



Annual Report

2021/22

Building Australia's
best regional community



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Chief Executive Officer's Report



The 2021/22 financial year saw a return to more normal operations after the pandemic lockdown, but new challenges emerged in the broader economy which impacted on Council's operations.

Council and the community had to contend with skills and material shortages and inflation well beyond the RBA forecasts, which triggered cost hikes and delayed some projects.

In that environment, it was a significant achievement for Council to deliver a 2022/23 Budget that only has an average increase in general rates of 3.9 per cent compared with Queensland CPI above 7 per cent for the year ended 30 June 2022.

As we reached the halfway point in this Council term, we started the year with a revised corporate plan, affirming our vision to build Australia's best regional community.

The corporate plan commits to delivering catalytic projects and three of these were confirmed during the year — implementation of the Moore Park Beach master plan, building a new regional aquatic centre and redeveloping Anzac Park.

Over the past five years, Council has worked strategically to enhance community infrastructure in our smaller towns and villages, including significant works at Childers, Gin Gin, Burnett Heads and Elliott Heads.

The opportunity in Moore Park Beach came about thanks to extensive community consultation, a partnership with Surf Lifesaving Queensland and State Government funding.

State funding was also instrumental in planning the aquatic centre as important sporting, health and recreational community infrastructure for current and future generations, providing significant benefits for people with disabilities.

Federal funding was the impetus for the Anzac Park redevelopment. Bundaberg councils have been consulting for decades about how to transform this under-utilised site and improve linkages to the CBD.

The current plans feature a riverside entertainment precinct with a playground and zero-depth water play. Detailed consultation will also occur to appropriately honour the Anzac legacy.

An independent community survey was undertaken during the year and it showed the community has a high regard for the facilities and services provided by Council.

Overall satisfaction was virtually the same as 2019, despite the impacts of Covid.

Areas identified as "strengths to maintain" included parks and gardens, Bundaberg Now and waste management.

Some major works completed during the year included:

- Gregory River Water Treatment Plant
- Boreham Park and Walla Street Park upgrades
- Salter Oval improvements to host major sporting events
- Completion of the Recreational Precinct upgrade
- The Hughes Road culvert at Bargara was finished to minimise local flooding.

Council's sound financial management was again recognised in the Auditor-General's Local Government Financial Audit Report.

The audit report looked at a range of factors to determine the financial sustainability of Queensland Councils and we were again identified as being low risk.

To put that into context, about 60 per cent of all Queensland councils audited were at moderate to high risk of not being financially sustainable.

Despite Bundaberg Regional Council making representations to the State, Council will lose \$37 million of Financial Assistance Grants over the next 10 years.

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

Stephen Johnston

Chief Executive Officer

Community Financial Report

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

About the financial statements

The financial statements are a formal audited record of Council's financial results for the year. There are four primary statements with accompanying notes that disclose Council's accounting policies and provide additional information and greater detail on the values contained in the statements. When read together, they assist in providing a high-level picture of Council's finances for the 2021/22 year.

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

The financial statements and sustainability measures are:

1. Statement of Comprehensive Income

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

2. Statement of Financial Position

A snapshot of Council's financial position as of 30 June 2022, recording what Council owns (Assets) and what Council owes (Liabilities).

3. Statement of Changes in Equity

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

4. Statement of Cash flows

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

5. Financial Sustainability Ratios

Measures of financial performance and sustainability

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

An overview of Council's financial result and financial position

Statement of Comprehensive Income

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

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

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

Table 1: Summary of Council's result

Item	2022 \$'000	2021 \$'000
Recurrent Revenue	218,931	206,226
Capital Revenue	38,244	34,646
Total Revenue	257,175	240,872
Recurrent Expenses	206,589	196,781
Capital Expenses	8,055	12,087
Total Expenses	214,644	208,868
Net Result	42,531	32,004
Net Result Attributable to:		
Operating Surplus	12,342	9,445
Capital Surplus	30,189	22,559
	42,531	32,004

Capital Expenses represents a decrease in the asset base - primarily as a result of a loss on the disposal of assets - and does not represent Council's investment in assets during the year.

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

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

Revenue

Total revenue of \$257.2 million was recognised during the financial year.

Recurrent Revenue represents 85% of this total, with the remainder being capital revenue received through grants, subsidies, contributions and donations and other capital income.

Recurrent revenue

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

Council's main source of revenue is Rates and Utility Charges, with ratepayers contributing \$163.8 million, or 75% of operating revenue for the financial year, from 46,038 rateable properties. Fees and Charges is the second largest source of recurrent revenue. This comprises revenue collected from customers for the provision of services such as licence and registration fees, development application fees and includes rental income from Council's properties and facilities.

Where did the money come from?

Figure 1 shows the sources of recurrent revenue during 2021/22 with comparative financial information presented in Table 2.

Figure 1: Sources of recurrent revenue

- Rates and utility charges (\$163.8m)
- Fees and charges (\$25.7m)
- Grants, subsidies, contributions and donations (\$18.5m)
- Other income (\$10.9m)

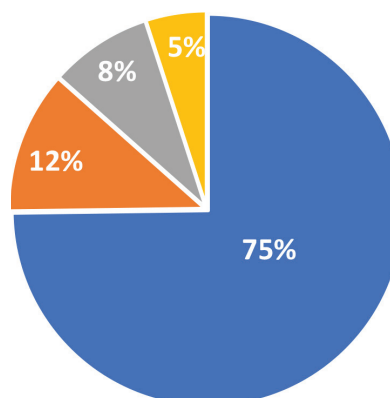


Table 2: Summary of recurrent revenue

Item	2022 \$'000	2021 \$'000
Rates and Utility Charges	163,751	158,426
Fees and Charges	25,733	22,840
Sales Revenue	7,753	6,629
Grants, Subsidies, Contributions and Donations	18,504	13,187
Interest Revenue and Other Income	3,190	5,144
Total Recurrent Revenue	218,931	206,226

Why are rates and charges a significant portion of revenue?

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

Capital revenue

Capital Revenue consists mainly of grants and subsidies actively sought from the State and Federal governments and infrastructure charges from development activities. Typically, this revenue is utilised on capital projects during the year or is held as restricted cash for future capital projects. Capital Revenue of \$38.2 million was recognised during the financial year.

Expenses

Council incurs both operational and capital expenditure in providing services to the community. Capital spending is used to renew and expand Council’s asset infrastructure and is therefore added to the carrying value of assets.

Recurrent Expenses

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

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

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

Assets are used up, worn down or become obsolete over their lifetime and depreciation is an allocation of the consumption of an asset’s value over its expected useful life. Depreciation and Amortisation expense makes up just over a quarter of Council’s operating expenses, which equates to approximately \$1,145 per rate assessment per annum.

Capital Expenses

Capital Expenses, totalling \$8.1 million, is not representative of Council’s investment in assets but rather a decrease in the asset base suffered primarily through a loss on disposal of an asset.

How was the money spent?

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

Figure 2: Breakdown of recurrent expenditure

- Employee benefits (\$80.6m)
- Materials and services (\$69.3m)
- Depreciation and amortisation (\$52.7m)
- Finance costs (\$4.0m)

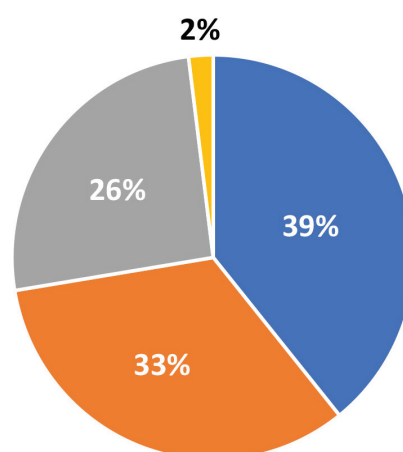


Table 3: Summary of recurrent expenditure

Item	2022 \$'000	2021 \$'000
Employee Benefits	80,598	76,393
Materials and Services	69,254	64,319
Finance Costs	4,044	4,012
Depreciation and Amortisation	52,693	52,057
Total Recurrent Expenditure	206,589	196,781

Statement of Financial Position

The Statement of Financial Position is a snapshot of Council's financial position as of 30 June 2022. The statement records what Council owns (Assets) and what Council owes (Liabilities). The difference between these two components determines the net financial worth of Council and our community.

Table 4: Summary of net worth

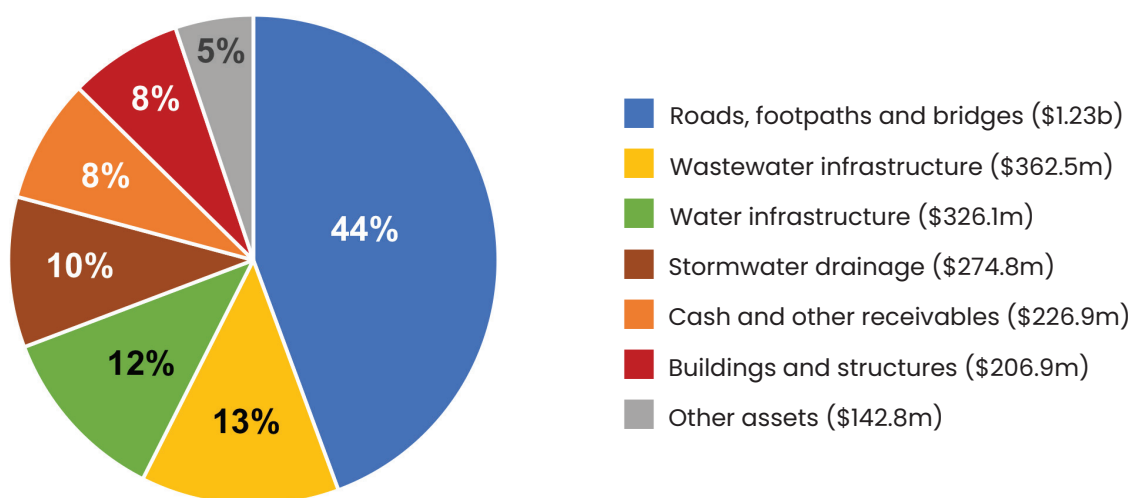
Item	2022 \$'000	2021 \$'000
Total Assets	2,767,709	2,574,469
Total Liabilities	201,751	161,925
Total Community Equity	2,565,958	2,412,544

Assets: what we own

Council is responsible for the provision of a diverse range of services, a significant number of which are provided through infrastructure and other assets owned by Council. Council controls and maintains community assets with a combined replacement value of approximately \$2.77 billion, the bulk of which are infrastructure assets such as roads, footpaths, bridges, water and sewerage networks and stormwater drainage, which account for almost 80% of the asset base.

In addition, Council holds other short-term assets such as cash and cash equivalents in bank accounts and investments, to the value of \$211.1 million. The cash holdings include funds held for future capital works as well as funds tied to specific purposes.

Figure 3: What we own

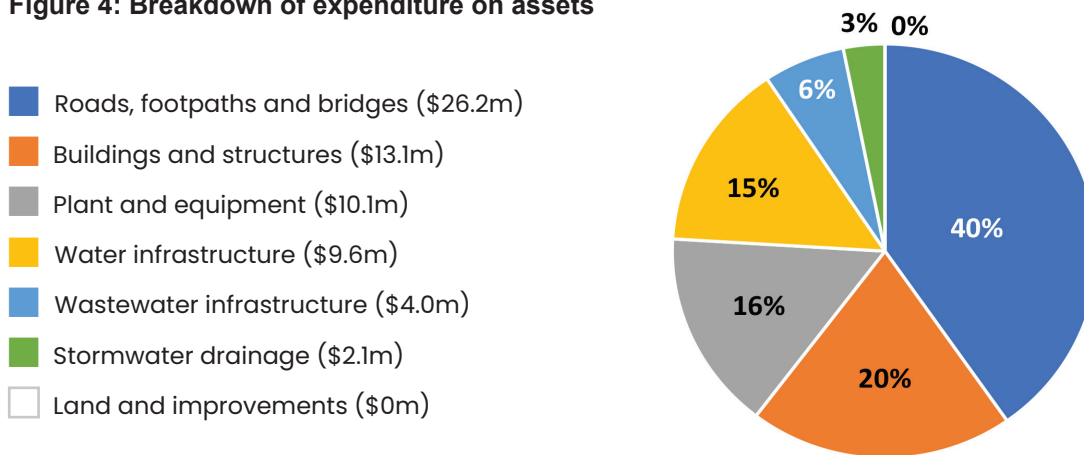


Investment in community assets

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

Additions to Council's non-current assets during the period totalled \$65.2 million, funded from surplus funds, grants, subsidies and contributions. Figure 4 illustrates this expenditure by asset class.

Figure 4: Breakdown of expenditure on assets



Liabilities: what we owe

Liabilities are amounts owed to suppliers, lenders and employees. Liabilities also include Provisions which are created where there is some uncertainty about the timing or amount of future expenditures. Such is the case for long service leave payable to employees and the amounts set aside to fund the future rehabilitation of landfill sites. Total liabilities as of 30 June 2022 were \$201.8 million.

Council's largest liability are loans taken out with Queensland Treasury Corporation, which at 30 June 2022 totalled \$99.8 million or 49% of total liabilities. Borrowings are for capital projects which cannot be fully funded by revenue, grants or subsidies. When used to fund assets that provide a benefit to the community over many years, debt funding enables Council to spread the cost of those assets over the life of the asset. Loan requirements are reviewed on an annual basis.

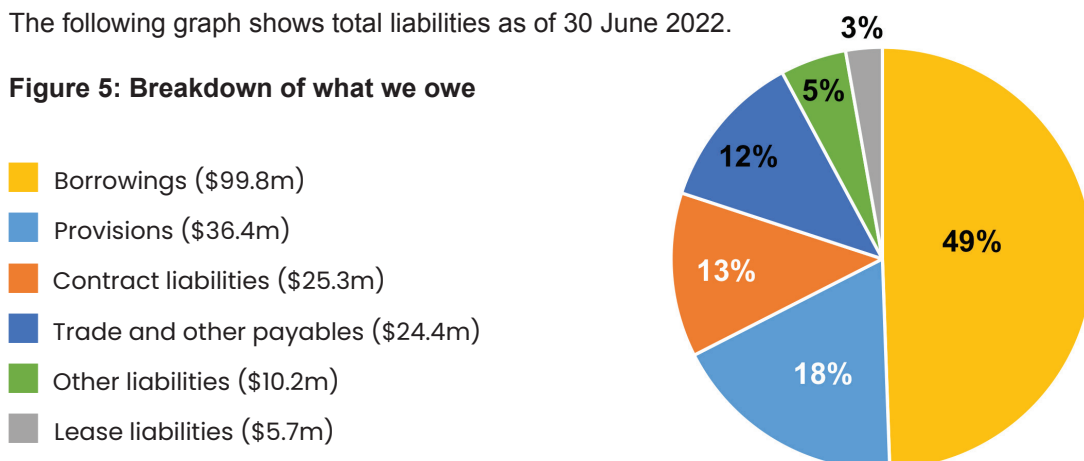
Total provisions as of 30 June 2022 were \$36.4 million, comprising \$13.6 million of long service leave payable to employees and \$22.8 million expected to be incurred in the restoration and post-closure monitoring of landfill sites.

Trade and Other Payables is made up of day-to-day creditors (\$15.7 million) for costs incurred in sourcing items ranging from bitumen to stationery, and employee entitlements of \$8.7 million consisting of annual leave, wages and other leave amounts (but excluding long service leave) payable at 30 June 2022.

Lease Liabilities represents the present value of Council's financial obligations over the term of leases that Council has entered into as lessee. Unspent grants, subsidies and contributions comprise the majority of Contract Liabilities.

The following graph shows total liabilities as of 30 June 2022.

Figure 5: Breakdown of what we owe



Statement of Cash flows

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

The statement shows Council's ability to pay bills and continue normal operations, repay debt and have money available for the construction of assets. Cashflow from operating activities is positive, with surplus cash available for investing in assets and the repayment of loans.

Table 5: Summary of Council's cash flows

Item	2022 \$'000
Net cash inflow/(outflow) from operating activities	81,111
Net cash inflow/(outflow) from investing activities	(45,283)
Net cash inflow/(outflow) from financing activities	26,145
Net increase in cash and cash equivalents held	61,973
Cash and cash equivalents at beginning of the financial year	149,144
Cash and cash equivalents at end of the financial year	211,117

The cash balance increased by \$62 million from \$149.1 million to a closing balance of \$211.1 million at year's end, primarily attributable to new borrowings not yet spent, changes to the timing and amount of grant funding from both the State and Federal Governments and a reduced capital program due to supply issues and weather events. The majority of the cash at reporting date is restricted for future commitments.

Statement of Changes in Equity

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

Community equity consists of Retained Capital and an Asset Revaluation Reserve. The reserve comprises amounts representing the change in the value of Council's assets over time. Movements in the Asset Revaluation Reserve primarily relate to the annual revaluation of Council's asset base, but other valuation adjustments such as annual impairment assessments will also have an impact on this reserve. Asset impairments result in a write down of an asset value if it has been impacted by a natural disaster or become obsolete. Recent examples of assets that have been impaired include East Bundaberg Wastewater Treatment Plant and Anzac Park Pool, both of which have been written down to a value of zero.

At 30 June 2022 community equity was \$2,566 million (assets of \$2,768 million less liabilities of \$202 million), an increase of \$153.4 million compared with the prior year. The increase in equity is principally the result of an increase in Retained Capital of \$42.5 million and an increase to Council's Asset Revaluation Reserve of \$105.2 million.

Financial Sustainability Ratios

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

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

Operating Surplus Ratio

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

The current operating surplus of \$12.3 million shows considerable improvement from the original budgeted forecast. The operating surplus ratio of 6% is in the mid-range of the State Government’s financial sustainability target. The improvement from the budgeted operating position can be attributed to changes in the timing of grants payments, increased fees and charges from an upturn in development activity and lower materials and services expenditure stemming largely from a deferral of some non-capital projects.

Interest revenue was also higher than expected due to increases in interest rates and higher cash balances.

Figure 6: Operating Surplus Ratio (and forecast)

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



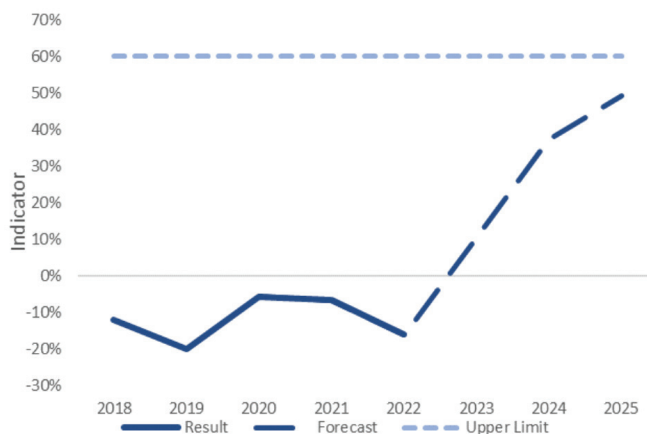
Net Financial Liabilities Ratio

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

Figure 7: Net Financial Liabilities Ratio (and forecast)

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

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



Asset Sustainability Ratio

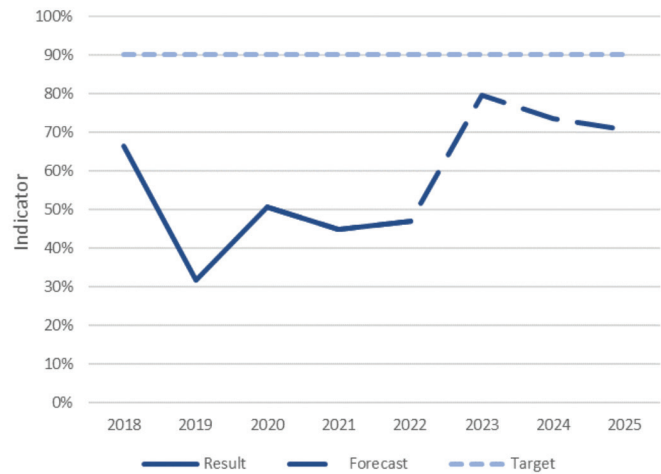
An indicator of whether a council is renewing or replacing existing infrastructure assets at the same time that its assets are being expended.

Figure 8: Asset Sustainability Ratio (and forecast)

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

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

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



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Annual Financial Statements

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3.1 Statement of COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
Income			
Revenue			
Recurrent Revenue			
Rates and utility charges	3(a)	163,751,572	158,426,086
Fees and charges	3(b)	25,732,676	22,839,706
Sales revenue	3(c)	7,752,723	6,629,452
Interest received	4	1,542,113	1,338,700
Grants, subsidies, contributions and donations	3(d)(i)	18,503,921	13,187,083
Profit on sale of developed land held for resale		1,647,893	3,805,321
Total recurrent revenue		<u>218,930,898</u>	<u>206,226,348</u>
Capital Revenue			
Grants, subsidies, contributions and donations	3(d)(ii)	29,541,652	34,401,784
Capital income	5	<u>8,702,833</u>	<u>244,021</u>
Total capital revenue		<u>38,244,485</u>	<u>34,645,805</u>
TOTAL INCOME		<u>257,175,383</u>	<u>240,872,153</u>
Expenses			
Recurrent Expenses			
Employee benefits	6	(80,598,011)	(76,392,724)
Materials and services	7	(69,253,838)	(64,319,344)
Finance costs	8	(4,044,357)	(4,012,135)
Depreciation and amortisation			
Property, plant and equipment	16	(51,904,979)	(51,238,016)
Intangible assets	18	(229,138)	(250,255)
Right-of-use assets	20(c)	(558,645)	(568,489)
Total recurrent expenses		<u>(206,588,968)</u>	<u>(196,780,963)</u>
Capital Expenses	9	(8,055,177)	(12,087,281)
TOTAL EXPENSES		<u>(214,644,145)</u>	<u>(208,868,244)</u>
NET RESULT		<u>42,531,238</u>	<u>32,003,909</u>
Net Result Attributable To:			
Operating surplus		12,341,930	9,445,385
Capital surplus		<u>30,189,308</u>	<u>22,558,524</u>
		42,531,238	32,003,909
Other Comprehensive Income			
Items That Will Not Be Classified To Net Result			
Increase/(decrease) in asset revaluation surplus	25	105,175,525	75,922,887
Total Other Comprehensive Income		<u>105,175,525</u>	<u>75,922,887</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>147,706,763</u>	<u>107,926,796</u>

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

3.2 Statement of FINANCIAL POSITION

As at 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
Assets			
Current Assets			
Cash and cash equivalents	10	211,117,426	149,144,168
Trade and other receivables	11	15,801,120	16,885,512
Inventories	12	3,544,351	3,555,102
Contract assets	19(a)	1,708,887	190,277
Other assets	13	3,978,328	4,983,603
Non-current assets held for sale	14	466,010	798,549
Total Current Assets		236,616,122	175,557,211
Non-Current Assets			
Investment property	15	15,536,473	16,619,878
Property, plant and equipment	16	2,504,722,763	2,372,576,434
Right-of-use assets	20(c)	5,326,653	3,957,965
Intangible assets	18	5,506,710	5,757,731
Total Non-Current Assets		2,531,092,599	2,398,912,008
TOTAL ASSETS		2,767,708,721	2,574,469,219
Liabilities			
Current Liabilities			
Trade and other payables	21	24,390,887	28,621,479
Contract liabilities	19(b)	16,014,662	8,160,451
Borrowings	22	8,025,017	6,797,798
Lease liabilities	20(d)	379,583	404,737
Provisions	23	14,559,506	12,940,824
Other liabilities	24	10,220,515	9,681,762
Total Current Liabilities		73,590,170	66,607,051
Non-Current Liabilities			
Contract liabilities	19(b)	9,316,840	-
Borrowings	22	91,727,844	66,354,864
Lease liabilities	20(d)	5,272,861	3,735,198
Provisions	23	21,842,737	25,227,971
Total Non-Current Liabilities		128,160,282	95,318,033
TOTAL LIABILITIES		201,750,452	161,925,084
NET COMMUNITY ASSETS		2,565,958,269	2,412,544,135
Community Equity			
Asset revaluation surplus	25	795,189,252	690,013,727
Retained capital		1,770,769,017	1,722,530,408
TOTAL COMMUNITY EQUITY		2,565,958,269	2,412,544,135

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

3.3 Statement of CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Total Community Equity \$	Asset Revaluation Surplus Note 25 \$	Retained Capital \$
Balances as at 1 July 2021		2,412,544,135	690,013,727	1,722,530,408
Assets not previously recognised/(derecognised)	16(g)	7,042,887	-	7,042,887
Prior year work in progress expensed		(1,335,516)	-	(1,335,516)
Restated balance at 1 July 2021		2,418,251,506	690,013,727	1,728,237,779
Net result		42,531,238	-	42,531,238
Increase/(decrease) in asset revaluation surplus		105,175,525	105,175,525	-
Total comprehensive income for the year		147,706,763	105,175,525	42,531,238
Balance at 30 June 2022		2,565,958,269	795,189,252	1,770,769,017
Balances as at 1 July 2020		2,292,204,828	614,090,840	1,678,113,988
Assets not previously recognised/(derecognised)	16(g)	13,309,863	-	13,309,863
Prior year work in progress expensed		(897,352)	-	(897,352)
Restated balance at 1 July 2020		2,304,617,339	614,090,840	1,690,526,499
Net result		32,003,909	-	32,003,909
Increase/(decrease) in asset revaluation surplus		75,922,887	75,922,887	-
Total comprehensive income for the year		107,926,796	75,922,887	32,003,909
Balance at 30 June 2021		2,412,544,135	690,013,727	1,722,530,408

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

3.4 Statement of CASH FLOWS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
Cash flows from operating activities:			
Receipts from customers		223,701,359	199,727,800
Payments to suppliers and employees		(159,898,872)	(153,523,055)
		63,802,487	46,204,745
Recurrent grants, subsidies, contributions and donations		17,344,499	13,043,807
Interest received		1,235,394	1,485,801
Proceeds from sale of developed land held for resale		2,081,569	4,928,339
Costs incurred on developed land held for resale		(175,761)	(1,543)
Borrowing costs		(3,044,428)	(3,186,106)
Interest on lease liabilities		(132,406)	(126,893)
Net cash inflow/(outflow) from operating activities	30	81,111,354	62,348,150
Cash flow from investing activities:			
Proceeds from sale of non-current assets held for sale		1,093,370	358,205
Proceeds from sale of property, plant and equipment		2,017,989	2,126,759
Compensation for assets written off		232,662	23,559
Capital grants, subsidies, contributions and donations		21,309,820	28,942,647
Payments for property, plant and equipment		(69,662,645)	(73,662,271)
Payments for investment property		(274,056)	(2,650,986)
Net cash inflow/(outflow) from investing activities		(45,282,860)	(44,862,087)
Cash flow from financing activities:			
Proceeds from borrowings	22	33,500,000	3,000,000
Repayment of borrowings	22	(6,940,412)	(7,520,713)
Repayment of lease liabilities	20(d)	(414,824)	(510,912)
Net cash inflow/(outflow) from financing activities		26,144,764	(5,031,625)
Net increase/(decrease) in cash and cash equivalents held		61,973,258	12,454,438
Cash and cash equivalents at beginning of the financial year		149,144,168	136,689,730
Cash and cash equivalents at end of the financial year	10	211,117,426	149,144,168

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

1 Information about these financial statements

1.01 Basis of preparation

These general purpose financial statements are for the period 1 July 2021 to 30 June 2022 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.02 Constitution

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

1.03 Currency

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

1.04 Date of authorisation

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

1.05 Estimates and judgements

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

- Revenue recognition (Note 3)
- Valuation of investment property (Note 17)
- Valuation of property, plant and equipment (Note 17) including:
 - * valuation of infrastructure assets using the depreciated replacement cost method
 - * useful lives; and
 - * residual values.
- Impairment of property, plant and equipment (Note 16(e))
- Impairment of intangibles (Note 18)
- Credit losses on receivables (Note 32)
- Employee provisions (Note 23)
- Restoration provisions (Note 23)

1.06 Rounding and comparatives

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

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

1.07 Taxation

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

1 Information about these financial statements (Cont'd)

1.08 Recurrent and capital classification

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

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

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

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

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

1.09 New and revised accounting standards adopted during the year

Council adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2021. The adoption of new and revised standards has not resulted in any material changes to Council's accounting policies.

1.10 Standards issued by AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not yet effective at 30 June 2022. These standards have not been adopted by Council and are not expected to have a material impact on Council's financial statements in the period of initial recognition.

1.11 Financial assets and financial liabilities

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

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

Financial assets

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

Financial liabilities

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Analysis of results by function

(a) Components of Council functions

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

Community and Environment

The objectives of Community and Environment include:

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

This activity includes branches for Arts, Culture, Tourism Facilities & Events; Airport; Community Services; Disaster Management; Library Services; Parks, Sport & Natural Environment and Health & Regulatory Services.

Council Central Resources

The objectives of Council Central Resources include:

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

Development

The objectives of Development include:

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

This activity includes branches for Development Assessment; Strategic Planning; Development Compliance; Development Administration.

Executive Services and Communications

The objectives of Executive Services and Communications include:

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

This activity includes branches for Communications & Marketing, and services to the Executive Office and Elected Members.

Infrastructure

The objectives of Infrastructure include:

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

This activity includes branches for Civil Works; Engineering Services; Fleet & Trade; Major Projects and Infrastructure Services Administration.

Organisational Services

The objectives of Organisational Services include:

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

This activity includes branches for Governance & Legal Services; Information Services; Financial Services; Audit Services; People Safety & Culture, and Strategic Procurement & Supply.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Analysis of results by function (Cont'd)

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

Strategic Projects and Economic Development

The objectives of Strategic Projects and Economic Development include:

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

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

Business Units

The following business activities constitute significant business activities under the *Local Government Act 2009* and *Local Government Regulation 2012*.

Waste Management

The objectives of Waste Management include:

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

Wastewater Services

The objectives of Wastewater Services include:

- Wastewater services availability meeting customer standards.

Water Services

The objectives of Water Services include:

- Water supply services availability meeting customer standards.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Analysis of results by function

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

For the year ended 30 June 2022

Functions	Grant Revenue	Other Revenue	Elimination of inter-function transactions	Total Revenue	Gross Expenses	Elimination of inter-function transactions	Total Expenses	Net Result
	\$	\$	\$	\$	\$	\$	\$	\$
Community and Environment	4,798,585	12,185,064	-	16,983,649	(63,156,738)	482,430	(62,674,308)	(45,690,659)
Council Central Resources	5,363,262	107,269,558	(9,337,711)	103,295,109	(9,770,684)	1,736,301	(8,034,383)	95,260,726
Development	-	5,269,913	-	5,269,913	(5,107,940)	-	(5,107,940)	161,973
Executive Services and Communications	-	188	-	188	(3,488,810)	-	(3,488,810)	(3,488,622)
Infrastructure Services	20,200,512	4,229,071	-	24,429,583	(57,941,354)	-	(57,941,354)	(33,511,771)
Organisational Services	790,137	4,815,962	-	5,606,099	(6,841,208)	-	(6,841,208)	(1,235,109)
Strategic Projects and Economic Development	828,000	71,826	-	899,826	(2,998,491)	-	(2,998,491)	(2,098,665)
Waste Management	-	28,246,685	(471,506)	27,775,179	(23,090,393)	1,755,151	(21,335,242)	6,439,937
Wastewater Services	763,587	37,441,824	(586,891)	37,618,520	(26,809,861)	3,713,253	(23,096,608)	14,521,912
Water Services	-	35,975,221	(677,904)	35,297,317	(26,512,678)	3,386,877	(23,125,801)	12,171,516
	32,744,083	235,505,312	(11,074,012)	257,175,383	(225,718,157)	11,074,012	(214,644,145)	42,531,238

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

2 Analysis of results by function (Cont'd)

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

For the year ended 30 June 2021

Functions	Grant Revenue	Other Revenue	Elimination of inter-function transactions	Total Revenue	Gross Expenses	Elimination of inter-function transactions	Total Expenses	Net Result
	\$	\$	\$	\$	\$	\$	\$	\$
Community and Environment	5,401,842	9,916,185	(267,635)	15,050,392	(59,581,159)	547,883	(59,033,276)	(43,982,884)
Council Central Resources	14,059,330	96,729,507	(10,356,840)	100,431,997	(11,727,185)	3,550,312	(8,176,873)	92,255,124
Development	-	3,859,306	-	3,859,306	(4,810,095)	-	(4,810,095)	(950,789)
Executive Services and Communications	-	-	-	-	(3,509,303)	-	(3,509,303)	(3,509,303)
Infrastructure Services	14,910,251	3,820,585	-	18,730,836	(55,177,209)	-	(55,177,209)	(36,446,373)
Organisational Services	479,075	5,376,338	-	5,855,413	(9,915,514)	-	(9,915,514)	(4,060,101)
Strategic Projects and Economic Development	1,100,785	16,020	-	1,116,805	(1,994,943)	-	(1,994,943)	(878,138)
Waste Management	-	25,422,051	(647,429)	24,774,622	(22,911,480)	1,930,434	(20,981,046)	3,793,576
Wastewater Services	(33,478)	36,321,200	(1,519,315)	34,768,407	(26,114,043)	3,789,708	(22,324,335)	12,444,072
Water Services	-	37,400,308	(1,115,933)	36,284,375	(27,034,465)	4,088,815	(22,945,650)	13,338,725
	35,917,805	218,861,500	(13,907,152)	240,872,153	(222,775,396)	13,907,152	(208,868,244)	32,003,909

(c) Assets by activity

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

	Assets	
	2022	2021
Business activity	\$	\$
Waste Management	59,947,102	42,231,109
Wastewater Services	405,101,923	384,359,811
Water Services	380,459,756	368,157,883
Remaining activities	1,922,199,940	1,779,720,416
	2,767,708,721	2,574,469,219

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

Note	30-Jun-22		30-Jun 21		
	AASB 15 \$	AASB 1058 \$	AASB 15 \$	AASB 1058 \$	
3 Revenue					
Revenue is measured at the fair value of the consideration received or receivable once performance obligations have been appropriately satisfied or once control over a good or service has been transferred.					
Revenue recognised at a point in time					
Rates and utility charges	3(a)	13,541,528	150,210,044	15,242,492	143,183,594
Fees and charges	3(b)	23,918,358	1,814,318	21,887,436	952,270
Sale of goods and services	3(c)	1,739,908	-	1,166,203	-
Grants, subsidies, donations and contributions	3(d)	-	21,573,981	-	14,558,758
		<u>39,199,794</u>	<u>173,598,343</u>	<u>38,296,131</u>	<u>158,694,622</u>
Revenue recognised over time					
Sale of goods and services	3(c)	6,012,815	-	5,463,249	-
Grants, subsidies, donations and contributions	3(d)	519,903	10,880,624	826,089	8,756,704
Revenue relating to grants for assets controlled by Council	3(d)	-	15,071,065	-	23,447,316
		<u>6,532,718</u>	<u>25,951,689</u>	<u>6,289,338</u>	<u>32,204,020</u>
Total Revenue per Note 3		<u><u>45,732,512</u></u>	<u><u>199,550,032</u></u>	<u><u>44,585,469</u></u>	<u><u>190,898,642</u></u>

30-Jun 22	30-Jun 21
\$	\$

(a) Rates, levies and charges

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

General rates	83,288,627	81,010,428
Waste collection	16,324,428	15,754,330
Water	29,214,069	30,304,021
Wastewater	32,004,540	30,371,794
Special and separate rates and charges	<u>4,621,825</u>	<u>2,686,102</u>
Total rates and utility charges	<u>165,453,489</u>	<u>160,126,675</u>
Less: Discounts	-	(316)
Less: Pensioner remissions	<u>(1,701,917)</u>	<u>(1,700,273)</u>
Net rates and utility charges	<u><u>163,751,572</u></u>	<u><u>158,426,086</u></u>

During 2021/22 Council identified a prior period disclosure deficiency that related to the allocation of Rating income. As a result, General rates decreased by \$2,518,987; Waste collection increased by \$294,054; Water increased by \$1,725,231 and Wastewater increased by \$499,702. The overall total of rates and utility charges did not change.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun 22 \$	30-Jun 21 \$
3 Revenue (Cont'd)			
(b) Fees and charges			
<p>Fees and charges are recognised once performance obligations are met, once the statutory event has occurred or the customer receives the benefit of the goods/services being provided.</p> <p>Licences granted by Council are all either short-term or low-value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.</p> <p>Revenue from infringements is recognised on issue of infringement notice, after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.</p>			
Airport fees		2,407,702	1,941,007
Building, planning and plumbing fees		4,409,508	3,996,752
Cemetery fees		447,200	417,715
Commissions		228,499	209,798
Community care and aged care fees		196,351	149,513
Fines, penalties and infringements		375,987	263,176
Health, licenses and registrations		1,438,331	689,094
Hire of facilities and rental income		3,155,920	2,633,712
Holiday park income		3,237,070	2,961,997
Rating and property fees		1,804,819	1,313,450
Tourism and events		581,743	501,982
Waste and recycling fees		7,257,956	7,733,829
Other fees and charges		191,590	27,681
		<u>25,732,676</u>	<u>22,839,706</u>

(c) Sales Revenue

Council generates revenues from a number of services including contracts for road and earthworks. Revenue from contracts and recoverable works generally comprise a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.

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

Contract and recoverable works	6,012,815	5,463,249
Sale of goods	1,739,908	1,166,203
	<u>7,752,723</u>	<u>6,629,452</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun 22 \$	30-Jun 21 \$
3 Revenue (Cont'd)			
(d) Grants, subsidies, contributions and donations			
<i>Grant income under AASB 15</i>			
Where the grant agreement is enforceable and contains sufficiently specific performance obligations for Council to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under <i>AASB 15 Revenue from Contracts with Customers</i> . In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.			
<i>Grant income under AASB 1058</i>			
Otherwise, the grant is accounted for under <i>AASB 1058 Income of Not-for-Profit Entities</i> , whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by Council. Special purpose capital grants are recognised as a contract liability when received, and subsequently recognised progressively as revenue as Council satisfies its obligations under the grant through construction of the asset.			
Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council.			
<i>Infrastructure charges</i>			
Infrastructure charges are non-contractual in nature and arise from statutory events detailed in the <i>Planning Act 2016</i> . Revenue is recognised once the trigger event occurs, usually at time of approval or on final inspection. Infrastructure charges received in advance are fully refundable to the applicant until the trigger date has passed, therefore a financial liability for prepaid infrastructure charges is recognised as a related amount in accordance with <i>AASB 9 Financial Instruments</i> .			
<i>Non-Monetary contributions</i>			
Non-cash contributions with a value in excess of the asset recognition thresholds are recognised as capital revenue and as non-current assets. Non-cash contributions below the asset thresholds are recorded as recurrent revenue and expenditure. Non-cash contributions are disclosed under grants, subsidies, contributions and donations.			
Physical assets contributed to Council by developers are recognised as revenue when the development becomes "on maintenance" (i.e. Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received.			
(i) Recurrent			
Grants and subsidies		17,837,817	12,896,924
Contributions and donations		666,104	290,159
		<u>18,503,921</u>	<u>13,187,083</u>
(ii) Capital			
Grants and subsidies		14,906,266	23,020,881
Infrastructure charges		3,589,963	2,197,764
Other capital contributions		164,799	426,435
Infrastructure assets contributed at fair value*		10,880,624	8,756,704
		<u>29,541,652</u>	<u>34,401,784</u>

*Physical assets contributed to Council in the form of roads, stormwater drainage, water and wastewater infrastructure and land.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun 22 \$	30-Jun 21 \$
4 Interest and other income			
Interest received			
Interest received from cash and cash equivalents		1,266,469	1,152,970
Interest from overdue rates, levies and charges		274,855	185,309
Finance income on the net investment in the lease		789	421
		<u>1,542,113</u>	<u>1,338,700</u>
5 Capital income			
Decrease in provision for land restoration		2,178,700	174,955
Revaluation of investment property	15	679,373	45,507
Compensation for assets written off		232,662	23,559
Gain on sale of non-current assets held for sale		760,831	-
Revaluation increment to land and improvements	16	4,851,267	-
		<u>8,702,833</u>	<u>244,021</u>
6 Employee benefits			
Wages and salaries		63,406,105	62,498,666
Councillors' remuneration*		1,262,921	1,244,099
Annual, sick and long service leave entitlements		11,582,740	9,881,204
Superannuation	28	8,457,366	7,734,881
Other employee related expenses		2,365,208	2,244,000
Total employee benefits		<u>87,074,340</u>	<u>83,602,850</u>
Less: Capitalised employee expenses		<u>(6,476,329)</u>	<u>(7,210,126)</u>
Net employee benefits		<u>80,598,011</u>	<u>76,392,724</u>

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun 22 \$	30-Jun 21 \$
7 Materials and services			
Audit of annual financial statements by the Auditor-General of Queensland		160,135	158,000
Chemicals		1,467,694	1,404,583
Digital platforms and connections		3,672,249	2,736,459
Electricity costs		4,516,030	4,280,795
External labour hire		1,318,086	1,804,619
External plant hire		8,286,094	7,560,672
Grants, contributions and donations		1,662,644	1,561,716
Insurance premiums		2,510,598	2,267,513
Licences and subscriptions		2,780,156	2,467,832
Non-capital projects*		4,196,358	4,666,902
Plant running costs		6,252,435	5,125,392
Professional services		7,694,173	6,619,074
Property expenses		3,194,360	2,626,416
Public safety and security		1,729,425	1,336,119
Raw water		1,546,472	1,537,022
Repairs and maintenance		7,497,594	7,341,037
Waste levy**		2,814,525	1,651,818
Other material and services		7,954,810	9,173,375
		<u>69,253,838</u>	<u>64,319,344</u>
*Value of non-capital projects includes costs associated with capital projects such as landscaping and service relocations. The value is exclusive of other costs reflected separately in Note 6 & 7.			
**Waste levy amount for 2021-22 contains \$3,482,858 (2020-21 - \$3,119,414) rebated by the State Government to mitigate the direct impact on households.			
8 Finance costs			
Finance costs charged by the Queensland Treasury Corporation		3,085,040	3,174,737
Interest on lease liabilities	20(f)	132,406	126,893
Impairment of receivables		146,343	52,643
Bank charges		401,335	410,071
Landfill restoration - change in provision over time	23	279,233	247,791
		<u>4,044,357</u>	<u>4,012,135</u>
9 Capital expenses			
Increase in provision for landfill restoration		792,796	1,785,509
Loss on disposal of property, plant and equipment		7,240,498	10,284,704
Write off of intangibles		21,883	-
Loss on sale of non-current assets held for sale		-	17,068
		<u>8,055,177</u>	<u>12,087,281</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun 22 \$	30-Jun 21 \$
10 Cash and cash equivalents			
Cash and cash equivalents include cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions and other short-term, highly liquid investments with maturities of 12 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.			
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use. These restrictions are managed using internal management accounting functions.			
Cash at bank and on hand		18,317,426	25,744,168
Deposits at call		85,800,000	117,400,000
Term deposits		107,000,000	6,000,000
Balance per statement of cash flows		<u>211,117,426</u>	<u>149,144,168</u>
Cash and deposits at call are held at the Commonwealth Bank, Bendigo Bank and in a QTC Capital Guaranteed Cash Fund account, with credit ratings ranging from A1+ to A2.			
Internally imposed expenditure restrictions at the reporting date		72,493,591	65,308,817
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent capital grants, subsidies and contributions (contract liabilities)	19(b)	11,256,309	7,232,604
Unspent loan monies		32,330,969	1,623,464
		<u>43,587,278</u>	<u>8,856,068</u>
		<u>116,080,869</u>	<u>74,164,885</u>

11 Trade and other receivables

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

Receivables			
Rateable revenue and utility charges		3,174,040	4,152,971
Unbilled water charges		6,842,311	8,427,500
Trade receivables		5,952,081	4,469,466
Infrastructure charges receivable		72,767	157,267
		<u>16,041,199</u>	<u>17,207,204</u>
Less allowance for expected credit losses		<u>(240,079)</u>	<u>(321,692)</u>
		<u>15,801,120</u>	<u>16,885,512</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
11 Trade and other receivables (Cont'd)			
Details of movement in allowance for expected credit loss:			
Opening balance		321,692	426,708
Less: Debts written off during the year		(177,639)	(139,105)
Additional impairments recognised		156,157	101,604
Less: Impairments reversed		(60,131)	(67,515)
Balance at end of financial year		<u>240,079</u>	<u>321,692</u>
All amounts that were written off during the reporting period are no longer subject to enforcement activity.			
Interest was charged on outstanding rates at a rate of 8.03% per annum (2021-22) and 8.53% per annum (2020-21). Under the Coronavirus relief package, Council placed a moratorium on all interest charges from 1 April 2020 - 31 December 2020. No interest is charged on accounts receivable. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period, it is recognised as revenue.			
12 Inventories			
Stores inventories are held for distribution. They are goods to be supplied at no or a nominal charge and goods to be used for the provision of services at no or a nominal charge.			
Stores inventories are valued at cost and adjusted, when applicable, for any loss of service potential.			
Land purchased for development and sale is classified as inventory. As inventory, this land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.			
(a) Stores inventories		<u>1,298,538</u>	<u>1,196,540</u>
The value of inventory recognised as an expense during the period was \$3,820,412 (2021: \$3,732,593).			
(b) Land purchased for development and resale			
Opening balance		2,358,562	3,772,701
Additions		175,761	1,543
Internal transfer from/(to) cost of developed land sold		(433,677)	(1,123,018)
Internal transfer from/(to) property, plant and equipment		145,167	(145,167)
Internal transfer from/(to) to investment property	15	-	(147,497)
Closing balance at end of financial year		<u>2,245,813</u>	<u>2,358,562</u>
Total inventories		<u>3,544,351</u>	<u>3,555,102</u>
13 Other assets			
GST recoverable		1,624,482	2,457,359
Prepayments		<u>2,353,846</u>	<u>2,526,244</u>
		<u>3,978,328</u>	<u>4,983,603</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
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14 Non-current assets held for sale

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

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

Opening balance		798,549	1,173,822
Assets sold during financial year		(332,539)	(375,273)
Closing balance at end of financial year		<u>466,010</u>	<u>798,549</u>

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

15 Investment property

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

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

All investment property was valued at fair value at 30 June 2022. Further information about the valuation techniques used to derive fair value are included in Note 17.

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

Fair value at beginning of financial year		16,619,878	14,375,985
Internal transfer from/(to) buildings and structures	16	(1,332,778)	-
Internal transfer from/(to) land		(704,056)	(414,178)
Internal transfer from/(to) land inventory	12	-	147,497
Investment property acquired at cost		274,056	2,465,067
Revaluation adjustment in period	5	679,373	45,507
Fair value at end of financial year		<u>15,536,473</u>	<u>16,619,878</u>

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

16 Property, plant and equipment (a) Movements

For the year ended 30 June 2022

Basis of measurement	Land and improvements		Buildings and structures		Plant and equipment		Roads, footpaths and bridges		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	Revaluation	Cost	
Asset values																	
Opening gross value as at 1 July 2021	59,971,209	65,396,344	319,000,559	1,564,715,511	5,707,381	346,584,753	483,454,550	2,158,920	1,608,125	1,130,580	1,215,934	669,260	1,320,356	25,460,989	53,066,290	-	3,386,817,540
Assets not previously recognised/(derecognised)	-	-	882,063	18,187,614	5,025,025	2,423,026	825,927	1,958,028	2,115,381	1,242,006	1,950,792	669,260	(243,227)	25,460,989	-	-	9,394,804
Additions at cost	63,740	9,951,700	6,692,048	18,187,614	9,951,700	2,158,920	825,927	1,958,028	2,115,381	1,242,006	1,950,792	669,260	(243,227)	25,460,989	-	-	65,178,860
Contributed assets	93,501	-	-	5,025,025	250,269	1,130,580	1,215,934	1,958,028	2,115,381	1,242,006	1,950,792	669,260	(243,227)	25,460,989	-	-	10,898,939
Internal transfers from work in progress	-	-	5,541,122	14,257,830	250,269	1,130,580	1,215,934	1,958,028	2,115,381	1,242,006	1,950,792	669,260	(243,227)	25,460,989	-	-	10,898,939
Disposals	(46,500)	(6,182,230)	(5,022,292)	(17,581,870)	(6,182,230)	(1,530,792)	(3,636,404)	(1,530,792)	(1,530,792)	(1,530,792)	(1,530,792)	(1,530,792)	(1,530,792)	(23,064,995)	-	-	(35,950,823)
Revaluation adjustment to the asset revaluation surplus	-	-	29,335,300	58,869,481	-	36,475,194	24,031,875	-	-	-	-	-	-	-	-	-	171,878,093
Revaluation adjustment to profit and loss	4,851,267	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,851,267
Assets transferred from/(to) other asset classes	558,889	-	1,332,778	-	-	-	-	-	-	-	-	-	-	-	-	-	1,891,667
Prior year work in progress expensed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,335,516)	-	(1,335,516)
Other Internal transfers	-	(1,197,030)	(2,288,783)	114,910	-	2,150,294	299,789	-	-	-	-	-	920,820	-	-	-	-
Closing gross value as at 30 June 2022	65,492,106	68,219,053	355,472,795	1,649,295,882	68,219,053	391,000,100	510,265,080	391,000,100	2,150,294	519,753,047	519,753,047	519,753,047	519,753,047	54,126,768	-	-	3,613,624,831

Accumulated depreciation

Opening balance as at 1 July 2021	-	27,091,236	138,018,900	400,702,517	103,029,256	137,790,433	207,608,764	-	-	-	-	-	-	-	-	-	1,014,241,106
Assets not previously recognised/(derecognised)	-	-	475,650	2,867,880	(709,771)	(47,629)	(234,213)	-	-	-	-	-	-	-	-	-	2,351,917
Depreciation expense	-	5,225,567	9,322,923	21,733,508	2,455,870	6,437,674	6,729,437	2,455,870	2,455,870	6,729,437	6,729,437	6,729,437	6,729,437	-	-	-	51,904,979
Contributed assets	-	-	-	9,382	3,553	6,209	(829)	3,553	3,553	6,209	6,209	(829)	6,209	-	-	-	18,315
Depreciation on disposals	-	(4,391,808)	(4,598,736)	(13,880,219)	(272,105)	(2,483,264)	(1,092,004)	(272,105)	(272,105)	(1,092,004)	(1,092,004)	(1,092,004)	(1,092,004)	-	-	-	(26,718,136)
Revaluation adjustment to the asset revaluation surplus	-	-	14,105,977	18,634,639	12,373,049	8,185,065	13,805,157	-	-	-	-	-	-	-	-	-	67,103,887
Assets transferred from/(to) other asset classes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Internal transfers	-	(68,407)	(199,356)	250,771	16,992	-	-	16,992	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation as at 30 June 2022	-	27,856,588	157,125,358	430,318,478	116,896,844	149,888,488	226,816,312	116,896,844	116,896,844	292,936,735	292,936,735	292,936,735	292,936,735	54,126,768	-	-	1,108,902,068
Total written down value at 30 June 2022	65,492,106	40,362,465	198,347,437	1,218,977,404	274,103,256	360,376,592	292,936,735	274,103,256	274,103,256	519,753,047	519,753,047	519,753,047	519,753,047	54,126,768	-	-	2,504,722,763
Residual value	-	12,652,813	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,652,813
Range of estimated useful life in years	-	3-100	5-150	10-200	90-120	10-100	10-100	10-100	10-100	10-100	10-100	10-100	10-100	10-100	-	-	-

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

16 Property, plant and equipment (Cont'd)
(a) Movements (Cont'd)

For the year ended 30 June 2021

Basis of measurement

Asset values

Opening gross value as at 1 July 2020
Assets not previously recognised/(derecognised)
Additions at cost
Contributed assets
Internal transfers from work in progress
Disposals
Revaluation adjustment to the asset revaluation surplus
Revaluation adjustment to profit and loss
Assets transferred from/(to) other asset classes
Prior year work in progress expensed
Other Internal transfers
Closing gross value as at 30 June 2021

Land and improvements	Buildings and structures	Plant and equipment	Roads, footpaths and bridges	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
59,240,403	312,002,605	63,671,601	1,484,992,194	331,052,838	480,439,081	486,613,753	39,845,616	3,257,858,091
88,000	(434,056)	253,512	1,380,137	4,533,445	(186,196)	435,516	-	6,070,358
151,549	5,654,425	8,332,047	20,227,821	1,752,323	2,338,374	2,801,526	40,047,895	81,305,960
-	45,000	-	2,567,470	3,050,943	2,243,761	849,530	-	8,756,704
(61)	5,127,043	547,696	14,047,260	891,946	749,033	4,566,952	(25,929,869)	-
(68,362)	(6,704,986)	(7,516,137)	(17,535,016)	(359,976)	(3,606,230)	(1,959,405)	-	(37,750,112)
-	2,596,880	-	60,195,889	4,679,203	1,652,524	1,678,226	-	70,802,722
-	-	-	-	-	-	-	-	-
559,680	-	86,716	-	-	-	24,773	-	671,169
-	-	-	-	-	-	-	(897,352)	(897,352)
-	713,648	20,909	(1,160,244)	984,031	(175,797)	(382,547)	-	-
59,971,209	319,000,559	65,396,344	1,564,715,511	346,584,753	483,454,550	494,628,324	53,066,290	3,386,817,540

Accumulated depreciation

Opening balance as at 1 July 2020
Assets not previously recognised/(derecognised)
Depreciation expense
Contributed assets
Depreciation on disposals
Revaluation adjustment to the asset revaluation surplus
Assets transferred from/(to) other asset classes
Other Internal transfers
Closing accumulated depreciation as at 30 June 2021
Total written down value at 30 June 2021
Residual value
Range of estimated useful life in years

-	131,576,327	27,710,936	408,558,072	101,711,063	133,102,282	199,038,715	-	1,001,697,395
-	(493,124)	123	(1,724,994)	(5,175,155)	11,026	142,619	-	(7,239,505)
-	9,532,072	5,109,102	20,064,214	3,512,660	6,366,608	6,653,360	-	51,238,016
-	-	-	-	-	-	-	-	-
-	(4,836,677)	(5,655,020)	(11,138,434)	(256,922)	(2,544,414)	(1,090,428)	-	(25,521,895)
-	2,166,397	-	(15,056,341)	3,237,610	854,931	2,864,498	-	(5,932,905)
-	-	-	-	-	-	-	-	-
-	73,905	(73,905)	-	-	-	-	-	-
-	136,018,900	27,091,236	400,702,517	103,029,256	137,790,433	207,608,764	-	1,014,241,106
59,971,209	180,981,659	38,305,108	1,164,012,994	243,555,497	345,664,117	287,019,560	53,066,290	2,372,576,434
-	-	11,112,571	-	-	-	-	-	11,112,571
-	5-150	3-100	10-200	90-120	7-90	10-100	-	-

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

16 Property, plant and equipment (Cont'd)

(b) Recognition

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

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

(c) Measurement

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

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

(d) Depreciation

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

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

Depreciation, where applicable, is calculated on a straight-line basis such that the cost of the asset less its residual value is recognised progressively over its estimated useful life to Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost (CRC) are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives are shown in Note 16(a).

(e) Impairment

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

16 Property, plant and equipment (Cont'd)

(f) Valuation

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every five years.

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

In the intervening years, Council will engage independent valuers to provide desktop valuations by indexation.

On revaluation, the carrying amount of the asset is adjusted to the revalued amount. The accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

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

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

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

(g) Assets not previously recognised/(derecognised)

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

- In the Stormwater drainage asset class, 271 assets were derecognised from the asset register, 164 existing assets had data corrections and 191 assets were recognised. The net increase in fair value as a result was \$2,868,690.
- In the Roads, footpaths and bridges asset class, 197 assets were recognised and 946 assets had data corrections. The net increase in fair value as a result was \$2,839,501.
- In the Wastewater infrastructure class, 7 assets were derecognised from the asset register, 86 assets were recognised and 171 existing assets had data corrections. The net increase in fair value as a result was \$873,556.
- Recognition/derecognition and data corrections to other asset classes saw a fair value increase of \$461,140.
- An amount of \$1,335,516, previously treated as capital work in progress, was expensed this financial year. These costs had been accumulated in previous years for capital projects that did not proceed.

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

- In the Stormwater drainage asset class, 425 assets were derecognised from the asset register and 1,000 assets were added that were not previously recognised. The net increase in fair value as a result was \$9,708,600.
- Data validation of Roads, footpaths and bridges recognised 635 assets, mainly culverts, kerbs and traffic management devices and 732 assets were derecognised from the asset register. The net increase in fair value as a result was \$3,105,131.
- Recognition/derecognition and data corrections to other asset classes saw a fair value increase of \$496,132.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

17 Fair value measurements

Council's valuation policies are reviewed and endorsed by the Audit and Risk Committee for adoption by Council. They are reviewed annually taking into consideration an analysis of movements in fair value and other relevant information. Council's current policy for the valuation of property, plant and equipment and investment property (recurring fair value measurements) is set out in Note 16(f) and Note 15 respectively. Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

(a) Recognised fair value measurements

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

Investment property
Property, plant and equipment

- Land and improvements
- Buildings and other structures
- Roads, footpaths and bridges
- Stormwater drainage
- Wastewater infrastructure
- Water infrastructure

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

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

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in Note 32 is provided by the QTC and represents the contractual undiscounted cash flows at balance date (level 2).

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

Council also has assets measured at fair value on a non-recurring basis as a result of being classified as assets held for sale. These comprise land as disclosed in Note 14. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land and improvements (level 2 and 3)".

In accordance with AASB 13 fair value measurements are categorised into three levels as follows:

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

17 Fair value measurements (Cont'd)

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

The following table categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

	Note	Level 2		Level 3		Total	
		Significant other observable inputs		Significant unobservable inputs			
		2022	2021	2022	2021	2022	2021
<i>Recurring fair value measurements</i>		\$	\$	\$	\$		\$
Investment property	15						
- Land		10,278,151	9,427,807	-	519,000	10,278,151	9,946,807
- Rental property		5,258,322	6,673,071	-	-	5,258,322	6,673,071
Land and improvements	16	10,124,784	9,374,800	55,367,322	50,596,409	65,492,106	59,971,209
Buildings and structures	16						
- Market Value		2,086,390	1,963,416	-	-	2,086,390	1,963,416
- Specialised		-	-	196,299,205	179,018,243	196,299,205	179,018,243
Roads, footpaths and bridges	16	-	-	1,220,319,994	1,164,012,994	1,220,319,994	1,164,012,994
Stormwater drainage	16	-	-	274,103,256	243,555,497	274,103,256	243,555,497
Wastewater infrastructure	16	-	-	360,808,826	345,664,117	360,808,826	345,664,117
Water infrastructure	16	-	-	293,061,060	287,019,560	293,061,060	287,019,560
		27,747,647	27,439,094	2,399,959,663	2,270,385,820	2,427,707,310	2,297,824,914
<i>Non-recurring fair value measurements</i>							
Land held for sale	14	-	-	466,010	798,549	466,010	798,549
		-	-	466,010	798,549	466,010	798,549

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

17 Fair value measurements (Cont'd)

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

Specific valuation techniques used to value Council assets comprise:

Land and improvements - (level 2 and 3)

Land fair values were determined by independent and qualified Valuers, AssetVal Pty Ltd based on a comprehensive revaluation effective 30 June 2019. Where an observable market for Council's land assets could be identified, fair value was measured by way of a Market Approach (level 2), utilising sale prices of comparable properties after adjusting for differences in key attributes of the property, such as size. Where a significant adjustment was required between the sales prices of comparable properties, fair value was measured by way of a Market Approach (level 3). All land assets were assessed under a Market Approach as either level 2 or level 3. The most significant inputs into this valuation approach are price per square metre. For the 2022 financial year AssetVal determined that there was 8% increase in valuation.

Investment property land is measured at fair value. The fair value of the land was determined using the approach described in the preceding paragraph. These parcels were revalued using 8% indices for land.

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

Buildings and structures (level 2 and 3)

A comprehensive valuation assessment of Council's Buildings and structures was performed by AssetVal Pty Ltd effective 30 June 2019. The revaluation of assets was assessed using either a direct comparison approach (a level 2 assessment) or the cost approach (current replacement cost) which is a level 3 assessment. A desktop revaluation was undertaken by AssetVal at 30 June 2022, which resulted in indices of 10% applied to buildings and 5.7% for other structures.

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

Investment property is measured at fair value. The fair value of the rental property was determined using the market value or cost approach described in a preceding paragraph. An index of 10% was applied to investment property buildings.

Infrastructure assets (level 3)

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

17 Fair value measurements (Cont'd)

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

Roads, footpaths and bridges

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

The Roads, footpaths and bridges fair values were determined by independent and qualified Valuers, APV Valuers & Asset Management Pty Ltd (APV), based on a comprehensive revaluation effective 30 June 2021. The valuation was based on determining the replacement cost of the modern equivalent and rates were adjusted to reflect local cost inputs for plant, labour and overheads. For the 2022 financial year APV determined that there was an indices weighted average of 3.55% increase in valuation.

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

Stormwater drainage

The Stormwater drainage fair values were determined by independent and qualified Valuers, APV Valuers & Asset Management Pty Ltd based on a comprehensive revaluation effective 30 June 2021. For the 2022 financial year APV determined that there was an indices weighted average of 9.64% increase in valuation.

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

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

Water and wastewater infrastructure

Water and wastewater active infrastructure assets were comprehensively revalued by independent and qualified Valuers, APV Valuers & Asset Management Pty Ltd with revaluation effective 30 June 2022. Active assets include treatment plants, pump stations and reservoirs. These were componentised dependent on size, capacity, site conditions and other relevant factors. CRC was calculated by reference to asset linear and area specifications, or lump sum estimated labour and material inputs, service costs and overhead allocations.

A comprehensive valuation of Water and wastewater passive assets was undertaken by Cardno effective 30 June 2020. Visual inspections were undertaken on a sample of sewer manholes and an engineer reviewed existing CCTV footage of the sewer gravity mains. For the 2022 financial year, Cardno determined that indices of 5.8% applied for Water and wastewater passive assets.

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

18 Intangible assets

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

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

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

For the year ended 30 June 2022			
	Computer Software	Water Rights	Total
Basis of measurement	Cost	Cost	
Asset values	\$	\$	\$
Opening gross carrying value as at 1 July 2021	2,545,526	4,915,202	7,460,728
Internal transfers from work in progress	-	-	-
Write off of intangibles	(137,434)	-	(137,434)
Assets transferred from/(to) property plant and equipment	-	-	-
Closing gross carrying value as at 30 June 2022	2,408,092	4,915,202	7,323,294
Accumulated amortisation			
Opening balance as at 1 July 2021	1,702,997	-	1,702,997
Amortisation provided in period	229,138	-	229,138
Amortisation on disposals	(115,551)	-	(115,551)
Closing accumulated amortisation as at 30 June 2022	1,816,584	-	1,816,584
Total intangible assets at 30 June 2022	591,508	4,915,202	5,506,710

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

For the year ended 30 June 2021			
	Computer Software	Water Rights	Total
Basis of measurement	Cost	Cost	
Asset values	\$	\$	\$
Opening gross carrying value as at 1 July 2020	2,820,358	4,915,202	7,735,560
Internal transfers from work in progress	-	-	-
Write off of intangibles	(163,343)	-	(163,343)
Assets transferred from/(to) property plant and equipment	(111,489)	-	(111,489)
Closing gross carrying value as at 30 June 2021	2,545,526	4,915,202	7,460,728
Accumulated amortisation			
Opening balance as at 1 July 2020	1,616,085	-	1,616,085
Amortisation provided in period	250,255	-	250,255
Amortisation on disposals	(163,343)	-	(163,343)
Closing accumulated amortisation as at 30 June 2021	1,702,997	-	1,702,997
Total intangible assets at 30 June 2021	842,529	4,915,202	5,757,731

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
19 Contract balances			
Where amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period, do not necessarily coincide with amounts billed to or certified by the customers.			
When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.			
When an amount of consideration is received from a customer prior to Council transferring the good or service to the customer, Council presents the funds which exceed revenue as a contract liability.			
(a) Contract assets		<u>1,708,887</u>	<u>190,277</u>
(b) Contract liabilities			
Funds received upfront to construct Council controlled assets		11,256,309	7,232,604
Deposits received in advance of services provided		4,758,353	927,847
Current contract liabilities		<u>16,014,662</u>	<u>8,160,451</u>
Deposits received in advance of services provided		9,316,840	-
Non-current contract liabilities		<u>9,316,840</u>	<u>-</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:			
Funds to construct Council controlled assets		6,035,582	4,510,765
Deposits received in advance of services provided		924,847	927,855
		<u>6,960,429</u>	<u>5,438,620</u>
(c) Significant changes in contract balances			

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

The increase in the contract assets is attributable to money still owing to Council on significant infrastructure projects, including a bridge replacement.

Significant increases in contract liabilities include -

Funds received upfront to construct Council controlled assets - \$6.2 million was received for the Bundaberg Aquatic Facility, but construction had not yet commenced.

Deposits received in advance of services provided - a four year waste levy advance of \$13 million was received from the State Government. This will mitigate the direct impact on households for the 2023 - 2026 financial years.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

20 Leases

Council as lessee

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

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

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then Council's incremental borrowing rate for a similar term with similar security is used. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

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

(a) Exceptions to lease accounting

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

(b) Terms and conditions of leases

Land Leases

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

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

Buildings Leases

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

20 Leases (Cont'd)

Council as lessee (Cont'd)

Plant and Equipment Leases

Council had one lease that was recognised on the balance sheet. The lease was for surveying equipment.

(c) Right-of-use assets

	Buildings \$	Land \$	Equipment \$	Total \$
Opening balance as at 1 July 2021	2,618,002	1,334,981	4,982	3,957,965
Adjustments to right-of-use assets due to re-measurement of lease liability	1,927,333	-	-	1,927,333
Depreciation charge	(469,918)	(83,745)	(4,982)	(558,645)
Balance at 30 June 2022	4,075,417	1,251,236	-	5,326,653
	Buildings \$	Land \$	Equipment \$	Total \$
Opening balance as at 1 July 2020	3,002,797	1,418,726	112,230	4,533,753
Adjustments to right-of-use assets due to re-measurement of lease liability	(7,299)	-	-	(7,299)
Depreciation charge	(377,496)	(83,745)	(107,248)	(568,489)
Balance at 30 June 2021	2,618,002	1,334,981	4,982	3,957,965

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

20 Leases (Cont'd)

Council as lessee (Cont'd)

(d) Lease liabilities

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

	<1 year	1-5 years	>5 years	Total	Total per Statement of Financial Position
	\$	\$	\$	\$	\$
	530,757	1,962,033	3,750,607	6,243,397	5,652,444
Current lease liabilities at 30 June 2022				<u>379,583</u>	
Non-current lease liabilities at 30 June 2022				<u>5,272,861</u>	
Opening balance as at 1 July 2021				4,139,935	
Reassessments during the year (non-cash)				1,927,333	
Repayments made on leases during the year (cash)				<u>(414,824)</u>	
Balance at 30 June 2022				<u>5,652,444</u>	
	<1 year	1-5 years	>5 years	Total	Total per Statement of Financial Position
	\$	\$	\$	\$	\$
	494,757	1,990,562	4,452,362	6,937,681	4,139,935
Current lease liabilities at 30 June 2021				<u>404,737</u>	
Non-current lease liabilities at 30 June 2021				<u>3,735,198</u>	
Opening balance as at 1 July 2020				4,658,146	
Reassessments during the year (non-cash)				(7,299)	
Repayments made on leases during the year (cash)				<u>(510,912)</u>	
Balance at 30 June 2021				<u>4,139,935</u>	

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

20 Leases (Cont'd)

Council as lessee (Cont'd)

(e) Liabilities not recognised - extension options

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

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

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

	30-Jun-22	30-Jun-21
	\$	\$
Interest on lease liabilities	132,406	126,893
Variable lease payment based on usage not included in the measurement of lease liabilities	-	17,378
Depreciation of right-of-use assets	558,646	568,489
Expenses relating to short-term leases	-	10,075
Expenses relating to low-value assets	-	150,739
Total cash outflows for leases	<u>691,052</u>	<u>873,574</u>

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

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

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

The leases are generally between 10 and 30 years and require payments between \$1 and \$2,002 per annum. The use of the right-of-use asset is restricted by the lessors to specified community services which Council must provide. These services are detailed in the leases.

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

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

Council as lessor

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

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

20 Leases (Cont'd)

Council as lessor (Cont'd)

(h) Operating leases

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

The minimum lease receipts arising from operating leases are as follows:

	30-Jun-22	30-Jun-21
	\$	\$
(i) Lease receipts		
Future minimum lease payments are expected to be received in relation to non-cancellable operating leases as follows:		
Not later than one year	797,504	731,129
Between one and two years	694,945	601,804
Between two and three years	643,715	496,713
Between three and four years	388,323	458,393
Between four and five years	253,663	260,270
Later than five years	705,940	869,199
	<u>3,484,090</u>	<u>3,417,508</u>
(ii) Sub-lease receipts		
Future minimum lease payments are expected to be received in relation to non-cancellable sub-leases as follows:		
Not later than one year	233,184	257,203
Between one and two years	198,404	223,308
Between two and three years	155,915	188,484
Between three and four years	-	148,270
	<u>587,503</u>	<u>817,265</u>

21 Trade and other payables

Trade payables

Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts and other contingent discounts. Amounts owing are unsecured and are generally settled 25 business days from receipt of invoice.

Annual leave

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
21 Trade and other payables (Cont'd)			
<u>Wages and other employee entitlements</u>			
A liability for wages, superannuation, rostered days off and time off in lieu is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.			
Creditors and accrued expenses		15,700,291	20,593,179
Annual leave		6,349,638	6,024,153
Wages and other employee entitlements		2,340,958	2,004,147
		<u>24,390,887</u>	<u>28,621,479</u>

22 Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next 10 years. Council's current policy is to only borrow for capital projects and for terms that approximate the assets useful life. Council also aims to comply with the Queensland Treasury Corporation's (QTC) guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Current

Loans - QTC	8,025,017	6,797,798
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Non-Current

Loans - QTC	91,727,844	66,354,864
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Reconciliation of loan movements for the year

Opening balance	73,152,662	77,684,745
Loans raised (cash)	33,500,000	3,000,000
Principal repayments (cash)	(6,940,412)	(7,520,713)
Movement in interest payable (non-cash)	40,611	(11,370)
Balance at end of financial year	<u>99,752,861</u>	<u>73,152,662</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 December 2022 to 15 March 2042.

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

Principal and interest repayments are made quarterly in arrears.

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

23 Provisions

Long service leave

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

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

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

Restoration provisions

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

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

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

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

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.

Restoration on land controlled by Council

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
23 Provisions (Cont'd)			
Current			
Landfill restoration		2,250,000	150,000
Long service leave		12,309,506	12,790,824
		<u>14,559,506</u>	<u>12,940,824</u>
Non-Current			
Landfill restoration		20,552,986	24,160,975
Long service leave		1,289,751	1,066,996
		<u>21,842,737</u>	<u>25,227,971</u>
Details of movement in land restoration provision:			
Opening balance		24,310,975	21,639,891
Increase in provision - finance cost due to change in time	8	279,233	247,791
Increase/(decrease) in provision - change in discount rate		(2,898,616)	(195,123)
Increase/(decrease) in estimate of future cost		1,111,394	2,618,416
Balance at end of financial year		<u>22,802,986</u>	<u>24,310,975</u>
24 Other liabilities			
Prepaid rates		10,220,515	9,681,762
		<u>10,220,515</u>	<u>9,681,762</u>
25 Asset revaluation surplus			
The asset revaluation surplus comprises revaluation movements on property, plant and equipment. Increases and decreases on revaluation are offset within a class of assets.			
(a) Movements in the asset revaluation surplus were as follows:			
Opening balance		690,013,727	614,090,840
Movement in property, plant and equipment	16	104,774,206	76,735,626
Movement in restoration provision		401,319	(812,739)
Balance at end of financial year		<u>795,189,252</u>	<u>690,013,727</u>
(b) Asset revaluation surplus analysis			
The closing balance of the asset revaluation surplus is comprised of the following asset categories:			
Buildings and structures		48,397,555	32,766,913
Roads, footpaths and bridges		346,765,120	306,530,278
Stormwater drainage		83,206,324	59,104,178
Wastewater infrastructure		142,807,121	126,960,312
Water infrastructure		174,013,132	164,652,046
		<u>795,189,252</u>	<u>690,013,727</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
26 Commitments for expenditure			
Capital commitments			
Significant capital contractual commitments at the reporting date but not recognised as liabilities are as follows:			
Buildings and structures		1,067,313	7,658,278
Plant and equipment		8,425,807	6,634,980
Roads, footpaths and bridges		4,732,476	645,016
Stormwater drainage		98,417	1,244,248
Wastewater infrastructure		-	135,832
Water infrastructure		3,522,045	9,898,404
		<u>17,846,058</u>	<u>26,216,758</u>

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

27 Contingent liabilities

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

Claims

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

Landfills

Council has a number of operational and closed landfills throughout the region. Obligations for future remediation are determined annually, with the nature and extent of work required dependant on a condition assessment of the land and any proposed use of that land. The future use of the land has not yet been determined for closed landfills. Council has yet to make a formal determination on the closure of smaller operational landfills and has deferred a decision on the remediation of part of the University Drive Landfill. As a consequence, Council is unable to reliably estimate potential rehabilitation costs for these sites. A provision for restoration costs for larger operational landfills has been disclosed in Note 23.

Local Government Mutual

Council is a member of the local government mutual liability self-insurance pool, Queensland Local Government Mutual Liability Pool. In the event of the scheme being wound up, or if it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual scheme members in the same proportion as their contribution is to the total scheme contributions, in respect to any year that a deficit arises. As at June 2022 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.

Local Government Workcare

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

Council's maximum exposure is:	<u>2,733,761</u>	<u>2,356,430</u>
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3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

28 Superannuation

Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation and is also governed by the *Local Government Act 2009*.

The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at a council level.

Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of Council.

Technically, Bundaberg Regional Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed, changes to Council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme as required under *Superannuation Prudential Standard 160* was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of the benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2024.

The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:

- Investment risk: The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.
- Salary growth risk: The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

	Note	30-Jun-22 \$	30-Jun-21 \$
Superannuation contributions made to the Regional Defined Benefits Fund		493,458	615,326
Other superannuation contributions		7,963,908	7,119,555
Total superannuation contributions paid by Council:	6	<u>8,457,366</u>	<u>7,734,881</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
29 Trust funds			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		5,471,712	4,669,917
Council performs only a custodial role in respect of these monies and because the monies cannot be used by Council, they are not brought to account in these financial statements.			
30 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities			
Net result		42,531,238	32,003,909
Non-cash operating items:			
Depreciation of property plant and equipment	16(a)	51,904,979	51,238,016
Depreciation of right-of-use assets	20(c)	558,645	568,489
Amortisation of intangible assets	18	229,138	250,255
Change in restoration provision to finance costs	8	279,233	247,791
Revaluation of investment property	15	(679,373)	(45,507)
Revaluation of land and improvements	5	(4,851,267)	-
Current cost of developed land sold	12(b)	433,677	1,123,018
		47,875,032	53,382,062
Investing and financing activities:			
Change in restoration provision		(1,385,904)	1,610,554
Capital grants, subsidies, other contributions and donations	3(d)	(29,541,652)	(34,401,784)
Loss on disposal and write off of non-current assets	9	7,262,381	10,284,704
(Profit)/Loss on sale of non-current assets held for sale	5	(760,831)	17,068
Compensation for assets written off	5	(232,662)	(23,559)
		(24,658,668)	(22,513,017)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		920,960	208,593
(Increase)/decrease in other assets		1,005,275	(963,606)
(Increase)/decrease in contract assets		(6,062)	15,727
(Increase)/decrease in inventories		(277,759)	(11,306)
Increase/(decrease) in payables		293,802	(690,500)
Increase/(decrease) in contract liabilities		13,147,346	(8,229)
Increase/(decrease) in long service leave provision		(258,563)	(55,639)
Increase/(decrease) in other liabilities		538,753	980,156
		15,363,752	(524,804)
Net cash inflow from operating activities		81,111,354	62,348,150

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

31 Events after the reporting period

On 23 August 2022, a contract of \$75.8 million was awarded to TF Woollam and Son Pty Ltd for the construction of the Bundaberg Aquatic Centre.

32 Financial instruments and financial risk management

(a) Financial assets and financial liabilities

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

Council's Policy and Framework have been established to identify and analyse the risks faced, to set appropriate mitigation controls and to monitor these risks and adherence to limits. Council aims to manage volatility to minimise potential adverse effects on the financial performance of Council.

Council's Audit and Risk Committee oversees how management monitors compliance with Council's Risk Management Policy and Framework and reviews risks faced by Council. The Committee is assisted in its oversight role by Council's Internal Audit function who undertake regular and ad hoc reviews of risk management controls and procedures, with the results reported to the committee.

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

Credit risk

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

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

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

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

Cash and cash equivalents

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

32 Financial instruments (Cont'd)

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

Credit risk (Cont'd)

Trade and other receivables

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

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

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

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

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

Expected Credit Loss assessment at 30 June 2022

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

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

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

Council uses a provision matrix to measure ECLs. The provision matrix assigns the expected loss percentages to different aging bands of receivables to estimate the expected credit loss for the whole portfolio. The percentages are calculated based on historical credit loss experience, adjusted by current conditions and forward-looking data.

Within the other debtors group, several different debtor categories are collated, with each of these categories exhibiting different loss patterns. Therefore, Council estimates loss rates separately for each of these groups. The distinction between these categories is generally based on the services provided to these debtors by Council.

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

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

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

32 Financial instruments (Cont'd)

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

Credit risk (Cont'd)

	Note	2022 \$	2021 \$
Rates and utility charges		10,016,351	12,580,471
Infrastructure charges		72,767	157,267
Government grants and subsidies		2,985,091	1,751,884
Statutory charges		412,117	392,149
Lease receivable		-	15,897
Other debtors		2,554,873	2,309,536
Less loss allowance		(240,079)	(321,692)
Total	11	15,801,120	16,885,512

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

Other debtors

	2022 \$	Weighted average loss rate %	2021 \$	Weighted average loss rate %
Current	2,351,778	1.79%	1,576,364	6.21%
31-60 days	144,516	4.82%	621,682	4.96%
61-90 days	6,642	6.04%	10,214	7.65%
90 + days	51,937	54.11%	101,276	31.21%
Less loss allowance	(77,459)		(161,124)	
	2,477,414		2,148,412	

Rateable revenue and utility charges (including infrastructure charges)

	2022 \$	Weighted average loss rate %	2021 \$	Weighted average loss rate %
Rateable revenue and utility charges (including infrastructure charges)	10,089,118	1.082%	12,737,738	0.827%
Less loss allowance	(108,000)		(104,500)	
	9,981,118		12,633,238	

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

32 Financial instruments (Cont'd)

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

Liquidity risk

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

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

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

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

The following table sets out the liquidity risk of financial liabilities (excluding lease liabilities) held by Council. The amounts disclosed in the maturity analysis represent the contractual (principal and interest) undiscounted cash flows at balance date:

	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
2022					
Trade and other payables	24,390,887	-	-	24,390,887	24,390,887
Loans - QTC	11,792,627	38,231,765	81,727,991	131,752,383	99,752,861
	<u>36,183,514</u>	<u>38,231,765</u>	<u>81,727,991</u>	<u>156,143,270</u>	<u>124,143,748</u>
2021					
Trade and other payables	28,621,479	-	-	28,621,479	28,621,479
Loans - QTC	9,573,999	31,823,047	50,761,451	92,158,497	73,152,662
	<u>38,195,478</u>	<u>31,823,047</u>	<u>50,761,451</u>	<u>120,779,976</u>	<u>101,774,141</u>

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

Market risk

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

Interest rate risk

Council is exposed to interest rate risk through its investments held with financial institutions. Council's Treasury function manages cash allocations daily to maximise Council return and minimise risk exposure.

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

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

32 Financial instruments (Cont'd)

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

Market risk (Cont'd)

Sensitivity

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

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. If the rates decreased by 1% the impact would be equal in amount in the reverse direction. The *Local Government Regulation 2012* prescribes the way the maximum interest rates on overdue rates is calculated. Council believes that fluctuations will be immaterial in nature and therefore, no sensitivity analysis has been performed.

	Net carrying amount		Profit		Equity	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Deposits - Call	85,800,000	117,400,000	858,000	1,174,000	858,000	1,174,000
Term Deposits	107,000,000	6,000,000	1,070,000	60,000	1,070,000	60,000
	<u>192,800,000</u>	<u>123,400,000</u>	<u>1,928,000</u>	<u>1,234,000</u>	<u>1,928,000</u>	<u>1,234,000</u>

(b) Fair value

Financial liabilities

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

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

	Note	2022		2021	
		Carrying amount	Fair Value	Carrying amount	Fair Value
		\$	\$	\$	\$
Loans - QTC	22	<u>99,752,861</u>	<u>96,494,305</u>	<u>73,152,662</u>	<u>81,483,258</u>

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
33 Transactions with related parties			
(a) Joint controlled entities			
Council was a joint member of the Wide Bay Burnett Regional Organisation of Councils (WBBROC) incorporated until April 2021.			
WBBROC represents the interests of all Councils within the Wide Bay Burnett region. WBBROC lobbies Federal and State Governments on behalf of member Councils on matters of common interest and is often the point of contact for other levels of Government seeking the views of Councils on a broad range of issues.			
WBBROC other member Councils are Cherbourg Aboriginal Shire Council, Fraser Coast Regional Council, Gympie Regional Council, North Burnett Regional Council and South Burnett Regional Council.			
The following transactions occurred with WBBROC:			
Council membership contributions		-	65,944
WBBROC contributions		-	(137,500)
			<u>(71,556)</u>
WBBROC is dependent on contributions from member Councils.			
WBBROC made contributions to Council to assist in the delivery of the Flood Warning Infrastructure Upgrade (2021).			
(b) Key management personnel (KMP) compensation			
KMP include the Mayor, Councillors, Mayor's Chief of Staff, Chief Executive Officer and members of the Executive Leadership Team.			
The compensation paid to KMP comprises:			
Short-term benefits		3,143,332	3,131,649
Long-term benefits		77,732	39,248
Post-employment benefits		336,605	327,641
		<u>3,557,669</u>	<u>3,498,538</u>
Additional remuneration disclosures are provided in Council's Annual Report.			
(c) Transactions with other related parties			
Other related parties include the close family members of KMP and any entities controlled or jointly controlled by KMP or their close family members.			
There have been no significant transactions between Council and other related parties.			
Council employs 892 full time equivalent staff. Less than 1% of staff are close family members of KMP with their remuneration representing less than 1% of employee benefits. All close family members of KMP were employed through an arm's length process. They are paid in accordance with the relevant industrial award for the job they perform and Council's enterprise bargaining agreement.			
(d) Outstanding balances			
Council has no outstanding balances to/from other related parties.			
No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.			
(e) Loans and guarantees to/from related parties			
Council does not make loans to, or receive loans from, related parties. No guarantees have been provided.			
(f) Commitments to/from other related parties			
Council has no outstanding commitments to/from other related parties.			

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

34 National competition policy

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

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

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

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

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

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

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

Financial performance of activities subject to competition reforms:

	Water	Wastewater	Waste Management	Council Holiday Parks	Bundaberg Airport
	2022	2022	2022	2022	2022
	\$	\$	\$	\$	\$
Revenue for services provided to Council	1,807,443	558,493	306,830	-	-
Revenue for services provided to external clients	31,189,799	33,177,519	25,246,451	3,665,451	3,623,408
Community service obligations	677,904	586,891	471,506		
	33,675,146	34,322,903	26,024,787	3,665,451	3,623,408
Less: Expenditure	(21,987,144)	(20,325,729)	(20,377,295)	(2,840,985)	(3,382,068)
Surplus/(deficiency)	11,688,002	13,997,174	5,647,492	824,466	241,340

3.5 Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2022

34 National competition policy (Cont'd)

Description of CSOs provided to business activities

Activities	CSO description	Amount
		\$
Water	Provision of water allocations to unlicensed sporting clubs	298,225
	Internal bulk water provisions	60,590
	Water leak relief	111,876
	Infrastructure charges incentives	188,984
	Concessions to community organisations	18,229
Wastewater	Pedestal discounts for community and aged care facilities	330,584
	Pedestal discounts for not-for-profit sporting clubs	59,361
	Infrastructure charges incentives	180,079
	Concessions to community organisations	16,867
Waste Management	Provision of domestic waste vouchers	356,251
	Provision of bins and waste disposal for community events	13,909
	Charity bin residuals and in-kind assistance	81,958
	Concessions to community organisations	19,388


3.6 Management Certificate

For the year ended 30 June 2022

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

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

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



Mayor
Date: 4 / 10 / 22



A Chief Executive Officer
Date: 4 / 10 / 22

3.7 Independent Auditor's Report – Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the councillors of Bundaberg Regional Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Bundaberg Regional Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2022, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Acting Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

At the date of this auditor's report, the available other information in Bundaberg Regional Council's annual report for the year ended 30 June 2022 was the current year financial sustainability statement, long-term financial sustainability statement and annual report.

The councillors are responsible for the other information.

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



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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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



Better public services

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

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

Report on other legal and regulatory requirements

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

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

Prescribed requirements scope

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

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

Michael Claydon
as delegate of the Auditor-General

7 October 2022

Queensland Audit Office
Brisbane

3.8.1 Current Year Financial Sustainability Statement

For the year ended 30 June 2022

Note 1 - Basis of preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2013. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from Council's general purpose financial statements for the year ended 30 June 2022.

Measures of Financial Sustainability

Council's performance at 30 June 2022 against key financial ratios and targets:


	How the measure is calculated	2022	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	6%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	47%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-16%	not greater than 60%

3.8.2 Current Year Financial Sustainability Statement – Certificate of Accuracy

For the year ended 30 June 2022

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: 4, 10, 22



A Chief Executive Officer
Date: 4, 10, 22

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



INDEPENDENT AUDITOR'S REPORT

To the councillors of Bundaberg Regional Council

Report on the current-year financial sustainability statement

Opinion

I have audited the accompanying current-year financial sustainability statement of Bundaberg Regional Council for the year ended 30 June 2022, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Acting Chief Executive Officer.

In accordance with s. 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current-year financial sustainability statement of Bundaberg Regional Council for the year ended 30 June 2022 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Bundaberg Regional Council's annual report for the year ended 30 June 2022 was the general purpose financial statements, long-term financial sustainability statement and annual report.

The councillors are responsible for the other information.

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

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



However, as required by the Local Government Regulation 2012, I have expressed a separate opinion on the general purpose financial report.

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

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

Responsibilities of the councillors for the current-year financial sustainability statement

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

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

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

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

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

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

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



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

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

Michael Claydon
as delegate of the Auditor-General

7 October 2022

Queensland Audit Office
Brisbane

3.8.4 Long Term Financial Sustainability Statement

For the year ended 30 June 2022

Measures of Financial Sustainability

	How the measure is calculated	Target	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	0%	1%	1%	1%	1%	1%	1%	1%	2%
Asset sustainability ratio	Capital expenditure on the replacement of infrastructure assets (renewals) divided by depreciation expense for infrastructure assets.	greater than 90%	80%	74%	71%	67%	65%	61%	62%	55%	59%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	10%	37%	49%	51%	50%	46%	40%	37%	36%

Financial Management Strategy

Council's vision, expressed in the Corporate Plan 2021-2026, is to build Australia's best regional community, where residents enjoy a safe and healthy lifestyle in a region that is attractive, economically prosperous and supportive of its members. Council's financial management strategy supports the delivery of these outcomes by ensuring that the allocation of financial and physical resources is aligned with this vision. The specific strategies are outlined in the Long Term Financial Plan 2023-2032 and summarised below:

- Pursuing spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden.
- Ensuring that Council's decisions have due regard for the financial effects on future generations.
- Addressing issues of inter-generational equity so that the financial burden does not adversely affect current or future ratepayers.
- Making certain that 'whole of life costs' are recognised when new assets are acquired or constructed.
- Allocating sufficient funds annually towards maintaining and renewing assets and supporting service standards in the region.
- Reviewing services and service levels and identifying and disposing of assets no longer fit for purpose or surplus to requirements.
- Ensuring that the delivery of projects meets the objectives of the financial strategy and that the level of debt remains within acceptable limits.
- Investing surplus funds subject to Council's approved risk profile, with the aim of maximising investment returns to minimise financial impacts on ratepayers.
- Generating organisational efficiencies through innovation, service delivery improvement and reviewing the priority and need for discretionary operational projects.

3.8.5 Long Term Financial Sustainability Statement – Certificate of Accuracy

For the year ended 30 June 2022

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

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



Mayor

Date: 4, 10, 22



Chief Executive Officer

Date: 4, 10, 22.

4

Statutory Information

4.1 Administrative Action Complaints

In accordance with section 187 of the *Local Government Regulation 2012*, Council has adopted a Complaints Management Policy which guides how Council effectively deals with complaints in a fair, confidential, prompt and respectful manner. A review of this policy was undertaken and readopted by Council on 29 March 2022. The policy is underpinned by our procedures, including the Administrative Action Complaints (AAC) Procedure. Information is published on Council's website about all types of complaints bundaberg.qld.gov.au/complaints-disclosures.

Council's Governance and Legal Services team is responsible for application of the policy and its associated procedures, coordinating complaints, employee guidance/training and reporting to the Executive Leadership Team when required. A holistic review of the complaint's framework continues to be undertaken, with information and guidance provided to sections of Council with high complaint demand, to further develop a consistent approach in the way Council receive, handle and respond to complaints. As required by section 187(2) of the *Local Government Regulation 2012* the table below provides a summary of AAC outcomes for 2021/22.

Table 4.1

Item	No.
Number of AACs made to Council in 2021/22	297
Number of AACs resolved under the complaints management process in 2021/22	316
Number of AACs not resolved under the complaints management process in 2021/22	6
Number of AACs not resolved in 2021/22 that were made in 2020/21	0

The increase in complaint numbers is following Council's application of the guidance received from the Department of State Development, Infrastructure, Local Government and Planning (dated January 2021) to include penalty infringement notices within AAC numbers. Council has commenced this, with requests for parking fine waivers now included.

Council views the AAC process as a valuable tool to assist Council to identify areas of process improvement (i.e. revised policy or procedures) or if there is a particular subject matter of focus with the community that should be further considered.

4.2 Beneficial enterprises

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

4.3 Significant business activities

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

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

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

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

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

4.4 Commercial business Unit

A Commercial Business Unit is defined in the *Local Government Regulation 2021* as a business unit that conducts business in accordance with the key principles of commercialisation which includes clarity of objectives, management autonomy and authority, accountability for performance and competitive neutrality.

No Commercial Business Units were undertaken by Council in 2021/22.

4.5 Joint government activity

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

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

Council did not undertake any joint local government activities in 2021/22.

4.6 Competitive neutrality complaints

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

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

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

4.7 Particular resolutions

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

Adoption of an expenses reimbursement policy

Council adopted version 4 of the Councillor Expenses Reimbursement and Provision of Facilities Policy (CP-3-038) on 29 March 2022. *Refer to following page.*

Valuation of non-current physical assets

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

4.8 Changes to tenders

Pursuant to section 190(1)(e) of the *Local Government Regulation 2012*, Council advises there was no invitations to change a tender pursuant to section 228(8) of the *Local Government Regulation 2012* during the 2021/22 financial year.

4.9 Summary of concessions for rates and charges

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

Concessions to ratepayers for 2021/22

Table 4.2

Type of concession	Assistance provided
Council pensioner rates concessions	\$1,701,917
Rates concessions to community organisations	\$771,140
Water leak relief	\$111,876
Total	\$2,584,933

Analysis of concessions provided to community organisations

Table 4.3

Type of concession	Assistance provided
Reduced rates and charges to community organisations *	\$82,969
Free water consumption allocation to unlicensed sporting bodies	\$227,130
Benefit from only charging water access charges to unlicensed sporting bodies for largest meter	\$71,095
50% reduction in sewerage charges for unlicensed/community other licenced sporting bodies	\$59,361
60% reduction in sewerage charges to community organisations	\$330,584
Total	\$771,139

* Refer to table below

Table 4.4

No.	Type of organisation	Annual Rates Levied	Assistance Provided	Average assistance per organisation
18	Halls	\$47,180	\$26,489	\$1,472
7	Kindergartens	\$22,427	\$11,202	\$1,600
3	Surf Lifesaving Clubs	\$17,746	\$15,716	\$5,239
17	Rural Fire Brigades	\$14,762	\$14,762	\$868
11	Community organisations	\$47,028	\$14,801	\$1,346
56	Total	\$149,143	\$82,970	\$1,482

Minutes – 29 March 2022

Item Number: G3

File Number:

Part: GOVERNANCE

Portfolio: Organisational Services

Subject: Council Policies

2364

Resolution

Cr SA Cooper presented the report; and moved:-

That Council:

1. Rescind the following policies:

- Acceptable Requests Guidelines Policy, version 6 (CP-3-018);
- Advertising Spending Policy, version 2.1 (CP-3-006);
- Complaints about the Chief Executive Officer Policy, version 2.1 (CP-3-031)
- Complaints Management Policy, version 1.1 (CP-3-028);
- Contact with Lobbyists Policy, version 1.1 (CP-3-056);
- Council Vehicle Usage Policy, version 3 (CP-3-017);
- Councillor Complaints Investigation Policy, version 3 (CP-3-044);
- Councillor Portfolio Policy, version 1.1 (CP-3-052);
- Councillor Use of Confidential Information Policy, version 2.1 (CP-3-019);
- Entertainment and Hospitality Policy, version 1.1 (CP-3-022);
- Expenses Reimbursement for Councillors Policy, version 3.1 (CP-3-038);
- Gifts and Benefits Policy, version 3 (CP-3-045);
- Hardship Policy, version 4 (CP-3-043);
- Planning Protocols Policy, version 2 (CP-3-051);
- Procurement Policy, version 3 (CP-3-036);
- Related Party Disclosures Policy, version 2 (CP-3-039);
- Risk Management Policy, version 2.1 (CP-3-027);
- Standing Orders for Council Meetings Policy, version 2.2 (CP-3-016).

2. adopt the following policies:

- Contact with Lobbyists Policy, version 2 (CP-3-056);
- Council Vehicle Usage Policy, version 4 (CP-3-017);
- Councillor Complaints Investigation Policy, version 4 (CP-3-044);
- Councillor Expenses Reimbursement and Provision of Facilities Policy, version 4 (CP-3-038);
- Councillor Portfolio Policy, version 2 (CP-3-052);
- Councillor Use of Confidential Information Policy, version 3 (CP-3-019);
- Entertainment and Hospitality Policy, version 2 (CP-3-022);
- Gifts and Benefits Policy, version 4 (CP-3-045);
- Hardship Policy, version 5 (CP-3-043);
- Planning Protocols Policy, version 3 (CP-3-051);
- Procurement Policy, version 4 (CP-3-036);
- Related Party Disclosures Policy, version 3 (CP-3-039);
- Risk Management Policy, version 3 (CP-3-027);
- Standing Orders for Council Meetings Policy, version 3 (CP-3-016)

Seconded by Cr VJ Habermann

The motion was put – and carried.

For

Cr WR Trevor
Cr WA Honor
Cr TM McPhee
Cr TM McLoughlin
Cr VJ Habermann
Cr SA Cooper
Cr MBE Mitchell
Cr JD Learmonth
Cr JM Dempsey

Against

Cr GR Barnes

Meeting held: 29 March 2022

4.10 Expenditure on grants to community organisations

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

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

Table 4.5

Community Organisation	Expenditure on Grants
Community Services Grants	\$55,452
Micro Grants	\$17,205
Other Sport Sponsorships	\$75,000
Partnerships and Sponsorships Program	\$28,000
Special Events Grant	\$10,992
Young Peoples in Sport	\$1,000
Total	\$187,649
Other Donations	
Community Events Donations	\$46,000
LifeFlight Australia	\$50,000
Other Donations	\$12,000
Regional Arts Development Fund*	\$58,372
Royal Flying Doctors Service	\$50,000
Rural Fire Service	\$396,270
Total	\$612,642
Overall Total:	\$800,291

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

4.11 Local Government Discretionary Funds

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

4.12 Council registers

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

- Register of Assets
- Register of Business Activities
- Register of Contact with Lobbyists
- Register of Cost-Recovery Fees
- Register of Councillor Conduct
- Register of Delegations - Chief Executive Officer to Employees
- Register of Delegations - Council to the Chief Executive Officer
- Register of Delegations – Mayor
- Register of Development Applications - PD Online
- Register of Financial Delegations
- Register of Impounded Animals

- Register of Interests for Chief Executive Officer and Senior Executive Employees
- Register of Interests of a Councillor and their Related Persons
- Register of Leases
- Register of Local Laws
- Register of Pre-Qualified Suppliers
- Register of Roads

4.13 Report on the Internal Audit

Audit and Risk Committee

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

Throughout 2021/22 the Audit and Risk Committee consisted of two Councillors and two independent external members appointed by the Council, with one of the external members appointed as Chairperson. The appointment of external, independent members is based on a publicly advertised, merit-based selection process which aims to ensure the committee has an appropriate mix of financial management, governance, risk management and local government skills and experience.

Council remunerates external, independent members of the Audit and Risk Committee to attract highly experienced professionals capable of fulfilling the Audit and Risk Committee Charter and adding value to Council. At 30 June 2022, the Audit and Risk Committee membership comprised of:

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

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

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

Internal Audit

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

The scope of the Internal Audit activities is determined through a risk based strategic annual planning cycle which is endorsed by the Audit and Risk Committee. Internal Audit undertook three audits during the financial year, and eight quality audits with reports presented to the Committee and ultimately Council.

The performance of the Internal Audit section is managed by the General Manager Organisational Services and throughout 2021/22 Council contracted an Internal Audit firm who were responsible for carrying out the internal audit function for Council and contracted Quality Audit from February 2022 to an external firm.

4.14 People & Culture

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

Code of Conduct

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

Education and training

During the 2021/22 financial year, 300 employees completed Code of Conduct training. This comprised of the annual refresh for all staff delivered online during May/June 2021 that carried over into the 2021/22 financial year and all new starters to Council throughout the financial year who have completed the Code of Conduct training online as part of the onboarding process. This training provides all employees with an awareness of conduct standards expected by Council and emphasises the importance of maintaining an ethical culture built on good governance, good decision-making and high levels of integrity.

Along with the Code of Conduct training, 294 employees completed Fraud Awareness training. Employees also undertook training in Record Keeping, Authorised Persons and the recently introduced Right to Information and Privacy Training. With the introduction of Right to Information and Privacy Training at the end of the 2021/22 financial year, it was determined that Code of Conduct and Fraud Awareness training will now commence at the beginning of each financial year and will be rolled out to all staff in August 2022. Council is committed to continuing to develop and deliver governance focused education and awareness programs to all employees to maintain the highest standards of employee conduct.

Procedures and Practices

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

Mayor and Councillors

4.15 Remuneration of the Mayor and Councillors

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

Table 4.6

Div.	Councillor	Remuneration	Superannuation*
	Mayor Jack Dempsey	\$158,168	\$21,167
1	Cr Jason Bartels	\$91,571	\$13,509
2	Cr Bill Trevor OAM (Deputy Mayor)	\$104,059	\$15,007
3	Cr Wayne Honor	\$91,571	\$13,509
4	Cr Tracey McPhee	\$91,571	\$13,149
5	Cr Greg Barnes	\$91,571	\$13,149
6	Cr Tanya McLoughlin	\$91,571	\$10,989
7	Cr Vince Habermann OAM	\$91,571	\$10,989
8	Cr Steve Cooper	\$91,571	\$13,149
9	Cr May Mitchell	\$91,571	\$13,149
10	Cr John Learmonth	\$91,571	\$13,149

*Includes superannuation paid on applicable allowances shown in Table 4.7

4.16 Reimbursement of expenses and provision of facilities

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

Table 4.7

Div.	Councillor	Reimbursement of Expenses and Provision of Facilities
	Mayor Jack Dempsey	\$27,769
1	Cr Jason Bartels	\$22,439
2	Cr Bill Trevor OAM (Deputy Mayor)	\$21,493
3	Cr Wayne Honor	\$24,209
4	Cr Tracey McPhee	\$18,479
5	Cr Greg Barnes	\$20,053
6	Cr Tanya McLoughlin	\$10,935
7	Cr Vince Habermann OAM	\$10,991
8	Cr Steve Cooper	\$20,957
9	Cr May Mitchell	\$19,473
10	Cr John Learmonth	\$18,479

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

4.17 Overseas travel

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

4.18 Attendance at Council meetings

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

From 01 July 2021 - 30 June 2022

Table 4.8

Councillor	Ordinary	Special and budgetary	Total
Mayor Jack Dempsey	11	1	12
Cr Jason Bartels	11	1	12
Cr Bill Trevor OAM (Deputy Mayor)	10	1	11
Cr Wayne Honor	12	1	13
Cr Tracey McPhee	12	1	13
Cr Greg Barnes	9	1	10
Cr Tanya McLoughlin	12	1	13
Cr Vince Habermann OAM	12	1	13
Cr Steve Cooper	12	1	13
Cr May Mitchell	12	1	13
Cr John Learmonth	12	1	13

4.19 Councillor conduct

The *Local Government Act 2009* (the Act) sets out the roles, responsibilities and obligations of Councillors. In accordance with reporting requirements, the table below outlines actions and outcomes relating to the conduct and performance of Councillors for the 2021/22 financial year.

Table 4.9

Section of Act	Type of order/complaint	No.
Section 150I(2)	Orders made by the chairperson about unsuitable meeting conduct.	0
Section 150AH(1)	Orders made by Council that: (a) No action be taken against the Councillor; (b) An order be taken against the Councillor; about inappropriate conduct.	0
Section 150AR(1)	Orders, decisions and recommendations made by the conduct tribunal that: (a) No action be taken against the Councillor; (b) An order be taken against the Councillor; about misconduct and connected inappropriate conduct.	0
Section 150P(2)(a)	Complaints received by Council and referred to the assessor about Councillor conduct.	1
Section 150P(3)	Matters about corrupt conduct of a Councillor notified to the Crime and Corruption Commissioner.	1
Section 150R(2)	Notices given to the assessor about Councillor inappropriate conduct or misconduct.	2
Section 150S(2)(a)	Notices given to the assessor about Councillor misconduct. <i>Discipline councillor for inappropriate conduct on 3 occasions within 1 year or councillor has engaged in same conduct again.</i>	0
Section 150W(1)(a)	Decision made by the assessor to dismiss the complaint about the conduct under section 150X.	11
Section 150W(1)(b)	Decision made by the assessor to refer the suspected inappropriate conduct to Council to deal with.	1
Section 150W(1)(e)	Decision made by the assessor to take no further action in relation to the conduct under section 150Y.	10
Section 150AC(3)(a)	Referral notice accompanied by a recommendation about how Council may investigate or deal with the conduct – conduct should be referred to another entity for consideration.	0
Section 150AF(4)(a)	Occasions where Council is investigating inappropriate conduct, information is given to the assessor for further investigation under Division 4.	1
Chapter 5A, Part 3, Division 5	Occasions Council asked another entity to investigate the suspected inappropriate conduct of a Councillor.	0
Chapter 5A, Part 3, Division 6	Applications heard by the conduct tribunal about whether a Councillor engaged in misconduct or inappropriate conduct.	0

4.20 Remuneration of senior management and Councillor advisors

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

Table 4.10

Number of Executives	Salary Range
2	\$50,000 - \$150,000
2	\$150,000 - \$250,000
3	\$250,000 - \$350,000
1	\$350,000 - \$450,000

The total remuneration packages payable in 2021/22 to senior management was \$1,756,166.

In accordance with section 201(c) of the *Local Government Act 2009* there was one Councillor Advisor appointed with a remuneration package of \$177,995.

Index of legislative requirements

Requirement	Title	Heading	Page
Local Government Act 2009			
Section 41	Identifying beneficial enterprises	4.2 Beneficial enterprises	70
Section 45	Identifying significant business activities	4.3 Significant business activities	70
Section 201	Remuneration senior management and Councillor advisors	4.20 Remuneration of senior management and Councillor advisors	76
Local Government Regulation 2012			
Section 183(a) & (d)	Financial Statements	3 Annual Financial Statements	11
Section 183(b) & (c)	Financial Statements	3 Financial Sustainability Statements	63
Section 184	Community Financial Report	2 Community Financial Report	2
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