

# Annual Report 2022/23

Building Australia's  
best regional community



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## Mayor's message

The 2022/23 financial year was marked by growth, opportunity, and progression for the Bundaberg Region.

In the face of an ever-changing economic environment and increased cost-of-living pressures, Council was able to strike a balance between maintaining essential services and investing in the future development of our community.

Over the past financial year, we have achieved historic milestones, delivering the second zero rates rise in four years, and a doubling of the pension rebate, demonstrating our commitment to providing cost-of-living relief and support to residents.

At the heart of our commitment to build Australia's Best Regional Community, we have been steadfast in our pursuit of opportunities to grow our economy.

A significant highlight this year was the expansion of services from our airport. The addition of new airlines and routes has enhanced connectivity for residents, creating new economic activity in our flourishing tourism and broader business sectors.

Benefits of our strategic partnership with the Canterbury Bankstown Bulldogs extended beyond the footy field, creating substantial social and economic benefits for the Bundaberg Region, with nearly \$1m injected into our economy each year and fostering pathways for young players locally.

This, coupled with major Council and community destination events continues to enhance our region's lifestyle and liveability opportunities.

All stages of the Bundaberg Regional Aquatic Centre are progressing as scheduled within the fixed contract and timeframes, as evidenced by the facility taking shape on-site.

This project stands as a lasting legacy for our region that will positively impact all residents, offering enduring economic, social and health benefits for years ahead.

Building upon these catalytic initiatives, our region witnessed a 16-year high of our gross regional product. This was the second consecutive year of record-breaking growth, an unprecedented feat in Council's history.

This achievement established the Bundaberg Region as the second highest local government area in terms of economic growth in the state, taking the lead in the Wide Bay area, and surpassing growth observed in Southeast Queensland.

Our resilience as a community was evident in our remarkable recovery from COVID-19 shutdowns, with our region ranking as the third fastest regional economy to recover in Australia.

This is a testament to our region's vigour and further solidifies our emerging role as a regional capital.

Sound financial management exercised over the past seven years has enabled Council to effectively respond to our community's needs, while building reserves to facilitate key infrastructure, sustaining generations to come.

As we celebrate what we achieved over the past twelve months, we must recognise that our journey is far from over. We stand at the threshold of an exciting future, with the accomplishments of today serving as steppingstones towards greater heights of success.

I look forward to continuing to work for you and with you to build a better Bundaberg Region.

**Mayor Jack Dempsey**  
Bundaberg Regional Council



# 1

## Chief Executive Officer's Report

The past financial year was marked by major challenges and significant achievements.

Cost of living pressures nationally were and continue to be felt locally in our region by the community and Council.

In response to these pressures Council delivered a budget in June with no increase in general rates and price increases to services like waste, wastewater and water were kept well below CPI, which in March 2023 peaked at 7.4%.

Council continued to deliver high quality and diverse services to our community during what was a difficult economic climate.

All of this was achieved while we commenced generational projects which have been on the "wish list" of successive Councils for well over a decade.

Projects like the Bundaberg Aquatic Centre, Anzac Park redevelopment and Moore Park Beach masterplan are termed catalytic projects because they have the capacity to foster more development, growth and jobs within our region.

These are projects that needed to happen for the benefit and liveability of our community now and into the future.

Our region is experiencing record growth in a number of areas.

Our population has exceeded 102,000 and over the last two years the Bundaberg Region's population growth rate has outpaced that of Queensland.

It's essential that community infrastructure keep pace with this demand.

Through responsible financial management Council has invested in critical infrastructure to support this growth for the benefit of our existing residents and to ensure we are ready to welcome new residents.

**Among the many achievements of the 2022/23 financial year were:**

- The commencement of once-in-a-generation projects the Bundaberg Aquatic Centre and the Anzac Park redevelopment
- The introduction of a First Nations Strategy which now allows us to work towards implementing a Reconciliation Action Plan
- A focus on infrastructure that improves lifestyle throughout the last 12 months with projects like the Elliott Heads recreation plaza delivered and work underway to naturalise Washpool Creek
- Council's commitment to the environment, recognised through the adoption of the Towards Net Zero strategy and the approval of a Food Organic and Garden Organic bin collection trial.

Council is in an extremely enviable financial position compared to many of the other Councils in the State.

Council's sound financial management was once again recognised by the Queensland Treasury Corporation (QTC) in its biennial credit review.

Our QTC rating, based on a snapshot in time up to November 2022, reflects our continued delivery of balanced operating results, highly controlled revenue and financial flexibility.

My sincere thanks are extended to all employees and councillors for their dedication and cooperation over the year to deliver services and projects which help to build Australia's best regional community.

**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 2022/23 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 State Development, Infrastructure, Local Government and Planning. 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.

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 2023, 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 Cash Flows**  
Indicates where Council's cash came from and where it was spent.
- 5. Financial Sustainability Ratio**  
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 expenses, with Table 1 illustrating a summary of key items.

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 and 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 and is considered the most appropriate summary of Council's overall annual result.

**Table 1: Summary of Council's result**

Item	2023 \$	2022 \$
Recurrent Revenue	224,207,695	218,930,898
Capital Revenue	47,519,046	38,244,485
<b>Total Income</b>	<b>271,726,741</b>	<b>257,175,383</b>
Recurrent Expenses	223,345,888	206,588,968
Capital Expenses	5,740,151	8,055,177
Total Expenses	229,086,039	214,644,145
<b>Net Result</b>	<b>42,640,702</b>	<b>42,531,238</b>
<b>Net Result Attributable to:</b>		
Operating Surplus	861,807	12,341,930
Capital Surplus	41,778,895	30,189,308
	<b>42,640,702</b>	<b>42,531,238</b>

## Revenue

Total revenue of \$271.7 million was recognised during the financial year. Recurrent Revenue represents 85% of this total, with the remainder being capital revenue received through grants, subsidies, contributions and donations and other capital income.

### Recurrent revenue

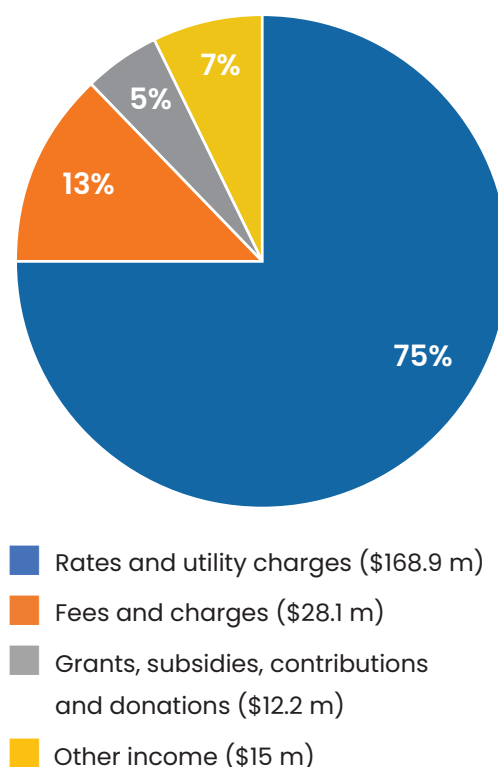
Recurrent Revenue is essential for delivering services, maintaining assets and funding daily operations.

Council's main source of revenue is Rates and Utility Charges, with ratepayers contributing \$168.9 million, or 75% of operating revenue for the financial year, from 46,323 rateable properties. The major sources of rates revenue include general rates, water access charges, water consumption charges and waste and sewerage disposal charges. 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 sources of recurrent revenue during 2022/23 with comparative financial information presented in Table 2.

**Figure 1: Sources of recurrent revenue**



**Table 2: Summary of recurrent revenue**

Item	2023 \$	2022 \$
Rates and Utility Charges	168,884,645	163,751,572
Fees and Charges	28,118,105	25,732,676
Sales Revenue	6,609,739	7,752,723
Grants, Subsidies, Contributions and Donations	12,236,175	18,503,921
Interest Revenue and Other Income	8,359,031	3,190,006
<b>Total Recurrent Revenue</b>	<b>224,207,695</b>	<b>218,930,898</b>

**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 \$47.5 million was recognised during the financial year.

**Expenses**

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

**Recurrent Expenses**

Recurrent Expenses are the main expenses of Council and are the day-to-day cost of providing services, operating facilities and maintaining assets. The significant components include Employee Benefits (37%), Materials and Services (34%) and Depreciation and Amortisation (25%).

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

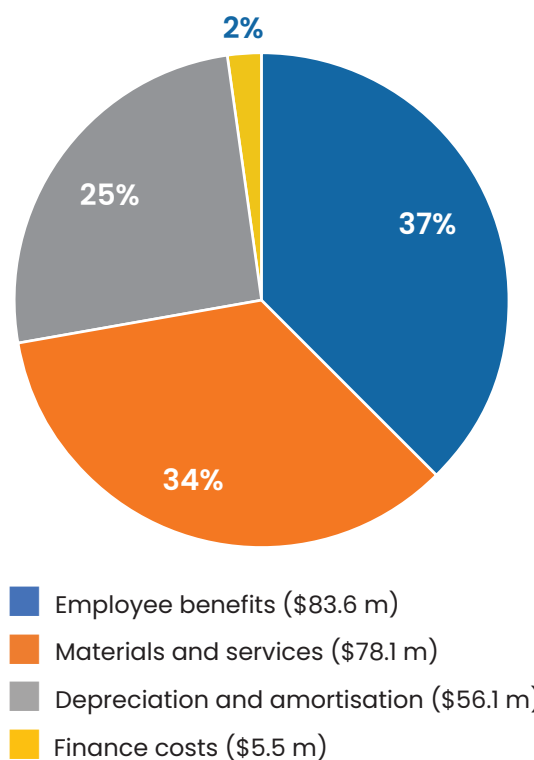
Materials and Services includes repairs and maintenance, the acquisition of goods and services and items such as insurance premiums, electricity expenses, consulting fees, licence fees and external plant hire.

Assets are used up, worn down 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 \$1,211 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**



**Table 3: Summary of recurrent expenditure**

Item	2023 \$	2022 \$
Employee Benefits	83,630,805	80,598,011
Materials and Services	78,123,729	69,253,838
Finance Costs	5,499,393	4,044,357
Depreciation and Amortisation	56,091,961	52,692,762
<b>Total Recurrent Expenditure</b>	<b>223,345,888</b>	<b>206,588,968</b>

**Capital Expenses**

Capital Expenses, totalling \$5.7 million, is not representative of Council's investment in assets but rather a decrease in the asset base suffered primarily through a loss on disposal of an asset.

# Statement of Financial Position

The Statement of Financial Position is a snapshot of Council’s financial position as of 30 June 2023. 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.

## Assets: what we own

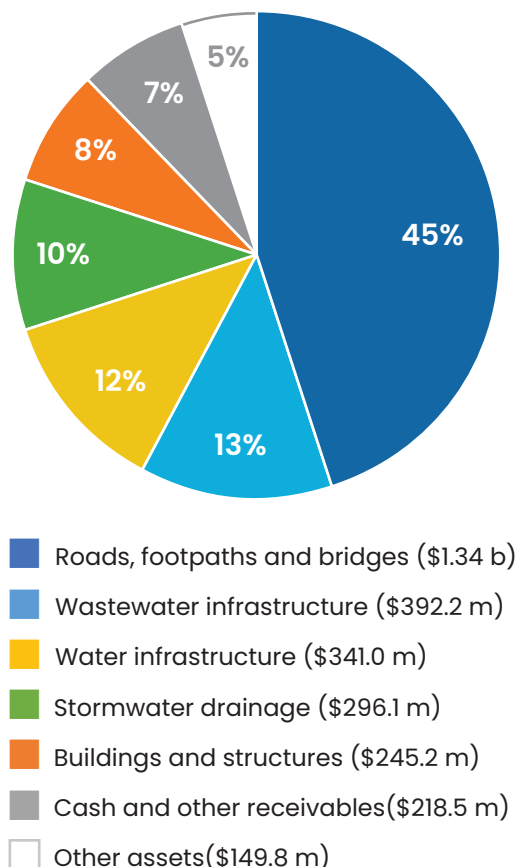
Council is responsible for the provision of a diverse range of services, a significant number of which are provided through infrastructure and other assets owned by Council. Council controls and maintains community assets with a written down value of approximately \$2.73 billion, the bulk of which are infrastructure assets such as roads, footpaths, bridges, water and sewerage networks and stormwater drainage, which account for almost 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 \$203.5 million. The cash holdings include funds held for future capital works as well as funds tied to specific purposes, with \$139 million or 68% of funds restricted.

**Table 4: Summary of net worth**

Item	2023 \$	2022 \$
Total Assets	2,982,758,047	2,767,708,721
Total Liabilities	195,147,975	201,750,452
<b>Total Community Equity</b>	<b>2,787,610,072</b>	<b>2,565,958,269</b>

**Figure 3: What we own**



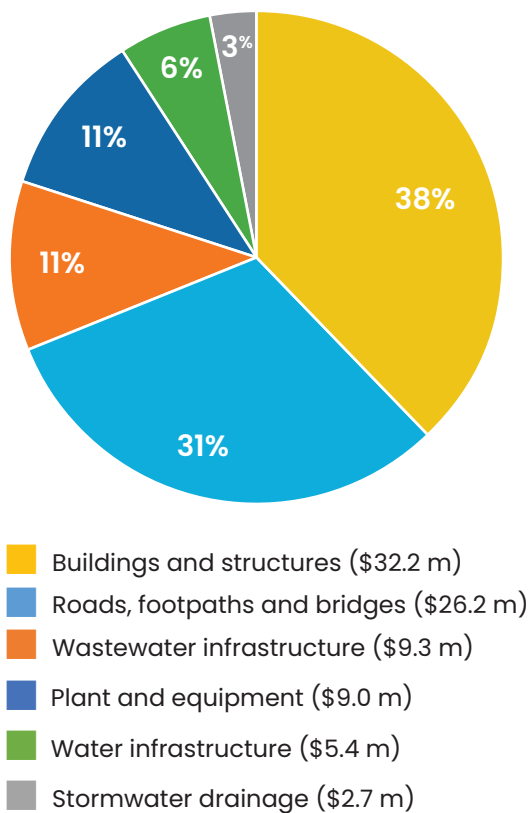


## Investment in community assets

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 asset base during the period totalled \$85 million, funded from surplus funds, borrowings and grants, subsidies and contributions. Figure 4 illustrates this expenditure by asset class.

**Figure 4:**  
**Breakdown of expenditure 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. This is the case for long service leave payable to employees and the amounts set aside to fund the future rehabilitation of landfill sites. Total liabilities as of 30 June 2023 were \$195.1 million.

Council's largest liability are loans taken out with Queensland Treasury Corporation, which at 30 June 2023 totalled \$91.9 million or 47% of total liabilities. Borrowings are for capital projects which cannot be fully funded by revenue, grants or subsidies. When used to fund assets that provide a benefit to the community over many years, debt

funding enables Council to spread the cost of those assets over the life of the asset. Loan requirements are reviewed on an annual basis.

Total provisions as of 30 June 2023 were \$38 million, comprising \$14.2 million of long service leave payable to employees and \$23.8 million expected to be incurred in the restoration and post-closure monitoring of landfill sites.

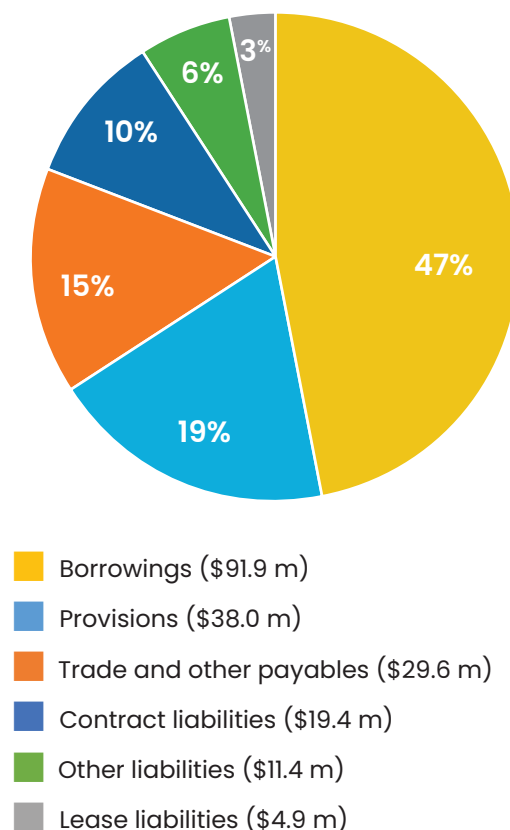
Trade and Other Payables is made up of day-to-day creditors (\$20.4 million) for costs incurred in sourcing items ranging from bitumen to stationery, and employee entitlements of \$9.2 million consisting of annual leave, wages and other leave amounts (but excluding long service leave) payable at 30 June 2023.

Lease Liabilities represents the present value of Council's financial obligations over the term of those leases that Council has entered into as lessee.

Unspent grants, subsidies and contributions comprise the majority of Contract Liabilities.

The following graph shows total liabilities as of 30 June 2023.

**Figure 5: Breakdown of what we owe**



## Statement of Cash Flows

The Statement of Cash Flows records the movement in cash holdings during the year, showing the nature and amount of Council's cash inflows and outflows from all activities. Non-cash items such as depreciation and donated assets 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. Cash flow from operating activities is positive, with surplus cash available for investing in assets and the repayment of loans.

**Table 5: Summary of Council's cash flows**

Item	2023 \$	2022 \$
Net cash inflow/(outflow) from operating activities	60,028,648	81,111,354
Net cash inflow/(outflow) from investing activities	(59,383,514)	(45,282,860)
Net cash inflow/(outflow) from financing activities	(8,225,640)	26,144,764
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(7,580,506)</b>	<b>61,973,258</b>
Cash and cash equivalents at beginning of the financial year	211,117,426	149,144,168
<b>Cash and cash equivalents at end of the financial year</b>	<b>203,536,920</b>	<b>211,117,426</b>

The cash balance decreased during the financial year by \$7.6 million from an opening balance of \$211.1 million to a closing balance of \$203.5 million at year end.

## Statement of Changes in Equity

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

At 30 June 2023 community equity was \$2.8 billion (assets of \$3 billion less liabilities of \$195 million), an increase of \$222 million compared with the prior year. The increase in equity is principally the result of an increase in Retained Capital of \$42.6 million, being the net result, and an increase to Council's Asset Revaluation Surplus of \$177.8 million from the annual revaluation of assets.

## 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, each of which is presented below. 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.

Financial sustainability Ratio	How the ratio is calculated	Target	2023	2022
<b>Operating surplus ratio</b>	Net operating surplus divided by total operating revenue	0% - 10%	0.4%	5.6%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by operating revenue	Less than 60%	(15.3%)	(15.9%)
<b>Asset sustainability ratio</b>	Capital expenditure on infrastructure renewals divided by depreciation expense on infrastructure assets	Greater than 90%	55%	47%

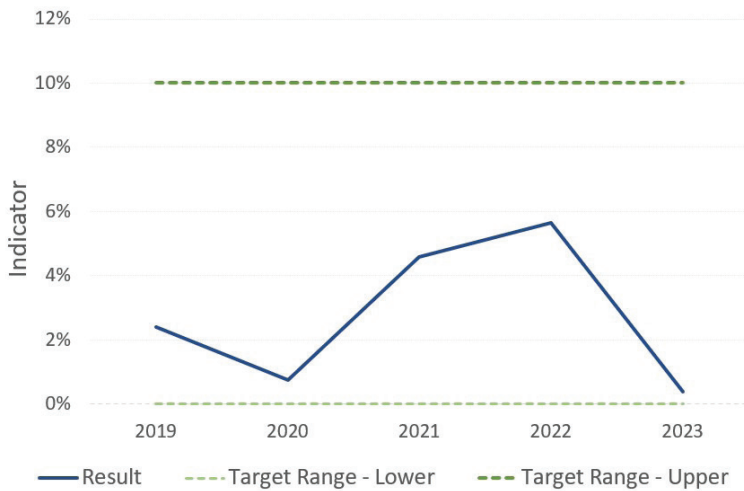
All indicators, with the exception of the asset sustainability ratio, are within the target benchmark. This short term result, as outlined further below, is reflective of the good condition of Council's assets, and this will be continually reviewed through Council's Long Term Asset Management Plan (LTAMP).

## Operating Surplus Ratio

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

Council has continued to maintain a positive Operating Surplus Ratio, indicating that there is sufficient revenue to service debt, provide for future capital growth requirements and fund planned capital expenditure.

**Figure 6: Operating Surplus Ratio. Target range: 0 – 10%**



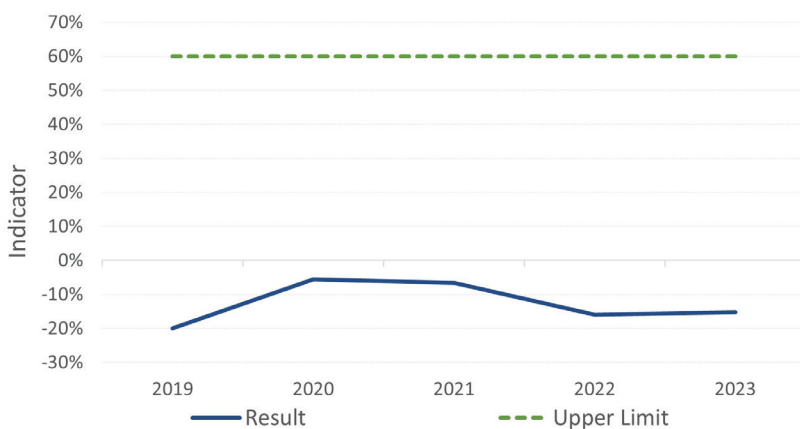
## Net Financial Liabilities Ratio

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

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

Council's ratio continues to remain below the upper threshold of 60%, and indicates that Council has adequate capacity to meet its financial commitments in the short, medium and long-term.

**Figure 7: Net Financial Liabilities Ratio. Target range: <60%**



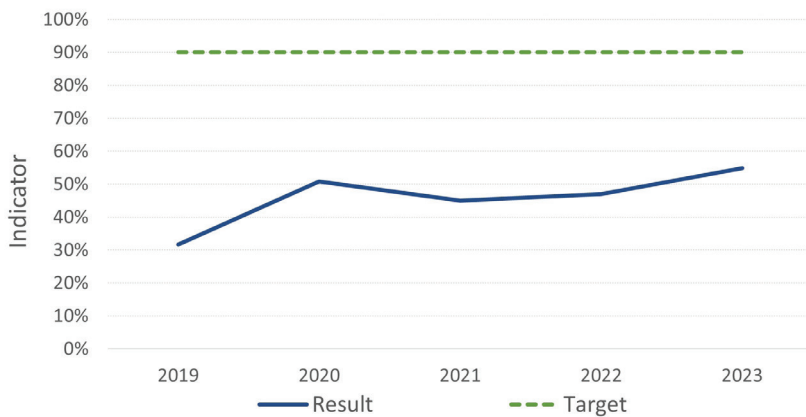
## Asset Sustainability Ratio

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

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

Renewal programs are generated from Council's LTAMP, which highlights that a significant portion of Council's assets are in good condition. Using depreciation expense rather than renewal requirements as an indicator of replacement needs can disadvantage those councils with assets in better condition and falling below the ratio may indicate fewer replacement needs rather than a failure to fund all asset renewal requirements. Council is in the process of reviewing its LTAMP to ensure its investment in renewal programs remain appropriate.

**Figure 8: Asset Sustainability Ratio. Target range: >90%**



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# 3

# Annual Financial Statements

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## 3.1 Statement of COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates and utility charges	3(a)	168,884,645	163,751,572
Fees and charges	3(b)	28,020,873	25,695,158
Sales revenue	3(c)	6,706,971	7,790,241
Interest and other income	4	8,377,207	1,542,113
Grants, subsidies, contributions and donations	3(d)(i)	12,236,175	18,503,921
Profit/(loss) on developed land held for resale	5	(18,176)	1,647,893
Total recurrent revenue		<u>224,207,695</u>	<u>218,930,898</u>
<b>Capital Revenue</b>			
Grants, subsidies, contributions and donations	3(d)(ii)	40,739,862	29,541,652
Capital income	6	6,779,184	8,702,833
Total capital revenue		<u>47,519,046</u>	<u>38,244,485</u>
<b>TOTAL INCOME</b>		<u>271,726,741</u>	<u>257,175,383</u>
<b>Expenses</b>			
<b>Recurrent Expenses</b>			
Employee benefits	7	(83,630,805)	(80,598,011)
Materials and services	8	(78,123,729)	(69,253,838)
Finance costs	9	(5,499,393)	(4,044,357)
Depreciation and amortisation			
Property, plant and equipment	17	(55,479,318)	(51,904,979)
Intangible assets	19	(156,342)	(229,138)
Right-of-use assets	21(c)	(456,301)	(558,645)
Total recurrent expenses		<u>(223,345,888)</u>	<u>(206,588,968)</u>
<b>Capital Expenses</b>	10	(5,740,151)	(8,055,177)
<b>TOTAL EXPENSES</b>		<u>(229,086,039)</u>	<u>(214,644,145)</u>
<b>NET RESULT</b>		<u>42,640,702</u>	<u>42,531,238</u>
Net Result Attributable To:			
Operating surplus		861,807	12,341,930
Capital surplus		41,778,895	30,189,308
		<u>42,640,702</u>	<u>42,531,238</u>
<b>Other Comprehensive Income</b>			
<b>Items That Will Not Be Classified To Net Result</b>			
Increase/(decrease) in asset revaluation surplus	25	177,798,443	105,175,525
<b>Total Other Comprehensive Income</b>		<u>177,798,443</u>	<u>105,175,525</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>220,439,145</u>	<u>147,706,763</u>

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 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11	203,536,920	211,117,426
Receivables	12	14,952,251	15,801,120
Inventories	13	3,667,413	3,544,351
Contract assets	20(a)	1,631,142	1,708,887
Other assets	14	5,523,420	3,978,328
Non-current assets held for sale	15	99,510	466,010
<b>Total Current Assets</b>		<b>229,410,656</b>	<b>236,616,122</b>
<b>Non-Current Assets</b>			
Investment property	16	15,972,154	15,536,473
Property, plant and equipment	17	2,727,467,962	2,504,722,763
Right-of-use assets	21(c)	4,586,907	5,326,653
Intangible assets	19	5,320,368	5,506,710
<b>Total Non-Current Assets</b>		<b>2,753,347,391</b>	<b>2,531,092,599</b>
<b>TOTAL ASSETS</b>		<b>2,982,758,047</b>	<b>2,767,708,721</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	22	41,012,065	34,611,402
Contract liabilities	20(b)	11,154,406	16,014,662
Borrowings	23	8,059,630	8,025,017
Lease liabilities		312,074	379,583
Provisions	24	15,152,217	14,559,506
<b>Total Current Liabilities</b>		<b>75,690,392</b>	<b>73,590,170</b>
<b>Non-Current Liabilities</b>			
Contract liabilities	20(b)	8,231,571	9,316,840
Borrowings	23	83,818,471	91,727,844
Lease liabilities		4,597,702	5,272,861
Provisions	24	22,809,839	21,842,737
<b>Total Non-Current Liabilities</b>		<b>119,457,583</b>	<b>128,160,282</b>
<b>TOTAL LIABILITIES</b>		<b>195,147,975</b>	<b>201,750,452</b>
<b>NET COMMUNITY ASSETS</b>		<b>2,787,610,072</b>	<b>2,565,958,269</b>
<b>Community Equity</b>			
Asset revaluation surplus	25	972,987,695	795,189,252
Retained capital		1,814,622,377	1,770,769,017
<b>TOTAL COMMUNITY EQUITY</b>		<b>2,787,610,072</b>	<b>2,565,958,269</b>

*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 2023

	Note	Total Community Equity	Asset Revaluation Surplus Note 25	Retained Capital
		\$	\$	\$
<b>Balances as at 1 July 2022</b>		2,565,958,269	795,189,252	1,770,769,017
Assets not previously recognised/(derecognised)	17(g) & 19	2,001,033	-	2,001,033
Prior year work in progress expensed	17(a)	(884,227)	-	(884,227)
Prior year adjustments		95,852	-	95,852
<b>Restated balance at 1 July 2022</b>		2,567,170,927	795,189,252	1,771,981,675
Net result		42,640,702	-	42,640,702
Increase/(decrease) in asset revaluation surplus		177,798,443	177,798,443	-
<b>Total comprehensive income for the year</b>		220,439,145	177,798,443	42,640,702
<b>Balance at 30 June 2023</b>		2,787,610,072	972,987,695	1,814,622,377
<b>Balances as at 1 July 2021</b>		2,412,544,135	690,013,727	1,722,530,408
Assets not previously recognised/(derecognised)	17(g)	7,042,887	-	7,042,887
Prior year work in progress expensed	17(a)	(1,335,516)	-	(1,335,516)
Prior year adjustments		-	-	-
<b>Restated balance at 1 July 2021</b>		2,418,251,506	690,013,727	1,728,237,779
Net result		42,531,238	-	42,531,238
Increase/(decrease) in asset revaluation surplus		105,175,525	105,175,525	-
<b>Total comprehensive income for the year</b>		147,706,763	105,175,525	42,531,238
<b>Balance at 30 June 2022</b>		2,565,958,269	795,189,252	1,770,769,017

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

## 3.4 Statement of CASH FLOWS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		214,397,360	223,701,359
Payments to suppliers and employees		(170,969,905)	(159,898,872)
		43,427,455	63,802,487
Recurrent grants, subsidies, contributions and donations		14,367,986	17,344,499
Interest received		6,434,123	1,235,394
Proceeds from sale of developed land held for resale		94,473	2,081,569
Costs incurred on developed land held for resale		(196,652)	(175,761)
Borrowing costs		(3,934,142)	(3,044,428)
Interest on lease liabilities	9	(164,594)	(132,406)
<b>Net cash inflow/(outflow) from operating activities</b>	30	60,028,649	81,111,354
<b>Cash flow from investing activities:</b>			
Proceeds from sale of non-current assets held for sale		1,074,676	1,093,370
Proceeds from sale of property, plant and equipment		1,932,948	2,017,989
Compensation for assets written off	6	248,831	232,662
Capital grants, subsidies, contributions and donations		19,586,721	21,309,820
Payments for property, plant and equipment		(82,226,691)	(69,662,645)
Payments for investment property		-	(274,056)
<b>Net cash inflow/(outflow) from investing activities</b>		(59,383,515)	(45,282,860)
<b>Cash flow from financing activities:</b>			
Proceeds from borrowings	23	-	33,500,000
Repayment of borrowings	23	(7,858,485)	(6,940,412)
Repayment of lease liabilities	21(d)	(367,155)	(414,824)
<b>Net cash inflow/(outflow) from financing activities</b>		(8,225,640)	26,144,764
<b>Net increase/(decrease) in cash and cash equivalents held</b>		(7,580,506)	61,973,258
Cash and cash equivalents at beginning of the financial year		211,117,426	149,144,168
<b>Cash and cash equivalents at end of the financial year</b>	11	203,536,920	211,117,426

*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 2023

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### 1 Information about these financial statements

#### 1.01 Basis of preparation

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

These general purpose financial statements are for the period 1 July 2022 to 30 June 2023 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Council is a not-for-profit entity for financial reporting purposes and these financial statements comply with the Australian Accounting Standards and Interpretations 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.

Amounts included in the financial statements are in Australian dollars.

#### 1.02 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 18)
- Valuation and depreciation of property, plant and equipment (Note 18)
- Impairment of property, plant and equipment (Note 17(e))
- Credit losses on receivables (Note 12)
- Employee provisions and entitlements (Note 22 & 24)
- Restoration provisions (Note 24)
- Contingent liabilities (Note 27)
- Financial instruments and financial risk management (Note 32)
- Transactions with related parties (Note 33)

#### 1.03 Comparatives

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

#### 1.04 Taxation

Council is exempt from Commonwealth taxation, with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST) and Payroll Tax on certain activities. 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 2023

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### 1 Information about these financial statements (Cont'd)

#### 1.05 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
- write off of intangibles
- gain/loss on derecognition of right-of-use asset

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

#### 1.06 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 2022. The adoption of new and revised standards has not resulted in any material changes to Council's accounting policies.

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

The AASB has issued Australian Accounting Standards and Interpretations which are not yet effective at 30 June 2023. These standards have not been adopted by Council and will be included in the financial statements on their effective date. They are not expected to have a material impact on Council's financial statements in the period of initial recognition.

#### 1.08 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 11)
- Trade and other receivables - measured at amortised cost (Note 12)

##### Financial liabilities

- Trade and other payables - measured at amortised cost (Note 22)
- Borrowings - measured at amortised cost (Note 23)

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 2023

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### 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 Arts, Culture, Tourism Facilities & Events; Airport; Community Services; Disaster Management; Library Services; Parks, Sport & Natural Environment and Health & Regulatory Services.

##### **Corporate Governance**

The objectives of Corporate Governance include:

- Community leadership and vision.
- Development of policies, local laws and strategies.
- Overseeing all Council operations.
- Ensure effective internal and external communication.
- Promote Council activities and services and a positive image of the Bundaberg Region.

This activity includes branches for the Office of the Mayor & Chief Executive Officer and Communications & Marketing.

##### **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 Development Assessment; Strategic Planning; Development Compliance; Development Administration.

##### **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 Civil Works; Engineering Services; Fleet & Trade; Major Projects and Infrastructure Services Administration.

##### **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 Financial Services; Corporate Services and People & Performance.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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### 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.

This activity includes branches for Strategic Projects; Economic Development and Industry, Investment & Tourism Development.

##### ***National Competition Policy***

The objectives of National Competition Policy include:

- Full cost pricing adjustments including community service obligations, competitive neutrality adjustments, income tax equivalents and internal return on capital. Further information is provided in Note 34.

##### **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:

- Provision of wastewater services meeting customer standards.

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

The objectives of Water Services include:

- Provision of water supply services meeting customer standards.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 2 Analysis of results by function

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

For the year ended 30 June 2023

Functions	Grant Income	Other Income	Community Service Obligations	Total Income	Direct Expenses	Overhead Allocation	Competitive Neutrality Adjustments	Income Tax Equivalents	Total Expenses	Internal Return on Capital	Net Result
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community and Environment	4,383,437	14,426,790	329,219	19,139,446	(58,811,272)	(6,747,483)	(230,550)	(757,620)	(66,546,925)	-	(47,407,479)
Corporate Governance	-	475	-	475	(3,752,022)	430,515	-	-	(3,321,507)	-	(3,321,032)
Council Central Resources Development	9,360,164	112,003,853	-	121,364,017	(8,687,181)	-	-	-	(8,687,181)	-	112,676,836
Infrastructure Services	-	5,764,427	-	5,764,427	(5,145,912)	(896,765)	-	-	(6,042,677)	-	(278,250)
Organisational Services	15,723,364	5,334,606	-	21,057,970	(60,028,740)	(4,622,953)	-	-	(64,651,693)	-	(43,593,723)
Strategic Projects and Economic Development	839,666	1,548,069	-	2,387,735	(27,270,151)	16,866,799	-	-	(10,403,352)	-	(8,015,617)
Waste Management	573,270	52,681	-	625,951	(2,616,098)	(244,355)	-	-	(2,860,453)	-	(2,234,502)
Wastewater Services	-	27,289,328	496,332	27,785,660	(18,744,651)	(1,675,242)	(201,853)	(2,152,749)	(22,774,495)	-	5,011,165
Water Services	169,486	38,876,059	254,115	39,299,660	(21,036,822)	(1,511,305)	29,507	(3,870,077)	(26,388,697)	(6,321,125)	6,589,838
National Competition Policy	-	35,381,066	379,523	35,760,589	(22,993,190)	(1,599,211)	72,568	(2,575,277)	(27,095,110)	(4,206,287)	4,459,192
Total	31,049,387	240,677,354	1,459,189	273,185,930	(229,086,039)	-	(330,328)	(9,355,723)	(238,772,090)	(10,527,412)	23,886,428
	-	-	(1,459,189)	(1,459,189)	-	-	330,328	9,355,723	9,686,051	10,527,412	18,754,274
	31,049,387	240,677,354	-	271,726,741	(229,086,039)	-	-	-	(229,086,039)	-	42,640,702

In 2022/23, Council reassessed its classification of components of income and expenses to better represent the resources committed to the functions and the costs of those functions. This resulted in movement between the functions. Comparative balances have been restated to ensure consistency with current period disclosures.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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

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

For the year ended 30 June 2022

Functions	Grant Revenue	Other Revenue	Community Service Obligations	Total Revenue	Direct Expenses	Overhead Allocation	Competitive Neutrality Adjustments	Income Tax Equivalents	Total Expenses	Internal Return on Capital	Net Result
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community and Environment	4,798,585	12,185,064	-	16,983,649	(55,673,330)	(7,000,979)	(237,794)	(244,636)	(63,156,739)	-	(46,173,090)
Corporate Governance	-	188	-	188	(3,926,078)	437,268	-	-	(3,488,810)	-	(3,488,622)
Council Central Resources Development	5,363,262	100,673,111	-	106,036,373	(8,034,383)	-	-	-	(8,034,383)	-	98,001,990
Infrastructure Services	-	5,269,913	-	5,269,913	(4,094,787)	(1,013,153)	-	-	(5,107,940)	-	161,973
Organisational Services	20,200,512	4,229,071	-	24,429,583	(52,421,859)	(5,519,494)	-	-	(57,941,353)	-	(33,511,770)
Strategic Projects and Economic Development	790,137	2,074,698	-	2,864,835	(25,940,682)	19,099,474	-	-	(6,841,208)	-	(3,976,373)
Waste Management	828,000	71,826	-	899,826	(2,747,602)	(250,889)	-	-	(2,998,491)	-	(2,098,665)
Wastewater Services	-	27,775,179	471,506	28,246,685	(19,348,304)	(1,986,938)	(156,277)	(1,598,874)	(23,090,393)	-	5,156,292
Water Services	763,587	36,854,933	586,891	38,205,411	(21,267,730)	(1,828,878)	825	(3,714,078)	(26,809,861)	(6,066,327)	5,329,223
National Competition Policy	-	35,297,317	677,904	35,975,221	(21,189,390)	(1,936,411)	78,598	(3,465,475)	(26,512,678)	(5,660,276)	3,802,267
Total	32,744,083	224,431,300	1,736,301	258,911,684	(214,644,145)	-	(314,648)	(9,023,063)	(223,981,856)	(11,726,603)	23,203,225
	-	-	(1,736,301)	(1,736,301)	-	-	314,648	9,023,063	9,337,711	11,726,603	19,328,013
	32,744,083	224,431,300	-	257,175,383	(214,644,145)	-	-	-	(214,644,145)	-	42,531,238



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23		30-Jun-22	
		AASB 15 \$	AASB 1058 \$	AASB 15 \$	AASB 1058 \$
<b>3 Revenue</b>					
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.					
<b>Revenue recognised at a point in time</b>					
Rates and utility charges	3(a)	12,227,885	156,656,760	13,541,528	150,210,044
Fees and charges	3(b)	25,973,545	2,047,328	23,880,840	1,814,318
Sale of goods and services	3(c)	1,275,290	-	1,817,467	-
Grants, subsidies, donations and contributions	3(d)	-	31,922,190	-	32,454,605
		<u>39,476,720</u>	<u>190,626,278</u>	<u>39,239,835</u>	<u>184,478,967</u>
<b>Revenue recognised over time</b>					
Sale of goods and services	3(c)	5,431,681	-	5,972,774	-
Grants, subsidies, donations and contributions	3(d)	635,415	-	519,903	-
Revenue relating to grants for assets controlled by Council	3(d)	-	20,418,432	-	15,071,065
		<u>6,067,096</u>	<u>20,418,432</u>	<u>6,492,677</u>	<u>25,951,689</u>
<b>Total Revenue per Note 3</b>		<u>45,543,816</u>	<u>211,044,710</u>	<u>45,732,512</u>	<u>199,550,032</u>

Infrastructure assets contributed at fair value have been reclassified as recognised at a point in time, rather than over time. Further information provided in Note 3(d). Comparative balances have been restated to ensure consistency with current period disclosures.

	30-Jun-23 \$	30-Jun-22 \$
<b>(a) Rates, levies and charges</b>		
Rates, levies and charges are recognised as revenue at the date they are levied and corresponding non-contractual receivables are recognised in accordance with AASB 9 <i>Financial Instruments</i> . Prepaid rates are recognised as a financial liability until the beginning of the applicable rating period.		
General rates	87,037,899	83,288,627
Waste collection	16,938,194	16,324,428
Water	28,715,274	29,214,069
Wastewater	33,264,774	32,004,540
Separate rates and charges	4,658,118	4,621,825
Total rates and utility charges	<u>170,614,259</u>	<u>165,453,489</u>
Less: Pensioner remissions	<u>(1,729,614)</u>	<u>(1,701,917)</u>
Net rates and utility charges	<u>168,884,645</u>	<u>163,751,572</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23	30-Jun-22
	\$	\$
<b>3 Revenue (Cont'd)</b>		
<b>(b) Fees and charges</b>		
<p>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.</p> <p>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 over the term of the licence.</p> <p>Revenue from infringements is recognised on issue of infringement notice.</p>		
Airport fees	3,244,139	2,407,702
Building, planning and plumbing fees	4,447,724	4,409,508
Cemetery fees	487,017	447,200
Commissions	277,468	228,499
Community care and aged care fees	212,914	196,351
Fines, penalties and infringements	413,001	375,987
Health, licenses and registrations	1,634,327	1,438,331
Hire of facilities and rental income	3,804,984	3,161,114
Holiday park income	3,632,114	3,237,070
Rating and property fees	1,284,916	1,804,819
Tourism and events	894,455	636,266
Waste and recycling fees	7,608,589	7,257,956
Other fees and charges	79,225	94,355
	<u>28,020,873</u>	<u>25,695,158</u>

Some items have been reclassified in the current year to ensure more accurate disclosure of income. Comparative balances have been restated to ensure consistency with current period disclosures. As a result, 3(b) Fees and charges decreased by \$37,518 and 3(c) Sales revenue increased by \$37,518.

### (c) Sales Revenue

Council generates revenue from a number of services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprise 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.

Contract and recoverable works	5,431,681	5,972,774
Sale of goods	1,275,290	1,817,467
	<u>6,706,971</u>	<u>7,790,241</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23	30-Jun-22
	\$	\$
<b>3 Revenue (Cont'd)</b>		
<b>(d) Grants, subsidies, contributions and donations</b>		
<i>Grant income under AASB 15</i>		
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 <i>AASB 15 Revenue from Contracts with Customers</i> . In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.		
<i>Grant income under AASB 1058</i>		
Otherwise, the grant is accounted for under <i>AASB 1058 Income of Not-for-Profit Entities</i> , 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.		
<i>Infrastructure charges</i>		
Infrastructure charges are non-contractual in nature and arise from statutory events detailed in the <i>Planning Act 2016</i> . 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 <i>AASB 9 Financial Instruments</i> .		
<i>Non-Monetary contributions</i>		
Non-cash contributions with a value in excess of the asset recognition thresholds are recognised as capital revenue and as non-current assets.		
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.		
<b>(i) Recurrent</b>		
Grants and subsidies	11,681,310	17,837,817
Contributions and donations	554,865	666,104
	12,236,175	18,503,921
<b>(ii) Capital</b>		
Grants and subsidies	19,368,077	14,906,266
Infrastructure charges	3,966,969	3,589,963
Other capital contributions	1,050,355	164,799
Infrastructure assets contributed at fair value*	16,354,461	10,880,624
	40,739,862	29,541,652

\*Physical assets contributed to Council in the form of land, buildings and infrastructure assets.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>8 Materials and services</b>			
Audit of annual financial statements by the Auditor-General of Queensland		184,351	160,135
Chemicals		2,253,954	1,467,694
Digital platforms and connections		3,123,980	3,709,732
Electricity costs		4,877,039	4,516,030
External labour hire		1,246,689	1,318,086
External plant hire		11,205,435	8,286,094
Grants, contributions and donations		1,640,907	1,662,644
Insurance premiums		2,772,681	2,510,598
Licences and subscriptions		2,918,997	2,780,156
Non-capital projects*		3,665,544	3,539,986
Plant running costs		7,705,213	6,252,435
Professional services		6,315,007	6,819,254
Property expenses		3,567,951	3,347,801
Public safety and security		1,659,079	1,729,425
Raw water		1,640,206	1,546,472
Repairs and maintenance		10,077,467	7,684,787
Waste levy**		2,734,829	2,814,525
Workforce expenses		1,058,909	384,449
Other material and services		9,475,491	8,723,535
		<u>78,123,729</u>	<u>69,253,838</u>

\*Value of non-capital projects includes costs associated with capital projects such as landscaping and service relocations and projects of a non-recurrent nature. The value is exclusive of other costs reflected separately in Note 7 & 8.

\*\*Waste levy amount for 2022-23 contains \$3,455,228 (2021-22 - \$3,482,858) rebated by the State Government to mitigate the direct impact on households.

Some items have been reclassified in the current year to ensure more accurate disclosure of expenditure. Comparative balances have been restated to ensure consistency with current period disclosures. The overall total of materials and services did not change.

### 9 Finance costs

Finance costs charged by the Queensland Treasury Corporation		3,917,866	3,085,040
Interest on lease liabilities		164,594	132,406
Impairment of receivables		357,406	146,343
Bank charges		311,649	401,335
Landfill restoration - change in provision over time	24	747,878	279,233
		<u>5,499,393</u>	<u>4,044,357</u>

### 10 Capital expenses

Increase in provision for landfill restoration		970,832	792,796
Loss on disposal of property, plant and equipment		4,769,319	7,240,498
Write off of intangibles		-	21,883
		<u>5,740,151</u>	<u>8,055,177</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>11 Cash and cash equivalents</b>			
Cash and cash equivalents include cash on hand, all cash and cheques received but not banked at year end, deposits held at call with financial institutions and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Term deposits with a maturity date greater than three months post reporting date are treated as investments.			
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 A1+ to A2 based on credit ratings agencies, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as rare.			
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.			
<b>Cash and cash equivalents</b>			
Cash at bank and on hand		27,036,920	18,317,426
Deposits at call		11,500,000	85,800,000
		<u>38,536,920</u>	<u>104,117,426</u>
<b>Investments</b>			
Term deposits		165,000,000	107,000,000
		<u>165,000,000</u>	<u>107,000,000</u>
Balance per statement of cash flows		<u>203,536,920</u>	<u>211,117,426</u>
Internally imposed expenditure restrictions at the reporting date			
Unspent depreciation		56,026,831	48,863,573
Land restoration		18,708,567	15,460,689
Infrastructure charges		4,452,778	8,169,330
Prepaid rates	22	11,366,310	10,220,515
Employee entitlements		6,778,641	6,772,124
Other contract liabilities	20(b)	12,467,145	13,803,756
		<u>109,800,272</u>	<u>103,289,987</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent grants, subsidies and contributions (contract liabilities)	20(b)	6,918,832	11,527,746
Unspent loan monies		21,930,682	32,330,969
		<u>28,849,514</u>	<u>43,858,715</u>
Total restricted cash		<u>138,649,786</u>	<u>147,148,702</u>

In 2022/23, Council reassessed its classification of restricted cash. Contract liabilities related to unspent grants, subsidies and contributions remain as externally restricted cash, with the remainder of contract liabilities being moved to internally restricted cash. For improved transparency, internally restricted cash has been itemised. Employee entitlements and prepaid rates are now included as internally restricted cash. Comparative balances have been restated to ensure consistency with current period disclosures.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23 \$	30-Jun-22 \$
<b>12 Receivables</b>		
Receivables are amounts owed to Council at year end and are recognised at the amount due at the time of sale or service delivery or advance. Settlement of trade receivables is required within 30 days from the end of the month.		
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.		
Rateable revenue and utility charges	2,912,719	3,174,040
Water charges not yet levied	6,507,553	6,842,311
Trade receivables	5,953,054	6,024,848
	<u>15,373,326</u>	<u>16,041,199</u>
Less allowance for expected credit losses	(421,075)	(240,079)
	<u>14,952,251</u>	<u>15,801,120</u>
<b>Details of movement in allowance for expected credit loss:</b>		
Opening balance	240,079	321,692
Less: Debts written off during the year	(158,205)	(177,639)
Additional impairments recognised	346,223	156,157
Less: Impairments reversed	(7,022)	(60,131)
Balance at end of financial year	<u>421,075</u>	<u>240,079</u>

### *Credit risk*

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.

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 8.17% per annum (2022-23) and 8.03% per annum (2021-22). No interest is charged on accounts receivable. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period, it is recognised as revenue under Note 3.

### *Accounting policies - grouping*

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.

Rateable revenue and utility charges (including infrastructure charges): Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts. Therefore, no loss allowance is recorded for rates and utility charges or infrastructure charges where amounts are deemed to be a charge on the land. Water consumption write-offs are governed by Council's Water Relief Policy and the expected credit loss for this category is based on historical credit loss experience, adjusted by current conditions and forward-looking data.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23	30-Jun-22
	\$	\$

### 12 Receivables (Cont'd)

Government grants and subsidies: There is no loss allowance recorded for government grants, as these are effectively government guaranteed.

Statutory charges - fines and penalties: The underlying nature of this income stream is different to other trade receivables and are therefore classified as a separate debtor group.

Other debtors: Several different debtor categories are collated into categories based on the services provided by Council as they exhibit different loss patterns. Council estimates loss rates separately for each of these groups. Council uses a provision matrix to measure ECLs. The provision matrix assigns the expected loss percentages to different ageing 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.

The exposure to credit risk of receivables by type of counterparty is as follows:

Rates and utility charges (including infrastructure charges)	9,482,295	10,089,118
Government grants and subsidies	758,824	2,985,091
Statutory charges	471,433	412,117
Other debtors	4,660,774	2,554,873
Less loss allowance	(421,075)	(240,079)
Total	<u>14,952,251</u>	<u>15,801,120</u>

#### Expected Credit Loss assessment at 30 June 2023

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.

Further details on credit risk are disclosed in Note 32.

#### Expected credit losses for receivables:

Rateable revenue and utility charges (including infrastructure charges)

	2023	Weighted average loss rate	2022	Weighted average loss rate
	\$	%	\$	%
Rateable revenue and utility charges	9,482,295	1.269%	10,089,118	1.082%
Less loss allowance	(118,800)		(108,000)	
	<u>9,363,495</u>		<u>9,981,118</u>	

Other debtors

	2023	Weighted average loss rate	2022	Weighted average loss rate
	\$	%	\$	%
Current	4,608,937	4.83%	2,351,778	1.79%
31-60 days	14,719	5.43%	144,516	4.82%
61-90 days	2,001	7.52%	6,642	6.04%
90 + days	35,118	42.74%	51,937	54.11%
Less loss allowance	(238,506)		(77,459)	
	<u>4,422,269</u>		<u>2,477,414</u>	



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23	30-Jun-22
	\$	\$
<b>13 Inventories</b>		
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.		
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. 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.		
<b>(a) Stores inventories</b>	<u>1,485,269</u>	<u>1,298,538</u>
The value of inventory recognised as an expense during the period was \$4,243,209 (2022: \$3,820,412).		
<b>(b) Land purchased for development and resale</b>		
Opening balance	2,245,813	2,358,562
Additions	196,652	175,761
Internal transfer from/(to) cost of developed land sold	(15,479)	(433,677)
Internal transfer from/(to) property, plant and equipment	(147,672)	145,167
Donated land parcel	(97,170)	-
Closing balance at end of financial year	<u>2,182,144</u>	<u>2,245,813</u>
Total inventories	<u>3,667,413</u>	<u>3,544,351</u>
<b>14 Other assets</b>		
GST recoverable	2,849,388	1,624,482
Prepayments	2,674,032	2,353,846
	<u>5,523,420</u>	<u>3,978,328</u>

### 15 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.

Opening balance	466,010	798,549
Assets sold during financial year	(366,500)	(332,539)
Closing balance at end of financial year	<u>99,510</u>	<u>466,010</u>

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

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
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### 16 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 does not include community housing or other property held to provide a social service.

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.

All investment property was valued at fair value at 30 June 2023. 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 expenditure respectively, for the period in which they arise. Investment property is not depreciated.

Fair value at beginning of financial year		15,536,473	16,619,878
Internal transfer from/(to) buildings and structures	17	233,322	(1,332,778)
Internal transfer from/(to) land		112,739	(704,056)
Investment property acquired at cost		-	274,056
Revaluation adjustment in period	6	89,620	679,373
Fair value at end of financial year		<u>15,972,154</u>	<u>15,536,473</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 2023

### 17 Property, plant and equipment (a) Movements

For the year ended 30 June 2023

Basis of measurement	Land	Buildings and structures		Plant and equipment	Roads, footpaths and bridges		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
		Fair value	Cost		Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	
<b>Asset values</b>		\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2022	65,492,106	355,472,795	68,219,053	1,649,295,882	391,000,100	510,265,080	519,753,047	54,126,768	3,613,624,831						
Assets not previously recognised/(derecognised)	-	(204,796)	(336,789)	2,943,159	(180,783)	(1,444,530)	(1,556,985)	-	(780,724)						
Additions at cost	112,739	4,683,714	9,233,223	20,142,501	371,960	1,561,784	4,876,257	43,841,790	84,823,968						
Contributed assets	200,000	64,389	-	7,428,290	4,980,756	1,852,736	1,828,349	-	16,354,520						
Internal transfers from work in progress	-	4,418,910	574,175	7,974,190	405,679	1,385,937	32,475,865	(47,234,756)	-						
Disposals	(191,327)	(5,004,575)	(6,829,809)	(6,592,739)	(345,888)	(583,560)	(8,109,031)	-	(27,656,929)						
Revaluation adjustment to the asset revaluation surplus	-	15,215,605	-	144,747,060	21,519,331	38,070,682	37,643,046	-	257,195,724						
Revaluation adjustment to profit and loss	4,778,202	-	-	-	-	-	-	-	4,778,202						
Assets transferred from/(to) other asset classes	34,934	(236,223)	-	-	-	-	-	-	(201,289)						
Prior year work in progress expensed	-	-	-	-	-	-	-	-	(884,227)						
Other Internal transfers	-	2,307,204	122,230	366,391	894,812	65,615	(3,756,252)	-	(884,227)						
Closing gross value as at 30 June 2023	70,426,654	376,717,023	70,982,083	1,826,304,734	418,645,967	551,173,744	583,154,296	49,849,575	3,947,254,076						

### Accumulated depreciation

Opening balance as at 1 July 2022	-	157,125,358	27,856,588	430,318,478	116,896,844	149,888,488	226,816,312	-	1,108,902,068						
Assets not previously recognised/(derecognised)	-	(189,907)	(280,191)	723,098	(150,093)	(1,375,551)	(1,539,113)	-	(2,811,757)						
Depreciation expense	-	10,143,126	5,765,163	22,879,669	2,781,168	6,753,666	7,156,526	-	55,479,318						
Contributed assets	-	-	-	49	11	-	-	-	60						
Depreciation on disposals	-	(4,718,725)	(4,891,044)	(3,338,930)	(73,999)	(404,462)	(7,527,503)	-	(20,954,663)						
Revaluation adjustment to the asset revaluation surplus	-	440,905	-	42,285,780	5,733,821	12,210,059	18,503,424	-	79,173,989						
Assets transferred from/(to) other asset classes	-	(2,901)	-	-	-	-	-	-	(2,901)						
Other Internal transfers	-	(454)	-	454	-	-	-	-	-						
Closing accumulated depreciation as at 30 June 2023	-	162,797,402	28,450,516	492,868,598	125,187,752	167,072,200	243,409,646	-	1,219,786,114						
Total written down value at 30 June 2023	70,426,654	213,919,621	42,531,567	1,333,436,136	293,458,215	384,101,544	339,744,650	49,849,575	2,727,467,962						
Residual value	-	-	13,287,509	-	-	-	-	-	13,287,509						
Range of estimated useful life in years	-	5-150	3-100	10-200	90-120	10-100	10-100	-	-						

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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

#### (a) Movements (Cont'd)

For the year ended 30 June 2022

Basis of measurement	Land	Buildings and structures	Plant and equipment	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
<b>Asset values</b>									
Opening gross value as at 1 July 2021	\$ 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
Assets not previously recognised/(derecognised)	63,740	882,063	-	5,707,381	2,158,920	825,927	(243,227)	-	9,394,804
Additions at cost	-	6,692,048	9,951,700	18,187,614	1,608,125	1,958,028	1,320,356	25,460,989	65,178,860
Contributed assets	93,501	-	-	5,025,025	2,423,026	2,115,381	1,242,006	-	10,898,939
Internal transfers from work in progress	-	5,541,122	250,269	14,257,830	1,130,580	1,215,934	669,260	(23,064,995)	-
Disposals	(46,500)	(5,022,292)	(6,182,230)	(17,581,870)	(1,530,792)	(3,636,404)	(1,950,735)	-	(35,950,823)
Revaluation adjustment to the asset revaluation surplus	-	29,335,300	-	58,869,481	36,475,194	24,031,875	23,166,243	-	171,878,093
Revaluation adjustment to profit and loss	4,851,267	-	-	-	-	-	-	-	4,851,267
Assets transferred from/(to) other asset classes	558,889	1,332,778	-	-	-	-	-	-	1,891,667
Prior year work in progress expensed	-	-	-	-	-	-	-	(1,335,516)	(1,335,516)
Other Internal transfers	-	(2,288,783)	(1,197,030)	114,910	2,150,294	299,789	920,820	-	-
Closing gross value as at 30 June 2022	65,492,106	355,472,795	68,219,053	1,649,295,882	391,000,100	510,265,080	519,753,047	54,126,768	3,613,624,831

#### Accumulated depreciation

Opening balance as at 1 July 2021	-	138,018,900	27,091,236	400,702,517	103,029,256	137,790,433	207,608,764	-	1,014,241,106
Assets not previously recognised/(derecognised)	-	475,650	-	2,867,880	(709,771)	(47,629)	(234,213)	-	2,351,917
Depreciation expense	-	9,322,923	5,225,567	21,733,508	2,455,870	6,437,674	6,729,437	-	51,904,979
Contributed assets	-	-	-	9,382	3,553	6,209	(829)	-	18,315
Depreciation on disposals	-	(4,598,736)	(4,391,808)	(13,880,219)	(272,105)	(2,483,264)	(1,092,004)	-	(26,718,136)
Revaluation adjustment to the asset revaluation surplus	-	14,105,977	-	18,634,639	12,373,049	8,185,065	13,805,157	-	67,103,887
Assets transferred from/(to) other asset classes	-	-	-	-	-	-	-	-	-
Other Internal transfers	-	(199,356)	(68,407)	250,771	16,992	-	-	-	-
Closing accumulated depreciation as at 30 June 2022	-	157,125,358	27,856,588	430,318,478	116,896,844	149,888,488	226,816,312	-	1,108,902,068
Total written down value at 30 June 2022	65,492,106	198,347,437	40,362,465	1,218,977,404	274,103,256	360,376,592	292,936,735	54,126,768	2,504,722,763
Residual value	-	-	12,652,813	-	-	-	-	-	12,652,813
Range of estimated useful life in years	-	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 2023

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

#### (b) 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 State Government pursuant to the relevant legislation. This land is not recognised in these financial statements.

#### (c) 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, for significantly less than fair value, are recognised as assets and revenue at fair value, where that value exceeds the recognition thresholds for the respective asset class.

#### (d) 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 physical 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 17(a).

#### (e) 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.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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

#### (f) 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.

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.

Revaluation increases are recognised in the asset revaluation surplus, unless they are reversing a previous decrease which was taken through the income statement. In that case, the increase is taken to the income statement to the extent of the previous decrease.

Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 18.

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

The initial recognition of non-current assets relates to items of property, plant and equipment that were identified for the first time and added to the asset register during the current reporting period. Assets are recognised through continuous data improvement processes such as on-site validation, inspections and capital expenditure processing. All identified assets have been initially recognised at their written down fair value as at 1 July 2022 (as at 1 July 2021 for the comparative year). Assets that were unable to be located have been derecognised as at 1 July 2022.

	30-Jun-23	30-Jun-22
	\$	\$
Initial recognition/(derecognition) of property, plant and equipment by asset class		
Land and improvements	-	63,740
Buildings and structures	(14,889)	406,413
Plant and equipment	(56,599)	-
Roads, footpaths and bridges	2,220,061	2,839,501
Stormwater drainage	(30,690)	2,868,691
Wastewater infrastructure	(68,979)	873,556
Water infrastructure	(17,871)	(9,014)
	<u>2,031,033</u>	<u>7,042,887</u>

Retrospective adjustments have not been applied due to the impractical nature of determining the written down fair value for initially recognised assets prior to the reporting period.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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### 18 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) is set out in Note 17(f) and Note 16 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 15. 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 2023

#### 18 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			
		2023	2022	2023	2022	2023	2022
<i>Recurring fair value measurements</i>		\$	\$	\$	\$		\$
Investment property	16						
- Land		10,265,939	10,278,151	556,600	-	10,822,539	10,278,151
- Rental property		5,149,615	5,258,322	-	-	5,149,615	5,258,322
Land	17	11,699,700	10,124,784	58,726,954	55,367,322	70,426,654	65,492,106
Buildings and structures	17						
- Market Value		2,450,000	2,086,390	-	-	2,450,000	2,086,390
- Specialised		-	-	211,469,621	196,261,047	211,469,621	196,261,047
Roads, footpaths and bridges	17	-	-	1,333,436,136	1,218,977,404	1,333,436,136	1,218,977,404
Stormwater drainage	17	-	-	293,458,215	274,103,256	293,458,215	274,103,256
Wastewater infrastructure	17	-	-	384,101,544	360,376,592	384,101,544	360,376,592
Water infrastructure	17	-	-	339,744,650	292,936,735	339,744,650	292,936,735
		29,565,254	27,747,647	2,621,493,720	2,398,022,356	2,651,058,974	2,425,770,003
<i>Non-recurring fair value measurements</i>							
Land held for sale	15	99,510	466,010	-	-	99,510	466,010
		99,510	466,010	-	-	99,510	466,010

During 2022/23 Council identified a prior period disclosure deficiency that decreased Level 3 inputs by a total of \$1,937,307. As a result, buildings and structures (specialised) decreased by \$38,158, roads, footpaths and bridges, decreased by \$1,342,590, wastewater infrastructure decreased by \$432,234 and water infrastructure decreased by \$124,325.

Land held for sale previously reported as a Level 3, is now reported as Level 2. Comparative balances have been updated to ensure consistency with current period disclosures.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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### 18 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 2023. 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.

Investment property is measured at fair value and was determined by independent and qualified Valuers, AssetVal Pty Ltd based on a comprehensive revaluation effective 30 June 2023.

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 2023. 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.

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.

Investment property is measured at fair value and was determined by independent and qualified Valuers, AssetVal Pty Ltd based on a comprehensive revaluation effective 30 June 2023.

##### 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 2023

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### 18 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 roads infrastructure into 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 (APV), 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. For the 2023 financial year APV determined that there was a weighted average increase in indices of 8.64%.

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. For the 2023 financial year APV determined that there was a weighted average increase in indices of 5.42%.

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

Water and wastewater active infrastructure assets were comprehensively revalued by independent and qualified Valuers, APV Valuers & Asset Management Pty Ltd with revaluation effective 30 June 2022. 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. For the 2023 financial year, APV determined that there was a weighted average increase in indices of 9.96% in wastewater active assets and 9.13% for water active assets.

A comprehensive valuation of Water and wastewater passive assets was undertaken by Stantec 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. For the 2023 financial year, Stantec determined that there was an increase in indices of 6.30% for Water and wastewater passive assets.

Estimated useful lives and residual values are disclosed in Note 17.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 19 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.

Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Intangible assets are assessed for indicators of impairment annually.

#### For the year ended 30 June 2023

Basis of measurement

#### Asset values

Opening gross carrying value as at 1 July 2022  
Write off of intangibles  
Assets not previously recognised/(derecognised)\*  
Closing gross carrying value as at 30 June 2023

	Computer Software	Water Allocations	Total
	Cost	Cost	
	\$	\$	\$
Opening gross carrying value as at 1 July 2022	2,408,092	4,915,202	7,323,294
Write off of intangibles	(32,140)	-	(32,140)
Assets not previously recognised/(derecognised)*	-	(30,000)	(30,000)
Closing gross carrying value as at 30 June 2023	2,375,952	4,885,202	7,261,154
<b>Accumulated amortisation</b>			
Opening balance as at 1 July 2022	1,816,584	-	1,816,584
Amortisation provided in period	156,342	-	156,342
Amortisation on disposals	(32,140)	-	(32,140)
Closing accumulated amortisation as at 30 June 2023	1,940,786	-	1,940,786
Total intangible assets at 30 June 2023	435,166	4,885,202	5,320,368

\*In 2022/23, a review of water allocations found one that was not owned or controlled by Council. As such, it was derecognised.

Computer software have finite estimated useful lives of 3-50 years. Straight line amortisation has been used with no residual value. Water allocations are considered to have indefinite useful lives as they do not have an end date.

Water allocations were tested for impairment at the end of the financial year. No impairment was identified for 2022/23.

#### For the year ended 30 June 2022

Basis of measurement

#### Asset values

Opening gross carrying value as at 1 July 2021  
Write off of intangibles  
Closing gross carrying value as at 30 June 2022

	Computer Software	Water Allocations	Total
	Cost	Cost	
	\$	\$	\$
Opening gross carrying value as at 1 July 2021	2,545,526	4,915,202	7,460,728
Write off of intangibles	(137,434)	-	(137,434)
Closing gross carrying value as at 30 June 2022	2,408,092	4,915,202	7,323,294
<b>Accumulated amortisation</b>			
Opening balance as at 1 July 2021	1,702,997	-	1,702,997
Amortisation provided in period	229,138	-	229,138
Amortisation on disposals	(115,551)	-	(115,551)
Closing accumulated amortisation as at 30 June 2022	1,816,584	-	1,816,584
Total intangible assets at 30 June 2022	591,508	4,915,202	5,506,710

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23 \$	30-Jun-22 \$
<b>20 Contract balances</b>		
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.		
<b>(a) Contract assets</b>	<u>1,631,142</u>	<u>1,708,887</u>
<b>(b) Contract liabilities</b>		
Funds received upfront to construct Council controlled assets	5,139,569	11,256,309
Non-capital performance obligations (including deposits received in advance)	6,014,837	4,758,353
Current contract liabilities	<u>11,154,406</u>	<u>16,014,662</u>
Non-capital performance obligations (including deposits received in advance)	8,231,571	9,316,840
Non-current contract liabilities	<u>8,231,571</u>	<u>9,316,840</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Funds to construct Council controlled assets	9,050,211	6,035,582
Deposits received in advance of services provided	4,739,993	924,847
	<u>13,790,204</u>	<u>6,960,429</u>
<b>(c) Satisfaction of contract liabilities</b>		
Council expects to recognise the contract liabilities stated above as income as follows -		
Not later than one year	11,154,406	16,014,662
Between one and two years	3,168,400	3,428,137
Between two and three years	2,720,303	3,168,400
Between three and four years	2,342,868	2,720,303
	<u>19,385,977</u>	<u>25,331,502</u>

Contract liabilities relating to capital grants are for funding received prior to the work being performed, as revenue is recognised as Council constructs the assets.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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### 20 Contract balances (Cont'd)

#### (d) Significant changes in contract balances

Significant changes in contract balances relate to monies still owing to Council or monies received in advance for projects or services provided.

Significant changes in contract liabilities include -

- Funds received upfront to construct Council controlled assets - \$6.2 million was received for the Bundaberg Aquatic Facility in 2021/22, of which the funding has now been spent.
- Deposits received in advance of services provided - There was an increase in operating grant funding, which was received late in the financial year and project work had not commenced. Also, further to waste levy advances received in the prior year, an additional advance of \$2.3 million was received from the State Government to mitigate the direct impact to households in the 2026/27 financial year.

### 21 Leases

#### Council as lessee

Where Council assesses that an agreement contains a lease, a right-of-use asset and lease liability are recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based - e.g. Consumer Price Index (CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

#### (a) Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

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

##### *Land*

Council has one lease of recreational land from the Department of Resources, for 30 years. This lease does not contain 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*

Council has leases over two buildings which are used for office space and storage. The lease terms range from 8 to 15 years. All leases contain renewal options, with these reasonably certain to be exercised at Council's discretion. One lease is subject to annual CPI increases, the others are subject to fixed annual increases.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 21 Leases (Cont'd)

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

##### (c) Right-of-use assets

	Buildings \$	Land \$	Equipment \$	Total \$
Opening balance as at 1 July 2022	4,075,417	1,251,236	-	5,326,653
Opening balance adjustment	83,491	-	-	83,491
Additions to right-of-use assets	99,077	-	-	99,077
Adjustments to right-of-use assets due to re-measurement of lease liability	(508,206)	42,193	-	(466,013)
Depreciation charge	(369,681)	(86,620)	-	(456,301)
Balance at 30 June 2023	3,380,098	1,206,809	-	4,586,907
	Buildings \$	Land \$	Equipment \$	Total \$
Opening balance as at 1 July 2021	2,618,002	1,334,981	4,982	3,957,965
Opening balance adjustment	-	-	-	-
Additions to right-of-use assets	-	-	-	-
Adjustments to right-of-use assets due to re-measurement of lease liability	1,927,333	-	-	1,927,333
Depreciation charge	(469,918)	(83,745)	(4,982)	(558,645)
Balance at 30 June 2022	4,075,417	1,251,236	-	5,326,653

##### (d) 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 \$
2023	519,128	1,934,781	3,412,281	5,866,190	4,909,776
2022	530,757	1,962,033	3,750,607	6,243,397	5,652,444

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 21 Leases (Cont'd)

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

##### (d) Lease liabilities (Cont'd)

	30-Jun-23	30-Jun-22
	\$	\$
Opening balance	5,652,444	4,139,935
Additions to right-of-use assets	99,077	-
Reassessments during the year	(466,012)	1,927,333
Repayments made on leases during the year	(367,155)	(414,824)
Gain on derecognition of right-of-use asset	(8,578)	-
Closing balance	<u>4,909,776</u>	<u>5,652,444</u>

##### (e) 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.

##### (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 have remaining terms between 1 and 24 years and require payments between \$1 and \$2,079 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.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 21 Leases (Cont'd)

#### 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.

#### (h) 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-23	30-Jun-22
	\$	\$
<b>(i) Lease receipts</b>		
Future minimum lease payments are expected to be received in relation to non-cancellable operating leases as follows:		
Not later than one year	858,188	797,504
Between one and two years	792,422	694,945
Between two and three years	530,297	643,715
Between three and four years	353,504	388,323
Between four and five years	110,384	253,663
Later than five years	685,412	705,940
	<u>3,330,207</u>	<u>3,484,090</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	279,679	233,184
Between one and two years	239,127	198,404
Between two and three years	83,855	155,915
Between three and four years	86,371	-
Between four and five years	79,202	-
	<u>768,234</u>	<u>587,503</u>



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23	30-Jun-22
	\$	\$

### 22 Payables

#### 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.

#### 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) or CPI (whichever is greater) 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.

#### 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.

Creditors and accrued expenses	20,436,455	15,700,291
Prepaid rates	11,366,310	10,220,515
Annual leave	6,408,906	6,349,638
Wages and other employee entitlements	2,800,394	2,340,958
	41,012,065	34,611,402

### 23 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made quarterly in arrears.

No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary between 15 December 2023 and 15 March 2042. There have been no defaults or breaches of the loan agreement during the period.

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.

#### **Current**

Loans - QTC	8,059,630	8,025,017
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#### **Non-Current**

Loans - QTC	83,818,471	91,727,844
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## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23	30-Jun-22
	\$	\$
<b>23 Borrowings (Cont'd)</b>		
<b>Reconciliation of loan movements for the year</b>		
Opening balance	99,752,861	73,152,662
Loans raised (cash)	-	33,500,000
Principal repayments (cash)	(7,858,485)	(6,940,412)
Movement in interest payable (non-cash)	(16,275)	40,611
Balance at end of financial year	<u>91,878,101</u>	<u>99,752,861</u>

The QTC loan market value for all loans at the reporting date was \$85,655,271. This represents the value of the debt if Council repaid it at 30 June 2023. It is Council's intention to review its existing loan portfolio in the coming year. However, at balance date it was the intention to hold the debt for its term, so no provision is required to be made in these accounts.

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

### 24 Provisions

#### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates based on increases in the EBA or CPI (whichever is greater) 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.

Where employees have met the prerequisite length of service 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.

#### Restoration provisions

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

The provision is calculated as the projected future costs of the required work, based on increases in 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.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>24 Provisions</b>			
<u>Restoration provisions (Cont'd)</u>			
<i>Restoration on land not controlled by Council</i>			
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.			
<i>Restoration on land controlled by Council</i>			
Where the restoration site is on Council controlled land, changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus, for buildings and structures. If there is no available asset revaluation surplus, then any increase in the provision is processed as an expense. Any future decreases in provision will then be recovered against this expense.			
Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.			
<b>Current</b>			
Landfill restoration		2,150,000	2,250,000
Long service leave		13,002,217	12,309,506
		<u>15,152,217</u>	<u>14,559,506</u>
<b>Non-Current</b>			
Landfill restoration		21,649,211	20,552,986
Long service leave		1,160,628	1,289,751
		<u>22,809,839</u>	<u>21,842,737</u>
<b>Details of movement in land restoration provision:</b>			
Opening balance		22,802,986	24,310,975
Increase in provision - finance cost due to change in time	9	747,878	279,233
Increase/(decrease) in provision - change in discount rate		(1,284,822)	(2,898,616)
Increase/(decrease) in estimate of future cost		1,533,169	1,111,394
Balance at end of financial year		<u>23,799,211</u>	<u>22,802,986</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>25 Asset revaluation surplus</b>			
The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.			
<b>(a) Movements in the asset revaluation surplus were as follows:</b>			
Opening balance		795,189,252	690,013,727
Movement in property, plant and equipment	17	178,021,735	104,774,206
Movement in restoration provision		(223,292)	401,319
Balance at end of financial year		<u>972,987,695</u>	<u>795,189,252</u>
<b>(b) Asset revaluation surplus analysis</b>			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Buildings and structures		62,948,964	48,397,555
Roads, footpaths and bridges		449,226,400	346,765,120
Stormwater drainage		98,991,833	83,206,324
Wastewater infrastructure		168,667,744	142,807,121
Water infrastructure		193,152,754	174,013,132
		<u>972,987,695</u>	<u>795,189,252</u>

### 26 Commitments for expenditure

#### Capital commitments

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

Buildings and structures	66,770,046	1,067,313
Plant and equipment	16,041,077	8,425,807
Roads, footpaths and bridges	5,405,321	4,732,476
Stormwater drainage	3,123,184	98,417
Wastewater infrastructure	4,574,729	-
Water infrastructure	3,695,480	3,522,045
	<u>99,609,837</u>	<u>17,846,058</u>

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

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

30-Jun-23	30-Jun-22
\$	\$

### 27 Contingent liabilities

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

#### Claims

Council is a defendant in a number of claims that arise as a result of the operations of Council. Council is of the opinion that the claims can be successfully defended and that no costs in excess of the recorded accruals will result. Information in respect of individual claims has not been disclosed in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* on the basis that Council considers such disclosures would seriously prejudice the outcome of the claims.

#### Landfills

Council has a number of operational and closed landfills throughout the region. Obligations for future remediation are determined annually, with the nature and extent of work required 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 24.

#### Local Government Mutual

Council is a member of the local government mutual liability self-insurance pool, Queensland Local Government Mutual Liability Pool. In the event of the scheme being wound up, or if it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual scheme members in the same proportion as their contribution is to the total scheme contributions, in respect to any year that a deficit arises. As at June 2023 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

#### Local Government Workcare

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

Council's maximum exposure is:

3,076,548	2,733,761
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## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>28 Superannuation</b>			
<p>Council contributes to the LGIAsuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIAsuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the <i>Local Government Act 2009</i>. The scheme is managed by the LGIAsuper trustee, trading as Brighter Super.</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 as required under <i>Superannuation Prudential Standard 160</i> was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, 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 2024.</p> <p>The most significant risks that may result in LGIAsuper increasing the contribution rate, on the advice of the actuary, are:</p> <ul style="list-style-type: none"><li>- Investment risk: The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.</li><li>- Salary growth risk: The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.</li></ul>			
Superannuation contributions made to the Regional Defined Benefits Fund		401,622	493,458
Other superannuation contributions		8,288,166	7,963,908
Total superannuation contributions paid by Council:	7	<u>8,689,788</u>	<u>8,457,366</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	Note	30-Jun-23 \$	30-Jun-22 \$
<b>29 Trust funds</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		6,436,104	5,471,712
Council performs only a custodial role in respect of these monies and because the monies cannot be used by Council, they are not brought to account in these financial statements.			
<b>30 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities</b>			
Net result		42,640,702	42,531,238
Non-cash operating items:			
Depreciation of property plant and equipment	17(a)	55,479,318	51,904,979
Depreciation of right-of-use assets	21(c)	456,301	558,645
Amortisation of intangible assets	19	156,342	229,138
Change in restoration provision to finance costs	9	747,878	279,233
Revaluation of investment property	6	(89,620)	(679,373)
Revaluation of land and improvements	6	(4,778,202)	(4,851,267)
Current cost of developed land sold	13(b)	15,479	433,677
		51,987,496	47,875,032
Investing and financing activities:			
Change in restoration provision		25,055	(1,385,904)
Capital grants, subsidies, other contributions and donations	3(d)	(40,739,862)	(29,541,652)
Loss on disposal and write off of non-current assets	10	4,769,319	7,262,381
Profit on sale of non-current assets held for sale	6	(708,176)	(760,831)
Compensation for assets written off	6	(248,831)	(232,662)
Gain on derecognition of right-of-use asset	6	(8,578)	-
		(36,911,073)	(24,658,668)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(374,281)	920,960
(Increase)/decrease in other assets		(1,545,093)	1,005,275
(Increase)/decrease in contract assets		(17,164)	(6,062)
(Increase)/decrease in inventories		(286,213)	(277,759)
Increase/(decrease) in payables		3,799,472	832,555
Increase/(decrease) in contract liabilities		171,215	13,147,346
Increase/(decrease) in long service leave provision		563,588	(258,563)
		2,311,524	15,363,752
<b>Net cash inflow from operating activities</b>		60,028,649	81,111,354

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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### 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 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.

Further details on credit losses are disclosed in Note 12.

#### 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.



## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 32 Financial instruments (Cont'd)

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

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
	\$	\$	\$	\$	\$
<b>2023</b>					
Trade and other payables	41,012,065	-	-	41,012,065	41,012,065
Loans - QTC	11,446,070	34,542,734	73,970,953	119,959,757	91,878,101
	<u>52,458,135</u>	<u>34,542,734</u>	<u>73,970,953</u>	<u>160,971,822</u>	<u>132,890,166</u>
<b>2022</b>					
Trade and other payables	24,390,887	-	-	24,390,887	24,390,887
Loans - QTC	11,792,627	38,231,765	81,727,991	131,752,383	99,752,861
	<u>36,183,514</u>	<u>38,231,765</u>	<u>81,727,991</u>	<u>156,143,270</u>	<u>124,143,748</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 2023

### 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	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Term Deposits	165,000,000	107,000,000	1,650,000	1,070,000	1,650,000	1,070,000
Other Cash	38,536,920	104,117,426	385,369	1,041,174	385,369	1,041,174
	<u>203,536,920</u>	<u>211,117,426</u>	<u>2,035,369</u>	<u>2,111,174</u>	<u>2,035,369</u>	<u>2,111,174</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	2023		2022	
		Carrying amount	Fair Value	Carrying amount	Fair Value
		\$	\$	\$	\$
Loans - QTC	23	<u>91,878,101</u>	<u>85,655,271</u>	<u>99,752,861</u>	<u>96,494,305</u>

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

	30-Jun-23	30-Jun-22
	\$	\$
<b>33 Transactions with related parties</b>		
<b>(a) Key management personnel (KMP) compensation</b>		
KMP include the Mayor, Councillors, Councillor Advisor, Chief Executive Officer and members of the Executive Leadership Team.		
The compensation paid to KMP comprises:		
Short-term benefits*	3,593,199	3,207,900
Long-term benefits	85,466	77,732
Post-employment benefits	369,247	336,605
	<u>4,047,912</u>	<u>3,622,237</u>

\*During 2022/23 Council identified a prior period disclosure deficiency and as a result short-term benefits increased by \$64,568.

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

### (b) 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.

Details of transactions between Council and other related parties are disclosed below:

Purchase of materials and services	<u>50,926</u>	<u>37,161</u>
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An entity controlled by Councillor Tracey McPhee and another controlled by a close family member of Councillor Tracey McPhee supplied materials and services to Council. All of these transactions occurred through an arm's length process and under normal terms and conditions.

Comparative balances have been included to ensure consistency with current period disclosures.

Council employs 867 full time equivalent staff. 5 staff are close family members of KMP with their remuneration totalling \$434,593, which represents 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.

### (c) 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.

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

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

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

Council has a current commitment to spend \$12,480. This relates to the matter mentioned under Note 33(b). The entities were engaged under a pre-qualified supplier arrangement covering the period 1 February 2021 to 31 January 2024, with an optional 2 year extension period. The contract was a result of a tender process in accordance with Council's normal procedures and policies. Councillor Tracey McPhee was not involved in the awarding of this contract.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

### 34 National competition policy

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

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

- Water and Wastewater
- Waste Management
- Holiday Parks
- 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
	2023	2023	2023	2023	2023
	\$	\$	\$	\$	\$
Revenue for services provided to Council	1,739,183	532,245	311,902	-	-
Revenue for services provided to external clients	30,394,237	34,445,220	25,904,048	4,220,426	4,373,640
Community service obligations	379,523	254,115	496,332	-	329,219
	32,512,943	35,231,580	26,712,282	4,220,426	4,702,859
Less: Expenditure	(23,815,210)	(20,842,188)	(19,270,341)	(2,495,017)	(3,638,481)
Surplus/(deficiency)	8,697,733	14,389,392	7,441,941	1,725,409	1,064,378

The financial performance above does not include capital activities, interest, income tax equivalents or internal return on capital.

## 3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2023

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

#### Description of CSOs provided to business activities

Activities	CSO description	Amount
		\$
Water	Provision of water allocations to unlicensed sporting clubs	192,889
	Internal bulk water provisions	54,566
	Water leak relief	112,082
	Concessions to community organisations	19,986
Wastewater	Pedestal discounts for community and aged care facilities	169,414
	Pedestal discounts for not-for-profit sporting clubs	66,582
	Concessions to community organisations	18,119
Waste Management	Provision of domestic waste vouchers	368,115
	Provision of bins and waste disposal for community events	20,260
	Charity bin residuals and in-kind assistance	89,635
Bundaberg Airport	Concessions to community organisations	18,322
	Commercial arrangements	329,219

## 3.6 Management Certificate

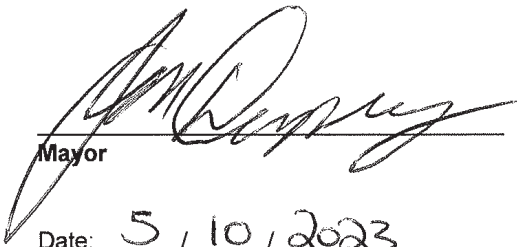
For the year ended 30 June 2023

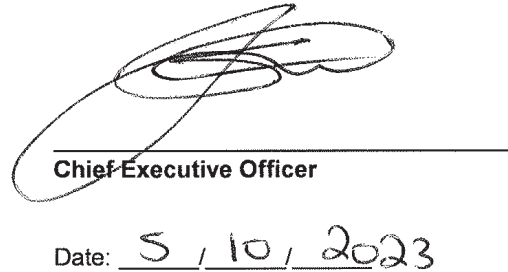
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These general purpose financial statements have been prepared pursuant to Section 176 and Section 177 of the *Local Government Regulation 2012* and other prescribed requirements.

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: 5, 10, 2023

  
\_\_\_\_\_  
Chief Executive Officer  
Date: 5, 10, 2023

## 3.7 Independent Auditor's Report – Financial Statements

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### 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 2023, 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 2023, 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 material accounting policy 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 2023 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 formed 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 material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.



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- 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 2023:

- 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.



Lisa Fraser  
as delegate of the Auditor-General

12 October 2023

Queensland Audit Office  
Brisbane

## 3.8.1 Current Year Financial Sustainability Statement

For the year ended 30 June 2023

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### 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 2023.

### Measures of Financial Sustainability

Council's performance at 30 June 2023 against key financial ratios and targets:

	How the measure is calculated	2023	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	0.4%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	54.8%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-15.3%	not greater than 60%


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

For the year ended 30 June 2023

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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.



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Mayor

Date: 5 / 10 / 2023



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Chief Executive Officer

Date: 5 / 10 / 2023

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

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### 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 2023, 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 2023 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 2023 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

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However, as required by the Local Government Regulation 2012, I have formed 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 material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the council.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

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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.



Lisa Fraser  
as delegate of the Auditor-General

12 October 2023

Queensland Audit Office  
Brisbane

## 3.8.4 Unaudited Long Term Financial Sustainability Statement

For the year ended 30 June 2023

### Measures of Financial Sustainability

	Target	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating surplus ratio	Between 0% and 10%	-2.2%	-1.4%	0.3%	0.6%	0.6%	1.6%	2.9%	3.1%	3.5%
Asset sustainability ratio	greater than 90%	60.3%	75.6%	80.9%	75.3%	66.2%	66.0%	65.3%	60.8%	46.5%
Net financial liabilities ratio	not greater than 60%	25.7%	45.9%	51.0%	56.6%	56.5%	51.9%	51.4%	43.2%	37.2%

### Financial Management Strategy

Council's vision, as 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 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 current Long Term Financial Plan and summarised below:

- Pursuing spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden.
- Ensuring that Council is responsive to the changing needs and aspirations of the community.
- Ensuring that decisions have due regard for the financial effects on future generations.
- Ensuring that the delivery of projects meets the objectives of the financial strategy.
- Allocating sufficient funds annually towards maintaining and renewing assets and supporting service standards in the region.
- Utilising debt as a means of funding long-term assets so that the financial burden does not adversely affect current or future ratepayers.
- Reviewing debt and seeking to repay or restructure debt where it is advantageous to do so.
- Maximising returns from the investment of surplus funds to minimise financial impacts on ratepayers.
- Generating organisational efficiencies through innovation, service delivery improvement and reviewing the priority of and need for discretionary operational projects.


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


For the year ended 30 June 2023

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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: 5 / 10 / 2023

  
\_\_\_\_\_  
Chief Executive Officer  
Date: 5 / 10 / 2023



# 4

# Statutory Information

## 4.1 Administrative Action Complaints

In accordance with section 187 of the *Local Government Regulation 2012*, Council has adopted a Complaints Management Policy which guides how Council effectively deals with complaints in a fair, confidential, prompt and respectful manner. A review of this policy was undertaken and readopted by Council on 10 March 2023. The policy is underpinned by our procedures, including the Administrative Action Complaints (AAC) Procedure. Information is published on Council's website about Council's policy and complaints processes [bundaberg.qld.gov.au/complaints-disclosures](http://bundaberg.qld.gov.au/complaints-disclosures).

Council's Governance and Legal Services team is responsible for application of the policy and its associated procedures, coordinating complaints, employee guidance/training and reporting to the Executive Leadership Team when required. A holistic review of the complaint's framework continues to be undertaken, with information and guidance provided to sections of Council with high complaint demand, to further develop a consistent approach in the way Council receives and responds to complaints. As required by section 187(2) of the *Local Government Regulation 2012* the table below provides a summary of AAC outcomes for 2022/23.

Table 4.1

Item	No.
Number of AACs made to Council in 2022/23	281
Number of AACs resolved under the complaints management process in 2022/23	271
Number of AACs not resolved under the complaints management process in 2022/23	12
Number of AACs not resolved in 2022/23 that were made in 2021/22	0

Council's complaint figures include parking infringement waiver requests. AACs are processed within the timeframes outlined in Council's procedure, and on average responses were provided to complainants within three business days for infringement waivers, and 21 business days for other complaints or internal reviews.

Council views the AAC procedure as a valuable tool to identify areas of process improvement (i.e. revised policy or procedures) or if there are systemic issues or subject matters of focus for the community that should be further considered.

## 4.2 Beneficial enterprises

In accordance with section 41 of the *Local Government Act 2009*, Council did not conduct 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 sections 19 and 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 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 Regulation 2012* as a business unit that conducts business in accordance with the key principles of commercialisation which includes clarity of objectives, management autonomy and authority, accountability for performance and competitive neutrality.

No commercial business units were conducted by Council in 2022/23.

## 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 2022/23.

## 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.

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 new 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 there was one invitation to change a tender pursuant to section 228(8) of the *Local Government Regulation 2012* during the 2022/23 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 tables.

### Concessions to ratepayers for 2022/23

Table 4.2

Type of concession	Assistance provided
Council pensioner rates concessions	\$1,729,614
Rates concessions to community organisations	\$512,442
Water leak relief	\$112,082
<b>Total</b>	<b>\$2,354,138</b>

### Analysis of concessions provided to community organisations

Table 4.3

Type of concession	Assistance provided
Reduced rates and charges to community organisations *	\$83,556
Free water consumption allocation to unlicensed sporting bodies	\$120,577
Benefit from only charging water access charges to unlicensed sporting bodies for largest meter	\$72,313
50% reduction in sewerage charges for unlicensed/community other licenced sporting bodies	\$66,582
30% reduction in sewerage charges to community organisations	\$169,414
<b>Total</b>	<b>\$512,442</b>

\* Refer to table below

Table 4.4

No.	Type of organisation	Annual Rates Levied	Assistance Provided	Average assistance per organisation
18	Halls	\$49,461	\$26,454	\$1,470
7	Kindergartens	\$26,662	\$11,151	\$1,593
3	Surf Lifesaving Clubs	\$19,945	\$16,385	\$5,462
17	Rural Fire Brigades	\$14,917	\$14,917	\$877
11	Community organisations	\$48,001	\$14,649	\$1,332
<b>56</b>	<b>Total</b>	<b>\$158,986</b>	<b>\$83,556</b>	<b>\$1,492</b>

## 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	\$62,416
Micro Grants	\$15,650
Other Sport Sponsorships	\$40,000
Partnerships and Sponsorships Program	\$90,190
Special Events Grant	\$1,000
Sports Championship Funding Program	\$16,023
Young Peoples in Sport	\$4,000
<b>Total</b>	<b>\$229,279</b>
<b>Other Donations</b>	
Bundaberg Sleepbus	\$5,000
Community Events Donations	\$20,929
LifeFlight Australia	\$50,000
Mayor's Christmas Appeal	\$5,000
Other Donations	\$20,700
Regional Arts Development Fund*	\$66,144
Royal Flying Doctors Service	\$50,000
Rural Fire Service	\$402,336
<b>Total</b>	<b>\$620,109</b>
<b>Overall Total:</b>	<b>\$849,388</b>

\*Bundaberg Regional Council's contribution towards Regional Arts Development Fund program.

## 4.11 Local Government Discretionary Funds

There were no Councillor discretionary funds pursuant to section 189(2) of the *Local Government Regulation 2012* expended during this financial year as Council has not provided a budget for same.

## 4.12 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 Financial Delegations
- Register of Gifts
- 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 Leases
- Register of Local Laws
- Register of Pre-Qualified Suppliers
- Register of Roads

## 4.13 Report on the 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 2022/23 the Audit and Risk Committee consisted of two Councillors and two independent external members appointed by Council with a third independent external member commencing in May 2023. One of the external members is 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.

For the period up to 18 May 2023, the Audit and Risk Committee membership comprised of:

- Stephen Coates, Chairperson and External Independent Representative
- Mitchell Petrie, External Independent Representative
- Mayor Jack Dempsey, Economic Development Portfolio spokesperson
- Cr Steve Cooper, Organisational Services Portfolio spokesperson

For the period after 19 May 2023, Mel Jacobs, External Independent Representative was appointed.

The Audit and Risk Committee is also attended by the Chief Executive Officer, General Manager Community and Environment, General Manager Infrastructure Services, Manager Corporate Services, Chief Financial Officer, Chief Legal Officer, External Auditors, Audit and Risk Management (outsourced) and other key staff.

The Audit and Risk Committee held five 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 five audits during the financial year, and six quality audits with reports presented to the Committee and further to Council.

The performance of the Internal Audit section is managed by the Manager Corporate Services and throughout 2022/23 Council outsourced Audit and Risk Management Services encompassing internal audit, quality audit, control assurance and risk management.

## **4.14 People and Performance**

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:

### **Employee Code of Conduct**

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

Conduct and regular training is provided to ensure the requirements are understood by the workforce.

### **Education and training**

Employee Code of Conduct training remained on the mandatory training schedule for the 2022/23 financial year including introductory training for all new employees and an annual online refresher for current employees. This training provides employees with an ongoing awareness of the contents of the Code, the application of ethical principles and obligations, and the standards of behaviour and conduct that is expected of our employees under the Act.

Council is committed to continuing to deliver governance education and training to all employees to maintain the highest standards of employee conduct.

### **Procedures and Practices**

Council ensures the principles contained within the *Public Sector Ethics Act 1994* and the standards within Council's Employee Code of Conduct underpin all policies and procedures, guiding all employees' actions and decision making. Regular reviews are undertaken for all relevant policies and procedures.

# Mayor and Councillors

## 4.15 Remuneration

In accordance with section 186(1)(a) of the *Local Government Regulation 2012*, the total remuneration paid to each Councillor 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	\$161,258	\$19,351
1	Cr Jason Bartels	\$93,360	\$11,203
2	Cr Bill Trevor OAM (Deputy Mayor)	\$106,092	\$12,731
3	Cr Wayne Honor	\$93,360	\$11,203
4	Cr Tracey McPhee	\$93,360	\$11,203
5	Cr Greg Barnes	\$93,360	\$11,203
6	Cr Tanya McLoughlin	\$93,360	\$11,203
7	Cr Vince Habermann OAM	\$93,360	\$11,203
8	Cr Steve Cooper	\$93,360	\$11,203
9	Cr May Mitchell	\$93,360	\$11,203
10	Cr John Learmonth	\$93,360	\$11,203

## 4.16 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	\$38,816
1	Cr Jason Bartels	\$28,161
2	Cr Bill Trevor OAM (Deputy Mayor)	\$26,388
3	Cr Wayne Honor	\$24,335
4	Cr Tracey McPhee	\$20,530
5	Cr Greg Barnes	\$20,972
6	Cr Tanya McLoughlin	\$10,882
7	Cr Vince Habermann OAM	\$14,360
8	Cr Steve Cooper	\$21,698
9	Cr May Mitchell	\$22,012
10	Cr John Learmonth	\$20,532

\*Includes superannuation paid on vehicle allowances.

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

## 4.17 Overseas travel

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

Table 4.8

Councillor	From	To	Destination	Purpose	Total
Mayor Jack Dempsey	25 March 2023	31 March 2023	Taipei, Taiwan	2023 Smart City Summit & Expo (SCSE)	\$454.68 * (included in Reimbursement of Expenses and Provision of Facilities table 4.7)

\*Net cost to Council. Event organiser provided accommodation, venue transportation, conference and activities, while also reimbursing for majority of flight costs.

## 4.18 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 2022 - 30 June 2023

Table 4.9

Councillor	Ordinary	Special and budgetary	Total
Mayor Jack Dempsey	11	1	12
Cr Jason Bartels	11	1	12
Cr Bill Trevor OAM (Deputy Mayor)	12	1	13
Cr Wayne Honor	11	1	12
Cr Tracey McPhee	12	1	13
Cr Greg Barnes	11	1	12
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	10	1	11

## 4.19 Councillor conduct

The *Local Government Act 2009* 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 2022/23 financial year.

Table 4.10

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.  <i>No action order</i> Council determined that Councillor Wayne Honor breached the Code of Conduct for Councillors in Queensland when he inaccurately indicated on meeting attendance sheets that he had received meeting agenda papers for Council meetings on 5 September 2022, 12 September 2022, 21 September 2022 and 27 September 2022, when he had not. Council made an order that no action be taken against Councillor Honor.	1 0
Section 150AR(1)	Orders, decisions and recommendations about misconduct or connected inappropriate conduct made by the conduct tribunal that: (a) No action be taken against the Councillor; (b) An order be taken against the Councillor;	0 0
Section 150P(2)(a)	Complaints received by Council and referred to the assessor about Councillor conduct.	0
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 inappropriate conduct or misconduct.	6
Section 150S(2)(a)	Notices given to the assessor about Councillor misconduct. <i>Discipline councillor for inappropriate conduct on 3 occasions within 1 year or councillor has engaged in same conduct again.</i>	0
Section 150W(1)(a)	Decision made by the assessor to <b>dismiss the complaint</b> about the conduct under section 150X.	25
Section 150W(1)(b)	Decision made by the assessor to refer the suspected inappropriate conduct to Council to deal with.	2
Section 150W(1)(e)	Decision made by the <b>assessor to take no further action in relation</b> to the conduct under section 150Y.	8
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

## 4.20 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 4.11

Number of Executives	Salary Range
1	\$100,000 - \$200,000
3	\$200,000 - \$300,000
3	\$300,000 - \$400,000
1	\$400,000 - \$500,000

The total remuneration packages payable in 2022/23 to senior management was \$2,481,016. There was a restructure of the Executive Leadership Team during the year.

In accordance with section 201(c) of the *Local Government Act 2009* there was one Councillor Advisor appointed, noting that the position was held by two different people at different times during the financial year. The total remuneration paid to the Councillor Advisor role was \$95,974.

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