



**AGENDA FOR ORDINARY MEETING
TO BE HELD IN COUNCIL CHAMBERS, BUNDABERG
ON TUESDAY 22 OCTOBER 2019, COMMENCING AT 10.00 AM**

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Item

22 October 2019

Item Number:	File Number:	Part:
D1	.	EXECUTIVE SERVICES

Portfolio:

Executive Services

Subject:

Public Notice of Meetings - early 2020

Report Author:

Wendy Saunders, Executive Services Coordinator

Authorised by:

Stephen Johnston, Chief Executive Officer

Link to Corporate Plan:

Our People, Our Business - 3.2 Responsible governance with a customer-driven focus - 3.2.3 Administer statutory compliant governance operations incorporating insurance; risk management; property management and Council policies and procedures.

Background:

Section 277 of the *Local Government Regulation 2012* (the *Regulation*) states:

- (1) A local government must, at least once in each year, publish a notice of the days and times when –
 - a) its ordinary meetings will be held; and
 - b) the ordinary meetings of its standing committees will be held.

Further, section 257 of the *Regulation* states that a local government must meet at least once in each month and that the meetings are to be held at one of the local government’s public offices.

For early 2020, prior to the Local Government Election due to be held on 28 March 2020, it is proposed that Council Ordinary meetings be held in accordance with the following schedule:

Date	Location	Time
21 January 2020	Bundaberg	10 am
25 February 2020	Bundaberg	10 am
24 March 2020	Bundaberg	10 am

Meeting dates will be advertised in the NewsMail as the newspaper circulating in the area, will be published on Council's website and will be displayed in Council's public offices, in accordance with section 277(2) and (3) of the *Regulation*.

Consultation:

The proposed meeting dates have been discussed with all Councilors.

Chief Legal Officer's Comment:

The public notice of meetings set out in this report is in accordance with the *Regulation*.

Policy Implications:

There appear to be no policy implications.

Financial and Resource Implications:

There appear to be no financial or resource implications.

Risk Management Implications:

There appears to be no risk management implications.

Communications Strategy:

Communications Team consulted.

- Yes
 No

Attachments:

Nil

Recommendation:

That the Council Ordinary meeting days and times for 2020, prior to the Local Government Elections due on 28 March 2020, be as follows:

Date	Location	Time
21 January 2020	Bundaberg	10 am
25 February 2020	Bundaberg	10 am
24 March 2020	Bundaberg	10 am

**Item****22 October 2019****Item Number:**

F1

File Number:

.

Part:

FINANCE

Portfolio:

Organisational Services

Subject:

Final Management Report for 2019 Financial Audit

Report Author:

Simon Muggeridge, Deputy Chief Financial Officer

Authorised by:

Amanda Pafumi, General Manager Organisational Services

Link to Corporate Plan:

Our People, Our Business - 3.1 A sustainable financial position - 3.1.2 Apply responsible fiscal principles for sustainable financial management.

Background:

As part of the annual financial audit, Council's external auditors provide a final management report summarising the findings of the audit. Council again received an unmodified audit opinion. There were no high-risk matters raised. The matters raised have been added to the Finance Risk Register for action and are monitored through reports to the Audit & Risk Committee.

Associated Person/Organization:

Pitcher Partners

Consultation:

Audit and Risk Committee

Chief Legal Officer's Comments:

Pursuant to section 213 of the *Local Government Regulation 2012* the Mayor must present a copy of the auditor-general's observation report to the next Ordinary meeting of Council.

Policy Implications:

There appear to be no policy implications.

Financial and Resource Implications:

Audit costs are provided for in the 2019/2020 Budget.

Risk Management Implications:

The items identified in the final management letter have been added to the Finance Risk Register for action.

Communications Strategy:

Communications Team consulted.

- Yes
- No

Attachments:

- [↓1](#) Final Management Report BRC 2019

Recommendation:

That the Final Management Report for the 2019 Financial Audit, be noted by Council.



10 October 2019

Cr J Dempsey
Bundaberg Regional Council
PO Box 3130
BUNDABERG QLD 4670

Dear Cr Dempsey

Final Management Report for Bundaberg Regional Council

We have completed our 2019 financial audit for Bundaberg Regional Council. An unmodified audit opinion was issued on your financial statements.

The purpose of this letter is to provide the council with details on audit matters and other important information related to the audited financial statements.

Reporting on issues

Issues and other matters formally reported to management and an update on actions taken by management to resolve these issues is included as Appendix <A> to this letter. Our rating definitions for internal control deficiencies is shown in Appendix .

This letter is required under section 213 of the Local Government Regulation to be presented at the next ordinary meeting of the Council.

Report to parliament

Each year we report the results of all financial audits and significant issues to parliament.

This year we intend to include the results of our audit of Bundaberg Regional Council in a report to parliament. We have discussed the proposed content of our report with your chief financial officer and will continue to consult as we draft our report. Formally, you will have an opportunity to provide comments to be reflected in our report.


Audit fee

The final audit fee for this year is \$156,000 exclusive of GST (2018: \$155,500). This fee is in line with the fee estimated in our external audit plan.

We would like to thank you and your staff for their engagement in the audit.

If you have any questions about this letter or would like to discuss any matters regarding our audit service, please contact me on (07) 3222 8444 or the signing director Melissa Read on (07) 3149 6000

Yours sincerely,


Jason Evans
Partner – Pitcher Partners

cc. Mr S Johnston, Chief Executive Officer, Bundaberg Regional Council

Queensland Audit Office
Level 14, 53 Albert Street, Brisbane Qld 4000
PO Box 15396, City East Qld 4002

Phone 07 3149 6000
Email qao@qao.qld.gov.au
Web www.qao.qld.gov.au
 Queensland Audit Office (QAO)

Appendix A

Issues formally reported to management

This table provides you with a summary of issues that we have formally reported to management.

Previously reported internal control deficiencies – interim management letter issued 29 April 2019

Nil noted.

Previously reported internal control deficiencies – years prior to 2018-19

Reference	Rating	Issue	Status / Comment
Internal control issues			
2016FR-1	Deficiency	IT disaster recovery/business continuity plan testing	Work in progress. The plan has been updated however testing of the plan has been deferred due to pending changes in the IT service delivery model.

New internal control deficiencies reported since our interim management letter dated 29 April 2019

Nil noted.

Financial reporting issues

Component	Issue	Our recommendation	Status update from management
Property, plant and equipment and provisions	<p>Risk Rating: Moderate</p> <p>Council recognises landfill restoration provisions for a number of landfill sites operated by Council on Council owned land. Historically, changes in the provision (other than those that result from unwinding of the discount on passage of time) have been recognised as an adjustment against the asset revaluation surplus for land. It was previously considered that this treatment was in accordance with AASB Interpretation 1: <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>.</p> <p>On further consideration of the various accounting guidance available on the topic of landfill provisions, we note that:</p> <ul style="list-style-type: none"> • The restoration provision attaches to a landfill cell asset (i.e. the cost to construct the landfill cell/s to which the provision relates), as opposed to a the land asset on which the landfill sits; • The fair value of the landfill cell does not incorporate an amount for future restoration – as the landfill cell is valued using depreciated replacement cost, it's value represents the cost to construct the cell, less accumulated depreciation reflective of the decline in service potential of the cell (e.g. the portion of the cell used). <p>Council presently recognised an asset for landfill restoration costs as a component of the value of land on which council landfill sites sit. The landfill cell assets are recognised separately within the "buildings and structures" asset class.</p>	<p>It is recommended that amounts currently recognised for landfill restoration assets be transferred to the buildings and structures asset class, and a revaluation adjustment be processed against the asset revaluation surplus for that asset class to reduce the value of these assets to nil.</p> <p>It is further recommended that management apply the accounting requirements discussed above to initial recognition and subsequent changes in landfill restoration provisions in future years</p>	<p>Responsible Officer: Chief Financial Officer</p> <p>Status: work in progress</p> <p>Management will review the accounting treatment of landfill restoration assets, including the accounting guidance referenced, with a view to completing necessary adjustments to the accounts early in the 2019/2020 financial year via consultation with its contract auditors</p> <p>Due date: 30 June 2019</p>

Other matters

Area	Matter	Our recommendation	Status update from management
Trade and other receivables	It is noted that Council's information systems do not presently capture data in a format that enables ready calculation of historical loss rates incurred on each class of receivables. As a result, management has relied on estimates of historical losses based primarily of the judgement of employees with responsibility for monitoring debtor recovery activity	It is recommended that, where possible, Council implement processes to ensure that data required to calculate actual loss rates is captured in the system, to enable Council to progressively update the loss rates adopted in the current period with rates that rely less on judgement and more on historical data	Responsible Officer: Chief Financial Officer Status: work in progress Management will review the capacity of the system to provide the data to calculate the actual loss rate as recommended, with a view to capturing more historical data in preparation for next financial year Due date: 30 June 2019

Appendix B

Our rating definitions for internal control deficiencies

We assess internal control deficiencies on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
Significant deficiency	<p>A significant deficiency is a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action.</p> <p>Also, we increase the rating from a deficiency to a significant deficiency based on:</p> <ul style="list-style-type: none"> • the risk of material misstatement in the financial statements • the risk to reputation • the significance of non-compliance with policies and applicable laws and regulations • the potential to cause financial loss including fraud, or • where management has not taken appropriate timely action to resolve the deficiency. 	This requires immediate management action to resolve.
Deficiency	A deficiency arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.	We expect management action will be taken in a timely manner to resolve deficiencies.
Other matter	An other matter is expected to improve the efficiency and/or effectiveness of internal controls, but does not constitute a deficiency in internal controls. If an other matter is not resolved, we do not consider that it will result in a misstatement in the financial statements or non-compliance with legislative requirements.	Our recommendation may be implemented at management's discretion.

Our risk rating definitions for financial reporting issues

We assess financial reporting issues on their potential to cause a material misstatement in the financial statements as follows:

Assessed category	Definition/Criteria	Prioritisation of remedial action
High	We assess that there is a high likelihood of this causing a material misstatement in one or more components (transactions, balances and disclosures) of the financial statements, or there is the potential for financial loss including fraud.	This requires immediate management action to resolve.
Medium	We assess that there is a medium likelihood of this causing a material misstatement in one or more components of the financial statements	We expect management action will be taken in a timely manner to resolve deficiencies.
Low	We assess that there is a low likelihood of this causing a material misstatement in one or more components of the financial statements.	Our recommendation may be implemented at management's discretion.

**Item****22 October 2019****Item Number:**

F2

File Number:

.

Part:

FINANCE

Portfolio:

Organisational Services

Subject:

Financial Summary as at 1 October 2019

Report Author:

Simon Muggeridge, Deputy Chief Financial Officer

Authorised by:

Amanda Pafumi, General Manager Organisational Services

Link to Corporate Plan:

Our People, Our Business - 3.1 A sustainable financial position - 3.1.2 Apply responsible fiscal principles for sustainable financial management.

Background:

In accordance with section 204 of the *Local Government Regulation 2012*, a Financial Report must be presented to Council on a monthly basis. The attached Financial Report contains the Financial Summary and associated commentary as at 1 October 2019.

Associated Person/Organization:

Nil

Consultation:

Financial Services Team

Chief Legal Officer's Comments:

Pursuant to section 204 of the *Local Government Regulation 2012* the local government must prepare, and the Chief Executive Officer must present, the financial report. The financial report must state the progress that has been made in relation to the local government's budget for the period of the financial year up to a day as near as practicable to the end of the month before the meeting is held.

Policy Implications:

There appear to be no policy implications.

Financial and Resource Implications:

There appear to be no financial or resource implications.

Risk Management Implications:

There appears to be no risk management implications.

Communications Strategy:

Communications Team consulted.

Yes

No

Attachments:

[↓1](#) Financial Summary as at 1 October 2019

Recommendation:

That the Financial Summary as at 1 October 2019 be noted by Council.

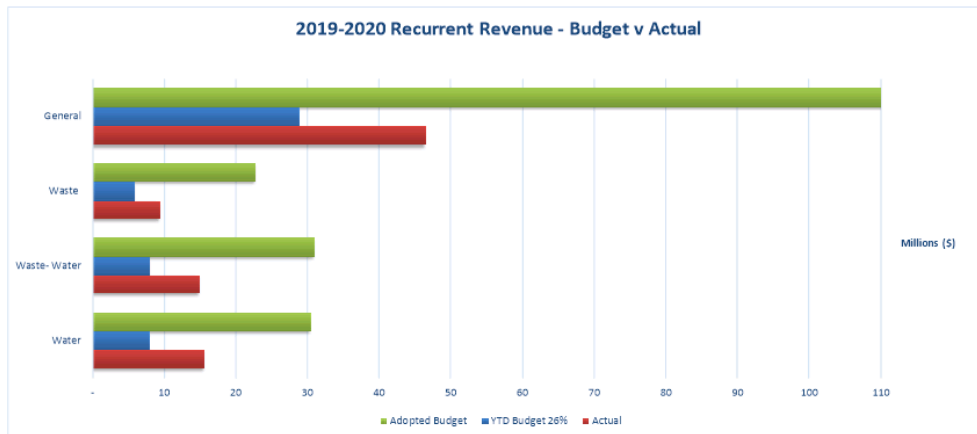
Financial Summary
as at 01 Oct 2019

Progress check - 26%	Council			General			Waste			Wastewater			Water		
	Actual YTD	Adopted Budget	% Act/ Bud	Actual YTD	Adopted Budget	% Act/ Bud	Actual YTD	Adopted Budget	% Act/ Bud	Actual YTD	Adopted Budget	% Act/ Bud	Actual YTD	Adopted Budget	% Act/ Bud
Recurrent Activities															
<i>Revenue</i>															
Rates and Utility Charges	80,390,713	159,069,780	51%	43,160,525	86,552,500	50%	7,640,664	15,243,500	50%	14,787,554	29,709,780	50%	14,795,970	27,564,000	54%
Less: Discounts and Pensioner Remissions	(4,492,186)	(8,708,900)	52%	(4,166,534)	(8,039,800)	52%	(111,122)	(227,600)	49%	(124,908)	(254,600)	49%	(89,622)	(186,900)	48%
	75,898,527	150,360,880	50%	38,993,991	78,512,700	50%	7,535,542	15,015,900	50%	14,662,646	29,455,180	50%	14,706,348	27,377,100	54%
Fees and Charges	7,246,033	28,430,039	25%	4,662,736	18,859,844	25%	1,728,660	6,985,405	25%	207,935	1,027,280	20%	648,702	1,577,510	41%
Interest Revenue	875,374	4,001,456	22%	324,472	1,478,500	22%	105,612	484,825	22%	121,913	555,631	22%	323,377	1,482,500	22%
Grants, Subsidies and Donations	2,596,211	12,191,642	21%	2,524,582	11,841,642	21%	71,629	350,000	20%	-	-	-	-	-	-
Sale of Developed Land Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recurrent Revenue	86,616,145	194,984,017	44%	46,505,781	110,692,686	42%	9,441,443	22,816,130	41%	14,992,494	31,038,091	48%	15,676,427	30,437,110	52%
<i>less Expenses</i>															
Employee Costs	18,722,292	74,519,161	25%	14,442,165	58,881,694	25%	1,655,171	5,910,550	28%	1,440,746	5,084,008	28%	1,184,210	4,842,911	24%
Materials and Services	16,389,347	68,168,424	24%	10,866,651	39,340,824	28%	2,502,770	12,078,531	21%	1,292,801	7,774,774	17%	1,727,125	8,974,495	19%
Finance Costs	1,131,089	4,423,000	26%	425,050	1,581,593	27%	230,503	905,479	25%	431,697	1,692,942	25%	43,838	242,986	18%
Depreciation	11,912,069	47,848,274	25%	8,631,412	34,525,649	25%	425,591	1,702,363	25%	1,443,858	5,775,432	25%	1,411,208	5,844,830	25%
Total Recurrent Expenditure	48,154,796	194,758,859	25%	34,365,278	134,129,560	26%	4,814,035	20,596,923	23%	4,609,102	20,327,154	23%	4,366,381	19,705,222	22%
Operating Surplus	38,461,349	225,158		12,140,503	(23,436,874)		4,627,408	2,219,207		10,383,392	10,710,937		11,310,046	10,731,888	
<i>less Transfers to</i>															
NCP Transfers	(1)	-		(3,877,530)	(15,510,118)		123,164	492,655		1,714,294	6,857,177		2,040,071	8,160,286	
Total Transfers	(1)	-		(3,877,530)	(15,510,118)		123,164	492,655		1,714,294	6,857,177		2,040,071	8,160,286	
Movement in Unallocated Surplus	38,461,350	225,158		16,018,033	(7,926,756)		4,504,244	1,726,552		8,669,098	3,853,760		9,269,975	2,571,602	
Unallocated Surplus/(Deficit) brought forward	43,988,734	43,988,734		(7,665,433)	(7,665,433)		15,495,370	15,495,370		11,242,674	11,242,674		24,916,123	24,916,123	
Unallocated Surplus/(Deficit)	82,450,084	44,213,892		8,352,600	(15,592,189)		19,999,614	17,221,922		19,911,772	15,096,434		34,186,098	27,487,725	
Capital Activities															
<i>Council's Capital Expenditure (Excludes Donated Assets)</i>															
Council Expenditure on Non-Current Assets	11,687,763	111,807,842	10%	10,112,851	84,632,384	12%	636,272	5,428,206	12%	366,724	4,716,899	8%	571,916	17,030,353	3%
Loan Redemption	1,787,708	7,318,362	24%	1,053,013	4,321,833	24%	180,878	680,049	24%	496,092	2,018,214	25%	77,725	318,266	24%
Total Capital Expenditure	13,475,471	119,126,204	11%	11,165,864	88,954,217	13%	797,150	6,088,255	13%	862,816	6,735,113	13%	649,641	17,348,619	4%
Cash															
Opening balance	147,278,309	147,000,000													
Movement - increase/(decrease)	36,052,977	(43,032,101)													
Closing balance	183,331,286	103,967,899													

Further to the Financial Summary Report as at 1 October 2019, the following key features are highlighted.

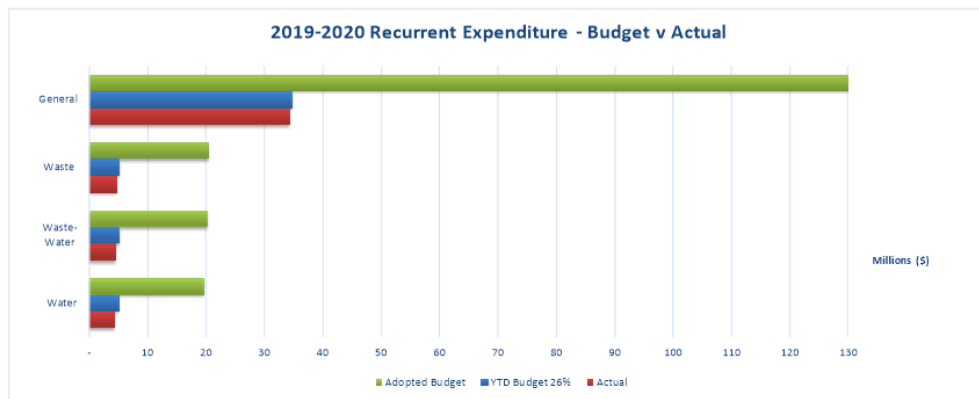
Recurrent Revenue

- Rates and Utility Charges for the first half year have been levied. Water consumption is higher than expected. Discount for prompt payment is higher than budget, which is consistent with the improved rate collection outcomes.
- Fees and charges are tracking on budget. Wastewater fees are currently being reviewed to determine if budgets require adjustment and bulk water sales are higher than expected with the current dry conditions.
- Interest Revenue is tracking slightly below the year-to-date budget. The yields in the coming months will increase with the significant cash balance held. Councils investments are currently attracting very low rates, reflective of the current economic conditions.
- Grants, Subsidies and Donations are tracking slightly below the year-to-date budget. Council will receive the next instalment of the Financial Assistance Grant in November.



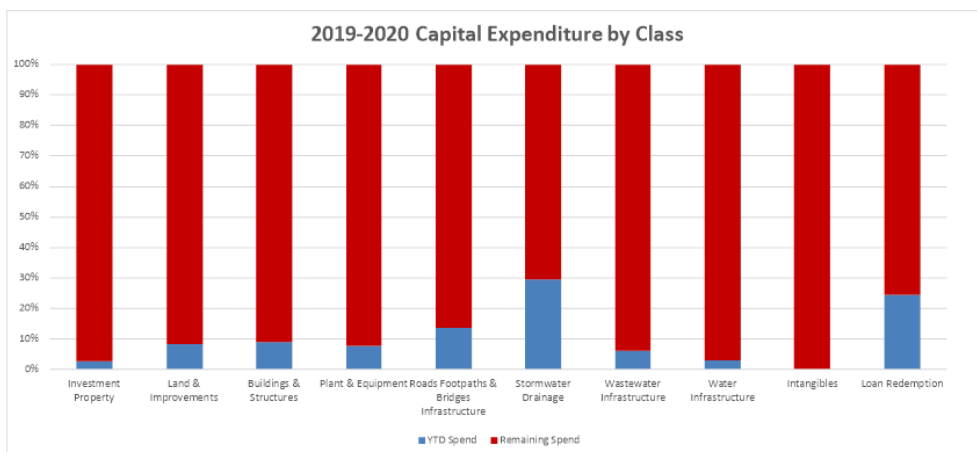
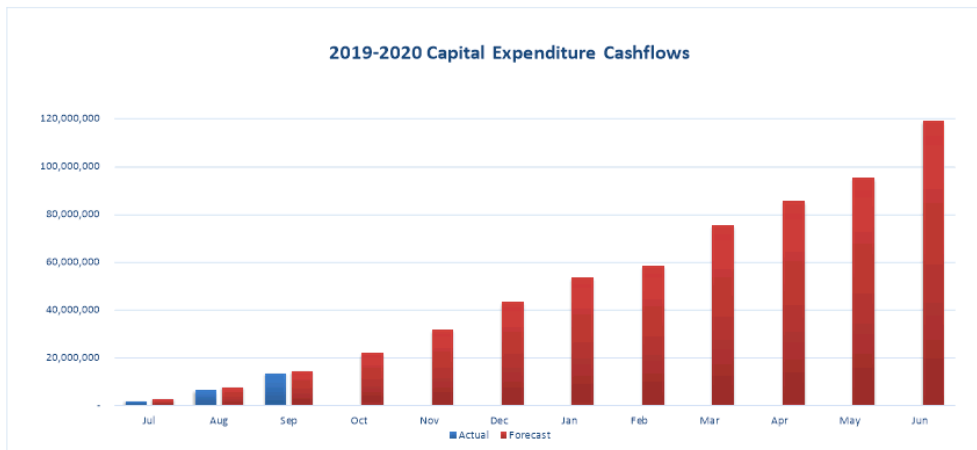
Recurrent Expenditure

- Employee Costs are slightly less than the year-to-date budget. This will be closely monitored as vacant roles are filled.
- Materials and Services are slightly less than the year-to-date budget. The variance in the general fund is due to the prepayment of several licences and insurance premiums that fall due early in the financial year. In the wastewater and water funds, it's due to the timing in delivery of non-capital projects.
- Finance Costs are tracking on budget. Finance costs include a provision for bad debts which may be realised later in the financial year.



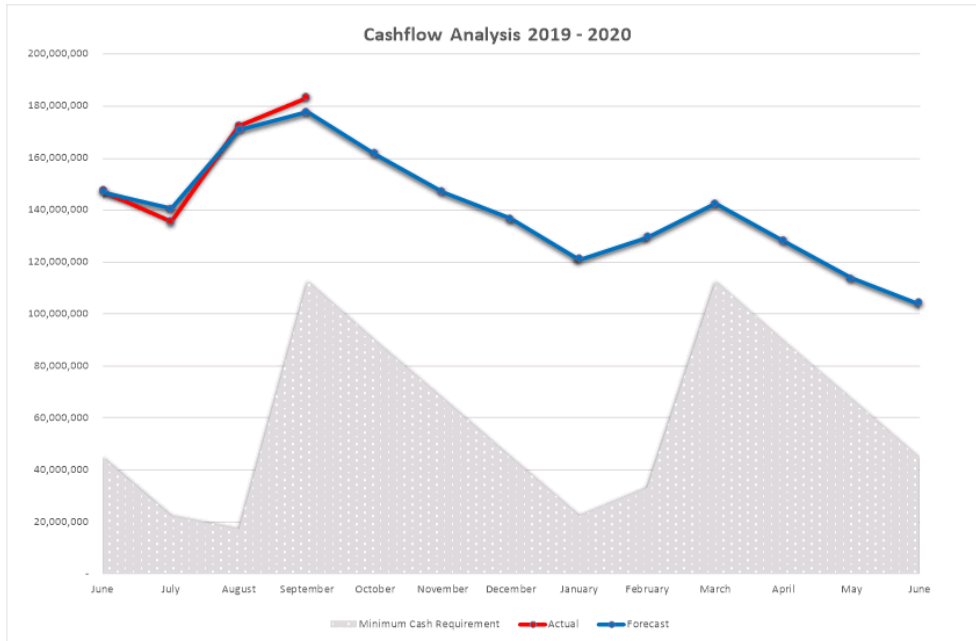
Capital Expenditure and Capital Grants

- Council has delivered 11% of this years capital program at the reporting date.
- The Elliott Heads Foreshore Redevelopment has been completed.
- Significant projects currently underway include the Regional Aviation Precinct Development, Hughes Road Roundabout, Tirroan Road Realignment, Qunaba Weighbridge and Heathwood Crescent Drainage Upgrade.
- Capital grants are on track with all milestones having been met and any variations to funding agreements approved. The final Multiplex claim and the final Elliott Heads Foreshore claim have been submitted to the State Government and are awaiting payment.



Cash

- The cash balance as at 1 October 2019 was \$183.3 million, an increase of \$10.8 million from the last report at 2 September 2019, reflecting the further receipt of rates payments.
- No short-term liquidity issues are foreseeable.
- The actual and forecast cash movement is shown below.

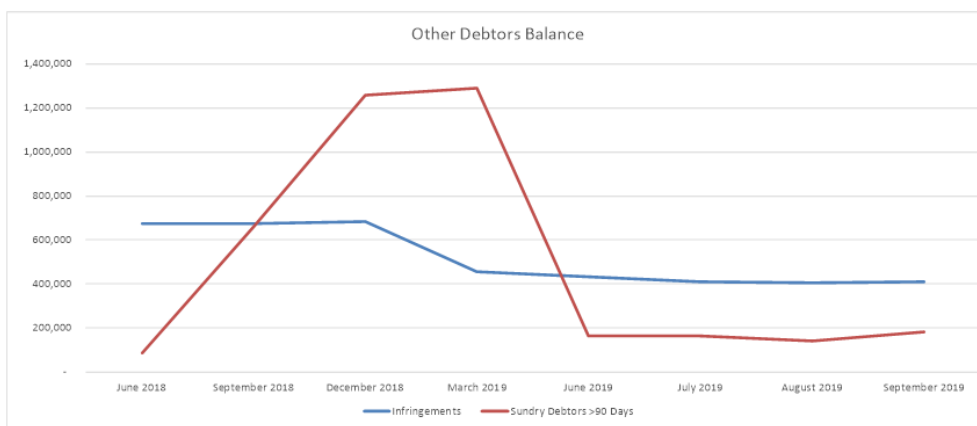


Rates Debtor

- Rates outstanding total \$8.6 million which is lower than the rate debt outstanding this time last year. Final reminder and demand letters were issued on the 1st of October.

Other Debtors

- Infringements outstanding total \$0.41 million with the number of infringements increasing slightly to 3,412. Infringements continue to be recovered via SPER. Council is considering the recommendations of an internal audit on infringement management and controls with a view to improving debt recovery of infringements issued.
- Sundry Debtors outstanding for more than 90 days total \$0.18 million across 64 accounts. The spike between June 2018 and March 2019 were grant claims associated with the Burnett Heads CBD project. These claims have now been paid.



Loans

- Council currently utilises 5% of its operating revenue to pay down debt and the associated interest.
- Loan balances are shown below and include the repayment made in September.

Bundaberg Airport & Precinct	9,553,301
Hinkler Hall of Aviation	1,165,513
Holiday Parks	239,253
Fleet	1,600,687
Kolan Gardens Aged Care	189,090
Burnett Heads CBD Upgrade	2,583,874
General Facilities	8,420,805
Waste	7,587,193
Sewerage	41,302,075
Water	3,043,954
Total	75,685,746

**Item****22 October 2019****Item Number:**

G1

File Number:

.

Part:

GOVERNANCE

Portfolio:

Organisational Services

Subject:

Annual Report 2018/19

Report Author:

Christine Large, Chief Legal Officer

Authorised by:

Amanda Pafumi, General Manager Organisational Services

Link to Corporate Plan:

Our People, Our Business - 3.2 Responsible governance with a customer-driven focus - 3.2.4 Exercise whole-of-Council adherence to, and compliance with, Council's policies and procedures, in keeping with our corporate values and community's expectations.

Background:

The *Local Government Act 2009* and *Local Government Regulation 2012* require Council to prepare an Annual Report for each financial year.

The Annual Report must be adopted within one month after the day the auditor-general gives the auditor-general's report about Council's financial statement for the financial year to Council.

The auditor-general's report was received on 4 October 2019 and has provided Council with an unmodified audit opinion.

Attached for Council's consideration is the 2018/19 Annual Report that also contains the 2018/19 Financial Statements.

Associated Person/Organization:

External Auditors

Consultation:

General Managers, Councillors, Audit & Risk Committee

Chief Legal Officer's Comments:

This report satisfies Council's legal obligations under Section 182(2) of the *Local Government Regulation 2012*, requiring Council to adopt the Annual Report within one month of receiving the auditor-general's report relating to the audit of Council's annual financial statements.

Policy Implications:

Complies with the *Local Government Act 2009* and Section 181-190 of the *Local Government Regulation 2012*.

Financial and Resource Implications:

There appear to be no financial or resource implications.

Risk Management Implications:

There appears to be no risk management implications.

Communications Strategy:

Communications Team consulted.

Yes

No

Attachments:

[↓1](#) Annual Report 2018/19

Recommendation:

That the 2018/19 Annual Report be adopted.



- Building Australia's best regional community



Annual Report 2018/19

1300 883 699

bundaberg.qld.gov.au

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Cover image: Gin Gin streetscape

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1 Chief Executive Officer's Report



The 2018/19 financial year saw a period of consolidation after two years of transformation.

The foundations that were laid early in this term of Council provided a solid base for incremental improvements in what we deliver, how we operate and how we serve the community.

Council adopted the Intelligent Community Strategy in December 2018 which laid the foundation for many of our innovative and creative projects.

The Burnett Heads streetscape works were completed, leaving a long-term legacy for one of our iconic seaside villages.

Progress was made towards implementing the Elliott Heads master plan and the completion of this and streetscape upgrades at Gin Gin will be similarly significant.

Council has continued to enjoy strong partnerships with the State and Federal Governments.

The Works for Queensland program again saw many small projects completed that make a big difference in neighbourhoods across the Bundaberg Region.

Council's vision to further enhance the aviation precinct has been assisted with funds to help establish an aeromedical facility that should be delivered in the next 12 months.

Commitments made under the Regional Deal will potentially provide major benefits in years to come, hopefully with all three levels of Government working in a genuine partnership.

Economic development continues to be a major priority for Council. With the support of the Wide Bay Regional Organisation of Councils we identified opportunities to develop capability at the Port of Bundaberg and have been working cooperatively with the State Government to maximise those future opportunities.

We recognise that youth employment is a long term problem in the Bundaberg Region, which is why we're working closely with CQ University and others on projects to address this. We have recruited 20 new trainees and two apprentices in the past 12 months, across several of our departments. This is on top of the 10 apprentices who continued to be employed over this period, and nine current employees who commenced a traineeship or apprenticeship during this period. In this regard as one of the Region's largest employers we are "walking the talk".

I'd like to acknowledge the excellent contributions of our Councillors, the management team and staff who have all worked hard to implement our corporate plan and help achieve the vision of building Australia's best regional community.

There were some big challenges in 2018/19 including preparations for implementation of the Queensland Government waste levy and Council staff have responded very positively to these changes.

Eleven years after amalgamations we have finally taken the necessary step to have most of our staff based in the Bundaberg CBD. East Depot has been transformed to accommodate some of the former Bargara-based staff and two floors of the Auswide building have been fully renovated to accommodate the others in contemporary, modern office accommodation.

One of many highlights in 2018/19 was the establishment of Bundaberg Now. This innovative Council initiative has provided a two-way communications channel where residents can engage with Council news on the website and Facebook.

By sharing Bundaberg Now with community groups, businesses and other organisations we have strengthened relationships and provided an important service. We're one of the first Councils in Australia to take this approach and I'm sure others will follow.

We have a culture of innovation in the Bundaberg Region and Council will continue to be a leader in finding new ways to improve how we serve the community to truly realise our vision of building Australia's best regional community.

Stephen Johnston
Chief Executive Officer

2 Community Financial Report

The Community Financial Report is prepared to provide residents, businesses and other stakeholders with an understanding of Council's financial performance and position for the 2018/19 financial year. It aims to give the reader a summary of Council's financial statements along with key financial statistics and ratios, including trends and forecasts.

Financial Statements are an audited formal record of the performance and position of Council. There are four financial statements and three sustainability ratios that assist in providing a high level picture of Council finances for 2018/19. These are described as:

- 2.1 Statement of Comprehensive Income - revenue and expenses in the past 12 months
- 2.2 Statement of Financial Position - assets owned and liabilities owed at 30 June 2019
- 2.3 Statement of Cashflows - shows the effect of revenue and expenses, assets and liabilities on cash and investments
- 2.4 Statement of Changes in Equity - movement in the community's net wealth during the year
- 2.5 Financial Sustainability Ratios - for reviewing Council performance and sustainability.
 - a) Operating surplus
 - b) Net financial liabilities
 - c) Asset sustainability

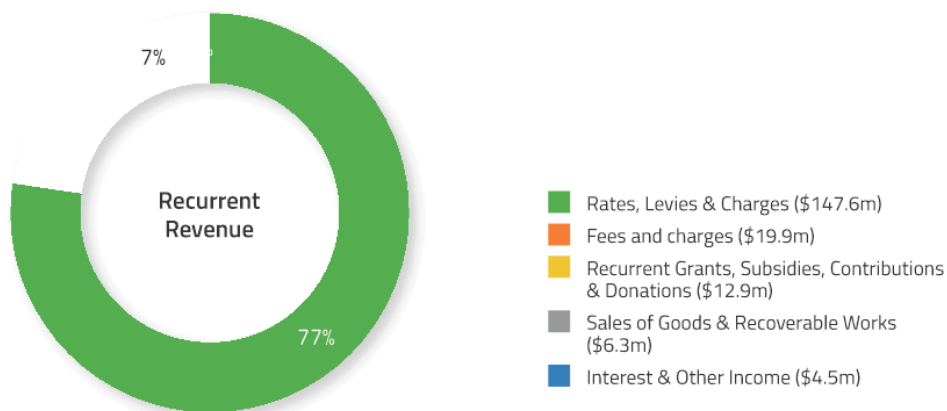
2.1 Statement of Comprehensive Income

The Statement of Comprehensive Income shows what Council has earned (revenue) and what costs Council has incurred (expenses) throughout the year to determine the Operating Surplus and Net Result of Council. Although Council achieved a Net Result of \$24 million, it focuses on the Operating Surplus as an important indicator of Council's financial health. The Operating Surplus is the amount of recurrent revenue less recurrent expenses. This year's Operating Surplus of \$4.6 million is consistent with Council's sustainability target.

Total Income \$224 million - where did this revenue come from?

Recurrent Revenue

Council received recurrent revenue of \$191.2 million. Ratepayers contributed 77% of Council's recurrent revenue through rates and utility charges from 45,380 rateable properties. Other major sources of recurrent revenue include fees and charges (11%) and grants, subsidies, contributions and donations (7%).



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

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

Capital Revenue

Council received capital revenue totalling \$32.4 million. This revenue consisted mainly of grants and subsidies actively sought from the State and Federal government and infrastructure charges from development activities. Typically this revenue is utilised on capital projects during the year or is held as restricted cash for future capital projects.

Total Expenses \$200 million - what was this spent on?

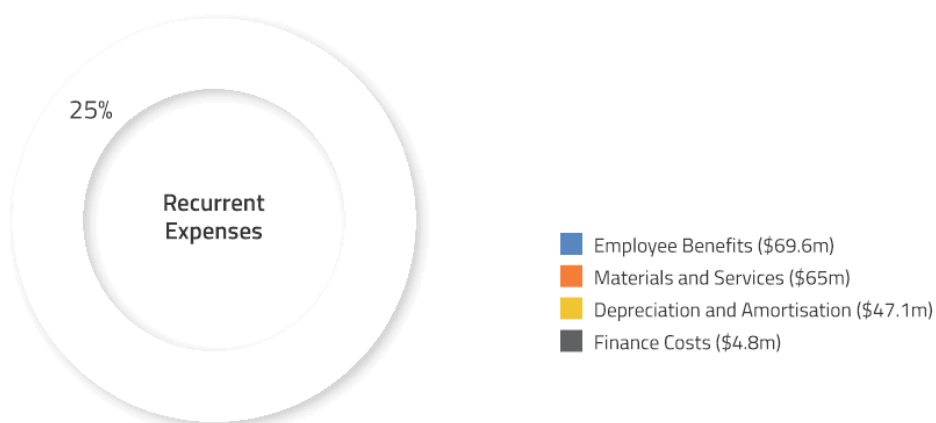
Recurrent Expenses

The majority of Council's recurrent expenditure is related to employee benefits (37%) and materials and services (35%).

Employee benefits include employee salaries and wages, Councillor's remuneration and superannuation. Excluded from this balance is \$6.3 million in wages incurred in delivering the capital works program.

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

Council's depreciation expense of \$47.1 million equates to approximately \$1,000 per rate assessment, per annum. Assets wear out, are consumed and/or become obsolete over their lifetime, and depreciation is used to record this consumption by allocating the asset's value over its useful life.



Capital Expenses

Capital expenses, totalling \$13.4 million are reflected in the Net Result. They represent a decrease in the asset base, primarily through a loss on disposal of assets. Capital expenses do not represent Council's investment in assets during the year. Investment in assets during the year is outlined in section 2.3 Statement of Cashflows.

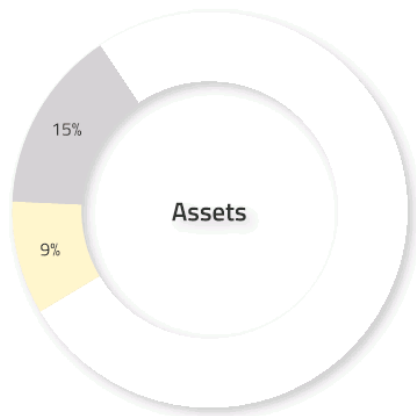
2.2 Statement of Financial Position

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

Assets \$2.3 billion - what Council owned at 30 June 2019

The major investment for Council is in assets which provide essential services for a growing community, namely property, plant and equipment which has a net value of over \$2.1 billion. The bulk of Council's assets are infrastructure assets such as roads, footpaths, bridges, stormwater drainage, water and sewerage, accounting for 80% of Council's asset base.

Cash and receivables represents 7% of net assets. Restricted cash for future capital expenditure represents 61% of total cash held at balance date.



- █ Roads, footpaths and bridges (\$1.06b)
- █ Sewerage infrastructure (\$338.6m)
- █ Buildings and structures (\$187.4m)
- █ Stormwater drainage (\$217.3m)
- █ Water infrastructure (\$216m)
- █ Cash and receivables (\$161.9m)
- █ Land and improvements (\$61.3m)
- █ Plant and Equipment (\$35.6m)
- █ Other assets (\$21.6m)

Liabilities \$132 million - what Council owed at 30 June 2019

Council's liabilities consist of borrowings (59%), provisions (25%) and trade and other payables (13%). Provisions consist of long service leave payable to employees at 30 June 2019 (\$12.7 million) and costs that are expected to be incurred in restoring and post-closure monitoring of significant landfill sites administered by Council (\$20 million).

Trade and other payables are made up of day-to-day creditors (\$11.8 million), for the purchase of items ranging from stationery to bitumen and employee entitlements (\$6.1 million). Employee entitlements consist of annual leave, wages, superannuation and other leave amounts (excluding long service leave) payable to employees at 30 June 2019.

Borrowings total \$77.5 million. Council aims to minimise borrowings by seeking alternate funding sources for capital projects such as grants and subsidies. However there are times where it is necessary to borrow for projects. Additional loans totalling \$5.9 million were received during the year to fund projects such as the revitalisation of the Elliott Heads Foreshore and the Aviation Precinct subdivision. Debt remains relatively low at 3.7% when compared to its property, plant and equipment assets. Debt is also well below the upper threshold outlined in the net financial liabilities ratio in section 2.5(b).



- █ Borrowings (\$77.5m)
- █ Provisions (\$32.7m)
- █ Trade and Other Payables (\$18m)
- █ Other Liabilities (\$3.8m)

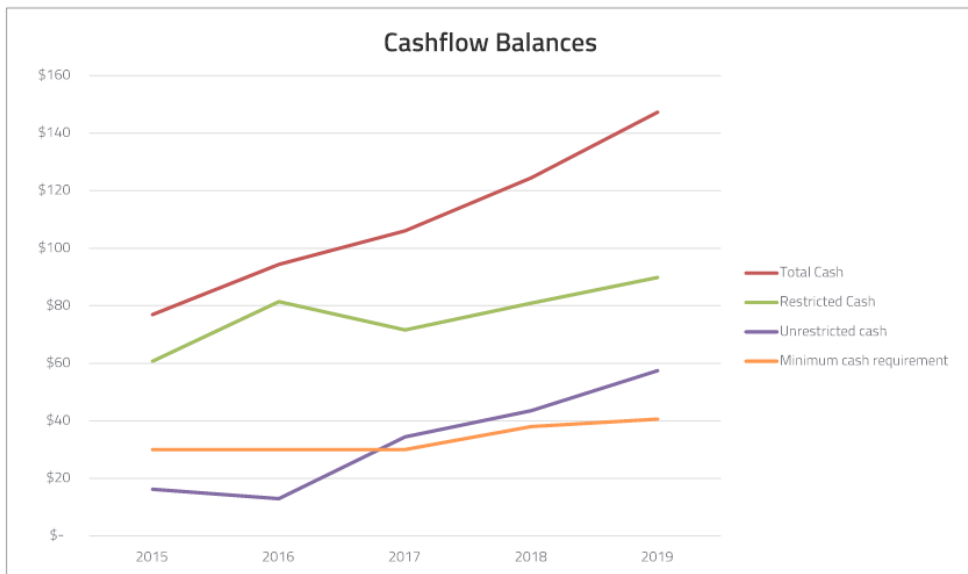
2.3 Statement of Cashflows

This statement records the movement in cash holdings during the year. In 2019 the cash balance increased by \$22.8 million from \$124.5 million to a closing balance of \$147.3 million at year end.

Council's cash is represented by internally restricted capital cash (reserves) \$55.3 million, externally restricted capital cash (unspent grants, infrastructure charges and loans) \$34.6 million and unrestricted cash \$57.5 million.

Council's cashflow from operating activities remains positive, with surplus operating cash of \$58.3 million available for investing in assets and for the repayment of loans. Council invested \$60.5 million in assets this financial year, which was funded by capital revenue, borrowings and cash from operating activities aforementioned. This investment focussed on infrastructure assets with 73% of the capital outlay across these asset classes.

Council's minimum cash requirement at 30 June 2019 was estimated to be \$40.6 million. By maintaining this balance, Council allows sufficient cash to be available between rating periods, whilst also providing a buffer against unforeseen events. Ideally Council should have unrestricted cash greater than our minimum cash requirement.



2.4 Statement of Changes in Equity

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

Retained surplus of \$124.9 million represents restricted cash and the unallocated surplus. At 30 June 2019 there was an unallocated surplus of \$42.5 million. The unallocated surplus represents the accumulative amount that enables flexibility in funding future operations and/or investment in assets.

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

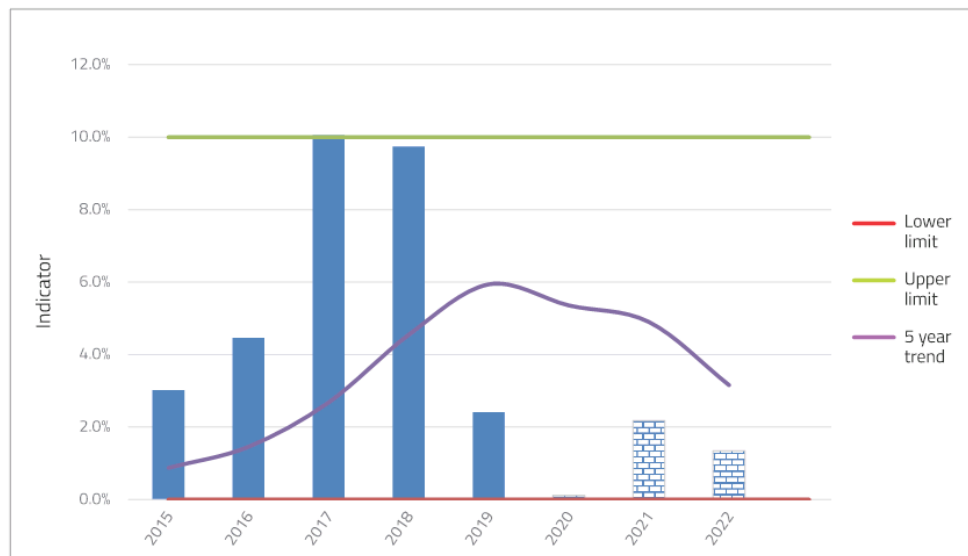
2.5 Financial Sustainability Ratios

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

Council does not use these measures of sustainability as targets that must be achieved at the end of each financial year. Instead, the anticipated long-term results from these measures are considered as planning tools to assess the current sustainability strategy, as reflected in Council's Long Term Financial Plan. This feedback enables Council to adjust its respective strategies to produce the desired outcomes over the long-term.

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

(a) Operating Surplus Ratio



INDICATOR

Operating Surplus Ratio (Financial)

DESCRIPTION

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

MEASURE

Net Operating Surplus divided by Total Operating Revenue

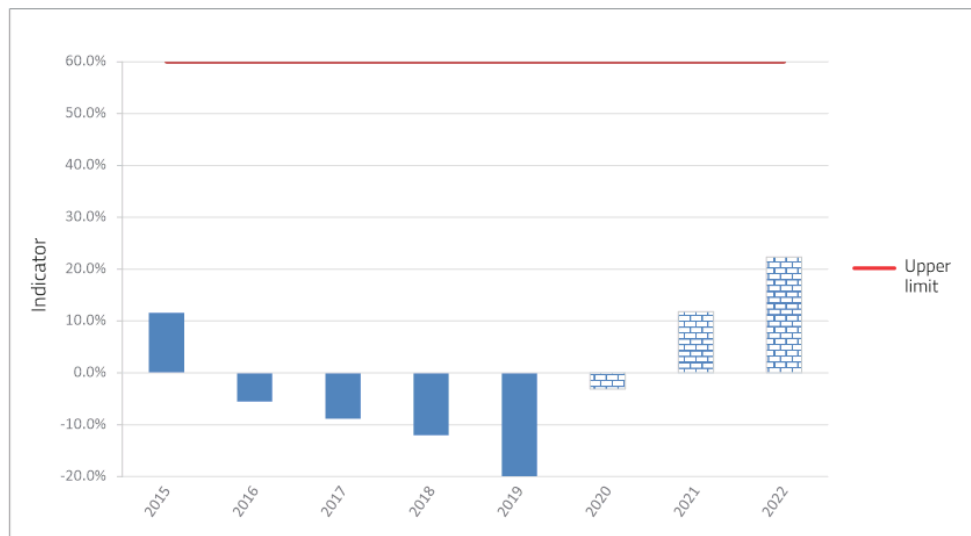
TARGET

Between 0% and 10%

Commentary

Council has consistently achieved an operating surplus for all years since 2015. These positive results enable the Council to invest resources in its vision to build Australia's best regional community. Forecast years are predicted to have a modest surplus reflecting Council's operating theme and performance outcome of sustainable and affordable services.

(b) Net Financial Liabilities Ratio



INDICATOR

Net Financial Liabilities Ratio (Financial)

DESCRIPTION

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

MEASURE

Total Liabilities less Current Assets divided by Operating Revenue.

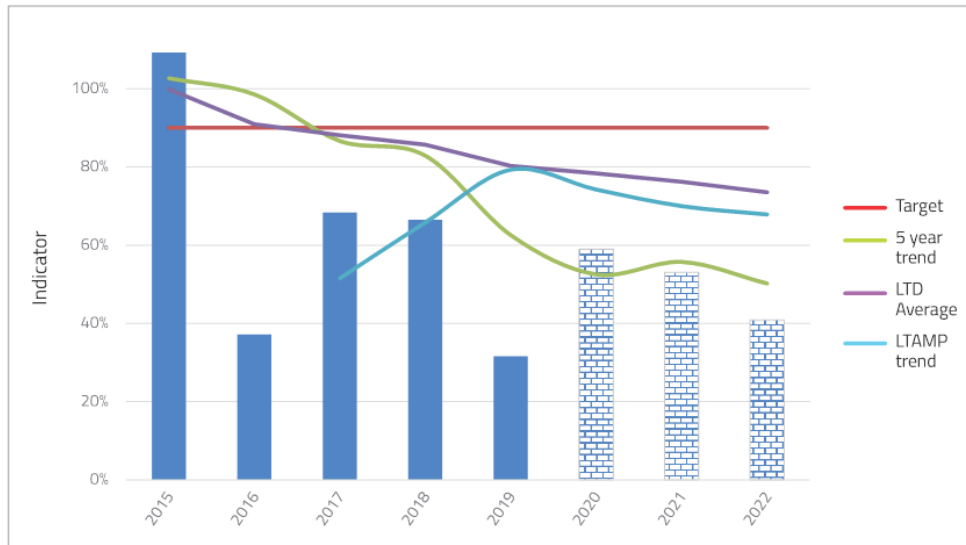
TARGET

Not greater than 60%

Commentary

The Net Financial Liabilities Ratio of Council has been consistently below the upper threshold of the target. This is due to Council's strategy to seek alternate funding sources for capital projects and ensure affordability of borrowing levels. There are planned borrowings in the next three years for key infrastructure projects.

(c) Asset Sustainability Ratio



INDICATOR

Asset Sustainability Ratio

DESCRIPTION

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

MEASURE

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

TARGET

Greater than 90%

Commentary

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

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3.1 Statement of COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
Income			
Revenue			
Recurrent Revenue			
Rates and utility charges	3(a)	147,630,935	144,460,359
Fees and charges	3(b)	19,932,867	19,012,033
Interest received	3(c)	4,309,376	3,525,146
Contract and recoverable works		4,957,193	5,474,005
Sale of goods		1,304,011	1,080,074
Grants, subsidies, contributions and donations	4(a)	12,920,763	13,150,250
Profit on sale of developed land held for resale		134,540	71,074
Total recurrent revenue		191,189,685	186,772,941
Capital Revenue			
Grants, subsidies, contributions and donations	4(b)	31,910,042	38,974,335
Total Revenue		223,099,727	225,747,276
Capital Income	5	448,984	1,460,621
TOTAL INCOME		223,548,711	227,207,897
Expenses			
Recurrent Expenses			
Employee benefits	6	(69,599,519)	(63,966,639)
Materials and services	7	(65,000,809)	(56,052,836)
Finance costs	8	(4,839,609)	(4,060,536)
Depreciation of property plant and equipment	15(a)	(46,818,087)	(44,171,077)
Amortisation of intangible assets	17	(317,017)	(327,110)
Total recurrent expenses		(186,575,041)	(168,578,198)
Capital Expenses	9	(13,432,612)	(11,960,823)
TOTAL EXPENSES		(200,007,653)	(180,539,021)
NET RESULT		23,541,058	46,668,876
Net Result Attributable To:			
Operating surplus		4,614,644	18,194,743
Capital surplus		18,926,414	28,474,133
		23,541,058	46,668,876
Other Comprehensive Income			
Items That Will Not Be Classified To Net Result			
Increase/(decrease) in asset revaluation surplus	22	22,797,955	31,128,661
Total Other Comprehensive Income		22,797,955	31,128,661
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		46,339,013	77,797,537

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 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
Assets			
Current Assets			
Cash and cash equivalents	10	147,278,309	124,464,224
Trade and other receivables	11	14,668,156	14,970,070
Inventories	12	6,173,928	4,139,586
Non-current assets held for sale	13	1,942,834	1,942,834
Total Current Assets		<u>170,063,227</u>	<u>145,516,714</u>
Non-Current Assets			
Investment property	14	7,472,760	7,158,581
Property, plant and equipment	15(a)	2,116,043,607	2,078,371,036
Intangible assets	17	6,045,555	6,325,612
Total Non-Current Assets		<u>2,129,561,922</u>	<u>2,091,855,229</u>
TOTAL ASSETS		<u>2,299,625,149</u>	<u>2,237,371,943</u>
Liabilities			
Current Liabilities			
Trade and other payables	18	17,978,478	13,485,218
Borrowings	19	7,431,194	6,878,851
Provisions	20	12,471,247	12,389,143
Other Liabilities	21	3,805,876	595,924
Total Current Liabilities		<u>41,686,795</u>	<u>33,349,136</u>
Non-Current Liabilities			
Borrowings	19	70,047,453	71,431,485
Provisions	20	20,216,815	18,231,648
Total Non-Current Liabilities		<u>90,264,268</u>	<u>89,663,133</u>
TOTAL LIABILITIES		<u>131,951,063</u>	<u>123,012,269</u>
NET COMMUNITY ASSETS		<u>2,167,674,086</u>	<u>2,114,359,674</u>
Community Equity			
Asset revaluation surplus	22	514,957,398	492,159,443
Retained surplus	23	124,944,168	110,477,666
Capital		<u>1,527,772,520</u>	<u>1,511,722,565</u>
TOTAL COMMUNITY EQUITY		<u>2,167,674,086</u>	<u>2,114,359,674</u>

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 2019

	Total	Asset Revaluation Surplus Note 22	Retained Surplus Note 23	Capital
	\$	\$	\$	\$
Balances as at 1 July 2018	2,114,359,674	492,159,443	110,477,666	1,511,722,565
Assets not previously recognised/(derecognised)	6,003,327	-	-	6,003,327
Infrastructure charges not previously recognised	972,072	-	972,072	-
Net result	23,541,058	-	23,541,058	-
Total other comprehensive income				
Increase/(decrease) in asset revaluation surplus	22,797,955	22,797,955	-	-
Total comprehensive income for the year	46,339,013	22,797,955	23,541,058	-
Transfers				
Transfers to/from capital	-	-	(10,046,628)	10,046,628
Total transfers	-	-	(10,046,628)	10,046,628
Balance at 30 June 2019	2,166,702,014	514,957,398	124,944,168	1,527,772,520
Balances as at 1 July 2017	2,025,789,028	461,030,782	87,144,143	1,477,614,103
Assets not previously recognised/(derecognised)	10,773,109	-	-	10,773,109
Infrastructure changes not previously recognised	-	-	-	-
Net result	46,668,876	-	46,668,876	-
Total other comprehensive income				
Increase/(decrease) in asset revaluation surplus	31,128,661	31,128,661	-	-
Total comprehensive income for the year	77,797,537	31,128,661	46,668,876	-
Transfers				
Transfers to/from capital	-	-	(23,335,353)	23,335,353
Total transfers	-	-	(23,335,353)	23,335,353
Balance at 30 June 2018	2,114,359,674	492,159,443	110,477,666	1,511,722,565

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

3.4 Statement of CASHFLOWS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
Cash Flows from Operating Activities :			
Receipts from customers		185,510,274	183,174,977
Payments to suppliers and employees		(138,948,705)	(134,814,136)
		<u>46,561,569</u>	<u>48,360,841</u>
Recurrent grants, subsidies, contributions and donations		12,575,271	13,631,004
Interest received		4,365,982	3,519,807
Proceeds from sale of developed land held for resale		176,364	91,120
Costs incurred on developed land held for resale		(1,761,995)	(36,337)
Borrowing costs		(3,622,999)	(2,981,416)
Net Cash Inflow/(Outflow) from Operating Activities	29	<u>58,294,192</u>	<u>62,585,019</u>
Cash Flow from Investing Activities :			
Proceeds from sale of non-current assets held for sale		-	477,562
Proceeds from sale of property, plant and equipment		794,656	590,037
Proceeds from sale of investment property		-	131,644
Compensation for assets written off		67,956	299,682
Capital grants, subsidies, contributions and donations		24,910,873	31,638,688
Payments for property, plant and equipment		(59,986,664)	(96,353,262)
Payments for intangible assets		(27,268)	(203,945)
Payments for investment property		(432,610)	(709,801)
Net Cash Inflow/(Outflow) from Investing Activities		<u>(34,673,057)</u>	<u>(64,129,395)</u>
Cash Flow from Financing Activities :			
Proceeds from borrowings		5,900,000	25,500,000
Repayment of borrowings		(6,707,050)	(5,512,636)
Net Cash Inflow/(Outflow) from Financing Activities		<u>(807,050)</u>	<u>19,987,364</u>
Net Increase/(Decrease) in Cash Held		22,814,085	18,442,988
Cash at beginning of reporting period		124,464,224	106,021,236
Cash at End of Reporting Period	10	<u>147,278,309</u>	<u>124,464,224</u>

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.02 Constitution

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

1.03 Currency

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

1.04 Date of authorisation

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

1.05 Estimates and judgements

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

- Valuation of Investment Property (Note 14)
- Valuation of Property, Plant and Equipment (Note 16) including:
 - * valuation of infrastructure assets using the depreciated replacement cost method
 - * useful lives; and
 - * residual values.

1.05 Estimates and judgements (Cont'd)

- Impairment of property, plant and equipment (Note 1.15(iv))
- Impairment of intangibles (Note 17)
- Impairment of non-current assets held for sale (Note 13)
- Impairment of receivables (Note 11)
- Contingent liabilities (Note 26)
- Employee provisions (Note 20)
- Restoration provisions (Note 20)
- Financial instruments (Note 32)

1.06 Rounding and comparatives

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

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

1.07 Taxation

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

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

1.08 Recurrent and capital classification

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

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

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

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.09 Adoption of new and revised accounting standards

(i) First year application of new accounting standards

This year Council has applied AASB 9 *Financial Instruments* for the first time. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and relates to the recognition, classification and measurement of financial assets and financial liabilities.

Implementing AASB 9 has resulted in a change to the way Council calculates impairment provisions, which is now based on expected credit losses instead of incurred credit losses.

Council has not restated comparative figures. This means the new impairment rules are reflected in the receivables balance at 30 June 2019, but not 30 June 2018.

On 1 July 2018 (the date of initial application), Council re-assessed the classification, measurement category and carrying amount of each financial instrument in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below).

- Cash and cash equivalents - Amortised cost
- Trade and other receivables - Amortised cost
- Trade and other payables - Amortised cost
- Borrowings - Amortised cost

Changes in the carrying amounts calculated on the initial application of the standard were deemed to be immaterial and therefore the carrying amounts at 1 July 2018 remain unchanged.

(ii) Future impact of accounting standards not yet effective

Some Australian Accounting Standards and interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective. The standards that are expected to have a material impact upon Council's future financial statements are as set out below:

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8.

1.09 Adoption of new and revised accounting standards (Cont'd)

These standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

These standards will first apply to Council in its financial statements for 2019/20.

Transition methodology

Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach.

Under this approach Council will not restate comparative information. Instead, Council shall recognise the cumulative effect of initially applying these Standards as an adjustment to the opening balance of retained earnings at the date of initial application (1 July 2019).

Further, Council intends to elect to apply these standards retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/2019), these do not require restatement.

As at date of authorisation of the financial report, the expected impacts of the adoption of these new or amended Australian Accounting Standards are set out below:

Special purpose capital grants

Under AASB 1058 paragraph 15 and 16, special purpose grants and contributions received to construct recognisable, non-financial assets to identified specifications, and to be controlled by Council, will be recognised as a liability, and subsequently recognised progressively as income as Council satisfies its performance obligations under the grant. At present, such grants are recognised as income upfront.

After carrying out preliminary assessments, it has been determined that Council has not received any special purpose grants which require a reclassification of income to unearned income at transition on 1 July 2019.

Council receives various special purpose grants each year. Where applicable, some special purpose grants received in the 2019/2020 year may be recognised progressively as income as Council satisfies its performance obligations. It is expected that as a result of this deferral of income recognition that income for the 2019/2020 year may, in some instances, be reduced. A liability for unearned income will be recognised where required.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.09 Adoption of new and revised accounting standards (Cont'd)

Deferred grant revenue

Council receives various operating grants each year that relate to funding of activity based services. Some of these grants have sufficiently specific performance obligations under enforceable grant agreements, whilst others may not. Under the new standards grants that are not enforceable or sufficiently specific will not qualify for deferral, and the revenue will continue to be recognised as soon as the relevant asset is recognised.

Council intends to elect to apply these standards retrospectively only to contracts and transactions that are not completed at the date of initial application. At 30 June 2019 all revenue from general grants had been recognised at the time payment was received, and thus are deemed as complete transactions. Consequently it is not expected that there will be any impact on the opening balances upon transition for the recognition of these grants.

Payments received in the 2019/2020 year will be recognised as a liability, and subsequently recognised progressively as income as Council satisfies its performance obligations under the grant. This could result in the deferral of some revenue recognition for the 2019/2020 year and an increase in unearned revenue liability on the Statement of Financial Position. All other payments will continue to be recognised as revenue on receipt of the grant monies.

Sale of services

Council derives revenue from the delivery of many different services categorised as commercial fees and charges. In most cases, these commercial fees and charges are billed to the customer after the delivery of the services has occurred. Revenue recognition is immediate upon invoicing of the customer.

It is not expected that there will be any impact on the opening balances upon transition for the recognition of these revenues. It is also not expected that there will be a deferral of revenue recognition for sale of services as a result of the application of the new standards in the future.

1.09 Adoption of new and revised accounting standards (Cont'd)

Rates received in advance

Under currently applicable standards, rates received in advance of the relevant rating period are recorded as revenue in the period they are received. Under the new standards, these amounts will be recognised as revenue in the year that the rating period they relate to occurs. Until that time these receipts will be recognised as a liability (unearned revenue).

As at 30 June 2019 Council had received rates in advance totalling \$7.6million. At the 1 July 2019 transition date, the full amount of this rates in advance amount will be reclassified to unearned revenue. This will increase the unearned revenue liability by \$7.6million and total liabilities by the same amount, with a corresponding debit to accumulated surplus of \$7.6million at the date of transition.

Assuming consistency in operations over the next 12 months and looking at forecast rates in advance amounts, the expected impact on Council's revenue in the period of initial application of the new standards would be a decrease in rates revenue of \$750,000, being the movement in the expected rates in advance received as at 30 June 2020. There would also be a corresponding increase in recognition of unearned revenue.

There are no expected impacts on transition for other Council revenue streams.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.09 Adoption of new and revised accounting standards (Cont'd)

AASB 16 Leases

This standard will first apply to Council in its financial statements for 2019/20. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases - Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Transitional methodology

Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Under this approach Council will not restate comparative information. Instead Council shall recognise the cumulative effect of initially applying these Standards as an adjustment to the opening balance of retained earnings at the date of initial application (1 July 2019).

Council also intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Impact for lessees

AASB 16 introduces a single lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

1.09 Adoption of new and revised accounting standards (Cont'd)

AASB 16 Leases (Cont'd)

Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

Outcome of review as a lessee

Council has completed an initial review of the impact of adoption of AASB 16 on the Statement of Financial Position and Statement of Comprehensive Income and has identified the following major impacts which are outlined below.

Statement of Financial Position impact on 1 July 2019:

- increase in right-of-use assets of \$5,557,000
- increase in lease related liabilities of \$5,557,000

Statement of Comprehensive Income impact expected for the 2019/2020 financial year, as compared to 2018/2019:

- increase in depreciation expense of \$427,780
- increase in interest expense of \$92,140
- decrease in materials and services expense of \$395,380

This will result in a net increase of \$124,540 in total expenses.

Peppercorn leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Impact for lessors

Lessor accounting under AASB 16 remains largely unchanged from AASB 117. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

No significant impact is expected for leases in which Council is a lessor.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

- (i) Rates and utility charges
Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the date they are levied.
- (ii) Grants, subsidies, contributions and donations
Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Council only receives grants, subsidies and contributions that are non-reciprocal in nature.
- (iii) Fees and charges
Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided. Rental revenue is recognised as income on a periodic straight line basis over the lease term.
- (iv) Contract and recoverable works
Council generates revenues from a number of services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. Where consideration is received for the service in advance it is included in unearned revenue and is recognised as revenue in the period when the service is performed.
- (v) Infrastructure charges
Infrastructure charges are not within the scope of AASB Interpretation 18 *Transfer of Assets from Customers*, because there is no performance obligation associated with them. Consequently, the infrastructure charges are recognised as income when received.

1.10 Revenue (Cont'd)

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

Physical assets contributed to Council by developers are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received.

1.11 Receivables

Receivables are measured at amortised cost which approximates fair value at reporting date. Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. agreed purchase price or contract price. Settlement of these amounts is required within 30 days from the invoice date.

Refer to Note 32 for Council's credit risk management policies.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.12 Inventories

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

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

1.13 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. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

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

1.14 Investment property

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

Investment property is initially recognised at cost (including transaction costs) and subsequently at fair value. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property does not include community housing.

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

1.14 Investment property (Cont'd)

All investment property was valued at fair value at 30 June 2019. Further information about the valuation techniques used to derive fair value are included in Note 16.

1.15 Property, plant and equipment

(i) Recognition

Buildings with a total value of less than \$10,000, plant and equipment with a total value of less than \$5,000 and land with a total value of less than \$1 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

(ii) Measurement

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

Property, plant and equipment received in the form of contributions are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class.

(iii) Depreciation

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

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.15 Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

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

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

The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives are shown in Note 15.

(iv) Impairment

Property, plant and equipment and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

(v) Valuation

Land and improvements, buildings and structures and infrastructure assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment is measured at cost.

1.15 Property, plant and equipment (Cont'd)

(v) Valuation (Cont'd)

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

In the intervening years, Council will assess cost assumptions associated with infrastructure assets and may engage independent valuers to provide desktop valuations by indexation. Where the indices indicate a material movement in the fair value of a subclass of assets, all assets within that subclass, other than assets constructed or gifted during the year, will be revalued by the applicable indices.

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

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

Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 16.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.16 Intangible assets

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

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

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council. The amortisation method and useful lives are reviewed at the end of each reporting period where appropriate.

1.17 Financial assets and financial liabilities

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

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

Financial assets

- Cash and cash equivalents - measured at amortised cost (Note 10)
- Trade and other receivables - measured at amortised cost (Note 11)

Financial liabilities

- Trade and other payables - measured at amortised cost (Note 18)
- Borrowings - measured at amortised cost (Note 19)

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

1.18 Trade payables

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

1.19 Liabilities - employee benefits

(i) Wages and other employee entitlements

A liability for wages, superannuation, rostered days off and time off in lieu is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. These entitlements are recorded as a liability in Note 18.

(ii) Annual leave

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

As Council does not have an unconditional right to defer this liability beyond 12 months, annual leave is classified as a current liability. This liability is reported in Note 18.

(iii) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates based on increases in the EBA and averaged CPI for years beyond the EBA and related employee on-costs.

The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value using Commonwealth Bond Yields. This liability is reported in Note 20.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

1 Significant accounting policies (Cont'd)

1.19 Liabilities - employee benefits (Cont'd)

(iii) Long service leave (Cont'd)

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

1.20 Borrowings

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

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

1.21 Restoration provisions

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

The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

1.21 Restoration provisions (Cont'd)

(i) Restoration on land not controlled by Council

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

(ii) Restoration on land controlled by Council

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

2 Analysis of results by function

(a) Components of Council functions

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

Community and Environment

The objectives of Community and Environment include:

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

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

Council Central Resources

The objectives of Council Central Resources include:

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

Development

The objectives of Development include:

- Continual enhancement and review of Bundaberg Regional Development Schemes, Plans and Strategies.
- Consistent enforcement of relevant legislation and the planning recognition and allocation of general rates and grant revenue, interest revenue and expenses not allocated to Council's other functions.
- Ongoing development of land use policies to address contemporary and emerging planning matters.

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

Executive Services and Communications

The objectives of Executive Services and Communications include:

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

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

Infrastructure

The objectives of Infrastructure include:

- Delivery of network infrastructure maintenance to meet Council's approved plans and standards.
 - Council's long-term and annual Capital Works Program delivered on time and on budget.
 - Effective integration of land use and infrastructure planning.
- This activity includes branches for Engineering and Civil Works, Major Projects, and Fleet and Trade Services.

Organisational Services

The objectives of Organisational Services include:

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

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

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.

In 2018, the above departments were combined and reported as "Council Departments" in Note 2(b). In 2019, the departments have been reported separately to provide greater clarity in reporting. Assets are not reported at departmental level and are therefore still combined for disclosure in Note 2(b).

Business Units

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

Waste Management

The objectives of Waste Management include:

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

Wastewater Services

The objectives of Wastewater Services include:

- Wastewater services availability meeting customer standards.

Water Services

The objectives of Water Services include:

- Water supply services availability meeting customer standards.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

2 Analysis of results by function

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

For the year ended 30 June 2019

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

For the year ended 30 June 2018

Functions	Grant Revenue	Other Revenue	Total Revenue	Total Expenses	Net Result
	\$	\$	\$	\$	\$
Community and Environment	6,765,846	12,497,427	19,263,273	(53,907,975)	(34,644,702)
Council Central Resources	8,148,437	74,481,552	82,629,989	28,128,414	110,758,403
Development	70,000	3,105,042	3,175,042	(4,533,055)	(1,358,013)
Executive Services and Communications	-	13,025	13,025	(3,479,566)	(3,466,541)
Infrastructure Services	26,083,010	6,999,192	33,082,202	(54,338,517)	(21,256,315)
Organisational Services	5,000	895,112	900,112	(20,507,023)	(19,606,911)
Strategic Projects and Economic Development	-	136,685	136,685	(1,281,865)	(1,145,180)
Waste Management	112,500	24,190,470	24,302,970	(17,923,156)	6,379,814
Wastewater Services	574,100	31,404,443	31,978,543	(25,308,215)	6,670,328
Water Services	-	31,726,056	31,726,056	(27,388,063)	4,337,993
	41,758,893	185,449,004	227,207,897	(180,539,021)	46,668,876

(c) Assets by activity

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

Business activity	Assets	
	2019	2018
	\$	\$
Waste Management	40,633,414	32,929,456
Wastewater Services	367,106,105	352,753,377
Water Services	277,756,019	265,402,114
Rest of Council	1,614,129,611	1,586,286,996
	2,299,625,149	2,237,371,943

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
3 Revenue analysis			
(a) Rates and utility charges			
General rates		82,680,880	80,535,932
Waste collection		14,720,306	14,542,112
Water		27,516,886	27,581,856
Wastewater		28,629,070	27,504,615
Special rates and charges		387,613	386,737
Separate rates		2,262,344	2,250,094
Total rates and utility charges		156,197,099	152,801,346
Less: Discounts		(7,150,932)	(6,939,984)
Less: Pensioner remissions		(1,415,232)	(1,401,003)
Net rates and utility charges		147,630,935	144,460,359
(b) Fees and charges			
Tourism and events		357,780	328,310
Community care and aged care fees		207,852	232,319
Cemetery fees		314,038	419,620
Hire of facilities and rental income		2,785,888	2,447,417
Airport fees		4,776,888	4,444,356
Fines, penalties and infringements		279,636	269,175
Health, licenses and registrations		887,990	913,197
Waste and recycling fees		4,217,703	3,870,486
Building, planning and plumbing fees		2,683,697	2,649,893
Holiday park income		2,408,005	2,376,726
Rate search fees		605,646	640,104
Commissions		245,569	220,557
Other fees and charges		162,175	199,873
		19,932,867	19,012,033
(c) Interest received			
Interest received from cash and cash equivalents		3,821,067	2,979,901
Interest from overdue rates, levies and charges		488,309	545,245
		4,309,376	3,525,146
4 Grants, subsidies, contributions and donations			
(a) Recurrent			
Recurrent grants, subsidies, contributions and donations are analysed as follows:			
Grants and subsidies		12,601,771	12,790,912
Contributions and donations		318,992	359,338
		12,920,763	13,150,250

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
4 Grants, subsidies, contributions and donations (Cont'd)			
(b) Capital			
Capital grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue received:			
Grants and subsidies		19,184,970	28,967,981
Infrastructure charges		2,265,835	2,323,638
Other capital contributions		1,074,304	1,510,141
		<u>22,525,109</u>	<u>32,801,760</u>
(ii) Non-monetary revenue received*:			
Infrastructure assets contributed by developers at fair value		9,384,933	6,074,775
Non-infrastructure assets donated		-	97,800
		<u>9,384,933</u>	<u>6,172,575</u>
		<u>31,910,042</u>	<u>38,974,335</u>
*Physical assets contributed to Council by developers in the form of roads, stormwater drainage, water and wastewater infrastructure, park equipment and plant.			
(c) Conditions over contributions*			
Restricted contributions recognised as income during the reporting period that were unspent at period end:			
Capital grants, subsidies and other capital contributions		7,447,017	6,628,083
Infrastructure charges		2,265,835	2,323,638
		<u>9,712,852</u>	<u>8,951,721</u>
Restricted contributions recognised as income during a previous reporting period that were spent in the current period:			
Capital grants, subsidies and other capital contributions		6,584,224	4,698,586
Infrastructure charges		3,362,935	494,956
		<u>9,947,159</u>	<u>5,193,542</u>
*Council receives different forms of contributions from external parties including capital grants and subsidies from State and Federal Governments, infrastructure contributions from developers and other capital contributions from local business. These contributions have conditions attached which restrict what the funds can be spent on.			
5 Capital income			
Decrease in provision for land restoration		178,904	1,160,939
Proceeds for unconditional sale of property		202,124	-
Compensation for assets written off		67,956	299,682
		<u>448,984</u>	<u>1,460,621</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
6 Employee benefits			
Staff wages and salaries		56,205,391	52,455,556
Councillors' remuneration*		1,043,328	994,492
Annual, sick and long service leave entitlements		9,362,598	8,443,117
Superannuation	27	7,225,138	6,486,629
Other employee related expenses		2,025,079	1,901,494
Total employee benefits		75,861,534	70,281,288
Less: Capitalised employee expenses		(6,262,015)	(6,314,649)
Net employee benefits		69,599,519	63,966,639

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

7 Materials and services

Audit services*		156,000	155,500
Rentals and investment property		862,316	820,826
Grants, contributions and donations		1,551,818	1,621,950
Valuation fees		499,907	748,634
Public safety and security		1,661,220	1,490,555
Communications		1,528,078	1,179,119
Licences and subscriptions		2,137,963	1,757,308
Information technology hardware and software		1,438,606	851,046
Consumables		14,107,109	13,572,382
Insurance premiums		1,944,947	1,877,866
External plant hire		5,848,166	6,675,898
Professional services		2,136,286	1,711,334
External labour hire		1,240,691	1,135,687
Repairs and maintenance		7,448,229	5,717,946
Land acquisitions and resumptions		73,397	900,356
Literature for libraries		386,607	301,537
Non-capital projects**		8,080,327	2,140,189
Other material and services		13,899,142	13,394,703
		65,000,809	56,052,836

*The audit services amount recorded in this note includes expected audit costs associated with the audit of Bundaberg Regional Council. Comparative information has been updated for actual costs incurred where applicable.

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
8 Finance costs			
Interest payable		3,598,360	3,027,371
Impairment of debts		467,644	271,211
Bank charges		249,923	320,604
Landfill restoration - change in provision over time	20	523,682	441,350
		<u>4,839,609</u>	<u>4,060,536</u>
9 Capital expenses			
Loss on impairment of non-current assets held for sale	13	-	606,165
Increase in provision for landfill restoration		1,419,312	38,623
Loss on disposal of property, plant and equipment		4,996,862	11,325,162
Loss on disposal of intangibles		14,078	49,447
Loss on sale of investment property		72,481	43,356
Loss on sale of non-current assets held for sale		-	245,472
Revaluation of land and improvements*		6,883,928	(283,300)
Revaluation of investment property	14	45,951	(64,102)
		<u>13,432,612</u>	<u>11,960,823</u>

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

10 Cash and cash equivalents

Cash at bank and on hand	1,228,309	1,694,224
Deposits at call	82,750,000	53,350,000
Term deposits	63,300,000	69,420,000
Balance per statement of cash flows	<u>147,278,309</u>	<u>124,464,224</u>

Cash and cash equivalents include cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of 12 months or less (generally investments terms are six months or less) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use. These restrictions are managed using internal management accounting functions.

Cash at bank and on hand at 30 June 2019 includes \$3,132,214 received from the State government to mitigate the direct impacts on households of the State Waste Levy, which came into effect from 1 July 2019. This money has been set aside to help fund the Council's 2019-20 Levy expense.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
10 Cash and cash equivalents (Cont'd)			
Internally imposed expenditure restrictions at the reporting date	23	55,260,075	49,763,697
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent capital grants, subsidies and contributions	23	7,617,978	6,830,640
Unspent infrastructure charges	23	19,583,692	20,680,793
Unspent loan monies		4,246,524	3,649,188
Waste levy refund received in advance		3,132,214	-
		<u>34,580,408</u>	<u>31,160,621</u>
		<u>89,840,483</u>	<u>80,924,318</u>
11 Trade and other receivables			
Receivables (Financial instruments)			
Rateable revenue and utility charges		4,828,741	4,767,525
Accounts receivable		5,780,941	7,706,116
Infrastructure charges receivable*		1,157,238	-
		<u>11,766,920</u>	<u>12,473,641</u>
Less allowance for expected credit losses		(495,983)	(334,543)
		<u>11,270,937</u>	<u>12,139,098</u>
Receivables (Non-financial instruments)			
GST recoverable		1,460,008	1,011,344
Prepayments		1,937,211	1,819,628
		<u>3,397,219</u>	<u>2,830,972</u>
Total receivables		<u>14,668,156</u>	<u>14,970,070</u>
Details of movement in allowance for expected credit loss:			
Opening balance (calculated under AASB139)		334,543	116,847
Adjustment on initial application of AASB9**		190,534	-
Increase/(reversal) of loss allowance recognised		221,403	217,696
Receivables written off during the year as uncollectible		(250,497)	-
Balance at end of financial year		<u>495,983</u>	<u>334,543</u>

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

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on accounts receivable. All known bad debts were written-off at 30 June.

*An internal review of Infrastructure Charges has resulted in the discovery of outstanding charges not previously recognised. The accounts receivable opening balance at 1 July 2018 has been increased by \$972,072 to account for this.

**Council applied AASB9 for the first time this year. As a result Council has calculated the impairment of receivables in a different way for 2019, using a lifetime expected loss allowance. Changes in the carrying amounts calculated on the initial application of the standard were deemed to be immaterial and therefore the carrying amounts at 1 July 2018 remain unchanged. Further details of Council's expected credit loss assessment are contained in Note 32.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
12 Inventories			
(a) Stores inventories		1,046,166	731,995
Stores inventories are held for distribution. They are goods to be supplied at no or a nominal charge and goods to be used for the provision of services at no or a nominal charge.			
The value of inventory recognised as an expense during the period was \$3,648,733 (2018: \$3,131,540).			
(b) Land purchased for development and resale			
Opening balance		3,407,591	3,391,300
Additions		1,761,995	36,337
Less: Cost of developed land sold		(41,824)	(20,046)
Closing balance at end of financial year		5,127,762	3,407,591
Total inventories		6,173,928	4,139,586

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

13 Non-current assets held for sale

Opening balance		1,942,834	798,233
Internal transfer from land and improvements	15(a)	-	686,300
Internal transfer from investment property	14	-	1,787,500
Assets sold during financial year		-	(723,034)
Impairment adjustment in period	9	-	(606,165)
Closing balance at end of financial year		1,942,834	1,942,834

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

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

14 Investment property

Fair value at beginning of financial year		7,158,581	8,347,178
Internal transfer from/(to) NCA held for sale	13	-	(1,787,500)
Investment property acquired at cost		432,611	709,801
NBV of asset sold		-	(175,000)
NBV of asset written-off		(72,481)	-
Revaluation adjustment in period	9	(45,951)	64,102
Fair value at end of financial year		7,472,760	7,158,581

Investment property comprises:

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

15 (a) Property, plant and equipment

For the year ended 30 June 2019

Basis of measurement	Land and improvements		Buildings and structures		Plant and equipment		Roads, footpaths and bridges		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	
Opening gross value as at 1 July 2018	70,109,157	301,266,872	3,787,285	8,383,186	1,399,373,973	296,661,988	410,264,268	359,600,455	67,019,177	2,960,808,557							
Assets not previously recognised/(derecognised)*	-	(435,874)	-	-	5,485,160	924,763	460,429	(37,910)	-	6,396,568							
Additions at cost	154,273	3,787,285	-	8,383,186	21,904,960	3,600,142	2,590,271	1,033,427	19,615,549	61,069,093							
Contributed assets	-	-	-	-	3,631,674	3,693,637	1,212,669	848,935	-	9,386,915							
Internal transfers from work in progress	650,000	898,301	-	255,090	6,132,721	1,882,717	50,295,170	486,659	(60,601,658)	-							
Disposals	(505)	(717,867)	-	(3,663,447)	(8,082,627)	(463,562)	(3,209,701)	(1,068,824)	-	(17,206,533)							
Revaluation adjustment to the asset revaluation surplus	-	(198,370)	-	-	13,736,567	2,858,943	12,144,204	-	-	41,776,563							
Revaluation adjustment to profit and loss	(6,622,857)	-	-	-	-	-	-	-	-	(6,622,857)							
Assets transferred from/(to) other asset classes	-	-	-	21,550	-	-	-	-	-	(62,045)							
Prior year work in progress expensed	-	-	-	-	-	-	-	-	-	(2,310,249)							
Other internal transfers	-	4,164,342	-	2,963,157	(1,893,637)	981,958	(6,469,189)	253,369	-	(2,310,249)							
Closing gross value as at 30 June 2019	64,290,068	308,764,689	3,087,646	62,473,223	1,440,288,791	312,140,566	468,379,156	373,260,315	23,660,774	3,053,257,582							

Basis of measurement	Land and improvements		Buildings and structures		Plant and equipment		Roads, footpaths and bridges		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	Revaluation \$	Cost \$	
Opening balance as at 1 July 2018	2,577,655	114,909,923	(285,112)	25,766,141	366,874,196	93,127,370	126,977,760	152,204,476	-	882,437,521							
Assets not previously recognised/(derecognised)*	-	(285,112)	-	-	2,125,910	(1,069,175)	(276,495)	(81,890)	-	393,238							
Depreciation provided in period	396,224	8,910,424	4,825,564	4,825,564	19,496,230	3,133,996	4,823,327	5,432,322	-	46,818,087							
Contributed assets	-	-	-	-	1,981	-	-	-	-	1,981							
Depreciation on disposals	-	(554,562)	-	(2,794,540)	(4,630,369)	(112,782)	(2,649,840)	(673,388)	-	(11,415,481)							
Revaluation adjustment to the asset revaluation surplus	-	2,441,293	-	-	7,039,874	879,301	3,916,457	4,701,704	-	18,978,629							
Revaluation adjustment to profit and loss	-	-	-	-	-	-	-	-	-	-							
Assets transferred from/(to) other asset classes	-	-	-	-	-	-	-	-	-	-							
Other internal transfers	-	-	-	-	-	-	-	-	-	-							
Closing accumulated depreciation as at 30 June 2019	2,973,879	125,421,966	27,697,165	27,697,165	390,907,822	95,936,710	132,791,209	161,583,224	-	937,213,975							
Total written down value at 30 June 2019	61,316,189	183,342,723	34,876,058	34,876,058	1,049,380,969	216,201,856	335,587,947	211,677,091	23,660,774	2,116,043,607							
Residual value	-	-	-	-	-	-	-	-	-	-							
Range of estimated useful life in years	5-7	5-150	2-100	10-100	80	7-90	10-100	10-100	-	10,523,805							

*Further information is provided in Note 15(b).

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

15 (a) Property, plant and equipment (Cont'd)

For the year ended 30 June 2018

Basis of measurement	Land and improvements		Buildings and structures		Plant and equipment		Roads, footpaths and bridges		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2017	67,743,307	275,642,490	1,377,392,791	52,827,812	1,377,392,791	283,858,486	396,162,157	346,698,634	47,807,473	2,848,133,130							
Assets not previously recognised/(derecognised)*	3,500	378,740	3,905,917	-	3,905,917	8,518,704	(139,182)	(11,056)	-	12,656,623							
Additions at cost	2,530,384	17,539,239	26,855,619	4,033,035	26,855,619	1,787,831	1,037,178	2,963,234	35,014,855	91,761,375							
Contributed assets	13,800	84,000	3,515,323	-	3,515,323	1,444,177	972,792	362,451	-	6,392,543							
Internal transfers from work in progress	2,442	4,695,716	7,421,239	232,051	7,421,239	597,071	1,662,800	1,094,855	(15,706,174)	-							
Disposals	(70,600)	(2,779,551)	(17,749,920)	(2,564,154)	(17,749,920)	(229,430)	(1,520,000)	(2,174,741)	-	(27,088,396)							
Revaluation adjustment to the asset revaluation surplus	-	6,686,360	-	-	-	-	12,075,258	10,654,826	-	29,416,444							
Revaluation adjustment to profit and loss	320,115	-	-	-	-	-	-	-	-	320,115							
Assets transferred from/(to) other asset classes	(686,300)	-	-	-	-	-	-	-	-	(686,300)							
Prior year work in progress expensed	-	-	-	-	-	-	-	-	-	(96,977)							
Other internal transfers	252,509	(980,122)	(1,966,996)	(16,057)	(1,966,996)	2,685,149	13,265	12,252	-	(96,977)							
Closing gross value as at 30 June 2018	70,109,157	301,266,872	1,399,373,973	54,512,687	1,399,373,973	298,661,968	410,264,268	359,600,455	67,019,177	2,960,808,557							
Accumulated depreciation																	
Opening balance as at 1 July 2017	2,566,760	105,535,058	372,352,718	23,012,369	372,352,718	90,138,983	118,130,507	141,463,974	-	853,200,369							
Assets not previously recognised/(derecognised)*	-	144,773	1,294,277	-	1,294,277	(514,717)	1,016,264	(57,084)	-	1,883,513							
Depreciation provided in period	10,895	7,669,847	19,070,727	4,274,525	19,070,727	3,030,038	4,876,869	5,238,176	-	44,171,077							
Contributed assets	-	-	219,968	-	219,968	-	-	-	-	219,968							
Depreciation on disposals	-	(1,750,200)	(10,316,985)	(1,520,753)	(10,316,985)	(101,551)	(589,024)	(1,046,677)	-	(15,325,190)							
Revaluation adjustment to the asset revaluation surplus	-	3,310,445	(15,658,582)	-	(15,658,582)	486,690	3,543,144	6,606,087	-	(1,712,216)							
Revaluation adjustment to profit and loss	-	-	-	-	-	-	-	-	-	-							
Assets transferred from/(to) other asset classes	-	-	-	-	-	-	-	-	-	-							
Other internal transfers	-	-	(87,927)	-	(87,927)	87,927	-	-	-	-							
Closing accumulated depreciation as at 30 June 2018	2,577,655	114,909,923	366,874,196	25,766,141	366,874,196	93,127,370	126,977,760	152,204,476	-	882,437,521							
Total written down value at 30 June 2018	67,531,502	186,356,949	1,032,499,777	28,746,546	1,032,499,777	205,534,598	283,286,508	207,395,979	67,019,177	2,078,371,036							
Residual value	-	-	-	9,743,232	-	-	-	-	-	-							
Range of estimated useful life in years	5-7	5-150	10-100	2-100	10-100	80	7-90	10-100	-	9,743,232							

*Further information is provided in Note 15(b).

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

15 Property, plant and equipment (Cont'd)

(b) Assets not previously recognised/(derecognised)

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

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

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

- The ongoing review of stormwater assets identified some stormwater drainage assets which, although they were on the asset register, did not exist in Council's GIS system and were unable to be physically verified. Assets with a carrying value of \$2,735,440 were therefore removed from the register.
- The data matching exercise discovered stormwater assets that were not in Council's asset register. These assets with a carrying amount of \$6,839,110 were added to the asset register.
- The review also discovered some stormwater assets that were duplicates of existing assets and other assets where the dimensions and material types were incorrect. A further fair value adjustment of \$4,929,750 was added to the asset register.
- Other changes in Council's asset classes arising from the initial recognition/derecognition and data correction of assets amounted to \$1,739,687.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

16 Fair value measurements

Council's valuation policies are reviewed and endorsed by the Audit and Risk Committee for adoption by Council. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) are set out in Note 1.15(v) and Note 1.14 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 Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

Council also has assets measured at fair value on a non-recurring basis as a result of being classified as assets held for sale. These comprise land as disclosed in Note 13. 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 3)".

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

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

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			
		2019	2018	2019	2018	2019	2018
		\$	\$	\$	\$	\$	\$
<i>Recurring fair value measurements</i>							
Investment property	14						
- Land		5,102,477	1,609,720	1,705,034	4,648,316	6,807,511	6,258,036
- Rental property		560,000	783,014	105,249	117,531	665,249	900,545
Land and improvements	15(a)	9,529,072	8,344,194	51,787,117	59,187,308	61,316,189	67,531,502
Buildings and structures	15(a)	-	-	-	-	-	-
- Market Value		1,919,909	1,923,625	-	-	1,919,909	1,923,625
- Specialised		-	-	181,422,814	184,433,324	181,422,814	184,433,324
Roads, footpaths and bridges	15(a)	-	-	1,049,380,969	1,032,499,777	1,049,380,969	1,032,499,777
Stormwater drainage	15(a)	-	-	216,201,856	205,534,598	216,201,856	205,534,598
Wastewater infrastructure	15(a)	-	-	335,587,947	283,286,508	335,587,947	283,286,508
Water infrastructure	15(a)	-	-	211,677,091	207,395,979	211,677,091	207,395,979
		17,111,458	12,660,553	2,047,868,077	1,977,103,341	2,064,979,535	1,989,763,894
<i>Non-recurring fair value measurements</i>							
Land held for sale	13	-	-	1,942,834	1,942,834	1,942,834	1,942,834
		-	-	1,942,834	1,942,834	1,942,834	1,942,834

Council's policy is to recognise transfers in and out of the fair value hierarchy levels at the end of the reporting period. There were transfers during the year from level 3 to level 2 totalling \$4,879,397, relating to investment property and land and improvements.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

16 Fair value measurements (Cont'd)

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

Specific valuation techniques used to value Council assets comprise:

Land and improvements - (Level 2 and 3)

Land fair values were determined by independent and qualified Valuers, AssetVal Pty Ltd based on a comprehensive revaluation effective 30 June 2019. Where an observable market for Council's land assets could be identified, Fair Value was measured by way of a Market Approach (Level 2), utilising sale prices of comparable properties after adjusting for differences in key attributes of the property, such as size. Where a significant adjustment was required between the sales prices of comparable properties, Fair Value was measured by way of a Market Approach (Level 3). All land assets were assessed under a Market Approach as either Level 2 or Level 3. The most significant inputs into this valuation approach are price per square metre.

Investment property land is measured at fair value. The fair value of the land was determined using the approach described in the preceding paragraph.

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

Buildings and structures (Level 2 and 3)

A comprehensive valuation assessment of Council's buildings and structures was performed by AssetVal Pty Ltd effective 30 June 2019. The revaluation of assets was assessed using either a direct comparison approach (a Level 2 assessment) or the cost approach (current replacement cost) which is a Level 3 assessment.

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

Ponds were comprehensively revalued by AssetVal Pty Ltd with unit rates that reflect current construction costs which have been sourced from Industry Standards.

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

16 Fair value measurements (Cont'd)

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

Infrastructure assets (Level 3)

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

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

Roads, footpaths and bridges

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

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

The roads, footpaths and bridges fair values were determined by independent and qualified Valuers, Lemmah Pty Ltd based on a comprehensive valuation effective 30 June 2017. The valuation was based on the RAVP methodology and rates which were adjusted to reflect local cost inputs for plant, labour and overheads. An indice of 0.965% provided by Lemmah Pty Ltd was applied for the 2019 financial year.

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

Stormwater drainage

The stormwater drainage fair values were determined by independent and qualified Valuers, Lemmah Pty Ltd based on a comprehensive valuation effective 30 June 2017. The methodology and unit rates for stormwater drainage were developed through the RAVP. An indice of 0.925% provided by Lemmah Pty Ltd was applied for the 2019 financial year.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

16 Fair value measurements (Cont'd)

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

Stormwater drainage (Cont'd)

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

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

Water and wastewater infrastructure

The fair value of water and wastewater active infrastructure assets was determined by independent and qualified Valuers, Australis Asset Advisory Group based on a comprehensive revaluation effective 30 June 2017. Active assets include treatment plants, pump stations and reservoirs. These were componentised dependant on size, capacity, site conditions and other relevant factors. Current replacement cost (CRC) was calculated by reference to asset linear and area specifications, or lump sum estimated labour and material inputs, service costs and overhead allocations. An indice of 2.79% for Wastewater and 2.99% for Water, provided by Australis Asset Advisory Group, was applied for the 2019 financial year.

A comprehensive valuation of water and wastewater passive assets was undertaken by AssetVal effective 30 June 2015. In 2019, Council engaged AssetVal to provide indices to determine whether there has been a material change in the current replacement cost over the index period for the water and wastewater passive assets. The passive water and wastewater price movements were determined by calculating a composite civil index combining the road and bridge index, the engineering design and management index and the concrete product manufacturing index. The weighting of each index is based on an estimated project cost breakdown at 30%, 40% and 30% respectively. An indice of 3.0% provided by AssetVal was applied for the 2019 financial year.

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

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

Estimated useful lives and residual values are disclosed in Note 15.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

16 Fair value measurements (Cont'd)

(c) Changes in fair value measurements using significant unobservable inputs (Level 3 Assets)

The changes in level 3 assets with recurring fair value measurements are detailed in Note 14 and Note 15. However, since the land and improvements, buildings and structures and investment property disclosed in those notes comprise of both level 2 and level 3 assets, the movement in level 3 assets are detailed below.

	Buildings and structures - specialised				Investment property				Land and improvements			
	2019		2018		2019		2018		2019		2018	
	\$		\$		\$		\$		\$		\$	
Asset values												
Opening gross value	299,208,204		273,563,027		4,765,847		6,040,965		61,764,963		59,624,807	
Transfers to level 2 assets	-		-		(3,381,597)		(30,600)		(1,497,800)		-	
Assets not previously recognised/(derecognised)	(435,874)		378,740		-		-		-		3,500	
Additions	8,849,927		22,234,955		426,033		-		650,000		2,530,384	
Contributed assets	-		84,000		-		-		-		13,800	
Disposals	(717,867)		(2,779,551)		-		(175,000)		(505)		-	
Revaluation adjustment	(59,701)		6,707,155		-		50,682		(6,155,662)		278,772	
Transfers	-		(980,122)		-		(1,120,200)		-		(686,300)	
Closing gross value	306,844,689		299,208,204		1,810,283		4,765,847		54,760,996		61,764,963	
Accumulated depreciation												
Opening balance	114,774,880		105,434,749		-		-		2,577,655		2,566,760	
Assets not previously recognised/(derecognised)	(285,112)		144,773		-		-		-		-	
Depreciation provided in period	8,874,687		7,633,749		-		-		396,224		10,895	
Depreciation on disposals	(554,562)		(1,750,200)		-		-		-		-	
Revaluation adjustment	2,611,982		3,311,809		-		-		-		-	
Transfers	-		-		-		-		-		-	
Closing accumulated depreciation	125,421,875		114,774,880		-		-		2,973,879		2,577,655	
Written down value	181,422,814		184,433,324		1,810,283		4,765,847		51,787,117		59,187,308	

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

17 Intangible assets

For the year ended 30 June 2019

Basis of measurement

Asset values

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

Accumulated amortisation

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

	Computer Software		Land Lease		Water Rights		Work in progress		Total
	Cost	\$	Cost	\$	Cost	\$	Cost	\$	
Opening gross carrying value as at 1 July 2018	3,001,053		311,000		4,346,253		-		7,658,306
Additions at cost	27,268		-		-		-		27,268
Internal transfers from work in progress	45,320		-		-		(45,320)		-
Disposals	(79,150)		-		-		-		(79,150)
Prior year work in progress expensed	-		-		-		(16,725)		(16,725)
Assets transferred from/(to) property plant and equipment	(21,550)		-		-		62,045		40,495
Closing gross carrying value as at 30 June 2019	2,972,941		311,000		4,346,253		-		7,630,194
Opening balance as at 1 July 2018	1,332,694		-		-		-		1,332,694
Amortisation provided in period	317,017		-		-		-		317,017
Amortisation on disposals	(65,072)		-		-		-		(65,072)
Closing accumulated amortisation as at 30 June 2019	1,584,639		-		-		-		1,584,639
Total intangible assets at 30 June 2019	1,388,302		311,000		4,346,253		-		6,045,555

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

17 Intangible assets (Cont'd)

For the year ended 30 June 2018

Basis of measurement

Asset values

Opening gross carrying value as at 1 July 2017					
Additions at cost					141,900
Internal transfers from work in progress					-
Disposals	(768,351)				-
Prior year work in progress expensed	-				-
Assets transferred from/(to) property plant and equipment	-				-
Closing gross carrying value as at 30 June 2018	3,001,053	311,000	4,346,253	-	7,658,306

Accumulated amortisation

Opening balance as at 1 July 2017					1,724,488
Amortisation provided in period	327,110				-
Amortisation on disposals	(718,904)				-
Closing accumulated amortisation as at 30 June 2018	1,332,694				-
Total intangible assets at 30 June 2018	1,668,359	311,000	4,346,253	-	6,325,612

	Computer Software		Land Lease		Water Rights		Work in progress		Total
	Cost	\$	Cost	\$	Cost	\$	Cost	\$	
	3,627,504		311,000		4,346,253		-		8,284,757
	141,900		-		-		-		141,900
	-		-		-		-		-
	(768,351)		-		-		-		(768,351)
	-		-		-		-		-
	-		-		-		-		-
	3,001,053		311,000		4,346,253		-		7,658,306
	1,724,488		-		-		-		1,724,488
	327,110		-		-		-		327,110
	(718,904)		-		-		-		(718,904)
	1,332,694		-		-		-		1,332,694
	1,668,359		311,000		4,346,253		-		6,325,612

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
18 Trade and other payables			
Creditors and accruals		11,838,036	7,840,662
Annual leave		4,802,201	4,719,365
Wages and other employee entitlements		1,338,241	925,191
		<u>17,978,478</u>	<u>13,485,218</u>
19 Borrowings			
Current			
Loans - Queensland Treasury Corporation		<u>7,431,194</u>	<u>6,878,851</u>
Non-Current			
Loans - Queensland Treasury Corporation		<u>70,047,453</u>	<u>71,431,485</u>
Loans - Queensland Treasury Corporation			
Opening balance		78,310,336	58,277,018
Loans raised		5,900,000	25,500,000
Principal repayments		(6,707,050)	(5,512,636)
Movement in interest payable		(24,639)	45,954
Balance at end of financial year		<u>77,478,647</u>	<u>78,310,336</u>

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

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

Expected final repayment dates vary from 15 March 2021 to 15 March 2039.

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

Principal and interest repayments are made quarterly in arrears.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
20 Provisions			
Current			
Landfill restoration		365,956	355,298
Long service leave		12,105,291	12,033,845
		<u>12,471,247</u>	<u>12,389,143</u>
Non-Current			
Landfill restoration		19,606,032	17,591,529
Long service leave		610,783	640,119
		<u>20,216,815</u>	<u>18,231,648</u>

Details of movements in provisions:

(a) Landfill restoration provision

Opening balance		17,946,827	16,362,502
Recognition of landfill restoration assets		-	2,529,493
Increase in provision - finance cost due to change in time	8	523,682	441,350
Increase/(decrease) in provision - change in discount rate		1,586,045	(310,270)
Increase/(decrease) in provision - change in restoration date		(293,207)	-
Decrease in provision for actual restoration expenditure		-	(301,908)
Increase/(decrease) in estimate of future cost		208,641	(774,340)
Balance at end of financial year		<u>19,971,988</u>	<u>17,946,827</u>

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

It represents the present value of the anticipated future costs associated with the closure of the landfills, decontamination and monitoring of historical residues and leaching on these sites.

(b) Long service leave provision

Opening balance		12,673,964	12,733,062
Additional provision made during the period		1,869,694	1,548,705
Amounts used during the period		(1,941,821)	(1,418,957)
Unused amounts reversed during the period		(86,673)	(76,263)
Change in discount and time		200,910	(112,583)
Balance at end of financial year		<u>12,716,074</u>	<u>12,673,964</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
21 Other liabilities			
Unearned revenue		673,662	595,924
Waste levy refund received in advance*		3,132,214	-
		<u>3,805,876</u>	<u>595,924</u>

*The State government made an advance payment to Council in June 2019 in relation to the State Waste Levy, which takes effect from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. As the receipt from the State in June 2019 is for a refund of Council's 2019-20 Levy expense, the full amount has been recognised as a liability at 30 June 2019.

22 Asset revaluation surplus

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

Opening balance		492,159,443	461,030,782
Movement in property, plant and equipment		22,797,955	31,128,661
Balance at end of financial year		<u>514,957,398</u>	<u>492,159,443</u>

(b) Asset revaluation surplus analysis

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

Buildings and structures		35,355,549	37,995,212
Roads, footpaths and bridges		221,606,796	214,910,102
Stormwater drainage		55,659,632	53,679,989
Wastewater infrastructure		113,235,330	103,916,548
Water infrastructure		89,100,091	81,657,592
		<u>514,957,398</u>	<u>492,159,443</u>

The asset revaluation surplus comprises adjustments relating to changes in value of non-current assets that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus.

23 Retained surplus

Internally restricted cash	10	55,260,075	49,763,697
Unspent capital grants, subsidies and contributions	10	7,617,978	6,830,640
Unspent infrastructure charges	10	19,583,692	20,680,793
Unallocated surplus		42,482,423	33,202,536
		<u>124,944,168</u>	<u>110,477,666</u>

Retained surplus represents restricted cash as outlined in Note 10 along with the remaining (unallocated) funds that are available to meet specific future funding needs. An unallocated surplus represents the accumulative amount available to Council that may be used to offset against expenditure in the following year.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
24 Commitments for expenditure			
(a) Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Not later than one year		917,112	690,831
Later than one year but not later than five years		1,829,900	1,033,597
Later than five years		66,740	156,786
		<u>2,813,752</u>	<u>1,881,214</u>
Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term. Council only discloses lease commitments associated with leases with a payment of over \$2,000 per year.			
(b) Recurrent commitments			
Significant recurrent contractual commitments at the reporting date but not recognised as liabilities		<u>10,398,819</u>	<u>6,691,140</u>
(c) Capital commitments			
Significant capital contractual commitments at the reporting date but not recognised as liabilities are as follows:			
Buildings and structures		351,899	500,000
Land inventory		363,245	-
Plant and equipment		1,849,615	1,789,190
Roads, footpaths and bridges		5,425,066	9,364,882
Stormwater drainage		572,548	-
Wastewater infrastructure		1,884,633	2,570,638
Water infrastructure		254,604	452,060
		<u>10,701,610</u>	<u>14,676,770</u>
Council has entered into operating leases on certain building and equipment, with terms between one and five years. Council has the option, under some of its leases, to lease the assets for additional terms of one to ten years. Council only discloses individual contractual and capital commitments over \$200,000.			
25 Expected operating lease income			
(a) Lease receipts			
Future minimum lease payments are expected to be received in relation to non-cancellable operating leases as follows:			
Not later than one year		466,916	392,301
Later than one year but not later than five years		1,447,094	1,267,627
Later than five years		1,130,260	1,380,881
		<u>3,044,270</u>	<u>3,040,809</u>
(b) Sub-lease receipts			
Future minimum lease payments are expected to be received in relation to non-cancellable sub-leases of operating leases as follows:			
Not later than one year		242,525	238,767
Later than one year but not later than five years		727,386	746,427
Later than five years		148,270	336,754
		<u>1,118,181</u>	<u>1,321,948</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

Note	30-Jun-19 \$	30-Jun-18 \$
25 Expected operating lease income (Cont'd)		
(c) Contingent rent for the period	<u>132,488</u>	<u>145,481</u>

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

26 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 AASB137 *Provisions, Contingent Liabilities and Contingent Assets* on the basis that council considers such disclosures would seriously prejudice the outcome of the claims.

Landfills

Council has a number of operational and closed landfills throughout the region. Obligations for future remediation are determined annually, with the nature and extent of work required dependant on a condition assessment of the land and any proposed use of that land. The future use of the land has not yet been determined for closed landfills. Council has yet to make a formal determination on the closure of smaller operational landfills and has deferred a decision on the remediation of part of the University Drive Landfill. As a consequence Council is unable to reliably estimate potential rehabilitation costs for these sites. A provision for restoration costs for larger operational landfills has been disclosed in Note 20.

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 2019 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:	<u>2,037,948</u>	<u>1,960,843</u>
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3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
27 Superannuation - Regional Defined Benefits Fund			
<p>Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the <i>Local Government Act 2009</i>.</p> <p>The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.</p> <p>Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of Council.</p> <p>Technically, Bundaberg Regional Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed, changes to Council's obligations will only be made on the advice of an actuary.</p> <p>The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.</p> <p>No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.</p> <p>The next triennial actuarial review is not due until 1 July 2021.</p> <p>The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:</p> <ul style="list-style-type: none"> - Investment risk: The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall. - Salary growth risk: The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded. <p>There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Bundaberg Regional Council made 4.08% of the total contributions to the plan for the 2018-19 financial year.</p>			
Superannuation contributions made to the Regional Defined Benefits Fund		683,194	800,444
Other superannuation contributions for employees		6,541,944	5,686,185
Total superannuation contributions paid by Council for employees:	6	<u>7,225,138</u>	<u>6,486,629</u>
Contributions Council expects to make to the Regional Defined Benefits Fund for 2019-20 financial year:		<u>691,734</u>	

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
28 Trust funds			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		3,565,935	3,361,001
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.			
29 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities			
Net result		23,541,058	46,668,876
Non-cash operating items:			
Depreciation of property plant and equipment	15(a)	46,818,087	44,171,077
Amortisation of intangible assets	17	317,017	327,110
Change in restoration provision to finance costs	8	523,682	441,350
Revaluation of investment property	9	45,951	(64,102)
Revaluation of land and improvements	9	6,883,928	(283,300)
Current cost of developed land sold	12(b)	41,824	20,046
Prior year work in progress expensed		2,326,974	96,977
		56,957,463	44,709,158
Investing and financing activities:			
Change in restoration provision		1,240,408	(1,424,224)
Capital grants, subsidies, other contributions and donations	4(b)	(31,910,042)	(38,974,335)
Loss on disposal of non-current assets	9	5,010,940	11,374,609
Loss on impairment of non-current assets held for sale	9	-	606,165
Loss on sale of investment property	9	72,481	43,356
Proceeds from unconditional sale of property	5	(202,124)	-
Loss on sale of non-current assets held for sale	9	-	245,472
Compensation for assets written off	5	(67,956)	(299,682)
		(25,856,293)	(28,428,639)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(910,125)	2,140,636
(Increase)/decrease in inventories		(2,076,166)	(69,179)
Increase/(decrease) in payables		3,386,193	(2,401,731)
Increase/(decrease) in long service leave provision		42,110	(59,098)
Increase/(decrease) in unearned revenue		3,209,952	24,996
		3,651,964	(364,376)
Net cash inflow from operating activities		58,294,192	62,585,019

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

30 Reconciliation of liabilities arising from finance activities

For the year ended 30 June 2019

	Note	As at 30 June 2018	Cash flows	Non-cash movement	As at 30 June 2019
		\$	\$	\$	\$
Loans	19	78,310,336	(807,050)	(24,639)	77,478,647

For the year ended 30 June 2018

	Note	As at 30 June 2017	Cash flows	Non-cash movement	As at 30 June 2018
		\$	\$	\$	\$
Loans	19	58,277,018	19,987,364	45,954	78,310,336

31 Events after the reporting period

In August 2019 Council awarded contracts valued at approximately \$30m for the upgrade of Water Treatment Plants at Kalkie and Gregory River. These projects are expected to be completed over the next three years and provisions have been made in Council's budget accordingly.

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

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

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

Council's risk management policies are established to identify and analyse the risks faced, to set appropriate limits and controls, and to monitor these risks and adherence to limits. Council aims to manage volatility to minimise potential adverse effects on the financial performance of Council.

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

32 Financial instruments (Cont'd)

Credit risk

Credit risk exposure refers to the situation where Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations. These obligations arise principally from Council's investments and receivables from customers.

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

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.

Grouping of receivables

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

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

32 Financial instruments (Cont'd)

Credit risk (Cont'd)

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

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

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

Expected Credit Loss assessment at 30 June 2019

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

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

Other debtors

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

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

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

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.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

32 Financial instruments (Cont'd)

Credit risk (Cont'd)

Economic Data for the region relating to local jobs and gross regional product suggest that there has been a steady increase in these indicators and forecasts are for a steady increase in the near future. Interest rates have also held at a steady level and Council has assumed that this will continue into the near future. From assessing these indicators Council considers that the ability of its debtor groups to meet their payment obligations should not be significantly affected by changes in the macroeconomic environment in the coming years.

Statutory charges - fines and penalties

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

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

Rateable revenue and utility charges (including infrastructure charges)

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

32 Financial instruments (Cont'd)

Credit risk (Cont'd)

Write-offs throughout the year and end of period Expected Credit Losses for receivables

Other debtors

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

Statutory charges - fines and penalties

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

Rateable revenue and utility charges (including infrastructure charges)

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

32 Financial instruments (Cont'd)

Liquidity risk

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

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

Exposure to liquidity risk

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

Council manages its exposure to liquidity risk by maintaining sufficient cash reserves and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. The following facilities were available at the end of the reporting period.

	2019 \$	2018 \$
Approved credit card facility - Commonwealth Bank of Australia	1,965,000	1,965,000
Available at 30 June	1,166,120	1,157,249

The following table sets out the liquidity risk of financial 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 \$
2019					
Trade and other payables	17,978,478	-	-	17,978,478	17,978,478
Loans - QTC	10,687,108	36,114,995	53,850,781	100,652,884	77,478,647
	28,665,586	36,114,995	53,850,781	118,631,362	95,457,125
2018					
Trade and other payables	13,485,218	-	-	13,485,218	13,485,218
Loans - QTC	10,326,114	36,983,791	56,202,728	103,512,633	78,310,336
	23,811,332	36,983,791	56,202,728	116,997,851	91,795,554

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

32 Financial instruments (Cont'd)

Market risk

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

Interest rate risk

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

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

Sensitivity

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

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

	Net carrying amount		Profit		Equity	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Deposits - Call	82,750,000	53,350,000	827,500	533,500	827,500	533,500
Term Deposits	63,300,000	69,420,000	633,000	694,200	633,000	694,200
	<u>146,050,000</u>	<u>122,770,000</u>	<u>1,460,500</u>	<u>1,227,700</u>	<u>1,460,500</u>	<u>1,227,700</u>

(b) Fair value

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

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.

Financial liabilities

	Note	2019		2018	
		Carrying amount	Fair Value	Carrying amount	Fair Value
		\$	\$	\$	\$
Loans - QTC	19	<u>77,478,647</u>	<u>87,849,638</u>	<u>78,310,336</u>	<u>83,942,127</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	30-Jun-19 \$	30-Jun-18 \$
33 Transactions with related parties			
(a) Joint controlled entities			
Council is a joint member of the Wide Bay Burnett Regional Organisation of Councils (WBBROC) Incorporated.			
WBBROC represents the interests of all Councils within the Wide Bay Burnett region. WBBROC lobbies Federal and State Governments on behalf of members Councils on matters of common interest and is often the point of contact for other levels of Government seeking the views of Councils on a broad range of issues.			
WBBROC other member Councils are Cherbourg Community Council, Fraser Coast Regional Council, Gympie Regional Council, North Burnett Regional Council and South Burnett Regional Council.			
The following transactions occurred with WBBROC:			
Council membership contributions		79,700	95,289
WBBROC contributions		(15,729)	-
		<u>63,971</u>	<u>95,289</u>

WBBROC is dependent on contributions from member Councils.

WBBROC made a contribution to Council to assist in the delivery of the Advancing Regional Innovations Program.

(b) Key management personnel (KMP) compensation

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

The compensation paid to KMP comprises:

Short-term benefits	2,671,251	2,485,097
Long-term benefits	30,366	25,580
Post-employment benefits	282,695	262,886
	<u>2,984,312</u>	<u>2,773,563</u>

Additional remuneration disclosures are provided in the Annual Report.

(c) Transactions with other related parties

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

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

Purchases of material & services from Impact Community Services Inc.	-	74,402
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Included above are services purchased from the following:

Impact Community Services (Impact) are engaged by Council under a panel of prequalified suppliers for transportation services in relation to waste throughout the region. Impact is a not-for-profit organisation which offers a wide range of support, training and employment programs to the Bundaberg community. Former Councillor David Batt held the position of Chairperson of Impact during his tenure.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

	30-Jun-19	30-Jun-18
Note	\$	\$

33 Transactions with related parties (Cont'd)

(c) Transactions with other related parties (Cont'd)

Council employs 799 full time equivalent staff. Less than 1% of staff are close family members of KMP with their remuneration representing less than 1% of employee benefits. All close family members of KMP were employed through an arm's length process. They are paid in accordance with the relevant industrial award for the job they perform and Council's enterprise bargaining agreement.

Council has 83 community service lease agreements where Council owned facilities are leased at a nominal value. 5% of these leases are with community groups which are related parties of KMP. The community groups are required under the lease to maintain and operate the facilities at their expense. Council believes the value of the maintenance and operating costs borne by groups approximates the lease value forgone.

(d) Outstanding balances

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

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

(e) Loans and guarantees to/from related parties

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

(f) Commitments to/from other related parties

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

34 National competition policy

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

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

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

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

The CSO value is determined by Council and represents an activity's cost(s) which would not be incurred if the activity's primary objective was to make a profit. Council provides funding from general revenue to the business activity to cover cost of providing non-commercial community services or costs deemed to be CSOs by Council.

In calculating the value of some CSOs, management is required to make judgements, estimates and assumptions which may impact on the values disclosed. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Financial performance of activities subject to competition reforms:

	Water	Wastewater	Waste Management	Council Holiday Parks	Bundaberg Airport
	2019	2019	2019	2019	2019
	\$	\$	\$	\$	\$
Revenue for services provided to Council	1,684,293	469,866	251,872	-	-
Revenue for services provided to external clients	27,065,321	28,907,751	19,459,211	2,745,072	5,098,908
Community service obligations	865,325	756,734	3,497,916	-	-
	29,614,939	30,134,351	23,208,999	2,745,072	5,098,908
Less: Expenditure	(17,582,874)	(16,778,234)	(17,221,048)	(2,103,252)	(3,515,850)
Surplus/(deficiency)	12,032,065	13,356,117	5,987,951	641,820	1,583,058

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2019

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	\$204,547
	Pension remissions	\$154,767
	Water leak relief	\$84,277
	Infrastructure charges incentives	\$338,011
	Internal bulk water provisions	\$83,723
Wastewater	Pedestal discount for community and aged care facilities	\$316,051
	Pedestal discounts for not-for-profit sporting clubs	\$47,616
	Infrastructure charges incentives	\$182,213
	Pension remissions	\$210,854
Waste Management	Provision of bins and waste disposal for community events	\$27,520
	In-kind assistance - for charities	\$72,541
	Pension remissions	\$188,382
	Internal waste disposal fees	\$2,146,011
	Free disposal prior to storm season	\$221,879
	Operation of rural transfer stations	\$572,869
	Provision of domestic waste vouchers	\$268,714

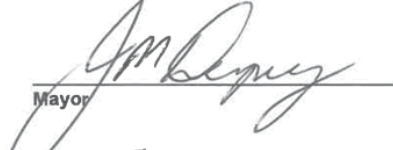
3.6 Management Certificate

For the year ended 30 June 2019


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: 25, 09, 2019



Chief Executive Officer
Date: 25, 9, 19

3.7 Independent Auditor's Report - Financial Statements



To the Councillors of Bundaberg Regional Council

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, 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 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in the Bundaberg Regional Council's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement, the long-term financial sustainability statement and the annual report.

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

Independent Auditor's Report cont'd



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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

Independent Auditor's Report cont'd



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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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

4 October 2019

Melissa Read
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

3.8.1 Current Year Financial Sustainability Statement

For the year ended 30 June 2019

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 2019.

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets:

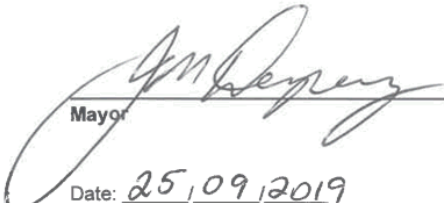
	How the measure is calculated	2019	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	2%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	32%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-20%	not greater than 60%

3.8.2 Current Year Financial Sustainability Statement - Certificate of Accuracy

For the year ended 30 June 2019

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

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



Mayor
Date: 25,09,2019



Chief Executive Officer
Date: 25,9,19

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



To the Councillors of Bundaberg Regional Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Bundaberg Regional Council (the council) for the year ended 30 June 2019 comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Bundaberg Regional Council for the year ended 30 June 2019 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Bundaberg Regional Council's annual report for the year ended 30 June 2019, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements, the long-term financial sustainability statement and the annual report.

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

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



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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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



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

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

Melissa Read
as delegate of the Auditor-General

4 October 2019

Queensland Audit Office
Brisbane

3.8.4 Long Term Financial Sustainability Statement

For the year ended 30 June 2019

Measures of Financial Sustainability

	How the measure is calculated	Target	Year									
			2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	0%	2%	1%	0%	0%	1%	1%	1%	2%	3%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	greater than 90%	59%	53%	41%	56%	55%	42%	54%	58%	59%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	12%	25%	33%	37%	34%	25%	18%	7%	-3%	

Financial Management Strategy

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

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

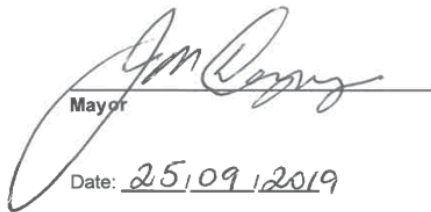
3.8.5 Long Term Financial Sustainability Statement - Certificate of Accuracy

For the year ended 30 June 2019


For the year ended 30 June 2019

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: 25, 09, 2019



Chief Executive Officer
Date: 25, 9, 19

4 Statutory Information

4.1 Administrative Action Complaints

In accordance with section 187 of the *Local Government Regulation 2012*, Council has adopted an Administrative Action Complaints Policy and Procedure to effectively deal with complaints in a fair, confidential, prompt and respectful manner. This information is made available on Council's website including information on how to lodge a complaint.

Council's Governance and Legal Services team is responsible for application of the policy, coordinating complaints and reporting to the Executive Leadership Team when required. Further work is underway to develop a consistent approach and provide additional information to Council staff to identify these complaints.

As required by section 187(2) of the *Local Government Regulation 2012* the table below provides a summary of Administrative Action Complaint outcomes for 2018/19.

Table 4.1

Item	No.
Administrative action complaints made to the local government	23
Administrative action complaints resolved by the local government under the complaints management process (including complaints received in previous year)	20
Administrative action complaints not resolved by the local government under the complaints management process	0
Number of administrative action complaints that were made and not resolved in a previous financial year	1

4.2 Beneficial Enterprises

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

4.3 Significant Business Activities

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

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

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

In accordance with the threshold of expenditure and the methodology prescribed by Section 19 and Section 20 of

the *Local Government Regulation 2012*, Council's Waste Management and Water and Wastewater activities were considered significant business activities for the period.

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

4.4 Competitive Neutrality Complaints

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

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

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

4.5 Particular Resolutions

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

Expenses reimbursement for Councillors policy

Council began a review of all Council policies in 2018. On 24 September 2018, the Expenses Reimbursement for Councillors Policy was adopted (item number F1) with some minor amendments made.

Minutes - 24 September 2018

Item Number: F1	File Number:	Part: GOVERNANCE
-----------------	--------------	------------------

Portfolio: Organisational Services

Subject: Council Policies

2219

Resolution

Cr HL Blackburn presented the report; and moved:-

That Council:

1. rescind the following policies:

- GP-3-078 Quality Policy;
- GP-3-133 Water and Sewerage Utility Charges Concessions for Sporting Organisations Policy;
- GP-3-108 Interest on Trust Funds Policy;
- GP-3-012 Councillor Access to Information Policy;
- GP-3-008 Advertising Expenditure Policy;
- GP-3-029 Libraries, Arts and Theatre Fundraising and Sponsorship Policy
- GP-3-008 Asset Management Policy
- GP-3-125 Burial on Private Property Policy
- GP-3-116 Cemetery Management Policy
- GP-3-019 Commemorative Plaques and Memorials Policy
- GP-3-045 Community Engagement Policy
- GP-3-067 Community Financial Assistance Policy
- GP-3-118 Rent Policy - Community Housing
- GP-3-096 National Competition Policy
- GP-3-005 Council Vehicle Usage Policy
- GP-3-014 Councillor's Confidentiality of Council Information Policy
- GP-3-120 Eat Safe Bundaberg Region Policy
- GP-3-010 Entertainment and Hospitality Expenditure Policy
- GP-3-023 Environmental Policy
- GP-3-121 Exhibitions Policy
- GP-3-047 Reimbursement of Expenses and Provision of Facilities for Councillors Policy
- GP-3-084 Fraud and Corruption Management Policy
- GP-3-034 Internal Audit Governance Policy
- GP-3-049 Media Relations Policy
- GP-3-076 Moncrieff Entertainment Centre Community Access Policy
- GP-3-037 Non-Current Asset Recognition Policy
- GP-3-043 Recordkeeping Policy
- GP-3-050 Related Party Disclosures Policy
- GP-3-002 Integrated Risk Management Policy
- GP-3-042 Trade Waste Policy
- GP-3-082 Water Leak Relief Policy

2. adopt the following policies:

- CP-3-018 Acceptable Requests Guidelines Policy;
- CP-3-006 Advertising Spending Policy;
- CP-3-030 Arts & Cultural Services Fundraising and Sponsorship Policy;
- CP-3-006 Asset Management Policy;
- CP-3-010 Burial on Private Property Policy;
- CP-3-011 Cemetery Management Policy;
- CP-3-013 Commemorative Plaques and Memorials Policy;
- CP-3-014 Community Engagement Policy;
- CP-3-015 Community Grants Policy;
- CP-3-040 Community Housing Rent Policy;
- CP-3-033 Competitive Neutrality Complaints Policy;
- CP-3-017 Council Vehicle Usage Policy;
- CP-3-019 Councillor Use of Confidential Information Policy;
- CP-3-020 Eat Safe Bundaberg Region Policy;
- CP-3-022 Entertainment and Hospitality Policy;
- CP-3-023 Environmental Policy;
- CP-3-025 Exhibitions Policy;
- CP-3-038 Expenses Reimbursement for Councillors Policy;
- CP-3-026 Fraud and Corruption Management Policy;
- CP-3-029 Internal Audit Policy;
- CP-3-009 Media Relations Policy;
- CP-3-032 Moncrieff Entertainment Centre Community Access Policy;
- CP-3-034 Non-Current Asset Recognition Policy;
- CP-3-043 Recordkeeping Policy;
- CP-3-039 Related Parties Disclosures Policy;
- CP-3-027 Risk Management Policy;
- CP-3-041 Trade Waste Policy;
- CP-3-042 Water Leak Relief Policy;

3. authorise the Chief Executive Officer to approve minor amendments made to Council policies.

Seconded by Cr JP Bartels.

The motion was put - and carried unanimously

Meeting held: 24 September 2018

Valuation of non-current physical assets

There were no Council resolutions made in relation to the valuation of non-current physical assets.

The policies are available on Council's website.

4.6 Changes to tenders

Pursuant to section 190(1)(e) of the *Local Government Regulation 2012*, Council advises that the following changes to tenders were made pursuant to section 228(7) of the *Local Government Regulation 2012* during the 2018/19 financial year.

Table 4.2

Contract No.	Contract Description	Change
TEN/0605 / TEN/0651	Qunaba Outbound Weighbridge	One submission was received for TEN/0605 with clarifications sought (26/03/2019). Following receipt of the responses to the request for clarification ultimately resulted in a non-award. The Invitation document was amended and re-advertised as TEN/0651 which was awarded to SGQ Pty Ltd.
TEN/0607	Childers Pool Roof (Design & Construct)	Negotiations and discussions were held with the preferred tenderer to discuss and submit cost saving options and alternatives, however additional funds were made available and the original offer was accepted.
TEN/0622	Material Recycling Facility - Shed Extension	One submission was received which exceeded the budget for the project. Cost savings were identified, and a revised Offer accepted.
TEN/0554	Office Fitout for Staff Consolidation	1. Two of the tenderers were invited to provide clarifications on their offer submissions to support evaluation. 2. Council was unable to provide a number of responses to tender queries during the tender period; as such Tenderers were invited to change their tender to take into consideration any amendments the responses triggered.

TEN/0500	Multiplex Staff Accommodation	The preferred tenderer was invited to revise their offer due to concerns that they hadn't allowed for certain items in their original Offer.
TEN/0504	Emperor Drive SPS	The preferred tenderer was invited to revise their offer due to the addition of an 'extra over' work item for rock breaking and removal, also the removal of a work item for an access track that was no longer required.
TEN/0638	West Bundaberg Drainage Upgrade	The preferred tenderer was invited to revise their offer - additional cost to import a compliant class of material.
TEN/0512	Kalkie Water Treatment Plant Upgrades	The offers received were significantly over budget. The contract was not awarded. The Invitation to Offer was amended and re-issued to the shortlisted ETI participants as TEN/0667 and included scope of works for the Gregory River Water Treatment Plant Upgrades in addition to the identified scope at Kalkie WTP.
TEN/0582	Sewer Cleaning and Inspection	The preferred tenderer was requested to provide additional information in support of their Offer Submission to enable accurate evaluation.
TEN/0632	D&C Toddler Water Play Area at Isis War Memorial Swimming Pool Complex	Offers were invited for this project, however none were received, and the contract was not awarded.
TEN/0410	Smiths Creek Bridge Replacement	Tenderers were requested to provide additional information post tender to support evaluation of offers. Tenderers were also advised of the Date of Supply of Principal Supplied Materials and invited any amendments to Program, Methodology or Price in relation to the proposed date of supply.

4.7 Summary of Concessions for Rates and Charges

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

Pensioner rebates

Pensioners who are either registered owners or life tenants of their Principal Place of Residence and who hold a Queensland Pensioner Concession Card or a DVA Health Card (all conditions within Australia) or a DVA Health Card (Totally & Permanently Incapacitated) issued by either Centrelink or the Department of Veteran Affairs are eligible to claim a State Government Pensioner Rate Subsidy and a Council Pensioner Remission. The Council pensioner rate remission during 2018/19 was \$140.00 per annum for rates and charges.

Reduced Rates and Charges due to Community Organisations concessions

Council recognised the following not-for-profit organisations as providing a service to the community by encouraging community and cultural development. During 2018/19 Council contributed up to a maximum \$1,700.00 per annum towards the payment of rates and charges, with the exception of water consumption, for the following facilities and organisations:

- Apple Tree Creek Memorial Hall
- Avenell Heights Progress Association Hall
- Booyal Memorial Hall
- Bucca Hall
- Bullyard Hall
- Bundaberg & District Air Sea Rescue
- Bundaberg Kindergarten
- Bundaberg Player Inc.
- Bundaberg Railway Historical Society
- Burnett Heads Kindergarten
- Burnett Heads Progress Hall
- Childers Kindergarten
- CWA Hall Bundaberg
- CWA Hall Childers
- CWA Hall Yandaran
- CWA Oakwood
- CWA Wallaville
- Drinan Hall
- Forestview Community Kindergarten
- Gin Gin & District Historical Society Hall
- Gin Gin Kindergarten
- Kepnock Progress Association Hall
- North Bundaberg Progress Association Hall
- Pacifique Surfriders Club
- Pine Creek Hall
- Sandy Hook Ski Club
- Sharon Hall
- South Kolan Kindergarten
- Tegege Hall
- Tegege Combined Sport and Recreation Club
- Wallaville Kindergarten

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

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

Water Rates Concessions to Unlicensed and Restricted Licence Sporting Clubs

Council recognised unlicensed/restricted licensed sporting clubs as not for profit entities which provide a community service, namely the provision of recreational services and contribution to the region's aesthetics. In recognition of this, Council charged unlicensed/restricted licensed sporting clubs a Water Access Charge for its largest connection on each assessment and no access charge levied for additional meters. For water meters above 20mm, if unlicensed sporting clubs reduced their largest water meter size to a smaller size, their Water Access Charge was reduced accordingly to the Water Access Charge applicable to the revised water meter size. Where it was impractical to do so, Council charged the equivalent of 40% of the 40mm Water Access Charge. Unlicensed/restricted licensed sporting clubs were entitled to 4,000 kilolitres of water per annum per hectare of playing surface, free of consumption charges, with an adjusted entitlement of 75% for seasonal sports. The Gin Gin Agricultural, Pastoral and Industrial Society was entitled to 4,800 kilolitres of water per annum free of consumption charges for use on the main arena. Water consumption per assessment in excess of these entitlements was levied for the first 300 kilolitres at the 1st tier rate, and any consumption in excess of 300 kilolitres was levied at the 2nd tier rate. The Moore Park Rural Fire Brigade was entitled to the equivalent of a 20mm Water Access Charge for its largest meter connection regardless of the size of the Brigade's water meter connection in recognition of the community service provided by protecting the community against fire and related hazards.

Sewerage Rates Concessions

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

Council recognised unlicensed/restricted licensed sporting clubs are not for profit entities which provide a community service, namely the provision of recreational services and contribution to the region's aesthetics. In recognition of this, Council provided unlicensed/restricted licensed sporting clubs a 50% concession on sewerage rates.

Water Leak Relief

Council has a Water Leak Relief Policy which provides relief for ratepayers who experience an undetected water leak. Provided ratepayers repair the water leak and apply for relief, Council may provide a concession in accordance with the Policy. The Policy allows for Council to charge the water consumption at the first step in the water tariff, which in 2018/19 was \$1.16, instead of the second tier tariff, which was \$1.90.

Concessions to ratepayers for 2018/19

Table 4.3

Type of concession	Assistance provided
Pensioner rebates	\$1,415,232.02
Rates concessions to community organisations	\$615,188.98
Water Leak Relief	\$133,643.23
Total	\$2,164,064.23

Analysis of Concessions provided to Community Organisations in 2018/19

Table 4.4

Type of concession	Assistance provided
Reduced rates and charges to community organisations *	\$53,594.98
Water rates concessions to unlicensed and restricted licence sporting clubs	\$204,547.20
Sewerage rate concession	\$357,046.80
Total	\$615,188.98

* Refer to table below

Table 4.5

Type of organisation	No.	Annual Rates Levied	Assistance Provided	Average assist per organisation
Halls	19	\$39,639.34	\$25,491.00	\$1,341.63
Kindergartens	7	\$25,196.02	\$10,696.30	\$1,528.04
Surf Lifesaving Clubs	3	\$13,504.82	\$11,752.48	\$3,917.49
Other Community organisations	5	\$17,537.56	\$5,655.20	\$1,131.04
Total	34	\$95,877.74	\$53,594.98	\$1,576.32

4.8 Expenditure on Grants to Community Organisations

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

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

Table 4.6

Community Organisation	Expenditure on Grants
Bundaberg Life Education Donation	\$10,000.00
Bundaberg Toy Library Donation	\$10,000.00
Community Grants Program	\$87,623.28
Donations to community organisations - assistance with community events	\$7,340.00
LifeFlight Rescue Helicopter Donation	\$50,000.00
Bundaberg Sunrise Rotary – Donation from Farm Flavours Picnic	\$1,565.00
Micro Grants Program	\$18,211.67
Special Events Grant Program	\$51,242.70
Sport Championships Grant Program	\$32,903.00
Young People In Sport Program	\$10,500.00
Total	\$279,385.65

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

4.9 Council Registers

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

- Register of Business Activities
- Register of Assets
- Register of Contact with Lobbyists
- Register of Cost-Recovery Fees
- Register of Councillor Conduct
- Register of Delegations - Council to Chief Executive Officer and Chief Executive Officer to Officers and/or Contractors
- Register of Interests for Chief Executive Officer and Senior Executive Employees
- Register of Interests of a Councillor and their Related Persons
- Register of Local Laws
- Register of Pre-Qualified Suppliers
- Register of Roads

4.10 Risk Management

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

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

This is achieved by:

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

4.11 Report on the Internal Audit

Audit and Risk Committee

The Audit and Risk Committee is established in accordance with section 105 the *Local Government Act 2009*. The 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.

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

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

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

- Internal Audit reports

- Quality Audit reports
- External Audit reports and updates
- Risk Management updates
- Internal Audit Charter
- Audit and Risk Committee Charter
- Annual Internal Audit Plan
- Strategic Internal Audit Plan
- Accounting position papers
- Annual Report and Financial Statements
- Assessment of Financial Information.

Internal Audits

The internal audit function is established under section 105(1) of the *Local Government Act 2009* and is an integral component of Council's corporate governance framework. Pursuant to section 190(1)(h) of the *Local Government Regulation 2012*, audits and other activities undertaken in 2018/19 included:

- Internal audit reviews involving:
 - Corporate Purchase Cards
 - State Penalties Enforcement Registry (noted in 2017/18; completed July 2018)
 - Abandoned Vehicles (noted in 2017/18; completed September 2018)
 - Grants Road Hierarchy
 - Cash handling, receipting and banking
 - Contributed Assets
 - SKIDATA Carpark Cards
 - Access Security Audit on Authority
- Quality Audit reviews involving:
 - Realisation of Service Delivery
 - Quality Management Leadership
 - Validity and Reliability of Test Results
 - Operational Audit Assignit
- Monitoring the actions resulting from internal and external audit recommendations

4.12 People & Culture

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

Code of Conduct

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

Education and Training

During the 2018/19 financial year, 902 employees completed the Code of Conduct awareness sessions or completed the on-line learning module. This training provides all employees with an awareness of conduct standards expected by Council and emphasises the importance of maintaining an ethical culture build on good governance, good decision-making and high levels of integrity.

135 new employees to Council received a thorough briefing of the Code of Conduct in the early stages of their employment with Council, through Council's induction processes.

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

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

Procedures and Practices

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

Mayor and Councillors

4.13 Remuneration of the Mayor and Councillors

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

Table 4.7

Div.	Councillor	Remuneration	Superannuation
	Mayor Jack Dempsey	\$151,877.96	\$18,225.48
1	Cr Jason Bartels	\$87,928.88	\$10,551.58
2	Cr Bill Trevor (Deputy Mayor)	\$99,921.12	\$11,990.68
3	Cr Wayne Honor	\$87,928.88	\$10,551.58
4	Cr Helen Blackburn	\$87,928.88	\$10,551.58
5	Cr Greg Barnes	\$87,928.88	\$10,551.58
6	Cr Scott Rowleson	\$87,928.88	\$10,551.58
7	Cr Ross Sommerfeld	\$87,928.88	\$10,551.58
8	Cr Steve Cooper	\$87,928.88	\$10,551.58
9	Cr Judy Peters	\$87,928.88	\$10,551.58
10	Cr John Learmonth	\$87,928.88	\$10,551.58

4.14 Reimbursement of Expenses and Provision of Facilities

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

Table 4.8

Div.	Councillor	Reimbursement of Expenses and Provision of Facilities
	Mayor Jack Dempsey	\$40,543.48
1	Cr Jason Bartels	\$11,047.06
2	Cr Bill Trevor (Deputy Mayor)	\$14,559.96
3	Cr Wayne Honor	\$11,541.28
4	Cr Helen Blackburn	\$18,803.58
5	Cr Greg Barnes	\$21,717.66
6	Cr Scott Rowleson	\$14,327.12
7	Cr Ross Sommerfeld	\$11,446.02
8	Cr Steve Cooper	\$9,552.66
9	Cr Judy Peters	\$11,336.38
10	Cr John Learmonth	\$9,144.21

The total of the figures in Table 4.8 and the appropriate proportion of Table 4.9 of this report gives the total reimbursement to each Councillor.

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

4.15 Overseas travel

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

Table 4.9

Delegate	Destination	Purpose	Total
Mayor Jack Dempsey			
Cr Ross Sommerfeld			
Cr Helen Blackburn		Sister City	
Cr Stephen Cooper		20th	
Ben Artup – Executive Director Strategic Projects & Economic Development	Nanning, China & Hong Kong	Anniversary Celebration, China ASEAN Expo, Hong Kong Food Council Meeting.	\$24,087.85
Scott Coleman – Economic Development Officer			
Kim Ovens – Protocol Officer			

Mayor Jack Dempsey Ben Artup – Executive Director Strategic Projects & Economic Development	Singapore	Economic Development Meetings.	\$2,444.11
Delegate	Destination	Purpose	Total
Stephen Johnston – Chief Executive Officer	Tauranga, New Zealand	Local Government Chief Officers Group Meeting.	\$3,616.85
Andrew Railz, Branch Manager Fleet & Trade Services	Kentucky, USA	NAFA Fleet Management Association Conference.	\$4,132.63
Steve Johnston – Chief Executive Officer Mayor Jack Dempsey	Philadelphia, USA	BIO International Convention	\$13,390.87

4.16 Attendance at Council meetings

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

Table 4.10

Councillor	Ordinary	Special and budgetary	Total
Mayor Jack Dempsey	12	1	13
Cr Jason Bartels	12	1	13
Cr Bill Trevor (Deputy Mayor)	11	1	12
Cr Wayne Honor	11	1	12
Cr Helen Blackburn	11	1	12
Cr Greg Barnes	9	1	10
Cr Scott Rowleson	11	1	12
Cr Ross Sommerfeld	12	1	13
Cr Judy Peters	12	1	13
Cr Steve Cooper	12	1	13
Cr John Learmonth	12	1	13

4.17 Councillor Conduct

For the period 1 July 2018 to 2 December 2018 (former legislation)

The former *Local Government Act 2009* (effective until 2 December 2018), provided a framework for assessing each complaint about Councillor conduct to determine whether it is about misconduct, inappropriate conduct, corrupt conduct or another matter.

If the complaint was not frivolous, vexatious or lacking in substance, it was referred to the appropriate individual, panel or tribunal for further action.

Orders and complaints about Councillors during the financial year, for the period 1 July 2018 to 2 December 2018 (under the former legislation) are provided following.

Table 4.11

Section of Act	Type of order/complaint	No.
176C(2)	Complaints about Councillor conduct or performance for which no action was taken	2
176C(3)(a)(i)	Complaints referred to the Chief Executive, Department of Local Government about inappropriate conduct of the Mayor or Deputy Mayor	0
176C(3)(a)(ii) 176C(3)(b)(i)	Complaints referred to the Mayor about inappropriate conduct by a Councillor other than the Mayor or Deputy Mayor	0
176C(4)(a)	Complaints about misconduct referred to the Chief Executive of the Local Government	0
176C(4)(b)	Complaints about misconduct referred to the regional conduct review panel or the tribunal	0
176C(5)	Complaints assessed by the Chief Executive Officer as being about corrupt conduct	0
176C(6)	Complaints about another matter	0
180(2) and (4)	Orders and recommendations made about misconduct	0
181(2)	Orders made for inappropriate conduct	0

For the period 3 December 2018 to 30 June 2019:

From 3 December 2018, a new framework was implemented which includes setting appropriate standards for the behaviour of councillors, dealing with the conduct of councillors at meetings, investigating and dealing with complaints about the conduct of councillors, disciplinary action taken against councillors who engage in inappropriate or misconduct and the entities that investigate and deal with complaints about the conduct of councillors.

Orders and complaints about Councillors during the financial year, for the period 3 December 2018 to 30 June 2019 are provided below.

Table 4.12

Section of Act	Type of order/complaint	No.
150(2)	Orders made by the chairperson about unsuitable meeting conduct	0
150AH(1)(a)	Orders made by the local government that no disciplinary action be taken against the councillor about inappropriate conduct	0

150AH(1)(b)	Orders made by the local government that action be taken against the councillor about inappropriate conduct	0
150AR(1)(a)	Orders made by the conduct tribunal that no action be taken against the councillor about misconduct	0
Section of Act	Type of order/complaint	No.
150AR(1)(b)	Decisions, orders and recommendations made by the conduct tribunal about disciplinary action against a Councillor	0
150P(2)(a)	Complaints received by a government entity and referred to the assessor about councillor conduct	2
150P(3)	Matters about corrupt conduct of a councillor notified to the Crime and Corruption Commission	0
150R(2)	Notices given to the assessor about particular councillor conduct	3
150S(2)(a)	Notices given to the assessor about councillor misconduct	0
150W(a)	Decision made by the assessor to dismiss the complaint about the conduct (under section 150X)	7
150W(b)	Decision made by the assessor to refer the suspect inappropriate conduct to Council to deal with	0
150W(d)	Decision made by the assessor to take no further action in relation to the conduct (under section 150Y)	12
150AC(3)(a)	Referral notices accompanied by a recommendation of suspected inappropriate conduct from the assessor	0
150AF(4)(a)	Occasions information given to the assessor about suspected inappropriate conduct for further investigation	0
Chapter 5A, part 3, division 5	Occasions the local government asked another entity to investigate the suspected inappropriate conduct of a councillor	0
Chapter 5A, part 3, division 5	Applications heard by the conduct tribunal about the alleged misconduct of a councillor	0

4.18 Remuneration of Senior Management

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

Table 4.13

Number of Executives	Salary Range
3	\$100,000 - \$200,000
4	\$200,000 - \$300,000
1	\$300,000 - \$400,000

The total remuneration packages payable in 2018/19 to senior management was \$1,914,858.

Index of Legislative Requirements

Requirement	Title	Heading	Page
Local Government Act 2009			
Section 41	Identifying beneficial enterprises	4.2 Beneficial Enterprises	71
Section 45 (a)–(d)	Identifying significant business activities	4.3 Significant Business Activities	71
Section 201- 1 - 4	Remuneration senior management	4.18 Remuneration of Senior Management	80
Local Government Regulation 2012			
Section 183 (a) & (d)	Financial Statements	3 Annual Financial Statements	9
Section 183 (b) & (c)	Financial Statements	3 Financial Sustainability Statements	64
Section 184	Community Financial Report	2 Community Financial Report	2
Section 185 (a) & (b)	Particular Resolutions	4.5 Particular Resolutions	71
Section 186(1)(a)	Councillors	4.13 Remuneration of the Mayor and Councillors	78
Section 186(1)(b)	Councillors	4.14 Reimbursement of Expenses and Provision of Facilities	78
Section 186(1)(c)	Councillors	4.16 Attendance at Council Meetings	79
Section 186(1) (d)-(f)	Councillors	4.17 Councillor Conduct	79
Section 187	Administration Action Complaints	4.1 Administrative Action Complaints	71
Section 188	Overseas Travel	4.15 Overseas Travel	78
Section 189	Expenditure on grants to community organisations	4.8 Expenditure on Grants to Community Organisations	76
Section 190(1) (a) & (b)	Assessment of operations and performance	1 Chief Executive Officer's Report	1
Section 190(1)(e)	Tenders	4.6 Changes to Tenders	74
Section 190(1)(f)	Registers	4.9 Council Registers	76
Section 190(1)(g)	Concessions for rates and charges	4.7 Summary of Concessions for Rates and Charges	74
Section 190(1)(h)	Report on the Internal Audit	4.11 Report on the Internal Audit	77
Section 190(1)(i) & (j)	Competitive Neutrality Complaints	4.4 Competitive Neutrality Complaints	71
Public Sector Ethics Act 1994			
Section 23	Reporting	4.12 People and Culture	77



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**Item****22 October 2019****Item Number:**

G2

File Number:

.

Part:

GOVERNANCE

Portfolio:

Organisational Services

Subject:

Council Policy Review

Report Author:

Christine Large, Chief Legal Officer

Authorised by:

Amanda Pafumi, General Manager Organisational Services

Link to Corporate Plan:

Our People, Our Business - 3.2 Responsible governance with a customer-driven focus
 - 3.2.3 Administer statutory compliant governance operations incorporating insurance;
 risk management; property management and Council policies and procedures.

Background:

Council has previously adopted a Fraud and Corruption Management Policy.

Since its application, the Crime and Corruption Commission have advised of changes to the *Crime and Corruption Act 2001*. A new definition of corrupt conduct (section 15 of the Act) has been made.

The revised policy has been updated to reflect this change and is provided for Council's approval.

Associated Person/Organization:

Not applicable.

Consultation:

All Councillors.

Chief Legal Officer's Comments:

The policy is in accordance with legislation and best practice guidelines.

Policy Implications:

The policy will be adopted and further implemented within Council.

Financial and Resource Implications:

There appear to be no financial or resource implications.

Risk Management Implications:

There appears to be no risk management implications.

Communications Strategy:

Communications Team consulted.

Yes

No

Attachments:

[↓1](#) Fraud and Corruption Management Policy

Recommendation:

That Council:

- 1. Rescind CP-3-026 Fraud and Corruption Management Policy, version 1;
and**
- 2. Adopt CP-3-026 Fraud and Corruption Management Policy, version 2.**



Fraud and Corruption Management Policy

HEAD OF POWER

- *Local Government Act 2009*, section 4
- *Local Government Regulation 2012*, section 307A

INTENT

The purpose of this policy is to prevent and manage the risk and exposure of fraud and corruption at Council.

SCOPE

This policy applies to all staff and Councillors.

The policy should be read in conjunction with the Fraud and Corruption Procedure and Fraud and Corruption Control Plan.

DEFINITIONS

Corrupt conduct means conduct defined within the *Crime and Corruption Act 2001* as Type A and Type B:

"Type A" corrupt conduct involves conduct that affects, or could affect, a public officer (an employee of a public sector agency) so that the performance of their functions or the exercise of their powers:

- is not honest or impartial, or
- knowingly or recklessly breaches public trust, or
- involves the misuse of agency-related information or material.

Common examples of Type A corrupt conduct include fraud and theft, extortion, unauthorised release of information, obtaining or offering a secret commission and nepotism.

"Type B" corrupt conduct involves specific types of conduct that impair, or could impair, public confidence in public administration. This may include:

- collusive tendering, or
- fraud relating to an application for a licence, permit or other authority relating to public health or safety; the environment; or the State's natural, cultural, mining or energy resources, or
- dishonestly obtaining public funds or State assets, or
- evading a State tax, levy or duty or fraudulently causing a loss of State revenue, or
- fraudulently obtaining or retaining an appointment.

Both Type A and Type B corrupt conduct must be either a criminal offence or serious enough to warrant dismissal.

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Policy No. CP-3-026

Adopted/Effective Date: 22/10/19 Version: 2

Responsible Department: Organisational Services

Page 1 of 4



Fraud and Corruption Management Policy

Entity means a corporation, government agency, not-for-profit organisation or other entity engaged in business activity or transacting with other entities in a business-like setting (as defined in the Australian Standard AS 8001-2008, Fraud and Corruption Control).

Fraud means dishonest activity causing actual or potential loss to any person or Council including theft of moneys or other property by employees or persons external to Council and where deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position for personal benefit (as defined in the Australian Standard AS 8001-2008, Fraud and Corruption Control).

POLICY STATEMENT

1. Council is dedicated to maintaining an organisational culture which ensures that effective prevention, detection and response to fraud and corruption is an integral part of all Council activities.

2. Management principles

Council is committed to:

- Taking a risk management approach to the prevention, detection, response and monitoring, evaluation and reporting of fraud and corruption.
- Taking a pro-active stance in raising fraud and corruption awareness within Council.
- Reducing or removing the potential for fraud or corrupt conduct on the part of its employees, contractors, clients and suppliers.
- Detecting fraud or corrupt conduct through the systematic processes articulated in the Fraud and Corruption Control Plan.
- Investigating all instances of suspected fraud or corrupt activities as a result of detection processes or as a result of receiving an allegation of fraud or corrupt activities.
- Managing, disciplining or facilitating the prosecution of those responsible for incidents of fraud and corruption as appropriate.
- Minimising and/or eliminating the risk of fraud and corruption.
- Monitoring, evaluating and reporting confirmed and suspected fraud ensuring the continuing organisational integrity and transparency of its operations.

3. Management and staff responsibilities

All Council staff and Councillors are required to be aware of the obligations set out in this policy and the Fraud and Corruption Control Plan.

Councillors and staff have a responsibility to:

- Conduct their functions and duties with honesty and integrity and in accordance with all laws and the Employee Code of Conduct Policy.

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Policy No. CP-3-026

Adopted/Effective Date: 22/10/19 Version: 2

Responsible Department: Organisational Services

Page 2 of 4



Fraud and Corruption Management Policy

- Not engage in or participate in or ignore any evidence or suspicion of fraud or corrupt conduct. Any person who suspects such conduct should immediately notify their supervisor. In situations where the supervisor is suspected of involvement in fraud or corrupt conduct, it may be referred the next level of supervision, a member of the Executive Leadership Team, the Chief Legal Officer or Chief Executive Officer.
- report fraud and corrupt conduct.

Managers and Supervisors have additional responsibilities:

- lead by example to create an environment in which fraudulent and corrupt conduct is discouraged and readily reported by staff.
- reporting any allegations of fraudulent or corrupt conduct that are reported to them or that they become aware of to the Chief Executive Officer, Executive Leadership Team or Chief Legal Officer immediately when they become aware of such allegations.
- Where managers have received reports of fraudulent or corrupt conduct or have reason to suspect fraudulent or corrupt conduct in their area, they must:
 - not attempt to undertake a formal investigation as this may damage any internal investigation conducted;
 - attempt to obtain as much information as possible at the time the report is made.

Governance and Legal Services have a responsibility to:

- Implement this policy throughout Council.
- Regular review of the Fraud and Corruption Control Plan and Risk Assessment process.
- Implementation of this policy throughout Council and facilitation of training.
- Regular review of all policies and procedures adopted by Council when dealing with fraudulent or corrupt conduct to evaluate and amend as required.

4. Investigations

The Chief Legal Officer will undertake an appropriate investigation in accordance with Fraud and Corruption Procedure.

5. External Reporting

By law certain allegations of fraud or corrupt conduct must be reported to the Crime and Corruption Commission (CCC).

The Chief Legal Officer is the liaison officer and will report instances to the CCC and ensure that reports of fraud or corrupt conduct are made to the Queensland Audit Office and Queensland Police Service as appropriate.

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Policy No. CP-3-026

Adopted/Effective Date: 22/10/19 Version: 2

Responsible Department: Organisational Services

Page 3 of 4



Fraud and Corruption Management Policy

ASSOCIATED DOCUMENTS

- AS 8001-2008 Fraud and Corruption Control
- *Crime and Corruption Act 2001*
- Fraud and Corruption Investigation Procedure
- Fraud and Corruption Control Plan

DOCUMENT CONTROLS

Council will review this policy biennially or in response to changes in law or best practice.

POLICY OWNER

The Chief Legal Officer, Governance and Legal Services is the responsible person for this policy.

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Policy No. CP-3-026

Adopted/Effective Date: 22/10/19 Version: 2

Responsible Department: Organisational Services

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**Item****22 October 2019****Item Number:**

G3

File Number:

.

Part:

GOVERNANCE

Portfolio:

Organisational Services

Subject:

Audit and Risk Committee Minutes

Report Author:

Nicole Miller, Executive Assistant

Authorised by:

Amanda Pafumi, General Manager Organisational Services

Link to Corporate Plan:

Our People, Our Business - 3.2 Responsible governance with a customer-driven focus - 3.2.3 Administer statutory compliant governance operations incorporating insurance; risk management; property management and Council policies and procedures.

Background:

The Audit and Risk Committee met on 4 September 2019, and the minutes are attached for Council's information.

Associated Person/Organization:

Nil

Consultation:

Representatives of Audit and Risk Committee.

Chief Legal Officer's Comments:

Pursuant to section 211 of the *Local Government Regulation 2012*, the audit committee must as soon as practicable after a meeting of the committee, give the local government a written report about the matters reviewed at the meeting and the committee's recommendations about the matters.

Policy Implications:

There appear to be no policy implications.

Financial and Resource Implications:

The annual budget provides for costs associated with the Committee of \$4,000 per year. This is comprised of the total remuneration for the external committee members.

Risk Management Implications:

The various audit issues identified will be addressed by Council.

Communications Strategy:

Communications Team consulted.

- Yes
- No

Attachments:

- [↓1](#) Audit and Risk Committee Minutes 4 September 2019

Recommendation:

That the minutes of the Audit and Risk Committee meeting held on 4 September 2019 be received and noted.



AUDIT & RISK COMMITTEE MINUTES

Meeting held Wednesday 4 September 2019, commencing at 10 am
Council Committee Room, 1st Floor, 190 Bourbong Street, Bundaberg

Committee Attendance:

Bradley Grogan (Chair and External Representative)
Cr Helen Blackburn (Council Representative)
Cr Jack Dempsey (Mayor and Council Representative)
Debbie Rayner (External Representative);

By Invitation:

Amanda Pafumi, General Manager Organisational Services
Anthony Keleher, Chief Financial Officer
Christine Large, Chief Legal Officer
Holly Harper, BDO Internal Auditor
Jodie Bowden, Financial Controller
John McMullen, IMS Team Leader
Marita Corbett, BDO Internal Auditor
Nicole Miller, Executive Assistant (Minute Taker)
Simon Muggerridge, Deputy Financial Officer
Stephen Johnston, Chief Executive Officer;
Stuart Randle, General Manager Infrastructure.

By Invitation – Teleconference:

Allan Diano, Queensland Audit Office;
Clayton Russell, Pitcher Partners;
Jason Evans, Pitcher Partners.

1. Welcome

Bradley Grogan welcomed all attendees to the meeting.

2. Apologies

No apologies were noted:

3. Confirmation of Minutes

It was agreed that the Minutes of the meeting held 10 May February 2019, be taken as read and confirmed.

4. Internal Quality Audit Reports

John McMullen provide an update as to the findings of the water supply structures audit, milbank recycled water management plan, road maintenance performance contract, general and structural requirements AS ISO IEC 17025 and the status of outstanding corrective actions.

It was agreed that the information contained in the report be noted by the Committee.

John McMullen left the meeting at 10.13am

Pitcher Partners dialled in at 10.16am

5. External Audit Update

Representative from Pitcher Partners and Queensland Audit Office provided an overview of the external audit briefing note, and addressed any queries raised.

**Item****22 October 2019****Item Number:**

G4

File Number:

.

Part:

GOVERNANCE

Portfolio:

Organisational Services

Subject:

2019/20 1st Quarter Operational Plan Review

Report Author:

Christine Large, Chief Legal Officer

Authorised by:

Amanda Pafumi, General Manager Organisational Services

Link to Corporate Plan:

Our People, Our Business - 3.2 Responsible governance with a customer-driven focus
 - 3.2.3 Administer statutory compliant governance operations incorporating insurance;
 risk management; property management and Council policies and procedures.

Background:

In accordance with section 174 of *Local Government Regulation 2012*, the Chief Executive Officer must present a written assessment of Council's progress towards implementing the annual operational plan at meetings held at regular intervals of not more than three months.

Quarterly reports provide a process for monitoring and assessing Council's progress in meeting the goals of the Corporate Plan. The attached report highlights the achievements of Council over the past three months with most areas achieving the targets set. Each manager has provided a comment in the report on their department's or section's progress.

Associated Person/Organization:

Nil

Consultation:

General Managers and Managers

Chief Legal Officer's Comments:Complies with section 174 of the *Local Government Regulation 2012*.**Policy Implications:**

There appear to be no policy implications.

Financial and Resource Implications:

All financial implications and resource utilisations have been identified in the report.

Risk Management Implications:

Results, comments and status symbols provide up-to-date information that informs ongoing risk management and mitigation.

Communications Strategy:

Communications Team consulted.

Yes

No

Attachments:

[↓1](#) 2019/20 1st Quarter Operational Plan






Recommendation:

That the 2019/20 1st Quarter Operational Plan be received and noted.



Quarterly Operational Report

Quarter Q1, 2019/20

Indicator	Status	Indicator Meaning
	On Track	Initiative is proceeding to plan with no indication of future impediments.
	Action Required	Progress is significantly behind schedule or is rated 'closely monitor'. Decisive action is required to get back on track.
	Monitor	Progress is not as expected but action is being/ has been taken and is expected to be on track within the next quarter or financial year.
	Trend	This data is being collected for the observation and analysis.
	Completed	Initiative or project has been completed.

Communications

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.3 - Open communication 3.3.1 - Keep our community and workforce informed and up-to-date in matters of agency and community interest.	Number of Council articles published on bundabergnow.com.	Organisation - Communications	= 70.00	90.00	✓	90 stories were published and listed in the 'Council' category
Strategy 3 - Our people our business 3.3 - Open communication 3.3.2 - Proactively support and encourage community engagement and collaboration.	Interaction with social media posts: Shares, comments and likes on Facebook, Instagram, YouTube and Twitter.	Organisation - Communications	5% increase on last quarter	Last quarter - 24,167. This quarter - 461,077.	✓	Engagement figures are now based on Bundaberg Now channels as opposed to Bundaberg Regional Council channels.
	Total number of followers on Facebook, Twitter, Instagram and YouTube.	Organisation - Communications	5% increase on last quarter	4,302.00	✓	Facebook - 3967 Twitter - 21 YouTube - 18 Instagram - 296
Strategy 3 - Our people our business 3.3 - Open communication 3.3.3 - Develop consistent messaging and professional communications that establish a positive	Sentiment analysis - a breakdown of the tone of all media mentions and whether they are positive, negative or neutral.	Organisation - Communications	< 10.00%	9.01%	✓	Total media articles: 354 Online: positive 18.18%, negative 6.82%, neutral 75% Print: positive 38.81%, negative 11.19%, neutral 50% Overall: positive 28.495%, negative 9.005%, neutral 62.5%

profile and identity for council and our region.						
Strategy 3 - Our people our business 3.3 - Open communication 3.3.4 - Review and develop updated and relevant communication platforms, modes, mediums and content.	Website visitation: Length of stay.	Organisation - Communications	Trend	1 minute, 20 seconds.	—	Trending positively.
	Website visitation: Number of users.	Organisation - Communications	5% increase on last quarter	Quarter 4 of the 2018/2019 year there were 67,246 users. This quarter there have been 117,900 users.	✓	Trending positively.
Strategy 4 - Game changers - 4.4 Organisational and cultural excellence - 4.4.2 Implement Communications and Marketing Strategy	Improved community satisfaction as measured in the annual survey.	Organisation - Communications	Trend	Baseline survey was completed in 2019. It showed improved results against the previous 2014 survey where like for like comparisons were possible, e.g. customer service.	—	Baseline survey was completed in 2019. It showed improved results against the previous 2014 survey where like for like comparisons were possible, e.g. customer service.

Community & Environment

Airport

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.1 - Economic growth and prosperity 1.1.4 - Promote our region as a preferred investment destination nationally and internationally.	Number of passengers processed through Bundaberg Regional Airport terminal.	Organisation - Community & Environment - Airport	≥ 30,000.00	40,163.00	✓	Passenger numbers up 4% on the previous quarter. This indicates early signs of a recovery in passenger traffic, which has been in decline for a number of reporting periods.

Arts & Cultural Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.5 - Develop a Cultural Strategy, that celebrates and embraces our local connections to First Nation Peoples and other cultures.	Implementation of the Cultural Strategy	Organisation - Community & Environment - Arts & Cultural Services	Yes/No	Yes	✓	Catalyst projects are well progressed.

Galleries - BRAG & ChArts

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.3 - An empowered and creative place 1.3.1 - Provide facilities, spaces, services and activities that promote and support lifelong learning and community	Number of visitors to BRAG and ChArts.	Organisation - Community & Environment - Arts & Cultural Services - Galleries - BRAG & ChArts	Trend	16,260.00	—	Good visitation evenly distributed across both galleries (8783 BRAG and 7477 ChArts).

engagement with the arts and culture.						
Strategy 1 - Our community 1.3 - An empowered and creative place 1.3.2 - Provide leadership in creative innovation, opportunities for learning and social and cultural development.	Number of Galleries initiatives designed to grow our visual arts community.	Organisation - Community & Environment - Arts & Cultural Services - Galleries - BRAG & ChArts	Trend	51.00	—	34 public programs and 17 community outreach programs.

Moncrieff Entertainment Centre

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.3 - An empowered and creative place 1.3.1 - Provide facilities, spaces, services and activities that promote and support lifelong learning and community engagement with the arts and culture.	Days booked as a percentage of total days available.	Organisation - Community & Environment - Arts & Cultural Services - Moncrieff Entertainment Centre	Trend	70.50	—	Total of 55 days used this quarter of 78 available days (6 days per week). 10 days were used for maintenance, in addition to normal Mondays as maintenance days.
	Number of community groups using the Moncrieff Entertainment Centre.	Organisation - Community & Environment - Arts & Cultural Services - Moncrieff Entertainment Centre	Trend	16.00	—	TEDx was a highlight as a community run event with 466 attending on Friday 20 September.
	Number of patrons visiting the Moncrieff Entertainment Centre.	Organisation - Community & Environment - Arts & Cultural Services - Moncrieff Entertainment Centre	≥ 8,000.00	12,800.00	✓	3673 patrons for cinema related events. 9127 patrons for live events.
	Seats booked as a percentage of total seats available.	Organisation - Community & Environment - Arts & Cultural Services - Moncrieff Entertainment Centre	Trend	53.50	—	Cinema = 25.6% Live events = 52%

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.3 - An empowered and creative place 1.3.2 - Provide leadership in creative innovation, opportunities for learning and social and cultural development.	Number of Moncrieff Entertainment Centre initiatives designed to grow our performing arts community.	Organisation - Community & Environment - Arts & Cultural Services - Moncrieff Entertainment Centre	≥ 3.00	20.00	✓	Large range of fundraisers, workshops, meetings. E.g. Seniors Week community movie, RSL/Legacy Fundraiser with the Australian Army Band.

Community Care

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.3 - Support and facilitate community programs, networks, projects and events that promote social connectedness; and active and healthy community life.	Access to Services - Commonwealth Home Support Programme & Queensland Community Care (State and Federal funded): Number of service users with improved ability to access appropriate services.	Organisation - Community & Environment - Community Services - Community Care	≥ 50.00	429.00	✓	Continued support to access services.
	Community Support Services Commonwealth Home Support Programme & Queensland Community Care (State & Federal Funded): Number of service users who received a service.	Organisation - Community & Environment - Community Services - Community Care	Trend	429.00	—	Maintaining outputs.
	Funded Programs (State & Federal): Percentage programs and services are demonstrating compliance with standards and meeting funding targets.	Organisation - Community & Environment - Community Services - Community Care	≥ 98.00%	98.00%	✓	Complying with legislative requirements.
	Quality of Life - Commonwealth Home Support Programme & Queensland Community Care (State and Federal funded):	Organisation - Community & Environment - Community Services - Community Care	≥ 300.00	429.00	✓	Consistent outcomes.

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
	Number of service users with improved quality of life.					
	Social Connectedness - Commonwealth Home Support Programme & Queensland Community Care (State and Federal funded): Number of service users with improved social connectedness.	Organisation - Community & Environment - Community Services - Community Care	≥ 150.00	188.00	✓	Continue to deliver social connectedness outcomes.

Community Development

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.3 - Support and facilitate community programs, networks, projects and events that promote social connectedness; and active and healthy community life.	Number of community development partnerships, projects and initiatives promoted and supported by Council.	Organisation - Community & Environment - Community Services - Community Development	= 25.00	29.00	✓	Community Development Officers have exceeded target partnerships, projects and initiatives supported by Council.
	Number of community grants provided	Organisation - Community & Environment - Community Services - Community Development	Trend	7.00	—	Community Grants for the first quarter are on track. Workshops have been provided and October statistics are expected to be far higher.

Facilities Management

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.1 - Economic growth and prosperity 1.1.4 - Promote our region as a preferred investment destination nationally and internationally.	Holiday Parks: Percentage Holiday Park accommodation is occupied.	Organisation - Community & Environment - Community Services - Facilities Management	Trend	72.57%	—	Moore Park Beach - 80.54% Elliott Heads - 66.33% Burnett Heads - 84.99% Miara - 58.43%

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.1 - Infrastructure that meets our current and future needs 2.1.4 - Manage and maintain council owned buildings, facilities and assets that support and facilitate social connectedness and community life.	Percentage usage of halls and community facilities including Coronation Hall, School of Arts and Gin Gin RSL.	Organisation - Community & Environment - Community Services - Facilities Management	Trend	51.24%	—	Coronation Hall - 32.89% School of Arts - 74.87% Gin Gin RSL Hall - 45.99%
	Percentage usage of the Recreational Precinct.	Organisation - Community & Environment - Community Services - Facilities Management	Trend	55.54%	—	Usage of the Bundaberg Recreational Precinct is consistent for the current season.

Neighbourhood Centres

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.3 - Support and facilitate community programs, networks, projects and events that promote social connectedness; and active and healthy community life.	Number of occasions that information, advice and referral services were provided.	Organisation - Community & Environment - Community Services - Neighbourhood Centres	Trend	6,389.00	—	Centres continue to be accessed for information and referral. This is inclusive of Commonwealth Health Support Program services.
	Number of service users who received a service.	Organisation - Community & Environment - Community Services - Neighbourhood Centres	Trend	3,980.00	—	Services continue to be utilised.
	Number of service users with improved quality of life.	Organisation - Community & Environment - Community Services - Neighbourhood Centres	≥ 4,000.00	3,808.00	●	Slightly under target based on access.
	Number of services users with improved ability to access appropriate services.	Organisation - Community & Environment - Community Services - Neighbourhood Centres	≥ 4,000.00	4,122.00	✓	Meets target.

Disaster Management

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community	Annual assessment of Local Disaster Management Plan and local disaster arrangements in accordance	Organisation - Community & Environment - Disaster Management	≥ Greater than or equal to 5/10	Report prepared and submitted.	✓	Report prepared and submitted.

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
1.2.4 - Implement disaster prevention strategies and maximise community preparedness for disaster events.	with Emergency Management Assurance Framework.					
	Number of Local Disaster Management Group (LDMG) Meetings held.	Organisation - Community & Environment - Disaster Management	1.00	1.00	✓	Bundaberg Local Disaster Management Group Meeting held 26 July 2019.

Library Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.3 - An empowered and creative place 1.3.1 - Provide facilities, spaces, services and activities that promote and support lifelong learning and community engagement with the arts and culture.	Number of participants in our community programs.	Organisation - Community & Environment - Library Services	≥ 2,000.00	4,197.00	✓	Regular story and craft activities have been provided and the addition of the Childers Read to me Day has seen the large increase to numbers reported.
	Number of patrons using our libraries.	Organisation - Community & Environment - Library Services	≥ 70,000.00	74,444.00	✓	Residents and visitors to the Bundaberg Regional Council areas continue to enjoy Libraries, both as lending facilities and community meeting places.
Strategy 1 - Our community 1.3 - An empowered and creative place 1.3.2 - Provide leadership in creative innovation, opportunities for learning and social and cultural development.	Number of participants in our Digital Literacy programs.	Organisation - Community & Environment - Library Services	≥ 100.00	365.00	✓	Regular Robotics, Virtual Reality & Introductory sessions have been deployed by staff. Young mentors from Bundaberg High School have been delivering Digital Literacy session to seniors which has been beneficial to all participants.

Parks, Sports & Natural Areas

Natural Resource Management

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.3 - Sustainable built and natural environments 2.3.1 - Manage, maintain, rehabilitate and protect our natural resources and regional ecosystems.	Biosecurity Surveillance: Number of properties inspected.	Organisation - Community & Environment - Parks, Sports & Natural Areas - Natural Resource Management	≥ 325.00	450.00	✓	376 rural properties inspected for declared plants & 74 urban properties surveyed as part of program to reduce weed seed spread into Baldwin Swamp & Barolin Nature Park.
Strategy 2 - Our environment 2.3 - Sustainable built and natural environments 2.3.2 - Educate and engage with the community to encourage greater involvement in the protection of the natural environment and the development of land use policy.	Number of community environmental protection and management activities participated in.	Organisation - Community & Environment - Parks, Sports & Natural Areas - Natural Resource Management	≥ 10.00	10.00	✓	Land Protection Officers held 2 Wild Dog 1080 baiting days, attended Wide Bay Burnett Regional Organisation of Councils invasive species committee meeting, inspections of local pet shops & nurseries as part of Wide Bay Burnett Regional Organisation of Councils, plant swap program 13 properties inspected. Natural Areas Officers participated in National Tree Day, Department of Environment and Science Flying Fox survey, Friends of Rifle Range planting activity, Friends of Archies Beach & Friends of Kellys Creek Reserve.
	Number of public awareness, education programs and activities delivered.	Organisation - Community & Environment - Parks, Sports & Natural Areas - Natural Resource Management	≥ 8.00	14.00	✓	8 School visits at the Zoo, 3 public awareness sessions held by the Land Protection Officers.




Parks & Gardens

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.1 - Provide facilities, parks, open spaces, services, and programs that promote and support our community's safety and physical well-being.	Percentage of agreed service levels have been met.	Organisation - Community & Environment - Parks, Sports & Natural Areas - Parks & Gardens	≥ 85.00%	94.00%	✓	Service levels for parks maintenance have predominantly been met for the quarter. However, some mow cycles have not been undertaken due to cooler temperature & very dry conditions.

Sport & Recreation

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.1 - Provide facilities, parks, open spaces, services, and programs that promote and support our community's safety and physical well-being.	Number of physical activity and preventative health initiatives promoted and supported by Council.	Organisation - Community & Environment - Parks, Sports & Natural Areas - Sport & Recreation	≥ 25.00	35.00	✓	Be Active Be Alive (winter sessions) Supported - RUOK Day, Options Day, Flourish Family Fun Day Cane 2 Coral.
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.3 - Support and facilitate community programs, networks, projects and events that promote social connectedness; and active and healthy community life.	Number of financial assistance requests/applications supported (individuals/sporting organisations/events).	Organisation - Community & Environment - Parks, Sports & Natural Areas - Sport & Recreation	Trend	21.00	—	Young People In Sport - 6 requests/1 approval. Sport Championships Funding - nil applications. General funding enquiries/eligibility - 15.

Regulatory Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.2 - Safe, active, vibrant and inclusive community 1.2.3 - Support and facilitate community programs, networks, projects and events that promote social connectedness; and active and healthy community life.	Local Law, Animal Management - number of community education programs delivered/attended.	Organisation - Community & Environment - Regulatory Services	≥ 10.00	3.00		Early in financial year so visits are still increasing.
Strategy 2 - Our environment 2.3 - Sustainable built and natural environments 2.3.3 - Review and consistently enforce local laws, the planning scheme, and other associated environment and public health legislation to ensure they meet community standards.	Percentage of annual Regulatory Services revenue budget collected across all three areas.	Organisation - Community & Environment - Regulatory Services	≥ 90.00%	53.00%		Actual - \$489,574 against annual proposed budget - \$922,000 = 53%. Dog registration 84%.
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.2 - Provide friendly and responsive customer service, in keeping with council values and community expectations.	Regulatory Services - Number of proactive officer generated CRMs across all three areas.	Organisation - Community & Environment - Regulatory Services	Trend	44.00		Includes Snap Send Solve notifications lodged by staff, report from Authority - CRM enquiries from customers, Bundaberg Regional Council Reports and CRM's created by Regulatory Services.

Tourism & Events

Events

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.1 - Economic growth and prosperity 1.1.4 - Promote our region as a preferred investment destination nationally and internationally.	Estimated number of participants at the Childers Festival.	Organisation - Community & Environment - Tourism & Events - Events	Trend	40,000.00	—	Visitation for Childers Festival remained static with an estimated 40,000 participants attending the various Childers Festival events held over four days.
Strategy 1 - Our community 1.3 - An empowered and creative place 1.3.3 - Advocate and support heritage and culture programs, projects, plans and events, which create a positive identity for the region.	Attendee satisfaction at Childers Festival from survey results.	Organisation - Community & Environment - Tourism & Events - Events	≥ 90.00%	95.00%	✓	With a 95% satisfaction rate, Childers Festival provides locals & visitors to the region an exceptional event experience.

Tourism Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.1 - Infrastructure that meets our current and future needs 2.1.4 - Manage and maintain council owned buildings, facilities and assets that support and facilitate social connectedness and community life.	Number of visitors attending events at the Bundaberg Multiplex Convention Centre.	Organisation - Community & Environment - Tourism & Events - Tourism Services	Trend	5275 Attendees	—	These figures are taken from hirers at the time of booking.
	Number of visitors to iconic facilities (Hinkler Hall of Aviation and Fairymead House).	Organisation - Community & Environment - Tourism & Events - Tourism Services	> 4,000.00	7,219.00	✓	Exceptional first quarter with increased "grey nomad" visitation and successful school holiday program attendance.

Waste & Health Services

Environmental Health Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.3 - Sustainable built and natural environments 2.3.4 - Provide environmental health and community services and programs to support regional wellbeing.	Number of community health/education programs delivered.	Organisation - Community & Environment - Waste & Health Services - Environmental Health Services	≥ 6.00	3.00		Council have provided 2 free food safety and hygiene courses within the community. Additionally, Council provides a free online food safety and hygiene course which has been completed by 585 users over the past 3 months.
	Number of illegal dumping and littering complaints investigated.	Organisation - Community & Environment - Waste & Health Services - Environmental Health Services	Trend	77 Littering and Illegal Dumping Complaints		Council have recently formed an agreement with the Department of Environment and Science which has provided funding for Council to employ two illegal dumping officers for the purpose of implementing prevention and intervention measures to reduce the amount of illegal dumping incidents throughout the region.

Development

Development Assessment

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.1 - Economic growth and prosperity 1.1.1 - Provide responsive, consistent and timely customer service to our residents, investors and developers.	Percentage of applications to endorse Subdivision Plans decided within 20 days.	Organisation - Development - Development Assessment	≥ 85.00%	97.00%	✓	34 Plans received during this quarter with 33 endorsed within 20 days or less.
	Percentage of total concurrence agency referrals decided within 10 days.	Organisation - Development - Development Assessment	≥ 90.00%	95.00%	✓	82 concurrence referrals received in the quarter. 78 were decided within 10 days or less.
	Percentage of total development applications decided within 10 days.	Organisation - Development - Development Assessment	≥ 30.00%	40.00%	✓	23 applications were decided within 10 days or less out of a total of 57 applications decided for the quarter.
	Percentage of total development approvals decided within 35 days or less.	Organisation - Development - Development Assessment	≥ 85.00%	93.00%	✓	53 applications were decided in 35 days or less out of a total of 57 applications decided for the quarter.
	Percentage planning and building searches are issued within statutory and corporate timelines.	Organisation - Development - Development Assessment	≥ 95.00%	100.00%	✓	249 building compliance searches and 14 (12 limited, 1 Standard and 1 full) Planning Certificates were issued for the quarter.

Development Compliance

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.1 - Infrastructure that meets our current and future needs 2.1.1 - Develop, implement and administer strategies and plans underpinned by the	Percentage of complaints formally acknowledged within 5 days.	Organisation - Development - Development Compliance	= 100.00%	100.00%	✓	120 Complaints acknowledged within the required time frame.

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
principles of sustainable development.						

Infrastructure

Engineering Services




Asset Management

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.1 - A sustainable financial position 3.1.3 - Review, monitor and evaluate asset management.	Reconciliation of assets and infrastructure.	Organisation - Infrastructure - Engineering Services - Asset Management	= 25.00%	20.00%	✓	Internal Capex and all Donated assets received to July 2018 has been processed. Remaining processing periods are end of October, February, April and May.




Corridor Management


Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.2 - Sustainable and affordable essential services 2.2.1 - Connect our people, places, businesses and industries by maintaining and improving road transport, pathway and drainage networks.	Percentage of Roads & Drainage and Footpath Customer Requests (CRMs) completed within allocated time periods.	Organisation - Infrastructure - Engineering Services - Corridor Management	≥ 80.00%	49.00%	●	There were 1031 tasks closed. Of these, 49% (505) met service level requirements, with an average processing time of 24 days. Additional resources have been recruited which should improve this percentage in coming quarter.


Fleet & Trade Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.2 - Sustainable and affordable essential services 2.2.4 - Provide effective and efficient fleet and trade services for operations and projects across council.	Asset Maintenance: Percentage of work tickets completed when scheduled.	Organisation - Infrastructure - Fleet & Trade Services	≥ 95.00%	89.15%		Total high priority tasks that were scheduled was 470 with 89.15% percent completed on time. Investigating how to improve this in the future.
	Percentage of internal client survey results satisfactory or above.	Organisation - Infrastructure - Fleet & Trade Services	> 75.00%	96.40%		96.40% of client surveys returned results of satisfactory or above during the 1st quarter.
	Percentage of overall plant, vehicle and equipment availability.	Organisation - Infrastructure - Fleet & Trade Services	≥ 95.00%	97.25%		Overall major plant availability of 97.25% as per MyData.

Water Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.1 - Economic growth and prosperity 1.1.1 - Provide responsive, consistent and timely customer service to our residents, investors and developers.	Connections: Percentage of new water and wastewater connections installed within 25 days.	Organisation - Infrastructure - Water Services	≥ 95.00%	73.00%		96 applications out of 131 were installed within 25 days of payment.
	Plumbing Services: Fast-track Approvals: Percentage of approvals decided within 5 days.	Organisation - Infrastructure - Water Services	≥ 95.00%	100.00%		6 from 6 applications were approved within the 5 day approval period.
	Plumbing Services: Percentage of approvals decided within 20 days.	Organisation - Infrastructure - Water Services	≥ 95.00%	98.00%		110 applications from a total of 112 applications were processed for the quarter within the 20 day period. The outstanding applications required additional information.

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 2 - Our environment 2.1 - Infrastructure that meets our current and future needs 2.1.2 - Plan and implement council's long-term and annual capital works improvement program that reflects community needs and expectations.	Delivery of Wastewater Capital Projects Program: Percentage of adopted budget completed.	Organisation - Infrastructure - Water Services	= 95.00%	9.00%		Expenditure is planned to accelerate in the later quarters of the financial year as designs and documentation are finalised and delivery resources are assigned.
	Delivery of Water Capital Projects Program: Percentage of adopted budget completed.	Organisation - Infrastructure - Water Services	= 95.00%	4.00%		There are a number of significant projects (4 of) that contribute to a large portion of the budget. Gregory/Kalkie Water Treatment Plant project has been awarded and program cashflows are being reviewed for Quarter 2 reporting. Branyan Water Treatment Plant projects should be awarded prior to December 2019 with construction in Quarter 3 and Quarter 4. The remainder of the smaller projects are on track.
Strategy 2 - Our environment 2.2 - Sustainable and affordable essential services 2.2.2 - Supply potable water and wastewater services that ensure the health of our community in accordance with council's service standards.	Wastewater odour complaints per 1,000 connections.	Organisation - Infrastructure - Water Services	< 5.00	0.57		Fifteen (15) odour complaints were received for the quarter from a total of 26,394 sewage connections.
	Wastewater reliability: Percentage of customers who do not experience interruption.	Organisation - Infrastructure - Water Services	≥ 95.00%	99.95%		Fourteen (14) sewerage connections experienced a service interruption from a total of 26,394 sewerage connections.
	Wastewater reliability: Sewer main breaks and chokes per 100km of mains.	Organisation - Infrastructure - Water Services	≤ 40.00	4.25		Thirty (30) sewer main breaks and chokes occurred across the region during this quarter. The total length of sewer main is 705.33 km.

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
	Wastewater: Number of reportable incidents.	Organisation - Infrastructure - Water Services	≤ 5.00	6.00		Inlet screens at Rubyanna Waste Water Treatment Plant were identified as the cause of four bypass events. The screens are being repaired.
	Water supply quality: Water quality complaints per 1,000 connections.	Organisation - Infrastructure - Water Services	≤ 10.00	0.64		Twenty-one (21) water quality complaints for the quarter from a total of 32,782 water connections. Complaints relate to taste, odour and discoloration from all Council's water service areas.
	Water supply quality: Water quality incidents per 1,000 connections.	Organisation - Infrastructure - Water Services	≤ 5.00	0.09		Three (3) reported incidents in total - One (1) reported incident recorded - chlorine exceedance Bundaberg WSA plus Two (2) on-going Trihalomethane exceedance incidents - Gregory River (4 sites); Lake Monduran (1 site).
	Water supply reliability: Percentage of customers who do not experience a planned interruption.	Organisation - Infrastructure - Water Services	≥ 95.00%	91.97%		2,632 water connections experienced a planned/unplanned service interruption from a total of 32,782 water connections. Due to planned maintenance activities undertaken this quarter where there were six (6) large planned service interruptions (> 100 connections per interruption). Expect to be on track in the next quarter.
	Water supply usage: Raw water usage vs allocation.	Organisation - Infrastructure - Water Services	≤ 80.00%	84.10%		Water usage has been higher during this quarter

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
	Water usage as a percentage of allocation for Bundaberg Region.					due to lower rainfall. Raw water usage for this quarter was 3,502ML compared to 2,929ML for the corresponding quarter last year. Adequate water allocation is available.

Organisational Services

Financial Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.1 - A sustainable financial position 3.1.2 - Apply responsible fiscal principles for sustainable financial management.	Long-term net financial liability does not exceed 60% of total operating revenue.	Organisation - Organisational Services - Financial Services	≤ 60.00%	-19.90%	✓	Ratio is below the upper threshold of the target.
	Minimum return on investments is 1.3 times the bank bill swap rate.	Organisation - Organisational Services - Financial Services	≥ 1.30	1.62	✓	Actual exceeds target.
	Outstanding rates as a percentage of rates levied, prior to six monthly rates billing.	Organisation - Organisational Services - Financial Services	< 5.00%	4.78%	✓	Target achieved.
	Sufficient capital is available to meet forecast operational needs and maintained over the long-term financial forecast. Level of funds available greater than Council's minimum cash requirement.	Organisation - Organisational Services - Financial Services	≥ \$40,000,000	\$183,425,000	✓	Council holds sufficient cash to fund major projects scheduled for the 2019/20 financial year and beyond. No liquidity issues are foreseeable.
Strategy 3 - Our people our business 3.1 - A sustainable financial position 3.1.2 - Apply responsible fiscal principles for sustainable financial management.	Meeting legislative and operational standards for cash flow, investments, financial audits and accounts payable.	Organisation - Organisational Services - Financial Services	Yes	Yes	✓	No issues or failure to meeting legislative and operational requirements identified.
	Operating Surplus: Ratio is between 0 and 10% of total operating revenue for whole of council.	Organisation - Organisational Services - Financial Services	≤ 0-10%	2.4%	✓	Ratio is within target range, enabling Council to invest resources in its vision to build Australia's best regional community.

	Receive an unqualified audit opinion for the Annual Financial Statements.	Organisation - Organisational Services - Financial Services	Yes	Yes	✓	At Quarter 1 2019_2020 FY the unaudited Annual Financial Statements have been submitted to Audit and Risk Committee for noting. The Queensland Audit Office appointed external auditors are currently undertaking the final audit of these Statements, with no major audit issues being identified at this stage.
Strategy 3 - Our people our business 3.1 - A sustainable financial position 3.1.3 - Review, monitor and evaluate asset management.	The capital expenditure on replacement assets is consistent with the Long-term Asset Management Plan.	Organisation - Organisational Services - Financial Services	Yes	Yes	✓	Renewal expenditure was 82% of the amended budget.
Strategy 3 - Our people our business 3.1 - A sustainable financial position 3.1.4 - Develop strong governance and funding networks with local, state and national stakeholders.	Implement a controlled funding application process, ensuring high quality applications and meeting the reporting requirements and project milestones of the funding agreements.	Organisation - Organisational Services - Financial Services	= 90% of projects delivered in accord with the Funding agreements	100%	✓	Reporting requirements and project milestones have been met or extensions approved by the funding body.
Strategy 4 - Game changers - 4.1 Connected and leveraged infrastructure - 4.1.2 Annual infrastructure capital programs are completed in accord with adopted strategic plans and in accord with budget	Completion of business as usual projects (routine projects that Council has control over) including renewals, own source of funding and completed Project Decision Framework.	Organisation - Organisational Services - Financial Services	= 90% per annum	79%	●	Will continue to monitor progress over the current financial year and develop appropriate management reports.
	Completion of Bespoke Projects (specific/uncommon projects) subject to external factors including grant	Organisation - Organisational Services - Financial Services	= 60% per annum	66%	✓	The expenditure exceeded the target of 60%. Funding for incomplete projects have

Strategy 4 - Game changers - 4.4 Organisational and cultural excellence - 4.4.3 Budget is delivered on time and on budget	specific funding, in partnership with or dependent on external entities commitment, dependent on another Bespoke Project or delivered under tender.					been reallocated to the current year.
	Recurrent revenue and recurrent expenditure is within the budget parameters.	Organisation - Organisational Services - Financial Services	+ or - 10%	Yes	✓	Recurrent Revenue and Expenditure were within the 10% target.

Accounts Payable

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.1 - A sustainable financial position 3.1.2 - Apply responsible fiscal principles for sustainable financial management.	Number of payments outside of terms.	Organisation - Organisational Services - Financial Services - Accounts Payable	≤ 90.00	56.00	✓	The amount of short pays has stayed within the usual numbers.

Customer Service

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.2 - Provide friendly and responsive customer service, in keeping with	Percentage of call centre enquiries answered in accordance with Customer Service Charter.	Organisation - Organisational Services - Financial Services - Customer Service	≥ 90.00%	94.00%	✓	A total of 30247 calls were received via the call centre within this period of peak customer demand. i.e Property Rates - approx. 40000 & Animal Renewal - approx. 15000. 81% of calls were answered within < 30 seconds. Good results were achieved.

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
council values and community expectations.	Percentage of customer requests (CRMs) overdue or outstanding in relation to assigned timeframes.	Organisation - Organisational Services - Financial Services - Customer Service	≤ 15.00%	6.25%	✓	Within this reporting period a total of 15535 requests for service were received. Data reflects that a client focused service was provided as trends remain consistent with data from Quarter 2 to Quarter 4 within the previous 2018/2019 year. Requests are being actioned within minimal timeframes.

Governance & Legal Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.1 - Ensure our workforce is adequately trained and supported to competently manage themselves and their work.	Percentage of staff trained in Right to Information and Information Privacy legislation during induction.	Organisation - Organisational Services - Governance & Legal Services	≥ 90.00%	47.00%	●	8 out of 17 new staff have completed both the Right to Information and Information Privacy training. Of the 9 staff (who commenced with Council in September 2019) yet to complete the training, 2 have completed the Information Privacy Act component.
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.3 - Administer statutory compliant governance operations incorporating insurance; risk management; property management and council policies and procedures.	Percentage of Administrative Action Complaints received and processed within applicable timeframes.	Organisation - Organisational Services - Governance & Legal Services	≥ 90.00%	75.00%	✓	A total of 5 complaints have been received during this period: - 1 complaint is new and a response is not due; and - 1 complaint was complex and required more time to undertake the review.
	Percentage of insurance claims processed	Organisation - Organisational Services - Governance & Legal Services	≥ 95.00%	100.00%	✓	23 insurance claims were processed within time

	submitted within timeframes.					frames (general insurance and public liability claims).
	Percentage of Right to Information and Information Privacy applications processed within legislative timeframes.	Organisation - Organisational Services - Governance & Legal Services	= 100.00%	100.00%	✓	For this quarter, 4 Right to Information applications have been received: - 1 application was not valid; and - 3 applications are currently being processed.
	Corporate and Operational risks reported to Audit and Risk Committee.	Organisation - Organisational Services - Governance & Legal Services	Yes/No	Yes.	✓	Presented at Audit & Risk Committee meeting on 04/09/2019.
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.5 - Provide and review systems, programs and processes to ensure effective and efficient service delivery to meet community expectations	Operational risks reviewed quarterly by operational areas.	Organisation - Organisational Services - Governance & Legal Services	≥ 75.00%	0.00%	✓	Operational Risk Reviews postponed until October due to Risk & Insurance Officer being on leave. Risks to be reviewed by Business Unit in consultation with BDO mid-October.

Information Services

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.5 - Provide and review systems, programs and processes to ensure	Customer support satisfaction based on surveyed users.	Organisation - Organisational Services - Information Services	≥ 80.00%	97.00%	✓	97% satisfaction out of 361 responses.
	Information Services service desk tickets opened vs. closed.	Organisation - Organisational Services - Information Services	≤ 0.00	-23.00	✓	Closed more tickets throughout the quarter than opened, target

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
effective and efficient service delivery to meet community expectations						reached of better than net 0.
	Percentage of information mapping services availability.	Organisation - Organisational Services - Information Services	≥ 98.00%	99.50%	✓	Good uptimes achieved this quarter with only minor outages for routine maintenance.

Integrated Management Systems

Integrated Management Systems (IMS)

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.3 - Administer statutory compliant governance operations incorporating insurance; risk management; property management and council policies and procedures.	Percentage of up-to-date documents published in IMS.	Organisation - Organisational Services - Integrated Management Systems - Integrated Management Systems (IMS)	≥ 90.00%	84.00%	●	All documents published in the IMS remain current until they are superseded by a new version. Currently 16% of IMS documents have gone past their proposed review date and await staff attention.
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.4 - Exercise whole-of-council adherence to, and compliance with, council's policies and procedures, in keeping with our corporate values and community's expectations.	Number of Internal Quality, Safety, Environmental (systems and processes) Audits completed.	Organisation - Organisational Services - Integrated Management Systems - Integrated Management Systems (IMS)	≥ 2.00	2.00	✓	Audits completed this period include: Audit 192001 General and Structural Requirements of AS ISO/IEC 17025:2018 Audit 192002 Resource Requirements of AS ISO/IEC 17025:2018.

Internal Audit

Internal Audit

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.4 - Exercise whole-of-council adherence to, and compliance with, council's policies and procedures, in keeping with our corporate values and community's expectations.	Number of Internal Audits completed.	Organisation - Organisational Services - Internal Audit	≥ 2.00	3.00	✓	BDO have completed three audits within this quarter which were scheduled. 1. Applying and transitioning to new Accounting Standards 2. State Penalties Enforcement Registry (SPER) 3. Fraud and corruption control design effectiveness

People, Safety & Culture

HR Business Partners

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.1 - Ensure our workforce is adequately trained and supported to competently manage themselves and their work.	Average number of days for recruitment process (approval to employment offer).	Organisation - Organisational Services - People, Safety & Culture - HR Business Partners	Average 30 business days	17 business days	✓	Average recruitment duration rate for the last 12 months - from CEO approval to contract being approved is 30.17 business days.
	Internal investigations are managed in a timely manner.	Organisation - Organisational Services - People, Safety & Culture - HR Business Partners	Average 30 business days	10 business days	✓	Only one preliminary investigation completed in this quarter. The People Safety & Culture component was completed within 10 working days.

Organisational Development

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.2 - Responsible governance with a customer driven focus 3.2.1 - Ensure our workforce is adequately trained and supported to competently manage themselves and their work.	Percentage of staff satisfied with training and development received.	Organisation - Organisational Services - People, Safety & Culture - Organisational Development	> 95.00%	97.30%	✓	Online course evaluation form being implemented from 1 October 2019 to encourage an increase in course evaluation forms particularly for external courses attended.

Work Health & Safety

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 4 - Game changers - 4.4 Organisational and cultural excellence - 4.4.1 Develop and implement People and Performance Strategy	Health and Safety Strategic Plan actions completed by timeframe.	Organisation - Organisational Services - People, Safety & Culture - Work Health & Safety	Milestone	Milestone.	✓	Progress on implementing the Strategic Plans continues to remain well on track, with the focus being on increasing use of technology, leadership in safety culture, aging workforce and contractor management.
	Health and Safety Strategic Plan Key Performance Indicators met.	Organisation - Organisational Services - People, Safety & Culture - Work Health & Safety	= 90.00%	55.00%	●	Over half of Safety KPI's are on track. Off track KPI's are progressing well with significant changes seen in average days to complete corrective actions reducing to 106 days from 486 days as at end FY18/19; Training completion increasing from 85% to 92% as at end FY18/19.

Strategic Procurement

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 1 - Our community 1.1 - Economic growth and prosperity 1.1.4 - Promote our region as a preferred investment destination nationally and internationally.	Percentage of the total Accounts Payable suppliers spend (excluding Corporate Purchase Cards) with local business categories A, B and C, as defined in the Procurement and Contract Manual.	Organisation - Organisational Services - Strategic Procurement	= 60.00%	50.62%		KPI result Q1 is based on indicative data (using Postcodes). Strategic Procurement & Supply (SPS) together with Accounts Payable has sent a "Creditors Information" form to all Council Suppliers, requesting they indicate their "Buy Local" category. This information is being received and will be updated into a Civica System Field in near future, so that a more accurate assessment is achieved.

Strategic Projects & Economic Development

Strategic Link	Performance Measure	Organisation Link	Target	Actual	Status	Comments
Strategy 3 - Our people our business 3.1 - A sustainable financial position 3.1.4 - Develop strong governance and funding networks with local, state and national stakeholders.	Actively seek and apply for funding opportunities from the State and Federal Governments.	Organisation - Strategic Projects & Economic Development	Trend	Five grant applications were submitted.	—	Council was also notified of the following funding success: - \$200,000 from federal government's Regional Employment Trial program.

**Item****22 October 2019**

Item Number:	File Number:	Part:
K1	TLPI	PLANNING

Portfolio:

Planning & Development Services

Subject:

Temporary Local Planning Instrument (TLPI) – Protection of the Mon Repos Turtle Conservation Area

Report Author:

Evan Fritz, Manager Strategic Planning

Authorised by:

Stephen Johnston, Chief Executive Officer

Link to Corporate Plan:

Our Environment - 2.1 Infrastructure that meets our current and future needs - 2.1.1 Develop, implement and administer strategies and plans underpinned by the principles of sustainable development.

Background:

Temporary Local Planning Instrument (TLPI) 1/2018 – Protection of the Mon Repos Turtle Conservation Area is an interim policy put in place by Council to regulate development on land at Shelley Street, Burnett Heads, pending amendments to Council's planning scheme to better protect the Mon Repos turtle rookery and sea turtles from the effects of development and lighting.

With public consultation on the proposed Planning Scheme amendments closing on 21 October 2019, work is progressing to finalise the amendment package before TLPI 1/2018 lapses on 16 March 2020. However, given the limited timeframe, it is proposed to remake the TLPI as a 'back stop' should Council be unable to adopt the planning scheme amendments in time.

The proposed TLPI applies to the same land and includes identical planning controls to TLPI 1/2018.

Pursuant to section 23 of the *Planning Act 2016* and the Minister's Guidelines and Rules (MGR), Council is required to write to the Minister for State Development, Manufacturing, Infrastructure and Planning, requesting the Minister's approval to adopt the proposed TLPI. After considering the proposed TLPI, the Minister must advise if Council can adopt the proposed TLPI. On receipt of such advice, a further report will be presented for Council to adopt the TLPI. It is envisaged that Council will only proceed with the proposed TLPI if it is not in a position to adopt the proposed planning scheme amendments before the current TLPI lapses in March 2020.

Associated Person/Organization:

Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) and the Minister for State Development, Manufacturing, Infrastructure and Planning (Cameron Dick MP).

Consultation:

Council's Development Group has discussed the need to re-make the TLPI with officers from DSDMIP. There is no statutory requirement for Council to publicly consult on a proposed TLPI. However, Council would be required to publish a notice of any decision to adopt the TLPI.

Chief Legal Officer's Comments:

There are no legal implications arising from a decision to prepare a TLPI (or subsequently adopt if required). Pursuant to section 23(7) of the *Planning Act 2016*, a TLPI does not create a superseded planning scheme and is not an adverse planning change for the purposes of Part 2 of the Act, ie a TLPI does not expose to claims of compensation for reduced value of an interest in premises.

Policy Implications:

The TLPI is an interim policy response to concerns raised by the Planning Minister. *The Planning Act 2016* allows for a TLPI to suspend or otherwise affect the operation of the Planning Scheme for up to 2 years. The proposed amendments to Council's Planning Scheme consider a longer-term policy response to issues raised in the Minister's direction notice.

Financial and Resource Implications:

The proposed TLPI will not have any significant financial or resource implications for Council.

Risk Management Implications:

There appears to be no risk management implications.

Communications Strategy:

Communications Team consulted.

- Yes
 No

Attachments:

[↓1](#) Proposed Temporary Local Planning Instrument – Protection of the Mon Repos Turtle Conservation Area

Recommendation:

That pursuant to section 23 of the *Planning Act 2016* and the Minister's Guidelines and Rules, Council:-

- (a) make a Temporary Local Planning Instrument – Protection of the Mon Repos Turtle Conservation Area; and**

- (b) write to the Minister for State Development, Manufacturing, Infrastructure and Planning requesting the Minister's approval to the making and adoption of the proposed TLPI.**



Bundaberg Regional Council

Temporary Local Planning Instrument 1/2020

Protection of the Mon Repos Turtle Conservation Area

1. Short title

This Temporary Local Planning Instrument (TLPI) may be cited as Temporary Local Planning Instrument 1/2020 – Protection of the Mon Repos Turtle Conservation Area.

2. Overview

This TLPI is an interim policy response put in place by the Bundaberg Regional Council (Council) to address concerns raised by the Planning Minister that insufficient provisions exist within the Council's Planning Scheme to protect the Mon Repos Turtle Rookery from the negative impacts of development.

3. Purpose

The purpose of this TLPI, made under section 23 of *the Planning Act 2016* and the Minister's Guidelines and Rules, is to provide an interim policy response to concerns the planning scheme does not appropriately reflect a State interest, particularly:-

- Biodiversity – matters of environmental significance are valued and protected, and the health and resilience of biodiversity is maintained or enhanced to support ecological integrity;
- Coastal Environment – the coastal environment is protected and enhanced, while supporting opportunities for coastal-dependent development, compatible urban form, and safe public access along the coast;
- Tourism – facilitating and streamlining the delivery of sustainable tourism development that promotes the protection or enhancement of the character, landscape and visual amenity, and the economic, social, cultural and environmental values of the natural and built assets associated with the tourism development.

To achieve this purpose, for the land identified within Schedule 3 – Mapping, the TLPI:-

- (i) Suspends:-
 - a. assessment tables 5.5.15, 5.6.1, 5.7.1, and 5.8.1
 - b. Central Coastal Urban Growth Area Local Plan Code;
 - c. Figure 7.2.1 – Central coastal urban growth area structure plan concept;
 - d. the 'Urban area' designation within Strategic framework maps SFM-001, SFM-002, and SFM-003;
- (ii) Includes it in the Limited development (constrained land) zone and introduces the LDZ2 precinct – Mon Repos turtle conservation;
- (iii) Sets levels of assessment for particular types of development; and
- (iv) Provides assessment criteria.

4. Application

This TLPI applies to land identified within Schedule 3 – Mapping.

5. Relationship with planning scheme

To the extent of any inconsistency between Council's current planning scheme and the TLPI, the TLPI prevails.

This TLPI suspends the provisions in the Bundaberg Regional Council Planning Scheme to the extent of matters that this instrument relates to as outlined in section 8.

6. Duration

This TLPI has effect for a period of 2 years from the date of commencement, unless repealed by Council resolution in accordance with s 23 of the *Planning Act 2016*.

7. Definitions

The terms used in this TLPI have the same meaning as defined in the Bundaberg Regional Council Planning Scheme and *Planning Act 2016*.

8. Effect of this Temporary Local Planning Instrument

8.1 For development within the area as defined within Schedule 3 – Mapping this TLPI suspends the operation of the following sections of the Bundaberg Regional Council Planning Scheme:

- (a) Assessment Tables:-
 - (i) 5.5.15 Emerging Community Zone;
 - (ii) 5.6.1 Reconfiguring a Lot;
 - (iii) 5.7.1 Building Work;
 - (iv) 5.8.1 Operational Work;
- (b) The Central Coastal Urban Growth Area Local Plan Code;
- (c) Figure 7.2.1 – Central Coastal Urban Growth Area Structure Plan Concept;
- (d) The 'Urban area' designation contained within the Strategic Framework Maps:-
 - (i) SFM-001 (Settlement Pattern Elements);
 - (ii) SFM-002 (Economic Development Elements);
 - (iii) SFM-003 (Transport and Infrastructure Elements).

8.2 Includes the area subject to the TLPI in the Limited development (constrained land) zone and introduces the LDZ2 precinct – Mon Repos turtle conservation.

8.3 Development specified in the 'Development' column of the Table of Assessment at Schedule 1 of this TLPI, has the level of assessment varied as specified in the 'Level of assessment' column and must comply with, –

- (a) for code assessment, the assessment criteria specified in 'Assessment criteria' column;
- (b) for impact assessment, the relevant provisions nominated within s 45 of the *Planning Act 2016*.

8.4 The Mon Repos turtle conservation precinct code (Schedule 2) provides an additional set of provisions to be considered by an assessment manager when assessing development specified in Column 1 of the Table of Assessment at Schedule 1.

This is to certify that this is a true and correct copy of Temporary Local Planning Instrument (TLPI) 1/2020 adopted by Council resolution on (Insert Date) and commenced on (Insert Date). The TLPI will cease to have effect on (Insert Date) or when it is repealed in accordance with the provisions of the *Planning Act 2016*.

Stephen Johnston
 Chief Executive Officer

Schedule 1 – Limited development (constrained land) zone – LDZ2 (Mon Repos turtle conservation) precinct table of assessment

1.1 Application

The tables in this part identify the level of assessment and assessment criteria for development subject to the area mapped within Schedule 3 – Mapping.

1.2 Levels of assessment

The following table identifies where the TLPI changes the level of assessment from that stated within the Emerging communities zone and the relevant assessment criteria.

Table 1.2.1 Table of assessment

Development ¹	Level of assessment	Assessment criteria ²
<i>Development within the Limited development (constrained land) zone – Precinct LDZ2 (Mon Repos turtle conservation)</i>		
Material change of use	Code assessment if for a dwelling house	<ul style="list-style-type: none"> Mon Repos turtle conservation precinct code Dwelling house code
	Impact assessment If not otherwise specified	
Reconfiguring a lot	Code assessment if for:- (a) a boundary realignment; or (b) an access easement.	<ul style="list-style-type: none"> Mon Repos turtle conservation precinct code Reconfiguring a lot code
	Impact assessment If not otherwise specified	
Building work	Code assessment if for a dwelling house and not a Material change of use	<ul style="list-style-type: none"> Mon Repos turtle conservation precinct code Dwelling house code
	Code assessment if not otherwise specified	<ul style="list-style-type: none"> Mon Repos turtle conservation precinct code The use code applicable to the use for which the building work is to be undertaken
Operational work	Code assessment if placing an advertising device on premises	<ul style="list-style-type: none"> Mon Repos turtle conservation precinct code Advertising devices code
	Code assessment If not otherwise specified	<ul style="list-style-type: none"> Mon Repos turtle conservation precinct code Landscaping code Nuisance code Transport and parking code Works, services and infrastructure code

¹ Note—where development is not identified in this column of the table as being subject to the TLPI, then the TLPI is not applicable to the development.

² Editor's note—this TLPI does not suspend the overlay assessment tables. Applicants need to check Table 5.10.1 of the planning scheme for additional assessment criteria.

Schedule 2 – Mon Repos turtle conservation precinct code

2.1 Application

This code applies to assessable development:-

- (a) occurring within the LDZ2 (Mon Repos turtle conservation) precinct within the Limited development (constrained land) zone identified on the map in Schedule 3;
- (b) identified as requiring assessment against the Mon Repos turtle conservation precinct code by the Table of assessment in Schedule 1.

2.2 Purpose and overall outcomes

- (1) The purpose of the code is to:
 - (a) limit future development of land within the Mon Repos turtle conservation precinct until it can be demonstrated that development of the area does not negatively impact on the nesting of turtles at the Mon Repos conservation area and other nesting beaches;
 - (b) ensure that future development is limited to a Dwelling house on each lot;
 - (c) ensure no further lots are created;
 - (d) ensure external lighting associated with a Dwelling house, including any ancillary domestic outbuildings and other works associated with a dwelling, are controlled to ensure development within the area limits both direct lighting and its contribution to the overall light spillage produced by urban areas.
- (2) The purpose of the code will be achieved through the following overall outcome/s:
 - (a) Development ensures land use, design and built form address the potential negative impacts of urban development to the nearby Mon Repos Turtle Rookery;
 - (b) The adverse impacts of lighting associated with urban development are not increased within or external to the development site.

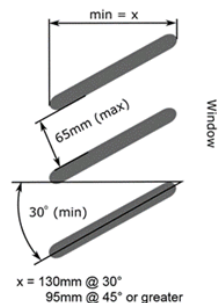
2.3 Assessment criteria

Table 2.3.1 Criteria for assessable development

Performance outcomes	Acceptable outcomes
<i>Land use composition</i>	
PO1 Development on the land is limited to pre-existing uses and a dwelling house on each lot.	AO1 No acceptable outcome provided.
PO2 Development does not create additional lots.	AO2 No acceptable outcome provided.
<i>Additional criteria for development other than a Dwelling house (Where a performance assessment against PO 1, PO 2 and the Purpose and overall outcomes has determined development other than a Dwelling house is appropriate)</i>	
PO3 Development ensures that lighting and glare does not have any significant adverse amenity impacts or create nuisance to nearby environmental areas.	AO3.1 Lighting devices are located, designed and installed to:- (a) minimise light spillage on surrounding premises; (b) preserve an acceptable degree of lighting amenity at surrounding premises; (c) provide covers or shading around lights; (d) direct light downwards; (e) position lights away from possibly affected areas; and (f) enable brightness of lights to be adjusted to low levels.

Performance outcomes	Acceptable outcomes
	<p>AO3.2 Streets, driveways and servicing areas are located and designed to minimise vehicle headlight impacts on the coastline and Mon Repos.</p> <p>AO3.3 Reflective glare that contributes to the sky glow is avoided or minimised through the use of:- (a) external building materials and finishes low reflectivity; or (b) building design/architectural elements or landscaping treatments to block or reduce excessive reflective glare.</p>
<p>PO4 Effective measures are implemented during the construction and operation of development to:- (a) protect fauna that is sensitive to disturbance from noise, vibration, odour, light, dust and particulates; and (b) limit impacts from artificial lighting on sea turtle nesting areas.</p>	<p>PO4.1 Any lighting used during the construction of development is managed to ensure it does not have an adverse impact on fauna within the nearby Mon Repos.</p> <p>PO4.2 All exterior lighting provided as part of development within the area, reduces light pollution and sky glow by:- (a) minimises the use and intensity of external lighting to that required to achieve the light's purpose and to avoid reflection from the ground, buildings or other surfaces; (b) using lighting that is fully shielded, directed and mounted as low as possible so as to cast little or no upward light (above the horizontal) or light spill towards the coastline and Mon Repos; (c) using lighting of a wavelength less likely to cause nuisance to sea turtles or other fauna (e.g. amber lighting); and (d) fitting lights with motion detection sensors and/or timers to ensure lighting is turned off when not used.</p> <p>AO4.3 All windows and glass doors are tinted with non-reflective tinting film that blocks a minimum of 75% light to reduce light spill from indoor lighting.</p> <p>AO4.4 All windows are shielded with external fixed louvres. Louvres are to be:- (a) solid (i.e. no holes); (b) directed downward from the window at a minimum angle of 30°; (c) in accordance with the dimensions identified within Figure A (Fixed louvres detail).</p>

Performance outcomes	Acceptable outcomes
	<p>Figure A – Fixed louvres detail</p>
<p>PO5 Development provides for landscape buffers that:- (a) effectively protect the edges of existing native vegetation or another area of environmental significance; (b) achieve visual screening of acoustic attenuation devices; and (c) provide separation between incompatible land uses or between major infrastructure elements (such as State-controlled roads) and land uses.</p>	<p>AO5 Where a landscape buffer is required, it is designed, constructed and maintained in accordance with the following:- (a) selected plant species are appropriate to the location, drainage and soil type; meet the buffer's functional requirements and require minimal ongoing maintenance; (b) plant selection includes a range of species to provide variation in form, colour and texture to contribute to the natural appearance of the buffer; (c) planting density results in the creation of upper, mid and understorey strata with:- (i) large trees planted at 6m centres; (ii) small trees planted at 2m centres; (iii) shrubs planted at 1m centres; and (d) tufting plants, vines and groundcovers are planted at 0.5m to 1m centres; and (e) where adjoining the edge of native vegetation or watercourse understorey, shrubs and vines are used to bind appropriately the buffer edges against degradation and weed infestation.</p> <p>Note—planting density is such that it blocks maximum light spillage between the development and the coastline and Mon Repos.</p> <p>Note—Figure B (Design of landscape buffers) demonstrates the preferred form and structure of landscape buffers.</p> <p>Figure B – Design of landscaping buffers</p>

Performance outcomes	Acceptable outcomes
Additional criteria for dwelling houses	
<p>PO6 Dwelling houses (including any associated domestic outbuildings) are sited and designed to avoid the use of outdoor and other external lighting and mitigates the spillage of internal lighting on the external environment.</p>	<p>AO6.1 The Dwelling house (including any associated domestic outbuildings) has no outdoor or external lights.</p> <p>AO6.2 All windows and glass doors are tinted with non-reflective tinting film that blocks a minimum of 75% light.</p> <p>AO6.3 All windows are shielded with external fixed louvres. Louvres are to be:- (d) solid (i.e. no holes); (e) directed downward from the window at a minimum angle of 30°; (f) in accordance with the dimensions identified within Figure C (Fixed louvres detail).</p> <p>Figure C – Fixed louvres detail</p> 
Additional criteria for building and operational work	
<p>PO7 Night works and security lighting is avoided during construction.</p>	<p>AO7 No acceptable outcome provided.</p>
Additional criteria for operational work involving placing an advertising device on premises	
<p>PO8 Advertising devices are limited to signage associated with Home based business' located on the land and are not illuminated or have moving parts.</p>	<p>AO8 Not more than one advertising device is erected on the premises and the sign:- (a) includes only the occupier and/or the business conducted on the premises; (b) has a maximum sign face of 0.5m²; (c) is attached to a fence or wall, and (d) is not illuminated or in motion.</p>

BUNDABERG REGIONAL COUNCIL
TEMPORARY LOCAL PLANNING INSTRUMENT 1/2020



Schedule 3 – Mapping

EFFECTIVE (INSERT DATE)

SCHEDULE 3 – MAPPING



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BRC Drawing No. 125904