



**AGENDA FOR SPECIAL MEETING  
TO BE HELD IN COUNCIL CHAMBERS, BUNDABERG  
ON WEDNESDAY 16 NOVEMBER 2016, COMMENCING AT 09.00 AM**

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**Item****16 November 2016****Item Number:**

F1

**File Number:**

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**Part:**GOVERNANCE &  
COMMUNICATIONS**Portfolio:**

Organisational Services

**Subject:**

2015-2016 Annual Report

**Report Author:**

John Kelly, Sustainable Finance Manager

**Authorised by:**

Andrew Ireland, General Manager Organisational Services

**Link to Corporate Plan:**

Governance - 4.4.5 Responsible financial management and efficient operations

**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 (1) 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 19 October 2016 and has provided Council with an unmodified audit opinion.

Attached for Council's consideration is the 2015-2016 Annual Report that also contains the 2015-2016 Financial Statements.

**Associated Person/Organization:**

External Auditors.

**Consultation:**

Portfolio Spokesperson: Mayor Jack Dempsey and Cr Helen Blackburn

General Managers, Councillors, Audit &amp; Risk Committee

**Legal Implications:**

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 (1) month of receiving the auditor-general's report relating to the audit of Council's annual financial statements.

**Policy Implications:**

Complies with Section 201 of 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. A Communication Strategy is:

- Not required
- Required

**Attachments:**

- 1 2015-2016 Annual Report

**Recommendation:**

**That:**

- 1. the 2015-2016 Annual Report be adopted; and**
- 2. a copy of the 2015-2016 Annual Report be provided to the Deputy Premier, Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade, The Hon Jackie Trad MP.**



**2015-2016**  
**ANNUAL  
REPORT**

**A STRONG  
AND VIBRANT  
REGION,  
CONNECTED  
IN VISION  
AND SPIRIT**

# WELCOME

## TO THE BUNDABERG REGIONAL COUNCIL 2015-2016 ANNUAL REPORT

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This report details our performance in meeting the strategic priorities outlined in our 2014–2019 Corporate Plan. The objectives of this Annual Report are to:

- Report on our performance in delivering Corporate Plan outcomes;
- Provide financial results for the year;
- Promote our region to local, state, national and international stakeholders;
- Recognise the significant achievements of Council; and
- Meet statutory requirements under the Local Government Act 2009 and Local Government Regulation 2012.

### HOW TO READ OUR ANNUAL REPORT

The report is divided into three chapters.

**Chapter One** reflects on the 2015-2016 financial year and includes messages from the Mayor and Chief Executive Officer. A summary of Council's performance against strategic priorities is also provided in Chapter One.

**Chapter Two** reports on the Democratic Governance of Council and the Corporate Governance of council services and operations.

**Chapter Three** details Council's audited Financial Statements and also delivers the Community Financial Report, in accordance with legislative requirements.

### OUR STAKEHOLDERS

The Annual Report is produced as a multipurpose report to benefit each of our stakeholders by providing a comprehensive and accurate report on our strategic, operational and financial performance. Our stakeholders include:

- Our community: our ratepayers; community groups and organisations; visitors to our Region and those who call the Bundaberg Region home;
- Local service providers, industry and commerce;
- Investors in our region - both current and future; and
- Local, State and Federal Governments.

### OUR COMMUNITY'S VISION

In 2031 the Bundaberg Region will be known for its:

- vibrant, inclusive and caring community
- sustainable managed and healthy environment
- strong and sustainable economy
- responsive cohesive, sustainable, ethical and accountable governance.

### COUNCIL'S VISION

A strong and vibrant region, connected in vision and spirit.

### COUNCIL'S MISSION

To connect, unite and inspire our communities through open, transparent, effective leadership and efficient management practices.

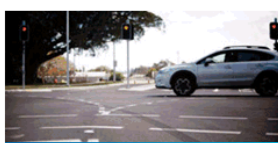
### OUR VALUES

- Honesty and Integrity
- Respect and Tolerance
- Open Communication
- Accountability and Transparency
- Trust
- Empathy
- Common Sense

## THE BUNDABERG REGION IN PROFILE



**10** Divisions  
**44,389** rateable properties  
**160** km of coastline between Walkers Point in the south and Winfield in the north  
**5** beaches with regular beach patrols (additional areas are monitored by roving lifeguards and jet ski patrols)  
**5** major rivers: Burnett, Kolan, Elliot, Isis and Gregory  
**643,562** ha conservation and natural environments  
**82,873** ha irrigated agriculture and plantations  
**Summer** day average 20°C - 30°C  
**Winter** day average 10.2°C - 21.2°C  
**Population** 94,380 persons - expected to grow to 117,865 by 2036



### ROADS & PATHWAYS

**270** km footpaths  
**1,968** km sealed roads  
**1,159** km of unsealed roads



### FACILITIES

**2** Art galleries: BRAG & ChArts  
**3** Libraries + 1 Library outlet & 6 community Free Little Libraries  
**3** Cultural centres  
**4** Council operated and supported tourist attractions – Hinkler House and Hall of Aviation, Fairymead House and Sugar Museum, and the Old Pharmacy Museum  
**4** Administration centres  
**6** Council depots  
**6** Community buildings  
**12** Cemeteries  
**27** Community halls  
**68** Community housing properties  
**70** Public toilets



### RECREATIONAL FACILITIES

**1** Botanic Garden  
**1** Recreational precinct  
**4** Swimming pools  
**6** Holiday parks  
**7** Skate bowl facilities  
**19** Boat ramps + 2 pontoons  
**350** Recreational Parks – 120 Playgrounds  
**653**ha Natural areas estate



### WATER INFRASTRUCTURE

**Water**  
**910.5** km Water mains  
**60** Water reservoirs  
**10** Chlorine dosing stations and 3 re-chlorination facilities  
**31,478** Water connections  
**Wastewater**  
**664.2** km Sewerage mains  
**101** Pump stations  
**10** Wastewater Treatment Plants  
**24,190** Sewerage connections



### WASTE SERVICES

**21,235** Recycle bins serviced fortnightly  
**42,429** Waste bins serviced weekly  
**3,310,528** Bins serviced per annum

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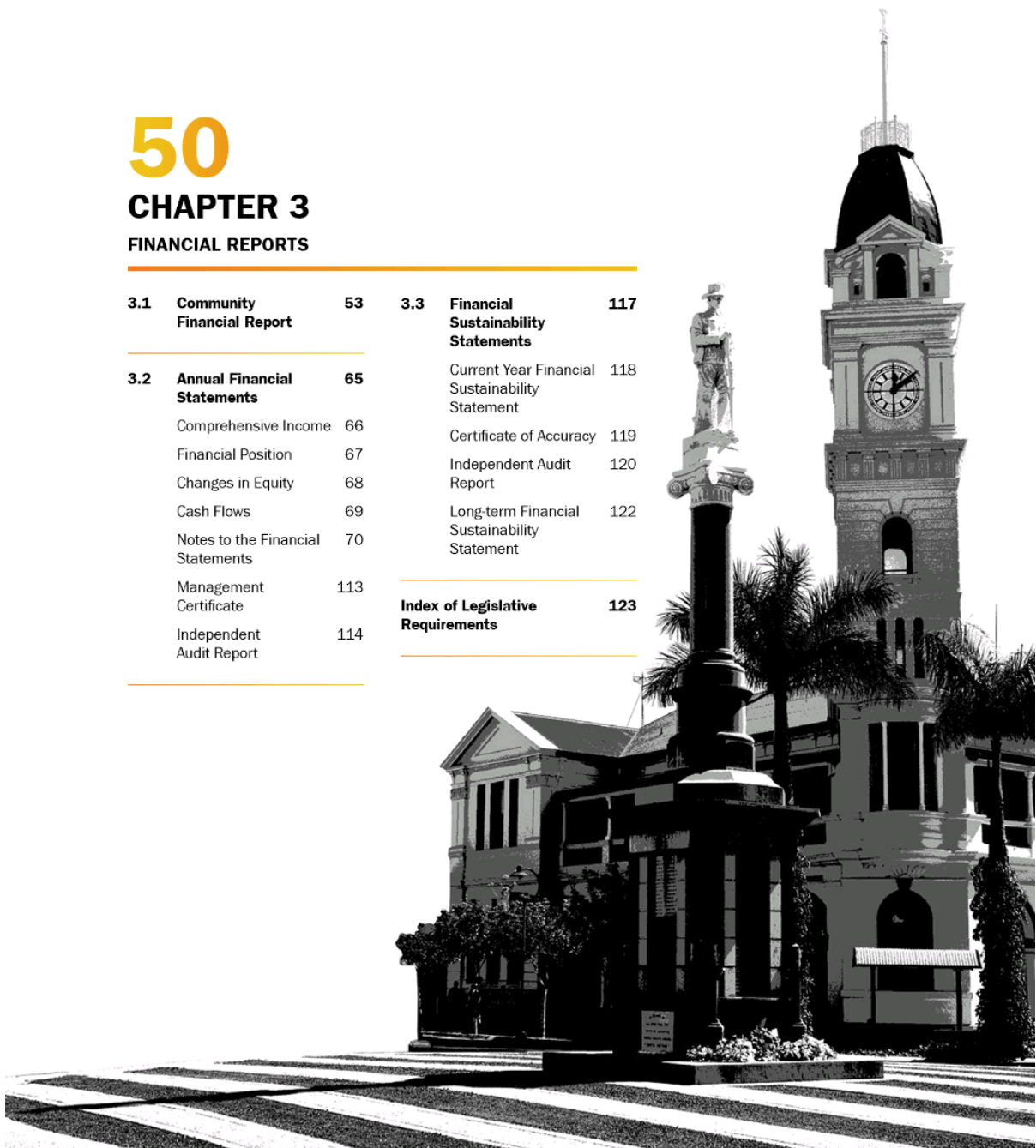


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BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016





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**CHAPTER 1**  
THE YEAR  
IN RETROSPECT

*“As Mayor, I remain appreciative of the effort and dedication of my fellow Councillors and staff right across the organisation. We have excellent people doing an exceptional job and the results of this team approach are evident in what is delivered for the residents of the Bundaberg Region.”*

**MAYOR JACK DEMPSEY**

# THE YEAR IN RETROSPECT

## 1.1 MAYOR'S REPORT

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It's pleasing to be able to review Council's operations and service delivery over the past 12 months and to ascertain that we have been able to meet key performance indicators that benchmark the gains we have made in productivity and areas of best practice.

The year has been one of solid financial performance for Council and to finish the financial year with a surplus of \$7,510,000 is an excellent result and one which positions Council in a manner to move forward confidently into a new operational year.

Savings across Council's operational costs coupled with improved grants and subsidies and competitive tendering on major projects has significantly reduced a need for Council borrowings.

The past year has resulted in very welcome funding announcements from the State Government which provided \$10 million towards the major projects of Rubyanna and the Multiuse Sport and Community facility. The Federal Government has also announced significant funding to address essential bridge and connector road construction that will result in vastly improved assets to facilitate regional transport options.

Council has continued to delve into major upgrades to its outdated information technology systems with a financial investment in excess of \$4 million across a number of budgets.

Improved IT capabilities are a forerunner to improved service delivery, record keeping and staff efficiencies and this investment in computer systems is an integral part of modernising Council to meet evolving community expectation and future challenges.

Council has continued to work with Gladstone Ports Corporation towards the improved utilisation of the Port of Bundaberg. Council continued its financial investment at the Port with significant water and sewerage upgrades to meet current and future demand both from a residential and industry perspective.

As a Council we are key enablers of the investment and development which is evident at the Port and across our region. The \$70 million Knauf Plasterboard factory being established at the Port is a forerunner of, and a pointer to, potential projects that may have a symbiotic relationship with the factory or seek a greenfield site to establish new ventures.

We remain committed to working with the Gladstone Ports Corporation and other innovators in a collaborative manner to canvass any potential for development that can further enhance our view that the Bundaberg Region is the perfect place to Live, Work, Play and Invest.

During the past 12 months Council has commenced projects that have been in the planning stage for a number of years. While contracts have been let and concrete poured further planning has been developed that will result in a rejuvenation of the Riverside Precinct and CBD. A new \$1.8 million animal management facility will be a key project to be completed in the next financial year following planning and funding during this operational year.

As Mayor, I remain appreciative of the effort and dedication of my fellow Councillors and staff right across the organisation. We have excellent people doing an exceptional job and the results of this team approach are evident in what is delivered for the residents of the Bundaberg Region.

**Mayor Jack Dempsey**

## 1.2 CHIEF EXECUTIVE OFFICER'S REPORT

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A key milestone for the year was the adoption by Council of the new Planning Scheme in October 2015. This key strategic document has been well received and significant development and investment interest and activity has resulted. To build on this momentum, the new Council has recently implemented a new Development Incentives Scheme which has been structured to stimulate local development activity and position the Bundaberg Region as an attractive investment opportunity.

The enhancement of lifestyle opportunities and the further strengthening of the economic base for the region were a significant focus for Council in the 2015-2016 year. Critical to the achievement of these key outcomes was the allocation of significant funding for several catalytic infrastructure projects. Construction of the first two stages of the \$32 million Multiuse Facility was commenced, with the completion date set for December 2016. This part of the project will accommodate the PCYC, a large variety of community events, indoor sporting activities and will also be used as an evacuation centre in disaster events.

In the key infrastructure areas of water and wastewater, the tender for the new Rubyanna Wastewater Treatment Plant was awarded at a cost of \$43 million and construction has commenced. Additionally, transfer mains for both water and wastewater were installed to facilitate growth and development within the Bundaberg Port Precinct, and a new pump station was also constructed as part of the project to decommission the existing Wastewater Treatment Plant at Coral Cove.

In addressing road network issues, work on several major link roads and bridges was undertaken. Land acquisition and design was completed to facilitate construction of the road connecting Kay McDuff Drive to the Ring Road and the first stage of the Hughes Road extension was constructed. The new concrete culvert bridge currently being constructed over the Kolan River at Monduran will also reinstate a vital transport link to facilitate economic activity for that area.

Council also continued to invest in the liveability of the region. Over 5,600 metres of additional bikeways and footpaths were constructed, and major upgrades to Parks and other recreational facilities across the region were undertaken. Projects included Childers Streetscape (Stage 6), redevelopment of Christen Park, Bargara (Stage 1) and upgrade of Bucca Recreational Facilities.

The ongoing commitment to transition to clean energy technologies across the organisation was evidenced with the installation of solar power systems at the Airport and the Kalkie and Botanic Gardens depots. Additionally, approximately one third of the power requirements for the new Rubyanna Treatment Plant will be provided using solar technology.

Council's financial position continues to strengthen with the financial statements indicating an operational surplus of \$7.5 million for the past year with \$3.4 million used for funding of the Rubyanna project. This outcome was achieved through the implementation of further cost saving initiatives and the receipt of substantial grant funding from both State and Federal Governments towards projects including Rubyanna, Multiplex, Childers Streetscape and Monduran Bridge. Given the operational surplus and this grant funding, no new loans were taken up for this financial year and Council's long-term debt forecasts have been significantly reduced.

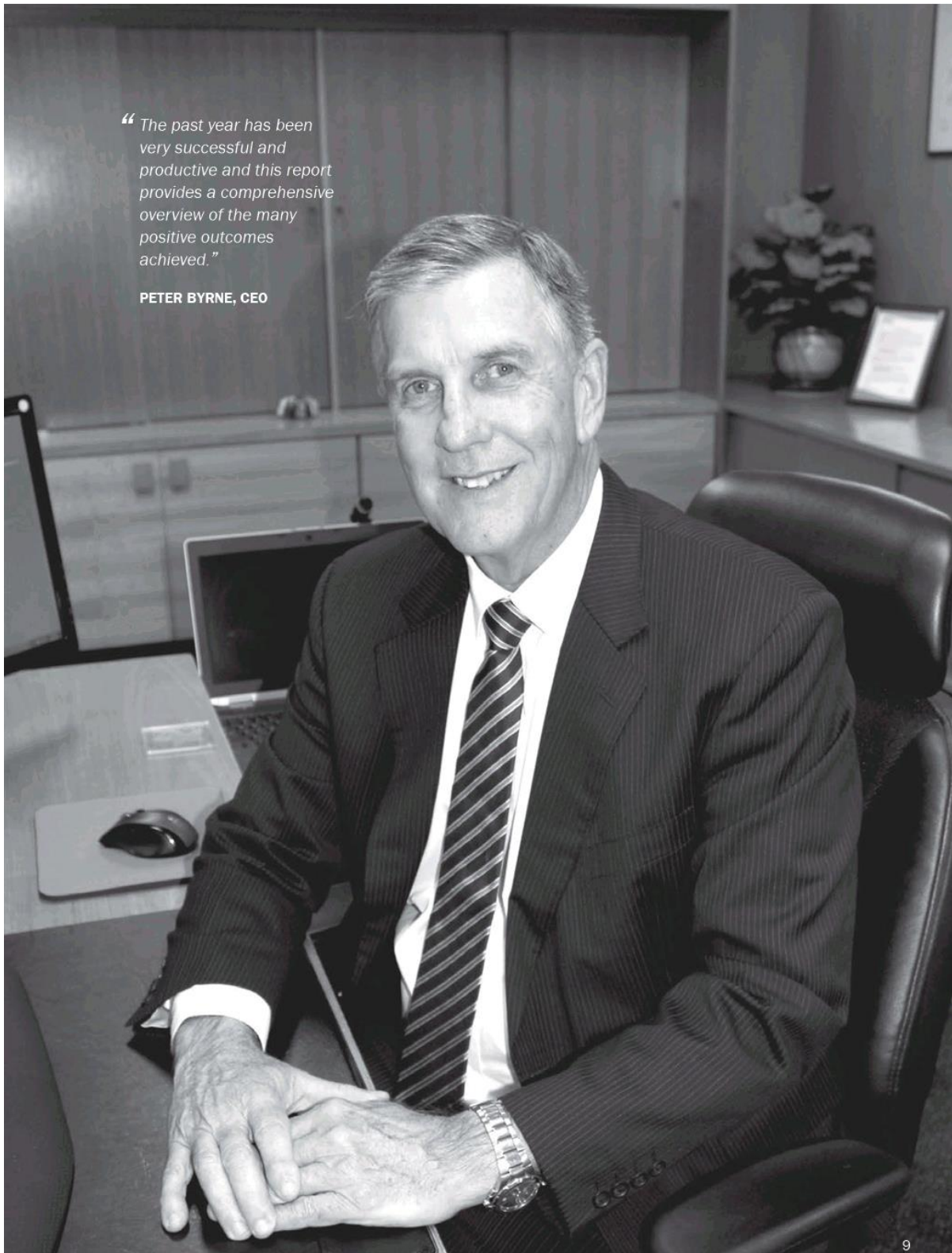
In the year ahead Council will finalise development of a new Corporate Plan, and address a number of key initiatives including completion of the final stage of the Multiplex, the Riverside Master Plan and Revitalisation of the Bundaberg CBD.

The coming year will also see the transitioning to a new Chief Executive Officer following my decision to retire in the near future. It has been an honour and a privilege to serve the communities of this region in this role.

With the elections in March there was a significant change in the make-up of the Council. I welcome Mayor Jack Dempsey and five new Councillors who, together with the five re-elected Councillors, will provide leadership and strategic direction for the Bundaberg Region over the coming four years. I also acknowledge the retiring Mayor, Mal Forman, and all previous Councillors for their commitment and service to the community during their term of office.

The past year has been very successful and productive and this report provides a comprehensive overview of the many positive outcomes achieved. I thank both Mayors and Councillors for their cooperation and support in dynamic and challenging times. I also acknowledge the professionalism and commitment of Executive Management and Staff whose dedication to service of the community is inspiring.

**Peter Byrne**  
Chief Executive Officer



BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016 THE YEAR IN RETROSPECT

1.3 **SIGNIFICANT EVENTS AND ACHIEVEMENTS**

# OUR PEOPLE

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Staff in the Planning and Development Team received three commendations at the Planning Institute of Australia (PIA) Planning Excellence Awards, for the following projects:

- Improved Planning Processes and Practices;
- Public engagement and community planning for the Riverside Master Plan; and
- the new BRC Planning Scheme, which addresses a trifecta of challenges: amalgamation of planning schemes of former Councils, natural disaster planning and significant planning issues.

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Planning and Development Staff also received a High Commendation at the Qld. National Trust Awards for its local heritage study and new Heritage Overlay in the Planning Scheme.

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Manager, Design Services, Dwayne Honor was selected as the Australasia Young IPWEA Emerging Leader by the National Engineering Foundation. He was awarded a Winston Churchill Memorial Trust Fellowship to travel to the Philippines and USA to research the impact and key learnings from extreme storm surge events on coastal communities for the betterment of Australia.



Emma Bolton took out the Exceptional Industry Administrator Award at the Waste, Recycling Industry Association (WRIQ) Awards for her work in designing and implementing the new collection day routes.

The award acknowledges Emma's contribution to the success of the new collection day program; her ability to practice ethical and industry standards, and her commitment to delivering exceptional customer service.



Ben Nedwich won the 'Bob Marshman Trainee of the Year'.

Jericho Storey won the 'Harry Hauenchild Apprentice of the Year' at the North Coast Region Queensland Education and Training Awards.



Council's Strategic Supply team were awarded the 'Inspirational Team Work Award' at the Government Procurement and Fleet Conference held in March 2016. The Government Procurement and Fleet Professionals Awards sponsored by Local Buy recognises the significant contribution that staff make within local government. The team at Council secured the award by rolling out a number of initiatives including staff completion of Diplomas in Government Procurement and Contracting; implementation of new templates, training kits and on-line tools, and achievement of substantial savings for Council and ratepayers.

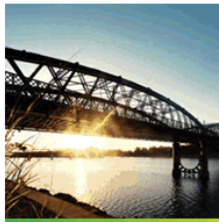
Bundaberg Regional Council's Geographical Information Systems (GIS) section, were finalists in the Australian Government ICT Awards in the Geospatial Category for their work 'Version 2 of the Burnett River Flood Gauge Mapping System'.

Rhy Baker, Senior Library Assistant at Childers, was awarded Outstanding Female Leader (Volunteer) Award by Queensland Fire and Emergency Services.

# OUR BUSINESS

## INFRASTRUCTURE AND PLANNING

### PLANNING



Adoption of the New Regional Planning Scheme, 15 October 2015.

The planning scheme was made under the Sustainable Planning Act 2009 and sets a blueprint for the future growth and development of the Bundaberg Region.

Planning Scheme Policy for Bargara adopted 2 February 2016.

Stage 2 of the Local Heritage Study completed.

### ROADS & DRAINAGE



The final stage of the Childers Streetscape project completed at a cost of \$1.3 million.

Widening of Miara Road, Yandaran- \$400,000; Dahls Road, Woongarra - \$500,000; and Coonarr Road - \$700,000.

Construction of new Roundabout at Woongarra Scenic Drive/Causeway Drive, Bargara - \$1.4 million.

Stage One of the Hughes Road Extension from Windermere Road to Wearing Road, representing a \$1.5 million investment in infrastructure.

### WATER & WASTEWATER



Extension of Water and Sewerage Mains to Port Bundaberg - \$1.95 million combined.

Southern Coastal Sewerage Extension (Innes Park) - \$2.13 million.

Stage One of Gin Gin Water Treatment Plant Upgrade completed - \$825,000.

Major rehabilitation works on Pine Creek bridge \$400,000, Walla St bridge \$400,000, Sylvan Drive, Moore Park Beach - \$600,000, and Ten Mile Road, Sharon - \$400,000.

Upgrade of Booyal Crossing project to improve flood immunity completed at a cost of \$1.2 million

Construction of 4 km of footpath network - \$1 million.

\$5 million road resurfacing program.

\$1.3 million drainage improvements. The first stage of the Thabeban Drainage Project commenced with expenditure of \$900,000.

**CLEAN ENERGY INITIATIVES**



Council's transition to the contestable electricity market saved a total of \$437,222.

Airport energy efficiency improvements resulted in a 30% reduction in electricity costs.

Three solar systems were installed on the following facilities as part of a pilot project to demonstrate financial and environmental benefits.

Bundaberg Regional Airport (100 kW) - estimated savings per year up to \$16,000.

Kalkie Depot (16 kW) - estimated savings per year up to \$4,765.

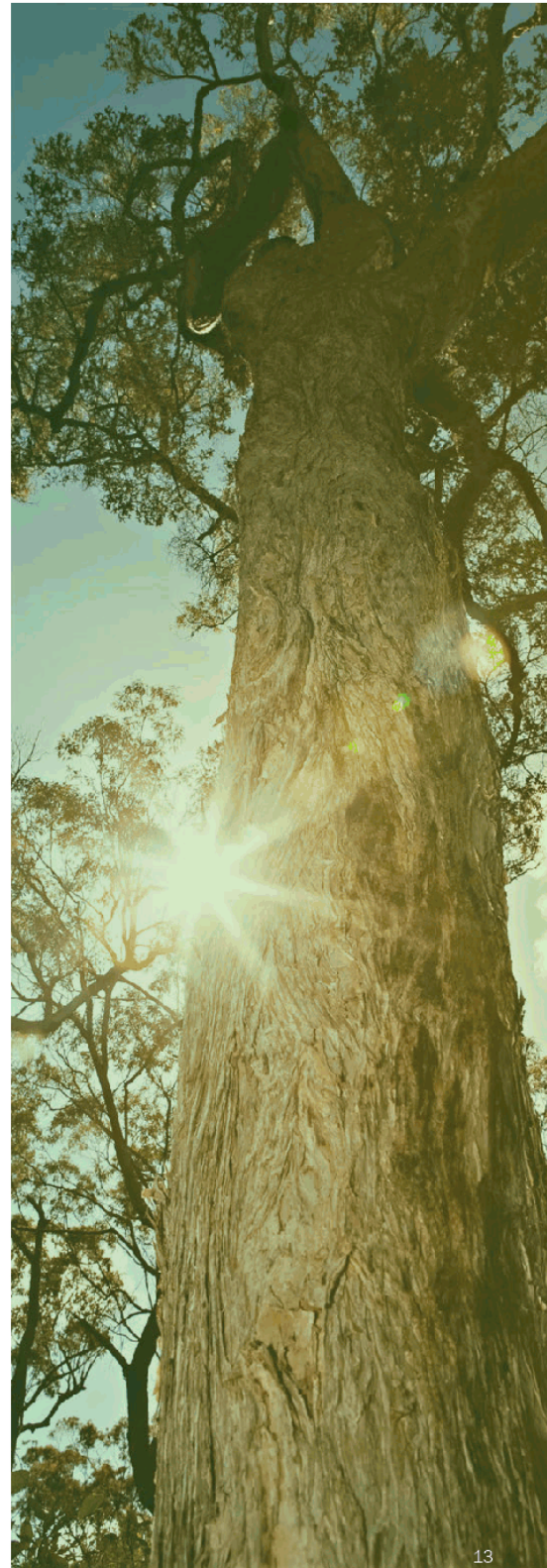
North Depot (12.5 kW) - estimated savings per year up to \$3,500 (year 1)

The planting of 90,000 trees by Greenfleet on 90ha of land in the Barolin Nature Reserve was approved.

The trees will be protected under a 30 year lease and will grow into a forest which will shield the Mon Repos turtle rookery from the glow of city lights and provide a means for carbon sequestration.

A second gas flare was commissioned at the University Drive landfill.

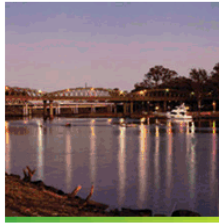
To date, methane gas reductions at Cedars Road equate to 34,310 tonnes of CO2 equivalent, and at University Drive 1,189 tonnes of CO2 equivalent.





## COMMUNITY & ENVIRONMENT

### COMMERCIAL BUSINESS & ECONOMIC DEVELOPMENT EVENTS



The Bundy 4 Breakfast Economic Development forum was well attended by over 120 of the region's business leaders and government representatives.

A Student Futures forum was staged with Council's support to assist the Bundaberg Regional Youth Hub in its mission to guide local school leavers on their pathway to employment.

A Go Digital Bundaberg forum was held in conjunction with the annual Bundaberg Business Expo and included key speakers on the latest digital business tools available and how they can be used to drive business growth.

A very successful Agricultural Export, Logistics & Innovation forum was held in April, attracting over 80 participants interested in learning more about agribusiness and trade opportunities.

### COMMUNITY DEVELOPMENT EVENTS



**2015 CHILDERS FESTIVAL**  
Record number of stallholders – 275 total, and crowds in excess of 40,000 people.

Newly initiated and well-attended pre-event activities included Cane Fire Tours (2 fully booked coaches) and Opera by the Lake (178 people in attendance) and Historic Coach Tours.

#### 2015 NEW YEAR'S EVE SPECTACULAR

Record crowd in excess of 9,000.  
Entertainment program including the Battle of the Bands proved popular with the crowd.

#### 2016 CHINESE NEW YEAR

Although affected by rain, all elements of the program were able to proceed with the use of wet weather venues.  
Pre-event activities - A Taste of China was sold out and newly initiated Food Discovery Tours also received good patronage.

#### EQUESTRIAN EXPO

Inaugural Equestrian Expo successfully promoted the Recreational Precinct

#### AUSTRALIA DAY, ANZAC DAY & CHRISTMAS EVENTS

Seventeen community groups were supported to deliver Australia Day, ANZAC Day and Christmas events through the Special Events Grants Program.

#### ICONIC EVENTS STRATEGY

Council adopted the Bundaberg Region Iconic Events Strategy.

#### SOCIAL INCLUSION WEEK

The Aussie Bush Dance was a very successful social inclusion extravaganza with wheel chair dancing; line dancers; cloggers, and scarecrow competitions. All were enjoyed with much fun and much laughter.

#### ALFRESCO MOVIE NIGHTS

Alfresco movie nights provided free entertainment nights with a 'family friendly' movie held at Nielson Park, Bargara, Lions Park Bundaberg and the Showgrounds, Gin Gin. The nights were so successful they are being held again this year.

#### SENIOR'S FORUM

The Seniors Forum welcomed 240 seniors to an information morning with guest speakers presenting on a number of seniors' issues: dementia, financial issues and MyAgedCare entitlements.

#### FLOURISH FAMILY DAY

The day presented a great opportunity for 'family friendly' businesses and organisations to showcase their services to the community. As an outdoor free event, this activity attracted over 45 stall holders, and many families from newborns to seniors. Welcome Baby and Teddy Bear's Picnic were added attractions for families associated with the day.

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**COMMUNITY CARE**



**GRACIE DIXON CENTRE**

Grace Dixon re-established a well-attended Dementia Café held the last Friday of each month with fantastic support and outcomes for families.

**COMMUNITY CARE AND COMMONWEALTH HOME SUPPORT PROGRAMS**

Community Care home support programs were again well-received with most running at capacity.

**CHILDERS AND GIN NEIGHBOURHOOD CENTRES**

The Hinterland Centres ran a successful Domestic and Family Violence Campaign that attracted huge community support and started a much needed whole-of-community conversation.

The Child and Family parenting program was also received with great interest and increased attendance. Expert facilitators assisted community members and families in identifying and meeting needs.



## COMMUNITY & ENVIRONMENT

### DISASTER MANAGEMENT



**Construction commenced on the Multiuse Facility.** The Bundaberg region's Mayor and Councillors joined State Member for Bundaberg Leanne Donaldson in a sod turning ceremony to mark the start of construction of the Multi-use Sports and Community Centre, which will serve as a large-scale evacuation centre.

**Aged care disaster preparedness.** Bundaberg Regional Council partnered with Fraser Coast Regional Council, Bundaberg District Disaster Management Group and The Office of The Inspector General of Emergency Management in an exploratory research project focused on enhancing disaster preparedness of 'seniors'. The outcomes of this research were presented at the International Federation on Ageing Global Conference, held in Brisbane in June 2016.

**Booyal Causeway upgrade completed.** The Booyal Causeway was upgraded to improve the reliability of the crossing. This is an important link for people wanting to access the Bruce Highway via Booyal from the Morganville and Goodnight Scrub areas. The upgrades will not make the crossing immune from future flooding but they do allow water to be dispersed more quickly and negate the effects of minor flooding.

**Finalisation of flood works providing evacuation routes and protection of homes.** Three flood mitigation projects that provide evacuation routes and protection for up to 45 previously inundation-prone properties, were finalised at Bartholdt Drive, Mt Perry Road and Fairymead Road.

**Updated flood mapping provides a reliable inundation guide.** Aerial imaging taken at, or near, the height of the January 2013 flood event have been used to update flood hazard mapping in Council's Planning Scheme. Deputy Premier and State Minister Hon Jackie Trad, observed that the more recent information included by Council was an example of the use of contemporary information to protect life and property and support an accountable planning system.

**Booyal Crossing performing above expectation.** Work at the Booyal Crossing was completed in August 2015 and has exceeded expectations. While the work will not make the crossing immune from future flooding it will allow water to be dispersed more quickly and negate the effects of minor flooding.

**Mobile Local Disaster Coordination Centre - 'bugout kit.'** Council has invested in technology to enable the establishment of Local Disaster Coordination Centre at novel locations. The 'bugout kit' contains laptop, server, modem all packaged in a fly-away hard case.

**Rain trees capturing coastal rainfall data.** Council funded the installation of the rain trees in Moore Park Beach and Bargara. These rain trees will provide a much clearer picture of the region's rainfall. Council now maintains a total of 35 BoM approved gauges throughout the region. A new rainfall and river gauging station was also established at Morganville at Perry River Bridge, and rainfall data recorders were installed at Moore Park Beach and Bargara.

**LIBRARIES, ARTS & THEATRE**



**School Holiday Program “The Good Dinosaur” Film & activities.** Themed activities for children were very popular. A 600+ audience attended the program. Proceeds supported the Bundaberg Health Services Foundation.

**6 Little Free Libraries (LFLs) were installed and opened in the region.** The LFLs are a literacy initiative allowing members of the community to ‘take a book, leave a book’ and have access to reading material throughout our community.

**The Historypin project commenced.** Our Remembrance and Honour page aims to collect the region’s First World War memorabilia and photos to post not only on our website, but also the State Library of Queensland’s Q ANZAC 100 page.

**Wide Bay High Desert international exchange project.** The project brought together communities from two distinct regional areas, the Wide Bay region of Queensland and the High Desert region of New Mexico USA, to create artworks in response to the unique culture and landscape where they live.

**We Love Paleo Film & Forum.** The special screening of the documentary delivered key community-requested topics. Proceeds from the community panel forum and film-ticket sales supported the local Pay It Forward program.

**The Libraries’ first ‘Makerspace’ event held in May.** Over 150 children and their parents came along to learn and play with robotics, Lego, a 3D printer, and various other technologies.

**Aquabubs introduced.** Regular swimming activity sessions at a local pool now incorporate rhyme time for babies, and early childhood literacy education for parents. Senior Librarian Sue Gammon was invited to speak about the program at the Queensland Public Libraries Association conference.

**The Collection Postcard series launched.** The series features four selected works from the Regional Art Collection depicted on postcards. Artists selected included Jennifer McDuff, Vera Scarth-Johnson, William Bustard and Sheena Hazzard.

**Mayoral Christmas Concert.** The concert was near capacity at 733 and raised much needed funds for the community.

**Robotics (Spheros, MaKey MaKeys, and Ozobots) introduced to the Libraries.** School holiday sessions were very popular and in-demand.

**Everyone Online.** BRC Libraries participated in the State Library of Queensland project Everyone Online. The project is a program aimed at increasing digital literacy in the community.

**‘ReStamped’ Post Office Lane Activation.** A Place Activation Project running in partnership with Creative Regions, saw the community space at Post Office Lane come to life with street art, live music, pop-up cafes, fun activities and market stalls.

**Voices Listening in the Dark.** This audio event was a first for Bundaberg and featured one and a half hours of a curated selection of the winners of local and international aural stories.

**Legendary Australian children’s author Mem Fox visited Bundaberg Library.** Mem officially launched the 1 Book 1 Bundy early childhood literacy initiative in February 2016.

**Flora and Fauna: The Nature of Fashion exhibition.** The exhibition featured select works from the Darnell Collection, the largest private vintage collection of couture clothing in Australia.

**Chinese New Year.** The event attracted a largely multicultural section of the community, and the Moncrieff saw an audience of over 2,000 over the course of the day, despite wet weather.

## COMMUNITY & ENVIRONMENT

### PARKS



**Boreham Park took out a second national award.** The award was in recognition of upgrades undertaken as part of the Active By Community Design project - Parks and Leisure Australia 2015 Award of Excellence: research project category.

**The Gin Gin Recreation reserve redevelopment.** A \$280,000 upgrade to the Gin Gin Recreation Reserve is now delivering first-class playground facilities to the Gin Gin community.

**Alexandra Park Historical Band Rotunda Refurbishment.** The rotunda, which was constructed in 1911, has taken pride of place in the popular riverside park for more than 100 years.

**Elliott Heads Playground Refurbishment.** A new playground and shelter have been completed at Elliott Heads as part of the continued implementation by Bundaberg Regional Council of the Elliott Heads Foreshore Masterplan.

### NATURAL AREAS



- A new nature park was created at Gin Gin.
- Almost 700 trees were planted at Baldwin Swamp as part of the cottonwood tree replacement program.
- Cable fencing was installed at Coonarr to protect wetlands.
- Shorebirds on Dr Mays Island were protected through enforcement of local law.
- 1,000 rainforest trees were planted at Maureen Schmitt Park.
- Significant weed removal was undertaken at Russo Environmental Park near Childers.
- The timber boardwalk at the Hummock was refurbished.
- Mechanical removal of algae was carried out at Moneys Creek.
- A suite of brochures and signage for natural areas (Sharon Gorge, Meadowvale, Barolin, Russo Park, Baldwin Swamp) was developed.

### LAND PROTECTION

- The Land Protection section took a more sustainable and environmentally friendly approach to weed control and experienced great success with the use of beetles for Cats Claw Creeper and Salvinia in waterways.
- Success was also achieved with Crown Rot Fungus for Rats Tail Grass, and a native wasp that keeps the Pandanus Leaf Hopper under control reducing the iconic Pandanus deaths along the coastline.

BRCs Land Protection section also provided significant support for landholders to deal with pest weeds and animals on their land. Initiatives included:

- Herbicide subsidy scheme for treatment of Rats Tail grass, utilised by over 600 landholders.
- Free wild dog baits during two programs. Approximately 150 landholders participated. The program was successful in significantly reducing the number of complaints regarding wild dogs and the number of stock and other animals being killed.
- Provision of spray tank and trailer units, and splatter guns for groundsel and lantana control, wick wipers and various pig and animal traps.

**SPORT**



**BE ACTIVE BE ALIVE**

Over 3,000 attendees took part in free physical activities in parks and pools across the Bundaberg Region.

**GET OUT GET ACTIVE - WOMEN GET ACTIVE PROGRAM**

This new State-funded program delivered 8 weeks of fun-filled activity including Hoopfit, Desperate Housewives Cardio Tennis and Y Active Mums and Bubs.

**MOVEIT EXPO**

The Expo showcased the region's Professional Fitness Trainers, Health Experts, Local Sporting Clubs and Fresh Food Produce.

**REGULATORY SERVICES**



**New Animal Pound - State grant approved.**

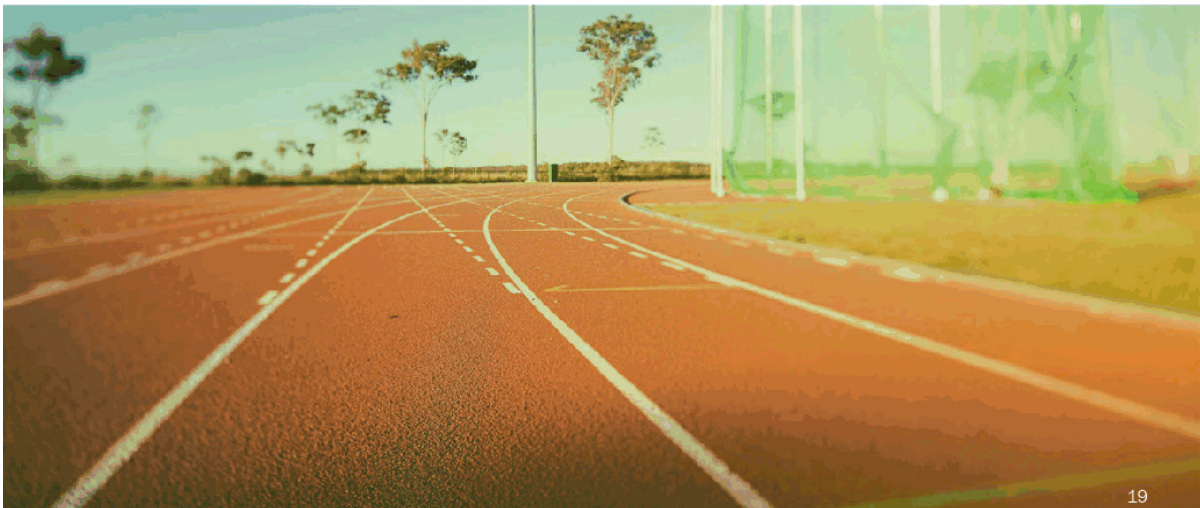
A State government grant of \$720,000 was awarded for the new facility at Qunaba. The facility will enable Council to manage up to 40 dogs and 20 cats as well as adult animals with litters and cater to a range of livestock in purpose built stockyards.

**WASTE SERVICES**



**Implementation of new bin collection days.**

The change for over 60% of residents proved to be an overwhelming success with minimal complaints and missed services. The new collection areas have brought significant efficiency gains to collection routes, which will greatly assist service cost effectiveness into the future.





## 1.4 PERFORMANCE REPORT

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The 2015-2016 Bundaberg Regional Council Performance Report is divided into four key areas which reflect our community Values as described in Bundaberg Region 2031.

### THE BUNDABERG REGION 2031 COMMUNITY PLAN VISION AND VALUES

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#### COMMUNITY

A Community which is vibrant, inclusive and caring.

#### ENVIRONMENT

An Environment which is sustainable managed and healthy.

#### ECONOMY

An Economy which is strong and sustainable.

#### GOVERNANCE

Governance which is responsive, cohesive, sustainable, ethical and accountable.

# COMMUNITY

## A VIBRANT, INCLUSIVE AND CARING COMMUNITY.

Associated Strategy Documents:  
 Social Development Action Plan 2014 - 2017  
 Creativity for Life 2013

OUTCOME	STATUS	PROGRESS
<b>A safe, active and healthy community</b>	ACHIEVED & ONGOING	Council has delivered: <ul style="list-style-type: none"> <li>• Theatre programs that have been well-attended</li> <li>• Physical activity and preventative health programs</li> <li>• Environmental health and environmental monitoring services and programs</li> <li>• Social Development Action Plan outcomes</li> <li>• Water and Wastewater services.</li> </ul> Council has supported and delivered: <ul style="list-style-type: none"> <li>• Community events</li> <li>• Children and family support programs</li> <li>• Home and Community Care services.</li> </ul> Council is actively involved in Disaster Management meetings and preparedness programs.
<b>Equitable Access to adequate services and well maintained facilities</b>	ACHIEVED & ONGOING	Council has provided: <ul style="list-style-type: none"> <li>• Community venues and facilities</li> <li>• Senior's Housing.</li> </ul> Council has maintained regional parks and parks facilities. Council has actively supported sport representatives, organisations and events.
<b>A culture of learning</b>	ACHIEVED & ONGOING	Council has provided: 3 regional Library facilities, Bundaberg, Childers and Gin Gin. Council has delivered Literacy and digital literacy Library programs.
<b>A community that values arts and culture</b>	ACHIEVED & ONGOING	Council has provided Arts and culture spaces (Galleries). Council has supported Arts and culture partnerships.
<b>An affordable, quality lifestyle</b>	ONGOING	Council has delivered and supported Community programs and events (Libraries).
<b>Our Culture, identity and heritage being valued, documented and preserved</b>	ACHIEVED & ONGOING	Council has delivered Library and Arts programs and projects that develop, promote and preserve our local regional identity e.g. Exhibitions by local artists and Picture Bundaberg.



2014 – 2019 CORPORATE PLAN REPORT JUNE 30, 2016 PROGRESS UPDATE

# ENVIRONMENT

## A SUSTAINABLE, MANAGED AND HEALTHY ENVIRONMENT.

*Associated Strategy Document:*  
Green Energy Strategy

*Associated Planning Documents:*  
Bundaberg Regional Planning Scheme  
Local Government Infrastructure Plan  
Local Area Plans  
Natural Area Plans

OUTCOME	STATUS	PROGRESS
A natural environment that is valued and sustained	ACHIEVED & ONGOING	Council has provided and delivered: <ul style="list-style-type: none"> <li>• Public awareness and education programs and activities e.g. field days, workshops and signage</li> <li>• Natural Area Plans outcomes.</li> </ul>
A quality, aesthetically pleasing built environment that meets basic community needs	ONGOING	Council has maintained and upgraded existing open space and parks infrastructure and provided new open space and parks infrastructure.
The provision of infrastructure fit for purpose that meets the region's current and future needs.	ACHIEVED & ONGOING	Council has developed and implemented: <ul style="list-style-type: none"> <li>• Planning Schemes and Infrastructure Plans</li> <li>• The Green Energy Strategy.</li> </ul> Council has delivered: <ul style="list-style-type: none"> <li>• Roads and drainage capital works program</li> <li>• Roads and drainage maintenance services</li> <li>• Plumbing advice and services</li> <li>• Internal Support Services (i.e. design and technical advice, asset maintenance, fleet services).</li> </ul>



22 THE YEAR IN RETROSPECT BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016

# ECONOMY

## A STRONG AND SUSTAINABLE REGIONAL ECONOMY.

Associated Strategy Document:  
Economic Development Strategy 2014 - 2017

OUTCOME	STATUS	PROGRESS
<b>Diversified, prosperous and innovative industry sectors</b>	ONGOING	Council has actioned 75% of Economic Development Strategy Priorities. Council has supported the delivery of Tourism Development Services (Bundaberg North Burnett Tourism).
<b>Support and facilitate employment opportunities for the community</b>	ONGOING	Council has provided for and supported the development of Bundaberg Regional Airport facilities and services.
<b>Foster a flexible, supportive and inclusive business environment</b>	ONGOING	Council has supported and provided advice to new and existing regional businesses. Gross Regional Product has improved. Export Growth has risen.
<b>Attract and support the enhancement, retention, education and employment opportunities for key demographic groups</b>	ONGOING	Council provides and supports, work experience, traineeships and employment for various demographic groups in our community.



BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016 THE YEAR IN RETROSPECT

2014 – 2019 CORPORATE PLAN REPORT JUNE 30, 2016 PROGRESS UPDATE

# GOVERNANCE

## A RESPONSIVE, COHESIVE, SUSTAINABLE ETHICAL AND ACCOUNTABLE COUNCIL

Associated Strategy Document:

Communications Strategy and Action Plan 2013 – 2016, Strategic Supply Strategy

OUTCOME	STATUS	PROGRESS
Listening and communicating effectively	ONGOING	Council has engaged the community through Social Media Platforms – Twitter, Facebook and YouTube.
Open and transparent leadership	ONGOING	Council has delivered Community Access and Administrative Review services.
Strong regional advocacy	ONGOING	Council has supported economic development networks and partnerships. Council informs the community and advocates for our region through regular media releases.
A committed and responsive customer service focus	ACHIEVED & ONGOING	Council has delivered: <ul style="list-style-type: none"> <li>• Customer service and call management</li> <li>• Plumbing advice and approvals</li> <li>• Development advice and approvals</li> <li>• Internal Support Services that have a client focused approach.</li> </ul>
Responsible financial management and efficient operations	ACHIEVED & ONGOING	Council is managing its financial position sustainably: <ul style="list-style-type: none"> <li>• Operating surplus; asset sustainability ratio and budget loan indebtedness are all well within sector standards.</li> </ul> Council is managing its operational position responsibly: <ul style="list-style-type: none"> <li>• Revenue; cash flow; investments; audits; taxation and accounts payable are closely monitored and managed.</li> </ul> Council is managing procurement - 65% of spend is under management due to new processes and tender arrangements. Council is managing assets responsibly: <ul style="list-style-type: none"> <li>• Financial management of assets is being strategically reviewed and implemented.</li> <li>• Fleet acquisition and disposal is managed in accordance with our annual replacement program.</li> <li>• The overall condition of assets is being managed and monitored.</li> </ul> Council is managing Risk appropriately: <ul style="list-style-type: none"> <li>• Council's Integrated Risk Management Framework is being implemented.</li> </ul> Council is developing and implementing Information Systems projects that will improve efficiencies e.g. mobility technologies and core systems replacement.
A valued workforce committed to the region delivering quality services	ONGOING	Council has delivered relevant training for employees that consistently meets staff requirements and satisfaction. Council is meeting and monitoring Workplace Health and Safety standards and training.



BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016 THE YEAR IN RETROSPECT



# OUR GOVERNANCE

## 2.1 DEMOCRATIC GOVERNANCE: REPRESENTING THE INTERESTS OF THE COMMUNITY

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The Bundaberg Regional Council's local government area comprises 10 divisions. At local government elections every four years, voters elect a Councillor to represent their division, as well as the Mayor. Our Mayor and Councillors were elected 19 March 2016. Information about our Councillors, as well as their contact details, is provided in Section 2.2 and on Council's website - [bundaberg.qld.gov.au/council/about-council/councillors](http://bundaberg.qld.gov.au/council/about-council/councillors).

The Mayor and Councillors represent the interests of the community in accordance with the provisions of the Queensland Local Government Act 2009 and the supporting Local Government Regulation 2012. The Mayor, Councillors, local government employees, and any other person with a responsibility within local government, must act in accordance with the following principles outlined in the Act:

- transparent and effective processes and decision-making in the public interest;
- sustainable development and management of assets and infrastructure, and effective service delivery;
- democratic representation, social inclusion and meaningful community engagement; as well as, good governance of, and by, local government; and
- ethical and legal behaviour of Councillors and local government employees (Section 4, Local Government Act, 2009).

Council represents the community, facilitates communications, and participates in decision-making processes, which translate the community's needs and aspirations into the future direction of our region.

### REVENUE FOR WORKS AND SERVICES

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

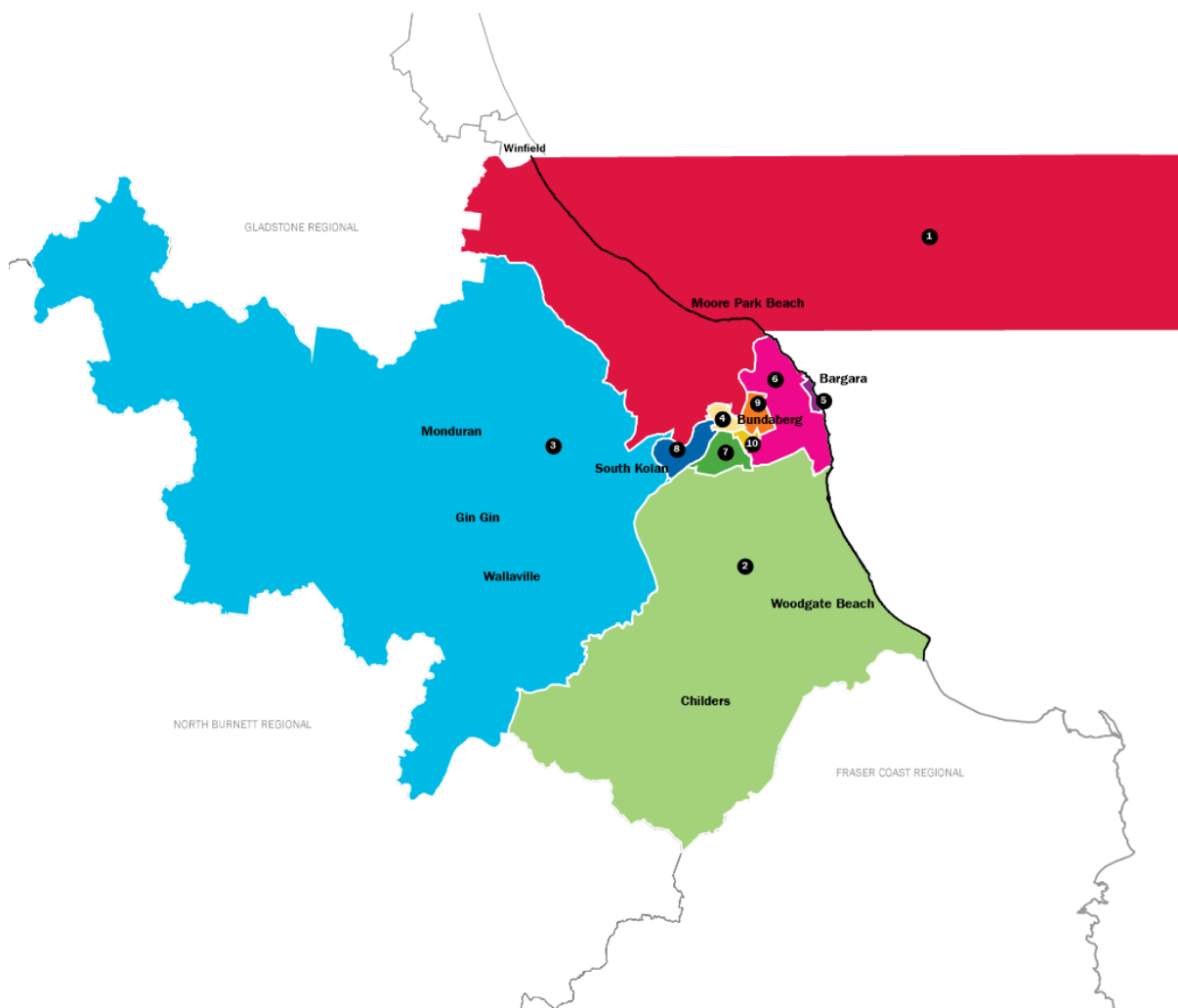
### MEETINGS

Council holds an Ordinary Meeting every three weeks, at which the Mayor, Jack Dempsey, is Chairman. Community members are most welcome to attend Ordinary and Planning meetings, which are held at Council's Chambers situated at 190 Bourbong Street Bundaberg. Meeting times and dates can be found on Council's website - [bundaberg.qld.gov.au/council/meetings](http://bundaberg.qld.gov.au/council/meetings).

DEMOCRATIC GOVERNANCE: REPRESENTING THE INTERESTS OF THE COMMUNITY

## ELECTORAL DIVISIONS

- |  |  |
|--|--|
| <span style="color: red;">■</span> <b>DIVISION 1</b> Cr Jason Bartels      | <span style="color: magenta;">■</span> <b>DIVISION 6</b> Cr Scott Rowleson |
| <span style="color: lightgreen;">■</span> <b>DIVISION 2</b> Cr Bill Trevor | <span style="color: green;">■</span> <b>DIVISION 7</b> Cr Ross Sommerfield |
| <span style="color: cyan;">■</span> <b>DIVISION 3</b> Cr Wayne Honor       | <span style="color: blue;">■</span> <b>DIVISION 8</b> Cr David Batt        |
| <span style="color: orange;">■</span> <b>DIVISION 4</b> Cr Helen Blackburn | <span style="color: orange;">■</span> <b>DIVISION 9</b> Cr Judy Peters     |
| <span style="color: purple;">■</span> <b>DIVISION 5</b> Cr Greg Barnes     | <span style="color: yellow;">■</span> <b>DIVISION 10</b> Cr Peter Heuser   |



## OUR MAYOR AND COUNCILLORS



### Mayor Cr Jack Dempsey

John "Jack" Dempsey was born on 7 April 1966 and was raised in Ipswich.

A keen sportsman, Jack represented Australia in schoolboy's rugby union as well as playing union and rugby league and many other sports. He believes sport is a great educator and provides a great insight into the values of team work, discipline and humility.

His first jobs involved working as a brickies labourer and concreter before involving himself in the transport industry and eventually joining the Queensland Police Force.

Jack travelled extensively throughout his police career which brought him into contact with a lot of characters and a host of genuine Queenslanders.

Jack and Christine and their family made Bundaberg home in 2000 after immediately falling in love with the region.

He was elected Mayor of the Bundaberg Region on March 10 2016 after an extended period in Queensland politics.

Cr Dempsey is the former State Member for Bundaberg, being elected to that position on September 9 2006. He held various Ministerial positions culminating with his appointment as Minister for Police and Community Safety in 2013, a position he held until he exited politics on January 31 2015.

Proud of his role in State Government, Cr Dempsey brings that same pride to his position as Mayor.

Jack is passionate about the Bundaberg Region and is delighted at this opportunity to serve the region and its residents and has pledged to make the Bundaberg Regional Council the envy of Councils across Australia.

He is widely involved in many community groups and organisations and retains a strong interest in sport and recreation activities.

**Portfolio:** Finance & Economic Development

*First elected to Bundaberg Regional Council 2016.*

*State Member for Bundaberg 2006 – 2015.*

*Minister for Police and Community Safety 2013 - 2015.*

**Phone:** 1300 883 699 (Call Centre)

**Fax:** 4150 5410 (Council)

**Email:** jack.dempsey@bundaberg.qld.gov.au





## OUR MAYOR AND COUNCILLORS CONTINUED

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**DIVISION 1**

### Cr Jason Bartels

Prior to being elected to Council, Jason worked as a qualified plumber, drainer and gasfitter, and also ran a successful plumbing business. Jason was elected to the Maranoa Regional Council in 2008 and served as Councillor until 2012. Jason and his family relocated to the Bundaberg Region in 2012 after a long association with the region; his family having owned property in Bundaberg for 20 years, and the region being a favourite holiday destination. Between 2012 and 2016, Jason worked as the plumbing coordinator at Bundaberg Regional Council.

Protecting the lifestyle and liveability of the region is one of Jason's main goals and he is determined to ensure that our region remains an attractive and affordable area in which to live.

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**Portfolio:** Water & Wastewater  
*First elected to Bundaberg Regional Council 2016.*  
*Councillor Maranoa Regional Council 2008 -2012.*  
**Phone:** 0438 681 189  
**Email:** jason.bartels@bundaberg.qld.gov.au



**DIVISION 2**

### Cr Bill Trevor

DEPUTY MAYOR

Bill Trevor has a long and meritorious association with local government in Queensland having served initially as a Councillor with the former Isis Shire Council prior to becoming Mayor in 1993 until amalgamation in 2008. Bill brings a wealth of knowledge to Bundaberg Regional Council and it was no surprise that his past experience made him an ideal selection for the position of Deputy Mayor.

Bill comes from a sugar cane farming background in the Childers area and stamped his leadership credential at an early age, being High School captain and a champion athlete. Community service has always been a strong motivator for Bill and service in Apex was simply a precursor to the many community roles he has undertaken during his career. Bill was founding President of the Wide Bay Burnett Regional Organisation of Councils, Wide Bay Burnett Area Consultative Committee Chair for 14 years and is the current Wide Bay Burnett Chair of Regional Development Australia after being appointed in 2014. He is also a former director of Isis Central Sugar Mill and Member of the Bundaberg District Health Council.

Bill has always prided himself on being able to "see outside the box" and to recognise opportunity. He intends to help develop strategies, create opportunities and foster job creation to advance the great potential of the Bundaberg Region. He has a strong focus on ensuring ratepayer funds are distributed fairly but efficiently and effectively.

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**Portfolio:** Environment & Natural Resources  
*First elected to Bundaberg Regional Council 2016.*  
*Councillor Isis Shire Council 1985 - 1993.*  
*Mayor Isis Shire Council 1993 - 2008.*  
**Phone:** 0429 873 103  
**Email:** bill.trevor@bundaberg.qld.gov.au



**DIVISION 3**

**Cr Wayne Honor**

Wayne was first elected to Bundaberg Regional Council in 2008 and has previously held the Roads and Drainage, and Health and Regulatory Services portfolios. He also served as a Councillor in the previous Kolan Shire Council, working in the area of Community Services and Finance.

Wayne is actively involved in the community taking on many roles on committees, some being Chair of Lake Monduran Advisory Committee, Gin Gin Subgroup of Local Disaster Management, and Council representative on the Cycle and Pathways Committee, Road Safety Committee and Regional Road Group. Before becoming a Councillor he was involved in a number of community committees including schools and agriculture.

Wayne is keen to build on the achievements of Council to date and looks forward to contributing to the further development and prosperity of our culturally and geographically diverse region.

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**Portfolio:** Roads & Drainage  
*First elected to Bundaberg Regional Council 2008.  
 Councillor Kolan Shire Council 2004 - 2008.*  
**Phone:** H 4157 2725 / M 0488 539 224  
**Email:** wayne.honor@bundaberg.qld.gov.au



**DIVISION 4**

**Cr Helen Blackburn**

Helen was born and bred in Bundaberg and is passionate about the region in which she has raised her family. She served in the Australian Army earning an Australian Service Medal for her service to her country. Helen is a qualified counsellor and psychotherapist, and has also worked in senior management roles with multi-national companies such as Telstra and Optus, ending her corporate career with OptiComm in the dual roles of State Sales Manager and National Marketing Manager. During this time Helen served as the secretary to the Urban Development Institute of Australia Bundaberg Branch, and was instrumental in assisting with the association's inaugural committee. The last 10 years in corporate Australia were spent working in the development industry, specifically in technology. Helen holds diplomas in Project Management and Business Management.

Improved information sharing with the residents of the Bundaberg Region is a goal Helen intends to achieve in her portfolio as Governance and Communications spokesperson.

Helen is aware that many residents are eager for regular information updates and she is committed to ensuring technology will play an important role in delivering this information to residents.

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**Portfolio:** Governance & Communications  
*First elected to Bundaberg Regional Council 2016.*  
**Phone:** 0438 599 175  
**Email:** helen.blackburn@bundaberg.qld.gov.au

DEMOCRATIC GOVERNANCE: REPRESENTING THE INTERESTS OF THE COMMUNITY

## OUR MAYOR AND COUNCILLORS CONTINUED



**DIVISION 5**

### Cr Greg Barnes

Greg has considerable experience in the regional tourism industry having owned and operated a dive shop and charter boat business prior to entering local government. He has also served as President of the Coral Coast Chamber of Commerce and Tourism for 16 years, the Chair of Bundaberg North Burnett Tourism for 4 years and on a number of other local Boards and Committees.

Greg has a strong affinity with the wide range of issues affecting the region and especially within his divisional townships of Bargara and parts of Innes Park. Through his portfolio, he is focusing on opportunities to remedy the region's high unemployment rate by supporting the implementation of efficient and effective economic development strategies and initiatives. He is also committed to enticing a second airline to service the needs of the regional community and to explore options for routes beyond the Bundaberg/Brisbane service and additional FIFO services for the resource sector.

**Portfolio:** Tourism & Regional Growth  
*First elected to Bundaberg Regional Council 2008.  
 Councillor Burnett Shire Council 2000 - 2008.*  
**Phone:** H 4159 2575 / M 0488 539 123  
**Email:** greg.barnes@bundaberg.qld.gov.au



**DIVISION 6**

### Cr Scott Rowleson

Scott has called the Bundaberg region home since 2002. Before being elected to Council, Scott worked mostly in retail management in other areas of Queensland, with many different people from a wide range of backgrounds. He believes that living in other areas of the country has served him well, when it comes to having an open mind about how we do things here in this region.

He is an advocate for local community groups and associations and firmly believes that many of these groups are the fabric that our community needs to operate on a daily basis.

He is also a strong advocate for growth and development, and his ambition is to work hard to make sure our region is growing to its full potential for the betterment of all residents.

**Portfolio:** Waste & Recycling  
*First elected to Bundaberg Regional Council 2016.*  
**Phone:** 0438 543 258  
**Email:** scott.rowleson@bundaberg.qld.gov.au



**DIVISION 7**

**Cr Ross Sommerfeld**

Ross was born and raised in Bundaberg. He has more than 25 years' experience as a Consulting Surveyor with 21 of those years being principal of his own business based in Bundaberg, before selling the business in 2004.

Ross has been actively involved in a number of community and sporting groups and is a life member of Across The Waves Cricket Club and a current member Norville State School Parents and Citizens Association.

Ross is spokesperson for Planning and Development, a portfolio he finds most rewarding and closely aligned with his previous role as a Consulting Surveyor.

Ross is an avid supporter of sustainable development and is excited at the number of projects currently unfolding around the Bundaberg Region. He views Council as an enabling partner within areas of appropriate development and strongly advocates Council's involvement in incentive programs like the highly successful Bundaberg Open for Development program undertaken by Council.

Ross believes the region will draw immense economic benefit and civic pride from future planning involving redevelopment of the Central Business District and Riverside Precinct.

He says that although he represents Division 7, he remains committed to the whole region along with his fellow Councillors.

**Portfolio:** Planning & Development  
*First elected to Bundaberg Regional Council 2008.*  
**Phone:** H 4151 6244 (after hrs only) / M 0488 539 256  
**Email:** ross.sommerfeld@bundaberg.qld.gov.au



**DIVISION 8**

**Cr David Batt**

David is a third generation Bundaberg resident. He was previously employed as a Police Officer for over 23 years rising to the rank of Sergeant before being elected to the Bundaberg Regional Council in 2008. Prior to becoming Councillor, he was also the Manager of Bundaberg PCYC.

David holds a Diploma of Local Government: Administration, and a Diploma in Policing and an Advanced Diploma in Investigative Practices. He has a passion for Sport and Recreation in the local community and is involved in many local Community Organisations including Impact Community Services (chair), Bundaberg PCYC, Bundaberg Netball Association and Across the Waves Sports Club.

David is the Deputy Chair of the Local Disaster Management Group and was awarded a 'Paul Harris Fellow' by the Sunrise Rotary Club for his efforts in steering the 'Response and Recovery' to the devastating floods in December 2010/January 2011.

David is closely involved with his portfolio of Sport, Recreation, Venues and Disaster Management. The experience he gained during the 2010/11 and 2013 flood events makes him an invaluable source of information and practical knowledge in preparation for future events.

Sport has always been a part of David's life and he remains committed to ensuring residents across the Bundaberg Region enjoy the best facilities to undertake sport, recreation and leisure pursuits.

He believes we live in the most desirable location in Queensland and outdoor and sporting pursuits are essential to the delivery of a healthy lifestyle.

**Portfolio:** Sport, Recreation, Venues & Disaster Management  
*First elected to Bundaberg Regional Council 2008.*  
**Phone:** 0488 539 354  
**Email:** david.batt@bundaberg.qld.gov.au

DEMOCRATIC GOVERNANCE: REPRESENTING THE INTERESTS OF THE COMMUNITY

## OUR MAYOR AND COUNCILLORS CONTINUED



**DIVISION 9**

### Cr Judy Peters

Judy was first elected as a Councillor to the Bundaberg City Council in 1994. Since being elected Councillor for Bundaberg Regional Council in 2008, she has held the Community and Arts Portfolio and currently holds the Community Services portfolio.

Prior to becoming a Councillor, Judy owned and operated Bundaberg Shipping Services for 11 years, dealing with domestic and foreign going cargo vessels from the Port of Bundaberg. She held the position as a Director and then Deputy Chairman Bundaberg Port Authority for 14 years. Judy holds a Diploma in Local Government Administration; a Diploma of Business (Frontline Management); a Certificate IV Training and Assessment and is a Justice of the Peace (Qualified). She is currently a member of a number of community organisations as well as an invited guest to others. Judy was previously involved in LGAQ Social Planning Reference Group and the State Advisory Committee for Disability. She is currently a member of the LGAQ Arts Reference Group, and at the local level, is Chair of Council's Regional Arts Development Fund. Judy has held an executive position with the Australian Local Government Women's Association Queensland since 1995 having served as Zone 4 representative for 4 years and State President for 4 years; as well as, delegate to the ALGWA National Executive. She is currently the immediate Past President of ALGWA Queensland. In July 2011 she was welcomed as an associate member of the National Rural Women Coalition.

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

**Portfolio:** Community & Cultural Services  
*First elected to Bundaberg Regional Council 2008.  
 Councillor Bundaberg City Council 1994 - 2008.*  
**Phone:** 0417 778 091  
**Email:** judy.peters@bundaberg.qld.gov.au



**DIVISION 10**

### Cr Peter Heuser

A long term community advocate Peter has welcomed this opportunity to represent the residents of Division 10 through his election to Council. Peter has lived in the Bundaberg Region since 1982 and involved himself with numerous community groups.

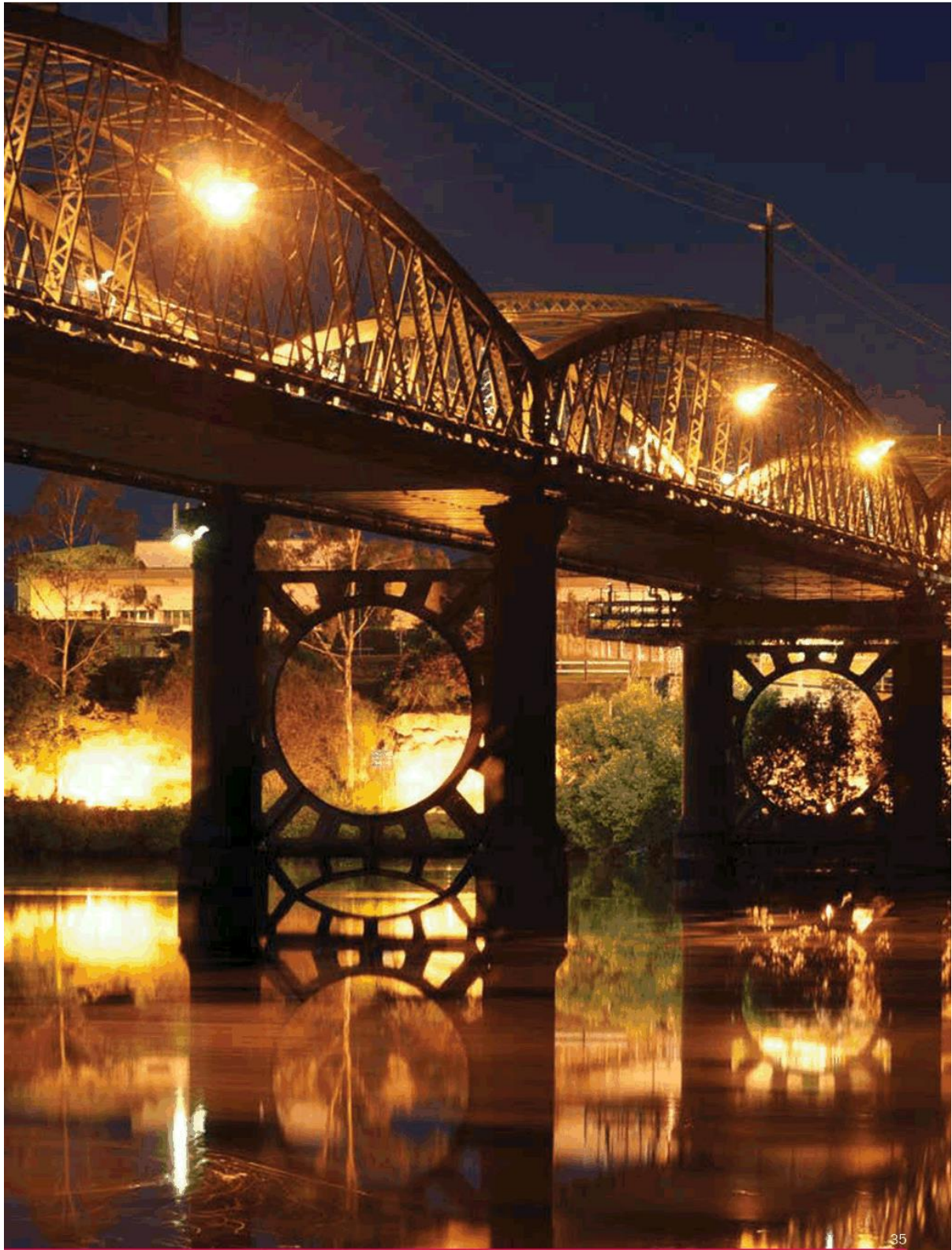
He has a work history spanning more than 30 years holding positions within the Prime Minister's Department in Canberra, as well as working in the Bureau of Statistics. He also enjoyed his role as an employment consultant working with the Commonwealth Employment Service. This varied work history has provided Peter with a wealth of knowledge; as well as, the opportunity to work with and relate to a broad cross-section of people.

Peter's career also included working in areas of legislation, purchasing and supply, and an employment consultant with business organisations and training facilities.

His work in the Bundaberg area has taken him to locations across the Wide Bay Region, which also provides a strong knowledge base relating to regional issues.

Peter is proud to represent Division 10 and is dedicated to producing outcomes that advantage the entire Bundaberg Region. He is a strong advocate for community consultation and undertakes regular sessions within his division.

**Portfolio:** Health & Regulatory Services  
*First elected to Bundaberg Regional Council 2016.*  
**Phone:** 0438 546 297  
**Email:** peter.heuser@bundaberg.qld.gov.au



## 2.2 OUR MAYOR AND COUNCILLORS LEGISLATIVE REQUIREMENTS

### 2.2.1 REMUNERATION OF THE MAYOR AND COUNCILLORS

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

COUNCILLOR	REMUNERATION	SUPERANNUATION	TOTAL
<b>Cr Mal Forman</b> (Previous Mayor)	\$116,411.74	\$13,969.53	<b>\$130,381.27</b>
<b>Cr Alan Bush</b>	\$67,395.65	\$8,087.59	<b>\$75,483.24</b>
<b>Cr Tony Ricciardi</b>	\$67,395.65	\$8,087.59	<b>\$75,483.24</b>
<b>Cr Wayne Honor</b>	\$85,834.07	\$10,300.23	<b>\$96,134.30</b>
<b>Cr Vince Habermann</b>	\$67,395.65	\$8,087.59	<b>\$75,483.24</b>
<b>Cr Greg Barnes</b>	\$85,834.07	\$10,300.23	<b>\$96,134.30</b>
<b>Cr Danny Rowleson</b>	\$67,395.65	\$8,087.59	<b>\$75,483.24</b>
<b>Cr Ross Sommerfeld</b>	\$85,834.07	\$10,300.23	<b>\$96,134.30</b>
<b>Cr David Batt</b> (Previous Deputy Mayor)	\$94,981.77	\$11,397.85	<b>\$106,379.62</b>
<b>Cr Judy Peters</b>	\$85,834.07	\$10,300.23	<b>\$96,134.30</b>
<b>Cr Lynne Forgan</b>	\$67,395.65	\$8,087.59	<b>\$75,483.24</b>
<b>Cr Jack Dempsey</b> (Mayor)	\$32,397.60	\$3,887.74	<b>\$36,285.34</b>
<b>Cr Jason Bartels</b>	\$18,756.33	\$2,250.79	<b>\$21,007.12</b>
<b>Cr Bill Trevor</b> (Deputy Mayor)	\$21,314.22	\$2,557.71	<b>\$23,871.93</b>
<b>Cr Helen Blackburn</b>	\$18,756.33	\$2,250.79	<b>\$21,007.12</b>
<b>Cr Scott Rowleson</b>	\$18,756.33	\$2,250.79	<b>\$21,007.12</b>
<b>Cr Peter Heuser</b>	\$18,756.33	\$2,250.79	<b>\$21,007.12</b>
<b>TOTAL</b>	<b>\$1,020,445.18</b>	<b>\$122,454.86</b>	<b>\$1,142,900.04</b>

## 2.2.2

**EXPENSES REIMBURSEMENT POLICY**

Bundaberg Regional Council's Reimbursement of Expenses for Councillors – Governance Policy, ensures that the Mayor, Deputy Mayor and Councillors receive reimbursement of reasonable expenses and are provided with necessary provisions in performance of their role. Our policy states that payment and/or reimbursement of expenses and provision of facilities for Councillors:

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

A full copy of our policy is available on request (reference no. GP-3-47).

COUNCILLOR	TRAINING AND TRAVEL	PROVISION OF FACILITIES	PROVISION OF VEHICLE	TOTAL
<b>Cr Mal Forman</b> (Previous Mayor)	\$3,964.48	\$1,310.34	\$9,516.86	<b>\$14,791.68</b>
<b>Cr Alan Bush</b>	-	\$1,699.72	\$9,516.86	<b>\$11,216.58</b>
<b>Cr Tony Ricciardi</b>	\$3,130.44	\$1,976.80	\$8,980.06	<b>\$14,087.30</b>
<b>Cr Wayne Honor</b>	\$4,815.37	\$1,982.65	\$10,665.30	<b>\$17,463.32</b>
<b>Cr Vince Habermann</b>	-	\$1,551.53	\$8,980.06	<b>\$10,531.59</b>
<b>Cr Greg Barnes</b>	\$70.00	\$3,618.93	\$8,713.72	<b>\$12,402.65</b>
<b>Cr Danny Rowleson</b>	\$608.19	\$908.22	\$10,272.40	<b>\$11,788.81</b>
<b>Cr Ross Sommerfeld</b>	\$3,976.03	\$1,759.56	\$10,665.30	<b>\$16,400.89</b>
<b>Cr David Batt</b> (Previous Deputy Mayor)	\$8,564.67	\$2,805.63	\$10,665.30	<b>\$22,035.60</b>
<b>Cr Judy Peters</b>	\$1,365.44	\$1,735.74	\$10,665.30	<b>\$13,766.48</b>
<b>Cr Lynne Forgan</b>	\$3,682.53	\$2,287.85	\$8,980.06	<b>\$14,950.44</b>
<b>Cr Jack Dempsey</b> (Mayor)	\$5,922.68	\$97.44	\$1,792.60	<b>\$7,812.72</b>
<b>Cr Jason Bartels</b>	-	\$179.40	\$1,716.01	<b>\$1,895.41</b>
<b>Cr Bill Trevor</b> (Deputy Mayor)	\$150.45	\$197.82	\$4,206.18	<b>\$4,554.45</b>
<b>Cr Helen Blackburn</b>	\$1,846.13	\$152.36	\$1,768.81	<b>\$3,767.30</b>
<b>Cr Scott Rowleson</b>	-	\$200.35	\$1,716.01	<b>\$1,916.36</b>
<b>Cr Peter Heuser</b>	-	\$152.37	\$1,716.01	<b>\$1,868.38</b>
<b>TOTAL</b>	<b>\$38,096.41</b>	<b>\$22,616.71</b>	<b>\$120,536.84</b>	<b>\$181,249.96</b>

No overseas travel was undertaken by Councillors or council employees in an official capacity during the 2015 - 2016 financial year.





2.2.3  
**ATTENDANCE AT COUNCIL MEETINGS**

The attendance of Councillors to Ordinary, Planning Committee and Special and Budgetary Meetings are detailed in the tables below.

	Cr JM Dempsey	Cr JP Bartels	Cr WR Trevor OAM	Cr WA Honor	Cr HL Blackburn	Cr GR Barnes	Cr SA Rowleson	Cr CR Sommerfeld	Cr DJ Batt	Cr JA Peters	Cr FR Heuser
Ordinary Meetings	4	4	4	4	3	4	4	4	3	4	4
Special & Budgetary Meetings	1	1	1	1	1	1	1	1	1	1	1
<b>TOTAL</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>

Councillor Attendance April 2016 – 30 June 2016.

	Cr M Forman	Cr AG Bush	Cr AL Ricciardi	Cr WA Honor	Cr VJ Habermann OAM	Cr GR Barnes	Cr DE Rowleson	Cr CR Sommerfeld	Cr DJ Batt	Cr JA Peters	Cr LG Forgan
Ordinary Meetings	9	10	9	9	10	9	7	10	10	9	10
Planning Committee Meetings	8	8	7	8	8	7	7	8	8	8	8
Special & Budgetary Meetings	1	1	1	1	1	1	1	1	1	1	1
<b>TOTAL</b>	<b>18</b>	<b>19</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>17</b>	<b>15</b>	<b>19</b>	<b>19</b>	<b>18</b>	<b>19</b>

Councillor Attendance 1 July 2015 – March 2016.

## 2.3 CORPORATE GOVERNANCE: ORGANISATIONAL STRUCTURE AND MANAGEMENT

### EXECUTIVE LEADERSHIP TEAM



**Peter Byrne**  
CHIEF EXECUTIVE OFFICER

*Grad Dip (Management), Diploma Public Health Inspector, MLGMA, FEHA, FAIM*

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



**Andrew Fulton**  
GENERAL MANAGER INFRASTRUCTURE & PLANNING

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

Andrew has over 20 years Local Government experience including more than 15 years in senior management. Andrews' extensive experience includes private sector roles in the construction industry together with engineering roles with the Federal Government. Andrew focuses on facilitating efficient and cost effective delivery of utility services and infrastructure together with land use planning outcomes that foster a prosperous and sustainable community.



**Andrew Ireland**  
GENERAL MANAGER ORGANISATIONAL SERVICES

*BBus; BEdStudies; Grad DipMgt; MBA; FCPA; MLGMA; JP (Qual)*

Andy's local government career began at the Gold Coast City Council where he was responsible for financial troubleshooting and specialist financial advice to various Directorates. He has since worked in a number of Councils in Queensland and New South Wales, holding senior positions responsible for Corporate and Community Services, as well as roles as Chief Executive Officer. Andy's formal qualifications include undergraduate degrees in Business and Educational Studies, a Graduate Diploma in Management majoring in Information Systems and Management Accounting, plus a Master of Business Administration degree from the University of Queensland. He is a Fellow of CPA Australia, a member of Local Government Managers' Australia, a National Adjudicator within the local government division of the Australasian Reporting Awards, and a Justice of the Peace (Qual).



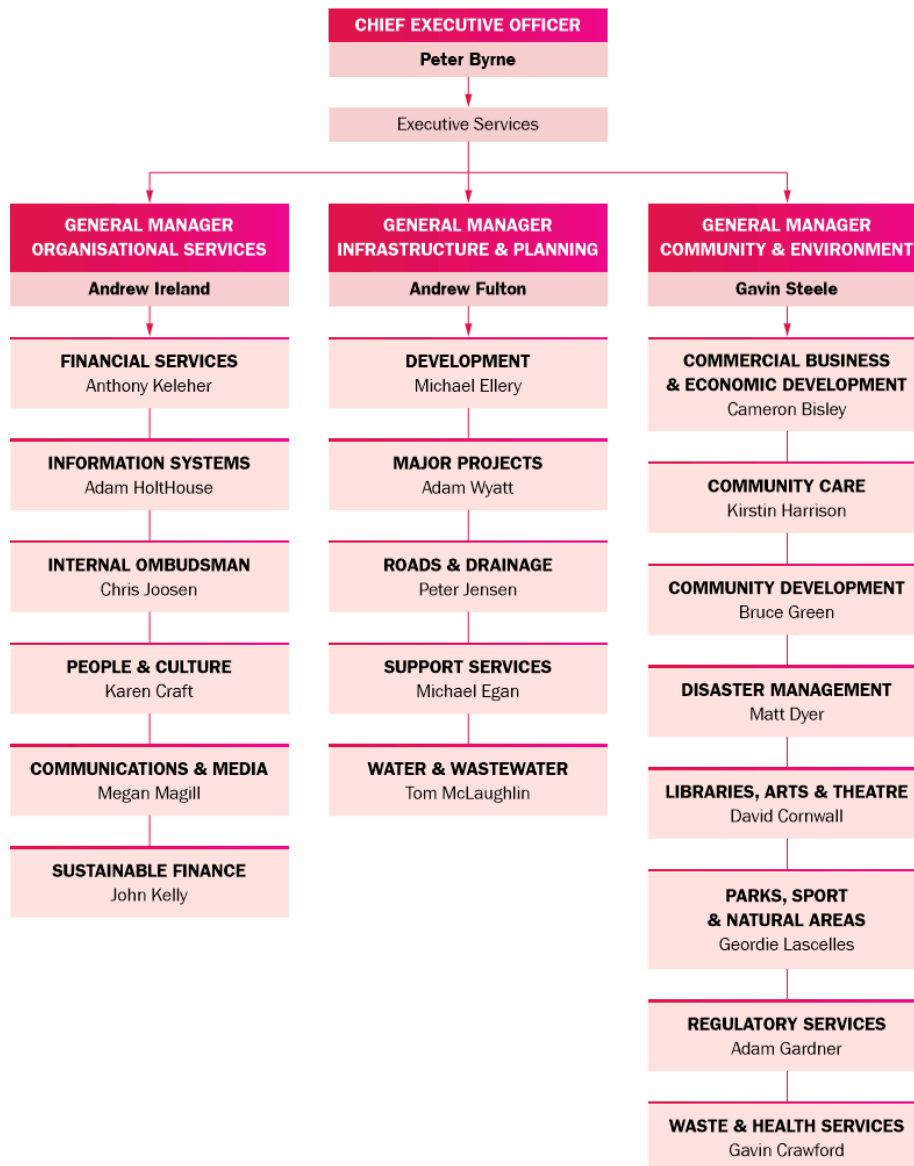
**Gavin Steele**  
GENERAL MANAGER COMMUNITY & ENVIRONMENT

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

Gavin has 22 years experience in State and Local Governments in Queensland working with the Brisbane City Council, Queensland Government Department of Public Works, Rockhampton City Council and the Rockhampton Regional Council. He has held numerous Director and General Manager positions since 2005 across a wide range of portfolios. Gavin commenced work with Bundaberg Regional Council in June 2012.

CORPORATE GOVERNANCE: ORGANISATIONAL STRUCTURE AND MANAGEMENT

## ORGANISATIONAL STRUCTURE



## ORGANISATIONAL PLANNING AND MANAGEMENT



Council undertakes an integrated approach to planning, budgeting and reporting.

- The Corporate Plan sets our strategic direction over the medium term.
- The Operational Plan outlines the annual steps towards delivering our Corporate Plan.

- Council's Budget funds the Operational Plan and links the Long-term Asset Management Plan and Long Term Financial Forecast for sustainable management of our region.
- Quarterly Reports monitor and report our progress at three month intervals throughout the year.

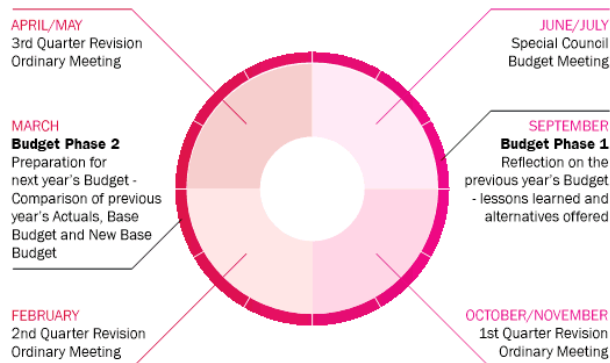
### FINANCIAL MANAGEMENT PLANS AND PROCESSES

Council's Budget funds the Operational Plan and is underpinned by our Long Term Asset Management Plan and Long Term Financial Forecast to ensure the sustainable management of our region.



### BUDGET PREPARATION & REVISION CYCLE

Quarterly Revisions monitor the current Budget. Budget Phase 1 & 2 prepare the Budget for the next financial year.



## RISK MANAGEMENT

Risk Management has been an integral part of Council’s core business processes since amalgamation in 2008. Council’s adopted Integrated Risk Management Framework promotes a standard and systematic approach to risk management throughout Council in accordance with Risk Management standards AS/NZS IS 31000:2009.

Extensive risk management education is undertaken throughout Council and is a part of all staff inductions.

Corporate and operational risks are reviewed biannually. Operational risk analysis also forms part of every department business plan.

A Risk Sub-Committee within Council has been established for the purpose of assisting any ongoing risk management review/analysis processes.

Risk Management is a standing agenda item at the Executive Team Meetings, Corporate Safety Committee and Audit & Risk Committee. This ensures regular monitoring, review, and where appropriate, refinement of the Risk Management Program, which ultimately provides for a more holistic approach to Risk Management.

Key Risk Management Projects are identified annually through Executive and Department level consultation. The 2016 Risk Management Projects commencing January 2016 are:

- Fraud & Corruption
- Business Continuity Plans
- Review of Corporate and Operational Risk Registers.

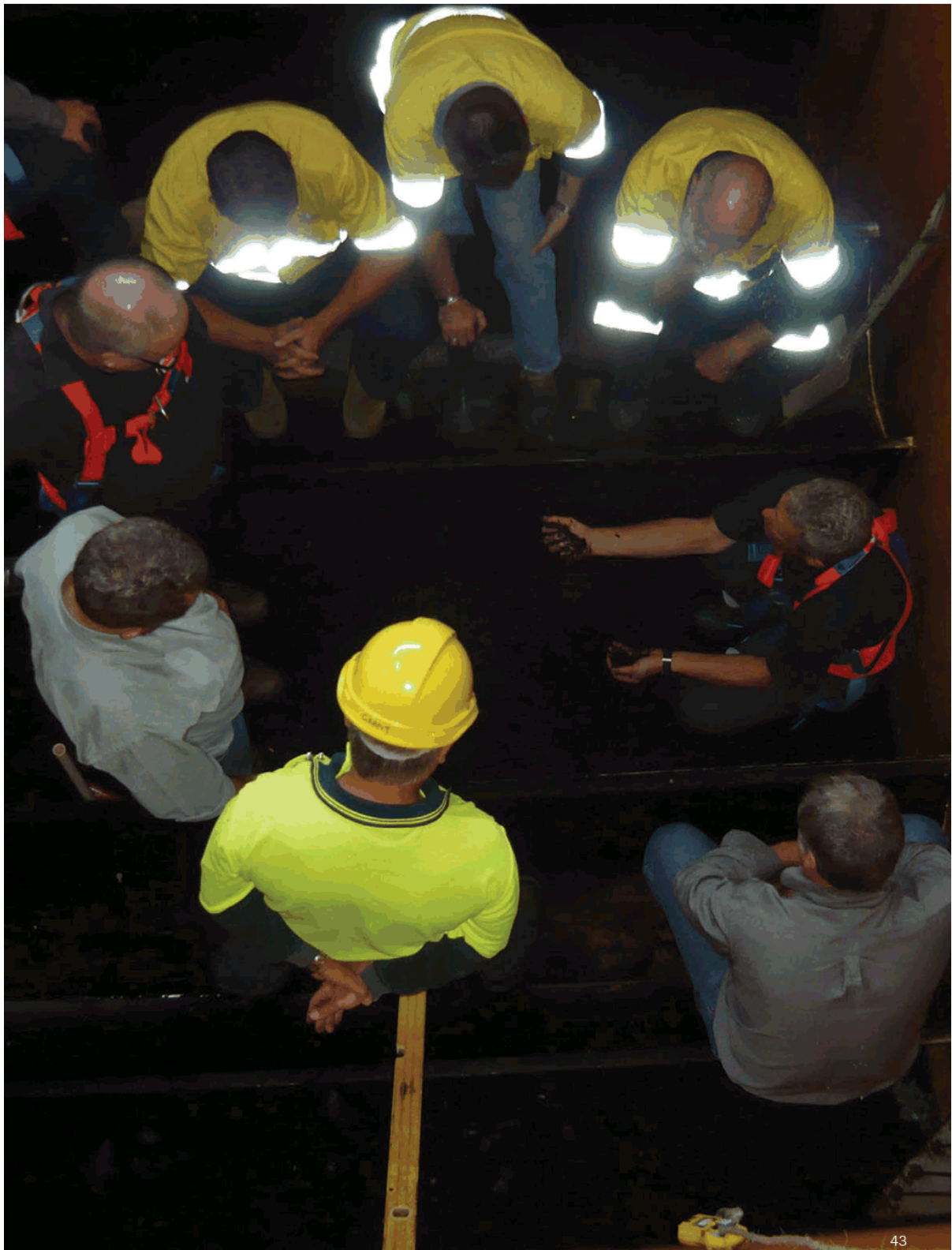


## WORKPLACE HEALTH AND SAFETY

Council has a strong commitment to workplace health and safety and our workplace rehabilitation is having a positive impact on our employees and worker’s compensation costs. Council recognises the importance of pro-active injury prevention and in the event of workplace injury or illness, has effective workplace rehabilitation and return to work programs in place. In the past 4 years, Council has:

- significantly reduced in the number of days lost by employees (total incapacity days);
- significantly reduced the worker’s compensation claims costs paid by our insurer; and
- promoted and implemented early and sustainable return to work programs so that staff are able to recover at work following injury.

Whilst Council’s worker’s compensation premium remains above the state average, these achievements have resulted in a reduction in our worker’s compensation premium, with the 2016-2017 worker’s compensation premium being the lowest Council has paid in the past six years.



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## 2.5 CORPORATE GOVERNANCE: LEGISLATIVE REQUIREMENTS

### 2.5.1 CODE OF COMPETITIVE CONDUCT FOR BUSINESS ACTIVITIES

The National Competition Policy (NCP) requires that the competitive neutrality principle be applied to government businesses so that they do not attract any net competitive advantage over their competitors, as a result of public sector ownership. A full review of the appropriate application of NCP reforms across Bundaberg Regional Council has determined that the adoption of full-cost pricing is the appropriate structural reform to apply to its significant business activities.

#### SIGNIFICANT BUSINESS ACTIVITIES

Pursuant to Section 45(b) of the Local Government Act 2009, the following business activities have been identified as being financially significant:

- Water and Wastewater; and
- Waste and Recycling.

Both activities were conducted in the previous year and the competitive neutrality principle has been applied in accordance with Section 45(c) of the Local Government Act.

#### BUSINESS ACTIVITIES

Council has elected to apply the Code of Competitive Conduct, involving the application of the competitive neutrality principle, to the following business activities:

- Caravan Parks; and
- Bundaberg Airport

Council has chosen to remove itself from competition with local building certifiers and closed its private certification business.

#### COMPETITIVE NEUTRALITY COMPLAINTS

No competitive neutrality complaints were received during the reporting period.

### 2.5.2 REMUNERATION OF SENIOR MANAGEMENT

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

NO. OF EXECUTIVES	SALARY RANGE
3	\$200,000 - \$300,000
1	\$300,000 - \$400,000

### 2.5.3 ADMINISTRATIVE ACTION COMPLAINTS

Council has established a comprehensive and flexible framework to ensure that complaints are addressed in a responsive and responsible manner. This framework includes the position of Internal Ombudsman. Our Internal Ombudsman oversees the process by which complaints are investigated and through proactive management also seeks to identify trends to minimize the likelihood of future complaints. A major review of Council's administrative actions policies and processes was undertaken during 2013-2014 and a more fluid policy and comprehensive support processes were introduced. These have given additional support and direction to the way reviews are undertaken.

In the 2015-2016 year Council received 22 administrative action complaints, nine (9) related to the activities of the Department of the Community and Environment, eight (8) to the Department of Infrastructure and Planning and five (5) to the Department of Organisational Services. Reviews tested processes and departmental systems and some recommendations were made to review certain practices or processes.

By way of comparison the preceding year 2014-2015 saw nine (9) complaints reviewed under this process. In that year five (5) related to the activities of the Department of the Community and Environment, three (3) to the Department of Infrastructure and Planning and one (1) to the Department of Organisational Services.

2.5.4

**EQUAL OPPORTUNITY IN EMPLOYMENT**

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

Council offers a wide range of jobs and career paths and continues to be the largest employer in the region. Work experience for 59 individuals in diverse jobs from respite care to keeper duties at the zoo was provided during the 2015-2016 financial year. School and university students and our residents wanting to get back into the workforce, including Work for the Dole, participated and benefited from our work experience program.

Five apprentices and 12 trainees were employed by Council and these staff achieved a Certificate III or Certificate IV as part of their employment. We also hosted 33 volunteers who give back to the community through their unpaid work. Volunteers worked at our BRAG and ChArts galleries, the Hinkler Hall of Aviation, Gracie Dixon Respite Centre, Childers and Gin Gin Neighbourhood Centres and Kolan Community Options Respite Centre.

**GENDER STATUS OF WORKFORCE**

GENDER	FULL-TIME	PART-TIME	CASUAL	TOTAL
Female	171	43	55	269
Male	554	8	35	597
TOTAL	725	51	90	866

**AGE GROUP OF WORKFORCE**

GENDER	< 25 YEARS	25 TO 35	35 TO 45	45 TO 55	55 TO 65	OVER 65	TOTAL
Female	25	61	64	71	43	5	269
Male	41	72	126	195	153	10	597
TOTAL	66	133	190	266	196	15	866

*(NB. figures in tables are exclusive of Councillors)*

NO. WORK EXPERIENCE PLACEMENTS	NO. TRAINEESHIPS	NO. APPRENTICESHIPS	VOLUNTEERS
55	12	5	33



2.5.5  
**ASSETS RECOGNITION POLICY**

Bundaberg Regional Council's Non-current Asset Recognition Policy was reviewed and updated 3 December 2015. No resolutions were made during the financial year under Local Government Regulation 2012, Section 206(2).

2.5.6  
**SUMMARY OF CONCESSIONS FOR RATES AND CHARGES**

**PENSIONER REBATES**

Pensioners who are either registered owners or life tenants of their principal place of residence and who hold a Queensland Pensioner Concession Card or a Repatriation Health Card are eligible to claim a State Government Pensioner Rate Subsidy and a Council pensioner remission. The Council pensioner rate remission during 2015-2016 was \$140.00 per annum for rates and charges.

**DISCOUNT ON GENERAL RATES**

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

**COMMUNITY CONCESSIONS**

Council recognises the following not-for-profit organisations as providing a service to the community by encouraging community and cultural development. During 2015-2016 Council contributed up to a maximum \$1,500.00 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
- Bucca Hall
- Bullyard Hall
- Drinan Hall
- Gin Gin & District Historical Society Hall
- Pine Creek Hall
- Sharon Hall
- Tegege Hall
- Avenell Heights Progress Association Hall
- Booyal Memorial Hall
- Burnett Heads Progress Hall
- Kepnock Progress Association Hall
- North Bundaberg Progress Association Hall
- CWA Hall Bargara
- CWA Hall Bundaberg
- CWA Hall Yandaran
- CWA Hall Childers
- CWA Oakwood
- CWA Wallaville
- Bundaberg Kindergarten, Electra Street
- Burnett Heads Kindergarten
- Childers Kindergarten, Pizzey Street
- Forestview Community Kindergarten
- Gin Gin Kindergarten
- South Kolan Kindergarten
- Wallaville Kindergarten
- Bundaberg & District Air Sea Rescue
- Sandy Hook Ski Club
- Avondale Football Club

Council also 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

**OTHER CONCESSIONS**

Council has a Water Leak Relief Policy which provides relief for ratepayers who experience a large and undetectable water leak that results in a large unbudgeted water bill. If ratepayers have the water leak repaired within seven (7) days of its discovery and apply for relief within thirty (30) days after having the leak repaired, Council charges the water consumption at the first step in the water tariff, which in 2015-2016 was \$1.12, instead of the second tier tariff, which was \$1.84. Ratepayers were assisted in 2015-2016, to a value of \$105,671.

**CONCESSIONS TO RATEPAYERS FOR 2015/2016**

TYPE OF ORGANISATION	ASSISTANCE PROVIDED
Council Pensioner Rates Concessions	\$1,385,052.24
Rates Concessions to Community Organisations	\$485,509.59
Water Leak Relief	\$105,671.03
<b>TOTAL</b>	<b>\$1,976,232.86</b>

**TOTAL OF COMMUNITY ORGANISATIONS**

NUMBER	TYPE OF ORGANISATION	ANNUAL RATES LEVIED	ASSISTANCE PROVIDED	AVERAGE ASSIST PER ORGANISATION
19	Halls	\$34,853.94	\$22,261.60	\$1,171.66
7	Kindergartens	\$22,534.96	\$9,328.50	\$1,332.64
7	Surf Lifesaving Clubs	\$12,551.36	\$11,325.93	\$1,617.99
4	Community Organisations	\$4,079.62	\$3,488.70	\$872.18
<b>37</b>	<b>TOTAL</b>	<b>\$74,019.88</b>	<b>\$46,404.73</b>	<b>\$1,254.18</b>

**ANALYSIS OF CONCESSIONS PROVIDED TO COMMUNITY ORGANISATIONS IN 2015-16**

TYPE OF ORGANISATION	ASSISTANCE PROVIDED
Reduced Rates and Charges to Community Organisations	\$46,404.73
Free Water Consumption Allocation to Unlicensed Sporting Bodies	\$124,324.46
Benefit from only charging Water Access Charges to Unlicensed Sporting Bodies for largest meter	\$26,766.00
60% reduction in Sewerage Charges to Community Organisations	\$288,014.40
<b>TOTAL</b>	<b>\$485,509.59</b>

CORPORATE GOVERNANCE: LEGISLATIVE REQUIREMENTS

2.5.7

**EXPENDITURE ON GRANTS TO COMMUNITY ORGANISATIONS**

Pursuant to Section 195 of the Local Government Regulation 2012, Council has an established Community Grants Policy – Community Financial Assistance Governance Policy GP-3-111. This policy is available on request (reference no. GP-3-067).

Pursuant to Section 189(a) of the Local Government Regulation 2012, Council’s expenditure on grants to community organisations for the 2014-2015 financial year totalled \$ 318,552.69. Expenditure on grants during 2015-2016 provided the following amounts to community groups and organisations.

Regional Arts Development Grants	\$44,087.00
Community Grants	\$73,160.86
Micro Grant Program	\$32,361.69
Sport Championship Funding Program	\$23,000.00
Young People in Sport Grant Program	\$27,700.00
Careflight (Lifeflight) Helicopter	\$50,000.00
Sponsorships/Donations	\$17,663.64
Life Education Contribution	\$10,000.00
Toy Library Contribution	\$10,000.00
Mayors Christmas Appeal Donation	\$2,500.00
<b>TOTAL</b>	<b>\$290,473.19</b>

Pursuant to Section 189(b) there were no discretionary fund expenditure by Councillors for community organisations in the reporting period.



OUR GOVERNANCE BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016

2.5.8

**CHANGES TO COUNCIL TENDERS**

Pursuant to section 228(7) of the Local Government Regulation 2012, the following changes to tenders were made during the 2015-2016 financial year.

CONTRACT NO.	CONTRACT TITLE/DESCRIPTION	CHANGES
TEN/0051	Hughes Road Extension	In December 2015, multiple shortlisted Tenderers were invited to address price variances for additional bill of quantity items around earthworks; as well as, advising of a delayed possession of the site date, and requested a revised Program and Methodology and any additional costs this change may incur.
TEN/0076	Elliott Heads Holiday Park Amenities Block	In April 2016, all Tenderers were invited to provide information (specifically program & methodology revisions) due to a delay in contract award, as a result of the election result finalisation.
TEN/0091	Monduran Road Bridge Replacement	In May 2016, Under Post Tender Clarification No. 2, all Tenderers were advised to delete bill of quantity items regarding Rock Protection as they were no longer required as part of the works; and Tenderers were invited to change their rates for other protection works, which was to include rock in any supply of materials. Under Post Tender Clarification No. 3 to shortlisted Tenderers, Council requested various clarifications and submission of additional information regarding traffic management, key personnel, proposed methodologies and demolition strategies. In addition, Council also changed the defects period from 6 months to 12 months and requested advice regarding impact on their tender submission.



BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016 OUR GOVERNANCE

## 2.5.9

**COUNCIL REGISTERS**

In accordance with the Local Government Regulation 2012 Bundaberg Regional Council maintains the following registers:

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

## 2.5.10

**REPORT ON THE INTERNAL AUDIT**

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

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

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

**For the period up to 19 March 2016:**

- Chairman, Mayor Cr M Forman
- Cr D Batt, Governance Portfolio spokesperson
- Ms L Rudd, External Community Representative
- Mr B Grogan, External Community Representative

**For the period after 19 March 2016:**

- Chairman and External Community Representative, Mr B Grogan
- Cr J Dempsey, Mayor, Finance & Economic Development Portfolio spokesperson
- Cr H Blackburn, Governance Portfolio spokesperson
- Ms E Habermann, External Community Representative

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

Council contracted an Internal Audit firm, Ulton Group, who were responsible for carrying out the internal audit function of Council up to 31 January 2016. At the completion of this contract period Council decided to resource this function internally with the employment of a permanent full time Internal Auditor.

Ulton Group conducted three (3) audits during the financial year with the reports being presented to the Committee, and ultimately, Council.

The Audit and Risk Committee has held four (4) meetings for the year in which it reviewed and assessed the:

- Asset Revaluation Report 2015;
- Risk Management Updates;
- 2014/2015 Unaudited and Audited Financial Statements;
- Asset Revaluation Plan;
- Audit and Risk Committee Charter;
- Internal Audit Charter;
- Annual Internal Audit Plan; and
- Strategic Internal Audit Plan 2016-2019.

The Committee has reviewed the external audit management letter from the 2014-2015 completed audit of Council, with the findings and recommendations listed on an issues register. All external audit issues for the 2014-2015 year have either been addressed or are in the process of being finalised by Management.

In 2015 the Queensland Audit Office undertook a survey of fraud and corruption processes in Queensland local governments. Council currently has a suite of processes detailing how it identifies and mitigates its exposure, including Internal Audit, Public Interest Disclosure, its policies and internal complaints process, and Councillors and Employees Code of Conduct.

Council continues to refine its fraud and corruption suite to ensure statutory compliance and that Council's processes are 'best practice'.



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# FINANCIAL REPORTS

## 3.1 COMMUNITY FINANCIAL REPORT

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The Community Finance Report is prepared to provide residents, businesses and other stakeholders with an understanding of Council’s financial performance and position for the 2015-2016 financial year. It aims to give the reader a summary of Council’s financial statements, additional comparative information along with key financial statistics and ratios.

Financial Statements are audited formal records 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 2015-2016. These are described as:



**1. STATEMENT OF COMPREHENSIVE INCOME**  
Revenue and expenses in the past 12 months.

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**2. STATEMENT OF FINANCIAL POSITION**  
Assets owned and liabilities owed at 30 June 2016.

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**3. STATEMENT OF CASH FLOWS**  
Shows the affect of revenue and expenses, assets and liabilities on cash and investments.

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**4. STATEMENT OF CHANGES IN EQUITY**  
Movement in the community’s net wealth during the year.

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**5. FINANCIAL SUSTAINABILITY RATIOS**  
For reviewing Council performance and sustainability.

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# 1 STATEMENT OF COMPREHENSIVE INCOME

The Total Comprehensive Income for the period was \$72 million. This increase in community equity includes the movement in Property, Plant and Equipment from asset revaluation of \$32 million and Capital Revenue and Expenses totalling \$32 million. When reviewing the Statement of Comprehensive Income or preparing budgets, Council focuses on the Operating Surplus from recurrent activities rather than the Total Comprehensive Income or Net Result. This provides a better indication of Council’s ability to renew or upgrade existing assets, purchase new assets, repay debt and maintain service levels.

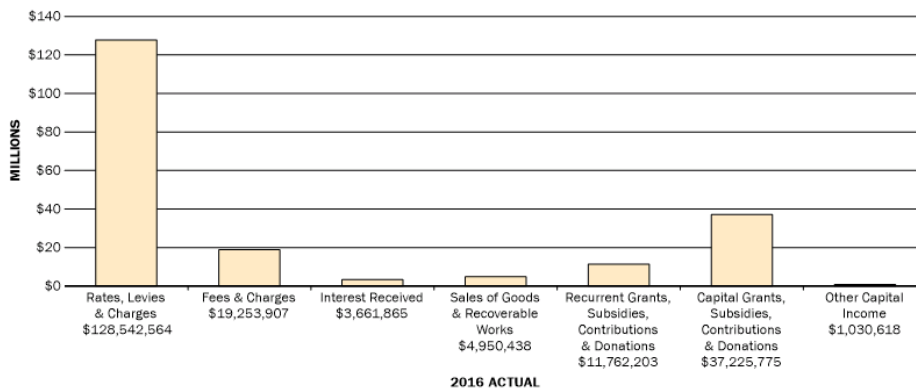
The Operating Surplus is calculated by subtracting the Recurrent Expenses of \$160.7 million from the Recurrent Revenue of \$168.2 million. This shows Council has made a surplus from recurrent activities of \$7.5 million. This surplus is consistent with Council’s objective of financial sustainability whilst achieving the outcomes in the Community Plan “Bundaberg Region 2031”.

## TOTAL INCOME \$206 MILLION - WHERE DID THIS REVENUE COME FROM?

Bundaberg Regional Council has an estimated resident population of 94,380 (Queensland Government Statisticians Office, 2015) and 44,389 rateable properties. The ratepayers contribute 76% of Council’s recurrent income through rates and charges. Other major sources of recurrent income include fees and charges (11%) and grants, subsidies, contributions and donations (7%).

Total Income includes both Recurrent Revenue and Capital Revenue. Other capital income represents the movement in landfill restoration provision.

### REVENUE



**TOTAL EXPENSES \$167 MILLION - WHAT WAS THIS SPENT ON?**

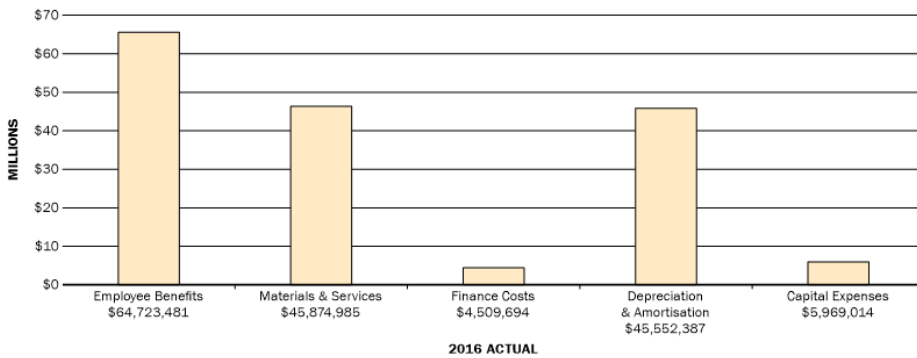
A major component of Council’s recurrent expenses is Employee Benefits, representing approximately 40%. Employee Benefits include employee salaries and wages, councillor’s remuneration and superannuation. However, Employee Benefits exclude \$3.7 million in wages capitalised on asset construction, which will form part of depreciation expensed over the life of the associated assets.

Materials and services account for a large portion of Council’s recurrent expenditure, representing 29% of recurrent expenses. These costs include repairs and maintenance on Council assets, electricity, fleet operating costs, external plant hire, insurance premiums, consultants, raw water acquisitions and licences.

Council’s depreciation expense is in excess of \$45 million. Assets wear out, are consumed and/or become obsolete over their lifetime, and depreciation is used to record this by allocating the assets value over its useful life.

The majority of Capital Expenses in the Statement of Comprehensive Income relate to a Loss on Disposal of Non-Current Assets of \$4.7 million. This loss has significantly decreased from the previous year where the loss was associated with the renewal of flood affected road assets, as part of the Natural Disaster Relief and Recovery Arrangements program of works. Capital Expenses excludes funds invested in Assets (e.g. Property, Plant & Equipment) as these are recorded on the Statement of Financial Position in the first instance and depreciated over the life of the asset.

**EXPENDITURE**



## 2 STATEMENT OF FINANCIAL POSITION

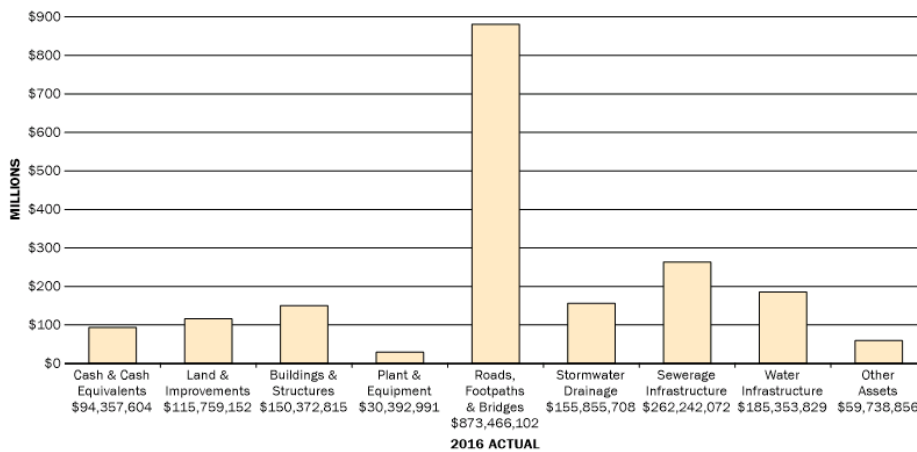
The Statement of Financial Position records the Community’s assets and liabilities at the end of the financial year. The result of these two components determines the net worth of Council.

### ASSETS \$1.93 BILLION - WHAT COUNCIL OWNED AT 30 JUNE 2016

The major investment for Council is in assets which provide essential services for a growing community, namely property, plant and equipment with a net value of \$1.8 billion. Cash represents 5% of net assets and consists predominantly of restricted cash for future capital expenditure.

The bulk of Council’s net assets are in the form of roads, footpaths and bridges, totalling \$873 million or 45%. Water and Sewerage Infrastructure account for 23% of Council’s assets. Council requires over \$45 million per annum to maintain the value in these assets.

### ASSETS

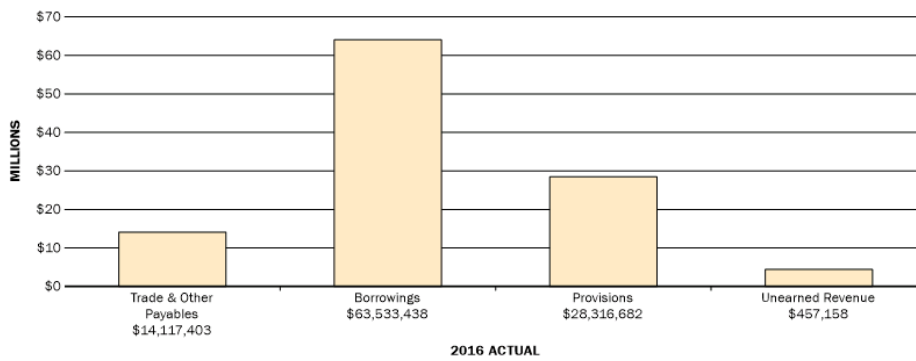


**LIABILITIES \$106 MILLION - WHAT COUNCIL OWED AT 30 JUNE 2016**

The majority of Council’s liabilities consist of borrowings (60%), provisions (27%) and trade and other payables (13%). Provisions consist of long-service leave payable to employees at 30 June 2016 (\$12.9 million) and costs that are expected to be incurred in restoring and monitoring of landfill sites administered by Council (\$15.5 million). Borrowings enable Council to provide timely essential services, such as the construction of the new Rubyanna WasteWater Treatment Plant and Multi-Use Sport and Community Centre, and enable Council to share the costs over the generations that benefit.

Trade and other payables are made up of day-to-day Creditors (\$9.2 million) for the purchase of items ranging from bitumen to stationery, and Employee Entitlements (\$4.9 million). Employee entitlements consist of annual leave, wages, superannuation and other leave amounts (excluding long-service leave) payable to employees at 30 June 2016.

**LIABILITIES**



### 3 STATEMENT OF CASH FLOWS

This statement records the movement in cash holdings during the year. In 2016 the cash balance increased by \$17.4 million from \$76.9 million to a closing balance of \$94.3 million at year end.

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

Council's cash flow from operating activities remains positive with surplus operating cash of \$51 million available for investing in assets and repayment of loans.

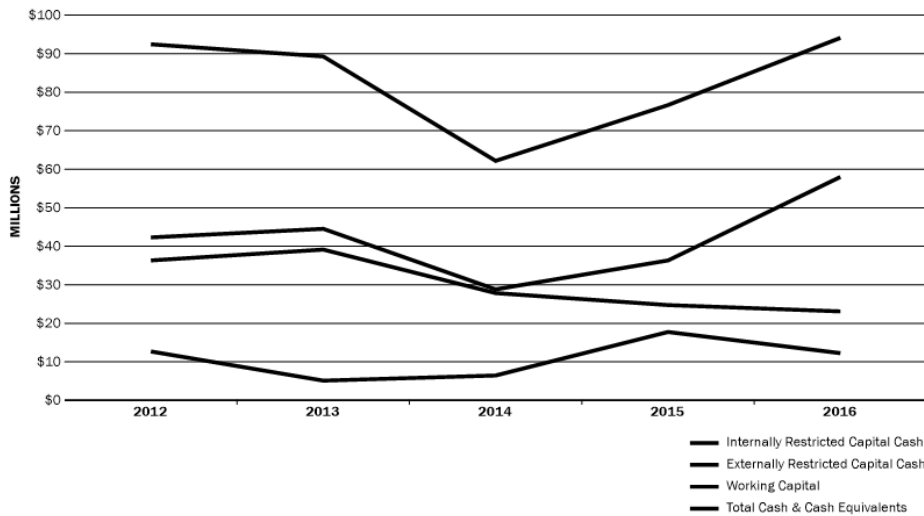
Council spent \$52.2 million on new assets, asset renewals, upgrades and loan redemption. This was funded from operating surplus, borrowings, asset sales, capital grants and contributions and Council reserves.

Internally Restricted Capital Cash represent funds that are set aside by Council to meet anticipated future needs. These consist of future capital works, asset acquisition, transport improvement, sewerage improvement and water improvement, and totals \$58.3 million.

Externally Restricted Capital Cash consists of unspent Developer contributions, Capital grants and subsidies and Borrowings totalling \$23.1 million at year end.

Council's minimum cash requirement at 30 June 2016 was estimated to be \$55 million. By maintaining this balance, possible shocks in the areas of Accounts Receivable, Accounts Payable and Inventory can be accommodated, and significant capital expenditure outlays covered, allowing sufficient cash to be available between rating periods.

#### EXPENDITURE



#### 4 STATEMENT OF CHANGES IN EQUITY

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

The Asset Revaluation Surplus consists of \$367 million in asset revaluation increases since amalgamation.

Retained Surplus of \$76.7 million represents restricted cash and the unallocated surplus/(deficit). At 30 June 2016 there was an unallocated surplus of \$0.9 million. An unallocated surplus represents the accumulative amount available to Council that may be used to offset against expenditure in the following year.

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



## 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.

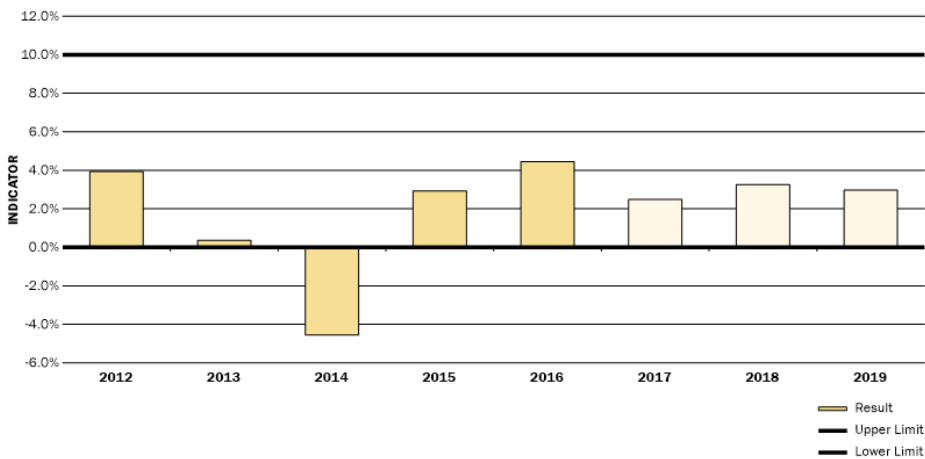
A financially sustainable Local Government is able to maintain its financial capital, by achieving an operating surplus, ensuring it has sufficient working capital and providing the funding required for asset renewals over the long-term.

The Local Government Regulation 2012 requires Council to publish Financial Sustainability measures. The Department of Infrastructure, Local Government and Planning has set Targets for each measure in the Financial Management Sustainability Guideline 2013.

Council does not use these measures of sustainability as targets that must be met at the end of each financial year. Instead, the anticipated long-term results from these measures are considered as planning tools to assess the current sustainability strategy. This feedback enables Council to adjust its respective strategies to produce the desired outcomes over the long-term. This may involve amendments to adopted policies, and/or changes to the desired service levels or proposed capital expenditure programs, which in turn, inform revisions to the budget and long-term financial forecast.

The three sustainability measures are as follows:

### 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.

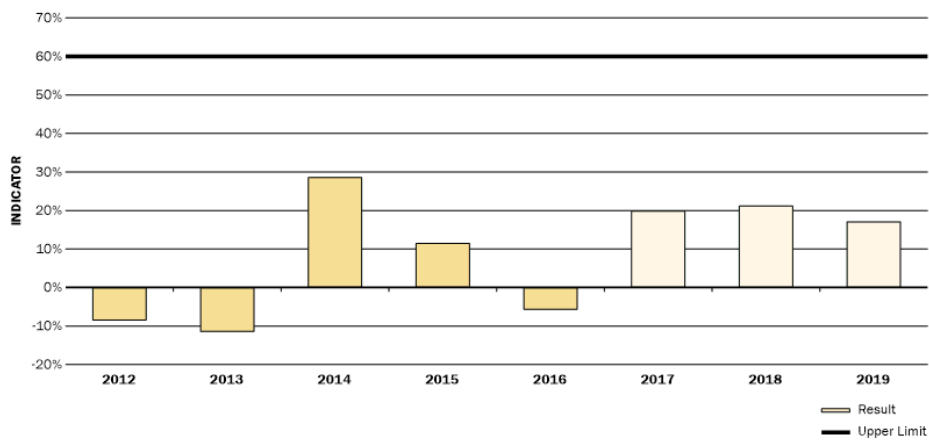
**MEASURE:** Net Operating Surplus divided by Total Operating Revenue

**TARGET:** Between 0% and 10%

**COMMENTARY:** Council has consistently achieved an operating surplus result for all but the 2014 financial year. In 2014 the operating deficit occurred due to delays in the receipt of the Federal Assistance Grant and changes in the way the depreciation is calculated.

A positive ratio is essential for a growing community to assist in the funding of the proposed capital expenditure. This results in less reliance on borrowed funds for capital projects e.g Multi-Use Sport and Community Centre. Council aims to maintain its long term sustainability through a positive operating surplus over the 10 year budget forecast.

**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:** Council has consistently had a ratio well below the upper threshold. In 2016 this ratio was -5.5% down from 11.6% the previous year. The decrease in the ratio was due to two factors, an increase in cash, and a decrease in debt level.

The ratio is expected to increase as Council undertakes significant capital projects in the budget forecast period.

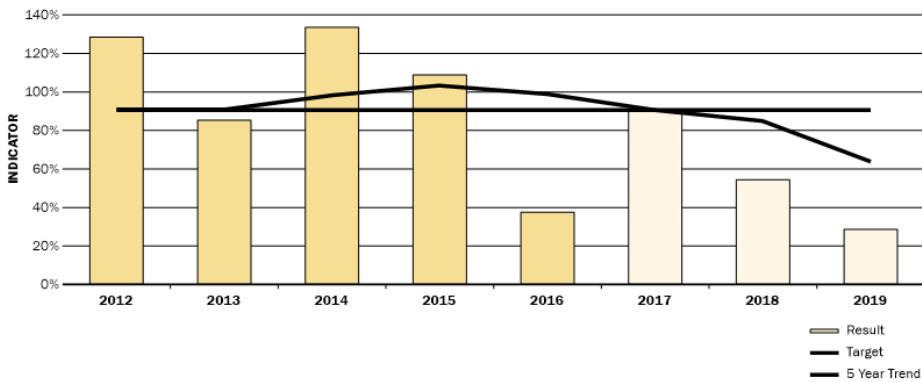


BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016 COMMUNITY FINANCIAL REPORT



## FINANCIAL SUSTAINABILITY RATIOS CONTINUED

### 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:** The Asset Sustainability ratio for the 2016 year has decreased to 37% compared with 109% in 2015. In 2016 Council budgeted for significant expenditure for new assets such as the Multi-Use Sport and Community Centre and major upgrades to Sewerage Infrastructure. However, the majority of these projects were not completed during the 2016 Financial Year.

The ratio for 2017 is expected to meet the recommended renewal target. This is primarily due to the reallocation of budgeted expenditure from 2016 for the Rubyanna

Wastewater Treatment Plant. This plant is replacing the current East Wastewater Treatment Plant, which has a capacity of 30% of the Rubyanna Wastewater Treatment Plant. Consequently Council has allocated 30% of the total budget expenditure as renewal.

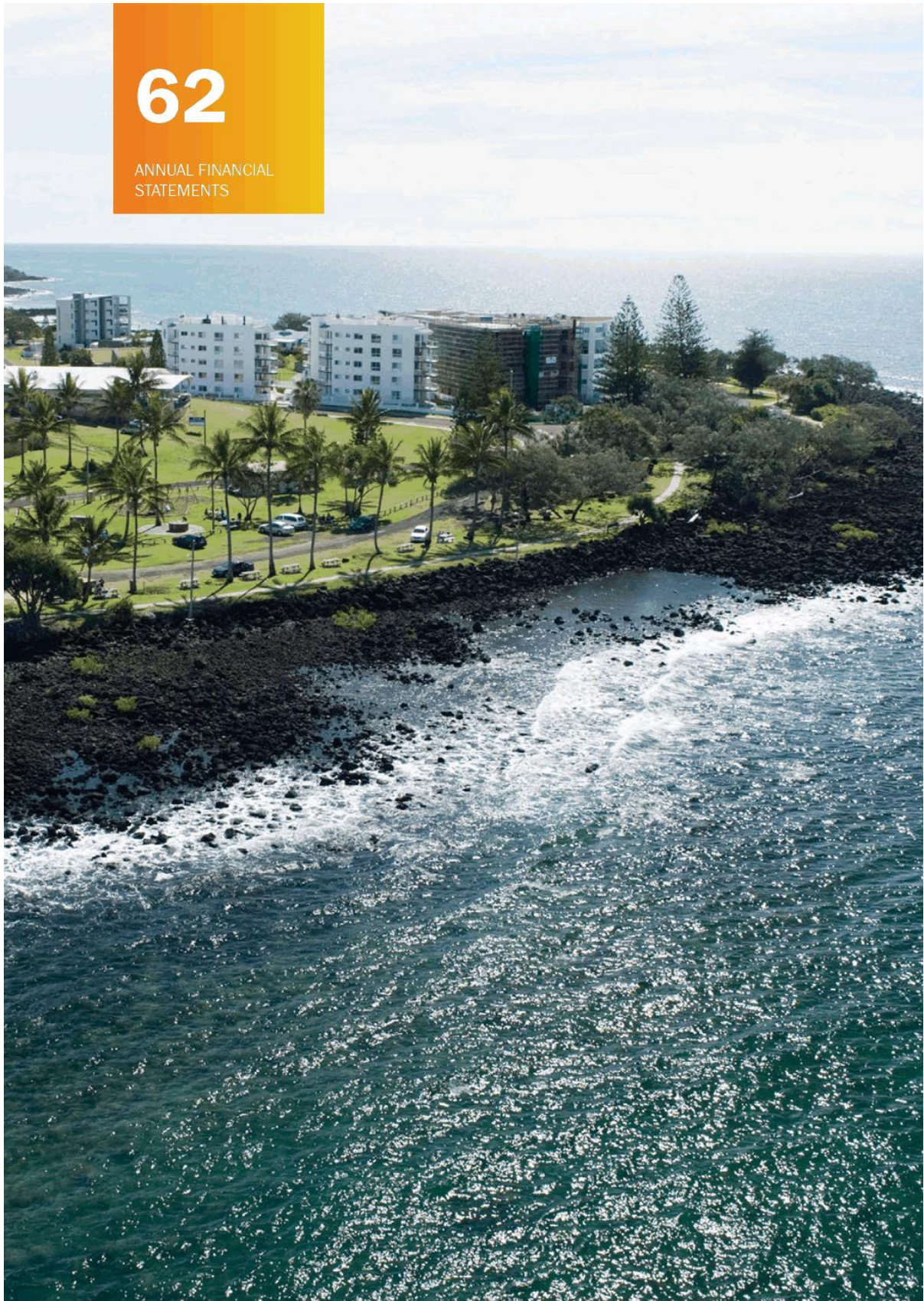
This ratio is expected to decrease in 2018 and 2019 when Council focuses on capital expenditure projects such as Multi-Use Sport and Community Centre Stage 2, Bundaberg Riverside Development and Water Facility Upgrades. Whilst upgrades are not considered renewals in the context of the Asset Sustainability Ratio, in practice upgrades to assets consists of two parts - renewing the asset and upgrading the asset. The renewal components in 2018 and 2019 for asset upgrades have not been factored into the projected ratios above but will be included in future projections.

When assessing asset sustainability Council looks at long term trends. The 5 year average sits at 99% whilst the life-to-date average sits at 91%.



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## 3.2 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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## BUNDABERG REGIONAL COUNCIL

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent Revenue</b>			
Rates, levies and charges	3(a)	128,542,564	122,585,246
Fees and charges	3(b)	19,253,907	16,388,899
Interest received	3(c)	3,661,865	3,071,801
Contract and recoverable works		3,969,102	4,629,281
Sale of goods		981,336	1,007,676
Grants, subsidies, contributions and donations	4(a)	11,762,203	16,314,558
Profit on sale of developed land held for resale		-	141,418
Total recurrent revenue		168,170,977	164,138,879
<b>Capital Revenue</b>			
Grants, subsidies, contributions and donations	4(b)	37,225,775	27,000,763
Total Revenue		205,396,752	191,139,642
Capital Income	5	1,030,618	33,516,697
<b>TOTAL INCOME</b>		206,427,370	224,656,339
<b>Expenses</b>			
<b>Recurrent Expenses</b>			
Employee benefits	6	(64,723,481)	(64,807,974)
Materials and services	7	(45,874,985)	(48,862,565)
Finance costs	8	(4,509,694)	(4,442,785)
Depreciation of property plant and equipment	16	(45,115,212)	(40,789,743)
Amortisation of intangible assets	18	(437,175)	(269,091)
Total recurrent expenses		(160,660,547)	(159,172,158)
<b>Capital Expenses</b>			
Loss on impairment of non-current assets held for sale		(3,860)	(47,534)
Increase in provision for land restoration		(1,258,727)	(293,277)
Loss on disposal of non-current assets	9	(4,706,427)	(24,602,507)
<b>TOTAL EXPENSES</b>		(166,629,561)	(184,115,476)
<b>NET RESULT</b>		39,797,809	40,540,863
Net Result Attributable To:			
Operating surplus		7,510,430	4,966,721
Capital surplus		32,287,379	35,574,142
		39,797,809	40,540,863
<b>Other Comprehensive Income</b>			
<b>Items That Will Not Be Classified To Net Result</b>			
Increase/(decrease) in asset revaluation surplus	22	32,198,771	(17,898,804)
<b>Total Other Comprehensive Income</b>		32,198,771	(17,898,804)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		71,996,580	22,642,059

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

## BUNDABERG REGIONAL COUNCIL

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	94,357,604	76,934,152
Trade and other receivables	11	16,917,951	12,872,683
Inventories	12	4,137,946	4,147,768
Non-current assets held for sale	14	325,681	982,166
<b>Total Current Assets</b>		<b>115,739,182</b>	<b>94,936,769</b>
<b>Non-Current Assets</b>			
Investment property	15	5,693,418	-
Property, plant and equipment	16	1,799,000,742	1,729,029,424
Intangible assets	18	7,105,787	6,889,462
<b>Total Non-Current Assets</b>		<b>1,811,799,947</b>	<b>1,735,918,886</b>
<b>TOTAL ASSETS</b>		<b>1,927,539,129</b>	<b>1,830,855,655</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	19	14,117,403	16,369,963
Borrowings	20	5,382,267	8,006,603
Provisions	21	1,500,000	915,000
Unearned revenue		457,158	435,964
<b>Total Current Liabilities</b>		<b>21,456,828</b>	<b>25,727,530</b>
<b>Non-Current Liabilities</b>			
Borrowings	20	58,151,171	62,052,753
Provisions	21	26,816,682	26,168,058
<b>Total Non-Current Liabilities</b>		<b>84,967,853</b>	<b>88,220,811</b>
<b>TOTAL LIABILITIES</b>		<b>106,424,681</b>	<b>113,948,341</b>
<b>NET COMMUNITY ASSETS</b>		<b>1,821,114,448</b>	<b>1,716,907,314</b>
<b>Community Equity</b>			
Asset revaluation surplus	22	366,960,096	334,761,325
Retained surplus	23	76,730,862	51,717,681
Capital		1,377,423,490	1,330,428,308
<b>TOTAL COMMUNITY EQUITY</b>		<b>1,821,114,448</b>	<b>1,716,907,314</b>

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

BUNDABERG REGIONAL COUNCIL

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2016

	Total	Asset Revaluation Surplus	Retained Surplus	Capital
		Note 22	Note 23	
	\$	\$	\$	\$
<b>Balances as at 1 July 2015</b>	1,716,907,314	334,761,325	51,717,681	1,330,428,308
Assets not previously recognised/(derecognised)	32,210,554	-	-	32,210,554
Net result	39,797,809	-	39,797,809	-
Total other comprehensive income				
Increase/(decrease) in asset revaluation surplus	32,198,771	32,198,771	-	-
<b>Total comprehensive income for the year</b>	71,996,580	32,198,771	39,797,809	-
<b>Transfers</b>				
Transfers to/from capital	-	-	(14,784,628)	14,784,628
<b>Total transfers</b>	-	-	(14,784,628)	14,784,628
<b>Balance at 30 June 2016</b>	1,821,114,448	366,960,096	76,730,862	1,377,423,490
<b>Balances as at 1 July 2014</b>	1,687,579,147	352,660,129	55,676,948	1,279,242,070
Assets not previously recognised/(derecognised)	6,686,108	-	-	6,686,108
Net result	40,540,863	-	40,540,863	-
Total other comprehensive income				
Increase/(decrease) in asset revaluation surplus	(17,898,804)	(17,898,804)	-	-
<b>Total comprehensive income for the year</b>	22,642,059	(17,898,804)	40,540,863	-
<b>Transfers</b>				
Transfers to/from capital	-	-	(44,500,130)	44,500,130
<b>Total transfers</b>	-	-	(44,500,130)	44,500,130
<b>Balance at 30 June 2015</b>	1,716,907,314	334,761,325	51,717,681	1,330,428,308

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

## BUNDABERG REGIONAL COUNCIL

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>Cash Flows from Operating Activities :</b>			
Receipts from customers		158,873,662	152,709,269
Payments to suppliers and employees		(119,889,031)	(128,183,591)
		<u>38,984,631</u>	<u>24,525,678</u>
Recurrent grants, subsidies, contributions and donations		11,799,470	19,664,239
Interest received		3,697,681	2,992,950
Proceeds from sale of developed land held for resale		-	181,818
Costs incurred on developed land held for resale		(26,557)	(15,133)
Borrowing costs		(3,437,995)	(3,019,478)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	29	<u>51,017,230</u>	<u>44,330,074</u>
<b>Cash Flow from Investing Activities :</b>			
Proceeds from sale of non-current assets held for sale		823,727	800,000
Proceeds from sale of property, plant and equipment		3,082,892	3,372,734
Capital grants, subsidies, contributions and donations		14,656,242	33,949,176
Payments for property, plant and equipment		(45,347,694)	(83,945,007)
Payments for intangible assets		(1,232)	(635,442)
Payments for investment property		(135,788)	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<u>(26,921,853)</u>	<u>(46,458,539)</u>
<b>Cash Flow from Financing Activities :</b>			
Proceeds from borrowings		-	23,000,000
Repayment of borrowings		(6,671,925)	(6,263,046)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<u>(6,671,925)</u>	<u>16,736,954</u>
<b>Net Increase/(Decrease) in Cash Held</b>		<u>17,423,452</u>	<u>14,608,489</u>
Cash at beginning of reporting period		76,934,152	62,325,663
<b>Cash at End of Reporting Period</b>	10	<u>94,357,604</u>	<u>76,934,152</u>

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



BUNDABERG REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

### 1 Significant Accounting Policies

#### 1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

These financial statements have been prepared under the historical cost convention except for certain assets which are measured at fair value.

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 received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investments in new assets. It also includes non-cash contributions which are generally infrastructure assets received from developers.

The following transactions are classified as either "Capital Income" or "Capital Expenses" 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
- revaluations of investment property

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

#### 1.02 Statement of compliance

These general purpose financial statements comply with all accounting standards and interpretations issued by the AASB that are relevant to Bundaberg Regional Council's ("Council") operations and effective for the current reporting period. Because Council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied this report does not comply with IFRS.

#### 1.03 Constitution

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

#### 1.04 Date of authorisation

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

#### 1.05 Currency

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

#### 1.06 Adoption of new and revised accounting standards

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

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures for Not-for-Profit Public Sector Entities* and AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*.

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ANNUAL FINANCIAL STATEMENTS BUNDABERG REGIONAL COUNCIL ANNUAL REPORT 2015-2016

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**1 Significant Accounting Policies (Cont'd)****1.06 Adoption of new and revised accounting standards (Cont'd)**

Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy. The retrospective application of AASB 2015-2 has enabled Council to eliminate disclosure of immaterial information and reorder information within the statements to improve readability.

At the date of authorisation of the financial statements, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below:

AASB 15 - Revenue from Contracts with Customers

Council is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2019 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

AASB 124 - Related Party Disclosures

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council. This means that Council will disclose more information about related parties of Key Management Personnel (KMP) and transactions with those related parties and other related entities. KMP will include the Mayor, Councillors and senior executive Council staff. In addition the close family members of those people and any organisations they control or are associated with will be classified as related parties. Disclosures will only be made to the extent that they are relevant and material.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial statements, but have future commencement dates are not likely to have a material impact on the financial statements.

**1.07 Critical accounting judgements and key sources of estimation uncertainty**

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

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

- \* Valuation of Investment Property (Note 1.14, 15 and 17)
- \* Valuation of Property, Plant and Equipment (Note 1.15, 16 and 17) including:
  - valuation of infrastructure assets using the depreciated replacement cost method which includes assessment of asset replacement cost and asset condition,
  - useful lives; and
  - residual values.
- \* Impairment of Property, Plant and Equipment (Note 1.17)
- \* Impairment of Intangibles (Note 1.17)
- \* Impairment of Non-Current Assets Held for Sale (Note 1.13 and 14)
- \* Impairment of Receivables (Note 1.10 and 11)
- \* Contingent Liabilities (Note 25)
- \* Employee Provisions (Note 1.20 and 21)
- \* Restoration Provisions (Note 1.22 and 21)

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**1 Significant Accounting Policies (Cont'd)****1.08 Revenue**

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

(i) Rates, levies and charges

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

(ii) Grants, subsidies, contributions and donations

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control over them. Council only receives grants, subsidies and contributions that are non-reciprocal in nature.

(iii) Non-Cash contributions

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

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

(iv) Cash contributions

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

(v) 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.

(vi) 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.

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**1 Significant Accounting Policies (Cont'd)****1.09 Financial assets and financial liabilities**

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

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

Financial assets

Cash and cash equivalents (Note 10)

Receivables - measured at amortised cost (Note 1.10)

Financial liabilities

Payables - measured at amortised cost (Note 1.19)

Borrowings - measured at amortised cost (Note 1.21)

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

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 31.

**1.10 Receivables**

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

The collectability of receivables is assessed monthly and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs.

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

**1.11 Inventories**

Stores inventories held for distribution are:

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

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

Land purchased for development and resale is detailed in Note 1.12.

**1.12 Land purchased for development and resale**

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

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

BUNDABERG REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

### 1 Significant Accounting Policies (Cont'd)

#### 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 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 not depreciated. On the eventual sale of these assets a gain or loss is recognised.

Impairment of assets classified as held for sale arises when on transfer of land from property, plant and equipment it is no longer measured at its fair value but at fair value less disposal costs. The impairment adjustment is the change in the estimated amount of the disposal costs. These were estimated based on commission rates charged by the real estate agents that have been engaged, valuation expenses, auction expenses and legal costs.

The assets are valued at the lower of carrying value and fair value less cost to sell. Note 17 describes the valuation techniques that were used to determine the fair value of the land, which is categorised as a level 3 valuation.

#### 1.14 Investment property

Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the balance date by a registered valuer. Where investment property is acquired at no or nominal cost it is recognised at fair value.

All investment property was valued at fair value at 30 June 2016. Further information about the valuation techniques used to derive fair value are included in Note 17.

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

#### 1.15 Property, plant and equipment

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

##### (i) Capital and recurrent expenditure

Purchased services, materials, direct labour and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until practical completion, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Routine maintenance, repair costs and minor renewals to maintain the operational capacity and useful life of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**1 Significant Accounting Policies (Cont'd)**

**1.15 Property, plant and equipment (Cont'd)**

(ii) Acquisition of assets

Acquisition of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees, engineering design fees and all other establishment costs.

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

(iii) Valuation

Land and improvements, buildings and structures, infrastructure and cultural assets are measured on the revaluation basis, at fair value, in accordance with AASB116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. All other non-current assets, principally plant and equipment and intangibles are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 5 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

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 indice.

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

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

Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 17.

(iv) Capital work in progress

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

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**1 Significant Accounting Policies (Cont'd)****1.15 Property, plant and equipment (Cont'd)**(v) Depreciation

Depreciation on 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.

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

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is practically complete.

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 for each class of asset are shown in Note 17.

(vi) Land under roads

Land under the road network within Council's area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised as an asset in these financial statements. Purchases are disclosed in Note 7 as an recurrent expense.

**1.16 Intangible assets**

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

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

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

Council revised its Non-Current Asset Recognition Policy during the financial year. Easements are no longer capitalised. This resulted in easements, which were previously considered intangibles being written off.

Amortisation methods and estimated useful lives are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in Note 18.

**1.17 Impairment of non-current assets**

Property plant and equipment and intangible assets are assessed for indicators of impairment on an annual basis.

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**1 Significant Accounting Policies (Cont'd)**

**1.18 Operating leases**

Leases of property, plant and equipment where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

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

**1.19 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.

**1.20 Liabilities - employee benefits**

(i) Wages and other employee entitlements

A liability for wages and superannuation 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. A liability for rostered days off are calculated on current wage and salary levels indexed for 50% of the annual increase in the Enterprise Bargaining Agreement (EBA). A liability for time off in lieu are calculated on current wage and salary levels. This liability represents an accrued expense and is reported in Note 19.

(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 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 represents an accrued expense and is reported in Note 19.

(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. The interest rates attaching to Commonwealth Bond Yields at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 21.

**1.21 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 ten years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset.



BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**1 Significant Accounting Policies (Cont'd)****1.22 Restoration provisions**

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

The provision represents the present value of the anticipated future costs associated with the closure of the landfills, decontamination and monitoring of historical residues and leaching on these sites. The calculation of this provision requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred.

Council has engaged AECOM to provide site closure plans and a cost analysis of all operational landfills based on these plans. This provided Council with a comprehensive analysis of the restoration work required based on site development plans. From this Council resolved to undertake a program of restoration based on the landfills which are required to be restored under Court Order and which are considered significant landfills. The remaining operational landfills are disclosed in Note 25 Contingent liabilities.

In addition to the restoration costs, ongoing water monitoring after closure of the sites for a period of 30 years will be undertaken in accordance with reports provided by GHD. The provision includes those estimated costs.

**(i) Restoration on land not controlled by Council**

Where the restoration site is on State reserves which Council does not control, the cost of the provisions for restoration of these sites 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.

**1.23 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.

**1.24 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.

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**2 Analysis of results by function**

**(a) Component functions of Council**

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

**Council departments**

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

Department	Objectives	Service delivery programs
Organisational services	Responsive and responsible support to internal and external stakeholders.	Stakeholder Engagement; Internal Ombudsman; Financial Services; Sustainable Finance; People & Culture; Information Systems; and Administration
Executive support	Effective and ethical governance.	Chief Executive Officer; Mayor; and Councillors
Community and environment	Fostering a vibrant economy & innovation; ensuring sustainable environmental planning and design; providing a healthy natural environment; connecting the community; empowering creativity.	Libraries; Cinema & Theatre; Cultural Activities; Community Development; Disaster Management; Commercial Business & Economic Development; Parks, Sport & Natural Areas; Regulatory Services; and Community Care (Waste Management reported as a separate function)
Infrastructure and planning services	Ensuring sustainable environmental planning and design; providing infrastructure fit for purpose.	Roads & Drainage; Projects; Development; and Support Services (Water and Wastewater Services reported as separate functions)

**Waste Management**

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

**Wastewater services**

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

**Water services**

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

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**2 Analysis of results by function**

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

<b>Functions</b>	<b>Grant Revenue</b>	<b>Other Revenue</b>	<b>Total Revenue</b>	<b>Total Expenses</b>	<b>Net Result</b>	<b>Assets</b>
	\$	\$	\$	\$	\$	\$
Council departments	22,931,422	99,461,211	122,392,633	98,627,433	23,765,200	1,406,808,669
Waste services	-	22,378,047	22,378,047	18,664,998	3,713,049	15,726,903
Wastewater services	3,037,176	29,619,759	32,656,935	23,896,260	8,760,675	299,446,754
Water services	-	28,999,755	28,999,755	25,440,870	3,558,885	205,556,803
<b>Total</b>	<b>25,968,598</b>	<b>180,458,772</b>	<b>206,427,370</b>	<b>166,629,561</b>	<b>39,797,809</b>	<b>1,927,539,129</b>

FOR THE YEAR ENDED 30 JUNE 2015

<b>Functions</b>	<b>Grant Revenue</b>	<b>Other Revenue</b>	<b>Total Revenue</b>	<b>Total Expenses</b>	<b>Net Result</b>	<b>Assets</b>
	\$	\$	\$	\$	\$	\$
Council departments	33,578,705	84,135,227	117,713,932	117,152,209	561,723	1,329,974,403
Waste services	-	51,125,647	51,125,647	17,941,793	33,183,854	16,189,667
Wastewater services	278,384	26,722,320	27,000,704	23,594,156	3,406,548	282,710,797
Water services	23,000	28,793,056	28,816,056	25,427,318	3,388,738	201,980,788
<b>Total</b>	<b>33,880,089</b>	<b>190,776,250</b>	<b>224,656,339</b>	<b>184,115,476</b>	<b>40,540,863</b>	<b>1,830,855,655</b>



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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>3 Revenue analysis</b>			
<b>(a) Rates, levies and charges</b>			
General rates		72,217,910	68,897,003
Waste collection		13,499,384	12,568,952
Water		24,792,200	24,755,610
Wastewater		25,180,884	23,174,236
Special rates and charges		383,291	371,856
Total rates and utility charge revenue		136,073,669	129,767,657
Less: Discounts		(6,146,053)	(5,821,810)
Less: Pensioner remissions		(1,385,052)	(1,360,601)
Net rates and utility charges		128,542,564	122,585,246
<b>(b) Fees and charges</b>			
Tourism and events		363,051	268,097
Community care and aged care fees		250,894	373,698
Cemetery fees		398,958	392,798
Investment property rental income		17,007	-
Hire of facilities and other rental income		2,195,632	1,995,205
Airport fees		4,457,533	3,632,940
Fines, penalties and infringements		442,338	353,544
Health, licenses and registrations		916,788	926,276
Waste and recycling fees		4,004,312	2,624,216
Building, planning and plumbing fees		3,105,101	2,758,357
Holiday park income		2,151,298	2,019,481
Rate search fees		553,696	541,553
Commissions		212,432	222,017
Other fees and charges		184,867	280,717
		19,253,907	16,388,899
<b>(c) Interest received</b>			
Interest received from cash and cash equivalents		2,985,559	2,356,244
Interest from overdue rates, levies and charges		676,306	713,412
Interest received from unpaid bonds		-	2,145
		3,661,865	3,071,801

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>4 Grants, subsidies, contributions and donations</b>			
<b>(a) Recurrent</b>			
Recurrent grants, subsidies, contributions and donations are analysed as follows:			
Grants and subsidies		11,347,397	16,050,768
Contributions and donations		414,806	263,790
		<u>11,762,203</u>	<u>16,314,558</u>
<b>(b) Capital</b>			
Capital grants, subsidies, contributions and donations are analysed as follows:			
(i) Monetary revenue received:			
Grants and subsidies		14,621,201	17,829,321
Infrastructure charges		3,298,419	3,580,246
Other capital contributions		1,125,291	379,086
		<u>19,044,911</u>	<u>21,788,653</u>
(ii) Non-Monetary revenue received:			
Donated assets contributed by developers at fair value		17,565,548	5,187,110
Non-Infrastructure assets donated		615,316	25,000
		<u>18,180,864</u>	<u>5,212,110</u>
		<u>37,225,775</u>	<u>27,000,763</u>
<b>(c) Conditions over contributions</b>			
Restricted contributions recognised as income during the reporting period that were unspent at period end:			
Capital grants and subsidies		784,544	307,176
Infrastructure charges		2,577,384	3,580,246
Other capital contributions		111,214	16,998
		<u>3,473,142</u>	<u>3,904,420</u>
Restricted contributions recognised as income during a previous reporting period that were spent in the current period:			
Capital grants and subsidies		307,176	9,348,716
Infrastructure charges		2,468,549	5,410,981
		<u>2,775,725</u>	<u>14,759,697</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.			
<b>5 Capital income</b>			
Decrease in provision for land restoration		786,401	33,456,516
Revaluation of investment property	15	73,114	-
Gain on sale of non-current assets held for sale		171,103	60,181
Total capital income		<u>1,030,618</u>	<u>33,516,697</u>

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>6 Employee benefits</b>			
Staff wages and salaries		50,374,662	51,799,390
Councillors' remuneration		1,020,445	958,547
Annual, sick and long service leave entitlements		8,352,984	8,227,420
Superannuation	27	6,316,968	6,492,759
Other employee related expenses		2,403,552	2,308,590
Total employee benefits		68,468,611	69,786,706
Less: Capitalised employee expenses		(3,745,130)	(4,978,732)
Net employee benefits		64,723,481	64,807,974

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

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>7 Materials and services</b>			
Audit services	(i)	155,000	160,000
Investment property - income generating property		13,018	-
Grants, contributions and donations		1,653,438	1,648,463
Valuation fees		353,899	366,841
Public safety and security		1,461,740	1,451,754
Operating leases		614,827	353,581
Operating sub-leases		3,347	7,329
Communications		1,230,478	1,311,397
Licences and subscriptions		1,147,527	1,277,006
Information technology hardware and software		390,344	773,049
Consumables		13,001,971	13,786,428
Insurance premiums		1,691,579	1,796,008
External plant hire		3,756,156	4,915,402
Professional services		1,763,700	1,507,094
External labour hire		1,220,362	836,252
Repairs and maintenance		6,225,799	5,782,669
Land under roads		350,122	-
Election costs		276,957	-
Literature for libraries		488,579	464,664
Other material and services	(ii)	10,076,142	12,424,628
		45,874,985	48,862,565

(i) 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.

(ii) Includes costs associated with Mt Perry Road evacuation route for the year ended 30 June 2016 totalling \$260,159 (2015 \$3,626,785) and costs associated with NDRRA emergent works for the year ended 30 June 2016 totalling \$13,868 (2015 \$738,231).

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BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>8 Finance costs</b>			
Interest payable on borrowings		3,583,867	3,067,553
Impairment of debts		144,748	143,088
Bank charges		282,513	256,235
Landfill restoration - change in provision over time	21	498,432	975,909
Interest payable on overdue accounts		134	-
		<u>4,509,694</u>	<u>4,442,785</u>
<b>9 Loss on disposal of non-current assets</b>			
Proceeds from disposal of property, plant and equipment		3,084,464	2,807,899
Book value of property, plant and equipment disposed		(7,561,768)	(27,410,406)
Loss on disposal of property, plant and equipment		<u>(4,477,304)</u>	<u>(24,602,507)</u>
Proceeds from disposal of intangibles		-	-
Book value of intangibles disposed		(229,123)	-
Loss on disposal of intangibles		<u>(229,123)</u>	-
Loss on disposal of non-current assets		<u>(4,706,427)</u>	<u>(24,602,507)</u>



BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>10 Cash and cash equivalents</b>			
Cash at bank and on hand		3,157,604	1,134,152
Deposits at call		43,050,000	30,600,000
Term deposits		48,150,000	45,200,000
Balance per statement of cash flows		<u>94,357,604</u>	<u>76,934,152</u>
<p>Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.</p> <p>Cash and deposits at call are held at the Commonwealth Bank, Westpac Banking Corporation and in a Queensland Treasury Corporation Capital Guaranteed Cash Fund account, with credit ratings of A1+ for all institutions.</p> <p>Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use. These restrictions are managed using internal management accounting functions.</p>			
Internally imposed expenditure restrictions at the reporting date	23	58,268,247	36,169,530
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent capital grants, subsidies and contributions	23	952,756	364,174
Unspent infrastructure charges	23	16,630,771	16,521,935
Unspent loan monies		5,559,729	7,668,228
		<u>23,143,256</u>	<u>24,554,337</u>
Total unspent restricted cash for capital projects		<u>81,411,503</u>	<u>60,723,867</u>
<b>11 Trade and other receivables</b>			
Rateable revenue and utility charges		6,011,426	6,268,263
Accounts receivable		9,134,473	4,701,065
Less impairment		(34,902)	(2,712)
GST recoverable		777,830	925,557
Prepayments		1,029,124	980,510
		<u>16,917,951</u>	<u>12,872,683</u>

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.

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BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>12 Inventories</b>			
Stores inventories		730,542	766,921
The value of inventory recognised as an expense during the period was \$2,984,451 (2015 \$3,290,830).			
Land purchased for development and resale	13	3,407,404	3,380,847
Total inventories		4,137,946	4,147,768
<b>13 Land purchased for development and resale</b>			
Opening balance		3,380,847	3,406,115
Additions		26,557	15,133
Less: Cost of developed land sold		-	(40,401)
Closing balance at end of financial year		3,407,404	3,380,847
<b>14 Non-current assets held for sale</b>			
Opening balance		982,166	739,819
Internal transfer from land and improvements	16	-	1,029,700
Assets sold during financial year		(652,625)	(739,819)
Impairment adjustment in period		(3,860)	(47,534)
Closing balance at end of financial year		325,681	982,166
Council has resolved to sell several parcels of vacant land that serve no strategic purpose. These properties are listed for sale with local agents and are expected to settle within 12 months.			
<b>15 Investment property</b>			
Fair value at beginning of financial year		-	-
Internal transfer from buildings and structures	16	167,216	-
Internal transfer from land and improvements	16	5,317,300	-
Investment property acquired at cost		135,788	-
Revaluation adjustment to the income account	5	73,114	-
Fair value at end of financial year		5,693,418	-

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

During the financial year Council undertook a comprehensive assessment of the land and improvements and buildings and structures asset classes. This resulted in some assets being re-classified as investment property.

Income from investment property is disclosed in note 3(b). Expenses relating to investment property are shown in Note 7.

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



BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

**16 Property, plant and equipment**

**30 June 2016**

	Land and improvements	Buildings and structures	Plant and equipment	Cultural assets	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
Basis of measurement	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	
<b>Asset values</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2015	124,303,563	241,619,978	53,441,915	477,369	1,089,420,218	226,161,140	370,644,414	324,185,165	30,808,288	2,461,062,050
Assets not previously recognised/(derecognised)	(37,100)	(202,414)	-	-	38,657,609	2,379,210	129,398	583,525	-	41,510,228
Additions at cost	129,526	2,121,149	4,140,021	12,400	14,592,202	2,032,835	3,692,858	1,891,914	18,617,723	47,230,628
Contributed assets	-	907,390	-	-	11,761,830	3,673,046	1,728,419	931,780	-	19,002,465
Internal transfers from work in progress	33,578	1,472,356	933,631	-	10,178,275	3,791,475	6,770,000	351,586	(23,530,901)	-
Disposals	(747,743)	(2,303,657)	(7,271,477)	-	(12,407,818)	(544,482)	(396,326)	(486,934)	-	(24,158,437)
Revaluation adjustment to the asset revaluation surplus	225,870	7,975,418	-	-	25,749,577	5,677,559	5,974,613	4,999,093	-	50,602,130
Assets transferred from/(to) other asset classes	(5,317,300)	(295,740)	(881,391)	-	-	-	-	-	-	(6,494,431)
Prior year work in progress expensed	-	-	-	-	-	-	-	-	(826,806)	(826,806)
Other Internal transfers	-	(3,319,426)	9,989	-	3,053,145	299,667	(693,194)	649,819	-	-
Closing gross value as at 30 June 2016	118,590,394	247,975,054	50,372,688	489,769	1,181,005,038	243,470,450	387,850,182	333,105,948	25,068,304	2,587,927,827

**Accumulated depreciation**

Opening balance as at 1 July 2015	2,336,751	90,058,004	20,744,181	-	276,311,273	82,138,706	119,061,418	141,382,293	-	732,032,626
Assets not previously recognised/(derecognised)	-	(190,821)	87	-	9,101,639	719,657	8,543	(339,431)	-	9,299,674
Depreciation provided in period	494,491	6,528,211	4,500,482	-	21,555,860	2,915,813	4,357,387	4,762,968	-	45,115,212
Contributed assets	-	292,074	-	-	524,984	4,543	-	-	-	821,601
Depreciation on disposals	-	(2,017,100)	(5,265,053)	-	(8,533,262)	(213,179)	(257,492)	(310,583)	-	(16,596,669)
Revaluation adjustment to the asset revaluation surplus	-	3,618,304	-	-	8,020,533	2,049,202	2,438,254	2,256,872	-	18,383,165
Assets transferred from/(to) other asset classes	-	(128,524)	-	-	-	-	-	-	-	(128,524)
Other Internal transfers	-	(557,909)	-	-	557,909	-	-	-	-	-
Closing accumulated depreciation as at 30 June 2016	2,831,242	97,602,239	19,979,697	-	307,538,936	87,614,742	125,608,110	147,752,119	-	788,927,085
Total written down value at 30 June 2016	115,759,152	150,372,815	30,392,991	489,769	873,466,102	155,855,708	262,242,072	185,353,829	25,068,304	1,799,000,742
Residual value	-	-	9,346,477	-	-	-	-	-	-	9,346,477
Range of estimated useful life in years	Land not depreciated; Improvements 5-6 years	5-150	3-100	Not depreciated	10-100	60-80	20-90	10-100		

Council has plant and equipment with an original cost of \$58,233 and a written down value of zero still being used in the provision of services. 0% of these assets are expected to be replaced in 2016-2017 year.

Council has plant and equipment with an original cost of \$4,576,728 that has been written down to a residual value of \$1,008,900 still being used in the provision of services. 11% of these assets are expected to be replaced in the 2016 As at 30 June 2016, after stocktake of plant and equipment, Council had no plant and equipment which had not been used for over three years.

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

**16 Property, plant and equipment**

**30 June 2015**

Basis of measurement

**Asset values**

Opening gross value as at 1 July 2014

Assets not previously recognised/(derecognised)

Additions at cost

Contributed assets

Internal transfers from work in progress

Disposals

Revaluation adjustment to the asset revaluation surplus

Assets transferred from/(to) other asset classes

Prior year work in progress expensed

Other Internal transfers

Closing gross value as at 30 June 2015

	Land and improvements	Buildings and structures	Plant and equipment	Cultural assets	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
	Revaluation	Revaluation	Cost	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Cost	
	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2014	124,090,885	227,109,706	54,013,589	469,815	1,089,264,572	213,704,949	354,202,054	317,043,983	46,340,972	2,426,240,525
Assets not previously recognised/(derecognised)	262,080	421,905	-	-	10,641,093	2,685	8,514	66,000	-	11,402,277
Additions at cost	986,995	7,948,803	4,074,958	7,554	36,328,352	664,101	9,061,768	1,866,924	23,355,819	84,295,274
Contributed assets	-	25,000	-	-	1,764,333	1,982,468	988,404	451,905	-	5,212,110
Internal transfers from work in progress	6,409	4,832,480	267,999	-	21,483,189	2,380,954	8,986,182	223,072	(38,180,285)	-
Disposals	(518,736)	(4,404,493)	(4,931,633)	-	(81,343,467)	(13,406)	(5,846,479)	(680,024)	-	(97,738,238)
Revaluation adjustment to the asset revaluation surplus	505,630	3,265,284	-	-	14,264,023	5,129,621	5,004,588	5,246,914	-	33,416,060
Assets transferred from/(to) other asset classes	(1,029,700)	-	-	-	-	(28,040)	-	-	-	(1,057,740)
Prior year work in progress expensed	-	-	-	-	-	-	-	-	(708,218)	(708,218)
Other Internal transfers	-	2,421,293	17,002	-	(2,981,877)	2,337,808	(1,760,617)	(33,609)	-	-
Closing gross value as at 30 June 2015	124,303,563	241,619,978	53,441,915	477,369	1,089,420,218	226,161,140	370,644,414	324,185,165	30,808,288	2,461,062,050

**Accumulated depreciation**

Opening balance as at 1 July 2014

Assets not previously recognised/(derecognised)

Depreciation provided in period

Depreciation on disposals

Revaluation adjustment to the asset revaluation surplus

Other internal transfers

Closing accumulated depreciation as at 30 June 2015

Total written down value at 30 June 2015

Residual value

Opening balance as at 1 July 2014	1,719,732	84,095,952	19,391,536	-	306,223,965	76,379,628	100,080,541	114,806,775	-	702,698,129
Assets not previously recognised/(derecognised)	-	228,476	-	-	4,469,301	-	(8,008)	26,400	-	4,716,169
Depreciation provided in period	617,019	6,141,681	4,506,913	-	19,348,594	2,670,911	3,499,776	4,004,849	-	40,789,743
Depreciation on disposals	-	(3,114,901)	(3,154,268)	-	(58,929,795)	(4,285)	(4,792,186)	(332,397)	-	(70,327,832)
Revaluation adjustment to the asset revaluation surplus	-	2,722,745	-	-	5,183,259	3,092,452	20,138,688	23,019,273	-	54,156,417
Other internal transfers	-	(15,949)	-	-	15,949	-	142,607	(142,607)	-	-
Closing accumulated depreciation as at 30 June 2015	2,336,751	90,058,004	20,744,181	-	276,311,273	82,138,706	119,061,418	141,382,293	-	732,032,626
Total written down value at 30 June 2015	121,966,812	151,561,974	32,697,734	477,369	813,108,945	144,022,434	251,582,996	182,802,872	30,808,288	1,729,029,424
Residual value	-	-	10,597,800	-	-	-	-	-	-	10,597,800

Range of estimated useful life in years

Land not depreciated; Improvements 5-6 years										
	5-150	3-100	Not depreciated	10-100	60-80	20-90	10-80			

BUNDABERG REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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### 17 Fair Value Measurements

#### (i) 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
- Cultural assets
- Buildings and other structures
- Roads, footpaths and bridges
- Stormwater drainage
- Wastewater infrastructure
- Water infrastructure

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 31 is provided by the Queensland Treasury Corporation and represents the contractual undiscounted cash flows at balance date (level 2).

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

Council also has assets measured at fair value on a non-recurring basis as a result of being classified as assets held for sale. These comprise land as disclosed in Note 14. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land and improvements (level 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.

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

**17 Fair Value Measurements (Cont'd)**

**(i) 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.

**At 30 June 2016**

*Recurring fair value measurements*

	Note	Level 2		Level 3		Total	
		Significant other observable inputs		Significant unobservable inputs			
		2016	2015	2016	2015	2016	2015
		\$	\$	\$	\$		\$
Investment property	15						
- Land		-	-	5,509,950	-	5,509,950	-
- Rental property		73,213	-	110,255	-	183,468	-
Land and improvements	16	-	-	115,759,152	121,966,812	115,759,152	121,966,812
Cultural assets	16	-	-	489,769	477,369	489,769	477,369
Buildings and structures	16						
- Market Value		1,972,175	2,145,212	-	-	1,972,175	2,145,212
- Specialised		-	-	148,400,640	149,416,762	148,400,640	149,416,762
Roads, footpaths and bridges	16	-	-	873,466,102	813,108,945	873,466,102	813,108,945
Stormwater drainage	16	-	-	155,855,708	144,022,434	155,855,708	144,022,434
Wastewater infrastructure	16	-	-	262,242,072	251,582,996	262,242,072	251,582,996
Water infrastructure	16	-	-	185,353,829	182,802,872	185,353,829	182,802,872
		2,045,388	2,145,212	1,747,187,477	1,663,378,190	1,749,232,865	1,665,523,402

*Non-recurring fair value measurements*

Land held for sale	14	-	-	325,681	982,166	325,681	982,166
		-	-	325,681	982,166	325,681	982,166

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

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

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BUNDABERG REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

### 17 Fair Value Measurements (Cont'd)

#### (ii) 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 - Current Replacement Cost (Level 3)**

Land fair values were determined by independent and qualified Valuers, Australian Pacific Valuers (APV) effective 30 June 2016 using a desktop valuation approach. During the 2012 comprehensive land valuation, the last comprehensive revaluation undertaken, level 2 valuation inputs were used to value land held in freehold title as well land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre. Where there was no observable market evidence for a land asset due to its configuration, council zoning restrictions, contamination or similar factors that result in there being no directly comparable market evidence level 3 valuation inputs were used. For these assets significant assumptions needed to be made to determine the fair value. These were subsequently valued at the level 3 input hierarchy by using professional judgement. The 2016 desktop revaluation of Council's land assets required the valuer to rely on a number of assumptions. As each parcel is not individually valued and analysed by the valuer the subjectivity and reliance on assumptions is increased. Analysis of various land market sections within the region is based on the available sales evidence and evidence's usability to be graphed and analysed to determine market movement within each sector. Subsequently the desktop valuation has been determined to be at a level 3 valuation input hierarchy. A comprehensive revaluation of the Land assets has been scheduled for 30 June 2017.

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.



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BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

**17 Fair Value Measurements (Cont'd)**

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

**Buildings and structures (Level 2 and 3)**

Building and structure fair values were determined by independent valuer, AssetVal, effective 30 June 2016, using a desktop valuation approach. The last comprehensive valuation assessment for buildings and other structures was performed by AssetVal as at 30 June 2014. The revaluation of assets was assessed using either a direct comparison approach (a level 2 assessment) or the cost approach (depreciated replacement cost) which is a level 3 assessment. The current period desktop valuation applied indexation/growth percentage to asset cost or market values determined in the last comprehensive valuation. This indexation assessment has regard to the movement of costs of specified asset categories during the period 1 July 2015 to 30 June 2016.

Buildings and Other Structures (level 3) were assessed by analysing data derived from Rawlinsons Australia Construction Handbook 2015, Costweb, Department of Natural Resources and Mines, the Australian Bureau of Statistics, Australian Institute of Quantity Surveyors and the Housing Industry Association. The indexation assessment is based on inputs from producer price data, construction indices and recent construction cost guides. The Buildings - Level 3 category adopted a 3.5% increase and Other Structures category adopted a 3.3% increase. Indexation for buildings assessed on a market (level 2) basis at the original valuation has been undertaken with consideration of local market sales and general property movement in the region from 1 July 2015 to 30 June 2016. For the buildings - Level 2 category a 3% decrease has been adopted.

Ponds assets were assessed with regard to indices developed from inputs extracted from producer price, local government and construction indices. The civil index is a composite index developed from combining the road and bridge index with the engineering design and management index. The split is based on an estimated project cost breakdown of 60% and 40% respectively. The 'Ponds' category adopted a 1.5% increase.

There have been no changes in valuation hierarchy levels from the full valuation report provided for the year ending 30 June 2014.

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 the preceding paragraph.





BUNDABERG REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

### 17 Fair Value Measurements (Cont'd)

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

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

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

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

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

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

The last comprehensive valuation of the road infrastructure was undertaken by independent valuers Australian Pacific Valuers, (APV) effective 30 June 2012. In 2016, Council engaged APV to provide indices to determine whether there has been a material change in the assets current replacement cost over the index period. The indexation percentage for the construction of roads asset class has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's Australian Construction Handbook, construction data from the Australian Bureau of Statistics, previous valuations of Bundaberg Regional Councils infrastructure assets, the valuers own internal market research and analyses of project costs derived from neighbouring councils. APV has taken the location allowance of 7% above the base price of Brisbane into account when delivering the comprehensive revaluation and when applying the indices. A comprehensive revaluation for the roads class assets is scheduled for 30 June 2017.

BUNDABERG REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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### 17 Fair Value Measurements (Cont'd)

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

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

###### Accumulated depreciation

In determining the level of accumulated depreciation, remaining useful lives were determined based on condition assessments. The condition assessments were made using a 10 point scale with 0 being the lowest and 10 being the highest. A 0 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.

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

##### **Stormwater Drainage - Current Replacement Cost (CRC)**

The last comprehensive valuation of stormwater drainage was undertaken by independent valuers Australian Pacific Valuers, (APV) effective 30 June 2012. In 2016, Council engaged APV to provide indices to determine whether there has been a material change in the assets current replacement cost over the index period. The indexation percentage for the construction of stormwater drainage assets has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's Australian Construction Handbook, construction data from the Australian Bureau of Statistics, previous valuations of Bundaberg Regional Councils infrastructure assets, the valuers own internal market research and analyses of project costs derived from neighbouring councils. APV has taken the location allowance of 7% above the base price of Brisbane into account when delivering the comprehensive revaluation and when applying the indices. A comprehensive revaluation for the Stormwater Drainage class assets is scheduled for 30 June 2017.

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.

###### Accumulated depreciation

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 with 0 being the lowest and 10 being the highest. A 0 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.

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

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**17 Fair Value Measurements (Cont'd)**

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

**Water and Wastewater Infrastructure - Current Replacement Cost (CRC)**

The last comprehensive valuation of water and wastewater active assets was undertaken by independent valuers Australian Pacific Valuers, (APV) effective 30 June 2012. In 2016 Council engaged APV 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 active assets. The indexation percentage for the construction of water and wastewater infrastructure assets has been derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's Australian Construction Handbook 2015, construction data from the Australian Bureau of Statistics, previous valuations of Bundaberg Regional Councils infrastructure assets, the valuers own internal market research and analyses of project costs derived from neighbouring councils. APV has taken the location allowance of 7% above the base price of Brisbane into account when delivering the comprehensive revaluation and when applying the indices. A comprehensive revaluation for the Water and Wastewater Active assets is scheduled for 30 June 2017.

A comprehensive valuation of water and wastewater passive assets was undertaken by AssetVal effective 30 June 2015. In 2016, 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. The civil index is a composite index developed from combining the road and bridge index, the engineering design and management index, the concrete product manufacturing index and polymer product manufacturing index. The weighting of each index is based on an estimated project cost breakdown at 20%, 40%, 20% and 20% respectively. For the passive water and wastewater category a 1.5% increase has been adopted.

**Accumulated depreciation**

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 with 0 being the lowest and 10 being the highest. A 0 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.

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

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

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

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

The changes in level 3 assets with recurring fair value measurements are detailed in Note 15 and Note 16. However, since the non specialised buildings and investment rental property disclosed in those notes comprise of both level 2 and level 3 assets, the movement in level 3 non specialised buildings and investment rental property are detailed below. There have been no transfers between level 1,2 or 3 measurements during the year.

	2016 \$	2015 \$	2016 \$	2015 \$
	Non specialised buildings (level 3)		Investment rental property (level 3)	
<b>Asset Values</b>				
Opening gross value	239,437,178	224,969,706	-	-
Assets not previously recognised/(derecognised)	(202,414)	421,905	-	-
Additions	3,593,505	12,781,283	14,788	-
Contributed assets	907,390	25,000	-	-
Disposals	(2,227,157)	(4,404,493)	-	-
Revaluation adjustment	8,038,607	3,222,484	3,729	-
Transfers	(3,615,166)	2,421,293	91,738	-
Closing gross value	<u>245,931,943</u>	<u>239,437,178</u>	<u>110,255</u>	<u>-</u>
<b>Accumulated depreciation</b>				
Opening balance	90,020,416	84,095,852	-	-
Assets not previously recognised/(derecognised)	(190,821)	228,476	-	-
Depreciation provided in period	6,491,643	6,104,931	-	-
Contributed assets	292,074	-	-	-
Depreciation on disposals	(2,016,074)	(3,114,901)	-	-
Revaluation adjustment	3,620,498	2,722,007	-	-
Transfers	(686,433)	(15,949)	-	-
Closing accumulated depreciation	<u>97,531,303</u>	<u>90,020,416</u>	<u>-</u>	<u>-</u>
Consolidated book value	<u><b>148,400,640</b></u>	<u><b>149,416,762</b></u>	<u><b>110,255</b></u>	<u><b>-</b></u>

**(iv) Valuation Process**

Council's valuation policies and procedures are reviewed and endorsed by the Audit and Risk Committee for adoption by Council. The committee comprises the two Councillors and two external representatives. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) are set out in Note 1.15(iii) and Note 1.14 respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

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BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

**18 Intangible assets**

**30 June 2016**

Basis of measurement

**Asset values**

Opening gross carrying value as at 1 July 2015

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 2016

Computer Software	Easements	Land Lease	Water Rights	Work in progress	Total
Cost	Cost	Cost	Cost	Cost	
30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	30-Jun-16	
\$	\$	\$	\$	\$	\$
2,456,159	190,598	311,000	4,346,253	589,435	7,893,445
490,938	-	-	-	-	490,938
99,729	-	-	-	(99,729)	-
(138,450)	(190,598)	-	-	-	(329,048)
-	-	-	-	(489,706)	(489,706)
881,391	-	-	-	-	881,391
3,789,767	-	311,000	4,346,253	-	8,447,020

**Accumulated amortisation**

Opening balance as at 1 July 2015

Amortisation provided in period

Amortisation on disposals

Closing accumulated amortisation as at 30 June 2016

Total intangible assets at 30 June 2016

1,003,983	-	-	-	-	1,003,983
437,175	-	-	-	-	437,175
(99,925)	-	-	-	-	(99,925)
1,341,233	-	-	-	-	1,341,233
2,448,534	-	311,000	4,346,253	-	7,105,787

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.

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

**18 Intangible assets**

**30 June 2015**

Basis of measurement

**Asset values**

Opening gross carrying value as at 1 July 2014  
 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 2015

Computer Software	Easements	Land Lease	Water Rights	Work in progress	Total
Cost	Cost	Cost	Cost	Cost	
30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	
\$	\$	\$	\$	\$	\$
2,685,506	162,558	311,000	4,346,253	289,108	7,794,425
91,967	-	-	-	568,408	660,375
243,148	-	-	-	(243,148)	-
(564,462)	-	-	-	-	(564,462)
-	-	-	-	(24,933)	(24,933)
-	28,040	-	-	-	28,040
2,456,159	190,598	311,000	4,346,253	589,435	7,893,445

**Accumulated amortisation**

Opening balance as at 1 July 2014  
 Amortisation provided in period  
 Amortisation on disposals  
 Closing accumulated amortisation as at 30 June 2015  
 Total intangible assets at 30 June 2015

1,299,354	-	-	-	-	1,299,354
269,091	-	-	-	-	269,091
(564,462)	-	-	-	-	(564,462)
1,003,983	-	-	-	-	1,003,983
1,452,176	190,598	311,000	4,346,253	589,435	6,889,462

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>19 Trade and other payables</b>			
Creditors and accruals		9,223,063	9,102,722
Annual leave		4,330,385	4,658,810
Wages and other employee entitlements		563,955	2,608,431
		<u>14,117,403</u>	<u>16,369,963</u>
<b>20 Borrowings</b>			
<b>Current</b>			
Loans - Queensland Treasury Corporation		<u>5,382,267</u>	<u>8,006,603</u>
<b>Non-Current</b>			
Loans - Queensland Treasury Corporation		<u>58,151,171</u>	<u>62,052,753</u>
<b>Loans - Queensland Treasury Corporation</b>			
Opening balance		70,059,356	53,274,327
Loans raised		-	23,000,000
Principal repayments		(6,525,918)	(6,214,971)
Book value at end of financial year		<u>63,533,438</u>	<u>70,059,356</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 21 July 2032.

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

Principal and interest repayments are made quarterly in arrears.



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BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>21 Provisions</b>			
<b>Current</b>			
Long service leave		1,500,000	915,000
<b>Non-Current</b>			
Landfill restoration		15,466,609	14,493,577
Long service leave		11,350,073	11,674,481
		<u>26,816,682</u>	<u>26,168,058</u>

**Details of movements in provisions:**

**(a) Landfill restoration provision**

Opening balance		14,493,577	49,819,791
Increase in provision - finance cost due to change in time	8	498,432	975,909
Increase/(decrease) in provision - change in discount rate		1,388,651	359,853
Increase/(decrease) in provision - change in restoration date		-	(2,599,308)
Decrease in provision for actual restoration expenditure		(17,920)	(297,331)
Increase/(decrease) in estimate of future cost		(896,131)	(33,765,337)
Balance at end of financial year		<u>15,466,609</u>	<u>14,493,577</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.

**(b) Long service leave provision**

Opening balance		12,589,481	12,010,209
Additional provision made during the period		1,471,304	1,336,665
Amounts used during the period		(1,346,928)	(906,214)
Unused amounts reversed during the period		(91,439)	(73,378)
Change in discount and time		227,655	222,199
Balance at end of financial year		<u>12,850,073</u>	<u>12,589,481</u>





BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>22 Asset revaluation surplus</b>			
<b>(a) Movements in the asset revaluation surplus were as follows:</b>			
Balance at beginning of financial year		334,761,325	352,660,129
Property plant and equipment		32,218,965	(20,740,357)
Provision for land restoration		(20,194)	2,841,553
Increase/(decrease) in asset revaluation surplus		32,198,771	(17,898,804)
Balance at end of the year		366,960,096	334,761,325
<b>(b) Asset revaluation surplus analysis</b>			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Land and improvements		29,010,322	28,804,646
Buildings and structures		28,794,500	24,437,386
Cultural assets		25,541	25,541
Roads, footpaths and bridges		123,473,510	105,744,466
Stormwater drainage		43,154,075	39,525,718
Wastewater infrastructure		85,693,284	82,156,925
Water infrastructure		56,808,864	54,066,643
		366,960,096	334,761,325

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	58,268,247	36,169,530
Unspent capital grants, subsidies and contributions	10	952,756	364,174
Unspent infrastructure charges	10	16,630,771	16,521,935
Unallocated surplus/(deficit)		879,088	(1,337,958)
		76,730,862	51,717,681

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. An unallocated deficit represents the accumulative amount Council is required to recover before undertaking expenditure in the following year.

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>24 Commitments for expenditure</b>			
<b>(a) Operating leases</b>			
Minimum lease payments (GST exclusive) in relation to non-cancellable operating leases are as follows:			
Not later than one year		486,696	317,647
Later than one year but not later than five years		1,214,163	639,656
Later than five years		368,290	474,556
		<u>2,069,149</u>	<u>1,431,859</u>
Minimum lease payments (GST exclusive) in relation to non-cancellable operating sub-leases		-	94,392

Significant operating leases are held over the Bargara Beach Caravan Park, Council Printers, Salvation Army Building and other Information Technology Equipment.

*Bargara Beach Caravan Park*

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

There are no options under the lease to renew, purchase or escalate the lease.

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

*Printers*

An operating lease is held with BOQ Asset Finance & Leasing Pty Limited over a Managed Print Services Agreement of 34 Printers. Lease payments are based on an agreed minimum volume at a minimum charge per unit over a three year period.

There are no options under the lease to renew, purchase or escalate the lease.

There are no restrictions imposed by the lease arrangements.

*Salvation Army Building*

An operating lease is held with The Salvation Army (Queensland) Property Trust over the Salvation Army Building for temporary use by the PCYC. The lease payment is a fixed arrangement over a two year period.

There are no options under the lease to renew, purchase or escalate the lease.

There are no restrictions imposed by the lease arrangements.

*Information Technology Equipment*

An operating lease is held with Alleasing Pty Ltd for Computers, Monitors, Storage Equipment and Networking Equipment. The lease payments are a fixed arrangement over a five year period.

There are no options under the lease to renew, purchase or escalate the lease.

There are no restrictions imposed by the lease arrangements.

All other operating leases are not considered significant leases.

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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

	30-Jun-16	30-Jun-15
Note	\$	\$
<b>24 Commitments for expenditure (Cont'd)</b>		
<b>(b) Recurrent commitments</b>		
Significant recurrent contractual commitments (GST exclusive) at the reporting date but not recognised as liabilities	2,092,375	65,316
Council has significant recurrent contractual commitments for the management of the Elliott Heads and Moore Park Holiday Parks and security screening services at the Bundaberg Airport.		
<b>(c) Capital commitments</b>		
Significant capital contractual commitments (GST exclusive) at the reporting date but not recognised as liabilities	50,828,001	1,009,747
Council has significant capital contractual commitments for construction of assets including Rubyanna Wastewater Treatment Plant, Bundaberg Multiplex Stage 1 and Monduran Bridge replacement.		
<b>25 Contingent liabilities</b>		
Details and estimates of maximum amounts of contingent liabilities are as follows:		
<u>Claims</u>		
Council is a defendant in a number of claims that arise as a result of the operations of Council. Council is of the opinion that the claims can be successfully defended and that no costs in excess of the recorded accruals will result. Information in respect of individual claims has not been disclosed in accordance with AASB137 Provisions, Contingent Liabilities and Contingent Assets on the basis that council considers such disclosures would seriously prejudice the outcome of the claims.		
<u>Landfills</u>		
Council has a number of operational and closed landfills throughout the region. Obligations for future remediation are determined annually, with the nature and extent of work required 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 delayed 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 21.		
<u>Local Government Mutual</u>		
Council is a member of the local government mutual liability self-insurance pool, Queensland Local Government Mutual Liability Pool. In the event of the scheme being wound up or if it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual scheme members in the same proportion as their contribution is to the total scheme contributions, in respect to any year that a deficit arises. As at June 2016 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.		
<u>Local Government Workcare</u>		
Council is a member of the Local Government Self-Insurance Scheme, Local Government Workcare. Under this scheme Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled because of insufficient funds being available to cover outstanding liabilities. Only Local Government Workcare may call on any part of the guarantee should the above circumstances arise.		
Council's maximum exposure is:	2,418,007	2,427,523

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	30-Jun-16	30-Jun-15
Note	\$	\$
<b>26 Expected operating lease income</b>		
<b>(a) Lease receipts</b>		
Future minimum lease payments (GST exclusive) are expected to be received in relation to non-cancellable operating leases as follows:		
Not later than one year	235,529	163,964
Later than one year but not later than five years	591,380	497,764
Later than five years	453,087	576,687
	<u>1,279,996</u>	<u>1,238,415</u>
Council leases out the Kolan Gardens Aged Care Facility, Café 1928, Facilities at University Drive Waste Transfer Station, Bundaberg Airport Café, Bundaberg Airport Hangars and Agricultural Land at Rubyanna Road.		
Council only discloses expected lease income associated with significant leases.		
<b>(b) Sub-lease receipts</b>		
Future minimum lease payments (GST exclusive) are expected to be received in relation to non-cancellable sub-leases of operating leases as follows:		
Not later than one year	218,249	215,025
Later than one year but not later than five years	716,306	756,717
Later than five years	709,063	886,901
	<u>1,643,618</u>	<u>1,858,643</u>
Council subleases out the Bargara Beach Caravan Park and an area along the Burnett Riverbank.		
<b>(c) Contingent rent for the period</b>	<u>108,671</u>	<u>73,167</u>



BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>27 Superannuation</b>			
<p>The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 <i>Employee Benefits</i>.</p> <p>The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.</p> <p>The scheme has three elements referred to as:</p> <p>The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund.</p> <p>The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and</p> <p>The Accumulation Benefits Fund (ABF)</p> <p>The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the <i>Local Government Act 2009</i>. Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.</p> <p>The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due. To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant local government employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee salaries and there are no known requirements to change the rate of contributions.</p> <p>Any amount by which the fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of the Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.</p> <p>As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.</p> <p>The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date".</p> <p>In the 2015 actuarial report the actuary has recommended no change to the employer contributions levels at this time.</p> <p>Under the <i>Local Government Act 2009</i> the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.</p> <p>There are currently 69 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 entities. Bundaberg Regional Council made 4.15% of the total contributions to the plan for the 2015-16 financial year.</p> <p>The next actuarial investigation will be conducted as at 1 July 2018.</p>			
The amount of superannuation contributions paid by Council to the Superannuation Fund in this period for the benefit of employees was:		6,194,513	6,377,733
Council also contributes to the scheme for the benefit of Councillors'. The amount of contributions paid during the reporting period was:		122,455	115,026
Total superannuation paid	6	6,316,968	6,492,759

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 \$	30-Jun-15 \$
<b>28 Trust funds</b>			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		2,767,952	3,218,345
Council performs only a custodial role in respect of these monies and because the monies cannot be used by Council, they are not brought to account in these financial statements.			
<b>29 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities</b>			
Net result		39,797,809	40,540,863
Non-cash operating items:			
Depreciation of property plant and equipment	16	45,115,212	40,789,743
Amortisation of intangible assets	18	437,175	269,091
Change in restoration provision to finance costs	8	498,432	975,909
Current cost of developed land sold	13	-	40,401
		46,050,819	42,075,144
Investing and financing activities:			
Change in restoration provision		454,406	(33,460,570)
Capital grants, subsidies, other contributions and donations	4	(37,225,775)	(27,000,763)
Loss on disposal of non-current assets	9	4,706,427	24,602,507
Loss on impairment of non-current assets held for sale	14	3,860	47,534
Revaluation of investment property	5	(73,114)	-
Gain on disposal of non-current assets held for sale	5	(171,103)	(60,181)
		(32,305,299)	(35,871,473)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		344,972	1,608,084
(Increase)/decrease in inventories		9,822	110,569
Increase/(decrease) in payables		(3,162,679)	(4,703,711)
Increase/(decrease) in long service leave provision		260,592	579,272
Increase/(decrease) in unearned revenue		21,194	(8,674)
		(2,526,099)	(2,414,460)
<b>Net cash inflow from operating activities</b>		<b>51,017,230</b>	<b>44,330,074</b>

**30 Events after the reporting period**

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

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BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**31 Financial Instruments****Financial risk management**

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

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

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

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

**(i) Credit risk**

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

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

In other cases, Council assesses the credit risk before providing goods or services and applies normal business credit protection procedures to minimise the risk. There is no concentration of credit risk for trade and other receivables.

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

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

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

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period.

**Financial assets**

	Note	2016	2015
Cash and cash equivalents	10	94,357,604	76,934,152
Receivables - rates	11	6,011,426	6,268,263
Receivables - other	11	9,877,401	5,623,910
Other credit exposures - Guarantee	25	2,418,007	2,427,523
Total		<u>112,664,438</u>	<u>91,253,848</u>

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

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

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**31 Financial Instruments (Cont'd)****(i) Credit risk (Cont'd)**

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

	2016	2015
Not past due	8,210,059	4,411,315
Past due less than 30 days	373,936	244,247
Past due 31-60 days	453,886	173,819
Past due 61-90 days	214,061	296,804
Past due more than 90 days	6,671,787	6,768,700
Impairment	(34,902)	(2,712)
Total	<u>15,888,827</u>	<u>11,892,173</u>

**(ii) Liquidity risk**

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

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

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

	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
<b>2016</b>					
Trade and other payables	14,117,403	-	-	14,117,403	14,117,403
Loans - QTC	8,494,053	33,534,864	42,664,360	84,693,277	63,533,438
	<u>22,611,456</u>	<u>33,534,864</u>	<u>42,664,360</u>	<u>98,810,680</u>	<u>77,650,841</u>
<b>2015</b>					
Trade and other payables	16,369,963	-	-	16,369,963	16,369,963
Loans - QTC	11,637,615	35,910,964	45,017,142	92,565,721	70,059,356
	<u>28,007,578</u>	<u>35,910,964</u>	<u>45,017,142</u>	<u>108,935,684</u>	<u>86,429,319</u>

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



BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**31. Financial Instruments (Cont'd)**

**(iii) Market risk**

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

*Interest rate risk*

Council is exposed to interest rate risk through its 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	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
QTC Cash Fund	43,050,000	30,600,000	430,500	306,000	430,500	306,000
Term Deposits	48,150,000	45,200,000	481,500	452,000	481,500	452,000
	<u>91,200,000</u>	<u>75,800,000</u>	<u>912,000</u>	<u>758,000</u>	<u>912,000</u>	<u>758,000</u>

**Fair value**

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and is discussed below.

QTC applies a book rate approach in the management of debt. The book value represents the carrying value based on amortised cost using the effective interest method.

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

**Financial liabilities**

	Note	2016		2015	
		Carrying amount	Fair Value	Carrying amount	Fair Value
		\$	\$	\$	\$
Loans - QTC	20	<u>63,533,438</u>	<u>72,884,775</u>	<u>70,059,356</u>	<u>76,442,326</u>

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**32 National competition policy**

**Business activities to which the code of competitive conduct is applied**

Bundaberg Regional Council has applied the competitive code of conduct (CCC) to the following activities:

Water and Wastewater Operations;  
 Waste Management;  
 Caravan Parks;  
 Airport Operations; and  
 Building Certification (discontinued service in the Financial Year)

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 CSO's 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
	2016	2016	2016
	\$	\$	\$
Revenue for services provided to Council	1,165,177	432,568	223,656
Revenue for services provided to external clients	24,796,202	25,282,740	17,477,536
Community service obligations	483,960	504,857	2,869,410
	26,445,339	26,220,165	20,570,602
Less: Expenditure	(16,430,345)	(14,716,200)	(14,780,007)
Surplus/(deficiency)	10,014,994	11,503,965	5,790,595

	Caravan Parks	Airport Operations	Building Certification
	2016	2016	2016
	\$	\$	\$
Revenue for services provided to Council	-	-	-
Revenue for services provided to external clients	2,447,795	4,709,723	19,136
Community service obligations	-	349,582	-
	2,447,795	5,059,305	19,136
Less: Expenditure	(2,025,893)	(3,831,973)	(461,345)
Surplus/(deficiency)	421,902	1,227,332	(442,209)

BUNDABERG REGIONAL COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

**32 National competition policy (Cont'd)**

**Description of CSO's provided to business activities**

Activities	CSO description	Amount
		\$
Water	Provision of water allocations to unlicensed sporting clubs free of charge	\$151,090
	Pension remissions	\$169,158
	Water leak relief	\$105,671
	Internal bulk water provisions	\$58,041
Wastewater	Providing pedestal discount for community and aged care facilities	\$288,014
	Clearance of private sanitary drains	\$4,137
	Pension remissions	\$212,706
Waste Management	Provision of bins and waste disposal for community events	\$26,900
	Provision of free disposal days for residents	\$110,467
	In-kind assistance - for charities	\$100,458
	Provision of wheelie bins and waste disposal for public spaces	\$122,564
	Unrecovered costs incurred in operating rural transfer stations	\$835,894
	Internal waste collection	\$1,478,125
	Pension remissions	\$195,002
Airport Operations	Access agreement	\$349,582



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BUNDABERG REGIONAL COUNCIL

**MANAGEMENT CERTIFICATE**  
FOR THE YEAR ENDED 30 JUNE 2016

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**BUNDABERG REGIONAL COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2016**


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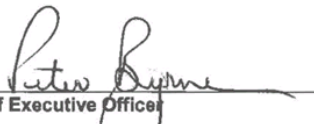
**Management Certificate**  
**For the year ended 30 June 2016**

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

In accordance with Section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the general purpose financial statements, as set out on pages 1 to 47, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

  
\_\_\_\_\_  
Mayor  
Date: 19 / 9 / 2016

  
\_\_\_\_\_  
Chief Executive Officer  
Date: 19 / 9 / 2016

BUNDABERG REGIONAL COUNCIL

**INDEPENDENT AUDITOR'S REPORT**

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor of Bundaberg Regional Council

**Report on the Financial Report**

I have audited the accompanying financial report of Bundaberg Regional Council, which comprises the statement of financial position as at 30 June 2016, 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 certificates given by the Mayor and the Chief Executive Officer.

*The Council's Responsibility for the Financial Report*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

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### *Independence*

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

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

### *Opinion*

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
  - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
  - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Bundaberg Regional Council for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

### **Other Matters - Electronic Presentation of the Audited Financial Report**

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

  
DA STOLZFCPA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane



# 3.3 FINANCIAL SUSTAINABILITY STATEMENTS

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BUNDABERG REGIONAL COUNCIL

**CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT**  
FOR THE YEAR ENDED 30 JUNE 2016

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**Note 1 - Basis of Preparation**

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2016.

**MEASURES OF FINANCIAL SUSTAINABILITY**

Council's performance at 30 June 2016 against key financial ratios and targets:

	HOW THE MEASURE IS CALCULATED	2016	TARGET
<b>Operating surplus ratio</b>	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	<b>4%</b>	Between 0% and 10%
<b>Asset sustainability ratio</b>	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	<b>37%</b>	Greater than 90%
<b>Net financial liabilities ratio</b>	Total liabilities less current assets divided by total operating revenue (excluding capital items)	<b>-6%</b>	Not greater than 60%

BUNDABERG REGIONAL COUNCIL

**CERTIFICATE OF ACCURACY**  
FOR THE YEAR ENDED 30 JUNE 2016

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**BUNDABERG REGIONAL COUNCIL**


**CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT**  
For the year ended 30 June 2016


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**Certificate of Accuracy**  
For the year ended 30 June 2016

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: 19 / 9 / 2016

  
\_\_\_\_\_  
Chief Executive Officer  
Date: 19 / 9 / 2016

BUNDABERG REGIONAL COUNCIL

**INDEPENDENT AUDITOR'S REPORT**

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor of Bundaberg Regional Council

**Report on the Current-Year Financial Sustainability Statement**

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Bundaberg Regional Council for the year ended 30 June 2016, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

*The Council's Responsibility for the Current-Year Financial Sustainability Statement*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

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### *Independence*

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

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

### *Opinion*

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Bundaberg Regional Council, for the year ended 30 June 2016, has been accurately calculated.

### *Emphasis of Matter – Basis of Accounting*

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

### **Other Matters - Electronic Presentation of the Audited Statement**

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

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

Queensland Audit Office  
Brisbane



BUNDABERG REGIONAL COUNCIL

**LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT**  
FOR THE YEAR ENDED 30 JUNE 2016

**MEASURES OF FINANCIAL SUSTAINABILITY**

Future years ratios are from the Revised Adopted Budget.

TARGET	AUDITED	ORIGINAL	FORECAST								
	ACTUALS	BUDGET	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	2015/16	2016/17									
<b>ASSET SUSTAINABILITY RATIO</b>											
Capital expenditure on replacement assets divided by depreciation expense.											
<b>&gt; 90%</b>	<b>37.0%</b>	<b>185.6%</b>	<b>34.0%</b>	<b>25.3%</b>	<b>92.8%</b>	<b>100.0%</b>	<b>98.0%</b>	<b>108.6%</b>	<b>101.2%</b>	<b>100.1%</b>	<b>100.5%</b>
<b>NET FINANCIAL LIABILITIES RATIO</b>											
Total liabilities less current assets divided by operating revenue.											
<b>&lt; 60%</b>	<b>-6.0%</b>	<b>19.5%</b>	<b>27.3%</b>	<b>27.9%</b>	<b>25.7%</b>	<b>20.9%</b>	<b>21.2%</b>	<b>22.0%</b>	<b>23.3%</b>	<b>25.0%</b>	<b>26.1%</b>
<b>OPERATING SURPLUS RATIO</b>											
Net operating surplus divided by total operating revenue.											
<b>0%-10%</b>	<b>4.0%</b>	<b>5.0%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>3.0%</b>	<b>3.9%</b>	<b>3.7%</b>	<b>3.9%</b>	<b>3.1%</b>	<b>3.5%</b>

**EXPLANATION OF COUNCIL'S FINANCIAL MANAGEMENT STRATEGY**

**Our Long-term Financial Outlook**

Council regularly models financial performance, financial position and cash flow forecasts to monitor the long-term sustainability of financial decisions. Projected financial statements for the ten year period through to 30 June 2026 are included in the 10 year long-term financial forecast.

The long-term financial forecast is calculated within the competing contexts of increased demands for regional infrastructure and council services to keep pace with population growth, and the cessation of the 40% State Government capital grants and subsidies.

The yearly budget and the long-term financial forecast continue to apply the principles endorsed by Council, particularly with respect to:

- The recovery of operational cost, depreciation expense and the provision of appropriate returns on capital expenditure, in accordance with full-cost pricing principles.
- Continual review of operations to ensure that the operating position is optimised by one or more of the following means:
  1. Reducing costs through operational savings or reviewed service delivery;
  2. Ensuring that overheads are appropriately recovered;
  3. Increasing charges; and/or
  4. The restructuring of operations which may include the involvement of the private sector (contractors) or investigating the divestment of all or parts of some activities.

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