



# AGENDA

## Coordination Committee Meeting

**Tuesday 16 October 2018**  
commencing at 10.30am

Redcliffe Chambers  
Irene Street, Redcliffe

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**COUNCILLOR:**

NOTICE IS HEREBY GIVEN, that a meeting of the Coordination Committee will be held on Tuesday 16 October 2018 commencing at 10.30am in Redcliffe Chambers, Irene Street, Redcliffe to give consideration to the matters listed on this agenda.

Daryl Hitzman  
Chief Executive Officer

11 October 2018

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**Membership = 13**  
Mayor and all Councillors

**Quorum = 7**

[Agenda for public distribution](#)

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## ATTENDANCE & APOLOGIES

### Attendance:

#### Committee Members:

Cr Allan Sutherland (Mayor) (Chairperson)

#### Officers:

### Apologies:

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**The Mayor is the Chairperson of the Coordination Committee.**

**Coordination Committee meetings comprise of Sessions chaired by Council's nominated Spokesperson for that portfolio, as follows:**

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Session	Spokesperson
1 Governance	Cr Allan Sutherland (Mayor)
2 Planning & Development	Cr Mick Gillam
3 Corporate Services	Cr Matt Constance
4 Asset Construction & Maintenance	Cr Adam Hain
5 Parks, Recreation & Sport	Cr Koliانا Winchester
6 Lifestyle & Amenity	Cr Denise Sims
7 Economic Development, Events & Tourism	Cr Peter Flannery
8 Regional Innovation	Cr Darren Grimwade
9 General Business	Cr Allan Sutherland (Mayor)

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**1 GOVERNANCE SESSION**

**(Cr A Sutherland, Mayor)**

**ITEM 1.1**

**ATTENDANCE - 2019 AUSTRALIAN COASTAL COUNCILS CONFERENCE - REGIONAL**

*Meeting / Session:* 1 GOVERNANCE  
*Reference:* A17633215 : 9 October 2018  
*Responsible Officer:* LK, Executive Support Officer (CEO Executive Services)

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**Executive Summary**

This report seeks consideration of Councillor attendance to the 2019 Australian Coastal Councils Conference to be held from 6 to 8 March 2019 and hosted by Kiama Municipal Council, New South Wales.

**OFFICER'S RECOMMENDATION**

1. That Cr Peter Flannery be authorised to attend the 2019 Australian Coastal Councils Conference.
2. That the Chief Executive Officer arrange for Officer attendance at this Conference as appropriate.

*ITEM 1.1 ATTENDANCE - 2019 AUSTRALIAN COASTAL COUNCILS CONFERENCE - REGIONAL - A17633215  
(Cont.)*

## **REPORT DETAIL**

### **1. Background**

Advice has been received that the 2019 Australian Coastal Councils Conference is to be held in Kiama, New South Wales from Wednesday 6 to Friday 8 March 2019. Cr Peter Flannery has expressed his interest in attending.

### **2. Explanation of Item**

The 2019 Australian Coastal Councils Conference will feature topics of relevance to all coastal stakeholders, including:

- Coastal planning and management
- Economic development strategies
- Issues affecting visitor accommodation options
- Coastal policy
- Tourism
- Sustainable coastal development

### **3. Strategic Implications**

#### 3.1 Legislative/Legal Implications

There are no legislative/legal implications arising as a direct result of this report.

#### 3.2 Corporate Plan / Operational Plan

Creating Opportunities: Well-planned growth - a sustainable and well-planned community.

#### 3.3 Policy Implications

Arrangements will be made in accordance with Council's Professional Development Policy 2150-089.

#### 3.4 Risk Management Implications

There are no risk management implications arising as a direct result of this report.

#### 3.5 Delegated Authority Implications

There are no delegated authority implications arising as a direct result of this report.

#### 3.6 Financial Implications

Appropriate funds have been provided in the 2018/19 Budget.

#### 3.7 Economic Benefit

The conference will provide opportunity for networking with coastal planners, decision-makers and government agencies involved in coastal planning and management.

#### 3.8 Environmental Implications

Topics associated with the conference will address a range of environmental challenges facing local government.

#### 3.9 Social Implications

The conference program will feature topics of relevance to the Moreton Bay Region community.

#### 3.10 Consultation / Communication

Consultation was undertaken with Councillors, the Chief Executive Officer and Directors.

**ITEM 1.2**

**122ND ANNUAL LOCAL GOVERNMENT ASSOCIATION OF QUEENSLAND  
CONFERENCE - MORETON BAY REGIONAL COUNCIL - OBSERVER - REGIONAL**

*Meeting / Session:* 1 GOVERNANCE  
*Reference:* A17682342 : 10 October 2018  
*Responsible Officer:* LK, Executive Support Officer (CEO Executive Services)

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**Executive Summary**

This report seeks consideration of Cr Allan Sutherland (Mayor) to attend as an observer to the 2018 Local Government Association of Queensland (LGAQ) Conference to be held in Brisbane from 29-31 October 2018.

**OFFICER'S RECOMMENDATION**

That Cr Allan Sutherland (Mayor) be authorised to attend the 2018 Local Government Association of Queensland (LGAQ) Conference as an observer.

*ITEM 1.2 122ND ANNUAL LOCAL GOVERNMENT ASSOCIATION OF QUEENSLAND CONFERENCE - MORETON BAY REGIONAL COUNCIL - OBSERVER - REGIONAL - A17682342 (Cont.)*

## **REPORT DETAIL**

### **1. Background**

At the Coordination Committee Meeting held 10 April 2018, Council authorised the attendance of Councillors Mike Charlton (Deputy Mayor), James Houghton, Adam Hain, Denise Sims, Darren Grimwade, Matt Constance and Adrian Raedel to the 2018 LGAQ Conference.

The following resolution appears on Minute Page 18/694 of the General Meeting of Council held 10 April 2018.

Ex. Coordination Committee held 10 April 2018 (Page 18/697)

#### COMMITTEE RECOMMENDATION

1. That Councillors Mike Charlton (Deputy Mayor), James Houghton, Adam Hain, Denise Sims, Darren Grimwade, Matt Constance and Adrian Raedel be appointed to attend the 122<sup>nd</sup> Annual Local Government Association of Queensland Conference.
2. That the Chief Executive Officer arrange for officer attendance at this conference as appropriate.

Further, at the Coordination Committee Meeting held 14 August 2018, Council authorised the submission of a motion to the 2018 LGAQ Conference, and attendance of Councillors Mike Charlton (Deputy Mayor) and Adrian Raedel as Council's Delegates, and Councillors Houghton, Hain, Sims, Grimwade and Constance as observers.

The following resolution appears on Minute Page 18/1708 of the General Meeting of Council held 14 August 2018.

Ex. Coordination Committee held 14 August 2018 (Page 18/1713)

#### COMMITTEE RECOMMENDATION

1. That the Chief Executive Officer be authorised to submit the motion contained in this report for inclusion in the 2018 Local Government Association of Queensland (LGAQ) Conference agenda.
2. That Cr Mike Charlton (Deputy Mayor) and Cr Adrian Raedel be Council's Delegates to the 2018 Local Government Association of Queensland (LGAQ) Conference.
3. That Councillors Houghton, Hain, Sims, Grimwade and Constance attend the 2018 Local Government Association of Queensland (LGAQ) Conference as observers.

### **2. Explanation of Item**

The LGAQ Conference provides an important opportunity for Councils to network and learn, and debate and vote on new policy. The event also serves as the Association's Annual General Meeting.

Subsequent to the previous reports, Councillor James Houghton has withdrawn his attendance to the 2018 LGAQ Conference.

Cr Allan Sutherland (Mayor) seeks consideration of attendance as an observer to the 2018 LGAQ Conference.

*ITEM 1.2 122ND ANNUAL LOCAL GOVERNMENT ASSOCIATION OF QUEENSLAND CONFERENCE - MORETON BAY REGIONAL COUNCIL - OBSERVER - REGIONAL - A17682342 (Cont.)*

**3. Strategic Implications**

3.1 Legislative/Legal Implications

There are no legislation/legal implications directly arising from this report.

3.2 Corporate Plan / Operational Plan

Strengthening Communities: Strong local governance - strong leadership and governance.

3.3 Policy Implications

Arrangements will be made in accordance with Council's Professional Development Policy 2150-089.

3.4 Risk Management Implications

There are no direct risk management implications arising from this report.

3.5 Delegated Authority Implications

There are no delegated authority implications arising from this report.

3.6 Financial Implications

Funds have been provided in the 2018/19 Budget.

3.7 Economic Benefit

Topics and motions associated with the conference will address a range of economic factors in local government.

3.8 Environmental Implications

Topics and motions associated with the conference will address a range of environmental challenges facing local government.

3.9 Social Implications

Topics and motions associated with the conference will address a range of social challenges facing local government.

3.10 Consultation / Communication

Consultation undertaken with all Councillors, the Chief Executive Officer and Directors.

**2 PLANNING & DEVELOPMENT SESSION**

**(Cr M Gillam)**

No items for consideration.

**3 CORPORATE SERVICES SESSION**

**(Cr M Constance)**

**ITEM 3.1**

**AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL**

*Meeting / Session:* 3 CORPORATE SERVICES  
*Reference:* A17671928: 9 October 2018 - **Refer Supporting Information A17671298**  
*Responsible Officer:* DC, Accounting Services Manager (CEO Accounting Services)

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**Executive Summary**

The purpose of this report is to present the Council's Audited Financial Statements for 2017/18, the audited current year financial sustainability statement and the long term financial sustainability statement.

**OFFICER'S RECOMMENDATION**

1. That the 2017/18 audited financial statements, the audited current year financial sustainability statement and the long term financial sustainability statement be received.
2. That Council acknowledge the co-operation of the Queensland Audit Office during the 2017/18 audit.

*ITEM 3.1 AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL - A17671928 (Cont.)*

## **REPORT DETAIL**

### **1. Background**

The Financial Statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Local Government Act 2009* and the Local Government Regulation 2012.

The Financial Statements cover the period 1 July 2017 to 30 June 2018.

The current year financial sustainability statement and the long term financial sustainability statement have been prepared in accordance with the Local Government Regulation 2012.

### **2. Explanation of Item**

At the Audit Committee meeting held on 8 August 2018 the Draft Financial Statements, the current year financial sustainability statement and the long term financial sustainability statement were presented for review.

After this meeting the financial statements and sustainability statements were provided to the Queensland Audit Office (QAO) on 17 August 2018 for auditing.

Following the onsite audit visit by QAO the financial statements and sustainability statements were presented to the Audit Committee meeting held on 26 September 2018 for final review prior to management signing.

Management signed the financial statements and sustainability statements on 2 October 2018 following which QAO certified the financial statements and current year sustainability statement on 8 October 2018.

QAO provided the following opinion regarding the financial statements (exert from Independent Auditor Report),

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, 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.

Additionally, QAO provided the following opinion regarding the current year financial sustainability statement,

- a) the current year financial sustainability statement of Moreton Bay Regional Council for the year ended 30 June 2018 has been accurately calculated.

### **3. Strategic Implications**

#### **3.1 Legislative/Legal Implications**

There are several legislative requirements regarding the preparation and audit of the financial statements under the *Local Government Act 2009* and the Local Government Regulation 2012.

Specifically, section 212 of the Local Government Regulation states:

- (1) A local government's general purpose financial statement and current-year financial sustainability statement for a financial year must be given to the auditor-general for auditing.
- (2) Also, a local government's long-term financial sustainability statement for the financial year must be given to the auditor-general for information.



*ITEM 3.1 AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL - A17671928 (Cont.)*

- (3) The financial statements mentioned in subsections (1) and (2) must be given to the auditor-general by a date agreed between the chief executive officer and the auditor-general.
- (4) The date agreed under subsection (3) must allow the audit of the financial statements, and the auditor-general's audit report about the statements, to be completed no later than 4 months after the end of the financial year to which the statements relate.
- (5) The financial statements given to the auditor-general must be accompanied by a certificate in the approved form given by the mayor and chief executive officer, certifying whether, in their opinion—
  - (a) in relation to the general purpose financial statement—
    - (i) any requirements prescribed under the Act or another Act for establishing and keeping the local government's accounts have been complied with in all material respects; and
    - (ii) the statement presents a true and fair view, in compliance with the prescribed accounting standards, of the local government's transactions for the financial year and financial position at the end of the year; and
  - (b) in relation to the current-year financial sustainability statement and the long-term financial sustainability statement—the statements have been accurately calculated.

3.2 Corporate Plan / Operational Plan

Strengthening Communities: Strong local governance - strong leadership and governance.

3.3 Policy Implications

Management are responsible for ensuring the financial statements are prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board and for ensuring its policies outlined in the financial statements are in accordance with those standards.

3.4 Risk Management Implications

Management make significant judgements and assumptions in the formulating of certain accounting estimates relating to:

- Measuring fair values of financial assets and liabilities in accordance with relevant accounting standards
- Assessing for indicators of possible impairment of assets.
- Reviewing useful lives and residual values for property, plant and equipment, intangibles and the allocation of depreciation and amortisation on a systematic basis over the estimated useful lives of the assets.
- Measuring accruals and provisions for restoration and employee entitlements
- Assessing whether material contingent assets and liabilities exist.

Management believe that these judgements and assumptions are reasonable and supportable through extensive work-papers which are compiled and submitted to QAO as part of the audit review process. QAO found no issues with the work papers provided.

3.5 Delegated Authority Implications

There are no delegated authority implications arising as a direct result of this report.

3.6 Financial Implications

The Financial Statements present the Council's financial performance, position, change in equity and cash flow as at 30 June 2018. Comparative amounts are provided for the previous financial year. The current year audited financial sustainability statement indicates that Council is in a strong financial position.

The cost to Council for the 2017/18 external audit will be in the amount of \$230,000 (GST exclusive) as per the external audit plan.

## Moreton Bay Regional Council

*ITEM 3.1 AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL - A17671928 (Cont.)*

3.7 Economic Benefit

There are no economic benefits arising as a direct result of this report.

3.8 Environmental Implications

There are no environmental implications arising as a direct result of this report.

3.9 Social Implications

There are no social implications arising as a direct result of this report.

3.10 Consultation / Communication

Audit Committee, Chief Executive Officer, Manager Financial and Project Services, Queensland Audit Office.

*ITEM 3.1 AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL - A17671928 (Cont.)*

**SUPPORTING INFORMATION**

**Ref: [A17671298](#)**

The following list of supporting information is provided for:

**ITEM 3.1  
AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 -  
REGIONAL**

***#1 Financial Statements for the year ended 30 June 2018***

*ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)*  
**#1 Financial Statements for the year ended 30 June 2018**



**MORETON BAY REGIONAL COUNCIL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 June 2018**



**Financial Statements**  
For the year ended 30 June 2018  
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# Moreton Bay Regional Council

COORDINATION COMMITTEE MEETING  
16 October 2018

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*ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)*



## STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2018

	Note	2018 \$'000	Restated 2017 \$'000
<b>Income</b>			
<b>Revenue</b>			
<b>Recurring Revenue</b>			
Rates and utility charges	3(a)	295,462	277,534
Fees and charges	3(b)	36,667	38,625
Rental income		7,015	7,026
Grants, subsidies and contributions	3(c)(i)	20,866	27,317
Interest revenue	3(d)	45,691	44,621
Sales revenue		3,447	3,183
Other revenue	3(e)	49,493	26,396
Share of profit of associate	10	69,539	78,917
		<u>528,180</u>	<u>503,619</u>
<b>Capital Revenue</b>			
Grants, subsidies and contributions	3(c)(ii)	141,289	111,382 *
<b>Total Revenue</b>		<u>669,469</u>	<u>615,001</u> *
<b>Capital Income</b>	3(f)	2,773	2,420
<b>Total Income</b>		<u>672,242</u>	<u>617,421</u> *
<b>Expenses</b>			
<b>Recurring Expenses</b>			
Employee benefits	4(a)	(120,062)	(120,184)
Materials and services	4(b)	(155,487)	(142,003)
Depreciation and amortisation	11,12	(95,939)	(86,495) *
Finance costs	4(c)	(24,142)	(24,352)
		<u>(395,630)</u>	<u>(373,034)</u> *
<b>Capital Expenses</b>	4(d)	(52,493)	(16,104)
<b>Total Expenses</b>		<u>(448,123)</u>	<u>(389,138)</u> *
<b>NET RESULT</b>		<u>224,119</u>	<u>228,283</u> *
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	16	26,569	34,081
<b>Items that may be reclassified subsequently to net result</b>			
Net change in available-for-sale financial assets		(311)	-
<b>Total other comprehensive income for the year</b>		<u>26,258</u>	<u>34,081</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>250,377</u>	<u>262,364</u> *

*The accompanying notes form part of these financial statements.*

*\* Comparative figures have been restated. Refer to Note 24 for details.*

# Moreton Bay Regional Council

COORDINATION COMMITTEE MEETING  
16 October 2018

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*ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)*



## STATEMENT OF FINANCIAL POSITION As at 30 June 2018

	Note	2018 \$'000	Restated 2017 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	313,852	299,760
Trade and other receivables	6	49,653	115,792
Inventories		1,163	1,159
		<u>364,668</u>	<u>416,711</u>
Non-current assets held for sale	7	402	45,758
<b>Total Current Assets</b>		<u>365,070</u>	<u>462,469</u>
<b>Non-Current Assets</b>			
Trade and other receivables	6	677,485	677,488
Other financial assets	8	101,721	-
Investments		15	15
Investment property	9	28,635	44,970
Investment in associate	10	1,125,208	1,056,084
Property, plant and equipment	11	4,636,026	4,405,780 *
Intangible assets	12	382	1,744
<b>Total Non-Current Assets</b>		<u>6,569,472</u>	<u>6,186,081 *</u>
<b>Total Assets</b>		<u>6,934,542</u>	<u>6,648,550 *</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	49,036	47,034
Borrowings	14	31,533	28,479
Provisions	15	13,778	13,394
Other		550	410
<b>Total Current Liabilities</b>		<u>94,897</u>	<u>89,317</u>
<b>Non-Current Liabilities</b>			
Trade and other payables	13	-	213
Borrowings	14	354,463	359,071
Provisions	15	42,582	33,382
<b>Total Non-Current Liabilities</b>		<u>397,045</u>	<u>392,666</u>
<b>Total Liabilities</b>		<u>491,942</u>	<u>481,983</u>
<b>NET COMMUNITY ASSETS</b>		<u>6,442,600</u>	<u>6,166,567 *</u>
<b>Community Equity</b>			
Retained surplus		5,519,101	5,269,637 *
Asset revaluation surplus	16	923,499	896,930
<b>TOTAL COMMUNITY EQUITY</b>		<u>6,442,600</u>	<u>6,166,567 *</u>

*The accompanying notes form part of these financial statements.*

*\* Comparative figures have been restated. Refer to Note 24 for details.*



**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2018

	Retained Surplus	Asset Revaluation Surplus	Total Community Equity
Note	\$'000	16 \$'000	\$'000
<b>Balance as at 1 July 2017 (Restated)</b>	<b>5,269,637</b>	<b>896,930</b>	<b>6,166,567</b>
Net result	224,119	-	224,119
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	26,569	26,569
Net change in available-for-sale financial assets	(311)	-	(311)
Adjustment to equity on the recognition of assets	25,656	-	25,656
<b>Total comprehensive income for the year</b>	<b>249,464</b>	<b>26,569</b>	<b>276,033</b>
<b>Balance at 30 June 2018</b>	<b>5,519,101</b>	<b>923,499</b>	<b>6,442,600</b>
<b>Balance as at 1 July 2016 (Restated)</b>	<b>5,041,354</b>	<b>862,849</b>	<b>5,904,203</b> *
Net result	228,283	-	228,283
Other comprehensive income for the year			
Increase in asset revaluation surplus	-	34,081	34,081
<b>Total comprehensive income for the year</b>	<b>228,283</b>	<b>34,081</b>	<b>262,364</b> *
<b>Balance at 30 June 2017 (Restated)</b>	<b>5,269,637</b>	<b>896,930</b>	<b>6,166,567</b> *

The accompanying notes form part of these financial statements.

\* Comparative figures have been restated. Refer to Note 24 for details.



# Moreton Bay Regional Council

*ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)*



## STATEMENT OF CASH FLOWS For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		369,810	350,340
Payments to suppliers and employees		(305,277)	(290,400)
Interest received		45,945	44,672
Rental income		7,015	7,026
Non capital grants and contributions		20,866	27,317
Tax equivalent received		32,392	16,418
Borrowing costs		(22,392)	(23,271)
<b>Net cash inflow from operating activities</b>	<b>CF-1</b>	<b>148,359</b>	<b>132,102</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(156,883)	(144,593)
Payments for intangible assets		-	(4)
Payments for investment property		(210)	(96)
Payments for an available for sale investment		(100,000)	-
Proceeds from sale of property, plant and equipment		48,960	16,714
Net movement in loans to community organisations		6	(8)
Dividends received from associate		13,096	22,737
Grants, subsidies and contributions		62,318	58,506
<b>Net cash outflow from investing activities</b>		<b>(132,713)</b>	<b>(46,744)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		26,000	21,000
Repayment of borrowings		(27,554)	(24,909)
<b>Net cash outflow from financing activities</b>		<b>(1,554)</b>	<b>(3,909)</b>
Net increase in cash and cash equivalent held		<b>14,092</b>	<b>81,449</b>
Cash and cash equivalents at the beginning of the financial year		<b>299,760</b>	<b>218,311</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5</b>	<b>313,852</b>	<b>299,760</b>

*The accompanying notes form part of these financial statements.*



**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2018

Notes to the statement of cash flow

CF-1 Reconciliation of net result for the year to net cash inflow from operating activities

	2018 \$'000	Restated 2017 \$'000
Net result	<u>224,119</u>	<u>228,283</u> *
Non-cash items:		
Depreciation and amortisation	95,939	86,495 *
Revaluation adjustments	24,283	(2,313)
Change in future rehabilitation and restoration costs	2,949	508
Change in infrastructure offsets and credits	(571)	(752)
Impairment of property, plant and equipment	(640)	459
Contributed assets	(78,971)	(52,876) *
Share of profit of associate	<u>(69,539)</u>	<u>(78,917)</u>
	<u>(26,550)</u>	<u>(47,396)</u>
Investing and development activities:		
Net loss on disposal of non-current assets	26,628	16,121
Increase in available-for-sale investment	(2,038)	-
Capital grants and contributions	<u>(62,318)</u>	<u>(58,506)</u>
	<u>(37,728)</u>	<u>(42,385)</u>
Changes in operating assets and liabilities:		
(Increase) in receivables	(11,625)	(5,314)
(Increase)/decrease in other operating assets	(1,670)	223
Increase in payables	1,788	1,146
(Decrease) in provisions	(115)	(2,248)
Increase/(decrease) in other liabilities	140	(207)
	<u>(11,482)</u>	<u>(6,400)</u>
Net cash inflow from operating activities	<u><u>148,359</u></u>	<u><u>132,102</u></u>

CF-2 Reconciliation of liabilities arising from financing activities

	2018 \$'000	2017 \$'000
Loans:		
Opening balance at beginning of financial year	387,550	391,459
Loans raised - cash inflow	26,000	21,000
Principal repayment - cash outflow	<u>(27,554)</u>	<u>(24,909)</u>
Closing balance at end of financial year	<u><u>385,996</u></u>	<u><u>387,550</u></u>



## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

### 1 Significant accounting policies

#### 1(a) Basis of preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018. They are prepared in accordance with the Local Government Act 2009 and the Local Government Regulation 2012.

They comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS). Therefore in some instances these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation gains and losses within a class of assets and the timing of recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except where stated.

#### 1(b) Constitution

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

#### 1(c) New and revised Accounting Standards

Council has applied AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* for the first time in 2018. As a result Council has disclosed more information to explain changes in liabilities arising from financing activities. Disclosure of the relevant information is presented in Note CF-2.

Council generally applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards and Interpretations that have been recently issued with future commencement dates are set out below:

##### **AASB 9 *Financial Instruments***

This standard will become effective from reporting periods beginning on or after 1 January 2018. AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement* and changes the classification, measurement and disclosure of financial assets. This change will require Council to measure all financial assets at fair value or amortised cost rather than at cost. The impact is expected to be immaterial.

##### **AASB 16 *Leases***

This standard will become effective for reporting periods beginning on or after 1 January 2019. AASB 16 will require the recognition of all leases on the balance sheet. A lease liability will be initially measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised to record the right to use the leased item over the lease term. Council has undertaken a preliminary analysis to identify and quantify the impacts of introducing AASB 16. The current assessment indicates the impact is expected to be immaterial.



## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

### 1 Significant accounting policies (continued)

#### 1(c) New and revised Accounting Standards (continued)

##### **AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities**

AASB 15 will become effective for reporting periods beginning on or after 1 January 2018. AASB 1058 and AASB 2016-8 will become effective for reporting periods beginning on or after 1 January 2019. AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 1058 will replace AASB 1004 Contributions. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure for income including revenue from contracts with customers. Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards. To date the following impact has been identified.

At 30 June 2018 Council had received pre-paid rates totalling \$5.8 million. These rates are recognised as revenue in the Statement of Comprehensive Income. If Council had applied AASB 1058 this year these rates would have been recognised as a liability in the Statement of Financial Position and Council's net result would decrease by \$5.8 million.

#### 1(d) Estimates and judgements

Where necessary judgements, estimates and assumptions have been used in preparing these financial statements. Those that have a significant effect, or risk of causing an adjustment to council's assets or liabilities relate to:

Investment Property (Note 9)

Valuation and depreciation of property, plant and equipment (Note 11)

Impairment of non-current assets (Note 4(d))

Provisions (Note 15)

Contingencies (Note 19)

#### 1(e) Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest \$1,000.

Comparative information has been reclassified where necessary to be consistent with disclosures in the current reporting period. The resulting reclassifications have had no effect on the current year or prior year net community assets.

#### 1(f) Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The net amount of GST recoverable from the Australian Taxation Office (ATO) or payable to the ATO is shown as an asset or liability respectively.





## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

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### 2 Analysis of Results by Function

#### 2(a) Components of Council Functions

The activities relating to Council's components reported in Note 2(b) below are as follows:

##### **Engineering, Construction & Maintenance**

Engineering, Construction and Maintenance is responsible for the maintenance of Council buildings, public facilities and infrastructure, provide sustainable and cost-effective solid waste management services to the community, as well as identifying, planning and delivering infrastructure to support the community and ensure a high standard of infrastructure within the Moreton Bay Region.

##### **Community & Environmental Services**

Community and Environmental Services is responsible for providing well managed and maintained community facilities, ensuring compliance with the local laws of Council, monitoring, reporting and engaging with the community to advance the protection and management of the natural environment, manage Council's property portfolio, acquire and dispose of strategic land holdings and manage Council's enterprises.

##### **Governance**

The role of the Governance section is to ensure open and accountable governance of the region and comprises the Councillors, Chief Executive Officer, Internal Audit, Legal, Financial Management, Human Resources, Information Technology Support, Communications and other related support functions.

##### **Planning & Economic Development**

The role of Planning and Economic Development is to support increased levels of employment within the region, foster a dynamic and prosperous business environment, stimulate economic activities, maintain a strategic plan of Council's longer term functions and responsibilities in relation to land use planning, planning scheme development, development assessment and engineering.

# Moreton Bay Regional Council

*ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)*



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

2 Analysis of Results by Function (continued)

2(b) Income and expenses defined between operating and capital are attributed to the following functions:

Year ended 30 June 2018	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000			\$'000	\$'000				
Engineering, Construction & Maintenance	792	66,312	16,742	4,293	(14,650)	73,489	(169,179)	(445)	14,176	(155,448)	(81,959)	4,668,369
Community & Environmental Services	3,468	30,531	-	30,406	(42)	64,363	(60,365)	16,512	432	(43,421)	20,942	906
Governance	15,974	412,706	15	92,606	2,774	524,075	(167,010)	(68,560)	(2,602)	(238,172)	285,903	2,265,049
Planning and Economic Development	100	10,309	-	-	(94)	10,315	(11,088)	-	6	(11,082)	(767)	218
<b>Total</b>	<b>20,334</b>	<b>519,858</b>	<b>16,757</b>	<b>127,305</b>	<b>(12,012)</b>	<b>672,242</b>	<b>(407,642)</b>	<b>(52,493)</b>	<b>12,012</b>	<b>(448,123)</b>	<b>224,119</b>	<b>6,934,542</b>

Year ended 30 June 2017	Gross program income				Elimination of inter-function transactions	Total income	Gross program expenses		Elimination of inter-function transactions	Total expenses	Net result	Assets
	Operating		Capital				Operating	Capital				
	Grants	Other	Grants	Other								
	\$'000	\$'000	\$'000	\$'000			\$'000	\$'000				
Engineering, Construction & Maintenance	781	67,259	18,660	2,318	(18,606)	70,412	(164,303)	1,367	17,065	(145,871)	(75,459)	4,500,830 *
Community & Environmental Services	3,334	30,421	-	-	(50)	33,705	(60,288)	14,884	1,322	(44,082)	(10,377)	769
Governance	22,482	382,769	-	92,824 *	2,389	500,464	(149,280) *	(32,355)	(2,240)	(183,875) *	316,589 *	2,146,946
Planning and Economic Development	190	12,666	-	-	(16)	12,840	(15,446)	-	136	(15,310)	(2,470)	5
<b>Total</b>	<b>26,787</b>	<b>493,115</b>	<b>18,660</b>	<b>95,142 *</b>	<b>(16,283)</b>	<b>617,421</b>	<b>(389,317) *</b>	<b>(16,104)</b>	<b>16,283</b>	<b>(389,138) *</b>	<b>228,283 *</b>	<b>6,648,550 *</b>

Comparative information has been restated to be consistent with disclosures in the current reporting period.  
\* Comparative figures have been restated. Refer to Note 24 for details.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**3 Revenue**

Revenue is recognised at the fair value of consideration received or receivable, on the basis it meets the recognition criteria set out below.

**3(a) Rates and utility charges**

Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

	2018 \$'000	2017 \$'000
General rates	242,895	228,108
Cleansing charges	39,769	38,680
Other special levies, rates and charges	16,742	14,580
	<u>299,406</u>	<u>281,368</u>
Less: Pensioner and other rebates	(3,944)	(3,834)
	<u>295,462</u>	<u>277,534</u>

**3(b) Fees and charges**

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents or when the service is provided.

	2018 \$'000	2017 \$'000
Administration	4,614	4,521
Community facilities	4,308	4,633
Development services	19,230	21,652
Waste management	4,424	4,032
Animal control	3,921	3,673
Other fees	170	114
	<u>36,667</u>	<u>38,625</u>

**3(c) Grants, subsidies and contributions**

Grants and subsidies that are non-reciprocal are recognised as revenue upon receipt. Where Council is obligated to repay grant and subsidy income an expense is recognised once that obligation is known.

Physical assets contributed to Council by developers in the form of infrastructure are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution on the date of acquisition. Non-cash contributions with a value in excess of the recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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.



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

<b>3</b>	<b>Revenue (continued)</b>			
3(c)	Grants, subsidies and contributions (continued)			
		Note	2018 \$'000	2017 \$'000
(i)	<b>Operating</b>			
	Government grants and subsidies		19,637	26,253
	Other grants, subsidies, contributions		1,229	1,064
			<u>20,866</u>	<u>27,317</u>
(ii)	<b>Capital</b>			
	Government grants and subsidies		16,757	18,660
	Infrastructure cash contributions		41,323	38,020
	Contributed assets		78,971	52,876
	Other capital income		4,238	1,826
			<u>141,289</u>	<u>111,382</u>
3(d)	<b>Interest revenue</b>			
	Interest received is accrued over the term of the investment.			
	Interest from financial institutions		9,603	7,527
	Interest from Unitywater		35,070	36,085
	Interest from overdue rates and utility charges		1,018	1,009
			<u>45,691</u>	<u>44,621</u>
3(e)	<b>Other revenue</b>			
	Tax equivalent	23	42,029	19,947
	Other income		7,464	6,449
			<u>49,493</u>	<u>26,396</u>
3(f)	<b>Capital income</b>			
	Gain on sale of assets classified as held for sale		481	-
	Reinvestment on available-for-sale investment		2,098	-
	Revaluation up of investment property	9	-	2,313
	Reversal of loss on impairment of assets held for sale		167	-
	Adjustment to landfill and Bio-solids composting sites		27	107
			<u>2,773</u>	<u>2,420</u>
<b>4</b>	<b>Expenses</b>			
4(a)	<b>Employee benefits</b>			
	Total staff wages and salaries		100,005	101,014
	Annual, sick, long service leave and other entitlements		11,987	11,711
	Superannuation	20	12,391	12,561
			<u>124,383</u>	<u>125,286</u>
	Other employee related expenses		4,352	3,461
			<u>128,735</u>	<u>128,747</u>
	Less: Capitalised employee expenses		(8,673)	(8,563)
			<u>120,062</u>	<u>120,184</u>

Total full time equivalent employees at 30 June 2018 were 1,449 (2017: 1,419).





**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

<b>4</b>	<b>Expenses (continued)</b>			
<b>4(b)</b>	<b>Materials and services</b>			
		Note	2018 \$'000	2017 \$'000
	Contractors		79,528	75,727
	Utilities		19,512	21,226
	Materials		9,339	10,087
	Other materials and services		5,355	6,107
	Information technology hardware/software		6,982	4,886
	Expensed capital		2,862	2,045
	Commissions and contributions		6,842	3,350
	Labour hire services		5,179	3,971
	Insurance premiums		2,706	2,525
	Fuel		3,007	2,743
	Printing, postage and stationery		2,029	2,049
	Donations, grants and contributions		2,105	2,068
	Councillors' remuneration		1,835	1,797
	Cleaning		1,299	1,619
	Legal costs		6,668	1,556
	Audit of annual financial statements by the Auditor- General of Queensland		239	246
	Other audit assurance services performed		-	1
			<u>155,487</u>	<u>142,003</u>
	Councillor remuneration represents regular payments and other allowances paid in respect of carrying out their duties.			
<b>4(c)</b>	<b>Finance costs</b>			
	Finance cost on loans		22,367	23,235
	Other		1,775	1,117
			<u>24,142</u>	<u>24,352</u>
<b>4(d)</b>	<b>Capital expenses</b>			
	Book value of property, plant and equipment disposed of		45,182	18,454
	Less: Proceeds from the sale of property, plant and equipment		(18,554)	(2,333)
	Adjustment to landfill and Bio-solids sites		2,085	276
	Loss on impairment of assets classified as held for sale	7	8	459
	Management fee on available-for-sale investment		60	-
	Revaluation down of investment property	9	565	-
	Revaluation down of property, plant and equipment	11	23,718	-
	Infrastructure credits recognised	15	530	61
	Infrastructure credits extinguished	15	(1,101)	(813)
			<u>52,493</u>	<u>16,104</u>

The loss on impairment of assets classified as held for sale arises because of the transfer of land and buildings from non-current property, plant and equipment as it is no longer measured at its fair value but at fair value less selling costs (Note 7). The impairment loss of \$7,800 is the estimated amount of the selling costs.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**5 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at year end, deposits held at call with financial institutions, other short-term investments with original maturities of twelve 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.

	2018 \$'000	2017 \$'000
Cash at bank and on hand	8,986	5,646
Deposits at call	109,866	134,114
Term deposits	195,000	160,000
	<b>313,852</b>	<b>299,760</b>

**Conditions over contributions**

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

Externally restricted contributions recognised as income during the reporting period that were unspent at the reporting date:

	2018 \$'000	2017 \$'000
Government grants and subsidies	152	336

Externally restricted contributions recognised as income during the previous reporting period that were spent at the current reporting date:

	2018 \$'000	2017 \$'000
Government grants and subsidies	336	1,906

**Trust funds held for outside parties**

In accordance with the Local Government Act 2009 and Local Government Regulation 2012, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties. Funds held in the trust account on behalf of outside parties 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 paid into the trust account by Council. Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements. Council holds \$10.154 million in trust monies at 30 June 2018 (2017: \$8.669 million).



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**6 Trade and other receivables**

Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

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

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

Loans and advances are made to community organisations, and are recognised in the same way as other receivables. Security is not normally obtained.

	2018 \$'000	2017 \$'000
<b>Current</b>		
Rates and utility charges	7,824	7,445
Loans to community organisations	91	94
Accrued receivable from Unitywater	24,936	28,234
Works receivable	-	66,753
Other debtors	7,627	6,226
GST recoverable	3,535	3,072
Prepayments	5,647	3,980
	<u>49,660</u>	<u>115,804</u>
Less: Allowance for impaired debts	(7)	(12)
	<u>49,653</u>	<u>115,792</u>
<b>Non-current</b>		
Loans to community organisations	460	463
Subordinated debt receivable from Unitywater	677,025	677,025
	<u>677,485</u>	<u>677,488</u>

**7 Non-current assets classified as held for sale**

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



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

7 Non-current assets classified as held for sale (continued)

	Note	2018 \$'000	2017 \$'000
Opening balance		45,758	7,068
Withdrawn from sale	11	(18,000)	-
Internal transfer from land and buildings	11	2,410	53,530
Impairment adjustment in the period		640	(459)
Proceeds from sale		(30,406)	(14,381)
		<u>402</u>	<u>45,758</u>

8 Other non-current financial assets

Managed funds invested with Queensland Investment Corporation (QIC) are recognised as an available for sale financial asset and carried at fair value, represented by net market value less any impairment. Net market value is determined as the redemption value provided by QIC. Unrealised changes in net market value are recognised in other comprehensive income and accumulated in the available for sale investment reserve. Where the investment is disposed of or determined to be impaired, the cumulative gain or loss previously accumulated in the available for sale investment reserve is reclassified to revenue or expense in the Statement of Comprehensive Income.

	2018 \$'000	2017 \$'000
Queensland Investment Corporation managed fund	<u>101,721</u>	<u>-</u>

9 Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use but does not include residential properties, swimming pools, aerodrome hangars and caravan parks.

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the reporting date by a registered valuer. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Property that is being constructed or developed for future use as investment property is classified as investment property. Investment property under construction is measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case the property concerned is measured at cost until fair value can be reliably determined).

Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.





**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**9 Investment property (continued)**

	Note	2018 \$'000	2017 \$'000
Fair value at beginning of financial year		44,970	42,936
Additions from subsequent expenditure recognised		210	96
Net (loss)/gain from fair value adjustments	4(d),3(f)	(565)	2,313
Disposal		(15,980)	(375)
Fair value at end of financial year		<u>28,635</u>	<u>44,970</u>

Investment property fair values were determined by independent valuer Australis Asset Advisory Group as at 30 June 2015 and indexed by Australis Asset Advisory Group as at 30 June 2018.

For investment property classified as level 2 (\$26.200 million), fair value has been determined using the income capitalisation approach and market approach.

The income capitalisation method of valuation involves capitalising the estimated net income of the property at an appropriate capitalisation rate (net yield) that has been determined through the analysis of market based sales evidence for properties of similar nature and specification.

The market approach utilises inputs such as capital value and price per square metre, which is derived by assessing market based sales evidence of comparable properties.

For investment property classified at level 3 (\$2.435 million), no active market exists and fair value has been measured utilising the cost approach, determined by using current replacement cost.



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

10 Investment in associate

Council holds 58.2382% of participation rights in Unitywater, a water distribution and retail business established in accordance with the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009*, to deliver water and waste water services to customers within the local government areas of Moreton Bay Regional Council, Sunshine Coast Regional Council and Noosa Council. The participation rights effectively represent an investment in an associate by Moreton Bay Regional Council.

Associates are entities over which Moreton Bay Regional Council exerts significant influence. Significant influence is the power to participate in the financial and operating policy decisions but is not control or joint control. Accordingly as Council has no control over Unitywater AASB 10 Consolidated Financial Statements is not applied.

Investments in associates are accounted for in the financial statements using the equity method and are carried at the lower of cost and recoverable amount. Under this method, the entity's share of post-acquisition profits or losses of associates is recognised in the Statement of Comprehensive Income and the interest in the equity of the associate is recognised in the Statement of Financial Position. The cumulative post-acquisition movements, being the share of profits less dividends received are adjusted against the cost of the investment.

Summarised financial information in respect of the associate is set out below.

	2018 \$'000	2017 \$'000
Total assets	3,777,942	3,619,542
Total liabilities	(1,858,898)	(1,819,190)
Net assets	<u>1,919,044</u>	<u>1,800,352</u>
Share of net assets of associate	<u>1,117,612</u>	<u>1,048,488</u>
Total revenue	<u>696,248</u>	<u>669,523</u>
Total profit for the year	<u>119,405</u>	<u>135,507</u>
Share of profit of associate	<u>69,539</u>	<u>78,917</u>
Council investment in the associate comprises of:		
Participation rights	<u>1,125,208</u>	<u>1,056,084</u>
Details of movements in participation rights:		
Opening Balance	1,056,084	998,651
Share of profit of associate	69,539	78,917
Less share of dividends received	(415)	(21,484)
Closing balance at end of year	<u>1,125,208</u>	<u>1,056,084</u>
Reconciliation of the participation rights to the share of net assets:		
Closing value of participation rights	1,125,208	1,056,084
Less share of net assets	<u>(1,117,612)</u>	<u>(1,048,488)</u>
Share of loss of associate for the year ended 2009/10	<u>7,596</u>	<u>7,596</u>
Share of loss of associate comprises:		
Total loss for the year ended 2009/10		13,043
Proportion of participation interest		58.2382%
Share of loss of associate for the year ended 2009/10		<u>7,596</u>

The variation between the value of participation rights and the share of net assets occurred because Unitywater incurred losses during 2009/10 prior to the commencement of the Council's participation in Unitywater which began on 1 July 2010.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2018**

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**11 Property, plant and equipment**

**11(a) Recognition**

Items of property, plant and equipment with a total value of less than \$5,000 except for land and network 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.

Replacement of a major component of an asset, in order to maintain its service potential, is treated as the acquisition of a new asset. However, routine operating maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred.

**11(b) Measurement**

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

Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs. Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are also included in their cost.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value.

**11(c) Depreciation**

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Land, canals, cultural and heritage, and road formation assets are not depreciated as they have an unlimited useful life. Depreciation on other property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

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

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

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

**11(c) Depreciation (continued)**

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. Any condition assessments for assets measured at written down current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 11(g).

**11(d) Impairment of non-current assets**

Property, plant and equipment is assessed for indicators of impairment annually. If an indicator of possible impairment 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.

**11(e) Valuation**

Land, buildings and infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. All other non-current assets, principally plant and equipment and cultural and heritage assets are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of assets 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 for each class of property, plant and equipment assets at least once every four years. This process involves the valuer physically sighting Council assets where practical and making an independent assessment of the condition of the assets at the date of inspection. Where assets are not physically inspected unit rates are used to determine the fair value.

In the intervening years, Council uses a suitable index to assess whether a desktop valuation is required based on materiality. A desktop revaluation involves the application of suitable indexes undertaken at the reporting date when there has been a material movement in value for an asset class subsequent to the last comprehensive revaluation.

Any revaluation increment arising on the revaluation of an asset is credited to the appropriate class of the asset revaluation surplus, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus for that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. Separately identified components of assets are measured on the same basis as the assets to which they relate. Details of valuers and methods of valuations are disclosed in Note 11(f).





NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

11 Property, plant and equipment (continued)

11(f) Fair value measurements

In accordance with AASB 13, fair value measurements are categorised on the following basis:

- Level 1 - the fair value is based on quoted prices (unadjusted) in active markets for identical assets.
- Level 2 - the fair value is estimated using inputs that are directly or indirectly observable for the assets, such as prices for similar assets.
- Level 3 - the fair value is estimated using unobservable inputs for the asset.

All fair value measurements are recurrent and categorised as either level 2 or level 3 in the fair value hierarchy. None of Council's valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy.

The following table represents Council's assets as at 30 June 2018 as either level 2 or level 3 in accordance with AASB 13.

	Level 2		Level 3		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Buildings	1,090	1,173	306,843	308,426	307,933	309,599
Land	104,707	151,782	459,107	397,693	563,814	549,475
Stormwater Infrastructure	-	-	1,485,594	1,403,469	1,485,594	1,403,469
Transport Infrastructure	-	-	1,697,609	1,623,134	1,697,609	1,623,134
Waterways and Canals	-	-	236,162	213,187	236,162	213,187
	<b>105,797</b>	<b>152,955</b>	<b>4,185,315</b>	<b>3,945,909</b>	<b>4,291,112</b>	<b>4,098,864</b>

In the course of revaluing land the nature of the inputs are reviewed and as such, Council recognises transfers between level 2 and 3 in the fair value hierarchy. Details of the valuation movement are shown in Note 16, where the below table reflects the additional detail of hierarchy movement. It is Council's policy is to recognise such transfers at the end of the reporting period.

	Level 2	Level 3	Total
	2018 \$'000	2018 \$'000	2018 \$'000
<b>Land</b>			
Opening balance as at 1 July 2017	151,782	397,693	549,475
Additions	400	4,061	4,461
Disposals	-	(7,102)	(7,102)
Internal transfer	(2,410)	18,000	15,590
Asset revaluation surplus	1,175	215	1,390
Transfer between levels	(46,240)	46,240	-
<b>Closing Balance as at 30 June 2018</b>	<b>104,707</b>	<b>459,107</b>	<b>563,814</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

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

**11(f) Fair value measurements (continued)**

**Buildings (Level 2 and 3)**

The fair value of buildings were determined by independent valuer Australis Asset Advisory Group as at 31 March 2016 and pools by independent valuer Cardno (QLD) Pty Ltd as at 31 May 2017.

For buildings classified as level 2, fair value has been derived by utilising inputs such as market based sales evidence of comparable properties within the relevant geographic location.

For buildings and pools classified as level 3, no active market exists and fair value has been determined using the current replacement cost method valuation and is deemed to be a Level 3 input.

**Land (Level 2 and 3)**

The fair value of land was determined by independent valuer Australis Asset Advisory Group as at 31 December 2016

For land classified as level 2, fair value has been derived by utilising inputs such as price per square metre, which is derived by assessing market based sales evidence of land in the relevant geographic location and of a comparable land use and/or zoning.

For land classified at level 3 no active market exists and fair value has been measured utilising a discounted price per square metre. The price per square metre is based upon market based sales evidence and is discounted because the land has specific characteristics or particular restrictions.

**Stormwater Infrastructure (Level 3)**

The fair value of stormwater infrastructure was determined by unit rates provided by independent valuers Cardno Pty Ltd as at 31 December 2015.

Due to the specialised nature of Council's stormwater infrastructure there is no active market for the assets. As such, fair value has been determined using the current replacement cost method of valuation and is deemed to be a Level 3 input.

**Transport Infrastructure (Level 3)**

The fair value of transport unit rates was determined by independent valuers AssetVal Pty Ltd as at 31 December 2017 and bridge infrastructure was determined by independent valuer Cardno Pty Ltd as at 31 December 2017.

Due to the specialised nature of Council's transport infrastructure there is no active market for the assets. As such, fair value has been determined using the current replacement cost method of valuation and is deemed to be a Level 3 input.

**Waterways and Canals (Level 3)**

The fair value of canal assets was determined by independent valuer AssetVal Pty Ltd as at 31 March 2018 and seawall assets was determined by external consultants BFA JFA Consultants Pty Ltd as at 4 August 2017.

Due to the specialised nature of Council's waterway and canal infrastructure, the valuations have been determined using the current replacement cost method of valuation and is deemed to be a Level 3 input.

# Moreton Bay Regional Council

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

11 Property, plant and equipment (continued)

11(g) Movements

30 June 2018

Note

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
563,814	503,778	2,307,796	1,911,298	325,295	176,000	125,817	107,260	2,562	86,693	6,110,313
-	(195,845)	(610,187)	(425,704)	(89,133)	(56,131)	(48,337)	(48,950)	-	-	(1,474,287)
563,814	307,933	1,697,609	1,485,594	236,162	119,869	77,480	58,310	2,562	86,693	4,636,026

For the year ended 30 June 2018

Gross value / cost

Less accumulated depreciation

Book value as at 30 June 2018

Basis of measurement

Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost	Cost	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
549,475	309,599	1,623,134	1,403,469	213,187	96,293	75,843	59,576	2,538	72,666	4,405,780
-	-	-	-	-	-	-	-	-	159,955	159,955
-	(14)	(5,416)	113	-	5,305	12	-	-	-	-
53	-	31,155	45,311	-	1,352	1,100	-	-	-	78,971
-	-	2,692	22,964	-	-	-	-	-	-	25,656
-	-	-	-	-	7,321	-	-	-	-	7,321
(7,102)	(129)	(13,849)	(4,039)	(16)	(355)	(245)	(3,461)	-	-	(29,196)
-	(11,861)	(39,690)	(19,779)	(2,400)	(5,516)	(5,684)	(9,653)	-	-	(94,583)
1,390	-	-	-	25,179	-	-	-	-	-	26,569
-	-	(23,718)	-	-	-	-	-	-	-	(23,718)
(2,410)	-	-	-	-	-	-	-	-	-	(2,410)
18,000	-	-	-	-	-	-	-	-	-	18,000
-	-	-	-	-	-	-	-	-	(3,072)	(3,072)
-	-	45,842	20,518	-	192	201	-	-	-	66,753
4,408	10,338	77,459	17,037	212	15,277	6,253	11,848	24	(142,856)	66,753
563,814	307,933	1,697,609	1,485,594	236,162	119,869	77,480	58,310	2,562	86,693	4,636,026

Range of estimated useful life in years

unlimited	1 - 128	1 - unlimited	4 - 162	14 - unlimited	3 - 100	5 - 100	1 - 110	unlimited	-	
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# Moreton Bay Regional Council

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

11 Property, plant and equipment (continued)

11(g) Movements (continued)

30 June 2017 (Restated)

Note

	Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the year ended 30 June 2017											
Gross value / cost	549,475	493,907	2,200,684	1,796,736	222,777	143,309	118,820	107,928	2,538	72,666	5,708,840
Less accumulated depreciation	-	(184,308)	(577,550)	(393,267)	(9,590)	(47,016)	(42,977)	(48,352)	-	-	(1,303,060)
Book value as at 30 June 2017	549,475	309,599	1,623,134	1,403,469	213,187	96,293	75,843	59,576	2,538	72,666	4,405,780

Basis of measurement

	Land	Buildings	Transport Infrastructure	Stormwater Infrastructure	Waterways and Canals	Land Improvements	Park Equipment	Plant and Equipment	Cultural and Heritage	Work in Progress	Total
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	Cost	Cost	Cost	Cost	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening net value as at 1 July 2016	573,018	301,372	1,585,303	1,386,256	212,494	89,985	68,759	58,298	2,529	36,677	4,314,691
Opening net value as at 1 July 2016 not previously recognised *	14	-	3,018	3,059	-	78	41	-	-	-	6,210
Plus capital expenses	-	-	-	-	-	-	-	-	-	146,737	146,737
Transfers between asset classes	-	(57)	62	(3)	-	(5,849)	5,772	75	-	-	-
Plus contributed assets	-	-	21,293	18,210	-	425	643	385	-	-	40,956
Plus contributed assets not previously recognised *	36	15	4,121	7,397	-	316	13	22	-	-	11,920
Plus restoration assets	-	-	-	-	-	13,323	-	-	-	-	13,323
Less disposals	(1,922)	(809)	(10,518)	(1,290)	(195)	(482)	(361)	(2,502)	-	-	(18,079)
Less depreciation provided in period	-	(11,639)	(38,078)	(17,901)	(544)	(4,698)	(5,087)	(7,776)	-	-	(85,723)
Less depreciation provided in period not previously recognised *	-	-	(99)	(127)	-	(3)	(3)	-	-	-	(232)
Revaluation adjustment to asset revaluation surplus	30,334	3,747	-	-	-	-	-	-	-	-	34,081
Transfer to assets classified as held for sale	(53,530)	-	-	-	-	-	-	-	-	-	(53,530)
Transfers from WIP to other non PP&E assets or expense	-	-	-	-	-	-	-	-	-	(4,574)	(4,574)
Transfers from work in progress	1,525	16,970	58,032	7,868	1,432	3,198	6,066	11,074	9	(106,174)	-
Book value as at 30 June 2017	549,475	309,599	1,623,134	1,403,469	213,187	96,293	75,843	59,576	2,538	72,666	4,405,780

Range of estimated useful life in years

unlimited	1 - 128	1 - unlimited	4 - 150	38 - unlimited	3 - 100	5 - 100	1 - 110	unlimited	-	
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\* Not previously recognised adjustments as disclosed in Note 24 Restated balances.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**12 Intangible assets**

Intangible assets with a cost or other value exceeding \$5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed. Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate.

Intangible assets are assessed for indicators of impairment on an annual basis.

Computer software is capitalised and amortised on a straight-line basis over the period of expected benefit to Council.

Software has a finite life estimated between 3 to 19 years. Straight line amortisation has been used with no residual value.

	2018 \$'000	2017 \$'000
Gross value / cost	8,392	11,354
Less accumulated amortisation	<u>(8,010)</u>	<u>(9,610)</u>
Book value as at 30 June 2018	<u>382</u>	<u>1,744</u>
<b>Movements</b>		
Opening net value as at 1 July 2017	1,744	2,280
Transfers from work in progress	-	4
Less disposals	(6)	-
Less amortisation provided in period	<u>(1,356)</u>	<u>(540)</u>
Book value as at 30 June 2018	<u>382</u>	<u>1,744</u>

**13 Trade and other payables**

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms.

Liabilities are recognised for employee benefits such as vested sick leave and annual leave in respect of services provided by the employees up to the reporting date. The liability is calculated using 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 annual leave beyond twelve months after the reporting date, all annual leave is classified as current.

Council has an obligation to pay sick leave on termination to certain employees and therefore a liability has been recognised for this obligation.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**13 Trade and other payables (continued)**

	2018 \$'000	2017 \$'000
<b>Current</b>		
Trade creditors and accruals	38,328	36,312
Employee entitlements	10,708	10,722
	<u>49,036</u>	<u>47,034</u>
<b>Non-Current</b>		
Trade creditors and accruals	<u>-</u>	<u>213</u>

**14 Borrowings**

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost.

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 Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing. Borrowing costs are treated as an expense, as assets constructed by Council are generally completed within one year and therefore are not considered to be qualifying assets.

	2018 \$'000	2017 \$'000
<b>Current</b>		
Loans - Queensland Treasury Corporation	<u>31,533</u>	<u>28,479</u>
<b>Non-current</b>		
Loans - Queensland Treasury Corporation	<u>354,463</u>	<u>359,071</u>

The QTC loan market value at the reporting date was \$434,752,343. This represents the value of the debt if Council repaid it as at 30 June 2018.

No assets have been pledged as security by the Council for any liabilities.



## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2018

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### 15 Provisions

#### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The 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 Council's employment or other associated employment which would result in 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. Long service leave is treated as current where Council does not have an unconditional right to defer settlement beyond twelve months. All other long service leave is treated as non-current.

#### Restoration and rehabilitation

The provision is made for the cost of restoration in respect of refuse landfill sites and bio-solids composting sites where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of these facilities. The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate.

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

Changes in the provision not arising from the passing of time are treated as an adjustment to the provision and associated asset. Once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in profit and loss. Changes to the provision resulting from the passing of time (the unwinding of the discount) is treated as a finance cost.

#### Infrastructure offsets and credits

Infrastructure offsets occur when infrastructure has been contributed to Council by a developer in lieu of paying infrastructure charges. Terms and conditions surrounding the delivery of the contributed infrastructure and the realisation of the offset are set out in "Infrastructure Agreements" that the Council and the developer(s) enter into. When the value of the contributed infrastructure is greater than what the developer would have paid in infrastructure charges to Council an infrastructure credit results. The credit is recognised when the contributed asset is accepted as "on maintenance" (when Council accepts ownership of the asset) by Council. Once the credit is created the developer is entitled to be refunded that amount in cash or can use it to offset any infrastructure charges for future developments that the developer may undertake.



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

15 Provisions (continued)

	2018 \$'000	2017 \$'000
<b>Current</b>		
Long service leave	13,565	13,320
Bio-solids composting site rehabilitation	71	26
Refuse restoration	142	48
	<u>13,778</u>	<u>13,394</u>
<b>Non-current</b>		
Long service leave	3,023	3,286
Bio-solids composting site rehabilitation	985	573
Refuse restoration	37,428	27,756
Infrastructure credits	1,146	1,767
	<u>42,582</u>	<u>33,382</u>

Movements in the provisions during the financial year are set out below:

	2018	2018
	<b>Long service leave</b>	<b>Infrastructure credits</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	16,606	1,767
Provisions arising	2,320	530
Provisions extinguished	(946)	(1,101)
Provisions paid	(1,392)	(50)
Balance at end of financial year	<u>16,588</u>	<u>1,146</u>
	<b>Bio-solids composting site rehabilitation</b>	<b>Refuse landfill sites restoration</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	599	27,804
Amount incurred and charged against the provision	(24)	(23)
Increase in provision due to unwinding of discount	15	876
Increase in provision due to change in estimate	450	5,162
Increase in provision due to change in discount rate	18	3,776
Unused amounts reversed	(2)	(25)
Balance at end of financial year	<u>1,056</u>	<u>37,570</u>





NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

15 Provisions (continued)

Site	Expected site closure year	Post closure monitoring cost completion year
Bunya landfill site	2091	2105
Dakabin landfill site	2048	2062
Caboolture landfill site	2053	2067
Ningi landfill site	closed	2032
Woodford landfill site	closed	2032
Bio-solid compositing site	closed	2032

16 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 in the surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

	Balance at beginning of year \$'000	Movements \$'000	Balance at end of year \$'000
<b>2018</b>			
Land	133,423	1,390	134,813
Buildings	72,235	-	72,235
Stormwater infrastructure	653,848	-	653,848
Waterways and canals	37,424	25,179	62,603
	<u>896,930</u>	<u>26,569</u>	<u>923,499</u>
	Balance at beginning of year \$'000	Movements \$'000	Balance at end of year \$'000
<b>2017</b>			
Land	103,089	30,334	133,423
Buildings	68,488	3,747	72,235
Stormwater infrastructure	653,848	-	653,848
Waterways and canals	37,424	-	37,424
	<u>862,849</u>	<u>34,081</u>	<u>896,930</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

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**17 Financial instruments**

Council has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

**Financial risk management**

Council is responsible for the establishment and oversight of the 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. The Council aims to manage volatility to minimise potential adverse effects on the financial performance of the Council.

Council does not enter into derivatives.

**Credit risk exposure**

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.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

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

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



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**17 Financial instruments (continued)**

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2018 \$'000	2017 \$'000
Financial assets			
Cash and cash equivalents	5	313,852	299,760
Receivables - rates	6	7,824	7,445
Receivables - Unitywater		701,961	705,259
Receivables - other		11,713	76,608
Other non-current financial assets	8	101,721	-
		<u>1,137,071</u>	<u>1,089,072</u>

*Cash and cash equivalents*

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

*Other financial assets*

The credit risk of financial assets that have been recognised on the Statement of Financial Position, is the carry amount net of any impairment

*Trade and other receivables*

In the case of rate receivables, interest is charged on outstanding debts at a rate of 11% per annum and Council has the power to sell the property to recover any defaulted amounts. In effect this power protects the Council against credit risk in the case of defaults.

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

By the nature of the Council's operations, there is a geographical concentration of risk in the Council's area. However, the region has a wide variety of industries, reducing the geographical risk.

The following represents an analysis of the age of Council's financial assets that are either fully performing, past due or impaired:

	2018 \$'000	2017 \$'000
Not past due	43,555	110,648
Past due 31-60 days	39	979
Past due 61-90 days	229	16
More than 90 days	650	644
Impaired	(7)	(12)
Total	<u>44,466</u>	<u>112,275</u>

The above analysis does not include the non-current receivable of \$677.025 million (2017: \$677.025 million), which represents a fixed rate of 5.18% loan to Unitywater. The credit risk on these loans is considered low. Refer to Note 6 for further information.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**17 Financial instruments (continued)**

**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 normal course of business and through its borrowings with QTC.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>					
Trade and other payables	38,554	-	-	38,554	38,328
Loans - QTC	52,153	207,190	248,813	508,156	385,996
	<b>90,707</b>	<b>207,190</b>	<b>248,813</b>	<b>546,710</b>	<b>424,324</b>
<b>2017</b>					
Trade and other payables	36,337	226	-	36,563	36,525
Loans - QTC	49,921	199,627	275,107	524,655	387,550
	<b>86,258</b>	<b>199,853</b>	<b>275,107</b>	<b>561,218</b>	<b>424,075</b>

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 does not have access to a fixed overdraft facility.

**Market risk**

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.

*Interest rate risk*

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

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



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

17 Financial instruments (continued)

*Sensitivity*

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

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

	Net carrying amount \$'000	Effect on Net Result		Effect on Equity	
		1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
<b>2018</b>					
QTC cash fund	61,224	612	(612)	612	(612)
Other investments	48,642	486	(486)	486	(486)
Net total	109,866	1,098	(1,098)	1,098	(1,098)
<b>2017</b>					
QTC cash fund	105,821	1,058	(1,058)	1,058	(1,058)
Other investments	28,293	283	(283)	283	(283)
Net total	134,114	1,341	(1,341)	1,341	(1,341)

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

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

**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. The market value of debt is provided by QTC and is disclosed in Note 14.

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.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**18 Commitments**

**Contractual commitments for capital expenditure**

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

	2018 \$'000	2017 \$'000
Property, plant and equipment	<u>59,264</u>	<u>54,991</u>
These expenditures are due for payment:		
Not later than one year	43,257	34,888
One to five years	<u>16,007</u>	<u>20,103</u>
	<u>59,264</u>	<u>54,991</u>

**Contractual commitments for operating expenditure**

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

	2018 \$'000	2017 \$'000
Waste and maintenance services	<u>77,242</u>	<u>56,378</u>
These expenditures are due for payment:		
Not later than one year	39,487	28,044
One to five years	34,106	28,308
More than five years	<u>3,649</u>	<u>26</u>
	<u>77,242</u>	<u>56,378</u>

**Operating lease income**

Future operating lease rental commitments receivable for property, plant and equipment comprise:

	2018 \$'000	2017 \$'000
The minimum lease receipts are as follows:		
Not later than one year	2,798	6,533
One to five years	5,620	13,442
Later than five years	<u>3,947</u>	<u>7,075</u>
	<u>12,365</u>	<u>27,050</u>





**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

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**19 Contingencies**

**Contingent liabilities**

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

**Legal claims**

Council is subject to a number of compensation claims with regards to the compulsory acquisition of land and contract disputes. Information in respect of individual claims has not been disclosed in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets on the basis that Council considers such disclosures would seriously prejudice the outcome of the claims. In total the claims amount to approximately \$10 million (2017: approximately \$11m).

**Local Government Mutual**

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

As at 30 June 2017 the financial statements of LGM Queensland reported a members' equity balance of \$70,521,289.

**Local Government Workcare**

Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$2,807,736.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**20 Superannuation - Regional Defined Benefit Fund**

Council contributes to the LGIASuper Regional Defined 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 AASB 119 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 liabilities of the Council.

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

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date". The 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.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress.

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.

There are currently 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities. Moreton Bay Regional Council made 4.65% of the total contributions to the scheme for the 2017-2018 financial year.

	Note	2018 \$'000	2017 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		855	979
Other superannuation contributions for employees		11,536	11,582
Total superannuation contributions paid by Council for employees:	4(a)	12,391	12,561

Contributions Council expects to make to the Regional Defined Benefits Funds for 2018-19 is \$873,558.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**21 National competition policy**

**Business activities to which the code of competitive conduct is applied**

Council applies the competitive code of conduct to the following activity:

Waste Function

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

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

	Waste Function
	<b>2018</b>
	<b>\$'000</b>
Revenue	
Revenue for services provided to Council	2,819
Revenue for services provided to external clients	48,668
Community service obligations	541
	52,028
Expenditure	43,806
Surplus/(deficiency)	8,222

**Community Service Obligations:**

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activities primary objective were to make a profit. 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 Council.

Activities and CSO Description	2018
	\$'000
<b>Waste</b>	
Pensioner Discounts	541

**22 Events subsequent to balance date**

Council is in the process of listing for sale properties with an estimated value of \$8.9 million that are surplus to Council requirements. Some of these properties are yet to be actively marketed.



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

23 Related party transactions

(a) Associate

Council has a participating interest in the Northern SEQ Distributor-Retailer Authority (trading as Unitywater) governed by a Participation Agreement.

Transactions with Unitywater

The amount of revenue and expenditure included in the Statement of Comprehensive Income, and the amount receivable or payable to Unitywater are as follows;

	2018 \$'000	2017 \$'000
<b>Revenue</b>		
Interest on loans	35,070	36,085
Taxation equivalents	42,029	19,947
Dividends	415	21,484
Other revenue	1,426	1,129
	<u>78,940</u>	<u>78,645</u>
<b>Expenses</b>		
Material and services	6,493	8,006
	<u>6,493</u>	<u>8,006</u>
<b>Amounts receivable</b>		
Interest	8,767	9,021
Dividends	-	12,681
Taxation equivalents	16,169	6,532
Other	2	10
	<u>24,938</u>	<u>28,244</u>
<b>Loans</b>		
Loans	677,025	677,025
	<u>677,025</u>	<u>677,025</u>
<b>Amounts payable</b>		
Material and services	1,308	2,022
	<u>1,308</u>	<u>2,022</u>

Unitywater operates under an income tax equivalent regime; with all tax paid being distributed to the participating Councils on a pro-rata basis to their participation rights. Income tax equivalent payments from Unitywater are recognised as revenue when the significant risks and rewards related to the corresponding assets have been transferred to Council.

Dividends received by Council from Unitywater are recorded as a reduction in the carrying value of the non-current asset.

Participant loans provide for a fixed interest rate with monthly interest only payments.

Further detail regarding Unitywater is contained in Note 10 Investment in associate.





**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

23 Related party transactions (continued)

(b) Key management personnel

(i) Details of compensation

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of Council directly or indirectly. The Mayor, Councillors, CEO and the Executive Management Team are the KMP of Council for 2017/18 year.

Total compensation for key management personnel of Council is set out below:

	2018 \$'000	2017 \$'000
Short-term benefits	4,157	4,075
Post-employment benefits	436	482
Other long-term benefits	53	52
Termination benefits	126	-
	<u>4,772</u>	<u>4,609</u>

(ii) Transactions with other related parties - KMP's close family members and organisations in which the KMP and/or their close family members have controlling interests (individually or jointly)

Details of transactions between Council and KMP are disclosed below:

1 July 2017 - 30 June 2018

Nature of transaction	Nature of relationship	Total value of transactions for the year ended 30 June 2018	Amount of outstanding balance at 30 June 2018	Committed amount as at 30 June 2018 to be incurred in the following years	Terms and conditions
Economic Development Strategy Services provided to Council	Consulting Company controlled by a related party of KMP	\$141,752	Nil	Nil	Services were provided in accordance with Council's normal terms and conditions

There were no allowances for doubtful debts or bad debt expenses recognised during the reporting period in relation to the above transactions.

All other related party transactions between Council and KMP that occurred during the financial year were trivial in nature and occurred on an arm's length basis on terms and conditions no more favourable than those available, or which might reasonably be expected to be available, to members of the public.

All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the relevant award for the job they perform. The total employee expenses for close family members of KMP during 2017-18 were \$216,234. Council employs 1559 staff of which only 2 are close family members of KMP.

*ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)*



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2018

**23 Related party transactions (continued)**

(b) Key management personnel (continued)

(ii) Transactions with other related parties - KMP's close family members and organisations in which the KMP and/or their close family members have controlling interests (individually or jointly) (continued)

1 July 2016 - 30 June 2017

Nature of transaction	Nature of relationship	Total value of transactions for the year ended 30 June 2017	Amount of outstanding balance at 30 June 2017	Committed amount as at 30 June 2017 to be incurred in the following years	Terms and conditions
Infrastructure contributions and a condition payment received by Council from a development company	Development company controlled by KMP	\$219,101	Nil	Nil	Assessed and approved in accordance with Council's normal terms and conditions.
Economic Development Strategy Services provided to Council	Consulting Company controlled by a related party of KMP	\$270,446	\$47,284 (outstanding pending payment of invoice)	Nil	Services were provided in accordance with Council's normal terms and conditions

(c) Loans and guarantees to/from related parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(d) LGIAsuper

Information about superannuation is included in Note 20.





NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2018

24 Restated balances

Contributed assets not previously recognised

During 2017/18, Council identified a prior period error that related to contributed assets that had commission dates prior to 1 July 2017. As a result, for 2016/17 Council had understated its contributed revenue and property, plant and equipment by \$11.920 million and applicable depreciation of \$0.232 million. Prior to 1 July 2016, contributed revenue and property, plant and equipment had been understated by \$6.275 million and applicable depreciation of \$0.065 million. To correct the impact of the prior period error, Council has adjusted the 2016/17 comparative amounts in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes where indicated.

Details of the adjustments impacting financial statement line items is provided below:

30 June 2017 Comparative year

Financial statement line item / balance affected	Note	Actual 2017 \$'000	Adjustments 2017 \$'000	Restated Actual 2017 \$'000
<i>Statement of Comprehensive Income (Extract)</i>				
Capital Revenue				
Grants, subsidies and contributions	3(c)(ii)	99,462	11,920	111,382
<b>Total Revenue</b>		<b>603,081</b>	<b>11,920</b>	<b>615,001</b>
<b>Total Income</b>		<b>605,501</b>	<b>11,920</b>	<b>617,421</b>
Recurring Expenses				
Depreciation and amortisation	11,12	(86,263)	(232)	(86,495)
<b>Total Expenses</b>		<b>(388,906)</b>	<b>(232)</b>	<b>(389,138)</b>
<b>NET RESULT</b>		<b>216,595</b>	<b>11,688</b>	<b>228,283</b>
<b>TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE YEAR</b>		<b>250,676</b>	<b>11,688</b>	<b>262,364</b>
<i>Statement of Financial Position (Extract)</i>				
Non-Current Assets				
Property, plant and equipment	11	4,387,882	17,898	4,405,780
<b>Total Non-Current Assets</b>		<b>6,168,183</b>	<b>17,898</b>	<b>6,186,081</b>
<b>Total Assets</b>		<b>6,630,652</b>	<b>17,898</b>	<b>6,648,550</b>
<b>NET COMMUNITY ASSETS</b>		<b>6,148,669</b>	<b>17,898</b>	<b>6,166,567</b>
Community Equity				
Retained surplus		5,251,739	17,898	5,269,637
<b>TOTAL COMMUNITY EQUITY</b>		<b>6,148,669</b>	<b>17,898</b>	<b>6,166,567</b>
<i>Statement of Changes in Equity (Extract)</i>				
Retained Surplus				
Balance as at 1 July 2016		5,035,144	6,210	5,041,354
Net result		216,595	11,688	228,283
<b>Total comprehensive income for the year</b>		<b>216,595</b>	<b>11,688</b>	<b>228,283</b>
<b>Balance at 30 June 2017</b>		<b>5,251,739</b>	<b>17,898</b>	<b>5,269,637</b>



**MANAGEMENT CERTIFICATE**  
For the year ended 30 June 2018

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

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

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 40, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

Handwritten signature of Cr Allan Sutherland in blue ink.

Cr Allan Sutherland  
Mayor

Date: 2, 10, 18

Handwritten signature of Mr Daryl Hitzman in blue ink.

Mr Daryl Hitzman  
Chief Executive Officer

Date: 2, 10, 18



## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Moreton Bay Regional Council

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Moreton Bay Regional Council (the Council).

In my opinion, the financial report:

- a) gives a true and fair view of the Council's financial position as at 30 June 2018, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

#### Basis for opinion

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

I am independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland 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 the information included in the Moreton Bay Regional Council annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



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 Council for the financial report**

The Council is 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 Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

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

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the Council. 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 2018:

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

A handwritten signature in blue ink, appearing to read 'Carolyn Dougherty', is written in a cursive style.

Carolyn Dougherty  
as delegate of the Auditor-General

8 October 2018

Queensland Audit Office  
Brisbane





**CURRENT-YEAR FINANCIAL SUSTAINABILITY STATEMENT**  
For the year ended 30 June 2018

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets:

	How the measure is calculated	Actual	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	25.1%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	62.5%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	24.0%	not greater than 60%

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 2018.





**CERTIFICATE OF ACCURACY**  
For the year ended 30 June 2018

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.

A handwritten signature in blue ink, appearing to read "A. Sutherland", written over a horizontal line.

Cr Allan Sutherland  
Mayor

Date: 2, 10, 18

A handwritten signature in blue ink, appearing to read "D. Hitzman", written over a horizontal line.

Mr Daryl Hitzman  
Chief Executive Officer

Date: 2, 10, 18



## INDEPENDENT AUDITOR'S REPORT

To the Councillors of Moreton Bay Regional Council

### Report on the Current Year Financial Sustainability Statement

#### Opinion

I have audited the accompanying current year statement of financial sustainability of Moreton Bay Regional Council (the Council) for the year ended 30 June 2018 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Moreton Bay Regional Council for the year ended 30 June 2018 has been accurately calculated.

#### Basis of opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 the information included in Moreton Bay Regional Council's annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



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 Council for the current year financial sustainability statement**

The Council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012. The Council's responsibility also includes such internal control as the Council determines 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.

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



- 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.

A handwritten signature in blue ink, appearing to read 'C. Dougherty'.

8 October 2018

Carolyn Dougherty  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT  
Prepared as at 30 June 2018

Measures of Financial Sustainability

	Measure	Target	Actual	Projected for the years ended								
			30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Operating surplus ratio	Net result divided by total operating revenue	between 0% and 10%	25.1%	20.5%	20.0%	21.2%	20.2%	21.6%	20.7%	20.8%	20.9%	21.6%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	62.5%	64.5%	67.3%	76.3%	72.2%	72.5%	77.6%	80.2%	82.1%	81.4%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue	not greater than 60%	24.0%	19.1%	12.9%	11.7%	14.7%	18.0%	20.4%	15.6%	10.3%	1.0%

Council's 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.

Every financial year the Council must prepare a long term financial forecast in accordance with section 171 of the *Local Government Regulation 2012*. This high level planning document sets the financial sustainability framework in which the Council should operate within the next ten financial years. One of the key outcomes from this planning process is to ensure that the three relevant measures of financial sustainability that are disclosed (above) are within the target ranges as set by the Department of Infrastructure, Local Government and Planning in accordance with the *Financial Management (Sustainability) Guideline 2013*.

The financial sustainability framework of the long term financial forecast forms the basis for the preparation of the Councils annual budget. The targets set during the long term financial forecast process must be adhered to during the budget process to ensure consistency between the long term forecast planning horizon and the short term annual commitments of the budget. This will place the Council on the path for ensuring future viability and financial sustainability for the region.

ITEM 3.1 - AUDITED FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS FOR 2017/18 - REGIONAL (Cont.)



**CERTIFICATE OF ACCURACY**

For the long-term financial sustainability statement prepared as at 30 June 2018

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.

A handwritten signature in blue ink, appearing to read "A. Sutherland", written over a horizontal line.

Cr Allan Sutherland  
Mayor

Date: 2, 10, 18

A handwritten signature in blue ink, appearing to read "D. Hitzman", written over a horizontal line.

Mr Daryl Hitzman  
Chief Executive Officer

Date: 2, 10, 18



**ITEM 3.2**

**MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL**

*Meeting / Session:* 3 CORPORATE SERVICES  
*Reference:* A17666718: 8 October 2018 - **Refer Supporting Information A17666666**  
*Responsible Officer:* DW, Coordinator Management Accounting (CEO Accounting Services)

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**Executive Summary**

The purpose of this report is to present the Financial Reporting Package for the year to date period ending 30 September 2018.

**OFFICER'S RECOMMENDATION**

That the Financial Reporting Package for the year to date period ending 30 September 2018 be received.

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ITEM 3.2 MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL - A17666718 (Cont.)

**REPORT DETAIL**

**1. Background**

The Financial Reporting Package for the month ending 30 September 2018 is contained within the supporting information to this report.

This package contains a number of financial statements with relevant commentary to provide a breakdown of key financial data and includes.

- ✓ Financial Statements
  - Statement of Comprehensive Income shows all income and expenditure as at the end of the September period.
  - The Statement of Financial Position highlights Council's position at the end of September and itemises assets, liabilities and community equity.
  - Statement of Cash Flows which represents the cash inflows and outflows during the month.
  - Statement of sources and applications of capital funding.
- ✓ Treasury Report
  - The Treasury Report highlights key areas of performance relating to Council's investments and borrowings.

**2. Explanation of Item**

The financial results for the month of September are complete. A commentary is provided on significant matters that occurred during the month.

**3. Strategic Implications**

**3.1 Legislative/Legal Implications**

Part 9, section 204 of the Local Government Regulation 2012, (regulation) states the following:

- (1) The local government must prepare a financial report.
- (2) The chief executive officer must present the financial report—
  - (a) if the local government meets less frequently than monthly—at each meeting of the local government; or
  - (b) otherwise—at a meeting of the local government once a month.
- (3) The financial report must state the progress that has been made in relation to the local government's budget for the period of the financial year up to a day as near as practicable to the end of the month before the meeting is held.

**3.2 Corporate Plan / Operational Plan**

Strengthening Communities: Strong local governance - strong leadership and governance.

**3.3 Policy Implications**

Compliance to the Council's Investment Policy is confirmed for the month of September.

**3.4 Risk Management Implications**

The Council is subject to numerous risks associated with revenue and expenses that can impact upon Councils financial performance and position. Those risks are documented and evaluated as part of the operational plan preparation in conjunction with the annual budget cycle.

**3.5 Delegated Authority Implications**

There are no delegated authority implications arising as a direct result of this report.

## Moreton Bay Regional Council

*ITEM 3.2 MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL - A17666718 (Cont.)*

3.6 Financial Implications

As at the end of September 2018 Council's operating surplus is \$19.71 million and the capital expenditure incurred amounted to \$23.97 million (excluding the University Project).

3.7 Economic Benefit

There are no economic benefit implications arising as a direct result of this report.

3.8 Environmental Implications

There are no environmental implications arising as a direct result of this report.

3.9 Social Implications

There are no social implications arising as a direct result of this report.

3.10 Consultation / Communication

Chief Executive Officer, Manager Financial and Project Services and Accounting Services Manager.

***SUPPORTING INFORMATION***

**Ref: A1766666**

The following list of supporting information is provided for:

**ITEM 3.2**

**MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL**

***#1 Monthly Financial Report as at 30 September 2018***

ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)

**#1 Monthly Financial Report as at 30 September 2018**

**Moreton Bay Regional Council**

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**Monthly Financial Report**

**Year to date result as at: 30 September 2018**

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Commentary on Financial Results and Graphs	6 to 9
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# Moreton Bay Regional Council

COORDINATION COMMITTEE MEETING  
16 October 2018

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*ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)*

## Moreton Bay Regional Council STATEMENT OF COMPREHENSIVE INCOME For the period ended 30 September 2018

25% of the year  
elapsed

	2018/19 Original Budget	2018/19 Revised Budget	2018/19 YTD Actuals	Actuals to Revised Budget 2018/19
<b>Revenue</b>				
<b>Operating Revenue</b>				
Rates and utility charges	\$307,250,103	\$307,263,703	\$77,235,697	25.14%
Fees and charges	\$35,381,922	\$35,381,922	\$11,025,339	31.16%
Rental income	\$6,010,669	\$6,017,669	\$1,244,028	20.67%
Grants, subsidies and contributions	\$19,749,473	\$20,871,093	\$3,315,016	15.88%
Interest revenue	\$47,066,855	\$47,066,855	\$11,003,775	23.38%
Sales revenue	\$2,992,740	\$2,990,740	\$734,627	24.56%
Other revenue	\$21,566,080	\$21,561,379	\$5,250,093	24.35%
Share of profit of associate - Operating Cash	\$25,558,000	\$25,558,000	\$6,389,500	25.00%
<b>Total Operating Revenue</b>	<b>\$465,575,842</b>	<b>\$466,711,361</b>	<b>\$116,198,075</b>	<b>24.90%</b>
<b>Expenses</b>				
<b>Operating Expenses</b>				
Employee benefits	(\$134,361,703)	(\$134,361,703)	(\$28,957,446)	21.55%
Materials and services	(\$162,882,508)	(\$162,680,164)	(\$36,863,086)	22.66%
Depreciation and amortisation	(\$91,236,382)	(\$91,236,382)	(\$24,617,671)	26.98%
Finance costs	(\$23,102,171)	(\$23,102,171)	(\$6,051,145)	26.19%
<b>Total Operating Expenses</b>	<b>(\$411,582,764)</b>	<b>(\$411,380,420)</b>	<b>(\$96,489,348)</b>	<b>23.46%</b>
<b>Operating Result</b>	<b>\$53,993,078</b>	<b>\$55,330,941</b>	<b>\$19,708,727</b>	<b>35.62%</b>
<b>Share of Profit of Associate - Capital Non-cash</b>	<b>\$52,000,000</b>	<b>\$52,000,000</b>	<b>\$13,000,000</b>	<b>25.00%</b>
<b>Capital Revenue</b>	<b>\$77,650,653</b>	<b>\$83,594,472</b>	<b>\$12,923,354</b>	<b>15.46%</b>
<b>Capital Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,469,549)</b>	<b>No Budget</b>
<b>NET RESULT</b>	<b>\$183,643,731</b>	<b>\$190,925,413</b>	<b>\$44,162,532</b>	<b>23.13%</b>
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to net result</b>				
Increase/(decrease) in asset revaluation surplus	\$0	\$0	\$0	No Budget
<b>Items that may be reclassified subsequently to net result</b>				
Net change in available-for-sale financial assets	\$0	\$0	\$179,746	No Budget
<b>Total other comprehensive income for the year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$179,746</b>	<b>No Budget</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>\$183,643,731</b>	<b>\$190,925,413</b>	<b>\$44,342,278</b>	<b>23.22%</b>



## Moreton Bay Regional Council

COORDINATION COMMITTEE MEETING  
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*ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)*

### Moreton Bay Regional Council STATEMENT OF FINANCIAL POSITION As at 30 September 2018

	2018/19 Budget as at 30 June 2019	2018/19 YTD Actual
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$321,620,000	\$325,000,115
Trade and other receivables	\$45,769,000	\$32,112,293
Inventories	\$1,081,000	\$1,141,677
	\$368,470,000	\$358,254,085
Non-current assets held for sale	\$0	\$402,200
<b>Total Current Assets</b>	<b>\$368,470,000</b>	<b>\$358,656,285</b>
<b>Non-Current Assets</b>		
Trade and other receivables	\$677,576,000	\$677,576,095
Other financial assets	\$0	\$101,806,439
Investments	\$15,000	\$15,000
Investment property	\$44,970,000	\$28,635,000
Investment in associate	\$1,152,610,000	\$1,144,597,926
Property, plant and equipment	\$4,559,380,000	\$4,637,077,942
Intangible assets	\$280,000	\$222,888
<b>Total Non-Current Assets</b>	<b>\$6,434,831,000</b>	<b>\$6,589,931,290</b>
<b>Total Assets</b>	<b>\$6,803,301,000</b>	<b>\$6,948,587,575</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	\$39,783,000	\$26,843,634
Borrowings	\$33,881,000	\$24,023,866
Provisions	\$12,889,000	\$13,731,791
Other	\$1,673,000	\$121,788
<b>Total Current Liabilities</b>	<b>\$88,226,000</b>	<b>\$64,721,079</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	\$213,000	\$0
Borrowings	\$345,187,000	\$354,462,899
Provisions	\$33,712,000	\$42,460,514
<b>Total Non-Current Liabilities</b>	<b>\$379,112,000</b>	<b>\$396,923,413</b>
<b>Total Liabilities</b>	<b>\$467,338,000</b>	<b>\$461,644,492</b>
<b>NET COMMUNITY ASSETS</b>	<b>\$6,335,963,000</b>	<b>\$6,486,943,083</b>
<b>Community Equity</b>		
Retained surplus	\$5,437,673,000	\$5,563,444,401
Asset revaluation surplus	\$898,290,000	\$923,498,682
<b>TOTAL COMMUNITY EQUITY</b>	<b>\$6,335,963,000</b>	<b>\$6,486,943,083</b>

## Moreton Bay Regional Council

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*ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)*

### Moreton Bay Regional Council STATEMENT OF CASH FLOWS For the period ended 30 September 2018

	<b>2018/19 Budget as at 30 June 2019</b>	<b>2018/19 YTD Actuals</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$387,202,000	\$114,437,329
Payments to suppliers and employees	(\$290,593,000)	(\$93,483,504)
Interest received	\$47,067,000	\$11,274,585
Rental income	\$5,718,000	\$1,244,028
Non capital grants and contributions	\$18,789,000	\$3,315,016
Borrowing costs	(\$21,322,000)	(\$5,543,774)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>\$146,861,000</b>	<b>\$31,243,680</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(\$230,286,000)	(\$25,510,183)
Payments for intangible assets	\$0	\$0
Payments for investment property	\$0	\$0
Payments for available for sale investment	\$0	\$0
Proceeds from sale of property, plant and equipment	\$21,800,000	\$163,723
Net movement in loans to community organisations	\$0	\$0
Grants, subsidies and contributions	\$37,424,000	\$12,759,631
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(\$171,062,000)</b>	<b>(\$12,586,829)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	\$24,518,000	\$0
Repayment of borrowings	(\$30,771,000)	(\$7,509,076)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(\$6,253,000)</b>	<b>(\$7,509,076)</b>
Net increase/(decrease) in cash held	<b>(\$30,454,000)</b>	<b>\$11,147,775</b>
Cash and cash equivalents at the beginning of the financial year	\$352,074,000	\$313,852,340
<b>Cash and cash equivalents at the end of the period</b>	<b>\$321,620,000</b>	<b>\$325,000,115</b>

## Moreton Bay Regional Council

COORDINATION COMMITTEE MEETING  
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*ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)*

### Moreton Bay Regional Council STATEMENT OF SOURCES AND APPLICATIONS OF CAPITAL FUNDING For the period ended 30 September 2018

	Original Budget 2018/19	Revised Budget 2018/19	YTD Actuals 2018/19
<b><u>Capital Funding Sources</u></b>			
Cash Utilised	\$222,365,224	\$242,617,509	\$33,010,709
Capital Grants and Subsidies received	\$13,923,653	\$19,867,472	\$2,336,936
Contributed Assets and assets not previously recognised	\$40,227,000	\$40,227,000	-
Loans received	\$24,517,864	\$24,517,864	-
<b>Total Capital Funding Sources</b>	<b>\$301,033,741</b>	<b>\$327,229,845</b>	<b>\$35,347,645</b>
<b><u>Capital Funding Applications</u></b>			
Capital Expenditure	\$230,036,000	\$256,232,104	\$27,838,569
Contributed Assets and assets not previously recognised	\$40,227,000	\$40,227,000	-
Loan Redemption	\$30,770,741	\$30,770,741	\$7,509,076
<b>Total Capital Funding Applications</b>	<b>\$301,033,741</b>	<b>\$327,229,845</b>	<b>\$35,347,645</b>

## Moreton Bay Regional Council

ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)

### Analysis of Results by Operational Plan

For the period ended 30 September						
Operational Plan	Operating Revenue	Operating Expenses	Operating Result	Capital Revenue	Capital Expenses	Net Result
Engineering, Construction & Maintenance	\$13,019,046	(\$27,625,143)	(\$14,606,097)	\$2,008,480	-	(\$12,597,618)
Community & Environmental Services	\$9,631,812	(\$12,420,265)	(\$2,788,453)	\$5,000	-	(\$2,783,453)
Governance	\$90,746,609	(\$53,878,887)	\$36,867,722	\$23,909,874	(\$1,469,549)	\$59,308,047
Planning and Economic Development	\$2,800,608	(\$2,565,052)	\$235,556	-	-	\$235,556
<b>Total Council</b>	<b>\$116,198,075</b>	<b>(\$96,489,348)</b>	<b>\$19,708,727</b>	<b>\$25,923,354</b>	<b>(\$1,469,549)</b>	<b>\$44,162,532</b>

### Analysis of Results by Entity

For the period ended 30 September						
Entity	Operating Revenue	Operating Expenses	Operating Result	Capital Revenue	Capital Expenses	Net Result
General	\$103,811,561	(\$88,420,702)	\$15,390,859	\$25,923,354	(\$1,469,549)	\$39,844,664
Waste	\$11,978,423	(\$8,050,371)	\$3,928,052	-	-	\$3,928,052
Canals	\$408,092	(\$18,275)	\$389,817	-	-	\$389,817
<b>Total Council</b>	<b>\$116,198,075</b>	<b>(\$96,489,348)</b>	<b>\$19,708,727</b>	<b>\$25,923,354</b>	<b>(\$1,469,549)</b>	<b>\$44,162,532</b>

## **The Performance at a Glance** **as at 30 September 2018**

### **Synopsis**

- \* 25% of the financial year is complete.
- \* The operating surplus is \$19.71 million.

### **Operating Revenue**

- \* Rates and Utility Charges are achieving the budget after the first rates levy.
- \* User Fees and Charges are above budget as animal registrations and local laws licenses have been issued for the year and a significant portion of these fees have been received. Development applications are also performing well.
- \* Operating Grants and Subsidies will not reach the budget as half of the 2018/19 Financial Assistance Grant was paid to Council in 2017/18.
- \* In total all other revenue categories are performing closely to the revised budget target at this time of the year.

### **Operating Expenditure**

- \* Employee Expenses are slightly under target which is predominately related to the high levels of vacant positions.
- \* Materials and Services is slightly under target but this is expected.
- \* Finance Costs and Depreciation and Amortisation are tracking slightly over budget and it is expected that Depreciation will continue to exceed budget.
- \* All other expenditure is on track for this stage of the financial year.

### **Capital Revenue**

- \* Infrastructure Cash Contributions are tracking above budget.
- \* No contributed assets have been recognised to date.
- \* Capital grants and subsidies is well under target but this is all dependent on when work is completed so that Council can claim the grant. As very little capital work has been completed no grants can be claimed. Generally most grants are claimed in the second half of the financial year.

### **Capital Expenditure**

- \* To date \$23.97 million has been spent on capital works, (which represents 12.87% of the capital program). This excludes the University project costs.

# Moreton Bay Regional Council

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*ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)*

## Moreton Bay Regional Council

### Comparative Table 2016/17 and 2017/18 to 2018/19\*

Year to date result as at: 30 September 2018

25% of the year elapsed

	Revised Budget 2018/19 \$'000	YTD Actuals 2018/19 \$'000	Actuals to Revised Budget 2018/19 %	Actuals to Revised Budget 2017/18 %	Actuals to Revised Budget 2016/17 %	Comments
<b>Operating Revenue</b>						
Rates & Utility Charges	\$307,264	\$77,236	25%	49%	25%	Revenue is on target after the first quarter rates levy.
User Fees & Charges	\$35,382	\$11,025	31%	32%	29%	Revenue is tracking over budget and is comparable to the previous year.
Interest Revenue	\$47,067	\$11,004	23%	25%	26%	The % for 2018/19 is tracking slightly below budget and is below the previous years.
<b>Operating Expenses</b>						
Employee Expenses & Material and Services	\$297,042	\$65,821	22%	22%	20%	Expenditure is tracking below budget but is comparable to the previous year.
External Loan Interest Expense	\$21,322	\$5,544	26%	26%	25%	Expenditure is tracking to budget and is comparable to previous years.
<b>Capital Revenues</b>						
Infrastructure Cash Contributions	\$23,500	\$10,423	44%	58%	39%	Infrastructure cash contributions are tracking above budget but is below the previous year.
Contributed Assets	\$40,227	\$0	0%	0%	0%	No contributed assets have been recognised to date.
Grants & Subsidies	\$19,867	\$2,337	12%	27%	22%	The % of grants and subsidies received is tracking below budget and is below the previous year.
<b>Capital Expenditure</b>						
Total Capital Expenditure**	\$186,232	\$23,972	13%	14%	12%	Capital expenditure remains behind budget.
<p>* The data presented reflects the position of Council as at 30 September 2018 compared to the position of Council as at 30 September 2017 and 30 September 2016.                      ** Capital Expenditure excludes the University Projects.</p> <p>The table focuses on key items of revenue and expenses across the comparative period and is useful guide in understanding what may have changed with regard to revenue and expense streams across the three financial years.</p>						

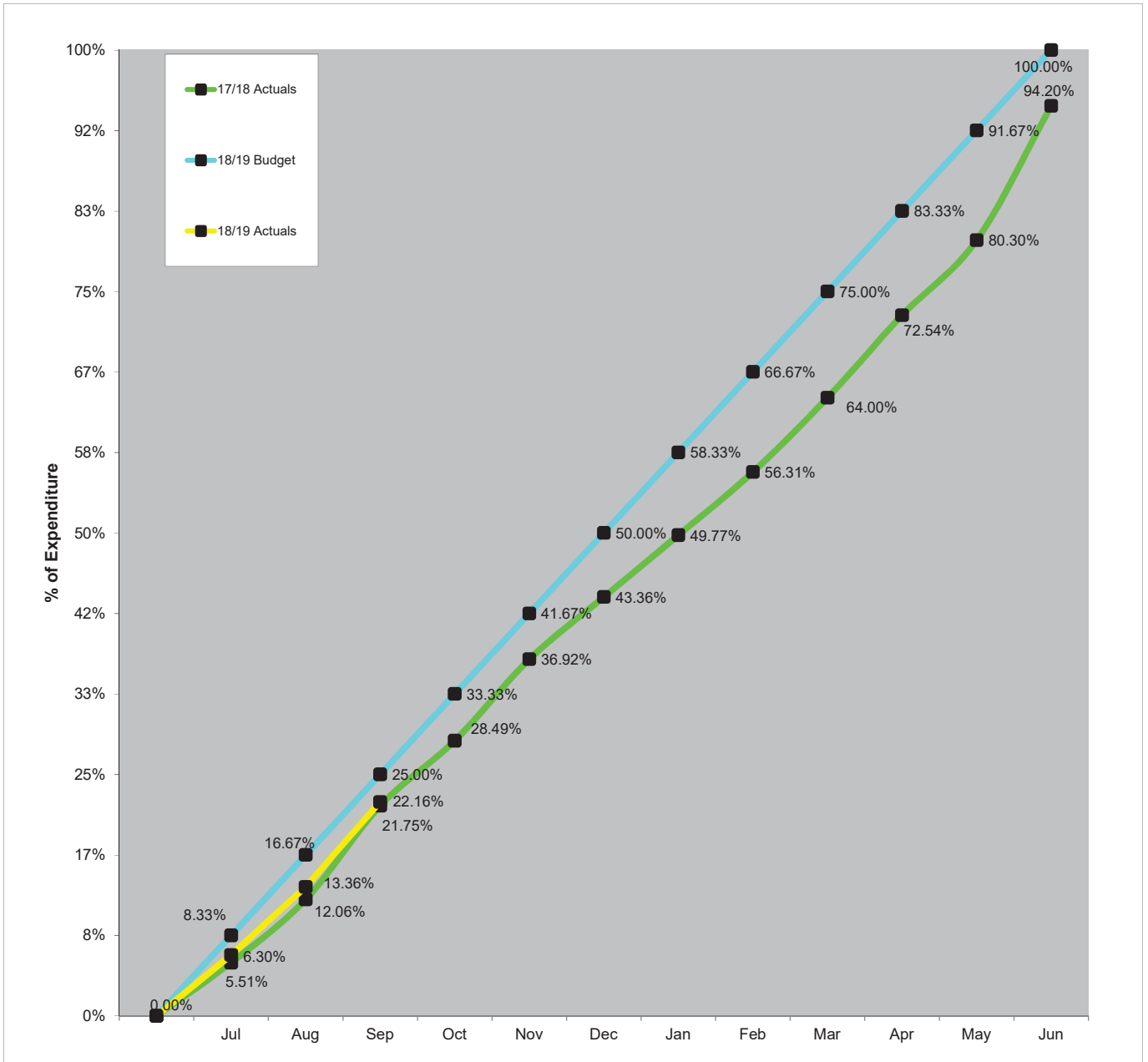


ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)

**Operating Expenditure**

This graph compares the major components of operating expenditure (being employee expenses plus materials and services) on a percentage expended basis for the 2018/19 and 2017/18 years. The graph includes continuing service delivery expenses and operating initiative expenses.

The budgeted expenditure trend is set at 8.33% for each month. The cumulative actual expenditure trend for each month is graphed alongside the budget expenditure.

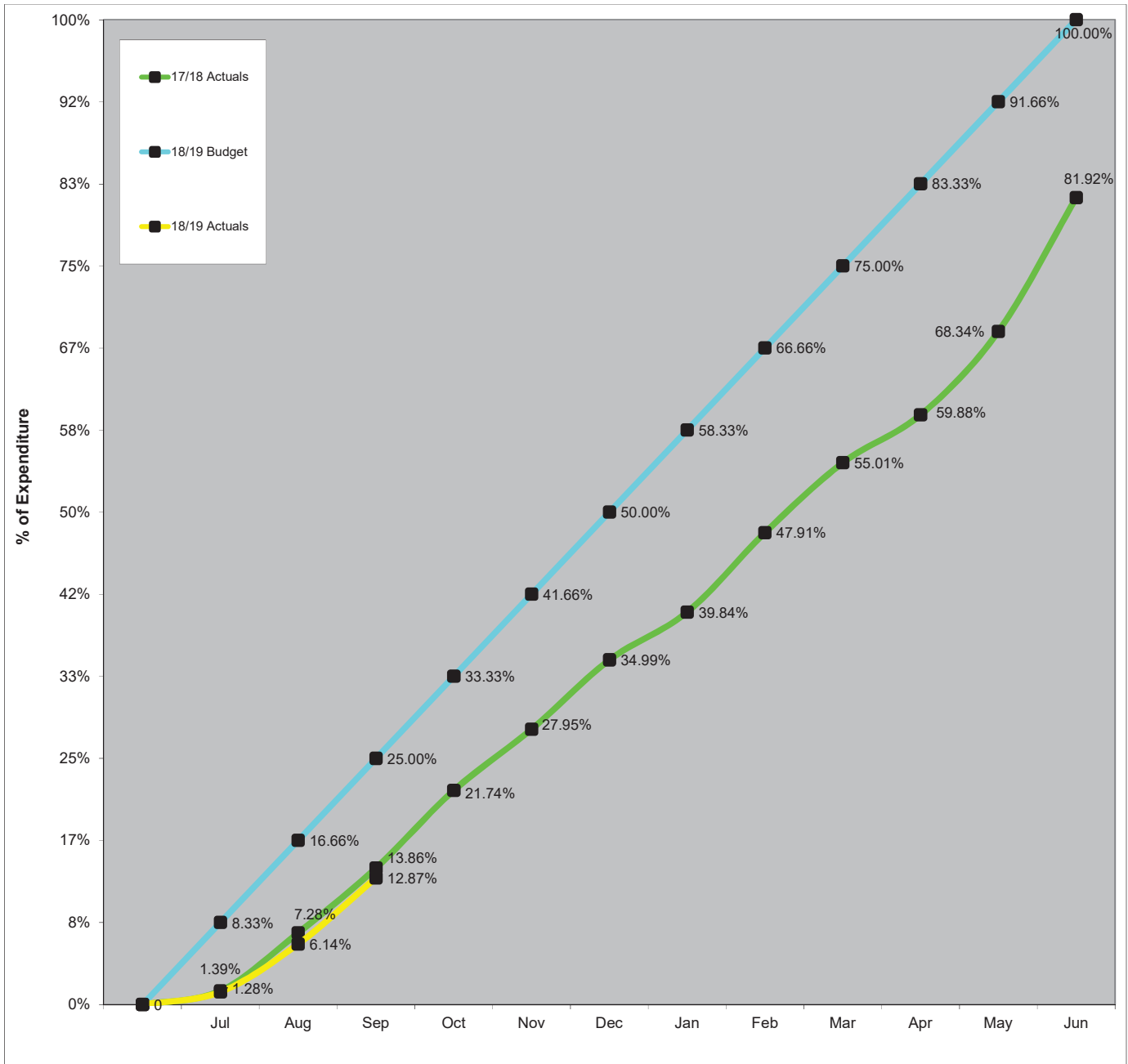


	Annual Revised Budget \$'000	Actuals to September \$'000	Actuals to Budget % spent
<b>2017/18</b>	\$ 282,348	\$ 61,404	21.75%
<b>2018/19</b>	\$ 297,042	\$ 65,821	22.16%

ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)

**Capital Expenditure**

This graph compares the capital percentage expended for the 2018/19 and 2017/18 years. The budgeted expenditure trend is set at 8.33% for each month. The cumulative actual expenditure trend for each month is graphed alongside the budget expenditure.



	Annual Revised Budget \$'000	Actuals to September \$'000	Actuals to Budget % spent
<b>2017/18</b>	\$ 173,515	\$ 24,046	13.86%
<b>2018/19</b>	\$ 186,232	\$ 23,972	12.87%

# Moreton Bay Regional Council

COORDINATION COMMITTEE MEETING  
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## ITEM 3.2 - MONTHLY REPORTING PACKAGE - SEPTEMBER 2018 - REGIONAL (Cont.)

### TREASURY REPORT

The Treasury Report highlights key areas of performance and compliance relating to Council's cash, investments and borrowings.

#### Investments

At 30 September 2018 all of Council's investments are in accordance with the approved Investment Policy. As at this date Council held 82.50% of funds outside of the Queensland Treasury Corporation (QTC). Term Deposit rates have increased slightly in recent times, providing better returns.

#### Investment Portfolio - Summary of Cash and Investments Held

Current Cash Investments					
Short Term Rating	Institution	Return	Term	Cash and Investment balance as at 30 September 2018	Interest earned YTD
A1+	Qld Treasury Corp*	2.45%	Short Term (45 days)	56,938,146	453,210
A1+	ANZ	1.97%	At Call	11,288,921	55,264
A1+	National Australia Bank	2%	At Call	91,773,048	654,769
A1+	ANZ	2.55% to 2.75%	364 to 365 days	40,000,000	266,115
A1+	Bankwest	2.6%	364 days	20,000,000	131,068
A1+	National Australia Bank	2.65% to 2.8%	125 to 363 days	40,000,000	173,534
A1	Suncorp	2.65% to 2.8%	174 to 184 days	30,000,000	205,658
A2	Bank of Queensland	2.75%	182 days	10,000,000	65,644
A2	Bendigo and Adelaide Bank	2.7% to 2.75%	182 to 273 days	20,000,000	133,630
A2	IMB	2.55%	364 days	5,000,000	32,137
	Trust Investments				64,028
				*	
				<b>325,000,115</b>	<b>2,235,058</b>

\* The QTC rate presented is the annualised interest rate for the month as provided by the Queensland Treasury Corporation.

Council has achieved a weighted average interest rate on all cash held of 2.52% pa in 2018/19.

Non-Current Investments				
Institution	Product	Term	Current Value	Invested Value
Queensland Investment Corporation	QIC Growth Fund	Greater than 5 years	101,806,439	100,000,000

#### Performance to Budget - Year to Date (YTD) Summary

25% of the year has elapsed

	Original Budget \$'000	Revised Budget \$'000	Actual YTD \$'000	Actual % Achieved	Comments
Interest Revenue on Investments	9,962	9,962	2,235	22%	Tracking slightly under budget at this stage
Interest on Debt held in Unitywater	36,085	36,085	8,497	24%	Tracking slightly under budget at this stage
<b>Total Investment Income</b>	<b>46,047</b>	<b>46,047</b>	<b>10,732</b>	<b>23%</b>	

#### Borrowings

Debt Position	\$ '000
Debt held as at 1 July 2018	385,996
New borrowings	0
Borrowings repaid	(7,509)
<b>Debt held as at 30 September 2018</b>	<b>378,487</b>

As at 30 September 2018 the weighted average interest rate of all Council debt is 5.65%

**4 ASSET CONSTRUCTION & MAINTENANCE SESSION**

**(Cr A Hain)**

**ITEM 4.1**

**CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL**

*Meeting / Session:* 4 ASSET CONSTRUCTION & MAINTENANCE  
*Reference:* A17561212 : 12 September 2018 - **Refer Supporting Information A15445112**  
*Responsible Officer:* JF, Coordinator Asset Management (ECM Infrastructure Planning)

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**Executive Summary**

The purpose of this report is to seek Council's adoption of the Canal Estates Portfolio Asset Management Plan (CEPAMP). This asset management plan represents one of 19 asset portfolios identified within Council's Strategic Asset Management Plan (SAMP).

**OFFICER'S RECOMMENDATION**

That the Canal Estates Portfolio Asset Management Plan be adopted, as attached to this report.

---

ITEM 4.1 CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL - A17561212 : 12 September 2018 - Refer Supporting Information (Cont.)

## REPORT DETAIL

### 1. Background

In accordance with section 167(1) of the Local Government Regulation 2012, Council is required to prepare and adopt a Long-Term Asset Management Plan. In 2017, Council adopted an overarching Strategic Asset Management Plan (SAMP) as part of a revised strategic asset management framework. The revised strategic asset management framework encompassed the following items:

- Infrastructure Asset Management Policy (Policy No. 12-2150-043)
- Strategic Asset Management Plan
- Portfolio Asset Management Plans (representing 19 asset portfolios)

The SAMP is based on the following strategies:

- Optimising maintenance and renewal practices
- Prioritising investment to achieve maximum value
- Validating investment decisions to confirm funds are being spent effectively
- Identifying lower lifecycle cost solutions
- Managing risk to an appropriate level
- Capturing and monitoring the current condition of infrastructure assets and predicting future condition

Canal Estates represents one of the 19 asset portfolios.

The attached CEPAMP outlines MBRC's approach to managing and maintaining canal estate assets. The processes and principles outlined in this plan will improve the management of MBRC's canal estate assets and the service delivered to the community.

The Queensland Audit Office (QAO) has highlighted that the financial data for asset renewal, upgrades and new assets needs to be revised annually to inform Council's Long-term Financial Forecast (LTFF). The Strategic Asset Management Framework and supporting Portfolio Asset Management Plans will provide annual updates to inform the LTFF, thereby addressing this issue.

The adoption of the CEPAMP will assist MBRC in meeting its legislative compliance obligations and assist the management of its canal estate assets.

### 2. Explanation of Item

There are three canal estates located at Newport Waterways (Scarborough), Bribe Gardens (Bellara) and Pacific Harbour (Banksia Beach). It is important to ensure that these assets are managed in the most cost-effective manner over the asset lifecycle to provide the required level of service to the community while managing risk appropriately.

In relation to assets, the CEPAMP notes the following:

*The primary function of a canal is to provide navigable access and safe mooring within a waterfront residential estate. Canals are artificial waterways and are managed differently to natural waterways.*

*Canal estate assets are managed in accordance with MBRC Canal Long Term Maintenance Plans (LTMPs) and guidelines as published on Council's website.*

*The CEPAMP considers public assets only. The CEPAMP does not include private assets such as revetment walls fronting private properties, private gangways and pontoons as these assets are the responsibility of the relevant private property owner.*

*Public assets such as public jetties and boat ramps that occur within canal estates will be covered in the Coastal Facilities AMP. Stormwater outlets that discharge into the canals are covered under the Drainage Portfolio AMP.*

*ITEM 4.1 CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL - A17561212 : 12 September 2018 - Refer Supporting Information (Cont.)*

The adoption of the Canal Estates Portfolio Asset Management Plan will ensure legislative compliance and assist Council in better achieving continuous improvement in the management of its canal estates assets as well as directly linking asset management plans, actions and operations to the budget and the LTFF.

The CEPAMP has identified 15 Action Items with associated timeframes (Section 8 of the CEPAMP refers) which are intended to mitigate or clarify specific issues and deficiencies in current processes, identified in preparing the plan. Adoption of the CEPAMP will initiate the associated action items.

**3. Strategic Implications**

**3.1 Legislative/Legal Implications**

Section 167 - Preparation of a Long-Term Asset Management Plan - of the Local Government Regulation 2012 states that –

- (1) *A local government must prepare and adopt a Long-Term Asset Management Plan.*
- (2) *The Long-Term Asset Management Plan continues in force for the period stated in the plan unless the local government adopts a new Long-Term Asset Management Plan.*
- (3) *The period stated in the plan must be 10 years or more.*

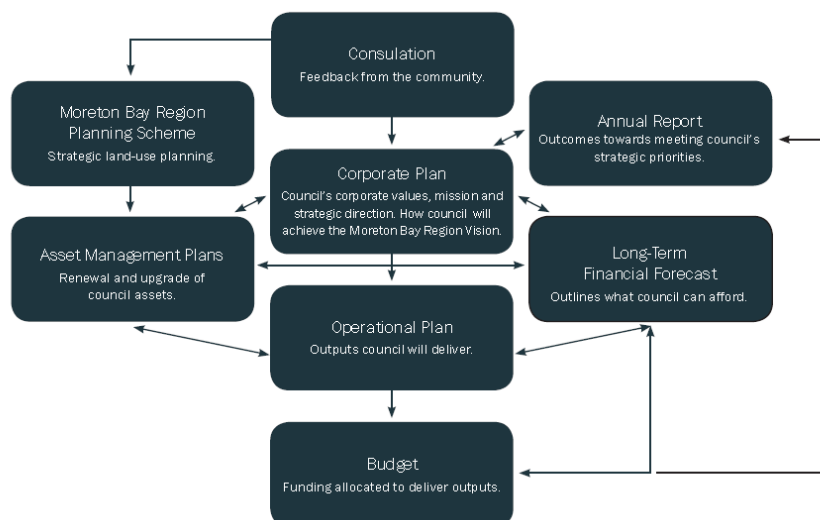
Additionally, Section 168 of the Local Government Regulation 2012 states that Council’s Long-term Asset Management Plan must:

- (a) *Provide for strategies to ensure the sustainable management of the assets mentioned in the local government’s asset register and the infrastructure of the local government; and*
- (b) *State the estimated capital expenditure for renewing, upgrading and extending the assets for the period covered by the plan; and*
- (c) *Be part of, and consistent with, the LTFF*

**3.2 Corporate Plan / Operational Plan**

Council is committed to achieving the community’s vision for the Moreton Bay Region. This vision represents a thriving region of opportunity where our communities enjoy a vibrant lifestyle and is structured upon three key elements; creating opportunities, strengthening communities and valuing lifestyle. These three tiers are underpinned by concepts such as local jobs for residents, strong local governance, and quality recreation and cultural opportunities.

The SAMP and supporting CEPAMP have direct linkages with other corporate documents as illustrated in the diagram below:





*ITEM 4.1 CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL - A17561212 : 12 September 2018 - Refer Supporting Information (Cont.)*

- 3.3 Policy Implications  
The Infrastructure Asset Management Policy (Policy No. 12-2150-043) was adopted by Council on 18 April 2017.
- 3.4 Risk Management Implications  
Risks and mitigation strategies associated with Canal Estates assets are included in the plan.
- 3.5 Delegated Authority Implications  
No delegated authority implications arising as a direct result of this report.
- 3.6 Financial Implications  
The SAMP and associated Canal Estates Portfolio Asset Management Plan inform Council's LTFF.
- 3.7 Economic Benefit  
Sustainable provision and management of Council's canal estate assets supports economic growth and the region's quality lifestyle by attracting visitors to the region.
- 3.8 Environmental Implications  
The effective management of Council's canal estates assets assists in improving environmental outcomes.
- 3.9 Social Implications  
The timely and cost-effective management of canal estate assets supports the region's quality lifestyle.
- 3.10 Consultation / Communication  
Relevant Council officers and Councillors have been consulted in the preparation of this plan. The draft asset management plan was the subject of a Council workshop.

***SUPPORTING INFORMATION***

**Ref: [A15445112](#)**

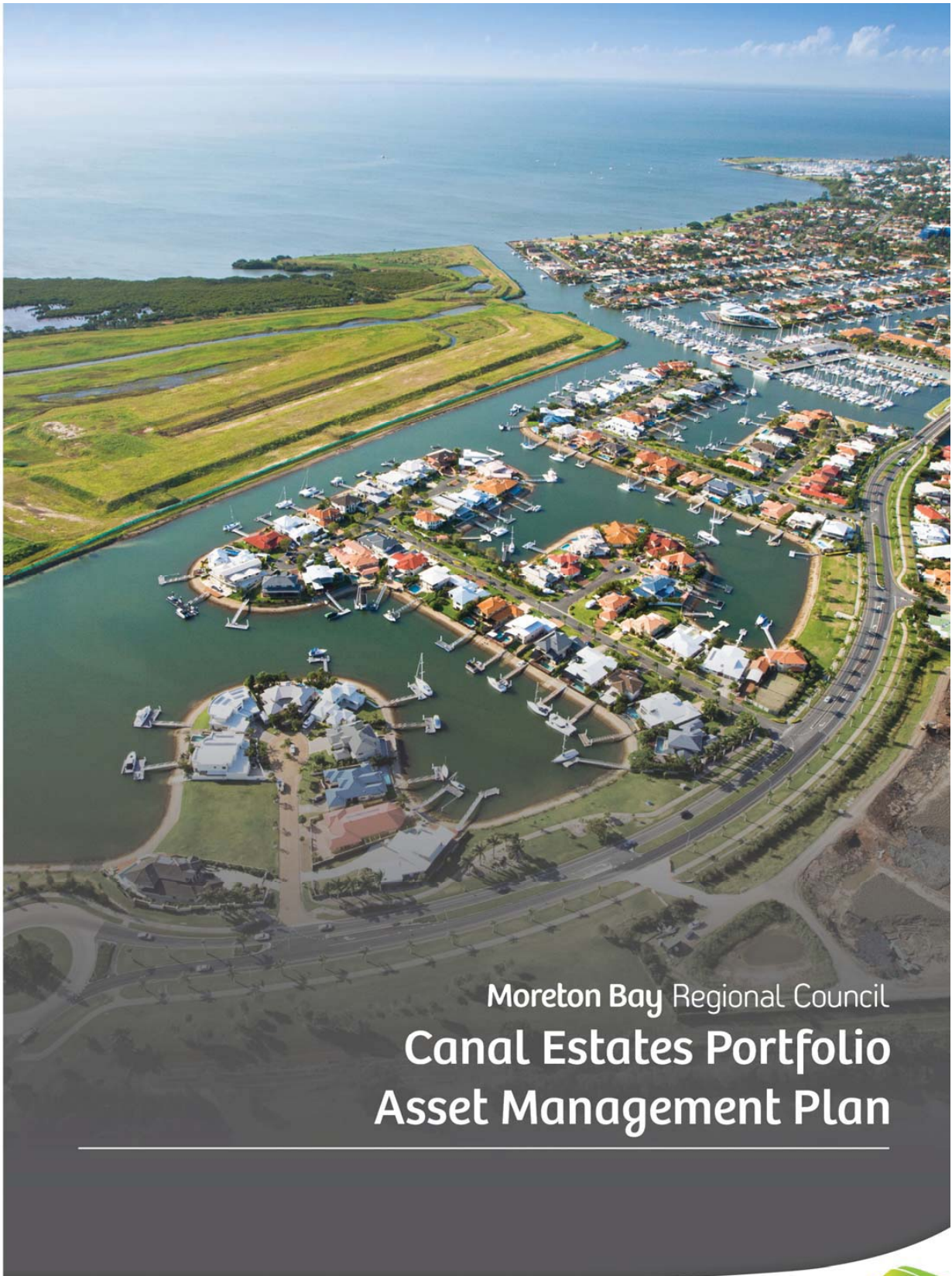
The following list of supporting information is provided for:

**ITEM 4.1**

**CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL**

***#1 Canal Estates Portfolio Asset Management Plan***

ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
**#1 Canal Estates Portfolio Asset Management Plan**



Moreton Bay Regional Council  
**Canal Estates Portfolio  
Asset Management Plan**

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## Moreton Bay Regional Council

*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

**MBRC Canal Estates Portfolio Asset Management Plan (A15445112)**

**Document Reference**

Document title	Canal Estates Portfolio Asset Management Plan
RIO Reference	A15445112
Date prepared	May 2018
Date adopted by council	-
Prepared by	ECM Infrastructure Planning - Asset Management

**Version control**

Version	Date	Revision details	Author/s	Reviewed by
Draft v1	13/10/17	Initial draft	C Krautz	P. Marsh, J. Trotman,
Draft v2	7/11/17	Initial draft - 1 <sup>st</sup> Revision	C Krautz	P. Marsh, A. Dramac, J. Dominic, J. Turnbull, A. Perrin, L. Purchase, T. Ibrahim, A.Charteris, D. Meyer
Draft v3	01/03/2018	Initial draft - 2 <sup>nd</sup> Revision	J Turnbull	J.Dominic, A. Stuer, T. Ibrahim, A.Charteris, D. Meyer, J. Trotman
Draft v4	02/05/2018	Initial draft - 3 <sup>rd</sup> Revision	J Frost, J Turnbull	J, Frost D, Meyer
Version 1.0	03/05/2018	Version presented to Council	J Frost, J Turnbull	J. Frost D. Meyer A Charteris
Version 2.0	21/09/2018	Adopted Version	J Frost J Turnbull	J. Frost D. Meyer A Charteris

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16 October 2018

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## ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

### MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

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*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

**MBRC Canal Estates Portfolio Asset Management Plan (A15445112)**

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*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

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## Definitions for Abbreviations

<i>Term</i>	<i>Definition</i>
ACR	Asset Consumption Ratio
AI	Action Item
AM	Asset Maintenance (department within ECM)
AMT	Asset Management Team (within ECM Infrastructure Planning)
ACR	Asset Consumption Ratio
ASR	Asset Sustainability Ratio
BGCA	Bribie Gardens Canal Association
CCTV	Closed Circuit Television
CSR	Customer Service Request
CEPAMP	Canal Estates Portfolio Asset Management Plan
PHCPOA	Pacific Harbour Canal Property Owners Association
CPMA	Coastal Protection Management Act
CIA	Coastal Investigation Area
DTMR	Department of Transport and Main Roads
DWCP	Drainage, Waterways and Coastal Planning (within ECM Infrastructure Planning)
ECM	Engineering Construction and Maintenance Division
Embarc	Moreton Bay Regional Council Intranet
ePID	Electronic Project Identification Document
F&PS	Financial and Project Services
GIS	Geographical Information System
GPS	Global Positioning System
IP	Infrastructure Planning (department within ECM)
LGA	Local Government Area
LGIP	Local Government Infrastructure Plan
LoS	Level of Service
LTFF	Long term financial forecast
LTMPs	Long Term Management Plans
MDMIP	Mud Island Dredged Material Placement Area
MBRC	Moreton Bay Regional Council
MSQ	Marine Safety Queensland
NWPOA	Newport Waterways Property Owners Association
PED	Planning and Economic Development Division
PAMP	Portfolio Asset Management Plan
PIP	Priority Infrastructure Plan
PMC	Project Management and Construction (department within ECM)
PSP	Planning Scheme Policy

# Moreton Bay Regional Council

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*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

**MBRC Canal Estates Portfolio Asset Management Plan (A15445112)**

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RIO	MBRC acronym for MBRC's record management system
SAMP	Strategic Asset Management Plan
TOMAS	MBRC acronym for MBRC's asset management system
WQO	Water Quality Objectives
WSCAM	Wharf Structure Condition Assessment Manual

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*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

**MBRC Canal Estates Portfolio Asset Management Plan (A15445112)**

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## **1 Purpose**

The purpose of the Canal Estates Portfolio Asset Management Plan (CEPAMP) is to outline Moreton Bay Regional Council's (MBRC) approach to the management of canal related assets under its control. This asset management plan serves:

- to demonstrate responsible and sustainable management of the assets
- to communicate and justify funding requirements, and
- to ensure compliance with regulatory requirements

ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

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## 2 Asset Information

MBRC has three canal estates located at Newport Waterways, Scarborough, Bribie Gardens, Bellara and Pacific Harbour, Banksia Beach. Appendix A shows aerial images for the three canal estates.

The primary function of a canal is to provide navigable access and safe mooring within a waterfront residential estate. Canals are artificial waterways and are managed differently to natural waterways.

Canal estate assets are managed in accordance with MBRC Canal Long Term Maintenance Plans (LTMPs) and guidelines as published on Council's website.

The CEPAMP considers public assets only. The CEPAMP does not include private assets such as revetment walls fronting private properties, private gangways and pontoons as these assets are the responsibility of the relevant private property owner.

Public assets such as public jetties and boat ramps that occur within canal estates will be covered in the Coastal Facilities AMP. Stormwater outlets that discharge into the canals are covered under the Drainage Portfolio AMP.

### 2.1 Canal Estate Components

The canal estate is categorised into the following asset groups:

- **Navigable channel** - The navigable channel is the maintained artificial waterway constructed to allow the passage of marine craft. The navigable channel will typically include areas where vessels are moored alongside private pontoons.
- **Canal batters** - The batter refers to the sloping section of canal extending from the navigable channel to the revetment. In some canal areas, the batter is covered with rock armour to prevent erosion at the toe of the revetments. In Newport Waterways, there are sections of the intertidal canal batter surfaced with gravel.
- **Revetments** - Revetments are retaining structures, constructed of rock or concrete and designed to protect the area adjacent to the canal from erosion.
- **Marine Signage** - Marine signage includes the directional, information, regulatory and warning signs.
- **Navigational Aids** - Sea or land-based navigational aids assist with safe navigation of vessels into and out of the canal estate.

The canal estates may also include unique assets that are required to maintain or assist in the function / operation of the main canal assets. These secondary assets can include:

- **Lock and Weir** - A lock is a device used for raising and lowering marine craft between stretches of water of different levels. A weir is a low dam structure built across the canal to artificially maintain a minimum water level. The lock and weir operate in conjunction with each other.
- **Dredge Spoil Drying Pond** - Dredge spoil drying ponds can be used to assist in dredge spoil management. They are used to temporarily store wet spoil from dredging activities until the moisture content is sufficiently reduced, resulting in a dry waste product for disposal.

Appendix B provides a summary of the various revetment wall designs associated with the 3 canal estates. Appendix C includes aerial imagery of the Newport Dredge Spoil Pond.

ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

**2.1.1 Canal Estate Asset Component Attributes**

The basic attributes or characteristics assigned to the canal estate components include:

- Material
- Dimensions
- Canal Subtype - entrance, marina or residential
- Dates – install, last inspected, commissioned

More specific canal estate component attributes to be captured include:

- **Canal channel** - design bed elevation, dredge trigger depth, canal zone number, date last surveyed and date last dredged.
- **Canal batter** – material type, size and thickness, slope, top of slope RL
- **Canal revetment wall** - material type, size and thickness, slope, top of slope RL
- **Lock and weir** – design bed level, design depth, design base length and width
- **Spoil pond** - full storage volume, capacity, spoil drying area
- **Marine signs** – to be developed but may include: type, speed zone, direction (left, right, bidirectional), size, code and text, and
- **Navigation aids** – to be developed but may include: type, speed zone, direction (left, right, bidirectional), size, code and text.

AI-CE001 - Develop and implement a plan to capture and update canal assets, attributes and MBRC Asset Capture Guidelines.

**2.1.2 Canal Estate Dimensions**

Canal Estate	Canal Frontage Total Length (km)	Private Waterfront Property Count	Minimum Design Canal Depth (m)	Approximate Width Wall to Wall (m)
<b>Newport Waterways</b> <i>(Scarborough)</i>	15	620 private lots 205 berths 2 marinas	1.85	Channels - 58-95
	2.4	-	2.4	Entrance - 30
<b>Bribie Gardens</b> <i>(Bongaree)</i>	7	320 private lots	1.9	Entrance and Channels - 50-60
<b>Pacific Harbour</b> <i>(Banksia Beach)</i>	22	840 85 berths 1 marina	2.15	Entrance-130 Channels - 55-60

Table 2.1: MBRC canal estate dimensions

While each canal system provides the same primary function, the design of each canal system is unique requiring specific monitoring and maintenance responsibilities.

ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

**2.1.3 Canal Estate Design Depths**

A key attribute of the canals is the design depth, providing safe mooring and navigable access. The design depth represents the depth of water available in the channel at Lowest Astronomical Tide (LAT), the lowest tide that can occur excluding atmospheric influences. At LAT, the design depth, together with underkeel clearance requirements, determines the size of vessel that can safely navigate the channel. Vessels larger than the “design vessel” may utilise the canal system, but may not be able to navigate safely during all tidal conditions.

Historically, the depth of many of the canals within each of the estates has been an outcome of the cut and fill balance required to create the adjoining lots and the depth achieved in some parts of the system is well in excess of that required to maintain safe navigation for the design vessel.

Future dredging campaigns have been developed with a view to returning the system to its design depth by removing accumulated sediments. As noted above, the design depth is related to the design vessel, in particular the draft of the design vessel. Table 2.2 below summarises the design depth and design vessel for each canal system.

Table 2.2 Design Draft for each Canal System

	Canal System and Zone	Design Depth (mLAT)	Design vessel (m)*	
			Length	Draught
<b>1</b>	<b>Bribie Gardens</b>			
1.1	Canals	-2.00**	10.00	1.00
1.2	Entrance Channel	-2.00		
<b>2</b>	<b>Pacific Harbour</b>			
2.1	Lower Pacific Harbour	-2.15	15.00	1.20
2.2	Upper Pacific Harbour	-1.80		
2.3	Marina	-2.90		
<b>3</b>	<b>Newport</b>			
3.1	Canals	-1.85	15.00	1.20
3.1	Entrance Channel	-2.40		
3.2	Marina North	-3.00		
3.3	Marina South	-2.40		
*	Design vessel draughts are derived from each LTMP			
**	Bribie Gardens Design Depth is <b>not</b> a "mLAT" depth, since the canal system is within an enclosed and artificially raised lake system. Depths should be read as RL.			

Appendix D attaches maps of each of the canal systems, identifying the design depth for each of the canal zones. Periodic hydrographic surveys will identify channels where siltation above or approaching a trigger level has occurred, requiring dredging. For the purposes of estimating future dredging needs and costs, the Long Term Maintenance Plans have forecast channel siltation based on historic hydrographic surveys and dredging records.



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The design vessel draft dictates the design depth in the majority of the channels at Newport and Pacific Harbour. However, in the marinas within those systems, a deeper design depth is maintained, such that vessels larger than the design vessel (both in terms of length and draft) can be safely moored for all tides. As noted previously, such larger vessels may not be able to safely navigate during all tides and it is the responsibility of the vessel skipper to ensure there is sufficient tide to permit safe passage.

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### 3 Levels of Service

The service level definitions are contained in Appendix B Table 3.1 of Council’s adopted Strategic Asset Management Plan.

#### Legislative Requirements

The following legislative requirements have been considered in conjunction with the community and technical service levels, policies, standards and guidelines listed in Appendix E.

**Table 3.1 Relevant Legislation**

<i>Legislation</i>	<i>Requirement</i>
Local Government Act 2009	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Australian Accounting Standards	Sets out the financial reporting standards relating to the valuation and depreciation of Councils infrastructure assets
Commonwealth Environment Protection and Biodiversity Act 1999	Sets out the requirements to sustainably protect the environment and biodiversity during both the construction and life of the asset.
Disaster Management Act 2003	Requires MBRC to plan for mitigation of the impacts of natural disasters.
Planning Act 2016 (previously Sustainable Planning Act 2009)	Sets out the requirements to plan for trunk infrastructure to support development.
Land Act 1994	Sets the requirements for physical land management and protection during development.
Coastal Protection and Management Act 1995	To provide the protection, conservation, rehabilitation and management of the coast, including its resources and biological diversity during development or maintenance of the assets
Fisheries Management Act 1994	Aims to protect Queensland’s Fisheries
Vegetation Management Act 1999 and regulations	To regulate the clearing of vegetation to prevent biodiversity loss across the region
Water Act 2000	To advance sustainable management and efficient use of water.
Transport Operation (Maritime Safety) Act 1994 and 2016 Regulation	Ensuring marine safety across the region through the application of minimum navigation standards for assets and maintenance

### 3.1 Community Levels of Service

<i>Service Attribute</i>	<i>Service Objective</i>	<i>Performance Measure Process</i>	<i>Current Performance</i>	<i>Expected performance in 10 years (LTFF)</i>
Quality	Canal estate assets in good condition and provide a high degree of amenity.	Number of CSRs / WOs / issues relating to the amenity of MBRC maintained assets.	Remedial (cleaning / debris removal) works performed during AMT inspections. Weekly Newport. Fortnightly Bribie Gardens & Pacific Harbour.	MBRC maintains the level of service aligned to the LTFFs.
	MBRC maintained canal estate assets are maintained to the required safety standards.	Number of safety incidents related to MBRC owned canal assets.	Incidents report through canal advisory groups relating to MBRC maintained assets.	Zero safety incidents relating to canal design or maintenance works.

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Service Attribute	Service Objective	Performance Measure Process	Current Performance	Expected performance in 10 years (LTFF)
Function	Canals facilitate safe navigation to / from berthing facilities.	Number of marine craft groundings.	Dredging activities performed based on trigger levels within LTMPs.	Zero marine craft groundings for vessels up to the design vessel dimensions. Dredging activities completed based on LTMPs.
	Canal facilities meet standards required for effective erosion protection.	Number of projects to reinstate erosion protection.	Canal estate erosion protection reinstated on a reactive basis.	Erosion protection managed / reinstated based on priority and LTMPs to maintain safety and operation.

3.2 Technical Levels of Service

Service Attribute	Service Objective	Activity Measure Process	Current Performance	Desired Optimum Lifecycle Target	Agreed Sustainable Solution
Maintenance	Adequate toe protection of revetments.	Annual inspection (where visible) of revetment condition.	Revetment toe protection is reinstated to design levels when erosion issues are identified.	Revetment toe protection managed to condition state 2 or better.	Revetment toe protection managed to condition state 2 or better
	Canals are maintained to the agreed depths as outlined in the LTMPs.	Canal dredging program aligns with the trigger points as outlined in the LTMPs.	Canals are dredged as per the LTMPs depth trigger levels.	Canal dredging performed in accordance with the LTMP levels.	Canal dredging performed in accordance with the LTMP levels.
	Canal lock to be available & operational (except when shut down for planned maintenance activities)	Number of requests / WOs / issues raised to reinstate the operation of the canal lock.  Number of hours canal lock is not operational (excluding planned maintenance activities).	Canal lock returned to operational state within 4 hrs (excluding planned maintenance activities).  Lock shutdowns are planned with adequate notifications to canal associations.	Zero canal lock shutdowns due to ad-hoc maintenance.  Canal lock only shut down for planned maintenance activities.  Routine inspection identify issues before they become failures and works are planned for adequate shut down notifications.	4 hr response time to action canal lock failures.  Canal lock only shut down for planned maintenance activities.
	Rectifications are planned and actioned	Number of CSRs with records of response time.	Number of CSRs with records of	CSRs are actioned and issues / damage are rectified /	CSRs are managed in accordance with MBRC priority

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	on a priority basis.		response time to action.	completed within 4 hrs.  LTMPs are updated to show changes in renewals priority.	levels.  Rectifications are planned and actioned on a priority basis.
Asset condition / inspections	MBRC controlled assets are condition assessed on an annual basis	Condition inspection schedule created in Tomas.  Condition rating recorded against each MBRC maintained asset	Inspection conducted annually.  Condition data currently captured for canal depths and batters	Annual condition assessment of MBRC maintained canal estate assets.  Condition rating on every MBRC maintained asset.  LTMPs are updated to show changes in renewals priority.	Condition assessment timeframes in accordance with LTMP.  Condition rating is recorded on every MBRC maintained asset. LTMPs are updated to show changes in renewals priority.
Capital programming - renewals / replacement	MBRC maintained Canal estate components are in condition state 1 & 2 (refer Section 5.2)	MBRC maintained canal estate condition profile.	Renewal project currently identified in the LTMPs.	MBRC maintained canal estate asset are in condition state 1 & 2	MBRC maintained canal estate asset are in condition state 1 & 2
	Canal estate renewals projects are as per LTMPs and the asset's optimal life cycle	Canal estate renewal projects as identified in the LTMPs are programmed into the budget	Renewal project currently sit in the LTMPs.	Renewal projects identified in the LTMPs or through inspection programs are programmed into the budget	Renewal projects identified in the LTMPs or through inspection programs are programmed into the budget

AI-CE002 - Perform annual review including prioritisation of activities listed within the Canal Long Term Management Plans (LTMP) as per Appendix F

AI-CE003 - For maintenance activities, undertake an annual review of the Technical Levels of Service (LoS) and associated Performance Measures in conjunction with the annual review of the Canal LTMPs

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## 4 Future Demand

Refer to section 4 of Appendix B of Council's Strategic Asset Management Plan for further information on the key demand drivers to be considered.

Assets within Canal Estates may be impacted by climate change impacts including rising sea levels and increased storm intensity. The Coastal Hazard Adaptation Strategy (CHAS), currently being development by Council, will provide guidance on how MBRC and the community can respond and adapt to climate change impacts in the coastal zone.

## 5 Asset Lifecycle Management

Best practice for asset management requires the consideration of whole of life assets costings and activities.

### 5.1 Asset Capacity and Performance

One of the key performance indicators for MBRC's canal network is its condition. Canals are considered dynamic systems susceptible to issues caused by frequent change in marine environmental conditions. In response, canal assets are assessed using the following criteria:

- **Serviceability:** the extent and significance of serviceability defects that affect lock operation; channel navigable access; erosion and slumping of canal batter or beaches, revetment wall stability and vegetation build-up.

### 5.2 Condition and Profile

Canal estate assets are managed in accordance to MBRC Canal Long Term Maintenance Plans (LTMPs) and guidelines as published on Council's website (Refer to Appendix F for website links). Deterioration factors that affect asset condition are listed in the section 5.3 Risk Management.

MBRC currently utilise two sources to assist assigning an overall asset condition rating for each canal type or component. Ratings start from 1 being very good or new, to 5 being very poor. The other source utilised for condition rating purposes is the Wharf Structure Condition Assessment Manual (WSCAM) 2014 specific to marine structures.

AI-CE004 - Assign and implement a consistent condition rating score to all canal estate components.
---

#### 5.2.1 Recommended Canal Condition Inspections

It's recommended that canal estate assets be inspected using a 3-level program shown below:

- **Level 1 Visual inspection** - inspection by Asset Maintenance of the canal estate components for condition, maintenance defects, or assets requiring monitoring that will trigger level 2 detailed inspection.

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- **Level 2 detail inspection** - investigation by qualified persons concerning matters of structural integrity and safety, identified through level 1 inspections. A prioritised scope of works and costing estimate to rectify defects and / or remedial repairs.
- **Level 3 engineering inspection** - as required based on the recommendations of the level 2 engineering inspection. The outcome of level 3 inspections include the preparation of detailed, costed, RPEQ approved designs for renewals / upgrades / replacement projects, associated with the particular asset.

Table 5.2.1a outlines the maintenance activities that are required to be performed as part of the recommended inspection program

**Table 5.2.1a Proposed condition inspection program activities**

Canal Component	Components	Inspection Level	Recommended Schedule	Estimated Cost	Internal or External Resources
<b>Canal</b>	Batters / Beaches Revetment Walls (MBRC) Fence at easement ends	Level 1 - Visual Inspection	Annual	\$1,200	Internal - AM
	Batters (MBRC) Revetment Wall (MBRC) Fence at easement ends	Level 2 - Engineering Inspection	5 yearly pre & post dredging (Dredge area only)	\$2,500	Internal - DWCP
<b>Lock and Weir (facility / complex)</b>	Security fencing Lighting Traffic light Ladders Lock bay / shell Walkways Gates Gearbox / motors	Level 1 - Visual Inspection & operational test	Annual	\$250	Internal - AM
	Card Reader Access System: • Swipe card controller • Switchboard • Residual Current Device (RCD)	Level 1 - Visual Inspection & operational test	Annual (6 months for RCD's)	\$120	Internal - AM
	Lock bay / shell Walkways Gates Gearbox / motors	Level 2 - Engineering Inspection (Note: includes draining lock bay )	5 years	\$1,500	Internal - DWCP
	Steel shutters (stored at depot)	Level 1 - visual inspection	Annual & Pre-works inspection	\$250	Internal - AM
<b>Spoil Pond</b>	Pond channel and batters	Visual Inspection	Aligned with dredging program LTMPs	\$250	Internal - AM
	Outlet flow control structures				
<b>Marine Signage</b>	Sign Post Connection	Level 1 - Visual Inspection	2 years	\$250	Internal - AM



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<b>Navigation Aids</b>	Mains or Solar Power lights / leads	Level 1 - Visual Inspection	Annual (buoys & fixed signage)	\$1,000	Internal - AM
	Depth Markers Signage (speed & other)		2 years (beacons / leads & fixed signage)		

AI-CE005 - Develop and implement MBRC Level 1 and 2 canal asset inspection specification.

**5.2.1.1 Navigable Channels**

Hydrographic surveys of the navigable channel are used to identify the dredging zones and forward plan dredging campaigns for the canal estate. These zones are reflective of improved canal management practice as detailed in the LTMPs – refer to MBRC website: (<https://www.moretonbay.qld.gov.au/waterways/canals/>).

**5.2.1.2 Canal Batter Condition**

Figure 5.3.1a lists the condition states at selected inspection points locations at the 3 canal estates.

**Figure 5.2.1.2a Canal estates condition state at identified locations**

<b>Condition State</b>	<b>Count (and %) of Assets</b>			
	<i>Bribie Gardens Mar 2017</i>	<i>Newport Waterways 2015</i>		<i>Pacific Harbour 2015</i>
	<i>Batter</i>	<i>Erosion</i>	<i>Beach Depletion</i>	<i>Rock Batter</i>
1	170 (58%)	321 (87%)	177 (48.1%)	159 (69.8%)
2	81 (27%)	39 (11%)	153 (41.6%)	55 (24.1%)
3	26 (9%)	-	37 (10.1%)	14 (6.1%)
4	14 (5%)	8 (2%)	1 (0.3%)	-
5	4 (1%)	-	-	-
<b>Total</b>	<b>295 (100%)</b>	<b>368 (100%)</b>	<b>368 (100%)</b>	<b>228 (100%)</b>

Overall, most canal estate assets inspected are rated as good or fair (condition states 1 or 2 respectively).

AI-CE006 - Collect and import canal batter data against created assets into Tomas Asset Register with spatial GIS representation. Condition to continue to be monitored.  
AI-CE007 - Implement a process to record defects above MBRC intervention levels based on hydrographic survey data

**5.2.1.3 Lock and Weir**

A level 2 engineering inspection was completed August 2016 as part of Bribie Gardens Residual Life Assessment Report documenting its overall condition rating as good to average. Key findings included low concrete reinforcement cover, corrosion and wear of the lock gates and small repair defects.

The Wharf Structure Condition Assessment Manual (WSCAM) 2014 is used as best practice in regard to the visual inspection criteria in contrast to the inspection method criteria used for other MBRC marine assets. It is recommended that MBRC use the WSCAM manual for reference in understanding the detail or methodologies consultants use and for comparison against current customised condition criteria.

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AI-CE008 - Create and implement a routine lock facility inspections and condition program to be scheduled into MBRCs asset management system.  
AI-CE009 - Use WSCAM to investigate / unify the visual inspection condition state criteria (WSCAM or DTMR) across all marine assets.  
AI-CE010 - Condition score lock and weir structure and components in accordance NAMS condition rating scale

#### **5.2.1.4 Dredge Pond**

The dredge pond is inspected pre and post dredging activities and is the responsibility of the contractor conducting dredging activities.

#### **5.2.1.5 Marine Signage and Navigation Aids**

Marine Safety Queensland (MSQ) inspect and maintain the navigation aids and marine signage at canal entrances and within channels, exclusive of signage on bridges and Newport fingerboard signage. MBRC receive the invoice for all rectification works from inspection findings.

#### **5.2.2 Defects**

Defects allow MBRC to record identified issues that do not represent a safety or operation risk to MBRC that can be managed at a later time or as a flag for further monitoring through the inspection program.

AI-CE011 - Develop and implement a defect identification process as part of the canal condition inspections and a risk based prioritisation process.

#### **5.2.3 Modelling and Monitoring**

The performance and maintenance of the canal estate is defined in the Canals LTMP.

#### **5.2.4 Resourcing**

Canal asset condition inspection and management has been shared and organised by DWCP. Resources currently allocated to the canal asset categories include:

- Level 1 visual condition inspections organised and completed by AM and reviewed by DWCP.
- Level 2 inspections are organised by DWCP
- AM for reactive maintenance and planned maintenance in accordance to the LTMP budgets
- PMC for dredging works or major repair projects
- MSQ inspectors for marine safety or navigation aids.

#### **5.2.5 Recommended Resourcing**

The following is the recommended resourcing to be allocated and budgeted for the management of canal estate assets:

- Level 1 visual inspector/s performed by AM to accommodate the inspection frequencies
- Level 2 detail inspections - suitable resources from DWCP to complete assessments.
- Level 3 engineering assessment - As determined by the level 2 detail inspection

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- AM mechanical and electrical contractors assigned to lock facility cyclic maintenance

AI-CE012 - AM team to allocate resources to complete level 1 inspections and DWCP to allocate resources to complete level 2 inspections

### 5.3 Risk Management Plan

The following factors are major contributors to canal deterioration or performance and are key considerations in the canal network assessing the risk of the canal network:

- Weather conditions and climate change
- Sedimentation build-up in channels
- Lack of maintenance
- Unlawful construction
- Marine fauna and vegetation

### 5.4 Routine Maintenance Plan

The Canal Estates Long Term Maintenance Plans are available on the MBRC website which detail the maintenance strategies. They have been listed in Appendix F. In accordance with these approved plans, the regime of maintenance activities is applied across the network. This includes maintenance tasks specifically attributed to each canal asset category. Any maintenance works in the entrance channel or canals require marine safety and environmental approvals prior to commencement.

#### 5.4.1 Current Maintenance Plan

Overall canal maintenance performance is reviewed by each canal estate advisory group and their activities undertaken in accordance to their respective Terms of Reference Document. Maintenance priority is focused on ensuring the integrity of each canal estate component.

#### Maintenance Standards and Specifications

Maintenance work is carried out in accordance with the following minimum standards, specifications and procedures:

- Canal Group: Terms of Reference (Pacific Harbour, Bribie Gardens, Newport Waterways)
- Bribie Gardens, Newport Waterways and Pacific Harbour Canal LTMPs
- MRBC Website Fact Sheets
- MBRC Local Law 1 (Administration) 2011
- MBRC Website Newport Canal System - Pontoon Envelope Guideline
- Pacific Harbour Draft Canals Cleaning Operational Instruction

#### 5.4.2 Recommended Maintenance Plan

The optimal approach for managing canal assets is a routine inspection and maintenance program to ensure the assets meet their design intent and does not disrupt or negatively impact customer LoS.

The recommended planned maintenance schedule is provided in Table 5.5.2a as a proactive approach to be delivered in alignment with the approved canal LTMP budgets.

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**Table 5.4.2a - Recommended Planned Maintenance Schedule**

<i>Canal Component</i>	<i>Components</i>	<i>Maintenance Task</i>	<i>Minimum Recommended Schedule</i>
<b>Canal</b>	Batter Beaches Revetment wall	Litter removal on batters	Weekly - Newport  Fortnightly - Pacific Harbour & Bribie Gardens
		Floating litter removal	Weekly - Newport  Fortnightly - Pacific Harbour & Bribie Gardens
		Wall drainage (weephole) blockage clearing	Annual on MBRC owned walls. Note: Property owners are responsible for inspections associated with their private property revetment walls.
		Refill of sink holes behind public walls	Based on level 1 inspection
		Dry excavation for batter siltation	Based on level 1 inspection
		Vegetation	Annual (Newport) As required (Bribie Gardens & Pacific Harbour) Post storm as required
		Channel (entrance or main channel)	Localised dredging around pontoons, mid-channel
		Navigational hazards (trees, logs, drums etc.)	Refer to Maritime Safety Queensland (MSQ)
		Beach erosion and slumping rectification	As required
	<b>Weir Components</b>	Grill	Rubbish and debris removal
Fencing		Corrosion or damage repairs	Fortnightly
Landing		Wear or damage repairs	Fortnightly
<b>Lock Components</b>	<ul style="list-style-type: none"> <li>• Card Reader Access System: Swipe card</li> <li>• Switchboard</li> <li>• Residual Current Device (RCD)</li> <li>• Emergency gate stop</li> </ul>	Test	Annual 6 monthly for RCD's
	Lock Bay: <ul style="list-style-type: none"> <li>• Fenders and cables</li> <li>• Gates</li> <li>• Gates, gate seals and coating</li> <li>• Ladders</li> </ul>	Test operation Desilting Corrosion or damage repairs	Annual (above water level) As required (with draining of lock bay )
	Lighting	Test Repair	Annual and repair as required
	Fencing	Corrosion or damage repairs	As required
	Pre & post dredging activity		
<b>Marine Signage</b>	Directional Informative (Depth Markers)	Compliance Wear	As required

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	Safety (speed & other)		
<b>Navigational Aids</b>	Mains or Solar Power lights / leads	Wear Test Operation	Refer to Maritime Safety Queensland (MSQ)

AI-CE013 - Review and implement current maintenance schedules. Implement or update to include defects, condition inspections data and costings.

Improvements or proactive approaches to the following key areas will assist in improving canal maintenance on top of the cyclic planned maintenance schedule described above:

- **Lock facility usage data** – monitoring of lock usage to gain a better understanding of how and when the lock facility is utilised. This data can be used for future maintenance activities where the lock facility need to be shut down for an extended period.
- **Limited budget** – MBRC to look at new innovations and technology to improve the whole of life costs of the canal estate assets.

AI-CE014 - Investigate the ability to track usage of lock facility  
AI-CE015 - Investigate innovation and technology applications

## 5.5 Renewal/ Replacement Plan

### 5.5.1 Current Renewal/ Replacement Plan

There are currently no renewal projects for Council controlled canal revetment walls within the 10-year budget.

### 5.5.2 Recommended Renewal / Replacement Plan

There are no recommended renewal / replacement plans for Council controlled canal estate assets.

### 5.5.3 Creation/ Acquisition/ Upgrade

There are currently no expansion plans for creation, acquisition or upgrade of council controlled canal estates. Private canal property subdivision continues and may impact maintenance financial figures.

### 5.5.4 Disposal Plan

Canals as whole assets are not disposed; however, a disposal plan may be required for the canal infrastructure components including lock facility equipment, revetment walls, signage and other assets.

## 6 Systems

Refer to Section 6 of Appendix B of Council’s adopted Strategic Asset Management Plan for a list of corporate systems used to manage canal estate assets.

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## 7 Financial Summary

### 7.1 Useful life

When assets are recognised, each asset is attributed with an estimated useful life, which is used as a basis for determining depreciation and long-term financial forecasting requirements.

#### 7.1.1 Current Useful Lives for Canal Assets

MBRC have recorded the useful life for each canal asset in the financial register as follows:

- Lock facility - 75 years
- Revetment walls - 50 years

As a general rule, the engineered design life for marine structures is 50 years.

#### 7.1.2 Estimated Remaining Useful Life for Canal Assets

The estimated remaining useful life varies depending on the construction, material and condition of the assets. These factors are required to calculate the estimated remaining useful life (ERUL) for each asset.

As future condition assessments are completed, the estimated remaining useful life of each asset can be updated in the financial asset register.

## 7.2 Financial Statements and Projections

The following financial figures are for the three canal estate assets currently listed in Council's financial register.

### 7.2.1 Valuations

As at 2014 and estimated future year valuations (\$) for the canal network are as follows:

**Table 7.2.1.1 Canal Network Future Year Valuations**

Description	2018/19	2019/20	2020/21	2021/22	2022/23
Total Replacement Value (TRV)	195,418,297	195,418,297	195,418,297	195,418,297	195,418,297
Written Down Value (WDV)	193,246,899	193,170,755	193,094,820	193,018,885	192,942,950
Description	2023/24	2024/25	2025/26	2026/27	2027/28
Total Replacement Value (TRV)	195,418,297	195,418,297	195,418,297	195,418,297	195,418,297
Written Down Value (WDV)	192,866,806	192,790,871	192,714,936	192,639,001	192,562,857



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**7.2.2 Annual Depreciation Expense for Canal Assets**

Table 7.2.2.1 lists the depreciation figures for the canal estate assets, the final total annual depreciation expense (all figures in \$):

**Table 7.2.2.1 10-YR Annual Depreciation Expense Projection using Straight-Line Method (all figures in \$)**

Description	2018/19	2019/20	2020/21	2021/22	2022/23
Depreciation Expense	75,935	76,144	75,935	75,935	75,935
Description	2023/24	2024/25	2025/26	2026/27	2027/28
Depreciation Expense	76,144	75,935	75,935	75,935	76,144

The depreciation values show in table 7.2.2.1 only considers MBRC owned revetment walls and the lock and weir.

**7.2.3 Maintenance Expense for Canal Assets**

Budget for canals maintenance is allocated from capital/operational or reactive maintenance budgets.

**Proposed Budget**

The projected 10-year canal maintenance budget (\$) for canals is shown in Table 7.2.3a

**Table 7.2.3a Proposed 10YR Maintenance Budget (all figures in \$)**

Description	2018/19	2019/20	2020/21	2021/22	2022/23
Newport Waterways Maintenance	59,000	3,566,350	119,000	119,000	3,043,200
Bribie Gardens Maintenance	211,200	146,200	86,200	186,200	126,200
Pacific Harbour Maintenance	63,700	57,200	6,028,200	5,669,200	147,200
<b>Total</b>	<b>333,900</b>	<b>3,769,750</b>	<b>6,233,400</b>	<b>5,974,400</b>	<b>3,316,600</b>
Description	2023/24	2024/25	2025/26	2026/27	2027/28
Newport Waterways Maintenance	214,000	119,000	3,374,550	119,000	154,000
Bribie Gardens Maintenance	824,200	86,200	211,200	111,200	116,200
Pacific Harbour Maintenance	57,200	92,200	22,200	92,200	77,200
<b>Total</b>	<b>1,095,400</b>	<b>297,400</b>	<b>4,212,500</b>	<b>322,400</b>	<b>347,400</b>

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**Maintenance Budget**

The funding to support the delivery of the maintenance activities is generated through a special charge paid by waterfront residential properties and commercial entities, together with a contribution from MBRC's general maintenance budget. The special charge amounts are calculated based on long-term maintenance models applicable for each Canal estate.

**7.2.4 Capital Expenditure for Canal Assets**

Currently, MBRC assigns no capital expenditure to canal estate assets. In future, as condition data for Council's canal estate assets is captured and monitored, renewal expenditure will be derived from this condition information and will influence future budgets.

**7.2.5 Date of Valuation and Valuation Methodology**

The last canal asset revaluation took effect as at March 2018.

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## 8 Improvement and Monitoring

During the preparation of the Canal Estate Portfolio Asset Management Plan, a number of issues and improvement items have been identified and are set out in the table below.

**Table 8a Action Plan**

<i>Action No.</i>	<i>Detail</i>	<i>Responsibility</i>	<i>Due date</i>
AI-CE001	Develop and implement a plan to capture and update canal assets, attributes and MBRC Asset Capture Guidelines.	AMT & DWCP	Q4 2018/19
AI-CE002	Perform annual review on Canal Long Term Management Plans	DWCP	Ongoing
AI-CE003	Review LoS performance measures in conjunction with the annual review of the LTMPs	DWCP	Ongoing
AI-CE004	Assign and implement a condition rating to all canal estate components.	AMT & DWCP	Q4 2018/19
AI-CE005	Develop and implement MBRC Level 1 & 2 canal asset inspection criteria.	DWCP	Q3 2018/19
AI-CE006	Collect and import canal batter data against created assets into Tomas Asset Register with spatial GIS representation. Condition to continue to be monitored.	AMT & DWCP	Q1 2019/20
AI-CE007	Assign a condition or state to navigable channels based on hydrographic survey data	DWCP	Q4 2018/19
AI-CE008	Create and implement a routine lock facility inspections and condition program to be scheduled into MBRCs asset management system.	DWCP	Q3 2018/19
AI-CE009	Use WSCAM to investigate / unify the visual inspection condition state criteria (WSCAM or DTMR) across all marine assets	DWCP & AMT	Q2 2020/21
AI-CE010	Condition score Lock and Weir structure and components in accordance NAMS condition rating scale	DWCP & AMT	Q3 2018/19
AI-CE011	Develop a defect identification process as part of the canal condition inspections and a risk based prioritisation process.	DWCP, AMT & AM	Q3 2018/19
AI-CE012	AM team to allocate resources to complete level 1 inspections and	DWCP & AM	Q3 2018/19

## Moreton Bay Regional Council

*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

**MBRC Canal Estates Portfolio Asset Management Plan (A15445112)**

<i>Action No.</i>	<i>Detail</i>	<i>Responsibility</i>	<i>Due date</i>
	DWCP to allocate resources to complete level 2 inspections		
AI-CE013	Review and implement current maintenance schedules. Implement or update to included defects, condition inspections data and costing	AMT, DWCP & AM	Q4 2018/19
AI-CE014	Investigate the ability to track usage of lock facility	DWCP	Q4 2018/19
AI-CE015	Investigate innovation and technology applications	DWCP	Q3 2020/21

ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

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## 9 Appendices

<i>Appendix no.</i>	<i>Title</i>	<i>Referenced Section</i>
Appendix A	Canal Estates Aerial View	2.1
Appendix B	Typical Canal Profiles and Responsibilities	2.1
Appendix B	Canal Revetment Wall Summary, Design and Locations	2.1
Appendix C	Griffith Road, Newport Spoil Pond Schematic and Aerial Imagery	2.1
Appendix D	Design Depths for Newport Canal Zones	2.1
Appendix E	Additional Legislation and Guidelines	3
Appendix F	Canal Long Term Maintenance Plans (LTMP)	3

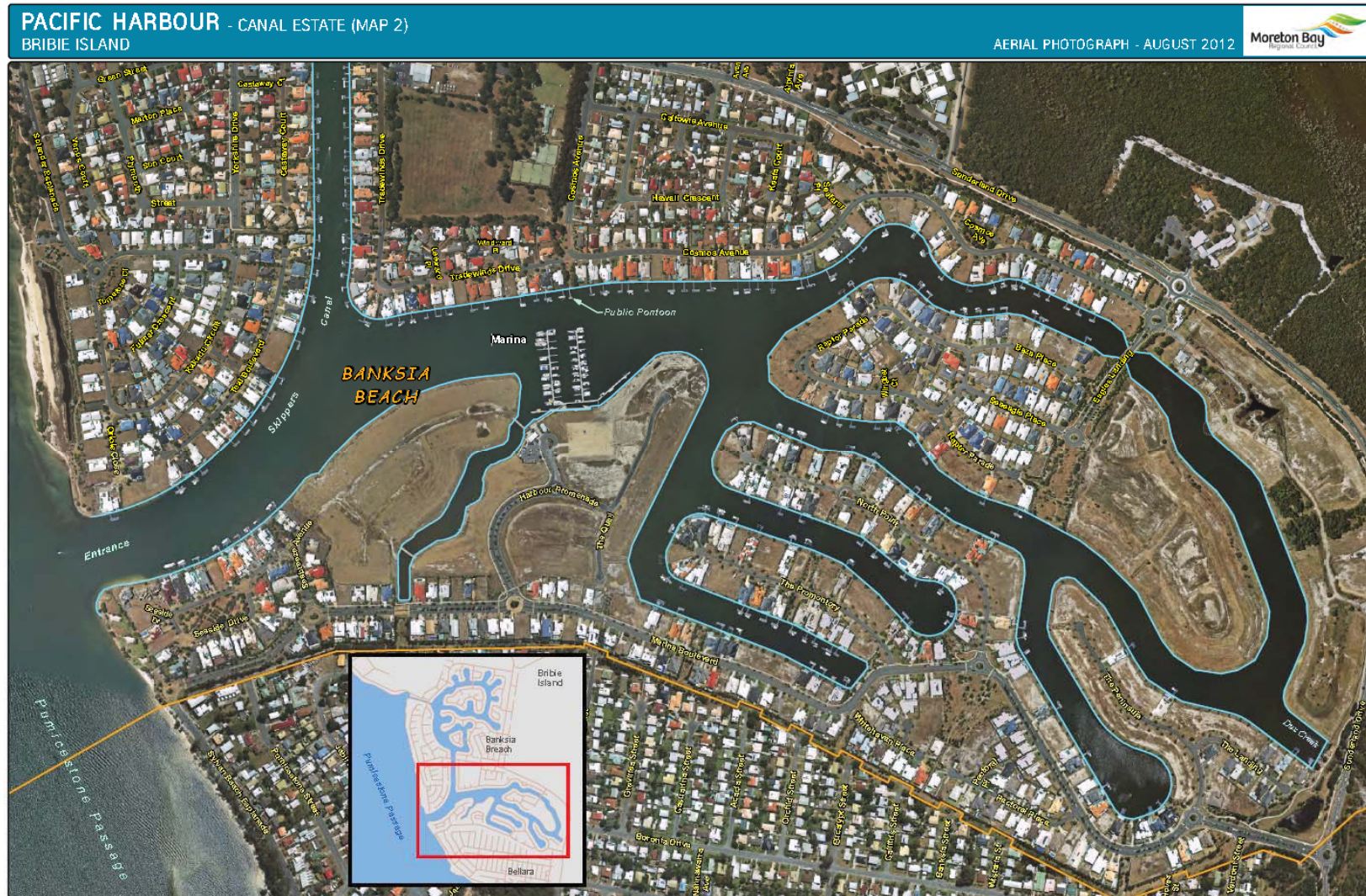






ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)









ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)



ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

**Appendix B - Canal Revetment Wall Summary, Design and Locations**

**Table 1: CANAL WALL SUMMARY**

Location	Wall Length Totals (m)	Number of properties	Average length/property
<b>BANKSIA BEACH - Pacific Harbour</b>	<b>21865.19</b>	<b>889</b>	24.60
<b>Council controlled land</b>	<b>1077.78</b>	<b>76</b>	14.18
Reinforced Concrete	1077.78	76	
2.29m wall height	1069.78	74	
1.22m wall height	8.00	2	
<b>Private property</b>	<b>20787.41</b>	<b>813</b>	25.57
Reinforced Concrete	20787.41	813	
2.29m wall height	19876.55	785	
1.22m wall height	910.86	28	
<b>BONGAREE - Bribie Gardens</b>	<b>7175.32</b>	<b>312</b>	23.00
<b>Council controlled land</b>	<b>820.09</b>	<b>23</b>	
Mass Concrete	820.09	23	
0.5m wall height	146.59	3	
0.9m wall height	512.49	19	
unknown	161.01	1	
<b>Private property</b>	<b>6355.23</b>	<b>289</b>	21.99
Mass Concrete	6355.23	289	
0.5m wall height	196.50	8	
0.9m wall height	6158.74	281	
<b>NEWPORT - Newport Waterways</b>	<b>14698.37</b>	<b>554</b>	26.53
<b>Council controlled land</b>	<b>1130.37</b>	<b>29</b>	38.98
Concrete Flush Strip	394.24	7	
0m wall height	394.24	7	
Mass Concrete	251.01	9	
0.5m wall height	251.01	9	
Reinforced Concrete	485.12	13	
0.76m wall height	213.06	7	
0.61m wall height	121.78	2	
0.91m wall height	150.28	4	
<b>Private property</b>	<b>13568.00</b>	<b>525</b>	25.84
Concrete Flush Strip	3063.64	89	
0m wall height	3063.64	89	
Mass Concrete	2239.47	89	
0.5m wall height	2239.47	89	
Reinforced Concrete	8264.89	347	
0.76m wall height	2327.48	105	
0.952m wall height	450.11	3	
0.61m wall height	2272.32	108	
0.91m wall height	3214.99	131	
<b>Grand Total</b>	<b>43738.88</b>	<b>1755</b>	24.92

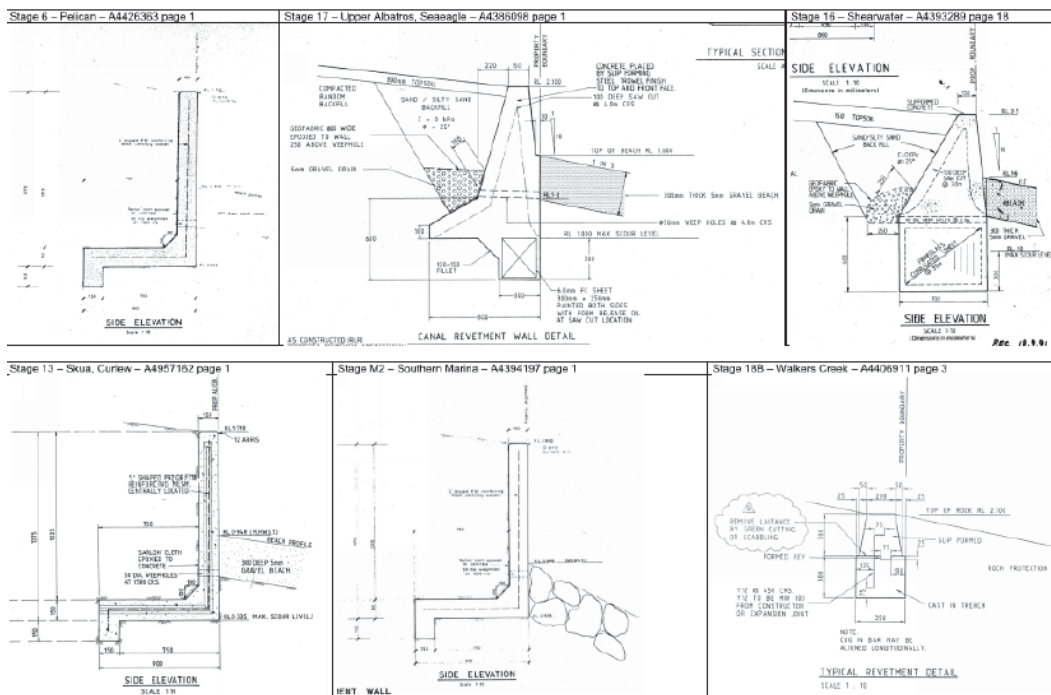
a) Newport Waterways Public Revetment Wall Locations



ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
MBRC Canal Estates Portfolio Asset Management Plan (A15445112)



b) Newport Revetment Wall Design

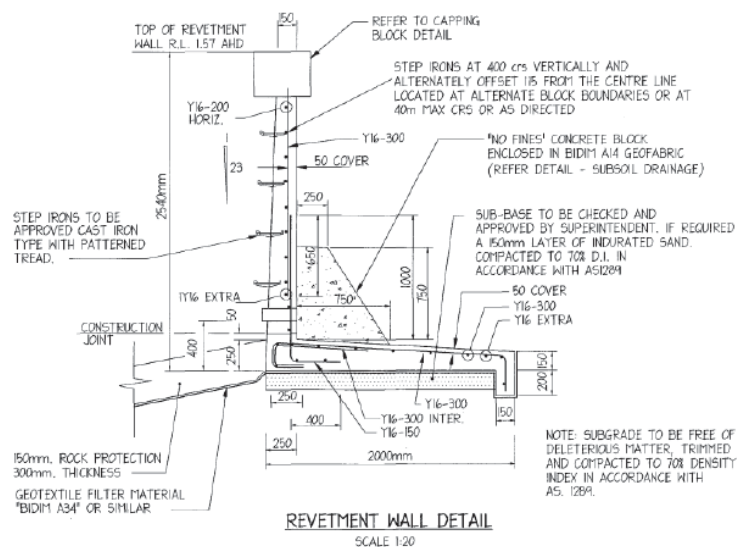


c) Pacific Harbour Public Revetment Wall Locations

ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
MBRC Canal Estates Portfolio Asset Management Plan (A15445112)



d) Pacific Harbour Revetment Wall Design (example)



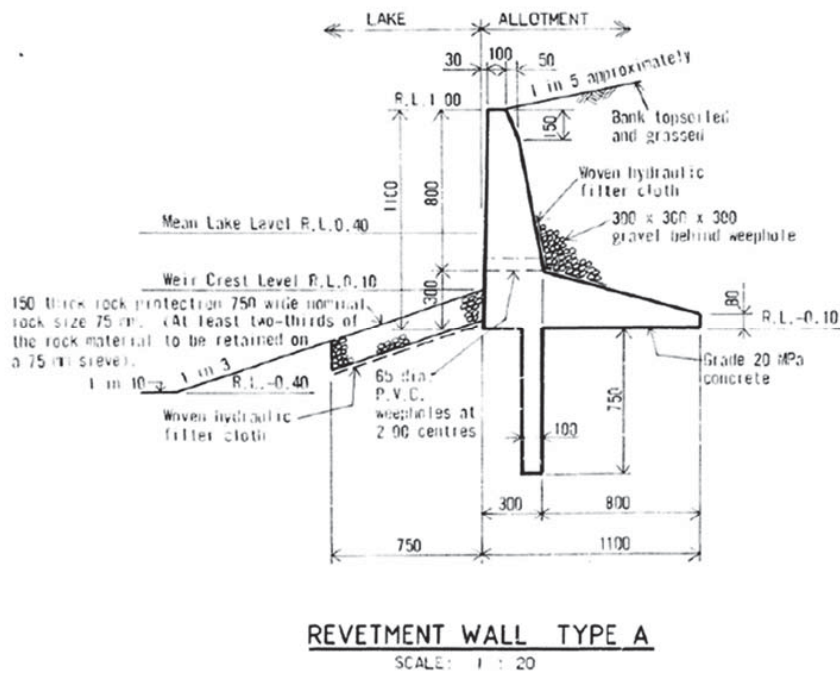


ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

e) Bribie Gardens Public Revetment Wall Locations

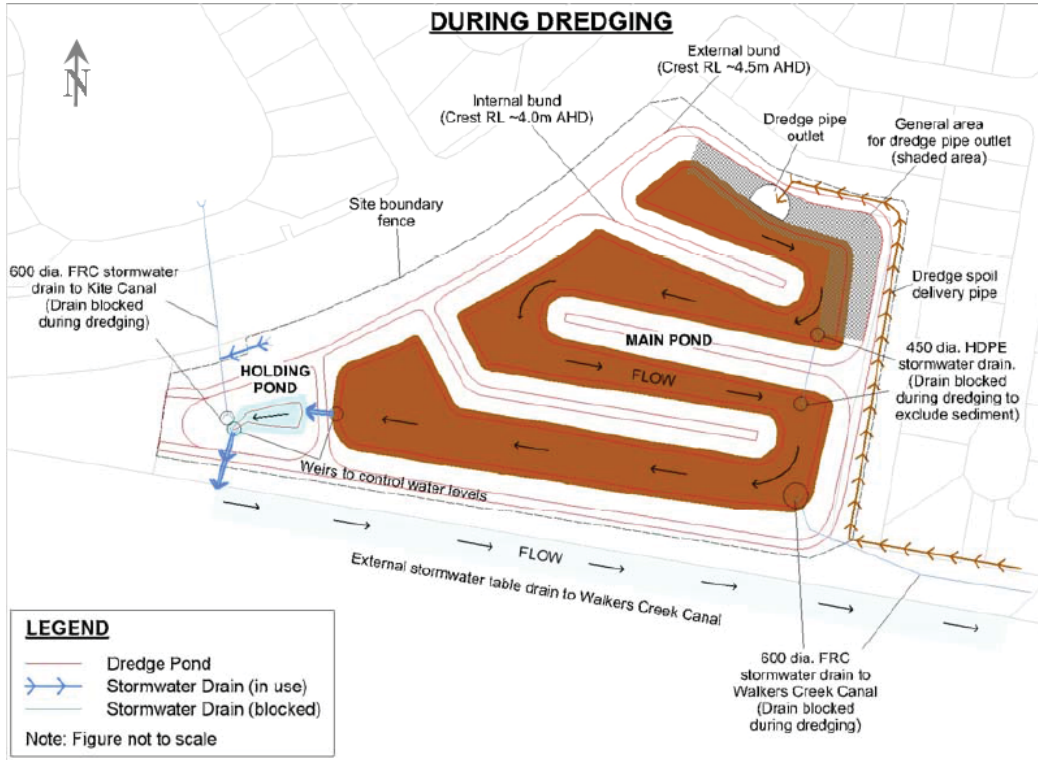


f) Bribie Gardens Public Revetment Wall Design (example)



ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

Appendix C - Griffith Road, Newport Spoil Pond Schematic and Aerial Imagery





ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

Appendix D - Design Depths for each Canal System

Newport





ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

Bribie Gardens



Pacific Harbour (North)





ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)  
MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

Pacific Harbour (South)



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*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

**MBRC Canal Estates Portfolio Asset Management Plan (A15445112)**

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## **Appendix E - Additional Legislative Policies and Guidelines**

- Environment and Heritage Floodplain Management Plans
- Climate change - Council endorsed a Climate Change Policy (No.14-2150-075) to raise awareness of climate change and to better manage local greenhouse emissions.
- Australian Rainfall and Runoff 1987 (Format and Presentation update only for 2000)
- Civil Liability Act 2002 and Civil Liability Amendment (Personal Responsibility) Act 2002
- Environmental Protection Act 1993
- Water Management Act 2000
- Marine Parks (Moreton Bay) Zoning Plan 2008
- Marine Parks Act 2004
- Transport Operation (Marine Pollution) Regulation 2008
- Canal Act 1958/79 and amendment
- Planning Regulation 2017
- Enterprise Risk Management (ERM) Policy (No. 10-2150-020) and Policy Directive (No.: 10-2160-004)
- Environmental Protection Water Policy 2009
- Healthy Waterways
- State Planning Policy 2014
- MBRC Planning Scheme and Planning Scheme Policies.
- AS 3962-2001 (Guidelines for Design of Marinas)
- National Assessment Guidelines for Dredging (NAGD) 2009
- Workplace Health and Safety Act 1995
- Maritime Safety Queensland Beacon to Beacon Guide - Moreton Bay 2017



*ITEM 4.1 - CANAL ESTATES PORTFOLIO ASSET MANAGEMENT PLAN - REGIONAL (Cont.)*

MBRC Canal Estates Portfolio Asset Management Plan (A15445112)

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## **Appendix F - Canal Long Term Maintenance Plans**

Newport Waterways - Long Term Maintenance Plan:

<https://www.moretonbay.qld.gov.au/uploadedFiles/common/publications/Newport-waterways-long-term-maintenance-plan.compressed.pdf>

Bribie Gardens - Long Term Maintenance Plan:

<https://www.moretonbay.qld.gov.au/uploadedFiles/common/publications/bribie-gardens-long-term-manitenance-plan.compressed.pdf>

Pacific Harbour - Long Term Maintenance Plan:

<https://www.moretonbay.qld.gov.au/uploadedFiles/common/publications/Pacific-Harbour-Long-Term-Maintenance-Plan.compressed.pdf>

**ITEM 4.2  
PETRIE MILL DEVELOPMENT - GYMPIE ROAD INTERSECTION UPGRADE -  
DIVISION 7**

*Meeting / Session:* 4 ASSET CONSTRUCTION & MAINTENANCE  
*Reference:* A17450074 : 8 October 2018 - Refer to **Confidential Supporting Information**  
**A17663137**  
*Responsible Officer:* DV, Senior Project Engineer (ECM Major Projects - University)

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**Executive Summary**

Tenders were invited for the 'Petrie Mill Development Gympie Road Intersection Upgrade (MBRC007704)' for the widening of Gympie Road and the realignment of the intersection with Paper Avenue, Petrie. The tender closed on 14 September 2018 with five tenders received, all of which were conforming.

It is recommended that Council award the contract to AllRoads Pty Ltd for the sum of \$7,731,274.10 (excl. GST), as this tender was evaluated as representing the best overall value to Council.

**OFFICER'S RECOMMENDATION**

That the contract for the 'Petrie Mill Development Gympie Road Intersection Upgrade (MBRC007704)' project be awarded to AllRoads Pty Ltd for the sum of \$7,731,274.10 (excl. GST).

ITEM 4.2 PETRIE MILL DEVELOPMENT - GYMPIE ROAD INTERSECTION UPGRADE - DIVISION 7 - A17450074  
(Cont.)

**REPORT DETAIL**

**1. Background**

This tender is an important part of the Petrie Mill Development project, in that it provides the main entry to the site. The scope of the project involves the upgrade of the intersection of Gympie Road and Paper Avenue to facilitate capacity and functionality necessary for the traffic demand arising from the development of the site. The works involve widening of Gympie Road to provide additional turn lanes into the site; realignment of the intersection with Paper Avenue and public utility services for the initial development of the site.

Early works in the form of relocation of trunk sewer and water mains have been carried out and works to relocate the high-pressure gas main will be carried out in advance of the intersection upgrade. Relocation of trunk telecommunications within the Wyllie Park frontage of Gympie Road are scheduled to be carried out by separate contracts in conjunction with the intersection upgrade.

The recommended tenderer has put forward a tender based upon a construction period of 53 weeks to complete, which includes an allowance of 5 weeks for wet weather. The recommended tenderer is programmed to commence on site on 27 November 2018.



Figure 1 - Locality plan

*ITEM 4.2 PETRIE MILL DEVELOPMENT - GYMPIE ROAD INTERSECTION UPGRADE - DIVISION 7 - A17450074 (Cont.)*

**2. Explanation of Item**

Tenders were invited for the 'Petrie Mill Development Gympie Road Intersection Upgrade (MBRC007704)' for the widening of Gympie Road and the realignment of the intersection at Paper Avenue. The tender closed on 14 September 2018 with a total of five tenders received from appropriately prequalified tenderers. All tenders were conforming. The tenders were assessed by the assessment panel in accordance with Council's Purchasing Policy and the selection criteria as set out in the tender documents.

All tenderers and their evaluation scores are tabled below (ranked from highest to lowest):

RANK	TENDERER	EVALUATION SCORE
1	AllRoads Pty Ltd	95.57
2	Hazell Bros (Qld) Pty Ltd	95.19
3	Queensland Bridge and Civil	94.11
4	BMD Construction Pty Ltd	86.05
5	Mcilwain Civil Engineering Pty Ltd	82.10

**AllRoads Pty Ltd** submitted a detailed tender and demonstrated their construction methodology and experience on projects of a similar scale and complexity. At the tender clarification meeting held on 28 September 2018, AllRoads provided their construction methodology and staging. The staging of works will retain two lanes (each way) for north and south directions on Gympie Road during peak traffic periods and will retain all entry and exit turns from Paper Avenue and Wyllie Park into Gympie Road. The proposed construction duration is 53 weeks (including an allowance of 5 weeks for wet weather). AllRoads' tender was the lowest priced and was considered by the panel to provide the best overall value.

**Hazell Bros Pty Ltd** submitted a detailed tender and demonstrated their construction methodology and experience on projects of a similar scale and complexity. At the clarification meeting held on 28 September 2018, Hazell Bros confirmed their pricing and methodology. Overall, Hazell Bros demonstrated a thorough understanding of the project requirements; however there were no additional benefits provided with the offer to offset the higher price.

**Queensland Bridge and Civil (QBC)** submitted a detailed tender and demonstrated their construction methodology and experience on projects of a similar scale and complexity. At the tender clarification meeting held on 28 September 2018, QBC confirmed their proposal that the embankment fill would incur an additional surcharge if their proposed fill source was unavailable. They also provided an explanation for the increased rate for the additional asphalt for the southern section of the southbound carriageway. The assessment panel took both these additional costs into consideration when assessing the tender which further increased their submitted tender price. The panel did not believe that there were any additional benefits provided with the offer to offset the higher price at submission nor the re-evaluated price with the clarified items included.

**3. Strategic Implications**

**3.1 Legislative/Legal Implications**

Due to value of work being greater than \$200,000, Council called a public tender for the work through the LG Tender system in accordance with the *Local Government Act 2009*.

**3.2 Corporate Plan / Operational Plan**

Creating Opportunities: Well-planned growth - a sustainable and well-planned community.

*ITEM 4.2 PETRIE MILL DEVELOPMENT - GYMPIE ROAD INTERSECTION UPGRADE - DIVISION 7 - A17450074  
(Cont.)*

3.3 Policy Implications

This contract has been procured in accordance with the provisions of the following documents:

- Council's Procurement Policy 10-2150-006
- *Local Government Act 2009*
- Local Government Regulation 2012 Chapter 6.

3.4 Risk Management Implications

*Project Risks*

The key risks associated with the Gympie Road Intersection Upgrade works package have been assessed and the following outlines those risks and the way the possible impact of these risks can be minimised.

*Form of Contract:*

The tender was issued as a schedule of rates contract. The design has been fully detailed by the consultants to Department of Transport and Main Roads standards and specifications, including measurement and payment processes, and is supported by the development of a comprehensive Bill of Quantities that was issued to the tenderers.

*Timely delivery of Petrie Mill Development*

*Separable Portion 1 (SP1) - 11kV Electrical Connection:*

The 11kV electrical connection to the USC has been included in the Gympie Road Intersection Upgrade project contract as a Separable Portion. Council is required to provide power to the university building site by April 2019. The use of a separable portion decreases the risk of missing the connection date by applying separate liquidated damages to SP1 under the contract. This also ensures that the contractor provides a separate program and appropriate workforce to complete the works under SP1 in isolation of the balance of the construction work.

*Telecommunications realignment:*

There are existing major telecommunications networks within the new road alignment. Council has engaged with the telecommunication providers to relocate their assets. The procurement process for this vital work is currently underway and the works will be in progress while the Gympie Road Intersection Upgrade project works are undertaken. Council has mitigated the program risk by engaging with the telecommunications providers and providing updates to the tenderers on the expected program for the work on the telecommunications network.

To ensure early procurement of any necessary materials and equipment, Council will enter separate contracts with Telstra (as the network manager) and other carriers for the works, in advance of the road construction activities. This matter is the subject of a separate report to Council.

*Weather:*

The tender document requires the tenderers to include their own inclement weather allowances and assume wet weather risk.

*Traffic Management:*

The tender package includes recommended staging plans for the works to ensure safe operation of Gympie Road. The contractor proposes to maintain the current operating lane configuration during peak traffic times along Gympie Road.

3.5 Delegated Authority Implications

No delegated authority implications arising as a direct result of this report.



# Moreton Bay Regional Council

*ITEM 4.2 PETRIE MILL DEVELOPMENT - GYMPIE ROAD INTERSECTION UPGRADE - DIVISION 7 - A17450074  
(Cont.)*

3.6 Financial Implications

Council has allocated \$70M and \$30M in the 2018/2019 and 2019/20 financial years respectively for Stage 1 of the Petrie Mill Development project. The works associated with the Gympie Road Intersection Upgrade package will be debited to Project Number 105223 and are within the financial allocation in the budget.

Tender price (post clarification)	\$ 7,731,274.10
Contingency (15%)	\$ 1,159,691.12
QLeave (0.475%)	\$ 42,232.08
	-----
Estimated contract cost	\$ 8,933,197.30
	=====

3.7 Economic Benefit

This development has significant regional economic benefits and is a catalyst for overall outcomes for the site as part of the broader 'The Mill at Moreton Bay' PDA.

3.8 Environmental Implications

The Operational Works submission includes management plans for fauna, vegetation, acid sulphate and erosion and sediment. The recommended contractor will be required to implement a Construction Environmental Management Plan incorporating relevant provisions of these plans.

3.9 Social Implications

The overall Petrie Mill Development project will provide significant positive social benefit and will facilitate construction of a university campus along with other facilities.

3.10 Consultation / Communication

The works will be managed by Council's Major Projects team in line with communication policies and protocols.

***SUPPORTING INFORMATION***

**Ref: A17663137**

The following list of supporting information is provided for:

**ITEM 4.2**

**PETRIE MILL DEVELOPMENT - GYMPIE ROAD INTERSECTION UPGRADE - DIVISION 7**

***Confidential #1 Tender Evaluation***

**5 PARKS, RECREATION & SPORT SESSION**

**(Cr K Winchester)**

**ITEM 5.1**

**OUTCOME OF EXPRESSION OF INTEREST - 23 HAYES STREET CABOOLTURE - DIVISION 3**

*Meeting / Session:* 5 PARKS, RECREATION & SPORT  
*Reference:* A17649897 : 3 October 2018 - **Refer Supporting Information A17649970**  
*Responsible Officer:* CM, Acting Supervisor Community Leasing (CES Community Services, Sport & Recreation)

**Executive Summary**

Council called for expressions of interest (EOI) from not-for-profit community organisations to lease the facility located at 23 Hayes Street, Caboolture (refer Supporting Information #1). This lease will commence following the completion of compliance rectification works.

This report seeks Council's approval to grant a lease to the successful applicant under the EOI process, being Caboolture Community Action Inc.

**OFFICER'S RECOMMENDATION**

1. That the exception contained in Section 236(1)(b)(ii) of the Local Government Regulation 2012 applies to the Council regarding the disposal of the land referred to in this report.
2. That Caboolture Community Action Inc. be granted a lease over the building located at 23 Hayes Street, Caboolture (Refer Supporting Information #1) for a period of five years.
3. That this lease commences after the completion of building compliance rectification works being undertaken by Council at the facility.
4. That the terms and conditions of this lease be in accordance with Council's Community Leasing Policy, with annual rental commencing at \$1.00 per annum.
5. That the Chief Executive Officer be authorised to take all action necessary including but not limited to, negotiating, making, amending, signing and discharging the lease and any required variations of the lease on the Council's behalf, as described in this report.

*ITEM 5.1 OUTCOME OF EXPRESSION OF INTEREST - 23 HAYES STREET CABOOLTURE - DIVISION 3 - A17649897 (Cont.)*

## **REPORT DETAIL**

### **1. Background**

In October 2017, Council purchased the property located at 23 Hayes Street Caboolture from the then Caboolture and Districts Child Care Association Inc. The facility had historically operated as a centre-based childcare facility, however ceased operations in early 2017. Since acquisition, the facility has remained vacant.

In accordance with Council's Community Leasing Policy (No. 14-2150-079), Council may undertake an EOI process to select the most appropriate community organisation to receive tenure over a Council-controlled facility. As such, an EOI process was undertaken in August 2018 to identify an appropriate community tenant for the 23 Hayes Street, Caboolture facility (Refer Supporting Information #1).

Council will be undertaking a series of building compliance rectification works at the 23 Hayes Street facility. The new community tenancy will commence following the completion of these works.

### **2. Explanation of Item**

Applications under the EOI process were received from the following community organisations:

- Aboriginal and Torres Strait Islander Community Health Service Brisbane;
- Australian Foundation for Disability;
- Caboolture Community Action Inc.;
- Caboolture Community Adult Literacy Group Incorporated;
- Caboolture Men's Shed Incorporated;
- Caboolture U3A Inc.;
- KYC Trust;
- Moreton Bay Regional Community Legal Service Inc.;
- Moreton Bay Theatre Company Inc.; and
- Young Diggers Limited.

Applications were reviewed by an assessment panel consisting of officers from Council's Community Services, Sport and Recreation Department and assessed against the following criteria:

- facility usage and community benefit;
- facility maintenance and development capacity;
- facility management experience; and
- financial capacity.

As an outcome of this assessment process, it is recommended that a lease be offered to Caboolture Community Action Inc.

#### Caboolture Community Action Inc.

Established in May 2009, Caboolture Community Action Inc. (CCA) is a volunteer-based community organisation providing various services to disadvantaged, vulnerable and at-risk people in the Caboolture and surrounding area. Services provided by CCA include but are not limited to: crisis support; housing and accommodation support; emergency relief (food); drop-in services; donated goods management; a breakfast program; and mobile laundry/shower service.

CCA engages approximately 65 volunteers for the delivery of their services and does not receive any State or Federal Government operational funding.

The group currently operates out of privately owned premises at 6 Bertha Street, Caboolture, however due to increasing service demand, has outgrown this facility. The provision of a community lease over Council's 23 Hayes Street facility will provide a stable and appropriate base of operations for the group and enable the expansion of their services to meet community need.

*ITEM 5.1 OUTCOME OF EXPRESSION OF INTEREST - 23 HAYES STREET CABOOLTURE - DIVISION 3 - A17649897 (Cont.)*

Accordingly, it is proposed that a lease be provided to Caboolture Community Action Inc. in accordance with the terms and conditions of Council's Community Leasing Policy, with annual rental commencing at \$1.00 per annum. Further, it is recommended that this lease be executed following the completion of building compliance rectification works to be undertaken by Council.

### **3. Strategic Implications**

#### **3.1 Legislative/Legal Implications**

The Council must comply with the Local Government Act 2009 and Local Government Regulation 2012 when it disposes of valuable non-current assets. Resolving to rely on the exception provided under section 236(1)(b)(ii) of the Regulation will allow the Council to complete the disposal to a community organisation by means other than tender or auction.

#### **3.2 Corporate Plan / Operational Plan**

**Strengthening Communities:** Healthy and supportive communities - a healthy and inclusive community.

#### **3.3 Policy Implications**

The terms and conditions of the proposed lease agreement will be in accordance with Council's Community Leasing Policy (14-2150-079).

#### **3.4 Risk Management Implications**

There are no risk management implications arising as a direct result of this report.

#### **3.5 Delegated Authority Implications**

As per Officer's Recommendation 5 of this report, it is proposed that the Chief Executive Officer be authorised to take all action necessary to execute the new lease.

#### **3.6 Financial Implications**

There are no financial implications arising as a direct result of this report.

#### **3.7 Economic Benefit**

There are no economic benefit implications arising as a direct result of this report.

#### **3.8 Environmental Implications**

There are no environmental implications arising as a direct result of this report.

#### **3.9 Social Implications**

The issuing of a lease to Caboolture Community Action Inc. will provide the group with the facilities to conduct their operations and provide support to disadvantaged, vulnerable and at-risk people in the Caboolture and surrounding areas.

#### **3.10 Consultation / Communication**

Councillor Hain (Division 3)



***SUPPORTING INFORMATION***

**Ref: [A17649970](#)**

The following list of supporting information is provided for:

**ITEM 5.1**

**OUTCOME OF EXPRESSION OF INTEREST - 23 HAYES STREET CABOOLTURE - DIVISION 3**

***#1 23 Hayes Street, Caboolture - Proposed lease area***

ITEM 5.1 - OUTCOME OF EXPRESSION OF INTEREST - 23 HAYES STREET CABOOLTURE (Cont.)

**#1 23 Hayes Street, Caboolture - Proposed lease area**



**ITEM 5.2  
REDCLIFFE VOLUNTEER HUB - USER GROUP ELIGIBILITY AND HIRE FEES -  
DIVISION 6**

*Meeting / Session:* 5 PARKS, RECREATION & SPORT  
*Reference:* A17624489 : 27 August 2018 - **Refer Supporting Information A17595708**  
*Responsible Officer:* PP, Acting Business Support Team Leader (CES Community Services, Sport & Recreation)

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**Executive Summary**

The Redcliffe Volunteer Hub was established in 2015 as a meeting space for local non-profit community groups. A review has identified an opportunity to optimise utilisation by making the facility available to individual and for-profit hirers, as is the case for other Council-managed community centres and halls.

This report seeks Council's approval to: expand the user group eligibility for the Redcliffe Volunteer Hub to align with that of Council's other hireable community centres and halls; and to amend Council 2018/19 Fees and Charges Schedule to enable hire by individuals and for-profit organisations at this location.

**OFFICER'S RECOMMENDATION**

1. That the user group eligibility for the Redcliffe Volunteer Hub be aligned with other Council-managed community centres and halls to include individual and for-profit hirers.
2. That Council's fees and charges for the Redcliffe Volunteer Hub be amended as detailed in Supporting Information #2.

*ITEM 5.2 REDCLIFFE VOLUNTEER HUB - USER GROUP ELIGIBILITY AND HIRE FEES - DIVISION 6 - A17624489  
(Cont.)*

**REPORT DETAIL**

**1. Background**

The Redcliffe Volunteer Hub, located at 395 Oxley Avenue Redcliffe, opened in February 2015 as part of Council's redevelopment of the former Redcliffe Fire Station. The site consists of two main structures - the former fire station building, which fronts Oxley Ave, and the tower and associated building at the rear of the site. The Redcliffe Volunteer Hub is located within the former fire station building and consists of an air-conditioned meeting room (40 -eat capacity), a break out area with kitchenette, and storage room (Refer Supporting Information #1).

The Volunteer Hub was established as a meeting space for local not for profit community groups to support the delivery of their services to community. Unlike other Council-managed community centres and halls, this facility is only available for hire by non-profit community groups and organisations. Individuals and for-profit organisations are not eligible to hire the facility.

**2. Explanation of Item**

Since opening in 2015, Council has received numerous enquiries from potential individuals and for-profit hirers seeking use of the Redcliffe Volunteer Hub facility. However, due to the existing user group eligibility criteria, such hirers have been unable to be accommodated.

Following a recent review of facility usage at the Redcliffe Volunteer Hub, an opportunity has been identified to optimise community use of the facility by aligning the user group eligibility criteria with that of other Council-managed community centres and halls. Such an alignment would see the inclusion of individual and for-profit hirers as eligible user groups.

Due to the current user group eligibility criteria, Council has not adopted fees and charges for the use of this facility by individuals and for-profit hirers. Should Council support the inclusion of such hirers as eligible user groups, amendments to Council's fees and charges would be required.

A review of fees and charges applied across other Council-managed community centres and halls has identified that Meeting Room 1 at the North Lakes Community Centre is a comparable space in both size and functionality to that of the Redcliffe Volunteer Hub. Accordingly, it is recommended that Council amend its 2018/19 fees and charges for the Redcliffe Volunteer Hub to align with that of North Lakes Community Centre - Meeting Room 1 (Refer Supporting Information #2).

**3. Strategic Implications**

**3.1 Legislative/Legal Implications**

No legislative/legal implications arising as a direct result of this report.

**3.2 Corporate Plan / Operational Plan**

Valuing Lifestyle: Quality recreation and cultural opportunities - places to discover, learn, play and imagine.

**3.3 Policy Implications**

There are no policy implications arising as a direct result of this report.

**3.4 Risk Management Implications**

There are no risk management implications associated with this report.

**3.5 Delegated Authority Implications**

No delegated authority implications arising as a direct result of this report.

**3.6 Financial Implications**

This report recommends that Council amend its 2018/19 Fees and Charges Schedule as provided in Supporting Information #2.

*ITEM 5.2 REDCLIFFE VOLUNTEER HUB - USER GROUP ELIGIBILITY AND HIRE FEES - DIVISION 6 - A17624489  
(Cont.)*

3.7 Economic Benefit

There are no economic benefit implications arising as a direct result of this report.

3.8 Environmental Implications

There are no environmental implications arising as a direct result of this report.

3.9 Social Implications

Well utilised community centres and halls benefit the community by providing local spaces for community services, activities and events.

3.10 Consultation / Communication

All Divisional Councillors.  
Councillor Division 6  
Director Community & Environmental Services  
Manager Community Services, Sport and Recreation



**SUPPORTING INFORMATION**

**Ref: A17595708**

The following list of supporting information is provided for:

**ITEM 5.2**

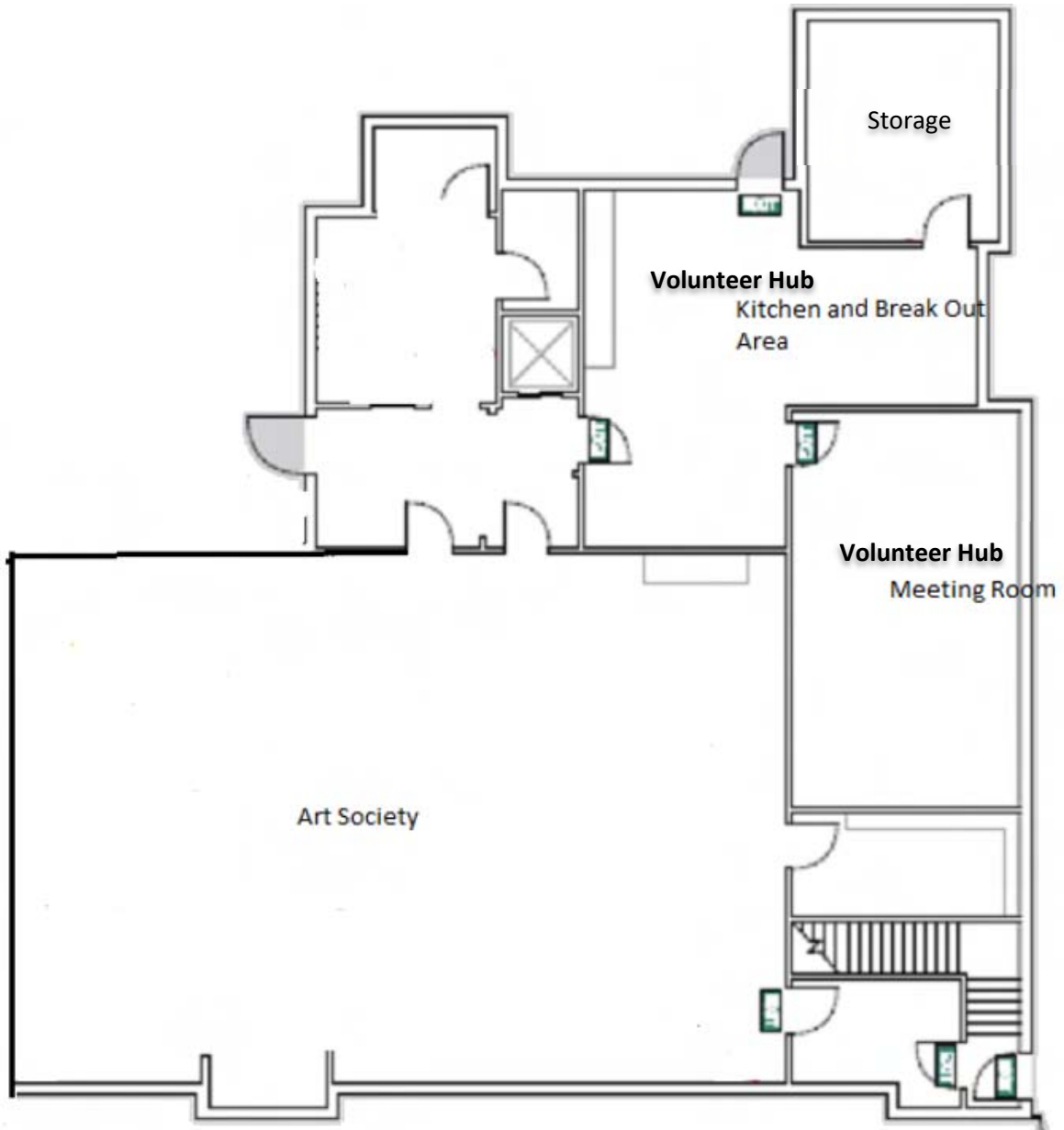
**REDCLIFFE VOLUNTEER HUB - USER GROUP ELIGIBILITY AND HIRE FEES - DIVISION 6**

***#1 Floor Plan***

***#2 Proposed Amendments to Council's 2018/19 Schedule of Fees and Charges***

ITEM 5.2 - REDCLIFFE VOLUNTEER HUB - USER GROUP ELIGIBILITY AND HIRE FEES (Cont.)

**#1 Floor Plan**



ITEM 5.2 - REDCLIFFE VOLUNTEER HUB - USER GROUP ELIGIBILITY AND HIRE FEES (Cont.)

**#2 Proposed Amendments to Council's 2018/19 Schedule of Fees and Charges**

Adopted Fees to be Rescinded

Fee Ref.	Fee Title	Fee Notes	18/19 Fee	Proposed Change
372	Redcliffe Volunteer Hub - Meeting Room - Per Hour	<ul style="list-style-type: none"> <li>Min. 2-hour booking.</li> </ul>	\$12.00 per hour	Rescind Fee
373	Redcliffe Volunteer Hub - Meeting Room - Per Day (up to 12 hours)	<ul style="list-style-type: none"> <li>Up to 12-hour hire.</li> <li>Additional hours charges at hourly rate.</li> </ul>	\$120.00 per day	Rescind Fee

New Fees to be Established

Fee Ref.	Fee Title	Fee Notes	18/19 Fee	Proposed Change
NEW	Redcliffe Volunteer Hub - Meeting Room - Per Hour	<ul style="list-style-type: none"> <li>Min. 2-hour booking.</li> <li>50% discount for non-profit / incorporated.</li> </ul>	\$24.00* per hour	Establish new fee
NEW	Redcliffe Volunteer Hub - Meeting Room - Per Day (up to 12 hours)	<ul style="list-style-type: none"> <li>Up to 12-hour hire.</li> <li>Additional hours charged at hourly rate.</li> <li>50% discount for non-profit / incorporated.</li> </ul>	\$240.00* per day	Establish new fee

*\* New fees align with Council's endorsed 2018/19 fees and charges for North Lakes Community Centre - Meeting Room 1.*

**6 LIFESTYLE & AMENITY SESSION**

**(Cr D Sims)**

No items for consideration.

**7 ECONOMIC DEVELOPMENT, EVENTS & TOURISM SESSION (Cr P Flannery)**

**ITEM 7.1**

**RE-IMAGINING THE ROLE OF REGIONAL ECONOMIC CLUSTERS - REGIONAL**

*Meeting / Session:* 7 ECONOMIC DEVELOPMENT, EVENTS & TOURISM  
*Reference:* A17687402: 10 October 2018  
*Responsible Officer:* SP, Director (PED Directorate)

**Executive Summary**

In early 2018, recognising the research credibility, international knowledge and intellectual depth, Council engaged with the Massachusetts Institute of Technology, Norman B. Leventhal Center for Advanced Urbanism (MIT) to instigate and help inform the Council's policy specifically around self-containment targets under the Planning Scheme and also through emerging smart city technologies and specialised spatial planning.

Subsequently the Council resolved at its Coordination Committee meeting 19 June 2018 that Council contract with MIT through a formal membership to the Norman B. Leventhal Center for Advanced Urbanism.

As part of this membership, MIT circulate our collaborative body of work with the broader university across multiple faculties. This enables as broad a cross section as possible within the MIT community to be exposed to and potentially involved in the project. This engagement process is due to occur over the week commencing 5 November 2018.

This report seeks approval for the Council's Director of Planning & Economic Development and the Divisional Project Coordinator to travel to the USA to participate in the engagement process at MIT.

**OFFICER'S RECOMMENDATION**

That the Director of Planning & Economic Development and the Divisional Project Coordinator participate in the MIT membership by attending the engagement hosted by MIT over the week commencing 5 November 2018.



ITEM 7.1 RE-IMAGINING THE ROLE OF REGIONAL ECONOMIC CLUSTERS - REGIONAL - A17687402 (Cont.)

## REPORT DETAIL

### 1. Background

The Planning and Economic Development Division is undertaking a project "*Positioning Moreton Bay 2050 - Re-Imagining the Role of our Regional Economic Clusters*". The project aims to assist the Council in achieving the aspirational target of 70% self-containment by developing strategy and related policy that utilises a polycentric pattern of development to diversify and improve the viability and performance of our RECs.

Consistent with Council's Coordination Committee resolution of 19 June 2018 the Council has engaged with MIT under a membership arrangement to further develop this body of work.

Since securing the MIT membership, the Division has commenced this body of work, whilst also applying to gain grant funding under two separate State and Federal grants discussed below to further leverage and value add to the MIT membership.

### 2. Explanation of Item

In early 2018, recognising the research credibility, international knowledge and intellectual depth, Council engaged with the MIT to instigate and help inform the Council's development of policy on its RECs through emerging smart technologies and specialised spatial planning and economic analysis. MIT has provided some preliminary work to the Council to assist in the Council's development of submissions to upcoming State and Federal grant applications.

The project, *Positioning Moreton Bay 2050 - Re-Imagining the Role of our Regional Economic Clusters (RECs)*, will focus initially on a body of work that will investigate the role of MBRCs RECs together with our Principal and Major Activity Centres which are also identified within the State Government's Shaping SEQ Regional Plan which commenced in mid-2017.

This project is intended to assist Moreton Bay attain its goal of 70% self-containment while also addressing concerns such as resource depletion, climate change, congestion, and housing unaffordability. It also includes the incorporation of several smart technologies, including emergent autonomous vehicles (AD), smart grids, meshed information networks, and connected homes, parks, and streets. If successfully implemented, these could better support the Moreton Bay region and its neighbouring communities to increase environmental and economic self-sufficiency.

The project aims to deliver on multiple plans and policies of the Council including:

- **MBRC Community Plan 2011-2021:** one aspect of the plan, Creating Opportunities, identifies target 2 specifically stating: "*increase the number of Moreton Bay Region residents working in the region*" with the measure being the self-containment rate.
- **MBRC Planning Scheme 2016:** the strategic intent of the Strategic Framework identifies "*our Region by 2031 is a network of, safe, more self-contained, well connected communities each with a unique identity and sustainable lifestyle within a healthy and resilient natural environment.*"
- **MBRC Corporate Plan 2017-2022:** the theme, Creating Opportunities, identifies a strategic priority as "*local jobs for residents*" through developing a sustainable, innovative and thriving economy.
- **Economic Development Action Plan 2017-2022:** one core principle of the plan is "*in order to achieve a self-containment rate of 70 per cent, approximately 193 000 from this labour force will need to work within the region.*"

*ITEM 7.1 RE-IMAGINING THE ROLE OF REGIONAL ECONOMIC CLUSTERS - REGIONAL - A17687402 (Cont.)*

The Division has lodged two separate grant applications with the State and Federal Government to further supplement the funding available to undertake the body of work. The grants include:

- **Innovation and Improvement Fund - Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP, QLD Government):** the fund aims to promote planning improvement and innovation across Queensland. It provides local governments with opportunities to explore and deliver planning innovation and improvement projects that will contribute to creating a better planning system for the community.
  - The Division has submitted an application and awaits the outcome of this process.
- **Smart Cities and Suburbs Program (Australian Government):** provides local government agencies with grants of \$250,000 to \$5 million to support projects that apply innovative technology-based solutions to urban challenges to improve the liveability, productivity and sustainability of Australian cities, suburbs and towns. A partner organisation is required.
  - The Division has submitted an application and awaits the outcome of this process.

Attending this function at MIT will enable the Council to progress these bodies of work.

### 3. Strategic Implications

#### 3.1 Legislative/Legal Implications

Section 188 of the Local Government Regulation 2012 states:

Overseas travel

1. The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year –
  - (i) for a councillor – the name of the councillor;
  - (ii) for a local government employee – the name of, and position held by, the local government employee;
  - (iii) the destination of the overseas travel;
  - (iv) the purpose of the overseas travel;
  - (v) the cost of the overseas travel;
2. The annual report may also contain any other information about the overseas travel the local government considers relevant.

#### 3.2 Corporate Plan / Operational Plan

Creating Opportunities: Well-planned growth - a sustainable and well-planned community.

Creating Opportunities: Local jobs for residents - an innovative and thriving economy.

#### 3.3 Policy Implications

Council approval of this travel will support and further the development of this body of work.

#### 3.4 Risk Management Implications

There are no direct risk management implications arising from this report.

#### 3.5 Delegated Authority Implications

There are no direct policy implication arising from this report.

#### 3.6 Financial Implications

Funds are available in the Budget.

#### 3.7 Economic Benefit

Participation in the engagement symposium with MIT will inform the development of a significant body work looking to diversify and grow the economy of the Moreton Bay Region.

*ITEM 7.1 RE-IMAGINING THE ROLE OF REGIONAL ECONOMIC CLUSTERS - REGIONAL - A17687402 (Cont.)*

3.8 Environmental Implications

There are no direct environmental implications arising from this report.

3.9 Social Implications

The Council's Corporate, Planning Scheme and Economic Development Action Plan all aspire to create more jobs locally for the residents of Moreton Bay.

3.10 Consultation / Communication

As per section 188 of the Local Government Regulation 2012, the annual report for a financial year will contain information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year.

**8 REGIONAL INNOVATION**

**(Cr D Grimwade)**

No items for consideration.

**9 GENERAL BUSINESS**

**ANY OTHER BUSINESS AS PERMITTED BY THE MEETING CHAIRPERSON.**

**CLOSED SESSION (Confidential items)**

*(Resolution the meeting be closed under s275 of the Local Government Regulation 2012)*

**ITEM C.1 – CONFIDENTIAL**

**ORORA LIMITED - PETRIE PAPER MILL - DEED OF VARIATION - THE PATHWAY FORWARD - REGIONAL**

**Meeting / Session:** 1 Governance (Cr A Sutherland, Mayor)

**Reference:** A17675920 : 8 October 2018

**Responsible Officer:** JH, Manager Legal Services (CEO Legal)

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**Basis of Confidentiality**

Pursuant to s275 (1) of the Local Government Regulation 2012, clause (h), as the matter involves other business for which a public discussion would be likely to prejudice the interests of the Council or someone else, or enable a person to gain a financial advantage.

**Executive Summary**

On 20 July 2015, Council entered into a contract to purchase the Petrie Paper Mill site from Orora Limited (Orora) and the land's subsequent decommissioning.

The original contracted decommissioning date of the site by Orora was 19 July 2018 but with the provision to extend that date by 12 months to 19 July 2019. As advised at the recent Council workshop of 25 September, despite Council successfully ensuring progress by Orora with decommissioning certain developable areas, there is no possibility that all the property will be decommissioned and handed over to Council by 19 July 2019.

In order to achieve the outcomes presented at the Council workshop, it is proposed that Council and Orora enter into a Deed of Variation to the Contract for Sale to facilitate further orderly decommissioning of the balance areas in a manner that delivers developable areas that better accord with the development scheme under the Mill Priority Development Area (PDA). The purpose of this report is to seek Council approval for such a Deed to be entered into with Orora.