

- Building Australia's best regional community



# Annual Report 2019/20

This page has been left intentionally blank.

# Contents

<b>1</b>	Chief Executive Officer's Report	1
<b>2</b>	Community Financial Report	2
<b>3</b>	Annual Financial Statements	9
<b>4</b>	Statutory Information	81
	Index of Legislative Requirements	91

This page has been left intentionally blank.



# Chief Executive Officer's Report



The 2019/20 financial year was a tale of two halves. The first six months were largely business as usual while the second half was the most challenging and difficult this Council has experienced since amalgamation.

To put that statement in context, the 2020 calendar year began with Council heading into election mode. It was the first Local Government elections post Belcarra which resulted in increased accountability for candidates.

The early days of the COVID-19 pandemic coincided with the election campaign and there was uncertainty for a while if the poll would even go ahead.

After the election on 28 March, there was a bigger delay than normal before results were finally declared, during which a strict lockdown was enforced.

The lockdown contained the public health crisis but triggered a financial and economic crisis which we are still grappling with.

The new Council had to manage social and operational aspects of the pandemic response while framing a budget in circumstances in which revenue was significantly reduced.

I'm proud to report that staff and Councillors have stepped up and met the challenges we faced.

The new Council adopted the Mayor's COVID-19 relief package as one of its first decisions.

The package included a moratorium on interest for outstanding rates and charges; the extension of all dog registrations by six months; rent relief for Council-owned commercial tourism and retail shop leases; waiving of airport fees; extended food licences; waiving of trade waste fees and charges; and assistance for sporting clubs and community organisations through a grants program.

Unlike some other Councils, we retained all our staff during the lockdown and afterwards, redeploying people whose regular jobs temporarily no longer existed. An external recruitment freeze was instituted, requiring internal transfers to meet critical vacancies.

I'm also very pleased that the main Service Centre in the Bourbong Street Administration building remained open and operational for the whole period, with health and distancing requirements being observed.

We also quickly activated IT systems to enable employees to work from home where practical. At one time we had nearly 100 staff utilising this option. We were also able to respond quickly to the COVID-19 social distancing requirements because of our disseminated work areas across the region, including multiple works depots and service counters.

I thank everyone for their flexibility during this time. The experience was beneficial in testing Council's capability to continue operating as normally as possible during an emergency situation.

Financially, we achieved a small surplus in 2019/20 despite lower revenue from operational areas such as holiday parks, the Moncrieff, Multiplex and Airport.

This showed the benefit of Council's prudent budgeting over the past few years.

It also meant we were able to offer rate relief for the vast majority of ratepayers in the 2020/21 Budget. Despite valuation changes in many cases, more than 80 per cent of ratepayers are paying the same or less than last year in general rates.

The new Council has already completed all its policy reviews in addition to setting the Budget for 2020/21.

I commend the camaraderie and spirit of teamwork that has been established among our newly elected members in a short period with the executive team.

Unless there is a second wave of coronavirus in our region, I'm confident that Council has the building blocks in place to move forward with minimal impact on regular services and operations.

We are progressing this year with major infrastructure projects including the Gin Gin Streetscape improvements and community hub; Gregory River and Kalkie water treatment upgrades and Elliott Heads community recreation facility.

Council has also adopted a 2020 Advocacy document which will be presented to candidates at the forthcoming state election. It provides a blueprint for implementing priorities around social infrastructure, community safety and job creation.

I'd like to thank all staff, councillors from both terms and the executive team for their support in continuing to build Australia's best regional community.

**Stephen Johnston**

Chief Executive Officer

# Community Financial Report

The Community Financial Report is prepared to provide residents, businesses and other stakeholders with an understanding of Council's financial performance and position for the 2019/20 financial year. It aims to give the reader a summary of Council's financial statements along with key financial statistics and ratios, including trends and forecasts.

## Key Points

- Despite COVID-19 challenges, Council has achieved an operating surplus of \$1.5 million. However, next financial year has an expected operating deficit of \$5.2 million.
- Significant investment in upgrading local roads and water and sewerage infrastructure.
- Debt balance has remained steady over the year.
- Implementation of new accounting standards has seen a significant change in reporting.
- Cash position remains strong.

## Financial Statements

Financial Statements are an audited formal record of the performance and position of Council. There are four financial statements and three sustainability ratios that assist in providing a high level picture of Council finances. These are described as:

- 2.1 Statement of Comprehensive Income - revenue and expenses in the past 12 months
- 2.2 Statement of Financial Position - assets owned and liabilities owed at 30 June 2020
- 2.3 Statement of Cashflows - shows the effect of revenue and expenses, assets and liabilities on cash and investments
- 2.4 Statement of Changes in Equity - movement in the community's net wealth during the year
- 2.5 Financial Sustainability Ratios - for reviewing Council performance and sustainability
  - (a) Operating surplus
  - (b) Net financial liabilities
  - (c) Asset sustainability

## 2.1 Statement of Comprehensive Income

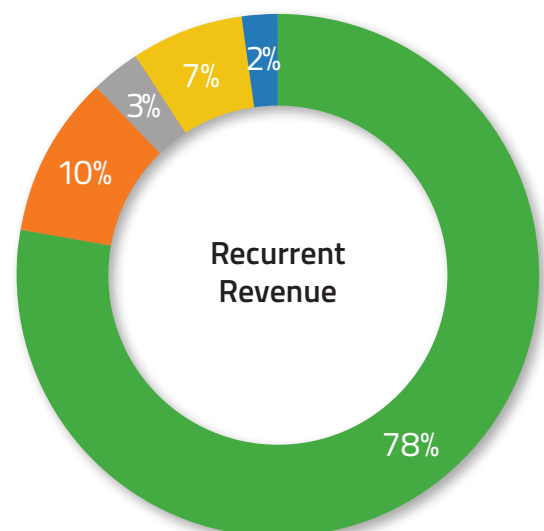
The Statement of Comprehensive Income shows what Council has earned (revenue) and what costs Council has incurred (expenses) throughout the year to determine the operating surplus and net result of Council. Although Council achieved a net Result of \$20 million, it focuses on the operating surplus as an important indicator of Council's financial health. The Operating Surplus is the amount of recurrent revenue less recurrent expenses and denotes whether Council has collected sufficient revenue to fund its daily operations. The COVID-19 pandemic and subsequent relief measures adopted by Council, has contributed to a lower operating surplus in comparison to prior years. However, this still remains within Council's sustainability target (please refer to 2.5(a) for further information).

### Total Income \$227 million - where did this revenue come from?

#### Recurrent Revenue

Council received recurrent revenue of \$196.6 million. Ratepayers contributed 78% of Council's recurrent revenue through rates and utility charges from 45,271 rateable properties. Fees and charges comprises revenue collected for providing other services to customers, such as development application fees, animal registration costs and licence fees. This is Council's second largest source of recurrent revenue.

- Rates, Levies & Charges (\$152.3m)
- Fees and charges (\$20.1m)
- Recurrent Grants, Subsidies, Contributions & Donations (\$14.2m)
- Sales Revenue (\$5.6m)
- Interest & Other Income (\$4.4m)



## Why are rates, levies and charges a significant portion of revenue?

Recurrent revenue is essential for delivering services and for the maintenance, renewal and development of Council assets. To achieve these objectives, Council endeavours to raise its own sources of income, to prevent reliance on potentially volatile funding from the State and Federal governments.

## Capital Revenue

Council received capital revenue totalling \$30 million. This revenue consisted mainly of grants and subsidies actively sought from the State and Federal government and infrastructure charges from development activities. Typically this revenue is utilised on capital projects during the year or is held as restricted cash for future capital projects.

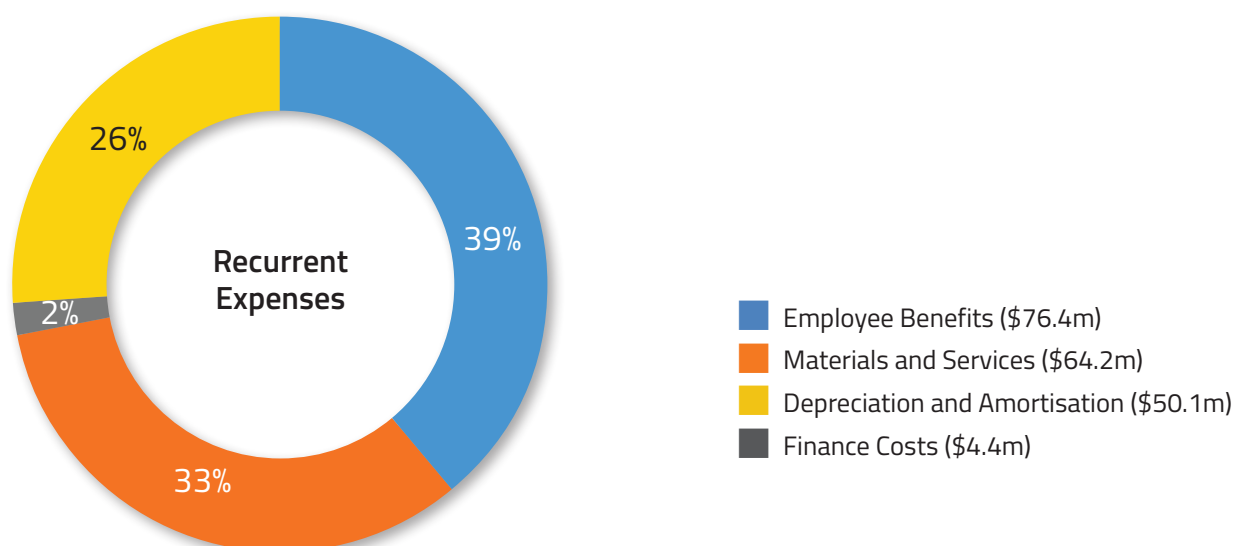
## Total Expenses \$207 million - what was this spent on?

### Recurrent Expenses

The majority of Council's recurrent expenditure is related to employee benefits (39%) and materials and services (33%). Employee benefits include employee salaries and wages, Councillor's remuneration and superannuation. Excluded from this balance is \$7.5 million in wages incurred in delivering the capital works program.

Materials and services includes such expenditure as electricity, fleet operating costs, external plant hire, insurance premiums, consultants, raw water acquisitions and licences. It also includes repairs and maintenance, including preventative maintenance to ensure high asset service levels for community use. This expenditure combined with employee benefits, is necessary for maintaining service levels and delivering Council's Corporate Plan.

Council's depreciation expense of \$50.1 million equates to approximately \$1,100 per rate assessment, per annum. Assets wear out, are consumed and/or become obsolete over their lifetime, and depreciation is used to record this consumption by allocating the asset's value over its useful life.



### Capital Expenses

Capital expenses, totalling \$11.4 million are reflected in the capital surplus and net result. They represent a decrease in the asset base, primarily through a loss on disposal of assets. Capital expenses do not represent Council's investment in assets during the year. Investment in assets during the year is outlined in section 2.3 Statement of Cashflows.

## 2.2 Statement of Financial Position

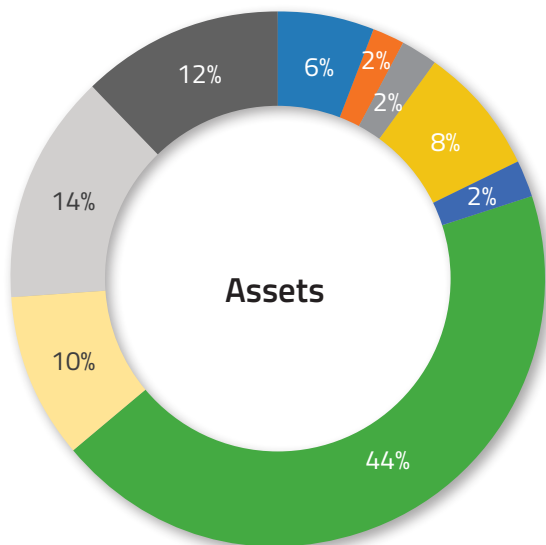
The Statement of Financial Position records what Council owns (assets) and what Council owes (liabilities) at the end of the financial year. The result of these two components determines the net worth of Council and our community.

### Assets \$2.4 billion - what Council owned at 30 June 2020

The major investment for Council is in assets which provide essential services for a growing community, namely property, plant and equipment which has a net value of over \$2.2 billion. The bulk of Council's assets are infrastructure assets such as roads, footpaths, bridges, stormwater drainage, water and sewerage, accounting for 80% of Council's asset base.

Cash and receivables represent 6% of net assets. Restricted cash for future capital expenditure represents 52% of total cash held at balance date.

To mitigate the risk surrounding Council's significant cash balance, exposure to term deposits has been reduced, with the majority of funds being held in the Queensland Treasury Corporation's Cash Fund. This is capital guaranteed.

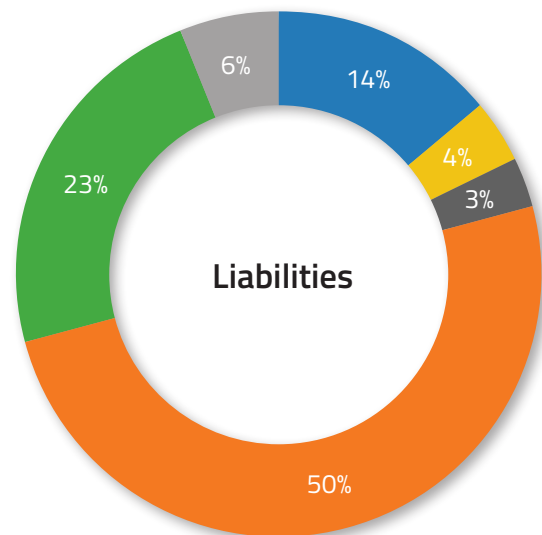


- Roads, footpaths and bridges (\$1.08b)
- Sewerage infrastructure (\$348.6m)
- Water infrastructure (\$302m)
- Stormwater drainage (\$246.6m)
- Buildings and structures (\$186.7m)
- Cash and receivables (\$153.6m)
- Land and improvements (\$59.3m)
- Plant and Equipment (\$36.5m)
- Other assets (\$36.4m)

### Liabilities \$154 million - what Council owed at 30 June 2020

Half of Council's liabilities are in the form of borrowings, totalling \$77.7 million. Council aims to restrict borrowings to expenditure on identified capital projects that are considered by Council to be the highest priority and which cannot be fully funded by revenue, grants and/or subsidies. Borrowings are generally sought for infrastructure assets with long useful lives. Consequently, borrowings are generally repaid over the prescribed maximum 20 year period. Additional loans totalling \$7.5 million were received during the year to fund projects such as the Gin Gin Streetscape Upgrade and Hughes Road Extension. Debt remains relatively low at 3.5% when compared to its property, plant and equipment assets. Debt is also well below the upper threshold outlined in the net financial liabilities ratio in section 2.5(b).

Provisions are liabilities where Council has an obligation to undertake the expenditure, but where amounts or timing are uncertain. The total of \$35.5 million consists of long service leave payable to employees at 30 June 2020 (\$13.9 million) and costs that are expected to be incurred in restoring and post-closure monitoring of significant landfill sites administered by Council (\$21.6 million).



- Borrowings (\$77.7m)
- Provisions (\$35.5m)
- Trade and Other Payables (\$21.8m)
- Other Liabilities (\$8.7m)
- Contract Liabilities (\$5.5m)
- Lease Liabilities (\$4.7m)



Trade and other payables are made up of day-to-day creditors (\$13.3 million), for the purchase of items ranging from stationery to bitumen and employee entitlements (\$8.6 million). Employee entitlements consist of annual leave, wages, superannuation and other leave amounts (excluding long service leave) payable to employees at 30 June 2020.

Contract liabilities are a new addition to the Statement of Financial Position under new accounting standards implemented this year. The majority of the balance represents unspent grants, subsidies and contributions. Lease Liabilities are amounts payable over the lease term, where Council is the lessee.

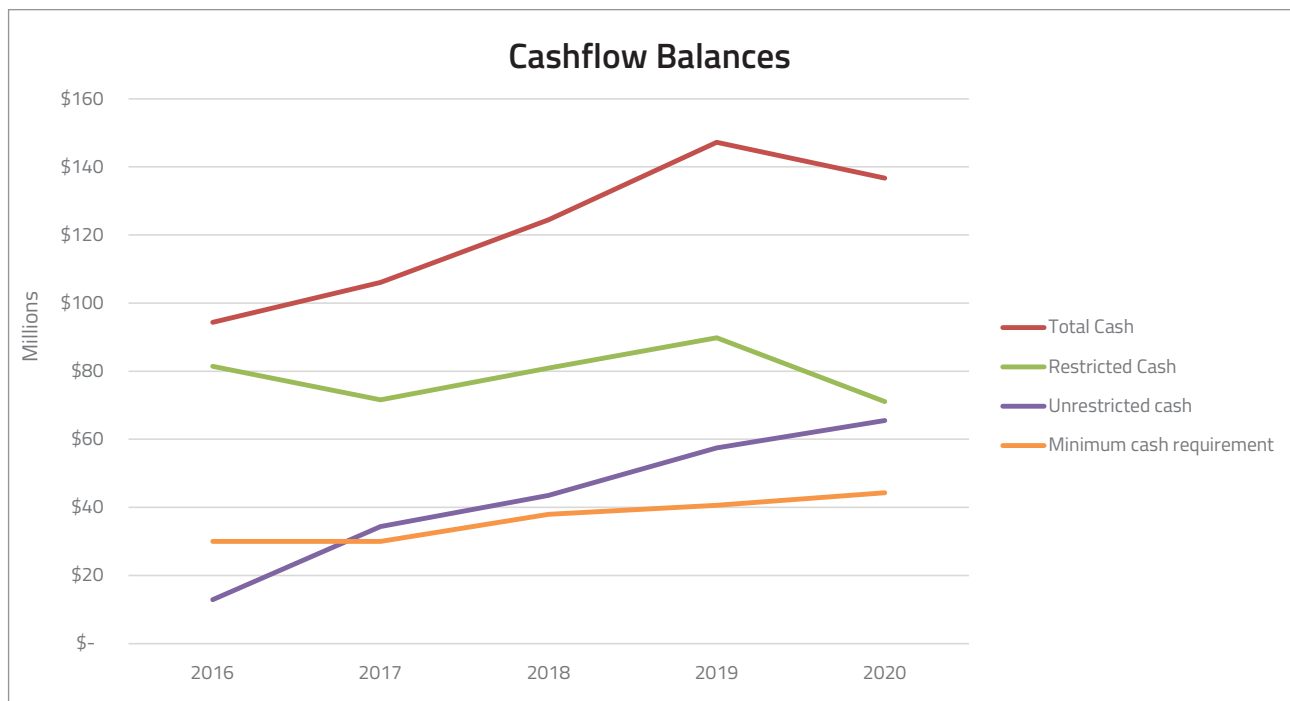
## 2.3 Statement of Cashflows

This statement records the movement in cash holdings during the year. In 2020, the cash balance decreased by \$10.6 million from \$147.3 million to a closing balance of \$136.7 million at year end. This decrease was expected, as a significant capital program was delivered this year. These assets will contribute to the generation of future revenue.

Council's cash is represented by internally restricted capital cash (reserves) of \$47 million, externally restricted capital cash (unspent grants, infrastructure charges and loans) of \$24.2 million and unrestricted cash of \$65.5 million.

Council's cashflow from operating activities remains positive, with surplus operating cash of \$53.9 million available for investing in assets and for the repayment of loans. Council invested \$81.8 million in assets this financial year, which was funded by capital revenue, borrowings and cash from operating activities aforementioned. This investment focussed on infrastructure assets with 74% of the capital outlay across these asset classes.

Council's minimum cash requirement at 30 June 2020 was estimated to be \$44.3 million. By maintaining this balance, Council allows sufficient cash to be available between rating periods, whilst also providing a buffer against unforeseen events. Ideally Council should have unrestricted cash greater than our minimum cash requirement.



## 2.4 Statement of Changes in Equity

The Statement of Changes in Equity explains the change in the net wealth of Council during the financial year and includes the asset revaluation surplus, retained surplus and capital.

Retained surplus of \$107.9 million represents restricted cash and the unallocated surplus. At 30 June 2020 there was an unallocated surplus of \$44 million. The unallocated surplus represents the accumulative amount available at the beginning of the financial year for funding future operations and/or investment in assets.

Capital represents the net investment of Council funds in assets to deliver future services to the community.

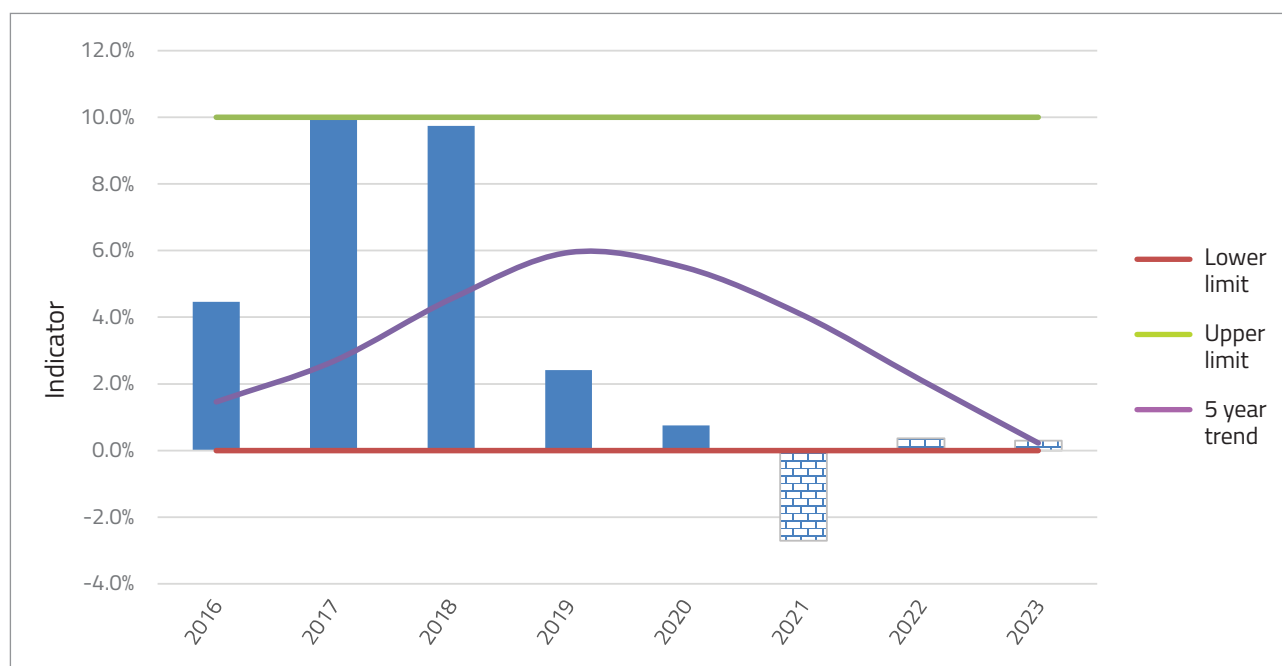
## 2.5 Financial Sustainability Ratios

The Financial Sustainability of Council is now a cornerstone of the *Local Government Act 2009* and a core responsibility of Councils across Queensland. A financially sustainable local government is defined by its ability to maintain its financial capital and infrastructure capital over the long-term.

Council does not use these measures of sustainability as targets that must be achieved 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, as reflected in Council's Long Term Financial Plan. This feedback enables Council to adjust its respective strategies to produce the desired outcomes over the long-term.

The *Local Government Regulation 2012* requires Council to publish financial sustainability measures. The Department of Local Government, Racing and Multicultural Affairs has set targets for each measure in the *Financial Management Sustainability Guideline 2013*. The three sustainability measures showing historic and forecast results are as follows:

### (a) Operating Surplus Ratio



#### INDICATOR

Operating Surplus Ratio (Financial)

#### DESCRIPTION

Indicates the extent to which operating revenues are available to help fund proposed capital expenditure. If not required within the year, a surplus could be held for future capital expenditure (Reserves), adjust working capital cash or used to reduce current debt levels.

#### MEASURE

Net Operating Surplus divided by Total Operating Revenue

#### TARGET

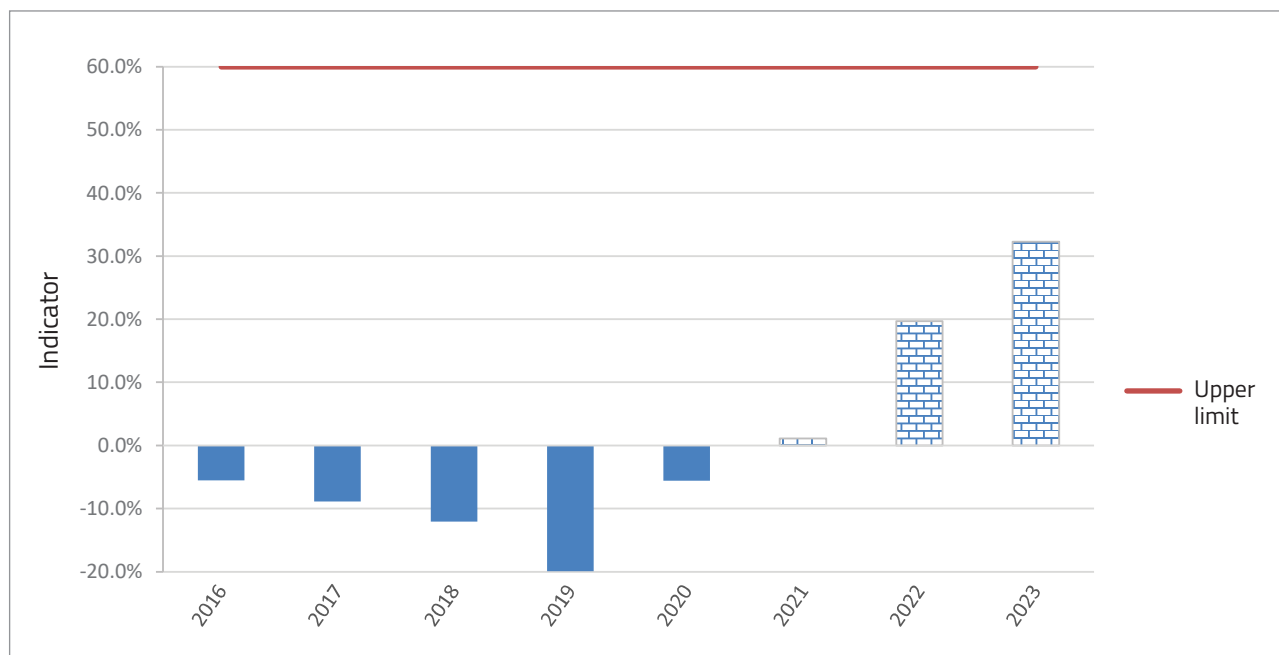
Between 0% and 10%

## Commentary

Council has achieved a modest operating surplus in 2020, despite the disruption to business and the uncertainty in the global economy as a result of the COVID-19 pandemic. It resulted in temporary closure of Council facilities and cancellation of local events. A Coronavirus relief package was adopted by Council, which was designed to reduce the impact on the local economy. It included licence and registration extensions and rent relief to Council owned commercial tourism and retail shop leases.

It is estimated that the pandemic has resulted in a decrease in Council's 2020 operating result of approximately \$5.4 million. Further impacts are expected to continue into the 2021 financial year, resulting in a forecast operating deficit, with a return to modest operating surpluses thereafter.

### (b) 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. A value greater than 60% indicates limited capacity to increase borrowings.

#### MEASURE

Total Liabilities less Current Assets divided by Operating Revenue.

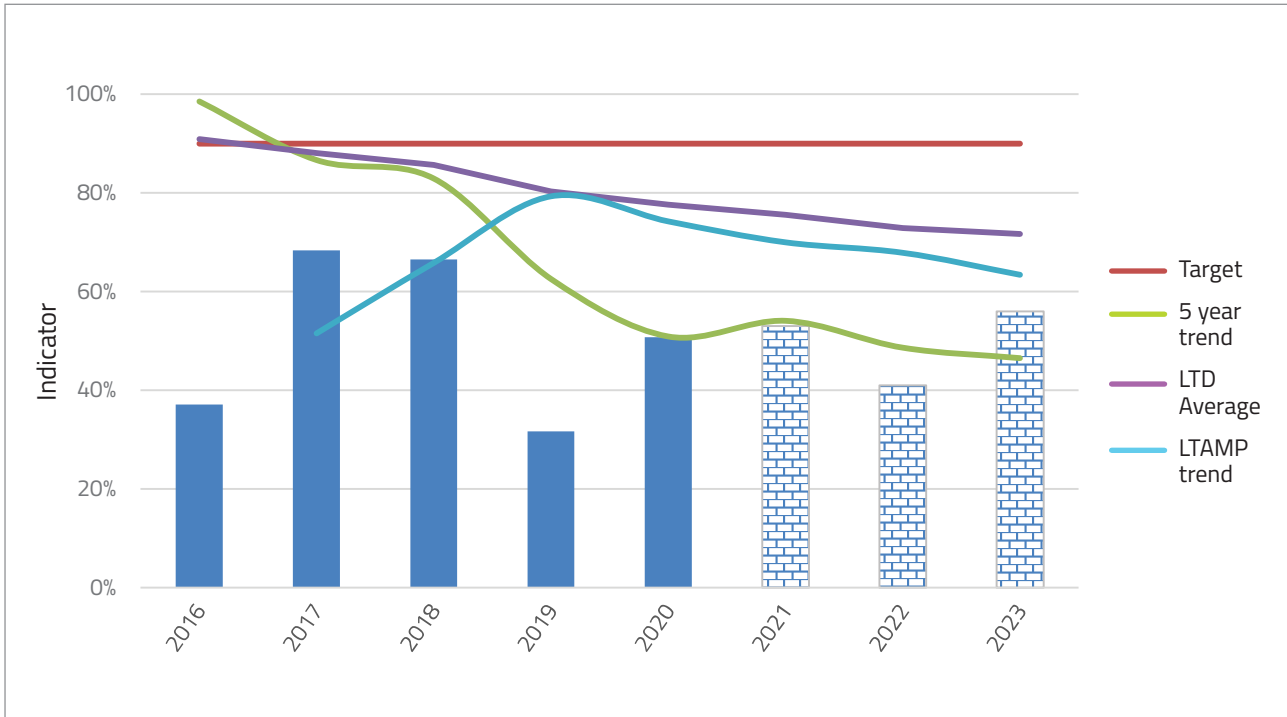
#### TARGET

Not greater than 60%

## Commentary

The Net Financial Liabilities Ratio of Council has been consistently below the upper threshold of the target. This is due to Council's strategy to seek alternate funding sources for capital projects and ensure affordability of borrowing levels. There are no planned borrowings for 2021.

### (c) Asset Sustainability Ratio



**INDICATOR**

Asset Sustainability Ratio

**DESCRIPTION**

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

**MEASURE**

Capital Expenditure on Infrastructure Renewals divided by Depreciation Expense on Infrastructure Assets.

**TARGET**

Greater than 90%

**Commentary**

When assessing asset sustainability, Council refers to long term trends rather than focussing on the annual renewal programs which can fluctuate from year to year. The renewal programs are generated from Council’s Long-Term Asset Management Plan (LTAMP), which shows that a significant portion of the asset base are in good condition. The Life-To- Date average renewal of assets approximates the LTAMP trend. In 2018/19 Council commissioned an external review of its LTAMP assumptions to ensure the planned level of asset renewal is appropriate. This review confirmed Council’s assumptions are appropriate and provided additional confidence in our LTAMP.

# 3 Annual Financial Statements

3.1	Statement of Comprehensive Income	10
3.2	Statement of Financial Position	11
3.3	Statement of Changes in Equity	12
3.4	Statement of Cash Flows	13
3.5	Notes to the Financial Statements	14
3.5.1	Significant accounting policies	14
3.5.2	Analysis of results by function	23
3.5.3	Revenue	26
3.5.4	Interest and other income	27
3.5.5	Capital income	27
3.5.6	Employee benefits	28
3.5.7	Materials and services	28
3.5.8	Finance costs	29
3.5.9	Capital expenses	29
3.5.10	Cash and cash equivalents	29
3.5.11	Trade and other receivables	30
3.5.12	Inventories	30
3.5.13	Other assets	31
3.5.14	Non-current assets held for sale	31
3.5.15	Investment property	31
3.5.16	Property, plant and equipment	32
3.5.17	Fair value measurements	35
3.5.18	Intangible assets	41
3.5.19	Contract balances	43
3.5.20	Leases	43
3.5.21	Trade and other payables	47
3.5.22	Borrowings	47
3.5.23	Provisions	47
3.5.24	Other liabilities	48
3.5.25	Asset revaluation surplus	48
3.5.26	Retained surplus	49
3.5.27	Commitments for expenditure	49
3.5.28	Contingent liabilities	50
3.5.29	Superannuation - Regional Defined Benefit Fund	51
3.5.30	Trust funds	52
3.5.31	Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities	52
3.5.32	Changes in accounting policy	53
3.5.33	Events after the reporting period	59
3.5.34	Financial instruments and financial risk management	60
3.5.35	Transactions with related parties	67
3.5.36	National competition policy	68
3.6	Management Certificate	70
3.7	Independent Auditor's Report - Financial Statements	71
3.8	Financial Sustainability Statements	
3.8.1	Current Year Financial Sustainability Statement	74
3.8.2	Current Year Financial Sustainability Statement - Certificate of Accuracy	75
3.8.3	Independent Auditor's Report - Current Year Financial Sustainability Statement	76
3.8.4	Long-term Financial Sustainability Statement	79
3.8.5	Long-term Financial Sustainability Statement - Certificate of Accuracy	80



### 3.1 Statement of COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates and utility charges	3(a)	152,293,587	147,630,935
Fees and charges	3(b)	20,107,992	19,932,867
Sales revenue	3(c)	5,570,128	6,261,204
Interest received	4	2,954,942	4,309,376
Grants, subsidies, contributions and donations	3(d)(i)	14,211,668	12,920,763
Profit on sale of developed land held for resale		1,488,699	134,540
Total recurrent revenue		<u>196,627,016</u>	<u>191,189,685</u>
<b>Capital Revenue</b>			
Grants, subsidies, contributions and donations	3(d)(ii)	29,896,301	31,910,042
Total Revenue		<u>226,523,317</u>	<u>223,099,727</u>
Capital Income	5	117,598	448,984
<b>TOTAL INCOME</b>		<u>226,640,915</u>	<u>223,548,711</u>
<b>Expenses</b>			
<b>Recurrent Expenses</b>			
Employee benefits	6	(76,360,052)	(69,599,519)
Materials and services	7	(64,212,587)	(65,000,809)
Finance costs	8	(4,437,822)	(4,839,609)
Depreciation of property plant and equipment	16(a)	(49,201,367)	(46,818,087)
Amortisation of intangible assets	18	(281,144)	(317,017)
Depreciation of right-of-use assets	20(b)	(661,115)	-
Total recurrent expenses		<u>(195,154,087)</u>	<u>(186,575,041)</u>
<b>Capital Expenses</b>	9	(11,422,811)	(13,432,612)
<b>TOTAL EXPENSES</b>		<u>(206,576,898)</u>	<u>(200,007,653)</u>
<b>NET RESULT</b>		<u>20,064,017</u>	<u>23,541,058</u>
Net Result Attributable To:			
Operating surplus		1,472,929	4,614,644
Capital surplus		18,591,088	18,926,414
		<u>20,064,017</u>	<u>23,541,058</u>
<b>Other Comprehensive Income</b>			
<b>Items That Will Not Be Classified To Net Result</b>			
Increase/(decrease) in asset revaluation surplus	25	99,133,442	22,797,955
<b>Total Other Comprehensive Income</b>		<u>99,133,442</u>	<u>22,797,955</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>119,197,459</u>	<u>46,339,013</u>

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore, the comparative information is presented using the previous standards relating to revenue and leases.*

## 3.2 Statement of FINANCIAL POSITION

As at 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	136,689,730	147,278,309
Trade and other receivables	11	16,892,018	11,270,937
Inventories	12	4,959,476	6,173,928
Contract assets	19(a)	1,171,099	-
Other assets	13	4,019,997	3,397,219
Non-current assets held for sale	14	1,173,822	1,942,834
<b>Total Current Assets</b>		<b>164,906,142</b>	<b>170,063,227</b>
<b>Non-Current Assets</b>			
Investment property	15	14,375,985	7,472,760
Property, plant and equipment	16(a)	2,256,160,696	2,116,043,607
Right of use assets	20(b)	4,533,753	-
Intangible assets	18	6,119,475	6,045,555
<b>Total Non-Current Assets</b>		<b>2,281,189,909</b>	<b>2,129,561,922</b>
<b>TOTAL ASSETS</b>		<b>2,446,096,051</b>	<b>2,299,625,149</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	21	21,842,503	17,978,478
Contract liabilities	19(b)	5,450,873	-
Borrowings	22	7,658,004	7,431,194
Lease liabilities	20(c)	513,401	-
Provisions	23	13,339,869	12,471,247
Other liabilities	24	8,701,606	3,805,876
<b>Total Current Liabilities</b>		<b>57,506,256</b>	<b>41,686,795</b>
<b>Non-Current Liabilities</b>			
Borrowings	22	70,026,741	70,047,453
Lease liabilities	20(c)	4,144,745	-
Provisions	23	22,213,481	20,216,815
<b>Total Non-Current Liabilities</b>		<b>96,384,967</b>	<b>90,264,268</b>
<b>TOTAL LIABILITIES</b>		<b>153,891,223</b>	<b>131,951,063</b>
<b>NET COMMUNITY ASSETS</b>		<b>2,292,204,828</b>	<b>2,167,674,086</b>
<b>Community Equity</b>			
Asset revaluation surplus	25	614,090,840	514,957,398
Retained surplus	26	107,933,926	124,944,168
Capital		1,570,180,062	1,527,772,520
<b>TOTAL COMMUNITY EQUITY</b>		<b>2,292,204,828</b>	<b>2,167,674,086</b>

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore, the comparative information is presented using the previous standards relating to revenue and leases.*

### 3.3 Statement of CHANGES IN EQUITY

For the year ended 30 June 2020

	Total	Asset Revaluation Surplus Note 25	Retained Surplus Note 26	Capital
	\$	\$	\$	\$
<b>Balances as at 1 July 2019</b>	2,167,674,086	514,957,398	124,944,168	1,527,772,520
Assets not previously recognised/(derecognised)	12,729,636	-	884,901	11,844,735
Prior year work in progress expensed	(585,289)	-	(585,289)	-
Adjustment on initial application of AASB 15 and AASB 1058	(6,839,495)	-	(6,839,495)	-
Adjustment on initial application of AASB 16	28,431	-	28,431	-
<b>Restated balance at 1 July 2019</b>	2,173,007,369	514,957,398	118,432,716	1,539,617,255
Net result	20,064,017	-	20,064,017	-
Increase/(decrease) in asset revaluation surplus	99,133,442	99,133,442	-	-
<b>Total comprehensive income for the year</b>	119,197,459	99,133,442	20,064,017	-
Transfers				
Transfers to/from capital	-	-	(30,562,807)	30,562,807
<b>Total transfers</b>	-	-	(30,562,807)	30,562,807
<b>Balance at 30 June 2020</b>	2,292,204,828	614,090,840	107,933,926	1,570,180,062
<b>Balances as at 1 July 2018</b>	2,114,359,674	492,159,443	110,477,666	1,511,722,565
Assets not previously recognised/(derecognised)	6,003,327	-	-	6,003,327
Infrastructure changes not previously recognised	972,072	-	972,072	-
<b>Restated balance at 1 July 2018</b>	2,121,335,073	492,159,443	111,449,738	1,517,725,892
Net result	23,541,058	-	23,541,058	-
Increase/(decrease) in asset revaluation surplus	22,797,955	22,797,955	-	-
<b>Total comprehensive income for the year</b>	46,339,013	22,797,955	23,541,058	-
Transfers				
Transfers to/from capital	-	-	(10,046,628)	10,046,628
<b>Total transfers</b>	-	-	(10,046,628)	10,046,628
<b>Balance at 30 June 2019</b>	2,167,674,086	514,957,398	124,944,168	1,527,772,520

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies.  
The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore, the comparative information is presented using the previous standards relating to revenue and leases.*

### 3.4 Statement of CASHFLOWS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers		186,553,684	185,510,274
Payments to suppliers and employees		(148,426,533)	(138,948,705)
		38,127,151	46,561,569
Recurrent grants, subsidies, contributions and donations		14,970,055	12,575,271
Interest received		3,201,467	4,365,982
Proceeds from sale of developed land held for resale		1,819,587	176,364
Costs incurred on developed land held for resale		(911,736)	(1,761,995)
Borrowing costs		(3,403,077)	(3,622,999)
Interest on lease liabilities		(136,465)	-
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	31	<b>53,666,982</b>	<b>58,294,192</b>
<b>Cash Flow from Investing Activities:</b>			
Proceeds from sale of non-current assets held for sale		915,290	-
Proceeds from sale of property, plant and equipment		1,144,227	794,656
Proceeds from sale of investment property		76,942	-
Compensation for assets written off		18,636	67,956
Capital grants, subsidies, contributions and donations		17,455,662	24,910,873
Payments for property, plant and equipment		(80,909,728)	(59,986,664)
Payments for intangible assets		(624,939)	(27,268)
Payments for investment property		(2,065,525)	(432,610)
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(63,989,435)</b>	<b>(34,673,057)</b>
<b>Cash Flow from Financing Activities:</b>			
Proceeds from borrowings	22	7,500,000	5,900,000
Repayment of borrowings	22	(7,284,032)	(6,707,050)
Repayment of lease liabilities	20	(482,094)	-
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(266,126)</b>	<b>(807,050)</b>
<b>Net Increase/(Decrease) in Cash Held</b>		<b>(10,588,579)</b>	<b>22,814,085</b>
Cash at beginning of reporting period		147,278,309	124,464,224
<b>Cash at End of Reporting Period</b>	10	<b>136,689,730</b>	<b>147,278,309</b>

*The above statement should be read in conjunction with the accompanying notes and Significant Accounting Policies. The comparatives have not been restated on adoption of AASB 15 / AASB 1058 and AASB 16 and therefore, the comparative information is presented using the previous standards relating to revenue and leases.*

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies

#### 1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with the Australian Accounting Standards as applicable for not-for-profit entities.

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

#### 1.02 Constitution

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

#### 1.03 Currency

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

#### 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 Estimates and judgements

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

- Valuation of Investment Property (Note 15)
- Valuation of Property, Plant and Equipment (Note 17) including:
  - \* valuation of infrastructure assets using the depreciated replacement cost method
  - \* useful lives; and
  - \* residual values.
- Impairment of property, plant and equipment (Note 1.16(iv))
- Impairment of intangibles (Note 18)
- Credit losses on receivables (Note 34)
- Employee provisions (Note 23)
- Restoration provisions (Note 23)
- Revenue recognition (Note 32)

#### 1.06 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.

#### 1.07 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.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.08 Recurrent and capital classification

Revenue and expenditure are presented as "recurrent" or "capital" in the Statement of Comprehensive Income on the following basis:

Capital revenue includes grants, subsidies, contributions and donations (cash and non-cash) which are tied to specific projects for non-current assets.

The following transactions are classified as either "Capital income" or "Capital expense" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- disposal of non-current assets held for sale
- adjustments to restoration provisions on land not controlled by Council
- revaluation of investment property
- revaluation of land and improvements
- disposal of property, plant and equipment
- disposal of intangibles
- sale of investment property

All other revenue and expenses have been classified as "recurrent".

#### 1.09 New and revised accounting standards adopted during the year

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019. The standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases.

Refer to Note 32 for transition disclosures for AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income for Not-for-Profit Entities* and AASB 16 *Leases*.

#### 1.10 Standards issued by AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not yet effective at 30 June 2020. These standards have not been adopted by Council and are not expected to have a material impact on Council's financial statements in the period of initial recognition.

#### 1.11 Revenue

Revenue is measured at the fair value of the consideration received or receivable once performance obligations have been appropriately satisfied or once control over a good or service has been transferred.

##### (i) Rates and utility charges

2020 accounting policy:

Rates and utility charges are recognised as revenue at the date they are levied and corresponding non-contractual receivables are recognised in accordance with AASB 9 *Financial Instruments*. Prepaid rates are recognised as a financial liability until the beginning of the applicable rating period.

2019 accounting policy:

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.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.11 Revenue (Cont'd)

##### (ii) Grants, subsidies, contributions and donations

2020 accounting policy:

##### Grant income under AASB 15

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for Council to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

##### Grant income under AASB 1058

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by Council. Special purpose capital grants are recognised as a contract liability when received, and subsequently recognised progressively as revenue as Council satisfies its obligations under the grant through construction of the asset.

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

2019 accounting policy:

Grants, contributions and donations are non-reciprocal transactions where Council does not directly give approximately equal value to the grantor. Council only receives grants, subsidies and contributions that are non-reciprocal in nature.

##### (iii) Fees and charges

2020 accounting policy:

Fees and charges are recognised once performance obligations are met, once the statutory event has occurred or the customer receives the benefit of the goods/services being provided.

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

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

2019 accounting policy:

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.

##### (iv) Contract and recoverable works

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 based on costs incurred at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

2020 accounting policy:

Where consideration is received for the service in advance, it is recognised as a contract liability and is recognised as revenue once the performance obligations are satisfied. A contract asset is recognised when consideration for services delivered have not yet been billed.

2019 accounting policy:

Where consideration is received for the service in advance it is included in unearned revenue and is recognised as revenue in the period when the service is performed.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.11 Revenue (Cont'd)

##### (v) Infrastructure charges

2020 accounting policy:

Infrastructure charges are non-contractual in nature and arise from statutory events detailed in the *Planning Act 2016*. Revenue is recognised once the trigger event occurs, usually at time of approval or on final inspection. Infrastructure charges received in advance are fully refundable to the applicant until the trigger date has passed, therefore a financial liability for prepaid infrastructure charges is recognised as a related amount in accordance with AASB 9 *Financial Instruments*.

2019 accounting policy:

Infrastructure charges are not within the scope of AASB Interpretation 18 *Transfer of Assets from Customers*, because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

##### (vi) Non-Monetary contributions

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

Physical assets contributed to Council by developers 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 specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received.

There was no change in the policy on application of the new accounting standards in 2020.

#### 1.12 Receivables

Receivables are measured at amortised cost which approximates fair value at reporting date. 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 end of the month.

Refer to Note 34 for Council's credit risk management policies.

#### 1.13 Inventories

Stores inventories are valued at cost and adjusted, when applicable, for any loss of service potential.

Land purchased for development and sale is classified as inventory. As inventory, this land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

#### 1.14 Non-Current assets held for sale

Items of property, plant and equipment are reclassified as non-current assets held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use.

Non-current assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable within 12 months. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

Impairment occurs when, on transfer from property, plant and equipment, the asset is no longer measured at its fair value but at fair value less disposal costs.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.15 Investment property

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use.

Investment property is initially recognised at cost (including transaction costs) and subsequently at fair value. Where investment property is acquired significantly below fair value, it is recorded at fair value on initial recognition. Investment property does not include community housing or other property held to provide a social service.

All investment property was valued at fair value at 30 June 2020. Further information about the valuation techniques used to derive fair value are included in Note 17.

Gains or losses arising from changes in the fair value of investment property are recognised as income or expense respectively, for the period in which they arise. Investment property is not depreciated.

#### 1.16 Property, plant and equipment

##### (i) Recognition

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.

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

##### (ii) Measurement

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

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.

##### (iii) Depreciation

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

Land and other identified asset components (road formation, specific excavation works and earthworks) are not depreciated as they have unlimited useful lives.

Depreciation on other property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.16 Property, plant and equipment (Cont'd)

##### (iii) 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 are shown in Note 16.

##### (iv) Impairment

Property, plant and equipment and intangible assets are 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.

##### (v) Valuation

Land and improvements, buildings and structures and infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment is 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 five years.

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 used in calculating the fair value of the asset. The valuers physically inspect a sample of assets to confirm Council's condition assessment.

In the intervening years, Council will assess cost assumptions associated with infrastructure assets and may engage independent valuers to provide desktop valuations by indexation. All assets within an asset subclass, other than assets constructed or gifted during the year, will be revalued by the applicable indices.

On revaluation, the carrying amount of the asset is adjusted to the revalued amount. At the date of revaluation, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

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 17.

#### 1.17 Intangible assets

Intangible assets with a cost or other value exceeding \$10,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

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

Costs 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. The amortisation method and useful lives are reviewed at the end of each reporting period where appropriate.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.18 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 - measured at amortised cost (Note 10)
- Trade and other receivables - measured at amortised cost (Note 11)
- Other assets - measured at amortised cost (Note 13)

##### Financial liabilities

- Trade and other payables - measured at amortised cost (Note 21)
- Borrowings - measured at amortised cost (Note 22)

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

#### 1.19 Contract balances

Where amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period, do not necessarily coincide with amounts billed to or certified by the customers.

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

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

#### 1.20 Leases

Refer to Note 32 for disclosures relating to Leases.

#### 1.21 Trade payables

Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts and other 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

##### (i) Wages and other employee entitlements

A liability for wages, superannuation, rostered days off and time off in lieu 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. These entitlements are recorded as a liability in Note 21.

##### (ii) Annual leave

A liability for annual leave is recognised. Amounts expected to be wholly settled within 12 months are calculated on current wage and salary levels indexed for the increase in the Enterprise Bargaining Agreement (EBA) (if applicable) and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels. These projections are based on increases in the EBA (if applicable) and averaged CPI for years beyond the EBA and related employee on-costs which are then discounted to present values using Commonwealth Bond Yields.

As Council does not have an unconditional right to defer this liability beyond 12 months, annual leave is classified as a current liability. This liability is reported in Note 21.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.22 Liabilities - employee benefits (Cont'd)

##### (iii) 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 based on increases in the EBA (if applicable) and averaged CPI for years beyond the EBA and 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 using Commonwealth Bond Yields. This liability is reported in Note 23.

Where employees have met the prerequisite length of service (five years) and Council does not have an unconditional right to defer this liability beyond 12 months, long service leave is classified as a current liability. Otherwise it is classified as non-current.

#### 1.23 Borrowings

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

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next 10 years. Council's current policy is to only borrow for capital projects and for a term ranging from 5-20 years.

#### 1.24 Restoration provisions

The provision is measured at the expected future cost of the work required by applying averaged CPI and discounted to current day values using an appropriate rate. Queensland Treasury Corporation's lending rates are considered an appropriate discount rate.

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.

##### (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 is 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 capital income or capital expense.

##### (ii) Restoration on land controlled by Council

Where the restoration site is on Council controlled land, changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus, for buildings and structures. If there is no available asset revaluation surplus, then any increase in the provision is processed as an expense. Any future decreases in provision will then be recovered against this expense.

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

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 1 Significant accounting policies (Cont'd)

#### 1.25 Impacts from the COVID-19 pandemic

Council has assessed the impact of the COVID-19 global pandemic and found there were no material implications for the financial year ending 30 June 2020. However, Council acknowledges that the COVID-19 restrictions impacted some industries within the region and through its adopted relief package, offered the following financial incentives from 1 April 2020:

- A moratorium on interest and outstanding rates and charges
- Refund all fees related to event permits and venue bookings
- Deferral of fees and charges for sporting clubs and associations
- Extension of dog registrations and certain licences and permits by six months
- Temporary suspension of parking restrictions
- Provide rent relief for Council-owned commercial tourism and retail shop leases
- Waive all airport-related fees for commercial aircraft

As a result of these incentives and the temporary closure of Council facilities, there has been a decrease in Council's 2020 operating result of approximately \$5.4 million. Further impacts are expected to continue into the 2021 financial year.

Further disclosure has been made throughout the notes, where Council believes this information will assist the user in understanding Council's position.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 2 Analysis of results by function

#### (a) Components of Council functions

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

##### ***Community and Environment***

The objectives of Community and Environment include:

- Parks and road environment maintenance programs which meet agreed service standards and community expectations.
- Delivery of community awareness, protection and educational programs and initiatives.
- Consistent enforcement of local laws
- Increase community resilience to disaster events.
- Delivery of arts and cultural facilities and programs that promote social, cultural and economic development.

This activity includes branches for Regulatory Services, Parks, Sports and Natural Areas, Health Services, Disaster Management, Community Services, Library, Arts and Cultural Services, Airports and Tourism.

##### ***Council Central Resources***

The objectives of Council Central Resources include:

- Provision of a range of central support functions, including recognition and allocation of general rates and grant revenue, interest revenue and expenses not allocated to Council's other functions.

##### ***Development***

The objectives of Development include:

- Continual enhancement and review of Bundaberg Regional Development Schemes, Plans and Strategies.
- Consistent enforcement of relevant legislation and the planning scheme to meet statutory requirements in the community's interest.
- Ongoing development of land use policies to address contemporary and emerging planning matters.

This activity includes branches for Strategic Planning, Planning Development Assessment, Development Major Projects and Development Compliance.

##### ***Executive Services and Communications***

The objectives of Executive Services and Communications include:

- Provide administrative support to the Mayor, CEO and Councillors.
- Prepare, publish and record Council meeting agenda and minutes.
- Manage the protocol functions of Council, including Sister City relationships.
- Ensure effective communications, internal and external.
- Promote Council activities and services and a positive image of the Bundaberg Region.

This activity includes branches for Communications and Media, and Services to the Executive Office and Elected Members.

##### ***Infrastructure***

The objectives of Infrastructure include:

- Delivery of network infrastructure maintenance to meet Council's approved plans and standards.
- Council's long-term and annual Capital Works Program delivered on time and on budget.
- Effective integration of land use and infrastructure planning.

This activity includes branches for Engineering and Civil Works, Major Projects, and Fleet and Trade Services.

##### ***Organisational Services***

The objectives of Organisational Services include:

- Productive and engaged staff with high morale and a positive corporate culture.
- High standard of workplace health and safety outcomes.
- Key financial indicators meeting sustainability and operational standards.
- High community satisfaction with customer service and Council's overall performance.

This activity includes branches for Governance and Legal Services, Information Systems, Financial Services, Internal Audit, People and Cultural, and Strategic Procurement and Supply.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 2 Analysis of results by function (Cont'd)

#### (a) Components of Council functions (Cont'd)

##### ***Strategic Projects and Economic Development***

The objectives of Strategic Projects and Economic Development include:

- Delivery of strategic projects that position Bundaberg as Australia's best regional community.
- Coordinate and lead regional advocacy efforts to attract greater investment in local infrastructure, employment and human capital.

##### **Business Units**

The following business activities constitute significant business activities under the National Competition Policy Agreements as outlined in the *Local Government Act 2009* and *Local Government Regulation 2012*.

##### ***Waste Management***

The objectives of Waste Management include:

- Waste services meeting industry and legislative standards.
- Implementation and monitoring of landfill services and rehabilitation of landfill sites.

##### ***Wastewater Services***

The objectives of Wastewater Services include:

- Wastewater services availability meeting customer standards.

##### ***Water Services***

The objectives of Water Services include:

- Water supply services availability meeting customer standards.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 2 Analysis of results by function

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

For the year ended 30 June 2020

Functions	Grant Revenue	Other Revenue	Total Revenue	Total Expenses	Net Result
	\$	\$	\$	\$	\$
Community and Environment	4,539,582	10,031,872	14,571,454	(56,876,206)	(42,304,752)
Council Central Resources	8,276,911	83,285,302	91,562,213	17,645,252	109,207,465
Development	-	3,337,159	3,337,159	(4,976,725)	(1,639,566)
Executive Services and Communications	-	7,963	7,963	(4,533,829)	(4,525,866)
Infrastructure Services	17,478,685	3,656,151	21,134,836	(57,083,003)	(35,948,167)
Organisational Services	443,932	2,501,352	2,945,284	(23,909,837)	(20,964,553)
Strategic Projects and Economic Development	721,474	91,971	813,445	(3,882,125)	(3,068,680)
Waste Management	200,196	22,925,685	23,125,881	(21,598,149)	1,527,732
Wastewater Services	750,000	34,117,206	34,867,206	(26,443,473)	8,423,733
Water Services	6,000	34,269,474	34,275,474	(24,918,803)	9,356,671
	32,416,780	194,224,135	226,640,915	(206,576,898)	20,064,017

For the year ended 30 June 2019

Functions	Grant Revenue	Other Revenue	Total Revenue	Total Expenses	Net Result
	\$	\$	\$	\$	\$
Community and Environment	4,587,698	12,400,875	16,988,573	(55,598,799)	(38,610,226)
Council Central Resources	9,495,444	81,712,450	91,207,894	15,447,397	106,655,291
Development	-	3,306,041	3,306,041	(4,787,642)	(1,481,601)
Executive Services and Communications	-	-	-	(3,851,519)	(3,851,519)
Infrastructure Services	16,241,640	3,403,789	19,645,429	(58,852,806)	(39,207,377)
Organisational Services	309,659	914,713	1,224,372	(22,010,054)	(20,785,682)
Strategic Projects and Economic Development	542,362	166,917	709,279	(3,524,020)	(2,814,741)
Waste Management	433,538	23,974,228	24,407,766	(21,302,958)	3,104,808
Wastewater Services	176,400	33,030,099	33,206,499	(23,183,231)	10,023,268
Water Services	-	32,852,858	32,852,858	(22,344,021)	10,508,837
	31,786,741	191,761,970	223,548,711	(200,007,653)	23,541,058

#### (c) Assets by activity

Assets are used across multiple functions. Assets are allocated to the business activity which receives the majority of the economic value from those assets.

Business activity	Assets	
	2020	2019
	\$	\$
Waste Management	38,206,655	40,633,414
Wastewater Services	381,647,697	367,106,105
Water Services	366,149,989	277,756,019
Rest of Council	1,660,091,710	1,614,129,611
	2,446,096,051	2,299,625,149



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	AASB 15 \$	AASB 1058 \$
<b>3 Revenue</b>			
<b>Revenue recognised at a point in time</b>			
Rates, levies and charges	3(a)	14,599,588	137,693,999
Grants, subsidies, donations and contributions	3(d)	-	15,470,628
Fees and charges	3(b)	18,918,549	1,189,443
Sale of goods and services	3(c)	1,100,287	-
		<u>34,618,424</u>	<u>154,354,070</u>
<b>Revenue recognised over time</b>			
Grants, subsidies, donations and contributions	3(d)	202,255	9,809,218
Revenue relating to grants for assets controlled by Council	3(d)	-	18,625,868
Sale of goods and services	3(c)	4,469,841	-
		<u>4,672,096</u>	<u>28,435,086</u>
<b>Total Revenue per Note 3</b>		<u><u>39,290,520</u></u>	<u><u>182,789,156</u></u>
	Note	30-Jun 20 \$	30-Jun 19 \$
<b>(a) Rates and utility charges</b>			
General rates		84,074,488	82,680,880
Waste collection		15,324,504	14,720,306
Water		29,454,780	27,516,886
Wastewater		29,843,880	28,629,070
Special rates and charges		389,943	387,613
Separate rates		<u>2,276,429</u>	<u>2,262,344</u>
Total rates and utility charges		<u>161,364,024</u>	<u>156,197,099</u>
Less: Discounts		(7,392,514)	(7,150,932)
Less: Pensioner remissions		<u>(1,677,923)</u>	<u>(1,415,232)</u>
Net rates and utility charges		<u><u>152,293,587</u></u>	<u><u>147,630,935</u></u>
<b>(b) Fees and charges</b>			
Airport fees		3,632,669	4,776,888
Building, planning and plumbing fees		3,002,847	2,683,697
Cemetery fees		351,822	314,038
Commissions		214,894	245,569
Community care and aged care fees		145,523	207,852
Fines, penalties and infringements		258,614	279,636
Health, licenses and registrations		930,829	887,990
Hire of facilities and rental income		2,323,613	2,785,888
Holiday park income		2,005,372	2,408,005
Rate search fees		712,076	605,646
Tourism and events		204,326	357,780
Waste and recycling fees		6,148,184	4,217,703
Other fees and charges		<u>177,223</u>	<u>162,175</u>
		<u><u>20,107,992</u></u>	<u><u>19,932,867</u></u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun 20 \$	30-Jun 19 \$
<b>3 Revenue (Cont'd)</b>			
<b>(c) Sales Revenue</b>			
Contract and recoverable works		4,469,841	4,957,193
Sale of goods		1,100,287	1,304,011
		<u>5,570,128</u>	<u>6,261,204</u>
<b>(d) Grants, subsidies, contributions and donations</b>			
<b>(i) Recurrent</b>			
Recurrent grants, subsidies, contributions and donations are analysed as follows:			
Grants and subsidies		13,899,467	12,601,771
Contributions and donations		312,201	318,992
		<u>14,211,668</u>	<u>12,920,763</u>
<b>(ii) Capital</b>			
Capital grants, subsidies, contributions and donations are analysed as follows:			
Monetary revenue received:			
Grants and subsidies		18,517,313	19,184,970
Infrastructure charges		1,461,215	2,265,835
Other capital contributions		108,555	1,074,304
		<u>20,087,083</u>	<u>22,525,109</u>
Non-monetary revenue received*:			
Infrastructure assets contributed by developers at fair value		9,809,218	9,384,933
		<u>9,809,218</u>	<u>9,384,933</u>
		<u>29,896,301</u>	<u>31,910,042</u>
*Physical assets contributed to Council by developers in the form of roads, stormwater drainage, water and wastewater infrastructure, park equipment and plant.			
<b>4 Interest and other income</b>			
<b>Interest received</b>			
Interest received from cash and cash equivalents		2,671,742	3,821,067
Interest from overdue rates, levies and charges		283,113	488,309
Finance income on the net investment in the lease		87	-
		<u>2,954,942</u>	<u>4,309,376</u>
<b>5 Capital income</b>			
Decrease in provision for land restoration		98,962	178,904
Proceeds for unconditional sale of property		-	202,124
Compensation for assets written off		18,636	67,956
		<u>117,598</u>	<u>448,984</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun 20 \$	30-Jun 19 \$
<b>6 Employee benefits</b>			
Staff wages and salaries		61,767,418	56,205,391
Councillors' remuneration*		1,084,868	1,043,328
Annual, sick and long service leave entitlements		10,854,241	9,362,598
Superannuation	29	8,173,071	7,225,138
Other employee related expenses		1,976,148	2,025,079
Total employee benefits		<u>83,855,746</u>	<u>75,861,534</u>
Less: Capitalised employee expenses		<u>(7,495,694)</u>	<u>(6,262,015)</u>
Net employee benefits		<u><u>76,360,052</u></u>	<u><u>69,599,519</u></u>

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

## 7 Materials and services

Audit services*		157,500	156,000
Communications		1,601,778	1,528,078
Consumables		13,229,140	14,107,109
Election costs		490,049	-
External labour hire		1,495,259	1,240,691
External plant hire		7,438,900	5,848,166
Grants, contributions and donations		1,343,019	1,551,818
Information technology hardware and software		2,542,110	1,438,606
Insurance premiums		2,082,484	1,944,947
Land acquisitions and resumptions		256,599	73,397
Licences and subscriptions		2,359,016	2,137,963
Literature for libraries		339,897	386,607
Non-capital projects**		5,837,750	8,080,327
Professional services		1,931,950	2,136,286
Public safety and security		1,646,572	1,661,220
Repairs and maintenance		9,013,885	9,042,931
Valuation fees		436,360	499,907
Waste levy		2,158,339	-
Other material and services***		9,851,980	13,166,756
		<u><u>64,212,587</u></u>	<u><u>65,000,809</u></u>

\*The audit services amount recorded in this note includes expected audit costs associated with the audit of Bundaberg Regional Council.

\*\*Value of non-capital projects is exclusive of other costs reflected separately in Note 6 & 7.

\*\*\*Some items have been removed from 'Other materials and services' for better classification of expenditure. Comparatives for 'Repairs and maintenance', and 'Other material and services' have been restated to ensure consistency with current period disclosures.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun 20 \$	30-Jun 19 \$
<b>8 Finance costs</b>			
Interest payable		3,393,206	3,598,360
Interest on lease liabilities	20(e)	136,465	-
Impairment of receivables		129,904	467,644
Bank charges		379,218	249,923
Landfill restoration - change in provision over time	23	399,029	523,682
		<u>4,437,822</u>	<u>4,839,609</u>

### 9 Capital expenses

Loss on impairment of non-current assets held for sale	14	1,012	-
Increase in provision for landfill restoration		1,048,094	1,419,312
Loss on disposal of property, plant and equipment		9,139,481	4,996,862
Write off of intangibles		325,374	14,078
Loss on sale of investment property		182,580	72,481
Loss on sale of non-current assets held for sale		90,835	-
Revaluation of land and improvements*		-	6,883,928
Revaluation of investment property	15	-	45,951
Donation of capital assets		635,435	-
		<u>11,422,811</u>	<u>13,432,612</u>

\*The land and improvements asset class was comprehensively revalued in the 2019 financial year. The decrease in the value of the asset class was due to softening economic conditions and a change in valuation methodology from the previous comprehensive valuation in 2017. This decrease was greater than the amount available in the Asset Revaluation Surplus.

### 10 Cash and cash equivalents

Cash at bank and on hand	1,389,730	1,228,309
Deposits at call	105,900,000	82,750,000
Term deposits	29,400,000	63,300,000
Balance per statement of cash flows	<u>136,689,730</u>	<u>147,278,309</u>

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 and other short-term, highly liquid investments with original maturities of 12 months or less (generally investments terms are six months or less) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and deposits at call are held at the Commonwealth Bank, Bendigo Bank and in a Queensland Treasury Corporation Capital Guaranteed Cash Fund account, with credit ratings ranging from A1+ to A2.

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. These restrictions are managed using internal management accounting functions.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>10 Cash and cash equivalents (Cont'd)</b>			
Internally imposed expenditure restrictions at the reporting date	26	63,948,888	74,843,767
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent capital grants, subsidies and contributions (held in reserve)	26	-	7,617,978
Unspent capital grants, subsidies and contributions (contract liabilities)	19(b)	4,514,797	-
Unspent loan monies		2,669,941	4,246,524
Waste levy refund received in advance		-	3,132,214
		<u>7,184,738</u>	<u>14,996,716</u>
		<u>71,133,626</u>	<u>89,840,483</u>

### 11 Trade and other receivables

#### Receivables

Rateable revenue and utility charges		5,644,225	4,828,741
Unbilled water charges		8,060,644	-
Accounts receivable		3,179,274	5,780,941
Infrastructure charges receivable		434,583	1,157,238
		<u>17,318,726</u>	<u>11,766,920</u>
Less allowance for expected credit losses		<u>(426,708)</u>	<u>(495,983)</u>
		<u>16,892,018</u>	<u>11,270,937</u>

#### Details of movement in allowance for expected credit loss:

Opening balance		495,983	525,077
Increase/(reversal) of loss allowance recognised		150,683	221,403
Receivables written off during the year as uncollectible		<u>(219,958)</u>	<u>(250,497)</u>
Balance at end of financial year		<u>426,708</u>	<u>495,983</u>

All amounts that were written off during the reporting period are no longer subject to enforcement activity.

Interest was charged on outstanding rates at a rate of 11% per annum (2018-19) and 9.83% per annum (2019-20). However, under the Coronavirus relief package, Council placed a moratorium on all interest charges from 1 April 2020. No interest is charged on accounts receivable. All known bad debts were written-off at 30 June.

### 12 Inventories

#### (a) Stores inventories

	<u>1,186,775</u>	<u>1,046,166</u>
--	------------------	------------------

Stores inventories are held for distribution. They are goods to be supplied at no or a nominal charge and goods to be used for the provision of services at no or a nominal charge.

The value of inventory recognised as an expense during the period was \$3,561,008 (2019: \$3,648,733).

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>12 Inventories (Cont'd)</b>			
<b>(b) Land purchased for development and resale</b>			
Opening balance		5,127,762	3,407,591
Additions		911,736	1,761,995
Less: Cost of developed land sold		(330,888)	(41,824)
Less: Transferred to property, plant and equipment	16	(1,738,934)	-
Less: Transferred to investment property	15	(196,975)	-
Closing balance at end of financial year		<u>3,772,701</u>	<u>5,127,762</u>
Total inventories		<u>4,959,476</u>	<u>6,173,928</u>

Land acquired with the intention of reselling it (with or without further development) and land transferred from property, plant and equipment for development and sale is classified as inventory.

<b>13 Other assets</b>			
GST recoverable		2,224,621	1,460,008
Prepayments		1,795,376	1,937,211
		<u>4,019,997</u>	<u>3,397,219</u>

<b>14 Non-current assets held for sale</b>			
Opening balance		1,942,834	1,942,834
Internal transfer from investment property	15	36,000	-
Assets sold during financial year		(804,000)	-
Impairment adjustment in period	9	(1,012)	-
Closing balance at end of financial year		<u>1,173,822</u>	<u>1,942,834</u>

Items of property, plant and equipment are reclassified as non-current assets held for sale when the carrying amount of these assets will be recovered principally through a sales transaction rather than continuing use.

Council had resolved to sell parcels of vacant land that serve no strategic purpose.

<b>15 Investment property</b>			
Fair value at beginning of financial year		7,472,760	7,158,581
Internal transfer from/(to) non-current assets held for sale	14	(36,000)	-
Internal transfer from/(to) buildings and structures	16	3,680,389	-
Internal transfer from/(to) land	16	284,273	-
Internal transfer from/(to) land inventory	12	196,975	-
Investment property acquired at cost		2,251,110	432,611
Donated assets		786,000	-
Net book value of asset sold		(154,273)	-
Net book value of asset written-off		(105,249)	(72,481)
Revaluation adjustment in period	9	-	(45,951)
Fair value at end of financial year		<u>14,375,985</u>	<u>7,472,760</u>

Investment property comprises:

- land which is held for an undetermined future use
- land which is held for capital appreciation
- land which is held to earn rentals
- residential property which is rented out

At reporting date there was no property being constructed or developed for future use as investment property.



### 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

#### 16 Property, plant and equipment

##### For the year ended 30 June 2020

Basis of measurement

##### Asset values

Opening gross value as at 1 July 2019  
 Assets not previously recognised/(derecognised)\*  
 Additions at cost  
 Contributed assets  
 Internal transfers from work in progress  
 Disposals  
 Revaluation adjustment to the asset revaluation surplus  
 Revaluation adjustment to profit and loss  
 Assets transferred from/(to) other asset classes  
 Prior year work in progress expensed  
 Other Internal transfers  
 Donation of capital assets  
 Closing gross value as at 30 June 2020

Land and improvements	Buildings and structures	Plant and equipment	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
64,290,068	308,764,689	62,473,223	1,440,288,791	312,140,566	468,379,156	373,260,315	23,660,774	3,053,257,582
-	(95,456)	5,415	9,366,443	6,787,680	(517,487)	272,132	884,901	16,703,628
23,756	7,049,489	7,320,978	24,097,110	3,695,006	2,077,391	1,769,992	36,002,449	82,036,171
345,100	117,000	-	3,627,227	2,091,224	2,067,143	805,366	-	9,053,060
-	4,475,653	587,846	9,765,625	839,087	2,156,753	1,656,821	(19,481,785)	-
(52,361)	(4,508,318)	(6,428,162)	(15,757,280)	(574,146)	(31,630,812)	(2,874,834)	-	(61,825,913)
-	(802,509)	-	14,811,408	2,976,627	37,786,706	110,322,393	-	165,094,625
-	-	-	-	-	-	-	-	-
(284,273)	(6,695,000)	-	828,516	626,397	112,914	171,107	-	(5,240,339)
-	-	-	-	-	-	-	(585,289)	(585,289)
(5,081,887)	3,697,057	(287,699)	(2,035,646)	2,470,397	7,317	1,230,461	-	-
-	-	-	-	-	-	-	(635,434)	(635,434)
59,240,403	312,002,605	63,671,601	1,484,992,194	331,052,838	480,439,081	486,613,753	39,845,616	3,257,858,091

##### Accumulated depreciation

Opening balance as at 1 July 2019  
 Assets not previously recognised/(derecognised)\*  
 Depreciation provided in period  
 Contributed assets  
 Depreciation on disposals  
 Revaluation adjustment to the asset revaluation surplus  
 Assets transferred from/(to) other asset classes  
 Other Internal transfers  
 Closing accumulated depreciation as at 30 June 2020  
 Total written down value at 30 June 2020  
 Residual value  
 Range of estimated useful life in years

2,973,879	125,421,966	27,597,165	390,907,822	95,938,710	132,791,209	161,583,224	-	937,213,975
-	191,510	27	2,601,797	1,677,616	(371,173)	(70,286)	-	4,029,491
-	9,399,393	4,991,499	19,987,300	3,356,247	5,831,578	5,635,350	-	49,201,367
-	-	-	29,419	-	424	-	-	29,843
-	(3,461,035)	(4,877,755)	(11,096,794)	(230,940)	(30,009,074)	(1,693,738)	-	(51,369,336)
-	1,049,353	-	5,140,157	973,673	24,859,318	33,584,165	-	65,606,666
(2,973,879)	(3,014,611)	-	-	-	-	-	-	(3,014,611)
-	1,989,751	-	988,371	(4,243)	-	-	-	-
-	131,576,327	27,710,936	408,558,072	101,711,063	133,102,282	199,038,715	-	1,001,697,395
59,240,403	180,426,278	35,960,665	1,076,434,122	229,341,775	347,336,799	287,575,038	39,845,616	2,256,160,696
-	-	10,592,317	-	-	-	-	-	10,592,317
5-7	5-150	2-100	10-100	80	7-90	10-100	-	-

\*Further information is provided in Note 16(b).

### 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

#### 16 Property, plant and equipment (Cont'd)

Basis of measurement	Land and improvements		Buildings and structures		Plant and equipment		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	
<b>Asset values</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2018	70,109,157	301,266,872	1,399,373,973	54,512,687	298,661,968	410,264,268	359,600,455	67,019,177	2,960,808,557								
Assets not previously recognised/(derecognised)*	-	(435,874)	5,485,160	-	924,763	460,429	(37,910)	-	6,396,568								
Additions at cost	154,273	3,787,285	21,904,960	8,383,186	3,600,142	2,590,271	1,033,427	19,615,549	61,069,093								
Contributed assets	-	-	3,631,674	-	3,693,637	1,212,669	848,935	-	9,386,915								
Internal transfers from work in progress	650,000	898,301	6,132,721	256,090	1,882,717	50,295,170	486,659	(60,601,658)	-								
Disposals	(505)	(717,867)	(8,082,627)	(3,663,447)	(463,562)	(3,209,701)	(1,068,824)	-	(17,206,533)								
Revaluation adjustment to the asset revaluation surplus	-	(198,370)	13,736,567	-	2,858,943	13,235,239	12,144,204	-	41,776,583								
Revaluation adjustment to profit and loss	(6,622,857)	-	-	21,550	-	-	-	-	(6,622,857)								
Assets transferred from/(to) other asset classes	-	-	-	-	-	-	-	-	(40,495)								
Prior year work in progress expensed	-	4,164,342	(1,893,637)	2,963,157	981,958	(6,469,189)	253,369	(2,310,249)	(2,310,249)								
Other internal transfers	-	-	-	-	-	-	-	-	-								
Donation of capital assets	-	-	-	-	-	-	-	-	-								
Closing gross value as at 30 June 2019	64,290,068	308,764,689	1,440,288,791	62,473,223	312,140,566	468,379,156	373,260,315	23,660,774	3,053,257,582								

Basis of measurement	Land and improvements		Buildings and structures		Plant and equipment		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	
<b>Accumulated depreciation</b>																	
Opening balance as at 1 July 2018	2,577,655	114,909,923	366,874,196	25,766,141	93,127,370	126,977,760	152,204,476	-	882,437,521								
Assets not previously recognised/(derecognised)*	-	(285,112)	2,125,910	-	(1,089,175)	(276,495)	(81,890)	-	393,238								
Depreciation provided in period	396,224	8,910,424	19,496,230	4,625,564	3,133,996	4,823,327	5,432,322	-	46,818,087								
Contributed assets	-	-	1,981	-	-	-	-	-	1,981								
Depreciation on disposals	-	(554,562)	(4,630,369)	(2,794,540)	(112,782)	(2,649,840)	(673,388)	-	(11,415,481)								
Revaluation adjustment to the asset revaluation surplus	-	2,441,293	7,039,874	-	879,301	3,916,457	4,701,704	-	18,978,629								
Assets transferred from/(to) other asset classes	-	-	-	-	-	-	-	-	-								
Other Internal transfers	-	-	-	-	-	-	-	-	-								
Closing accumulated depreciation as at 30 June 2019	2,973,879	125,421,966	390,907,822	27,597,165	95,938,710	132,791,209	161,583,224	-	937,213,975								
Total written down value at 30 June 2019	61,316,189	183,342,723	1,049,380,969	34,876,058	216,201,856	335,587,947	211,677,091	23,660,774	2,116,043,607								
Residual value	-	-	-	10,523,805	-	-	-	-	10,523,805								
Range of estimated useful life in years	5-7	5-150	10-100	2-100	80	7-90	10-100	-	10-100								

\*Further information is provided in Note 16(b).

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 16 Property, plant and equipment (Cont'd)

#### Assets not previously recognised/(derecognised)

Adjustments relate to either assets which have been identified by Council and recognised for the first time, or assets which were unable to be located and have therefore been derecognised, in the current financial year. These include:

- The ongoing review of stormwater assets increased the carrying amount by \$5,110,063. The addition of 1,143 assets and the derecognition of 209 assets accounted for \$2,789,703. The balance of \$2,320,360 was for data corrections to existing assets.
- In the Roads, footpaths and bridges asset class, there were approximately 452 assets recognised, primarily relating to kerbs and added to the asset register and 31 assets derecognised. These had a net carrying amount of \$3,294,626. Data corrections to existing assets increased the balance by a further \$3,470,020, resulting in a combined total of \$6,764,646.
- An amount of \$996,488 expensed through non-capital projects in the prior year relating to leased buildings, has now been identified as assets not previously recognised and added to the asset register.
- Other changes in Council's asset classes arising from the initial recognition/derecognition and data correction of assets amounted to a reduction of \$197,060.

The amount recognised in the comparative period relates to the following:

- Stormwater assets were identified that were not in Council's asset register by way of a data matching exercise between the Local Government Infrastructure Planning trunk network and the stormwater drainage asset register. These assets with a carrying amount of \$1,178,290 were added to the asset register.
- Roads, footpaths and bridges assets were identified that were not in Council's asset register using aerial photography and Council's Geographical Information System. These assets with a carrying amount of \$2,671,664 were added to the asset register.
- Other changes in Council's asset classes arising from the initial recognition/derecognition and data correction of assets amounted to \$2,153,376.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 17 Fair value measurements

Council's valuation policies are reviewed and endorsed by the Audit and Risk Committee for adoption by Council. 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 and investment property (recurring fair value measurements) are set out in Note 1.16(v) and Note 1.15 respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

#### (a) Recognised fair value measurements

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

Investment property

Property, plant and equipment

- Land and improvements
- 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 34 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 as disclosed in Note 14. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land and improvements (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 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.

### 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

#### 17 Fair value measurements (Cont'd)

##### (a) Recognised fair value measurements (Cont'd)

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.

	Note	Level 2		Level 3		Total	
		Significant other observable inputs		Significant unobservable inputs			
		2020	2019	2020	2019	2020	2019
		\$	\$	\$	\$	\$	\$
<i>Recurring fair value measurements</i>							
Investment property	15						
- Land		9,607,565	5,102,477	1,485,121	1,705,034	11,092,686	6,807,511
- Rental property		3,283,299	560,000	-	105,249	3,283,299	665,249
Land and improvements	16(a)	9,374,800	9,529,072	49,865,603	51,787,117	59,240,403	61,316,189
Buildings and structures	16(a)	1,914,848	1,919,909	-	-	1,914,848	1,919,909
- Market Value		-	-	178,511,430	181,422,814	178,511,430	181,422,814
- Specialised		-	-	1,076,434,122	1,049,380,969	1,076,434,122	1,049,380,969
Roads, footpaths and bridges	16(a)	-	-	229,341,775	216,201,856	229,341,775	216,201,856
Stormwater drainage	16(a)	-	-	347,336,799	335,587,947	347,336,799	335,587,947
Wastewater infrastructure	16(a)	-	-	287,575,038	211,677,091	287,575,038	211,677,091
Water infrastructure	16(a)	24,180,512	17,111,458	2,170,549,888	2,047,868,077	2,194,730,400	2,064,979,535
<i>Non-recurring fair value measurements</i>							
Land held for sale	14	-	-	1,173,822	1,942,834	1,173,822	1,942,834
		-	-	1,173,822	1,942,834	1,173,822	1,942,834

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 17 Fair value measurements (Cont'd)

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

Specific valuation techniques used to value Council assets comprise:

##### Land and improvements - (level 2 and 3)

Land fair values were determined by independent and qualified Valuers, AssetVal Pty Ltd based on a comprehensive revaluation effective 30 June 2019. Where an observable market for Council's land assets could be identified, fair value was measured by way of a Market Approach (level 2), utilising sale prices of comparable properties after adjusting for differences in key attributes of the property, such as size. Where a significant adjustment was required between the sales prices of comparable properties, fair value was measured by way of a Market Approach (level 3). All land assets were assessed under a Market Approach as either level 2 or level 3. The most significant inputs into this valuation approach are price per square metre. For the 2020 financial year AssetVal determined that no increase in valuation was to be applied by way of indices.

Investment property land is measured at fair value. The fair value of the land was determined using the approach described in the preceding paragraph. These parcels were not revalued this year.

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.

##### Buildings and structures (level 2 and 3)

A comprehensive valuation assessment of Council's buildings and structures was performed by AssetVal Pty Ltd effective 30 June 2019. The revaluation of assets was assessed using either a direct comparison approach (a level 2 assessment) or the cost approach (current replacement cost) which is a level 3 assessment. A desktop revaluation was undertaken by AssetVal at 30 June 2020, which resulted in indices of 1.5% applied for buildings and 1.2% for other structures.

Buildings and structures (level 3) were assessed by analysing data derived from Rawlinsons Australia Construction Handbook 2018, Construction Cost Consultants Handbook and the Australian Bureau of Statistics. Council assets are valued on the basis that the entity intends to retain the assets for a continuous use for the purposes of the enterprise and for the foreseeable future. Current use of the assets is presumed to be its highest and best use unless market or other factors suggest a different use would maximise its value. Valuers noted that industrial, retail and commercial markets have been largely subdued across the region as a reflection of local market conditions.

Investment property rental property is measured at fair value. The fair value of the rental property was determined using the market value or cost approach described in a preceding paragraph.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 17 Fair value measurements (Cont'd)

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

##### Infrastructure assets (level 3)

All Council infrastructure assets were measured at fair value using a cost approach valuation technique. The fair value 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 Council's planning horizon.

##### Roads, footpaths and bridges

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, then applying rates based on road stereotypes established by Roads Alliance Valuation Project (RAVP) a joint initiative by Local Government Association of Queensland and the Queensland Government. The RAVP approach uses valuation components, the replacement value of the reference asset is estimated based on the quantum of plant, labour, materials and indirect costs required to create it using the appropriate Work Breakdown Schedules (WBS). WBS are developed using the assumptions including width, length, pavement depth and clearing areas for each appropriate combination of the road stereotype, terrain, environment and soil type.

The roads, footpaths and bridges fair values were determined by independent and qualified Valuers, Lemmah Pty Ltd based on a comprehensive valuation effective 30 June 2017. The valuation was based on the RAVP methodology and rates which were adjusted to reflect local cost inputs for plant, labour and overheads. An indice of 1.01% provided by Lemmah Pty Ltd was applied for the 2020 financial year.

In determining the level of physical obsolescence, remaining useful lives were determined based on condition assessments. The condition assessments were made using a 10 point scale. A zero condition assessment indicates an asset with a very high level of remaining service potential and 10 represents an asset at the end of its useful life.

##### Stormwater drainage

The stormwater drainage fair values were determined by independent and qualified Valuers, Lemmah Pty Ltd based on a comprehensive valuation effective 30 June 2017. The methodology and unit rates for stormwater drainage were developed through the RAVP. An indice of 0.91% provided by Lemmah Pty Ltd was applied for the 2020 financial year.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 17 Fair value measurements (Cont'd)

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

##### Stormwater drainage (Cont'd)

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.

In determining the level of physical obsolescence, remaining useful lives were determined based on condition assessments. The condition assessments were made using a 10 point scale. A zero condition assessment indicates an asset with a very high level of remaining service potential and 10 represents an asset at the end of its useful life.

##### Water and wastewater infrastructure

The fair value of water and wastewater active infrastructure assets was determined by independent and qualified Valuers, Australis Asset Advisory Group based on a comprehensive revaluation effective 30 June 2017. Active assets include treatment plants, pump stations and reservoirs. These were componentised dependent on size, capacity, site conditions and other relevant factors. Current replacement cost (CRC) was calculated by reference to asset linear and area specifications, or lump sum estimated labour and material inputs, service costs and overhead allocations. An indice of 0.75% for Wastewater and 0.76% for Water, provided by Australis Asset Advisory Group, was applied for the 2020 financial year.

A comprehensive valuation of water and wastewater passive assets was undertaken by Cardno effective 30 June 2020. Visual inspections were undertaken on a sample of sewer manholes and an engineer reviewed existing CCTV footage of the sewer gravity mains.

Cardno conducted a physical condition survey of the physically accessible assets. Cardno utilised Council's condition scoring system, from 0 to 10. A zero condition assessment indicates an asset with a very high level of remaining service potential and 10 represents an asset at the end of its useful life. The physical condition assessment applied any obsolescence factors to arrive at an adopted remaining useful life. While the inputs to the gross replacement cost being a rate per square metre or per unit can be supported by market evidence (level 2), the estimates of useful life, pattern of consumption and condition score, which are used to calculate the accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified a level 3. Most public infrastructure is valued using this level of input.

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 16.

### 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

#### 17 Fair value measurements (Cont'd)

##### (c) 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 in Note 15 and Note 16. However, since the land and improvements, buildings and structures and investment property disclosed in those notes comprise of both level 2 and level 3 assets, the movement in level 3 assets are detailed below.

	Buildings and structures - specialised		Investment property		Land and improvements	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>Asset values</b>						
Opening gross value	306,844,689	299,208,204	1,810,283	4,765,847	54,760,996	61,764,963
Transfers to level 2 assets	(6,695,000)	-	(426,033)	(3,381,597)	(130,000)	(1,497,800)
Assets not previously recognised/(derecognised)	(104,881)	(435,874)	-	-	-	-
Additions	12,001,198	8,849,927	-	426,033	448,865	650,000
Disposals	(6,322,787)	(717,867)	(105,249)	-	(52,361)	(505)
Revaluation adjustment	4,330,587	(59,701)	-	-	-	(6,155,662)
Transfers	-	-	206,120	-	(5,161,897)	-
Closing gross value	310,053,806	306,844,689	1,485,121	1,810,283	49,865,603	54,760,996
<b>Accumulated depreciation</b>						
Opening balance	125,421,875	114,774,880	-	-	2,973,879	2,577,655
Transfers to level 2 assets	(3,014,611)	-	-	-	-	-
Assets not previously recognised/(derecognised)	162,001	(285,112)	-	-	-	-
Depreciation provided in period	9,366,035	8,874,687	-	-	-	396,224
Depreciation on disposals	(4,436,666)	(554,562)	-	-	-	-
Revaluation adjustment	4,043,742	2,611,982	-	-	-	-
Transfers	-	-	-	-	(2,973,879)	-
Closing accumulated depreciation	131,542,376	125,421,875	-	-	-	2,973,879
Written down value	178,511,430	181,422,814	1,485,121	1,810,283	49,865,603	51,787,117

Council's policy is to recognise transfers in and out of the fair value hierarchy levels at the end of the reporting period. Transfers from level 3 to level 2 occurred as a result of a change in purpose to land and buildings.

### 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

#### 18 Intangible assets

##### For the year ended 30 June 2020

Basis of measurement  
**Asset values**  
 Opening gross carrying value as at 1 July 2019  
 Additions at cost  
 Assets not previously recognised/(derecognised)  
 Internal transfers from work in progress  
 Disposals  
 Prior year work in progress expensed  
 Assets transferred from/(to) property plant and equipment  
 Closing gross carrying value as at 30 June 2020

##### Accumulated amortisation

Opening balance as at 1 July 2019  
 Amortisation provided in period  
 Amortisation on disposals  
 Closing accumulated amortisation as at 30 June 2020  
 Total intangible assets at 30 June 2020

	Computer Software		Land Lease		Water Rights		Work in progress		Total
	Cost	\$	Cost	\$	Cost	\$	Cost	\$	
	2,972,941		311,000		4,346,253		-		7,630,194
	111,489		-		513,449		-		624,938
	-		-		55,500		-		55,500
	-		-		-		-		-
	(264,072)		(311,000)		-		-		(575,072)
	-		-		-		-		-
	-		-		-		-		-
	2,820,358		-		4,915,202		-		7,735,560
	1,584,639		-		-		-		1,584,639
	281,144		-		-		-		281,144
	(249,698)		-		-		-		(249,698)
	1,616,085		-		-		-		1,616,085
	1,204,273		-		4,915,202		-		6,119,475

Computer software have finite estimated useful lives of 3-50 years. Straight line amortisation has been used with no residual value.

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

### 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

#### 18 Intangible assets (Cont'd)

##### For the year ended 30 June 2019

Basis of measurement  
**Asset values**  
 Opening gross carrying value as at 1 July 2018  
 Additions at cost  
 Internal transfers from work in progress  
 Disposals  
 Prior year work in progress expensed  
 Assets transferred from/(to) property plant and equipment  
 Closing gross carrying value as at 30 June 2019

##### Accumulated amortisation

Opening balance as at 1 July 2018  
 Amortisation provided in period  
 Amortisation on disposals  
 Closing accumulated amortisation as at 30 June 2019  
 Total intangible assets at 30 June 2019

	Computer Software		Land Lease		Water Rights		Work in progress		Total
	Cost	\$	Cost	\$	Cost	\$	Cost	\$	
	3,001,053		311,000		4,346,253		-		7,658,306
	27,268		-		-		-		27,268
	45,320		-		-		(45,320)		-
	(79,150)		-		-		-		(79,150)
	-		-		-		(16,725)		(16,725)
	(21,550)		-		-		62,045		40,495
	2,972,941		311,000		4,346,253		-		7,630,194
	1,332,694		-		-		-		1,332,694
	317,017		-		-		-		317,017
	(65,072)		-		-		-		(65,072)
	1,584,639		-		-		-		1,584,639
	1,388,302		311,000		4,346,253		-		6,045,555

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$
<b>19 Contract balances</b>		
<b>(a) Contract assets</b>		<u>1,171,099</u>
<b>(b) Contract liabilities</b>		
Funds received upfront to construct Council controlled assets		4,514,797
Deposits received in advance of services provided		936,076
Current contract liabilities		<u>5,450,873</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Funds to construct Council controlled assets		7,617,978
Deposits received in advance of services provided		694,422
		<u>8,312,400</u>

### (c) Significant changes in contract balances

The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously, the revenue was recognised on receipt and therefore, there was no effect on the Statement of Financial Position.

## 20 Leases

Refer to Note 32 for changes to lease accounting policy relating to the new accounting standards.

### Council as lessee

#### (a) Terms and conditions of leases

##### *Land Leases*

Council has two leases of recreational land from the Department of Natural Resources, Mines and Energy, for 30 years and 12.5 years each. Neither of these leases contains an extension option. Lease payments are reviewed annually based on provisions of the *Land Act 1994*, which is generally based on a percentage of the average land value over a period of time.

Council also holds a perpetual lease of land from the Department of Natural Resources, Mines and Energy for a vacant site adjacent to the Burnett River. This site is held by Council for potential future use for community recreational purposes. The annual lease payments are reviewed periodically based on provisions of the *Land Act*.

##### *Buildings Leases*

Council has leases over three buildings which are used for office space and storage. The lease terms range from 1 to 10 years. All leases contain renewal options which are reasonably certain to be exercised at Council's discretion. The leases are subject to a variety of annual increases including a fixed annual increase, annual CPI increases and a market review increase.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 20 Leases (Cont'd)

#### Council as lessee (Cont'd)

##### *Plant and Equipment Leases*

Council routinely enters into leases for plant and equipment including office equipment, IT equipment and machinery. Some of these leases are short-term leases or leases of low-value assets and are therefore not subject to lease accounting.

Council has two leases that are recognised on balance sheet. One lease is for surveying equipment which has a five year term, with no option to extend and no annual increases.

The second lease is a Managed Print Services agreement, under which Council has access to the use of photocopiers and scanners. This lease has a two year lease term, with a three year option to extend. Under this agreement the lease payments are variable depending on the volume of usage, with a minimum payment set under the lease. The usage-based payments, above the minimum, are recognised as lease expenses in Note 7 when incurred. They are not expected to vary materially from year to year.

#### (b) Right of use assets

	Buildings \$	Land \$	Equipment \$	Total \$
Adoption of AASB 16 at 1 July 2019	3,379,172	1,502,239	311,226	5,192,637
Adjustments to right-of-use assets due to re-measurement of lease liability	2,231	-	-	2,231
Depreciation charge	(378,606)	(83,513)	(198,996)	(661,115)
Balance at 30 June 2020	<u>3,002,797</u>	<u>1,418,726</u>	<u>112,230</u>	<u>4,533,753</u>

#### (c) Lease liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore, the amounts will not be the same as the recognised lease liability in the Statement of the Financial Position:

	<1 year \$	1-5 years \$	>5 years \$	Total \$	Total per Statement of Financial Position \$
	733,431	2,555,880	4,870,793	8,160,104	4,658,146
Current lease liabilities at 30 June 2020				<u>513,401</u>	
Non-current lease liabilities at 30 June 2020				<u>4,144,745</u>	
Adoption of AASB 16 at 1 July 2019				5,138,009	
Reassessments during the year (non-cash)				2,231	
Repayments made on leases during the year (cash)				(482,094)	
Balance at 30 June 2020				<u>4,658,146</u>	

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 20 Leases (Cont'd)

#### Council as lessee (Cont'd)

##### (d) Liabilities not recognised - extension options

For all lease liability calculations Council includes extension options which can be exercised at Council's discretion and where it is reasonably certain that these options will be exercised. At each reporting date, Council assesses whether it is reasonably certain that the extension options will be exercised based on current operations and Council strategy.

There are \$558,480 in potential future lease payments which are not included in the lease liability, as the exercise of the option has been assessed as not reasonably certain.

##### (e) Amounts in the Statement of Comprehensive Income related to leases

The following amounts have been recognised in the Statement of Comprehensive Income for leases where Council is the lessee:

	30-Jun-20
	\$
Interest on lease liabilities	136,465
Variable lease payment based on usage not included in the measurement of lease liabilities	18,595
Depreciation of right-of-use assets	661,115
Expenses relating to short-term leases	221,816
Expenses relating to low-value assets	130,835

##### (f) Leases at significantly below market value - concessionary/peppercorn leases

Council has a number of leases significantly below market value for land and buildings, which are used for:

- Art gallery space
- Carpark
- Police Beat facility
- Jetty and wharf

The leases are generally between 10 and 30 years and require payments between \$1 and \$1,980 per annum. The use of the right-of-use asset is restricted by the lessors to specified community services which Council must provide. These services are detailed in the leases.

Council has not elected to recognise a right of use asset at fair value for these concessionary leases.

Council does not believe that any of the leases in place are individually material.

#### Council as lessor

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

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

Council only discloses expected lease income for leases with a yearly income greater than 1% of the total annual lease income of Council.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 20 Leases (Cont'd)

#### Council as lessor (Cont'd)

##### (g) Operating leases

Council properties are leased out under non-cancellable operating lease arrangements. Operating lease income is recognised on a straight-line basis over the lease term.

The minimum lease receipts are as follows:

	30-Jun-20	30-Jun-19
	\$	\$
<b>(i) Lease receipts</b>		
Future minimum lease payments are expected to be received in relation to non-cancellable operating leases as follows:		
Not later than one year	515,062	466,916
Between one and two years	547,717	547,566
Between two and three years	460,517	350,794
Between three and four years	364,439	281,448
Between four and five years	323,609	267,286
Later than five years	994,063	1,130,260
	<u>3,205,407</u>	<u>3,044,270</u>
<b>(ii) Sub-lease receipts</b>		
Future minimum lease payments are expected to be received in relation to non-cancellable sub-leases as follows:		
Not later than one year	250,798	242,525
Between one and two years	257,203	175,422
Between two and three years	223,308	179,565
Between three and four years	188,484	183,915
Between four and five years	148,271	188,484
Later than five years	-	148,270
	<u>1,068,064</u>	<u>1,118,181</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>21 Trade and other payables</b>			
Creditors and accruals		13,264,350	11,838,036
Annual leave		5,971,435	4,802,201
Wages and other employee entitlements		2,606,718	1,338,241
		<u>21,842,503</u>	<u>17,978,478</u>
<b>22 Borrowings</b>			
<b>Current</b>			
Loans - Queensland Treasury Corporation		<u>7,658,004</u>	<u>7,431,194</u>
<b>Non-Current</b>			
Loans - Queensland Treasury Corporation		<u>70,026,741</u>	<u>70,047,453</u>
<b>Loans - Queensland Treasury Corporation</b>			
Opening balance		77,478,647	78,310,336
Loans raised (cash)		7,500,000	5,900,000
Principal repayments (cash)		(7,284,032)	(6,707,050)
Movement in interest payable (non-cash)		(9,870)	(24,639)
Balance at end of financial year		<u>77,684,745</u>	<u>77,478,647</u>
<p>Financing facilities are limited by the requirement to obtain State Government approval for all loan applications. All loans are unsecured.</p> <p>No interest has been capitalised during the current or comparative reporting period.</p> <p>Expected final repayment dates vary from 15 March 2021 to 15 March 2040.</p> <p>There have been no defaults or breaches of the loan agreement during the period.</p> <p>Principal and interest repayments are made quarterly in arrears.</p>			
<b>23 Provisions</b>			
<b>Current</b>			
Landfill restoration		300,000	365,956
Long service leave		13,039,869	12,105,291
		<u>13,339,869</u>	<u>12,471,247</u>
<b>Non-Current</b>			
Landfill restoration		21,339,891	19,606,032
Long service leave		873,590	610,783
		<u>22,213,481</u>	<u>20,216,815</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>23 Provisions (Cont'd)</b>			
<b>Details of movement in land restoration provision:</b>			
Opening balance		19,971,988	17,946,827
Increase in provision - finance cost due to change in time	8	399,029	523,682
Increase/(decrease) in provision - change in discount rate		1,445,577	1,586,045
Increase/(decrease) in provision - change in restoration date		-	(293,207)
Decrease in provision for actual restoration expenditure		(34,775)	-
Increase/(decrease) in estimate of future cost		(141,928)	208,641
Balance at end of financial year		<u>21,639,891</u>	<u>19,971,988</u>

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 significant operational landfills.

It 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.

### 24 Other liabilities

Unearned revenue*	-	673,662
Prepaid rates	8,701,606	-
Waste levy refund received in advance**	-	3,132,214
	<u>8,701,606</u>	<u>3,805,876</u>

\*The value of unearned revenue in 2020 is now reflected under 'Note 19 - Contract balances'. For comparative purposes, \$399,598 of the 2019 amount shown here relates to contract balances.

\*\*The State government made an advance payment to Council in June 2019 in relation to the State Waste Levy, which took effect from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. As the receipt from the State in June 2019 was for a refund of Council's 2019-20 Levy expense, the full amount was recognised as a liability at 30 June 2019. The refund in relation to the 2020-21 will be paid in four quarterly instalments, with the first due in July 2020. Therefore, no liability has been recognised.

### 25 Asset revaluation surplus

#### (a) Movements in the asset revaluation surplus were as follows:

Opening balance	514,957,398	492,159,443
Movement in property, plant and equipment	99,487,959	22,797,955
Movement in restoration provision	(354,517)	-
Balance at end of financial year	<u>614,090,840</u>	<u>514,957,398</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>25 Asset revaluation surplus (Cont'd)</b>			

### (b) Asset revaluation surplus analysis

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

Buildings and structures		33,149,170	35,355,549
Roads, footpaths and bridges		231,278,047	221,606,796
Stormwater drainage		57,662,586	55,659,632
Wastewater infrastructure		126,162,718	113,235,330
Water infrastructure		165,838,319	89,100,091
		<u>614,090,840</u>	<u>514,957,398</u>

The asset revaluation surplus comprises adjustments relating to changes in value of non-current assets 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.

### 26 Retained surplus

Internally restricted cash	10	63,948,888	74,843,767
Unspent capital grants, subsidies and contributions	19(b)	-	7,617,978
Unallocated surplus		43,985,038	42,482,423
		<u>107,933,926</u>	<u>124,944,168</u>

Retained surplus represents items of restricted cash as outlined in Note 10 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.

### 27 Commitments for expenditure

#### (a) Recurrent commitments

Significant recurrent contractual commitments at the reporting date but not recognised as liabilities		<u>12,862,777</u>	<u>10,398,819</u>
---	--	-------------------	-------------------

#### (b) Capital commitments

Significant capital contractual commitments at the reporting date but not recognised as liabilities are as follows:

Buildings and structures		780,629	351,899
Land inventory		-	363,245
Plant and equipment		2,946,076	1,849,615
Roads, footpaths and bridges		5,890,449	5,425,066
Stormwater drainage		-	572,548
Wastewater infrastructure		362,514	1,884,633
Water infrastructure		24,921,707	254,604
		<u>34,901,375</u>	<u>10,701,610</u>

Council only discloses individual contractual and capital commitments over \$200,000.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
--	------	-----------------	-----------------

### 28 Contingent liabilities

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

#### Claims

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 AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* on the basis that council considers such disclosures would seriously prejudice the outcome of the claims.

#### Landfills

Council has a number of operational and closed landfills 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. The future use of the land has not yet been determined for closed landfills. Council has yet to make a formal determination on the closure of smaller operational landfills and has deferred a decision on the remediation of part of the University Drive Landfill. As a consequence, Council is unable to reliably estimate potential rehabilitation costs for these sites. A provision for restoration costs for larger operational landfills has been disclosed in Note 23.

#### 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 2020 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

#### Local Government Workcare

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:

2,150,578	2,037,948
-----------	-----------



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>29 Superannuation - Regional Defined Benefits Fund</b>			
<p>Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the <i>Local Government Act 2009</i>.</p> <p>The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.</p> <p>Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of Council.</p> <p>Technically, Bundaberg Regional Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed, changes to Council's obligations will only be made on the advice of an actuary.</p> <p>The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.</p> <p>No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.</p> <p>The next triennial actuarial review is not due until 1 July 2021.</p> <p>The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:</p> <ul style="list-style-type: none"><li>- Investment risk: The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.</li><li>- Salary growth risk: The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.</li></ul>			
Superannuation contributions made to the Regional Defined Benefits Fund		641,145	683,194
Other superannuation contributions		7,531,926	6,541,944
Total superannuation contributions paid by Council:	6	<u>8,173,071</u>	<u>7,225,138</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>30 Trust funds</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		3,600,542	3,565,935
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.			
<b>31 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities</b>			
Net result		20,064,017	23,541,058
Non-cash operating items:			
Depreciation of property plant and equipment	16(a)	49,201,367	46,818,087
Depreciation of right-of-use assets	20(b)	661,115	-
Amortisation of intangible assets	18	281,144	317,017
Change in restoration provision to finance costs	8	399,029	523,682
Revaluation of investment property	9	-	45,951
Revaluation of land and improvements	9	-	6,883,928
Current cost of developed land sold	12(b)	330,888	41,824
Prior year work in progress expensed		-	2,326,974
Capital asset donated		635,435	-
		51,508,978	56,957,463
Investing and financing activities:			
Change in restoration provision		914,357	1,240,408
Capital grants, subsidies, other contributions and donations	3(d)	(29,896,301)	(31,910,042)
Loss on disposal of non-current assets	9	9,464,855	5,010,940
Loss on impairment of non-current assets held for sale	9	1,012	-
Loss on sale of investment property	9	182,580	72,481
Proceeds from unconditional sale of property	5	-	(202,124)
(Profit)/Loss on sale of non-current assets held for sale	9	90,835	-
Compensation for assets written off	5	(18,636)	(67,956)
		(19,261,298)	(25,856,293)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		1,514,159	(910,125)
(Increase)/decrease in other assets		(701,285)	-
(Increase)/decrease in contract assets		(16,303)	-
(Increase)/decrease in inventories		(1,052,345)	(2,076,166)
Increase/(decrease) in payables		2,542,125	3,386,193
Increase/(decrease) in contract liabilities		641,252	-
Increase/(decrease) in long service leave provision		1,197,385	42,110
Increase/(decrease) in unearned revenue		(2,769,703)	3,209,952
		1,355,285	3,651,964
<b>Net cash inflow from operating activities</b>		<b>53,666,982</b>	<b>58,294,192</b>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 32 Changes in accounting policy

Three new accounting standards with material impact were applied for the first time by Council during the year ended 30 June 2020:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*.

The effects of adopting these new standards are detailed below.

#### **Impact of Adoption of AASB 15 *Revenue from Contracts with Customers at Transition***

##### *New Revenue Recognition model*

AASB 15 establishes a new five-step model for determining how much and when revenue from contracts with customers is recognised. The five-step model and significant judgments at each step are detailed below.

Step 1 – Identify the contract with the customer	Revenue that Council receives may contain a contract with a customer and thus fall within the scope of AASB 15. This is the case where the agreement requires Council to transfer goods or services to a customer or a third party on behalf of the customer, it is enforceable, and it contains sufficiently specific performance obligations.
Step 2 – Identify the performance obligations in the contract	This step involves firstly identifying all the activities that Council is required to perform under the contract, and determining which activities transfer goods or services to the customer. Where there are multiple goods or services transferred, Council must assess whether each good or service is a distinct performance obligation or should be combined with other goods or services to form a single performance obligation. To be within the scope of AASB 15, the performance obligations must be 'sufficiently specific', such that Council is able to measure how far along it is in meeting the performance obligations.
Step 3 – Determine the transaction price	When the consideration in the contract includes a variable amount, Council needs to estimate the variable consideration to which it is entitled and only recognise revenue to the extent that it is highly probable a significant reversal of the revenue will not occur. This includes sales with a right of return, where the amount expected to be refunded is estimated and recognised as a refund liability instead of revenue.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 32 Changes in accounting policy (Cont'd)

Step 4 – Allocate the transaction price to the performance obligations	When there is more than one performance obligation in a contract, the transaction price must be allocated to each performance obligation, generally this needs to be done on a relative stand-alone selling price basis.
Step 5 – Recognise revenue when or as Council satisfies performance obligations	Revenue is recognised when Council transfers control of the goods or services to the customer. A key judgement is whether a performance obligation is satisfied over time or at a point in time. Where it is satisfied over time, Council must also develop a method for measuring progress towards satisfying the obligation. To measure progress towards satisfaction of a performance obligation over time, Council uses the input method.

#### *Other changes arising from AASB 15*

AASB 15 also applies to revenue from the issuing of licences by Council, such as licences required under the *Food Act 2006*.

The standard requires contract assets (accrued revenue) and contract liabilities (unearned revenue) to be shown separately and requires contract assets to be distinguished from receivables.

There are extensive new disclosures relating to this new standard which have been made within these financial statements. These include the disaggregation of revenue as presented in Note 3 and information regarding contract assets and contract liabilities as presented in Note 19.

To align with new terminology in AASB 15, accrued revenue and unearned revenue arising from contracts with customers have been renamed as contract assets and contract liabilities respectively. These are separately disclosed in the Notes to Financial Statements.

#### *Transitional policies adopted*

Transitional policies adopted are as follows:

Council has applied the modified retrospective transition method and has not restated comparative information for the year ended 30 June 2019, which continue to be reported under AASB 118 *Revenue*, AASB 111 *Construction Contracts*, and related interpretations.

Council has not adopted the completed contract expedient and therefore, has not excluded revenue which was fully recognised in previous years, in accordance with the former accounting standards and pronouncements.

Council applied a practical expedient to reflect, on transition, the aggregate effect of all contract modifications that occurred before 1 July 2019.

#### *Transitional impact*

##### *(a) User Fees and Charges*

The material revenue streams within Council's Fees and Charges were examined. Under AASB 15, the performance obligations for each were identified, and consideration was given to the timing of the recognition of the revenue in relation to the performance of these obligations.

For Building, Planning and Plumbing fees and Rates Search fees, Council previously recognised revenue in this category on a cash basis. Under AASB 15, revenue will be recognised after the performance obligations are met. At 1 July 2019 a contract liability of \$266,725 was recognised for the fees relating to the year ending 30 June 2019.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 32 Changes in accounting policy (Cont'd)

#### (b) Water Consumption Charges

Council had previously recognised the revenue associated with these charges in line with the timing of the water meter readings which usually occur several months after the consumption occurs. Under AASB 15 water consumption charges are a contractual arrangement and revenue will be recognised when the performance obligation has been extinguished, that is, at the end of the water usage period. At 1 July 2019 a receivable of \$7,716,743 was recognised for the water consumption relating to the year ending 30 June 2019.

#### (c) Operating Grants

Council received grants from two funding programs which were identified as contracts with customers within the scope of AASB 15. Revenue for these grants were previously recognised on receipt. The performance obligations for these grants were to be satisfied over time.

To measure progress towards satisfaction of a performance obligation over time, Council uses the input method by comparing costs incurred relative to total expected costs. The performance obligations which remained outstanding for these grants resulted in the recognition of a contract liability of \$28,099.

The following table summarises the transitional adjustments on 1 July 2019 relating to the adoption of AASB 15. The net impact is recognised as an adjustment to opening retained surplus.

	Balance at 1 July 2019
	\$
Trade and other receivables	7,716,744
Other current liabilities – Contract liabilities	(294,824)
Retained surplus	(7,421,920)

### Impact of Adoption of AASB 1058 Income of Not-for-Profit Entities at Transition

#### Scope and revenue recognition under AASB 1058

AASB 1058 applies to transactions where Council acquires an asset for significantly less than fair value principally to enable Council to further its objective, and to the receipt of volunteer services.

Council's revenue line items recognised under this standard from 1 July 2019 include Rates and utility charges and Capital Grants, subsidies, contributions and donations.

Accounting policies relating to these line items are disclosed in Note 1.

The revenue recognition framework for in-scope transactions, other than specific-purpose capital grants, is as follows:

- Recognise the asset – e.g. cash, receivables, PP&E, a right-of-use asset or an intangible asset.
- Recognise related amounts – e.g. contributed equity, a financial liability, a lease liability, a contract liability or a provision (grants and donations in many cases have nil related amounts)
- Recognise the difference as income upfront.

The initial recognition and measurement of receivables arising from statutory requirements (such as rates and fines) falls under AASB 9 *Financial Instruments*, therefore AASB 9 governs the timing and amount of revenue recognised under AASB 1058 for such statutory income.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 32 Changes in accounting policy (Cont'd)

#### *Transitional policies adopted*

Transitional policies adopted are as follows:

Council has applied the modified retrospective transition method and has not restated comparative information for the year ended 30 June 2019, which continue to be reported under relevant standards applicable in 2018-2019, such as AASB 1004.

Council has elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where Council had recognised all of the revenue in prior periods under AASB 1004 Contributions.

Council applied a practical expedient to not re-measure at fair value assets previously acquired for significantly less than fair value and originally recorded at cost.

#### *Transitional impact*

##### *(a) Rates and Utility charges received in advance*

Each year Council receives rates in advance of the rating period. Under AASB 1058 a liability will be recognised for rates monies received in advance. At the date of transition (1 July 2019) an amount of \$7,665,433 will be recognised as a current liability for unearned revenue.

##### *(b) Capital Grants and Contributions*

Several of Council's Capital Grants and Contributions were identified as agreements which fall within the scope of AASB 1058 para 16-17, that is the grants require Council to use the cash to acquire or construct a recognisable non-financial asset and does not require Council to transfer the constructed or acquired non-financial asset to any other party. Revenue for these grants was previously recognised on receipt. Under AASB 1058 para 16-17, an obligation will need to be recognised for grant monies received in advance of Council satisfying its obligation to acquire or construct the financial asset. Revenue is to be recognised over the course of satisfying obligations, to the extent that grant monies have been received. At the date of transition (1 July 2019) a contract liability of \$7,617,978 and a contract asset of \$1,011,800 is to be recognised for these grants.

##### *(c) Rates Supplementary Notices*

In some instances, Council will issue Supplementary Rates Notices prior to the end of the financial year, which are not posted until the next financial year. Under AASB 1058 a receivable will be recognised for these charges. At the date of transition (1 July 2019) an amount of \$10,196 will be recognised as a receivable for unbilled revenue.

##### *(d) Volunteer Services*

Under AASB 1058, Council will continue to recognise volunteer services only when the services would have been purchased if they had not been donated, and the fair value of the services can be measure reliably. This treatment is the same as in prior years.

The following table summarises the transitional adjustments on 1 July 2019 relating to the adoption of AASB 1058. The net impact is recognised as an adjustment to opening retained surplus.

	Balance at 1 July 2019
	\$
Trade and other receivables	10,196
Other current assets - Contract assets	1,011,800
Other current liabilities - Contract liabilities	(7,617,978)
Other current liabilities – Unearned revenue	(7,665,433)
Retained Surplus	14,261,415

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 32 Changes in accounting policy (Cont'd)

#### Impact of Adoption of AASB 1058 and AASB 15 in the current period

The following table shows the impacts of adopting AASB 15 and AASB 1058 on Council's financial statements for the year ended 30 June 2020. It compares the actual amounts reported to amounts that would have been reported if the previous revenue standards (AASB 1004, AASB 118, AASB 111 and related interpretations) had been applied in the current financial year.

#### Statement of comprehensive income for the year ended 30 June 2020

	As reported \$	Adjustments \$	Previous standards \$
<b>Recurrent Revenue</b>			
Rates and utility charges	152,293,587	(702,467)	152,996,054
Fees and charges	20,107,992	11,558	20,096,434
Sales Revenue	5,570,128	(629,132)	6,199,260
Recurrent grants, subsidies, contributions and donations	14,211,668	28,099	14,183,569
<b>Capital Revenue</b>			
Capital grants, subsidies, contributions and donations	29,896,301	3,580,353	26,315,948
	222,079,676	2,288,411	219,791,265

#### Statement of financial position at 30 June 2020

	As reported \$	Adjustments \$	Previous standards \$
<b>Assets</b>			
Trade and other receivables	16,892,018	8,430,296	8,461,722
Contract assets	1,171,099	1,171,099	-
<b>Liabilities</b>			
Other liabilities	(8,701,606)	(8,701,606)	-
Contract liabilities - current	(5,450,873)	(5,450,873)	-
<b>Equity</b>			
Retained surplus/deficit	107,933,926	4,551,084	112,485,010
	111,844,564	-	120,946,732

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

#### Impact of Adoption of AASB 16 Leases

Council applied AASB 16 *Leases* for the first time in the year ending 30 June 2020. Council applied the modified retrospective transition method and has not restated comparative information for 2018/2019, which continues to be reported under AASB 117 *Leases* and related interpretations.

#### Changes to lessee accounting

Previously, Council classified its leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 32 Changes in accounting policy (Cont'd)

#### Impact of Adoption of AASB 16 Leases (Cont'd)

The distinction between operating and finance leases no longer exists for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases and leases of low value assets, are now recognised on balance sheet as lease liabilities and right-of-use assets. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

Council has recognised right-of-use assets of \$5,192,637 and lease liabilities of \$5,138,009 at 1 July 2019 for leases previously classified as operating leases. The difference between the right-of-use assets recognised and the lease liability recognised is due to an adjustment of \$78,507 for prepaid lease payments and an adjustment of \$23,879 as a result of the recognition of a sub-lease held by Council as lessor.

#### *Transitional policies adopted*

On transition, Council used the following practical expedients:

- The majority of Council's former operating leases are now recognised on-balance sheet as right-of-use assets and lease liabilities.
- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- On transition, lease liabilities were measured at the present value of the remaining lease payments discounted at Council's incremental borrowing rate at 1 July 2019.
- Council's weighted average incremental borrowing rate on 1 July 2019 was 2.02%.
- The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. This approach was used for all other operating leases.
- Council did not recognise right-of-use assets and lease liabilities for leases that end within 12 months of the date of initial application and leases of low value assets.
- Council excluded initial direct costs from the measurement of right-of-use assets.
- Council used hindsight when determining the lease term.

#### *Transitional impact - Former operating leases as lessee*

##### *(a) Lease liabilities*

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that Council is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by Council under residual value guarantees
- the exercise price of a purchase option that Council is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

The discount rate used is the interest rate implicit in the lease, or Council's incremental borrowing rate if the implicit rate cannot be readily determined, which is the case for all of Council's leases. To determine the incremental borrowing rate, Council uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also re-measured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

##### *(b) Right-of-use assets*

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentives received
- initial direct costs incurred, and
- the initial estimate of restoration costs

Right-of-use assets will subsequently give rise to a depreciation expense and be subject to impairment.

Right-of-use assets differ in substance from leased assets previously recognised under finance leases in that the asset represents the intangible right to use the underlying asset rather than the underlying asset itself.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 32 Changes in accounting policy (Cont'd)

#### *(c) Short-term leases and leases of low value assets*

Council has elected to recognise lease payments for short-term leases and leases of low value assets as expenses on a straight-line basis over the lease term, rather than accounting for them on balance sheet. This accounting treatment is similar to that used for operating leases under AASB 117. An asset is considered low value where it is expected to cost less than \$10,000 when new. A lease is considered short-term where the lease period is less than 12 months.

#### **Changes to lessor accounting**

Lessor accounting remains largely unchanged under AASB 16. Leases are still classified as either operating or finance leases.

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

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

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

#### *Transitional impact - Leases as lessor*

Overall accounting for leases held by Council as lessor remained unchanged.

However, a Right-of-use Asset relating to a head lease was derecognised to the value of \$23,879 as a result of the recognition of a sub-lease held by Council as lessor. Council, as lessor, recognised a lease receivable of \$52,310 for the sub-lease and the net impact is recognised as an adjustment to opening retained surplus.

#### **Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2019**

		Balance at 1 July 2019 \$
Total undiscounted operating lease commitments at 30 June 2019		
Not later than one year	917,112	
Later than one year but not later than five years	1,829,900	
Later than five years	<u>66,740</u>	2,813,752
Less:		
Short-term leases and low-value asset leases included in commitments note		(347,740)
Add:		
Extension options reasonably certain to be exercised not included in the commitments note		4,671,930
Less:		
Adjustment to minimum lease payment calculation		(56,833)
Discounted using the incremental borrowing rate at 1 July 2019 (%)		(3,000,948)
Add:		
Leases not previously recognised as leases		1,057,848
<b>Lease Liabilities recognised at 1 July 2019</b>		<u><u>5,138,009</u></u>

### 33 Events after the reporting period

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

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 34 Financial instruments and financial risk management

#### (a) Financial assets and financial liabilities

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

- credit risk
- liquidity risk
- market risk

#### Risk management framework

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.

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 to limits. Council aims to manage volatility to minimise potential adverse effects on the financial performance of Council.

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

Council does not enter into derivatives or other high risk investments.

#### 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. These obligations arise principally from Council's investments and receivables from customers.

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

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

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

#### Cash and cash equivalents

Council is exposed to credit risk through its investments in the QTC Cash Fund and deposits held with banks and other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Other investments are held with regulated financial institutions which are rated AA- to BBB+ based on credit ratings agencies, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as rare.

#### Trade and other receivables

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.

There is some geographical concentration of credit risk in Council's area. As the area is largely agricultural, the credit risk can be influenced by the current economic state of the agricultural sector.

Council does not require collateral in respect of trade and other receivables. Council does not have trade receivables for which no loss allowance is recognised because of collateral.

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.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 34 Financial instruments (Cont'd)

#### (a) Financial assets and financial liabilities (Cont'd)

##### Credit risk (Cont'd)

###### *Grouping of receivables*

Receivables are grouped based on shared characteristics and credit risk profiles for the purpose of determining allowances for expected credit losses.

Council has identified four distinctive groupings of its receivables: Rateable revenue and utility charges (including infrastructure charges), government grants, statutory charges - fines and penalties, and other debtors.

Rateable revenue and utility charges (including infrastructure charges): Because Council is empowered under the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts or infrastructure charges, Council generally does not record a loss allowance for these receivables. However, Council cannot recover any debt by way of sale under the *Local Government Act 2009* where a lessee of a property is responsible for the rates on a property in accordance with formal lease conditions. Consequently, Council may record a loss allowance reflecting the lifetime expected credit losses for these debts, although they are usually minimal. Council also records a loss allowance for write-offs of water consumption rates under Council's Water Leak Relief Policy.

Government grants: payable by State and Commonwealth government and their agencies. A credit enhancement exists as these payments are effectively government guaranteed and both the State and Commonwealth governments have high credit ratings, accordingly Council determines the level of credit risk exposure to be immaterial. Council does not calculate expected credit losses for these grants.

Statutory charges - fines and penalties: Council has identified these charges as a separate debtor group, as the underlying nature of the income streams are different to other trade receivables. Council fines and penalties are generally small monetary amounts charged against individuals rather than businesses. The recovery of these debts is heavily influenced by the timeliness and effectiveness of Council's debt recovery actions. In many cases the small monetary value of the fines and penalties means that further pursuit of a debt through Court action is not feasible. Therefore, Council uses the State Penalties Enforcement Registry as its agency.

Other debtors: Council identifies other debtors as receivables which are not rates and charges (including infrastructure charges), grants or fines and penalties.

###### *Expected Credit Loss assessment at 30 June 2020*

Council has chosen to adopt the simplified approach for determining expected credit losses under AASB 9 *Financial Instruments*.

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

###### *Other debtors*

Due to the large number of debtors in this portfolio of debtors, the calculation of the expected credit loss for this group has been assessed using a provision matrix. The provision matrix assigns the expected loss percentages to different aging bands of receivables to estimate the expected credit loss for the whole portfolio. The percentages are calculated based on historical credit loss experience, adjusted by current conditions and forward-looking data.

Within the Other Debtors group, several different debtor categories are collated, and each of these categories exhibits different loss patterns and therefore Council estimates loss rates separately for each of these groups. The distinction between these categories is generally based on the services provided to these debtors by Council.

When considering historical credit loss rates, Council has drawn on its knowledge of past payment behaviour of groups of debtors. Although Council's current system does not capture this historical data, staff have a good understanding of the patterns of payments for the various groups of debtors. This knowledge has helped Council to build a profile of debt patterns for each group of debtors in the provision matrix.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

---

### 34 Financial instruments (Cont'd)

#### (a) Financial assets and financial liabilities

##### Credit risk (Cont'd)

In building the expected loss rates for each group of debtors Council has also considered forecasts of macroeconomic conditions such as unemployment rates, economic growth and interest rates and assessed their expected impacts on the default rates of Council debtors. When revising the effect of these forward looking considerations Council is looking for major shifts in economic conditions - such as a spike in unemployment or interest rates which may affect the ability of debtors to meet their payment obligations.

This financial year has seen significant disruption to business and uncertainty in the global economy due to the COVID-19 pandemic. Industries particularly impacted have been travel, tourism, retail and agriculture. Council initially adopted a Coronavirus relief package designed to reduce the impact on the local economy. Despite this, Council believes the ability of its debtor groups to meet their obligations could be affected by changes in the macroeconomic environment in the short term, with conditions slowly returning to normal in the coming years. This has been factored into the provision matrix.

##### *Statutory charges - fines and penalties*

A provision matrix is also used for this group due to the large number of debtors within the group. The provision matrix assigns the expected loss percentages to different aging bands of receivables to estimate the expected credit loss for the whole portfolio. The percentages are generally calculated based on historical credit loss experience and taking into account Council's debt collection regime.

Whilst it is important to consider the past payment behaviour of Council debtors it is equally important to take into account changes in the way that Council pursues its debts and the effect this has on the likelihood of the timely recovery of debt. Over the past two years Council has implemented measures which ensure a tighter control over its debtors and has maintained a recoveries process through an external agency.

##### *Rateable revenue and utility charges (including infrastructure charges)*

The majority of the loss allowance for the rateable revenue and utility charges group comes from the expected credit losses allowed for the write-off of water consumption rates under Council's Water Leak Relief Policy.

Historical figures are used to provide an estimate of future write-offs, in conjunction with consideration for possible technical improvements such as implementation of new water metering technology which may reduce the risk of loss in future years.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 34 Financial instruments (Cont'd)

#### (a) Financial assets and financial liabilities

##### Credit risk (Cont'd)

*Write-offs throughout the year and end of period expected credit losses for receivables*

##### 2020

*Other debtors*

	Gross carrying amount	Weighted average loss rate	Loss given default	Loss allowance
	\$	%	%	\$
Current	1,807,104	8.57%	100%	154,887
31-60 days	208,401	4.94%	100%	10,289
61-90 days	48,963	7.84%	100%	3,838
90 + days	226,163	19.21%	100%	43,451
	2,290,631	-	-	212,465

##### *Statutory charges - fines and penalties*

	Gross carrying amount	Weighted average loss rate	Loss given default	Loss allowance
	\$	%	%	\$
Current	7,853	5.00%	100%	393
31-60 days	266	10.15%	100%	27
61-90 days	5,222	14.99%	100%	783
90 + days	370,136	30.00%	100%	111,040
	383,477	-	-	112,243

##### *Rateable revenue and utility charges (including infrastructure charges)*

	Gross carrying amount	Weighted average loss rate	Loss given default	Loss allowance
	\$	%	%	\$
Rateable revenue and utility charges (including infrastructure charges)	14,139,452	0.721%	100%	102,000

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 34 Financial instruments (Cont'd)

#### (a) Financial assets and financial liabilities

##### Credit risk (Cont'd)

2019

*Other debtors*

	Gross carrying amount	Weighted average loss rate	Loss given default	Loss allowance
	\$	%	%	\$
Current	3,049,182	3.189%	100%	97,232
31-60 days	641,168	4.978%	100%	31,917
61-90 days	100,899	5.212%	100%	5,259
90 + days	122,478	37.787%	100%	46,281
	3,913,727	-	-	180,689

##### *Statutory charges - fines and penalties*

	Gross carrying amount	Weighted average loss rate	Loss given default	Loss allowance
	\$	%	%	\$
Current	9,189	5.000%	100%	460
31-60 days	9,389	10.000%	100%	939
61-90 days	7,861	20.000%	100%	1,572
90 + days	407,816	51.328%	100%	209,323
	434,255	-	-	212,294

##### *Rateable revenue and utility charges (including infrastructure charges)*

	Gross carrying amount	Weighted average loss rate	Loss given default	Loss allowance
	\$	%	%	\$
Rateable revenue and utility charges (including infrastructure charges)	5,985,979	1.721%	100%	103,000

Refer to Note 11 for the movement in the allowance for impairment of receivables during the year.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 34 Financial instruments (Cont'd)

#### (a) Financial assets and financial liabilities

##### Liquidity risk

Liquidity risk refers to the situation where Council may encounter difficulty in meeting obligations associated with its financial liabilities.

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

##### Exposure to liquidity risk

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 and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. The following facilities were available at the end of the reporting period.

	2020 \$	2019 \$
Approved credit card facility - Commonwealth Bank of Australia	1,965,000	1,965,000
Available at 30 June	1,241,730	1,166,120

The following table sets out the liquidity risk of financial liabilities (excluding lease liabilities for 2020) held by Council. 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 \$
<b>2020</b>					
Trade and other payables	21,842,503	-	-	21,842,503	21,842,503
Loans - QTC	10,706,819	34,374,560	54,021,219	99,102,598	77,684,745
	<u>32,549,322</u>	<u>34,374,560</u>	<u>54,021,219</u>	<u>120,945,101</u>	<u>99,527,248</u>
<b>2019</b>					
Trade and other payables	17,978,478	-	-	17,978,478	17,978,478
Loans - QTC	10,687,108	36,114,995	53,850,781	100,652,884	77,478,647
	<u>28,665,586</u>	<u>36,114,995</u>	<u>53,850,781</u>	<u>118,631,362</u>	<u>95,457,125</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.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 34 Financial instruments (Cont'd)

#### (a) Financial assets and financial liabilities

##### Market risk

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

##### Interest rate risk

Council is exposed to interest rate risk through its investments held with financial institutions.

Financial instruments with fixed interest rates which are carried at amortised cost are not subject to interest rate sensitivity. Council's loan portfolio is subject to fixed interest rates.

##### Sensitivity

Sensitivity to interest rate movements is shown for variable financial assets 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. If the rates decreased by 1% the impact would be equal in amount in the reverse direction. COVID-19 has seen a softening of interest rates and Council predicts this will continue over the coming year. However, the effect is not expected to be greater than 1%, so no additional analysis has been performed. The *Local Government Regulation 2012* prescribes the way the maximum interest rates on overdue rates is calculated. Council believes that fluctuations will be immaterial in nature and therefore, no sensitivity analysis has been performed.

	Net carrying amount		Profit		Equity	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Deposits - Call	105,900,000	82,750,000	1,059,000	827,500	1,059,000	827,500
Term Deposits	29,400,000	63,300,000	294,000	633,000	294,000	633,000
	<u>135,300,000</u>	<u>146,050,000</u>	<u>1,353,000</u>	<u>1,460,500</u>	<u>1,353,000</u>	<u>1,460,500</u>

#### (b) Fair value

##### Financial assets

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

##### Financial liabilities

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. The book value represents the carrying value based on amortised cost using the effective interest method.

	Note	2020		2019	
		Carrying amount \$	Fair Value \$	Carrying amount \$	Fair Value \$
Loans - QTC	22	<u>77,684,745</u>	<u>89,073,832</u>	<u>77,478,647</u>	<u>87,849,638</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Note	30-Jun-20 \$	30-Jun-19 \$
<b>35 Transactions with related parties</b>			
<b>(a) Joint controlled entities</b>			
Council is a joint member of the Wide Bay Burnett Regional Organisation of Councils (WBBROC) Incorporated.			
WBBROC represents the interests of all Councils within the Wide Bay Burnett region. WBBROC lobbies Federal and State Governments on behalf of members Councils on matters of common interest and is often the point of contact for other levels of Government seeking the views of Councils on a broad range of issues.			
WBBROC other member Councils are Cherbourg Community Council, Fraser Coast Regional Council, Gympie Regional Council, North Burnett Regional Council and South Burnett Regional Council.			
The following transactions occurred with WBBROC:			
Council membership contributions		127,037	79,700
WBBROC contributions		(14,804)	(15,729)
		<u>112,233</u>	<u>63,971</u>

WBBROC is dependent on contributions from member Councils.

WBBROC made contributions to Council to assist in the delivery of the Advancing Regional Innovations Program (2019 & 2020) and for development of the Paradise Dam Economic Report (2020).

### (b) Key management personnel (KMP) compensation

KMP include the Mayor, Councillors, Chief Executive Officer and members of the Executive Leadership Team.

The compensation paid to KMP comprises:

Short-term benefits	2,861,386	2,671,251
Long-term benefits	42,507	30,366
Post-employment benefits	286,409	282,695
	<u>3,190,302</u>	<u>2,984,312</u>

Additional remuneration disclosures are provided in Council's Annual Report.

### (c) Transactions with other related parties

Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members.

There have been no significant transactions between Council and other related parties.

Council employs 852 full time equivalent staff. Less than 1% of staff are close family members of KMP with their remuneration representing less than 1% of employee benefits. All close family members of KMP were employed through an arm's length process. They are paid in accordance with the relevant industrial award for the job they perform and Council's enterprise bargaining agreement.

### (d) Outstanding balances

Council has no outstanding balances to/from other related parties.

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

### (e) Loans and guarantees to/from related parties

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

### (f) Commitments to/from other related parties

Council has no outstanding commitments to/from other related parties.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 36 National competition policy

#### Business activities to which the code of competitive conduct (CCC) is applied

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

Water and Wastewater Operations;  
Waste Management;  
Caravan Parks; and  
Airport Operations.

This requires the application of full cost pricing, the identification of community service obligations (CSOs) and the elimination of any advantages or disadvantages of public ownership within that activity.

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 cost of providing non-commercial community services or costs deemed to be CSOs by Council.

In calculating the value of some CSOs, management is required to make judgements, estimates and assumptions which may impact on the values disclosed. 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 following table summarises the financial performance of Council's activities subject to the CCC:

#### Financial performance of activities subject to competition reforms:

	Water	Wastewater	Waste Management	Council Holiday Parks	Bundaberg Airport
	2020	2020	2020	2020	2020
	\$	\$	\$	\$	\$
Revenue for services provided to Council	1,787,542	496,200	289,872	-	-
Revenue for services provided to external clients	29,311,309	29,906,867	21,787,654	2,347,973	4,195,950
Community service obligations	1,042,717	1,017,127	637,059	15,607	143,794
	32,141,568	31,420,194	22,714,585	2,363,580	4,339,744
Less: Expenditure	(19,879,976)	(18,986,052)	(19,294,728)	(2,158,802)	(3,422,798)
Surplus/(deficiency)	12,261,592	12,434,142	3,419,857	204,778	916,946

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 36 National competition policy (Cont'd)

#### Description of CSOs provided to business activities

Activities	CSO description	Amount
		\$
Water	Provision of water allocations to unlicensed sporting clubs	\$223,550
	Pension remissions	\$180,682
	Water leak relief	\$98,983
	Infrastructure charges incentives	\$433,807
	Internal bulk water provisions	\$105,695
Wastewater	Pedestal discount for community and aged care facilities	\$324,122
	Pedestal discounts for not-for-profit sporting clubs	\$48,832
	Infrastructure charges incentives	\$393,246
	Pension remissions	\$250,927
Waste Management	Provision of bins and waste disposal for community events	\$19,220
	Charity bin residuals and in-kind assistance	\$73,400
	Pension remissions	\$223,858
	Provision of domestic waste vouchers	\$320,581
Bundaberg Airport	COVID-19 pandemic relief	\$143,794
Council Holiday Parks	COVID-19 pandemic relief	\$15,607

### 3.6 Management Certificate

For the year ended 30 June 2020


---

**Management Certificate  
For the year ended 30 June 2020**

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

  
\_\_\_\_\_  
Mayor  
Date: 8 / 10 / 2020

  
\_\_\_\_\_  
Chief Executive Officer  
Date: 8 / 10 / 2020.

## 3.7 Independent Auditor's Report - Financial Statements

---



To the Councillors of Bundaberg Regional Council

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Bundaberg Regional Council (the council).

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2020, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and the Chief Executive Officer.

#### Basis for opinion

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

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

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

#### Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Bundaberg Regional Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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





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

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

### **Responsibilities of the councillors for the financial report**

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

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

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

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

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

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



- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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

A handwritten signature in black ink that reads 'Melissa Read'.

Melissa Read  
as delegate of the Auditor-General

9 October 2020

Queensland Audit Office  
Brisbane

### 3.8.1 Current Year Financial Sustainability Statement

For the year ended 30 June 2020

---

#### 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 Council's general purpose financial statements for the year ended 30 June 2020.

#### Measures of Financial Sustainability

Council's performance at 30 June 2020 against key financial ratios and targets:

	How the measure is calculated	2020	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	1%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	51%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-6%	not greater than 60%

### 3.8.2 Current Year Financial Sustainability Statement - Certificate of Accuracy

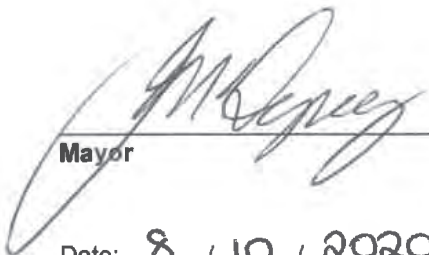
For the year ended 30 June 2020


---

**Certificate of Accuracy  
For the year ended 30 June 2020**

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**  
Date: 8 / 10 / 2020

  
\_\_\_\_\_  
**Chief Executive Officer**  
Date: 8 / 10 / 2020

### 3.8.3 Independent Auditor's Report - Current Year Financial Sustainability Statement



To the Councillors of Bundaberg Regional Council

#### **Report on the current year financial sustainability statement**

##### **Opinion**

I have audited the accompanying current year financial sustainability statement of Bundaberg Regional Council (the council) for the year ended 30 June 2020 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Bundaberg Regional Council for the year ended 30 June 2020 has been accurately calculated.

##### **Basis of opinion**

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

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

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

##### **Emphasis of matter – basis of accounting**

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

##### **Other Information**

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Bundaberg Regional Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

## Independent Auditor's Report - Current Year Financial Sustainability Statement cont'd



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

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

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

### **Responsibilities of the councillors for the current year financial sustainability statement**

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

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

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

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

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

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

## Independent Auditor's Report - Current Year Financial Sustainability Statement cont'd



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

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

A handwritten signature in dark ink that reads "Melissa Read".

Melissa Read  
as delegate of the Auditor-General

9 October 2020

Queensland Audit Office  
Brisbane

### 3.8.4 Long Term Financial Sustainability Statement

For the year ended 30 June 2020

#### Measures of Financial Sustainability

Operating surplus ratio	How the measure is calculated	Target	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
			Between 0% and 10%	0%	0%	0%	0%	1%	0%	0%	0%
Asset sustainability ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	greater than 90%	53%	41%	56%	55%	42%	54%	45%	51%	50%
Net financial liabilities ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.										
	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	1%	20%	32%	45%	38%	34%	26%	17%	14%

The financial impact of the COVID-19 pandemic and its ongoing effects are potentially significant. Council has undertaken extensive modelling to assess its impact on financial sustainability. Consolidated accumulated surpluses from previous financial years and considerable cash holdings mean that Council is in a strong financial position to absorb the financial impacts of the pandemic.

#### Financial Management Strategy

Council's vision advocated in its Corporate Plan 2019-2023 is to build Australia's best regional community, where residents enjoy a safe and healthy lifestyle in a region that is attractive, economically prosperous and inclusive and supportive of its members. Council's financial management strategy supports the delivery of these outcomes by ensuring that the allocation of financial and physical resources is aligned with this vision. The specific strategies are outlined in its Long Term Financial Plan 2020-2029 and are summarised below:

- Optimising organisational efficiencies.
- Pursuing spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden.
- Ensuring that the decisions and actions of Council have due regard for the financial effects on future generations.
- Confronting issues of inter-generational equity so that the financial burden does not adversely affect current or future ratepayers.
- Making certain that when new assets are acquired or constructed, the Long Term Financial Forecast captures 'whole of life costs'.
- Delivering an increased focus on asset management to ensure appropriate maintenance and renewal of assets that supports service standards in the region.
- Securing as much grant funding as possible to contribute to the cost of constructing new and upgraded capital infrastructure.
- Making certain that the delivery of projects meets the objectives of the financial strategy whilst debt remains within acceptable limits.
- Investing surplus funds subject to Council's approved risk profile, with the aim of maximising investment returns to minimise financial impacts on ratepayers.



### 3.8.5 Long Term Financial Sustainability Statement - Certificate of Accuracy

For the year ended 30 June 2020

---

**Certificate of Accuracy  
For the year ended 30 June 2020**

This long term 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 long term financial sustainability statement has been accurately calculated.



\_\_\_\_\_  
Mayor

Date: 8 / 10 / 2020



\_\_\_\_\_  
Chief Executive Officer

Date: 8 / 10 / 2020.

# 4 Statutory Information

## 4.1 Administrative Action Complaints

In accordance with section 187 of the *Local Government Regulation 2012*, Council has adopted an Administrative Action Complaints (AAC) Policy and Procedure to effectively deal with complaints in a fair, confidential, prompt and respectful manner. This policy was reviewed and adopted by Council in May 2020 and information about the process, including how to lodge a complaint can be found on Council's website: [bundaberg.qld.gov.au/complaints-disclosures](http://bundaberg.qld.gov.au/complaints-disclosures).

Council's Governance and Legal Services team is responsible for application of the policy, coordinating complaints, staff guidance/training and reporting to the Executive Leadership Team when required. This team has commenced early stages of a holistic review of all complaints which will see the development of a consistent approach throughout Council in the way we receive, handle and respond to complaints ensuring our commitment to dealing with complaints is done fairly, confidentially, promptly and respectfully.

As required by section 187(2) of the *Local Government Regulation 2012* the table below provides a summary of AAC outcomes for 2019/20.

Table 4.1

Item	No.
Number of AACs made to Council in 2019/20	22
Number of AACs resolved by Council under the complaints management process in 2019/20	19
Number of AACs not resolved by Council under the complaints management process in 2019/20	3
Number of AACs made and not resolved by Council under the complaints management process in the previous financial year	0

All of the AAC's referred in the above table were reviewed and have been resolved. 72% of AAC's were completed within the maximum timeframe of 30 business days as mentioned in Council's procedure. As part of the holistic review, Council will review the set timeframes to ensure they can be achieved by review staff.

## 4.2 Beneficial Enterprises

In accordance with section 41 of the *Local Government Act 2009*, Council advises that it did not engage in any beneficial enterprises during the reporting period.

## 4.3 Significant Business Activities

A business activity is defined in Schedule 4 of the *Local Government Act 2009* as the 'trading in goods and

services by the local government'.

In accordance with section 45(a) of the *Local Government Act 2009*, Council conducted the following business activities during the financial year:

- Water and Wastewater
- Waste Management
- Council Holiday Parks
- Bundaberg Airport

In accordance with the threshold of expenditure and the methodology prescribed by section 19 and section 20 of the *Local Government Regulation 2012*, Council's Waste Management and Water and Wastewater activities were considered significant business activities for the period.

Pursuant to section 45(c) of the *Local Government Act 2009*, the principle of competitive neutrality has been applied to these activities and a review of the appropriate application of National Competition Policy reforms has determined that the adoption of full-cost pricing is the appropriate reform to apply. These activities were conducted in the preceding financial year.

## 4.4 Competitive Neutrality Complaints

Council is committed to ongoing compliance with National Competition Policy principles and associated legislative obligations. Competitive neutrality requires Council to operate on a level playing field with the private sector, making adjustments for any advantages and disadvantages of public sector ownership.

Prices for each business unit have been set to reflect the principles of full cost pricing such that total revenue, inclusive of identified and measured community service obligations and net of any advantages and disadvantages of public ownership, aims to recover direct and indirect operating costs, depreciation charges, notional tax equivalents, adjustments for any cost of funds advantages and a commercial return on capital.

No investigation notices relating to competitive neutrality complaints were issued by the Queensland Competition Authority during the reporting period. Consequently, no reportable recommendations were made by the competition authority in relation to a competitive neutrality complaint.

## 4.5 Particular Resolutions

Pursuant to section 185 of the *Local Government Regulation 2012*, Council must advise of particular resolutions made under section 250(1) and 206(2) of the *Local Government Regulation 2012*.

# Minutes - 23 July 2019

Item Number: G2

File Number:

Part: GOVERNANCE

**Portfolio:** Organisational Services

**Subject:** Council Policies

**2364**

**Resolution**

**Cr HL Blackburn presented the report; and moved:-**

**That Council:**

**1. Rescind the following policies:**

- CP-3-037 Recordkeeping Policy, version 1;
- CP-3-038 Expenses Reimbursement for Councillors Policy, version 1; and

**2. adopt the following policies:**

- CP-3-037 Recordkeeping Policy, version 2; and
- CP-3-038 Expenses Reimbursement for Councillors Policy, version 2.

**Seconded by Cr JA Peters.**

**The motion was put - and carried unanimously**

**Meeting held: 23 July 2019**

# Minutes - 26 May 2020

Item Number: G2

File Number:

Part: GOVERNANCE

**Portfolio:** Organisational Services

**Subject:** Council Policy Review

2517

**Resolution**

**Cr SA Cooper presented the report; and moved:-**

**That Council:**

**1. Rescind the following policies:**

- CP-3-018 Acceptable Requests Guidelines Policy, version 4;
- CP-3-005 Administrative Action Complaints Policy, version 1.1;
- CP-3-006 Advertising Spending Policy, version 1;
- CP-3-046 Buy Local Policy, version 2;
- CP-3-014 Community Engagement Policy, version 1;
- CP-3-031 Complaints about the Chief Executive Officer, version 1.1;
- CP-3-017 Council Vehicle Usage Policy, version 2.2;
- CP-3-044 Councillor Complaints Investigation Policy, version 1;
- CP-3-019 Councillor Use of Confidential Information Policy, version 1;
- CP-3-038 Expenses Reimbursement for Councillors Policy, version 2;
- CP-3-026 Fraud and Corruption Management Policy, version 2;
- CP-3-045 Gifts and Benefits Policy, version 1;
- CP-3-043 Hardship Policy, version 2;
- CP-3-009 Media Relations Policy, version 1;
- CP-3-036 Procurement Policy, version 1;
- CP-3-035 Public Interest Disclosure Policy, version 3;
- CP-3-001 Revenue Policy, version 2.1; and
- CP-3-027 Risk Management Policy, version 1.

## **2. adopt the following policies:**

- CP-3-018 Acceptable Requests Guidelines Policy, version 5;
- CP-3-005 Administrative Action Complaints Policy, version 2;
- CP-3-006 Advertising Spending Policy, version 2;
- CP-3-046 Buy Local Policy, version 3;
- CP-3-014 Community Engagement Policy, version 2;
- CP-3-031 Complaints about the Chief Executive Officer, version 2;
- CP-3-017 Council Vehicle Usage Policy, version 3;
- CP-3-044 Councillor Complaints Investigation Policy, version 2;
- CP-3-052 Councillor Portfolio Policy, version 1;
- CP-3-019 Councillor Use of Confidential Information Policy, version 2;
- CP-3-038 Expenses Reimbursement for Councillors Policy, version 3;
- CP-3-026 Fraud and Corruption Management Policy, version 3;
- CP-3-045 Gifts and Benefits Policy, version 2;
- CP-3-043 Hardship Policy, version 3;
- CP-3-009 Media Relations Policy, version 2;
- CP-3-051 Planning Protocols Policy, version 1;
- CP-3-036 Procurement Policy, version 2;
- CP-3-035 Public Interest Disclosure Policy, version 4;
- CP-3-001 Revenue Policy, version 3; and
- CP-3-027 Risk Management Policy, version 2.

## **3. Endorse the Employee Code of Conduct Policy, version 1.**

**Seconded by Cr JD Learmonth.**

**The motion was put - and carried unanimously**

**Meeting held: 26 May 2020**

## Valuation of non-current physical assets

There were no Council resolutions made in relation to the valuation of non-current physical assets. The policies are available on Council's website.

## 4.6 Changes to tenders

Pursuant to section 190(1)(e) of the *Local Government Regulation 2012*, Council advises that there was one change to a tender made pursuant to section 228(8) of the *Local Government Regulation 2012* during the 2019/20 financial year.

## 4.7 Summary of Concessions for Rates and Charges

In accordance with section 190(1)(g) of the *Local Government Regulation 2012*, a summary of all concessions for rates and charges granted by Council is provided in the following section and tables.

### 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 DVA Health Card (all conditions within Australia) or a DVA Health Card (Totally & Permanently Incapacitated) issued by either Centrelink or the Department of Veteran Affairs are eligible to claim a State Government Pensioner Rate Subsidy and a Council Pensioner Remission. The Council pensioner rate remission during 2019/20 was \$165.00 per annum for rates and charges.

### Reduced Rates and Charges due to Community Organisations concessions

Council recognised the following not-for-profit organisations as providing a service to the community by encouraging community and cultural development. During 2019/20 Council contributed up to a maximum \$1,700.00 per annum towards the payment of rates and charges, with the exception of water consumption, for the following facilities and organisations:

- Apple Tree Creek Memorial Hall - *part year as property sold*
- Avenell Heights Progress Association Hall
- Booyal Memorial Hall
- Bucca Hall
- Bullyard Hall
- Bundaberg & District Air Sea Rescue
- Bundaberg Kindergarten
- Bundaberg Players Incorporated
- Bundaberg Railway Historical Society
- Burnett Heads Community Kindergarten
- Burnett Heads Progress Hall
- Isis Community Kindergarten
- CWA Hall Bundaberg

- CWA Hall Childers
- CWA Hall Yandaran
- CWA Oakwood
- CWA Wallaville
- Drinan Hall
- Forestview Community Kindergarten
- Gin Gin & District Historical Society Hall
- Gin Gin Kindergarten
- Kepnock Progress Association Hall
- North Bundaberg Progress Association Hall
- Pacifique Surfriders Club
- Pine Creek Hall
- Sandy Hook Ski Club
- Sharon Hall
- South Kolan Community Kindergarten
- Tegege Hall
- Tegege Combined Sport and Recreation Club
- Wallaville Kindergarten
- Bundaberg Mens Shed
- Childers Mens Shed
- Woodgate Mens Shed
- Peirson Memorial Trust
- Legacy Inc. (Lot RP 94171)

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

Council granted a full concession, for all rates and charges, to all Rural Fire Brigade properties.

### Water Rates Concessions to Unlicensed and Restricted Licence Sporting Clubs

Council recognised unlicensed/restricted licensed sporting clubs as not for profit entities which provide a community service, namely the provision of recreational services and contribution to the region's aesthetics.

In recognition of this, Council charged unlicensed/restricted licensed sporting clubs a Water Access Charge for its largest connection on each assessment and no access charge levied for additional meters. For water meters above 20mm, if unlicensed sporting clubs reduced their largest water meter size to a smaller size, their Water Access Charge was reduced accordingly to the Water Access Charge applicable to the revised water meter size. Where it was impractical to do so, Council charged the equivalent of 40% of the 40mm Water Access Charge. Unlicensed/restricted licensed sporting clubs were entitled to 4,000 kilolitres of water per annum per hectare of playing surface, free of consumption charges, with an adjusted entitlement of 75% for

seasonal sports. The Gin Gin Agricultural, Pastoral and Industrial Society was entitled to 4,800 kilolitres of water per annum free of consumption charges for use on the main arena. Water consumption per assessment in excess of these entitlements was levied for the first 300 kilolitres at the 1st tier rate, and any consumption in excess of 300 kilolitres was levied at the 2nd tier rate. The Moore Park Rural Fire Brigade was entitled to the equivalent of a 20mm Water Access Charge for its largest meter connection regardless of the size of the Brigade's water meter connection in recognition of the community service provided by protecting the community against fire and related hazards.

## Sewerage Rates Concessions

Multi accommodation self-contained residential units for the aged under the control of charitable/church organisations (excluding care centres); and pedestals installed in the Department of Housing & Public Works units for the aged were granted a concession of 60% of sewerage rates.

Council granted a 50% concession on sewerage charges to not-for-profit sporting clubs and to Gin Gin Agricultural Pastoral and Industrial Society, which either have no liquor license or hold a restricted Community Other Liquor License in terms of section 80 of the *Liquor Act 1992*.

## Water Leak Relief

Council has a Water Leak Relief Policy which provides relief for ratepayers who experience an undetected water leak. Provided ratepayers repair the water leak and apply for relief, Council may provide a concession in accordance with the Policy. The Policy allows for Council to charge the water consumption at the first step in the water tariff, which in 2019/20 was \$1.16, instead of the second tier tariff, which was \$1.90.

## Concessions to ratepayers for 2019/20

Table 4.2

Type of concession	Assistance provided
Pensioner rebates	\$1,677,922.93
Rates concessions to community organisations	\$668,733.74
Water Leak Relief	\$98,982.80
<b>Total</b>	<b>\$2,445,639.47</b>

## Analysis of Concessions provided to Community Organisations in 2019/20

Table 4.3

Type of concession	Assistance provided
Reduced rates and charges to community organisations *	\$70,194.25

Type of concession	Assistance provided
Free Water Consumption Allocation to Unlicensed Sporting Bodies	\$156,467.86
Benefit from only charging Water Access Charges to Unlicensed Sporting Bodies for largest meter	\$67,081.90
50% reduction in Sewerage Charges for Unlicensed/Community Other Licenced Sporting Bodies	\$51,884.00
60% reduction in Sewerage Charges to Community Organisations	\$324,122.40
<b>Total</b>	<b>\$669,750.41</b>

\* Refer to table below

Table 4.4

Type of organisation	No.	Annual Rates Levied	Assistance Provided	Average assistance per organisation
Halls	19	\$41,535.48	\$26,159.27	\$1,376.80
Kindergartens	7	\$26,502.10	\$11,018.00	\$1,574.00
Surf Lifesaving Clubs	3	\$14,483.58	\$12,506.10	\$4,168.70
Rural Fire Brigades	13	\$6,330.88	\$6,330.88	\$486.99
Other Community organisations	10	\$42,572.52	\$14,180.00	\$1,418.00
<b>Total</b>	<b>52</b>	<b>\$131,424.56</b>	<b>\$70,194.25</b>	<b>\$1,349.89</b>

## 4.8 Expenditure on Grants to Community Organisations

In accordance with section 195 of the *Local Government Regulation 2012*, Council has an established Community Grants Policy.

In accordance with section 189(1) of the *Local Government Regulation 2012*, Council's expenditure on grants to community organisations is as follows.

Table 4.5

Community Organisation	Expenditure on Grants
Young Peoples in Sport	\$1,672.73
Micro Grants	\$14,421.61
Special Events Grant	\$16,211.60
Community Services Grants	\$60,115.28
Partnerships and Sponsorships Program	\$110,890.90
<b>Total</b>	<b>\$203,312.12</b>
<b>Other Donations</b>	
Cancer Council - Relay for Life Donation	\$500.00
Community Events Donations	\$7,587.25
<b>Total</b>	<b>\$8,087.25</b>



Pursuant to section 189(2) of the *Local Government Regulation 2012* there were no discretionary fund expenditure by Councillors for community organisations in the reporting period.

## 4.9 Council Registers

In accordance with section 190(1)(f) of the *Local Government Regulation 2012*, the following registers are kept by Council:

- Register of Assets
- Register of Business Activities
- Register of Contact with Lobbyists
- Register of Cost-Recovery Fees
- Register of Councillor Conduct
- Register of Delegations - Chief Executive Officer to Employees
- Register of Delegations - Council to the Chief Executive Officer
- Register of Delegations – Mayor
- Register of Development applications - PD Online
- Register of Impounded Animals
- Register of Interests for Chief Executive Officer and Senior Executive Employees
- Register of Interests of a Councillor and their Related Persons
- Register of Local Laws
- Register of Pre-Qualified Suppliers
- Register of Roads map

## 4.10 Risk Management

Council recognises that effective risk management is paramount in managing its enterprise risks to achieve its corporate strategies, objectives and vision for the future. Council's commitment to risk management practices aims to effectively manage and limit risk exposures but also to identify opportunities through best practice risk management strategies and continuous improvement established in accordance with Risk Management Standards AS ISO 31000:2018.

Management of operational risks is achieved by Council's commitment to the identification and implementation of processes appropriate to the ongoing management of risk.

This is achieved by:

- Regular reporting to the Audit and Risk Committee of enterprise risks and the Risk Management Program;
- Continuous review of:
  - The adopted Integrated Risk Management Policy;
  - Council's Risk Management Framework, and
  - Council's risk assessment tools.
- Training for staff at induction;
- Regular review of risk registers; and
- Operational risk analyses of departmental business plans.

## 4.11 Report on the Internal Audit

### Audit and Risk Committee

Council's Audit and Risk Committee acts as an advisory committee to Council, providing independent comment, advice and counsel on audit and risk management issues, covering all Council operations and projects reported and considered by the Committee. The Audit and Risk Committee is established in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Throughout 2019/20 the Audit and Risk Committee consisted of two Councillors and two independent external members appointed by the Council, with one of the external members appointed as Chairperson. At the time of the 2020 Local Government elections the Audit and Risk Committee members tenures concluded, and a new committee was appointed following the Local Government elections as follows:

#### For the period up to 22 February 2020:

- Bradley Grogan, Chairman and External Representative
- Mayor Jack Dempsey, Finance and Economic Development Portfolio spokesperson
- Cr Helen Blackburn, Governance Portfolio spokesperson
- Debbie Rayner, External Representative

#### For the period after 29 April 2020:

- Stephen Coates, Chairman and External Representative
- Mitchell Petrie, External Representative

#### For the period after 26 May 2020:

- Mayor Jack Dempsey, Economic Development Portfolio spokesperson
- Cr Steve Cooper, Organisational Services Portfolio spokesperson

The Audit and Risk Committee is also attended by Chief Executive Officer, General Managers, Chief Financial Officer, Chief Legal Officer, External Auditors, Internal Auditors, Quality Auditor, Risk and Insurance Officer and other key staff. The Audit and Risk Committee held four meetings during the financial year in which the following matters were reviewed and assessed:

- Internal Audit reports
- Quality Audit reports
- External Audit reports and updates
- Risk Management updates
- Internal Audit Charter
- Audit and Risk Committee Charter
- Annual Internal Audit Plan



- Strategic Internal Audit Plan
- Accounting position papers
- Annual Report and Financial Statements
- Assessment of Financial Information.

## Internal Audit

Internal Audit is an integral component of Council's corporate governance framework and is established under section 105(1) of the *Local Government Act 2009*. Internal audit provides independent, objective assurance and consulting activity designed to add value and improve Council's operations ensuring they are operating effectively and in accordance with organisational and legislative requirements. Internal Audit operates in accordance with Council's Internal Audit Policy and Charter, which is endorsed by the Audit and Risk Committee each year. The Charter sets out the mandate, roles and responsibilities of the internal audit function.

The scope of the internal audit activities is determined through a risk based strategic annual planning cycle which is endorsed by the Audit and Risk Committee. Internal Audit undertook 10 audits and Quality Audit completed nine audits during the financial year, with reports presented to the Audit and Risk Committee. Council resolved to note the minutes from the Audit and Risk Committee meetings where these audits were tabled.

The performance of the internal audit section is managed by the Organisational Services General Manager and throughout 2019/20 Council contracted an Internal Audit firm, BDO, who were responsible for carrying out the internal audit function for Council.

## 4.12 People & Culture

In accordance with section 23 of the *Public Sector Ethics Act 1994*, Council reports the following actions taken during the reporting period to comply with sections 15, 21 and 22:

### Code of Conduct

Council's employee Code of Conduct is based on the principles outlined within the *Public Sector Ethics Act 1994*. The Code of Conduct represents Council's commitment to building the community's confidence in the way which Council operates, through ensuring accountability, transparency and fairness. All employees have access to Council's Code of Conduct either electronically or paper-based.

### Education and Training

During the 2019/20 financial year, 1353 employees completed Code of Conduct training. This comprised face to face training to the outside workforce in July 2019

as part of 2019 refresher training, the annual refresh for all staff delivered online during May/June 2020 and all new starters to Council throughout the financial year who attended a face to face training session. This training provides all employees with an awareness of conduct standards expected by Council and emphasises the importance of maintaining an ethical culture build on good governance, good decision-making and high levels of integrity.

Along with the Code of Conduct training, employees also completed training in Fraud and Corruption, Right to Information, Privacy, Record Keeping and Authorised Persons.

Council is committed to continuing to develop and deliver governance focused education and awareness programs to all employees to maintain the highest standards of employee conduct.

## Procedures and Practices

Council ensures that the principles contained within the *Public Sector Ethics Act 1994* and the standards within Council's Code of Conduct underpin all policies and procedures, guiding all employees' actions and decision-making.

## Mayor and Councillors

### 4.13 Remuneration of the Mayor and Councillors

In accordance with section 186(1)(a) of the *Local Government Regulation 2012*, the total remuneration paid to each Councillor during the financial year and superannuation paid on behalf of each Councillor during the financial year are as follows.

Table 4.6

Div.	Councillor	Remuneration	Superannuation*
	Mayor Jack Dempsey	\$155,779.68	\$17,895.49
1	Cr Jason Bartels	\$89,774.88	\$10,947.31
2	Cr Bill Trevor OAM (Deputy Mayor)	\$102,019.06	\$12,242.36
3	Cr Wayne Honor	\$89,774.88	\$10,976.38
4	Cr Helen Blackburn	\$71,474.62	\$8,576.85
5	Cr Greg Barnes	\$89,774.88	\$10,905.77
6	Cr Scott Rowleson	\$71,474.62	\$8,576.85
7	Cr Ross Sommerfeld	\$71,474.62	\$8,576.85
8	Cr Steve Cooper	\$89,774.88	\$10,947.55
9	Cr Judy Peters	\$71,474.62	\$8,576.85
10	Cr John Learmonth	\$89,774.88	\$10,939.24
4	Cr Tracey McPhee	\$18,300.27	\$2,018.76
6	Cr Tanya McLoughlin	\$18,300.27	\$2,247.01
7	Cr Vince Habermann OAM	\$18,300.27	\$2,247.01
9	Cr May Mitchell	\$18,300.27	\$2,400.63

\*Includes superannuation paid on applicable allowances shown in Table 4.7

## 4.14 Reimbursement of Expenses and Provision of Facilities

In accordance with section 186(1)(b) of the *Local Government Regulation 2012*, the total expenses incurred by, and the facilities provided to each Councillor during the financial year under the Council's Reimbursement of Expenses and Provision of Facilities for Councillors Policy are as follows.

Table 4.7

Div.	Councillor	Reimbursement of Expenses and Provision of Facilities
	Mayor Jack Dempsey	\$22,994.44
1	Cr Jason Bartels	\$11,788.16
2	Cr Bill Trevor (Deputy Mayor) OAM	\$16,049.83
3	Cr Wayne Honor	\$12,168.28
4	Cr Helen Blackburn	\$7,194.33
5	Cr Greg Barnes	\$13,541.04
6	Cr Scott Rowleson	\$8,596.48
7	Cr Ross Sommerfeld	\$10,372.95
8	Cr Steve Cooper	\$13,471.64
9	Cr Judy Peters	\$11,297.17
10	Cr John Learmonth	\$9,955.16
4	Cr Tracey McPhee	\$2,043.79
6	Cr Tanya McLoughlin	\$2,196.86
7	Cr Vince Habermann OAM	\$2,192.07
9	Cr May Mitchell	\$2,829.91

A full copy of Council's Reimbursement of Expenses and Provision of Facilities for Councillors Policy is available at Council's website.

## 4.15 Overseas travel

In accordance with section 188 of the *Local Government Regulation 2012* the following overseas travel expenses were incurred by the Councillors or local government employees in an official capacity during the financial year.

Table 4.8

Delegate	Purpose	Destination	Total
Cr William Trevor OAM <i>Deputy Mayor</i>	Sister Cities Delegation		
Cr Helen Blackburn <i>Councillor</i>	- 16th China-ASEAN Expo,		
Cr Scott Rowleson <i>Councillor</i>	21st Nanning International Folk Song Arts Festival	China & Japan	\$ 20,679.29
Cr Stephen Cooper <i>Councillor</i>	(Nanning, China) & Meeting with Mayor Moriyama (Settsu, Japan)		
Wayne Heidrich <i>Senior Communications Advisor</i>			

NOTE: Cr William Trevor OAM & Wayne Heidrich returned early, leaving China on 22 September 2019. Cr Scott Rowleson didn't return until 30 September 2019.

## 4.16 Attendance at Council meetings

In accordance with section 186(1)(c) of the *Local Government Regulation 2012*, the attendance of Councillors to Ordinary and Special Meetings is detailed below.

### From 01 July 2019 - March 2020

Table 4.9

Councillor	Ordinary	Special and budgetary	Total
Cr Dempsey	9	0	9
Cr Bartels	9	0	9
Cr Trevor OAM	8	0	8
Cr Honor	7	0	7
Cr Blackburn	9	0	9
Cr Barnes	8	0	8
Cr Rowleson	8	0	8
Cr Sommerfeld	9	0	9
Cr Cooper	9	0	9
Cr Peters	8	0	8
Cr Learmonth	8	0	8

### From April 2020 30 June 2020

Table 4.10

Councillor	Ordinary	Special and budgetary	Total
Cr Dempsey	3	3	6
Cr Bartels	3	3	6
Cr Trevor OAM	3	3	6
Cr Honor	3	3	6
Cr McPhee	3	3	6
Cr Barnes	3	3	6
Cr McLoughlin	3	3	6
Cr Habermann OAM	3	3	6
Cr Cooper	3	3	6
Cr Mitchell	3	3	6
Cr Learmonth	3	3	6

## 4.17 Councillor Conduct

The *Local Government Act 2009* (the Act) sets out the roles, responsibilities and obligations of Councillors. In accordance with reporting requirements, the table below outlines actions and outcomes relating to the conduct and performance of Councillors for the 2019/20 financial year.

Table 4.11

Section of Act	Type of order/complaint	No.
Section 150I(2)	Orders made by the chairperson about unsuitable meeting conduct.	0
Section 150AH(1)	Orders made by Council that: (a) No action be taken against the Councillor; (b) An order be taken against the Councillor; about inappropriate conduct.	0
Section 150AR(1)	Orders made by the conduct tribunal that: (a) No action be taken against the Councillor; (b) An order be taken against the Councillor; about misconduct and connected inappropriate conduct.	150AR (1)(a): 0 150AR (1)(b): 1
<p>About the sections mentioned above:</p> <ul style="list-style-type: none"> <li>• name of each Councillor for whom a decision, order or recommendation was made;</li> <li>• description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged by each Councillor;</li> <li>• summary of the decision, order or recommendation for each Councillor. <ul style="list-style-type: none"> <li>- Councillor Greg Barnes</li> <li>- Misconduct – release of information that the Councillor knew, or should have known, was information confidential to the local government</li> <li>- The Tribunal orders: <ol style="list-style-type: none"> <li>1. pursuant to section 150AR(1)(b)(i) of the Act, the respondent must make a public admission that he has engaged in misconduct, within 90 days of the date that a copy of this decision and orders is given to him by the Registrar; and</li> <li>2. pursuant to section 150AR(1)(b)(iii) the respondent attend training or counselling to address the councillor's conduct at the expense of the Councillor within 90 days from the date of receipt of this order.</li> </ol> </li> </ul> </li> </ul>		
Section 150P(2)(a)	Complaints received by Council and referred to the assessor about Councillor conduct.	6
Section 150P(3)	Matters about corrupt conduct of a Councillor notified to the Crime and Corruption Commissioner.	0
Section 150R(2)	Notices given to the assessor about Councillor misconduct.	14
Section 150S(2)(a)	Notices given to the assessor about Councillor misconduct. <i>Discipline councillor on 3 occasions within 1 year or council has engaged in same conduct again.</i>	0
Section 150W(1)(a)	<b>Between 1 July 2019 and 31 August 2019</b> Decision made by the assessor to <b>dismiss the complaint</b> about the conduct under section 150Y	3
Section 150W(1)(b)	<b>Between 1 July 2019 and 31 August 2019</b> Decision made by the assessor to refer the suspected inappropriate conduct to Council to deal with.	0
Section 150W(1)(d)	<b>Between 1 July 2019 and 31 August 2019</b> Decision made by the assessor to make an application to the conduct tribunal about alleged misconduct and inappropriate conduct.	0
Section 150W(1)(a)	<b>Between 1 September 2019 and 30 June 2020</b> Decision made by the assessor to <b>dismiss the complaint</b> about the conduct under section 150X.	8
Section 150W(1)(b)	<b>Between 1 September 2019 and 30 June 2020</b> Decision made by the assessor to refer the suspected inappropriate conduct to Council to deal with.	1
Section 150W(1)(e)	<b>Between 1 September 2019 and 30 June 2020</b> Decision made by the assessor to <b>take no further action</b> in relation to the conduct under section 150Y.	20
Section 150AC(3)(a)	Referral notice accompanied by a recommendation about how Council may investigate or deal with the conduct – conduct should be referred to another entity for consideration.	0
Section 150AF(4)(a)	Occasions where Council is investigating inappropriate conduct, information is given to the assessor for further investigation under Division 4.	0
Chapter 5A, Part 3, Division 5	Occasions Council asked another entity to investigate the suspected inappropriate conduct of a Councillor.	0
Chapter 5A, Part 3, Division 6	<b>Between 1 July 2019 and 31 August 2019:</b> Applications heard by the conduct tribunal about the alleged misconduct of a Councillor.	0
Chapter 5A, Part 3, Division	<b>Between 1 September 2019 and 30 June 2020</b> Applications heard by the conduct tribunal about whether a Councillor engaged in misconduct or inappropriate conduct.	1

## 4.18 Remuneration of Senior Management

In accordance with section 201 of the *Local Government Act 2009* the details of remuneration for senior management during the financial year were as follows.

Table 4.12

Number of Executives	Salary Range
2	\$150,000 - \$250,000
4	\$250,000 - \$350,000
1	\$350,000 - \$450,000

The total remuneration packages payable in 2019/20 to senior management was \$1,906,181.00.

## Index of Legislative Requirements

Requirement	Title	Heading	Page
<b>Local Government Act 2009</b>			
Section 41	Identifying beneficial enterprises	4.2 Beneficial Enterprises	81
Section 45	Identifying significant business activities	4.3 Significant Business Activities	81
Section 201- 1 - 4	Remuneration senior management	4.18 Remuneration of Senior Management	91
<b>Local Government Regulation 2012</b>			
Section 183 (a) & (d)	Financial Statements	3 Annual Financial Statements	9
Section 183 (b) & (c)	Financial Statements	3 Financial Sustainability Statements	74
Section 184	Community Financial Report	2 Community Financial Report	2
Section 185	Particular Resolutions	4.5 Particular Resolutions	81
Section 186(1)(a)	Councillors	4.13 Remuneration of the Mayor and Councillors	88
Section 186(1)(b)	Councillors	4.14 Reimbursement of Expenses and Provision of Facilities	89
Section 186(1)(c)	Councillors	4.16 Attendance at Council Meetings	89
Section 186(1)(d)-(f)	Councillors	4.17 Councillor Conduct	90
Section 187	Administration Action Complaints	4.1 Administrative Action Complaints	81
Section 188	Overseas Travel	4.15 Overseas Travel	89
Section 189	Expenditure on grants to community organisations	4.8 Expenditure on Grants to Community Organisations & Discretionary funds	86
Section 190(1) (a) & (b)	Assessment of operations and performance	1 Chief Executive Officer's Report	1
Section 190(1)(e)	Tenders	4.6 Changes to Tenders	85
Section 190(1)(f)	Registers	4.9 Council Registers	87
Section 190(1)(g)	Concessions for rates and charges	4.7 Summary of Concessions for Rates and Charges	85
Section 190(1)(h)	Report on the Internal Audit	4.11 Report on the Internal Audit	87
Section 190(1)(i) & (j)	Competitive Neutrality Complaints	4.4 Competitive Neutrality Complaints	81
<b>Public Sector Ethics Act 1994</b>			
Section 23	Reporting	4.12 People and Culture	88



