unless otherwise noted, on-call deposits are held with a maximum call term of two days. Council has a category 2 investment power under the *Statutory Bodies Financial Arrangements Act 1982*, which restricts the types of institutions, the types of investments, and the minimum financial ratings in which the Council can invest. Therefore, the likelihood of the counterparty having capacity to meet its financial commitments is strong. The credit ratings of the investments are monitored for credit deterioration.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 27. Financial instruments and financial risk management (continued)

On-call deposits include trust fund monies as detailed in note 5. Council bankers are the Commonwealth Bank of Australia, which has a long-term credit rating of Aa3 with a stable outlook by Moody's and at AA- long-term issuer credit rating with a negative outlook by Standard and Poor's.

Receivables

Council has determined there are five material receivables groupings for measuring expected credit losses (ECLs), being rates and utility charges, developer infrastructure charges, grants and subsidies, GST recoverable and other trade receivables. No loss allowance is recognised for rates and utility charges or for infrastructure receivables (other than amounts not transferrable to rates accounts) as these amounts are recoverable as a charge on the land, or for grants and subsidies provided by State or Federal Governments and GST recoverable from the Australian Federal Government (see note 10).

Council uses a provision matrix to measure ECLs for other trade receivables based on the last five years collections experience and calculates loss rates using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Council management exercises discretion to determine an appropriate impairment allowance reviewing indicative loss rates, current economic conditions, and other trade receivables ageing data.

The Council does not require collateral in respect of trade and other receivables nor does the Council have trade receivables for which no loss allowance is recognised because of collateral. Details of Council's receivables by receivable type are provided in note 10.

Other financial assets

Council does not consider the investments in equity instruments that comprise other financial assets to be sufficient material to warrant a separate credit management strategy.

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 trading in the normal course of business and borrowings from the Queensland Treasury Corporation. Council manages its exposure to liquidity risk by maintaining sufficient cash reserves to cater for unexpected volatility in cash flows and by undertaking maturity analysis. Council draws down on its QTC facility in accordance with budget outcomes and therefore no line of credit is required.

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2024					
Trade and other payables	99,806	–	–	99,806	99,806
QTC borrowings	45,211	183,393	427,355	655,959	457,748
	<u>145,017</u>	<u>183,393</u>	<u>427,355</u>	<u>755,765</u>	<u>557,554</u>
2023					
Trade and other payables	106,053	–	–	106,053	106,053
QTC borrowings	35,250	132,926	256,300	424,476	317,338
	<u>141,303</u>	<u>132,926</u>	<u>256,300</u>	<u>530,529</u>	<u>423,391</u>

Market risk

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

Council implements strategies such as diversification of investments to limit exposure to price fluctuations. Council is exposed to market 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 2024

Note 27. Financial instruments and financial risk management (continued)

Council's Treasury function manages cash allocations daily to maximise Council return and minimise risk exposure. The Council does not account for any fixed-rate financial assets and financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

(b) 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. 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. The fair values of Council borrowings are disclosed in note 17. Other financial assets and liabilities are either measured at fair value or the carrying amount is a reasonable approximation of fair value.

Note 28. National competition policy

The competitive code of conduct 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 CSO value is determined by Council and represents an activity's costs, which would not have been incurred if the primary objective of the activities were to make a profit. The 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 the Council.

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

\$ '000	Water and sewerage services	Waste services
Revenue for services provided to the Council	3,340	789
Revenue for services provided to external clients	366,240	61,306
Community service obligations	1,358	524
	<u>370,938</u>	<u>62,619</u>
Less : expenditure	(297,644)	(57,833)
Surplus/(deficit)	73,294	4,786

Notes to the Financial Statements

for the year ended 30 June 2024

Note 28. National competition policy (continued)

Description of CSO's provided to business activities:

Activities	CSO description	Actual \$'000
Water and sewerage services	Water, sewerage, and cleansing remissions to eligible community organisations	1,358
Waste services - cleansing remissions to eligible pensioners	Cleansing remissions to eligible pensioners	43
Waste services - cleansing remissions to eligible community organisations	Water, sewerage, and cleansing remissions to eligible community organisations	420
Waste services - tipping for community organisations	Free tipping for community organisations	60

Notes to the Financial Statements

for the year ended 30 June 2024

Note 29. Controlled entities that have not been consolidated

Council has a number of controlled entities that are not consolidated because their size and nature means that they are not material to council's operations.

A summary of those entities, their net assets and results for the year ended 30 June 2024 follows:

Controlled entity

\$ '000	Details	Ownership interest %	Revenue	Expenses	Profit / (loss)	Assets	Liabilities
2024							
	The City of Logan Mayor's Charity Limited	100%	50	201	(151)	84	8
	Invest Logan Pty Ltd	100%	1,385	3,553	(2,168)	5,691	8,617
	Underwood Innovation Lab Pty Ltd	100%	220	1,317	(1,097)	1,336	234
			<u>1,655</u>	<u>5,071</u>	<u>(3,416)</u>	<u>7,111</u>	<u>8,859</u>
2023							
	The City of Logan Mayor's Charity Limited	100%	75	99	(24)	231	227
	Invest Logan Pty Ltd	100%	527	4,510	(3,983)	15,392	16,150
	Underwood Innovation Lab Pty Ltd	0%	–	–	–	–	–
			<u>602</u>	<u>4,609</u>	<u>(4,007)</u>	<u>15,623</u>	<u>16,377</u>

The City of Logan Mayor's Charity Limited (the Trustee) was registered as a company limited by guarantee on 17 November 2017. The Council is the sole member of the Trustee. The directors of the Trustee act as the responsible persons for the City of Logan Charitable Trust (the Trust) and are collectively a formal decision-making body that has ultimate responsibility for all matters involving the Trust. The Trust is a community appeal fund, established to provide the public with a means by which to make donations for charitable purposes for the Logan community, and is a related party of Council. Relevant related party transactions between the Council and the Trust, and balances and commitments at the reporting date are disclosed in note 31.

Council's wholly-owned subsidiary, Invest Logan Pty Ltd (Invest Logan), commenced trading on a for-profit basis on 1 July 2017. Invest Logan is a corporate business entity, wholly owned by Council, established in accordance with the Local Government Regulation 2012 and the *Corporations Act 2001* for the purpose of undertaking Property Development activities which will benefit, or can reasonably be expected to benefit, the City of Logan. On 22 March 2023 Council ratified a decision to wind up the company and discontinue the company's operations as a beneficial enterprise. The Business Cessation Agreement has been agreed and the completion date is 13 September 2024.

Underwood Innovation Lab Pty Ltd (Uilab) was established on 21 September 2023 and commenced trading on 6 November 2023. Uilab was established to undertake economic development activities to benefit Logan City by attracting and retaining start-up and scaleup ventures and high-value jobs in Logan. The ultimate goal is to bolster the profile and reputation of Logan City as an innovation hub to ultimately support achievement of Logan City Council's community 'innovation and employment' vision.

Each entity prepares separate financial statements which are audited by the Queensland Audit Office (QAO) and are available on Council's website when finalised.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 30. Transactions with related parties

(a) Subsidiaries (ie. entities and operations controlled by Council)

Details of Council's subsidiaries are included at Note 29.

\$ '000	Amount of transactions during year	Outstanding balance	Commitments
2024			
Rates and charges	87	-	-
Investment	2,200	2,200	-
Subsidiary loan	3,277	8,526	-
Subsidiary loan repayment	10,635	-	-
Interest on loan	641	30	-
Infrastructure Charges	143	-	-
	16,983	10,756	-
2023			
Rates and charges	95	-	-
Investment	-	8,166	-
Subsidiary loan	10,315	15,562	-
Land sold	1,500	-	-
Interest on loan	458	-	-
Infrastructure Charges	-	-	-
	12,368	23,728	-

(b) Key management personnel

Transactions with key management personnel

KMP are those persons having authority for the planning, directing, and controlling the activities of the Council, directly or indirectly, including the Mayor, Councillors, the Chief Executive Officer, directors and any personnel acting in these roles. Two close family members of KMP were employed by Council during the year at standard contract arrangements.

In addition to their salaries, Council also provides non-cash benefits to KMP, and contributes to the Local Government Superannuation Scheme (Qld) on their behalf. All employees, excluding Councillors, also accrue leave entitlements in accordance with Council policy. Details of superannuation schemes are disclosed in note 23.

\$ '000	2024	2023
The compensation paid to key management personnel comprises:		
Short-term employee benefits	5,548	5,081
Post-employment benefits	463	455
Long-term benefits	97	74
Termination benefits	-	2
Total	6,108	5,612

Short-term benefits include annual and sick leave accruals and non-monetary fringe benefits provided to KMP.

Notes to the Financial Statements

for the year ended 30 June 2024

Note 30. Transactions with related parties (continued)

(c) Other Related Parties

Transactions with other related parties

\$ '000	Amount of transactions during year	Outstanding balance (incl. commitments)
2024		
Fees and charges charged to entities controlled by KMP	1	–
Infrastructure contributions from entities controlled by KMP	32	28
Employee expenses for close family members of KMP	80	–
Rates charged to entities controlled by KMP	205	–
	318	28
2023		
Fees and charges charged to entities controlled by KMP	1	–
Infrastructure contributions from entities controlled by KMP	4	–
Employee expenses for close family members of KMP	53	–
Rates charged to entities controlled by KMP	155	–
	213	–

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse. Rates and charges levied on properties owned by KMP were on the same basis as the rates and charges adopted by Council and levied to the public.

(d) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties other than its wholly owned subsidiary, as disclosed above. No guarantees have been provided. Council has no outstanding commitments to/ from other related parties other than its wholly owned subsidiary, as disclosed above.

General Purpose Financial Statements

for the year ended 30 June 2024

Management Certificate

for the year ended 30 June 2024

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 57, 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.



Jon Raven
Mayor
02 October 2024



Darren Scott
Chief Executive Officer
02 October 2024

INDEPENDENT AUDITOR'S REPORT

To the councillors of Logan City Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Logan City Council.

The financial report comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2024, and of its financial performance for the year then ended; and
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

Basis for opinion

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

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

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

Other information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

At the date of this auditor's report, the available other information in Logan City Council's annual report for the year ended 30 June 2024 was the current year financial sustainability statement, current year financial sustainability statement - contextual ratios (unaudited) and unaudited long-term financial sustainability statement.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2024:

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

Prescribed requirements scope

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



David Adams
as delegate of the Auditor-General

3 October 2024

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement

	Target Tier 2	Actual 2024	5 Yr Av. 2020-24
--	------------------	----------------	---------------------

Audited ratios

Council's performance at 30 June 2024 against key financial ratios and targets.

Liquidity

1. Unrestricted cash expense coverage ratio

Total cash and equivalents add current investments add available ongoing QTC working capital limit less externally restricted cash

Total operating expenditure less depreciation and amortisation less finance costs

x 12 >2 mths **7.1 months** **N/A**

The unrestricted cash expense cover ratio is an indicator of the unconstrained liquidity available to a council to meet ongoing and emergent financial demands, which is a key component to solvency. It represents the number of months a council can continue operating based on current monthly expenses.

Operating Performance

2. Operating surplus ratio

Operating result

Total operating revenue

>0% **(1.77)%** **1.33%**

The operating surplus ratio is an indicator of the extent to which operating revenues generated cover operational expenses. Any operating surplus would be available for capital funding or other purposes.

3. Operating cash ratio

Operating result add depreciation and amortisation add finance costs

Total operating revenue

>0% **19.58%** **23.62%**

The operating cash ratio is a measure of council's ability to cover its core operational expenses and generate a cash surplus excluding depreciation, amortisation, and finance costs.

Asset management

4. Asset sustainability ratio

Capital expenditure on replacement of infrastructure assets (renewals)

Depreciation expenditure on infrastructure assets

>60% **89.28%** **79.80%**

The asset sustainability ratio approximates the extent to which the infrastructure assets managed by a council are being replaced as they reach the end of their useful lives.

5. Asset consumption ratio

Written down replacement cost of depreciable infrastructure assets

Current replacement cost of depreciable infrastructure assets

>60% **69.69%** **70.88%**

The asset consumption ratio approximates the extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community.

Current Year Financial Sustainability Statement (continued)

	Target Tier 2	Actual 2024	5 Yr Av. 2020-24
Debt servicing capacity			
6. Leverage ratio			
Book value of debt			
<u>Total operating revenue less total operating expenditure add depreciation and amortisation</u>	0-4 times	3.3 times	2.1 times

The leverage ratio is an indicator of a council's ability to repay its existing debt. It measures the relative size of the council's debt to its operating performance.

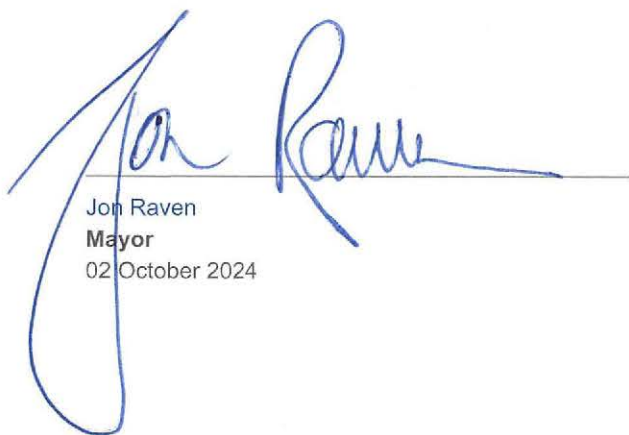
Note 1 - basis of preparation

The current year financial sustainability statement is prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the 6 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 2024.

Certificate of Accuracy (audited ratios)

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.



Jon Raven
Mayor
02 October 2024



Darren Scott
Chief Executive Officer
02 October 2024

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Logan City Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Logan City Council for the year ended 30 June 2024, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Logan City Council for the year ended 30 June 2024 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial sustainability statement and our auditor's report thereon.

At the date of this auditor's report, the available other information in Logan City Council's annual report for the year ended 30 June 2024 was the general-purpose financial statements, current-year financial sustainability statement - contextual ratios (unaudited), and the unaudited long-term financial sustainability statement.

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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



3 October 2024

David Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement

	Target Tier x	Actual 2024	5 Yr Av. 2020-24
--	------------------	----------------	---------------------

Contextual ratios (unaudited)

Financial Capacity

1. Council controlled revenue

Net rates, levies and charges add fees and charges			
Total operating revenue	N/A	88.66%	89.91%

Council controlled revenue is an indicator of a council's financial flexibility, ability to influence its operating income, and capacity to respond to unexpected financial shocks.

2. Population growth

Prior year estimated population			
Previous year estimated population	-1	N/A	4.05%
			3.32%

Population growth is a key driver of a council's operating income, service needs, and infrastructure requirements into the future.

Asset management

3. Asset renewal funding ratio


Total of planned capital expenditure on infrastructure assets renewals over 10 years			
Total required capital expenditure on infrastructure asset renewals over 10 years		N/A	81.13%
			N/A

The asset renewal funding ratio measures the ability of a council to fund its projected infrastructure asset renewal/replacements in the future.

Certificate of Accuracy (contextual ratios - unaudited)

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.



Jon Raven
Mayor
02 October 2024



Darren Scott
Chief Executive Officer
02 October 2024

Unaudited Long Term Financial Sustainability Statement

	Target 2024	Actual 2024	2025	2026	2027	2028	Forecast					
							2029	2030	2031	2032	2033	2034

Measures of financial sustainability

Operating Performance

2. Operating surplus ratio

Operating result	Greater than 0%	(1.77)%	3.04%	3.27%	4.91%	7.94%	8.24%	7.54%	6.94%	6.12%	6.00%	6.53%
Total operating revenue												

The operating surplus ratio is an indicator of the extent to which operating revenues generated cover operational expenses. Any operating surplus would be available for capital funding or other purposes.

3. Operating cash ratio

Operating result add depreciation and amortisation add finance costs	Greater than 0%	19.58%	23.92%	24.05%	25.38%	27.80%	28.36%	27.49%	26.63%	25.70%	25.41%	25.41%
Total operating revenue												

The operating cash ratio is a measure of council's ability to cover its core operational expenses and generate a cash surplus excluding depreciation, amortisation, and finance costs.

Asset Management

4. Asset sustainability ratio

Capital expenditure on replacement of infrastructure assets (renewals)	Greater than 60%	89.28%	89.13%	71.89%	65.37%	62.80%	59.42%	53.69%	55.33%	54.06%	55.45%	55.85%
Depreciation expenditure on infrastructure assets												

The asset sustainability ratio approximates the extent to which the infrastructure assets managed by a council are being replaced as they reach the end of their useful lives.

5. Asset consumption ratio

Written down replacement cost of depreciable infrastructure assets	Greater than 60%	69.69%	65.55%	59.96%	55.43%	50.95%	46.81%	47.14%	47.79%	48.30%	49.33%	48.99%
Current replacement cost of depreciable infrastructure assets												

The asset consumption ratio approximates the extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community.

	Target 2024	Actual 2024	2025	2026	2027	2028	Forecast					
							2029	2030	2031	2032	2033	2034

Debt servicing capacity

7. Leverage ratio

Book value of debt

Total operating revenue less total operating expenditure add depreciation and amortisation	0-4 times	3.3 times	3.5 times	3.7 times	3.6 times	3.5 times	3.5 times	3.5 times	3.9 times	4.2 times	4.0 times	3.8 times
--	-----------	------------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

The leverage ratio is an indicator of a council's ability to repay its existing debt. It measures the relative size of the council's debt to its operating performance.

Financial Capacity

8. Council controlled revenue

Net rates, levies and charges add fees and charges

Total operating revenue	n/a	88.66%	89.82%	89.77%	90.17%	87.64%	87.97%	88.42%	88.97%	89.31%	89.63%	88.97%
-------------------------	-----	---------------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Council controlled revenue is an indicator of a council's financial flexibility, ability to influence its operating income, and capacity to respond to unexpected financial shocks.

9. Population growth

Prior year estimated population

Previous year estimated population	-1	n/a	4.05%	2.26%	2.21%	2.80%	2.72%	2.65%	2.58%	2.52%	3.16%	3.07%	3.53%
------------------------------------	----	-----	--------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Population growth is a key driver of a council's operating income, service needs, and infrastructure requirements into the future.

Logan City Council 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.

Council aims to operate within a set of conservative guide-posts to ensure we are financially sustainable in the short, medium and long term. As part of our financial strategy, we have adopted seven key financial performance indicators to guide our financial health. In addition to the financial indicators, we have the above three sustainability indicators that have been set by the Department of Local Government, Community Recovery and Resilience to help monitor the long-term sustainability of all councils across Queensland. Throughout the financial year, these indicators are calculated and reported on monthly at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.


The table above summarises how we performed against set targets for the seven key financial performance indicators established in our financial strategy. In summary, we achieved or bettered six of the financial targets, performing strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure.

Council did not receive the advance payment of the 2024-25 Financial Assistance Grant in the 2023-24 financial year. This has impacted the operating position of Council for the 2023-24 financial year.

Certificate of Accuracy - Long Term Financial Sustainability Statement

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.



Jon Raven
Mayor
02 October 2024



Darren Scott
Chief Executive Officer
02 October 2024