

Tablelands Regional Council

FINANCIAL STATEMENTS

for the year ended 30 June 2023

Financial Statements

for the year ended 30 June 2023

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Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Income			
Revenue			
Recurrent revenue			
Rates, levies and charges	3a	50,569	46,913
Fees and charges	3b	3,219	3,255
Sales revenue	3c	3,654	3,448
Grants, subsidies, contributions and donations	3d	9,167	10,706
Total recurrent revenue		<u>66,609</u>	<u>64,322</u>
Capital revenue			
Grants, subsidies, contributions and donations ¹	3d	7,629	12,545
Total capital revenue		<u>7,629</u>	<u>12,545</u>
Other income			
Rental income	16	1,024	798
Interest received	4a	1,948	447
Other income	4b	396	283
Total other income		<u>3,368</u>	<u>1,528</u>
Total income		<u>77,606</u>	<u>78,395</u>
Expenses			
Recurrent expenses			
Employee benefits	5	25,604	25,138
Materials and services	6	24,479	21,524
Finance costs	7	685	558
Depreciation and amortisation:			
- Property, plant and equipment	13	18,345	15,056
- Intangible assets	14	83	126
Total recurrent expenses		<u>69,196</u>	<u>62,402</u>
Other expenses			
Capital Expenses	8	631	853
Total other expenses		<u>631</u>	<u>853</u>
Total expenses		<u>69,827</u>	<u>63,255</u>
Net Result		<u>7,779</u>	<u>15,140</u>
Other comprehensive income			
Amounts which will not be reclassified subsequently to the operating result			
Increase in asset revaluation surplus		56,294	80,652
Increase/(decrease) in future rehabilitation - land improvements		(339)	278
Total other comprehensive income for the year		<u>55,955</u>	<u>80,930</u>
Total comprehensive income for the year		<u>63,734</u>	<u>96,070</u>

(1) See Note 27 for details regarding the restatement as a result of an error.

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

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	9	62,435	48,632
Financial assets	9	–	12,000
Receivables	10	6,916	4,677
Inventories	11	591	485
Contract assets	15	341	1,199
		<u>70,283</u>	<u>66,993</u>
Non-current assets classified as held for sale		679	489
Total current assets		<u>70,962</u>	<u>67,482</u>
Non-current assets			
Property, plant and equipment ¹	13	721,464	662,172
Intangible assets	14	132	229
Total non-current assets		<u>721,596</u>	<u>662,401</u>
Total Assets		<u>792,558</u>	<u>729,883</u>
Liabilities			
Current liabilities			
Payables	17	12,048	11,270
Contract liabilities	15	184	1,410
Borrowings	18	436	415
Provisions	19	1,767	1,904
Other liabilities	20	945	945
Total current liabilities		<u>15,380</u>	<u>15,944</u>
Non-current liabilities			
Borrowings	18	4,431	4,866
Provisions	19	8,741	8,847
Other liabilities	20	2,984	2,938
Total non-current liabilities		<u>16,156</u>	<u>16,651</u>
Total Liabilities		<u>31,536</u>	<u>32,595</u>
Net community assets		<u>761,022</u>	<u>697,288</u>
Community equity			
Asset revaluation surplus	21	277,062	221,107
Retained surplus ¹		483,960	476,181
Total community equity		<u>761,022</u>	<u>697,288</u>

(1) See note 27 for details regarding the restatement as a result of an error.

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

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	Asset revaluation surplus	Retained surplus	Total equity
2023				
Balance as at 1 July		221,107	476,181	697,288
Net result		–	7,779	7,779
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	13	56,294	–	56,294
- Increase/(decrease) in future rehabilitation - land and improvements		(339)	–	(339)
Other comprehensive income		55,955	–	55,955
Total comprehensive income for the year		55,955	7,779	63,734
Balance as at 30 June		277,062	483,960	761,022
2022				
Balance as at 1 July		140,177	461,041	601,218
Net result		–	15,140	15,140
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	13	80,652	–	80,652
- Increase/(decrease) in future rehabilitation - land and improvements		278	–	278
Other comprehensive income		80,930	–	80,930
Total comprehensive income for the year		80,930	15,140	96,070
Balance as at 30 June		221,107	476,181	697,288

The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. See note 27 for the details regarding the restatement as a result of an error.

Statement of Cash Flows

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Cash flows from operating activities			
Receipts from customers ¹		58,015	57,629
Payments to suppliers and employees ¹		<u>(54,421)</u>	<u>(49,153)</u>
		3,594	8,476
Receipts			
Rental income		1,067	823
Interest and investment revenue received		1,948	447
Non capital grants and contributions		8,748	12,586
Other receipts		2,035	3,883
Payments			
Borrowing costs		<u>(561)</u>	<u>(549)</u>
Net cash flow - operating activities	25	<u>16,831</u>	<u>25,666</u>
Cash flows from investing activities			
Receipts			
Proceeds from sale of financial assets		12,000	–
Proceeds from sale of property, plant and equipment		253	723
Grants, subsidies, contributions and donations		7,629	10,790
Payments			
Payments for intangible assets		(98)	(126)
Payments for financial assets		–	(8,000)
Payments for property, plant and equipment		<u>(22,398)</u>	<u>(23,022)</u>
Net cash flow - investing activities		<u>(2,614)</u>	<u>(19,635)</u>
Cash flows from financing activities			
Payments			
Repayment of borrowings		<u>(414)</u>	<u>(391)</u>
Net cash flow inflow/(outflow) from financing activities		<u>(414)</u>	<u>(391)</u>
Net increase for the year		<u>13,803</u>	<u>5,640</u>
plus: cash and cash equivalents - beginning		48,632	42,992
Cash and cash equivalents at the end of the financial year	9	<u>62,435</u>	<u>48,632</u>
Additional information:			
plus: Investments on hand – end of year	9	–	12,000
Total cash, cash equivalents and financial assets		<u>62,435</u>	<u>60,632</u>

(1) Amounts include GST

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

Tablelands Regional Council

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Information about these financial statements

(a) Basis of preparation

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

These general purpose financial statements are for the period 1 July 2022 to 30 June 2023. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and land held for sale.

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

Tablelands Regional Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2022, none of the standards had a material impact on the reported position, performance or cash flows.

(c) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2023, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

There were no new or amended Australian Accounting Standards, and Interpretations, that were issued but not yet effective at the time of compiling these statements that could be applicable to Councils.

(d) Estimates and Judgements

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

- Revenue recognition - Note 3
- Valuation and depreciation of Property, Plant & Equipment - Note 13

- Provisions - Note 19
- Contingent Liabilities - Note 23

(e) Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest \$1,000, unless otherwise stated.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules. Comparative information is prepared on the same basis as the prior year.

(f) Volunteer Services

Council engages volunteer assistance across various services it provides the region. Council does not recognise the cost of these services within the financial statements as the amount is not material, and Council would not consider purchasing all of these services if they were not donated.

(g) Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax, Goods and Services Tax ('GST') and payroll tax on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Analysis of results by function

(a) Council functions – component descriptions

Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:

Office of the Chief Executive Officer

The Office of the CEO manages the governance aspects of Council's operations including provision of advice, assistance and support to elected Council representatives, leadership and management, advocacy, project management, emergency management, development services and economic development.

Community and Corporate Services

The Community and Corporate Services department ensures an integrated approach to corporate and financial services across the organisation. The department is responsible for financial management, procurement, systems and information, community services, communication and engagement, corporate planning and strategy, legislative compliance and governance, and human resources.

Infrastructure and Environment Services

The Infrastructure and Environment department ensures a sustainable and planned approach to asset management and environmental services across the region. The department is responsible for regulatory services, health and environmental protection, biodiversity management, strategic asset management of community and corporate facilities and fleet, and the planning, construction, maintenance and operations of all Council's public infrastructure and associated technical services including roads, drainage, parks, gardens, water, wastewater and waste. It operates three business units providing waste, water and wastewater services.

Waste management

The Waste section is responsible for the delivery of waste and recycling collections, waste disposal and recycling, and the day-to-day operations at landfill and transfer station sites.

Water

The Water section is responsible for the delivery of reticulated potable water supply, including construction, management, maintenance and operation of water storage, treatment, distribution and reticulation.

Wastewater

The Wastewater section is responsible for the delivery of wastewater services, including construction, management, maintenance and operation of wastewater collection and treatment, and effluent recycling and disposal.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Analysis of results by function (continued)

(b) Council functions - analysis of results by function

Functions \$ '000	Gross program income				Gross program expenses			Elimi- nation of inter- function trans- actions	Total expenses	Net result from recurring operations	Net result	Total assets
	Recurring grants	Recurring other	Capital grants	Capital other	Total income	Recurring	Capital					
2023												
Office of the Chief Executive Officer	63	634	–	948	1,645	(2,802)	–	(385)	(3,187)	(2,105)	(1,542)	572,653
Community and corporate services	4,219	29,436	148	–	33,803	(14,523)	(15)	319	(14,219)	19,132	19,584	–
Infrastructure and environment services	4,469	5,844	1,716	844	12,873	(31,723)	(349)	1,810	(30,262)	(21,410)	(17,389)	670
Water	21	9,680	3,327	267	13,295	(8,750)	–	(498)	(9,248)	951	4,047	119,605
Wastewater	–	6,880	–	324	7,204	(5,694)	(91)	(262)	(6,047)	1,186	1,157	92,975
Waste management	395	8,335	56	–	8,786	(5,704)	(176)	(984)	(6,864)	3,026	1,922	6,655
Total	9,167	60,809	5,247	2,383	77,606	(69,196)	(631)	–	(69,827)	780	7,779	792,558
2022												
Office of the Chief Executive Officer	–	1	–	–	1	(1,503)	–	–	(1,503)	(1,502)	(1,502)	515,240
Community and corporate services	7,756	25,956	431	–	34,143	(13,403)	(10)	477	(12,936)	20,309	21,207	–
Infrastructure and environment services	2,600	5,868	6,138	4,068	18,674	(30,399)	(247)	(2,327)	(32,973)	(21,931)	(14,299)	1,794
Water	–	8,896	1,276	310	10,482	(6,918)	(17)	553	(6,382)	1,978	4,100	113,170
Wastewater	–	6,331	–	322	6,653	(5,263)	–	206	(5,057)	1,068	1,596	91,725
Waste management	350	8,092	–	–	8,442	(4,916)	(579)	1,091	(4,404)	3,526	4,038	7,954
Total	10,706	55,144	7,845	4,700	78,395	(62,402)	(853)	–	(63,255)	3,448	15,140	729,883

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Revenue

\$ '000	2023	2022
(a) Rates, levies and charges		
Rates, levies and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.		
General rates	28,631	26,650
Water	9,493	8,665
Sewerage	6,750	6,206
Waste collection	7,507	7,130
Special rates - Rural Fire	80	79
Total rates and utility charge revenue	52,461	48,730
Less: discounts	(1,229)	(1,153)
Less: pensioner remissions	(612)	(602)
Less: other remissions	(51)	(62)
Total rates, levies and charges	50,569	46,913

(b) Fees and charges

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

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

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

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

\$ '000	2023	2022
Application fees	391	453
Building and plumbing application fees	307	339
Caravan parks	1,005	987
Cemetery fees and services	366	284
Infringements	15	9
Licences and registrations	248	195
Searches & Inspections	153	201
Trade waste	122	113
Other fees and charges	612	674
Total fees and charges	3,219	3,255

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Revenue (continued)

(c) Sales revenue

Sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises of a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at the year end. Contract work carried out is not subject to retentions.

\$ '000	2023	2022
Rendering of services		
Contract and recoverable works	3,046	2,471
Total sale of services	3,046	2,471
Sale of goods		
Visitor Centres, Libraries, Nursery, Transfer Stations, including Land held for Sale	608	977
Total sale of goods	608	977
Total sales revenue	3,654	3,448

(d) Grants, subsidies, contributions and donations**Grant income under AASB 15**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Performance obligations vary in each agreement but include events such as continuous employment of trainees and training provided to seniors. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time the asset is received.

Capital grants

Where Council receive funding under an enforceable contract to acquire or construct an item of property, plant or equipment to identified specifications which will be under Council's control on completion, revenue is recognised as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred.

Donations and contributions

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the council.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Revenue (continued)

Donations and contributions are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Physical assets contributed to council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when Council obtains control of the asset and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

\$ '000	2023	2022
(i) Operating		
General purpose grants	7,095	8,531
State government subsidies and grants	1,922	1,846
Commonwealth government subsidies and grants	114	328
Contributions	27	(6)
Donations	9	7
Total recurrent grants, subsidies, contributions and donations	9,167	10,706

\$ '000	2023	2022
(ii) Capital		
Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.		
State government subsidies and grants	4,802	4,036
Commonwealth government subsidies and grants	444	3,809
Contributions	948	2,945
Donated assets	1,435	1,755
	7,629	12,545
Total capital grants, subsidies, contributions and donations	7,629	12,545

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

\$ '000	2023		2022	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grants and subsidies	7,824	6,553	9,390	9,159
Contributions	975	–	2,940	–
Donations	1,444	–	1,762	–
	10,243	6,553	14,092	9,159

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Interest and other income

\$ '000	2023	2022
(a) Interest received		
Interest received from bank and term deposits is accrued over the term of the investment.		
Interest received from term deposits	168	40
Interest received from financial institutions	1,636	271
Interest from overdue rates and utility charges	144	136
Total interest received	1,948	447
(b) Other income		
Sundry revenue received is from various sources such as minor event sales, request for information applications, refunds from vehicle registrations being cancelled, reimbursement of costs or training from employees, customers or other councils.		
Sundry Revenue	52	227
Insurance Recoveries	277	6
Legal Recoveries	67	50
Total other income	396	283

Note 5. Employee benefits

\$ '000	Notes	2023	2022
Employee benefit expenses are recorded when the service has been provided by the employee.			
Wages and salaries		18,317	17,738
Councillors remuneration		570	565
Termination Benefits		149	13
Superannuation	24	2,534	2,455
		21,570	20,771
Other employee related expenses		5,358	5,350
		26,928	26,121
Less: capitalised employee expenses		(1,324)	(983)
Total Employee benefits		25,604	25,138

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

	2023	2022
	Number	Number

Additional information:

Total Council employees at the reporting date:

Elected members	7	7
Administration staff	174	160
Depot and outdoors staff	131	144
Total full time equivalent employees	312	311

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Materials and services

\$ '000	2023	2022
Expenses are recorded on an accruals basis as Council receives the goods or services.		
Advertising and marketing	63	47
Audit of annual financial statements by the Auditor-General of Queensland	149	141
Cleaning	696	632
Contractors	9,260	7,923
Electricity	1,771	1,668
Fuels and oils	1,111	881
Goods, materials and services	5,967	4,806
Grants, sponsorships and donations	136	124
Hire of plant and equipment	1,181	411
Insurance	1,463	1,390
Legal/professional/consultancy services	755	593
Licences, fees, subscriptions and memberships	530	1,634
Repairs and maintenance	581	593
Road materials	301	167
Stationery, printing and copying	132	129
Telephone and internet	383	385
Total materials and services	24,479	21,524

Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements are \$149,200 (2022: \$155,165).

Note 7. Finance costs

\$ '000	2023	2022
Finance costs charged by the Queensland Treasury Corporation	265	287
Bank charges	155	155
Impairment of receivables	132	98
Unwinding of discount on provisions for restoration	133	18
Total finance costs	685	558

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Capital expenses

\$ '000		2023	2022
(a) Loss on disposal of non-current assets			
Proceeds from the disposal of property, plant and equipment		253	723
Less: Carrying value of disposed property, plant and equipment		(977)	(997)
		<u>724</u>	<u>274</u>
Loss on disposal of non-current assets		<u>724</u>	<u>274</u>
(b) Provision for restoration of land			
Increase (decrease) in refuse restoration provision estimates	19	(93)	579
		<u>(93)</u>	<u>579</u>
Total capital expenses		<u>631</u>	<u>853</u>

Note 9. Cash, cash equivalents and financial assets

\$ '000		2023	2022
Cash and cash equivalents in the statement of cash flows include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.			
Cash and cash equivalents			
Cash at bank and on hand		1,970	1,492
Deposits at call		60,465	47,140
Balance per Statement of Financial Position		<u>62,435</u>	<u>48,632</u>
Balance per Statement of Cashflows		<u>62,435</u>	<u>48,632</u>
Financial assets - current			
Term deposits		–	12,000
Total current financial assets		<u>–</u>	<u>12,000</u>
Total financial assets		<u>–</u>	<u>12,000</u>

Restricted and internally allocated cash and cash equivalents

Council is exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio investing in a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", the likelihood of the counterparty not having capacity to meet its financial commitments is low.

Cash and cash equivalents		62,435	48,632
Less: externally imposed restrictions on cash		(22,169)	(25,157)
Unrestricted cash		<u>40,266</u>	<u>23,475</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Cash, cash equivalents and financial assets (continued)

\$ '000	2023	2022
Council's cash and cash equivalents are subject to a number of internal allocations and external restrictions that limit amounts available for discretionary or future use. These include:		
(i) Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent government grants and subsidies	1,503	5,636
Unspent developer contributions	16,737	15,638
Waste levy rebate received in advance	3,929	3,883
Total externally imposed restrictions on cash assets	22,169	25,157

(ii) Internal allocations of cash at the reporting date:

Internal allocations of cash may be lifted by a Council with a resolution.

Future capital works	19,059	18,389
Future non-capital works	2,596	7,396
Total internally allocated cash	21,655	25,785

Cash and deposits at call are held in various financial institutions in term deposits and business cheque accounts. These financial institutions have a short term credit rating of A1+ and long term rating of A+ to A2.

Trust Funds

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, security deposits lodged to guarantee performance, external funds held for specific purposes and bursaries.

The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements since Council has no control over the assets.

Trust funds held for outside parties

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities

1,963	1,219
1,963	1,219

Note 10. Receivables

Receivables, loans and advances are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after the invoice is issued. Terms for loans and advances are usually a maximum of five years with interest charged at non-commercial rates. Security is not normally obtained.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

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

Interest is charged on outstanding rates (8.03% per annum from 1 July 2022, previously 8.53% per annum). No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Receivables (continued)

\$ '000	2023	2022
Current		
Rates and charges	2,694	2,317
Prepaid expenses	1,383	516
Sundry debtors	3,009	1,936
Loans and advances to community organisations	–	1
Total	7,086	4,770
Less: Loss Allowance	(170)	(93)
Total current receivables	6,916	4,677

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

When council has no reasonable expectation of recovering an amount owed by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified two distinctive groupings of its receivables: Rates and charges, and Sundry debtors.

Note 11. Inventories

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

Inventories held for distribution are:

- goods to be supplied at no or nominal, charge, and
- goods to be used for the provision of services at no or nominal, charge.

These goods are valued at cost, adjusted, when applicable, for any loss of service potential.

\$ '000	2023	2022
Current Inventories		
(a) Inventories held for distribution		
Plant and equipment stores	591	485
	591	485
Total current inventories	591	485

Notes to the Financial Statements

for the year ended 30 June 2023

Note 12. Non-current assets Held for Sale

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

At council meetings of the 29th October 2020 and 23 March 2023, Council decided to sell freehold land. The fair value of the land was determined using the sales comparison approach. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. The land is categorised as a level 2 valuation. Disposal costs were estimated based on commission rates charged by the real estate agents that have been engaged and legal costs quoted by council's solicitors.

\$ '000	2023	2022
(i) Non-current assets and disposal group assets		
Non-current assets held for sale		
Land	679	489
<u>Total non-current assets held for sale</u>	<u>679</u>	<u>489</u>

Notes to the Financial Statements
for the year ended 30 June 2023

Note 13. Property, plant and equipment

\$ '000	Work in progress	Land	Buildings	Plant and equipment	Road, drainage and bridge network		Water	Sewerage	Other infrastructure assets	Total
					Cost	Fair Value				
		Fair Value Level 2 & 3	Fair Value Level 2 & 3		Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	Fair Value Level 3	
2023										
Measurement basis	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Fair value category		Level 2 & 3	Level 2 & 3		Level 3	Level 3	Level 3	Level 3	Level 3	
Opening gross balance	20,190	21,928	142,152	24,341	500,405	163,046	105,729	4,324	982,115	
Additions	22,863	–	–	–	–	–	–	–	22,863	
Disposals	–	–	(90)	(1,600)	(376)	(8)	(258)	–	(2,332)	
Revaluation adjustments to equity (ARS)	–	4,371	17,059	–	39,061	12,710	7,694	256	81,151	
Work in progress transfers	(18,235)	–	651	2,131	6,877	7,463	855	45	(213)	
Transfers to Non-Current Assets held for sale	–	–	(987)	–	–	–	–	–	(987)	
Total gross value of property, plant and equipment	24,818	26,299	158,785	24,872	545,967	183,212	114,020	4,625	1,082,598	
Opening accumulated depreciation and impairment	–	–	77,569	12,650	130,172	67,933	30,223	1,396	319,943	
Depreciation expense	–	–	3,488	1,663	8,997	2,302	1,785	110	18,345	
Depreciation on disposals	–	–	(79)	(974)	(141)	(8)	(167)	–	(1,369)	
Revaluation adjustments to equity (ARS)	–	–	6,325	–	11,015	5,236	2,211	70	24,857	
Transfers from/(to) held for sale category	–	–	(796)	–	–	–	–	–	(796)	
Adjustments and other transfers	–	–	39	30	68	15	–	2	154	
Total accumulated depreciation and impairment property, plant and equipment	–	–	86,546	13,369	150,111	75,478	34,052	1,578	361,134	
Total net book value of property, plant and equipment	24,818	26,299	72,239	11,503	395,856	107,734	79,968	3,047	721,464	
Other information										
Residual value	–	–	–	3,776	–	–	–	–	3,776	
Range of estimated useful life (years)		Unlimited Life	10-150	3-100	5-unlimited	15-300	10-150	15-100		
*Asset additions comprise										
Asset renewals	10	–	608	2,024	6,803	483	435	–	10,363	
Other additions	1	–	709	197	8,746	779	2,357	1,466	14,255	
Total asset additions	11	–	1,317	2,221	15,549	1,262	2,792	1,466	24,618	

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Property, plant and equipment (continued)

\$ '000	Work in progress	Land	Buildings	Plant and equipment	Road, drainage and bridge network		Water	Sewerage	Other infrastructure assets	Total
					Cost	Fair Value				
2022										
Measurement basis	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Fair value category		Level 2 & 3	Level 2 & 3		Level 3	Level 3	Level 3	Level 3	Level 3	
Opening gross balance	9,448	21,940	128,718	23,773	425,014	140,609	93,038	3,584	846,124	
Additions	24,206	–	–	–	–	–	–	–	24,206	
Disposals	–	–	(681)	(1,767)	(2,169)	(26)	–	(64)	(4,707)	
Revaluation adjustments to equity (ARS)	–	–	12,965	–	68,411	21,904	12,267	363	115,910	
Work in progress transfers	(13,999)	–	1,150	2,335	9,090	559	424	441	–	
Transfers to Non-Current Assets held for sale	–	(12)	–	–	–	–	–	–	(12)	
Transfers to Intangible Assets	(45)	–	–	–	–	–	–	–	(45)	
Adjustments and other transfers	580	–	–	–	59	–	–	–	639	
Total gross value of property, plant and equipment	20,190	21,928	142,152	24,341	500,405	163,046	105,729	4,324	982,115	
Opening accumulated depreciation and impairment	–	–	67,774	12,337	105,955	60,358	25,580	1,177	273,181	
Depreciation expense	–	–	3,235	1,827	6,298	1,926	1,658	112	15,056	
Depreciation on disposals	–	–	(480)	(1,514)	(1,531)	(9)	–	(18)	(3,552)	
Revaluation adjustments to equity (ARS)	–	–	7,040	–	19,450	5,658	2,985	125	35,258	
Total accumulated depreciation and impairment property, plant and equipment	–	–	77,569	12,650	130,172	67,933	30,223	1,396	319,943	
Total net book value of property, plant and equipment	20,190	21,928	64,583	11,691	370,233	95,113	75,506	2,928	662,172	
Other information										
Residual value	–	–	–	3,143	–	–	–	–	3,143	
Range of estimated useful life (years)		Unlimited life	10-150	3-100	10-unlimited	15-300	5-150	20-80		
*Asset additions comprise										
Asset renewals	–	–	115	216	8,934	384	586	225	10,460	
Other additions	(473)	–	331	2,188	3,304	4,539	122	1,980	11,991	
Total asset additions	(473)	–	446	2,404	12,238	4,923	708	2,205	22,451	

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Property, plant and equipment (continued)

(a) Recognition

Purchase of property, plant and equipment are recognised as assets unless they are below the asset recognition threshold of \$5,000 or maintenance expenditure.

Individual assets valued below the asset recognition threshold are recognised as an asset if connected to a larger network, for example road segments.

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

(b) Measurement

Property plant and equipment assets are initially recorded at cost. Subsequently, each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss.

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions or for significantly less than fair value are initially recognised at their fair value.

When Council raises a provision for the restoration of a Council-controlled site, such as a landfill site, the provision is initially recognised against property, plant and equipment. Subsequent changes in the provision relating to the discount rate or the estimated amount or timing of restoration costs are recognised against asset revaluation surplus.

(c) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use.

Land, work in progress, certain cultural and heritage assets with heritage listing, road formations and formation work associated with the construction of dams, levee banks and reservoirs are not depreciated.

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

The useful life of leasehold improvements is the shorter of the useful life of the asset or the remaining life of the lease.

Where assets have separately identifiable components, these components have separately assigned useful lives.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions.

(d) Impairment

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

(e) Valuation

Council considers the carrying amount of its property, plant and equipment on an annual basis compared to fair value and makes adjustment where these are materially different. Every 5 years, council performs a full comprehensive revaluation by engaging an external professionally qualified valuer.

In the intervening years, Council uses internal officers to assess the condition and cost assumption associated with all asset classes carried at fair value. The results of which are considered in combination with an appropriate Producers' Price Index

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Property, plant and equipment (continued)

published by the Australian Bureau of Statistics. Together these are used to form the basis of a management valuation for asset classes in each of the intervening years.

Revaluation increases are recognised in the asset revaluation surplus unless they are reversing a previous decrease which was taken through the statement of comprehensive income, in that case the increase is taken to the statement of comprehensive income to the extent of the previous decrease.

Revaluation decreases are recognised in the asset revaluation surplus, where there is sufficient amount available in the asset revaluation surplus to that asset class. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income. Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate. Both water and sewerage asset classes are classified for valuation purposes into above ground and below ground asset groups. Above ground assets have a different methodology for valuations to below ground assets. In addition, the road, drainage and bridge asset class have varying valuation methodologies and techniques. Based on these asset sub-class classifications, comprehensive revaluations are undertaken on a rolling basis at least once every five years but not necessarily in the same reporting period. Annual assessments are undertaken to ensure fair value materially reflects the carrying values at balance date for these asset classes.

Fair values are classified into three levels as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly,

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Council's policy for determining transfers between fair value hierarchies is at the end of the reporting period. There were no transfers between levels of hierarchy during the year.

Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as Level 1.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Property, plant and equipment (continued)

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

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index used for review	Indexation revaluation adjustment made
Land (level 2) '000 2023: \$12,776 2022: \$9,566	Market value	31/03/2023	Australis Asset Advisory Group	Analysis of price movements in local property market, registered sales, discussions with agents and current property listings	Nil	Comprehensively Revalued therefore no indexation was performed.
Land (level 3) '000 2023: \$13,524 2022: \$12,362	Market value	31/03/2023	Australis Asset Advisory Group	Lack of directly comparable sales evidence was available, adjustment required between sales evidence and asset.	Nil	Comprehensively Revalued therefore no indexation was performed.
Buildings (level 2) '000 2023: \$3,527 2022: \$2,418	Market value	31/03/2023	Australis Asset Advisory Group	Available market data, agent advised lease agreements or registered lease transaction and property listings, functionality, physical condition	Nil	Comprehensively Revalued therefore no indexation was performed.
Buildings (level 3) '000 2023: \$68,713 2022: \$62,151	Current replacement cost	31/03/2023	Australis Asset Advisory Group	Cost of modern equivalent asset with similar service potential - Construction cost guides, available market data for current construction projects, functionality, physical condition.	Nil	Comprehensively Revalued therefore no indexation was performed.
Road network (level 3)	Current replacement cost	30/06/2022	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation of 6.785% was made, measurement of index was comparing indices from June 2022 to June 2023.
Bridge network (level 3)	Current replacement cost	30/06/2020	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation of 10.046% was made, measurement of index was comparing indices from June 2020 to June 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Property, plant and equipment (continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index used for review	Indexation revaluation adjustment made
Drainage network (level 3)	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation of 15.486% was made, measurement of index was comparing indices from June 2021 to June 2023.
Water infrastructure (level 3) - above ground	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation of 8.743% was made, measurement of index was comparing indices from June 2021 to June 2023.
Water infrastructure (level 3) - below ground	Current replacement cost	30/06/2022	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation of 6.785% was made, measurement of index was comparing indices from June 2022 to June 2023.
Sewerage infrastructure (level 3) - above ground	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation of 8.743% was made, measurement of index was comparing indices from June 2021 to June 2023.
Sewerage infrastructure (level 3) - below ground	Current replacement cost	30/06/2022	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Road and Bridge Construction Queensland"	Indexation of 6.785% was made, measurement of index was comparing indices from June 2022 to June 2023.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Property, plant and equipment (continued)

Asset class and fair value hierarchy	Valuation approach	Last comprehensive valuation date	Valuer engaged	Key assumptions and estimates (related data sources)	Index used for review	Indexation revaluation adjustment made
Other infrastructure assets (level 3)	Current replacement cost	31/03/2021	Australis Asset Advisory Group	Construction cost guides, available market data, current construction projects, physical condition	ABS Producers' Price Index "Non-residential Building Construction Queensland"	Indexation of 5.855% was made, measurement of index was comparing indices from June 2021 to June 2023.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 14. Intangible assets

\$ '000	2023	2022
Intangible assets with a cost or other value exceeding \$5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.		
Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.		
Costs incurred in configuring or customising Software-as-a-Service ("SaaS") arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangements to significantly customise the cloud-based software for the group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.		
Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.		
Intangible assets are as follows:		
Software		
Opening gross carrying value	941	941
Additions	–	45
Disposals	(49)	(45)
Closing gross carrying value	<u>892</u>	<u>941</u>
Opening accumulated amortisation and impairment	(712)	(631)
Amortisation charges	(83)	(126)
Accumulated amortisation charges written off	35	45
Closing accumulated amortisation and impairment	<u>(760)</u>	<u>(712)</u>
Total intangible assets - net book value ¹	<u>132</u>	<u>229</u>

(1) Software is amortised on a straight line basis over an estimated life of 10 years.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 15. Contract balances

Contract assets represents the excess of costs incurred in relation to a contract with the customer or construction of an asset over the amounts that council has invoiced the customer or the grantor. Where Council has invoiced the customer or the grantor amounts in excess of what it has incurred in relation to a contract or in constructing an asset, this gives rise to a contract liability.

\$ '000	2023	2022
(a) Contract assets		
Current		
Contract assets	341	1,199
Total current contract assets	341	1,199
(b) Contract liabilities		
Current		
Grants		
Funds received upfront to construct Council controlled assets	–	1,182
Funds received in advance of services provided	5	120
Total grants	5	1,302
Other services		
Deposits received in advance of services provided	179	108
Total other services	179	108
Total current contract liabilities	184	1,410
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Funds to construct Council controlled assets	1,182	–
Funds received in advance of services provided	120	120
Deposits received in advance of services provided	52	45

Satisfaction of contract liabilities

The contract liabilities in relation to capital grants relate to funding received prior to the work being performed since revenue is recognised as Council constructs the assets or performs the service. Council expects to recognise the contract liability as income in the next 2 years.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 16. Leases

Council as a lessee

Council currently has no leases that are considered material leases as a lessee.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for short-term leases (i.e., leases with a term of less than or equal to 12 months). Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components, then the non-lease components are accounted for in accordance with *AASB 15 Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term.

\$ '000	2023	2022
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Operating leases

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to property owned by Council in the statement of financial position.

The assets are included in the Statement of Financial Position as property, plant and equipment because the rental is incidental or the asset is held to meet Council's service delivery objectives (refer note 13). Rent from other property is recognised as income on a periodic straight line over the lease term.

Assets classified as property, plant and equipment:

Other property	1,024	798
Total operating lease income (rental income)	1,024	798

There is nil unearned finance income, unguaranteed residual values accruing to the benefit of Council, accumulated allowance for uncollectible minimum lease payments receivable or contingent rents recognised as income applicable to the leases.

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal. The Council does not have any contractual obligations to purchase, construct or develop investment property

The minimum lease receipts are as follows:

Not later than one year	137	197
Between one and two years	85	173
Between two and three years	80	121
Between three and four years	78	115
Between four and five years	76	104
Later than five years	1,769	1,788
Total lease receipts	2,225	2,498

Notes to the Financial Statements

for the year ended 30 June 2023

Note 17. Payables

\$ '000	2023	2022
Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.		
Liabilities are recognised for employee benefits such as wages and salaries, sick and annual leave in respect of services provided by the employees up to the reporting date.		
Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. Annual leave liability represents an accrued expense. As Council does not have an unconditional right to defer this liability beyond 12 months, annual leave is classified as a current liability.		
Current		
Creditors	3,141	2,372
Prepaid rates	1,772	1,560
Accrued expenses	3,867	4,158
Accrued wages and salaries	858	494
Annual Leave	2,276	2,506
Other employee entitlements	134	180
Total current payables	12,048	11,270

Note 18. Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

All borrowings are in \$A denominated amounts and interest is expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 15 March 2024 to 15 March 2037. There have been no defaults or breaches of the loan agreement during the period.

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

\$ '000	2023	2022
Current		
Loans - Queensland Treasury Corporation	436	415
Total current borrowings	436	415
Non-current		
Loans - Queensland Treasury Corporation	4,431	4,866
Total non-current borrowings	4,431	4,866

Reconciliation of Loan Movements for the year

Loans - Queensland Treasury Corporation

Opening balance at beginning of financial year	5,281	5,672
Principal repayments	(414)	(391)
Book value at end of financial year	4,867	5,281

Notes to the Financial Statements

for the year ended 30 June 2023

Note 18. Borrowings (continued)

The QTC loan market value at the reporting date was \$4,892,000. This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland Government. There have been no defaults or breaches of the loan agreement during the 2023 or 2022 financial years.

Note 19. Provisions

Long service leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months, long service leave is classified as a current liability.

Refuse dump restoration and quarry rehabilitation

A provision is made for the cost of restoring refuse dumps and quarries where it is probable the Council will have an obligation to rehabilitate the site when the use of the facilities is complete.

The provision for refuse restoration is calculated as the present value of anticipated future costs associated with the closure of the dump sites, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for dump sites is reviewed at least annually and updated based on the facts and circumstances available at the time.

As refuse dumps are on state reserves / DOGIT land which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

The provision for quarry rehabilitation represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provision recognised for quarry rehabilitation is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the restoration will occur in 2039.

As quarries are on state reserves / DOGIT land which the Council does not control, the provision for restoration is treated as an expense in the year the provision is first recognised. Changes in the provision are treated as an expense or income.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 19. Provisions (continued)

\$ '000	2023	2022
Current		
Long service leave	1,767	1,904
Total current provisions	1,767	1,904
Non-current		
Long service leave	497	499
Quarry rehabilitation	299	185
Refuse restoration	7,945	8,163
Total non-current provisions	8,741	8,847

Details of movements in provisions

Refuse restoration

Balance at beginning of financial year	8,163	7,821
Change in provision	(129)	427
Amounts used	(95)	(97)
Increase in provision - Council controlled land	12	13
Decrease in provision - other land not Council controlled	(6)	(1)
Balance at end of financial year	7,945	8,163

Refuse restoration

This is the present value of the estimated cost of restoring the refuse disposal sites to a useable state at the end of their useful lives.

Note 20. Other liabilities

\$ '000	2023	2022
Current		
Waste levy refund received in advance	945	945
Total current other liabilities	945	945
Non-current		
Waste levy refund received in advance	2,984	2,938
Total non-current other liabilities	2,984	2,938

Council is liable to the State for payment of the Waste Levy on most forms of commercial and household waste delivered to its disposal sites since 1 July 2021.

The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2021.

The State government made an advance payment to Council in June 2022 to mitigate the impacts on households for 2023-26 of the State Waste Levy. As the receipt from the State in June 2022 is for a refund of Council's 2023-26 Levy expense, the amount relating to future financial years is recognised as a liability at 30 June 2023.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 21. Asset revaluation surplus

The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets as per Note 13 - Property, plant and equipment, (e) Valuation.

Note 22. Commitments for expenditure

\$ '000	2023	2022
(a) Contractual commitments (exclusive of GST)		
Contractual commitments at end of financial year but not recognised in the financial statements are as follows:		
Contracts for general operations ¹	1,383	2,996
Water operational contracts	–	21
Wastewater operational contracts	51	86
Waste operational contracts	1,162	4,293
	2,596	7,396

(1) General operations include cleaning and facility services, community pool and library services, and other asset management/maintenance services.

(b) Capital commitments (exclusive of GST)

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:

Property, plant and equipment

Road, drainage and bridge network	3,875	6,701
Water infrastructure	14,984	338
Wastewater infrastructure	33	73
Waste infrastructure	167	–
Other	–	506

Total commitments

19,059	7,618
---------------	--------------

These expenditures are payable as follows:

Within the next year	19,059	7,618
Total payable	19,059	7,618

Note 23. Contingent liabilities

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

Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2022 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Contingent liabilities (continued)

debts which may remain should the self insurance licence be cancelled and there were insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$689,968.

Note 24. Superannuation - regional defined benefit fund

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

The scheme is a pooled defined benefit plan, and it is not in accordance with the deed to allocate obligations, plan assets and costs at the council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of the Council.

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represent the value of benefit entitlements should all participating employee voluntarily exit the scheme. The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is not due until 1 July 2024.

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

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

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

\$ '000	Notes	2023	2022
Superannuation contributions made to the Regional Defined Benefits Fund		33	65
Other superannuation contributions for employees		2,501	2,390
Total superannuation contributions paid by Council for employees	5	2,534	2,455

Notes to the Financial Statements

for the year ended 30 June 2023

Note 25. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

\$ '000	2023	2022
Net operating result from statement of comprehensive income	<u>7,779</u>	<u>15,140</u>
Non-cash items		
Depreciation and amortisation	18,428	15,182
Changes in equity	<u>(339)</u>	<u>278</u>
	<u>18,089</u>	<u>15,460</u>
Losses/(gains) recognised on fair value re-measurements through the income		
Unwinding of discount rates on restoration provisions	<u>(93)</u>	<u>579</u>
	<u>(93)</u>	<u>579</u>
Investing and development activities		
Net (profit)/loss on disposal of assets	724	274
Capital grants and contributions	<u>(7,629)</u>	<u>(12,545)</u>
	<u>(6,905)</u>	<u>(12,271)</u>
Changes in operating assets and liabilities:		
Increase in receivables	(2,316)	(296)
Increase/(decrease) in provision for doubtful debts	77	(133)
(Increase)/decrease in inventories	(106)	207
Decrease in contract assets	858	351
Increase/(decrease) in payables	769	(326)
Increase/(decrease) in contract liabilities	(1,226)	1,241
Increase/(decrease) in employee leave entitlements	(139)	53
Decrease in other provisions	(11)	(301)
Increase in other liabilities	<u>55</u>	<u>5,962</u>
	<u>(2,039)</u>	<u>6,758</u>
Net cash provided from operating activities from the statement of cash flows	<u>16,831</u>	<u>25,666</u>

Note 26. Reconciliation of liabilities arising from finance activities

\$ '000	as at 30/06/22		Change in accounting policy	Cashflows	Non-cash changes	as at 30/06/23	
	Opening Balance	Closing balance					
Borrowings	5,281	—	(414)	—	4,867		
	<u>5,281</u>	<u>—</u>	<u>(414)</u>	<u>—</u>	<u>4,867</u>		
\$ '000	as at 30/06/21		Change in accounting policy	Cashflows	Non-cash changes	as at 30/06/22	
	Opening Balance	Closing balance					
Borrowings	5,672	—	(391)	—	5,281		
	<u>5,672</u>	<u>—</u>	<u>(391)</u>	<u>—</u>	<u>5,281</u>		

Notes to the Financial Statements

for the year ended 30 June 2023

Note 27. Correction of error

Nature of prior-period error

During the year ended 30 June 2023 it was identified that Council had erroneously recorded donated assets totalling \$1,755,230 as at 30 June 2023, that should have been taken up at 30 June 2022. This related to capital revenue and non-current assets which resulted in an understatement of total assets and total income as at 30 June 2022.

The error has been corrected by restating each of the affected financial statement line items in the prior period as presented below. There was no impact on the Statement of Cash Flows at 30 June 2022.

Adjustments to the comparative figures for the year ended 30 June 2022**Statement of Financial Position**

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Property, plant and equipment	660,417	1,755	662,172
Total assets	728,128	1,755	729,883
Retained surplus	474,426	1,755	476,181
Total community equity	695,533	1,755	697,288
Capital grants, subsidies, contributions and donations	10,790	1,755	12,545
Total income	76,640	1,755	78,395
Net result	13,385	1,755	15,140

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Financial instruments and financial risk management

(a) Financial assets and financial liabilities

Council has exposure to the following risks arising from financial instruments; **(i)** credit risk, **(ii)** liquidity risk, and **(iii)** market risk.

Financial risk management

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

Council's audit, risk and improvement committee approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

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

Council does not enter into derivatives.

Credit risk

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

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

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

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

Cash and cash equivalents

The Council may be exposed to credit risk through its investments in the QTC Cash Fund. 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 financial assets

Other investments are held with financial institutions, which are have a short term credit rating of A1+ and long term rating of A+ to A2 based on rating agency Standard & Poor's ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

Receivables

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

In other cases, the Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk.

By the nature of the Councils operations, there is a geographical concentration of risk in the Council's area. Because the area is largely agricultural, there is also a concentration in the agricultural sector.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Financial instruments and financial risk management (continued)

The Council does not require collateral in respect of trade and other receivables.

The exposure to credit risk for trade receivables by type of counterparty was as follows:

\$ '000	2023	2022
Rates and utility charges	2,694	2,317
State and Commonwealth Government	524	1,077
Sundry Debtors	2,273	786
Interest	212	74
Total	5,703	4,254

Liquidity risk

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

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

Exposure to liquidity risk

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

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in note 9.

The following table sets out the liquidity risk in relation to financial liabilities held by Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period.

\$ '000	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2023					
Payables	7,866	2,409	–	10,275	10,276
Loans - QTC	676	2,676	2,773	6,125	4,867
	8,542	5,085	2,773	16,400	15,143
2022					
Payables	7,024	2,686	–	9,710	9,710
Loans - QTC	677	2,690	3,435	6,802	5,281
	7,701	5,376	3,435	16,512	14,991

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

Market risk

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

Interest rate risk

The Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury and other financial institutions.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Financial instruments and financial risk management (continued)

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

Sensitivity

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

\$ '000	Net carrying amount	Net result		Equity		
		1% increase	1% decrease	1% increase	1% decrease	
2023						
QTC cash fund	60,465	605	(605)	605	(605)	
Loans - QTC	4,867	–	–	–	–	
Net	65,332	605	(605)	605	(605)	
2022						
QTC cash fund	47,140	471	(471)	471	(471)	
Other investments - Term Deposits	12,000	–	–	–	–	
Loans - QTC	5,281	–	–	–	–	
Net	64,421	471	(471)	471	(471)	

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

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

In relation to other investments held by the Council, the following has been applied:

Term Deposits - financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. National competition policy

Business activities to which the code of competitive conduct is applied

Council applies the competitive code of conduct to the following activities: Water Services, Sewerage Services, Waste Management and Caravan Parks.

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the primary objective of the activities was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council.

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

\$ '000	Water services	Sewerage services	Waste management	Caravan parks
Revenue for services provided to the Council	224	340	125	1
Revenue for services provided to external clients	9,476	6,540	8,604	1,006
Community service obligations	-	-	-	-
	<u>9,700</u>	<u>6,880</u>	<u>8,729</u>	<u>1,007</u>
Less : expenditure	(9,248)	(6,046)	(6,865)	(1,048)
Surplus	452	834	1,864	(41)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 30. Transactions with related parties

(a) Key management personnel

Transactions with key management personnel

Key management personnel include the Mayor, Councillors, Chief Executive Officer and executive management. Council has also included any officers who acted in executive roles during the year.

\$ '000	2023	2022
The compensation paid to key management personnel comprises:		
Short-term employee benefits	1,194	1,256
Post-employment benefits	159	155
Long-term benefits	20	35
Expense Reimbursements	40	34
Total	1,413	1,480

(b) Other Related Parties

Transactions with other related parties

Other related parties include the close family members of key management personnel and any entities controlled or jointly controlled by key management personnel or their close family members. Close family members include a spouse, child and dependent of a key management personnel or their spouse.

\$ '000	Details	Amount of transactions during year	Outstanding balance (incl. commitments)
2023			
Materials and Services			
Purchase of materials and services from entities controlled by family members of key management personnel:			
	- BJS Plumbing & Civil Contracting ^a	79	-
	- Erroll Fitzgerald ^a	1,132	-
	- RPS AAP Consulting Pty Ltd ^b	20	-
	- Elmore & Staun Pty Ltd ^b	3	-
	Employee expenses of close family members of key management personnel ^c	16	-
		1,250	-
2022			
	- BJS Plumbing & Civil Contracting ^a	76	-
	- Erroll Fitzgerald ^a	1,638	-
	- Elmore & Staun Pty Ltd ^b	2	-
	- The Dam Outrigger Canoe Club ^b	1	-
	Employee expenses of close family members of key management personnel ^c	38	-
		1,755	-

(a) Construction and civil works awarded through regular tender process.

(b) Council grants, civil works or services awarded through Council's procurement and grant processes.

(c) Employment at normal conditions governed by Council EBA. There have been two close family members of key management personnel employed by Council during this year.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 30. Transactions with related parties (continued)

(c) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Tablelands Regional Council area. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include: payment of rates, use of council facilities such as swimming pools and parks, borrowing books from Council libraries, visiting Council art galleries, dog registration, etc.

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.

Financial Statements

for the year ended 30 June 2023

Management Certificate

for the year ended 30 June 2023

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- i. the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- ii. the General Purpose Financial Statements, as set out on pages 2 to 40, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Rod Marti

Mayor

25 October 2023



Gary Rinehart

Chief Executive Officer

25 October 2023

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Tablelands Regional Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Tablelands Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2023, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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 Tablelands Regional Council's annual report for the year ended 30 June 2023 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 internal control.

- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's 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 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 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.

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

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



Michael Claydon
as delegate of the Auditor-General

31 October 2023

Queensland Audit Office
Brisbane

Financial Statements

for the year ended 30 June 2023

Current Year Financial Sustainability Statement

	Actual 2023	Target
Measures of financial sustainability		
1. Operating surplus ratio		
Net result (excluding capital items) ¹		
Total operating revenue (excluding capital items) ²	1.12%	0% - 10%
An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.		
2. Asset sustainability ratio		
Capital expenditure on the replacement of assets (renewals) ³		
Depreciation expense	49.99%	> 90.00%
An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.		
3. Net financial liabilities ratio		
Total liabilities less current assets		
Total operating revenue (excluding capital items) ²	(56.34)%	< 60.00%
An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.		

(1) Includes only recurrent revenue and recurrent expenditure disclosed in the statement of comprehensive income. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties, and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.

(2) Includes only recurrent revenue disclosed in the statement of comprehensive income. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties.

(3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Such expenditure is required periodically to reinstate existing service potential, and may reduce operating and maintenance costs. Capital works-in-progress and non-cash contributions in relation to existing assets are also included in this expenditure.

Note 1 - basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2023.

Financial Statements

for the year ended 30 June 2023

Certificate of Accuracy

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

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



Rod Marti

Mayor

25 October 2023



Gary Rinehart

Chief Executive Officer

25 October 2023

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Tablelands Regional Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Tablelands Regional Council for the year ended 30 June 2023, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Tablelands Regional Council for the year ended 30 June 2023 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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 Tableland Regional Council's annual report for the year ended 30 June 2023 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



31 October 2023

Michael Claydon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Financial Statements

for the year ended 30 June 2023

Unaudited Long Term Financial Sustainability Statement

	Target	Actual 2023	2024	2025	2026	2027	Forecast					
							2028	2029	2030	2031	2032	2033

Measures of financial sustainability

1. Operating surplus ratio

Net result (excluding capital items) ¹												
<u>Total operating revenue (excluding capital items) ²</u>	0% - 10%	1.12%	0.00%	0.20%	1.40%	1.10%	1.40%	1.70%	1.70%	1.80%	2.70%	2.40%

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset sustainability ratio

Capital expenditure on the replacement of assets (renewals) ³												
<u>Depreciation expense</u>	> 90.00%	49.99%	84.30%	82.20%	75.40%	74.80%	73.50%	73.80%	67.60%	57.00%	116.00%	70.60%

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net financial liabilities ratio

Total liabilities less current assets												
<u>Total operating revenue (excluding capital items) ²</u>	< 60.00%	(56.34)%	(40.00)%	(40.00)%	(40.00)%	(40.00)%	(50.00)%	(40.00)%	(40.00)%	(50.00)%	(50.00)%	(60.00)%

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

(1) Includes only recurrent revenue and recurrent expenditure disclosed in the statement of comprehensive income. Excludes capital revenue grants, contributions, donations and subsidies received for capital acquisitions, capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties, and any capital expenditure such as write-off of assets, movements in provisions for restoration and rehabilitation and revaluation decrements that hit the statement of comprehensive income.

(2) Includes only recurrent revenue disclosed in the statement of comprehensive income. Excludes capital revenue grants, contributions donations and subsidies received for capital acquisitions. Also excludes any capital income items such as profit from the sale of: property, plant and equipment, financial assets, real estate and investment properties.

(3) Asset renewals are defined as expenditure on existing assets to return the assets to their original service potential (or useful life) while satisfying current construction and required standards. Such expenditure is required periodically to reinstate existing service potential, and may reduce operating and maintenance costs. Capital works-in-progress and non-cash contributions in relation to existing assets are also included in this expenditure.

Financial Statements

for the year ended 30 June 2023

Tablelands Regional Council Financial Management Strategy

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

The above three sustainability indicators have been set to help monitor the long-term sustainability of all councils across Queensland. Throughout the financial year, these indicators are calculated and reported on a monthly basis at Council meetings, as part of a full suite of financial reports. Should there be any deviation outside these parameters, the executive management and Council will be fully informed and may take corrective action as required.

The table above summarises how we performed against the financial indicators. In summary, we are on target with all indicators and have performed strongly in our ability to generate cash from day-to-day operations, meeting all financial commitments in the financial year, and keeping debt to conservative and manageable levels. This was achieved while maintaining community services and making ongoing investment in community infrastructure.

Financial Statements

for the year ended 30 June 2023

Certificate of Accuracy - Long Term Financial Sustainability Statement

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

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



Rod Marti

Mayor

25 October 2023



Gary Rinehart

Chief Executive Officer

25 October 2023