

**CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDITOR-GENERAL'S AUDIT REPORT FOR THE  
YEAR ENDED 30 JUNE 2022**



*Dedicated to a better Brisbane*

**Brisbane City Council**  
**Consolidated Financial Statements**  
**30 June 2022**

**Brisbane City Council**  
**Consolidated financial statements**  
**for the year ended 30 June 2022**

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**Brisbane City Council**  
**Statements of comprehensive income**  
**for the year ended 30 June 2022**

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Revenue</b>					
Rates and utility charges	4(a)	1,239,509	1,157,721	1,239,509	1,157,721
Contributions, donations, subsidies and grants	4(b)	456,336	315,410	453,497	311,099
Fees and charges	4(c)	195,370	175,723	195,370	175,723
Public transport revenue	4(d)	368,397	358,618	368,397	358,618
Interest revenue	4(e)	3,908	4,212	3,571	3,881
Other revenue	4(f)	328,778	329,699	441,718	456,692
		<u>2,592,298</u>	<u>2,341,383</u>	<u>2,702,062</u>	<u>2,463,734</u>
<b>Expenses</b>					
Employee costs	5(a)	846,987	790,367	812,929	760,200
Materials and services	5(b)	936,091	791,425	933,107	800,678
Depreciation and amortisation	5(c)	542,681	536,618	548,372	541,399
Finance costs	5(d)	86,191	96,549	88,208	98,768
Loss on disposal of property, plant and equipment, intangibles and investment property	5(e)	60,328	49,587	60,328	50,403
Capital grant expenses	5(f)	24,010	-	24,010	-
Other expenses	5(g)	56,404	46,128	57,404	50,653
		<u>2,552,692</u>	<u>2,310,674</u>	<u>2,524,358</u>	<u>2,302,101</u>
Share of profit from associate	10	185,105	216,104	-	-
		<u>224,711</u>	<u>246,813</u>	<u>177,704</u>	<u>161,633</u>
<b>Increase in operating capability</b>					
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to operating capability</b>					
Increase in asset revaluation surplus	10,12(a),21	1,066,423	82,338	1,035,044	59,662
Remeasurement of defined benefit plan	27	1,203	8,328	1,203	8,328
Movements in cash flow and cost of hedging reserves	30(c)	5,873	(10,823)	5,873	(10,823)
		<u>1,073,499</u>	<u>79,843</u>	<u>1,042,120</u>	<u>57,167</u>
<b>Total comprehensive income</b>		<b><u>1,298,210</u></b>	<b><u>326,656</u></b>	<b><u>1,219,824</u></b>	<b><u>218,800</u></b>

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 2022**

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current assets</b>					
Cash and cash equivalents	6	604,148	202,880	529,013	100,981
Receivables	7	153,847	72,187	152,182	70,941
Inventories		19,137	25,429	19,137	19,958
Other	8	143,033	118,895	153,584	107,158
Assets classified as held for sale	9	2,817	20,478	2,817	20,478
		<u>922,982</u>	<u>439,869</u>	<u>856,733</u>	<u>319,516</u>
<b>Non-current assets</b>					
Investment in associate	10	3,124,945	3,067,374	2,158,143	2,158,143
Other investments	11	60,103	63,910	201,305	205,112
Derivative financial instruments	30(c)	5,949	2,943	5,949	2,943
Property, plant and equipment	12	29,462,035	28,252,887	29,285,413	28,071,431
Investment property	13	211,489	100,362	-	-
Intangibles	14	168,624	189,930	168,586	189,804
Lease right of use assets	15(a)	329,176	362,300	433,668	474,725
Superannuation defined benefit plan	27	21,086	20,913	21,086	20,913
Other		5,295	7,278	-	-
		<u>33,388,702</u>	<u>32,067,897</u>	<u>32,274,150</u>	<u>31,123,071</u>
<b>Total assets</b>		<u>34,311,684</u>	<u>32,507,766</u>	<u>33,130,883</u>	<u>31,442,587</u>
<b>Current liabilities</b>					
Payables	16	313,605	289,535	305,264	283,212
Other financial liabilities	17	88,315	69,014	88,315	69,014
Lease liabilities	15(a)	77,927	76,076	82,596	80,819
Provisions	19	237,576	219,637	235,526	217,791
Service concession liabilities	18	59,595	59,572	59,595	59,572
Other	20	127,666	84,901	121,081	63,278
		<u>904,684</u>	<u>798,735</u>	<u>892,377</u>	<u>773,686</u>
<b>Non-current liabilities</b>					
Payables	16	9,135	9,574	7,713	7,209
Other financial liabilities	17	2,377,511	1,967,313	2,312,511	1,947,313
Lease liabilities	15(a)	356,283	396,286	476,223	522,135
Provisions	19	132,168	126,401	131,593	125,838
Service concession liabilities	18	1,696,292	1,736,497	1,696,292	1,736,497
Other	20	131,992	14,063	131,992	14,063
		<u>4,703,381</u>	<u>4,250,134</u>	<u>4,756,324</u>	<u>4,353,055</u>
<b>Total liabilities</b>		<u>5,608,065</u>	<u>5,048,869</u>	<u>5,648,701</u>	<u>5,126,741</u>
<b>Net community assets</b>		<u>28,703,619</u>	<u>27,458,897</u>	<u>27,482,182</u>	<u>26,315,846</u>
<b>Community equity</b>					
Asset revaluation surplus	21	14,273,537	13,207,114	13,947,407	12,912,363
Cash flow and cost of hedging reserves	30(c)	(8,160)	(14,033)	(8,160)	(14,033)
Accumulated surplus	22	14,438,242	14,265,816	13,542,935	13,417,516
<b>Total community equity</b>		<u>28,703,619</u>	<u>27,458,897</u>	<u>27,482,182</u>	<u>26,315,846</u>

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 2022**

<b>Consolidated for the year ended 30 June 2022</b>	<b>Total \$000</b>	<b>Asset revaluation surplus (notes 10 and 12(a)) \$000</b>	<b>Cash flow and cost of hedging reserves (note 30(c)) \$000</b>	<b>Accumulated surplus (note 22) \$000</b>
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
<b>Balance as at 30 June</b>	<b>28,703,619</b>	<b>14,273,537</b>	<b>(8,160)</b>	<b>14,438,242</b>

<b>Consolidated for the year ended 30 June 2021</b>	<b>Total \$000</b>	<b>Asset revaluation surplus (notes 10 and 12(a)) \$000</b>	<b>Cash flow and cost of hedging reserves (note 30(c)) \$000</b>	<b>Accumulated surplus (note 22) \$000</b>
Balance as at 1 July	27,132,241	13,124,776	(3,210)	14,010,675
Increase in operating capability	246,813	-	-	246,813
Other comprehensive income	79,843	82,338	(10,823)	8,328
<b>Balance as at 30 June</b>	<b>27,458,897</b>	<b>13,207,114</b>	<b>(14,033)</b>	<b>14,265,816</b>

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 2022**

<b>Council for the year ended 30 June 2022</b>	<b>Total \$000</b>	<b>Asset revaluation surplus (notes 10 and 12(a)) \$000</b>	<b>Cash flow and cost of hedging reserves (note 30(c)) \$000</b>	<b>Accumulated surplus (note 22) \$000</b>
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
<b>Balance as at 30 June</b>	<b>27,482,182</b>	<b>13,947,407</b>	<b>(8,160)</b>	<b>13,542,935</b>

<b>Council for the year ended 30 June 2021</b>	<b>Total \$000</b>	<b>Asset revaluation surplus (notes 10 and 12(a)) \$000</b>	<b>Cash flow and cost of hedging reserves (note 30(c)) \$000</b>	<b>Accumulated surplus (note 22) \$000</b>
Balance as at 1 July	26,097,046	12,852,701	(3,210)	13,247,555
Increase in operating capability	161,633	-	-	161,633
Other comprehensive income	57,167	59,662	(10,823)	8,328
<b>Balance as at 30 June</b>	<b>26,315,846</b>	<b>12,912,363</b>	<b>(14,033)</b>	<b>13,417,516</b>

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 2022

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>					
Receipts					
Rates and utility charges		1,221,156	1,166,417	1,221,156	1,166,417
Fees and charges		202,121	192,263	202,121	192,263
Public transport revenue		401,888	391,219	401,888	391,219
Subsidies and grants		92,465	74,489	89,626	70,177
Contributions		894	996	894	996
Goods and Services Tax received from Australian Taxation Office		88,665	84,501	88,665	84,501
Interest		3,903	4,215	3,569	3,871
Dividends and participation returns received		131,489	135,471	171,428	155,253
Other		434,448	301,997	386,685	275,115
		<u>2,577,029</u>	<u>2,351,568</u>	<u>2,566,032</u>	<u>2,339,812</u>
Payments					
Employee costs		(832,099)	(769,197)	(798,387)	(739,605)
Materials and services		(1,071,736)	(962,479)	(1,080,073)	(963,656)
Finance costs		(85,133)	(96,549)	(87,149)	(98,768)
Other		(36,525)	(35,938)	(37,411)	(40,021)
		<u>(2,025,493)</u>	<u>(1,864,163)</u>	<u>(2,003,020)</u>	<u>(1,842,050)</u>
<b>Net increase in cash from operating activities</b>	23(a)	<u>551,536</u>	<u>487,405</u>	<u>563,012</u>	<u>497,762</u>
<b>Cash flows from investing activities</b>					
Proceeds from disposal of property trust investments		11,910	-	-	-
Proceeds from disposal of property, plant and equipment and investment property	5(e)	31,382	72,409	31,382	56,123
Payments for property, plant, equipment, intangibles and investment property		(760,158)	(777,052)	(682,990)	(778,381)
Receipts for capital contributions, donations, subsidies, grants and other capital revenue		213,741	132,600	213,741	132,600
<b>Net decrease in cash from investing activities</b>		<u>(503,125)</u>	<u>(572,043)</u>	<u>(437,867)</u>	<u>(589,658)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		498,000	220,000	453,000	220,000
Repayment of borrowings		(68,501)	(77,383)	(68,501)	(77,383)
Lease liabilities principal payments		(76,642)	(77,230)	(81,612)	(80,244)
<b>Net increase in cash from financing activities</b>	23(b)	<u>352,857</u>	<u>65,387</u>	<u>302,887</u>	<u>62,373</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<u>401,268</u>	<u>(19,251)</u>	<u>428,032</u>	<u>(29,523)</u>
Cash and cash equivalents as at 1 July		202,880	222,131	100,981	130,504
<b>Cash and cash equivalents as at 30 June</b>	6	<u><b>604,148</b></u>	<u><b>202,880</b></u>	<u><b>529,013</b></u>	<u><b>100,981</b></u>

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 2022**

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**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 2021 to 30 June 2022 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 11(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 10).

**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**

**Standards issued and effective from 1 July 2022**

The impact of any 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 2022**

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**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 4)
- receivables (notes 7 and 30)
- investment in associate and other investments (notes 10 and 11)
- property, plant and equipment and intangibles (notes 12 and 14)
- investment property (note 13)
- leases (note 15)
- employee benefits (notes 19 and 27)
- service concession arrangements (note 18)
- provisions (note 19)
- commitments (note 24)
- contingencies (note 25)
- transactions with related parties (note 26)
- financial instruments (note 30).

**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 February 2022, Brisbane experienced an extremely unusual rainfall and flooding event with intense and continued rainfall causing flash flooding of creeks and recurring overland flow flooding throughout the city. Council has been working with the community to identify and repair the widespread damage across Brisbane and provide support to those who need it most. Material impacts incurred to date of the South East Queensland Rainfall and Flooding Event (SEQRFE) on the consolidated financial statements are provided in the relevant note:

- revenue (note 4)
- expenses (note 5)
- property, plant and equipment (note 12)
- other liabilities (note 20).

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**2 Impacts from the COVID-19 pandemic**

The consolidated entity's operations have been impacted by the COVID-19 pandemic and the impacts on the financial statements have been assessed.

The following transactions were recognised by the consolidated entity in response to the COVID-19 pandemic.

Statements of comprehensive income	Consolidated		Council	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Revenue</b>				
Rates and utility charges – rebates	(3,026)	(16,197)	(3,026)	(16,197)
Public transport revenue – free bus travel provided	(837)	-	(837)	-
Public transport revenue – reimbursements	7,829	12,606	7,829	12,606
	<u>3,966</u>	<u>(3,591)</u>	<u>3,966</u>	<u>(3,591)</u>
<b>Expenses</b>				
Employee costs	7,171	4,284	7,171	4,284
Materials and services	15,947	11,947	15,947	11,947
Other expenses	51	3,029	51	3,029
	<u>23,169</u>	<u>19,260</u>	<u>23,169</u>	<u>19,260</u>
<b>Decrease in operating capability</b>	<b>(19,203)</b>	<b>(22,851)</b>	<b>(19,203)</b>	<b>(22,851)</b>

Council has established a range of initiatives supporting and underpinning Brisbane's recovery from the COVID-19 pandemic and its impact on residents, community organisations and businesses. These include continuing relief to support Brisbane's economic long-term recovery, continuing and expanding recovery initiatives based on feedback from business and industry, community groups and residents, and delivering sustainable growth by investing in long-term strategies and projects for Brisbane.

First Home Owner and Job Seeker Rates rebates of \$3.0 million were provided in the current year.

Council waived a significant number of lease rentals for Council owned land and buildings between 1 January 2022 and 31 March 2022, totalling \$2.4 million.

Council provided fee relief to local businesses, club and groups by waiving a significant number of fees and charges between 1 January 2022 and 31 March 2022, totalling \$3.1 million.

Council provided free bus travel over two weekends in the lead up to Christmas 2021, and free on-street parking and half price off-street parking in February 2022, to boost business activity in Brisbane's central business district.

Stimulus funding revenue recognised in the current year was \$42.9 million (2021: \$18.6 million). The revenue has been spent on operational projects (\$7.3 million) and capital projects (\$35.6 million). Any unspent grants have been recognised as unearned subsidies and grants (note 20).

Expected revenue and expenses for the consolidated entity in the current and prior year were impacted due to cancelled or postponed events, facility closures, reduced commercial activity and lower visitor numbers.

In the prior year, Council provided a range of initiatives including rates deferrals, additional rates rebates, lease and fee waivers or reductions and additional expenditure on employee costs, materials and services and community support.

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

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**3 Analysis of Council results by program**

**3(a) Program goals**

The activities relating to Council's programs reported on in Note 3(b) are as follows:

*Transport for Brisbane*

The goal of this program is to deliver Australia's most modern and innovative public and active transport system, including the Brisbane Metro and new green bridges, allowing Brisbane residents and visitors to move around quickly, safely, reliably and sustainably.

*Infrastructure for Brisbane*

The goal of this program is to enable the safe, efficient and sustainable movement of people, freight and the provision of services.

*Clean, Green and Sustainable City*

The goal of this program is for Brisbane to be recognised as a sustainability leader that is clean, green and sustainable, ensure Brisbane's open spaces and waterways are accessible and valued now and for future generations and that our built form supports clean, green and sustainable outcomes.

*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 in cultural and recreational activities which foster inclusion and stronger communities.

*City Standards, Community Health and Safety (formerly Community Health and Safety)*

The goal of this program is to be recognised as a customer focused organisation that is dedicated to setting and achieving high quality maintenance standards for the city's civil and green assets, and maintaining a focus on the health, safety and amenity of Brisbane's growing community.

*Economic Development*

The goal of this program is to implement the *Brisbane Economic Development Plan 2012-2031* and *Brisbane's Future Blueprint*.

*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 (formerly Field Services)*

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 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.

Some services in the Transport for Brisbane, Infrastructure for Brisbane and Clean, Green and Sustainable City programs were combined with the City Standards, Community Health and Safety program (formerly the Community Health and Safety program) in the current year.

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**3 Analysis of Council results by program (continued)**

**3(b) Summary of revenues, expenses and assets by program**

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

<b>2022</b>	Recurrent subsidies and grants \$000	Capital subsidies and grants \$000	Other income \$000	<b>Total revenue \$000</b>	<b>Expenses \$000</b>	<b>Operating capability \$000</b>	<b>Total assets by program \$000</b>
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
	<b>82,157</b>	<b>252,638</b>	<b>2,367,267</b>	<b>2,702,062</b>	<b>2,524,358</b>	<b>177,704</b>	<b>33,130,883</b>

<b>2021</b>	Recurrent subsidies and grants \$000	Capital subsidies and grants \$000	Other income \$000	<b>Total revenue \$000</b>	<b>Expenses \$000</b>	<b>Operating capability \$000</b>	<b>Total assets by program \$000</b>
Transport for Brisbane	243	9,908	61,974	72,125	206,500	(134,375)	1,596,986
Infrastructure for Brisbane	221	37,615	188,669	226,505	495,421	(268,916)	10,691,458
Clean, Green and Sustainable City	5,146	2,412	367,579	375,137	544,601	(169,464)	10,156,013
Future Brisbane	381	63	55,258	55,702	91,316	(35,614)	83,732
Lifestyle and Community Services	10,929	476	22,024	33,429	217,782	(184,353)	836,372
Community Health and Safety	846	-	14,169	15,015	40,306	(25,291)	33,102
Economic Development	-	-	11,201	11,201	41,099	(29,898)	28,999
City Governance	46,370	1,157	1,256,772	1,304,299	291,452	1,012,847	7,518,345
Business Activities	193	-	370,128	370,321	373,624	(3,303)	497,580
	<b>64,329</b>	<b>51,631</b>	<b>2,347,774</b>	<b>2,463,734</b>	<b>2,302,101</b>	<b>161,633</b>	<b>31,442,587</b>

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**4 Revenue**

**4(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 16). Discounts given and rebates are recognised in the same period as the rates and utility charges to which they relate.

	Consolidated		Council	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Rates</b>				
General	982,223	942,198	982,223	942,198
Environmental management and compliance levy	49,056	47,055	49,056	47,055
Bushland preservation levy	34,600	33,161	34,600	33,161
Special rates and charges	11,001	10,273	11,001	10,273
<b>Utility charges</b>				
Waste disposal	213,519	202,864	213,519	202,864
<b>Total rates and utility charges</b>	<b>1,290,399</b>	<b>1,235,551</b>	<b>1,290,399</b>	<b>1,235,551</b>
Less:				
Discounts given	15,459	15,175	15,459	15,175
Pensioner and other rebates	35,431	62,655	35,431	62,655
<b>Total discounts and rebates</b>	<b>50,890</b>	<b>77,830</b>	<b>50,890</b>	<b>77,830</b>
	<b>1,239,509</b>	<b>1,157,721</b>	<b>1,239,509</b>	<b>1,157,721</b>

Other rebates includes \$4.3 million provided as a result of the SEQRFE.

**4(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 (i.e. higher-level infrastructure that is shared between multiple developments) or non-trunk infrastructure (i.e. 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 12(b)).

*Subsidies and grants*

Revenue on operating grants received to enable Council to further its objectives is recognised when Council obtains control of the funds. These grants include the Financial Assistance Grant provided by the Australian Government to local governments.

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.

Revenue on capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred as this is the most appropriate measure of the completeness of the construction project. Any unbilled grants (other accrued revenue – note 8) are recognised as other current assets and any unspent grants (unearned subsidies and grants – note 20) 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 2022**

**4 Revenue (continued)**

**4(b) Contributions, donations, subsidies and grants (continued)**

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Contributions</b>					
Infrastructure charges (cash)		56,832	70,359	56,832	70,359
Infrastructure charges (contributed assets)		8,696	11,679	8,696	11,679
Developer contributions (non-trunk infrastructure)		47,162	47,725	47,162	47,725
		<b>112,690</b>	<b>129,763</b>	<b>112,690</b>	<b>129,763</b>
<b>Subsidies and grants</b>					
For capital purposes	3(b)	252,638	51,631	252,638	51,631
For operating purposes	3(b)	84,996	68,640	82,157	64,329
		<b>337,634</b>	<b>120,271</b>	<b>334,795</b>	<b>115,960</b>
Other contributions and donations		6,012	65,376	6,012	65,376
		<b>456,336</b>	<b>315,410</b>	<b>453,497</b>	<b>311,099</b>

**4(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 statutory receivable is subsequently adjusted for impairment.

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

	Consolidated		Council	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Building application, development, town planning and property connection fees	53,609	43,725	53,609	43,725
Licences, permits and parking fees	44,284	40,589	44,284	40,589
Infringements	38,585	34,534	38,585	34,534
Refuse fees	19,682	20,467	19,682	20,467
Other fees and charges	39,210	36,408	39,210	36,408
	<b>195,370</b>	<b>175,723</b>	<b>195,370</b>	<b>175,723</b>

**4(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.

**4(e) Interest revenue**

Interest on short-term investments is accrued and paid 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 2022**

**4 Revenue (continued)**

**4(f) Other revenue**

Dividends and participation returns are recognised when declared. Tax equivalent 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 18. All other revenue is generally recognised when the performance obligation is satisfied and revenue can be reliably measured.

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Dividends and participation returns	26	153	310	167,603	155,252
Tax equivalents	26(b)	74,121	71,916	74,121	71,916
Service concession revenue	18	59,333	58,828	59,333	58,828
Operating and project costs recovered		40,624	37,189	40,624	37,189
Sale of materials		27,488	24,231	27,488	24,231
Advertising		24,088	25,065	23,727	24,520
Lease and rental revenue	15(b)	26,935	33,447	23,538	20,790
Investment income		-	11,869	-	9,644
Other operating revenue		68,268	35,657	23,076	23,527
Other capital revenue		7,768	31,187	2,208	30,795
		<b>328,778</b>	<b>329,699</b>	<b>441,718</b>	<b>456,692</b>

Other revenue includes \$3.8 million of insurance settlements received as a result of the SEQRFE.

In the prior year, other capital revenue includes the gain on early termination of a lease of \$25.8 million (note 15(a)).

**5 Expenses**

**5(a) Employee costs**

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

	Consolidated		Council	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Wages and salaries	621,080	585,243	587,022	555,076
Annual, sick and long service leave benefits	111,421	101,025	111,421	101,025
Superannuation	85,998	80,067	85,998	80,067
Other employee related expenses	28,488	24,032	28,488	24,032
	<b>846,987</b>	<b>790,367</b>	<b>812,929</b>	<b>760,200</b>

Employee costs include \$12.8 million incurred in relation to the SEQRFE.



**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**5 Expenses (continued)**

**5(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 15(a)).

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Services and contract costs		366,311	304,716	423,435	359,164
Raw materials and consumables		77,900	60,758	77,900	60,758
Maintenance		77,986	63,965	69,238	56,044
Agency staff costs		58,808	45,845	58,808	45,845
Contractor and consultancy costs		51,956	56,972	49,431	54,430
Fuel		45,866	34,723	45,866	34,723
Plant and equipment and vehicle hire		41,799	33,827	41,799	33,827
Minor asset purchases		29,484	27,726	29,484	27,726
Cost of inventories		21,061	17,974	21,061	17,974
Cleaning		16,985	18,868	16,985	18,868
Communication costs		11,771	13,139	11,771	13,139
Lease expenses	15(a)	11,046	10,596	11,046	10,596
Security		10,619	10,229	10,619	10,229
Legal costs		9,948	8,325	9,948	8,325
Insurance premiums		9,317	6,660	9,317	6,660
Auditor's remuneration – Queensland Audit Office		751	740	535	535
Other costs		94,483	76,362	45,864	41,835
		<b>936,091</b>	<b>791,425</b>	<b>933,107</b>	<b>800,678</b>

Materials and services includes \$46.2 million for Council and \$47.1 million for the consolidated entity incurred as a result of the SEQRFE.

**5(c) Depreciation and amortisation**

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Depreciation – property, plant and equipment	12(a)	446,466	439,339	445,306	438,023
Amortisation – intangible assets	14	24,626	24,184	24,532	24,088
Depreciation – right of use assets	15(a)	71,589	73,095	78,534	79,288
		<b>542,681</b>	<b>536,618</b>	<b>548,372</b>	<b>541,399</b>

**5(d) Finance costs**

Borrowing 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 17(a)).

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Finance costs on borrowings	17(a)	71,179	80,411	71,179	80,411
Interest on leases	15(a)	13,004	15,171	15,861	18,017
Other interest and charges		2,008	967	1,168	340
		<b>86,191</b>	<b>96,549</b>	<b>88,208</b>	<b>98,768</b>

During the year, borrowing costs capitalised to major projects amounted to \$13.5 million (2021: \$9.1 million).

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**5 Expenses (continued)**

**5(e) Loss on disposal of property, plant and equipment, intangibles 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 intangibles.

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Proceeds from sale		31,382	72,410	31,382	56,123
Less carrying amount of assets sold		28,557	69,190	28,557	53,719
		2,825	3,220	2,825	2,404
Less carrying amount of assets written off		63,153	52,807	63,153	52,807
	23(a)	<b>60,328</b>	<b>49,587</b>	<b>60,328</b>	<b>50,403</b>

Write-offs during the year also include \$4.7 million of assets that were destroyed during the SEQRFE (note 12(a)).

**5(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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Capital grant expenses	24,010	-	24,010	-
	<b>24,010</b>	<b>-</b>	<b>24,010</b>	<b>-</b>

**5(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 7 and 30(e)). All other expenses are generally recognised when goods have been received or services provided, or the obligating event occurs.

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Grants, subsidies and contributions		15,031	20,001	26,098	29,184
Bad and doubtful debts	7	14,163	10,333	14,163	10,333
Impairment of assets	12(a)	992	-	992	-
Other expenses		26,218	15,794	16,151	11,136
		<b>56,404</b>	<b>46,128</b>	<b>57,404</b>	<b>50,653</b>

Other expenses include \$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 2022**

**6 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, cash on deposit and short-term investments with a maturity term of three months or less, and which are readily convertible to cash on hand and are used in the cash management function on a day-to-day basis.

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.

	Consolidated		Council	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and on hand	81,486	69,546	29,839	12,998
Short-term investments	522,662	133,334	499,174	87,983
	<b>604,148</b>	<b>202,880</b>	<b>529,013</b>	<b>100,981</b>

Cash and cash equivalents as at the reporting date includes \$163.6 million received from the Queensland Government to help fund Council's State Waste Levy over the next four years (note 20).

In addition to cash and cash equivalents, Council has access to a working capital facility of \$550 million and a variable rate loan facility of \$250 million. CBIC has access to a bank loan facility of \$75 million of which \$10 million is available but not utilised at the reporting date (note 17(b)).

Council also holds \$23.4 million in trust monies at the reporting date (2021: \$31.2 million).

**7 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current</b>				
Rates and utility charges	44,414	30,944	44,414	30,944
Regulated parking and tolling	17,109	12,310	17,109	12,310
Recoverable works and services	108,556	40,164	106,891	38,918
Impairment	(16,232)	(11,231)	(16,232)	(11,231)
	<b>153,847</b>	<b>72,187</b>	<b>152,182</b>	<b>70,941</b>

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Movement in impairment:					
Balance as at 1 July		11,231	12,003	11,231	12,003
Amounts recognised	5(g)	14,163	10,333	14,163	10,333
Amounts written off		(9,162)	(11,105)	(9,162)	(11,105)
<b>Balance as at 30 June</b>	30(e)	<b>16,232</b>	<b>11,231</b>	<b>16,232</b>	<b>11,231</b>

The consolidated entity's expected credit loss assessment is detailed in note 30(e).

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**8 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	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Accrued participation returns	26(b)	63,755	67,581	63,755	67,581
Other accrued revenue		50,820	20,328	50,686	20,289
Prepayments		28,458	20,072	39,143	19,288
Property trust investments		-	10,914	-	-
		<b>143,033</b>	<b>118,895</b>	<b>153,584</b>	<b>107,158</b>

The sale of CBIC's investment in property trusts was completed in April 2022.

**9 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Assets classified as held for sale	2,817	20,478	2,817	20,478
	<b>2,817</b>	<b>20,478</b>	<b>2,817</b>	<b>20,478</b>

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**10 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 26(b).

**Participation rights**

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

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Balance as at 1 July		3,067,374	2,986,431	2,158,143	2,158,143
85% share of profits		185,105	216,104	-	-
85% share in asset revaluation surplus movement		(23)	-	-	-
Participation returns	26(b)	(127,511)	(135,161)	-	-
<b>Balance as at 30 June</b>		<b>3,124,945</b>	<b>3,067,374</b>	<b>2,158,143</b>	<b>2,158,143</b>

**UU financial information**

	2022 \$000	2021 \$000
Revenue	1,446,978	1,421,804
Net profit	217,317	253,556
Other comprehensive income	408	673
Current assets	393,037	300,703
Non-current assets	6,493,390	6,350,348
<b>Total assets</b>	<b>6,886,427</b>	<b>6,651,051</b>
Current liabilities	314,307	306,688
Non-current liabilities	2,896,017	2,735,985
<b>Total liabilities</b>	<b>3,210,324</b>	<b>3,042,673</b>
<b>Net assets</b>	<b>3,676,103</b>	<b>3,608,378</b>
Share of net assets	3,124,945	3,067,374

In the prior 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.

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**11 Other investments**

Other investments are comprised of investments in:

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Controlled entities	11(a)	-	-	141,202	141,202
Other entities	11(b)	510	510	510	510
Other fund investments	11(c)	59,593	63,400	59,593	63,400
		<b>60,103</b>	<b>63,910</b>	<b>201,305</b>	<b>205,112</b>

**11(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 following controlled entities have been consolidated in the financial statements.

	Council	
	2022 \$	2021 \$
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
Museum of Brisbane Pty Ltd	1	1
Oxley Creek Transformation Pty Ltd	1	1
OC Invest Pty Ltd (dormant)	-	-
	<b>141,201,660</b>	<b>141,201,660</b>

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. BrisDev Pty Ltd and BrisDev Trust were deregistered in the prior year.

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 is in the process of merging with Oxley Creek Transformation Pty Ltd, to deliver Council's long-term plan for a clean, green and sustainable Brisbane. This process will be completed in the next financial year and is not expected to materially impact the consolidated financial statements.

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

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**11 Other investments (continued)**

**11(a) Controlled entities (continued)**

The following dormant controlled entities have not been consolidated in Council's financial statements.

	Consolidated		Council	
	2022	2021	2022	2021
	\$	\$	\$	\$
Riverfestival Brisbane Pty Ltd (dormant)	1	1	1	1
Brisbane Tolling Pty Ltd (dormant)	1	1	1	1
	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

**11(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	
		2022	2021	2022	2021
		\$	\$	\$	\$
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
		<b>510,004</b>	<b>510,004</b>	<b>510,004</b>	<b>510,004</b>

**11(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	
	2022	2021	2022	2021
	\$	\$	\$	\$
QIC Long Term Diversified Fund	59,592,889	63,400,205	59,592,889	63,400,205
	<b>59,592,889</b>	<b>63,400,205</b>	<b>59,592,889</b>	<b>63,400,205</b>

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**12 Property, plant and equipment**

**12(a) Movements**

Consolidated	Land		Buildings		Plant and equipment		Infrastructure		Other assets		Capital work in progress		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	4,564,849	4,575,160	1,385,314	1,194,235	543,117	553,815	26,215,582	25,383,376	115,793	97,908	909,919	1,043,693	33,734,574	32,848,187
Opening accumulated depreciation	-	-	(370,877)	(347,458)	(320,474)	(318,665)	(4,770,895)	(4,379,072)	(19,441)	(17,612)	-	-	(5,481,687)	(5,062,807)
Opening net value	4,564,849	4,575,160	1,014,437	846,777	222,643	235,150	21,444,687	21,004,304	96,352	80,296	909,919	1,043,693	28,252,887	27,785,380
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	4,564,849	4,575,160	1,014,437	846,777	222,351	235,150	21,391,491	21,004,304	96,352	80,296	909,919	1,043,693	28,199,399	27,785,380
Additions	-	240	177	389	1,214	469	79,380	123,972	14	191	698,297	796,370	779,082	921,631
Other transfers	91,288	38,034	(18,878)	155,885	29,524	71,014	397,663	649,448	1,925	16,324	(538,905)	(930,144)	(37,383)	561
Reclass to assets held for sale	(2,356)	-	-	-	(28)	(53)	-	-	-	-	-	-	(2,384)	(53)
Disposals and write-offs	(1,800)	(5,506)	(384)	(1,604)	(8,338)	(45,968)	(84,772)	(44,541)	(373)	(12)	-	-	(95,667)	(97,631)
Impairment	-	-	-	-	-	-	(992)	-	-	-	-	-	(992)	-
Revaluations	(12,551)	(43,079)	89,989	33,787	13,117	(1,097)	971,358	91,666	4,533	1,061	-	-	1,066,446	82,338
Depreciation	-	-	(23,565)	(20,797)	(37,093)	(36,872)	(384,131)	(380,162)	(1,677)	(1,508)	-	-	(446,466)	(439,339)
<b>Closing net value</b>	<b>4,639,430</b>	<b>4,564,849</b>	<b>1,061,776</b>	<b>1,014,437</b>	<b>220,747</b>	<b>222,643</b>	<b>22,369,997</b>	<b>21,444,687</b>	<b>100,774</b>	<b>96,352</b>	<b>1,069,311</b>	<b>909,919</b>	<b>29,462,035</b>	<b>28,252,887</b>
Comprised of:														
Closing gross balance	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
Closing 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)

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 22.

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 will be recognised as capital work in progress. Council expects these assets to be transferred progressively over the financial years 2023, 2024 and 2025 and transfer of the assets will be recognised as capital grant expenses (note 5(f)).



**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**12 Property, plant and equipment (continued)**

**12(a) Movements (continued)**

Council	Land		Buildings		Plant and equipment		Infrastructure		Other assets		Capital work in progress		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	4,549,069	4,559,380	1,218,526	1,053,794	534,345	544,163	26,215,582	25,383,376	115,793	97,908	921,305	1,049,160	33,554,620	32,687,781
Opening accumulated depreciation	-	-	(372,379)	(348,959)	(320,474)	(318,665)	(4,770,895)	(4,379,072)	(19,441)	(17,612)	-	-	(5,483,189)	(5,064,308)
Opening net value	4,549,069	4,559,380	846,147	704,835	213,871	225,498	21,444,687	21,004,304	96,352	80,296	921,305	1,049,160	28,071,431	27,623,473
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	4,549,069	4,559,380	846,147	704,835	213,579	225,498	21,391,491	21,004,304	96,352	80,296	921,305	1,049,160	28,017,943	27,623,473
Additions	-	240	-	-	-	-	79,380	123,972	14	191	698,297	802,289	777,691	926,692
Other transfers	91,288	40,324	17,409	152,600	29,523	71,014	397,663	649,448	1,925	16,324	(538,905)	(930,144)	(1,097)	(434)
Reclass to assets held for sale	(2,356)	-	-	-	(28)	(53)	-	-	-	-	-	-	(2,384)	(53)
Disposals and write-offs	(1,800)	(7,796)	(384)	(1,604)	(8,157)	(45,933)	(84,772)	(44,541)	(373)	(12)	-	-	(95,486)	(99,886)
Impairment	-	-	-	-	-	-	(992)	-	-	-	-	-	(992)	-
Revaluations	(12,551)	(43,079)	58,611	11,114	13,093	(1,100)	971,358	91,666	4,533	1,061	-	-	1,035,044	59,662
Depreciation	-	-	(23,565)	(20,798)	(35,933)	(35,555)	(384,131)	(380,162)	(1,677)	(1,508)	-	-	(445,306)	(438,023)
<b>Closing net value</b>	<b>4,623,650</b>	<b>4,549,069</b>	<b>898,218</b>	<b>846,147</b>	<b>212,077</b>	<b>213,871</b>	<b>22,369,997</b>	<b>21,444,687</b>	<b>100,774</b>	<b>96,352</b>	<b>1,080,697</b>	<b>921,305</b>	<b>29,285,413</b>	<b>28,071,431</b>
Comprised of:														
Closing gross balance	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
Closing 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)

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 22.

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 will be recognised as capital work in progress. Council expects these assets to be transferred progressively over the financial years 2023, 2024 and 2025 and transfer of the assets will be recognised as capital grant expenses (note 5(f)).

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**12 Property, plant and equipment (continued)**

**12(a) Movements (continued)**

Impacts on asset values as a result of the SEQRFE are provided below.

<b>Consolidated and Council 2022</b>	<b>Loss on disposal (note 5e) \$000</b>	<b>Impairment (note 5g) \$000</b>	<b>Adjustments to asset revaluation surplus \$000</b>	<b>Total \$000</b>
Land	-	-	50,350	50,350
Plant and equipment	629	-	-	629
Infrastructure				
Roads network	873	-	70,970	71,843
Drainage network	96	-	-	96
Wharves, piers and jetties	1,425	-	-	1,425
Bikeways	76	-	-	76
Parks	1,560	992	-	2,552
Other assets	-	-	1,396	1,396
	<b>4,659</b>	<b>992</b>	<b>122,716</b>	<b>128,367</b>

The surface and pavement components of the roads network are the primary infrastructure assets subject to damage from high impact loads during and after the SEQRFE. Analysis undertaken indicated a reduction in remaining useful lives across the networks, which have been reflected in asset values. The calculated financial impact of this life reduction has been reflected in asset values at the reporting date. Other significant infrastructure network asset classes have not been observed to have experienced material reductions in remaining useful lives. No specific individual assets have been identified that required updates to remaining useful lives.

Land values are recognised with appropriate restricted use discounts and flood discounts applied to their asset values. Council's current valuer was engaged and revised appropriate discount factors provided to reflect the impacts of the SEQRFE on land values.

The loss on disposal arising from full or partial asset disposals as a result of the SEQRFE is disclosed in note 5(e). Assets recorded at fair value that are out of service as a result of the SEQRFE have been revalued down through the asset revaluation reserve. Impacts to assets held at historical cost have been processed as an impairment loss (note 5(g)).

**12(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.

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

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**12 Property, plant and equipment (continued)**

**12(b) Recognition (continued)**

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 CBIC properties leased to external parties are classified as investment properties on consolidation (note 13).

**12(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 5(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.

**12(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. Council's assets recorded at historical cost were assessed for impairment following the SEQFRE (note 5(g)).

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

**12(e) Valuation**

**(i) Valuation processes**

Asset class	2022 useful life (years)	Basis of measurement	Level	2022 revaluation type	Source of 2022 valuation or index	Most recent comprehensive valuation	Council closing net value	
							2022 \$000	2021 \$000
Land	Indefinite	Fair value	2 and 3	Rolling Program	Independent valuer	Rolling 20% p.a	4,623,650	4,549,069
Buildings	5-140	Fair value	3	Index	Independent valuer	2019	898,218	846,147
Plant and equipment								
Fleet	3-20	Fair value	3	Rolling Program	Management	Rolling 30% p.a.	88,204	65,375
Buses	17-18	Fair value	3	Index	Management	2018	6,109	9,312
General	2-88	Fair value	3	Index	Independent valuer	2018	117,764	139,184
Infrastructure								
Roads network	5-indefinite	Fair value	3	Rolling Program	Independent valuer	Rolling program	15,830,033	15,099,278
Drainage network	20-indefinite	Fair value	3	Rolling Program	Independent valuer	Rolling program	5,083,205	4,952,598
Flood mitigation network	13-indefinite	Fair value	3	Rolling Program	Independent valuer	Rolling program	326,858	302,044
Wharves, piers and jetties	12-100	Fair value	3	Rolling Program	Independent valuer	Rolling program	294,515	268,866
Traffic control network	20-41	Fair value	3	Index	Independent valuer	2020	196,259	182,402
Bikeways	27-128	Fair value	3	Index	Independent valuer	2020	105,412	100,252
Parks	5-114	Cost					527,789	532,042
Other infrastructure	2-indefinite	Cost					5,926	7,205
Other assets								
Heritage collections	Indefinite	Fair value	2 and 3	Comprehensive	Independent valuer	2022	38,266	35,183
Pools and sports fields facilities	10-157	Fair value	3	Index	Independent valuer	2019	62,508	61,169
Capital work in progress		Cost					1,080,697	921,305
							<b>29,285,413</b>	<b>28,071,431</b>

The timing of comprehensive valuations for roads network, drainage network, flood mitigation network and wharves, piers and jetties is provided in note 12(e)(ii).

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

## **12 Property, plant and equipment (continued)**

### **12(e) Valuation (continued)**

#### **(i) Valuation processes (continued)**

The methods used to estimate fair values 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**

Fair value for 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. Fair value for 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**

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 2022**

**12 Property, plant and equipment (continued)**

**12(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 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:

<b>Council Asset sub-class</b>	<b>Asset type</b>	<b>Most recent comprehensive valuation</b>
Roads network	Roads	2020
	Footpaths, kerb and channel, medians	2020
	Bridges	2022
	Tunnels	2022
	Culverts	2022
	Fences	2020
	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	2018
	Boardwalks	2022
	Piers, pontoons, jetties and boat ramps	2022

The revaluation of infrastructure assets in the current year was mainly due to significant increases in construction costs, and partly offset by reductions in asset values as a result of the SEQRFE (note 12(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, and assigns appropriate useful lives.

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 2022**

**12 Property, plant and equipment (continued)**

**12(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 stereotyped and valued on a unit rate basis.

**Other assets**

Other assets includes heritage collections and artworks, pools and sports field 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.

**13 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.

<b>Consolidated</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Balance as at 1 July	100,362	111,250
Additions	75,876	1,553
Lease incentives	359	447
Other transfers	29,331	2,720
Disposals and write-off	-	(16,000)
Revaluation	5,561	392
<b>Balance as at 30 June</b>	<b>211,489</b>	<b>100,362</b>

CBIC obtains independent valuations from qualified valuers at least annually. The assignment of values to individual property is based on the valuer's expertise and considers recent sales of similar properties in the same geographical location. Valuation methods considered include discounted cashflow models and income capitalisation approaches.

The resulting estimate of fair value is classed as a level 3 valuation because it is based on a number of unobservable inputs (note 12(e)).

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**14 Intangibles**

Intangibles 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 intangibles are expensed in the year of acquisition.

Intangible assets are mainly comprised of computer software.

Consolidated	Intangibles		Intangibles under development		Total	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	361,978	361,511	3,922	12,264	365,900	373,775
Opening accumulated amortisation	(175,970)	(157,596)	-	-	(175,970)	(157,596)
Opening net value	186,008	203,915	3,922	12,264	189,930	216,179
Additions	6	-	2,406	1,827	2,412	1,827
Transfers	4,248	10,603	(3,151)	(10,169)	1,097	434
Disposals and write-off	(189)	(4,326)	-	-	(189)	(4,326)
Amortisation	(24,626)	(24,184)	-	-	(24,626)	(24,184)
<b>Closing net value</b>	<b>165,447</b>	<b>186,008</b>	<b>3,177</b>	<b>3,922</b>	<b>168,624</b>	<b>189,930</b>
Comprised of:						
Closing gross value	365,442	361,978	3,177	3,922	368,619	365,900
Closing accumulated amortisation	(199,995)	(175,970)	-	-	(199,995)	(175,970)

Council	Intangibles		Intangibles under development		Total	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Opening gross value	361,852	361,290	3,922	12,264	365,774	373,554
Opening accumulated amortisation	(175,970)	(157,597)	-	-	(175,970)	(157,597)
Opening net value	185,882	203,693	3,922	12,264	189,804	215,957
Additions	-	-	2,406	1,827	2,406	1,827
Transfers	4,248	10,603	(3,151)	(10,169)	1,097	434
Disposals and write-off	(189)	(4,326)	-	-	(189)	(4,326)
Amortisation	(24,532)	(24,088)	-	-	(24,532)	(24,088)
<b>Closing net value</b>	<b>165,409</b>	<b>185,882</b>	<b>3,177</b>	<b>3,922</b>	<b>168,586</b>	<b>189,804</b>
Comprised of:						
Closing gross value	365,404	361,852	3,177	3,922	368,581	365,774
Closing accumulated amortisation	(199,995)	(175,970)	-	-	(199,995)	(175,970)

Asset additions include all costs incurred in bringing an asset into service for purchased assets, and internally constructed assets. 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.

**15 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.

**15(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**  
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**15 Leases (continued)**

**15(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 applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets (i.e. assets with a value below \$10,000). Council recognises the payments associated with these leases as an expense over the lease term (note 5(b)).

Council elected 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 individual leased asset and Council's operational requirements. Some leases include Council's option to renew or extend lease terms between two and 19 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	Note	Land and buildings \$000	Plant and equipment \$000	Infrastructure \$000	Total \$000
<b>2022</b>					
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	5(c)	(38,324)	(33,152)	(113)	(71,589)
<b>Balance as at 30 June</b>		<b>219,360</b>	<b>107,697</b>	<b>2,119</b>	<b>329,176</b>
<b>2021</b>					
Balance as at 1 July		343,534	130,977	2,345	476,856
Additions		11,302	34,048	-	45,350
Lease termination		(85,923)	(888)	-	(86,811)
Depreciation – right of use assets	5(c)	(39,429)	(33,553)	(113)	(73,095)
<b>Balance as at 30 June</b>		<b>229,484</b>	<b>130,584</b>	<b>2,232</b>	<b>362,300</b>

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
for the year ended 30 June 2022

**15 Leases (continued)**

**15(a) Council as lessee (continued)**

**Lease right of use assets (continued)**

Council		Land and buildings	Plant and equipment	Infrastructure	Total
	Note	\$000	\$000	\$000	\$000
<b>2022</b>					
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	5(c)	(45,269)	(33,152)	(113)	(78,534)
<b>Balance as at 30 June</b>		<b>323,852</b>	<b>107,697</b>	<b>2,119</b>	<b>433,668</b>
<b>2021</b>					
Balance as at 1 July		461,710	130,977	2,345	595,032
Additions		11,744	34,048	-	45,792
Lease termination		(85,923)	(888)	-	(86,811)
Depreciation – right of use assets	5(c)	(45,622)	(33,553)	(113)	(79,288)
<b>Balance as at 30 June</b>		<b>341,909</b>	<b>130,584</b>	<b>2,232</b>	<b>474,725</b>

In the prior year, Council terminated a lease before the expiry date. This resulted in the reversal of right of use assets, and lease liabilities amounting to \$85.9 million and \$111.7 million respectively (note 23(b)), and the recognition of the gain on early termination of a lease of \$25.8 million (note 4(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	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Within one year	89,075	88,801	96,861	96,623
One to five years	290,417	298,801	329,340	335,405
Later than five years	123,572	164,531	223,838	275,644
	<b>503,064</b>	<b>552,133</b>	<b>650,039</b>	<b>707,672</b>
Lease liabilities per statements of financial position				
Current lease liabilities	77,927	76,076	82,596	80,819
Non-current lease liabilities	356,283	396,286	476,223	522,135
	<b>434,210</b>	<b>472,362</b>	<b>558,819</b>	<b>602,954</b>

**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:

	Note	Consolidated		Council	
		2022	2021	2022	2021
		\$000	\$000	\$000	\$000
Depreciation – right of use assets	5(c)	71,589	73,095	78,534	79,288
Interest on leases	5(d)	13,004	15,171	15,861	18,017
Expense relating to short-term, low-value and variable leases	5(b)	11,046	10,596	11,046	10,596
Revenue from sub-leasing right of use assets		(2,746)	(2,820)	(2,746)	(2,820)
		<b>92,893</b>	<b>96,042</b>	<b>102,695</b>	<b>105,081</b>
Net cash outflows for leases		97,946	100,177	105,773	106,037

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
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**15 Leases (continued)**

**15(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 ten 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.

**15(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 4(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.

**16 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	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current</b>					
Trade creditors and accrued expenses		191,365	172,092	183,862	166,477
Accrued employee costs		104,795	95,115	103,957	94,407
Prepaid rates and utility charges	4(a)	17,445	22,328	17,445	22,328
		<b>313,605</b>	<b>289,535</b>	<b>305,264</b>	<b>283,212</b>
<b>Non-current</b>					
Other payables		9,135	9,574	7,713	7,209
		<b>9,135</b>	<b>9,574</b>	<b>7,713</b>	<b>7,209</b>
		<b>322,740</b>	<b>299,109</b>	<b>312,977</b>	<b>290,421</b>

**17 Other financial liabilities**

**17(a) Composition of other financial liabilities**

Loans payable at the reporting date 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.

Council's other financial liabilities comprise of loans from Queensland Treasury Corporation (QTC). No assets have been pledged as security by Council for any liabilities, however all loans are guaranteed by the Queensland Government.

Borrowing 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 5(d)).

**Brisbane City Council**  
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**17 Other financial liabilities (continued)**

**17(a) Composition of other financial liabilities (continued)**

	Consolidated		Council	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current</b>				
QTC loans				
Portfolio linked loans	86,887	67,829	86,887	67,829
Other QTC loan	1,428	1,185	1,428	1,185
	<b>88,315</b>	<b>69,014</b>	<b>88,315</b>	<b>69,014</b>
<b>Non-current</b>				
QTC loans				
Portfolio linked loans	2,272,449	1,905,823	2,272,449	1,905,823
Other QTC loan	40,062	41,490	40,062	41,490
Bank loan – secured	65,000	20,000	-	-
	<b>2,377,511</b>	<b>1,967,313</b>	<b>2,312,511</b>	<b>1,947,313</b>
	<b>2,465,826</b>	<b>2,036,327</b>	<b>2,400,826</b>	<b>2,016,327</b>

Council's QTC loan market value at the reporting date is \$2,402 million (2021: \$2,381 million). This represents the value of the debt if Council repaid at that date.

CBIC has a \$75 million bank loan facility for the acquisition of commercial properties which is secured over a pool of properties and will mature in February 2024. At the reporting date, the loan balance is \$65 million.

**17(b) Financing arrangements at the reporting date**

Facilities available but not utilised at the reporting date:

	Consolidated		Council	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Bank overdraft	5,000	5,000	5,000	5,000
Credit card	158	946	158	946
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	30,000	-	-
	<b>815,158</b>	<b>835,946</b>	<b>805,158</b>	<b>805,946</b>

**18 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 12.

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 4(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.

**Overview of service concession arrangements**

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.

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**18 Service concession arrangements (continued)**

**Overview of service concession arrangements (continued)**

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.

<b>Consolidated and Council</b>	<b>Note</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
<b>Revenue</b>			
Other revenue	4(f)	59,333	58,828
<b>Expenses</b>			
Depreciation	5(c)	55,710	63,816
<b>Assets</b>			
Property, plant and equipment	12	4,469,176	4,163,710
<b>Liabilities</b>			
Current service concession liabilities		59,595	59,572
Non-current service concession liabilities		1,696,292	1,736,497
<b>Equity</b>			
Asset revaluation surplus		341,894	-
Accumulated surplus		3,623	(4,988)

**19 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 long service leave provision 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**  
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**19 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 mainly include provisions for WorkCover self insurance, organisational restructure 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 \$9.7 million (2021: \$8.3 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current</b>				
Long service leave	139,816	143,091	137,766	141,245
Land resumption	64,984	57,359	64,984	57,359
Land restoration	22,880	10,621	22,880	10,621
Other	9,896	8,566	9,896	8,566
	<b>237,576</b>	<b>219,637</b>	<b>235,526</b>	<b>217,791</b>
<b>Non-current</b>				
Long service leave	20,714	15,040	20,139	14,477
Land restoration	99,498	99,216	99,498	99,216
Other	11,956	12,145	11,956	12,145
	<b>132,168</b>	<b>126,401</b>	<b>131,593</b>	<b>125,838</b>
	<b>369,744</b>	<b>346,038</b>	<b>367,119</b>	<b>343,629</b>
<b>Consolidated and Council 2022</b>	<b>Land resumption</b>	<b>Land restoration</b>	<b>Other</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance as at 1 July	57,359	109,837	20,271	187,467
Provisions recognised	14,495	14,724	10,604	39,823
Payments made	(6,870)	(3,242)	(9,439)	(19,551)
Discount rate adjustment	-	1,058	-	1,058
<b>Balance as at 30 June</b>	<b>64,984</b>	<b>122,377</b>	<b>21,436</b>	<b>208,797</b>

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

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
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**20 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Current</b>				
Unearned revenue	56,616	63,024	50,474	41,844
Unearned subsidies and grants	25,300	20,413	25,300	20,413
Waste levy subsidy received in advance	43,710	-	43,710	-
Other	2,040	1,464	1,597	1,021
	<b>127,666</b>	<b>84,901</b>	<b>121,081</b>	<b>63,278</b>
<b>Non-current</b>				
Unearned revenue	12,055	14,063	12,055	14,063
Waste levy subsidy received in advance	119,937	-	119,937	-
	<b>131,992</b>	<b>14,063</b>	<b>131,992</b>	<b>14,063</b>
	<b>259,658</b>	<b>98,964</b>	<b>253,073</b>	<b>77,341</b>

The Queensland Government made an advance payment of \$163.6 million in June 2022 to help fund Council's State Waste Levy over the next four years.

Unearned revenue includes \$10.3 million of Queensland Reconstruction Authority funding received in advance as a result of the SEQRFE.

**21 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 10 and 12(a). Impacts of the SEQRFE on the asset revaluation surplus are disclosed in note 12(a).

**22 Accumulated surplus adjustment**

During the year, assets were recognised and derecognised that relate to prior years and processed as an adjustment to opening accumulated surplus. Retrospective adjustments have not been applied due to the impracticality and uncertainty of timing in applying these changes.

The initial recognition of property, plant and equipment relates to assets that should have been included in previous years' financial statements but have only been identified and recognised during the current reporting period. The derecognition of property, plant and equipment includes assets that were recognised by Council but are owned by other entities. The impacts are disclosed in note 12(a).

The assets recognised and derecognised are as follows:

2022	Consolidated \$000	Council \$000
Opening balance	14,265,816	13,417,516
Initial recognition of property, plant and equipment		
Infrastructure – roads network	17,072	17,072
Derecognition of property, plant and equipment		
Plant and equipment	(292)	(292)
Infrastructure – roads network	(69,097)	(69,097)
Infrastructure – wharves, jetties and piers	(1,171)	(1,171)
Adjusted opening balance	<b>14,212,328</b>	<b>13,364,028</b>

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
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**23 Reconciliation of cash flows**

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

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Increase in operating capability</b>		224,711	246,813	177,704	161,633
<b>Non-cash items included in operating result</b>					
Depreciation and amortisation	5(c)	542,681	536,618	548,372	541,399
Non-cash donations, contributions and other capital revenue		(59,642)	(124,772)	(59,642)	(124,772)
Non-cash service concession revenue	4(f)	(59,333)	(58,828)	(59,333)	(58,828)
Gain on early lease termination	15(a)	-	(25,768)	-	(25,768)
Capital grants expenses	5(f)	24,010	-	24,010	-
Impairment of assets	5(g)	992	-	992	-
Allowance for doubtful debts		5,001	(773)	5,001	(773)
Allowance for slow moving and obsolete stock		(63)	(279)	(63)	(280)
Loss on disposal of property, plant and equipment, intangibles and investment property	5(e)	60,328	49,587	60,328	50,403
Gain on disposal of property trust investments		(996)	-	-	-
Fair value gain on investment property		(5,561)	-	-	-
		<b>507,417</b>	<b>375,785</b>	<b>519,665</b>	<b>381,381</b>
<b>Investing and financing activities</b>					
Fair value (gain) loss on other investments		3,807	(9,390)	3,807	(9,390)
Capital contributions, donations, grants, subsidies and other capital revenue		(228,391)	(117,729)	(228,391)	(117,729)
		<b>(224,584)</b>	<b>(127,119)</b>	<b>(224,584)</b>	<b>(127,119)</b>
<b>Changes in assets and liabilities</b>					
Rates and utility charges receivable		(18,352)	8,696	(18,352)	8,696
Other debtors		(73,049)	9,158	(72,772)	4,809
Other assets		(64,764)	(16,230)	(24,975)	64,523
Payables		38,606	1,380	29,361	13,590
Other liabilities		149,328	(1,564)	164,957	299
Provision for employee benefits		4,177	13,048	3,962	12,512
Other provisions		8,046	(22,562)	8,046	(22,562)
		<b>43,992</b>	<b>(8,074)</b>	<b>90,227</b>	<b>81,867</b>
<b>Net increase in cash from operating activities</b>		<b>551,536</b>	<b>487,405</b>	<b>563,012</b>	<b>497,762</b>

**23(b) Reconciliation of liabilities arising from financing activities**

Consolidated 2022	Note	Balance at 1 July \$000	Non-cash flows \$000	Cash flows \$000	Balance as at 30 June \$000
Loans	17(a)	2,036,327	-	429,499	2,465,826
Lease liabilities	15(a)	472,362	38,490	(76,642)	434,210
		<b>2,508,689</b>	<b>38,490</b>	<b>352,857</b>	<b>2,900,036</b>



**Brisbane City Council**  
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**23 Reconciliation of cash flows (continued)**

**23(b) Reconciliation of liabilities arising from financing activities (continued)**

<b>Consolidated 2021</b>	<b>Note</b>	<b>Balance at 1 July \$000</b>	<b>Non-cash flows \$000</b>	<b>Cash flows \$000</b>	<b>Balance as at 30 June \$000</b>
Loans	17(a)	1,893,710	-	142,617	2,036,327
Lease liabilities	15(a)	616,726	(67,134)	(77,230)	472,362
		<b>2,510,436</b>	<b>(67,134)</b>	<b>65,387</b>	<b>2,508,689</b>
<b>Council 2022</b>	<b>Note</b>	<b>Balance at 1 July \$000</b>	<b>Non-cash flows \$000</b>	<b>Cash flows \$000</b>	<b>Balance as at 30 June \$000</b>
Loans	17(a)	2,016,327	-	384,499	2,400,826
Lease liabilities	15(a)	602,954	37,477	(81,612)	558,819
		<b>2,619,281</b>	<b>37,477</b>	<b>302,887</b>	<b>2,959,645</b>
<b>Council 2021</b>	<b>Note</b>	<b>Balance at 1 July \$000</b>	<b>Non-cash flows \$000</b>	<b>Cash flows \$000</b>	<b>Balance as at 30 June \$000</b>
Loans	17(a)	1,873,710	-	142,617	2,016,327
Lease liabilities	15(a)	749,986	(66,788)	(80,244)	602,954
		<b>2,623,696</b>	<b>(66,788)</b>	<b>62,373</b>	<b>2,619,281</b>

Non-cash flows during the prior year include the reversal of lease liabilities upon early termination of a lease amounting to \$111.7 million (note 15(a)).

**24 Commitments**

**Contractual commitments for operating expenditure**

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

	<b>Consolidated</b>		<b>Council</b>	
	<b>2022 \$000</b>	<b>2021 \$000</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
Within one year	288,459	309,000	330,476	347,968
One to five years	904,910	858,142	940,594	900,935
Later than five years	956,362	1,082,545	975,495	1,104,764
	<b>2,149,731</b>	<b>2,249,687</b>	<b>2,246,565</b>	<b>2,353,667</b>

**Contractual commitments for capital**

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

	<b>Consolidated</b>		<b>Council</b>	
	<b>2022 \$000</b>	<b>2021 \$000</b>	<b>2022 \$000</b>	<b>2021 \$000</b>
Within one year	523,054	337,425	532,479	343,340
One to five years	424,171	502,696	440,292	516,478
	<b>947,225</b>	<b>840,121</b>	<b>972,771</b>	<b>859,818</b>

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**24 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Within one year	31,153	21,948	17,796	14,998
One to two years	27,102	18,557	14,372	12,051
Two to three years	26,227	18,048	13,524	11,540
Three to four years	24,235	17,146	12,583	10,598
Four to five years	22,414	15,166	12,065	9,550
Later than five years	306,636	271,840	264,763	258,937
	<b>437,767</b>	<b>362,705</b>	<b>335,103</b>	<b>317,674</b>

**25 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Claims	31,892	37,207	31,892	37,207
Land resumptions	26,799	6,697	26,799	6,697
Infrastructure charges	52,645	45,767	52,645	45,767
	<b>111,336</b>	<b>89,671</b>	<b>111,336</b>	<b>89,671</b>

**26 Transactions with related parties**

**26(a) Controlled entities**

The following transactions occurred with controlled entities.

	Note	2022 \$000	2021 \$000
Funding, goods and services paid by Council		81,008	76,504
Dividends received by Council	4(f)	40,092	20,091
Rent paid by Council		11,193	11,013
Other revenue received by Council		3,436	6,201

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**26 Transactions with related parties (continued)**

**26(a) Controlled entities (continued)**

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>At the end of the reporting period</b>		
Lease commitments payable by Council	29,297	32,571
Funding commitments payable by Council	95,159	94,340
Lease commitments receivable by Council	15,797	17,284
Current lease liability payable by Council	6,706	6,464
Non-current lease liability payable by Council	121,632	128,257
Payable by Council	585	2,775
Receivable by Council	176	1,590

**26(b) Associate**

The following transactions occurred with Council's associate.

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>
Participation returns	4(f),10	127,511	135,161
Tax equivalents	4(f)	74,121	71,916
Reimbursement of capital expenditure		12,933	227
Infrastructure charges collected from developers and remitted by Council		722	815
		<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>
<b>At the end of the reporting period</b>			
Accrued revenue (payable) relating to tax instalments, land tax and duties		20,196	7,378
Accrued participation returns		63,755	67,581
Payable by Council		42	72
Receivable by Council		1,194	123

**26(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 Council's Executive Management Team.

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	9,780	10,838
Post-employment benefits	1,060	998
Long-term benefits	178	194
Termination benefits	359	300
	<b>11,377</b>	<b>12,330</b>

**26(d) Transactions with other related parties**

Details of transactions between Council and other related parties are disclosed below.

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Employee expenses for close family members of KMP	536	554
Professional services expenses	764	82
Other income received	-	5

**Brisbane City Council**  
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**26 Transactions with related parties (continued)**

**26(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 six staff which are close family members of KMP.

In the current year, the following transactions occurred through arm's length processes under normal terms and conditions.

- 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 public relation 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.

In the prior year, the following transactions occurred through arm's length processes under normal terms and conditions.

- A close family member of a KMP of Council is a Board member of Brisbane Powerhouse Pty Ltd, which is an unremunerated position.
- 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 Council, Brisbane Economic Development Agency Pty Ltd and City Parklands Services Pty Ltd.
- A company controlled by a KMP of Museum of Brisbane Pty Ltd provided advertising services to Council and the consolidated entity.
- A company controlled by a KMP of Brisbane Sustainability Agency Pty Ltd provided legal services to Brisbane Sustainability Agency Pty Ltd.
- A company controlled by a KMP of CBIC provided media relations and advice to Brisbane Economic Development Agency Pty Ltd.

**26(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.

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**27 Superannuation defined benefit plan**

Council has provided a written guarantee to LGIAsuper 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 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 LGIAsuper 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, nor were there any curtailments or settlements during the year.

<b>Consolidated and Council</b>	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
<b>Fair value of fund assets</b>		
Fair value as at 1 July	71,424	69,650
Fair value as at 30 June	62,411	71,424
<b>Defined benefit obligation</b>		
Present value as at 1 July	50,511	55,888
Present value as at 30 June	41,325	50,511
<b>Net defined benefit asset</b>		
Net asset as at 1 July	20,913	13,762
Net asset as at 30 June	21,086	20,913

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 \$1.2 million increase (2021: \$8.3 million increase). The weighted average duration of the defined benefit obligation is four years in 2022 (2021: five 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 commenced a contribution holiday in November 2019 which is anticipated to continue until June 2026. This will not impact employee entitlements. On 1 July 2022, LGIAsuper changed its name to Brighter Super.

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**28 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Revenue</b>				
Internal Council revenue – community service obligations	99,517	149,023	286	289
External Council revenue	399,684	391,632	7,240	6,728
	<u>499,201</u>	<u>540,655</u>	<u>7,526</u>	<u>7,017</u>
<b>Expenses</b>				
Administration, overheads and cost of resources	414,501	466,097	9,743	9,251
Depreciation	51,491	43,884	46	47
	<u>465,992</u>	<u>509,981</u>	<u>9,789</u>	<u>9,298</u>
Surplus (deficit) before tax	33,209	30,674	(2,263)	(2,281)
Less income tax equivalent	(13,138)	(13,481)	-	-
Surplus (deficit) after tax	<u>20,071</u>	<u>17,193</u>	<u>(2,263)</u>	<u>(2,281)</u>

**29 Events after the reporting period**

CBIC declared a dividend of \$15 million at the Board meeting on 26 July 2022.

**30 Financial instruments and financial risk management**

**30(a) Categorisation of financial instruments**

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

	Note	Consolidated		Council	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
<b>Financial assets</b>					
Cash and cash equivalents (at amortised cost)	6	604,148	202,880	529,013	100,981
Receivables (at amortised cost)	7	153,847	72,187	152,182	70,941
Other current assets – property trust investments (at fair value through profit and loss)	8	-	10,914	-	-
Derivative financial instruments	30(b),(c)	5,949	2,943	5,949	2,943
Other investments (at cost)	11(b)	510	510	510	510
Other investments (at fair value through profit and loss)	11(c)	59,593	63,400	59,593	63,400
		<u>824,047</u>	<u>352,834</u>	<u>747,247</u>	<u>238,775</u>
<b>Financial liabilities</b>					
Payables (at amortised cost)	16	322,740	299,109	312,977	290,421
Other financial liabilities (at amortised cost)	17(a)	2,465,826	2,036,327	2,400,826	2,016,327
		<u>2,788,566</u>	<u>2,335,436</u>	<u>2,713,803</u>	<u>2,306,748</u>

**Brisbane City Council**  
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**30 Financial instruments and financial risk management (continued)**

**30(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 Council's 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 in the periods when the hedged item affects operating capability. If the hedged item relates to a non-financial asset (such as property, plant and equipment), the amount is recorded as part of the initial carrying amount of the non-financial asset.

The fair value of the forward exchange contract is determined using quoted forward exchange rates as at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. The fair value of the foreign currency options is determined based on external valuation using the Black-Scholes model. The model uses data including interest rate levels and the price volatility of the underlying security.

Council documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the instrument is expected to offset changes in cash flows of hedged items. Council also documents its risk management objective and strategy for undertaking various hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised as part of the cash flow hedging reserve within cash flow and cost of hedging reserves in equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in operating capability, within other revenue or expenses. When option contracts are used to hedge forecast transactions, Council may elect to designate only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised as part of the cash flow hedging reserve in equity. The change in fair value of the cost or premium paid on inception relating to the time value element of the option is also recognised as part of the cost of hedging reserve within cash flow and cost of hedging reserves in equity. Council does not have any instruments designated as fair value hedges.

When a hedging instrument expires, or is sold or terminated, or 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 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.

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**30 Financial instruments and financial risk management (continued)**

**30(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.

Interest rate risk includes long term borrowings such as loans where repayments vary in accordance with the movement in the underlying borrowing rate.

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
1% increase in interest rates	4,741	1,227	5,004	892
1% decrease in interest rates	(3,756)	(366)	(4,019)	(30)

**Foreign currency risk**

Council undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. 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 plant and equipment denominated in Swiss Francs (CHF) for a pilot vehicle, and the anticipated acquisition of future fleet of vehicles and infrastructure. As a result, Council has entered into various forward exchange and options contracts to hedge the foreign exchange rate risk arising from these highly probable forecast transactions and firm commitments. The forward exchange contracts and the intrinsic value of the options are designated as cash flow hedges.

*Cash flow hedges – outstanding hedging instruments*

Consolidated and Council 2022	Maturity				Total notional amount	Fair value of hedging instruments \$000
	0-5 months	6-12 months	1-2 years	2-4 years		
<b>Forward exchange contract</b>						
Notional amount (CHF) (in CHF000)	17,131	-	-	-	17,131	
Equivalent amount in AUD (\$000)	26,279	-	-	-	26,279	479
Average forward rate (AUD/CHF)	0.6519	-	-	-	0.6519	
<b>Foreign currency options</b>						
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	5,470
Average strike price (AUD/CHF)	-	0.6369	0.6369	0.6369	0.6369	
<b>Balance as at 30 June</b>						<b>5,949</b>



**Brisbane City Council**  
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**30 Financial instruments and financial risk management (continued)**

**30(c) Market risk (continued)**

**Foreign currency risk (continued)**

*Cash flow hedges – outstanding hedging instruments (continued)*

Consolidated and Council 2021	Maturity				Total notional amount	Fair value of hedging instruments \$000
	0-5 months	6-12 months	1-2 years	2-4 years		
<b>Forward exchange contract</b>						
Notional amount (CHF) (in CHF000)	2,772	837	-	-	3,609	
Equivalent amount in AUD (\$000)	4,116	1,251	-	-	5,367	(173)
Average forward rate (AUD/CHF)	0.6735	0.6688	-	-	0.6724	
<b>Foreign currency options</b>						
Notional amount (CHF) (in CHF000)	-	-	53,789	63,320	117,109	
Equivalent amount in AUD (\$000)	-	-	84,455	99,419	183,874	3,116
Average strike price (AUD/CHF)	-	-	0.6369	0.6369	0.6369	
<b>Balance as at 30 June</b>						<b>2,943</b>

The above fair value is shown in derivative financial instruments in the statements of financial position.

*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	
	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July	(302)	127	(13,731)	(3,337)	(14,033)	(3,210)
Fair value gain (loss) recognised in other comprehensive income	780	(429)	5,093	(10,394)	5,873	(10,823)
<b>Balance as at 30 June</b>	<b>478</b>	<b>(302)</b>	<b>(8,638)</b>	<b>(13,731)</b>	<b>(8,160)</b>	<b>(14,033)</b>

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.

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**30 Financial instruments and financial risk management (continued)**

**30(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, and its objective is to maintain adequate access to highly liquid investments, borrowings and other credit facilities. These facilities are disclosed in note 17.

The following table discloses the contractual maturity of the consolidated entity's financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at the reporting date.

<b>Consolidated</b>		<b>Payable in:</b>			
	<b>Note</b>	<b>1 year or less \$000</b>	<b>Over 1 to 5 years \$000</b>	<b>More than 5 years \$000</b>	<b>Total \$000</b>
<b>2022</b>					
<b>Financial liabilities</b>					
Payables	16	313,605	9,135	-	322,740
Loans		189,626	826,595	2,262,000	3,278,221
		<b>503,231</b>	<b>835,730</b>	<b>2,262,000</b>	<b>3,600,961</b>
<b>2021</b>					
<b>Financial liabilities</b>					
Payables	16	289,535	9,574	-	299,109
Loans		153,007	633,735	1,913,114	2,699,856
		<b>442,542</b>	<b>643,309</b>	<b>1,913,114</b>	<b>2,998,965</b>
<b>Council</b>					
	<b>Note</b>	<b>1 year or less \$000</b>	<b>Over 1 to 5 years \$000</b>	<b>More than 5 years \$000</b>	<b>Total \$000</b>
<b>2022</b>					
<b>Financial liabilities</b>					
Payables	16	305,264	7,713	-	312,977
Loans		189,626	761,595	2,262,000	3,213,221
		<b>494,890</b>	<b>769,308</b>	<b>2,262,000</b>	<b>3,526,198</b>
<b>2021</b>					
<b>Financial liabilities</b>					
Payables	16	283,212	7,209	-	290,421
Loans		153,007	613,735	1,913,114	2,679,856
		<b>436,219</b>	<b>620,944</b>	<b>1,913,114</b>	<b>2,970,277</b>

At the reporting date, the current book value owing by Council on QTC loans is \$2,401 million (2021: \$2,016 million). CBIC's current book value owing on loans is \$65 million (2021: \$20 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.

**30(e) Credit risk**

The credit risk of financial assets that have been recognised in the statements of financial position is the carrying amount.

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.

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**for the year ended 30 June 2022**

**30 Financial instruments and financial risk management (continued)**

**30(e) Credit risk (continued)**

**Cash and cash equivalents**

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

**Other 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	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rates and utility charges		44,414	30,944	44,414	30,944
Regulated parking and tolling		17,109	12,310	17,109	12,310
GST recoverable		13,272	9,645	13,272	9,645
Government entities and agencies		80,881	7,060	80,881	7,060
Asphalts and quarries		4,021	3,880	4,021	3,880
Waste services		1,045	1,517	1,045	1,517
Sundry debtors		9,337	18,062	7,672	16,816
		170,079	83,418	168,414	82,172
Less impairment		(16,232)	(11,231)	(16,232)	(11,231)
	7	<b>153,847</b>	<b>72,187</b>	<b>152,182</b>	<b>70,941</b>

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			
	2022		2021		2022		2021	
	Not credit impaired \$000	Credit impaired \$000	Not credit impaired \$000	Credit impaired \$000	Not credit impaired \$000	Credit impaired \$000	Not credit impaired \$000	Credit impaired \$000
Current (not past due)	96,949	20	41,065	38	95,284	20	39,819	38
Past due 1-30 days	24,744	861	6,442	2	24,744	861	6,442	2
Past due 31-60 days	1,208	174	8,213	2	1,208	174	8,213	2
Past due 61-90 days	5,862	-	2,764	2	5,862	-	2,764	2
Past due more than 90 days	29,443	10,818	17,218	7,672	29,443	10,818	17,218	7,672
	158,206	11,873	75,702	7,716	156,541	11,873	74,456	7,716
Loss allowance	(4,359)	(11,873)	(3,515)	(7,716)	(4,359)	(11,873)	(3,515)	(7,716)
	<b>153,847</b>	<b>-</b>	<b>72,187</b>	<b>-</b>	<b>152,182</b>	<b>-</b>	<b>70,941</b>	<b>-</b>

**Brisbane City Council**  
**Notes to the consolidated financial statements**  
for the year ended 30 June 2022

**30 Financial instruments and financial risk management (continued)**

**30(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 and other receivables with amounts set aside in trust 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 an amount in trust):

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
		<b>113,175</b>	<b>16,232</b>		<b>111,510</b>	<b>16,232</b>

  

2021	Consolidated			Council		
	Weighted average loss rate	Carrying amount	Loss allowance	Weighted average loss rate	Carrying amount	Loss allowance
	%	\$	\$	%	\$	\$
Current (not past due)	3.1%	26,169	809	3.2%	24,923	809
Past due 1-30 days	8.6%	5,614	484	8.6%	5,614	484
Past due 31-60 days	23.3%	1,997	465	23.3%	1,997	465
Past due 61-90 days	79.1%	1,587	1,255	79.1%	1,587	1,255
Past due more than 90 days	92.3%	8,903	8,218	92.3%	8,903	8,218
		<b>44,270</b>	<b>11,231</b>		<b>43,024</b>	<b>11,231</b>

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 2022**

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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 50, present a true and fair view of the consolidated entity's financial performance and position as at 30 June 2022.



Councillor Adrian Schrinner  
**LORD MAYOR**



Colin Jensen  
**CHIEF EXECUTIVE OFFICER**



Councillor Fiona Cunningham  
**CIVIC CABINET CHAIR**  
**FINANCE AND CITY GOVERNANCE**  
**COMMITTEE**



Paul Oberle  
**CHIEF FINANCIAL OFFICER**  
**CORPORATE FINANCE**  
**ORGANISATIONAL SERVICES**

11 August 2022

## 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 2022, 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 2022, 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 significant accounting policies and other explanatory 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 (\$20.9 billion)**

Refer to Note 12 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"> <li>gross replacement cost, less</li> <li>accumulated depreciation</li> </ul> <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"> <li>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</li> <li>average project dimensions</li> <li>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</li> <li>on-costed labour charges</li> <li>directly attributable service, materials, and plant costs (inputs) for each applicable task.</li> </ul> <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"> <li>Assessing the adequacy of management's review of the valuation process.</li> <li>Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness with reference to common industry practice.</li> <li>Assessing the competence, capability and objectivity of the experts used by council.</li> <li>Assessing the appropriateness of the components of infrastructure assets used for measuring gross replacement cost with reference to common industry practices.</li> <li>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"> <li>modern substitute (including locality factors and oncosts)</li> <li>adjustment for obsolescence.</li> </ul> </li> </ul> <p>For assets revalued by indexation, our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>Evaluating the relevance and appropriateness of the indices used by comparing to other relevant external indices.</li> <li>Reviewing the appropriate application of these indices to the infrastructure assets.</li> </ul> <p>Assets useful life estimates were evaluated for reasonableness by:</p> <ul style="list-style-type: none"> <li>Reviewing management's annual assessment of useful lives.</li> <li>Reviewing for evidence of infrastructure obsolescence, failure or disposal that could indicate a remaining useful life less than what is recorded.</li> <li>Ensuring that no component still in use has reached or exceeded its useful life.</li> <li>Comparing council's infrastructure useful life assumptions between similar assets held by council, and with to other local councils.</li> <li>Considering whether council's asset management plans are consistent with useful lives assigned to infrastructure assets.</li> <li>Assessing council's process for performing asset condition assessments, and adjusting in its asset registers and financial systems.</li> </ul>

**Measurement of assets (\$4.5 billion) and liabilities (\$1.8 billion) on service concession arrangement**

Refer to note 12 and note 18 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"> <li>• 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"> <li>– componentising the assets into the significant parts that have different useful lives</li> <li>– classifying assets into categories that have similar replacement costs</li> <li>– estimating the gross replacement cost for each combination of component and asset category to develop unit rates for the modern equivalent asset</li> <li>– estimating the remaining useful life of each asset</li> </ul> </li> <li>• classifying and measuring the service concession liabilities as a financial liability or unearned revenue depending on how the operator is compensated.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• 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.</li> </ul>

**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 2022 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 expressed 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 expressing an opinion on the effectiveness of the Council's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council's and the Group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's or the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council or the Group to cease to continue as a going concern.

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

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

### **Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

- 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.



15 August 2022

Brendan Worrall  
Auditor-General

Queensland Audit Office  
Brisbane