



Dedicated to a better Brisbane

Brisbane City Council

Consolidated Financial Statements

30 June 2023

Brisbane City Council
Consolidated financial statements
for the year ended 30 June 2023

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Brisbane City Council
Statements of comprehensive income
for the year ended 30 June 2023

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Revenue					
Rates and utility charges	3(a)	1,316,242	1,239,509	1,316,242	1,239,509
Contributions, donations, subsidies and grants	3(b)	613,184	456,336	609,885	453,497
Fees and charges	3(c)	210,582	195,370	210,582	195,370
Public transport revenue	3(d)	385,336	368,397	385,336	368,397
Interest revenue	3(e)	22,454	3,908	21,031	3,571
Other revenue	3(f)	396,880	328,778	493,140	441,718
		2,944,678	2,592,298	3,036,216	2,702,062
Expenses					
Employee costs	4(a)	875,234	846,987	832,512	812,929
Materials and services	4(b)	995,549	936,091	1,007,465	933,107
Depreciation and amortisation	4(c)	535,333	542,681	541,395	548,372
Finance costs	4(d)	102,117	86,191	103,064	88,208
Loss on disposal of property, plant and equipment, intangible assets and investment property	4(e)	45,639	60,328	41,360	60,328
Capital grant expenses	4(f)	-	24,010	-	24,010
Other expenses	4(g)	48,378	56,404	53,476	57,404
		2,602,250	2,552,692	2,579,272	2,524,358
Share of profit from associate	9	146,744	185,105	-	-
Increase in operating capability		489,172	224,711	456,944	177,704
Other comprehensive income					
Items that will not be reclassified to operating capability					
Increase in asset revaluation surplus	9,11(a),20	2,027,548	1,066,423	2,039,217	1,035,044
Remeasurement of defined benefit plan	26	1,005	1,203	1,005	1,203
Movements in cash flow and cost of hedging reserves	29(c)	14,736	5,873	14,736	5,873
		2,043,289	1,073,499	2,054,958	1,042,120
Total comprehensive income		2,532,461	1,298,210	2,511,902	1,219,824

The above statements should be read in conjunction with the accompanying notes and significant accounting policies.

Brisbane City Council
Statements of financial position
as at 30 June 2023

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current assets					
Cash and cash equivalents	5	145,581	604,148	71,027	529,013
Receivables	6	224,833	153,847	225,867	152,182
Inventories		22,070	19,137	21,993	19,137
Derivative financial instruments	29(c)	2,493	-	2,493	-
Other current assets	7	125,386	143,033	135,627	153,584
Assets classified as held for sale	8	13,227	2,817	13,227	2,817
		533,590	922,982	470,234	856,733
Non-current assets					
Investment in associate	9	3,161,135	3,124,945	2,158,143	2,158,143
Other investments	10	65,665	60,103	206,867	201,305
Derivative financial instruments	29(c)	4,083	5,949	4,083	5,949
Property, plant and equipment	11(a)	32,480,375	29,462,035	32,313,592	29,285,413
Investment property	12	161,704	211,489	-	-
Intangible assets	13	146,807	168,624	146,801	168,586
Lease right of use assets	14(a)	455,144	329,176	549,685	433,668
Superannuation defined benefit plan	26	21,713	21,086	21,713	21,086
Other non-current assets		3,561	5,295	-	-
		36,500,187	33,388,702	35,400,884	32,274,150
Total assets		37,033,777	34,311,684	35,871,118	33,130,883
Current liabilities					
Payables	15	334,653	313,605	326,319	305,264
Other financial liabilities	16	98,508	88,315	98,508	88,315
Lease liabilities	14(a)	68,665	77,927	72,977	82,596
Provisions	18	259,459	237,576	257,824	235,526
Service concession liabilities	17	60,501	59,595	60,501	59,595
Other current liabilities	19	124,199	127,666	116,672	121,081
		945,985	904,684	932,801	892,377
Non-current liabilities					
Payables	15	8,645	9,135	7,790	7,713
Other financial liabilities	16	2,384,371	2,377,511	2,364,371	2,312,511
Lease liabilities	14(a)	553,211	356,283	667,232	476,223
Provisions	18	143,026	132,168	142,381	131,593
Service concession liabilities	17	1,640,736	1,696,292	1,640,736	1,696,292
Other non-current liabilities	19	121,723	131,992	121,723	131,992
		4,851,712	4,703,381	4,944,233	4,756,324
Total liabilities		5,797,697	5,608,065	5,877,034	5,648,701
Net community assets		31,236,080	28,703,619	29,994,084	27,482,182
Community equity					
Asset revaluation surplus	20	16,301,085	14,273,537	15,986,624	13,947,407
Cash flow and cost of hedging reserves	29(c)	6,576	(8,160)	6,576	(8,160)
Accumulated surplus	21	14,928,419	14,438,242	14,000,884	13,542,935
Total community equity		31,236,080	28,703,619	29,994,084	27,482,182

The above statements should be read in conjunction with the accompanying notes and significant accounting policies.

Brisbane City Council
Statements of changes in equity
for the year ended 30 June 2023

Consolidated for the year ended 30 June 2023	Total \$000	Asset revaluation surplus (notes 9 and 11(a)) \$000	Cash flow and cost of hedging reserves (note 29(c)) \$000	Accumulated surplus (note 21) \$000
Balance as at 1 July	28,703,619	14,273,537	(8,160)	14,438,242
Increase in operating capability	489,172	-	-	489,172
Other comprehensive income	2,043,289	2,027,548	14,736	1,005
Balance as at 30 June	31,236,080	16,301,085	6,576	14,928,419

Consolidated for the year ended 30 June 2022	Total \$000	Asset revaluation surplus (notes 9 and 11(a)) \$000	Cash flow and cost of hedging reserves (note 29(c)) \$000	Accumulated surplus (note 21) \$000
Balance as at 1 July	27,458,897	13,207,114	(14,033)	14,265,816
Initial recognition of property, plant and equipment	17,072	-	-	17,072
Derecognition of property, plant and equipment	(70,560)	-	-	(70,560)
Adjusted opening balance	27,405,409	13,207,114	(14,033)	14,212,328
Increase in operating capability	224,711	-	-	224,711
Other comprehensive income	1,073,499	1,066,423	5,873	1,203
Balance as at 30 June	28,703,619	14,273,537	(8,160)	14,438,242

The above statements should be read in conjunction with the accompanying notes and significant accounting policies.

Brisbane City Council
Statements of changes in equity
for the year ended 30 June 2023

Council for the year ended 30 June 2023	Total \$000	Asset revaluation surplus (notes 9 and 11(a)) \$000	Cash flow and cost of hedging reserves (note 29(c)) \$000	Accumulated surplus (note 21) \$000
Balance as at 1 July	27,482,182	13,947,407	(8,160)	13,542,935
Increase in operating capability	456,944	-	-	456,944
Other comprehensive income	2,054,958	2,039,217	14,736	1,005
Balance as at 30 June	29,994,084	15,986,624	6,576	14,000,884

Council for the year ended 30 June 2022	Total \$000	Asset revaluation surplus (notes 9 and 11(a)) \$000	Cash flow and cost of hedging reserves (note 29(c)) \$000	Accumulated surplus (note 21) \$000
Balance as at 1 July	26,315,846	12,912,363	(14,033)	13,417,516
Initial recognition of property, plant and equipment	17,072	-	-	17,072
Derecognition of property, plant and equipment	(70,560)	-	-	(70,560)
Adjusted opening balance	26,262,358	12,912,363	(14,033)	13,364,028
Increase in operating capability	177,704	-	-	177,704
Other comprehensive income	1,042,120	1,035,044	5,873	1,203
Balance as at 30 June	27,482,182	13,947,407	(8,160)	13,542,935

The above statements should be read in conjunction with the accompanying notes and significant accounting policies.

Brisbane City Council
Statements of cash flows
for the year ended 30 June 2023

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash flows from operating activities					
Receipts					
Rates and utility charges		1,325,822	1,221,156	1,325,822	1,221,156
Fees and charges		181,421	202,121	181,421	202,121
Public transport revenue		420,367	401,888	420,367	401,888
Subsidies and grants		116,511	92,465	113,213	89,626
Contributions		2,249	894	2,249	894
Goods and Services Tax received from Australian Taxation Office		117,138	88,665	117,138	88,665
Interest revenue		21,893	3,903	20,532	3,569
Dividends and participation returns received		119,010	131,489	137,921	171,428
Other receipts		314,132	434,448	279,603	386,685
		2,618,543	2,577,029	2,598,266	2,566,032
Payments					
Employee costs		(867,447)	(832,099)	(824,562)	(798,387)
Materials and services		(1,184,389)	(1,071,736)	(1,197,836)	(1,080,073)
Finance costs		(98,367)	(85,133)	(99,314)	(87,149)
Other payments		(35,723)	(36,525)	(40,068)	(37,411)
		(2,185,926)	(2,025,493)	(2,161,780)	(2,003,020)
Net increase in cash from operating activities	22(a)	432,617	551,536	436,486	563,012
Cash flows from investing activities					
Proceeds from disposal of property trust investments		-	11,910	-	-
Proceeds from disposal of property, plant and equipment and investment property		63,085	31,382	14,954	31,382
Payments for property, plant, equipment, intangible assets and investment property		(1,302,638)	(760,158)	(1,297,931)	(682,990)
Receipts for capital contributions, donations, subsidies, grants and other capital revenue		404,384	213,741	404,384	213,741
Net decrease in cash from investing activities		(835,169)	(503,125)	(878,593)	(437,867)
Cash flows from financing activities					
Proceeds from borrowings		150,000	498,000	150,000	453,000
Repayment of borrowings		(132,947)	(68,501)	(87,947)	(68,501)
Lease liabilities principal payments		(73,068)	(76,642)	(77,932)	(81,612)
Net increase (decrease) in cash from financing activities	22(b)	(56,015)	352,857	(15,879)	302,887
Net increase (decrease) in cash and cash equivalents held		(458,567)	401,268	(457,986)	428,032
Cash and cash equivalents as at 1 July		604,148	202,880	529,013	100,981
Cash and cash equivalents as at 30 June	5	145,581	604,148	71,027	529,013

The above statements should be read in conjunction with the accompanying notes and significant accounting policies.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

1 Significant accounting policies

1(a) Reporting entity

Brisbane City Council is constituted under the *City of Brisbane Act 2010* and is domiciled in Australia.

1(b) Basis of preparation

These general purpose financial statements are for the period 1 July 2022 to 30 June 2023 and have been prepared in compliance with the requirements of the *City of Brisbane Act 2010* and the *City of Brisbane Regulation 2012*.

These financial statements have been prepared under the historical cost convention except as stated and are presented in Australian dollars, which is Council's presentation and functional currency.

1(c) Statement of compliance

Council is a not-for-profit entity for financial reporting purposes. These financial statements have been prepared in accordance with all Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), as applicable to not-for-profit entities.

1(d) Basis of consolidation

Council and its controlled entities together form the consolidated entity. The financial statements of all active controlled entities are included in the consolidated financial statements, from the date when control commences until the date when control ceases.

Material transactions with controlled entities have been eliminated when preparing the consolidated financial statements. Accounting policies of controlled entities have also been adjusted on consolidation where necessary, to ensure the financial statements of the consolidated entity are prepared using accounting policies that are consistent with those of Council. Information about controlled entities is included in note 10(a).

In addition, participation rights in the Central South East Queensland (SEQ) Distributor-Retailer Authority (Authority), trading under the business name Urban Utilities (UU) are accounted for in the consolidated balances using the equity method to reflect Council's significant influence on the Authority (note 9).

1(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 Statement by Councillors and management is signed.

1(f) Rounding and comparatives

Amounts included in the financial statements 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.

1(g) New and revised accounting standards

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* will be effective from 1 January 2024. The impact of this standard on the valuation of Council's assets is not considered to be material.

The impact of any other Australian Accounting Standards and Interpretations that have been recently issued or amended, but are not yet effective, are either not considered to be material or are not applicable to the consolidated entity.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

1 Significant accounting policies (continued)

1(h) Use of estimates and judgements

The financial statements are subject to the use of estimates and judgements. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

- revenue (note 3)
- receivables (notes 6 and 29)
- investment in associate and other investments (notes 9 and 10)
- property, plant and equipment and intangible assets (notes 11 and 13)
- investment property (note 12)
- leases (note 14)
- employee benefits (notes 18 and 26)
- service concession arrangements (note 17)
- provisions (note 18)
- commitments (note 23)
- contingencies (note 24)
- transactions with related parties (note 25)
- financial instruments (note 29).

1(i) Volunteer services

Council receives volunteer services that contribute to delivery of various services such as assistance from the community during natural disaster events or from emergency services. However, Council does not recognise revenue from volunteer services as Council would not have purchased the services if not donated and it is not considered material.

1(j) Taxation

Council is exempt from income tax, however 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 Taxation Office is shown as an asset or liability respectively.

1(k) Impacts of the South East Queensland Rainfall and Flooding Event

In the prior year, Brisbane was significantly affected by the South East Queensland Rainfall and Flooding Event (SEQRFE) and the impacts on the consolidated financial statements are provided in the relevant note:

- revenue (note 3)
- expenses (note 4)
- property, plant and equipment (note 11)
- other liabilities (note 19).

2 Analysis of Council results by program

2(a) Program goals

The activities relating to Council's programs reported in note 2(b) are as follows:

Transport for Brisbane

The goal of this program is to deliver Australia's most modern and sustainable public and active transport systems, supporting residents and visitors to travel quickly, safely, reliably and sustainably.

Infrastructure for Brisbane

The goal of this program is to develop and deliver a transport network that supports business, residents and visitors by enabling the safe, efficient and sustainable movement of people, freight and services.

Clean, Green and Sustainable City

The goal of this program is to lead Brisbane to be a clean, green and sustainable city, now and for future generations, through partnership, advocacy, direct action and intervention.

Future Brisbane

The goal of this program is to provide planning and growth management to ensure Brisbane continues to be prosperous and well-designed, with a distinctive subtropical character.

Lifestyle and Community Services

The goal of this program is to provide opportunities for all residents, workers and visitors to participate and connect in cultural and recreational activities which foster inclusion and stronger communities.

City Standards, Community Health and Safety

The goal of this program is to deliver high quality maintenance standards for the city's civil and green assets, maintaining a focus on the health, safety and amenity of Brisbane's growing community.

Economic Development

The goal of this program is to build Brisbane's Olympic City reputation and economy by creating new and innovative jobs and strengthening the city's reputation as a global lifestyle, tourism, business, events and investment destination.

City Governance

The goal of this program is to provide strong leadership and governance for the city and for Council to be well managed, innovative and financially sustainable, supported by a future focused workforce, committed to delivering effective, efficient and valued services to the community.

City Standards – Business Activity

The goal of this business activity is to ensure an agreed and consistent maintenance standard throughout Brisbane, its central business district and suburbs, through management of the provision of construction and maintenance activities, and waste and resource recovery.

Transport for Brisbane – Business Activity

The goal of this business activity is to provide frequent, reliable and safe public transport services, more often, and at the most comfortable standard possible for our passengers.

City Projects Office – Business Activity

The goal of this business activity is to provide professional services across project management, built and natural environment and engineering disciplines.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

2 Analysis of Council results by program (continued)

2(b) Summary of revenue, expenses and assets by program

Consolidated balances are not provided because program results only apply to Council.

2023	Recurrent subsidies and grants \$000	Capital subsidies and grants \$000	Other income \$000	Total revenue \$000	Expenses \$000	Operating capability \$000	Assets \$000
Transport for Brisbane	63	71,196	65,877	137,136	218,610	(81,474)	2,309,427
Infrastructure for Brisbane	2,149	65,831	249,704	317,684	383,363	(65,679)	12,668,004
Clean, Green and Sustainable City	100	114,737	191,007	305,844	314,543	(8,699)	10,872,053
Future Brisbane	-	-	65,462	65,462	97,889	(32,427)	97,473
Lifestyle and Community Services	10,177	2,682	29,977	42,836	246,252	(203,416)	997,072
City Standards, Community Health and Safety	3,571	571	270,821	274,963	516,458	(241,495)	151,475
Economic Development	-	260	15,729	15,989	52,779	(36,790)	26,212
City Governance	83,458	800	1,367,001	1,451,259	322,194	1,129,065	8,126,912
Business Activities	7,714	-	417,329	425,043	427,184	(2,141)	622,490
	107,232	256,077	2,672,907	3,036,216	2,579,272	456,944	35,871,118

2022	Recurrent subsidies and grants \$000	Capital subsidies and grants \$000	Other income \$000	Total revenue \$000	Expenses \$000	Operating capability \$000	Assets \$000
Transport for Brisbane	68	154,382	59,719	214,169	258,621	(44,452)	1,770,563
Infrastructure for Brisbane	8,767	80,111	107,039	195,917	457,241	(261,324)	11,146,143
Clean, Green and Sustainable City	1,925	7,568	175,589	185,082	257,939	(72,857)	10,280,113
Future Brisbane	7	-	69,876	69,883	100,979	(31,096)	87,336
Lifestyle and Community Services	9,767	8,114	24,217	42,098	241,738	(199,640)	901,102
City Standards, Community Health and Safety	565	483	254,879	255,927	465,045	(209,118)	149,602
Economic Development	-	1,090	7,615	8,705	38,277	(29,572)	28,424
City Governance	60,885	890	1,288,595	1,350,370	319,779	1,030,591	8,081,534
Business Activities	173	-	379,738	379,911	384,739	(4,828)	686,066
	82,157	252,638	2,367,267	2,702,062	2,524,358	177,704	33,130,883

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

3 Revenue

3(a) Rates and utility charges

Rates and utility charges are recognised as revenue when Council obtains control over these receipts which is the beginning of the rating period to which they relate. Prepaid rates and utility charges are recognised as a financial liability until the beginning of the rating period (note 15). Discounts given and rebates are recognised in the same period as the rates and utility charges to which they relate.

	Consolidated		Council	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Rates				
General	1,034,207	982,223	1,034,207	982,223
Environmental management and compliance levy	51,681	49,056	51,681	49,056
Bushland preservation levy	36,446	34,600	36,446	34,600
Special rates and charges	11,627	11,001	11,627	11,001
Utility charges				
Waste disposal	226,756	213,519	226,756	213,519
Total rates and utility charges	1,360,717	1,290,399	1,360,717	1,290,399
Less:				
Discounts given	15,652	15,459	15,652	15,459
Pensioner and other rebates	28,823	35,431	28,823	35,431
Total discounts and rebates	44,475	50,890	44,475	50,890
	1,316,242	1,239,509	1,316,242	1,239,509

Other rebates includes \$0.5 million (2022: \$4.3 million) provided as a result of the SEQRFE.

3(b) Contributions, donations, subsidies and grants

Contributions

Cash or non-cash revenue from infrastructure charges is recognised when the levied charge is due. Revenue from developer contributions (non-trunk infrastructure) is recognised when Council obtains control of the assets and the value of the assets can be reliably measured.

Local government infrastructure is categorised as either trunk infrastructure (higher-level infrastructure that is shared between multiple developments) or non-trunk infrastructure (infrastructure that is not shared with other developments and is generally internal to a development site). Examples of trunk infrastructure include major roads, parks and stormwater infrastructure and land for community facilities.

Infrastructure assets, including non-trunk infrastructure, contributed to Council from developers, or assets donated to Council, are recognised either as non-current assets or expense according to Council's threshold for recognition of non-current assets (note 11(b)).

Subsidies and grants

Where grant revenue arises from an agreement which is enforceable and contains sufficiently specific performance obligations, revenue is recognised when each performance obligation is satisfied.

For capital grants where Council will acquire or construct an item of property, plant and equipment which will be under Council's control, revenue recognition is generally as the construction progresses in accordance with costs incurred.

Revenue from operating grants that do not contain sufficiently specific performance obligations is recognised when Council obtains control of the funds. These grants include the Financial Assistance Grant provided by the Australian Government to local governments.

Grants earned but not yet received (other accrued revenue – note 7) are recognised as other current assets, and grants received where performance obligations have not yet been met (unearned subsidies and grants – note 19), are recognised as other liabilities in the statements of financial position.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

3 Revenue (continued)

3(b) Contributions, donations, subsidies and grants (continued)

		Consolidated		Council	
	Note	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Contributions					
Infrastructure charges (cash)		72,289	56,832	72,289	56,832
Infrastructure charges (contributed assets)		10,114	8,696	10,114	8,696
Developer contributions (non-trunk infrastructure)		28,078	47,162	28,078	47,162
		110,481	112,690	110,481	112,690
Subsidies and grants					
For capital purposes	2(b)	256,077	252,638	256,077	252,638
For operating purposes	2(b)	110,531	84,996	107,232	82,157
		366,608	337,634	363,309	334,795
Other contributions and donations					
Capital donations from third parties		126,170	2,576	126,170	2,576
Other contributions and donations		9,925	3,436	9,925	3,436
		136,095	6,012	136,095	6,012
		613,184	456,336	609,885	453,497

Subsidies and grants include capital and operating grants totalling \$135.6 million recognised as a result of the SEQRFE.

3(c) Fees and charges

Licences and permits granted by Council are either short-term or low-value. Revenue is recognised at the time the licence or permit is granted rather than over the term of the licence or permit.

Infringements are recognised upon issuing of the infringement notice. The related receivable is subsequently adjusted for impairment.

All other fees and charges are recognised when the performance obligation is satisfied.

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Licences, permits and parking fees	57,338	44,284	57,338	44,284
Building application, development and town planning fees	51,114	53,609	51,114	53,609
Infringements	46,888	38,585	46,888	38,585
Refuse fees	12,495	19,682	12,495	19,682
Other fees and charges	42,747	39,210	42,747	39,210
	210,582	195,370	210,582	195,370

3(d) Public transport revenue

Revenue from public transport activities is recognised when agreed services have been provided by Council, based on contractual arrangements with Translink as a division of the Queensland Government's Department of Transport and Main Roads.

3(e) Interest revenue

Interest on short-term investments is accrued monthly. Interest on overdue rates and utility charges is recognised when due or paid.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

3 Revenue (continued)

3(f) Other revenue

Dividends and participation returns are recognised when declared. Tax equivalents revenue is recognised when the right to receive payment is established. The sale of materials is recognised when the customer has taken delivery of the goods. Lease and rental income from operating leases is generally recognised over the lease term. Service concession revenue recognition is provided in note 17. All other revenue is generally recognised when the performance obligation is satisfied and revenue can be reliably measured.

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Dividends and participation returns	25	-	153	129,421	167,603
Tax equivalents revenue	25(b)	77,276	74,121	77,276	74,121
Service concession revenue	17	59,610	59,333	59,610	59,333
Operating and project costs recovered		51,736	40,624	54,377	40,624
Sale of materials		45,989	27,488	45,989	27,488
Lease and rental revenue		44,879	26,935	30,452	23,538
Advertising		24,922	24,088	24,269	23,727
Investment income		5,856	-	5,856	-
Other operating revenue		46,828	68,268	26,106	23,076
Other capital revenue		39,784	7,768	39,784	2,208
		396,880	328,778	493,140	441,718

In the prior year, other operating revenue includes \$3.8 million of insurance settlements received as a result of the SEQRFE.

Other capital revenue includes the gain on early termination of a lease of \$31.6 million (note 14(a)).

4 Expenses

4(a) Employee costs

Employee costs exclude costs that have been capitalised as part of asset construction.

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Wages and salaries	639,578	621,080	596,856	587,022
Annual, sick and long service leave benefits	117,033	111,421	117,033	111,421
Superannuation	88,946	85,998	88,946	85,998
Other employee related expenses	29,677	28,488	29,677	28,488
	875,234	846,987	832,512	812,929

Employee costs include \$13.3 million (2022: \$12.8 million) incurred in relation to the SEQRFE.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

4 Expenses (continued)

4(b) Materials and services

Materials and services are recognised when goods have been received or services provided, and exclude costs that have been capitalised as part of asset construction. Lease expenses includes expenses relating to short-term, low-value and variable leases (note 14(a)).

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Services and contract costs		356,253	366,311	440,687	423,435
Raw materials and consumables		82,926	77,900	82,926	77,900
Maintenance		87,900	77,986	77,564	69,238
Agency staff costs		65,419	58,808	65,419	58,808
Fuel		59,884	45,866	59,884	45,866
Contractor and consultancy costs		49,424	51,956	48,191	49,431
Plant and equipment and vehicle hire		48,181	41,799	48,181	41,799
Cost of inventories		37,150	21,061	37,150	21,061
Minor asset purchases		24,462	29,484	24,462	29,484
Lease expenses	14(a)	15,625	11,046	15,625	11,046
Cleaning		14,527	16,985	14,527	16,985
Insurance premiums		13,875	9,317	13,875	9,317
Communication costs		12,342	11,771	12,342	11,771
Security		10,539	10,619	10,539	10,619
Legal costs		8,180	9,948	8,180	9,948
Auditor's remuneration – Queensland Audit Office		748	751	535	535
Other costs		108,114	94,483	47,378	45,864
		995,549	936,091	1,007,465	933,107

Materials and services includes \$55.1 million (2022: \$46.2 million) for Council and \$56.1 million (2022: \$47.1 million) for the consolidated entity incurred as a result of the SEQRFE.

4(c) Depreciation and amortisation

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Depreciation – property, plant and equipment	11(a)	442,389	446,466	441,408	445,306
Amortisation – intangible assets	13	25,144	24,626	25,112	24,532
Depreciation – right of use assets	14(a)	67,800	71,589	74,875	78,534
		535,333	542,681	541,395	548,372

4(d) Finance costs

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of qualifying assets for major projects (note 16(a)).

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Finance costs on borrowings	16(a)	78,064	71,179	78,064	71,179
Interest on leases	14(a)	16,630	13,004	19,371	15,861
Other interest and charges		7,423	2,008	5,629	1,168
		102,117	86,191	103,064	88,208

Finance costs capitalised to major projects during the year were \$24.1 million (2022: \$13.5 million).

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

4 Expenses (continued)

4(e) Loss on disposal of property, plant and equipment, intangible assets and investment property

Write-offs include the remaining carrying amount of roads and other infrastructure assets that have been upgraded or rehabilitated and write-offs of intangible assets.

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Proceeds from sale		79,867	31,382	30,672	31,382
Less carrying amount of assets sold		80,654	28,557	28,590	28,557
		(787)	2,825	2,082	2,825
Less carrying amount of assets written off		44,852	63,153	43,442	63,153
	22(a)	45,639	60,328	41,360	60,328

In the prior year, write-offs include \$4.7 million of assets that were destroyed during the SEQRFE (note 11(a)).

4(f) Capital grant expenses

Capital grant expenses relate to Brisbane Metro returned works transferred to third parties and are recognised when control of the assets passes to the third parties.

		Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Capital grant expenses		-	24,010	-	24,010
		-	24,010	-	24,010

4(g) Other expenses

Grants, subsidies and contributions are recognised when paid or invoiced. Bad and doubtful debts are recognised based on the expected credit loss (notes 6 and 29(e)). All other expenses are generally recognised when goods have been received or services provided, or the obligating event occurs.

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Grants, subsidies and contributions		15,822	15,031	25,766	26,098
Bad and doubtful debts	6	12,180	14,163	12,180	14,163
Impairment of assets	11(a)	-	992	-	992
Other expenses		20,376	26,218	15,530	16,151
		48,378	56,404	53,476	57,404

In the prior year, other expenses includes \$1.5 million of community facility grants as a result of the SEQRFE.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

5 Cash and cash equivalents

Cash funds and liquidity are appropriately managed to ensure sufficient funds are available to meet obligations that are due within the next 12 months. Cash and cash equivalents include cash on hand and short-term investments with a maturity of three months or less, which are readily convertible to cash and are subject to an insignificant risk of changes in value.

	Consolidated		Council	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Cash at bank and on hand	87,059	81,486	35,019	29,839
Short-term investments	58,522	522,662	36,008	499,174
	145,581	604,148	71,027	529,013

Council received \$163.6 million in June 2022 and \$33.7 million in June 2023 from the Queensland Government to help fund Council's State Waste Levy until 30 June 2027 (note 19).

Council also has access to a working capital facility of \$550 million and a variable rate loan facility of \$250 million (note 16(b)).

In addition, Council holds \$27.4 million in trust monies at the reporting date (2022: \$23.4 million). In accordance with the *City of Brisbane Act 2010* and the *City of Brisbane Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include deposits lodged to guarantee performance and unclaimed amounts. Council performs only a custodian role in respect of these funds and because they cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

6 Receivables

Receivables are due for settlement in 30 days and are recognised at the amounts due. The collectability of debts is assessed on an ongoing basis with an allowance being made for impairment. All known bad debts are written off during the year. If an amount is recovered in a subsequent period it is recognised as revenue.

		Consolidated		Council	
		2023	2022	2023	2022
		\$000	\$000	\$000	\$000
Current					
Rates and utility charges		35,428	44,414	35,428	44,414
Regulated parking and tolling		19,370	17,109	19,370	17,109
Recoverable works and services		188,863	108,556	189,897	106,891
Impairment		(18,828)	(16,232)	(18,828)	(16,232)
	29(e)	224,833	153,847	225,867	152,182

	Note	Consolidated		Council	
		2023	2022	2023	2022
		\$000	\$000	\$000	\$000
Movement in impairment:					
Balance as at 1 July		16,232	11,231	16,232	11,231
Amounts recognised	4(g)	12,180	14,163	12,180	14,163
Amounts written off		(9,584)	(9,162)	(9,584)	(9,162)
Balance as at 30 June	29(e)	18,828	16,232	18,828	16,232

The consolidated entity's expected credit loss assessment is detailed in note 29(e).

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

7 Other current assets

Accrued revenue is recognised when revenue recognition criteria is satisfied but the revenue has not yet been received. A prepayment is recognised when an expense is paid in advance but not yet incurred.

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Accrued participation returns	25(b)	55,255	63,755	55,255	63,755
Other accrued revenue		34,206	50,820	33,705	50,686
Prepayments		35,925	28,458	46,667	39,143
		125,386	143,033	135,627	153,584

8 Assets classified as held for sale

Items of property, plant and equipment are reclassified as held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use. Assets classified as held for sale are available for immediate sale in their present condition and the sale is highly probable within 12 months. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated.

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Assets classified as held for sale	13,227	2,817	13,227	2,817
	13,227	2,817	13,227	2,817

9 Investment in associate

Under the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, UU began trading to deliver water and wastewater services to customers within the local government areas of five participating councils. Governance arrangements for UU are established in a Participation Agreement which provides for participation rights to be held by the participating councils, with Council holding approximately 85% of these rights.

UU's Board is comprised of independent directors. No individual council has the ability to dominate UU's decision-making to obtain greater benefit from its activities than any other participant.

Transactions between the entities

Transactions between Council and UU are disclosed in note 25(b).

Participation rights

Council's share of UU's undistributed profits and other comprehensive income at the reporting date is included in the consolidated statements of comprehensive income.

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Balance as at 1 July		3,124,945	3,067,374	2,158,143	2,158,143
85% share of profits		146,744	185,105	-	-
85% share in asset revaluation surplus movement		(45)	(23)	-	-
Participation returns	25(b)	(110,509)	(127,511)	-	-
Balance as at 30 June		3,161,135	3,124,945	2,158,143	2,158,143

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

9 Investment in associate (continued)

UU financial information

	2023	2022
	\$000	\$000
Revenue	1,508,048	1,446,978
Net profit	172,537	217,317
Other comprehensive income	36	408
Current assets	368,278	393,037
Non-current assets	6,761,164	6,493,390
Total assets	7,129,442	6,886,427
Current liabilities	337,833	314,307
Non-current liabilities	3,072,933	2,896,017
Total liabilities	3,410,766	3,210,324
Net assets	3,718,676	3,676,103
Share of net assets	3,161,135	3,124,945

In the current year, UU's net profit was adjusted to reflect UU's prior period adjustments. The impact was not considered material to the consolidated financial statements.

10 Other investments

Other investments are comprised of investments in:

		Consolidated		Council	
	Note	2023	2022	2023	2022
		\$000	\$000	\$000	\$000
Controlled entities	10(a)	-	-	141,202	141,202
Other entities	10(b)	510	510	510	510
Fund investments	10(c)	65,155	59,593	65,155	59,593
		65,665	60,103	206,867	201,305

10(a) Controlled entities

Controlled entities constitute the beneficial enterprises that Council conducted during the financial year as described under section 45 of the *City of Brisbane Act 2010*.

Council has 100% interest in the controlled entities listed below and the investments are valued at cost less any impairment. The controlled entities that have been consolidated in the financial statements are as follows:

	Council	
	2023	2022
	\$	\$
City of Brisbane Investment Corporation Pty Ltd	140,901,651	140,901,651
CBIC Allara Pty Ltd	-	-
CBIC Investment Pty Ltd (dormant)	-	-
CBIC Valley Heart Pty Ltd (dormant)	-	-
Brisbane Powerhouse Pty Ltd	300,001	300,001
TradeCoast Land Pty Ltd	2	2
City Parklands Services Pty Ltd	2	2
Brisbane Economic Development Agency Pty Ltd	1	1
Brisbane Sustainability Agency Pty Ltd	1	1
OC Invest Pty Ltd (dormant)	-	-
Museum of Brisbane Pty Ltd	1	1
Oxley Creek Transformation Pty Ltd (deregistered)	-	1
	141,201,659	141,201,660

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

10 Other investments (continued)

10(a) Controlled entities (continued)

The City of Brisbane Investment Corporation Pty Ltd (CBIC) group includes its controlled entities, CBIC Allara Pty Ltd, Allara SPV Trust, CBIC Investment Pty Ltd and CBIC Valley Heart Pty Ltd.

Brisbane Powerhouse Pty Ltd and Museum of Brisbane Pty Ltd act as trustees for the Brisbane Powerhouse Foundation and the Museum of Brisbane Trust respectively.

Brisbane Sustainability Agency Pty Ltd has completed the merger with Oxley Creek Transformation Pty Ltd and Oxley Creek Transformation Pty Ltd was deregistered on 3 March 2023.

OC Invest Pty Ltd is a controlled entity of Brisbane Sustainability Agency Pty Ltd.

The dormant controlled entities that have not been consolidated in the financial statements are as follows:

	Consolidated		Council	
	2023 \$	2022 \$	2023 \$	2022 \$
Riverfestival Brisbane Pty Ltd (dormant)	1	1	1	1
Brisbane Tolling Pty Ltd (dormant)	1	1	1	1
	2	2	2	2

10(b) Other entities

Investments in entities where Council has 50% interest are considered joint ventures and valued at cost less any impairment. The size and nature means that these are not material to Council's operations and are not consolidated. Investments in the remaining entities do not have a quoted market price in an active market and are not consolidated. These are also valued at cost less any impairment.

Council's shares in Brisbane Housing Company Ltd (BHC) do not carry the right to receive dividends or participate in the income, profits or surplus of BHC beyond the redemption amount. In the event of winding up, the surplus of BHC is transferred to one or more charitable institutions nominated by the Queensland Government.

	Interest %	Consolidated		Council	
		2023 \$	2022 \$	2023 \$	2022 \$
Brisbane Bus Build Pty Ltd	50.0	1,000	1,000	1,000	1,000
Major Brisbane Festivals Pty Ltd	50.0	1	1	1	1
SEQ Regional Recreational Facilities Pty Ltd	12.5	509,001	509,001	509,001	509,001
Council of Mayors (SEQ) Pty Ltd	9.1	1	1	1	1
Brisbane Housing Company Ltd	9.1	1	1	1	1
		510,004	510,004	510,004	510,004

10(c) Fund investments

The fair value of these investments are represented by the net market value advised by the Queensland Investment Corporation (QIC) and are measured through fair value through profit and loss.

	Consolidated		Council	
	2023 \$	2022 \$	2023 \$	2022 \$
QIC Long Term Diversified Fund	65,154,618	59,592,889	65,154,618	59,592,889
	65,154,618	59,592,889	65,154,618	59,592,889

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

11 Property, plant and equipment

11(a) Movements

Consolidated	Land		Buildings		Plant and equipment		Infrastructure		Other assets		Capital work in progress		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	4,639,430	4,564,849	1,480,938	1,385,314	579,909	543,117	28,099,628	26,215,582	123,270	115,793	1,069,311	909,919	35,992,486	33,734,574
Opening accumulated depreciation	-	-	(419,162)	(370,877)	(359,162)	(320,474)	(5,729,631)	(4,770,895)	(22,496)	(19,441)	-	-	(6,530,451)	(5,481,687)
Opening net value	4,639,430	4,564,849	1,061,776	1,014,437	220,747	222,643	22,369,997	21,444,687	100,774	96,352	1,069,311	909,919	29,462,035	28,252,887
Recognition of property, plant and equipment	-	-	-	-	-	-	-	17,072	-	-	-	-	-	17,072
Derecognition of property, plant and equipment	-	-	-	-	-	(292)	-	(70,268)	-	-	-	-	-	(70,560)
Adjusted opening net value	4,639,430	4,564,849	1,061,776	1,014,437	220,747	222,351	22,369,997	21,391,491	100,774	96,352	1,069,311	909,919	29,462,035	28,199,399
Additions	-	-	78	177	2,717	1,214	171,194	79,380	11	14	1,341,366	698,297	1,515,366	779,082
Other transfers	141,149	91,288	19,816	(18,878)	24,152	29,524	467,937	397,663	5,816	1,925	(657,237)	(538,905)	1,633	(37,383)
Reclass to assets held for sale	(10,868)	(2,356)	-	-	28	(28)	-	-	-	-	-	-	(10,840)	(2,384)
Disposals and write-offs	(21,172)	(1,800)	(3,061)	(384)	(8,331)	(8,338)	(40,166)	(84,772)	(293)	(373)	-	-	(73,023)	(95,667)
Impairment	-	-	-	-	-	-	-	(992)	-	-	-	-	-	(992)
Revaluations	66,015	(12,551)	40,468	89,989	22,992	13,117	1,886,951	971,358	11,167	4,533	-	-	2,027,593	1,066,446
Depreciation	-	-	(23,700)	(23,565)	(38,781)	(37,093)	(378,145)	(384,131)	(1,763)	(1,677)	-	-	(442,389)	(446,466)
Closing net value	4,814,554	4,639,430	1,095,377	1,061,776	223,524	220,747	24,477,768	22,369,997	115,712	100,774	1,753,440	1,069,311	32,480,375	29,462,035
Comprised of:														
Closing gross balance	4,814,554	4,639,430	1,512,476	1,480,938	572,470	579,909	31,528,681	28,099,628	150,132	123,270	1,753,440	1,069,311	40,331,753	35,992,486
Closing accumulated depreciation	-	-	(417,099)	(419,162)	(348,946)	(359,162)	(7,050,913)	(5,729,631)	(34,420)	(22,496)	-	-	(7,851,378)	(6,530,451)

Asset additions include all costs incurred in bringing an asset into service for purchased assets, and internally constructed assets. It also includes the fair value of contributed assets and assets acquired at less than market value.

Other transfers include transfers out of capital work in progress into the respective asset class for completed projects, any transfers between asset classes and transfers between property, plant and equipment and intangible assets.

Adjustments to the opening balance of accumulated surplus as a result of assets identified for recognition and derecognition in prior years are provided in note 21.

Included in capital work in progress are costs incurred in relation to the Brisbane Metro project. Some costs relate to assets that will be transferred to third parties as and when control of the assets passes to the third parties. Until then, these costs are recognised as capital work in progress. Council expects these assets to be transferred progressively over the financial years 2024 and 2025 and transfer of the assets will be recognised as capital grant expenses (note 4(f)).

Brisbane City Council
Notes to the consolidated financial statements
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11 Property, plant and equipment (continued)

11(a) Movements (continued)

Council	Land		Buildings		Plant and equipment		Infrastructure		Other assets		Capital work in progress		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	4,623,650	4,549,069	1,318,881	1,218,526	571,239	534,345	28,099,628	26,215,582	123,270	115,793	1,080,697	921,305	35,817,365	33,554,620
Opening accumulated depreciation	-	-	(420,663)	(372,379)	(359,162)	(320,474)	(5,729,631)	(4,770,895)	(22,496)	(19,441)	-	-	(6,531,952)	(5,483,189)
Opening net value	4,623,650	4,549,069	898,218	846,147	212,077	213,871	22,369,997	21,444,687	100,774	96,352	1,080,697	921,305	29,285,413	28,071,431
Recognition of property, plant and equipment	-	-	-	-	-	-	-	17,072	-	-	-	-	-	17,072
Derecognition of property, plant and equipment	-	-	-	-	-	(292)	-	(70,268)	-	-	-	-	-	(70,560)
Adjusted opening net value	4,623,650	4,549,069	898,218	846,147	212,077	213,579	22,369,997	21,391,491	100,774	96,352	1,080,697	921,305	29,285,413	28,017,943
Additions	-	-	-	-	352	-	171,194	79,380	11	14	1,341,366	698,297	1,512,923	777,691
Other transfers	141,149	91,288	18,070	17,409	24,154	29,523	467,937	397,663	5,816	1,925	(657,237)	(538,905)	(111)	(1,097)
Reclass to assets held for sale	(10,868)	(2,356)	-	-	28	(28)	-	-	-	-	-	-	(10,840)	(2,384)
Disposals and write-offs	(21,172)	(1,800)	(3,061)	(384)	(6,910)	(8,157)	(40,166)	(84,772)	(293)	(373)	-	-	(71,602)	(95,486)
Impairment	-	-	-	-	-	-	-	(992)	-	-	-	-	-	(992)
Revaluations	66,015	(12,551)	52,090	58,611	22,994	13,093	1,886,951	971,358	11,167	4,533	-	-	2,039,217	1,035,044
Depreciation	-	-	(23,700)	(23,565)	(37,800)	(35,933)	(378,145)	(384,131)	(1,763)	(1,677)	-	-	(441,408)	(445,306)
Closing net value	4,798,774	4,623,650	941,617	898,218	214,895	212,077	24,477,768	22,369,997	115,712	100,774	1,764,826	1,080,697	32,313,592	29,285,413
Comprised of:														
Closing gross balance	4,798,774	4,623,650	1,360,217	1,318,881	563,840	571,239	31,528,681	28,099,628	150,132	123,270	1,764,826	1,080,697	40,166,470	35,817,365
Closing accumulated depreciation	-	-	(418,600)	(420,663)	(348,945)	(359,162)	(7,050,913)	(5,729,631)	(34,420)	(22,496)	-	-	(7,852,878)	(6,531,952)

Asset additions include all costs incurred in bringing an asset into service for purchased assets, and internally constructed assets. It also includes the fair value of contributed assets and assets acquired at less than market value.

Other transfers include transfers out of capital work in progress into the respective asset class for completed projects, any transfers between asset classes and transfers between property, plant and equipment and intangible assets.

Adjustments to the opening balance of accumulated surplus as a result of assets identified for recognition and derecognition in prior years are provided in note 21.

Included in capital work in progress are costs incurred in relation to the Brisbane Metro project. Some costs relate to assets that will be transferred to third parties as and when control of the assets passes to the third parties. Until then, these costs are recognised as capital work in progress. Council expects these assets to be transferred progressively over the financial years 2024 and 2025 and transfer of the assets will be recognised as capital grant expenses (note 4(f)).

11 Property, plant and equipment (continued)

11(a) Movements (continued)

In the prior year, the impacts on asset values as a result of the SEQRFE were \$4.7 million loss on disposal of plant and equipment and infrastructure assets, \$1.0 million impairment of parks infrastructure assets and \$122.7 million of adjustments to the asset revaluation surplus primarily relating to land and road network assets.

11(b) Recognition

Items of property, plant and equipment with a value above \$10,000 (except for cultural and heritage assets and network assets) are capitalised. Network assets are defined as a chain of interconnected but dissimilar assets that come together to provide one simultaneous service and are capitalised when the total value of the network is above \$10,000. All cultural and heritage assets are capitalised irrespective of their value. All other property, plant and equipment purchases are expensed.

Assets are classified in relevant asset classes and sub-classes and useful lives assigned. Where significant components of assets can be identified, these components are assigned different useful lives where appropriate.

Property, plant and equipment includes service concession assets that are recognised as infrastructure assets and accounted for accordingly.

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

The properties leased by CBIC to Council or Council's controlled entities are reclassified to property, plant and equipment on consolidation, with revaluations included in the asset revaluation surplus. The properties leased by CBIC to external parties are classified as investment property on consolidation (note 12).

11(c) Measurement

Property, plant and equipment assets are initially recorded at cost. Cost is determined as the fair value of the asset given as consideration, direct costs incurred, costs incidental to acquisition including a reasonable proportion of indirect costs, and all other costs incurred in getting the asset ready for use.

Expenditure to maintain the operational capacity or useful life of assets is considered maintenance and is expensed. Expenditure related to the replacement of a major component of an asset is capitalised, with the value of the carrying amount of the component disposed being expensed (note 4(e)). Expenditure that increases the service capacity or extends the useful life of an asset is capitalised and the remaining life of the asset appropriately adjusted.

Contributed items of property, plant and equipment, except reserve land, are recognised as assets and revenue at fair value.

Land, buildings, plant and equipment, infrastructure assets and other assets are measured on the revaluation basis at fair value. Capital work in progress is measured at cost.

11(d) Depreciation and impairment

All assets and/or components of assets, except for quarries, are depreciated over their anticipated useful life using the straight line method. Quarries are depreciated using the unit of production method. Useful lives are reviewed regularly to ensure economic benefits are consumed over the period of use. Residual values are determined based on estimated recovery value at the end of the asset's useful life.

As Council is a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise, as property, plant and equipment is predominantly carried at fair value or at an amount that approximates fair value. In the prior year, Council's assets recorded at historical cost were assessed for impairment following the SEQRFE (note 4(g)).

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

11 Property, plant and equipment (continued)

11(e) Valuation

(i) Valuation processes

Asset class	2023 useful life (years)	Basis of measurement	Level	2023 revaluation type	Source of 2023 valuation or index	Most recent comprehensive valuation	Council closing net value	
							2023 \$000	2022 \$000
Land	Indefinite	Fair value	2 and 3	Rolling Program	Independent valuer	Rolling 20% p.a. 2023	4,798,774	4,623,650
Buildings	5-140	Fair value	3	Comprehensive	Independent valuer		941,617	898,218
Plant and equipment								
Fleet	2-32	Fair value	3	Comprehensive	Management	2023	95,861	88,204
Buses	5-21	Fair value	3	Comprehensive	Management	2023	8,595	6,109
General	2-88	Fair value	3	Comprehensive	Independent valuer	2023	110,439	117,764
Infrastructure								
Roads network	4-indefinite	Fair value	3	Rolling Program	Independent valuer	Rolling program	17,538,368	15,830,033
Drainage network	12-indefinite	Fair value	3	Rolling Program	Independent valuer	Rolling program	5,333,898	5,083,205
Flood mitigation network	14-indefinite	Fair value	3	Rolling Program	Independent valuer	Rolling program	349,418	326,858
Wharves, piers and jetties	12-100	Fair value	3	Rolling Program	Independent valuer	Rolling program	305,542	294,515
Traffic control network	20-43	Fair value	3	Comprehensive	Independent valuer	2023	235,574	196,259
Bikeways	30-120	Fair value	3	Comprehensive	Independent valuer	2023	121,668	105,412
Parks	5-114	Cost					584,063	527,789
Other infrastructure	34-indefinite	Fair value	3	Comprehensive	Management	2023	9,237	5,926
Other assets								
Heritage collections	Indefinite	Fair value	2 and 3	None	Independent valuer	2022	38,456	38,266
Pools and sports fields facilities	10-157	Fair value	3	Comprehensive	Independent valuer	2023	77,256	62,508
Capital work in progress		Cost					1,764,826	1,080,697
							32,313,592	29,285,413

The timing of comprehensive valuations for roads network, drainage network, flood mitigation network and wharves, piers and jetties is provided in note 11(e)(ii).

CBIC's land and buildings are comprehensively revalued on an annual basis.

11 Property, plant and equipment (continued)

11(e) Valuation (continued)

(i) Valuation processes (continued)

The methods used to estimate the fair value of assets comprise:

- 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 that are not based on observable market data.

Assets measured at fair value are revalued as necessary to ensure the carrying amount does not materially differ from the fair value at the reporting date. Comprehensive revaluations are undertaken at regular intervals of not more than five years. These are performed by independent valuers for infrastructure, land, building and heritage assets, and independent valuers or suitably qualified Council officers for plant and equipment assets.

In intervening years, a suitable cost index is applied to the assets in each class. For infrastructure, land and building assets, the cost index is obtained from independent valuers, and for other assets, the cost index is obtained from independent valuers or management valuations based on contract prices.

Any increase or decrease in the revaluation of an asset is adjusted to the appropriate class of the asset revaluation surplus.

(ii) Valuation techniques used to derive fair values

The fair value of level 3 assets is determined at current replacement cost less accumulated depreciation to reflect the already consumed or expired future economic benefits of the asset. This utilises a number of inputs, all of which require judgement, and are therefore classed as unobservable. The fair value of level 2 assets, comprised of mainly land and other assets including artworks, is determined using current market value.

Land

Land is measured with reference to historical sales data for similar properties. Where there is a lack of comparable sales, the valuation is based on the closest comparable sales. Land with a restricted use, such as parkland and environmental land, or land subject to flooding, may have a discount factor applied.

The consolidated entity's fair value measurement has been either a level 2 or 3, depending on whether the land is subject to restriction as to use and/or sale, and whether there is an active market.

Buildings

Council's building assets are valued at fair value using current replacement cost less accumulated depreciation. Current replacement cost is derived from the lowest costs at which assets could be constructed, including itemised costs and quantities of materials, services and resources required.

Plant and equipment

The fair value of fleet assets are established by reference to contracts, supplier price lists or management valuation.

Buses are valued using management valuation with reference to the current supply contract and remaining useful life.

General plant and equipment are valued using independent valuation based on current replacement cost of assets with similar service potential.

Infrastructure

Infrastructure assets are comprised of roads, drainage, flood mitigation network, wharves, piers and jetties, traffic control network, bikeways, parks and other infrastructure assets.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

11 Property, plant and equipment (continued)

11(e) Valuation (continued)

(ii) Valuation techniques used to derive fair values (continued)

Infrastructure (continued)

Council's infrastructure assets are valued at fair value using current replacement cost less accumulated depreciation. Current replacement cost is derived from the lowest costs at which assets could be constructed, including itemised costs and quantities of materials, services and resources required.

Some sub-classes of infrastructure assets (roads network, drainage network, flood mitigation network and wharves, piers and jetties) are valued on a rolling program over five years where sub-sets of assets are comprehensively revalued annually based on asset type. The timing of comprehensive valuations of these asset sub-classes are as follows:

Council Asset sub-class	Asset type	Most recent comprehensive valuation
Roads network	Roads	2020
	Footpaths, kerb and channel, medians	2023
	Bridges	2022
	Tunnels	2022
	Culverts	2022
	Fences	2023
	Retaining walls	2022
Drainage network	Enclosed drainage network	2020
	Stormwater treatment assets	2021
Flood mitigation network	Sea and river walls	2022
	Groynes	2022
	Open drains	2020
Wharves, piers and jetties	Ferry terminals	2023
	Boardwalks	2022
	Piers, pontoons, jetties and boat ramps	2022

The revaluation increments to infrastructure assets in the current and prior year were mainly due to significant increases in construction costs, with increases in the prior year partly offset by reductions in asset values as a result of the SEQRFE (note 11(a)).

Roads network

Council records individual roads by street within a suburb and further identifies components of roads (surface, base course and earthworks), footpaths, kerb and channel, medians, fences and retaining walls. Appropriate useful lives are assigned to each of these identified components of roads.

Significant bridges on the Brisbane River are individually valued according to the material type used for construction, deck area and bridge length.

Smaller bridges are categorised into road and foot bridges and valued based on bridge span and service type.

Drainage network

Stormwater drainage assets consist of pipes, manholes, gullies, inlets and chambers, as well as Stormwater Treatment Assets (STA). STAs are valued individually. The remaining network assets are grouped and assigned useful lives by group. Drainage assets are located underground and physical inspection is not possible. The age, size, pipe depth and type of construction material, together with current and planned maintenance, are used to determine useful life, estimated remaining life, and current replacement cost.

Flood mitigation network

The flood mitigation network consists largely of open drains and sea and river walls, and groynes which are valued on a unit rate basis.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

11 Property, plant and equipment (continued)

11(e) Valuation (continued)

(ii) Valuation techniques used to derive fair values (continued)

Infrastructure (continued)

Wharves, piers and jetties

Wharves, piers, jetties, pontoons, boat ramps and ferry terminals are treated as stand-alone assets and valued independently, while boardwalks are valued on a unit rate basis.

Traffic control network

The traffic control network is valued using current replacement cost and is dependent on the number of approaches in the intersection.

Bikeways

Bikeways are categorised and valued on a unit rate basis.

Other assets

Other assets includes heritage collections and artworks, pools and sports fields facilities.

Council conducts valuations of heritage assets, including statues, monuments and outdoor artworks based on replacement cost or market value of similar artworks on a five yearly basis.

12 Investment property

Investment property is property held by CBIC to earn rental income and/or for capital appreciation, and property that is being constructed or developed for future use as an investment property. These properties are occupied by external parties not related to Council or Council's controlled entities. Investment property does not include Council's land and buildings that earn rental income but are held primarily to meet community service objectives.

Investment property is initially measured at cost, and subsequent fair value gains or losses are recognised in the statements of comprehensive income. Investment property is not depreciated or tested for impairment.

Investment properties under construction are measured at cost until construction or development reaches a stage where it is determined that fair value can be measured reliably.

Consolidated	2023 \$000	2022 \$000
Balance as at 1 July	211,489	100,362
Additions	1,768	75,876
Lease incentives	685	359
Other transfers	(310)	29,331
Disposals and write-offs	(51,000)	-
Revaluations	(928)	5,561
Balance as at 30 June	161,704	211,489

CBIC obtains independent valuations from qualified valuers at least annually. The assignment of values to an individual property is based on the valuer's expertise and considers recent sales of similar properties in the same geographical location.

The resulting estimate of fair value is classed as a level 3 valuation because it is based on a number of unobservable inputs (note 11(e)).

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

13 Intangible assets

Intangible assets with a value above \$10,000 are capitalised at cost and amortised on a straight line basis, generally over a period of between three and 15 years. All other intangible assets are expensed in the year of acquisition.

Intangible assets are mainly comprised of computer software.

Consolidated	Intangible assets		Intangible assets under development		Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	365,442	361,978	3,177	3,922	368,619	365,900
Opening accumulated amortisation	(199,995)	(175,970)	-	-	(199,995)	(175,970)
Opening net value	165,447	186,008	3,177	3,922	168,624	189,930
Additions	-	6	3,216	2,406	3,216	2,412
Other transfers	1,630	4,248	(1,519)	(3,151)	111	1,097
Disposals and write-offs	-	(189)	-	-	-	(189)
Amortisation	(25,144)	(24,626)	-	-	(25,144)	(24,626)
Closing net value	141,933	165,447	4,874	3,177	146,807	168,624
Comprised of:						
Closing gross value	367,040	365,442	4,874	3,177	371,914	368,619
Closing accumulated amortisation	(225,107)	(199,995)	-	-	(225,107)	(199,995)

Council	Intangible assets		Intangible assets under development		Total	
	2023	2022	2023	2022	2023	2022
	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	365,404	361,852	3,177	3,922	368,581	365,774
Opening accumulated amortisation	(199,995)	(175,970)	-	-	(199,995)	(175,970)
Opening net value	165,409	185,882	3,177	3,922	168,586	189,804
Additions	-	-	3,216	2,406	3,216	2,406
Other transfers	1,630	4,248	(1,519)	(3,151)	111	1,097
Disposals and write-offs	-	(189)	-	-	-	(189)
Amortisation	(25,112)	(24,532)	-	-	(25,112)	(24,532)
Closing net value	141,927	165,409	4,874	3,177	146,801	168,586
Comprised of:						
Closing gross value	367,034	365,404	4,874	3,177	371,908	368,581
Closing accumulated amortisation	(225,107)	(199,995)	-	-	(225,107)	(199,995)

Asset additions include all costs incurred in bringing an asset into service for purchased assets, and internally developed assets. Other transfers include transfers out of capital work in progress to intangible assets for completed projects and transfers between property, plant and equipment and intangible assets.

14 Leases

Council recognises leases as both a lessee and a lessor where a lease represents the right to use an asset for a specified period of time in exchange for consideration.

14(a) Council as lessee

Council has leases in place over land and buildings, plant and equipment and infrastructure.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability are recognised on inception of the lease.

The right of use asset is measured using the cost model where cost on initial recognition comprises the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right of use asset is depreciated over the lease term and assessed for impairment.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

14 Leases (continued)

14(a) Council as lessee (continued)

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined Council's incremental borrowing rate for a similar term with similar security is used.

Exceptions to lease accounting

Council applies the exceptions to lease accounting for both short-term leases (leases with a term of less than or equal to 12 months) and leases of low-value assets (assets with a value below \$10,000). Council recognises the payments associated with these leases as an expense over the lease term (note 4(b)).

Council elects to measure the right of use asset arising from concessionary leases (peppercorn leases) at cost which is based on the associated lease liability at initial recognition.

Terms and conditions of leases

Council routinely enters into leases and establishes terms and conditions that are appropriate for each leased asset and Council's operational requirements. Some leases include Council's option to renew or extend lease terms between five and 20 years and the option to terminate leases at predetermined dates. The options are generally exercisable at market rates. These options are not included in the right of use asset or lease liability unless it is reasonably certain that Council will renew, extend or terminate the lease. In addition, some of Council's transport asset leases contain sale and leaseback arrangements.

Asset class	Lease term (years)	Underlying assets
Land and buildings	2-51	Offices, depots, libraries and shopping centres
Plant and equipment	3-19	Transport assets and gas fuel plant
Infrastructure	30	Ferry maintenance facility

Lease right of use assets

Consolidated		Land and buildings \$000	Plant and equipment \$000	Infrastructure \$000	Total \$000
	Note				
2023					
Balance as at 1 July		219,360	107,697	2,119	329,176
Additions		220,537	21,936	-	242,473
Lease terminations		(48,705)	-	-	(48,705)
Depreciation – right of use assets	4(c)	(36,379)	(31,306)	(115)	(67,800)
Balance as at 30 June		354,813	98,327	2,004	455,144
2022					
Balance as at 1 July		229,484	130,584	2,232	362,300
Additions		28,200	10,265	-	38,465
Depreciation – right of use assets	4(c)	(38,324)	(33,152)	(113)	(71,589)
Balance as at 30 June		219,360	107,697	2,119	329,176

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

14 Leases (continued)

14(a) Council as lessee (continued)

Lease right of use assets (continued)

Council		Land and buildings \$000	Plant and equipment \$000	Infrastructure \$000	Total \$000
	Note				
2023					
Balance as at 1 July		323,852	107,697	2,119	433,668
Additions		217,661	21,936	-	239,597
Lease terminations		(48,705)	-	-	(48,705)
Depreciation – right of use assets	4(c)	(43,454)	(31,306)	(115)	(74,875)
Balance as at 30 June		449,354	98,327	2,004	549,685
2022					
Balance as at 1 July		341,909	130,584	2,232	474,725
Additions		27,212	10,265	-	37,477
Depreciation – right of use assets	4(c)	(45,269)	(33,152)	(113)	(78,534)
Balance as at 30 June		323,852	107,697	2,119	433,668

Lease terminations includes terminations and adjustments. During the year, Council terminated a lease before the expiry date. This resulted in the reversal of a right of use asset and lease liability of \$48.3 million and \$79.8 million respectively (note 22(b)), and the recognition of the gain on early termination of a lease of \$31.6 million (note 3(f)).

Lease liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cash flows. Amounts will not be the same as the recognised lease liabilities in the statements of financial position due to the impacts of discounting the cash flows.

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Within one year	90,955	89,075	99,095	96,861
One to five years	286,220	290,417	326,660	329,340
Later than five years	422,298	123,572	511,331	223,838
	799,473	503,064	937,086	650,039
Lease liabilities per statements of financial position				
Current lease liabilities	68,665	77,927	72,977	82,596
Non-current lease liabilities	553,211	356,283	667,232	476,223
	621,876	434,210	740,209	558,819

Amounts included in the statements of comprehensive income related to leases

The following amounts have been recognised in the statements of comprehensive income for leases where Council is the lessee:

		Consolidated		Council	
	Note	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Depreciation – right of use assets	4(c)	67,800	71,589	74,875	78,534
Interest on leases	4(d)	16,630	13,004	19,371	15,861
Expense relating to short-term, low-value and variable leases	4(b)	15,625	11,046	15,625	11,046
Revenue from sub-leasing right of use assets		(3,475)	(2,746)	(3,475)	(2,746)
		96,580	92,893	106,396	102,695
Net cash outflows for leases		101,848	97,946	109,471	105,773

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

14 Leases (continued)

14(a) Council as lessee (continued)

Leases at significantly below market value – concessionary or peppercorn leases

Council has a number of leases at significantly below market value for buildings and infrastructure including libraries, bike shelters and bus interchange.

The leases are generally between three and indefinite years and require payments between \$0.10 and \$10 per year. Council does not consider that any of the leases in place are individually material.

14(b) Council as lessor

Leases in which Council does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for over the lease term and is included in revenue in the statements of comprehensive income due to its operating nature (note 3(f)).

Council and CBIC have entered into operating leases for commercial properties, office spaces and other facilities. These leases have terms of between six months and 120 years.

15 Payables

Trade creditors and accrued expenses are recognised when the goods are received or the service is performed at the amount owed. Amounts owing are unsecured and normally settled within seven to 30 days.

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

As the consolidated entity does not have an unconditional right to defer settlement of the annual leave beyond 12 months after the reporting date, annual leave is classified as a current liability.

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current					
Trade creditors and accrued expenses		210,172	191,365	202,859	183,862
Accrued employee costs		106,442	104,795	105,421	103,957
Prepaid rates and utility charges	3(a)	18,039	17,445	18,039	17,445
		334,653	313,605	326,319	305,264
Non-current					
Other payables		8,645	9,135	7,790	7,713
		8,645	9,135	7,790	7,713
		343,298	322,740	334,109	312,977

16 Other financial liabilities

16(a) Composition of other financial liabilities

Council adopts an annual debt policy that sets out Council's planned borrowings for the current and the next nine years.

Council's other financial liabilities comprise of loans from Queensland Treasury Corporation (QTC). These are measured at amortised cost based on the 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.

No assets have been pledged as security by Council for any liabilities, however all loans are guaranteed by the Queensland Government.

Brisbane City Council
Notes to the consolidated financial statements
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16 Other financial liabilities (continued)

16(a) Composition of other financial liabilities (continued)

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of qualifying assets for major projects (note 4(d)).

	Consolidated		Council	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
QTC loans				
Portfolio linked loans	96,829	86,887	96,829	86,887
Other QTC loan	1,679	1,428	1,679	1,428
	98,508	88,315	98,508	88,315
Non-current				
QTC loans				
Portfolio linked loans	2,325,988	2,272,449	2,325,988	2,272,449
Other QTC loan	38,383	40,062	38,383	40,062
Bank loan – secured	20,000	65,000	-	-
	2,384,371	2,377,511	2,364,371	2,312,511
	2,482,879	2,465,826	2,462,879	2,400,826

Council's QTC loan market value at the reporting date is \$2,407 million (2022: \$2,402 million). This represents the value of the debt if Council repaid at that date.

CBIC has a \$20 million bank loan for the acquisition of commercial properties which is secured over a pool of properties and will mature in July 2024.

16(b) Financing arrangements at the reporting date

Facilities available but not utilised at the reporting date are as follows:

	Consolidated		Council	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Bank overdraft	5,000	5,000	5,000	5,000
Credit card	187	158	187	158
QTC working capital facility	550,000	550,000	550,000	550,000
QTC variable rate loan facility	250,000	250,000	250,000	250,000
Bank loan facility	-	10,000	-	-
	805,187	815,158	805,187	805,158

17 Service concession arrangements

Overview of service concession arrangements

A service concession arrangement is recognised where an operator is providing a public service on behalf of a grantor and the operator is responsible for management of some of those services. The grantor then recognises assets, liabilities, revenue and expenses associated with the service concession arrangement.

Under the service concession arrangements for the Go Between Bridge (GBB), Legacy Way Tunnel (LW) and the CLEM Jones Tunnel (CLEM7), Council has recognised property, plant and equipment (infrastructure assets) and depreciation. The accounting policies for property, plant and equipment and depreciation are provided in note 11.

For the arrangements, the operator has been granted the right to levy tolls for the use of the toll roads during the concession periods. These arrangements are accounted for under AASB 1059 *Service Concession Arrangements: Grantors* as grant of a right to the operator model and under this model, Council has recognised service concession revenue (note 3(f)) and liabilities. The liabilities are determined at the start of the service concession arrangements and amortised through the recognition of revenue over the term of the service concession arrangements.

Brisbane City Council
Notes to the consolidated financial statements
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17 Service concession arrangements (continued)

Overview of service concession arrangements (continued)

In 2006, Council entered into a contractual arrangement with the toll road operator to construct, maintain and operate the CLEM7 as a toll road over a concession period of 45 years. The toll road opened in March 2010.

Council opened the GBB in July 2010 and the LW in June 2015. In August 2013, the long-term tollway concessions and leases for tolling rights for GBB and LW were transferred to the toll road operator. The concession period for each asset is 50 years, commencing in December 2013 for GBB and June 2015 for LW.

Tolls and charges are levied according to the Local Government Tollway Declaration which sets out the maximum toll payable and the toll indexation methodology. Tolls and charges can increase annually from 1 July.

During the concession periods, the operator is responsible for operating, maintaining and repairing the assets as specified in the concession deed. At the end of the concession periods, the operations and assets revert back to Council's control. The assets must be handed back to Council in a condition specified in the concession deed.

Council may receive additional amounts for future revenue share from higher than expected traffic outcomes, or additional refinancing or other contractual benefits. The arrangements may be terminated before the end of the concession periods in the event of default by the operator.

Other minor service concession arrangements in relation to infrastructure and parks assets have also been recognised in the financial statements.

Consolidated and Council		2023	2022
	Note	\$000	\$000
Revenue			
Other revenue	3(f)	59,610	59,333
Expenses			
Depreciation	4(c)	66,742	55,710
Assets			
Property, plant and equipment	11	4,758,193	4,469,176
Liabilities			
Current service concession liabilities		60,501	59,595
Non-current service concession liabilities		1,640,736	1,696,292
Equity			
Asset revaluation surplus		350,798	341,894
Accumulated surplus		(7,132)	3,623

18 Provisions

Long service leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made by the consolidated entity resulting from employees' services provided up to the reporting date. Related on-costs are also included in the provision.

The provision for long service leave has been discounted using discount rates derived from Australian Government bond rates as at the calculation date with a term matching as closely as possible to the term of the long service leave liabilities.

Long service leave is classified as a current liability if employees have met, or are within 12 months of meeting, the prerequisite length of service, and the consolidated entity does not have an unconditional right to defer the liability beyond 12 months. Otherwise it is classified as non-current.

Land resumption

Council has the ability to acquire property by resumption under Queensland Government legislation. Where there is uncertainty in the timing or amount of the future expenditure, it is classified as a current provision.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

18 Provisions (continued)

Land restoration

Council has one open landfill and 157 closed landfill sites throughout Brisbane. Obligations for future landfill remediation work are determined annually with the nature and extent of work required dependent on condition assessments of the land and any proposed use of that land. Since the obligation to perform work is dependent on regular, ongoing condition assessments and the costs of work required cannot be reliably measured for all sites, a provision for land restoration is recognised where it is probable that the work will be undertaken and a reliable estimate of the cost of works can be made for future financial years.

The provision for land restoration is calculated as the present value of anticipated future costs associated with restoring the sites to a useable state at the end of their lives, and is reviewed annually. Estimates for land restoration costs have been updated during the year based on the latest proposed schedule of works.

Other provisions

Other provisions include provisions for WorkCover self insurance, organisational restructure, sick leave and environmental provisions under the *Natural Assets Local Law 2003*.

Council holds a WorkCover self insurance licence issued by the Workers' Compensation Regulator. Under this licence Council has provided an indemnity towards a financial guarantee to cover liabilities which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only WorkCover Queensland may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the guarantee is \$11.4 million (2022: \$9.7 million). The provision is based on an independent actuarial assessment of the present value of the estimated future cash outflows to be made by Council resulting from workers' compensation claims.

The provision for organisational restructure represents an estimate of voluntary redundancies and other costs associated with these obligations.

The *Natural Assets Local Law 2003* provision is for Council to reinstate and maintain targeted natural environment sites within a five year period.

	Consolidated		Council	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Long service leave	146,430	139,816	144,795	137,766
Land resumption	82,643	64,984	82,643	64,984
Land restoration	22,282	22,880	22,282	22,880
Other	8,104	9,896	8,104	9,896
	259,459	237,576	257,824	235,526
Non-current				
Long service leave	20,784	20,714	20,139	20,139
Land restoration	110,000	99,498	110,000	99,498
Other	12,242	11,956	12,242	11,956
	143,026	132,168	142,381	131,593
	402,485	369,744	400,205	367,119
Consolidated and Council 2023	Land resumption	Land restoration	Other	Total
	\$000	\$000	\$000	\$000
Balance as at 1 July	64,984	122,377	21,436	208,797
Provisions recognised	27,238	15,592	9,089	51,919
Payments made	(9,579)	(9,437)	(10,521)	(29,537)
Discount rate adjustment	-	3,750	-	3,750
Balance as at 30 June	82,643	132,282	20,004	234,929

The movement in other provisions does not include the movement in the sick leave provision.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

19 Other liabilities

Revenue is recognised as unearned if it is received in advance and relates to an obligation to supply specific goods and services in future periods.

	Consolidated		Council	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Current				
Unearned revenue	67,047	56,616	59,964	50,474
Unearned subsidies and grants	13,764	25,300	13,764	25,300
Waste levy subsidy received in advance	41,978	43,710	41,978	43,710
Other	1,410	2,040	966	1,597
	124,199	127,666	116,672	121,081
Non-current				
Unearned revenue	10,045	12,055	10,045	12,055
Waste levy subsidy received in advance	111,678	119,937	111,678	119,937
	121,723	131,992	121,723	131,992
	245,922	259,658	238,395	253,073

The Queensland Government made an advance payment of \$163.6 million in June 2022 and \$33.7 million in June 2023 to help fund Council's State Waste Levy until 30 June 2027. The remaining advance payment is \$153.6 million.

In the prior year, unearned revenue includes \$10.3 million of funding received in advance as a result of the SEQRFE.

20 Asset revaluation surplus

Movements in the asset revaluation surplus mainly include net revaluation increments and decrements arising from the revaluation of property, plant and equipment. Increases and decreases on revaluation are offset within a class of asset. The movement in the land component of the asset revaluation surplus includes changes in the provision for land restoration costs.

Movements in the asset revaluation surplus are disclosed in notes 9 and 11(a).

21 Accumulated surplus adjustment

In the prior year, \$17.1 million of infrastructure assets were recognised, and \$70.6 million of plant and equipment and infrastructure assets were derecognised, as adjustments to opening accumulated surplus. The initial recognition related to assets that should have been included in previous years' financial statements, while the derecognition related to assets that are owned by other entities.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

22 Reconciliation of cash flows

22(a) Reconciliation of the increase in operating capability to cash flows from operating activities

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Increase in operating capability		489,172	224,711	456,944	177,704
Non-cash items included in operating result					
Depreciation and amortisation	4(c)	535,333	542,681	541,395	548,372
Non-cash donations, contributions and other capital revenue		(172,077)	(59,642)	(172,077)	(59,642)
Non-cash service concession revenue	3(f)	(59,610)	(59,333)	(59,610)	(59,333)
Gain on early lease termination	14(a)	(31,569)	-	(31,569)	-
Capital grant expenses	4(f)	-	24,010	-	24,010
Impairment of assets	4(g)	-	992	-	992
Allowance for doubtful debts		2,596	5,001	2,596	5,001
Allowance for slow moving and obsolete stock		452	(63)	452	(63)
Loss on disposal of property, plant and equipment, intangible assets and investment property	4(e)	45,639	60,328	41,360	60,328
Gain on disposal of property trust investments		-	(996)	-	-
Fair value (gain) loss on investment		928	(5,561)	-	-
		321,692	507,417	322,547	519,665
Investing and financing activities					
Fair value (gain) loss on other investments		(5,562)	3,807	(5,562)	3,807
Capital contributions, donations, grants, subsidies and other capital revenue		(407,428)	(228,391)	(407,428)	(228,391)
		(412,990)	(224,584)	(412,990)	(224,584)
Changes in assets and liabilities					
Rates and utility charges receivable		9,580	(18,352)	9,580	(18,352)
Other debtors		15,947	(73,049)	14,733	(72,772)
Other assets		(35,829)	(64,764)	(464)	(24,975)
Payables		17,968	38,606	18,772	29,361
Other liabilities		490	149,328	433	164,957
Provision for employee benefits		5,763	4,177	6,107	3,962
Other provisions		20,824	8,046	20,824	8,046
		34,743	43,992	69,985	90,227
Net increase in cash from operating activities		432,617	551,536	436,486	563,012

22(b) Reconciliation of liabilities arising from financing activities

Consolidated 2023	Note	Balance at 1 July \$000	Non-cash flows \$000	Cash flows \$000	Balance as at 30 June \$000
Loans	16(a)	2,465,826	-	17,053	2,482,879
Lease liabilities	14(a)	434,210	260,734	(73,068)	621,876
		2,900,036	260,734	(56,015)	3,104,755

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

22 Reconciliation of cash flows (continued)

22(b) Reconciliation of liabilities arising from financing activities (continued)

Consolidated 2022	Note	Balance at 1 July \$000	Non-cash flows \$000	Cash flows \$000	Balance as at 30 June \$000
Loans	16(a)	2,036,327	-	429,499	2,465,826
Lease liabilities	14(a)	472,362	38,490	(76,642)	434,210
		2,508,689	38,490	352,857	2,900,036
Council 2023	Note	Balance at 1 July \$000	Non-cash flows \$000	Cash flows \$000	Balance as at 30 June \$000
Loans	16(a)	2,400,826	-	62,053	2,462,879
Lease liabilities	14(a)	558,819	259,322	(77,932)	740,209
		2,959,645	259,322	(15,879)	3,203,088
Council 2022	Note	Balance at 1 July \$000	Non-cash flows \$000	Cash flows \$000	Balance as at 30 June \$000
Loans	16(a)	2,016,327	-	384,499	2,400,826
Lease liabilities	14(a)	602,954	37,477	(81,612)	558,819
		2,619,281	37,477	302,887	2,959,645

Non-cash flows during the year includes the reversal of a lease liability of \$79.8 million upon early termination of a lease (note 14(a)).

23 Commitments

Contractual commitments for operating expenditure

Contractual commitments at the reporting date but not provided for in the financial statements are as follows:

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Within one year	351,425	288,459	376,045	330,476
One to five years	1,051,027	904,910	1,085,658	940,594
Later than five years	936,273	956,362	952,627	975,495
	2,338,725	2,149,731	2,414,330	2,246,565

Contractual commitments for capital

Capital expenditure contracted at the reporting date but not provided for in the financial statements is as follows:

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Within one year	696,421	524,010	693,882	532,479
One to five years	169,059	425,125	176,993	440,292
	865,480	949,135	870,875	972,771

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

23 Commitments (continued)

Leases as lessor

Future operating lease rental commitments receivable for property, plant and equipment but not provided for in the financial statements are as follows:

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Within one year	27,385	31,153	18,350	17,796
One to two years	24,383	27,102	15,167	14,372
Two to three years	23,103	26,227	14,238	13,524
Three to four years	21,359	24,235	13,694	12,583
Four to five years	15,731	22,414	12,818	12,065
Later than five years	651,713	306,636	644,417	264,763
	763,674	437,767	718,684	335,103

24 Contingencies

Contingent liabilities

Claims include formal requests or demands received by Council in relation to matters for financial compensation.

Land resumption contingencies relate to compensation claims by property owners in relation to compulsory land acquisitions under Queensland Government legislation.

Infrastructure charges contingencies are contractual commitments under infrastructure agreements that are contingent on a number of actions occurring outside of Council's direct control and relate to exercising development approvals and completing associated infrastructure works.

	Consolidated		Council	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Claims	26,464	31,892	26,464	31,892
Land resumptions	31,141	26,799	31,141	26,799
Infrastructure charges	53,762	52,645	53,762	52,645
	111,367	111,336	111,367	111,336

25 Transactions with related parties

25(a) Controlled entities

Transactions that occurred with controlled entities are as follows:

	Note	2023 \$000	2022 \$000
Funding, goods and services paid by Council		95,113	81,008
Dividends received by Council	3(f)	18,912	40,092
Rent paid by Council		12,126	11,193
Other revenue received by Council		6,742	3,436

Brisbane City Council
Notes to the consolidated financial statements
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25 Transactions with related parties (continued)

25(a) Controlled entities (continued)

	2023	2022
	\$000	\$000
At the end of the reporting period		
Lease commitments payable by Council	26,245	29,297
Funding commitments payable by Council	71,461	95,159
Lease commitments receivable by Council	14,580	15,797
Current lease liability payable by Council	7,193	6,706
Non-current lease liability payable by Council	114,405	121,632
Payable by Council	2,699	585
Receivable by Council	542	176

25(b) Associate

Transactions that occurred with Council's associate are as follows:

	Note	2023	2022
		\$000	\$000
Participation returns	3(f),9	110,509	127,511
Tax equivalents revenue	3(f)	77,276	74,121
Reimbursement of capital expenditure		8,481	8,253
Infrastructure charges collected from developers and remitted by Council		1,625	722
		2023	2022
		\$000	\$000
At the end of the reporting period			
Accrued revenue relating to tax instalments, land tax and duties		5,950	20,196
Accrued participation returns	7	55,255	63,755
Payable by Council		95	42
Receivable by Council		1,503	1,194

25(c) Key management personnel compensation

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of Council, directly or indirectly. KMP include the Lord Mayor, Councillors, Council's Chief Executive Officer and Executive Management Team.

	2023	2022
	\$000	\$000
Short-term employee benefits	12,054	9,780
Post-employment benefits	1,135	1,060
Long-term benefits	570	178
Termination benefits	223	359
	13,982	11,377

25(d) Transactions with other related parties

Transactions with other related parties are as follows:

	2023	2022
	\$000	\$000
Employee expenses for close family members of KMP	406	536
Professional services expenses	593	764
Other income received	7	-

25 Transactions with related parties (continued)

25(d) Transactions with other related parties (continued)

Close family members of KMP were employed through arm's length processes in accordance with Council's recruitment policies. They are paid commensurate with the requirements of the job they perform. The figures above include all remuneration received by close family members of KMP.

Council employs four staff which are close family members of KMP.

In the current year, the transactions that occurred through arm's length processes under normal terms and conditions are as follows:

- A KMP of Museum of Brisbane Pty Ltd is a partner of a firm. This firm provided legal services to Council, CBIC, Museum of Brisbane Pty Ltd and Major Brisbane Festivals Pty Ltd. The Chairman of the same firm is a KMP of Brisbane Economic Development Agency Pty Ltd.
- A company controlled by a KMP of Museum of Brisbane Pty Ltd provided professional services to Council and Brisbane Housing Company Ltd.
- A company controlled by a KMP of Brisbane Sustainability Agency Pty Ltd provided professional services to CBIC.
- Several KMPs of Brisbane Powerhouse Pty Ltd made donations to Brisbane Powerhouse Foundation.

In the prior year, the transactions that occurred through arm's length processes under normal terms and conditions are as follows:

- A close family member of a KMP of Council was a Board member of Brisbane Powerhouse Pty Ltd, which is a remunerated position.
- A company controlled by a KMP of CBIC provided consulting services to Council, Brisbane Economic Development Agency Pty Ltd and UU.
- A director of Museum of Brisbane Pty Ltd is a KMP of Tourism and Events Queensland which provided funding and payments for event activities to Brisbane Economic Development Agency Pty Ltd, Brisbane Powerhouse Pty Ltd and Major Brisbane Festivals Pty Ltd.
- A company controlled by a KMP of Museum of Brisbane Pty Ltd provided professional services to Council and Brisbane Housing Company Ltd.
- A KMP of Brisbane Sustainability Agency Pty Ltd provided consultancy services to Council.
- A company controlled by a KMP of Brisbane Sustainability Agency Pty Ltd provided professional services to CBIC.
- A company controlled by a KMP of Brisbane Economic Development Agency Pty Ltd provided services to Brisbane Economic Development Agency Pty Ltd.

25(e) Transactions with related parties not disclosed

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

Brisbane City Council
Notes to the consolidated financial statements
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26 Superannuation defined benefit plan

Council has provided a written guarantee to Brighter Super as trustee of the CS Defined Benefits Fund (CSDBF). The guarantee commits Council to fund the defined benefits of employees who are members of the CSDBF.

In accordance with the *Superannuation Industry (Supervision) Regulations 1994*, actuarial assessments are undertaken annually to determine Council's obligations. Actuarial gains and losses are recognised as other comprehensive income in the year in which they occur.

The more significant risks relating to the defined benefits are:

- investment risk – the risk that investment returns will be lower than assumed and Council will need to increase contributions to offset this shortfall.
- salary growth risk – the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- legislative risk – the risk that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit assets are invested in the Brighter Super balanced investment option. The assets are diversified within this investment option and therefore the fund has no significant concentration of investment risk. The investments do not include any amounts relating to any of Council's own financial instruments or any property occupied by or other assets used by Council.

There were no fund amendments affecting the defined benefits payable, curtailments or settlements during the year.

Consolidated and Council	2023 \$000	2022 \$000
Fair value of fund assets		
Fair value as at 1 July	62,411	71,424
Fair value as at 30 June	60,078	62,411
Defined benefit obligation		
Present value as at 1 July	41,325	50,511
Present value as at 30 June	38,365	41,325
Net defined benefit asset		
Net asset as at 1 July	21,086	20,913
Net asset as at 30 June	21,713	21,086

Movements in the net defined benefit asset were primarily due to returns on fund assets, actuarial gains and losses, service costs and employer contributions. The asset ceiling has no impact on the net defined benefit asset. The amount recognised in other comprehensive income arising from the remeasurement of the defined benefit plan was \$1.0 million increase (2022: \$1.2 million increase). The weighted average duration of the defined benefit obligation is four years in the current year (2022: four years).

The defined benefit costs have been determined using estimates of salary and pension escalation rates and a discount rate that reflects current market assessments.

In a report dated 7 December 2021, the financing objective adopted at the 1 July 2021 actuarial investigation of the CSDBF is to ensure sufficient assets are available to meet benefits as and when they fall due while also to target appropriate coverage of vested benefits. In that investigation, it was recommended that Council continue the existing contribution holiday in respect of defined benefits, in the absence of any special circumstances and subject to satisfying any industrial agreements.

Council implemented a contribution holiday in November 2019 which is anticipated to continue until June 2026. This will not impact employee entitlements.

Brisbane City Council
Notes to the consolidated financial statements
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27 National competition policy

Business activities classified under the *City of Brisbane Regulation 2012* are:

Transport for Brisbane	Significant business activity commercial business unit
City Parking	Significant business activity commercial business unit
Civil Construction and Maintenance Operations	Significant business activity full cost pricing
Public Space Operations	Significant business activity full cost pricing
Waste and Resource Recovery Services	Significant business activity full cost pricing
Brisbane City Cemeteries	Significant business activity full cost pricing
City Projects Office	Prescribed business activity code of competitive conduct
Golf Courses	Prescribed business activity code of competitive conduct
Riverstage	Prescribed business activity code of competitive conduct
Asset Portfolio Management	Prescribed business activity code of competitive conduct

	Transport for Brisbane		City Parking	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
Revenue				
Internal Council revenue – community service obligations	161,826	99,517	-	-
Internal Council revenue – other	-	-	270	286
External Council revenue	431,504	399,684	8,435	7,240
	593,330	499,201	8,705	7,526
Expenses				
Administration, overheads and cost of resources	510,363	414,501	10,704	9,743
Depreciation	50,994	51,491	47	46
	561,357	465,992	10,751	9,789
Surplus (deficit) before tax	31,973	33,209	(2,046)	(2,263)
Less income tax equivalent	(13,163)	(13,138)	-	-
Surplus (deficit) after tax	18,810	20,071	(2,046)	(2,263)

28 Events after the reporting period

CBIC declared a dividend of \$9.5 million at the Board meeting on 25 July 2023.

29 Financial instruments and financial risk management

29(a) Categorisation of financial instruments

The categories of financial assets and financial liabilities are as follows:

		Consolidated		Council	
	Note	2023	2022	2023	2022
		\$000	\$000	\$000	\$000
Financial assets					
Cash and cash equivalents (at amortised cost)	5	145,581	604,148	71,027	529,013
Receivables (at amortised cost)	6	224,833	153,847	225,867	152,182
Derivative financial instruments	29(b),(c)	6,576	5,949	6,576	5,949
Other investments (at cost)	10(b)	510	510	510	510
Other investments (at fair value through profit and loss)	10(c)	65,155	59,593	65,155	59,593
		442,655	824,047	369,135	747,247
Financial liabilities					
Payables (at amortised cost)	15	343,298	322,740	334,109	312,977
Other financial liabilities (at amortised cost)	16(a)	2,482,879	2,465,826	2,462,879	2,400,826
		2,826,177	2,788,566	2,796,988	2,713,803

29 Financial instruments and financial risk management (continued)

29(b) Financial risk management objectives and policies

The consolidated entity's principal financial instruments include cash, investments, loans and various facilities such as working capital and a bank overdraft. The main purpose of these financial instruments is to provide adequate financial capability to support operations, the acquisition of non-current assets and management of its financial market risks. The consolidated entity has various other financial assets and liabilities including trade receivables and payables, which arise directly from operations.

The consolidated entity's activities expose it to a variety of risks including market risk (such as interest rate risk and foreign currency risk), credit risk and liquidity risk. Council's financial risk management activities seek to minimise potential adverse effects of the unpredictability of financial markets on financial performance.

Financial risk management is undertaken as part of Council's treasury operations in accordance with Council's Financial Risk Management Framework and these activities are monitored by Council's Financial Risk Management Committee.

Derivative financial instruments and hedge accounting

Derivative financial instruments include forward exchange contracts and foreign currency options and are stated at fair value. Where derivative financial instruments qualify for hedge accounting, changes in fair value are recognised as appropriate in cash flow and cost of hedging reserves in equity. Amounts accumulated in equity are reclassified upon hedge maturity.

At the inception of a hedging transaction Council documents the risk management objective and strategies to ensure alignment of hedging instruments and hedged items.

When a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction occurs, or is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to operating capability.

29(c) Market risk

Interest rate risk

Interest rate risk refers to possible fluctuations caused by changes in the value of interest bearing financial instruments as a result of changes in market rates.

The consolidated entity is exposed to interest rate risk through investments and borrowings, and has access to a mix of variable and fixed rate funding options so that interest rate risk exposure can be minimised.

The consolidated entity's interest rate sensitivity to an expected 1% maximum fluctuation in interest rates if all other variables are held constant is:

	Consolidated		Council	
	2023	2022	2023	2022
	\$000	\$000	\$000	\$000
1% increase in interest rates	409	4,741	358	5,004
1% decrease in interest rates	(270)	(3,756)	(219)	(4,019)

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Notes to the consolidated financial statements
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29 Financial instruments and financial risk management (continued)

29(c) Market risk (continued)

Foreign currency risk

Foreign currency risk arises primarily from highly probable forecast transactions and firm commitments for the purchase of plant and equipment which are denominated in foreign currencies. In accordance with Council's policy, exchange rate exposures are managed within approved limits utilising forward foreign exchange contracts, foreign currency options, currency swaps or any other foreign exchange instrument that converts the exposure back into Australian dollars.

Forward foreign exchange contracts and foreign currency options – cash flow hedges

Council has entered into contracts to purchase fleet vehicles and infrastructure denominated in Swiss Francs (CHF). As a result, Council has entered into various forward exchange contracts to hedge the foreign exchange rate risk arising from these contracts. The forward exchange contracts are designated as cash flow hedges.

In October 2022 the foreign currency options were closed out for \$6.9 million and replaced with forward exchange contracts.

Cash flow hedges – outstanding hedging instruments

Consolidated and Council 2023	0-5 months	Maturity 6-12 months	1-2 years	2-4 years	Total notional amount	Fair value of hedging instruments \$000
Forward exchange contract						
Notional amount (CHF) (in CHF000)	22,769	18,652	26,793	12,352	80,566	
Equivalent amount in AUD (\$000)	36,928	30,747	44,224	20,388	132,287	6,576
Average forward rate (AUD/CHF)	0.6166	0.6066	0.6058	0.6058	0.6090	
Balance as at 30 June						6,576
Consolidated and Council 2022	0-5 months	Maturity 6-12 months	1-2 years	2-4 years	Total notional amount	Fair value of hedging instruments \$000
Forward exchange contract						
Notional amount (CHF) (in CHF000)	17,131	-	-	-	17,131	
Equivalent amount in AUD (\$000)	26,279	-	-	-	26,279	478
Average forward rate (AUD/CHF)	0.6519	-	-	-	0.6519	
Foreign currency options						
Notional amount (CHF) (in CHF000)	-	30,777	31,513	33,223	95,513	
Equivalent amount in AUD (\$000)	-	48,323	49,478	52,164	149,965	5,471
Average strike price (AUD/CHF)	-	0.6369	0.6369	0.6369	0.6369	
Balance as at 30 June						5,949

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

29 Financial instruments and financial risk management (continued)

29(c) Market risk (continued)

Foreign currency risk (continued)

Consolidated and Council	2023 \$000	2022 \$000
Derivative financial instruments per statements of financial position		
Current derivative financial instruments	2,493	-
Non-current derivative financial instruments	4,083	5,949
	6,576	5,949

Cash flow and cost of hedging reserves

The movements in cash flow and cost of hedging reserves for continuing hedges that are included in equity in the statements of financial position are as follows:

Consolidated and Council	Cash flow hedge reserve		Cost of hedging reserve		Total	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Balance as at 1 July	478	(302)	(8,638)	(13,731)	(8,160)	(14,033)
Fair value gain recognised in other comprehensive income	6,098	780	8,638	5,093	14,736	5,873
Balance as at 30 June	6,576	478	-	(8,638)	6,576	(8,160)

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in the initial cost or carrying amount of property, plant and equipment.

The cost of hedging reserve reflects the gain or loss on the portion excluded from the designated hedging instrument that relates to the time value of the foreign currency option. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the cash flow hedging reserve.

29(d) Liquidity risk

Liquidity risk refers to the ability of the consolidated entity to meet its financial obligations as and when they fall due. The consolidated entity is exposed to liquidity risk through its normal course of business and through its borrowings. The approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Council's reputation.

The consolidated entity manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 16(b).

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

29 Financial instruments and financial risk management (continued)

29(d) Liquidity risk (continued)

The following table sets out the liquidity risk in relation to financial liabilities (excluding lease liabilities – refer note 14) held by the consolidated entity. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period.

Consolidated		Payable in:			
	Note	1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Total \$000
2023					
Financial liabilities					
Payables	15	334,653	8,645	-	343,298
Loans		204,253	838,821	2,256,334	3,299,408
		538,906	847,466	2,256,334	3,642,706
2022					
Financial liabilities					
Payables	15	313,605	9,135	-	322,740
Loans		189,626	826,595	2,262,000	3,278,221
		503,231	835,730	2,262,000	3,600,961
Council		Payable in:			
	Note	1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Total \$000
2023					
Financial liabilities					
Payables	15	326,319	7,790	-	334,109
Loans		204,253	818,821	2,256,334	3,279,408
		530,572	826,611	2,256,334	3,613,517
2022					
Financial liabilities					
Payables	15	305,264	7,713	-	312,977
Loans		189,626	761,595	2,262,000	3,213,221
		494,890	769,308	2,262,000	3,526,198

At the reporting date, the current book value owing by Council on QTC loans is \$2,463 million (2022: \$2,401 million). CBIC's current book value owing on loans is \$20 million (2022: \$65 million). The difference between undiscounted cash flows and the book value represents the estimated amount of interest that will be payable over the remaining life of the loan based on current interest rates.

29(e) 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 Council's investments, receivables and foreign exchange forwards. Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

Council's short-term investments are held with financial institutions which have a minimum rating of BBB+ based on Standard and Poor's credit rating, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Cash and cash equivalents

The consolidated entity may be exposed to credit risk through investments in the QTC Cash Fund or financial institutions in Australia. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

29 Financial instruments and financial risk management (continued)

29(e) Credit risk (continued)

Other fund investments

Council has invested in the QIC Long Term Diversified Fund. The fund is managed to a Strategic Asset Allocation portfolio which allocates investments in global equities, fixed interest financial instruments, a diverse range of asset classes and foreign currency. Council may be exposed to credit risk through this investment. Growth fund movements are recognised through operating capability.

Receivables

Council assesses the credit risk and applies normal business credit protection procedures to minimise the risk before providing goods or services. Council may require bank or directors' guarantees for receivables above certain limits.

At the reporting date, the exposure to credit risk for receivables by type of transaction, debtor or customer is as follows:

	Note	Consolidated		Council	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
Rates and utility charges		35,428	44,414	35,428	44,414
Regulated parking and tolling		19,370	17,109	19,370	17,109
GST recoverable		23,477	13,272	23,477	13,272
Government entities and agencies		47,866	80,881	47,866	80,881
Asphalts and quarries		3,214	4,021	3,214	4,021
Waste services		617	1,045	617	1,045
Sundry debtors		113,689	9,337	114,723	7,672
		243,661	170,079	244,695	168,414
Less impairment		(18,828)	(16,232)	(18,828)	(16,232)
	6	224,833	153,847	225,867	152,182

No significant concentration of credit risks has been identified as exposure is spread over a large number of debtors and customers. Council has policies in place to ensure that credit facilities are made to debtors and customers with an appropriate credit history.

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

	Consolidated				Council			
	2023 Not credit impaired \$000	2023 Credit impaired \$000	2022 Not credit impaired \$000	2022 Credit impaired \$000	2023 Not credit impaired \$000	2023 Credit impaired \$000	2022 Not credit impaired \$000	2022 Credit impaired \$000
Current (not past due)	191,418	71	96,949	20	192,452	71	95,284	20
Past due 1-30 days	4,146	449	24,744	861	4,146	449	24,744	861
Past due 31-60 days	7,726	317	1,208	174	7,726	317	1,208	174
Past due 61-90 days	2,535	881	5,862	-	2,535	881	5,862	-
Past due more than 90 days	22,591	13,527	29,443	10,818	22,591	13,527	29,443	10,818
	228,416	15,245	158,206	11,873	229,450	15,245	156,541	11,873
Loss allowance	(3,583)	(15,245)	(4,359)	(11,873)	(3,583)	(15,245)	(4,359)	(11,873)
	224,833	-	153,847	-	225,867	-	152,182	-

Brisbane City Council
Notes to the consolidated financial statements
for the year ended 30 June 2023

29 Financial instruments and financial risk management (continued)

29(e) Credit risk (continued)

Expected credit loss assessment

Council uses an allowance matrix to measure the expected credit losses of receivables from individual customers, which comprise a large number of small balances. No loss allowance is recognised on rates and utility charges receivables as Council has a lien over most rateable properties under the provisions of sections 93 to 98 of the *City of Brisbane Act 2010*. GST receivable and deposits held are also not provided with a loss allowance.

The following table provides information about the exposure to credit risk and expected losses for receivables from individual customers (excluding rates, GST receivable and deposits held):

2023	Consolidated			Council		
	Weighted average loss rate %	Carrying amount \$	Loss allowance \$	Weighted average loss rate %	Carrying amount \$	Loss allowance \$
Current (not past due)	0.9%	163,241	1,511	0.9%	164,275	1,511
Past due 1-30 days	29.7%	3,198	950	29.7%	3,198	950
Past due 31-60 days	43.1%	1,348	581	43.1%	1,348	581
Past due 61-90 days	75.2%	1,910	1,437	75.2%	1,910	1,437
Past due more than 90 days	95.8%	14,975	14,349	95.8%	14,975	14,349
		184,672	18,828		185,706	18,828

2022	Consolidated			Council		
	Weighted average loss rate %	Carrying amount \$	Loss allowance \$	Weighted average loss rate %	Carrying amount \$	Loss allowance \$
Current (not past due)	1.3%	88,747	1,136	1.3%	87,082	1,136
Past due 1-30 days	44.1%	2,713	1,197	44.1%	2,713	1,197
Past due 31-60 days	39.7%	930	369	39.7%	930	369
Past due 61-90 days	20.5%	2,420	496	20.5%	2,420	496
Past due more than 90 days	71.0%	18,365	13,034	71.0%	18,365	13,034
		113,175	16,232		111,510	16,232

The loss rates are based on the weighted average loss rate for each receivable category. The expected credit loss rates for the above receivables are based on credit loss history, adjusted for forward looking estimates based on current and forecast economic conditions.

Brisbane City Council
Statement by Councillors and management
for the year ended 30 June 2023

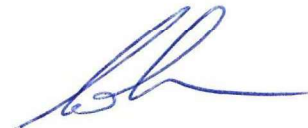
These general purpose financial statements have been prepared pursuant to sections 168 and 169 of the *City of Brisbane Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with section 202(5) of the Regulation, we certify that:

- (i) the prescribed requirements of the *City of Brisbane Act 2010* and the Regulation for the establishment and keeping of accounts have been complied with in all material respects and
- (ii) the general purpose consolidated financial statements which are prepared in accordance with Australian Accounting Standards and are set out on pages 2 to 47, present a true and fair view of Council's and the consolidated entity's financial performance for the year and financial position as at 30 June 2023.



Councillor Adrian Schrinner
LORD MAYOR



Colin Jensen
CHIEF EXECUTIVE OFFICER



Councillor Fiona Cunningham
CIVIC CABINET CHAIR
FINANCE AND CITY GOVERNANCE
COMMITTEE



Mark Russell
CHIEF FINANCIAL OFFICER
CORPORATE FINANCE
ORGANISATIONAL SERVICES

17 August 2023

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Brisbane City Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Brisbane City Council (the council) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the council's and the group's financial position as at 30 June 2023, and of their financial performance and cash flows for the year then ended
- b) complies with the *City of Brisbane Act 2010*, the City of Brisbane Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2023, the statements of comprehensive income, statements of changes in equity and statements of cash flows, for the year then ended, notes to the financial statements including material accounting policy information, and the certificate given by the Lord Mayor; Chief Executive Officer; Civic Cabinet Chair Finance and City Governance Committee; and Chief Financial Officer.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Infrastructure assets (roads and drainage) valuation using current replacement cost (\$22.9 billion)

Refer to note 11 in the financial report

Key audit matter	How my audit addressed the key audit matter
<p>Council's infrastructure assets (roads and drainage) are measured at fair value at balance date using the current replacement cost method.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> gross replacement cost, less accumulated depreciation <p>Council values the gross replacement cost of its infrastructure assets with reference to the unit rate at which it could construct a substitute asset of comparable quality in the normal course of business.</p> <p>Council has used independent valuers to comprehensively revalue 9 percent of its infrastructure assets and provide indexation percentages for the remaining 91 percent.</p> <p>The unit rates require significant judgement in relation to:</p> <ul style="list-style-type: none"> parts of assets (components) that are replaced at different times in the asset lifecycle, or that have materially different replacement costs due to physical location attributes average project dimensions tasks (and applicable costs) required for replacing components, excluding those that result in duplication or are ineligible for inclusion in the cost of an asset on-costed labour charges directly attributable service, materials, and plant costs (inputs) for each applicable task. <p>In measuring accumulated depreciation, council's engineers and asset managers use significant judgement for estimating how long asset components will last. Asset lives are dependent on a range of factors including construction materials and construction methods, obsolescence, environmental factors, degradation through use, management intentions, and fiscal availability.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Assessing the adequacy of management's review of the valuation process. Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness with reference to common industry practice. Assessing the competence, capability and objectivity of the experts used by council. Assessing the appropriateness of the components of infrastructure assets used for measuring gross replacement cost with reference to common industry practices. For assets comprehensively revalued, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit cost rates including: <ul style="list-style-type: none"> modern substitute (including locality factors and oncosts) adjustment for obsolescence. <p>For assets revalued by indexation, our procedures included but were not limited to:</p> <ul style="list-style-type: none"> Evaluating the relevance and appropriateness of the indices used by comparing to other relevant external indices. Reviewing the appropriate application of these indices to the infrastructure assets. <p>Assets useful life estimates were evaluated for reasonableness by:</p> <ul style="list-style-type: none"> Reviewing management's annual assessment of useful lives. Reviewing for evidence of infrastructure obsolescence, failure or disposal that could indicate a remaining useful life less than what is recorded. Ensuring that no component still in use has reached or exceeded its useful life. Comparing council's infrastructure useful life assumptions between similar assets held by council, and with other local councils. Considering whether council's asset management plans are consistent with useful lives assigned to infrastructure assets. Assessing council's process for performing asset condition assessments, and adjusting in its asset registers and financial systems.

Measurement of assets (\$4.8 billion) and liabilities (\$1.7 billion) on service concession arrangement

Refer to note 11 and note 17 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>AASB 1059 <i>Service Concession Arrangements: Grantors</i> involves a high degree of complexity and certain key assumptions require significant management judgement, including the following:</p> <ul style="list-style-type: none"> estimating the recognition and measurement of the service concession asset at current replacement cost in accordance with the cost approach described in AASB 13 <i>Fair Value Measurement</i>: <ul style="list-style-type: none"> componentising the assets into the significant parts that have different useful lives classifying assets into categories that have similar replacement costs estimating the gross replacement cost for each combination of component and asset category to develop unit rates for the modern equivalent asset estimating the remaining useful life of each asset classifying and measuring the service concession liabilities as a financial liability or unearned revenue depending on how the operator is compensated. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> assessing the appropriateness of the recognition and accounting measurement principles used to determine the value and classification of service concession assets, unearned revenue and financial liabilities on service concession arrangements evaluating the qualifications, competence, capability and objectivity of the internal and external subject matter experts involved in developing the current replacement cost valuations for service concession assets examining the measurement estimates of service concession assets, unearned revenue and financial liabilities on service concession arrangements and evaluating a sample of supporting documentation for reasonableness, relevance, completeness and accuracy testing the mathematical accuracy of the models used to calculate the service concession assets, unearned revenue estimates and financial liabilities including depreciation, interest and service payments.

Other information

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

At the date of this auditor's report, the available other information in Brisbane City Council's annual report for the year ended 30 June 2023 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon. However, as required by the *City of Brisbane 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 *City of Brisbane Act 2010*, the *City of Brisbane Regulation 2012* and Australian Accounting Standards, and for such internal control as the councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for forming an opinion on the effectiveness of the council's or the group'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.
- Conclude on the appropriateness of the council's and the group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's or the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to form an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *City of Brisbane Act 2010*, any other Act and the *City of Brisbane Regulation 2012*. The applicable requirements include those for keeping financial records that correctly record and explain the council's and the group's transactions and account balances to enable the preparation of a true and fair financial report.



Brendan Worrall
Auditor-General

18 August 2023

Queensland Audit Office
Brisbane

Brisbane City Council
Current-year financial sustainability statement
for the year ended 30 June 2023

Measures of financial sustainability	Target	Consolidated 2023	Council 2023
<i>Operating surplus ratio</i> Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	0%	-1%
<i>Asset sustainability ratio</i> Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	Greater than 90%	67%	66%
<i>Net financial liabilities ratio</i> Total liabilities less current assets divided by total operating revenue (excluding capital items)	Not greater than 60%	143%	152%

Council borrows to fund future long-term infrastructure assets to provide ongoing benefits to the community.

The most recent QTC credit review, completed in November 2022, affirmed Council's rating as 'Strong' with a 'Neutral Outlook'.

Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *City of Brisbane Regulation 2012* and version 1.1 of the *Financial Management (Sustainability) Guideline 2013* (FMSG) issued by the Queensland Government's Department of State Development, Infrastructure, Local Government and Planning (DSDILGP). The amounts used to calculate the three reported measures are prepared on an accrual basis for the year ended 30 June 2023. Under the FMSG, the financial ratios include the impacts of AASB 1059, however, in consultation with the DSDILGP, the impacts of service concession arrangements have been excluded to allow comparability across the local government sector.

Financial sustainability reporting requirements under the *Financial Management (Sustainability) Guideline 2023* version 1 issued by the DSDILGP will apply from 1 July 2023, and some of the measures, targets and calculations will change.

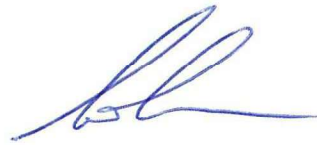
Brisbane City Council
Certificate of accuracy
for the year ended 30 June 2023

This current-year financial sustainability statement has been prepared pursuant to section 170 of the *City of Brisbane Regulation 2012* (the Regulation).

In accordance with section 202(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Councillor Adrian Schrinner
LORD MAYOR



Colin Jensen
CHIEF EXECUTIVE OFFICER



Councillor Fiona Cunningham
CIVIC CABINET CHAIR
FINANCE AND CITY GOVERNANCE
COMMITTEE



Mark Russell
CHIEF FINANCIAL OFFICER
CORPORATE FINANCE
ORGANISATIONAL SERVICES

17 August 2023

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Brisbane City Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Brisbane City Council (the Council) for the year ended 30 June 2023, comprising the statement, explanatory notes, and the certificate of accuracy given by the Lord Mayor; Chief Executive Officer; Civic Cabinet Chair Finance and City Governance Committee; and Chief Financial Officer.

In accordance with section 202 of the *City of Brisbane Regulation 2012*, in my opinion, in all material respects, the current year financial sustainability statement of Brisbane City Council for the year ended 30 June 2023 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

I draw attention to Note 1 which describes the basis of accounting. The current year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *City of Brisbane Regulation 2012*. As a result, the statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other information

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

At the date of this auditor's report, the available other information in Brisbane City Council's annual report for the year ended 30 June 2023 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

However, as required by the *City of Brisbane Regulation 2012*, I have formed a separate opinion on the general purpose financial report.

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

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

Responsibilities of the councillors for the current year financial sustainability statement

The councillors are responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the *City of Brisbane 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 forming an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

B.P. Worrall

Brendan Worrall
Auditor-General

18 August 2023

Queensland Audit Office
Brisbane

Brisbane City Council
Unaudited long-term financial sustainability statement
prepared as at 30 June 2023

Measures of financial sustainability	Target	Actuals	Forecasts for the years ending 30 June									
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
<i>Operating surplus ratio</i>												
● Consolidated	Between 0% and 10%	0%	3%	4%	3%	3%	5%	7%	8%	9%	10%	
● Council		-1%	2%	3%	2%	2%	3%	5%	7%	8%	8%	
Net result (excluding capital items) divided by total operating revenue (excluding capital items)												
<i>Asset sustainability ratio</i>												
● Consolidated	Greater than 90%	67%	94%	69%	59%	55%	53%	56%	57%	58%	60%	
● Council		66%	92%	67%	58%	54%	52%	55%	56%	57%	58%	
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense												
<i>Net financial liabilities ratio</i>												
● Consolidated	Not greater than 60%	143%	150%	153%	148%	140%	131%	122%	112%	102%	92%	
● Council		152%	159%	162%	156%	148%	139%	128%	119%	108%	98%	
Total liabilities less current assets divided by total operating revenue (excluding capital items)												

The amounts used to calculate the financial ratios exclude the impacts of service concession arrangements to allow comparability across the local government sector.

Financial Management Strategy

Council uses 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 prepares and adopts as part of its Annual Plan and Budget (i) ten year forecasts and associated financial sustainability measures that have been set by the DSDILGP (ii) medium-term comprehensive income, financial position and cash flow statements and (iii) investment, debt and revenue policies. Council's Annual Plan and Budget is consistent with the *Brisbane Vision 2031* and the *Corporate Plan 2021-2022 to 2025-2026*. This comprehensive system of financial and strategic planning ensures objectives can be achieved in a financially sustainable manner and delivered in an effective and efficient manner.

Managing Council's budget effectively ensures Council's financial sustainability. Council's budget process is centred around strategic outcomes and target setting. Budget considerations during the budget development phase include prioritisation of capital and operating expenditure and compliance with credit metrics in the budget year and forecast period.

As part of Council's financial management strategy, Council sets, monitors and ensures compliance with financial policy, processes and performance. Council monitors performance of selected key financial ratios which are reported quarterly at Council meetings. Council also monitors its performance against budget on a monthly basis.

A range of governance policies and arrangements make up the total Council response to financial planning and management. These include Council's contracting principles, business cases and prioritisation reviews, annual asset management planning, and Council's financial management and accounting practices. These policies and arrangements ensure that Council is effective and efficient at achieving its objectives, managing its investments, meeting its financial commitments in the financial year, and keeping debt to manageable levels.

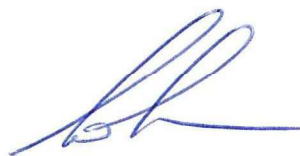
Brisbane City Council
Certificate of accuracy
for the year ended 30 June 2023

This long-term financial sustainability statement has been prepared pursuant to section 170 of the *City of Brisbane Regulation 2012* (the Regulation).

In accordance with section 202(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Councillor Adrian Schrinner
LORD MAYOR



Colin Jensen
CHIEF EXECUTIVE OFFICER



Councillor Fiona Cunningham
CIVIC CABINET CHAIR
FINANCE AND CITY GOVERNANCE
COMMITTEE



Mark Russell
CHIEF FINANCIAL OFFICER
CORPORATE FINANCE
ORGANISATIONAL SERVICES

17 August 2023