



BUNDABERG
REGIONAL COUNCIL

DISCOVER OUR SPIRIT®



Annual Report

2013 2014

Welcome to Bundaberg Regional Council's 2013 2014 Annual Report

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chapter

1

Our Region

The Bundaberg Region includes the economic centres of Bundaberg City, Bargara, Childers and Gin Gin. Our region is situated at the southern end of the Great Barrier Reef and is only four hours drive or a 45 minute flight from Queensland's capital, Brisbane. Our region covers more than 6,449 square kilometres and boasts many diverse natural resources and first-rate facilities.

BUNDABERG

Our region's name **Bundaberg** is a combination of *bunda* - the Kalki Aboriginal word for important man, and the German suffix *berg* - indicating mountain.

coastal zone

a coastal zone that provides unsurpassed fishing, diving, beach and boating activities.

rural environments

macadamia nuts, sugarcane, small crops: strawberries, tomatoes, sweet potatoes.

health & education

5 hospitals, 10 private schools, 5 public high schools, major CQ University and TAFE campuses.

protected & natural environments

Mon Repos rookery, Great Sandy Marine Park, Goodnight Scrub, Meadowvale Nature Park, Russo Environmental Park, Baldwin Environmental Wetlands.

accessible

an airport serviced by two commercial airlines, Qantaslink and Virgin Australia, and a number of charter operators.

culture & tourism

excellent shopping, cultural and tourism facilities, including the Old Pharmacy Museum, the Bundaberg Rum Distillery, Hinkler Hall of Aviation, Bundaberg Brewed Drinks.

great outdoors

holiday and recreational parks, gardens, walking trails and fitness hubs.

facilities

showgrounds, civic centres, a recreational precinct, sporting and world-class athletics facilities, recycling and material recovery facilities.

QLD's 8th largest city

643,564 ha

Conservation & natural environments **65,920 ha**
Irrigated agriculture & plantations **82,873 ha**



latitude **24.9°S**

longitude **152.40° E**



OUR CLIMATE IS COMPARABLE TO HAWAII

Average summer temperature

20°C to 30°C

Winter day average

10.2°C to 21.2°C

Average rainfall

1,031.0 mm

JANUARY wettest month | **AV. RAINFALL 177.5mm**

95,000

Population estimate



Population is expected to

GROW TO

141,000

in the next 20 years

1,123km of unsealed roads

151km of pathways

1,910km

sealed roads



160km coastline from Walkers Point in the south to Winfield in the north

5 beaches with regular lifeguard patrols

5 major rivers: Burnett, Kolan, Elliott, Isis & Gregory



130km Burnet River

From Paradise Dam to Burnett Heads

Our community vision... 2031 Community Plan...

vibrant, progressive, connected and sustainable



- 1** recreational precinct
- 3** sporting complexes
- 4** swimming pools

- 7** skate bowl facilities
- 19** boat ramps



10

community care programs



63

water reservoirs

- 894 km** of water mains
- 31,340** water connections
- 11** re-chlorination facilities
- 658km** of sewer mains
- 26,240** sewage connections
- 104** pump stations
- 10** sewage plants



Rateable properties

44,437



653 ha natural area estate
1 Botanic Garden

4 holiday parks
350 recreational parks

41,397 waste bins
41,510 recycle bins

Council-owned facilities

- 2** art galleries
- 3** libraries & 1 library outlet
- 3** cultural centres
- 4** administration centres
- 4** museums
- 6** depots
- 6** community buildings
- 70** public toilet facilities
- 27** community halls
- 68** community housing properties
- 12** cemeteries
- 1** Hinkler Hall of Aviation



During 1867, timber getters, John and Gavin Steuart occupied North Bundaberg. Later in the same year, the first farmer, Thomas Watson, arrived. In 1870 the area of Bundaberg was surveyed by Surveyor JC Thompson and his assistant, AD Edwards. By 1872 the population of the township and immediate district was about 200. Timber supplies soon ran short and a new industry, maize which had initially been successful, was devastated by disease. Experimental sugarcane growing followed, and over the next few years, sugar cane plantations were established and the Fairymead, Millaquin and Bingera mills began producing refined sugar.

Local government was first established in the area in 1873 when the Bundaberg Progress Committee was formed. Bundaberg was gazetted a municipality in 1881, a town during 1902 and eventually a city in 1913. Between 1873 and 1913, significant development occurred including the establishment of newspapers and various government departments, including customs, police, courts, post office and telegraph.

During the Great Depression, Bundaberg like many other Queensland cities, suffered significant social and economic problems. Despite this, the Bundaberg City Council, motivated by a vision for the future, launched two major projects. In 1928, all city streets were sealed with bitumen, and Bundaberg became the first non-metropolitan Queensland town or city to use special surfacing equipment and bitumen imported specially from Trinidad. The second project was the construction of a sewerage system. Except for one small area, the city was sewered when World War II commenced. This development meant that Bundaberg was one of the most, progressive cities in Queensland. By 1939 the city's population had reached 13,000.

The Bundaberg City Council amalgamated with the Shires of Burnett, Isis and Kolan in 2008 to form Bundaberg Regional Council.

1.2

Bundaberg's Early History



The Bundaberg Region 2031 Community Plan, initiated in 2010, was reviewed during 2013/2014. The review process commenced 3 February 2014 and involved comprehensive community consultation, including radio, TV, print media, email, Facebook and Twitter communications. Community meetings were also held in Gin Gin [20 February], Childers [21 February], and Bundaberg [18 & 25 February]. An information booth was also established at the Hinkler Central Shopping Centre at the Council's Chat Room. Results from surveys during the consultation process showed an 85% positive response to the community vision outlined in Bundaberg Region 2031. As a consequence, the vision and goals described in Bundaberg Region 2031 continue to guide and underpin the Council's strategic planning, business operations and community programs.

COMMUNITY A connected community full of life | An empowered and creative place
ENVIRONMENT A healthy natural environment | Sustainable environmental planning and design
ECONOMY A vibrant economy | Innovative people
GOVERNANCE Effective and ethical governance

1.3 Our Community Vision



Highlights and Significant Events

Launch of the new **Social Development Action Plan**

Successful **new events: Bundaberg City Centenary Celebrations, New Year's Eve, Bundy Flavours and Welcome Babies**

Upgrade to **Toddlers Pool** at Gin Gin Swimming Pool

New Economic Development Strategy launch

New Digital Enterprise Program: assistance for small to medium businesses and not-for-profit organisations to better understand how they can maximise the opportunities from greater digital engagement

Trade delegation visit in February 2014, to our sister city **Nanning, China**. This has significantly enhanced avenues for expanded trade and investment opportunities

Introduction of **guided tours of Fairymead House**, providing an enhanced experience for visitors

Get Ready Guide booklet was provided to 46,000 households and business to educate and inform the community about **disaster preparedness**

Disaster Preparedness Expo: the Emergency Services; the Australian Defence Force; Surf Life Saving Queensland; community groups; church groups and our Local Disaster Management Group shared valuable information and strengthened our disaster preparedness networks

1.4

Completed the Burnett River Underbore to replace flood damaged sewer main \$1.5m

Intersection upgrades: Bourbong/Walla St, Seaview/Windermere Rd, Boundary/George St

Upgraded Streets and Roads: Hanbury St, Bucca Rd and Quinns Rd

Completed the stormwater drainage upgrade at Beach Milieu Bargara

Commenced staged project to **upgrade of Barolin St** north of Walker St

Completed the Childers Streetscape: project in front of the Isis Club and Cane Growers and constructed a new carpark at Crescent St

Commenced construction of \$16.5m **upgrade to Thabeban Waste Water Treatment Plant**

Upgraded Gin Gin Wastewater Treatment Plant

Incentivised 62 eligible development projects with a total construction value of \$ 84.3m, through Councils **“Open for Development” initiative**

Constructed roads at the old Bundaberg showground in preparation for the construction of the **Multiplex Evacuation Centre** costing \$3.1m

Worked with the State Government to acquire **\$8m roads betterment** funding and \$11.4m flood mitigation funding

\$1m spent on **footpaths** throughout the region including a Pedestrian Bridge over Rifle Range Creek

Worked with the Community Reference Group to identify flood mitigation options for the region and developed a **Burnett River Floodplain Action Plan** which was forwarded to State Government



Commenced **construction** of new **Riverside Park** at Targo Street



Constructed **new kiosk at Elliott Heads** at cost of \$750,000

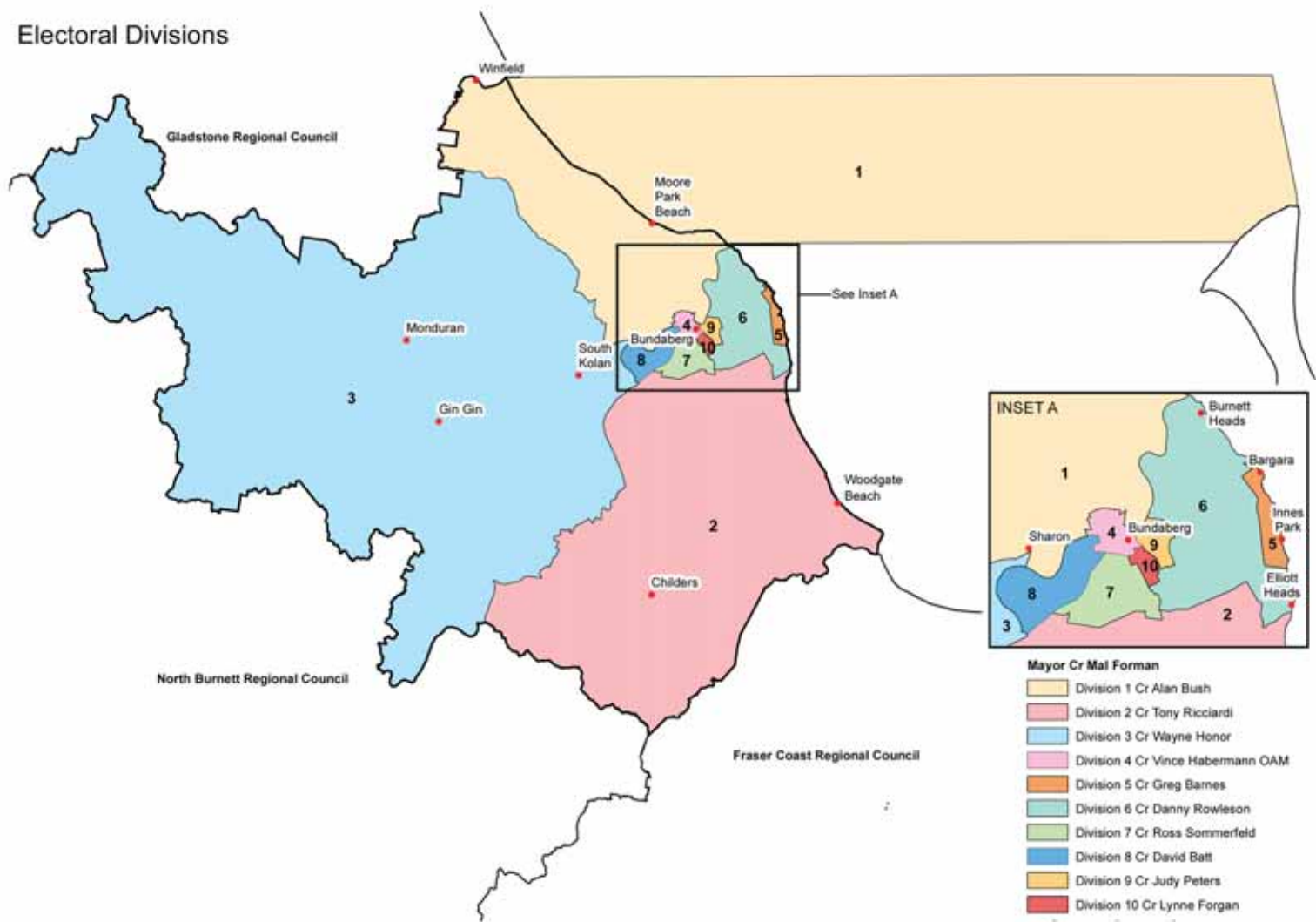


\$96m spent on **restoration and upgrading** of the **road network** across the region

Record airport passenger numbers for 13/14 – 157 354 (An increase of 17% on 12/13 passenger numbers)



Electoral Divisions



chapter

2

Our Council

Democratic Governance: Representing the Interests of the community

The Bundaberg Regional Council's local government area comprises of 10 divisions. At local government elections every four years, voters chose a councillor to represent their division, as well as the mayor. Our Mayor and Councillors were elected on 28 April 2012. Our Mayor and Councillors are committed to representing the current and future interests of the residents of the Bundaberg Region. They are accountable to the community for the Council's performance and provide quality leadership to the community through their participation in Council meetings, policy development and decision-making, for the benefit of the Bundaberg Region.

Revenue for works and services

Council's main source of revenue comes from rates, charges and fees which go towards carrying out the services and works that are required by the community. Council obtains other sources of funds from Financial Assistance Grants from the State and Federal Government, and the raising of loans for capital work such as water treatment and waste water treatment plants.

Meetings

Council holds an Ordinary Meeting every three weeks, at which the Mayor, Mal Forman, is Chairman. A Planning Committee similarly meets every three weeks. The Portfolio Councillor, Cr Ross Sommerfeld is chairman at these meetings. Community members are most welcome to attend Ordinary and Planning meetings, which are held at Council's Chambers situated at 190 Bourbong Street Bundaberg. Meeting times and dates can be found on Council's website.

A dynamic partnership over the past 12 months between Council, local business and our very resilient regional community has been responsible for reversing any perceived negativity associated with the flood event of January 2013.

The path to recovery has been emotional, expensive but infinitely rewarding. It would be remiss of me if I did not at this point acknowledge the tremendous spirit of co-operation that has existed between Council and the State and Federal Governments particularly through their considered and generous approach to assisting our region financially.

As a Council, we are implementing a planned approach to our economic vision for the region through our Bundaberg Region 2031 and Bundaberg Open for Development strategies. Council also continues to work on the economic positives of our relationship with our Chinese Sister City Nanning.

As Mayor, I made a commitment to our community to promote development, create employment and ensure fiscal restraint and financial responsibility in Council operations.

These pledges are being delivered by Council through infrastructure projects such as the \$16.5m upgrade to the Thabeban Wastewater Treatment Plant and the announced \$92.8m Rubyanna Wastewater Treatment Plant.

Savings are being made across the region through our approach to green energy initiatives particularly where power usage is involved. Our approach to waste management places us among the national leaders in this field with Council winning a National Landfill Excellence Award.

Partnership with our community has also extended to a focussed approach to health and wellbeing. Council sponsored programs such as Be Active, Be Alive and Fun, Fit and Fresh have engaged our residents and have proactively promoted healthy eating and exercise for a better lifestyle.

Listening to concerns and community feedback is a pivotal responsibility of Council and our community engagement processes continue to be enhanced to offer residents every opportunity to converse with Council.

We have undertaken one-on-one community meetings through our Chatroom program held at a local shopping centre. Upgrades to our Facebook, Twitter and printed publications including news releases and the regular BRC Newsfeed are among the tools Council utilises to inform our community.

I remain convinced that our “dark days” are now behind us and that the Bundaberg Region will continue to thrive on the momentum established during the past twelve months. We have a magnificent region with wonderful natural assets and a community with the confidence and resilience to overcome any impediments and secure richly deserved outcomes.

Cr Mal Forman
Mayor - Bundaberg Regional Council

2.1

Mayor's Report



LEADING THE WAY...
Council wins a National Landfill
EXCELLENCE AWARD

COMMITTED
\$16.5m upgrade to the Thabeban
Wastewater Treatment Plant

ANNOUNCED
\$92.8m Rubyanna
Wastewater Treatment
Plant

2.2 Our Councillors



CR MAL FORMAN - MAYOR | **Finance & Disaster Management**

Cr Mal Forman became Mayor of Bundaberg Regional Council in May 2012. Cr Forman served on the former Bundaberg City Council, including eight years as Deputy Mayor; and holds a Diploma in Local Government Management.

Mal has been involved in numerous rural industries and has served as Director on a number of Companies. He enjoys business planning and development; is a strong advocate for economic development and has owned and managed many successful businesses, including the McDonalds franchise in Bundaberg for over 22 years.

Mal has also served on many community organisations including Bundaberg District Crime Stoppers, Bundaberg District PCYC, Bundaberg Region Tourism, Bundaberg District Groundwater Area Advisory

Committee and many local government committees. He was Chairman of the Board of Bundaberg Christian College since its commencement in 1995 until May 2013.

Mal is passionate about his role as Mayor and his responsibilities and commitment to the residents of the Bundaberg Region. He has a clear vision for Council and is striving for a Council that will deliver positive outcomes for every resident, no matter where they reside in our Region.

Mal is the Patron of the Bundaberg Football Association and Bundaberg PCYC, joint Patron of Volunteer Marine Rescue, Vice Patron of Qld Surf Life Saving and is the Rural Fire Warden for Ashfield/Windermere Rural Fire District. He is married to Joy and has three sons and five grandchildren.



CR DAVID BATT - DEPUTY MAYOR, Representative for **Division 8 | Governance**

David is a fifth generation Bundaberg resident and is married with two daughters. He was previously employed as a Police Officer for over 23 years rising to the rank of Sergeant before being elected to the Bundaberg Regional Council in 2008. David holds a 'Diploma of Local Government – Administration', along with a 'Diploma in Policing' and an 'Advanced Diploma in Investigative Practices'. He was the Manager of the Bundaberg PCYC for several years before his successful election as the Division Eight Representative for Bundaberg Regional Council.

David has a passion for Sport and Recreation in the local community and is involved in many local community organisations including Impact Make your Mark, Bundaberg PCYC, Bundaberg Netball Association and Across the Waves Sports Club.

Division Eight covers a large area of the former

Bundaberg City Council, including the areas of Avoca and Branyan within the boundaries of the Isis Highway and the Burnett River.

As well as holding the Deputy Mayor's role, David has the portfolio of Governance and sits on several Council committees including the Business Bundaberg Advisory Committee, Audit & Risk Committee, Social Media & Communication Advisory Group and the Information Technology Steering Committee. David is also the Deputy Chair of the Local Disaster Management Group. David was awarded a 'Paul Harris Fellow' by the Sunrise Rotary Club for his efforts in steering the 'Response and Recovery' to the devastating floods in December 2010/January 2011.

David enjoys golf, camping, fishing and watching all types of sport and when he gets the time he loves to socialise with family and friends.



CR ALAN BUSH, Representative for Division 1 | Water and Wastewater

Cr Bush represents Division One covering Moore Park, North Bundaberg, Avondale, Yandaran, Winfield, Sharon and Burnett Downs.

Prior to being elected to Council in 2008, Alan was a past Councillor with the Gooburrum Shire Council between 1988 and 1994 and the Burnett Shire Council between 1994 and 2000. He has held many committee positions in the community and now represents Council

on a number of community committees.

Alan is also the portfolio spokesman for Water and Wastewater and is currently a member of the Moore Park Lions Club, Tegege Hall Committee, Avondale Football Club, Group Leader of the Yandaran SES and Officer of the Avondale Rural Fire Brigade.



CR TONY RICCIARDI, Representative for Division 2 | Roads and Drainage

Cr Ricciardi has been in Local Government since 1992 and was Deputy Mayor of Isis Shire Council, before becoming Deputy Mayor of Bundaberg Regional Council when amalgamation occurred in March 2008.

Tony has served on the Committee of the Childers Apex Club as President in 1986 and 1987 and remains a senior active member in the Childers Club. He also is Life Member of the Forest View Aged Care facility in Childers and patron of Bundaberg Rugby League. Tony is the representative for Council on the

Burnett Mary Regional Group for Natural Resource Management and is a third generation farmer. He was born and educated in Childers and is married to Kath and has 3 sons. They currently reside at beautiful Woodgate Beach.

Tony was awarded a 'Paul Harris Fellow' by the Sunrise Rotary Club for his efforts in steering the 'Response and Recovery' to the devastating floods in December 2010/January 2011.



CR WAYNE HONOR, Representative for Division 3 | Health & Regulatory Services

Cr Honor is Councillor for Division Three, which covers an area of 3,749 square kilometres in the hinterland of the Bundaberg Regional Council. Wayne holds the portfolio of Health and Regulatory Services (including Parks and Gardens), and originally held the portfolio of Roads and Drainage from 2008-12. Wayne spent four years as a Councillor in the previous Kolan Shire Council working in the area of Community Services and Finance.

Wayne is actively involved in numerous community organisations, including the Lake Monduran Advisory Committee, Gin Gin Subgroup of Local Disaster Management Group and Council Representative on

the Cycle and Pathways Committee, Roads Safety Committee and Regional Road Group. Before becoming a Councillor he was involved in a number of community committees including schools and agriculture.

His interests include community, art, sustainable farming practices as well as developing a Droughtmaster Stud cattle herd with his wife. He enjoys Clay Target and Small Bore rifle shooting. Wayne is keen to build on the achievements of Council to date and looks forward to contributing to the further development and prosperity of our culturally and geographically diverse region.



CR VINCE HABERMANN, Representative for Division 4 | Waste & Recycling

Cr Habermann is a first-term Councillor and admits his first term in the position has been very demanding. All of Council has found it very challenging especially in the wake of the devastating floods and mini-tornadoes which struck the region in 2011 and 2013. Vince is a fifth generation Bundaberg resident and has lived in the city all his life but has never experienced anything like the natural disasters which crippled our community as a result of ex-Tropical Cyclone Oswald. Vince has had a varied career, including being an accountant for 10 years, sports reporter/editor for the NewsMail for 16 years and Electorate Officer for State Member for Bundaberg Jack Dempsey for four years.

Vince has been heavily involved in many sporting, community, church and school organisations throughout his life. He received an Order of Australia Medal in 2008 "For service to sport, particularly cricket, and to the Community of Bundaberg". He won the Queensland Cricket Volunteer of the Year Award in 2007 and amongst many other honours, has been awarded two Bundaberg City Council Australia Day Sports Administration Awards, but describes being on the Bundaberg Regional Council as the "ultimate honour". In his spare time, Vince is still intensely involved in sport as a participant and an administrator.

Division Four covers a large area of Bundaberg and is

bound by Walker, Avoca and Duffy Streets, and also takes in large parts of North Bundaberg along Mt Perry Road, Batchlers Road, Fairymead Road, Queen Street, Fagg Street, Agnes Street, Gavin Street and McRae Street before crossing back over the river, and running down Walla Street as far as Burnett Street then along to Targo Street and back to Walker Street. The division includes all of the CBD; our three Bundaberg hospitals; retirement villages and nursing homes; several major shopping centres and countless other businesses; the traditional working class inner city suburbs; two high schools and a number of primary schools, and many sporting and community organisations and excellent sporting facilities, large parts of which were ravaged by the floods.

Vince will continue to devote himself 100% to the role of Councillor and always be accessible and work very hard for the benefit of all people and the community at large. He will continue to work towards what he believes are the best possible outcomes for all: do everything possible for the Council to foster Bundaberg businesses and bolster the local economy, and provide strong support and assistance for sporting and community organisations.

Vince is 53 years old, is married to Donna and has two step-daughters.



CR GREG BARNES, Representative for Division 5 | Economic Development

Cr Barnes was first elected to the former Burnett Shire Council in March 2000 and re-elected in 2004. In 2008 he was elected to the newly amalgamated Bundaberg Regional Council and subsequently re-elected in 2012. He has been assigned the Economic Development portfolio (encompassing the conceptualisation and delivery of major projects), tourism operations and airport operations.

Greg has considerable experience in the regional tourism industry having worked as a SCUBA instructor on Great Barrier Reef operations before establishing and opening his own dive shop and charter boat business prior to entering local government. He was instrumental in triggering the Bargara Streetscape Project and establishing the Bargara ANZAC Day Dawn Service commemorations in 1997 and has also served as the President of the Coral Coast Chamber of Commerce and Tourism for 16 years, the Chair of Bundaberg North Burnett Tourism for 4 years and on a number of other local Boards and Committees.

He has a strong affinity with the wide range of issues

affecting the region and especially those within his divisional townships of Bargara, Innes Park North, Innes Park and Coral Cove with whom he consults and updates on a regular basis through his personal website, social media, attendances at community meetings and by hosting and supporting local events.

Through his portfolio, he is focusing on opportunities to attract sustainable commercial and industrial development together with related employment opportunities for both the skilled and unskilled workforces. At the same time, he is committed to protecting the iconic and relaxed lifestyle enjoyed by local residents and believes that our region would benefit from more iconic attractions and by securing further airline services beyond the existing Bundaberg-Brisbane route.

Greg is always prepared to oppose negativity, procrastination, cronyism and unnecessary red tape in his support of projects which promise to provide tangible and realistic benefits for the wider community.



CR DANNY ROWLESON, Representative for Division 6 | Environment and Natural Resources

The 2013/14 financial year has been a very challenging year for our communities across this region following the devastating floods and tornados of January 2013.

The region as a whole and Division Six has seen an unprecedented amount of road reconstruction and upgrades, culverts have been improved and drains cleared to ensure the community is well-prepared for any upcoming seasonal weather conditions.

We have also seen some significant changes for the Port of Bundaberg with tenders invited worldwide for the development of the commercial port and residential precinct. This exciting project is due to commence in 2015. Another significant advancement has been the state support for a gas pipe line from West Bundaberg to the Port, which will facilitate the establishment of new businesses to our region and afford employment opportunities not previously seen in this area.

The new Elliott Heads Kiosk has also been built as the first stage to the Elliott Heads Foreshore Master Plan. This project has potential to transform this area into a dining hotspot as the Elliott Heads Foreshore Master

Plan will progressively lift the profile of the Surf Life Saving Club and the Holiday Park, and increase the visual and recreational appeal of these facilities.

The Natural Resources Portfolio has additionally seen upgrades to the Barolin Nature Reserve and the proposed upgrade to the Mon Repos Turtle facility. Council has furthermore been very successful reducing electricity consumption, resulting in a decrease to Council's carbon footprint. Turtle lights have also received increased funding, which will result in improved nesting conditions along our coastline. Childers' area has additionally received an upgrade to the Helm Scrub and propagation of 500 Hoop Pines from seeds collected from a 200 year old tree is currently underway. The particular tree used for propagation was one of the original Childers' Hoop Pines, and many of the young trees will be planted in avenues to remind locals and tourists of the rich history of the Isis region.



CR ROSS SOMMERFELD, Representative for Division 7 | Planning and Development

Cr Sommerfeld was born and raised in Bundaberg. He has more than 25 years' experience as a Consulting Surveyor, 21 of those years as principal of his own business based in Bundaberg, before selling the business in 2004. Ross and his wife Linda have also owned the West Bundaberg News Mail delivery run for the past 12 years. Ross and Linda have three adult sons and one grandson.

Ross has been actively involved in a number of community and sporting groups over the years and is a life member of Across the Waves Cricket Club and a member of the Norville State School P & C.

Ross represents Division Seven which broadly covers the airport, Svensson Heights, Norville and Thabeban. Ross is Chairman of Planning and Development, a portfolio he finds most rewarding and closely aligns with his previous role as a Consulting Surveyor. He says that although he represents Division 7, he is committed to the whole region along with his fellow Councillors.



CR. JUDY PETERS, Representative for Division 9 | Community Services

Division Nine covers parts of East and South Bundaberg, Kepnock and the City area with schools, commercial activities, sporting fields and nature reserves enhancing the urban growth.

Cr Judy Peters was first elected as a Councillor on Bundaberg City Council in 1994, holding the Community and Cultural Services portfolio until 2008. She was re-elected in March 2008 as a Councillor for Bundaberg Regional Council, representing Division Nine with the Community and Arts Portfolio. Judy was again re-elected un-opposed in 2012 and currently holds the Community Services Portfolio.

Judy is Patron of Australian Navy Cadets TS Bundaberg; Bingera Football Club Incorporated; Bundaberg Woodworkers Guild; Bundaberg Little Athletics Centre, and Thabeban Athletics. She is also a member of a number of other community organisations, including the LGAQ Arts Reference Group and Chair of Council's Regional Arts Development Fund. Judy has held an Executive position with the Australian Local Government Women's Association Queensland since 1995, having served as Zone 4 Representative, State President. Additionally, Judy is a delegate to the ALGWA National Executive and currently the

Public Relations Officer for ALGWA Qld, and is also an Associate Member of the National Rural Women Coalition.

Judy holds a Diploma in Local Government (Administration), a Diploma of Business (Frontline Management), undertaken a Certificate IV in Training and Assessment and is a Justice of the Peace (Qualified).

Judy was invited to be profiled in the Who's Who 2009 Edition 'Lessons we Learn' and the 2010 edition, 'Reflections of Happiness'.

Judy owned and operated Bundaberg Shipping Services for 11 years dealing with domestic and foreign going cargo vessels from the Port of Bundaberg, and held the position as a Director and then Deputy Chairman Bundaberg Port Authority for 14 years.

Creating opportunities for the community through networks and knowledge underpins her role on Council.



CR. LYNNE FORGAN, Representative for Division 10 | Sport, Recreation & Venues

Cr Forgan is the representative for Division Ten, covering the areas of South Bundaberg, Walkervale, Avenell Heights and Thabeban.

With the diversity of our region, it enables Lynne to work with a variety of organisations in her Portfolio of Sport, Recreation and Venues; this includes Sport and Recreation, Libraries, Halls and Facilities, Moncrieff Theatre, Showgrounds, Swimming Pools and Museums.

Lynne is a qualified hairdresser, mother of two and grandmother of five, and married to Gilbert who is happy and proud to support her. From operating her own business, she brings to Council her 29 years of business knowledge and experience, understanding all facets of business operation, and also holds a Diploma of Local Government Administration and a Certificate IV in Governance.

Lynne is actively involved in the community having served on many and varied organisations and taken many active roles on committees, some being - Board member on the Bundaberg Health Services Foundation, Past District Governor for Lions district 201 Q4 and current member of the Bundaberg North Lions Club, PCYC committee member since its inception, Patron of the Rum City Silver Band, board member YMCA, Patron of Special Olympics, along with being Council's appointed representative on several committees.

Lynne travels the region working with community organisations encouraging and helping to develop their strengths and opportunities to reach their full potential.

Services & facilities provided by our council

2.3

Bundaberg Regional Council is proud to provide our community with the following services and facilities:

- | | | | |
|----------------|------------------------|--------------------------------|----------------------------|
| Aged care | Caravan parks | Hinkler Hall of Aviation | Museums |
| Airport | Cemeteries | Libraries | Recycling |
| Art gallery | Children's playgrounds | Lifeguard services | Roads |
| ANZAC Day | Festivals | Mosquito control | Road signs |
| Barbeques | Footpaths | Neighbourhood centres | Showgrounds |
| Bike paths | Drinking water | Parks | Swimming pools |
| Botanic garden | Dog control | Public toilets | Stock pound |
| Bridges | Footpaths | Moncrieff Entertainment Centre | Visitor information centre |
| Bus shelters | Garbage collection | | Zoo |



Without many of us even realising it, the many services and facilities of local governments support our Australian way-of-life at the local level. When we go to the beach and enjoy a barbeque; play with our pets in the park; get fit with friends walking along the foreshore; borrow the latest fiction, or lifestyle magazine from our library; visit our local Art gallery; enjoy a night out at the theatre; or indulge in safe food at a restaurant, our activities are underpinned by the work and services provided by our councils.



chapter

3

Our Governance

It is with great pleasure that I provide an overview of the 2013/14 year. The many achievements highlighted in this annual report demonstrates Council's ongoing commitment to implement the communities long term vision for the region - to be vibrant, progressive, connected and sustainable.

Given the many distinctive challenges that the organisation has been faced with since the disaster events over the past few years, Council this year completed an extensive review of several of its key Strategic Planning documents. A comprehensive Community Engagement and Consultation Program was undertaken as part of the review process, with two of the key outcomes being the adoption of a new Corporate Plan 2014-2019 and a Social Development Action Plan 2014-2017.

The focus on delivering long-term sustainable efficiency gains and value for money outcomes was maintained with the target of a two percent reduction in operational costs being achieved. Central to this process was the implementation of a voluntary redundancy program across all sectors of the organisation resulting in a reduction of 38 staff. Implementation of the Digital Transformation Program was progressed with a strong focus on business process review, replacement of Council's core Information Management System and the development of a mobile computing strategy. The enablement of substantial mobile capability will greatly assist our organisation in providing a highly efficient range of services to our community.

Additionally, an extensive review of procurement activities was undertaken resulting in the formulation of a new Procurement Strategy which will drive significant savings into the future.

Council also allocated significant resources to strengthen resilience across the region. The Flood Studies for both the Burnett and Kolan Rivers were finalised and Council partnered with Gladstone Regional Council in preparing a flood study for the Baffle Creek catchment.

Complimentary to the Burnett River Flood Study, a Floodplain Risk Management Study was completed and an action plan to reduce the impacts of future events was enacted. Building on the data obtained from these studies and plans, our Staff have developed an innovative flood gauge mapping system which enables residents across the region to access flood mapping for their individual properties based on upstream flood gauge levels. The recognition of this initiative with an "Excellence in Innovation" award from the Local Government Managers

Queensland is testament to the skill and expertise that exists within Council staff.

In addition, Council has upgraded numerous river and rain gauges in partnership with the Bureau of Meteorology across the Burnett and Kolan catchments using state of the art flood ALERT technology. This will now facilitate enhanced flood warning alerts for our Community.

The comprehensive report formulated by the Burnett River Flood Community Reference Group contained a range of recommendations for Council's consideration. This information, together with the report produced by the Council's Technical Working Group, were central to Council's submission to the State Government of a list of flood mitigation projects for funding assistance.

Council received funding of \$17m from the State and Federal Governments for 5 mitigation projects, including a levee at the Technology Industrial site in North Bundaberg; and a number of critical evacuation routes at Bartholdt Drive, Mt Perry Road and Fairymead Road. The process of rehabilitating the damaged road network was a major undertaking with a further \$80m expended during the year and all works are scheduled for completion by December 2014.

An extensive Capital Works Program was also undertaken to support the growth and development of the Region. This included the:-

[\\$16.5m upgrade of the Thabeban Wastewater Treatment Plant;](#)

[Upgrade of the Gin Gin Wastewater Treatment Plant;](#)

[Construction of a new Kiosk at Elliott Heads;](#)

[Upgrades to the Main Hanger at Bundaberg Airport; enhancements to electricity and water supplies at the Bundaberg Recreation Precinct;](#)

[Commencement of the upgrade of Barolin Street;](#)

[Stage 1 redevelopment of the old Bundaberg Showgrounds;](#)

[construction of the Watson Road Pump Station and associated Sewer Trunk Main;](#)

[Upgrades to Boreham Park and Schuhkraft Park in joint partnership with Medicare Local; as well as enhancements to Alexandra Park and Zoo;](#)

[Construction of a new Town Centre Carpark in Childers](#)

From an economic perspective, Council remained focused on creating a "Better Climate For Business" ensuring the region is best positioned to deal with the changed economy. A new Economic Development Strategy was adopted which provides a ten year blueprint for sustainable economic development for our region. The tangible goals detailed in the document will assist in securing new opportunities for investment, development and value-adding. A key outcome of this strategic work was evidenced by the recent



3.1

CEO's Message

State Government announcement of a new 27 kilometre gas pipeline to the Port of Bundaberg to facilitate new industries moving to the region. The strong collaboration between Council and the State has been critical in securing this essential infrastructure for the region's economic future.

The rollout of the federally funded Digital Enterprise Programme also provided assistance to small and medium businesses and not-for-profit organisations to maximise their business opportunities through greater digital engagement; and has delivered training and skills to over 150 unique organisations in our Region. Bundaberg was also selected as one of the ten sites across Australia where Telstra and NBN Co Limited have agreed to pilot the planning, design and construction of Fibre to the Node technology.

Council also implemented the 'Bundaberg Open for Development' initiative offering a range of targeted incentives to attract developments that generate longer term economic growth and job creation. In addition the draft of the new Planning Scheme for the whole of the Bundaberg Region was approved for public notification and it is anticipated that the new scheme will be adopted by Council early in 2015.

Council will in the year ahead commence construction of the first stage of \$92.8m Rubyanna Waste Water Treatment Facility. This is the largest ever Infrastructure project undertaken by Council which will facilitate the development opportunities that will flow from the new Planning Scheme,

Finally I wish to thank the Mayor, Councillors, Executive Management and Staff for their dedication, commitment and cooperation in working to deliver such positive outcomes for the communities of the Region.

Peter Byrne

CEO- Bundaberg Regional Council



3.2

Executive leadership team



PETER BYRNE, **Chief Executive Officer**

Peter was Chief Executive Officer of the previous Bundaberg City Council since 1995. He has an extensive career in local government having commenced with Bundaberg City Council in 1972 as a Cost Clerk. On qualifying as a Public Health Inspector Peter worked for the next 20 years in the environmental health field and managed the Health and Environmental Services Department for several years prior to his appointment as Chief Executive Officer. Peter has a Diploma Public Health Inspectors Qld and a Graduate Diploma Management - Public (CQU). He is a member of Local Government Managers Australia, a Fellow of Environmental Health Australia and a Fellow of the Australian Institute of Management.



ANDREW FULTON, **General Manager Infrastructure & Planning**

MBA (Tech. Mgmt.), B.E. (Civil), FIE Aust, CPEng, MIPWEA, NPER, RPEQ

Andrew has over 20 years Local Government experience including more than 15 years in senior management. Andrew's extensive experience includes private sector roles in the construction industry together with engineering roles with the Federal Government.

Andrew focuses on facilitating efficient and cost effective delivery of utility services and infrastructure together with land use planning outcomes that foster a prosperous and sustainable community.



GLENN HART, **General Manager Organisational Services**

B. Bus (Local Government and Human Resources); MPA; ASA; AIMM; MLGMA

Glenn commenced in Queensland Local Government in 1982 and in that time has gained a wide range of skills and experience vital for the role. Glenn has held senior positions in the Ipswich City Council and Moreton Shire Council before moving to the Bundaberg Region as a Director in the former Burnett Shire Council and Bundaberg Regional and now as a General Manager focusing on providing the best value-added internal services to create a strong, accountable and sustainable organisation.

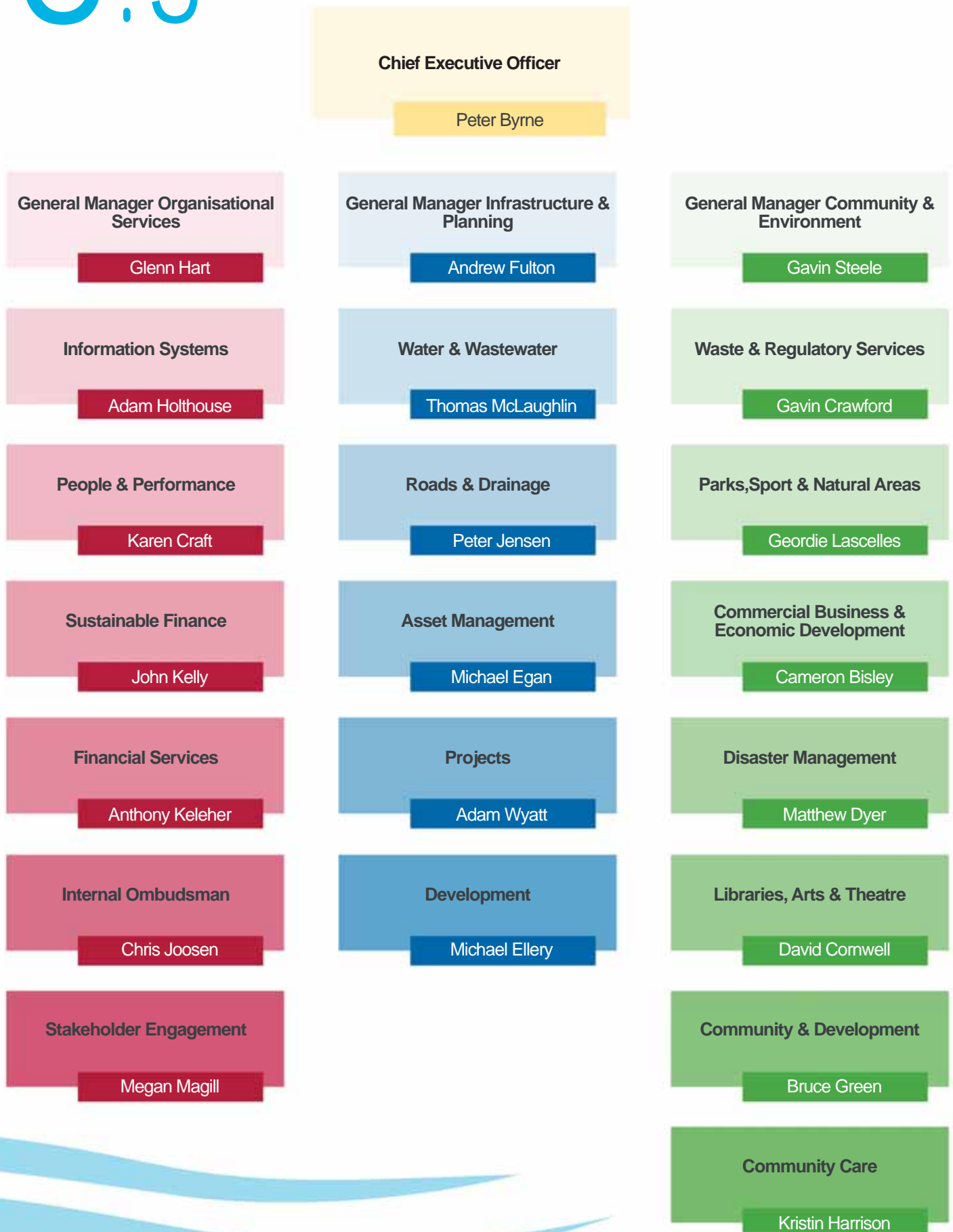


GAVIN STEELE, **General Manager Community & Environment**

BAppSc (Env. Health), Grad Dip (Management), Diploma (AICD)

Gavin has 18 years' experience in State and Local Governments in Queensland working with the Brisbane City Council, Queensland Government Department of Public Works, Rockhampton City Council and the Rockhampton Regional Council. He has held numerous Director and General Manager positions since 2005 across a wide range of portfolios. Gavin commenced work with Bundaberg Regional Council in June 2012.

3.3 Our organisational structure





Our business activities

3.4

The competitive neutrality principle (NCP) as outlined by the Local Government Act 2009 states that government businesses should not attract any net competitive advantage over their competitors as a result of their public sector ownership.

In accordance with section 45 of the Local Government Act 2009, Council has elected to apply the Code of Competitive Conduct (CCC) involving the application of full cost principles to its identified business activities. All significant business activities were conducted in the preceding financial year.

A full review of the appropriate application of NCP reforms across Bundaberg Regional Council has determined that the adoption of full cost pricing is the appropriate structural reform to apply.

Whilst a full cost pricing model

has been utilised for the annual determination of cost recovery levels for Council's business activities, an appropriate long-term financial sustainability model is being developed, identifying ongoing investment requirements, informing capital funding decisions and borrowing programs and assisting in the development of longer-term price paths and revenues strategies for these businesses, consistent with full cost pricing principles.

Competitive neutrality complaints

Council has adopted a process for resolving competitive neutrality complaints as directed by section 48 of the Local Government Act 2009. Our process includes a register of business activities to which competitive neutrality principles have been applied. The register also lists current investigative

notices for competitive neutrality complaints, the business activities to which the complaints relate and Council's responses to the Queensland Competition Authority's recommendations.

As defined by section 48 of the Local Government Regulation 2012, no competitive neutrality complaints were received.

The financially significant Type 2 business activities of Bundaberg Regional Council are:

Water and Wastewater; and Waste and Recycling.

Type 3 (competitive) business activities are:

Caravan Parks; and Bundaberg Airport.

Our Non-Type 3 business activity is:
Building Certification.

3.5 Our performance

Work undertaken during 2013/14 towards achieving a **vibrant, inclusive and caring community**

OUTCOME

A safe, active and healthy community

Our work	Our achievement	Our department/s
Install or upgrade play systems as listed in the budget	All playgrounds budgeted for have been installed	Parks, Sport and Natural Areas
Playground maintenance and safety inspections	Inspection program is up-to-date	
Complete an up-to-date asset and embellishment register (of play equipment)	Work is ongoing with Council's Assets section	
Sport and Recreation - Community Grant Rounds	Round 1 2014-2015 Community Grants Program is complete	
Facilitate and support community sport and recreation initiatives and information	Healthy for Life - Heartmoves Sessions and Low Impact Physical Activity programs were delivered and well supported	
Attend to complaints regarding health licensed premises within service delivery standards	91 % of customer requests were attended to within service delivery standards	Environmental Health Services
Conduct public education programs on the safe handling, preparation and storage of food	Nine (9) courses were conducted -258 individuals and 11 business attended . Two (2) online programs were delivered - 1041 people participated	
Attend to dog attack reports as a matter of priority	Ninety-nine (99) dog attack reports were received and investigated as a matter of priority.	
Manage biting midges through treatment or public education	Sixty (60) mosquito or midge complaints were received, processed and managed	
Local Disaster Management meetings	Four (4) LDMG meetings were held	Disaster Management
Bundaberg Airport - Response time to reported incidents	A target response time of thirty (30) minutes is in place. No major incidences occurred during the year.	Commercial Business and Economic Development
Bundaberg Holiday Park Sewerage Plant due diligent site checks	Quarterly sewerage plant inspections were completed across all six (6) Bundaberg Holiday Parks	Community and Development
Youth Development, Social Media & Communication Initiatives	Multiple Youth Initiatives were delivered including: YNET, Facebook, webpage updates (13), Youth Forum (1), Homelessness Forum (1), Bundaberg Region Youth Hub meetings (4),SDAP launch (1),BRMWA (2), Career Expo (1), Primary Care Partnerships (1), Child Protection Week (2), Social Inclusion Week (2), Child Safety Workshop (1), Mental Health Week (1), Childers Interagency (1), Arts QLD (1), Colourvibe (1), Vibe 3on3 (3), Links (1), Phoenix House launch (1)	

Our work	Our achievement	Our department/s
Community Health Programs through District Neighbourhood Centres	Projects and events have occurred across Gin Gin and Childers including Family Expo, DV Campaign, Biggest Morning Tea, and the AEDI Project	Community Care
Drinking Water Microbiological Compliance	No micro-exceedances occurred during the year	Water and Wastewater
Reportable incidents- Wastewater	There was one (1) environmental incident and one (1) recycled water incidents during the year. This low number of incidences is below target tolerance	
Reportable incidents -Water	There were five (5) reportable incidents during the year. This figure is within target tolerance	

OUTCOME

Equitable access to adequate services and well maintained facilities

Our work	Our achievement	Our department/s
Child and Family Support and Outside School Hours Care	Evaluations of OSHC programs have occurred as well as ongoing evaluations of workshops and support programs.	Community Care
Emergency Relief Program	ER funding continues to be in high demand due to families experiencing crisis as a result of increases in utility charges and drought affected properties	
Hinterland Neighbourhood Centre Community Support	Community Newsletters and information continue to be disseminated - Gin Gin is about to establish its own Community Newsletter	
Support Seniors, Carers and Access Forums and Networks	Council has contributed to and supported Seniors Networks, Forums, Expos and the Dementia Cafe	
Home and Community Care Service – Client ongoing needs identification (ONI)	All clients have completed an ONI	
Maintain Community Care Facilities	All buildings have been maintained to a high standard	
Long range asset improvement and maintenance strategy developed and monitored for all Community Care facilities	Reviews of seniors units and Kolan Garden facility has been completed	Community Care and Asset Maintenance

Work undertaken during 2013/14 towards achieving a vibrant, inclusive and caring community

OUTCOME

Equitable access to adequate services and well maintained facilities

Our work	Our achievement	Our department/s
Bundaberg Region Social Plan Action Plan	The Social Development Action Plan was adopted by Council on the 20 May 2014 and officially launched 11 June 2014.	Community and Development
Maintain Bundaberg Region Community Directory & keep community group information up to date	The directory has been undergoing a full review to ensure all information is consistently up-to-date	
Support and/or facilitate Community Service Provider networks	Sector support has been provided through the delivery of network meetings and participation in working groups	
Community Development - Implementation of Access Audit Recommendations	Disability Access Facilitation Plan has been developed for the Bundaberg Airport	
Attend to community needs as identified by the Regional Access Advisory Committee	Community needs have been addressed	Parks, Sport and Natural Areas
Maintain venues & facilities	Minor repairs and maintenance items were attended to as soon as practical and larger jobs were scheduled based on need, severity and safety. The assistance of Asset Maintenance has reduced the time to respond to larger repairs	Community and Development

OUTCOME

A culture of learning

Our work	Our achievement	Our department/s
Facilitate youth participation and learning activities	The following programs were undertaken-The Stress Connection Program -Yandaran (1), REACT Youth Month Kids Fit (7), Amazing Race (1), Childers Youth Music Expo (1), UCC Young Women's Program (1), More than a selfie (1), Gin Gin Child and Family Expo (1), Career Expo (1), North High mural (1)	Community and Development
Children & youth programs to encourage the younger members of the community to utilise the Library for life, by providing interesting and relevant activities	Weekly programs, outreach activities, visits by childcare groups and holiday activities have been well attended and supported	Libraries, Arts and Theatre

OUTCOME

An affordable, quality lifestyle

Our work	Our achievement	Our department/s
Home and Community Care Service – Client Independence	All clients are dealt with dignity and respect ensuring their independence is maintained	Community Care

OUTCOME

A community that values the arts and culture

Our work	Our achievement	Our department/s
"CRUSH" Community Arts Festival	The festival was very well attended and highly-positive patron feedback was received	Libraries, Arts and Theatre
Exhibition Programs - Childers Art Space	Six (6) exhibitions were held at Childers Arts Space as scheduled	
Exhibition Programs - Bundaberg Regional Art Gallery	Twenty (20) exhibitions were held at Bundaberg Regional gallery- which exceeded target	
Community Arts	BRAG and ChARTS have actively supported the following Community Art groups and associated projects: the Regional Arts Development Fund meetings; the Yarn Bombing Gallery community project; the Festival of Small Halls; Social Inclusion Week; the Childers Festival; the Sculpture Festival; Arts and Alzheimer's Workshop; Childers Arts Council; the Wide Bay High Desert II Exchange; Phoenix House Reclaim the Night Event; the Recycled Sculpture Project; the CRUSH Festival; schools in the region and individual artists	
Public Programs	Twenty-nine (29) Public Programs were delivered at BRAG and CHARTS Galleries	
Visitation to the Region's Art Galleries	Total visitation to BRAG and CHARTS during the year was twenty-eight thousand, two hundred and forty-seven (28,247).	

OUTCOME

Our culture, identity and heritage being valued, documented and preserved

Our work	Our achievement	Our department/s
Hinterland Neighbourhood Centre Multicultural Activities	There has been demonstrated community support for multicultural events and activities. Assisting the Culturally and Linguistically Diverse (CALD) continues to be part of Community Care's core business	Community Care
The Region's permanent art collection displayed and rotated	Additional work and display spaces have been created which has allowed a higher percentage of the Bundaberg Regional Art Collection to be on show and rotated	Libraries, Arts and Theatre
Strategic marketing	Four (4) strategic marketing campaigns were undertaken to promote Bundaberg Regional Art Gallery programs and services	
Picture Bundaberg	876 new images, donated by the general public were scanned and entered into Picture Bundaberg.	
Anzac Day Commemoration	Two (2) Anzac Day Commemoration Services were held in Bundaberg and Gin Gin	Community and Development

3.5

Our performance

Work undertaken during 2013/14 towards achieving a **sustainable, managed and healthy environment**

OUTCOME

A natural environment that is valued and sustained

Our work	Our achievement	Our department/s
Support community environmental programs	Council supported thirty-seven (37) non-council community environmental programs including Wallum Field planning and development, Carbon Farming Initiative, Foreshore Project-Moore Park Kolan Landcare, Helms Scrub rehabilitation project and IMPACT Green Army Project	Parks, Sport and Natural Areas
Attend to complaints and enquiries regarding Natural Resource Management	Five-hundred and eight-three (583) requests through our Customer Request Management (CRM) system	
Conduct land protection inspections programs on properties	One thousand, three hundred and ninety-five (1,395) properties were inspected in locations throughout the Bundaberg region	
Review of Mangrove Management Strategy	An annual review of Mangrove Management Strategy was undertaken	
Conduct vegetation rehabilitation projects	3.45 ha of active planting projects were delivered. This figure exceeded this year's target	
Develop management plans for natural areas	A Natural Area Operational Plan was developed for Vera Scarth-Johnson Wildflower Reserve and is now being executed	
Rehabilitate waterways (riparian revegetation or erosion control)	650m of Bundaberg Creek were rehabilitated through an environmental weed control program at Baldwin Swamp Environmental Park, 250m of Riparian Vegetation was rehabilitated at Smith's Crossing, and a further 0.4km of Waterways and Wetlands were rehabilitated during the year	Parks, Sport and Natural Areas
Coordinate programmed and routine maintenance of parks, gardens, beaches and foreshore	Council's maintenance program for parks, gardens, beaches and foreshore is on target	
Develop waste strategy	The Draft Waste Strategy was presented to Council on the 30th May 2014. It was agreed to hold off any further progress until the State Waste Strategy was finalised	Waste and Regulatory Services
Identify closed landfills - compile detailed information on each closed landfill	This project is continuing	

Our work	Our achievement	Our department/s
Implement new resource recovery options as they become available	The E Waste Facility is now operational. Additionally, Leachate from Cedars Road will now be recycled on site, and a Concrete Crushing Trial has been booked for Qunaba Landfill for December 2015, that will recycle concrete into two different grades of aggregates. These initiatives will bring about a significant reduction in waste generation	Waste and Regulatory Services
Manage a well maintained wheellie bin asset and provide a quick and efficient bin repair	Two-thousand, four hundred and seventy-four (2,479) requests were attended to (97%)	
Provide an efficient, thorough and well regarded waste and recycling collection service	Five-hundred and one (501) requests were received - 98% were able to be attended to	

OUTCOME

A quality, aesthetically pleasing built environment that meets basic community needs

Our work	Our achievement	Our department/s
Implement the street tree program	The planning process is almost complete. A new tree planting crew has been created from within existing work groups	Parks, Sport and Natural Areas
Aerodrome Inspection	Regular and mandatory inspections of the Aerodrome were undertaken	Airport Operations
Depot Operations Projects	Eleven (11) projects out of fourteen (14) have been completed. Jobs not completed have commenced	Asset Maintenance
Trade Services Projects	The Works Program comprises of 6 categories: AMS Electrical, Instrumentation, Metal Trades, Painters, Building Trades, and Radio Networks, and consists of forty (40) associated projects / tasks with thirty-eight (38) projects/ tasks completed (95%). Also in progress is the job scheduling field hardware (trials are currently underway). The Money Creek Project has been deferred pending result of monitoring program, and the Roller Project is being reviewed against the alternate use of an external supplier	

Work undertaken during 2013/14 towards achieving
a **sustainable, managed and healthy environment**

 **OUTCOME**

The provision of quality infrastructure that meets the region's current and future needs

Our work	Our achievement	Our department/s
Draft Planning Scheme - Public Notification	Public notification of the draft planning scheme has been delayed due to the need for Council to respond to State interest review comments. Council formally responded to the State interest review comments in May 2014. Council is still awaiting approval from the Minister for State Development, Infrastructure and Planning to commence public notification on the draft planning scheme.	Development – Strategic Planning
Wastewater Services Projects	Thabeban Waste Water Treatment Plant is in the final stages of being completed. The Queensland Construction Authority (QRA) approval for Flood Restoration and Betterment Works at Millbank Wastewater Treatment Plant has only recently been received and works are yet to start. Forecasted expenditure for planning and delivery of Rubyanna Wastewater Treatment Plant is currently running under forecasted budget	Water and Wastewater
Implementation of Road Service Levels	A system to monitor Roads Service Levels was set up in September and is being now being implemented	Roads and Drainage Services
Document and review asset condition assessment processes	An asset condition assessment process was undertaken. Documentation is yet to be completed	Asset Management Strategy and Support
Asset Data Correction Exercises	Data validation of kerbs, footpaths, unnamed roads and road chainage direction has been completed	
Asset Renewal Program Generation	Renewal profiles for buildings, other structures, road surfaces, road pavement and footpaths have been completed	
Corporate Asset Management Strategy	An internal engagement strategy has been defined and implementation and is proceeding	Asset Management Strategy and Support
Development of Asset Management Plans	Ten year and twenty year renewal profiles have been completed and used to complete the review of two asset management plans	
Implement Annual Revaluation	Comprehensive revaluation of buildings and other structures for 2013- 14 and the Annual Indexation Review of all other asset classes has been completed	
Water Services- Parks and open spaces	A number of key main renewals and services projects originally forecasted have been deferred pending further evaluation	Parks and Open Space

Our work	Our achievement	Our department/s
Footpaths and Network Pathways	Capital expenditure for footpaths and network pathways was slightly underspent due to savings made in bulk contracting of works	Roads and Drainage
Footpaths and Network Pathway Projects	All projects (that were designed in time) were delivered including Rifle Range Creek and Pedestrian Bridge, Barolin/Walker Street South, Scotland Street East Bundaberg and King Street and Aplin Terrace Gin Gin	Roads and Drainage
Stormwater Drainage Projects	Stormwater projects for this year were well under-spent due to some major drainage projects being deferred to 2014/15 as a result of design and service location issues	

 **OUTCOME**

An environmentally educated and empowered community

Our work	Our achievement	Our department/s
Promote community awareness and education programs	Council was involved in forty-two (42) community awareness programs including a Feral Animal Program, Predator Control Workshops, Flying Fox Awareness, Stormwater Awareness and Ocean Watch projects, 4WD and lighting signs for turtle awareness, Bio-Control of Weeds Open Day, Pest Field Day, public guided walks, media releases, website design (Friends of Barolin Nature Reserve), information tents at Agro Trend and Childers Show, wetland and biodiversity talks at several local schools, Reef Guardian schools, and audio and interpretive signage for natural areas and the Botanical Gardens	Parks, Sport and Natural Areas
Waste/resource awareness education programs	Tours of the Materials Recovery Centre at University Drive have continued. These tours are run by Impact. There were twenty-seven (27) groups and 160 visitors who toured the facilities. Additionally, eight (8) Educational tours were undertaken. Two (2) Media releases on recycling were also issued and work in partnership with Impact on the E Waste hub has also continued	Waste and Regulatory Services

3.5 Our performance

Work undertaken during 2013/14 towards achieving a **A strong and sustainable economy**

OUTCOME

Diversified, prosperous and innovative industry sectors

Our work	Our achievement	Our department/s
Bundaberg Airport - Air Services	One thousand eight hundred and thirty-five (1,835) Regular Public Transport (RPT) services were delivered. This figure is well above target	Commercial Business and Economic Development
Revision of Economic Development Strategy	The new BRC Economic Development Strategy 2014-2024 was launched in May and is now being implemented	
Bundaberg and North Burnett Tourism	A review of Bundaberg and North Burnett Tourism deliverables is currently taking place	
Support to Existing Businesses	The Economic Development Unit provided direct assistance to seventy-six (76) businesses. The EDU was also involved in numerous programs including Economic Recovery meetings, Bundy 4 Breakfast, Digital Enterprise Program, Digital Boardroom, Telework Week, TAFE Board Meetings and the Wide Bay Business Technology Expo	

Our work	Our achievement	Our department/s
Recruitment of apprentices and trainees	Council recruited ten (10) trainees, including one (1) mature-aged trainee. Council also recruited three (3) school-leavers on scholarships and one (1) apprentice	

OUTCOME

Support and facilitate employment opportunities for the community

Our work	Our achievement	Our department/s
Community Training Calendar	Bundy Region Connect online learning calendar allows for online submissions for listings by community groups and services	Community and Development
Investment & Business Attraction -	There were thirteen (13) meetings held in partnership with the Department of Employment, Economic Development and Innovation and the Bundaberg Regional Futures Program to assist businesses considering relocating to the Bundaberg Region. Regular liaison with key stakeholders such as DSDIP have also been maintained	Commercial Business and Economic Development
Work experience for individuals and students	Council provided work experience for thirteen (13) university and TAFE students and also undertook simulated interviews at North Bundaberg State High School	People and performance

3.5 Our performance

Work undertaken during 2013/14 towards achieving **responsive, cohesive, ethical and accountable governance**

OUTCOME

Listening and Communicating

Our work	Our achievement	Our department/s
Corporate Marketing and Communication Plan	Council has continued to implement the Corporate Marketing and Communications Plan	Stakeholder Engagement
Community Engagement Plan	The Community Engagement Plan has continued to inform Council operations	
Media and event based promotion	Media and event-based promotions included regular press conferences and media interactions, Centenary Celebrations, Council's NYE Fireworks displays and Newsfeed publications. Several surveys were also managed including the Airline Destination Survey which was conducted via the website in June and publicised in the NewsFeed, through social media channels and via TV, print and radio coverage. The results were compiled with the assistance of Corporate Apps and were publicised via all communications channels	
Access to Council Meetings	Three (3) Regional Council Meetings were held in venues outside of Bundaberg	Executive Office

Publishing of Agendas and Minutes	All agendas and minutes were published on the internet within five (5) working days	
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OUTCOME

Open and transparent leadership

Our work	Our achievement	Our department/s
Advice of Resolutions to staff	Staff were advised of Council Resolutions via Action Sheets within five (5) working days after Council Meetings	
Right to Information (RTI)	100% of RTI applications were received and processed within statutory timeframe	Internal Ombudsman
Complaints Management Process	A major review of Council's administrative actions policies and processes was undertaken and a more fluid policy and comprehensive support processes were introduced	

OUTCOME

Strong regional advocacy

Our work	Our achievement	Our department/s
Community participation	Council regularly engages with the community via surveys and written submissions	Stakeholder Engagement
Maintain membership of region/state organisations	Council membership in Local Government Authority (LGAO) and Widebay Burnett Regional Organisation of Councils (WBBROC) have been maintained	Executive Office

OUTCOME

A committed and responsive customer service focus

Our work	Our achievement	Our department/s
Customer Request Management (CRM)	Council manages requests through a dedicated CRM program. Council responded to customer requests within acceptable tolerances- 86% of requests were resolved within assigned timeframes	Customer Service Team
Development Approvals	Ten day approvals were above target. Forty day approvals were below target during the last quarter – an issue with tracking updates for applications in the Authority Program is suspected and will be investigated	Development Assessment
Internal customer satisfaction	Internal customer satisfaction surveys for Trade Services, Design and Fleet have been undertaken. Surveys for Assets and Depot are in the process of being developed. Results are available on demand and are informing future revision of some practices.	Trade Services/ Design/Fleet
Community Request Response - Roads & Drainage Services and Operations	90% of community request responses were delivered within our target timeframe	Roads and Drainage
Call Centre calls	Response to Call Centre enquiries were within acceptable tolerances - 93% of calls were responded to within acceptable timeframes	Customer Service

Work undertaken during 2013/14 towards achieving
responsive, cohesive, ethical and accountable
governance

 **OUTCOME**

Responsible financial management and efficient operations

Our work	Our achievement	Our department/s
Audited Annual Financial Statements	External Audits were completed within the legislative timeframe	Sustainable Finance
Investment Register Audit	Council investments are in accordance with Council Investment Policy- this audit is undertaken on a monthly basis	Sustainable Finance
10 Year Forecast	The 10 Year Plan was finalised and adopted by Council at the Budget Meeting in June 2014	
Budget reviews - Sustainable Finance	Budget reviews for each quarter were prepared and adopted by Council	
Capital Project Reports	Managers have reviewed their capital projects and provided projections for end of financial year anticipated carryovers	
Plant, Vehicle and Equipment Availability	97% overall plant, vehicle and equipment has been available Monday - Friday 7am - 4 pm (i.e. during the standard working week)	Fleet Services
Audit and Risk Committee meetings	Four (4) Audit Committee Meetings were held during year	Organisational Services
Information Management System up to date	Councils' Information Management Systems were updated as required including Authority and Performance Manager	Information Systems
Projects Completed on Time and Budget	IT projects were completed on time and on or under budget by review dates	

 **OUTCOME**

A common-sense approach to planning, coordination and consultation

Our work	Our achievement	Our department/s
Establish an Audit and Risk Annual Plan	A three year Audit and Risk audit plan has been established detailing audits to be conducted each year	IMS- Integrated Management
Monthly Audit Reports	Internal audits and module reconciliations were performed on a monthly basis and reports were issued	
Quality Assurance	Quality Assurance Audits were performed during the year	

 **OUTCOME**

A valued work force committed to the region delivering quality services

Our work	Our achievement	Our department/s
Internal customer satisfaction	Internal customer satisfaction surveys for Trade Services, Design and Fleet have been undertaken. Surveys for Assets and Depot are in the process of being developed. Results are available on demand and are informing future revision of some practices.	Asset Maintenance – support Services
Ensure that all consenting Council staff are fully vaccinated	Ninety-five per cent (95%) of staff are fully vaccinated	Environmental Health Services
Internal support call closures	Responsiveness in relation to helpdesk incidents were finalised within timeframe- the number of helpdesk calls reduced during the year	Information Systems
Phone & network system availability	Availability of core data, voice network and corporate applications was consistent – there were no major outages	
Staff Training	Two hundred and sixty –six (266) staff attended mandatory training including safety training and leadership training- an average satisfaction rating of 85.5% was recorded	People and Performance
Hazard Inspections	Regular hazard inspections were undertaken on relevant sites	



chapter

4

Our legislative requirements

4.1

The Local Government Regulation 2012(s 186) requires Council to disclose the particulars of the total remuneration, including superannuation contributions, paid to each one of their councillors during the financial year. Pursuant to Regulation 2012 (s186) (b) the expense incurred by councillors, under our Expenses Reimbursement Policy is stated in the adjacent table.

Remuneration of the Mayor and Councillors holding office during 2013-14 & expenses incurred by and the facilities provided to Councillors

Councillor	Gross salary	Superannuation contributions	Training, conferences & travel	Home internet mobile phone	Mileage	Total
Cr M Forman	\$133,549.00	\$16,025.88	\$13,703.57	\$1,742.20	\$10,985.16	\$176,005.81
Cr AG Bush	\$77,318.02	\$9,278.10	\$2,637.34	\$2,216.66	\$10,985.16	\$102,435.28
Cr AL Ricciardi	\$77,318.02	\$9,278.10	\$1,604.43	\$3,036.76	\$10,313.62	\$101,550.93
Cr WA Honor	\$77,318.02	\$9,278.10	\$2,793.31	\$2,441.70	\$10,313.56	\$102,144.69
Cr VJ Habermann	\$77,318.02	\$9,278.10	\$4,000.19	\$1,786.82	\$10,313.56	\$102,696.69
Cr GR Barnes	\$77,318.02	\$9,278.10	\$3,227.43	\$2,640.56	\$8,821.88	\$101,285.99
Cr DE Rowleson	\$77,318.02	\$9,278.10	\$333.14	\$1,136.76	\$11,913.60	\$99,979.62
Cr CR Sommerfeld	\$77,318.02	\$9,278.10	\$1,009.37	\$2,029.40	\$10,313.56	\$99,948.45
Cr DJ Batt	\$87,861.02	\$10,543.26	\$7,041.02	\$2,941.55	\$10,313.56	\$118,700.41
Cr JA Peters	\$77,318.02	\$9,278.10	\$2,379.13	\$1,915.57	\$10,313.56	\$101,204.38
Cr LG Forgan	\$77,318.02	\$9,278.10	\$86.36	\$2,841.58	\$10,313.56	\$99,837.62
Total	\$917,272.20	\$110,072.04	\$38,815.29	\$24,729.56	\$114,900.78	\$1,205,789.87

4.2

Expenses Reimbursement Policy

Our Reimbursement of expenses and provision of facilities for councillors - Governance policy ensures that the Mayor, Deputy Mayor and Councillors receive reimbursement of reasonable expenses and are provided with necessary facilities in performance of their role. Our policy states that payment and/or reimbursement of expenses and provision of facilities for Councillors:

- is to be open and transparent, prudent, responsible, acceptable to the community and in accordance with statutory requirements;
- based on ensuring economy and efficiency; and
- subject to budget provisions.

A full copy of our *Reimbursement of Expenses and Provision of Facilities for Councillors Governance Policy* (GP-3-047) is available on our website <http://bundaberg.qld.gov.au/council/councildocuments/policies>

4.3

Assets Recognition Policy

Our Non-current Asset Recognition Policy was reviewed 22 June 2014. No resolutions were made during the financial year under Regulation 2012, Section 206(2).

4.4

Attendance at Council Meetings

Meeting Type	Cr M Forman	Cr AG Bush	Cr AL Ricciardi	Cr WA Honor	Cr VJ Habermann	Cr GR Barnes	Cr DE Rowleson	Cr CR Sommerfeld	Cr DJ Batt	Cr JA Peters	Cr LG Forgan
Ordinary Meetings	15	17	17	16	17	17	14	15	16	16	17
Planning Committee Meetings	16	17	16	17	18	17	12	18	17	16	18
Special & Budgetary Meetings	4	4	4	4	4	4	3	4	4	4	4
Total	35	38	37	37	39	38	29	37	37	36	39

The attendance of Councillors to Ordinary, Planning Committee and Special and Budgetary Meetings is detailed in the adjacent table.

4.5

Section 188 of the *Local Government Regulation 2012* requires disclosure of information about any overseas travel made by a Councillor or local government employee in an official capacity during the financial year. Councillors and staff visited our sister city Nanning, China on two separate occasions during 2013/14. Costs incurred to Council are provided in the adjacent table.

Overseas travel

Councillor/staff name	Destination	Purpose	Cost
Cr M Forman	Nanning, China	Sister City Conference 31 August - 8 September 2013	Council incurred no cost for overseas travel
		Trade and investment delegation 22 February - 28 February 2014	\$2930
Councillor R Sommerfeld	Nanning, China	Sister City Conference 31 August - 8 September 2013	Council incurred no cost for overseas travel
Mr C Bisley <i>Branch Manager, Commercial Business and Economic Development</i>	Nanning, China	Trade and investment delegation 22 February - 28 February 2014	\$2930
Mr H. Wu <i>Senior Development Officer: Sister Cities Program</i>	Nanning, China	Trade and investment delegation 22 February - 28 February 2014	\$2930

4.6

Councillors' conduct and performance - *Code of Conduct for Councillors*

While there is no requirement under the Local Government Act 2009, elected members have adopted a Code of Conduct for Councillors which can be found on Council's website: www.bundaberg.qld.gov.au/council/councildocuments/policies.

A register listing Councillors' material personal interests is also maintained. The Local Government Act 2009 requires elected members to declare any material personal interest in matters before Council and to remove themselves from any discussions or decision making on that matter. For a Councillor to have a material personal interest, there must be a personal benefit or gain received by the Councillor or a related person.

There have been no disciplinary actions undertaken pursuant to Section 180 and 181 of the Local Government Act. Accordingly, there are no particulars to record pursuant to Section 186 of the Local Government Regulation 2012.

4.7

Remuneration of senior management

A number of factors are taken into consideration in determining the level of remuneration for our senior executives, including the complexity of their positions, external market benchmarks and the skills needed to deliver value-for-money services to our community. The remuneration level shown adjacent includes superannuation, motor vehicle and communications equipment.

No. of executives	Salary range
4	230,000- 330,000

4.8

Administrative Action complaints

Council has established a comprehensive and flexible framework to ensure that complaints are addressed in a responsive and responsible manner. This framework includes the position of Internal Ombudsman. Our Internal Ombudsman oversees the process by which complaints are investigated and through proactive management also seeks to identify trends to minimise the likelihood of future complaints. A major review of Council's administrative actions policies and processes was undertaken during 2013/14 and a more fluid policy and comprehensive support processes were introduced. These have given additional support and direction to the way reviews are undertaken.

In the 2013/14 year Council received six (6) administrative action complaints, one (1) related to the activities of the Department of the Community and Environment, two (2) to the Department of Infrastructure and Planning and four (4) related to the actions of the Department of Organisational Services. Reviews tested processes and departmental systems and some recommendations were made to review certain practices or processes.

By way of comparison the preceding year 2012/13 saw ten (10) complaints reviewed under this process. In that year one (1) related to the activities of the Department of the Community and Environment, eight (8) to the Department of Infrastructure and Planning and one (1) to the Department of Organisational Services.

4.9

Council is committed to providing equal employment opportunity to its employees and prospective employees. Council recognises and encourages employees on the basis of their skills, experience, qualifications and performance at all stages of their career.

Equal opportunity in employment

Gender Status of Workforce

Gender	Full-time	Part-time	Casual	Total
Female	179	47	42	268
Male	588	10	35	633
Total	767	57	77	901

Age Group of Workforce

Gender	< 24 years	25 to 34	35 to 44	45 to 54	55 to 65	> 65
Female	27	61	61	73	42	4
Male	40	76	135	210	158	14
Total	67	137	196	283	200	18

As the major employer in the region, Council provides an opportunity to gain unpaid work experience. In an area of relatively high unemployment, work experience gives individuals a real understanding of what is involved in a particular job or profession and provides continued motivation to gain employment.

Council continued to support the Gidjaril Development Corporation Ltd. and provided work experience with our Roads & Drainage department for indigenous students studying Civil Construction and Construction.

Council also provides an important first step in careers through paid employment such as traineeships, apprenticeships and scholarships. Another type of community support, Council provided during the year was coaching and feedback to students from North Bundaberg High School to help them prepare and succeed in job interviews either whilst at school or upon graduation.

No. Work Experience Placements	No. Traineeships	No. Scholarships CQU (Bundaberg campus)	No. Apprenticeships
36	13	4	2

4.10

Summary of concessions for rates and charges

Pensioner rebates

Pensioners who are either registered owners or life tenants of their principal place of residence and who hold a Queensland Pensioner Concession Card or a Repatriation Health Card are eligible to claim a State Government Pensioner Rate Subsidy and a Council pensioner remission. The Council pensioner rate remission during 2013/14 was \$140.00 per annum for rates and charges.

Discount on general rates

A discount of 10% of the current year's Council general rates is conditional on the payment of current rates, service charges and all arrears by the due date stated on the rate notice, which is at least 30 clear days from the issue date of the rate notice. This discount is granted for prompt payment. Council's pension remission is not a payment and is therefore deducted from the general rate before discount is applied.

Community concessions

Council recognises the following not-for-profit organisations as providing a service to the community by encouraging community and cultural development. During 2013/14 Council contributed up to a maximum \$1,500.00 per annum for the financial year 2013/14, towards the payment of rates and charges (with the exception of water consumption) for the following facilities and organisations:

- Apple Tree Creek Memorial Hall
- Bucca Hall
- Bullyard Hall
- Drinan Hall
- Gin Gin & District Historical Society Hall
- Pine Creek Hall
- Sharon Hall
- Tegege Hall
- Avenell Heights Progress Association Hall
- Burnett Heads Progress Hall
- Kepnock Progress Association Hall
- North Bundaberg Progress Association Hall
- CWA Hall Bargara
- CWA Hall Bundaberg
- CWA Hall Yandaran
- CWA Hall Childers
- CWA Oakwood
- CWA Wallaville
- Bundaberg Kindergarten, Electra Street
- Burnett Heads Kindergarten
- Childers Kindergarten, Pizzey Street
- Forestview Community Kindergarten
- Gin Gin Kindergarten
- South Kolan Kindergarten
- Wallaville Kindergarten
- Trustees Booyal Memorial Hall
- Bundaberg & District Air Sea Rescue
- Sandy Hook Ski Club
- Avondale Football Club

4.11

Pursuant to Section 189(a) of the Local Government Regulation 2012, Council's expenditure on grants to community organisations for the 2013/014 financial year totalled \$270, 686.

Council paid all rates and charges with the exception of water consumption charges for the following sports clubs:

- Bundaberg Surf Life Saving Club
- Elliott Heads Surf Life Saving Club
- Moore Park Surf Life Saving Club

Natural Disaster Rates Relief

Ratepayers who suffered financial loss as a result of the 2013 natural disasters were considered to have a diminished capacity to pay their rates. Council provided relief to ratepayers affected by the natural disasters based on confirmation of individual circumstances.

Other concessions

Council has a Water Leak Relief Policy which provides relief for ratepayers who experience a large and undetectable water leak that results in a large unbudgeted water bill. If ratepayers have the water leak repaired within seven (7) days of its discovery and apply for relief within thirty (30) days after having the leak repaired, Council charges the water consumption at the first step in the water tariff, which in 2013/14 was \$1.05, instead of the second tier tariff, which was \$1.70. Ratepayers were assisted in 2013/14, to a value of \$44,824.39.

Concessions to ratepayers for 2013/2014

Type of Organisation	Assistance Provided
Rates Council Pensioner Rates Concessions	\$1,333,365.28
Rates Concessions to Community Organisations	\$475,864.62
Natural Disaster Rates Relief	\$248,927.79
Water Leak Relief	\$44,824.39
Total	\$2,102,982.08

Concessions to Community Organisations for 2013/2014

Type of Organisation	Assistance Provided
Reduced Rates and Charges to Community Organisations	\$42,034.82
Free Water Consumption Allocation to Unlicensed Sporting Bodies	\$163,683.00
Benefit from only charging water access charges to unlicensed sporting bodies for largest meter	\$6,910.00
60% reduction in Sewerage Charges to Community Organisations	\$263,236.80
Total	\$475,864.62

An analysis of Reduced Rates and Charges to Community Organisations is as follows:

Concessions to Community Organisations for 2013/14

Number	Type of Organisation	Annual Rates Levied	Assistance Provided	Average assist per organisation
19	Halls	\$32,401.54	\$20,613.00	\$1,084.89
7	Kindergartens	\$22,735.80	\$9,170.80	\$1,310.11
3	Surf Lifesaving Clubs	\$12,071.74	\$10,459.22	3,486.41
3	Community Organisations	\$1,996.00	\$1,791.80	\$597.27
32	Total	\$69,205.08	\$42,034.82	\$6,478.68

Expenditure on grants to community organisations

Expenditure on grants provided the following amounts to community groups and programs:

Community Group/Program	Amount
Bundaberg Toy Library	\$ 10,000
Bundaberg Fruit & Vegetable Growers (BFVG) Gala Dinner	\$ 1,500
Bundaberg Sugar Ind. Dinner	\$ 1,800
RACQ Helicopter Service	\$ 50,000
Mayors Christmas Appeal	\$ 2,500
Life Education	\$ 30,000
Financial Assistance Program	\$ 23,708
TOTAL	\$270,686

4.12

Changes to Council tenders

There was one (1) invitation to change tenders pursuant to section 228(7) of the Local Government Regulation 2012. In 2013 Council went to tender for the supply of Managed Print Services. Following the close of tenders, all tenderers were advised of a change in the tender specifications and invited to submit an amended tender. Council subsequently decided to not proceed with the tender and that it would be recalled at a later date.

4.13

Council registers

Bundaberg Regional Council maintains registers for:

- Annual Reports
- Land Record of Rateable Land
- Corporate and Operational Plans
- Council Minutes
- Councillors' Register of Interests
- Council Policies
- Delegations of Authority
- Procurement Delegations Register
- Fees and Charges (Regulatory and other charges)
- Local Law and Subordinate Local Laws
- National Competition Policy Business Activities
- Hazard / Risk Register
- Corporate Risk Register

4.14

Report on the Internal Audit

Council's Audit and Risk Committee is an advisory committee established in accordance with its Charter, under Council's Internal Audit Governance Policy and in accordance with the Local Government Act 2009. It complements the relationship between internal audit and the wider organisation, safeguarding internal audit's independence and further increasing the internal audit function's effectiveness and value to Council.

The Committee provides a review and monitoring function over Council's corporate assurance, audit, risk management and corporate governance activities and arrangements. The Committee reports to Council through the General Committee, on issues within its Charter.

The Audit and Risk Committee was comprised of Councillors and independent external representatives as follows:

- Chairman – Mayor Cr M Forman
- Cr D Batt, Governance Portfolio spokesperson
- Ms L Rudd, External Community Representative
- Ms S Barletta, External Community Representative

The Committee is also attended by the External Auditors, Chief Executive Officer, General Manager Organisational Services, Internal Auditors and other key staff.

Council contracted an Internal Audit firm, Ulton Group, who are responsible for carrying out the internal audit function of Council. The internal auditors have conducted two (2) audits during the financial year with the reports being presented to the Committee.

The Audit and Risk Committee has held four (4) meetings for the year in which it reviewed and assessed the Risk Management Framework; a Guide for Suppliers Booklet; Interest on Trust Fund Policy; Asset Revaluation 2013 Discussion Paper; Annual Asset Revaluation Plan for 2014; conducted a self-assessment survey on the operations of the Committee; Risk Management update reports (2); Internal Quality Audit Reports (4); and reviewed and made comment on the 2012/13 unaudited and audited Financial Statements.

The Committee has reviewed the external audit management letter from the 2012/13 completed audit of Council with the findings and recommendations listed on an issues register. All external audit issues for the 2012/13 year have either been addressed or are in the process of being finalised by Management. Council continues to refine the Corporate Risk Register and this will be progressed further in the 2014/15 year to ensure Council has appropriate Corporate Risk strategies in place. The risk management team have presented to various forums throughout the year and is seen as a leader in the development of corporate risk strategies within local government.



chapter

5

Our financial statements

5.1 Sustainability statement

BUNDABERG REGIONAL COUNCIL CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT For the year ended 30 June 2014

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 2014.

Measures of Financial Sustainability

Council's performance at 30 June 2014 against key financial ratios and targets:

	How the measure is calculated	2014	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	-4.54%	between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense	117.62%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	28.70%	not greater than 60%

Council borrows to fund capital projects that are considered by Council to be of the highest priority and which cannot be fully funded by revenue, grants and subsidies. A significant part of total liabilities included in the net financial liabilities ratio represents debt funding of the Bundaberg Regional Airport development and Sewerage Infrastructure.

In determining the Asset Sustainability Ratio:

1. Capital expenditure on the replacement of assets (renewals) refers to all assets renewals, which include non-infrastructure assets. Examples of renewals include:

- Water Main Replacement
- Road Reconstruction
- Sewer Relining
- Kerb and Channel Replacement
- Footpath Replacement

2. Depreciation expense relates to all assets, which include non-infrastructure assets.

BUNDABERG REGIONAL COUNCIL

CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT

For the year ended 30 June 2014

**Certificate of Accuracy
For the year ended 30 June 2014**

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

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



Mayor



Chief Executive Officer

Date: 11 / 09 / 2014

Date: 11 / 9 / 2014

INDEPENDENT AUDITOR'S REPORT

Report on the Current-Year Financial Sustainability Statement

To the Mayor of Bundaberg Regional Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of the Bundaberg Regional Council for the year ended 30 June 2014, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility 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 Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. 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.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Bundaberg Regional Council, for the year ended 30 June 2014, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn 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.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



DA STOLZ FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

REGIONAL COUNCIL BUNDABERG

5.2

Measures of Financial Sustainability

2013/14 - 2018/19

Future years ratios are from the Adopted Budget	Target	Audited Actuals 2013/14	Original Budget 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19
Asset Sustainability Ratio	> 90%	117.6%	286%	99.8%	103.7%	123.4%	108.8%
Capital expenditure on replacement assets divided by depreciation expense							
Net Financial Liabilities Ratio	< 60%	28.7%	14.7%	29.1%	39.5%	49.2%	43.3%
Total liabilities less current assets divided by operating revenue							
Operating Surplus Ratio	0% -15%	-4.5%	3.4%	2.4%	1.7%	1.0%	0.4%
Net operating surplus divided by total operating revenue							

2019/20 - 2023/24

Future years ratios are from the Adopted Budget	Target	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Asset Sustainability Ratio	> 90%	109.7%	117.3%	114.5%	123.3%	119.2%
Capital expenditure on replacement assets divided by depreciation expense						
Net Financial Liabilities Ratio	< 60%	43.9%	39.8%	39.0%	44.4%	46.6%
Total liabilities less current assets divided by operating revenue						
Operating Surplus Ratio	0% -15%	0.4%	0.7%	1.2%	0.7%	0.4%
Net operating surplus divided by total operating revenue						



5.3

Our financial statements

BUNDABERG REGIONAL COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2014

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BUNDABERG REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
Income			
Revenue			
Recurrent Revenue			
Rates, levies and charges	3(a)	115,405,354	106,529,178
Fees and charges	3(b)	16,377,338	14,981,045
Interest received	3(c)	3,770,067	4,814,283
Sales - Contract and recoverable works	3(d)	5,123,776	7,615,384
Grants, subsidies, contributions and donations	4(a)	6,713,369	28,815,809
Profit on sale of developed land held for resale	5	524,299	63,673
Total recurrent revenue		<u>147,914,203</u>	<u>162,819,372</u>
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	85,047,681	48,728,768
Total Revenue		<u>232,961,884</u>	<u>211,548,140</u>
Capital Income	6	11,667,056	5,096,608
TOTAL INCOME		<u>244,628,940</u>	<u>216,644,748</u>
Expenses			
Recurrent Expenses			
Employee benefits	7	(67,014,085)	(66,107,697)
Materials and services	8	(47,218,751)	(57,316,429)
Finance costs	9	(4,116,248)	(4,467,561)
Depreciation and amortisation	10	(36,282,218)	(34,265,513)
Total recurrent expenses		<u>(154,631,302)</u>	<u>(162,157,200)</u>
Capital Expenses			
Loss on sale of non-current assets held for sale	11	(37,314)	-
Increase in provision for land restoration	12	(36,453,480)	(3,664,785)
Loss on disposal of non-current assets	13	(15,441,778)	(9,753,779)
TOTAL EXPENSES		<u>(206,563,874)</u>	<u>(175,575,764)</u>
NET RESULT		<u>38,065,066</u>	<u>41,068,984</u>
Other Comprehensive Income			
Items That Will Not Be Classified To Net Result			
Increase/(decrease) in asset revaluation surplus	27	(34,555,721)	1,283,895
Total Other Comprehensive Income		<u>(34,555,721)</u>	<u>1,283,895</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,509,345</u>	<u>42,352,879</u>

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

BUNDABERG REGIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
Assets			
Current Assets			
Cash and cash equivalents	14	62,325,663	89,509,048
Trade and other receivables	15	27,206,126	23,893,511
Inventories	16	4,298,738	4,615,006
Non-current assets held for sale	18	739,819	398,223
Total Current Assets		94,570,346	118,415,788
Non-Current Assets			
Property, plant and equipment	19	1,723,542,396	1,658,063,862
Intangible assets	21	6,495,071	6,581,490
Total Non-Current Assets		1,730,037,467	1,664,645,352
TOTAL ASSETS		1,824,607,813	1,783,061,140
Liabilities			
Current Liabilities			
Trade and other payables	22	20,658,936	15,868,409
Borrowings	23	6,477,883	6,156,498
Provisions	25	1,310,000	1,657,000
Other liabilities	26	444,638	389,347
Total Current Liabilities		28,891,457	24,071,254
Non-Current Liabilities			
Trade and other payables	22	820,765	925,444
Borrowings	23	46,796,444	53,272,002
Provisions	25	60,520,000	20,722,638
Total Non-Current Liabilities		108,137,209	74,920,084
TOTAL LIABILITIES		137,028,666	98,991,338
NET COMMUNITY ASSETS		1,687,579,147	1,684,069,802
Community Equity			
Capital	29	1,279,242,070	1,218,417,497
Asset revaluation surplus	27	352,660,129	387,215,850
Retained surplus	28	55,676,948	78,436,455
Other reserves	30	-	-
TOTAL COMMUNITY EQUITY		1,687,579,147	1,684,069,802

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

BUNDABERG REGIONAL COUNCIL

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Total	Capital	Asset Revaluation Surplus	Retained Surplus	Other Reserves
		Note 29	Note 27	Note 28	Note 30
	\$	\$	\$	\$	\$
Balances as at 1 July 2013	1,684,069,802	1,218,417,497	387,215,850	78,436,455	-
Net result	38,065,066	-	-	38,065,066	-
Total other comprehensive income					
Increase/(decrease) in asset revaluation surplus	(34,555,721)	-	(34,555,721)	-	-
Total comprehensive income for the year	3,509,345	-	(34,555,721)	38,065,066	-
Transfers					
Transfer to retained surplus due to closure of the reserve	-	-	-	-	-
Transfers to/from capital	-	60,824,573	-	(60,824,573)	-
Total transfers	-	60,824,573	-	(60,824,573)	-
Balance at 30 June 2014	1,687,579,147	1,279,242,070	352,660,129	55,676,948	-
Balances as at 1 July 2012	1,641,716,923	1,191,064,573	385,931,955	1,691,130	63,029,265
Net result	41,068,984	-	-	41,068,984	-
Total other comprehensive income					
Increase/(decrease) in asset revaluation surplus	1,283,895	-	1,283,895	-	-
Total comprehensive income for the year	42,352,879	-	1,283,895	41,068,984	-
Transfers					
Transfer to retained surplus due to closure of the reserve	-	-	-	63,029,265	(63,029,265)
Transfers to/from capital	-	27,352,924	-	(27,352,924)	-
Total transfers	-	27,352,924	-	35,676,341	(63,029,265)
Balance at 30 June 2013	1,684,069,802	1,218,417,497	387,215,850	78,436,455	-

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

BUNDABERG REGIONAL COUNCIL

STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
Cash Flows from Operating Activities :			
Receipts from customers		140,867,398	122,882,949
Payments to suppliers and employees		(118,005,904)	(125,882,364)
		<u>22,861,494</u>	<u>(2,999,415)</u>
Interest received		3,846,181	5,140,179
Proceeds from sale of developed land held for resale	5	717,273	84,091
Non-capital grants, subsidies, contributions and donations		6,689,810	28,742,125
Finance costs		(3,284,285)	(3,644,534)
Costs incurred on developed land held for resale	17	(56,949)	(34,524)
Net Cash Inflow/(Outflow) from Operating Activities	36	<u>30,773,524</u>	<u>27,287,922</u>
Cash Flow from Investing Activities :			
Payments for property, plant and equipment		(132,432,504)	(73,189,358)
Payments for intangible assets		(143,506)	(170,886)
Proceeds from sale of non-current assets held for sale		-	-
Proceeds from sale of property, plant and equipment		1,997,177	4,040,224
Capital grants, subsidies, contributions and donations		78,776,097	44,860,299
Net Cash Inflow/(Outflow) from Investing Activities		<u>(51,802,736)</u>	<u>(24,459,721)</u>
Cash Flow from Financing Activities :			
Proceeds from borrowings	24	-	-
Repayment of borrowings	24	(6,154,173)	(5,862,620)
Net Cash Inflow/(Outflow) from Financing Activities		<u>(6,154,173)</u>	<u>(5,862,620)</u>
Net Increase/(Decrease) in Cash Held		<u>(27,183,385)</u>	<u>(3,034,419)</u>
Cash at beginning of reporting period		89,509,048	92,543,467
Cash at End of Reporting Period	14	<u>62,325,663</u>	<u>89,509,048</u>

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

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1 Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2013 to 30 June 2014 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1.02 Statement of Compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the AASB that are relevant to Bundaberg Regional Council's ('Council') operations and effective for the current reporting period. Because 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), to the extent these inconsistencies are applied this report does not comply with IFRS.

1.03 Constitution

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

1.04 Date of Authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

1.05 Currency

Council uses the Australian Dollar as its functional currency and its presentation currency.

1.06 Adoption of New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies and has had a minimal impact on Council's financial statements as outlined below.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9 Financial Instruments (effective 1 January 2018)

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

It is not anticipated that this change will have an impact on the financial statements of Council.

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to Council's activities or are not expected to have a material impact on Council. Council does not intend to adopt any of these pronouncements before their effective dates.

1 Summary of Significant Accounting Policies (Cont'd)

1.07 Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following accounting policies and subsequent notes relating to:

* Valuation of Property, Plant and Equipment (Note 1.16, 19 and 20) including:

- valuation of infrastructure assets using the depreciated replacement cost method which includes assessment of asset replacement cost and asset condition,

- useful lives; and

- residual values.

* Impairment of Property, Plant and Equipment (Note 1.16, 19 and 20)

* Impairment of Receivables (Note 1.11)

* Contingent Liabilities (Note 32)

* Employee Provisions (Note 1.22 and 25)

* Restoration Provisions (Note 1.24 and 25)

1.08 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlements to the funds.

(i) Rates, levies and charges

Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the date they are levied.

(ii) Grants, subsidies, contributions and donations

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them or has a right to receive it.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. Council does not currently have any reciprocal grants.

(iii) Non-Cash contributions

Non-cash contributions with a value in excess of the asset recognition thresholds are recognised as revenue and as non-current assets. Non-cash contributions below the asset thresholds are recorded as revenue and expenses. Non-cash contributions are disclosed under grants, subsidies, contributions and donations.

Physical assets contributed to Council by developers in the form of road works, stormwater, water, wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) 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 received on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1 Summary of Significant Accounting Policies (Cont'd)

1.08 Revenue (Cont'd)

(iv) Cash Contributions

Developers also pay infrastructure charges for trunk infrastructure, such as pumping stations, treatment works, mains, sewers and water pollution control works. These infrastructure charges are not within the scope of AASB Interpretation 18 because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received. Cash contributions are disclosed under grants, subsidies, contributions and donations.

(v) Interest

Interest received from term deposits is accrued over the term of the investment.

(vi) Sales - Contract and Recoverable Works

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

Council generates revenues from a number of services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

(vii) 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, issuing of the infringement notice or when the service is provided. Rental revenue is recognised as income on a periodic straight line basis over the lease term.

1.09 Financial Assets and Financial Liabilities

Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

Cash and cash equivalents (note 1.10)

Receivables - measured at amortised cost (note 1.11)

Financial liabilities

Payables - measured at amortised cost (note 1.21)

Borrowings - measured at amortised cost (note 1.23)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 38.

1.10 Cash and Cash Equivalents

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

1 Summary of Significant Accounting Policies (Cont'd)

1.11 Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. agreed purchase price or contract price. Settlement of these amounts is required within 30 days from the invoice date.

The collectability of receivables is assessed monthly and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

Because Council has the power under the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, Council generally does not impair any rate receivables. However, where a lessee of a property is responsible for the rates on a property in accordance with formal lease conditions, Council cannot recover any debt under the Local Government Act 2009 by way of sale as the debt is not recorded with the owner of the property. When the debt becomes unrecoverable, it is impaired.

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

1.12 Inventories

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

Inventories held for distribution are:

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

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

Land purchased for development and resale is detailed in note 1.13.

1.13 Land Purchased for Development and Resale

Land acquired with the intention of reselling it (with or without further development) and land transferred from Property, Plant and Equipment and Investment Property for development and sale is classified as inventory. As inventory, this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

Profit arising upon sale of land is recognised in the Statement of Comprehensive Income at the date a signed contract becomes unconditional.

1.14 Investments

Financial institution deposits at call and term deposits are treated as cash equivalents.

1.15 Non-Current Assets 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 held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. 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.

1 Summary of Significant Accounting Policies (Cont'd)

1.16 Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Buildings with a total value of less than \$10,000, plant and equipment with a total value of less than \$5,000 and land with a total value of less than \$1 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by Council are:

Land and Improvements

Buildings and Structures

Plant and Equipment

Cultural Assets

Infrastructure assets:

Road, Footpaths and Bridges

Stormwater Drainage

Wastewater Infrastructure

Water Infrastructure

(i) Capital and Operating Expenditure

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

(ii) Acquisition of Assets

Acquisition of assets are initially recorded at cost. 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, engineering design fees and all other establishment costs.

Property, plant and equipment, received in the form of contributions are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

(iii) Valuation

Land and improvements, buildings and structures, infrastructure and cultural assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. All other non-current assets, principally plant and equipment and intangibles 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 asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

Council continuously reviews asset conditions through the processing of capital expenditure via condition assessment data gathered during planned inspections and reactive maintenance work. Where unit rates are provided by independent valuers, the data is entered into the asset register and the condition score is a factor in calculating the fair value of the asset. The valuers physically inspect a sampling of assets to confirm Council's condition assessment.

1 Summary of Significant Accounting Policies (Cont'd)

1.16 Property, Plant and Equipment (Cont'd)

(iii) Valuation (Cont'd)

In the intervening years, Council will apply indexation if a revaluation is necessary. Council will consider the movement in internal unit rates, relevant indices and industry standard publications. Where the indices indicate a material movement in accordance with AASB1031 *Materiality* of 5% or greater in the fair value of a subclass of assets, all assets within that subclass, other than assets constructed or gifted during the year, will be revalued by the applicable indice.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, 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 relating to 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 the remaining useful life.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 20.

(iv) Major Plant

Council has determined that plant which has an individual cost in excess of \$1,000,000 is of high value to Council. Plant which meets this criteria is classified as major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete. Currently Council doesn't hold any plant of this nature.

(v) Capital Work in Progress

The cost of property, plant and equipment being constructed by Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

(vi) Depreciation

Cultural assets are not depreciated as they have unlimited useful lives. Depreciation on land improvements and other property, plant and equipment assets 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 Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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.

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 Council.

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

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.

1 Summary of Significant Accounting Policies (Cont'd)

1.16 Property, Plant and Equipment (Cont'd)

(vi) Depreciation (Cont'd)

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. The condition assessments performed as part of the annual valuation process for assets measured at depreciated 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 19.

(vii) Land Under Roads

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where Council holds title or a financial lease over the asset. Council does not have any such land holdings.

Land under the road network within Council's area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

1.17 Intangible Assets

Only intangible assets which have a cost exceeding \$10,000 are recognised as intangible assets in the financial statements, with items of a lesser value being expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 21.

1.18 Biological Assets

Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Council's general operations as they are incurred.

1.19 Impairment of Non-current Assets

Each non-current physical and intangible asset is assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1 Summary of Significant Accounting Policies (Cont'd)

1.20 Leases

Leases of plant and equipment under which Council as lessee assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

(i) Operating Leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.21 Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms from the end of the month.

1.22 Liabilities - Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(i) Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 22.

(ii) Annual Leave

A liability for annual leave is recognised. The portion expected to be wholly settled in the financial year period (short-term benefit) is calculated on projected wage and salary levels and includes related employee on-costs. The long-term benefit portion is based on projected future wage and salary levels and related employee on-costs discounted to present values. This liability is reported in Note 22.

(iii) Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in Note 34.

(iv) 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. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 25.

1 Summary of Significant Accounting Policies (Cont'd)

1.23 Borrowings and Borrowing Costs

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 ten 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.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.

1.24 Restoration Provisions

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable Council will be liable, or required, to incur such a cost on the cessation of use of the facility. This liability is provided in respect of operational landfills. Details can be found in Note 25.

The provision is measured at the expected cost of the work required and discounted to current day values using an appropriate rate. A weighted average of Queensland Treasury Corporation's lending rates is considered an appropriate rate.

The provision represents the present value of the anticipated future costs associated with the closure of the landfills, 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.

In 2013-14 Council engaged AECOM to undertake a cost analysis of all operational landfills based on site closure plans for each landfill and on discussions with Council staff. In prior years Council staff undertook an internal annual assessment of restoration costs. By engaging AECOM, Council has more comprehensive analysis of the restoration work required based on site development plans in which it can review annually based on the facts and circumstances available at the time.

Management estimates that the sites will close over a 20 year period ranging from 2018 to 2038. In addition to this, ongoing water monitoring after closure of the sites for a period of 30 years will be undertaken in accordance with reports provided by GHD. The provision includes those estimated costs.

(i) Restoration on land not controlled by Council

Where the restoration site is on State reserves which Council does not control, the cost of the provisions for restoration of these sites has to be treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the passing of time are treated as an expense or income.

(ii) Restoration on land controlled by Council

Where the restoration site is on Council controlled land, the cost of the restoration provision is added to the cost of the land as an improvement and depreciated over the expected useful life of the landfill. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus for land and improvements. If there is no available revaluation surplus increases in provision are treated as an expense and recovered out of future decreases (if any).

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

1.25 Capital

Capital is the carrying value of Council's capital assets less the amount of capital debt at the reporting date. It represents the net investment of Council funds in assets purchased to deliver future services to the community.

1 Summary of Significant Accounting Policies (Cont'd)

1.26 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 upon revaluation are offset within a class of assets.

Where a class of assets is decreased upon 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 surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

1.27 Retained Surplus

This represents restricted cash as outlined in Note 14 along with the remaining (unallocated) funds that are available to meet specific future funding needs. An unallocated surplus represents the accumulative amount available to Council that may be used to offset against expenditure in the following year. An unallocated deficit represents the accumulative amount Council is required to recover before undertaking expenditure in the following year.

1.28 Reserves

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary future use. In prior years Council accounted for these restrictions using a system of reserves.

A change in accounting policy has resulted in these reserves being separately identified within Council's cash and cash equivalents Note 14 as restricted cash. In the previous financial year the reserves were transferred to Capital. A further change in accounting policy has resulted in the reserves being reflected in Retained Surplus. The comparative figures have been updated to reflect this change.

1.29 Rounding and comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.30 Trust Funds Held for 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. The monies are disclosed in the notes to the financial statements for information purposes only in Note 35.

1.31 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.

Council pays Payroll Tax to the Queensland Government on certain activities.

1.32 National Competition Policy

Council has reviewed its activities to identify its business activities. Details of these activities are disclosed in Note 39.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2 Analysis of results by function

(a) Component functions of Council

The activities relating to Council's Functions reported on in Note 2(b) - Analysis of Results by Function are as follows:

Council departments

Comprised of the following departments incorporating the various service delivery programs within Council which are primarily funded from general rate operations:

Department	Service delivery programs
Organisational Services	Stakeholder Engagement; Internal Ombudsman; Financial Services; Sustainable Finance; People & Culture; Information Systems; and Administration
Executive support	Chief Executive Officer; Mayor; and Councillors
Community and environment	Libraries; Cinema & Theatre; Cultural Activities; Community Development; Disaster Management; Commercial Business & Economic Development; Parks, Sport & Natural Areas; Regulatory Services; and Community Care (Waste Management reported as a separate function)
Infrastructure and planning services	Roads & Drainage; Projects; Development; and Support Services (Water and Wastewater Services reported as separate functions)

Waste Management

Council's waste operations are primarily funded from waste collection charges. The focus of this function is to provide a high standard service for both waste and recycling collection and waste disposal through the use of the latest waste collection vehicles, the operation of the materials recycling facility, the implementation of environmental monitoring programs and the development of landfill facilities.

Wastewater services

Council's wastewater operations are primarily funded from wastewater utility charges. The focus of this function is to provide and maintain a reliable, efficient and cost effective wastewater system which recognises environmental values in the region.

Water services

Council's water operations are primarily funded from water utility charges under a user-pays system. The focus of this function is to provide a safe, reliable and adequately treated water supply to consumers based on high standards of treatment, efficient maintenance of infrastructure and sound planning techniques.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2 Analysis of results by function

(b Income and expenses are attributed to the following functions :

Functions	Grant Revenue \$	Other Revenue \$	Total Revenue \$	Total Expenses \$	Net Result \$	Assets \$
Council departments	79,034,749	95,546,355	174,581,104	105,446,228	69,134,876	1,279,257,761
Waste services	-	17,411,747	17,411,747	53,474,035	(36,062,288)	16,577,560
Wastewater services	1,653,630	24,175,648	25,829,278	22,467,058	3,362,220	287,970,958
Water services	11,931	26,794,880	26,806,811	25,176,553	1,630,258	240,801,534
Total	80,700,310	163,928,630	244,628,940	206,563,874	38,065,066	1,824,607,813

For the year ended 30 June 2013

Functions	Grant Revenue \$	Other Revenue \$	Total Revenue \$	Total Expenses \$	Net Result \$	Assets \$
Council departments	70,819,546	80,448,156	151,267,702	107,398,465	43,869,237	1,227,196,339
Waste services	26,500	16,585,844	16,612,344	20,121,424	(3,509,080)	14,754,535
Wastewater services	2,300,685	22,409,819	24,710,504	23,779,492	931,012	302,160,926
Water services	423,915	23,630,283	24,054,198	24,276,383	(222,185)	238,949,340
Total	73,570,646	143,074,102	216,644,748	175,575,764	41,068,984	1,783,061,140

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
3 Revenue analysis			
(a) Rates, levies and charges			
General rates		65,719,869	60,354,695
Waste collection		11,879,200	11,289,637
Water		23,239,459	21,210,063
Wastewater		21,039,770	19,790,635
Special rates and charges		371,139	370,094
Total rates and utility charge revenue		122,249,437	113,015,124
Less: Discounts		(5,510,718)	(5,155,898)
Less: Pensioner remissions		(1,333,365)	(1,330,048)
Net rates and utility charges		115,405,354	106,529,178
(b) Fees and charges			
Hire of facilities		358,193	295,876
Airport fees		3,092,258	2,814,458
Fines, penalties and infringements		324,646	290,253
Health licenses and registrations		491,138	524,954
Waste fees		3,244,800	2,854,498
Building and planning fees		2,438,320	1,907,975
Rental income		1,369,604	1,404,192
Holiday park income		2,021,438	2,066,283
Search fees		559,338	563,689
Other fees and charges		2,477,603	2,258,867
		16,377,338	14,981,045
(c) Interest received			
Interest received from investments		3,003,313	4,221,551
Interest from overdue rates and utility charges		762,062	577,205
Other sources		4,692	15,527
		3,770,067	4,814,283
(d) Sales - Contract and recoverable works			
Sales - Contract and recoverable works		5,123,776	7,615,384
		5,123,776	7,615,384

The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

4 Grants, subsidies, contributions and donations

(a) Recurrent

Recurrent grants, subsidies, contributions and donations are analysed as follows:

Grants and subsidies	6,428,823	28,488,663
Contributions	191,968	227,255
Donations	92,578	99,891
	6,713,369	28,815,809

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
4 Grants, subsidies, contributions and donations (Cont'd)			
(b) Capital			
Capital grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue received:			
Grants and subsidies*		74,271,487	45,081,983
Infrastructure charges		3,073,696	410,850
Other capital contributions		586,289	194,482
(ii) Non-Monetary revenue received:			
Non-Infrastructure assets donated		-	74,423
Donated assets contributed by developers at fair value		7,116,209	2,967,030
		<u>85,047,681</u>	<u>48,728,768</u>

* Includes \$69,833,222 (2013 - \$37,849,018) of NDRRA funding relating to restoration of flood affected assets.

(c) Conditions over contributions

Contributions and grants which were recognised as revenues during the reporting period and which were obtained on the condition that they be expended in a manner specified by the contributor but had not been expended at the reporting date:

Capital grants and subsidies ¹	9,320,263	13,925,758
Infrastructure charges ²	3,073,696	410,850
Other capital contributions	-	33,729
	<u>12,393,959</u>	<u>14,370,337</u>

Contributions and grants which were recognised as revenues in a previous reporting period and were expended during the current reporting period in accordance with Council's obligations:

Capital grants and subsidies ³	13,913,696	2,189,342
Infrastructure charges ⁴	3,835,586	165,000
Other capital contributions ⁵	33,729	-
	<u>17,783,011</u>	<u>2,354,342</u>

¹Capital grants and subsidies received in the current year but not yet expended are to be spent under the terms of the funding agreements entered into with the State or Federal Government.

²Infrastructure charges received in the current year but not yet expended are to be spent in accordance with the *Sustainable Planning Act 2009*.

³Capital grants and subsidies received in a prior year but expended in the current year were spent under the terms of the funding agreements entered into with the State or Federal Government.

⁴Infrastructure charges received in a prior year but expended in the current year were spent in accordance with the *Sustainable Planning Act 2009*.

⁵Other capital contributions received in a prior year but expended in the current year were spent in accordance with the individual agreements entered into with the parties.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	30-Jun-14	30-Jun-13
Note	\$	\$
5 Profit on sale of developed land held for resale		
Proceeds from sales of developed land held for resale	717,273	84,091
Current cost of developed land sold	(192,974)	(20,418)
	<u>524,299</u>	<u>63,673</u>
6 Capital income		
Decrease in provision for land restoration	253,237	567,845
	<u>253,237</u>	<u>567,845</u>
Gain arising from recognising assets that were not previously recognised	11,413,819	4,528,763
	<u>11,413,819</u>	<u>4,528,763</u>
Total capital income	<u>11,667,056</u>	<u>5,096,608</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
7 Employee benefits			
Staff wages and salaries		54,136,162	52,406,467
Councillors' remuneration		917,272	906,085
Annual, sick and long service leave entitlements		8,257,838	8,801,467
Superannuation	34	6,466,522	6,260,016
		<u>69,777,794</u>	<u>68,374,035</u>
Other employee related expenses		2,566,558	2,220,513
		<u>72,344,352</u>	<u>70,594,548</u>
Less: Capitalised employee expenses		<u>(5,330,267)</u>	<u>(4,486,851)</u>
		<u>67,014,085</u>	<u>66,107,697</u>

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

8 Materials and services

Audit services	(i)	207,722	226,815
Donations paid		788,903	585,536
Rentals - operating leases		172,168	255,398
Telecommunications		767,672	696,736
Postage, printing and stationery		275,807	336,452
Electricity expenses		5,739,976	4,804,608
Raw water		1,317,749	1,248,269
Insurance premiums		1,583,975	1,340,209
External plant hire		6,333,004	10,014,506
Consultants		1,068,377	1,695,427
External labour hire		777,208	1,011,001
Chemicals		1,030,676	695,424
Legal expenses		250,755	309,261
Plant consumables		6,125,411	5,918,941
Waste levy		-	295,555
Subscriptions		198,115	240,928
Repairs and maintenance		4,621,469	9,942,033
Other material and services		15,959,764	17,699,330
		<u>47,218,751</u>	<u>57,316,429</u>

- (i) The audit services amount recorded in this note includes audit costs associated with the audit of Bundaberg Regional Council. The Auditors remuneration for the audit of the financial statements for the year ended 30 June 2014 is \$186,000 (2013 \$187,176) and remuneration for other audit services for the year ended 30 June 2014 is \$2,000 (2013 \$3,000). Other audit services comprises the audit of certificates required under various Commonwealth Government programs. Comparative information has been updated for actual audit costs incurred.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
9 Finance costs			
Finance costs charged by the Queensland Treasury Corporation		3,282,287	3,643,600
Impairment of debts		324,691	307,276
Bank charges		261,793	253,493
Landfill restoration - change in provision over time	25	245,479	262,258
Interest payable on bond refunds		1,998	934
		<u>4,116,248</u>	<u>4,467,561</u>
10 Depreciation and amortisation			
(a) Depreciation of non-current assets			
Land and improvements		604,520	12,489
Buildings and structures		3,242,871	2,677,141
Plant and equipment		4,221,939	4,278,809
Roads, footpaths and bridges		18,440,260	17,689,907
Stormwater drainage		2,569,218	2,496,908
Water infrastructure		3,907,229	3,865,113
Wastewater infrastructure		3,037,878	3,009,134
Total depreciation of non-current assets	19	<u>36,023,915</u>	<u>34,029,501</u>
(b) Amortisation of non-current assets			
Intangible assets		<u>258,303</u>	<u>236,012</u>
Total amortisation of non-current assets	21	<u>258,303</u>	<u>236,012</u>
Total depreciation and amortisation		<u>36,282,218</u>	<u>34,265,513</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	30-Jun-14	30-Jun-13
Note	\$	\$
11 Loss on sale of non-current assets held for sale		
Proceeds from sales of non-current assets held for sale	360,909	-
Book value of non-current assets held for sale disposed	(398,223)	-
Gain/(Loss) on disposal of non-current assets held for sale	<u>(37,314)</u>	<u>-</u>
12 Increase in provision for land restoration		
Due to change in discount rate	713,699	-
Due to change in restoration date	91,335	-
Due to estimate of future cost	35,648,446	3,664,785
	<u>36,453,480</u>	<u>3,664,785</u>
13 Loss on disposal of non-current assets		
Proceeds from disposal of property, plant and equipment	2,270,560	4,040,224
Book value of property, plant and equipment disposed	(17,670,918)	(13,756,062)
Gain/(Loss) on disposal of property, plant and equipment	<u>(15,400,358)</u>	<u>(9,715,838)</u>
Proceeds from disposal of intangibles	-	-
Book value of intangibles disposed	(41,420)	(37,941)
Gain/(Loss) on disposal of intangibles	<u>(41,420)</u>	<u>(37,941)</u>
Gain/(Loss) on disposal of non-current assets	<u>(15,441,778)</u>	<u>(9,753,779)</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
14 Cash and cash equivalents			
Cash at bank and on hand		925,663	1,609,048
Deposits at call		14,300,000	20,100,000
Short term money market instruments		47,100,000	67,800,000
Balance per statement of cash flows		<u>62,325,663</u>	<u>89,509,048</u>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves, disclosed in note 30. A change in accounting policy has resulted in the internal and external restrictions being separately identified in Council's cash and cash equivalents. These restrictions are managed using internal management accounting functions.

Internally imposed expenditure restrictions at the reporting date		28,724,125	44,165,985
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent capital grants, subsidies and contributions		9,388,716	14,015,877
Unspent infrastructure charges		18,352,670	19,114,560
Unspent loan monies		-	5,937,970
		<u>27,741,385</u>	<u>39,068,407</u>
Total unspent restricted cash for capital projects		<u>56,465,510</u>	<u>83,234,392</u>

Cash and deposits at call are held at the Commonwealth Bank, Westpac Banking Corporation and in a QTC Capital Guaranteed Cash Fund account, with credit ratings of A1+ for all institutions.

15 Trade and other receivables

Current

Rateable revenue and utility charges		7,164,400	8,289,559
Less impairment		(34,073)	(40,869)
Accounts receivable		19,484,282	15,057,672
Less impairment		(8,852)	(14,861)
GST recoverable		-	60,839
Prepayments		600,369	541,171
		<u>27,206,126</u>	<u>23,893,511</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on accounts receivable. There is no concentration of credit risk for rates and utility charges, fees and accounts receivable.

Movement in accumulated impairment losses is as follows:

Opening balance		55,730	35,578
Impairment debts written off during the year		(32,276)	-
Additional impairments recognised		25,480	40,869
Impairments reversed		(6,009)	(20,717)
Closing balance at end of financial year		<u>42,925</u>	<u>55,730</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
16 Inventories			
Current			
Inventories held for distribution:			
Stores inventories		892,623	1,072,867
		<u>892,623</u>	<u>1,072,867</u>
Valued at cost, adjusted when applicable, for any loss of service potential.			
The value of inventory recognised as an expense during the period was \$3,691,256 (2013 \$3,843,528), which includes \$4,845 (2013 \$2,491) in stock write-offs.			
Land purchased for development and resale	17	3,406,115	3,542,139
		<u>3,406,115</u>	<u>3,542,139</u>
Total inventories		<u>4,298,738</u>	<u>4,615,006</u>

17 Land purchased for development and resale

Opening balance		3,542,139	3,528,033
Additions		56,949	34,524
Less: Cost of developed land sold		(192,974)	(20,418)
Closing balance at end of financial year		<u>3,406,115</u>	<u>3,542,139</u>

Land purchased for development and resale is valued at the lower of cost and net realisable value.

18 Non-current assets held for sale

Council has decided to sell land and buildings no longer required. This is a privately run Childcare & Kindergarten under a lease arrangement with Council.

At the 30 June 2014 sale negotiations were being undertaken after a successful tender process .

Internal transfer from buildings and structures	19	487,319	183,223
Internal transfer from land and improvements	19	252,500	215,000
		<u>739,819</u>	<u>398,223</u>

The assets are valued at the lower of carrying value and fair value less cost to sell.

BUNDABERG REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

19 Property, plant and equipment

30 June 2014	Basis of measurement		Land and improvements	Buildings and structures	Plant and equipment	Cultural assets	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
	Revaluation	Cost										
Asset values												
Opening gross value as at 1 July 2013	\$ 119,295,936	\$ 49,343,917	\$ 461,340	\$ 1,002,757,994	\$ 205,100,407	\$ 345,015,771	\$ 310,010,463	\$ 44,338,878	\$ 2,280,625,171			
Assets not previously recognised	(429,300)	(69,400)	-	14,214,531	1,843,556	7,854	-	-	-	-	-	15,567,241
Additions at cost	2,737,193	2,574,973	8,475	85,372,749	446,657	3,893,449	1,564,591	30,895,386	1,564,591	137,381,219		
Contributed assets	-	-	-	3,908,178	1,476,321	1,044,213	687,497	-	687,497	-	-	7,116,209
Internal transfers from work in progress	(73,930)	4,062,909	-	13,326,665	1,118,013	2,368,783	2,520,799	(23,833,219)	-	-	-	-
New land restoration provision	3,687,531	-	-	-	-	-	-	-	-	-	-	3,687,531
Disposals	(303,900)	(4,092,892)	-	(40,850,191)	(31,521)	(1,053,290)	(1,032,661)	-	(1,032,661)	-	-	(53,289,171)
Revaluation adjustment to the asset revaluation surplus	(745,093)	20,690,960	-	11,991,202	2,628,630	3,149,043	3,319,954	-	3,319,954	-	-	41,034,696
Assets transferred from/(to) intangible assets	(26,030)	-	-	(43,768)	-	-	-	-	-	-	-	(69,798)
Assets transferred from/(to) non-current assets held for sale	(252,500)	(500,000)	-	-	-	-	-	-	-	-	-	(752,500)
Prior year work in progress expensed	-	-	-	-	-	-	-	-	-	-	(5,060,073)	(5,060,073)
Other Internal transfers	200,978	142,691	-	(1,412,788)	1,122,886	(223,769)	(26,660)	-	(26,660)	-	-	-
Closing gross value as at 30 June 2014	124,090,885	227,109,706	469,815	1,089,264,572	213,704,949	354,202,054	317,043,983	46,340,972	2,426,240,525			
Accumulated depreciation												
Opening balance as at 1 July 2013	12,489	37,526,016	-	309,225,234	72,565,612	76,005,811	108,126,653	-	622,561,309			
Assets not previously recognised	-	(13,411)	-	3,962,718	204,115	-	-	-	4,153,422			
Depreciation provided in period	604,520	3,242,871	-	18,440,260	2,569,218	3,037,878	3,907,229	-	36,023,915			
Depreciation on disposals	-	(1,444,215)	-	(29,292,392)	89,163	(568,968)	(471,944)	-	(35,618,253)			
Revaluation adjustment to the asset revaluation surplus	1,102,723	44,797,372	-	3,888,145	951,520	21,605,820	3,244,837	-	75,590,417			
Assets transferred from/(to) non-current assets held for sale	-	(12,681)	-	-	-	-	-	-	(12,681)			
Closing accumulated depreciation as at 30 June 2014	1,719,732	84,095,952	19,391,536	306,223,965	76,379,628	100,080,541	114,806,775	46,340,972	702,698,129			
Total written down value at 30 June 2014	122,371,153	143,013,754	469,815	783,040,607	137,325,321	254,121,513	202,237,208	46,340,972	1,723,542,396			
Residual value	-	6,441,866	-	270,335,551	3,342,654	141,654,706	45,637,151	-	477,619,380			
Range of estimated useful life in years	Land not depreciated; Improvements 4-7 years	5-150	3-100	10-150	80	20-90	15-100	-	-			

Council has plant and equipment with an original cost of \$239,808 and a written down value of zero still being used in the provision of services. 6.73% of these assets are expected to be replaced in 2014-2015 year. Council has plant and equipment with an original cost of \$5,318,754 that has been written down to a residual value of \$903,495 still being used in the provision of services. 29.17% of these assets are expected to be replaced in the 2014-2015 year.

As at 30 June 2014, after stocktake of plant and equipment, Council had no plant and equipment which had not been used for over three years.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2014

19 Property, plant and equipment

30 June 2013

Basis of measurement	Land and improvements		Buildings and structures		Plant and equipment		Cultural assets		Roads, footpaths and bridges		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	
Opening gross value as at 1 July 2012	116,028,501	193,133,807	193,133,807	47,263,850	444,737	956,557,638	199,994,862	338,929,313	305,175,954	45,988,282	2,203,516,944								
Assets not previously recognised	-	19,080	-	-	18,100	3,518,121	896,704	229,249	141,273	-	4,822,527								
Additions at cost	42,625	9,825,279	6,658,558	6,658,558	3,300	3,324,983	213,661	265,884	619,962	53,767,375	74,721,627								
Contributed assets	-	69,723	-	-	4,700	1,462,408	657,418	514,439	332,766	-	3,041,454								
Internal transfers from work in progress	1,212,878	6,223,213	6,223,213	698,509	-	34,322,940	1,281,848	6,397,165	4,795,311	(55,416,779)	(484,915)								
New land restoration provision	1,035,012	-	-	-	-	-	-	-	-	-	1,035,012								
Disposals	-	(3,151,500)	-	(5,466,424)	(9,497)	(13,585,590)	(39,587)	(1,243,892)	(919,493)	-	(24,406,486)								
Revaluation adjustment to the asset revaluation surplus	1,155,448	-	-	189,424	-	17,658,260	2	-	-	-	18,804,213								
Assets transferred from/(to) intangible assets	-	-	-	-	-	-	-	(25,205)	-	-	(25,205)								
Assets transferred from/(to) non-current assets held for sale	(215,000)	(185,000)	(185,000)	-	-	-	-	-	-	-	(400,000)								
Other internal transfers	36,472	(1,634,137)	(1,634,137)	189,424	-	(500,766)	2,095,499	(51,182)	(135,310)	-	-								
Closing gross value as at 30 June 2013	119,295,936	204,300,465	204,300,465	49,343,917	461,340	1,002,757,994	205,100,407	345,015,771	310,010,463	44,338,878	2,280,625,171								

Accumulated depreciation	Land and improvements		Buildings and structures		Plant and equipment		Cultural assets		Roads, footpaths and bridges		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	
Opening balance as at 1 July 2012	-	35,244,168	35,244,168	18,205,482	-	279,335,309	70,063,411	73,471,698	104,711,263	-	581,031,331								
Assets not previously recognised	-	3,696	3,696	-	-	222,935	8,367	43,605	15,160	-	293,763								
Depreciation provided in period	12,489	2,677,141	2,677,141	4,278,809	-	17,689,907	2,496,908	3,009,134	3,865,113	-	34,029,501								
Depreciation on disposals	-	(397,212)	(397,212)	(3,384,797)	-	(5,881,827)	(3,074)	(518,626)	(464,883)	-	(10,650,419)								
Revaluation adjustment to the asset revaluation surplus	-	-	-	-	-	17,858,910	-	-	-	-	17,858,910								
Assets transferred from/(to) non-current assets held for sale	-	(1,777)	(1,777)	-	-	-	-	-	-	-	(1,777)								
Closing accumulated depreciation as at 30 June 2013	12,489	37,526,016	37,526,016	19,099,494	-	309,225,234	72,565,612	76,005,811	108,126,653	-	622,561,309								
Total written down value at 30 June 2013	119,283,447	166,774,449	166,774,449	30,244,423	461,340	693,532,760	132,534,795	269,009,960	201,883,810	44,338,878	1,658,063,862								
Residual value	-	89,878,965	89,878,965	10,005,213	-	262,600,326	3,245,507	153,422,075	45,285,446	-	564,437,532								
Range of estimated useful life in years						10-150	80	20-90	15-100										

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements

(i) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

Property, plant and equipment

- Land and improvements
- Cultural Assets
- Buildings and other structures
- Roads, footpaths and bridges
- Stormwater drainage
- Wastewater infrastructure
- Water infrastructure

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 38 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

The carrying amount of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (level 2).

Council also has assets measured at fair value on a non-recurring basis as a result of being classified as assets held for sale. These comprise land and buildings as disclosed in note 18. A description of the valuation techniques and the inputs used to determine the fair value of this land and buildings is included below under the heading "Land and Improvements (level 3)" and "Buildings and structures (level 2 and 3)".

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

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (level 2)
- Fair value based on unobservable inputs for the asset and liability (level 3)

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(i) Recognised fair value measurements (cont'd)

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 Fair Value Measurement:

At 30 June 2014	Note	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs	Total
<i>Recurring fair value measurements</i>				
		\$	\$	\$
Land and improvements	19		119,220,307	119,220,307
Cultural assets	19		469,815	469,815
Buildings and structures	19			
Market Value		2,139,899		2,139,899
Specialised			140,873,854	140,873,854
Roads, footpaths and bridges	19		783,040,607	783,040,607
Stormwater drainage	19		137,325,323	137,325,323
Wastewater infrastructure	19		254,121,512	254,121,512
Water infrastructure	19		202,237,208	202,237,208
		2,139,899	1,637,288,626	1,639,428,525
<i>Non-recurring fair value measurements</i>				
Land held for sale	18		252,500	252,500
Buildings held for sale	18	487,319		487,319
		487,319	252,500	739,819

There were no transfers between levels 1 and 2 during the year, nor between 2 and 3.

Council's policy is to recognise transfers in and out of the fair value hierarchy levels at the end of the reporting period.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Council adopted AASB 13 *Fair Value Measurement* for the first time this financial year and has reviewed each valuation to ensure compliance with the new standard. Some minor adjustments were made to methodologies to take into account the more exit-oriented approach to fair value under AASB 13, as well as the availability of more observable data for certain assets (e.g. land and buildings). Such adjustments – in themselves - did not result in a material impact on the values for the affected Property Plant and Equipment classes.

Specific valuation techniques used to value Council assets comprise:

Land and improvements - Current Replacement Cost (Level 3)

Land fair values were determined by independent and qualified Valuers, Australian Pacific Valuers (APV) effective 30 June 2014. During the 2012 comprehensive land valuation, level 2 valuation inputs were used to value land held in freehold title as well land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. Where there was no observable market evidence for a land asset due to its configuration, council zoning restrictions, contamination or similar factors that result in there being no directly comparable market evidence level 3 valuation inputs were used. For these assets significant assumptions needed to be made to determine the fair value. These were subsequently valued at the level 3 input hierarchy by using professional judgement. The 2014 desktop revaluation of Council's land assets required the valuer to rely on a number of assumptions. As each parcel is not individually valued and analysed by the valuer the subjectivity and reliance on assumptions is increased. Analysis of various land market sections within the region is based on the available sales evidence and evidence's usability to be graphed and analysed to determine market movement within each sector. Subsequently the desktop valuation has been determined to be at a level 3 valuation input hierarchy.

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the land was determined using the sales comparison approach described in the preceding paragraph.

Fair value sensitivity to unobservable inputs

The following table provides a summary of the unobservable inputs and assessment of the sensitivity of these to the fair value measurement.

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
Land and improvements					
Replacement cost	Price per Square Metre	-5.00%	5.00%	-\$ 5,961,015	\$ 5,961,015

Cultural Assets - Current Replacement Cost (CRC) (Level 3)

Cultural fair values were determined by independent valuer, Australian Pacific Valuers (APV) effective 30 June 2013.

Fair value sensitivity to unobservable inputs

The following table provides a summary of the unobservable inputs and assessment of the sensitivity of these to the fair value measurement.

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
Cultural Assets					
Replacement cost	Replacement Cost/Condition	-5.00%	5.00%	-\$ 23,491	\$ 23,491

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations (Cont'd)

Buildings and structures (Level 2 and 3)

Buildings fair values were determined by independent valuer, AssetVal effective 30 June 2014. Where there is an active and liquid market as evidenced by sales transactions of similar property types, a market approach by way of direct comparison, income capitalisation or summation methods can be utilised, and are accepted valuation methodologies under AASB 13. If a market approach is adopted, the building valuation is deemed to be a level 2 input. For those assets not assessed under a Market Approach due to their predominantly specialised nature, a cost approach to valuation has been adopted, being an accepted valuation methodology under AASB 13. The cost approach is deemed a level 3 input. Where there is no depth of market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

Further, the following process is adopted:

Published/available market data for recent projects, and/or published cost guides are utilised to determine the estimated replacement cost (gross value) of the asset, including allowance for preliminaries and professional fees. This is considered a level 2 input.

A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and /or functional obsolescence. The condition assessment directly translates to the level of depreciation applied. The conditions assessed are considered a level 3 input.

In determining the level of accumulated depreciation, in some instances residual values have been factored into the calculations, which is the value at the time the asset is considered to be no longer available. The residual values applied are considered a level 3 input.

While the replacement cost (gross value) of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as residual value, useful life and asset condition) were also required (level 3).

Buildings classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of the buildings was determined using the sales comparison approach described above.

The condition rating inputs can be defined in the following table, noting that the condition assessments have been applied in 0.5 intervals

Description	Percentage of life remaining
0 Brand new or rehabilitated to new	100%
1 Near new with no visible deterioration	90%
2 Excellent overall condition early stages of deterioration	80%
3 Very good overall condition with obvious deterioration evident	70%
4 Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5 Fair overall condition, obvious deterioration, some serviceability loss	50%
6 Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7 Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
8 Very poor overall condition, severe deterioration, very high maintenance costs, consider renewal	20%
9 Extremely poor condition, severe serviceability problems, renewal required immediately	10%
10 Failed asset, no longer serviceable. Should not remain in service.	0%

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations (Cont'd)

Buildings and Other Structures (Level 2 and 3) (Cont'd)

Fair value sensitivity to unobservable inputs

The following table provides a summary of the unobservable inputs and assessment of the sensitivity of these to the fair value measurement.

Level 3 Buildings & Market Value	Change Condition Rating by 1 point	Change Residuals by 10%	Change Replacement Cost by 10%
Maximum Dollar movement in Fair Value	17,372,196	7,153,688	10,747,248
Maximum Percentage movement in Fair Value	15.77%	6.49%	9.75%

Level 3 Other Structures & Ponds	Change Condition Rating by 1 point	Change Residuals by 10%	Change Replacement Cost by 10%
Maximum Dollar movement in Fair Value	3,704,639	1,341,358	3,001,042
Maximum Percentage movement in Fair Value	12.03%	4.35%	9.74%

Infrastructure Assets (Level 3)

All Council infrastructure assets were fair valued using a depreciated replacement cost (DRC) valuation technique. The DRC used was the asset's current replacement cost (CRC) less accumulated depreciation on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. Where existing assets were over designed, had excess capacity, or were redundant an adjustment was made so that the resulting valuation reflected the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output within the Council's planning horizon.

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

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations (Cont'd)

Roads, Footpaths & Bridges - Current Replacement Cost (CRC)

Council categorises its road infrastructure in urban and rural roads and then further sub-categorises these into sealed and unsealed roads. All road segments are then componentised into formation, pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is calculated by reference to asset linear and area specifications, estimated labour and material inputs, service costs and overhead allocations. For internal construction estimates, material and services prices were based on existing supplier contract rates or supplier price lists and labour wage rates were based on Council's Enterprise Bargaining Agreement (EBA). All direct costs were allocated to assets at standard usage quantities according to recently completed similar projects. Where construction is outsourced, CRC was based on the average of completed similar projects over the last few years.

The last comprehensive valuation of the road infrastructure was undertaken by independent valuers Australian Pacific Valuers, (APV) effective 30 June 2012. In 2013 and 2014, Council engaged APV to provide indices to determine whether there has been a material change in the assets current replacement cost over the index period. The indexation percentage for the construction of roads asset class has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction Data from the Australian Bureau of Statistics, previous valuations of Bundaberg Regional Councils Infrastructure assets, the valuers own internal market research and analyses of project costs derived from neighbouring councils. APV has taken the location allowance of 7% above the base price of Brisbane into account when delivering the comprehensive revaluation and when applying the indices. A comprehensive revaluation for the roads class assets is scheduled for 30 June 2015.

Average cost for each of the key components were:

Asset Category	Key Cost Components	Measurement Unit	Cost/Unit \$
Sealed Roads	Pavement - Urban	sq.m	\$51.53
	Pavement - Rural	sq.m	\$37.92
	Formation - Unsealed	sq.m	\$6.59
	Formation - Sealed	sq.m	\$8.75
	Spray Sealed - Urban	sq.m	\$10.57
	Spray Sealed - Rural	sq.m	\$8.79
	Asphalt Road Surface	sq.m	\$26.56
Footpaths	Asphalt	sq.m	\$56.85
	Concrete	sq.m	\$104.25
	Paved	sq.m	\$105.48
Kerb and Channel	Kerb & Channel	Linear metre	\$72.08
Bridges	Super Structure	sq.m	\$868 to \$3,271
	Sub Structure	sq.m	\$298 to \$1,163
	Rail	sq.m	\$44 to \$116

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations (Cont'd)

Roads, Footpaths & Bridges - Current Replacement Cost (CRC) (Cont'd)

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Description	Percentage of life remaining
0 New road recently added to network	100%
1 A near new road with no visible deterioration	90%
2 Excellent overall condition early stages of deterioration	80%
3 Very good overall condition with obvious deterioration evident	70%
4 Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5 Fair overall condition, obvious deterioration, some loss in serviceability	50%
6 Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7 Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
8 Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20%
9 Extremely poor condition, severe serviceability problems, renewal required immediately	10%
10 Failed asset, no longer serviceable, should not remain in service	0%

Estimated useful lives and residual values are disclosed in note 19.

Fair value sensitivity to unobservable inputs

The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Replacement Cost	Various depending upon the type of material - As specified above	10% will result in 10% increase/decrease in fair value
Service potential index (useful life)	As specified above - 0 lowest to 10 highest	The higher the condition rating, the lower the fair value
Remaining useful life	0 -150 Years	The longer the remaining useful life, the higher the fair value.
Residual value	0% to 90%	The higher the residual value the higher the fair value.

Stormwater Drainage - Current Replacement Cost (CRC)

The last comprehensive valuation of the stormwater drainage was undertaken by independent valuers Australian Pacific Valuers, (APV) effective 30 June 2012. In 2013 and 2014, Council engaged APV to provide indices to determine whether there has been a material change in the assets current replacement cost over the index period. The indexation percentage for the construction of Stormwater drainage assets has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction Data from the Australian Bureau of Statistics, previous valuations of Bundaberg Regional Councils Infrastructure assets, the valuers own internal market research and analyses of project costs derived from neighbouring councils. APV has taken the location allowance of 7% above the base price of Brisbane into account when delivering the comprehensive revaluation and when applying the indices.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials. Where drainage assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Construction estimates were determined on a similar basis to roads.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations (Cont'd)

Stormwater Drainage - Current Replacement Cost (CRC) (Cont'd)

Average cost for each of the key components were:

Asset Category	Key Cost Components	Measurement Unit	Cost/Unit \$
Stormwater drainage	Pipes	Linear Meter per Diameter and depth	\$62 to \$7,761
	Pits	each	\$450 to \$7,800
	Channels	M ² per type	\$33 to \$1,955

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Description	Percentage of life remaining
0 Brand new or rehabilitated to new	100%
1 Near new with no visible deterioration	90%
2 Excellent overall condition early stages of deterioration	80%
3 Very good overall condition with obvious deterioration evident	70%
4 Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5 Fair overall condition, obvious deterioration, some loss in serviceability	50%
6 Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7 Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
8 Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20%
9 Extremely poor condition, severe serviceability problems, renewal required immediately	10%
10 Failed asset, no longer serviceable, should not remain in service	0%

Estimated useful lives and residual values are disclosed in note 19.

Fair value sensitivity to unobservable inputs

The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Replacement Cost	Various depending upon the type of material - As specified above	Increase/decrease in the unit rates by 10% will result in 10% increase/decrease in fair value
Service potential index (useful life)	As specified above - 0 lowest to 10 highest	The higher the condition rating, the lower the fair value
Remaining useful life	14 - 80 Years	The longer the remaining useful life, the higher the fair value.
Residual value	0% to 10%	The higher the residual value the higher the fair value.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations (Cont'd)

Water and Wastewater Infrastructure - Current Replacement Cost (CRC)

The last comprehensive valuation of the water and wastewater infrastructure was undertaken by independent valuers Australian Pacific Valuers, (APV) effective 30 June 2012. In 2013 and 2014, Council engaged APV to provide indices to determine whether there has been a material change in the assets current replacement cost over the index period. The indexation percentage for the construction of Water and Wastewater Infrastructure assets has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook), Construction Data from the Australian Bureau of Statistics, previous valuations of Bundaberg Regional Councils Infrastructure assets, the valuers own internal market research and analyses of project costs derived from neighbouring councils. APV has taken the location allowance of 7% above the base price of Brisbane into account when delivering the comprehensive revaluation and when applying the indices.

CRC was calculated based on expected replacement costs. Fair value was determined as the DRC using the modern equivalent asset, as appropriate to the particular asset. In all cases the assets were disaggregated to component level to ensure a reliable measure of cost and service capacity and deterioration of estimated remaining life.

Factors taken into account in determining replacement costs included:

Development factors - the area in which development takes place (e.g. rural areas would have little or no restoration requirements, whereas a high density area would have large amounts of high quality footpaths, road pavements and associated infrastructure that would require reinstatement, and would also require traffic control).

Soil factors - The types of soil or other surface material (e.g. areas where soil is sandy are difficult to excavate and would require shoring while areas where the soil is generally free of rock would not present any great difficulty for excavation).

Average cost for each of the key components were:

Asset Category	Key Cost Components	Measurement Unit	Cost/Unit \$
Water Assets			
Mains	Mains	per diameter ranging from 25mm to 750mm	\$52 to \$1,543
Wastewater Assets			
Mains	Gravity Mains	depth range ranging from 100mm to 900mm diameter	\$122 to \$1,447
Sewer Maintenance Holes	Each	per diameter and depth ranging from 150mm to 1800mm diameter	\$2,363 to \$8,745

Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments according to the following table:

Description	Percentage of life remaining
0 Brand new or rehabilitated to new	100%
1 Near new with no visible deterioration	90%
2 Excellent overall condition early stages of deterioration	80%
3 Very good overall condition with obvious deterioration evident	70%
4 Good overall condition, obvious deterioration, serviceability impaired very slightly	60%
5 Fair overall condition, obvious deterioration, some loss in serviceability	50%
6 Fair to poor overall condition, obvious deterioration, some serviceability loss	40%
7 Poor overall condition, obvious deterioration, some serviceability loss, high maintenance costs	30%
8 Very poor overall condition, severe deterioration, very high maintenance costs. Consider renewal	20%
9 Extremely poor condition, severe serviceability problems, renewal required immediately	10%
10 Failed asset, no longer serviceable, should not remain in service	0%

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations (Cont'd)

Water and Wastewater Infrastructure - Current Replacement Cost (CRC) (Cont'd)

Accumulated depreciation (Cont'd)

Where site inspections were not conducted (i.e. for passive assets and active assets for which no site inspections were undertaken), the remaining useful life was calculated on an age basis after taking into consideration current and planned maintenance records.

Estimated useful lives and residual values are disclosed in note 19.

Fair value sensitivity to unobservable inputs

The method used to value Councils' water and wastewater assets utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation.

The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Replacement Cost	Various depending upon the type of material - As specified above	Increase/decrease in the unit rates by 10% will result in 10% increase/decrease in fair value
Service potential index (useful life)	As specified above - 0 lowest to 10 highest	The higher the condition rating, the lower the fair value
Remaining useful life	2 - 100 years	The longer the remaining useful life, the higher the fair value.
Residual value	0% to 60%	The higher the residual value the higher the fair value.

Water and wastewater valuations are included in level 3.

(iii) Changes in Fair Value Measurements using significant unobservable inputs (Level 3 Assets)

The changes in level 3 assets with recurring fair value measurements are detailed as follows. There have been no transfers between level 1,2 or 3 measurements during the year.

<i>Non-Infrastructure Assets</i>	Land and improvements \$	Buildings and structures \$	Cultural Assets \$
Asset Values			
Opening gross value as at 1 July 2013	116,945,497	202,144,451	461,340
Additions	2,233,963	6,568,482	8,475
Disposals	- 303,900 -	4,092,892	-
Revaluation adjustment	422,300	20,206,973	-
Transfers	- 77,553	142,691	-
Closing gross value as at 30 June 2014	<u>119,220,307</u>	<u>224,969,706</u>	<u>469,815</u>
Accumulated depreciation			
Opening balance as at 1 July 2013	-	37,500,977	-
Depreciation provided in period	-	3,204,722	-
Depreciation on disposals	- -	1,444,215	-
Revaluation adjustment	-	44,834,367	-
Transfers	-	-	-
Closing accumulated depreciation as at 30 June 2014	<u>-</u>	<u>84,095,852</u>	<u>-</u>
Consolidated book value as at 30 June 2014	<u>119,220,307</u>	<u>140,873,854</u>	<u>469,815</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

20 Fair Value Measurements (Cont'd)

(iii) Changes in Fair Value Measurements using significant unobservable inputs (Level 3 Assets) (Cont'd)

<i>Infrastructure Assets</i>	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure
	\$	\$	\$	\$
Asset Values				
Opening gross value as at 1 July 2013	1,002,757,994	205,100,407	345,015,771	310,010,463
Additions	116,822,123	4,884,548	7,314,299	4,772,887
Disposals	- 40,850,191	- 31,521	- 1,053,290	- 1,032,661
Revaluation adjustment	11,991,201	2,628,630	3,149,043	3,319,954
Transfers	- 1,456,555	1,122,886	- 223,769	- 26,660
Closing gross value as at 30 June 2014	<u>1,089,264,572</u>	<u>213,704,950</u>	<u>354,202,054</u>	<u>317,043,983</u>
Accumulated depreciation				
Opening balance as at 1 July 2013	309,225,234	72,565,612	76,005,811	108,126,653
Depreciation provided in period	22,402,979	2,773,332	3,037,878	3,907,229
Depreciation on disposals	- 29,292,392	89,163	- 568,968	- 471,944
Revaluation adjustment	3,888,145	951,520	21,605,820	3244837
Transfers	-	-	-	-
Closing accumulated depreciation as at 30 June 2014	<u>306,223,965</u>	<u>76,379,627</u>	<u>100,080,542</u>	<u>114,806,775</u>
Consolidated book value as at 30 June 2014	<u>783,040,607</u>	<u>137,325,323</u>	<u>254,121,512</u>	<u>202,237,208</u>

(iv) Valuation Process

Council's valuation policies and procedures are reviewed and endorsed by the Audit and Risk Committee for adoption by Council. The committee comprises the two Councillors and two external representatives. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment (recurring fair value measurements) is set out in note 1.16(iii). Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2014

21 Intangible assets

30 June 2014

Basis of measurement

Asset values

Opening gross carrying value as at 1 July 2013
 Additions at cost
 Internal transfers from work in progress
 Disposals
 Assets transferred from/(to) property plant and equipment
 Closing gross carrying value as at 30 June 2014

Computer Software	Easements		Land Lease		Water Rights		Work in progress		Total
	Cost	30-Jun-14	Cost	30-Jun-14	Cost	30-Jun-14	Cost	30-Jun-14	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2,353,622	92,760	311,000	4,346,253	549,484	7,653,119			
	-	-	-	-	143,506	143,506			143,506
	403,882	-	-	-	(403,882)	-			-
	(71,998)	-	-	-	-	(71,998)			(71,998)
	-	69,798	-	-	-	69,798			69,798
	2,685,506	162,558	311,000	4,346,253	289,108	7,794,425			7,794,425

Accumulated amortisation

Opening balance as at 1 July 2013
 Amortisation provided in period
 Amortisation on disposals
 Closing accumulated amortisation as at 30 June 2014
 Total intangible assets at 30 June 2014

	1,071,629	-	-	-	-	1,071,629			1,071,629
	258,303	-	-	-	-	258,303			258,303
	(30,578)	-	-	-	-	(30,578)			(30,578)
	1,299,354	-	-	-	-	1,299,354			1,299,354
	1,386,152	162,558	311,000	4,346,253	289,108	6,495,071			6,495,071

Computer software have finite estimated useful lives of 5-50 years. Straight line amortisation has been used with no residual value.

Easements, land lease and water rights have an indefinite useful life, and as such are not amortised.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2014

21 Intangible assets

30 June 2013

Basis of measurement

Asset values

Opening gross carrying value as at 1 July 2012	
Additions at cost	
Internal transfers from work in progress	
Disposals	
Assets transferred from/(to) property plant and equipment	
Closing gross carrying value as at 30 June 2013	

Computer Software	Easements		Land Lease		Water Rights		Work in progress		Total
	Cost	30-Jun-13	Cost	30-Jun-13	Cost	30-Jun-13	Cost	30-Jun-13	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2,157,256	67,555	311,000	4,346,253	636,369	7,518,433			
	27,432	-	-	-	153,735	181,167			
	230,339	-	-	-	(240,620)	(10,281)			
	(61,405)	-	-	-	-	(61,405)			
	-	25,205	-	-	-	25,205			
	2,353,622	92,760	311,000	4,346,253	549,484	7,653,119			

Accumulated amortisation

Opening balance as at 1 July 2012	
Amortisation provided in period	
Amortisation on disposals	
Closing accumulated amortisation as at 30 June 2013	
Total intangible assets at 30 June 2013	

859,080	-	-	-	-	-	859,080
236,012	-	-	-	-	-	236,012
(23,463)	-	-	-	-	-	(23,463)
1,071,629	-	-	-	-	-	1,071,629
1,281,993	92,760	311,000	4,346,253	549,484	6,581,490	

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
22 Trade and other payables			
Current			
Creditors and accruals		16,802,420	11,876,257
Annual leave		3,856,516	3,992,152
		<u>20,658,936</u>	<u>15,868,409</u>
Non-Current			
Annual leave		820,765	925,444
		<u>820,765</u>	<u>925,444</u>

The average credit period on purchases is one month. No interest is charged on the trade payables for the first 30 days from the date of invoice. Thereafter, interest is charged at a pre-approved rate per annum on the outstanding balance. Council has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Annual leave entitlements are calculated at current pay levels, adjusted for likely future changes in salary level based on increases in the enterprise agreement and averaged CPI for years beyond the enterprise agreement.

These estimates are categorised as short-term when expected to be wholly settled in the next twelve months. The remaining long-term benefits are discounted to present value using Commonwealth Bond Yields.

23 Borrowings

Current

Loans - Queensland Treasury Corporation	24	<u>6,477,883</u>	<u>6,156,498</u>
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Non-Current

Loans - Queensland Treasury Corporation	24	<u>46,796,444</u>	<u>53,272,002</u>
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Financing facilities are limited by the requirement to obtain State Government approval for all loan applications. All loans are unsecured.

All borrowings are in \$A denominated amounts are carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 8 June 2017 to 21 May 2030

There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
24 Loans			
Queensland Treasury Corporation			
Opening balance		59,428,500	65,291,120
Loans raised		-	-
Principal repayments		(6,154,173)	(5,862,620)
Book value at end of financial year		<u>53,274,327</u>	<u>59,428,500</u>
Classified as :			
Current	23	6,477,883	6,156,498
Non-Current	23	46,796,444	53,272,002
		<u>53,274,327</u>	<u>59,428,500</u>
25 Provisions			
Current			
Landfill restoration		-	328,000
Long service leave		1,310,000	1,329,000
		<u>1,310,000</u>	<u>1,657,000</u>
Non-Current			
Landfill restoration		49,819,791	9,471,515
Long service leave		10,700,209	11,251,123
		<u>60,520,000</u>	<u>20,722,638</u>
Details of movements in provisions:			
(a) Landfill restoration provision			
Opening balance		9,799,515	5,743,896
Initial Recognition of landfill restoration assets	19	3,687,531	1,035,012
Increase in provision - finance cost due to change in time	9	245,479	262,258
Increase/(decrease) in provision - change in discount rate		713,699	61,020
Increase/(decrease) in provision - change in restoration date		(161,902)	(530,339)
Decrease in provision for actual restoration expenditure		(112,977)	-
Increase/(decrease) in estimate of future cost		35,648,446	3,227,668
Balance at the end of financial year		<u>49,819,791</u>	<u>9,799,515</u>
Council engaged a third party to undertake a comprehensive review of the restoration costs for active landfill sites. This review resulted in a significant increase in the provision. The main factors for the increase were a change in the restoration method and the inclusion of ancillary costs associated with the restoration. Further details are disclosed in note 1.24			
(b) Long service leave provision			
Opening balance		12,580,123	11,478,935
Additional provision made during the period		1,754,794	1,643,353
Amounts used during the period		(1,974,931)	(914,113)
Unused amounts reversed during the period		(79,032)	(43,852)
Change in discount and time		(270,745)	415,800
Balance at the end of financial year		<u>12,010,209</u>	<u>12,580,123</u>
26 Other liabilities			
Monies received in advance		444,638	389,347
		<u>444,638</u>	<u>389,347</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
27 Asset revaluation surplus			
(a) Movements in the asset revaluation surplus were as follows:			
Balance at beginning of financial year		387,215,850	385,931,955
Net adjustment to non-current assets at end of financial year to reflect a change in fair value:			
Land and improvements		(1,847,816)	1,494,039
Buildings and structures		(24,106,412)	-
Cultural assets		-	(9,497)
Roads, footpaths and bridges		8,103,057	(200,650)
Stormwater drainage		1,677,110	3
Wastewater infrastructure		(18,456,777)	-
Water infrastructure		75,117	-
Balance at end of the year		<u>352,660,129</u>	<u>387,215,850</u>

(b) Asset revaluation surplus analysis

The closing balance of the asset revaluation surplus is comprised of the following asset categories:

Land and improvements	25,457,463	27,305,279
Buildings and structures	23,894,847	48,001,259
Cultural assets	25,541	25,541
Roads, footpaths and bridges	96,663,702	88,560,645
Stormwater drainage	37,488,549	35,811,439
Wastewater infrastructure	97,291,025	115,747,802
Water infrastructure	71,839,002	71,763,885
	<u>352,660,129</u>	<u>387,215,850</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
28 Retained surplus			
(a) Movement			
Balance at beginning of financial year:		78,436,455	1,691,130
Net result		38,065,066	41,068,984
Transfers from reserves due to closure	30	-	63,029,265
Transfers (to)/from capital account for:			
Increase/(decrease) in internally restricted cash	14	(15,441,860)	2,251,162
Increase/(decrease) in unspent capital grants, subsidies and contributions	14	(4,627,161)	11,770,146
Increase/(decrease) in unspent infrastructure charges	14	(761,890)	245,849
Loss on disposal of non-current assets	13	15,441,778	9,753,779
Land restoration provision	12	36,453,480	3,664,785
Loss on sale of non-current assets held for sale	11	37,314	-
Operating funds used for capital purposes		-	(532,135)
Capital income	6	(11,667,056)	(5,096,608)
Capital interest		(891,004)	(681,134)
Capital grants, subsidies and contributions	4	(77,931,472)	(45,687,315)
Capital funds used for operating purposes		5,679,508	-
Donated assets	4	(7,116,209)	(3,041,453)
	29	(60,824,573)	(27,352,924)
		<u>55,676,948</u>	<u>78,436,455</u>
Balance at end of financial year		<u>55,676,948</u>	<u>78,436,455</u>
(b) Composition			
Internally restricted cash	14	28,724,125	44,165,985
Unspent capital grants, subsidies and contributions	14	9,388,716	14,015,877
Unspent infrastructure charges	14	18,352,670	19,114,560
Unallocated surplus/(deficit)		(788,562)	1,140,033
		<u>55,676,948</u>	<u>78,436,455</u>
29 Capital			
Movement in capital account			
Balance at beginning of financial year:		1,218,417,497	1,191,064,573
Transfers (to)/from retained surplus	28(a)	60,824,573	27,352,924
Balance at end of financial year		<u>1,279,242,070</u>	<u>1,218,417,497</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
30 Other reserves			
<p>Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use. In prior years Council accounted for these restrictions using a system of reserves.</p> <p>A change in accounting policy has resulted in the internal and external restrictions that have been placed on Council's cash and cash equivalents now being disclosed in Note 14. These restrictions are managed using internal management accounting functions.</p>			
Transfer of capital reserves to retained surplus due to closure of reserves*:			
Future capital works reserve		-	(30,027,797)
Constrained works reserve		-	(21,114,442)
Asset acquisition reserve		-	(3,577,838)
Transport improvement reserve		-	(251,256)
Wastewater improvement reserve		-	(4,924,837)
Water improvement reserve		-	(3,133,095)
	28	-	<u>(63,029,265)</u>

*In the previous financial year the reserves were transferred to Capital. A change in accounting policy has resulted in the reserves being reflected in Retained Surplus

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
31 Commitments for expenditure			
(a) Operating leases			
Minimum lease payments (GST exclusive) in relation to non-cancellable operating leases are as follows:			
Payable:			
Not later than one year		114,404	128,671
Later than one year but not later than five years		449,231	464,398
Later than five years		602,587	732,231
		<u>1,166,222</u>	<u>1,325,300</u>

Significant operating leases are held with the Department of Natural Resources and Mines over land for the Bargara Beach Caravan Park. Lease payments are contingent on the average rental value over a three year period, as determined annually by the State.

There are no options under the current significant operating leases to renew, purchase or escalate the leases.

The lease for the Bargara Caravan Park must be used for the purpose of a caravan park. There are a maximum of thirty five relocatable units allowed in designated areas and patrons are not permitted to stay longer than four months in any six month period in designated areas under the lease.

All other operating leases are not considered significant leases.

(b) Contractual commitments

Contractual commitments (GST exclusive) at the reporting date but not recognised as liabilities are as follows:

Bundaberg Airport security screening contract. Expires 1 July 2015.	652,044	1,166,682
	<u>652,044</u>	<u>1,166,682</u>

(c) Capital commitments

Commitments (GST exclusive) for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:

Property, plant and equipment	25,053,052	87,698,874
	<u>25,053,052</u>	<u>87,698,874</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	30-Jun-14	30-Jun-13
Note	\$	\$

32 Contingent liabilities

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

Council is a defendant in a number of claims that arise as a result of the operations of Council. Council is of the opinion that the claims can be successfully defended and that no costs in excess of the recorded accruals will result. Information in respect of individual claims has not been disclosed in accordance with AASB137 *Provisions, Contingent Liabilities and Contingent Assets* on the basis that council considers such disclosures would seriously prejudice the outcome of the claims.

Council has a number of closed landfills which are no longer operational throughout the region. Obligations for future remediation are determined annually, with the nature and extent of work required dependant on a condition assessment of the land and any proposed use of that land. As the future use of the land has not yet been determined, Council is unable to reliably estimate potential rehabilitation costs for the sites. A provision for restoration costs for operational landfills has been disclosed in note 25.

Local Government Mutual

Council is a member of the local government mutual liability self-insurance pool, Queensland Local Government Mutual Liability Pool. In the event of the scheme being wound up or if it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual scheme members in the same proportion as their contribution is to the total scheme contributions, in respect to any year that a deficit arises. As at June 2013 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

Local Government Workcare

Bundaberg Regional Council is a member of the Local Government Self-Insurance Scheme, Local Government Workcare. Under this scheme Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled because of insufficient funds being available to cover outstanding liabilities. Only Local Government Workcare may call on any part of the guarantee should the above circumstances arise.

Council's maximum exposure is:

3,024,106

2,846,583

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
33 Expected operating lease income			
(a) Lease receipts			
Future minimum lease payments (GST exclusive) are expected to be received in relation to non-cancellable operating leases are as follows:			
Not later than one year		40,364	459,805
Later than one year but not later than five years		43,727	1,343,661
Later than five years		-	3,052,350
		<u>84,091</u>	<u>4,855,816</u>
Council leases out the Norville Pool.			
Council only discloses expected lease income associated with significant leases. A change in accounting policy has increased the threshold for identifying significant leases. This has decreased the value of expected lease income to be received being disclosed in the current year.			
(b) Sub-Lease receipts			
Future minimum lease payments (GST exclusive) are expected to be received in relation to non-cancellable sub-leases of operating leases are as follows:			
Not later than one year		160,155	202,670
Later than one year but not later than five years		672,896	790,216
Later than five years		1,079,276	1,266,632
		<u>1,912,327</u>	<u>2,259,518</u>
Council subleases out the Bargara Beach Caravan Park.			
(c) Contingent rent for the period		<u>73,733</u>	<u>75,822</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	30-Jun-14	30-Jun-13
Note	\$	\$
34 Superannuation		
<p>The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 <i>Employee Benefits</i>.</p> <p>The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.</p> <p>The scheme has three elements referred to as:</p> <p>The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund</p> <p>The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and</p> <p>The Accumulation Benefits Fund (ABF)</p> <p>The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the <i>Local Government Act 2009</i>.</p> <p>Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.</p> <p>The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.</p> <p>To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee salaries and there are no known requirements to change the rate of contributions.</p> <p>Any amount by which the fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.</p> <p>As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.</p> <p>The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience."</p> <p>Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.</p> <p>Under the <i>Local Government Act 2009</i> the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.</p> <p>There are currently 72 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 72 councils. Bundaberg Regional Council made less than 4% of the total contributions to the plan in the 2013-14 financial year.</p> <p>The next actuarial investigation will be made as at 1 July 2015.</p> <p>The amount of superannuation contributions paid by Council to the Superannuation Fund in this period for the benefit of employees was:</p>	6,356,450	6,151,286
<p>Council also contributes to the scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:</p>	110,072	108,730

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	Note	30-Jun-14 \$	30-Jun-13 \$
35 Trust funds			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		<u>4,470,051</u>	<u>3,654,380</u>
Council performs only a custodial role in respect of these monies, and because the monies cannot be used by Council, they are not brought to account in these financial statements.			
36 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities			
Net result		<u>38,065,066</u>	<u>41,068,984</u>
Non-cash operating items:			
Depreciation and amortisation	10	36,282,218	34,265,513
Change in restoration provision to finance costs	9	245,479	262,258
Current cost of developed land sold	17	<u>192,974</u>	<u>20,418</u>
		<u>36,720,671</u>	<u>34,548,189</u>
Investing and financing activities:			
Change in restoration provision	25	36,087,266	3,096,940
Gain arising from recognition of assets not previously recognised	6	(11,413,819)	(4,528,763)
Capital grants, subsidies, other contributions and donations	4	(85,047,681)	(48,728,768)
Loss on disposal of non-current assets held for sale	11	37,314	-
Loss on disposal of non-current assets	13	<u>15,441,778</u>	<u>9,753,779</u>
		<u>(44,895,142)</u>	<u>(40,406,812)</u>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(3,522,948)	(9,908,155)
(Increase)/decrease in inventories		123,295	104,889
Increase/(decrease) in payables		4,797,205	821,411
Increase/(decrease) in other provisions		(569,914)	1,101,188
Increase/(decrease) in other liabilities		<u>55,291</u>	<u>(41,772)</u>
		<u>882,929</u>	<u>(7,922,439)</u>
Net cash inflow from operating activities		<u><u>30,773,524</u></u>	<u><u>27,287,922</u></u>

37 Events after the reporting period

There were no material adjusting or non-adjusting events after the balance date.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

38 Financial instruments

Bundaberg Regional Council's activities expose it to a variety of financial risks including credit risk, liquidity risk and 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.

Exposure to financial risks is managed in accordance with Council approved policies on financial risk management.

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 or other high risk investments.

(i) Credit risk

Credit risk exposure refers to the situation where Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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

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

Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC) and deposits held with banks and other financial institutions in line with the requirements of the *Statutory Bodies Financial Arrangements Act 1982*. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with regulated financial institutions which are rated AAA to BBB- based on ratings agency Standard & Poors, and whilst not capital guaranteed, the likelihood of a credit failure is remote.

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

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

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.

Financial assets

	Note	2014	2013
Cash and cash equivalents	14	62,325,663	89,509,048
Receivables - rates	15	7,130,327	8,248,690
Receivables - other	15	19,475,430	15,103,650
Other credit exposures - Guarantee	32	3,024,106	2,846,583
Total		<u>91,955,526</u>	<u>115,707,971</u>

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

38 Financial instruments (Cont'd)

(i) Credit risk (Cont'd)

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Included within Council's receivable balance are debtors past due date for which Council has not provided against as there has been no significant change in credit quality and amounts are still considered recoverable.

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

	2014	2013
Not past due	18,455,177	14,348,758
Past due less than 30 days	286,476	197,756
Past due 31-60 days	174,120	8,386,147
Past due 61-90 days	138,594	57,887
Past due more than 90 days	7,594,315	417,522
Impairment	(42,925)	(55,730)
Total	<u>26,605,757</u>	<u>23,352,340</u>

(ii) Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with financial liabilities. Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from QTC for capital works.

Council manages its exposure to liquidity risk by maintaining sufficient cash reserves to cater for unexpected volatility in cash flows.

The following table sets out the liquidity risk of financial liabilities held by Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual (principal and interest) undiscounted cash flows at balance date:

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2014					
Trade and other payables	16,802,420	-	-	16,802,420	16,802,420
Loans - QTC	9,436,460	29,647,661	31,213,751	70,297,872	53,274,327
	<u>26,238,880</u>	<u>29,647,661</u>	<u>31,213,751</u>	<u>87,100,292</u>	<u>70,076,747</u>
2013					
Trade and other payables	11,876,257	-	-	11,876,257	11,876,257
Loans - QTC	9,436,460	33,641,162	36,417,763	79,495,385	59,428,500
	<u>21,312,717</u>	<u>33,641,162</u>	<u>36,417,763</u>	<u>91,371,642</u>	<u>71,304,757</u>

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.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

38 Financial instruments (Cont'd)

(iii) 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 its borrowings QTC and investments held with financial institutions.

The risk in borrowing is effectively managed by borrowing only from QTC and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be constructed. Interest rate risk in other areas is minimal.

Council does not undertake any hedging of interest rate risk.

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 is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

	Net carrying amount		Profit		Equity	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Deposits at Call	14,300,000	20,100,000	143,000	201,000	143,000	201,000
Other investments	47,100,000	67,800,000	471,000	678,000	471,000	678,000
Loans - QTC	(53,274,327)	(59,428,500)	(532,743)	(594,285)	(532,743)	(594,285)
Net total	8,125,673	28,471,500	81,257	284,715	81,257	284,715

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

QTC Generic Debt Pool - the general debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

38 Financial instruments (Cont'd)

Fair Value

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 discussed below.

QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

The net fair values of other financial assets and liabilities, except QTC loans, approximates their carrying amounts.

Financial liabilities

	Note	2014		2013	
		Carrying amount	Fair Value	Carrying amount	Fair Value
Loans - QTC	24	<u>53,274,327</u>	<u>59,267,512</u>	<u>59,428,500</u>	<u>64,135,715</u>
		<u>53,274,327</u>	<u>59,267,512</u>	<u>59,428,500</u>	<u>64,135,715</u>

Fair value - hierarchy

Council does not recognise financial assets or liabilities at fair value in its Statement of Financial Position.

39 National competition policy

Significant Business Activities to which the Full Cost Pricing Model is applied

Section 43(4) of the *Local Government Act 2009* defines a significant business activity as a business activity of a local government that:

- (a) Is conducted in competition, or potential competition, with the private sector (including off-street parking, quarries, sporting facilities, for example); and
- (b) Meets the threshold prescribed under a regulation.

Bundaberg Regional Council has identified two business activities as having reached the expenditure threshold for recognition as financially significant Type 2 Business Activities. In accordance with section 19 of the *Local Government Regulation 2012* this threshold is \$12.77 million for Water and Wastewater activities and \$8.55 million for other activities.

Council's significant Type 2 Business Activities are:

- (a) Council's combined Water and Wastewater activities; and
- (b) Waste Management activities.

A review of the appropriate application of National Competition Policy (NCP) has determined that the adoption of full cost pricing was the most appropriate business model to be applied to these activities.

Activities to which the code of competitive conduct is applied

A 'business activity' of a local government is any activity that involves trading in goods and services. Section 47 of the *Local Government Act 2009* requires that the code of competitive conduct (CCC) be applied to competitive roads business activities and building certification business activities.

A roads activity, other than a roads activity for which business is conducted through a sole supplier arrangement, is a business activity that involves:

- (a) The construction or maintenance of state controlled roads for which the local government submits an offer to carry out work in response to a tender invitation; or
- (b) Construction or maintenance on another local government's roads which the local government has put out to tender.

A building certifying activity is a business activity that:

- (a) Involves performing building certifying functions (within the meaning of the *Building Act*, section 8); and
- (b) Is prescribed under a regulation.

Council may also apply the CCC to any other business activity, referred to as type three activities, which may be defined as:

- (a) Trading in goods or services to clients in competition with the private sector; or
- (b) The submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself. Excluded activities are library services and any activity (or part thereof) prescribed by legislation.

Council has adopted CCC and the competitive neutrality principle by applying full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

It is no longer proposed that the Other Roads activity be considered a 'competitive' business for the purposes of formally applying NCP reforms, given that it essentially provides an internal service to Council operations and meets the requirements of the Department of Transport and Main Roads under sole supplier arrangements. Furthermore, no competitive road works activity is deemed to exist given that Council does not competitively tender nor actively seek out private road works.

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activity's primary objective was 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.

BUNDABERG REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

39 National competition policy (Cont'd)

Bundaberg Regional Council has applied the CCC to the following activities:

Water and Wastewater Operations;

Waste Management;

Caravan Parks;

Airport Operations; and

Building Certification

The following table summarises the financial performance of Council's activities subject to the CCC:

Financial performance of activities subject to competition reforms:

	Water Supply	Wastewater	Waste Management
	2014	2014	2014
	\$	\$	\$
Revenue for services provided to Council	1,132,531	363,001	236,753
Revenue for services provided to external clients	23,237,043	21,115,587	14,763,291
Community service obligations	357,614	469,974	2,102,840
	24,727,188	21,948,562	17,102,884
Less: Expenditure	(16,363,911)	(14,234,965)	(16,082,002)
Surplus/(deficiency)	8,363,277	7,713,597	1,020,882

	Caravan Parks	Bundaberg Airport	Building Certification
	2014	2014	2014
	\$	\$	\$
Revenue for services provided to Council	-	-	-
Revenue for services provided to external clients	2,269,990	3,322,728	121,205
Community service obligations	-	623,314	-
	2,269,990	3,946,042	121,205
Less: Expenditure	(1,761,610)	(2,752,120)	(386,606)
Surplus/(deficiency)	508,380	1,193,922	(265,401)

Description of CSO's provided to business activities

Activities	CSO description	Actual
		\$
Water	Provision of water allocations to unlicensed sporting clubs free of charge	\$155,837
	Pension remissions	\$168,336
	Internal bulk water provisions	\$33,441
Wastewater	Providing pedestal discount for community and aged care facilities	\$261,699
	Clearance of private sanitary drains	\$8,655
	Pension remissions	\$199,621
Waste Management	Provision of bins and waste disposal for community events	\$27,509
	In-kind assistance - for charities	\$110,273
	Provision of wheelie bins and waste disposal for public spaces	\$146,065
	Unrecovered costs incurred in operating rural transfer Stations	\$489,479
	Internal waste collection	\$1,143,881
Bundaberg Airport	Pension remissions	\$185,633
	Access agreement	\$623,314

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

Management Certificate
For the year ended 30 June 2014

These general purpose financial statements have been prepared pursuant to Section 176 & Section 177 of the *Local Government Regulation 2012* 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 56, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Mayor

Date: 11/09/2014



Chief Executive Officer

Date: 11/09/2014

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Bundaberg Regional Council

Report on the Financial Report

I have audited the accompanying financial report of Bundaberg Regional Council, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and the Chief Executive Officer.

The Council's Responsibility 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 prescribed accounting requirements identified in the *Local Government Act 2009* and *Local Government Regulation 2012*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Bundaberg Regional Council for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.




DA STOIZ FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

5.4

Community Financial report



The Local Government Regulation 2012 (section 179) requires Council to prepare a Community Finance Report to accompany the Financial Statements in the Annual Report. The four (4) key financial statements of the annual report are often difficult for the user to interpret. The aim of this Community Finance Report is to summarise Council's financial performance and position for the financial year, in a form easily understood by the community.

Particular areas of importance have been highlighted and expanded on where necessary to allow interested stakeholders the opportunity to make their own informed assessment. The four (4) key financial statements for 2014 and the key performance indicators are described as follows:

1. **Statement of Comprehensive Income - revenue and expenses in the past 12 months**
2. **Statement of Financial Position - assets owned and liabilities owed at 30 June 2014**
3. **Statement of Cash Flows - shows the affect of revenue and expenses, assets and liabilities on cash and cash equivalents**
4. **Statement of Changes in Equity - movement in the community's net wealth during the year**
5. **Financial Sustainability Ratios - for reviewing Council performance and sustainability**

1. Statement of Comprehensive Income

The Total Comprehensive Income for the period was \$3.5 million. This increase in community equity includes several items, such as the movement in Asset Valuation which Council has little control over. When reviewing the Statement of Comprehensive Income or preparing budgets, Council focuses on the Operating Surplus from recurrent activities rather than the Total Comprehensive Income or Net Result. This provides a better indication of Council's ability to renew or upgrade existing assets, purchase new assets, repay debt and adjust working capital.

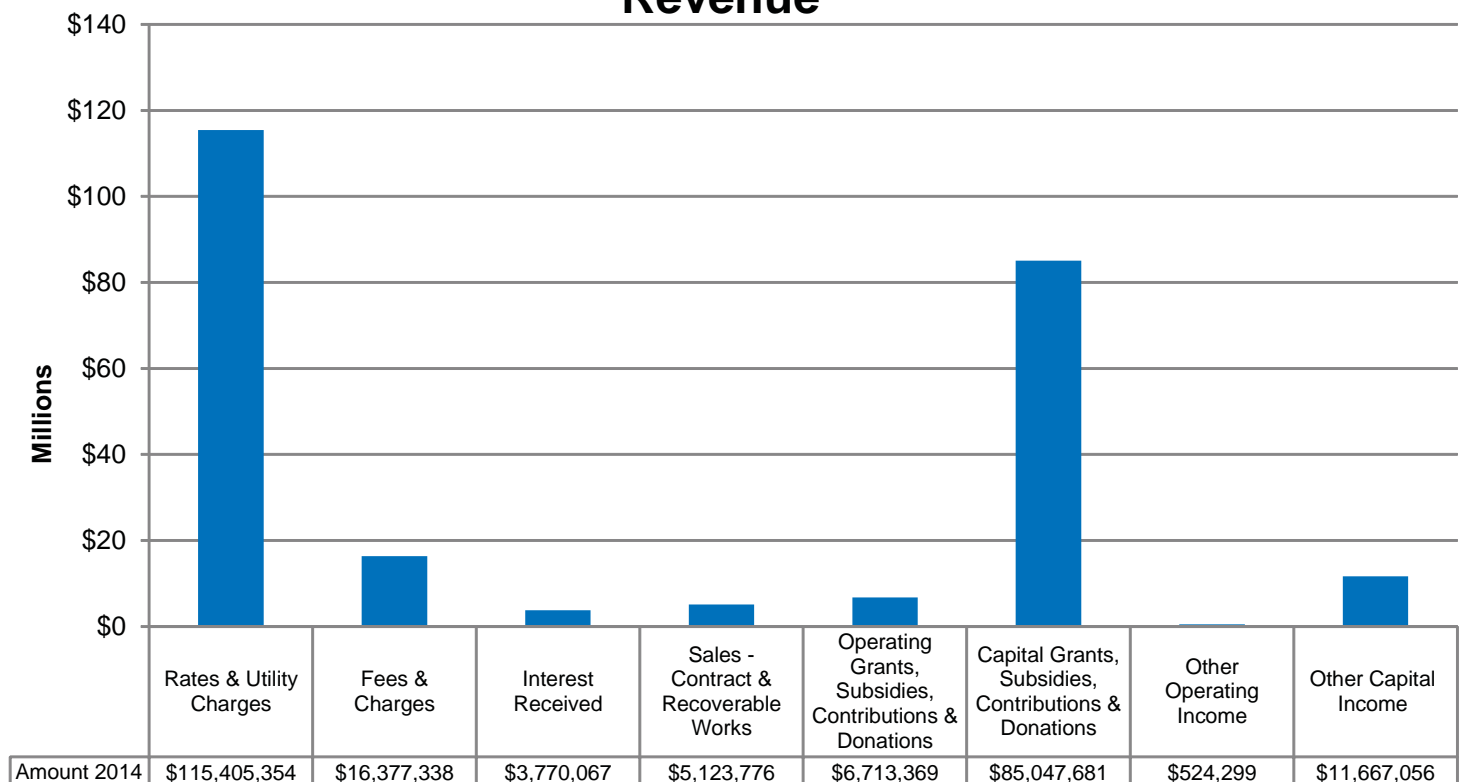
The Operating Surplus is calculated by subtracting the Recurrent Expenses of \$154.63 million from the Recurrent Revenue of \$147.91 million. This shows Council has made a deficit from recurrent activities of \$6.72 million. This was mostly due to timing of the receipt of the Federal Assistance Grant, and additionally aspects concerning assets and depreciation which resulted from changes in policy and a review of revaluation methodology.

Total Income \$245 million - where did this revenue come from?

“Bundaberg Regional Council has a population of approximately 95,000 (Queensland Government Statisticians Office, 2014) and 44,437 rateable properties. The ratepayers contribute 47% of Council's total income through rates and charges. Other major sources of income include fees and charges, grants, subsidies, contributions and donations, which provide Council with 44% of its total income.

Total Income includes both Recurrent Revenue and Capital Revenue. In 2014, a significant portion of Capital Revenue, \$70 million, was attributed to Natural Disaster Relief and Recovery Arrangements (NDRRA) funding relating to the restoration of flood affected assets.

Revenue



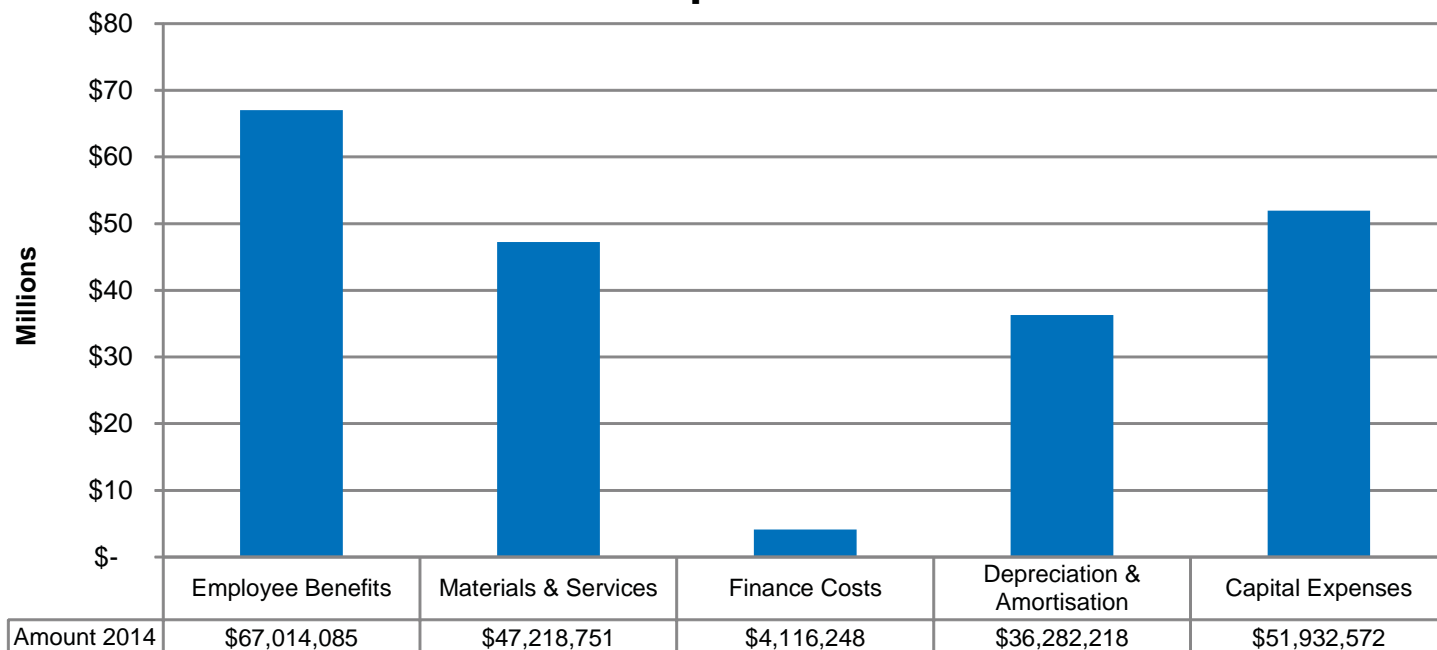
Total Expenses \$207 million - what was this spent on?

A major component of Council's expenses is Employee Benefits, representing approximately 32% of Council's outlay. Employee Benefits include employee salaries and wages, councillor's remuneration and superannuation. However, Employee Benefits exclude \$5.3 million in wages capitalised on asset construction which will form part of depreciation expensed over the life of the associated assets.

Materials and services account for a large portion of Council's recurrent expenditure, representing 23% of expenses. These costs include plant hire, contractors, chemicals for the operation of treatment plants, electricity, telephone and other operational costs."

Council's depreciation expense is in excess of \$36 million. Assets wear out, are consumed and/or become obsolete over their lifetime, and depreciation is used to record this by allocating a portion of the asset value as an expense each year.

Expenditure



Capital Expenses in the Statement of Comprehensive Income includes movement in Land Restoration provisions \$36.5 million and Loss on Disposal of Non-Current Assets \$15.4 million. Capital Expenses excludes funds invested in Assets (e.g. Property, Plant & Equipment) as these are recorded on the Statement of Financial Position in the first instance and depreciated over the life of the asset.

The movement in the provision is the result of the first detailed cost analysis of all operational landfills, based on site closure plans, for each landfill since amalgamation. The provision represents the present value of the anticipated future costs associated with the closure of the landfills, 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.

The existing sites are expected to close over a twenty (20) year period between 2018 and 2038. In addition to this, ongoing water monitoring after closure of the sites for a period of thirty (30) years will be undertaken. Council doesn't expect significant movements in this provision in future years.

2. Statement of Financial Position

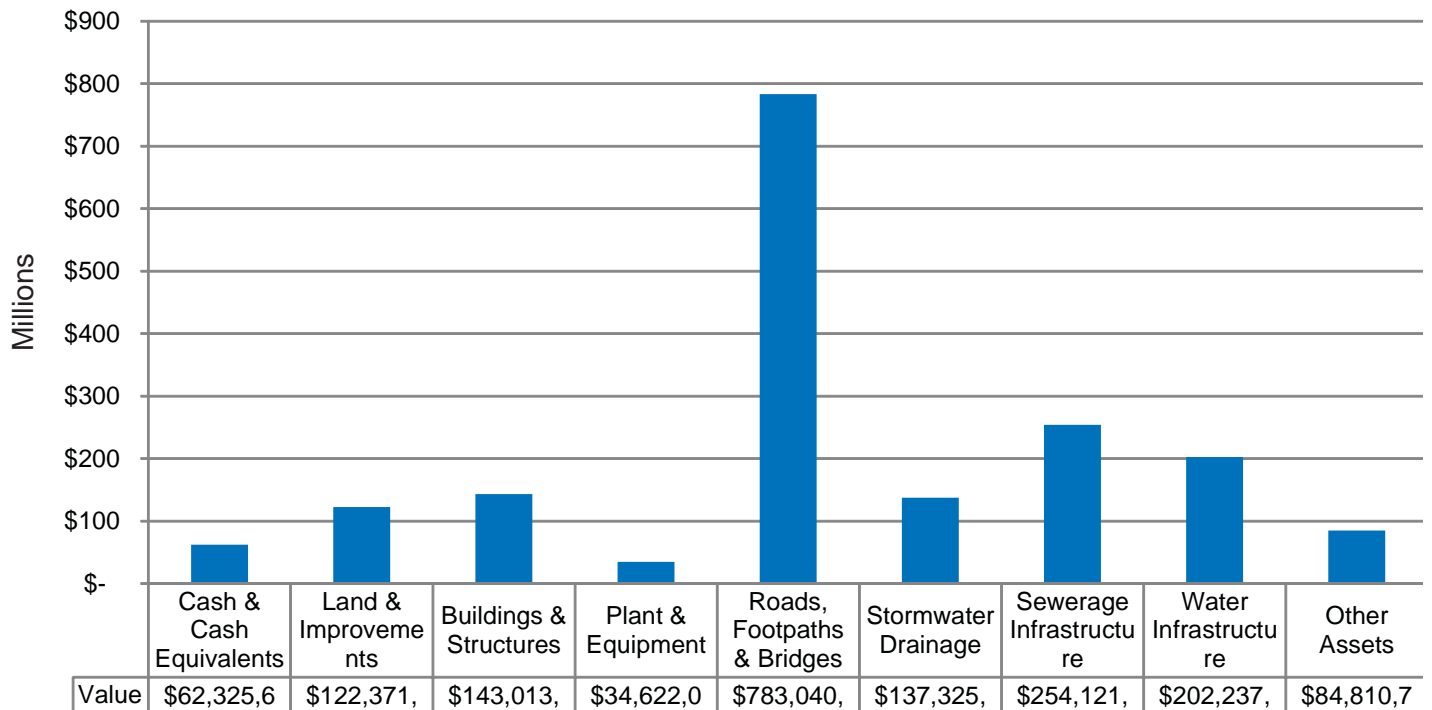
The Statement of Financial Position records the Community's assets and liabilities at the end of the financial year. The result of these two components determines the net worth of Council.

Assets \$1.82 billion - what Council owned at 30 June 2014

The major investment for Council is in assets which provide essential services for a growing community, namely property, plant and equipment totalling \$1.72 billion. Cash represents 3% of net assets and consists mainly of restricted cash for future capital expenditure.

The bulk of Council's net assets are in the form of roads, footpaths and bridges, totalling \$783 million or 43%, while Water and Sewerage Infrastructure account for approximately 25% of Council's assets. Council requires over \$36 million per annum to maintain the value in these assets.

Assets

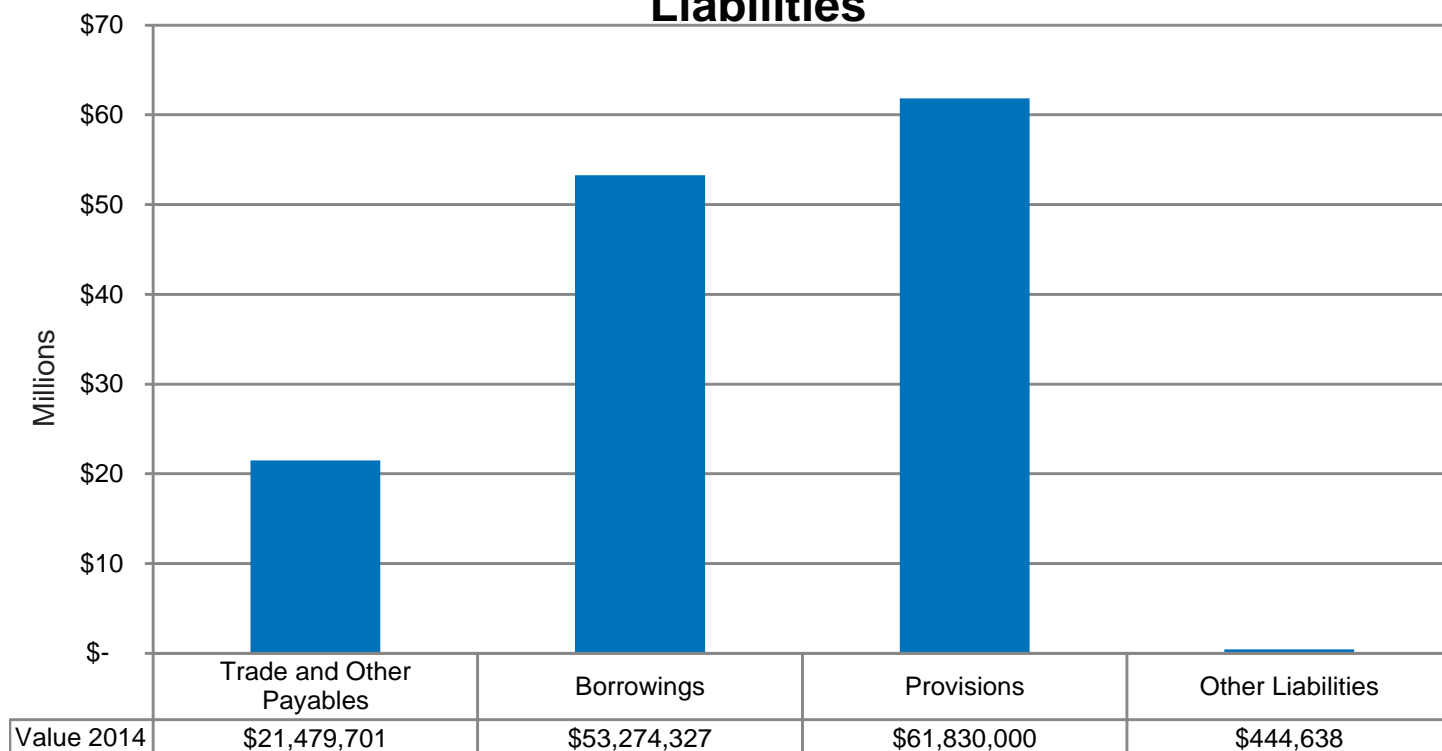


Liabilities \$137 million - what Council owed at 30 June 2014

The majority of Council's liabilities consist of provisions (45%), borrowings (39%) and trade and other payables (16%). Provisions consist of long service leave payable to employees at 30 June 2014 (\$12 million) and costs that are expected to be incurred in restoring and monitoring of landfill sites administered by Council (\$49.8 million). Borrowings enable Council to provide timely essential services, such as the construction of the new Rubyanna Waste Water Treatment Plant and the upgrade to Thabeban Wastewater Treatment Plant, and assist Council to share the costs over the generations that benefit.

Trade and other payables are made up of day-to-day Creditors (\$16.8 million), for the purchase of items ranging from bitumen to stationery, and Employee Entitlements (\$4.7 million). Employee entitlements consist of annual leave amounts payable to employees at 30 June 2014.

Liabilities



3. Statement of Cash Flows

This statement records the movement in cash holdings during the year. In 2014 the cash balance decreased by \$27.2 million from \$89.5 million to a closing balance of \$62.3 million at year end.

Council's Cash is represented by Internally Restricted Capital Cash (Future Capital Works Reserve and other Reserves), Externally Restricted Capital Cash (Unspent Loans, Constrained Works Reserve and Developer Contributions), and Working Capital Cash.

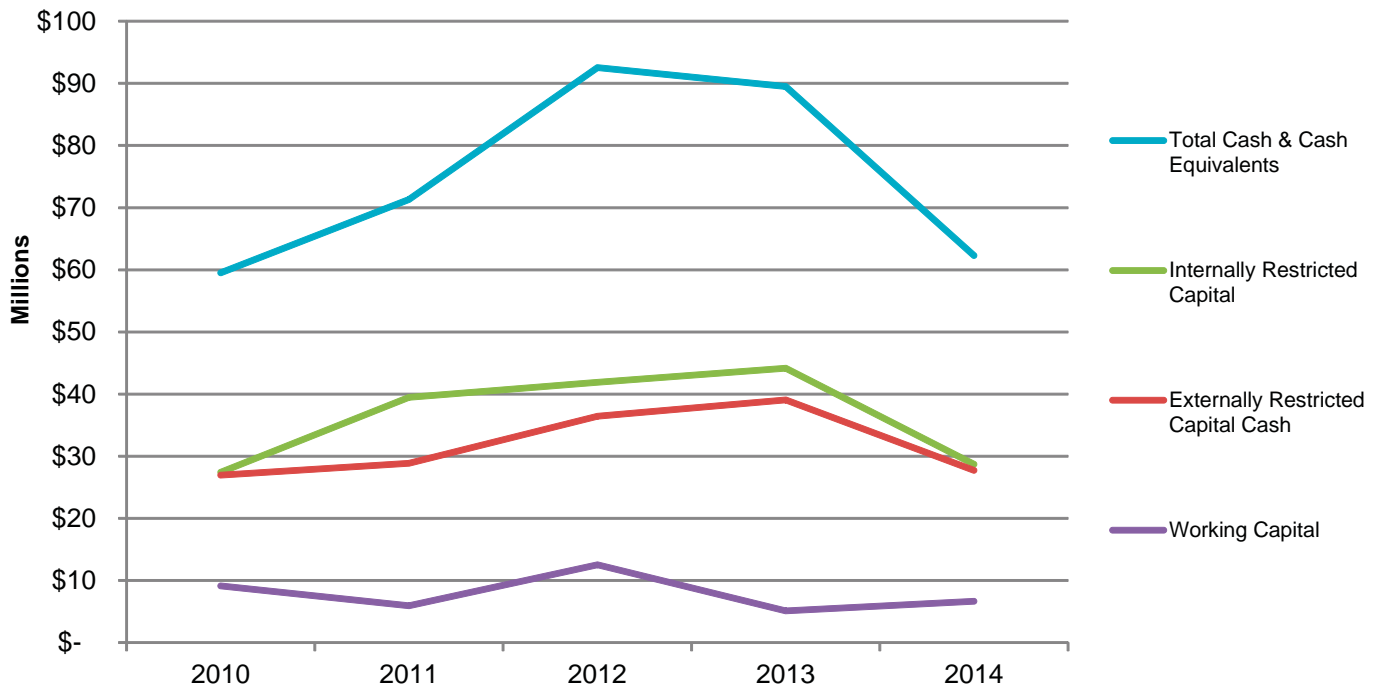
Council's cash flow from operating activities remains positive with surplus operating cash of \$30.8 million available for investing in assets and repayment of loans.

Council utilised \$138.8 million on asset renewals, upgrades, new purchases and loan redemption. This was funded from operating surplus, existing borrowings, asset sales, capital grants and contributions, and Council reserves.

Internally Restricted Capital Cash represent funds that are set aside by Council to meet anticipated future needs. These consist of future capital works, asset acquisition, transport improvement, fleet renewal, sewerage improvement and water improvement, and totals \$28.7 million.

Externally Restricted Capital Cash consists of Developer contributions and Capital grants and subsidies totalling \$27.7 million at year end. During the year Council utilised the remaining Loan monies from previous years borrowings on planned capital projects.

Working Capital Cash enables Council to maintain a minimum cash balance and manage its liquidity. Council's minimum cash requirement at 30 June 2014 was estimated to be \$30 million. By maintaining this balance, possible shocks in the areas of Accounts Receivable, Accounts Payable and Inventory can be accommodated, significant capital expenditure outlays covered, allowing sufficient cash to be available between rating periods.



4. Statement of Changes in Equity

The Statement of Changes in Equity determines the net wealth of Council, and therefore the community, and includes the asset revaluation surplus, retained surplus/deficiency, capital and other reserves. The statement explains the change in the community's retained earnings over the reporting period.

The Asset Revaluation Surplus consists of \$352 million in asset revaluation increases since amalgamation.

Internally and externally restricted funds are set aside by Council and shown as part of Retained Surplus/(Deficit) - they include constrained works, future capital works, asset acquisition, transport improvement, sewerage improvement and water improvement, totalling \$56 million.

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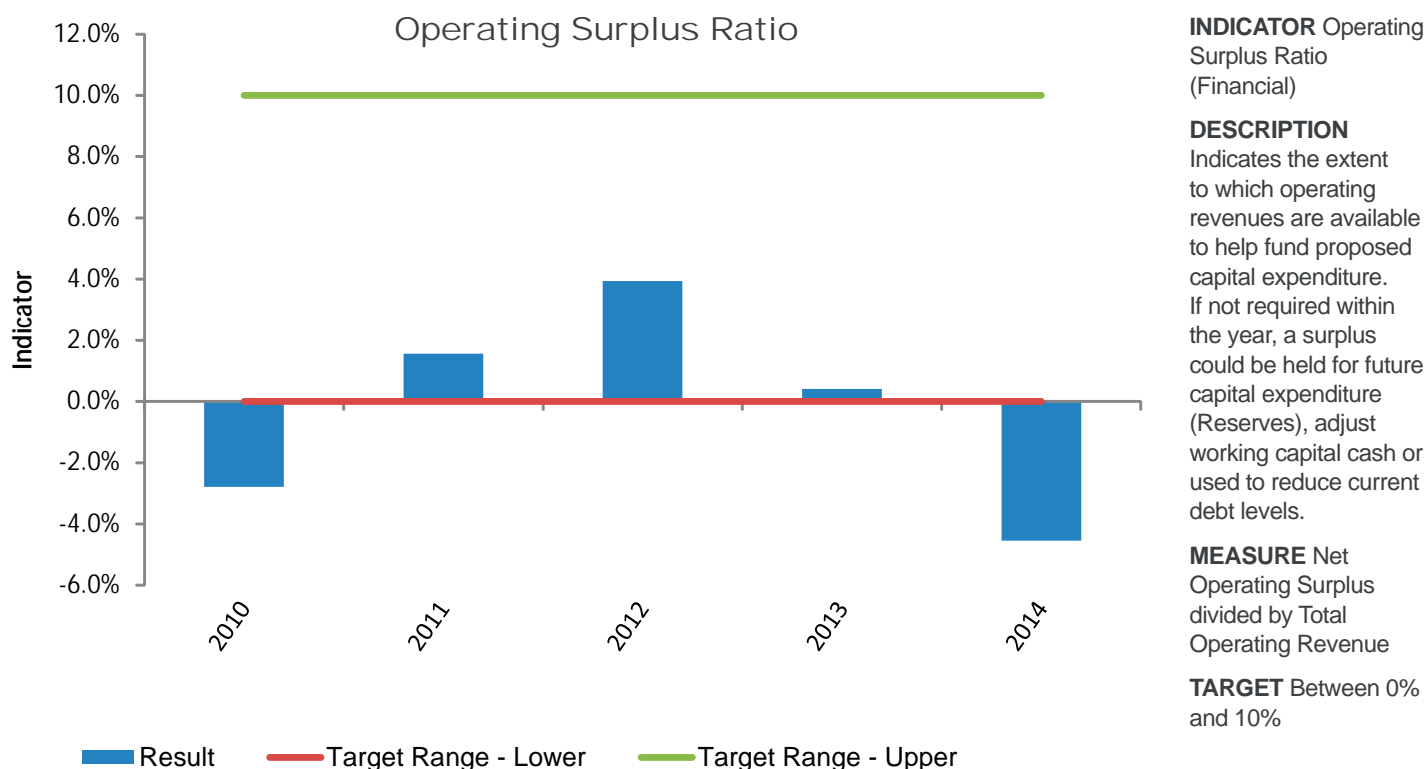
5. Financial Sustainability Ratios

The Financial Sustainability of Council is now a cornerstone of the Local Government Act and a core responsibility of Councils across Queensland.

A financially sustainable Local Government is able to maintain its financial capital, by achieving an operating surplus, ensuring it has sufficient working capital and providing the funding required for asset renewals over the long term.

The Local Government Regulation 2012 requires Council to publish Financial Sustainability measures. The Department of Local Government, Community Recovery and Resilience has set Targets for each measure in the Financial Management Sustainability Guideline 2013. Council does not use these measures of sustainability as targets that must be met at the end of each financial year. Instead, the anticipated long-term results from these measures are considered as planning tools to assess the current sustainability strategy. This feedback enables Council to adjust its respective strategies to produce the desired outcomes over the long-term. This may involve amendments to adopted policies, and/or changes to the desired service levels or proposed capital expenditure programs, which in turn, inform revisions to the budget and long-term financial forecast.

These sustainability measures are as follows:

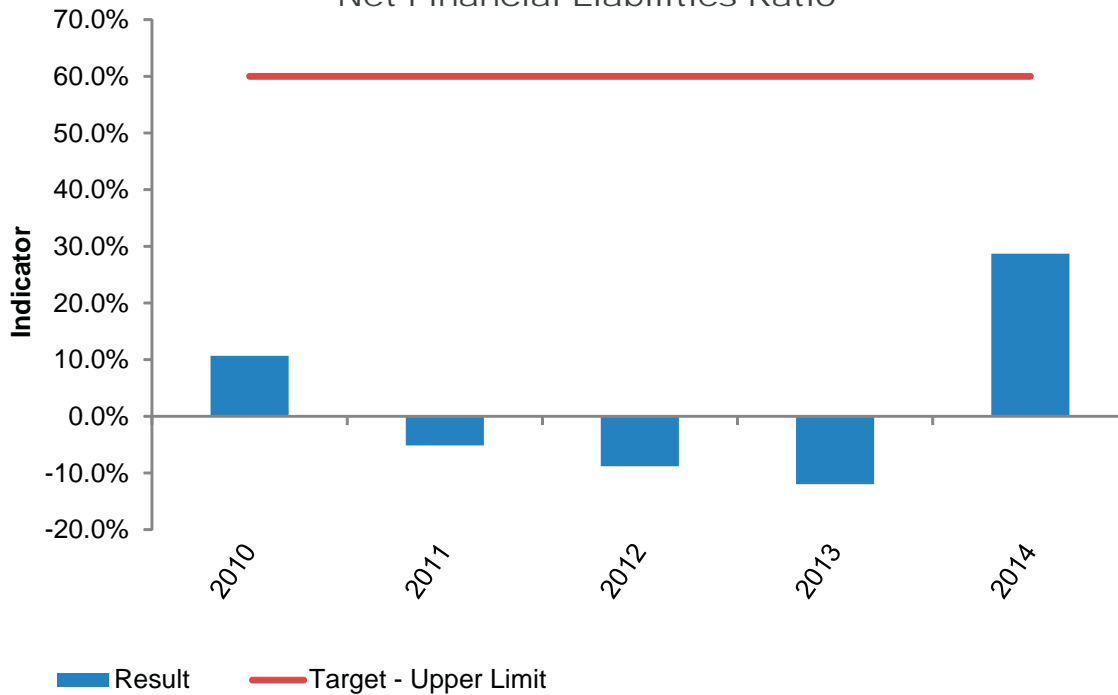


Commentary

Changes in rating methodologies and work practices have seen a surplus result for the years 2011, 2012 and 2013. The surplus for 2013 however, was partially due to the focus on recoverable and subsidised work relating to restoration of public assets following the flood event. In 2014 an operating deficit occurred, mainly due to receipt-timing of the Federal Assistance Grant revenue, and unanticipated changes in procedures and methodology relating to assets and depreciation. This is expected to be a temporary position as Council reviews its budget with the aim of maintaining a surplus position in future years.

A positive ratio is essential for a growing community to assist in the funding of the proposed capital expenditure. This results in less reliance on borrowed funds for capital expenditure on social infrastructure and thus manages Council debt. Council aims to maintain its long term sustainability through a positive operating surplus over the forecast budget.

Net Financial Liabilities Ratio



INDICATOR Net Financial Liabilities Ratio (Financial)

DESCRIPTION Indicates the extent to which the net financial liabilities can be serviced by its operating revenue. A value less than 60% indicates the capacity to fund existing liabilities and appears to have capacity to increase borrowings. A value greater than 60% indicates limited capacity to increase borrowings.

MEASURE Total Liabilities less Current Assets divided by Operating Revenue

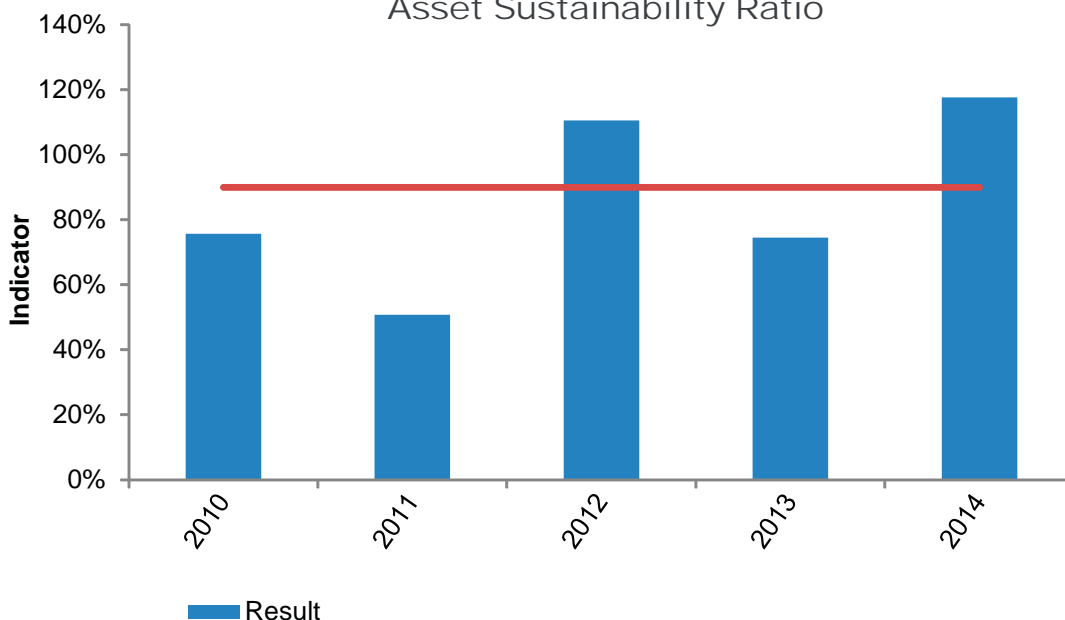
TARGET Not greater than 60%.

Commentary

Council reported a ratio of 28.7% in 2014, due to 2 factors; a decrease in cash and an increase in provisions made for landfill restoration. Cash decreased mainly due to payments for property, plant and equipment which included projects such as NDRRA Roads Reconstruction, Thabeban Waste Water Treatment Plant Upgrade and the Showgrounds Redevelopment. The provisions made for landfill restoration increased significantly following a third-party review which resulted in a change in the restoration method and the inclusion of ancillary costs associated with the restoration.

The ratio is expected to increase as Council undertakes the significant loan funded capital projects in Wastewater over the budget forecast period. This will limit Council's ability to increase its loan borrowings in following years.

Asset Sustainability Ratio



INDICATOR Asset Sustainability Ratio (Infrastructure)

DESCRIPTION Indicates whether a council is renewing or replacing existing non-current assets at the same rate that its assets are being expended.

MEASURE Capital Expenditure on Renewals divided by Depreciation Expense.

TARGET Less than 90%.

Commentary

The Asset Sustainability ratio for the 2014 year has increased to 118%, compared to 75% in 2013. Capital Expenditure in 2011 and 2013 was impacted by the flood events where Council focused on emergent works. In 2014 Council focused on road reconstruction.

This ratio is expected to increase substantially in 2015 as Council continues with major projects including the Rubyanna Wastewater Treatment Plant, Multiplex Building as part of the Bundaberg Showgrounds Redevelopment and road reconstruction relating to the 2013 flood event. "

Requirement	Title	Heading	Page
Section 41	Identifying beneficial enterprises	Our business activities	21
Section 45 (a)–(d)	Identifying significant business activities	Our business activities	21
Section 201- 1(a) & (b)	Remuneration	Remuneration of Senior management	31
Local Government Regulation 2012			
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Section 183 (c)	Financial Statements	Ch.5 Our Financial Statement	35 - 100
Section 184	Communities Financial Report	Ch.5 Our Financial Statement	35 - 100
Section 185	Particular Resolutions	Ch.4 Our Legislative Requirements	29
Section 186 (a) & (b)	Councillors	Total Remuneration & expenses incurred by and the facilities provided to Councillors	30
Section 186 (c)	Councillors	Expenses Reimbursement Policy	30
Section 186 (d)	Councillors	Attendance at Council Meetings	30
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