

Logan City Council (Consolidated)

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2022

Building Our Communities, Our Businesses and Our Pride.



Contents	Page
Primary Financial Statements	
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	6
Notes to the Financial Statements	7
Management Certificate	52
Independent Auditor's Report (still to be inserted)	53
Current Year Financial Sustainability Statement	54
Certificate of Accuracy - Current Year Financial Sustainability Statement	55
Independent Auditor's Report - Current Year Financial Sustainability Statement	56
Unaudited Long Term Financial Sustainability Statement	57
Certificate of Accuracy - Long Term Financial Sustainability Statement	59

Logan City Council (Consolidated)
Statement of Comprehensive Income
for the year ended 30 June 2022

Financial Statements 2022

\$ '000	Notes	Consolidated		Council Only	
		2022	2021	2022	2021
Income					
Revenue					
Recurrent revenue					
Rates, levies and charges	3a	505,885	482,269	505,938	482,314
Fees and charges	3b	47,890	42,374	47,666	42,230
Sales revenue	3c	15,729	14,006	15,726	14,003
Grants, subsidies, contributions and donations	3d	22,290	19,176	22,290	19,176
Total recurrent revenue		591,794	557,825	591,620	557,723
Capital revenue					
Grants, subsidies, contributions and donations	3d	23,084	23,759	23,084	23,759
Infrastructure charges	8	174,305	209,879	174,305	209,885
Total capital revenue		197,389	233,638	197,389	233,644
Other income					
Interest received	4a	3,206	4,105	3,279	4,187
Profit from equity accounted investments	12	5,912	-	-	-
Other Income	4b	12,007	12,771	11,624	12,287
Capital income		700	1,268	700	1,385
Total other income		21,825	18,144	15,603	17,859
Total income		811,008	809,607	804,612	809,226
Expenses					
Recurrent expenses					
Employee benefits	5	160,587	158,273	158,989	157,044
Materials and services	6	282,388	271,295	281,558	270,733
Finance costs	7	11,494	11,740	11,483	11,720
Other expenses		976	4,890	852	4,846
Depreciation and amortisation:					
- Property, plant and equipment	13	118,765	124,712	118,398	124,349
- Intangible assets		6,318	1,900	6,318	1,900
Total recurrent expenses		580,528	572,810	577,598	570,592
Other expenses					
Capital Expenses	8	213,242	9,311	213,005	9,311
Decommissioning of infrastructure assets	8	18,962	33,764	18,962	33,764
Total other expenses		232,204	43,075	231,967	43,075
Total expenses		812,732	615,885	809,565	613,667
Operating result		(1,724)	193,722	(4,953)	195,559
Net result		(1,724)	193,722	(4,953)	195,559
Other comprehensive income					
Amounts which will not be reclassified subsequently to the operating result					
Increase / (decrease) in asset revaluation surplus	20	373,247	(599,562)	373,247	(599,562)
Total other comprehensive income for the year		373,247	(599,562)	373,247	(599,562)
Total comprehensive income for the year		371,523	(405,840)	368,294	(404,003)

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

Logan City Council (Consolidated)
Statement of Financial Position
for the year ended 30 June 2022

Financial Statements 2022

\$ '000		Consolidated		Council Only	
	Notes	2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	9	514,791	416,284	511,085	410,056
Receivables	10	34,418	46,491	36,790	42,701
Inventories		1,296	1,944	1,296	1,140
Contract assets	14	1,242	366	1,242	366
Other assets	11	48,259	47,817	48,184	47,786
Total current assets		600,006	512,902	598,597	502,049
Non-current assets					
Financial assets	9	190	190	8,356	8,356
Receivables	10	-	-	2,445	4,298
Equity accounted investments	12	-	2,267	-	-
Investment property		4,637	3,457	-	-
Property, plant and equipment	13	6,255,887	5,822,081	6,255,526	5,821,374
Intangible assets		1,994	8,288	1,994	8,288
Total non-current assets		6,262,708	5,836,283	6,268,321	5,842,316
Total Assets		6,862,714	6,349,185	6,866,918	6,344,365
Liabilities					
Current liabilities					
Payables	16	92,749	92,496	92,349	92,050
Contract liabilities	14	22,353	13,807	22,353	13,807
Borrowings	17	20,727	30,059	20,727	17,494
Lease liabilities	15	1,210	1,151	884	842
Provisions	18	22,154	24,726	22,154	24,725
Other liabilities	19	63,428	9,964	63,404	9,952
Total current liabilities		222,621	172,203	221,871	158,870
Non-current liabilities					
Contract liabilities	14	4,302	-	4,302	-
Borrowings	17	268,592	212,592	268,592	212,943
Lease liabilities	15	34,435	3,456	34,435	3,131
Provisions	18	10,253	10,470	10,253	10,470
Total non-current liabilities		317,582	226,518	317,582	226,544
Total Liabilities		540,203	398,721	539,453	385,414
Total community assets		6,322,511	5,950,464	6,327,465	5,958,951
Community equity					
Asset revaluation surplus	20	2,725,775	2,352,308	2,725,775	2,352,308
Retained surplus		3,596,736	3,598,156	3,601,690	3,606,643
Total community equity		6,322,511	5,950,464	6,327,465	5,958,951

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

Logan City Council (Consolidated)
Statement of Changes in Equity
for the year ended 30 June 2022

Financial Statements 2022

Consolidated \$ '000	Notes	Asset revaluation surplus	Retained surplus	Total equity
2022				
Balance as at 1 July		2,352,308	3,598,156	5,950,464
Net result		-	(1,724)	(1,724)
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	20	373,247	-	373,247
- Increase/(decrease) in future rehabilitation		220	-	220
Other movements		-	304	304
Other comprehensive income		373,467	304	373,771
Total comprehensive income for the year		373,467	(1,420)	372,047
Balance as at 30 June 2022		2,725,775	3,596,736	6,322,511
2021				
Balance as at 1 July		2,951,870	3,404,434	6,356,304
Net result		-	193,722	193,722
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	20	(599,697)	-	(599,697)
- Increase/(decrease) in future rehabilitation		135	-	135
Other comprehensive income		(599,562)	-	(559,562)
Total comprehensive income for the year		(599,562)	193,772	(405,840)
Balance as at 30 June 2021		2,352,308	3,598,156	5,950,464

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

Logan City Council (Council Only)
Statement of Changes in Equity
for the year ended 30 June 2022

Financial Statements 2022

Council Only \$ '000	Notes	Asset revaluation surplus	Retained surplus	Total equity
2022				
Balance as at 1 July		2,352,308	3,606,643	5,958,951
Net result		-	(4,953)	(4,953)
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	20	373,247	-	373,247
- Increase/(decrease) in future rehabilitation		220	-	220
Other comprehensive income		<u>373,467</u>	<u>-</u>	<u>373,467</u>
Total comprehensive income for the year		<u>373,467</u>	<u>(4,953)</u>	<u>368,514</u>
Balance as at 30 June 2022		<u>2,725,775</u>	<u>3,601,690</u>	<u>6,327,465</u>
2021				
Balance as at 1 July		2,951,870	3,411,084	6,362,954
Net result		-	195,559	195,559
Other comprehensive income for the year				
- Increase/(decrease) in asset revaluation surplus	20	(599,697)	-	(599,697)
- Increase/(decrease) in future rehabilitation		135	-	135
Other comprehensive income		<u>(599,562)</u>	<u>-</u>	<u>(599,562)</u>
Total comprehensive income for the year		<u>(599,562)</u>	<u>195,559</u>	<u>(404,003)</u>
Balance as at 30 June 2021		<u>2,352,308</u>	<u>3,606,643</u>	<u>5,958,951</u>

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

Logan City Council (Consolidated)
Statement of Cash Flows
for the year ended 30 June 2022

Financial Statements 2022

\$ '000	Notes	Consolidated		Council Only	
		2022	2021	2022	2021
Cash flows from operating activities					
Receipts from customers		571,691	539,441	571,516	549,801
Payments to suppliers and employees		(443,587)	(414,160)	(442,211)	(409,764)
		<u>128,104</u>	<u>125,281</u>	<u>129,305</u>	<u>140,037</u>
Receipts					
Interest received		3,206	4,105	3,279	4,187
Non capital grants and contributions		33,538	19,176	33,539	19,176
Unearned and other income		64,867	-	80,190	-
Payments					
Other		-	-	-	-
		(3,288)	-	(3,164)	-
Net cash - operating activities	24	<u>226,427</u>	<u>148,562</u>	<u>243,149</u>	<u>163,400</u>
Cash flows from investing activities					
Receipts					
Proceeds from sale of property, plant and equipment		2,461	3,243	2,461	3,783
Capital grants and subsidies		23,084	23,759	23,084	23,759
Developer cash infrastructure charges		59,656	55,090	59,656	55,090
Distributions received from joint ventures and associates		24,107	-	-	-
Payments					
Payments for investment property		(1,417)	(846)	-	-
Payments for property, plant and equipment		(264,485)	(200,194)	(264,464)	(200,868)
Payments for interests in joint ventures and associates		(3,714)	(23)	-	(617)
Payments for intangible assets		(1,385)	(742)	(1,385)	(742)
Other investing activity payments		-	-	(7,778)	(7,092)
Net cash - investing activities		<u>(161,693)</u>	<u>(119,713)</u>	<u>(188,426)</u>	<u>(126,687)</u>
Cash flows from financing activities					
Receipts					
Proceeds from borrowings		79,709	28,351	75,995	14,000
Payments					
Repayment of borrowings		(33,041)	(18,595)	(17,113)	(17,076)
Repayments made on leases (principal only)		(1,395)	(1,067)	(1,087)	(1,067)
Other financing activity payments		(11,500)	(11,532)	(11,489)	(11,613)
Net cash flow - financing activities		<u>33,773</u>	<u>(2,843)</u>	<u>46,306</u>	<u>(15,756)</u>
Net increase/(decrease) for the year		<u>98,507</u>	<u>26,006</u>	<u>101,029</u>	<u>20,957</u>
plus: cash and cash equivalents - beginning		416,284	390,278	410,056	389,099
Cash and cash equivalents - closing	9	<u>514,791</u>	<u>416,284</u>	<u>511,085</u>	<u>410,056</u>

This statement should be read in conjunction with the accompanying notes and significant accounting policies.

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Information about these financial statements	8
2a	Council functions – component descriptions	11
2b	Council functions – analysis of results by function	12
3	Revenue	14
4	Interest and other income	16
5	Employee benefits	17
6	Materials and services	17
7	Finance costs	18
8	Infrastructure revenue and expenses	18
9	Cash, cash equivalents and financial assets	19
10	Receivables	20
11	Other assets	22
12	Equity accounted investments	22
13	Property, plant and equipment	23
14	Contract balances	33
15	Leases	35
16	Payables	37
17	Borrowings	37
18	Provisions	38
19	Other liabilities	40
20	Asset revaluation surplus	40
21	Commitments for expenditure	41
22	Contingent liabilities	42
23	Superannuation – regional defined benefit fund	43
24	Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities	44
25	Financial instruments and financial risk management	45
26	National competition policy	49
27	Controlled entities that have not been consolidated	49
28	Transactions with related parties	50

Note 1. Information about these financial statements

(a) Reporting entity

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

(b) Basis of preparation

These general-purpose financial statements are for the period 1 July 2021 to 30 June 2022 and have been prepared in compliance with the Local Government Act 2009 and the Local Government Regulation 2012. These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment (see note 13).

(c) Basis of consolidation

Council and its controlled entities together form the consolidated entity. The financial statements of controlled entities are included in the consolidated financial statements where material by size or nature, from the date when control commences until the date when control ceases.

Transactions between Council and its controlled entities are eliminated when preparing consolidated accounts. In addition, the accounting policies of controlled entities have been adjusted on consolidation where necessary, to ensure the financial statements of the consolidated entity is prepared using accounting policies that are consistent with those of the Council. Information on controlled entities that have been consolidated is included in note 9.

Information about controlled entities that have not been consolidated, because they are not considered material, is included in note 27.

(d) Statement of compliance

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

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

(e) Date of authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the Management Certificate has been signed by the Mayor and Chief Executive Officer.

(f) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and are rounded to the nearest thousand (\$000) unless otherwise stated. Comparative information is generally restated for reclassifications, errors and changes in accounting policies, unless permitted otherwise by transition rules in a new Accounting Standard. Comparative information is prepared on the same basis as the prior year.

(g) Taxation

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

(h) Volunteer Services

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

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

Logan City Council was not required to adopt any standards which became mandatorily effective for annual reporting periods beginning on 1 July 2021.

Note 1. Information about these financial statements (continued)

(j) Estimates and Judgements

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

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

The council receives appropriations, grants and subsidies (collectively grants and subsidies) from State and Federal government departments, provided principally to enable the Council to further its objectives.

Appropriations are laws made by the Australian Parliament including annual appropriations and special (standing) appropriations that provide authority to spend money for particular purposes (e.g. to finance a particular project). Grants are funds provided to further government policy outcomes and are generally for a specific purpose.

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

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

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

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

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

Receivables impairment

Council undertakes a regular review of receivables and contract assets to determine whether current carrying amounts may exceed expected recoverable amounts. Unless a receivable is secured (e.g. the Local Government Act 2009, s96(c) provides that a Local Government may sell land to recover overdue rates), a receivables impairment (loss allowance) is recognised, on a lifetime expected credit loss basis, as soon as a receivable is considered doubtful or non-recoverable or when the receivable reaches 90 days from date of invoice. The loss allowance is raised whether or not the receivable is due for payment and regardless of the type of receivable.

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

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

Note 1. Information about these financial statements (continued)

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value of each class of property, plant and equipment assets at least once every three to five years according to Council policy. In the intervening years, Council uses internal engineers and asset managers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with an appropriate cost index for the region. Note 13 provides further valuation disclosures.

Provisions - Asset removal and restoration provisions

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

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

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

Contingencies - assets and liabilities

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

(k) COVID-19

Council's operations for the year ended 30 June 2022 have been impacted by the COVID-19 pandemic.

Council facilities and services continue to abide by directives of the Queensland Government, which has included short term closures of some customer facing facilities. Such closures have been for a short duration, and there have been no forced redundancies as a result of these closures.

Note 2a. Council functions – component descriptions

Council's Executive Leadership Team (ELT) have determined Council functions and activities based on service delivery. Current Council directorships consist of Road & Water Infrastructure, Community Services, Strategy & Sustainability, Innovation & City Transformation, and Organisational Services. Council reports business units and Corporate Revenues separate from other functions, as management considers that such disclosures are meaningful to users of Council's financial report.

Council business units

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

Water and Sewerage services

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

Waste Services

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

Note 2a. Council functions – component descriptions (continued)

Corporate Revenue

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

Roads Infrastructure Services

Roads Infrastructure Services provide a high quality and effective road and drainage network. Services consist of road construction and maintenance, and road infrastructure planning and delivery.

Community Services

The objective of Community Services is ensure that Logan is a healthy, vibrant, contemporary and connected community. The directorship includes city standards & animal care, community, libraries & cultural services, sport, leisure & facilities, customer experience & community engagement, marketing and events, and parks.

Strategy and Sustainability

The goal of the Strategy and Sustainability directorship is to support the local business economy to ensure that it is strong and sustainable. In addition to Health, Environment & Waste, accounted for as the separate Waste Services business unit, the directorship includes development assessment and economic development & strategy.

Innovation and City Transformation

The goal of the Innovation & City Transformation directorship is to transform the city through collaboration, inspiration and leading how the Council can become a "next generation" government. The directorate consists of strategic projects, city futures, city transformation and business transformation.

Organisational Services

Organisational Services supports Council business units and city services. The directorship consists of corporate governance, finance, people & culture, plant fleet services, information services and administration.

Logan City Council (Consolidated)
Notes to the Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

Note 2b. Council functions - analysis of results by function

Functions \$ '000	Gross program income					Gross program expenses				
	Recurring grants	Recurring other	Capital grants	Capital other	Total income	Recurring	Capital	Total expenses	Net result	Total assets
Functions										
2022										
Water and sewerage services	1,827	240,042	1,036	61,844	304,749	(175,901)	(214,884)	(390,785)	(86,036)	1,554,976
Waste services	-	49,595	-	-	49,595	(32,785)	-	(32,785)	16,810	51,401
Corporate revenue	16,786	251,003	-	431	268,220	(9,424)	-	(9,424)	258,796	683,528
Roads infrastructure services	1,219	1,033	8,565	77,646	88,463	(102,797)	(16,475)	(119,272)	(30,809)	3,415,351
Community services	853	13,815	6,946	31,585	53,199	(123,836)	(485)	(124,321)	(71,123)	990,219
Strategy and sustainability	905	26,941	6,361	2,885	37,092	(39,123)	-	(39,123)	(2,031)	20,887
Innovation and city transformation	325	7	-	-	332	(8,339)	-	(8,339)	(8,007)	-
Organisational services	374	1,713	175	698	2,960	(85,391)	(122)	(85,513)	(82,553)	150,556
Invest Logan (net of eliminations)	-	6,397	-	-	6,397	(2,930)	(237)	(3,167)	3,230	(4,205)
Total	22,289	590,546	23,083	175,089	811,007	(580,526)	(232,204)	(812,730)	(1,723)	6,862,713
2021										
Water and sewerage services	1,933	237,095	-	52,878	291,906	(176,509)	(16,366)	(192,875)	99,031	1,625,254
Waste services	962	47,152	20	3,514	51,648	(42,760)	-	(42,760)	8,888	50,678
Corporate revenue	12,240	233,839	-	5,372	251,451	(9,322)	1	(9,321)	242,130	541,557
Roads infrastructure services	1,978	773	7,017	133,847	143,615	(116,662)	(26,256)	(142,918)	697	3,109,206
Community services	1,658	10,920	13,769	14,248	40,595	(114,079)	(388)	(114,467)	(73,872)	863,385
Strategy and sustainability	71	24,302	2,953	-	27,326	(26,571)	-	(26,571)	755	6,006
Innovation and city transformation	-	6	-	-	6	(6,649)	-	(6,649)	(6,643)	172
Organisational services	334	936	-	1,409	2,679	(78,040)	(66)	(78,106)	(75,427)	148,107
Invest Logan (net of eliminations)	-	500	-	(119)	381	(2,218)	-	(2,218)	(1,837)	4,820
Total	19,176	555,523	23,759	211,149	809,607	(572,810)	(43,075)	(615,885)	193,722	6,349,185

Logan City Council (Council Only)
Notes to the Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

Note 2b. Council functions - analysis of results by function (continued)

Functions \$ '000	Gross program income					Gross program expenses				
	Recurring grants	Recurring other	Capital grants	Capital other	Total income	Recurring	Capital	Total expenses	Net result	Total assets
Functions										
2022										
Water and sewerage services	1,827	240,042	1,036	61,844	304,749	(175,901)	(214,884)	(390,785)	(86,036)	1,554,976
Waste services	-	49,595	-	-	49,595	(32,785)	-	(32,785)	16,810	51,401
Corporate revenue	16,786	251,003	-	431	268,220	(9,424)	-	(9,424)	258,796	683,528
Roads infrastructure services	1,219	1,033	8,565	77,646	88,463	(102,797)	(16,475)	(119,272)	(30,809)	3,415,351
Community services	853	13,815	6,946	31,585	53,199	(123,836)	(485)	(124,321)	(71,123)	990,219
Strategy and sustainability	905	26,941	6,361	2,885	37,092	(39,123)	-	(39,123)	(2,031)	20,887
Innovation and city transformation	325	7	-	-	332	(8,339)	-	(8,339)	(8,007)	-
Organisational services	374	1,713	175	698	2,960	(85,391)	(122)	(85,513)	(82,553)	150,556
Invest Logan (net of eliminations)	-	-	-	-	-	-	-	-	-	-
Total	22,289	584,149	23,083	175,089	804,610	(577,596)	(231,966)	(809,562)	(4,951)	6,866,918
2021										
Water and sewerage services	1,933	237,095	-	52,878	291,906	(176,509)	(16,366)	(192,875)	99,031	1,625,254
Waste services	962	47,152	20	3,514	51,648	(42,760)	-	(42,760)	8,888	50,678
Corporate revenue	12,240	233,839	-	5,372	251,451	(9,322)	1	(9,321)	242,130	541,557
Roads infrastructure services	1,978	773	7,017	133,847	143,615	(116,662)	(26,256)	(142,918)	697	3,109,206
Community services	1,658	10,920	13,769	14,248	40,595	(114,079)	(388)	(114,467)	(73,872)	863,385
Strategy and sustainability	71	24,302	2,953	-	27,326	(26,571)	-	(26,571)	755	6,006
Innovation and city transformation	-	6	-	-	6	(6,649)	-	(6,649)	(6,643)	172
Organisational services	334	936	-	1,409	2,679	(78,040)	(66)	(78,106)	(75,427)	148,107
Invest Logan (net of eliminations)	-	-	-	-	-	-	-	-	-	-
Total	19,176	555,023	23,759	211,268	809,226	(570,592)	(43,075)	(613,667)	195,559	6,344,365

Note 3. Revenue

(a) Rates, levies and charges

Rates revenue is recognised upon issue of the levies within the respective rating period, while revenue for water consumption charges is recognised as revenue when the water is supplied to customers. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
General rates	197,670	181,631	197,723	181,676
Water access charge	40,732	39,351	40,732	39,351
Water consumption	89,006	88,724	89,006	88,724
Sewerage charges	91,083	88,613	91,083	88,613
Garbage charges	42,417	40,828	42,417	40,828
Environmental and community charges	65,506	62,685	65,506	62,685
Total rates and utility charge revenue	526,414	501,832	526,467	501,877
Less: discounts and pensioner remissions	(20,529)	(19,563)	(20,529)	(19,563)
Total rates, levies and charges	505,885	482,269	505,938	482,314

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

(b) Fees and charges

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

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

Licenses granted by Council are either all short-term or low value, and revenue recognised at the time the license is granted rather than over the term of the license.

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

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Building, development, town planning and property connection fees	25,885	24,488	25,885	24,488
Licences, permits and parking fees	2,181	1,411	2,181	1,411
Refuse fees	7,867	6,475	7,867	6,475
Animal registration fees	2,094	2,187	2,094	2,187
Property search fees	3,904	3,427	3,904	3,427
Property leases and rentals	3,771	1,885	3,547	1,741
Other fees and charges	2,188	2,501	2,188	2,501
Total fees and charges	47,890	42,374	47,666	42,230

(c) Sales revenue

Revenue from recoverable works is revenue from contracts for private works performed on behalf of customers. Consideration is prepaid prior to the commencement of the work and revenue recognition occurs on a percentage completion basis. Prepaid amounts for which performance obligations remain unsatisfied at the reporting date are recognised as contract liabilities, details of which are provided in note 14.

Council typically completes performance obligations in relation to recoverable works in the same or following financial year. Consideration received in advance is included in contract liabilities and recognised as revenue in the period when the service is performed. Contracts-in-progress at year-end are classified as work-in-progress. The contract work carried out is not subject to retentions. Council earns commissions on the collection of emergency management levies on behalf of the State government. Commission revenue recognition is on entitlement at the end of each rating quarter.

Note 3. Revenue (continued)

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Rendering of services				
Recoverable works	3,322	2,337	3,322	2,337
Sewerage treatment charges	5,217	4,740	5,214	4,737
Commissions	400	396	400	396
Total sale of services	8,940	7,473	8,936	7,470
Sale of goods				
Materials and services	6,790	6,533	6,790	6,533
Total sale of goods	6,790	6,533	6,790	6,533
Total sales revenue	15,729	14,006	15,726	14,003

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

There was no revenue recognised in the current reporting period from performance obligations satisfied in previous periods.

(d) Grants, subsidies, contributions and donations

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

Grant income under AASB 15

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

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

Grant income under AASB 1058

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

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

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

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

(i) Operating

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Operational grants and subsidies	20,124	16,479	20,124	16,479
Other operational contributions	2,166	2,697	2,166	2,697
Total recurrent grants, subsidies, contributions and donations	22,290	19,176	22,290	19,176

(ii) Capital

Note 3. Revenue (continued)

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.

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Capital grants and subsidies	23,084	23,759	23,084	23,759
Total capital grants, subsidies, contributions and donations	23,084	23,759	23,084	23,759

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

Consolidated

\$ '000	2022		2021	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grant and subsidies	25,446	16,900	26,806	12,747
Contributions	3,027	-	3,382	-
	28,473	16,900	30,188	12,747

Council Only

\$ '000	2022		2021	
	Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Grant and subsidies	25,446	16,900	26,806	12,747
Contributions	3,027	-	3,382	-
	28,473	16,900	30,188	12,747

Note 4. Interest and Other Income

(a) Interest received

Interest received from a financial asset is recognised when it is probable that the economic benefits will flow to the council and the amount of revenue can be measured reliably. Interest received is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate, which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Interest on investments	1,911	2,991	1,911	2,946
Interest on loans to subsidiary company	-	-	82	127
Interest received from financial institutions	12	-	3	-
Interest on rates (penalty interest)	1,283	1,114	1,283	1,114
Total interest received	3,206	4,105	3,279	4,187

(b) Other income

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Profit on sale of land	351	470	-	-
Other income	11,656	12,301	11,624	12,287
Total Other income	12,007	12,771	11,624	12,287

Note 5. Employee benefits

Employee benefit expenses are recorded when the service has been provided by the employee.

\$ '000	Notes	Consolidated		Council Only	
		2022	2021	2022	2021
Wages and salaries		112,776	110,162	111,380	108,998
Councillor remuneration		1,971	1,926	1,971	1,926
Leave entitlements		17,523	19,032	17,523	19,098
Termination benefits		-	463	-	463
Superannuation	23	16,209	15,839	16,090	15,761
Other employee related expenses		12,108	10,851	12,025	10,798
Total employee benefits		160,587	158,273	158,989	157,044

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

Additional information:

Total Council employees at the reporting date:

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Elected members	13	13	13	13
Administration staff	1,202	1,287	1,193	1,281
Depot and outdoors staff	316	302	316	302
Total full time equivalent employees	1,531	1,602	1,522	1,596

Note 6. Material and Services

Expenses are recorded on an accruals basis as Council receives the goods or services.

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Maintenance services	26,689	24,222	26,675	24,205
Utilities and water charges	88,744	88,948	88,721	88,928
Contracted professional services	76,182	75,175	76,141	75,175
Solid and green waste collection and disposal	15,424	17,743	15,424	17,743
Other materials and minor contracts	11,963	8,158	11,867	8,098
Plant hire and running costs	18,963	17,162	18,963	17,162
Printing stationery and postage	3,013	2,447	3,010	2,444
Software licences	10,203	8,766	10,190	8,757
Property and equipment leases	767	492	754	482
Operational services	30,440	28,182	29,813	27,739
Total materials and services	282,388	271,295	281,558	270,733

Total audit fees charged by the Queensland Audit Office relating to the 2021-22 financial statements was \$237,700. (2021: \$247,000).

Note 7. Finance costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are capitalised to relevant assets until the assets are substantially ready for their intended use or sale. An asset is substantially ready once physical construction of the asset is complete. Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets or incurred subsequent to construction, and finance costs incurred through the discounting of provisions, are expensed when incurred.

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Queensland Treasury Corporation interest	9,400	9,924	9,400	9,924
Account charges	1,645	1,608	1,644	1,608
Interest on leases	455	101	445	85
Finance costs due to discounting	(6)	107	(6)	103
Total finance costs	11,494	11,740	11,483	11,720

Note 8. Infrastructure revenue and expenses

Infrastructure charges

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

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

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

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Infrastructure charges - financial assets	59,656	55,084	59,656	55,090
Infrastructure charges - non-financial assets	114,649	154,795	114,649	154,795
Infrastructure charges	174,305	209,879	174,305	209,885

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Decommissioning of infrastructure assets	18,962	33,764	18,962	33,764
Decommissioning of infrastructure assets	18,962	33,764	18,962	33,764

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Revaluation (increment) / decrement – Water Infrastructure	213,005	9,311	213,005	9,311
Revaluation (increment) / decrement – Investment Property	237	-	-	-
Revaluation (increment) / decrement	213,242	9,311	213,005	9,311

Note 9. Cash, cash equivalents and financial assets

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, on-call deposits, and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Deposits with original maturities of greater than three months are classified as financial assets and not included in cash and cash equivalents. Cash and cash equivalents at the end of the reporting period, as shown in the statement of cash flows, can be reconciled to the related items in the statement of financial position as follows:

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Cash and cash equivalents				
Cash at bank	2,411	1,919	2,279	1,888
On-call deposits	527,292	429,832	523,718	423,635
Less trust funds	(14,912)	(15,467)	(14,912)	(15,467)
Balance per Statement of Financial Position	514,791	416,284	511,085	410,056
Balance per Statement of Cashflows	514,791	416,284	511,085	410,056
Financial assets - non-current				
Unlisted equity securities	190	190	8,356	8,356
Total non current financial assets	190	190	8,356	8,356
Total financial assets	190	190	8,356	8,356

Trust Funds

In accordance with the Local Government Act 2009 and the Local Government Regulation 2012, a separate bank account and separate accounting records are maintained for funds held in a trust account on behalf of outside parties. Funds held in the trust account include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages). The Council performs only a custodian role in respect of these funds, and does not account for them in the financial statements since Council has no control over the assets.

Unlisted Equity Securities

Council's wholly-owned subsidiary, Invest Logan Pty Ltd (Invest Logan), commenced trading on a for-profit basis on 1 July 2017. Invest Logan is a corporate business entity, wholly owned by Council, established in accordance with the Local Government Regulation 2012 and the Corporations Act 2001 for the purpose of undertaking Property Development activities which will benefit, or can reasonably be expected to benefit, the City of Logan.

The Council's investment in Invest Logan of \$8,166,000 (last year \$8,166,000) is in ordinary shares at \$1 per share accounted for at cost in the Council's separate financial statements. The shares in Invest Logan Pty Ltd are not traded on an active market and their fair value cannot be determined reliably. Council has loans to Invest Logan Pty Ltd (see Note 10 for breakdown).

Name of Operation/Entity	Principal activity
Invest Logan Pty Ltd	Property development

Interests in Subsidiary	Ownership 2022	Ownership 2021	Voting rights 2022	Voting rights 2021
Council's interest in subsidiary	100%	100%	100%	100%

Note 10. Receivables

Trade and other receivables are amounts owed to Council at year end and include loans and advances to community organisations. Trade and other receivables are recognised at the amount due at the time of sale or service delivery and settlement is required within thirty days after the invoice is issued. Council assesses the collectability of debts on an ongoing basis with an allowance made for impairment where relevant. All known bad debts are written off during the year. Amounts recovered in subsequent periods are recognised as revenue. Debt write offs amounted to \$59,895 in the current financial year (last year \$77,487). Amounts written off during the reporting period are no longer subject to enforcement activity.

Loans and advances to community organisations are recognised at the amount provided less any amounts repaid. The imposition of interest and loan terms will vary from contract to contract. The provision of security for loans is generally not required. At the reporting date, the exposure to credit risk by receivables is listed in the table below.

Council raises an impairment allowance for other trade receivables and infrastructure charges levied under the Integrated Planning Act 1997 and the Sustainable Planning Act 2009, as Council is unable to transfer amounts levied under these acts to a rates account. There were no impairment losses for receivables arising from the Council's contracts with customers in the current financial year.

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

Loans to subsidiary company

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

Purpose	Average interest rate p.a.	Interest rate terms	Capital repayment	2022	2021
2 Main Street, Beenleigh	2.975%	Fixed	12 Feb 2029	970	970
12-14 Main Street, Beenleigh	1.820%	Variable	27 Nov 2029	1,475	1,475
21-23 Brandon Street, Marsden	1.820%	Variable	30 Sep 2021	-	797
96-98 York Street, Beenleigh	1.817%	Variable	30 Nov 2021	-	2,273
96-98 York Street, Beenleigh	1.087%	Variable	30 Nov 2021	-	5,050
96-98 York Street, Beenleigh	1.817%	Variable	30 Dec 2021	-	610
180-186 Wayne Goss Dr, Berrinba	1.278%	Variable	30 Sep 2021	-	-
180-186 Wayne Goss Dr, Berrinba	1.278%	Variable	30 Aug 2022	-	920
21-23 Brandon Street, Marsden	1.278%	Variable	30 Sep 2021	-	135
Working Capital	0.950%	Variable	30 Dec 2021	-	601
21-23 Brandon Street, Marsden	1.820%	Variable	31 Dec 2022	283	-
21-23 Brandon Street, Marsden	1.278%	Variable	31 Dec 2022	137	-
21-23 Brandon Street, Marsden	0.950%	Variable	31 Dec 2022	2,188	-
				<u>5,053</u>	<u>12,831</u>

Variable interest rates are reviewed quarterly. All loans have been provided to enable the borrower to acquire and develop properties.

Security

In all cases, the borrower has provided a first ranking registered mortgage over the properties to the Lender.

As the sole shareholder of Invest Logan Pty Ltd, Council has 100% voting rights in the company enabling Council to direct the company's activities. Council uses these rights to ensure that the company provides advice to the Council on all matters related to regional economic and tourism development and commercial/ industrial development opportunities. The investment and loans are eliminated in the financial statements on consolidation.

Logan City Council (Consolidated)
Notes to the Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

Note 10. Receivables (continued)

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Current				
Rates and utility charges	22,536	25,083	22,536	25,083
Infrastructure charges	7,557	5,752	7,557	5,752
Loans to subsidiary company	-	-	2,608	8,534
Other trade receivables	5,317	18,939	5,081	6,615
Total	35,410	49,774	37,782	45,984
less: Provision for impairment				
Other	(992)	(3,283)	(992)	(3,283)
Total provision for impairment - receivables	(992)	(3,283)	(992)	(3,283)
Total current receivables	34,418	46,491	36,790	42,701
Non-Current				
Loans to subsidiary company	-	-	2,445	4,298
Total	-	-	2,445	4,298
Total non-current receivables	-	-	2,445	4,298

Movement in accumulated impairment losses is as follows

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Opening balance at 1 July	3,283	821	3,283	821
Add: Additional impairments recognised	-	2,722	-	2,722
Less: Impairments reversed	(2,291)	(260)	(2,291)	(260)
Balance at the end of the year	992	3,283	992	3,283

Interest at 8.03% (last year 8.53%) per annum compounded daily is charged on all rates and utility charges which remain unpaid 7 days after due date. No interest is charged on other debtors.

Consolidated	2022		2021	
	Closing balance	Historical probability of default	Closing balance	Historical probability of default
	\$ '000	%	\$ '000	%
Ageing				
Statutory charges				
1-30 days	542	0.40%	3,348	0.69%
31-60 days	1,322	0.98%	273	0.05%
61-90 days	65	0.05%	33	0.01%
90+ days	1,322	5.95%	3,620	4.29%
Less loss allowance	(992)	0%	(3,283)	0%
Total	2,259		3,991	

Note 10. Receivables (continued)

Council Only

	2022		2021	
	Closing balance \$ '000	Historical probability of default %	Closing balance \$ '000	Historical probability of default %
Ageing				
Statutory charges				
1-30 days	542	0.40%	3,348	0.69%
31-60 days	1,322	0.98%	273	0.05%
61-90 days	65	0.05%	33	0.01%
90+ days	1,322	5.95%	3,620	4.29%
Less loss allowance	(992)	0%	(3,283)	0%
Total	2,259		3,991	

Note 11. Other assets

	Consolidated		Council Only	
\$ '000	2022	2021	2022	2021
Current				
Unbilled water consumption	35,353	34,269	35,353	34,269
GST recoverable	4,392	4,363	4,371	4,377
Prepayments	8,514	9,185	8,460	9,140
Total current other assets	48,259	47,817	48,184	47,786

Note 12. Equity accounted investments

Joint Ventures and associates

In February 2019, Invest Logan entered into an agreement with York Street Pty Ltd (part of the Alder Group of Companies) to form an unincorporated joint venture, the 96-98 York Street Joint Venture, for the development of 96-98 York Street, Beenleigh.

The joint venture is incorporated in these financial statements using the equity method of accounting. A profit from equity accounted investments of \$5,912,000 refers to a distribution received by Invest Logan in relation to its investment in the joint venture.

Logan City Council (Consolidated)
Notes to the Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

Note 13. Property, plant and equipment

Consolidated \$ '000	Land	Buildings	Leased buildings	Plant and equipment	Leased equipment	Roads and drainage	Water and sewerage	W & S facilities	Landfill and quarry	Work in progress	Total
2022											
Measurement basis											
Opening gross balance	693,767	409,355	6,433	297,279	165	4,095,666	1,814,495	345,023	40,840	145,960	7,848,983
Additions*	33,116	2,320	33,490	31,627	-	53,197	33,881	-	-	226,310	413,941
Completed projects	-	28,530	-	6,116	-	46,493	20,321	49,306	-	(150,766)	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(1,926)	(4,848)	-	-	-	-	-	-	(6,774)
Write-offs / decommissioning	(2,738)	(359)	-	(3,642)	-	(22,461)	(2,357)	(4,576)	-	-	(36,133)
Revaluation decrements to P/L	-	-	-	-	-	-	(227,537)	(63,406)	-	-	(290,943)
Revaluations	122,586	27,085	-	-	-	378,754	-	-	521	-	528,946
Transfers from/(to) held for sale category	-	-	-	-	-	-	-	-	-	-	-
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	259	(239)	-	-	-	-	-	-	-	-	20
Total gross value of property, plant and equipment	846,990	466,692	37,998	326,533	165	4,551,647	1,638,802	326,346	41,361	221,505	8,458,039
Opening accumulated depreciation and impairment	-	108,629	2,371	138,270	97	1,064,968	565,124	116,344	31,099	-	2,026,902
Depreciation expense	-	6,775	1,571	21,529	68	54,912	20,384	12,666	860	-	118,765
Disposals	-	-	(994)	(3,113)	-	-	-	-	-	-	(4,107)
Write-offs / decommissioning	-	(105)	-	(3,285)	-	(8,727)	(1,341)	(3,714)	-	-	(17,172)
Revaluation decrements to P/L	-	-	-	-	-	-	(64,615)	(13,324)	-	-	(77,939)
Revaluations	-	(1,047)	-	-	-	156,303	-	-	443	-	155,699
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Total accumulated depreciation and impairment property, plant and equipment	-	114,254	2,949	153,400	165	1,267,456	519,553	111,972	32,403	-	2,202,152
Total net book value of property, plant and equipment	846,990	352,438	35,049	173,133	-	3,284,191	1,119,249	214,374	8,958	221,505	6,255,887
*Asset additions comprise											
Additions	9,238	1,809	-	28,444	-	-	-	-	-	226,310	265,801
Right-of-use assets	-	-	33,490	-	-	-	-	-	-	-	33,490
Restoration provisions	-	-	-	-	-	-	-	-	-	-	-
Donated assets	23,878	511	-	3,183	-	53,197	33,881	-	-	-	114,650
Total asset additions	33,116	2,320	33,490	31,627	-	53,197	33,881	-	-	226,310	413,941

Logan City Council (Consolidated)
Notes to the Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

Note 13. Property, plant and equipment (continued)

Consolidated \$ '000	Land	Buildings	Leased buildings	Plant and equipment	Leased equipment	Roads and drainage	Water and sewerage	W & S facilities	Landfill and quarry	Work in progress	Total
2021											
Measurement basis											
Opening gross balance	667,077	392,652	5,673	287,559	165	4,761,636	1,735,950	334,105	36,315	145,226	8,366,358
Additions*	25,973	13,986	760	33,053	-	171,487	71,907	30,550	4,148	734	352,598
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	(85)	-	-	(5,239)	-	-	-	-	-	-	(5,324)
Write-offs / decommissioning	-	(406)	-	(18,122)	-	(47,694)	(7,310)	(17,129)	-	-	(90,661)
Revaluations	302	1,886	-	-	-	(789,763)	13,948	(1,053)	377	-	(774,303)
Transfers from/(to) held for sale category	122	328	-	-	-	-	-	-	-	-	450
Transfers from/(to) investment properties	(135)	-	-	-	-	-	-	-	-	-	(135)
Reclassifications	513	909	-	28	-	-	-	(1,450)	-	-	-
Total gross value of property, plant and equipment	693,767	409,355	6,433	297,279	165	4,095,666	1,814,495	345,023	40,840	145,960	7,848,983
Opening accumulated depreciation and impairment		102,201	1,132	138,640	49	1,210,710	533,218	112,125	29,426		2,127,501
Depreciation expense	-	6,256	1,239	20,358	48	64,153	19,188	12,115	1,355	-	124,712
Disposals	-	-	-	(3,117)	-	-	-	-	-	-	(3,117)
Write-offs / decommissioning	-	(120)	-	(17,593)	-	(21,800)	(4,584)	(12,800)	-	-	(56,897)
Revaluations	-	274	-	-	-	(188,095)	17,302	4,904	318	-	(165,297)
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	18	-	(18)	-	-	-	-	-	-	-
Total accumulated depreciation and impairment property, plant and equipment	-	108,629	2,371	138,270	97	1,064,968	565,124	116,344	31,099	-	2,026,902
Total net book value of property, plant and equipment	693,767	300,726	4,062	159,009	68	3,030,698	1,249,371	228,679	9,741	145,960	5,822,081
*Asset additions comprise											
Additions	14,601	173	1	28,855	-	1,157	-	-	-	155,324	200,111
Completed projects	-	13,484	-	47	-	60,852	42,488	34,800	2,959	(154,590)	-
Right-of-use assets	-	-	759	-	-	-	-	-	-	-	759
Restoration provisions	-	-	-	-	-	-	-	-	-	-	(3,061)
Donated assets	11,372	329	-	4,151	-	100,478	29,459	-	-	-	154,789
Total asset additions	25,973	13,986	760	33,053	-	171,487	71,907	30,550	4,148	734	352,598

Logan City Council (Council Only)
Notes to the Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

Note 13. Property, plant and equipment (continued)

Council Only \$ '000	Land	Buildings	Leased buildings	Plant and equipment	Leased equipment	Roads and drainage	Water and sewerage	W & S facilities	Landfill and quarry	Work in progress	Total
2022											
Measurement basis											
Opening gross balance	694,026	409,119	5,460	296,639	165	4,095,663	1,814,495	345,023	40,841	145,961	7,847,392
Additions*	33,116	2,320	33,490	31,623	-	53,197	33,881	-	-	226,310	413,937
Transfers	-	28,530	-	6,116	-	46,493	20,321	49,306	-	(150,766)	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(1,926)	(4,835)	-	-	-	-	-	-	(6,761)
Write-offs / decommissioning	(2,738)	(359)	-	(3,642)	-	(22,461)	(2,357)	(4,576)	-	-	(36,133)
Revaluation decrements to P/L	-	-	-	-	-	-	(227,537)	(63,406)	-	-	(290,943)
Revaluations	122,586	27,085	-	-	-	378,754	-	-	521	-	528,946
Transfers from/(to) held for sale category	-	-	-	-	-	-	-	-	-	-	-
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Total gross value of property, plant and equipment	846,990	466,692	37,027	325,904	165	4,551,647	1,638,802	326,346	41,361	221,505	8,456,439
Opening accumulated depreciation and impairment	-	108,631	1,886	137,868	97	1,064,968	565,125	116,344	31,099	-	2,026,018
Depreciation expense	-	6,775	1,329	21,404	68	54,910	20,386	12,666	860	-	118,398
Disposals	-	-	(994)	(3,101)	-	-	-	-	-	-	(4,095)
Write-offs / decommissioning	-	(105)	-	(3,285)	-	(8,726)	(1,341)	(3,714)	-	-	(17,171)
Revaluation decrements to P/L	-	-	-	-	-	-	(64,615)	(13,324)	-	-	(77,939)
Revaluations	-	(1,047)	-	-	-	156,303	-	-	443	-	155,699
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Total accumulated depreciation and impairment property, plant and equipment	-	114,254	2,222	152,888	165	1,267,456	519,553	111,972	32,403	-	2,200,913
Total net book value of property, plant and equipment	846,990	352,438	34,805	173,016	-	3,284,194	1,119,249	214,374	8,958	221,505	6,255,526
*Asset additions comprise											
Additions	9,238	1,809	-	28,440	-	-	-	-	-	226,310	265,797
Right-of-use assets	-	-	33,490	-	-	-	-	-	-	-	33,490
Restoration provisions	-	-	-	-	-	-	-	-	-	-	-
Donated assets	23,878	511	-	3,183	-	53,197	33,881	-	-	-	114,650
Total asset additions	33,116	2,320	33,490	31,623	-	53,197	33,881	-	-	226,310	413,937

Logan City Council (Council Only)
Notes to the Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

Note 13. Property, plant and equipment (continued)

Council Only \$ '000	Land	Buildings	Leased buildings	Plant and equipment	Leased equipment	Roads and drainage	Water and sewerage	W & S facilities	Landfill and quarry	Work in progress	Total
2021											
Measurement basis											
Opening gross balance	666,939	392,654	4,703	286,917	165	4,761,637	1,735,950	334,105	36,315	145,146	8,364,531
Additions*	26,565	14,076	757	33,055	-	171,483	71,907	30,550	4,149	815	353,357
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Disposals	(293)	-	-	(5,239)	-	-	-	-	-	-	(5,532)
Write-offs / decommissioning	-	(406)	-	(18,122)	-	(47,694)	(7,310)	(17,129)	-	-	(90,661)
Revaluations	302	1,886	-	-	-	-	-	-	-	-	(774,303)
Transfers from/(to) held for sale category	-	-	-	-	-	-	-	-	-	-	-
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	513	909	-	28	-	-	-	(1,450)	-	-	-
Total gross value of property, plant and equipment	694,026	409,119	5,460	296,639	165	4,095,663	1,814,495	345,023	40,841	145,961	7,847,392
Opening accumulated depreciation and impairment	-	102,202	890	138,659	49	1,210,710	533,219	112,125	29,426	-	2,126,980
Depreciation expense	-	6,257	996	20,237	48	64,153	19,188	12,115	1,355	-	124,349
Disposals	-	-	-	(3,117)	-	-	-	-	-	-	(3,117)
Write-offs / decommissioning	-	(120)	-	(17,593)	-	(21,800)	(4,584)	(12,800)	-	-	(56,897)
Revaluations	-	274	-	-	-	(188,095)	17,302	4,904	318	-	(165,297)
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	18	-	(18)	-	-	-	-	-	-	-
Total accumulated depreciation and impairment property, plant and equipment	-	108,631	1,886	138,868	97	1,064,968	565,124	116,344	31,099	-	2,026,018
Total net book value of property, plant and equipment	694,026	300,488	3,574	158,771	68	3,030,695	1,249,370	228,679	9,742	145,961	5,821,374
*Asset additions comprise											
Additions	15,193	263	-	28,851	-	1,153	-	-	1	155,405	200,866
Completed projects	-	13,484	-	47	-	60,852	42,448	34,800	2,959	(154,590)	-
Right-of-use assets	-	-	757	-	-	-	-	-	-	-	757
Restoration provisions	-	-	-	-	-	-	-	(4,250)	1,189	-	(3,061)
Donated assets	11,372	329	-	4,157	-	109,478	29,459	-	-	-	154,795
Total asset additions	26,565	14,076	757	33,055	-	171,483	71,907	30,550	4,149	815	353,357

Note 13. Property, plant and equipment (continued)

(a) Recognition

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

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

Land under the roads, and reserve land under the Land Act 1994 or the Land Title Act 1994, are controlled by the Queensland Government pursuant to the relevant legislation. As such, this land is not recognised in these financial statements.

Capital and operating expenditure

Wages and materials expenditure incurred for the acquisition or construction of assets is capitalised. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset are expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

Asset disposals

An item of property, plant and equipment is derecognised upon disposal, write off (decommissioning), or when no future economic benefits are expected to arise from the continued use or disposal of the asset.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Council does not transfer amounts accumulated in revaluation surplus to retained earnings on disposal.

Council may decommission part or all of an existing asset during new construction. Where an asset is decommissioned the carrying value of the decommissioned asset is recognised as a capital expense in profit or loss.

Additions for Council financial sustainability statement

	Total \$'000	2021/22 Renewals \$'000	Other \$'000	Total \$'000	2020/21 Renewals \$'000	Other \$'000
Additions analysis						
Consolidated	413,941	60,341	353,600	352,681	67,739	284,942
Council	413,937	60,341	353,596	353,360	67,739	285,621

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

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

Logan Central Respite Centre bill of mortgage

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

(b) Measurement

Measurement at initial recognition

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

Note 13. Property, plant and equipment (continued)

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.

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

Measurement subsequent to initial recognition

Subsequent to initial recognition, assets within each class of asset, excluding plant and equipment, but including major plant and equipment, are measured at fair value less accumulated depreciation and accumulated impairment. Major plant and equipment is defined as that component of plant and equipment with a gross carrying value in excess of \$1m. Council had no recorded major plant and equipment at 30 June 2022. Any plant and equipment with a gross carrying value of less than \$1m is measured at cost less accumulated depreciation and accumulated impairment.

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

Bases used to determine fair value

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

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

Fixed asset fair value measures are classified under a fair value hierarchy required by Australian Accounting Standard AASB13, Fair Value Measurement. Details of fair value classifications and the techniques used to determine fair value are disclosed in note 13(e), Valuation.

Revaluation adjustments

Any revaluation increase arising on the revaluation of fixed assets is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of fixed assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus relating to a previous revaluation of that asset class.

(c) Depreciation

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

Depreciation is recognised to write off the cost or valuation of depreciating assets (i.e. fixed assets other than freehold land, roads earthworks, artwork, and properties under construction) less their residual values over their estimated useful lives, using a straight-line, reducing balance or a consumption-based method where consumption can be accurately determined. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

Note 13. Property, plant and equipment (continued)

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

Asset class	Asset sub-class	Depreciation periods
Land	Freehold land	Not depreciated
Buildings	All buildings	4-143 years (straight line)
Leased buildings	All building leases	2-17 years (straight line)
Plant and equipment	Bikeways and pathways	10-50 years (straight line)
	Parks equipment	5-25 years (straight line)
	Library materials	2-8 years (straight line)
	Computer hardware	2-20 years (straight line)
	Other equipment	2-100 years (straight line)
	Vehicles	2-18 years (trucks - straight line; cars and utility vehicles - reducing balance)
Artwork	All artwork	Not depreciated
Leased equipment	All leased equipment	3-4 years
Roads and drainage	Roads surface	20-25 years (consumption based)
	Pavements	70 years (consumption based)
	Earthworks	Not depreciated
	Pathways	75 years
	Roads inventory	10-65 years
	Car parks	20-80 years
	Bridges	30-100 years (straight line)
	Drainage - box culverts, headwalls & pipes	100 years (straight line)
	Drainage - channels	100 years (straight line)
	Drainage - pits	Short-lived 50 years (straight line); Long-lived 100 years (straight line)
	Drainage - Water Sensitive Urban Design	Filter media 25 years (straight line); subsoil drains 50 years (straight line)
	Gross pollutant traps	20-70 years (straight line)
	Public lighting	20-40 years (straight line)
Water and sewerage	Water infrastructure	12-80 years (straight line)
	Sewerage infrastructure	70-140 years (straight line)
	Water and sewerage facilities	10-70 years (straight line)
Waste landfill	Waste cells	0.2-19.2% based on airspace consumed

(d) Impairment

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

(e) Valuation

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

Fair values are classified into three levels as follows:

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

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

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

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

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

Note 13. Property, plant and equipment (continued)

Land (level 2)

Independent valuer, Australian Pacific Valuers (APV) determined land fair values based on a desktop update of the assets effective 31 December 2021. Land was last comprehensively valued in December 2019 and the next comprehensive valuation is planned for December 2024.

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

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

Buildings (level 2 and 3)

Independent valuer, Australian Pacific Valuers (APV) determined buildings fair values based on a desktop update of the assets effective 31 December 2021. Buildings were last comprehensively valued in December 2019 and the next comprehensive valuation is planned for December 2024.

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

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Buildings - Commercial (level 3)	350,587	299,561	350,587	299,561
Buildings - Residential (level 2)	1,851	1,165	1,851	1,165
	352,438	300,726	352,438	300,726

Infrastructure assets (level 3)

Due to their specialist nature, there is no active market for Council infrastructure assets and fair value is determined using a valuation technique. At 30 June 2022, water and sewerage infrastructure assets were valued using a DCF valuation technique, while all other infrastructure assets were valued using a current replacement cost (CRC) valuation technique.

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

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

Infrastructure assets - Waste landfill cells

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

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

Current replacement cost (CRC)

Waste landfill cells fair values were determined by Council engineers effective 31 December 2021. Last comprehensive valuation occurred effective 31 December 2019 by Independent valuer, InSitu Advisory, who determined landfill cells fair values based on a comprehensive valuation of the assets effective 31 December 2019. The next comprehensive valuation is planned for December 2024.

Note 13. Property, plant and equipment (continued)

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

Accumulated depreciation

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

Infrastructure assets – Roads and Stormwater

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

Roads – Current Replacement Cost

Council categorised its road infrastructure assets into urban and rural roads and further sub-categorised these into sealed and unsealed roads. Urban roads are managed in segments of up to 500m, while rural roads are managed in segments up to 1km in length. All road segments are then componentised into surface, pavement and earthworks (where applicable).

Road pavement assets were subject to a desktop revaluation process as at 30 June 2022, with a comprehensive revaluation last completed in 2021.

A review of cost movements was undertaken in June 2022 based on the following price indices, which were considered to reflect cost trends in the nominated asset classes:

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

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

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

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

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

Infrastructure assets - Transport Inventory (Current Replacement Cost)

Transport Inventory Infrastructure assets fair values were determined by a comprehensive revaluation for respective road inventory classes, and the remaining asset classes were subject to a desktop revaluation, where cost indices were applied. The road inventory classes that were comprehensively revalued during the current financial year included:

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

The remaining asset classes were subject to an annual desktop review by Cardno. A review of cost movements was undertaken in June 2022 based on the following price indices, which were considered to reflect cost trends in the nominated asset classes:

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

Note 13. Property, plant and equipment (continued)

In determining the level of accumulated depreciation, remaining useful lives were calculated based on straight line methodology.

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

Stormwater infrastructure assets were subject to a desktop revaluation process as at 30 June 2022, with a comprehensive revaluation last completed in 2020.

A review of cost movements was undertaken in June 2022 based on the following price indices, which were considered to reflect cost trends in the nominated asset classes:

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

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

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

Infrastructure assets - Water and sewerage

Council's water business is considered a cash-generating business unit and, as a result, water and sewerage infrastructure and facilities assets fair values effective 30 June 2022 were determined using a discounted cash flow (DCF) valuation technique. The DCF approach estimated the price at which an orderly transaction to sell the assets would take place between market participants at the measurement date under current market conditions.

The valuations are based on Level 3 inputs substantially derived from unobservable inputs. The DCF calculation uses cash flow projections for a 30 year period based initially on Council's approved ten-year financial budget with projections for revenue price paths based on Maximum Allowable Revenue (MAR) in accordance with the building block regulatory approach. Capital and operating expenditure projections use a mix of estimates and growth rates for future years. Cash flows beyond the final year are extrapolated to give a terminal value using a growth rate. The extrapolated cash flows are assumed to continue in perpetuity. Net cash flows were discounted using a Weighted Average Cost of Capital (WACC) assuming a 45% debt and 55% equity capital structure.

The WACC used in the calculation is provided by PwC each year. The WACC estimate relates to post-tax business cash flows of the water and wastewater (sewerage) business of Logan City Council and reflects the risk inherent in the cash flow projections. The calculation is based on a post-tax nominal basis.

The Gordon growth model is used for cash flows from the final year to in-perpetuity.

In using the DCF model; land, buildings, plant, equipment, intangible assets and work-in-progress asset values were deducted from the DCF valuation to determine water and sewerage infrastructure and facilities carrying values. Land and buildings assets values were determined independently at market value or using a current replacement cost where there is no active market, while plant and equipment, intangible assets and work in progress assets are valued at cost.

Valuation process

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

Disclosed fair values

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The market (fair) value of borrowings disclosed in note 17 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date.

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

Note 13. Property, plant and equipment (continued)

COVID-19 impact on valuations

The Council has considered the impact of coronavirus on the valuation of Council assets. Management has determined that impact of the virus on the replacement of roads, drainage and landfill infrastructure assets measured at depreciated replacement cost will be minimal due to the long-term nature of these assets. The impact of the virus on water and sewerage infrastructure assets measured at discounted cash flow has been taken account of in the DCF model, but is again considered minimal. The major driver behind growth in water and sewerage revenues stems from growth in supply volumes brought about by population growth, which is not considered to be adversely affected by the virus over the long term.

Most land and building asset values are determined used a market approach and have already incorporated any COVID-19 impacts.

Note 14. 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.

Contract assets

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

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

Contract liabilities

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

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

Note 14. Contract Balances (continued)

	Consolidated		Council Only	
\$ '000	2022	2021	2022	2021
(a) Contract assets				
Current				
Contract assets	1,242	366	1,242	366
Total current contract assets	1,242	366	1,242	366
Classified as:				
Current contract assets	1,242	366	1,242	366
Total contract assets	1,242	366	1,242	366
Contracts with customers	1,242	366	1,242	366
(b) Contract liabilities				
Current				
Grants				
Infrastructure charges	7,636	3,648	7,636	3,648
Grants and subsidies	12,861	9,026	12,861	9,026
Total grants	20,497	12,674	20,497	12,674
Other services				
Recoverable works	1,856	1,133	1,856	1,133
Total other services	1,856	1,133	1,856	1,133
Total current contract liabilities	22,353	13,807	22,353	13,807
Non-current				
Grants				
Other	4,302	-	4,302	-
Total grants	4,302	-	4,302	-
Total non-current contract liabilities	4,302	-	4,302	-
Classified as:				
Current contract liabilities	22,353	13,807	22,353	13,807
Non-current contract liabilities	4,302	-	4,302	-
Total contract liabilities	26,655	13,807	26,655	13,807

Timing of satisfaction of performance obligations

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

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

Note 15. Lease

Council as a lessee

Recognition

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

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

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

Measurement

The right-of-use asset is initially measured at the amount of the lease liability, initial direct costs incurred, and an estimate of costs to dismantle or remove the underlying asset or the restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated using a straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Council's incremental borrowing rate. Generally, the Council uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee where relevant; and
- The exercise price under a purchase option where relevant that the Council is reasonably certain to exercise, lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Council is reasonably certain not to terminate early.

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

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

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

Types of leases

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

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

Leases financial disclosures

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

- Depreciation charges, additions and the carrying amounts of right-of-use assets by asset class - Note 13
- Interest expense on lease liabilities - Note 7

Note 15. Lease (continued)

- Principal cash flows for leases are included as "Principal payment of finance lease liabilities" under "Cash flows from financing activities" in the Cash Flow Statement.
- Interest cash flows for leases are included in "Finance costs paid" under "Cash flows from financing activities" in the Cash Flow Statement.
- Commitments for operating leases; which are low-value equipment leases classified as operating leases, are disclosed in note 21.
- Council has not incurred any expenses in relation to short-term leases accounted for as operating leases.
- Expenses relating to low-value assets accounted for as operating leases amounted to \$754k (last year \$481k) for the reporting period.

\$ '000	Consolidated 2022	2021	Council Only 2022	2021
Lease liabilities				
Classified as:				
Current lease liability	1,210	1,151	884	842
Non-current lease liability	34,435	3,456	34,435	3,131
Total lease liabilities	35,645	4,607	35,319	3,973

Consolidated

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per statement of financial position
2022					
Leases	2,169	7,929	36,834	46,932	35,645
	2,169	7,929	36,834	46,932	35,645
2021					
Leases	1,207	1,810	2,100	5,117	4,607
	1,207	1,810	2,100	5,117	4,607

Council Only

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per statement of financial position
2022					
Leases	1,840	7,929	36,834	46,603	35,320
	1,840	7,929	36,834	46,603	35,320
2021					
Leases	887	1,481	2,100	4,468	3,973
	887	1,481	2,100	4,468	3,973

Council as a lessor

When the Council acts as a lessor, it determines at the lease inception whether each lease is a finance lease or operating lease. To classify each lease, the Council makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Council considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Council does not engage in leases where the Council is an intermediate lessor. If an arrangement contains lease and non-lease components, the Council applies AASB 15 to allocate the consideration under the contract.

The Council recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income". The Council did not have any finance leases as lessor at the reporting date.

Note 16. Payables

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

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

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

\$ '000	Consolidated 2022	2021	Council Only 2022	2021
Current				
Creditors and accruals	73,033	73,167	72,693	72,779
Accrued employee benefits	19,716	19,329	19,656	19,271
Total current payables	92,749	92,496	92,349	92,050

Note 17. Borrowings

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

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

In accordance with the Local Government Regulation 2012, Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the QTC's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times. All loans payable at the reporting date are with the QTC and are measured and disclosed in the statement of financial position at book value of the principal outstanding. The book value of loans represents the current value of the debt to be repaid over its remaining term.

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

\$ '000	Consolidated 2022	2021	Council Only 2022	2021
Current				
Borrowings	20,727	30,059	20,727	17,494
Total current borrowings	20,727	30,059	20,727	17,494
Non-current				
Borrowings	268,592	212,592	268,592	212,943
Total non-current borrowings	268,592	212,592	268,592	212,943

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

\$ '000	Consolidated 2022	2021	Council Only 2022	2021
Reconciliation of Loan Movements for the year				
Loans - Queensland Treasury Corporation				
Opening balance at beginning of financial year	242,651	233,514	230,437	233,514
Loans raised	79,709	27,696	75,995	14,000
Principal repayments	(33,041)	(18,595)	(17,113)	(17,077)
Book value at end of financial year	289,319	242,651	289,319	230,437
Market value at end of financial year	283,129	270,752	283,129	257,969

Note 17. Borrowings (continued)

Market value represents the value of debt if Council repaid the debt at year-end date. Expected final repayment dates vary from 15 June 2023 to 15 June 2041. There have been no defaults or breaches of loan agreements during the financial reporting period. Principal and interest payments are made quarterly in arrears. The weighted average borrowing rate for QTC borrowings at 30 June 2022 is 4.285% ranging from 1.945% to 6.939% (2021 - 4.229%).

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

Note 18. Provisions

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

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

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

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Current				
Long service leave	21,065	23,637	21,065	23,636
Sub total – aggregate employee benefits	21,065	23,637	21,065	23,636
Refuse restoration	1,089	1,089	1,089	1,089
Total current provisions	22,154	24,726	22,154	24,726
Non-current				
Long service leave	3,971	3,887	3,971	3,887
Sub total – aggregate employee benefits	3,971	3,887	3,971	3,387
Refuse restoration	6,282	6,583	6,282	6,583
Total non-current provisions	10,253	10,470	10,253	10,470

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Details of movements in provisions				
Long service leave				
Balance at beginning of financial year	27,524	26,546	27,523	26,546
Additional provision	1,126	3,476	1,126	3,475
Amounts used	(3,607)	(2,604)	(3,607)	(2,604)
Movement in provision due to unwinding of discount	(7)	106	(7)	104
Balance at end of financial year	25,036	27,524	25,036	27,522
Restoration provisions				
Balance at beginning of financial year	7,672	10,865	7,672	10,865
Additional provision	(301)	1,054	(301)	1,054
Amounts used	–	(161)	–	(161)
Movement in provision due to unwinding of discount	–	1	–	1
Unused amounts reversed	–	(4,087)	–	(4,087)
Balance at end of financial year	7,371	7,672	7,371	7,672

Note 18. Provisions (continued)

Restoration provisions

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

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

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

Landfill restoration

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

Quarry restoration

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

Flagstone Wastewater treatment plant

The Flagstone WWTP restoration provision has been created to account for the cost of planning and undertaking the decommissioning and demolition of infrastructure including the treatment of any contamination on the site. This also includes effluent lagoons. It is anticipated that this work will be completed by the end of 2022/23.

Employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave, vested sick leave, and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date.

Liabilities that are expected to be settled within 12 months after the reporting date are measured at the amount expected to be paid when the liabilities are settled and are not discounted to present value. Liabilities that are expected to be settled at least 12 months after the reporting date are measured as the present value of the estimated future cash flows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment, which could result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates published on the Department of State Development, Infrastructure, Local Government and Planning website.

Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in note 16 as a payable.

Leave classifications

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

Annual and sick leave

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

Note 18. Provisions (continued)

Long service leave

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

Superannuation

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

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

Third party claims

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

Note 19. Other liabilities

\$ '000	Consolidated 2022	2021	Council Only 2022	2021
Current				
Unearned revenue	1,660	509	1,636	497
Monies received in advance	61,767	9,427	61,767	9,427
Other liabilities	1	28	1	28
Total current other liabilities	63,428	9,964	63,404	9,952

Note 20. Asset revaluation surplus

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

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

Note 20. Asset revaluation surplus (continued)

Movements in the asset revaluation surplus

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Opening revaluation surplus	2,352,308	2,951,870	2,352,308	2,951,870
Net adjustment to non-current assets at end of period to reflect a change in current fair value:				
Land	122,586	302	122,586	302
Buildings	28,132	1,611	28,132	1,611
Roads and drainage infrastructure	222,451	(601,669)	222,451	(601,669)
Landfill and quarry	78	59	78	59
	373,247	(599,697)	373,247	(599,697)
Change in the value of future rehabilitation cost:				
Landfill and quarry	220	135	220	135
	2,725,775	2,352,308	2,725,775	2,352,308
Closing revaluation surplus				
Asset revaluation surplus analysis				
Closing revaluation surplus by asset class:				
Land	448,838	326,252	448,838	326,252
Buildings	150,287	122,155	150,287	122,155
Roads and drainage infrastructure	2,121,371	1,898,920	2,121,371	1,898,920
Landfill and quarry	5,279	4,981	5,279	4,981
Closing revaluation surplus	2,725,775	2,352,308	2,725,775	2,352,308

Note 21. Commitments for Expenditure

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
(a) Contractual commitments				
Waste contracts				
Waste and recyclables collection	92,613	5,824	92,613	5,824
Other waste operational	157	1,194	157	1,194
Water contracts				
Removal of bio-solids and grit	1,652	847	1,652	847
Other water operational	11,422	8,541	11,422	8,541
Roads contracts				
Minor works	3,082	278	3,082	278
Other	675	5,909	675	5,909
Other operational contracts				
Maintenance	16,236	6,689	16,236	6,689
Cleaning	1,298	2,454	1,298	2,454
Professional services	8,037	1,885	8,037	1,885
Other	2,267	6,646	2,267	6,646
	137,439	40,267	137,439	40,267

(b) Capital Commitments (exclusive of GST)

Property, equipment and infrastructure assets

Within the next year	221,460	129,741	221,460	129,741
Total payable	221,460	129,741	221,460	129,741

Note 22. Contingent Liabilities

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

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Liability claims	12,437	-	12,437	-
Infrastructure offsets	8,841	93	8,841	93
Local Government Workcare maximum exposure	2,549	2,234	2,549	2,234
	23,827	2,327	23,827	2,327

Local Government Mutual Liability Self-Insurance Pool

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

In the event of the pool being wound up, or if it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution to the total pool contributions in the year that a deficit arises.

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

Local Government Workcare

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

Under this scheme, Council has provided an indemnity towards a bank guarantee to cover any bad debts that may remain should the self-insurance license be cancelled and there was insufficient funds available to cover outstanding liabilities. Only LGW may call on any part of the guarantee were the above circumstances to arise. The Council's maximum exposure to the bank guarantee is \$2,548,861 (2021: \$2,233,541).

Infrastructure Offsets

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

Liability Claims

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

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

Note 23. Superannuation - regional defined benefit fund

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

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

Technically the Council can be liable to the scheme for a portion of other local governments' obligations should that local government be unable to meet them. However, the risk of this occurring is extremely low and in accordance with the 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, "At the valuation date of 1 July 2021, the value of the schemes assets are sufficient to meet the value of the schemes liabilities in respect of accrued benefits at the review date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The most significant risks that may result in 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.

The next valuation will be carried out no later than 1 July 2024.

\$ '000	Notes	Consolidated		Council Only	
		2022	2021	2022	2021
Superannuation contributions made to the Regional Defined Benefits Fund		500	630	500	630
Other superannuation contributions for employees		16,175	15,972	16,056	15,893
Capitalised superannuation		(466)	(763)	(466)	(762)
Total superannuation contributions paid by Council for employees	5	16,209	15,839	16,090	15,761

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

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Net operating result from income statement	(1,724)	193,722	(4,953)	195,559
Non-cash items				
Depreciation and amortisation	125,083	126,612	124,716	126,249
Capital expenses	18,962	33,764	18,962	33,764
Donations of assets	(114,649)	(154,789)	(114,649)	(154,795)
Interest accrued on leases	455	85	445	85
Revaluation decrement	213,005	9,311	213,005	9,311
Gain on early lease termination	(124)	-	(124)	-
Net (profit)/loss on disposal of assets	(700)	(1,037)	(700)	(1,369)
	242,032	13,946	241,655	13,245
Losses/(gains) recognised on fair value re-measurements through the income				
Fair value increase (decrease) on investment properties	237	-	-	-
Revaluation increase (decrease) in future rehabilitation	220	-	220	-
	457	-	220	-
Investing and development activities				
Capital contributions	(59,656)	(55,084)	(59,656)	(55,090)
Capital grants and subsidies	(23,084)	(23,759)	(23,084)	(23,759)
Increase/Decrease in subsidiary loan	-	-	7,778	-
Finance costs	11,045	11,740	11,044	11,720
Share of net (profits)/losses of associates/JV's	(5,912)	-	-	-
	(77,607)	(67,103)	(63,918)	(67,129)
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	2,150	(11,825)	10,055	444
Increase/(decrease) in provision for doubtful debts	(2,291)	-	(2,291)	-
(Increase)/decrease in inventories	648	(1,168)	(156)	39
(Increase)/decrease in contract assets	(876)	(140)	(876)	(140)
(Increase)/decrease in other assets	(442)	(2,252)	(398)	(2,225)
Increase/(decrease) in payables	170	(1,219)	(86)	(1,215)
Increase/(decrease) in contract liabilities	12,848	13,807	12,848	13,807
Increase/(decrease) in employee leave entitlements	(2,488)	-	(2,487)	-
Increase/(decrease) in other provisions	(301)	917	(301)	979
Increase/(decrease) in other liabilities	53,851	9,877	53,837	10,036
	63,269	7,997	70,145	21,725
Net cash provided from/(used in) operating activities from the statement of cash flows	226,427	148,562	243,149	163,400

Note 25. Financial instruments and financial risk management

Financial assets and financial liabilities

Financial instruments recognition

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

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

Council is responsible for the establishment and oversight of a risk management framework, together with developing and monitoring risk management policies. The Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls and to monitor these risks and adherence against limits.

Financial instruments classifications

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

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

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

Other financial assets classified as at fair value through profit or loss comprise unlisted equity investments in Council's wholly-owned subsidiary, Invest Logan, as described in note 12, and investments in the Logan Country Financial Services Limited and the SEQ Regional Recreational Facilities Pty Ltd. As the shares in these entities are not traded on an active market and their fair values cannot be ascertained reliably, the investments in these entities are measured at cost.

Financial assets and liabilities classified as subsequently measured at amortised cost

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

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

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

Impairment of financial assets

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

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

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

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

Note 25. Financial instruments and financial risk management (continued)

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

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

Subsequent recoveries of amounts previously written off are credited against other expenses resulting in an increase in Council's net result. Because Council is empowered under the provisions of the Local Government Act 2009 to sell an owner's property to recover outstanding rate debts, Council does not impair any rate receivables.

Financial risk management

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

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

The Council's audit committee oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council. The Council audit 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 from customers. By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. Because the area is largely residential, there is also a concentration in the residential sector. Exposure to credit risk is managed through regular analysis of credit counterparties' abilities to meet payment obligations. The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for the Council.

Cash and cash equivalents

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

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

On-call deposits include trust fund monies as detailed in note 9. Council bankers are the Commonwealth Bank of Australia, which has a long-term credit rating of Aa3 with a stable outlook by Moody's and at AA- long-term issuer credit rating with a negative outlook by Standard and Poor's.

Receivables

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

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

Due to the high-risk nature of other trade receivables, Council policy requires an impairment allowance based on the full lifetime ECLs for other trade receivables amounts aged 91 days and over and amounts up to 90 days where it is management judgement that the receivable is unlikely to be collected. Council does not have the capacity to apply advance risk assessment practices prior to engaging with many other trade receivable entities, which may arise as a claim against a third party for damage to Council.

Note 25. Financial instruments and financial risk management (continued)

property. Where ECL calculations result in an increase in the loss allowance, the loss allowance is adjusted to the ECL amount. Where possible, the Council assesses the credit risk prior to providing goods or services and applies normal business-credit protection procedures to minimise the risk. No financial assets have had their terms renegotiated to prevent them from being past due or impaired and are stated at the carrying amounts as indicated.

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

Investment and loans to subsidiary company

Council has established a General Security Deed (GSD) that grants Council with a security interest in the whole of the Invest Logan undertaking, property and assets including any interest in any present and after-acquired property including any Personal Property Securities (PPS) retention of title property of Invest Logan in connection with the loan agreement or any security.

Other financial assets

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

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation. Council manages its exposure to liquidity risk by maintaining sufficient cash reserves to cater for unexpected volatility in cash flows and by undertaking maturity analysis.

The following lines of credit were available at the end of the reporting period:

\$ '000	Consolidated 2022	2021	Council Only 2022	2021
QTC borrowings	-	-	-	-
Other borrowings - bank loan	-	-	-	-
Total available at 30 June	-	-	-	-

The outflows in the above table are not expected to occur significantly earlier and are not expected to be for significantly different amounts than indicated in the table. Council draws down on its QTC facility in accordance with budget outcomes and therefore no line of credit is required.

Consolidated

\$ '000	0-1 year	1-5 year	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2022					
Trade and other payables	92,749	-	-	92,749	92,749
QTC borrowings	32,231	119,666	228,100	379,997	289,319
Total available at 30 June	124,980	119,666	228,100	472,746	382,068

Council Only

\$ '000	0-1 year	1-5 year	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2022					
Trade and other payables	92,349	-	-	92,349	92,349
QTC borrowings	32,231	119,666	228,100	379,997	289,319
Total available at 30 June	124,580	119,666	228,100	472,346	381,668

Note 25. Financial instruments and financial risk management (continued)

Consolidated

\$ '000	0-1 year	1-5 year	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2021					
Trade and other payables	92,496	-	-	92,496	92,496
QTC borrowings	26,513	99,289	164,136	289,938	230,437
Other borrowings – bank loan	12,213	-	-	12,213	12,213
Total available at 30 June	131,222	99,289	164,136	394,647	335,146

Council Only

\$ '000	0-1 year	1-5 year	Over 5 years	Total Contractual Cash Flows	Carrying Amount
2021					
Trade and other payables	92,050	-	-	92,050	92,050
QTC borrowings	26,513	99,289	164,136	289,938	230,437
Other borrowings – bank loan	-	-	-	-	-
Total available at 30 June	118,563	99,289	164,136	381,988	322,487

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.

Market risk is the risk that changes in market prices, such as interest rates, will affect the Council's income or the value of its holdings of financial instruments. Council is exposed to market (interest rate) risk through investments and borrowings with QTC and other financial institutions. The Council has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

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

Fair value

The fair value of trade and other receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method. The fair values of Council borrowings are disclosed in note 17. Other financial assets and liabilities are either measured at fair value or the carrying amount is a reasonable approximation of fair value.

Note 26. National Competition Policy

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

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

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

2022	Water and sewerage services \$'000	Waste services \$'000
Revenue for services provided to the Council	2,696	863
Revenue for services provided to external clients	304,750	49,595
Community service obligations	-	-
	307,446	50,458
Less : expenditure	(388,517)	(45,798)
Surplus/(deficit)	(81,071)	4,660

Activities	CSO description	Actual \$'000
Water and sewerage services	Water, sewerage, and cleansing remissions to eligible community organisation	928
Waste services - cleansing remissions to eligible pensioners	Cleansing remissions to eligible pensioners	381
Waste services - cleansing remissions to eligible community organisations	Water, sewerage, and cleansing remissions to eligible community organisations	37
Waste services - tipping for community organisations	Free tipping for community organisations	70

Note 27. Controlled entities that have not been consolidated

Council has a single unconsolidated controlled entity, The City of Logan Mayor's Charity Limited (the Trustee), which was registered as a company limited by guarantee on 17 November 2017, and is not consolidated because its size and nature mean that it is not material to Council's operations. The Council is the sole member of the Trustee. The directors of the Trustee act as the responsible persons for the City of Logan Mayor's Charity Trust (the Trust) and are collectively a formal decision-making body that has ultimate responsibility for all matters involving the Trust.

The Trust is a community appeal fund, established to provide the public with a means by which to make donations for charitable purposes for the Logan community, and is a related party of Council. Relevant related party transactions between the Council and the Trust, and balances and commitments at the reporting date are disclosed in note 28.

Note 28. Transactions with Related Parties

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

The consolidated entity consists of Council and Invest Logan Pty Ltd, a wholly owned subsidiary company. The following are transactions that occurred, and balances and commitments at the reporting date:

\$ '000	Amount of transactions during year	Outstanding balance	Commitments
2022			
Rates and charges	61	-	-
Investment	-	8,166	-
Subsidiary loan	2,756	5,053	-
Subsidiary loan repayment	10,596	-	-
Land sold	-	-	-
Land purchased	-	-	-
Interest on loan	82	-	-
	13,495	13,219	-
2021			
Rates and charges	45	-	-
Investment	617	8,166	-
Subsidiary loan	8,720	12,768	1,912
Subsidiary loan repayment	1,734	-	-
Land sold	594	-	-
Land purchased	680	-	-
Interest on loan	12,517	20,934	1,912

(b) Associate companies and joint venture arrangements

Council had no associate companies and was not participant to any joint venture arrangements during the reporting period. Council does not have control, joint control or significant influence over any entities other than those listed. Council's subsidiary company established a subsidiary company, "YSB Pty Ltd", as a special purpose vehicle to enter into a joint venture for the development of 96-98 York Street, Beenleigh. At 30 June 2021, the Company's interest in the joint venture was \$2,267,201 represented by the cost of the land of \$765,316 and contributions to the joint venture of \$1,501,885.

Construction began on 4 May 2020 and the sale of the property was settled and proceeds were received on 25 February 2022.

The joint venture is incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profits or loss and other comprehensive income of the joint venture.

At 30 June 2022, Council's subsidiary company's interest in the joint venture is \$Nil. Remaining cash retained by the joint venture is expected to be utilised to settle the expected payments required under a rental guarantee provided in respect of the sale of the property and other project related liabilities. This rental guarantee relates to the 2 year period from February 2022 to February 2024.

(c) Key management personnel

Transactions with key management personnel

KMP are those persons having authority for the planning, directing, and controlling the activities of the Council, directly or indirectly, including the Mayor, Councillors, the Chief Executive Officer, directors, and any personnel acting in these roles. No close family members of KMP were employed at Council during the financial year.

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

Note 28. Transactions with Related Parties (continued)

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
The compensation paid to key management personnel for comprises:				
Short-term employee benefits	4,552	4,496	4,552	4,496
Post-employment benefits	397	402	397	402
Long-term benefits	79	46	79	46
Total	5,028	4,944	5,028	4,944

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

(d) Other Related Parties

Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members. Close family members include a spouse, child and dependent of a KMP or their spouse. The aggregate value of transactions and outstanding balances between Council and other related parties are tabled below:

\$ '000	Consolidated		Council Only	
	2022	2021	2022	2021
Rates and charges levied on properties owned by KMP and close family	197	165	197	165
Balances outstanding at reporting date	-	-	-	-
Grants provided to The City of Logan Mayor's Charity Trust	30	30	30	30
Total	227	195	227	195

There have been no fees and charges or other transactions between the Council and KMP during the reporting period, nor are there balances outstanding or further commitments at the reporting date, other than those disclosed. Rates and charges levied on properties owned by KMP were on the same basis as the rates and charges adopted by Council and levied to the public.

(e) Loans and guarantees to/from related parties

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

Management Certificate

for the year ended 30 June 2022

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the Local Government Regulation 2012 (the Regulations) 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 Regulations 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 the above pages, 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.



[Mayor]
Mayor
dd MMMM yyyy

9/09/2022



[General Manager]
Chief Executive Officer
dd MMMM yyyy

9 Sept 2022

INDEPENDENT AUDITOR'S REPORT

To the councillors of Logan City Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Logan City Council (the Council) and its controlled entities (the Group).

In my opinion, the financial report:

- a) gives a true and fair view of the Council's and Group's financial position as at 30 June 2022, 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 consolidated statements of financial position as at 30 June 2022, the consolidated statements of profit or loss and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, notes to consolidated financial statements including significant accounting policies and other explanatory 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 and the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

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 Logan City Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

The councillors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *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 and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the council or to otherwise cease operations of the Group.

Auditor's responsibilities for the audit of the financial report

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

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

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

- Conclude on the appropriateness of the Council's and the Group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's or the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the Group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

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

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

Prescribed requirements scope

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



14 September 2022

David Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement

\$ '000	Actual 2022	Target 2022
Measures of financial sustainability		
1. Operating surplus ratio		
Net result (excluding capital items)(1)	5.28%	0% - 10%
Total operating revenue (excluding capital items)		
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)	63.12%	> 90%
Depreciation expense		
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 (2)	(9.76)%	< 60%
Total operating revenue (excluding capital items)		

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 income statement. 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 income statement. 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 2022.

Logan City Council (Consolidated)
General Purpose Financial Statements
for the year ended 30 June 2022

Financial Statements 2022

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.



[Mayor]
Mayor
dd MMMM yyyy

9/09/2022



[General Manager]
Chief Executive Officer
dd MMMM yyyy

9 Sept 2022

INDEPENDENT AUDITOR'S REPORT

To the councillors of Logan City Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Logan City Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Logan City Council for the year ended 30 June 2022 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 Logan City Council's annual report for the year ended 30 June 2022 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 expressed 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 accounting policies 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.



14 September 2022

David Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Unaudited Long Term Financial Sustainability Statement

\$ '000	Target 2022	Actual 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Measures of financials sustainability												
1. Operating surplus ratio												
Net result (excluding capital items)	0% - 10%	5.28%	0.60%	0.30%	2.4%	3.1%	2.8%	2.9%	3.4%	3.6%	4.5%	5.5%
Total operating revenue (excluding capital items)												
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)	> 90%	63.12%	84%	67.8%	69.1%	65.7%	63.5%	63.2%	61.9%	56.2%	54.3%	54.5%
Depreciation expense												
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	< 60%	(9.76)%	12.2%	34.6%	43.5%	49.6%	60%	59.6%	55.4%	48.4%	40.1%	49.6%
Total operating revenue (excluding capital items)												

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 income statement. 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 income statement. 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.

Logan City Council (Consolidated) Financial Management Strategy



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

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

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.


[Mayor]
Mayor
dd MMMM yyyy
9/09/2022
[General Manager]
Chief Executive Officer
dd MMMM yyyy
9 Sep 2022