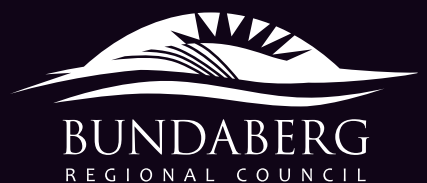




Annual Report

2020/21

Building Australia's
best regional community



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Chief Executive Officer's Report



I'm very pleased to report that Bundaberg Regional Council met the massive challenge of dealing with the global pandemic and achieved positive outcomes for the community.

In 2020/21, Council successfully managed the COVID-19 response while continuing to provide essential services and turned around the budget position in circumstances where revenue was difficult to predict.

It's a credit to all staff that they rolled with the waves of volatility, remained agile, adapted to variable public health restrictions and maintained community services.

This contributed to the better-than-expected financial result, which saw a \$9.4 million surplus which was a great result and to a degree reflects the confidence in the local economy particularly with building and development.

The 2020 Local Government Financial Audit Report highlighted Bundaberg Regional Council's sound position and strong performance.

Tabled in State Parliament, the report provides an independent assessment of the state's 77 Councils. While the financial sustainability of some councils was considered at risk, Council is in a very sound position.

This means we're able to invest in local infrastructure such as drainage improvements, more footpaths and better roads.

Some of the projects delivered during 2020/21 include the Gin Gin Community Hub and streetscape improvements, Boreham Park upgrade, One Mile Creek bridge and the Innes Park roundabout.

Council appreciates funding assistance from the State Government's Works for Queensland program and the grants we receive from the Commonwealth, such as \$2.78 million for the Washpool Creek naturalisation.

It's important that Council retains financial capacity to apply for grants and be in a position to match the funds we receive from other levels of Government.

We listened to public feedback and provided greater transparency around the Community Wellbeing and Environment Charge, listing all the projects which are funded from this charge, including CCTV cameras and support for surf lifesavers. The budgeted rate rise was modest at 1.9 per cent, close to CPI at the time, although this is fluctuating from quarter to quarter.

Substantial progress was made last year on the Gregory River Water Treatment Plant. This will improve water quality in the Childers and Woodgate areas and increase capacity to cater for future growth.

Work commenced on the upgrade of Kalkie Water Treatment Plant, which services coastal communities.

Internally, we made massive strides in upgrading our Information Technology and to improve cyber security. We also added skills and expertise to our People and Culture department to support our greatest asset – the people who work for us.

Council adopted three important strategies during 2020/21 for Active Transport, Stormwater Management and Road Investment.

These strategies are critical to guide future planning and determine funding priorities. My thanks go to all the staff and community members who contributed, and it was pleasing to see the Stormwater Management Strategy receive an award at a major engineering conference.

COVID-19 impacts were most acute at Bundaberg Airport and with Council events. Last year the Childers Festival and many other events had to be cancelled but we're slowly getting back to normal.

We know that uncertainty and volatility will continue for at least the next year or so.

I'm confident the team at Bundaberg Regional Council has the skills, determination, aptitude and ability to meet all challenges.

Stephen Johnston

Chief Executive Officer

Community Financial Report

The Community Financial Report is a plain English summary of Council's financial performance and position prepared in accordance with Section 179 of the *Local Government Regulation 2012*. It aims to give the reader an easy-to-follow summation of Council's financial statements along with key financial ratios and forecasts.

About the financial statements

The financial statements are a formal audited record of Council's financial results for the year. There are four primary statements with accompanying notes that disclose Council's accounting policies and provide additional information and greater detail on the values contained in the statements. When read together, they assist in providing a high-level picture of Council's finances for the 2020/21 year.

Additionally, there are three financial sustainability ratios on which all local governments must report. Targets for each measure have been set in the Financial Management (Sustainability) Guideline 2013, issued by the Department of Local Government, Racing and Multicultural Affairs. These targets do not necessarily need to be achieved each financial year as any unforeseen circumstance can have a detrimental impact on results. Rather, the targets serve as indicators that provide feedback on Council's current sustainability strategy and may signify that a change in approach is needed to produce the desired outcomes over the long-term.

The financial statements and sustainability measures are:

1. Statement of Comprehensive Income

A summary of Council's financial performance, showing what Council has earned (revenue) and what costs Council has incurred (expenses) for the year.

2. Statement of Financial Position

A snapshot of Council's financial position as of 30 June 2021, recording what Council owns (assets) and what Council owes (liabilities).

3. Statement of Changes in Equity

Summarises the movement in the community's net worth for the year.

4. Statement of Cashflows

Indicates where Council's cash came from and where it was spent.

5. Financial Sustainability Ratios

Measures of financial performance and sustainability

- a. Operating Surplus Ratio
- b. Net Financial Liabilities Ratio
- c. Asset Sustainability Ratio

An overview of Council's financial result and financial position

Statement of Comprehensive Income

The Statement of Comprehensive Income includes recurrent revenues and expenses from Council's operating activities and capital revenue and expenditure, with Table 1 illustrating a summary of key items.

Recurrent expenses are those incurred to run the day-to-day operations of Council, such as wages, materials, maintenance costs, depreciation expenses and finance costs.

Capital revenue is usually sourced from grants, subsidies and developers' contributions and spent on assets such as roads, stormwater drainage, water and sewerage infrastructure, buildings and plant and equipment.

Table 1: Summary of Council's result

Item	2021 \$'000	2020 \$'000
Recurrent Revenue	206,226	196,627
Capital Revenue	34,646	30,014
Total Revenue	240,872	226,641
	2021 \$'000	2020 \$'000
Recurrent Expenses	196,781	195,154
Capital Expenses	12,087	11,423
Total Expenses	208,868	206,577
Net Result	32,004	20,064
Net Result Attributable to:		
Operating Surplus	9,445	1,473
Capital Surplus	22,559	18,591
	32,004	20,064

The Net Result does not necessarily represent surplus cash funds available for general use as certain items of revenue have restrictions on their use. For example, capital grants are generally allocated to upgrade or expand Council's infrastructure, while other income may be of a non-cash nature, such as roads, sewerage and water mains, constructed and donated to Council by developers.

Council's operating position (recurrent revenue less recurrent expenses) reflects its ability to meet its day-to-day costs from operating revenue and is an important indicator of financial health.

Revenue

Total revenue of \$241 million was recognised during the financial year.

Recurrent revenue represents 86% of this amount, with the remainder being capital revenue received through grants, subsidies, contributions and donations and other capital income.

Recurrent revenue

Recurrent revenue is essential for delivering services, maintaining assets and funding daily operations.

Council's main source of revenue is Rates and Utility Charges, which totalled \$158.4 million or 77% of operating revenue for the financial year. Fees and Charges is the second largest source of recurrent revenue. This comprises revenue collected from customers for the provision of services such as licence and registration fees, development application fees and includes rental income from Council's properties and facilities.

Where did the money come from?

Figure 1 shows the source of recurrent revenue during 2020/21 with comparative financial information presented in Table 2.

Figure 1: Sources of recurrent revenue

- Rates and Utility Charges (\$158.4m)
- Fees and Charges (\$22.8m)
- Grants, Subsidies, Contributions & Donations (\$13.2m)
- Other Income (\$11.8m)

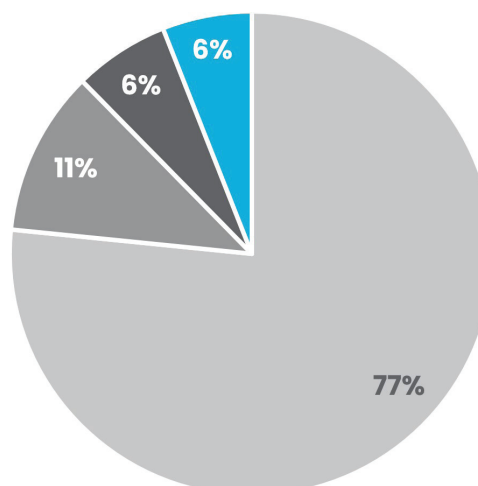


Table 2: Summary of recurrent revenue

Item	2021 \$'000	2020 \$'000
Rates and Utility Charges	158,426	152,293
Fees and Charges	22,840	20,108
Sales Revenue	6,629	5,570
Grants, Subsidies, Contributions and Donations	13,187	14,212
Interest Revenue and Other Income	5,144	4,444
Total Recurrent Revenue	206,226	196,627

Why are rates and charges a significant portion of revenue?

While every effort is made to supplement revenue by pursuing grants and subsidies from the state and federal governments, Council endeavours to raise its own source of revenue to maintain a degree of financial flexibility and prevent reliance on what are potentially volatile funding sources.

Capital revenue

Capital revenue consists mainly of grants and subsidies actively sought from the state and federal governments 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. Capital Revenue of \$34.6 million was recognised during the financial year.

Expenses

Council incurs both operational and capital expenditure in providing services to the community.

Capital Expenses, totalling \$12.1 million, does not represent Council’s investment in assets but is rather a decrease in the asset base suffered primarily through a loss on the disposal of assets.

Recurrent expenses

Recurrent expenses are the main expenses of Council and represent the day-to-day cost of providing services, operating facilities and maintaining assets. The significant components include Employee Benefits (39%), Materials and Services (33%) and Depreciation and Amortisation (26%).

Employee benefits include wages and salaries, leave entitlements, Councillors’ remuneration and superannuation. The wages incurred in the delivery of the capital works program are excluded from this figure.

Materials and services includes repairs and maintenance, the acquisition of goods and services and items such as insurance premiums, electricity expenses, consulting fees, licence fees and external plant hire.

Assets are used up, wear out or become obsolete over their lifetime and depreciation is an allocation of the consumption of an asset’s value over its expected useful life. Depreciation and amortisation expense makes up just over a quarter of Council’s operating expenses, which equates to approximately \$1,100 per rate assessment per annum.

How was the money spent?

Figure 2 illustrates the allocation of operating expenditure with comparative financial data shown in Table 3.

Figure 2: Breakdown of recurrent expenditure

- Employee benefits (\$76.4m)
- Materials and services (\$64.3m)
- Depreciation & amortisation (\$52.1m)
- Finance costs (\$4.0m)

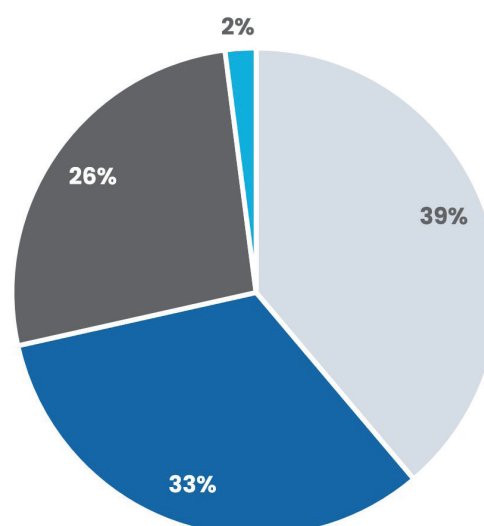


Table 3: Summary of recurrent expenditure

Item	2021 \$'000	2020 \$'000
Employee Benefits	76,393	76,360
Materials and Services	64,319	64,212
Finance Costs	4,012	4,438
Depreciation and Amortisation	52,057	50,144
Total Recurrent Expenditure	196,781	195,154

Statement of Financial Position

The Statement of Financial Position is a snapshot of Council's financial position as of 30 June 2021. The statement records what Council owns (assets) and what Council owes (liabilities). The difference between these two components determines the net financial worth of Council and our community.

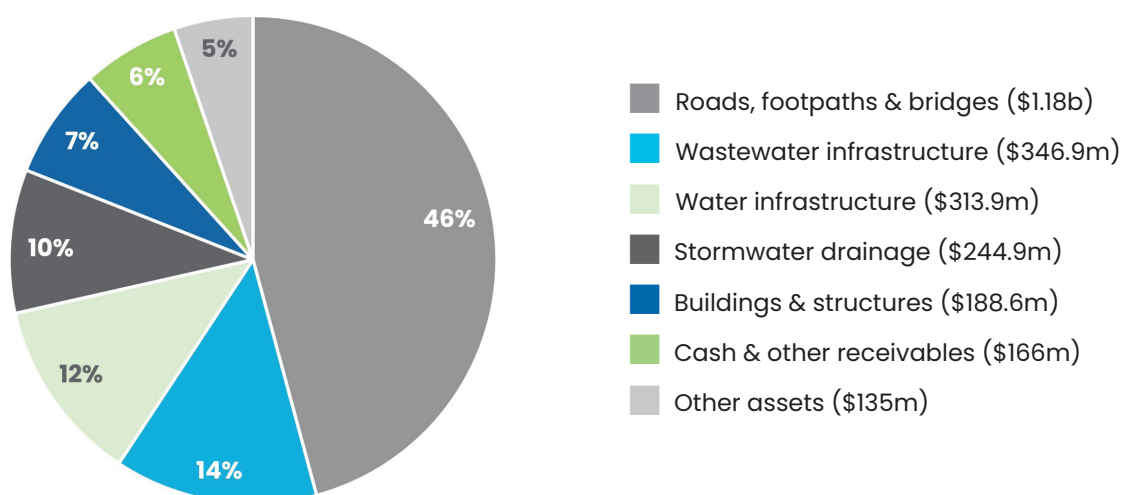
Table 4: Summary of net worth

Item	2021 \$'000	2020 \$'000
Total Assets	2,574,469	2,446,096
Total Liabilities	161,925	153,891
Total Community Equity	2,412,544	2,292,205

Assets: what we own

Council is responsible for the provision of a diverse range of services, a significant number of which are provided through infrastructure and other assets owned by Council. Council controls and maintains community assets with a combined replacement value of over \$2.57 billion, the bulk of which are infrastructure assets such as roads, footpaths, bridges, water and sewerage networks and stormwater drainage, which account for over 80% of the asset base.

In addition, Council holds other short-term assets such as cash and cash equivalents in bank accounts and investments, to the value of \$149.1 million. To mitigate the risk surrounding this significant cash balance, Council has reduced its exposure to term deposits and maintains the majority of funds with the Queensland Treasury's Capital Guaranteed Cash Fund. The cash holdings include funds held for future capital works as well as funds tied to specific purposes.

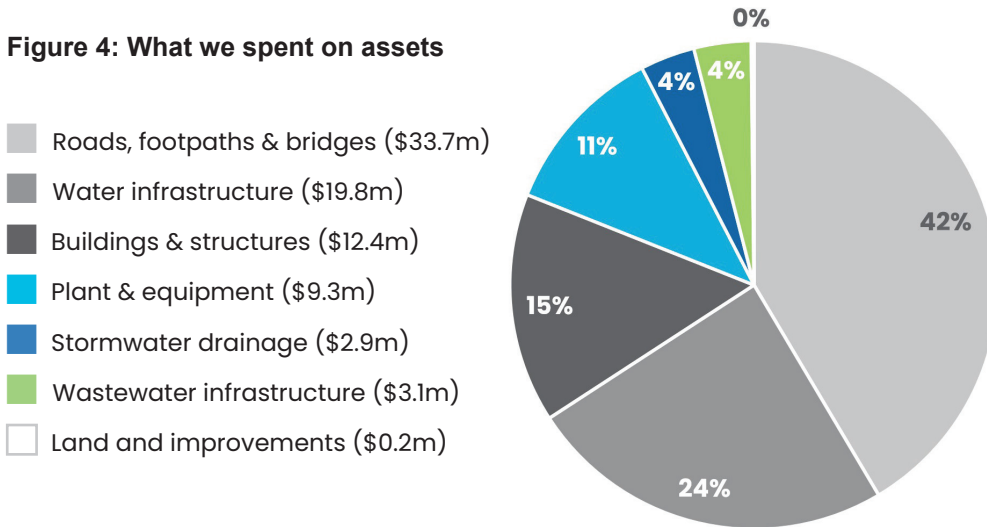
Figure 3: What we own

Investment in community assets

A significant focus is the renewal, upgrade and construction of assets to ensure infrastructure services effectively meet the needs of the community, now and into the future. These activities are undertaken in accordance with Council’s Long-term Asset Management Plan.

Additions to Council’s non-current assets during the period totalled \$81.3 million, the majority of which were a result of the construction of new assets funded from surplus funds, grants, subsidies and contributions. Figure 4 illustrates this expenditure by asset class.

Figure 4: What we spent on assets



Liabilities: what we owe

Liabilities are amounts owed to suppliers, lenders and employees. Liabilities also include Provisions which are created where there is some uncertainty about the timing or amount of future expenditures, such as long service leave payable to employees and amounts set aside to fund the future rehabilitation of landfill sites. Total liabilities as of 30 June 2021 were \$161.9 million.

Council’s largest liability are loans taken out with Queensland Treasury Corporation, which at 30 June 2021 totalled \$73.2 million or 45% of total liabilities. Borrowing will be sought for capital projects which cannot be fully funded by revenue, grants or subsidies, with terms approximating the asset’s useful life. Council reviews its loan requirements on an annual basis.

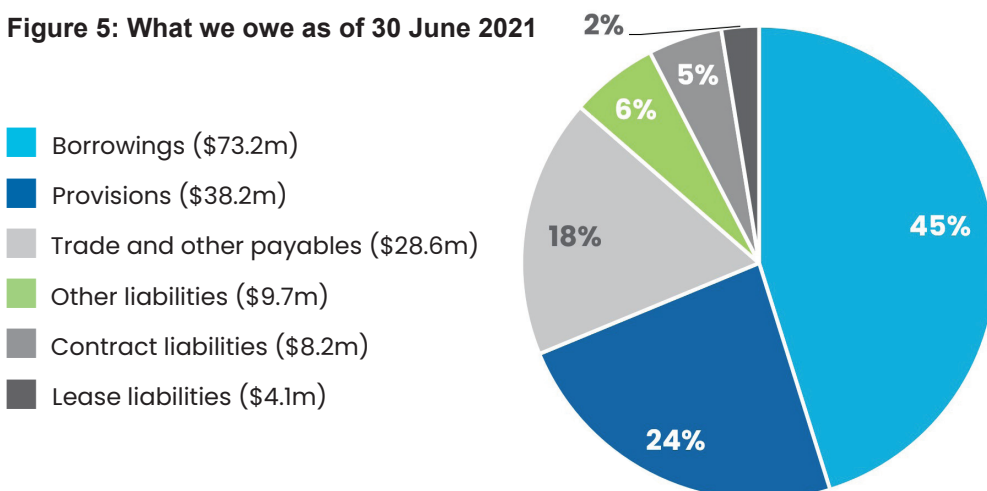
Total provisions as of 30 June 2021 were \$38.2 million, comprising \$13.9 million of long service leave payable to employees and \$24.3 million expected to be incurred in the restoration and post-closure monitoring of landfill sites.

Trade and Other Payables is made up of day-to-day creditors (\$20.6 million) for costs incurred in sourcing items ranging from bitumen to stationery, and employee entitlements of \$8.0 million consisting of annual leave, wages and other leave amounts (but excluding long service leave) payable at 30 June 2021.

Lease Liabilities represents financial obligations over the term of leases Council has entered into as lessee, whereas unspent grants, subsidies and contributions comprise the majority of Contract Liabilities.

The following graph shows total liabilities as of 30 June 2021.

Figure 5: What we owe as of 30 June 2021



Statement of Cashflows

The Statement of Cashflows records the movement in cash holdings during the year i.e., the nature and amount of Council's cash inflows and outflows from all activities. Non-cash items such as depreciation and donated funds are excluded.

The statement shows Council's ability to pay bills and continue normal operations, repay debt and have money available for the construction of assets.

Table 5: Summary of Council's cashflows

Item	\$'000
Net cash inflow/(outflow) from operating activities	62,348
Net cash inflow/(outflow) from investing activities	(44,862)
Net cash inflow/(outflow) from financing activities	(5,032)
Net increase in cash and cash equivalents held	12,454
Cash and cash equivalents at beginning of the financial year	136,690
Cash and cash equivalents at end of the financial year	149,144

Council's closing cash balance was \$149.1 million, an increase of \$12.4 million from the previous year's balance of \$136.7 million. Council's cashflow from operating activities is positive, with surplus operating cash available for investing in assets and the repayment of loans.

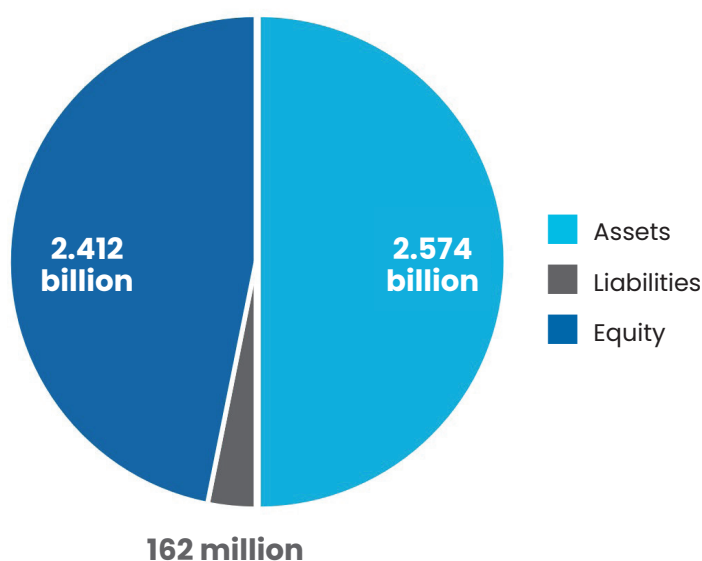
Statement of Changes in Equity

The difference between assets and liabilities represents community equity or the net wealth of Council.

The Statement of Changes in Equity details the overall change in net wealth during the financial year. At 30 June 2021 community equity was \$2,412 million (assets of \$2,574 million less liabilities of \$162 million), an increase of \$120.3 million compared with the prior year.

Community equity consists of an Asset Revaluation Surplus and Retained Capital. The increase in equity is principally the result of an increase to Council's Asset Revaluation Surplus of \$76 million following a comprehensive revaluation of some of Council's infrastructure assets and the Net Result of \$32 million.

Figure 6: Community Equity



Financial Sustainability Ratios

A financially sustainable local government is defined by its ability to maintain both financial and infrastructure capital over the long-term.

The relevant measures of financial sustainability on which Council must report are the Operating Surplus Ratio, Net Financial Liabilities Ratio and the Asset Sustainability Ratio. The ratios are measures of Council’s capacity to continue operating over the long term, maintaining community assets at a standard that services the needs of the community and ensuring the continuity of essential services now and into the future.

Operating Surplus Ratio

This is an indicator of the extent to which operating revenues are available to help fund proposed capital expenditure.

Council’s operating surplus ratio is 5%, having recorded an operating surplus of \$9.4 million. The improvement from the budgeted operating position can be attributed to a quicker revival from the financial effects of COVID-19 than expected, lower materials and services expenditure stemming largely from a deferral of some non-capital projects and lower than anticipated employee costs.

Many aspects of the local economy recovered from COVID-19 restrictions more quickly than predicted and the surplus reflects additional revenue from increased flights to the region, greater occupancy rates at holiday parks and increased development and housing activity with the associated fees and charges. Interest revenue was also higher than expected due to higher cash balances resulting from the inflow of fee income and lower operating expenditure.

Figure 7: Operating Surplus Ratio (and forecast)

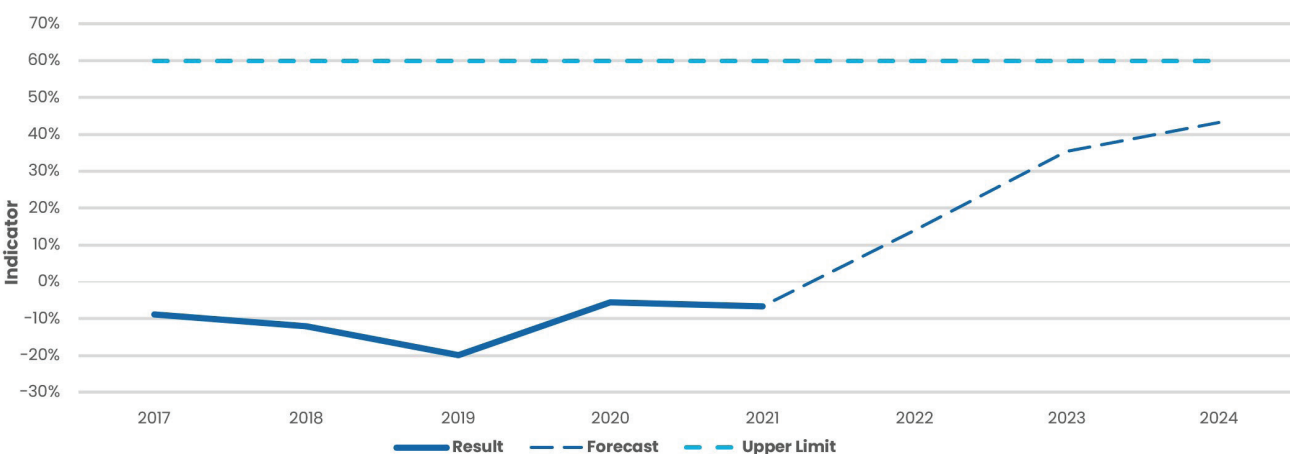
The Operating Surplus Ratio is forecast to remain positive, indicating that Council has sufficient revenue to service debt, provide for future growth requirements and fund planned capital expenditure.



Net Financial Liabilities Ratio

This is an indicator of the extent to which the net financial liabilities can be serviced by operating revenue.

Figure 8: Net Financial Liabilities Ratio (and forecast)



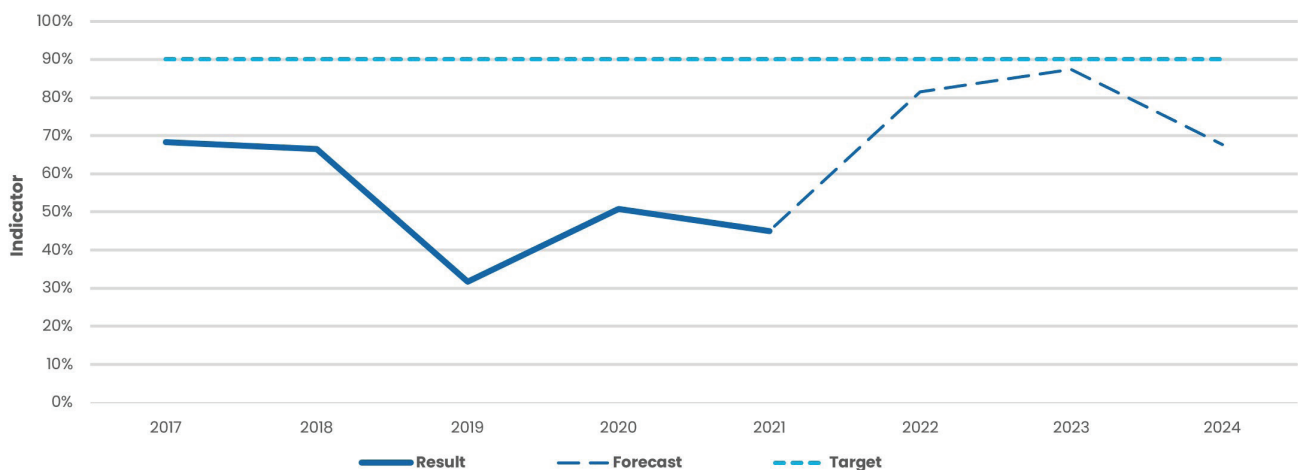
Note: A value less than 60% indicates the capacity to fund existing liabilities and the capability to increase loan borrowings if required.

The increase in the Net Financial Liabilities Ratio reflects Council's significant, planned investment in infrastructure and the necessary funding requirements. At all times the ratio remains below the upper threshold of 60% and Council exhibits adequate capacity to meet its financial commitments in the short, medium and long-term.

Asset Sustainability Ratio

An indicator of whether a council is renewing or replacing existing infrastructure assets at the same time that its assets are being expended.

Figure 9: Asset Sustainability Ratio (and forecast)



The Asset Sustainability Ratio remains below the minimum target of 90%, showing that depreciation expenses exceed spending on asset renewals.

Renewal programs are generated from Council's Long-term Asset Management Plan (LTAMP) and Council believes the ratio reflects the condition of assets rather than any backlog of needed renewal expenditure.

An external review of the LTAMP's assumptions was commissioned in May 2019 to determine whether the planned level of asset renewal was appropriate or not. The review found that asset renewal requirements are appropriately identified with reference to a combination of age versus useful life and asset condition assessments. It confirmed that infrastructure networks do not require major renewals and the ratio reflects the condition of assets and actual renewal funding requirements.

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3.1 Statement of COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
Income			
Revenue			
Recurrent Revenue			
Rates and utility charges	3(a)	158,426,086	152,293,587
Fees and charges	3(b)	22,839,706	20,107,992
Sales revenue	3(c)	6,629,452	5,570,128
Interest received	4	1,338,700	2,954,942
Grants, subsidies, contributions and donations	3(d)(i)	13,187,083	14,211,668
Profit on sale of developed land held for resale		3,805,321	1,488,699
Total recurrent revenue		206,226,348	196,627,016
Capital Revenue			
Grants, subsidies, contributions and donations	3(d)(ii)	34,401,784	29,896,301
Capital income	5	244,021	117,598
Total capital revenue		34,645,805	30,013,899
TOTAL INCOME		240,872,153	226,640,915
Expenses			
Recurrent Expenses			
Employee benefits	6	(76,392,724)	(76,360,052)
Materials and services	7	(64,319,344)	(64,212,587)
Finance costs	8	(4,012,135)	(4,437,822)
Depreciation and amortisation			
Property, plant and equipment	16	(51,238,016)	(49,201,367)
Intangible assets	18	(250,255)	(281,144)
Right-of-use assets	20(b)	(568,489)	(661,115)
Total recurrent expenses		(196,780,963)	(195,154,087)
Capital Expenses	9	(12,087,281)	(11,422,811)
TOTAL EXPENSES		(208,868,244)	(206,576,898)
NET RESULT		32,003,909	20,064,017
Net Result Attributable To:			
Operating surplus		9,445,385	1,472,929
Capital surplus		22,558,524	18,591,088
		32,003,909	20,064,017
Other Comprehensive Income			
Items That Will Not Be Classified To Net Result			
Increase/(decrease) in asset revaluation surplus	25	75,922,887	99,133,442
Total Other Comprehensive Income		75,922,887	99,133,442
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		107,926,796	119,197,459

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

3.2 Statement of FINANCIAL POSITION

As at 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
Assets			
Current Assets			
Cash and cash equivalents	10	149,144,168	136,689,730
Trade and other receivables	11	16,885,512	16,892,018
Inventories	12	3,555,102	4,959,476
Contract assets	19(a)	190,277	1,171,099
Other assets	13	4,983,603	4,019,997
Non-current assets held for sale	14	798,549	1,173,822
Total Current Assets		175,557,211	164,906,142
Non-Current Assets			
Investment property	15	16,619,878	14,375,985
Property, plant and equipment	16	2,372,576,434	2,256,160,696
Right-of-use assets	20(b)	3,957,965	4,533,753
Intangible assets	18	5,757,731	6,119,475
Total Non-Current Assets		2,398,912,008	2,281,189,909
TOTAL ASSETS		2,574,469,219	2,446,096,051
Liabilities			
Current Liabilities			
Trade and other payables	21	28,621,479	21,842,503
Contract liabilities	19(b)	8,160,451	5,450,873
Borrowings	22	6,797,798	7,658,004
Lease liabilities	20	404,737	513,401
Provisions	23	12,940,824	13,339,869
Other liabilities	24	9,681,762	8,701,606
Total Current Liabilities		66,607,051	57,506,256
Non-Current Liabilities			
Borrowings	22	66,354,864	70,026,741
Lease liabilities	20	3,735,198	4,144,745
Provisions	23	25,227,971	22,213,481
Total Non-Current Liabilities		95,318,033	96,384,967
TOTAL LIABILITIES		161,925,084	153,891,223
NET COMMUNITY ASSETS		2,412,544,135	2,292,204,828
Community Equity			
Asset revaluation surplus	25	690,013,727	614,090,840
Retained capital		1,722,530,408	1,678,113,988
TOTAL COMMUNITY EQUITY		2,412,544,135	2,292,204,828

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

3.3 Statement of CHANGES IN EQUITY

For the year ended 30 June 2021

	Total Community Equity	Asset Revaluation Surplus Note 25	Retained Capital
	\$	\$	\$
Balances as at 1 July 2020	2,292,204,828	614,090,840	1,678,113,988
Assets not previously recognised/(derecognised)	13,309,863	-	13,309,863
Prior year work in progress expensed	(897,352)	-	(897,352)
Restated balance at 1 July 2020	2,304,617,339	614,090,840	1,690,526,499
Net result	32,003,909	-	32,003,909
Increase/(decrease) in asset revaluation surplus	75,922,887	75,922,887	-
Total comprehensive income for the year	107,926,796	75,922,887	32,003,909
Balance at 30 June 2021	2,412,544,135	690,013,727	1,722,530,408
Balances as at 1 July 2019	2,167,674,086	514,957,398	1,652,716,688
Assets not previously recognised/(derecognised)	12,729,636	-	12,729,636
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
Restated balance at 1 July 2019	2,173,007,369	514,957,398	1,658,049,971
Net result	20,064,017	-	20,064,017
Increase/(decrease) in asset revaluation surplus	99,133,442	99,133,442	-
Total comprehensive income for the year	119,197,459	99,133,442	20,064,017
Balance at 30 June 2020	2,292,204,828	614,090,840	1,678,113,988

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

3.4 Statement of CASHFLOWS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
Cash flows from operating activities:			
Receipts from customers		199,727,800	186,553,684
Payments to suppliers and employees		(153,523,055)	(148,426,533)
		46,204,745	38,127,151
Recurrent grants, subsidies, contributions and donations		13,043,807	14,970,055
Interest received		1,485,801	3,201,467
Proceeds from sale of developed land held for resale		4,928,339	1,819,587
Costs incurred on developed land held for resale		(1,543)	(911,736)
Borrowing costs		(3,186,106)	(3,403,077)
Interest on lease liabilities		(126,893)	(136,465)
Net cash inflow/(outflow) from operating activities	30	<u>62,348,150</u>	<u>53,666,982</u>
Cash flow from investing activities:			
Proceeds from sale of non-current assets held for sale		358,205	915,290
Proceeds from sale of property, plant and equipment		2,126,759	1,144,227
Proceeds from sale of investment property		-	76,942
Compensation for assets written off		23,559	18,636
Capital grants, subsidies, contributions and donations		28,942,647	17,455,662
Payments for property, plant and equipment		(73,662,271)	(80,909,728)
Payments for intangible assets		-	(624,939)
Payments for investment property		(2,650,986)	(2,065,525)
Net cash inflow/(outflow) from investing activities		<u>(44,862,087)</u>	<u>(63,989,435)</u>
Cash flow from financing activities:			
Proceeds from borrowings	22	3,000,000	7,500,000
Repayment of borrowings	22	(7,520,713)	(7,284,032)
Repayment of lease liabilities	20	(510,912)	(482,094)
Net cash inflow/(outflow) from financing activities		<u>(5,031,625)</u>	<u>(266,126)</u>
Net increase/(decrease) in cash and cash equivalents held		12,454,438	(10,588,579)
Cash and cash equivalents at beginning of the financial year		136,689,730	147,278,309
Cash and cash equivalents at end of the financial year	10	<u>149,144,168</u>	<u>136,689,730</u>

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

1 Information about these financial statements

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021 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:

- Revenue recognition (Note 3)
- Valuation of investment property (Note 17)
- 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 32)
- Employee provisions (Note 23)
- Restoration provisions (Note 23)

1.06 Rounding and comparatives

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies, unless permitted otherwise by transition rules in a new Accounting Standard.

1.07 Taxation

Council is exempt from Commonwealth taxation, with the exception of Fringe Benefits Tax ('FBT') and Goods and Services Tax ('GST'). The net amount of GST recoverable from or payable to the Australian Taxation Office ('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 2021

1 Information about these financial statements (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 2020. The adoption of new and revised standards has not resulted in any material changes to Council's accounting policies.

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 2021. 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

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.

(ii) Grants, subsidies, contributions and donations

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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

1 Information about these financial statements (Cont'd)

1.11 Revenue (Cont'd)

(iii) Fees and charges

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.

(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.

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.

(v) Infrastructure charges

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*.

(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.

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 32 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 2021

1 Information about these financial statements (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 and buildings 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 2021. 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, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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.

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

The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost (CRC) 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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

1 Information about these financial statements (Cont'd)

1.16 Property, plant and equipment (Cont'd)

(iv) Impairment

Property, plant and equipment and intangible assets held at cost 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 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. 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.

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)

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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

1 Information about these financial statements (Cont'd)

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 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 25 business days from receipt of invoice.

1.21 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.

(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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

1 Information about these financial statements (Cont'd)

1.22 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they 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 terms that approximate the assets useful life. Council also aims to comply with the Queensland Treasury Corporation's (QTC) guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

1.23 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. QTC'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 are 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.

1.24 Components of Equity

Equity represents the amount of wealth currently required and in use by Council for its operations and to maintain its conventional assets and infrastructure at existing levels of operating capability.

(i) Retained capital

This represents the amount of Council's net funds to meet specific future needs. The main part of this amount is not available for Council to spend as it has already been invested in assets used to provide services.

(ii) Asset revaluation surplus

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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

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.
- 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.
- Continuing to enhance and review Asset Management Plans and Strategies.

This activity includes branches for Engineering and Civil Works, Major Projects, and Fleet & 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 2021

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 *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 2021

2 Analysis of results by function

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

For the year ended 30 June 2021

	Grant Revenue	Other Revenue	Total Revenue	Total Expenses	Net Result
	\$	\$	\$	\$	\$
Community and Environment	5,401,842	9,916,185	15,318,027	(60,029,721)	(44,711,694)
Council Central Resources	14,059,330	82,822,355	96,881,685	19,002,221	115,883,906
Development	-	3,859,306	3,859,306	(4,810,095)	(950,789)
Executive Services and Communications	-	-	-	(4,377,455)	(4,377,455)
Infrastructure Services	14,910,251	3,820,585	18,730,836	(55,859,814)	(37,128,978)
Organisational Services	479,075	5,376,338	5,855,413	(24,738,449)	(18,883,036)
Strategic Projects and Economic Development	1,100,785	16,020	1,116,805	(1,994,943)	(878,138)
Waste Management	-	25,422,051	25,422,051	(22,911,480)	2,510,571
Wastewater Services	(33,478)	36,321,200	36,287,722	(26,114,043)	10,173,679
Water Services	-	37,400,308	37,400,308	(27,034,465)	10,365,843
	35,917,805	204,954,348	240,872,153	(208,868,244)	32,003,909

For the year ended 30 June 2020

	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

(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.

	Assets	
	2021	2020
	\$	\$
Waste Management	42,231,109	38,206,655
Wastewater Services	384,359,811	381,647,697
Water Services	368,157,883	366,149,989
Rest of Council	1,779,720,416	1,660,091,710
	2,574,469,219	2,446,096,051

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun 21		30-Jun 20	
		AASB 15 \$	AASB 1058 \$	AASB 15 \$	AASB 1058 \$
3 Revenue					
Revenue recognised at a point in time					
Rates and utility charges	3(a)	15,242,492	143,183,594	14,599,588	137,693,999
Fees and charges	3(b)	21,887,436	952,270	18,918,549	1,189,443
Sale of goods and services	3(c)	1,166,203	-	1,100,287	-
Grants, subsidies, donations and contributions	3(d)	-	14,558,758	-	15,470,628
		<u>38,296,131</u>	<u>158,694,622</u>	<u>34,618,424</u>	<u>154,354,070</u>
Revenue recognised over time					
Sale of goods and services	3(c)	5,463,249	-	4,469,841	-
Grants, subsidies, donations and contributions	3(d)	826,089	8,756,704	202,255	9,809,218
Revenue relating to grants for assets controlled by Council	3(d)	-	23,447,316	-	18,625,868
		<u>6,289,338</u>	<u>32,204,020</u>	<u>4,672,096</u>	<u>28,435,086</u>
Total Revenue per Note 3		<u>44,585,469</u>	<u>190,898,642</u>	<u>39,290,520</u>	<u>182,789,156</u>
				30-Jun 21 \$	30-Jun 20 \$
(a) Rates and utility charges					
General rates				78,491,441	84,074,488
Waste collection				16,048,384	15,324,504
Water				32,029,252	29,454,780
Wastewater				30,871,496	29,843,880
Special rates and charges				394,534	389,943
Separate rates				2,291,568	2,276,429
Total rates and utility charges				<u>160,126,675</u>	<u>161,364,024</u>
Less: Discounts				(316)	(7,392,514)
Less: Pensioner remissions				<u>(1,700,273)</u>	<u>(1,677,923)</u>
Net rates and utility charges				<u>158,426,086</u>	<u>152,293,587</u>
(b) Fees and charges					
Airport fees				1,941,007	3,632,669
Building, planning and plumbing fees				3,996,752	3,002,847
Cemetery fees				417,715	351,822
Commissions				209,798	214,894
Community care and aged care fees				149,513	145,523
Fines, penalties and infringements				263,176	258,614
Health, licenses and registrations				689,094	930,829
Hire of facilities and rental income				2,633,712	2,323,613
Holiday park income				2,961,997	2,005,372
Rate search fees				1,313,450	712,076
Tourism and events				501,982	204,326
Waste and recycling fees				7,733,829	6,148,184
Other fees and charges				27,681	177,223
				<u>22,839,706</u>	<u>20,107,992</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun 21 \$	30-Jun 20 \$
3 Revenue (Cont'd)			
(c) Sales Revenue			
Contract and recoverable works		5,463,249	4,469,841
Sale of goods		1,166,203	1,100,287
		<u>6,629,452</u>	<u>5,570,128</u>
(d) Grants, subsidies, contributions and donations			
(i) Recurrent			
Grants and subsidies		12,896,924	13,899,467
Contributions and donations		290,159	312,201
		<u>13,187,083</u>	<u>14,211,668</u>
(ii) Capital			
Grants and subsidies		23,020,881	18,517,313
Infrastructure charges		2,197,764	1,461,215
Other capital contributions		426,435	108,555
Infrastructure assets contributed by developers at fair value*		8,756,704	9,809,218
		<u>34,401,784</u>	<u>29,896,301</u>
*Physical assets contributed to Council by developers in the form of roads, stormwater drainage, water and wastewater infrastructure, park equipment and plant.			
4 Interest and other income			
Interest received			
Interest received from cash and cash equivalents		1,152,970	2,671,742
Interest from overdue rates, levies and charges		185,309	283,113
Finance income on the net investment in the lease		421	87
		<u>1,338,700</u>	<u>2,954,942</u>
5 Capital income			
Decrease in provision for land restoration		174,955	98,962
Revaluation of investment property	15	45,507	-
Compensation for assets written off		23,559	18,636
		<u>244,021</u>	<u>117,598</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun 21 \$	30-Jun 20 \$
6 Employee benefits			
Staff wages and salaries		62,498,666	61,767,418
Councillors' remuneration*		1,244,099	1,084,868
Annual, sick and long service leave entitlements		9,881,204	10,854,241
Superannuation	28	7,734,881	8,173,071
Other employee related expenses		2,244,000	1,976,148
Total employee benefits		83,602,850	83,855,746
Less: Capitalised employee expenses		(7,210,126)	(7,495,694)
Net employee benefits		76,392,724	76,360,052

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

7 Materials and services

Audit of annual financial statements by the Auditor-General of Queensland		158,000	157,500
Chemicals		1,404,583	1,258,602
Digital platforms and connections		2,736,459	4,032,019
Electricity costs		4,280,795	4,579,002
External labour hire		1,804,619	1,495,259
External plant hire		7,560,672	7,438,900
Grants, contributions and donations		1,561,716	1,343,019
Insurance premiums		2,267,513	2,082,484
Licences and subscriptions		2,467,832	2,359,016
Non-capital projects*		4,666,902	5,325,601
Plant running costs		5,125,392	5,807,443
Professional services		6,619,074	5,872,062
Property expenses		2,626,416	2,162,589
Public safety and security		1,336,119	1,646,572
Raw water		1,537,022	1,443,580
Repairs and maintenance		7,341,037	7,244,287
Waste levy**		1,651,818	2,158,339
Other material and services***		9,173,375	7,806,313
		64,319,344	64,212,587

*Value of non-capital projects includes costs associated with capital projects such as landscaping and service relocations. The value is exclusive of other costs reflected separately in Note 6 & 7.

**Waste levy amount for 2020-21 contains \$3,119,414 rebated by the State Government to mitigate the direct impact on households.

***Comparative balances for some items have been restated to ensure consistency with current period disclosures.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun 21 \$	30-Jun 20 \$
8 Finance costs			
Interest payable		3,174,737	3,393,206
Interest on lease liabilities	20(e)	126,893	136,465
Impairment of receivables		52,643	129,904
Bank charges		410,071	379,218
Landfill restoration - change in provision over time	23	247,791	399,029
		<u>4,012,135</u>	<u>4,437,822</u>
9 Capital expenses			
Loss on impairment of non-current assets held for sale	14	-	1,012
Increase in provision for landfill restoration		1,785,509	1,048,094
Loss on disposal of property, plant and equipment		10,284,704	9,139,481
Write off of intangibles		-	325,374
Loss on sale of investment property		-	182,580
Loss on sale of non-current assets held for sale		17,068	90,835
Donation of capital assets		-	635,435
		<u>12,087,281</u>	<u>11,422,811</u>
10 Cash and cash equivalents			
Cash at bank and on hand		25,744,168	1,389,730
Deposits at call		117,400,000	105,900,000
Term deposits		6,000,000	29,400,000
Balance per statement of cash flows		<u>149,144,168</u>	<u>136,689,730</u>
<p>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 maturities of 12 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.</p> <p>Cash and deposits at call are held at the Commonwealth Bank, Bendigo Bank and in a QTC Capital Guaranteed Cash Fund account, with credit ratings ranging from A1+ to A2.</p> <p>Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use. These restrictions are managed using internal management accounting functions.</p>			
Internally imposed expenditure restrictions at the reporting date		65,308,817	63,948,888
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent capital grants, subsidies and contributions (contract liabilities)	19(b)	7,232,604	4,514,797
Unspent loan monies		1,623,464	2,669,941
		<u>8,856,068</u>	<u>7,184,738</u>
		<u>74,164,885</u>	<u>71,133,626</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
11 Trade and other receivables			
Receivables			
Rateable revenue and utility charges		4,152,971	5,644,225
Unbilled water charges		8,427,500	8,060,644
Trade receivables		4,469,466	3,179,274
Infrastructure charges receivable		157,267	434,583
		<u>17,207,204</u>	<u>17,318,726</u>
Less allowance for expected credit losses		(321,692)	(426,708)
		<u>16,885,512</u>	<u>16,892,018</u>
Details of movement in allowance for expected credit loss:			
Opening balance		426,708	495,983
Less: Debts written off during the year		(139,105)	(174,933)
Additional impairments recognised		101,604	158,968
Less: Impairments reversed		(67,515)	(53,310)
Balance at end of financial year		<u>321,692</u>	<u>426,708</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 8.53% per annum (2020-21) and 9.83% per annum (2019-20). Under the Coronavirus relief package, Council placed a moratorium on all interest charges from 1 April 2020 - 31 December 2020. No interest is charged on accounts receivable. All known bad debts were written-off at 30 June.			
12 Inventories			
(a) Stores inventories		<u>1,196,540</u>	<u>1,186,775</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 \$3,732,593 (2020: \$3,561,808).			
(b) Land purchased for development and resale			
Opening balance		3,772,701	5,127,762
Additions		1,543	911,736
Less: Cost of developed land sold		(1,123,018)	(330,888)
Less: Transferred to property, plant and equipment	16	(145,167)	(1,738,934)
Less: Transferred to investment property	15	(147,497)	(196,975)
Closing balance at end of financial year		<u>2,358,562</u>	<u>3,772,701</u>
Total inventories		<u>3,555,102</u>	<u>4,959,476</u>
13 Other assets			
GST recoverable		2,457,359	2,224,621
Prepayments		2,526,244	1,795,376
		<u>4,983,603</u>	<u>4,019,997</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
14 Non-current assets held for sale			
Opening balance		1,173,822	1,942,834
Internal transfer from investment property	15	-	36,000
Assets sold during financial year		(375,273)	(804,000)
Impairment adjustment in period	9	-	(1,012)
Closing balance at end of financial year		<u>798,549</u>	<u>1,173,822</u>

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

15 Investment property

Fair value at beginning of financial year		14,375,985	7,472,760
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	(414,178)	284,273
Internal transfer from/(to) land inventory	12	147,497	196,975
Investment property acquired at cost		2,465,067	2,251,110
Donated assets		-	786,000
Net book value of asset sold		-	(154,273)
Net book value of asset written-off		-	(105,249)
Revaluation adjustment in period	5	45,507	-
Fair value at end of financial year		<u>16,619,878</u>	<u>14,375,985</u>

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 2021

16 Property, plant and equipment

For the year ended 30 June 2021

Basis of measurement

Asset values

Opening gross value as at 1 July 2020
 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 2021

Land and improvements	Buildings and structures	Plant and equipment	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
\$ 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
88,000	(434,056)	253,512	1,380,137	4,533,445	(186,196)	435,516	-	6,070,358
151,549	5,654,425	8,332,047	20,227,821	1,752,323	2,338,374	2,801,526	40,047,895	81,305,960
-	45,000	-	2,567,470	3,050,943	2,243,761	849,530	-	8,756,704
(61)	5,127,043	547,696	14,047,260	891,946	749,033	4,566,952	(25,929,869)	-
(68,362)	(6,704,986)	(7,516,137)	(17,535,016)	(359,976)	(3,606,230)	(1,959,405)	-	(37,750,112)
-	2,596,880	-	60,195,889	4,679,203	1,652,524	1,678,226	-	70,802,722
-	-	-	-	-	-	-	-	-
559,680	-	86,716	-	-	-	24,773	-	671,169
-	-	-	-	-	-	-	(897,352)	(897,352)
-	713,648	20,909	(1,160,244)	984,031	(175,797)	(382,547)	-	-
-	-	-	-	-	-	-	-	-
59,971,209	319,000,559	65,396,344	1,564,715,511	346,584,753	483,454,550	494,628,324	53,066,290	3,386,817,540

Accumulated depreciation

Opening balance as at 1 July 2020
 Assets not previously recognised/(derecognised)
 Depreciation expense
 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 2021
 Total written down value at 30 June 2021
 Residual value
 Range of estimated useful life in years

-	131,576,327	27,710,936	408,558,072	101,711,063	133,102,282	199,038,715	-	1,001,697,395
-	(493,124)	123	(1,724,994)	(5,175,155)	11,026	142,619	-	(7,239,505)
-	9,532,072	5,109,102	20,064,214	3,512,660	6,366,608	6,653,360	-	51,238,016
-	-	-	-	-	-	-	-	-
-	(4,836,677)	(5,655,020)	(11,138,434)	(256,922)	(2,544,414)	(1,090,428)	-	(25,521,895)
-	2,166,397	-	(15,056,341)	3,237,610	854,931	2,864,498	-	(5,932,905)
-	-	-	-	-	-	-	-	-
-	73,905	(73,905)	-	-	-	-	-	-
-	138,018,900	27,091,236	400,702,517	103,029,256	137,790,433	207,608,764	-	1,014,241,106
59,971,209	180,981,659	38,305,108	1,164,012,994	243,555,497	345,664,117	287,019,560	53,066,290	2,372,576,434
-	-	11,112,571	-	-	-	-	-	11,112,571
-	5-150	3-100	10-200	90-120	7-90	10-100	-	-

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

16 Property, plant and equipment (Cont'd)

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
	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	64,290,068	308,764,689	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)	(95,456)	5,415	9,366,443	6,787,680	(517,487)	272,132	884,901	16,703,628							
	23,756	7,049,489	7,049,489	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	117,000	-	3,627,227	2,091,224	2,067,143	805,366	-	9,053,060							
	-	4,475,653	4,475,653	587,846	9,765,625	839,087	2,156,753	1,656,821	(19,481,785)	-							
	(52,361)	(4,508,318)	(4,508,318)	(6,428,162)	(15,757,280)	(574,146)	(31,630,812)	(2,874,834)	-	(61,825,913)							
	-	(802,509)	(802,509)	-	14,811,408	2,976,627	37,786,706	110,322,393	-	165,094,625							
	-	-	-	-	-	-	-	-	-	-							
	(284,273)	(6,695,000)	(6,695,000)	-	828,516	626,397	112,914	171,107	-	(5,240,339)							
	-	-	-	-	-	-	-	-	-	(585,289)							
	(5,081,887)	3,697,057	3,697,057	(287,699)	(2,035,646)	2,470,397	7,317	1,230,461	-	-							
	-	-	-	-	-	-	-	-	-	(635,434)							
	59,240,403	312,002,605	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 expense
 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
-	(3,014,611)	-	-	-	-	-	(3,014,611)
(2,973,879)	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	2,256,160,696
-	-	10,592,317	-	-	-	-	10,592,317
5-7	5-150	2-100	10-100	80	7-90	10-100	

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

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. The movements are listed below:

- The stormwater drainage review project is nearing completion. An additional 1,000 assets with a fair value of \$3,161,255 was recognised and 425 assets worth \$916,466 was derecognised. Further data corrections increased the fair value by \$7,466,811. The overall fair value addition is \$9,708,600.
- Data validation of Roads, footpaths and bridges recognised 635 assets, mainly culverts, kerbs and traffic management devices, with a carrying amount of \$5,722,636 and 732 assets at \$6,641,438 being derecognised. Data corrections to existing assets added a further \$4,023,933. The net fair value increase is \$3,105,131.
- Adjustments to other asset classes with recognition/derecognition and data corrections saw a fair value increase of \$496,132.

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

- 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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 32 is provided by the QTC 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 into three levels as follows:

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

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 2021

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		Total	
		2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$
<i>Recurring fair value measurements</i>							
Investment property	15						
- Land		9,427,807	9,607,565	519,000	1,485,121	9,946,807	11,092,686
- Rental property		6,673,071	3,283,299	-	-	6,673,071	3,283,299
Land and improvements	16	9,374,800	9,374,800	50,596,409	49,865,603	59,971,209	59,240,403
Buildings and structures	16						
- Market Value		1,963,416	1,914,848	-	-	1,963,416	1,914,848
- Specialised		-	-	179,018,243	178,511,430	179,018,243	178,511,430
Roads, footpaths and bridges	16	-	-	1,164,012,994	1,076,434,122	1,164,012,994	1,076,434,122
Stormwater drainage	16	-	-	243,555,497	229,341,775	243,555,497	229,341,775
Wastewater infrastructure	16	-	-	345,664,117	347,336,799	345,664,117	347,336,799
Water infrastructure	16	-	-	287,019,560	287,575,038	287,019,560	287,575,038
		27,439,094	24,180,512	2,270,385,820	2,170,549,888	2,297,824,914	2,194,730,400
<i>Non-recurring fair value measurements</i>							
Land held for sale	14	-	-	798,549	1,173,822	798,549	1,173,822
		-	-	798,549	1,173,822	798,549	1,173,822

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 2021 financial year AssetVal determined that there was no increase in valuation.

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 2021, which resulted in indices of 0.75% applied to buildings and 1.09% 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 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.

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 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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

17 Fair value measurements (Cont'd)

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

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 subbase, 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.

The Roads, footpaths and bridges fair values were determined by independent and qualified Valuers, APV Valuers & Asset Management Pty Ltd based on a comprehensive revaluation effective 30 June 2021. The valuation was based on determining the replacement cost of the modern equivalent and rates were adjusted to reflect local cost inputs for plant, labour and overheads.

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, APV Valuers & Asset Management Pty Ltd based on a comprehensive revaluation effective 30 June 2021.

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. 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 0.23% for Wastewater and 0.17% for Water, provided by Australis Asset Advisory Group, was applied for the 2021 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. A desktop revaluation was undertaken by Cardno at 30 June 2021, which resulted in indices of 0.40% applied for Water and wastewater passive assets.

Estimated useful lives and residual values are disclosed in Note 16.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

18 Intangible assets

For the year ended 30 June 2021

Basis of measurement

Asset values

Opening gross carrying value as at 1 July 2020

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 2021

Accumulated amortisation

Opening balance as at 1 July 2020

Amortisation provided in period

Amortisation on disposals

Closing accumulated amortisation as at 30 June 2021

Total intangible assets at 30 June 2021

	Computer Software	Land Lease	Water Rights	Work in progress	Total
	Cost	Cost	Cost	Cost	
	\$	\$	\$	\$	\$
Opening gross carrying value as at 1 July 2020	2,820,358	-	4,915,202	-	7,735,560
Additions at cost	-	-	-	-	-
Assets not previously recognised/(derecognised)	-	-	-	-	-
Internal transfers from work in progress	-	-	-	-	-
Disposals	(163,343)	-	-	-	(163,343)
Prior year work in progress expensed	-	-	-	-	-
Assets transferred from/(to) property plant and equipment	(111,489)	-	-	-	(111,489)
Closing gross carrying value as at 30 June 2021	2,545,526	-	4,915,202	-	7,460,728
Accumulated amortisation					
Opening balance as at 1 July 2020	1,616,085	-	-	-	1,616,085
Amortisation provided in period	250,255	-	-	-	250,255
Amortisation on disposals	(163,343)	-	-	-	(163,343)
Closing accumulated amortisation as at 30 June 2021	1,702,997	-	-	-	1,702,997
Total intangible assets at 30 June 2021	842,529	-	4,915,202	-	5,757,731

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

18 Intangible assets (Cont'd)

For the year ended 30 June 2020

Basis of measurement	Computer Software	Land Lease	Water Rights	Work in progress	Total
Asset values	Cost	Cost	Cost	Cost	\$
Opening gross carrying value as at 1 July 2019	2,972,941	311,000	4,346,253	-	7,630,194
Additions at cost	111,489	-	513,449	-	624,938
Assets not previously recognised/(derecognised)	-	-	55,500	-	55,500
Internal transfers from work in progress	-	-	-	-	-
Disposals	(264,072)	(311,000)	-	-	(575,072)
Prior year work in progress expensed	-	-	-	-	-
Assets transferred from/(to) property plant and equipment	-	-	-	-	-
Closing gross carrying value as at 30 June 2020	2,820,358	-	4,915,202	-	7,735,560
Accumulated amortisation					
Opening balance as at 1 July 2019	1,584,639	-	-	-	1,584,639
Amortisation provided in period	281,144	-	-	-	281,144
Amortisation on disposals	(249,698)	-	-	-	(249,698)
Closing accumulated amortisation as at 30 June 2020	1,616,085	-	-	-	1,616,085
Total intangible assets at 30 June 2020	1,204,273	-	4,915,202	-	6,119,475

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
19 Contract balances			
(a) Contract assets		190,277	1,171,099
(b) Contract liabilities			
Funds received upfront to construct Council controlled assets		7,232,604	4,514,797
Deposits received in advance of services provided		927,847	936,076
Current contract liabilities		8,160,451	5,450,873
Revenue recognised that was included in the contract liability balance at the beginning of the year:			
Funds to construct Council controlled assets		4,510,765	7,617,978
Deposits received in advance of services provided		927,855	694,422
		5,438,620	8,312,400

20 Leases

Council as lessee

(a) Terms and conditions of leases

Land Leases

Council has two leases of recreational land from the Department of Resources, 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 Resources 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 2021

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 one lease that is recognised on the balance sheet. This lease is for surveying equipment which has a five year term, with no option to extend and no annual increases.

(b) Right-of-use assets

	Buildings \$	Land \$	Equipment \$	Total \$
Opening balance as at 1 July 2020	3,002,797	1,418,726	112,230	4,533,753
Adjustments to right-of-use assets due to re-measurement of lease liability	(7,299)	-	-	(7,299)
Depreciation charge	(377,496)	(83,745)	(107,248)	(568,489)
Balance at 30 June 2021	2,618,002	1,334,981	4,982	3,957,965
	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	3,002,797	1,418,726	112,230	4,533,753

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

20 Leases (Cont'd)

Council as lessee (Cont'd)

(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
	\$	\$	\$	\$	\$
	494,757	1,990,562	4,452,362	6,937,681	4,139,935
Current lease liabilities at 30 June 2021				<u>404,737</u>	
Non-current lease liabilities at 30 June 2021				<u>3,735,198</u>	
Opening balance as at 1 July 2020				4,658,146	
Reassessments during the year (non-cash)				(7,299)	
Repayments made on leases during the year (cash)				<u>(510,912)</u>	
Balance at 30 June 2021				<u>4,139,935</u>	
	<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)				<u>(482,094)</u>	
Balance at 30 June 2020				<u>4,658,146</u>	

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

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.

(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-21	30-Jun-20
	\$	\$
Interest on lease liabilities	126,893	136,465
Variable lease payment based on usage not included in the measurement of lease liabilities	17,378	18,595
Depreciation of right-of-use assets	568,489	661,115
Expenses relating to short-term leases	10,075	221,816
Expenses relating to low-value assets	150,739	130,835
Total cash outflows for leases	<u>873,574</u>	<u>1,168,826</u>

(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 \$1,991 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 2021

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 arising from operating leases are as follows:

	30-Jun-21	30-Jun-20
	\$	\$
(i) Lease receipts		
Future minimum lease payments are expected to be received in relation to non-cancellable operating leases as follows:		
Not later than one year	731,129	515,062
Between one and two years	601,804	547,717
Between two and three years	496,713	460,517
Between three and four years	458,393	364,439
Between four and five years	260,270	323,609
Later than five years	869,199	994,063
	<u>3,417,508</u>	<u>3,205,407</u>
(ii) Sub-lease receipts		
Future minimum lease payments are expected to be received in relation to non-cancellable sub-leases as follows:		
Not later than one year	257,203	250,798
Between one and two years	223,308	257,203
Between two and three years	188,484	223,308
Between three and four years	148,270	188,484
Between four and five years	-	148,271
	<u>817,265</u>	<u>1,068,064</u>
21 Trade and other payables		
Creditors and accrued expenses	20,593,179	13,264,350
Annual leave	6,024,153	5,971,435
Wages and other employee entitlements	2,004,147	2,606,718
	<u>28,621,479</u>	<u>21,842,503</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
22 Borrowings			
Current			
Loans - QTC		6,797,798	7,658,004
Non-Current			
Loans - QTC		66,354,864	70,026,741
Reconciliation of loan movements for the year			
Opening balance		77,684,745	77,478,647
Loans raised (cash)		3,000,000	7,500,000
Principal repayments (cash)		(7,520,713)	(7,284,032)
Movement in interest payable (non-cash)		(11,370)	(9,870)
Balance at end of financial year		73,152,662	77,684,745

Financing facilities are limited by the requirement to obtain State Government approval for all loan applications. All loans are unsecured.

No interest has been capitalised during the current or comparative reporting period.

Expected final repayment dates vary from 15 December 2022 to 15 March 2041.

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

Principal and interest repayments are made quarterly in arrears.

23 Provisions

Current

Landfill restoration		150,000	300,000
Long service leave		12,790,824	13,039,869
		12,940,824	13,339,869

Non-Current

Landfill restoration		24,160,975	21,339,891
Long service leave		1,066,996	873,590
		25,227,971	22,213,481

Details of movement in land restoration provision:

Opening balance		21,639,891	19,971,988
Increase in provision - finance cost due to change in time	8	247,791	399,029
Increase/(decrease) in provision - change in discount rate		(195,123)	1,445,577
Decrease in provision for actual restoration expenditure		-	(34,775)
Increase/(decrease) in estimate of future cost		2,618,416	(141,928)
Balance at end of financial year		24,310,975	21,639,891

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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
24 Other liabilities			
Prepaid rates		9,681,762	8,701,606
		<u>9,681,762</u>	<u>8,701,606</u>

25 Asset revaluation surplus

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

Opening balance		614,090,840	514,957,398
Movement in property, plant and equipment	16	76,735,626	99,487,959
Movement in restoration provision	23	(812,739)	(354,517)
Balance at end of financial year		<u>690,013,727</u>	<u>614,090,840</u>

(b) Asset revaluation surplus analysis

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

Buildings and structures	32,766,913	33,149,170
Roads, footpaths and bridges	306,530,278	231,278,047
Stormwater drainage	59,104,178	57,662,586
Wastewater infrastructure	126,960,312	126,162,718
Water infrastructure	164,652,046	165,838,319
	<u>690,013,727</u>	<u>614,090,840</u>

26 Commitments for expenditure

(a) Recurrent commitments

Significant recurrent contractual commitments at the reporting date but not recognised as liabilities	<u>8,026,423</u>	<u>12,862,777</u>
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(b) Capital commitments

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

Buildings and structures	7,658,278	780,629
Plant and equipment	6,634,980	2,946,076
Roads, footpaths and bridges	645,016	5,890,449
Stormwater drainage	1,244,248	-
Wastewater infrastructure	135,832	362,514
Water infrastructure	9,898,404	24,921,707
	<u>26,216,758</u>	<u>34,901,375</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 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
27 Contingent liabilities			
Details and estimates of maximum amounts of contingent liabilities are as follows:			
<u>Claims</u>			
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 <i>Provisions, Contingent Liabilities and Contingent Assets</i> on the basis that council considers such disclosures would seriously prejudice the outcome of the claims.			
<u>Landfills</u>			
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 dependent 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.			
<u>Local Government Mutual</u>			
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 2021 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.			
<u>Local Government Workcare</u>			
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:		<u>2,356,430</u>	<u>2,150,578</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
28 Superannuation - Regional Defined Benefits Fund			
<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 pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at a council level.</p> <p>Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of 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." The measure of vested benefits represents the value of the benefit entitlements should all participating employees voluntarily exit the scheme. 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 salary or wages 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"> - Investment risk: The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall. - Salary growth risk: The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded. 			
Superannuation contributions made to the Regional Defined Benefits Fund		615,326	641,145
Other superannuation contributions		7,119,555	7,531,926
Total superannuation contributions paid by Council:	6	<u>7,734,881</u>	<u>8,173,071</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Note	30-Jun-21 \$	30-Jun-20 \$
29 Trust funds			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		4,669,917	3,600,542
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.			
30 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities			
Net result		32,003,909	20,064,017
Non-cash operating items:			
Depreciation of property plant and equipment	16(a)	51,238,016	49,201,367
Depreciation of right-of-use assets	20(b)	568,489	661,115
Amortisation of intangible assets	18	250,255	281,144
Change in restoration provision to finance costs	8	247,791	399,029
Revaluation of investment property	15	(45,507)	-
Current cost of developed land sold	12(b)	1,123,018	330,888
Capital asset donated		-	635,435
		53,382,062	51,508,978
Investing and financing activities:			
Change in restoration provision		1,610,554	914,357
Capital grants, subsidies, other contributions and donations	3(d)	(34,401,784)	(29,896,301)
Loss on disposal of non-current assets	9	10,284,704	9,464,855
Loss on impairment of non-current assets held for sale	9	-	1,012
Loss on sale of investment property	9	-	182,580
(Profit)/Loss on sale of non-current assets held for sale	9	17,068	90,835
Compensation for assets written off	5	(23,559)	(18,636)
		(22,513,017)	(19,261,298)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		208,593	1,514,159
(Increase)/decrease in other assets		(963,606)	(701,285)
(Increase)/decrease in contract assets		15,727	(16,303)
(Increase)/decrease in inventories		(11,306)	(1,052,345)
Increase/(decrease) in payables		(690,500)	2,542,125
Increase/(decrease) in contract liabilities		(8,229)	641,252
Increase/(decrease) in long service leave provision		(55,639)	1,197,385
Increase/(decrease) in unearned revenue		980,156	(2,769,703)
		(524,804)	1,355,285
Net cash inflow from operating activities		62,348,150	53,666,982

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

31 Events after the reporting period

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

32 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

Exposure to financial risks is managed in accordance with Council's Risk Management Policy and its Risk Management Framework.

Council's Policy and Framework have been established to identify and analyse the risks faced, to set appropriate mitigation 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 Policy and Framework and reviews risks faced by Council. The Committee is assisted in its oversight role by Council's Internal Audit function who undertake regular and ad hoc reviews of risk management controls and procedures, with the results reported to the committee.

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

Credit risk

Credit risk is the risk of 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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

32 Financial instruments (Cont'd)

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

Credit risk (Cont'd)

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.

Expected Credit Loss assessment at 30 June 2021

Council has identified there are four material receivable groupings for measuring expected credit losses (ECLs): Rateable revenue and utility charges (including infrastructure charges), government grants and subsidies, statutory charges - fines and penalties and other debtors.

With the exception of water consumption write-offs under Council's Water Relief Policy, no loss allowance is recorded for rates and utility charges or infrastructure charges where amounts are deemed to be a charge on the land. These are recoverable by way of a property sale under the *Local Government Act 2009*. There is also no loss allowance recorded for government grants, as these are effectively government guaranteed.

Council has identified Statutory charges - fines and penalties as a separate debtor group, as the underlying nature of the income streams is different to other trade receivables.

Council uses a provision matrix to measure ECLs. 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, with each of these categories exhibiting different loss patterns. 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 categories 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 categories. This knowledge has helped Council to build a profile of debt patterns for each category of debtors in the provision matrix.

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.

Further disclosure on how expected credit losses have been determined has only been made for those groups that are deemed material.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

32 Financial instruments (Cont'd)

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

Credit risk (Cont'd)

	Note	2021 \$	2020 \$
Rates and utility charges		12,580,471	13,704,869
Infrastructure charges		157,267	434,583
Government grants and subsidies		1,751,884	471,023
Statutory charges		392,149	383,477
Lease receivable		15,897	34,143
Other debtors		2,309,536	2,290,631
Less loss allowance		(321,692)	(426,708)
Total	11	16,885,512	16,892,018

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

Other debtors

	2021 \$	Weighted average loss rate %	2020 \$	Weighted average loss rate %
Current	1,576,364	6.21%	1,807,104	8.57%
31-60 days	621,682	4.96%	208,401	4.94%
61-90 days	10,214	7.65%	48,963	7.84%
90 + days	101,276	31.21%	226,163	19.21%
Less loss allowance	-161,124		-212,465	
	2,148,412	-	2,078,166	-

Rateable revenue and utility charges (including infrastructure charges)

	2021 \$	Weighted average loss rate %	2020 \$	Weighted average loss rate %
Rateable revenue and utility charges (including infrastructure charges)	12,737,738	0.827%	14,139,452	0.721%
Less loss allowance	-104,500		-102,000	
	12,633,238		14,037,452	

Refer to Note 11 for the movement in the allowance for expected credit losses during the year.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

32 Financial instruments (Cont'd)

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

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.

Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from QTC for capital works.

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

The following table sets out the liquidity risk of financial liabilities (excluding lease liabilities) 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 \$
2021					
Trade and other payables	28,621,479	-	-	28,621,479	28,621,479
Loans - QTC	9,573,999	31,823,047	50,761,451	92,158,497	73,152,662
	<u>38,195,478</u>	<u>31,823,047</u>	<u>50,761,451</u>	<u>120,779,976</u>	<u>101,774,141</u>
2020					
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>

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

Market risk

Market risk is the risk that changes in market indices, such as interest rates, will affect 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. Council's Treasury function manages cash allocations daily to maximise Council return and minimise risk exposure.

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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

32 Financial instruments (Cont'd)

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

Market risk (Cont'd)

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. 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	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Deposits - Call	117,400,000	105,900,000	1,174,000	1,059,000	1,174,000	1,059,000
Term Deposits	6,000,000	29,400,000	60,000	294,000	60,000	294,000
	<u>123,400,000</u>	<u>135,300,000</u>	<u>1,234,000</u>	<u>1,353,000</u>	<u>1,234,000</u>	<u>1,353,000</u>

(b) Fair value

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	2021		2020	
		Carrying amount	Fair Value	Carrying amount	Fair Value
		\$	\$	\$	\$
Loans - QTC	22	<u>73,152,662</u>	<u>81,483,258</u>	<u>77,684,745</u>	<u>89,073,832</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

	30-Jun-21	30-Jun-20
Note	\$	\$
33 Transactions with related parties		
(a) Joint controlled entities		
Council was a joint member of the Wide Bay Burnett Regional Organisation of Councils (WBBROC) incorporated until April 2021.		
WBBROC represents the interests of all Councils within the Wide Bay Burnett region. WBBROC lobbies Federal and State Governments on behalf of member 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 Aboriginal Shire 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	65,944	127,037
WBBROC contributions	(137,500)	(14,804)
	(71,556)	112,233

WBBROC is dependent on contributions from member Councils.

WBBROC made contributions to Council to assist in the delivery of the Advancing Regional Innovations Program (2020), the Flood Warning Infrastructure Upgrade (2021) and for development of the Paradise Dam Economic Report (2020).

(b) Key management personnel (KMP) compensation

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

The compensation paid to KMP comprises:

Short-term benefits	3,131,649	2,861,386
Long-term benefits	39,248	42,507
Post-employment benefits	327,641	286,409
	3,498,538	3,190,302

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 870 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 2021

34 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;

Holiday 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
	2021	2021	2021	2021	2021
	\$	\$	\$	\$	\$
Revenue for services provided to Council	1,725,230	499,703	294,054	-	-
Revenue for services provided to external clients	32,460,537	31,307,569	24,120,528	3,328,417	2,170,869
Community service obligations	1,115,933	1,519,315	647,429	15,642	251,993
	35,301,700	33,326,587	25,062,011	3,344,059	2,422,862
Less: Expenditure	(21,775,657)	(19,562,452)	(18,928,672)	(2,390,174)	(3,350,048)
Surplus/(deficiency)	13,526,043	13,764,135	6,133,339	953,885	(927,186)

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2021

34 National competition policy (Cont'd)

Description of CSOs provided to business activities

Activities	CSO description	Amount
		\$
Water	Pension remissions	190,823
	Provision of water allocations to unlicensed sporting clubs	271,123
	Internal bulk water provisions	80,446
	Water leak relief	101,954
	Infrastructure charges incentives	456,217
	Concessions to community organisations	15,369
Wastewater	Pension remissions	269,682
	Pedestal discounts for community and aged care facilities	332,194
	Pedestal discounts for not-for-profit sporting clubs	54,226
	Infrastructure charges incentives	400,384
	Concessions to community organisations	18,326
	COVID-19 relief - Trade waste fees waived	444,504
Waste Management	Pension remissions	242,156
	Provision of domestic waste vouchers	308,967
	Provision of bins and waste disposal for community events	12,540
	Charity bin residuals and in-kind assistance	66,716
	Concessions to community organisations	17,050
Holiday Parks	COVID-19 relief - Lease fees waived	15,642
Bundaberg Airport	COVID-19 relief - Commercial fees and charges waived	251,993

3.6 Management Certificate


For the year ended 30 June 2021

Management Certificate For the year ended 30 June 2021


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: 27, 09, 2021



Chief Executive Officer
Date: 27, 09, 2021

3.7 Independent Auditor's Report – Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the councillors of Bundaberg Regional Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Bundaberg Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2021, 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 2021, 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 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 2021 was the current year financial sustainability statement, long-term financial sustainability statement and annual report.

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.

Independent Auditor's Report cont'd



- 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 2021:

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

Prescribed requirements scope

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

A handwritten signature in black ink that reads "M. Claydon".

Michael Claydon
as delegate of the Auditor-General

8 October 2021

Queensland Audit Office
Brisbane

3.8.1 Current Year Financial Sustainability Statement

For the year ended 30 June 2021

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 2021.

Measures of Financial Sustainability

Council's performance at 30 June 2021 against key financial ratios and targets:

	How the measure is calculated	2021	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	5%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	45%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-7%	not greater than 60%

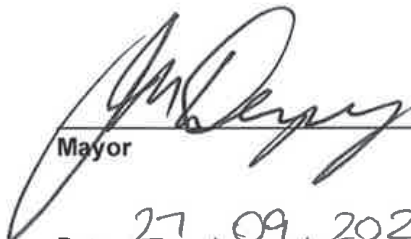
3.8.2 Current Year Financial Sustainability Statement – Certificate of Accuracy

For the year ended 30 June 2021


Certificate of Accuracy For the year ended 30 June 2021

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: 27, 09, 2021



Chief Executive Officer
Date: 27, 09, 2021

3.8.3 Independent Auditor's Report – Current Year Financial Sustainability Statement



INDEPENDENT AUDITOR'S REPORT

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 for the year ended 30 June 2021, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Bundaberg Regional Council for the year ended 30 June 2021 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 2021 was the general purpose financial statements, long-term financial sustainability statement and annual report.

The councillors are responsible for the other information.

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

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



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

- *Queensland*
- ● **Audit Office**

Better public services

- 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.



Michael Claydon
as delegate of the Auditor-General

8 October 2021

Queensland Audit Office
Brisbane

3.8.4 Long Term Financial Sustainability Statement

For the year ended 30 June 2021

Measures of Financial Sustainability

	How the measure is calculated	Target	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	0%	2%	3%	1%	1%	2%	4%	5%	6%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	greater than 90%	82%	87%	68%	70%	65%	83%	67%	66%	66%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	14%	35%	43%	49%	51%	52%	50%	51%	49%

Financial Management Strategy

Council's vision, expressed in the Corporate Plan 2021-2026, 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 the Long Term Financial Plan 2022-2031 and 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 Council's decisions 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 'whole of life costs' are recognised when new assets are acquired or constructed.
- Allocating sufficient funds annually towards maintaining and renewing assets and supporting service standards in the region.
- Reviewing assets, services and service levels.
- Ensuring that the delivery of projects meets the objectives of the financial strategy and that the level of 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 2021

Certificate of Accuracy For the year ended 30 June 2021

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: 27, 09, 2021



Chief Executive Officer
Date: 27, 09, 2021

4 Statutory Information

4.1 Administrative Action Complaints

In accordance with section 187 of the *Local Government Regulation 2012*, Council developed an overarching Complaints Management Policy which guides how Council effectively deals with all complaints in a fair, confidential, prompt and respectful manner. This revised policy was adopted by Council in October 2020 and is underpinned by various procedures, including the Administrative Action Complaints (AAC) Procedure. Information has also been published on Council's website about all types of complaints bundaberg.qld.gov.au/complaints-disclosures.

Council's Governance and Legal Services team is responsible for application of the policy and its associated procedures, coordinating complaints, staff guidance/training and reporting to the Executive Leadership Team when required. This team continues to undertake a holistic review of the complaints framework and providing information and guidance to staff to further develop a consistent approach in the way Council receive, handle and respond to complaints. As required by section 187(2) of the *Local Government Regulation 2012* the table below provides a summary of AAC outcomes for 2020/21.

Table 4.1

Item	No.
Number of AACs made to Council in 2020/21	54
Number of AACs resolved under the complaints management process in 2020/21	48
Number of AACs not resolved under the complaints management process in 2020/21	9
Number of AACs not resolved in 2020/21 that were made in 2019/20	0

The review of Council's complaints framework and further guidance and information provided to employees has seen an increase in the numbers reported. 83% of complaints received in the 2020/21 year were resolved within documented timeframes.

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 Commercial Business Unit

A Commercial Business Unit is defined in the *Local Government Act 2009* as a business unit that conducts business in accordance with the key principles of commercialisation including clarity of objectives, management autonomy and authority, accountability for performance and competitive neutrality.

No Commercial Business Units were undertaken by Council in 2020/21.

4.5 Joint government activity

Council is required to disclose details of any joint local government activities, that is, action taken for, and expenditure on a service, facility or activity:

- Supplied by another local government under an agreement for conducting a joint government activity; and
- For which the local government levied special rates or charges for the financial year.

Council did not undertake any joint local government activities in 2020/21.

4.6 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.

4.7 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*.

Adoption of an expenses reimbursement policy

There were no Council resolutions made in relation to the adoption of an expenses reimbursement policy.

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.

4.8 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 2020/21 financial year.

4.9 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

2020/21 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. Council granted a rebate of up to a maximum \$1,700 per annum for the financial year 2020/21, towards the payment of rates and charges, except for water consumption charges, for the following:

- 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 2 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 license 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 2020/21 was \$1.16, instead of the second tier tariff, which was \$1.90.

Concessions to ratepayers for 2020/21

Table 4.2

Type of concession	Assistance provided
Council pensioner rates concessions	\$1,700,272.62
Rates concessions to community organisations	\$729,765.87
Water leak relief	\$101,953.70
Total	\$2,531,992.19

Analysis of concessions provided to community organisations

Table 4.3

Type of concession	Assistance provided
Reduced rates and charges to community organisations *	\$72,223.30
Free Water Consumption Allocation to Unlicensed Sporting Bodies	\$198,539.77
Benefit from only charging Water Access Charges to Unlicensed Sporting Bodies for largest meter	\$72,583.50
50% reduction in Sewerage Charges for Unlicensed/Community Other Licenced Sporting Bodies	\$54,225.70
60% reduction in Sewerage Charges to Community Organisations	\$332,193.60
Total	\$729,765.87

* Refer to table below

Table 4.4

Type of organisation	No.	Annual Rates Levied	Assistance Provided	Average assistance per organisation
Halls	18	\$46,417.43	\$25,887.55	\$1,438.20
Kindergartens	7	\$27,427.92	\$10,979.20	\$1,568.46
Surf Lifesaving Clubs	3	\$15,424.87	\$14,035.83	\$4,678.61
Rural Fire Brigades	14	\$7,080.92	\$7,080.92	\$505.78
Other Community organisations	10	\$42,331.82	\$14,239.80	\$1,423.98
Total	52	\$138,682.96	\$72,223.30	\$1,388.91

4.10 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
Community Services Grants	\$80,491.64
Community Sport Support Program	\$186,016.35
Micro Grants	\$21,053.00
Partnerships and Sponsorships Program	\$105,909.09
Special Events Grant	\$5,899.00
Sport Championship Funding Program	\$3,750.00
Young Peoples in Sport	\$1,000.00
Total	\$404,119.08
Other Donations	
Community Events Donations	\$4,100.00
Royal Flying Doctors Service	\$50,000.00
Scripture Union	\$5,000.00
Total	\$59,100.00

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.

4.11 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

4.12 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 2020/21 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. The appointment of external, independent members is based on a publicly advertised, merit-based selection process which aims to ensure the committee has an appropriate mix of financial management, governance, risk management and local government skills and experience.

Council remunerates external, independent members of the Audit and Risk Committee to attract highly experienced professionals capable of fulfilling the Audit and Risk Committee Charter and adding value to Council. At 30 June 2021, the Audit and Risk Committee membership comprised of:

- Stephen Coates, Chairman and External Independent Representative
- Mitchell Petrie, External Independent Representative
- 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, Senior Governance 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 11 audits during the financial year, and 11 quality audits with reports presented to the Committee and ultimately Council. The performance of the Internal Audit section is managed by Organisational Services General Manager and throughout 2020/21 Council contracted an Internal Audit firm who were responsible for carrying out the internal audit function for Council.

4.13 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 2020/21 financial year, 806 employees completed Code of Conduct training. This comprised of the annual refresh for all staff delivered online during May/June 2021 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 built on good governance, good decision-making and high levels of integrity.

Along with the Code of Conduct training, 816 employees completed training Fraud Awareness training. Employees also undertook training in 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

4.14 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	\$158,149.78	\$18,974.53
1	Cr Jason Bartels	\$91,543.33	\$13,505.24
2	Cr Bill Trevor OAM (Deputy Mayor)	\$104,027.64	\$15,003.43
3	Cr Wayne Honor	\$91,543.33	\$13,505.24
4	Cr Tracey McPhee	\$91,543.33	\$10,970.57
5	Cr Greg Barnes	\$91,543.33	\$13,145.39
6	Cr Tanya McLoughlin	\$91,543.33	\$11,989.31
7	Cr Vince Habermann OAM	\$91,543.33	\$11,989.31
8	Cr Steve Cooper	\$91,543.33	\$13,145.14
9	Cr May Mitchell	\$91,543.33	\$13,842.71
10	Cr John Learmonth	\$91,543.33	\$13,593.10

*Includes superannuation paid on applicable allowances shown in Table 4.7

4.15 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	\$23,638.87
1	Cr Jason Bartels	\$22,240.63
2	Cr Bill Trevor OAM (Deputy Mayor)	\$21,534.90
3	Cr Wayne Honor	\$22,592.35

Div.	Councillor	Reimbursement of Expenses and Provision of Facilities
4	Cr Tracey McPhee	\$19,721.90
5	Cr Greg Barnes	\$23,470.01
6	Cr Tanya McLoughlin	\$10,430.65
7	Cr Vince Habermann OAM	\$10,704.62
8	Cr Steve Cooper	\$21,602.55
9	Cr May Mitchell	\$20,602.69
10	Cr John Learmonth	\$19,642.58

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

4.16 Overseas travel

In accordance with section 188 of the *Local Government Regulation 2012* there was no overseas travel expenses incurred by the Councillors or local government employees in an official capacity during the financial year.

4.17 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 2020 - 30 June 2021

Table 4.8

Councillor	Ordinary	Special and budgetary	Total
Mayor Jack Dempsey	12	1	13
Cr Jason Bartels	12	1	13
Cr Bill Trevor OAM (Deputy Mayor)	12	1	13
Cr Wayne Honor	11	1	12
Cr Tracey McPhee	12	1	13
Cr Greg Barnes	12	1	13
Cr Tanya McLoughlin	12	1	13
Cr Vince Habermann OAM	12	1	13
Cr Steve Cooper	12	1	13
Cr May Mitchell	12	1	13
Cr John Learmonth	12	1	13

4.18 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 2020/21 financial year.

Table 4.9

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, decisions and recommendations 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.	0
Section 150P(2)(a)	Complaints received by Council and referred to the assessor about Councillor conduct.	2
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.	2
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)	Decision made by the assessor to dismiss the complaint about the conduct under section 150X.	17
Section 150W(1)(b)	Decision made by the assessor to refer the suspected inappropriate conduct to Council to deal with.	0
Section 150W(1)(e)	Decision made by the assessor to take no further action in relation to the conduct under section 150Y.	7
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	Applications heard by the conduct tribunal about whether a Councillor engaged in misconduct or inappropriate conduct.	0

4.19 Remuneration of senior management and Councillor advisors

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 4.10

Number of Executives	Salary Range
1	\$50,000 - \$150,000
1	\$150,000 - \$250,000
4	\$250,000 - \$350,000
1	\$350,000 - \$450,000

The total remuneration packages payable in 2020/21 to senior management was \$2,020,460.95.

In accordance with section 201(c) of the *Local Government Act 2009* the details of remuneration for Councillor advisors during the financial year were as follows.

Table 4.11

Number of Councillor Advisors	Salary Range
1	\$50,000 - \$150,000
0	\$150,000 - \$250,000
0	\$250,000 - \$350,000
0	\$350,000 - \$450,000

The total remuneration packages payable in 2020/21 to Councillor advisors was \$64,602.70.

Index of legislative requirements

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