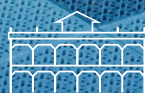





BUNDABERG
REGIONAL COUNCIL

Annual Report 2023/24

Building Australia's
best regional community



Contents

1	Chief Executive Officer's Report	1
2	Community Financial Report	2
3	Annual Financial Statements	9
4	Statutory Information	69
	Index of Legislative Requirements	76



1 Chief Executive Officer's Report

I am pleased to be joining the organisation as we enter a phase of refocussing both what we do as a council and how we do it.

The development of a new Corporate Plan will give our organisation new direction and provide a strong framework upon which we can deliver quality, essential services in a prudent, considered and effective manner.

Reflecting on the achievements of 2023/24, adaptation and responsiveness were the hallmarks of a successful year for Bundaberg Regional Council.

Council's work to plan a vibrant and sustainable future for the Bundaberg Region has been awarded, with accolades for planning excellence in turtle protection and recognition for the innovation of infrastructure planning for the fast-growing Bargara area.

Investment in infrastructure and public spaces has seen more shade and fencing introduced to play areas, new dog parks, road safety improvements, erosion prevention and significant progress on the Bundaberg Aquatic Centre.

I am advised that Council has been a strong voice for its community.

Advocacy work continued throughout 2023/24 from highlighting hotel investment opportunities to formally opposing coal mining on environmentally and agriculturally significant land.

We have continued to support our community, including fundraising for hampers through the

Mayor's Christmas Appeal and donations to emergency services.

The Local Government election heralded significant scrutiny upon the past performance of Council while at a national level, the cost-of-living crisis and housing shortage continued to have an impact on our region and residents.

Council has endeavoured to respond and adapt to the needs of its community, evidenced by the recently adopted Bundaberg Local Housing Action Plan and our commitment to engaging with and empowering residents through community development.

Just before the close of the financial year Council handed down a budget which focussed on getting the organisation Back on Track and reducing its operational deficit.

The Long-Term Financial Plan outlines that significantly more work will be required to address forecast deficits over the next decade and this will require some courageous decisions from our Council and community as we reforecast our work programmes.

The one constant, through any period of adaptation and change, which will always remain at the heart of everything Council does, is our community.

Our focus has been and will continue to be acting in the best interests of our residents and ratepayers.

Rob Williams

Chief Executive Officer

Community Financial Report

The Community Financial Report provides details of Council's financial statements in an easy-to-follow format. It aims to enable our community to better understand how Council performed financially for the 2023/24 financial reporting period and is prepared in accordance with Section 179 of the *Local Government Regulation 2012*.

About the financial statements

The financial statements are a formal audited record of Council's financial results for the year, and include the following components:

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 2024, recording what Council owns (assets) and what Council owes (liabilities).

3. Statement of Changes in Equity

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

4. Statement of Cash Flows

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

5. Financial Sustainability Ratio

Provides insight into Council's sustainability both currently and over the long term, with the results able to be compared with all Councils across Queensland.

Key performance information

The following outcomes were realised during the year:

- \$174.1 million revenue raised through rates and utility charges.
- \$129.0 million spent on capital investment, including \$25.5 million on the renewal of existing assets.
- \$23.5 million received in government grants and subsidies, including \$15.5 million of capital grants and subsidies.
- \$114.0 million in borrowings, a net increase of \$22.2 million.
- \$14.8 million operating deficit.
- \$164.0 million cash balance, a decrease of \$39.5 million (19.4%).

Statement of Comprehensive Income

The Statement of Comprehensive Income details what Council has earned (revenue) and what costs Council has incurred (expenses) for the year. This includes both revenue and expenditure for the day-to-day activities of Council (operational), as well as capital activities.

Table 1: Summary of Council's result

Item	2024 \$	2023 \$
Recurrent (Operational) Revenue	227,893,756	224,207,695
Recurrent (Operational) Expenses	(242,717,730)	(223,345,888)
Operational Result	(14,823,974)	861,807
Capital Revenue	58,398,439	47,519,046
Capital Expenses	(7,446,414)	(5,740,151)
Net Result	36,128,051	42,640,702

Revenue (in) less expenses (out) = Net result for the year

The Net Result shows a surplus of \$36.1 million and includes non-operational items such as revenue received with the specific purpose of funding capital expenditure (grants, subsidies and developer contributions).

The removal of the \$51 million non-operational items shows that Council's operating position was a deficit of \$14.8 million. The operating position is an important indicator of financial health and reflects Council's ability to meet its day-to-day costs from operating revenue.

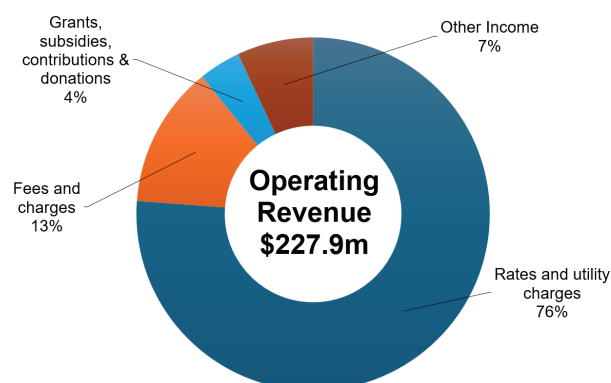
Revenue – Where our money came from

Total revenue of \$286.3 million was recognised during the financial year. Operational Revenue represents 80% of this total, with the remainder being Capital Revenue received through grants, subsidies, contributions and donations.

Operating revenue

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

Figure 1: Sources of recurrent revenue



Council's total operating income increased by 1.6% from the prior year, primarily attributable to utility charges increases, which was offset by a decrease to grants and subsidies due to the Commonwealth Financial Assistance Grant allocation for 2023/24 not being advanced.

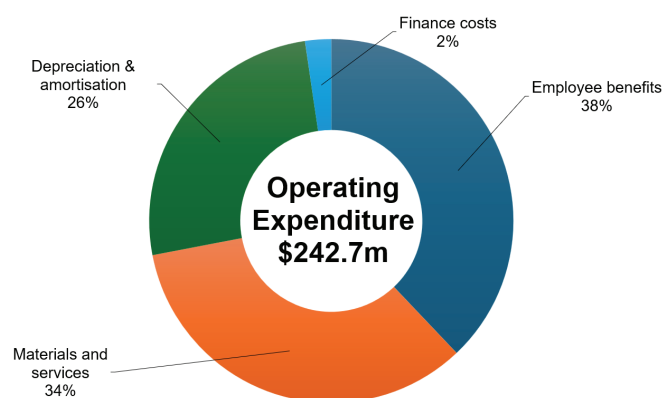
Expenses – where do we spend our money

Council incurs both operational and capital expenditure in providing services to the community, with a total of \$250.2 million being recognised during the financial year.

Operational expenses

Operational Expenses are the main expenses of Council and are the day-to-day cost of providing services, operating facilities and maintaining assets and represents 97% of all expenses.

Figure 2: Breakdown of Operational expenditure



Council experienced an increase of \$19.4 million (8.7%) in operating expenses for the reporting period in comparison with the prior year. Contributing factors include an increase in depreciation as a result of increased asset values, with general market conditions and inflation impacting upon the cost of goods, services and labour.

Statement of Financial Position

The Statement of Financial Position is a snapshot of Council’s financial position as of 30 June 2024. 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 2: Summary of net worth

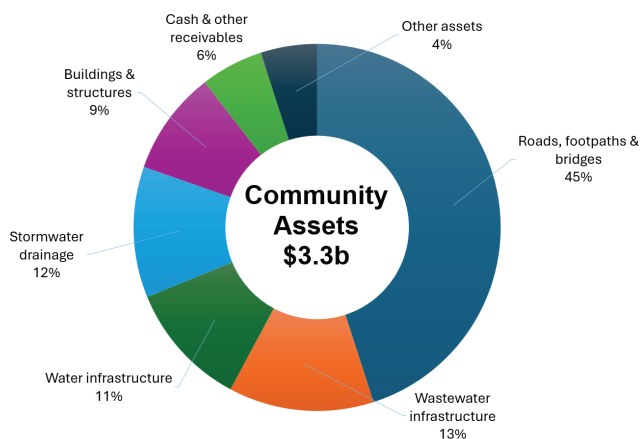
Item	2024 \$	2023 \$
Total Assets	3,291,458,117	2,982,758,047
Total Liabilities	220,532,434	195,147,975
Total Community Equity	3,070,925,683	2,787,610,072

Assets (what council owns) less Liabilities (what council owes) = Community Equity

Assets – what we own

Council controls and maintains community assets with a written down value of approximately \$3.07 billion, the bulk of which are infrastructure assets such as roads, footpaths, bridges, water and sewerage networks and stormwater drainage, which account for just over 80% of the asset base.

Figure 3: What we own

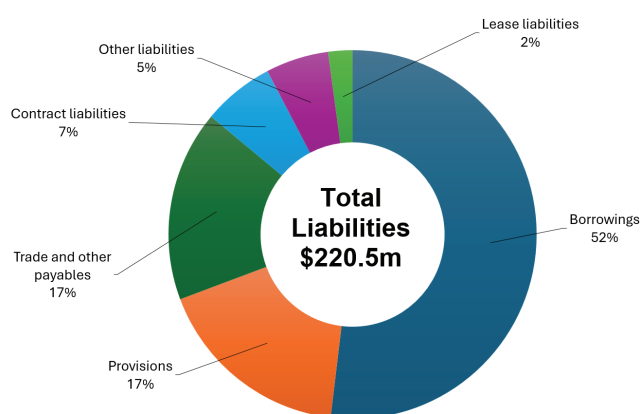


Additions to Council’s asset base during the period totalled \$129 million, funded from surplus funds, borrowings and grants, subsidies and contributions.

Liabilities – what we owe

Liabilities are amounts owed to suppliers, lenders and employees. Council’s largest liability are loans taken out with Queensland Treasury Corporation, which at 30 June 2024 totalled \$114 million or 52% of total liabilities.

Figure 4: Breakdown of what we owe

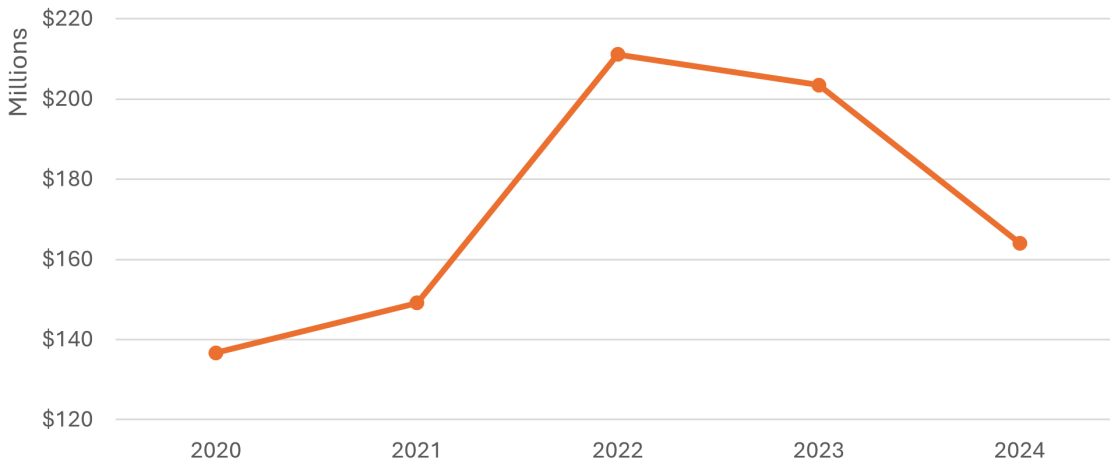


Council’s total liabilities were \$220.5 million as at 30 June 2024, an increase of \$25.4 million from the previous year, with the majority attributable to new borrowings.

Statement of Cash Flows

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

Figure 5: Cash Balance

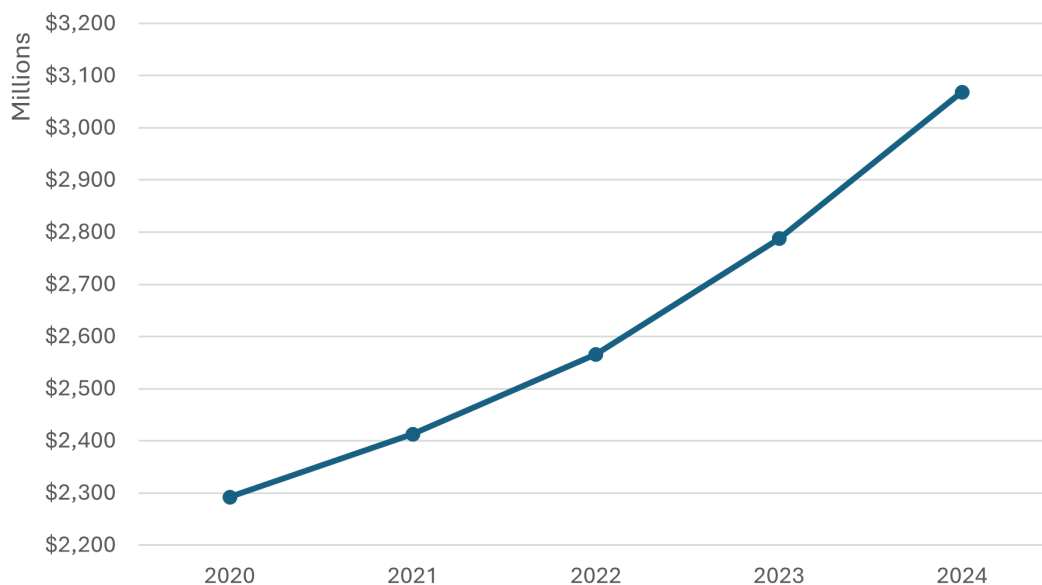


The cash balance decreased during the financial year by \$39.5 million (19.4%) from an opening balance of \$203.5 million to a closing balance of \$164 million at year end. It is noted that \$119.3 million (73%) of these funds are restricted and held for future investment.

Statement of Changes in Equity

At 30 June 2024, community equity was \$3.1 billion (assets of \$3.3 billion less liabilities of \$220.5 million), an increase of \$283.3 million compared with the prior year. The increase in equity is the result of an increase in Retained Capital of \$35.5 million and an increase to Council's Asset Revaluation Surplus of \$247.8 million from the annual revaluation of assets.

Figure 6: Community Equity



Financial Sustainability Ratios

The following ratios are measures of financial sustainability and have been prepared in accordance with the requirements of the *Local Government Regulation 2012 and the Financial Management (Sustainability) Guideline 2024*.

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.

Table 3: Measures of Financial Sustainability

Type	Measure	Target (Tier 3)	2024	2023	Comments
Financial Capacity	Council-Controlled Revenue	N/A	89.5%	87.8%	
	Population Growth	N/A	2.0%	1.2%	
Operating Performance	Operating Surplus Ratio	Greater than 0%	-6.2%	0.7%	Result is lower than anticipated. Contributing factors include the timing of the Financial Assistance Grant, increase in depreciation as a result of increased asset values and general market inflation impacting goods, services and labour costs.
	Operating Cash Ratio	Greater than 0%	22.5%	27.2%	This year's result remains positive, although reduced slightly from the average due to an increase in costs across the business.
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 3 months	9.2	12.0	Cash coverage is currently sound.
Asset Management	Asset Sustainability Ratio	Greater than 80%	45.9%	68.8%	Asset condition profile indicates that significant renewal investment isn't required at the present time and the proposed renewal program hasn't been fully delivered this year. Council is reviewing its asset management plans and undertakes recurring condition assessments to inform appropriate renewal investment programs.
	Asset Consumption Ratio	Greater than 60%	69.0%	70.0%	Result continues to be positive, indicating the useful lives of Council's assets are appropriate and assets are being replaced and maintained to appropriate standards.
	Asset Renewal Funding Ratio	N/A	100%		
Debt Servicing Capacity	Leverage Ratio	0 to 3 times	2.2	1.5	Borrowing capacity contracted with new borrowings being sought during the financial year. The ratio remains in the target range indicating Council's ability to service its debt.

Council is within the target benchmarks for four of the six ratios, with the exceptions being the operating surplus ratio and the asset sustainability ratio.

Long-Term Financial Planning

Bundaberg Regional Council has developed a Long-Term Financial Plan (LTFP) which covers a 10-year forecast period and defines the high-level financial policies and parameters that guide the development of service levels, rating, expenditure and funding decisions.

Council’s financial strategy is to ensure long-term financial sustainability, which means that Council aims to maintain both financial capital and infrastructure capital over the long term.

The LTFP outlines Council’s commitment to financial sustainability, as well as the strategies Council will implement in order to manage its long-term sustainability. The objectives that underpin these strategies are as follows:

Element of Sustainability	Objective
Operating Environment	<ul style="list-style-type: none"> Ensuring that Council is responsive to the changing needs and aspirations of the community.
Finances	<ul style="list-style-type: none"> Funding projects through borrowings in line with Council’s debt policy. Promptly identifying signs of potential financial unsustainability. Maintain healthy cashflows, ensuring that the minimum required cash balances are sustained. Achieving an operational surplus, proportionate to Council’s future capital investment plans.
Assets	<ul style="list-style-type: none"> Planning for the expected demands placed on services and infrastructure by future population growth. Maintaining community assets at a standard that can effectively service the needs of the community now and into the future. Providing certainty of funding for the provision of infrastructure and services through the effective management of expenditure programs.
Governance and Compliance	<ul style="list-style-type: none"> Financial accountability and corporate planning documents are prepared on time and to a high standard. Council complies with all State and Commonwealth statutory requirements.

Council has experienced a decline in its financial position due to a number of internal and external factors. The impact of these influences has resulted in Council forecasting operational deficits each year over the life of the LTFP.

Given the financial sustainability ratios, in particular concerns with the operating surplus ratio, in order to ensure that the objectives of the LTFP are met, Council is focused on the following strategic projects:

- Review and development of a Rating Strategy, including a review of rating structure.
- Review of Services and Level of Services.

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3

Annual Financial Statements

Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	
1. Information about these financial statements	14
2. Analysis of results by function	16
3. Revenue	20
4. Interest and other income	23
5. Profit/(loss) on developed land held for resale	23
6. Capital income	23
7. Employee benefits	23
8. Materials and services	24
9. Finance costs	24
10. Capital expenses	24
11. Cash and cash equivalents	25
12. Receivables	26
13. Inventories	28
14. Other assets	28
15. Investment property	28
16. Property, plant and equipment	29
17. Fair value measurements	33
18. Intangible assets	37
19. Contract balances	38
20. Leases	39
21. Payables	42
22. Borrowings	42
23. Provisions	43
24. Asset revaluation surplus	45
25. Commitments for expenditure	45
26. Contingent liabilities	46
27. Superannuation	47
28. Trust funds	48
29. Reconciliation of net result for the year to net cash inflow from operating activities	48
30. Events after the reporting period	49
31. Financial instruments and financial risk management	49
32. Transactions with related parties	52
33. National competition policy	53
Management Certificate	55
Independent Auditor's Report - Financial Statements	56
Financial Sustainability Statements	
Current Year Financial Sustainability Statement	59
Current Year Financial Sustainability Statement - Certificate of Accuracy	60
Independent Auditor's Report - Current Year Financial Sustainability Statement	61
Unaudited Current Year Financial Sustainability Statement - Contextual Ratios	64
Current Year Financial Sustainability Statement - Contextual Ratios - Certificate of Accuracy	65
Unaudited Long-term Financial Sustainability Statement	66
Long-term Financial Sustainability Statement - Certificate of Accuracy	68

Statement of COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
Income			
Revenue			
Recurrent revenue			
Rates and utility charges	3(a)	174,137,883	168,884,645
Fees and charges	3(b)	29,726,864	28,020,873
Sales revenue	3(c)	3,296,815	6,706,971
Grants, subsidies, contributions and donations	3(d)(i)	8,767,337	12,236,175
Interest and other income	4	10,123,997	8,377,207
Profit/(loss) on developed land held for resale	5	1,840,860	(18,176)
Total recurrent revenue		227,893,756	224,207,695
Capital revenue			
Grants, subsidies, contributions and donations	3(d)(ii)	48,219,809	40,739,862
Capital income	6	10,178,630	6,779,184
Total capital revenue		58,398,439	47,519,046
TOTAL INCOME		286,292,195	271,726,741
Expenses			
Recurrent expenses			
Employee benefits	7	(91,919,332)	(83,630,805)
Materials and services	8	(82,898,179)	(78,123,729)
Finance costs	9	(5,618,190)	(5,499,393)
Depreciation and amortisation			
Property, plant and equipment	16	(61,829,333)	(55,479,318)
Intangible assets	18	(29,567)	(156,342)
Right-of-use assets	20(c)	(423,129)	(456,301)
Total recurrent expenses		(242,717,730)	(223,345,888)
Capital expenses	10	(7,446,414)	(5,740,151)
TOTAL EXPENSES		(250,164,144)	(229,086,039)
NET RESULT		36,128,051	42,640,702
Net result attributable to:			
Operating surplus/(deficit)		(14,823,974)	861,807
Capital surplus		50,952,025	41,778,895
		36,128,051	42,640,702
Other comprehensive income			
Items that will not be classified to net result			
Increase/(decrease) in asset revaluation surplus		247,862,832	177,798,443
Total other comprehensive income		247,862,832	177,798,443
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		283,990,883	220,439,145

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Statement of FINANCIAL POSITION

As at 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
Assets			
Current assets			
Cash and cash equivalents	11	164,039,412	203,536,920
Receivables	12	17,286,096	14,952,251
Inventories	13	2,677,706	3,667,413
Contract assets	19(a)	1,863,843	1,631,142
Other assets	14	6,416,145	5,523,420
Non-current assets held for sale		99,510	99,510
Total current assets		192,382,712	229,410,656
Non-current assets			
Investment property	15	23,727,795	15,972,154
Property, plant and equipment	16	3,065,901,495	2,727,467,962
Right-of-use assets	20(c)	4,248,681	4,586,907
Intangible assets	18	5,197,434	5,320,368
Total non-current assets		3,099,075,405	2,753,347,391
TOTAL ASSETS		3,291,458,117	2,982,758,047
Liabilities			
Current liabilities			
Payables	21	48,971,492	41,012,065
Contract liabilities	19(b)	9,532,147	11,154,406
Borrowings	22	7,719,053	8,059,630
Lease liabilities		352,498	312,074
Provisions	23	13,536,652	15,152,217
Total current liabilities		80,111,842	75,690,392
Non-current liabilities			
Contract liabilities	19(b)	5,147,163	8,231,571
Borrowings	22	106,309,153	83,818,471
Lease liabilities		4,314,366	4,597,702
Provisions	23	24,649,910	22,809,839
Total Non-current liabilities		140,420,592	119,457,583
TOTAL LIABILITIES		220,532,434	195,147,975
NET COMMUNITY ASSETS		3,070,925,683	2,787,610,072
Community equity			
Asset revaluation surplus	24	1,220,850,527	972,987,695
Retained capital		1,850,075,156	1,814,622,377
TOTAL COMMUNITY EQUITY		3,070,925,683	2,787,610,072

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Statement of CHANGES IN EQUITY

For the year ended 30 June 2024

		Total community equity	Asset revaluation surplus Note 24	Retained capital
	Note	\$	\$	\$
Balance as at 1 July 2023		2,787,610,072	972,987,695	1,814,622,377
Assets not previously recognised/(derecognised)	16(f)	1,214,463	-	1,214,463
Prior year work in progress expensed	16(a)	(1,789,403)	-	(1,789,403)
Prior year adjustments		(100,332)	-	(100,332)
Restated balance at 1 July 2023		2,786,934,800	972,987,695	1,813,947,105
Net result		36,128,051	-	36,128,051
Increase in asset revaluation surplus		247,862,832	247,862,832	-
Total comprehensive income for the year		283,990,883	247,862,832	36,128,051
Balance at 30 June 2024		3,070,925,683	1,220,850,527	1,850,075,156
Balance as at 1 July 2022		2,565,958,269	795,189,252	1,770,769,017
Assets not previously recognised/(derecognised)	16(f) & 18	2,001,033	-	2,001,033
Prior year work in progress expensed	16(a)	(884,227)	-	(884,227)
Prior year adjustments		95,852	-	95,852
Restated balance at 1 July 2022		2,567,170,927	795,189,252	1,771,981,675
Net result		42,640,702	-	42,640,702
Increase in asset revaluation surplus		177,798,443	177,798,443	-
Total comprehensive income for the year		220,439,145	177,798,443	42,640,702
Balance at 30 June 2023		2,787,610,072	972,987,695	1,814,622,377

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Statement of CASH FLOWS

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
Cash flows from operating activities:			
Receipts from customers		219,870,422	214,397,360
Payments to suppliers and employees		(193,146,723)	(170,969,905)
		<u>26,723,699</u>	<u>43,427,455</u>
Recurrent grants, subsidies, contributions and donations		7,424,514	14,367,986
Interest received		10,522,678	6,434,123
Proceeds from sale of developed land held for resale		2,357,970	94,473
Costs incurred on developed land held for resale		(122,525)	(196,652)
Borrowing costs		(3,536,697)	(3,934,142)
Interest on lease liabilities	9	(210,241)	(164,594)
Net cash inflow from operating activities	29	<u>43,159,398</u>	<u>60,028,649</u>
Cash flow from investing activities:			
Proceeds from sale of non-current assets held for sale		-	1,074,676
Proceeds from sale of property, plant and equipment		1,474,433	1,932,948
Compensation for assets written off	6	140,174	248,831
Capital grants, subsidies, contributions and donations		17,556,724	19,586,721
Payments for property, plant and equipment		(122,491,016)	(82,226,691)
Payments for investment property		(1,100,033)	-
Net cash outflow from investing activities		<u>(104,419,718)</u>	<u>(59,383,515)</u>
Cash flow from financing activities:			
Proceeds from borrowings	22	30,000,000	-
Repayment of borrowings	22	(7,909,373)	(7,858,485)
Repayment of lease liabilities	20(d)	(327,815)	(367,155)
Net cash inflow/(outflow) from financing activities		<u>21,762,812</u>	<u>(8,225,640)</u>
Net decrease in cash and cash equivalents held		<u>(39,497,508)</u>	<u>(7,580,506)</u>
Cash and cash equivalents at beginning of the financial year		203,536,920	211,117,426
Cash and cash equivalents at end of the financial year	11	<u>164,039,412</u>	<u>203,536,920</u>

The above statement should be read in conjunction with the accompanying notes and accounting policies.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

1 Information about these financial statements

1.01 Basis of preparation

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

These general purpose financial statements are for the period 1 July 2023 to 30 June 2024 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

Amounts included in the financial statements are in Australian dollars.

1.02 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 2023. The adoption of the revisions to *AASB 101 Presentation of Financial Statements* resulted in disclosure of material accounting policy information only, rather than significant accounting policies. This means that accounting policy information is disclosed only if it relates to material transactions, other events or conditions including where:

- Council has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- Council chose (or was mandated to use) the accounting policy from one or more options permitted by Australian Accounting Standards.
- the accounting policy was developed in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an Australian Accounting Standard that specifically applies.
- the accounting policy relates to an area for which a Council is required to make significant judgements or assumptions in applying an accounting policy, and the Council discloses those judgements or assumptions in the financial statements.
- the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

None of the standards adopted had a material impact on reported position, performance or cash flows.

1.03 Standards issued by AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not yet effective at 30 June 2024. These standards have not been adopted by Council and will be included in the financial statements on their effective date. They are not expected to have a material impact on Council's financial statements in the period of initial recognition.

1.04 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 and depreciation of property, plant and equipment (Note 17)
- Credit losses on receivables (Note 12)
- Employee provisions and entitlements (Note 21 & 23)
- Restoration provisions (Note 23)
- Contingent liabilities (Note 26)
- Financial instruments and financial risk management (Note 31)
- Transactions with related parties (Note 32)

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

1 Information about these financial statements (Cont'd)

1.05 Comparatives

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

1.06 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.

1.07 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
- disposal of property, plant and equipment
- write off of intangibles
- gain/loss on derecognition of right-of-use asset

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

1.08 Financial assets and financial liabilities

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

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

Financial assets

- Cash and cash equivalents - measured at amortised cost (Note 11)
- Receivables - measured at amortised cost (Note 12)

Financial liabilities

- Payables - measured at amortised cost (Note 21)
- Borrowings - measured at amortised cost (Note 22)
- Lease liabilities - measured at amortised cost (Note 20)

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

2 Analysis of results by function

(a) Components of Council functions

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

Community and Environment

The objectives of Community and Environment include:

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

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

Corporate Governance

The objectives of Corporate Governance include:

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

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

Council Central Resources

The objectives of Council Central Resources include:

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

Development

The objectives of Development include:

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

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

Infrastructure Services

The objectives of Infrastructure Services 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 Services; Major Projects and Infrastructure Services Administration.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

2 Analysis of results by function (Cont'd)

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

Organisational Services

The objectives of Organisational Services include:

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

This activity includes branches for Financial Services; Corporate Services and People & Performance.

Strategic Projects and Economic Development

The objectives of Strategic Projects and Economic Development include:

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

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

National Competition Policy

The objectives of National Competition Policy include:

- Full cost pricing adjustments including community service obligations, competitive neutrality adjustments, income tax equivalents and internal return on capital. Further information is provided in Note 33.

Business Units

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

Waste Management

The objectives of Waste Management include:

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

Wastewater Services

The objectives of Wastewater Services include:

- Provision of wastewater services meeting customer standards.

Water Services

The objectives of Water Services include:

- Provision of water supply services meeting customer standards.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

2 Analysis of results by function (Cont'd)

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

For the year ended 30 June 2024

Functions	Grant income	Other income	Community service obligations	Total income	Direct expense	Overhead allocation	Competitive neutrality adjustments	Income tax equivalents	Total expenses	Internal return on capital	Net result
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community and Environment	4,548,853	15,852,333	975,253	21,376,439	(66,258,355)	(7,648,666)	(236,419)	(848,760)	(74,992,200)	-	(53,615,761)
Corporate Governance	-	-	-	-	(4,678,460)	444,780	-	-	(4,233,680)	-	(4,233,680)
Council Central Resources	2,367,841	127,761,927	-	130,129,768	(4,592,861)	-	-	-	(4,592,861)	-	125,536,907
Development	-	5,612,120	-	5,612,120	(5,393,049)	(1,132,970)	-	-	(6,526,019)	-	(913,899)
Infrastructure Services	13,815,325	689,595	-	14,504,920	(60,787,609)	(5,450,671)	-	-	(66,238,280)	-	(51,733,360)
Organisational Services	462,440	1,581,152	-	2,043,592	(31,515,944)	20,630,127	-	-	(10,885,817)	-	(8,842,225)
Strategic Projects and Economic Development	756,370	41,218	-	797,588	(3,209,573)	(269,595)	-	-	(3,479,168)	-	(2,681,580)
Waste Management	517,702	27,415,594	773,653	28,706,949	(23,697,214)	(2,266,981)	(294,481)	(526,249)	(26,784,925)	(491,166)	1,430,858
Wastewater Services	1,050,406	42,937,819	580,092	44,568,317	(24,263,525)	(2,113,578)	(308,260)	(3,485,568)	(30,170,931)	(5,693,094)	8,704,292
Water Services	-	40,881,500	908,712	41,790,212	(25,767,554)	(2,192,446)	17,283	(3,172,202)	(31,114,919)	(5,181,263)	5,494,030
National Competition Policy	23,518,937	262,773,258	3,237,710	289,529,905	(250,164,144)	-	(821,877)	(8,032,779)	(259,018,800)	(11,365,523)	19,145,582
Total	23,518,937	262,773,258	-	286,292,195	(250,164,144)	-	-	-	(250,164,144)	-	36,128,051

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 2023

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

30-Jun-24
\$

30-Jun-23
\$

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.

(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	87,727,166	87,037,899
Waste collection	17,709,443	16,938,194
Water	32,906,676	28,715,274
Wastewater	34,614,674	33,264,774
Separate rates and charges	4,691,873	4,658,118
Total rates and utility charges	177,649,832	170,614,259
Less: Pensioner remissions	(3,511,949)	(1,729,614)
Net rates and utility charges	174,137,883	168,884,645

(b) Fees and charges

Fees and charges are recognised once performance obligations are met, once the statutory event has occurred or the customer receives the benefit of the goods/services being provided.

Licences granted by Council are all either short-term or low-value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

Revenue from infringements is recognised on issue of infringement notice.

Airport fees	4,460,442	3,244,139
Building, planning and plumbing fees	4,799,781	4,447,724
Cemetery fees	521,460	487,017
Commissions	287,728	277,468
Community care and aged care fees	203,456	212,914
Fines, penalties and infringements	485,361	413,001
Health, licenses and registrations	1,509,746	1,634,327
Hire of facilities and rental income	3,896,551	3,804,984
Holiday park income	3,574,920	3,632,114
Rating and property fees	1,305,895	1,284,916
Tourism and events	797,301	894,455
Waste and recycling fees	7,833,364	7,608,589
Other fees and charges	50,859	79,225
	29,726,864	28,020,873

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
3 Revenue (Cont'd)		
(c) Sales revenue		
<p>Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.</p> <p>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.</p> <p>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.</p>		
Contract and recoverable works	1,844,746	5,431,681
Sale of goods	1,452,069	1,275,290
	<u>3,296,815</u>	<u>6,706,971</u>

(d) Grants, subsidies, contributions and donations

Grant income under AASB 15

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for Council to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under *AASB 15 Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Grant income under AASB 1058

Otherwise, the grant is accounted for under *AASB 1058 Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by Council. Special purpose capital grants are recognised as a contract liability when received, and subsequently recognised progressively as revenue as Council satisfies its obligations under the grant through construction of the asset.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by Council.

Infrastructure charges

Infrastructure charges are non-contractual in nature and arise from statutory events detailed in the *Planning Act 2016*. Revenue is recognised once the trigger event occurs, usually at time of approval or on final inspection. Infrastructure charges received in advance are fully refundable to the applicant until the trigger date has passed, therefore a financial liability for prepaid infrastructure charges is recognised in accordance with *AASB 9 Financial Instruments*.

Non-Monetary contributions

Non-cash contributions with a value in excess of the asset recognition thresholds are recognised as capital revenue and as non-current assets.

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.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
3 Revenue (Cont'd)		
(d) Grants, subsidies, contributions and donations (Cont'd)		
(i) Recurrent		
Grants and subsidies	8,016,619	11,681,310
Contributions and donations	750,718	554,865
	<u>8,767,337</u>	<u>12,236,175</u>
(ii) Capital		
Grants and subsidies	15,502,318	19,368,077
Infrastructure charges	4,213,369	3,966,969
Other capital contributions	58,693	1,050,355
Assets contributed at fair value*	28,445,429	16,354,461
	<u>48,219,809</u>	<u>40,739,862</u>

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

(e) Timing of revenue recognition

Note	2024		2023	
	AASB 15 \$	AASB 1058 \$	AASB 15 \$	AASB 1058 \$
Revenue recognised at a point in time				
Rates and utility charges	15,608,921	158,528,962	12,227,885	156,656,760
Fees and charges	27,731,757	1,995,107	25,973,545	2,047,328
Sale of goods and services	1,452,069	-	1,275,290	-
Grants, subsidies, donations and contributions	-	39,646,872	-	31,922,190
	<u>44,792,747</u>	<u>200,170,941</u>	<u>39,476,720</u>	<u>190,626,278</u>
Revenue recognised over time				
Sale of goods and services	1,844,746	-	5,431,681	-
Grants, subsidies, donations and contributions	1,779,263	-	635,415	-
Revenue relating to grants for assets controlled by Council	-	15,561,011	-	20,418,432
	<u>3,624,009</u>	<u>15,561,011</u>	<u>6,067,096</u>	<u>20,418,432</u>
Total Revenue per Note 3	<u>48,416,756</u>	<u>215,731,952</u>	<u>45,543,816</u>	<u>211,044,710</u>

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
4 Interest and other income			
(a) Interest received			
Interest from cash and cash equivalents		9,741,496	7,878,982
Interest from overdue rates, levies and charges		376,897	230,010
Interest from other sources		5,604	-
		<u>10,123,997</u>	<u>8,108,992</u>
(b) Other income			
Waste levy rebate received in excess of levy expense*		-	268,215
		<u>-</u>	<u>268,215</u>
Total interest and other income		<u>10,123,997</u>	<u>8,377,207</u>
5 Profit/(loss) on developed land held for resale			
Profit on sale of developed land held for resale		1,840,860	78,994
Donation of land		-	(97,170)
		<u>1,840,860</u>	<u>(18,176)</u>
6 Capital income			
Compensation for assets written off		140,174	248,831
Decrease in provision for land restoration		412,930	945,777
Gain on derecognition of right-of-use asset	20(d)	-	8,578
Gain on sale of non-current assets held for sale		-	708,176
Revaluation increment to investment property	15	4,713,699	89,620
Revaluation increment to land	16	4,911,827	4,778,202
		<u>10,178,630</u>	<u>6,779,184</u>
7 Employee benefits			
Wages and salaries		73,857,761	65,847,021
Councillors' remuneration*		1,325,481	1,289,027
Annual, sick and long service leave entitlements		12,657,099	11,998,630
Superannuation	27	9,623,078	8,689,788
Other employee related expenses		3,181,416	2,620,700
		<u>100,644,835</u>	<u>90,445,166</u>
Less: Capitalised employee expenses		<u>(8,725,503)</u>	<u>(6,814,361)</u>
		<u>91,919,332</u>	<u>83,630,805</u>

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

Further compensation details in relation to key management personnel are disclosed in Note 32.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
8 Materials and services			
Audit of annual financial statements by the Auditor-General of Queensland		179,714	184,351
Chemicals		2,169,338	2,253,954
Digital platforms and connections		4,366,666	3,123,980
Election costs		529,305	-
Electricity costs		4,506,209	4,877,039
External labour hire		1,191,106	1,246,689
External plant hire		10,602,615	11,205,435
Grants, contributions and donations		2,207,451	1,640,907
Insurance premiums		2,862,416	2,772,681
Licences and subscriptions		3,926,050	2,918,997
Non-capital projects*		2,165,184	3,665,544
Plant running costs		7,883,367	7,705,213
Professional services		8,895,634	6,315,007
Property expenses		3,599,037	3,567,951
Public safety and security		1,864,842	1,659,079
Raw water		1,816,611	1,640,206
Repairs and maintenance		11,274,058	10,077,467
Waste levy**		2,654,369	2,734,829
Workforce expenses		1,041,123	1,058,909
Other material and services		9,163,084	9,475,491
		<u>82,898,179</u>	<u>78,123,729</u>
*Value of non-capital projects includes costs associated with capital projects such as landscaping and service relocations and projects of a non-recurrent nature. The value is exclusive of other costs reflected separately in Note 7 & 8.			
**Waste levy amount for 2023/24 contains \$3,608,565 (2022/23 - \$3,455,228) rebated by the State Government to mitigate the direct impact on households.			
9 Finance costs			
Finance costs charged by the Queensland Treasury Corporation (QTC)		3,596,174	3,917,866
Interest on lease liabilities		210,241	164,594
Impairment of receivables		436,270	357,406
Bank charges		299,332	311,649
Landfill restoration - change in provision over time	23	1,076,173	747,878
		<u>5,618,190</u>	<u>5,499,393</u>
10 Capital expenses			
Increase in provision for landfill restoration		156,670	970,832
Loss on disposal of property, plant and equipment		7,172,553	4,769,319
Impairment of property, plant and equipment	16	23,824	-
Impairment of intangible assets	18	93,367	-
		<u>7,446,414</u>	<u>5,740,151</u>

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
11 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 investing in a wide variety of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Other investments are held with regulated financial institutions which are rated A1+ to A2 based on credit ratings agencies, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as rare.			
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit the amount that is available for discretionary or future use. These restrictions are managed using internal management accounting functions.			
Cash and cash equivalents			
Cash at bank and on hand		21,539,412	27,036,920
Deposits at call		21,500,000	11,500,000
		<u>43,039,412</u>	<u>38,536,920</u>
Investments			
Term deposits		121,000,000	165,000,000
		<u>121,000,000</u>	<u>165,000,000</u>
Balance per statement of cash flows		<u>164,039,412</u>	<u>203,536,920</u>
Internally imposed expenditure restrictions at the reporting date			
Unspent depreciation		47,178,500	56,026,831
Landfill restoration		19,198,835	18,708,567
Infrastructure charges		-	4,452,778
Prepaid rates	21	12,146,178	11,366,310
Employee entitlements*	21	9,955,607	9,209,300
Deposits received in advance		994,645	807,437
		<u>89,473,765</u>	<u>100,571,223</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent grants and subsidies		4,809,973	6,918,832
Waste levy received in advance**		8,874,692	11,659,708
Unspent loan monies		16,120,263	21,930,682
		<u>29,804,928</u>	<u>40,509,222</u>
Total restricted cash		<u>119,278,693</u>	<u>141,080,445</u>

*Council reassessed the classification of internally restricted cash under employee entitlements. Accrued wages and superannuation have now been included.

**The waste levy advance is now reported as externally restricted cash. It was previously reported as internally restricted cash.

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
12 Receivables		
Settlement of trade receivables is generally required within 30 days from the end of the month.		
Receivables are measured at amortised cost which approximates fair value at reporting date.		
Rateable revenue and utility charges	3,291,392	2,912,719
Water charges not yet levied	7,299,650	6,507,553
Trade receivables	7,158,929	5,953,054
	<u>17,749,971</u>	<u>15,373,326</u>
Less allowance for expected credit losses	(463,875)	(421,075)
	<u>17,286,096</u>	<u>14,952,251</u>
Details of movement in allowance for expected credit loss:		
Opening balance	421,075	240,079
Less: Debts written off during the year	(168,452)	(158,205)
Additional impairments recognised	396,065	346,223
Less: Impairments reversed	(184,813)	(7,022)
Balance at end of financial year	<u>463,875</u>	<u>421,075</u>

Credit risk

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

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

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.

Credit risk is mitigated by transferring property related trade receivables to the applicable rate assessment. 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 11.64% per annum (2023/24) and 8.17% per annum (2022/23). No interest is charged on accounts receivable.

Accounting policies - grouping

Council has identified there are four material receivable groupings for measuring expected credit losses (ECLs): Rateable revenue and utility charges (including infrastructure charges), government grants and subsidies, statutory charges - fines and penalties and other debtors. Relevant judgements in relation to expected credit loss has been made for each group.

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$

12 Receivables (Cont'd)

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

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

Other debtors: Several different debtor categories are collated into categories based on the services provided by Council as they exhibit different loss patterns. Council estimates loss rates separately for each of these groups. Council uses a provision matrix to measure ECLs. The provision matrix assigns the expected loss percentages to different ageing bands of receivables to estimate the expected credit loss for the whole portfolio. The percentages are calculated based on historical credit loss experience, adjusted by current conditions and forward-looking data.

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

Rates and utility charges (including infrastructure charges)	10,908,255	9,482,295
Government grants and subsidies	1,700,387	758,824
Statutory charges	575,942	471,433
Other debtors	4,565,387	4,660,774
Total	17,749,971	15,373,326

Expected Credit Loss assessment at 30 June 2024

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

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

Further details on credit risk is disclosed in Note 31.

Expected credit losses for receivables:

Rateable revenue and utility charges (including infrastructure charges)

	2024 \$	Weighted average loss rate %	2023 \$	Weighted average loss rate %
Rateable revenue	10,908,255	1.70%	9,482,295	1.27%
Less loss allowance	(182,000)		(118,800)	
	10,726,255		9,363,495	

Other debtors

	2024 \$	Weighted average loss rate %	2023 \$	Weighted average loss rate %
Current	3,780,035	1.13%	4,608,937	4.83%
31-60 days	509,606	6.77%	14,719	5.43%
61-90 days	109,533	29.90%	2,001	7.52%
90+ days	166,212	54.55%	35,118	42.74%
Less loss allowance	(204,617)		(238,506)	
	4,360,769		4,422,269	

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
13 Inventories			
Costs are assigned on the basis of weighted average cost, except for land where costs are allocated to the relevant parcel.			
Land purchased for development and sale is classified as inventory. Proceeds from the sale of this land is recognised as sales revenue when the contract is settled.			
(a) Stores inventories		2,020,488	1,485,269
(b) Land purchased for development and resale			
Opening balance		2,182,144	2,245,813
Additions		122,525	196,652
Internal transfer from/(to) cost of developed land sold		(517,110)	(15,479)
Internal transfer from/(to) property, plant and equipment	16	-	(147,672)
Internal transfer from/(to) investment property	15	(1,130,341)	-
Donated land parcel		-	(97,170)
Closing balance at end of financial year		657,218	2,182,144
Total inventories		2,677,706	3,667,413
14 Other assets			
GST recoverable		3,436,092	2,849,388
Prepayments		2,980,053	2,674,032
		6,416,145	5,523,420

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 does not include community housing or other property held to provide a social service.

Investment property is initially recognised at cost (including transaction costs) and subsequently at fair value. Where investment property is acquired significantly below fair value, it is recorded at fair value on initial recognition.

All investment property was valued at fair value at 30 June 2024. Further information about the valuation techniques used to derive fair value are included in Note 17.

Fair value at beginning of financial year		15,972,154	15,536,473
Internal transfer from/(to) buildings and structures	16	101,568	233,322
Internal transfer from/(to) land	16	710,000	112,739
Internal transfer from/(to) land purchased for development	13	1,130,341	-
Investment property acquired at cost		1,100,033	-
Revaluation adjustment in period	6	4,713,699	89,620
Fair value at end of financial year		23,727,795	15,972,154

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

16 Property, plant and equipment

(a) Movements

For the year ended 30 June 2024

Basis of measurement	Buildings and structures		Plant and equipment		Transport infrastructure		Stormwater drainage		Wastewater infrastructure		Water infrastructure		Work in progress		Total
	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	Fair value	Cost	
Asset values	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value as at 1 July 2023	70,426,653	376,717,023	70,982,083	1,826,304,735	418,645,967	551,173,744	583,154,296	49,849,575	3,947,254,076						
Assets not previously recognised/(derecognised)	-	(105,050)	5,074	1,354,369	4,732	10,293	184,793	-	1,454,201						
Additions at cost	-	9,751,125	11,963,729	24,839,401	2,732,723	1,054,924	6,265,926	72,410,280	129,018,108						
Contributed assets	652,400	627,031	-	10,859,787	8,745,278	4,953,181	2,607,753	-	28,445,430						
Internal transfers from work in progress	-	2,928,428	22,710	5,748,379	2,338,208	1,473,874	601,955	(13,113,554)	-						
Disposals	(200,100)	(3,356,359)	(4,615,182)	(13,395,755)	(867,906)	(2,023,641)	1,158,837	-	(23,300,106)						
Revaluation adjustment to the asset revaluation surplus	-	20,560,672	-	194,013,330	81,895,412	35,843,418	34,029,770	-	366,342,602						
Revaluation adjustment to capital income	4,911,827	-	-	-	-	-	-	-	4,911,827						
Assets transferred from/(to) investment property	(710,000)	(101,568)	-	-	-	-	-	-	(811,568)						
Assets transferred from/(to) land inventory	-	-	-	-	-	-	-	-	-						
Prior year work in progress expensed	-	-	-	-	-	-	-	-	-						
Transfers between classes	-	4,924,221	63,864	(1,521,445)	603,596	(545,464)	(3,524,772)	(1,789,403)	(1,789,403)						
Closing gross value as at 30 June 2024	75,080,780	411,945,523	78,422,278	2,048,202,801	514,098,010	591,940,329	624,478,548	107,356,898	4,451,525,167						

Accumulated depreciation and impairment

Opening balance as at 1 July 2023	-	162,797,402	28,450,516	492,868,598	125,187,752	167,072,200	243,409,646	-	1,219,786,114						
Assets not previously recognised/(derecognised)	-	(110,561)	-	227,987	-	929	121,383	-	239,738						
Depreciation expense	-	11,660,260	6,238,122	25,330,647	2,992,578	7,348,474	8,259,252	-	61,829,333						
Contributed assets	-	-	-	-	-	-	-	-	-						
Depreciation on disposals	-	(2,499,995)	(3,526,949)	(8,753,918)	(677,621)	(821,209)	1,626,574	-	(14,653,118)						
Impairment loss*	-	-	23,824	-	-	-	-	-	23,824						
Revaluation adjustment to the asset revaluation surplus	-	10,249,041	-	70,914,520	9,330,049	13,323,561	14,580,610	-	118,397,781						
Assets transferred from/(to) investment property	-	-	-	-	-	-	-	-	-						
Assets transferred from/(to) land inventory	-	-	-	-	-	-	-	-	-						
Transfers between classes	-	(326,794)	-	340,609	-	-	(13,815)	-	-						
Closing accumulated depreciation as at 30 June 2024	-	181,769,353	31,185,513	580,928,443	136,832,758	186,923,955	267,983,650	-	1,385,623,672						
Total written down value as at 30 June 2024	75,080,780	230,176,170	47,236,765	1,467,274,358	377,265,252	405,016,374	356,494,898	107,356,898	3,065,901,495						
Residual value	-	-	15,311,734	-	-	-	-	-	15,311,734						
Range of estimated useful life in years	-	5-150	3-100	10-200	90-200**	10-100	10-100	-	-						

*Assets were tested for impairment, with this line representing three assets that intend to be replaced in 2024/25.

** Useful life increased from 120 to 200 years due to improvements in stormwater drainage relining techniques.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

For the year ended 30 June 2023

	Land	Buildings and structures	Plant and equipment	Transport infrastructure	Stormwater drainage	Wastewater infrastructure	Water infrastructure	Work in progress	Total
	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	Fair value	Cost	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Basis of measurement									
Asset values									
Opening gross value as at 1 July 2022	65,492,106	355,472,795	68,219,053	1,649,295,882	391,000,100	510,265,080	519,753,047	54,126,768	3,613,624,831
Assets not previously recognised/(derecognised)	-	(204,796)	(336,789)	2,943,159	(180,783)	(1,444,530)	(1,556,985)	-	(780,724)
Additions at cost	112,739	4,683,714	9,233,223	20,142,501	371,960	1,561,784	4,876,257	43,841,790	84,823,968
Contributed assets	200,000	64,389	-	7,428,290	4,980,756	1,852,736	1,828,349	-	16,354,520
Internal transfers from work in progress	-	4,418,910	574,175	7,974,190	405,679	1,385,937	32,475,865	(47,234,756)	-
Disposals	(191,327)	(5,004,575)	(6,829,809)	(6,592,738)	(345,888)	(583,560)	(8,109,031)	-	(27,656,928)
Revaluation adjustment to the asset revaluation surplus	-	15,215,605	-	144,747,060	21,519,331	38,070,682	37,643,046	-	257,195,724
Revaluation adjustment to capital income	4,778,202	-	-	-	-	-	-	-	4,778,202
Assets transferred from/(to) investment property	(112,739)	(236,223)	-	-	-	-	-	-	(348,962)
Assets transferred from/(to) land inventory	147,672	-	-	-	-	-	-	-	147,672
Prior year work in progress expensed	-	-	-	-	-	-	-	(884,227)	(884,227)
Transfers between classes	-	2,307,204	122,230	366,391	894,812	65,615	(3,756,252)	-	-
Closing gross value as at 30 June 2023	70,426,653	376,717,023	70,982,083	1,826,304,735	418,645,967	551,173,744	583,154,296	49,849,575	3,947,254,076

Accumulated depreciation and impairment

Opening balance as at 1 July 2022	-	157,125,358	27,856,588	430,318,478	116,896,844	149,888,488	226,816,312	-	1,108,902,068
Assets not previously recognised/(derecognised)	-	(189,907)	(280,191)	723,098	(150,093)	(1,375,551)	(1,539,113)	-	(2,811,757)
Depreciation expense	-	10,143,126	5,765,163	22,879,669	2,781,168	6,753,666	7,156,526	-	55,479,318
Contributed assets	-	-	-	49	11	-	-	-	60
Depreciation on disposals	-	(4,718,725)	(4,891,044)	(3,338,930)	(73,999)	(404,462)	(7,527,503)	-	(20,954,663)
Impairment loss	-	-	-	-	-	-	-	-	-
Revaluation adjustment to the asset revaluation surplus	-	440,905	-	42,285,780	5,733,821	12,210,059	18,503,424	-	79,173,989
Assets transferred from/(to) investment property	-	(2,901)	-	-	-	-	-	-	(2,901)
Assets transferred from/(to) land inventory	-	-	-	-	-	-	-	-	-
Transfers between classes	-	(454)	-	454	-	-	-	-	-
Closing accumulated depreciation as at 30 June 2023	-	162,797,402	28,450,516	492,868,598	125,187,752	167,072,200	243,409,646	-	1,219,786,114
Total written down value as at 30 June 2023	70,426,653	213,919,621	42,531,567	1,333,436,137	293,458,215	384,101,544	339,744,650	49,849,575	2,727,467,962
Residual value	-	-	13,287,509	-	-	-	-	-	13,287,509
Range of estimated useful life in years	-	5-150	3-100	10-200	90-120	10-100	10-100	-	-

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

16 Property, plant and equipment (Cont'd)

(b) Recognition

The asset capitalisation thresholds for Council are:

- Land \$1
- Buildings and structures \$10,000
- Plant and equipment \$5,000

There is no set capitalisation threshold for transport, stormwater drainage, wastewater and water infrastructure. These assets are recognised when connected to a larger network.

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

(c) Measurement

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

(d) Depreciation

Land, work in progress 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. 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 renewal, these components have separately assigned useful lives. Any expenditure that increases the original capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the new estimated useful life.

Condition assessments are performed as part of standard asset management practices as well as annual revaluation processes which are used to estimate the useful and remaining lives of assessed assets. Details of the range of estimated useful lives are shown in Note 16(a).

(e) Valuation

Land, buildings and structures and infrastructure assets are measured on the revaluation basis, at fair value. 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.

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

16 Property, plant and equipment (Cont'd)

(f) Assets not previously recognised/(derecognised)

The initial recognition of non-current assets relates to items of property, plant and equipment that were identified for the first time and added to the asset register during the current reporting period. Assets are recognised through continuous data improvement processes such as on-site validation, inspections and capital expenditure processing. All identified assets have been initially recognised at their written down fair value as at 1 July 2023 (as at 1 July 2022 for the comparative year). Assets that were unable to be located have been derecognised as at 1 July 2023.

	30-Jun-24	30-Jun-23
	\$	\$
Initial recognition/(derecognition) of property, plant and equipment by asset class		
Buildings and structures	5,511	(14,889)
Plant and equipment	5,074	(56,599)
Transport infrastructure	1,126,382	2,220,061
Stormwater drainage	4,732	(30,690)
Wastewater infrastructure	9,364	(68,979)
Water infrastructure	63,400	(17,871)
	<u>1,214,463</u>	<u>2,031,033</u>

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

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(e) 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
 - Buildings and structures
 - Transport infrastructure
 - 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 the statement of comprehensive income when incurred. The fair value of borrowings disclosed in Note 22 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 land assets measured at fair value on a non-recurring basis as a result of being classified as assets held for sale. 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 (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.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

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			
		2024	2023	2024	2023	2024	2023
		\$	\$	\$	\$		\$
<i>Recurring fair value measurements</i>							
Investment property	15						
- Land		11,276,494	10,265,939	2,674,032	556,600	13,950,526	10,822,539
- Rental property		6,328,221	5,149,615	-	-	6,328,221	5,149,615
Land	16	12,330,358	11,699,699	62,750,422	58,726,954	75,080,780	70,426,653
Buildings and structures	16						
- Market Value		2,553,281	2,450,000	-	-	2,553,281	2,450,000
- Specialised		-	-	227,622,889	211,469,621	227,622,889	211,469,621
Transport infrastructure	16	-	-	1,467,274,358	1,333,436,137	1,467,274,358	1,333,436,137
Stormwater drainage	16	-	-	377,265,252	293,458,215	377,265,252	293,458,215
Wastewater infrastructure	16	-	-	405,016,374	384,101,544	405,016,374	384,101,544
Water infrastructure	16	-	-	356,494,898	339,744,650	356,494,898	339,744,650
		32,488,354	29,565,253	2,899,098,225	2,621,493,721	2,931,586,579	2,651,058,974
<i>Non-recurring fair value measurements</i>							
Land held for sale		99,510	99,510	-	-	99,510	99,510
		99,510	99,510	-	-	99,510	99,510

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 - (level 2 and 3)

Land fair values were determined by independent and qualified Valuers, Marsh Pty Ltd (previously known as AssetVal Pty Ltd) based on a comprehensive revaluation effective 30 June 2023. Where an observable market for Council's land assets could be identified, fair value was measured by way of a Market Approach (level 2), utilising sale prices of comparable properties after adjusting for differences in key attributes of the property, such as size. Where a significant adjustment was required between the sales prices of comparable properties, fair value was measured by way of a Market Approach (level 3). All land assets were assessed under a Market Approach as either level 2 or level 3. For 2024 financial year Marsh Pty Ltd determined that there was a 7.0% increase.

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 upwards using 7.00% 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 as described above.

Buildings and structures (level 2 and 3)

A comprehensive valuation assessment of Council's buildings and structures was performed by Marsh Pty Ltd (previously known as AssetVal Pty Ltd) effective 30 June 2023. The revaluation of assets was assessed using either a direct comparison approach (a level 2 assessment) or the cost approach (gross value) which is a level 3 assessment. A desktop revaluation was undertaken by Marsh Pty Ltd at 30 June 2024, which resulted in indices of 5.89% applied to buildings and 2.50% for other structures.

Buildings and structures (level 3) were assessed by analysing data derived from Rawlinsons Australia Construction Handbook, 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 buildings are 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 5.89% 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 gross value 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.

The gross value 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.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

17 Fair value measurements (Cont'd)

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

Transport infrastructure

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

The transport infrastructure 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 2024 financial year APV determined that there was an average increase in indices of 6.69%.

Indices were not applied to sealed roads' pavement short life components or sealed roads' surface components, due to an internal review of Council's unit rates. The review resulted in an average increase in unit rates to these components of 9.17% and these were applied as part of the desktop revaluation at 30 June 2024.

Stormwater drainage

The stormwater drainage fair values were determined by independent and qualified valuers, APV, based on a comprehensive revaluation effective 30 June 2024.

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.

Water and wastewater infrastructure

Water and wastewater active infrastructure assets were comprehensively revalued by independent and qualified valuers, APV, 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. The gross value was calculated by reference to asset linear and area specifications, or lump sum estimated labour and material inputs, service costs and overhead allocations. For the 2024 financial year, APV determined that there was an average increase in indices of 8.90% in wastewater active assets and 8.88% for water active assets.

A comprehensive valuation of water and wastewater passive assets was undertaken by Stantec effective 30 June 2020. Visual inspections were undertaken on a sample of sewer manholes and an engineer reviewed existing CCTV footage of the sewer gravity mains. For the 2024 financial year, Stantec determined that there was an increase in indices of 4.60% for water and wastewater passive assets.

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

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

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.

Intangible assets are assessed for indicators of impairment annually.

For the year ended 30 June 2024

Basis of measurement

Asset values

Opening gross carrying value as at 1 July 2023

Write off of intangibles

Assets not previously recognised/(derecognised)

Closing gross carrying value as at 30 June 2024

Accumulated amortisation

Opening balance as at 1 July 2023

Amortisation in the period

Impairment loss

Amortisation on disposals

Closing accumulated amortisation as at 30 June 2024

Total intangible assets at 30 June 2024

Computer software	Water allocations	Total
Cost	Cost	
\$	\$	\$
2,375,952	4,885,202	7,261,154
-	-	-
-	-	-
2,375,952	4,885,202	7,261,154
1,940,786	-	1,940,786
29,567	-	29,567
93,367	-	93,367
-	-	-
2,063,720	-	2,063,720
312,232	4,885,202	5,197,434

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

Water allocations were tested for impairment at the end of the financial year. No impairment was identified for 2023/24.

Computer software was tested for impairment in the current year, with one asset identified, due to its intended replacement in 2024/25.

For the year ended 30 June 2023

Basis of measurement

Asset values

Opening gross carrying value as at 1 July 2022

Write off of intangibles

Assets not previously recognised/(derecognised)

Closing gross carrying value as at 30 June 2023

Accumulated amortisation

Opening balance as at 1 July 2022

Amortisation in the period

Impairment loss

Amortisation on disposals

Closing accumulated amortisation as at 30 June 2023

Total intangible assets at 30 June 2023

Computer software	Water allocations	Total
Cost	Cost	
\$	\$	\$
2,408,092	4,915,202	7,323,294
(32,140)	-	(32,140)
-	(30,000)	(30,000)
2,375,952	4,885,202	7,261,154
1,816,584	-	1,816,584
156,342	-	156,342
-	-	-
(32,140)	-	(32,140)
1,940,786	-	1,940,786
435,166	4,885,202	5,320,368

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24 \$	30-Jun-23 \$
19 Contract balances		
(a) Contract assets	<u>1,863,843</u>	<u>1,631,142</u>
(b) Contract liabilities		
Funds received upfront to construct Council controlled assets	4,809,973	5,139,569
Non-capital performance obligations (including deposits received in advance)	<u>4,722,174</u>	<u>6,014,837</u>
Current contract liabilities	<u>9,532,147</u>	<u>11,154,406</u>
Non-capital performance obligations (including deposits received in advance)	5,147,163	8,231,571
Non-current contract liabilities	<u>5,147,163</u>	<u>8,231,571</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Funds to construct Council controlled assets	3,367,600	9,050,211
Deposits received in advance of services provided	<u>6,010,567</u>	<u>4,739,993</u>
	<u>9,378,167</u>	<u>13,790,204</u>
(c) Satisfaction of contract liabilities		
Council expects to recognise the contract liabilities stated above as income as follows -		
Not later than one year	9,532,147	11,154,406
Between one and two years	2,720,303	3,168,400
Between two and three years	2,426,860	2,720,303
Between three and four years	-	2,342,868
	<u>14,679,310</u>	<u>19,385,977</u>

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

(d) Significant changes in contract balances

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

Significant changes in contract liabilities include -

- Deposits received in advance of services provided - All operating grant revenue received in 2023/24 was recognised as income on receipt of cash, so no contract liability was recorded. Also, there was an unwinding of waste levy advances received in prior years.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

20 Leases

Council as lessee

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 and depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the non-current asset impairment accounting policy.

(a) Exceptions to lease accounting

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

(b) Terms and conditions of leases

Land

Council has one lease of recreational land from the Department of Resources, with a remaining term of 1 year. This lease does not contain an extension option. Lease payments are reviewed annually based on provisions of the *Land Act 1994*, which is generally based on a percentage of the average land value over a period of time.

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

Buildings

Council has leases over two buildings which are used for office space and storage. The remaining lease terms range from 2 to 10 years. All leases contain renewal options, which are deemed reasonably certain to be exercised at Council's discretion. One lease is subject to annual CPI increases, the other is subject to fixed annual increases.

(c) Right-of-use assets

	Buildings \$	Land \$	Total \$
Opening balance as at 1 July 2023	3,380,098	1,206,809	4,586,907
Opening balance adjustment	-	-	-
Additions to right-of-use assets	39,926	-	39,926
Adjustments to right-of-use assets due to re-measurement of lease liability	5,691	39,286	44,977
Depreciation charge	(333,291)	(89,838)	(423,129)
Balance at 30 June 2024	3,092,424	1,156,257	4,248,681

	Buildings \$	Land \$	Total \$
Opening balance as at 1 July 2022	4,075,417	1,251,236	5,326,653
Opening balance adjustment	83,491	-	83,491
Additions to right-of-use assets	99,077	-	99,077
Adjustments to right-of-use assets due to re-measurement of lease liability	(508,206)	42,193	(466,013)
Depreciation charge	(369,681)	(86,620)	(456,301)
Balance at 30 June 2023	3,380,098	1,206,809	4,586,907

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 undiscounted 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
	\$	\$	\$	\$	\$
2024	551,256	1,924,629	2,942,026	5,417,911	4,666,864
2023	519,128	1,934,781	3,412,281	5,866,190	4,909,776
				30-Jun-24	30-Jun-23
				\$	\$
Opening balance				4,909,776	5,652,444
Additions to right-of-use assets				39,926	99,077
Reassessments during the year				44,977	(466,012)
Repayments made on leases during the year				(327,815)	(367,155)
Gain on derecognition of right-of-use asset				-	(8,578)
Closing balance				4,666,864	4,909,776

(e) Liabilities not recognised - extension options

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

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

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

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

The leases have remaining terms between 1 and 23 years and require payments between \$1 and \$1,330 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.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

20 Leases (Cont'd)

Council as lessor

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

(h) Operating leases

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

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

	30-Jun-24	30-Jun-23
	\$	\$
(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	842,365	858,188
Between one and two years	569,018	792,422
Between two and three years	382,236	530,297
Between three and four years	175,938	353,504
Between four and five years	105,800	110,384
Later than five years	640,551	685,412
	<u>2,715,908</u>	<u>3,330,207</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	246,031	279,679
Between one and two years	83,855	239,127
Between two and three years	86,371	83,855
Between three and four years	79,202	86,371
Between four and five years	-	79,202
	<u>495,459</u>	<u>768,234</u>

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
21 Payables		
<u>Trade payables</u>		
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.		
<u>Annual leave</u>		
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 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, 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.		
<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	26,869,707	20,436,455
Prepaid rates	12,146,178	11,366,310
Annual leave	6,924,738	6,408,906
Wages and other employee entitlements	3,030,869	2,800,394
	<u>48,971,492</u>	<u>41,012,065</u>

22 Borrowings

No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary between 15 September 2024 and 15 March 2044. There have been no defaults or breaches of the loan agreement during the period.

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

Current		
Loans - QTC	<u>7,719,053</u>	<u>8,059,630</u>
Non-current		
Loans - QTC	<u>106,309,153</u>	<u>83,818,471</u>

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
22 Borrowings (Cont'd)		
Reconciliation of loan movements for the year		
Opening balance	91,878,101	99,752,861
Loans raised (cash)	30,000,000	-
Principal repayments (cash)	(7,909,373)	(7,858,485)
Movement in interest payable (non-cash)	59,478	(16,275)
Balance at end of financial year	<u>114,028,206</u>	<u>91,878,101</u>

The QTC loan market value for all loans at the reporting date was \$107,031,528 (\$85,655,271 in 2022/23). This represents the value of the debt if Council repaid it at 30 June 2024. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

Financing facilities are limited by the requirement to obtain State Government approval for all loan applications. No assets have been pledged as security by the council for any liabilities. However, all loans are guaranteed by the Queensland Government. There have been no defaults or breaches of the loan agreement during the 2024 or 2023 financial years.

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, including related employee on-costs, is calculated using current pay rates, EBA increases (if applicable) and forecast CPI, which is then discounted to present values using Commonwealth Bond Yields.

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

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

Restoration provisions

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

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

The provision is calculated as the projected future costs of the required work, based on increases in CPI and discounted to current day values using an appropriate rate. QTC's lending rates are considered an appropriate discount rate.

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
23 Provisions (Cont'd)			
<u>Restoration provisions (Cont'd)</u>			
<i>Restoration on land not controlled by Council</i>			
Where the restoration site is on State reserves which Council does not control, the cost of the provision for restoration of these sites is treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the passing of time are treated as capital income or capital expense.			
<i>Restoration on land controlled by Council</i>			
Where the restoration site is on Council controlled land, changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation surplus, for buildings and structures. If there is no available asset revaluation surplus, then any increase in the provision is processed as an expense. Any future decreases in provision will then be recovered against this expense.			
Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.			
Current			
Landfill restoration		170,000	2,150,000
Long service leave		13,366,652	13,002,217
		<u>13,536,652</u>	<u>15,152,217</u>
Non-current			
Landfill restoration		23,445,209	21,649,211
Long service leave		1,204,701	1,160,628
		<u>24,649,910</u>	<u>22,809,839</u>
Details of movement in land restoration provision:			
Opening balance		23,799,211	22,802,986
Increase in provision - finance cost due to change in time	9	1,076,173	747,878
Increase/(decrease) in provision - change in discount rate		(406,438)	(1,284,822)
Decrease in provision - actual restoration expenditure		(1,085,904)	-
Increase/(decrease) in estimate of future cost		232,167	1,533,169
Balance at end of financial year		<u>23,615,209</u>	<u>23,799,211</u>

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
24 Asset revaluation surplus		
The asset revaluation surplus comprises revaluation movements on property, plant and equipment.		
(a) Movements in the asset revaluation surplus were as follows:		
Opening balance	972,987,695	795,189,252
Movement in property, plant and equipment	247,944,821	178,021,735
Movement in restoration provision	(81,989)	(223,292)
Balance at end of financial year	<u>1,220,850,527</u>	<u>972,987,695</u>

(b) Asset revaluation surplus analysis

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

Buildings and structures	73,178,605	62,948,964
Transport infrastructure	572,325,210	449,226,400
Stormwater drainage	171,557,197	98,991,833
Wastewater infrastructure	191,187,601	168,667,744
Water infrastructure	212,601,914	193,152,754
	<u>1,220,850,527</u>	<u>972,987,695</u>

25 Commitments for expenditure

Capital commitments

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

Buildings and structures	28,615,156	66,770,046
Plant and equipment	3,530,680	16,041,077
Transport infrastructure	8,578,007	5,405,321
Stormwater drainage	2,257,691	3,123,184
Wastewater infrastructure	8,440,627	4,574,729
Water infrastructure	1,125,023	3,695,480
	<u>52,547,184</u>	<u>99,609,837</u>

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
26 Contingent liabilities		
Details and estimates of maximum amounts of contingent liabilities are as follows:		
<u>Claims</u>		
Council is a defendant in a number of claims that arise as a result of the operations of Council. Council is of the opinion that the claims can be successfully defended and that no costs in excess of the recorded accruals will result. Information in respect of individual claims has not been disclosed in accordance with <i>AASB 137 Provisions, Contingent Liabilities and Contingent Assets</i> on the basis that Council considers such disclosures would seriously prejudice the outcome of the claims.		
<u>Landfills</u>		
Council has a number of operational and closed landfills throughout the region. Obligations for future remediation are determined annually, with the nature and extent of work required dependent on a condition assessment of the land and any proposed use of that land. The future use of the land has not yet been determined for closed landfills. Council has yet to make a formal determination on the closure of smaller operational landfills and has deferred a decision on the remediation of part of the University Drive Landfill. As a consequence, Council is unable to reliably estimate potential rehabilitation costs for these sites. A provision for restoration costs for larger operational landfills has been disclosed in Note 23.		
<u>Local Government Mutual</u>		
Council is a member of the Local Government Mutual liability self-insurance pool, Queensland Local Government Mutual Liability Pool. In the event of the scheme being wound up, or if it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual scheme members in the same proportion as their contribution is to the total scheme contributions, in respect to any year that a deficit arises. As at June 2024 the financial statements reported an accumulated surplus and it is not anticipated that any liability will arise.		
<u>Local Government Workcare</u>		
Council is a member of the Local Government Self-Insurance Scheme, Local Government Workcare. Under this scheme Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled because of insufficient funds being available to cover outstanding liabilities. Only Local Government Workcare may call on any part of the guarantee should the above circumstances arise.		
Council's maximum exposure is:	<u>3,609,511</u>	<u>3,076,548</u>

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

		30-Jun-24	30-Jun-23
	Note	\$	\$
27 Superannuation			
<p>Council contributes to the LGIASuper Regional Defined Benefits Fund (the scheme), at the rate of 12% for each permanent employee who is a defined benefit member. This rate is set in accordance with the LGIASuper trust deed and may be varied on the advice of an actuary. The Regional Defined Benefits Fund is a complying superannuation scheme for the purpose of the Commonwealth <i>Superannuation Industry (Supervision) Act 1993</i> and is also governed by the <i>Local Government Act 2009</i>. The scheme is managed by the LGIASuper trustee, trading as Brighter Super.</p> <p>The scheme is a pooled defined benefit plan and it is not in accordance with the deed to allocate obligations, plan assets and costs at a Council level.</p> <p>Any amount by which the scheme is over or under funded may affect future contribution rate obligations, but has not been recognised as an asset or liability of Council.</p> <p>Technically, Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed, changes to Council's obligations will only be made on the advice of an actuary.</p> <p>The last completed actuarial assessment of the scheme as required under <i>Superannuation Prudential Standard 160</i> was undertaken as at 1 July 2021. The actuary indicated that "At the valuation date of 1 July 2021, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of the benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.</p> <p>No changes have been made to prescribed employer contributions which remain at 12% of employee salary or wages and there are no known requirements to change the rate of contributions.</p> <p>The next triennial actuarial review is not due until 1 July 2024.</p> <p>The most significant risks that may result in LGIASuper increasing the contribution rate, on the advice of the actuary, are:</p> <ul style="list-style-type: none">- Investment risk: The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.- Salary growth risk: The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.			
Superannuation contributions made to the Regional Defined Benefits Fund		365,974	401,622
Other superannuation contributions		9,257,104	8,288,166
Total superannuation contributions paid by Council:	7	<u>9,623,078</u>	<u>8,689,788</u>

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	30-Jun-24 \$	30-Jun-23 \$
28 Trust funds			
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities:		7,163,437	6,436,104
Council performs only a custodial role in respect of these monies and because the monies cannot be used by Council, they are not brought to account in these financial statements.			
29 Reconciliation of net result for the year to net cash inflow from operating activities			
Net result		36,128,051	42,640,702
Non-cash operating items:			
Depreciation of property plant and equipment	16(a)	61,829,333	55,479,318
Depreciation of right-of-use assets	20(c)	423,129	456,301
Amortisation of intangible assets	18	29,567	156,342
Change in restoration provision to finance costs	9	1,076,173	747,878
Revaluation of investment property	6	(4,713,699)	(89,620)
Revaluation of land	6	(4,911,827)	(4,778,202)
Current cost of developed land sold	13(b)	517,110	15,479
		54,249,786	51,987,496
Investing and financing activities:			
Change in restoration provision		(1,342,164)	25,055
Capital grants, subsidies, other contributions and donations	3(d)	(48,219,809)	(40,739,862)
Loss on disposal and write off of non-current assets	10	7,172,553	4,769,319
Impairment of assets	10	117,191	-
Profit on sale of non-current assets held for sale	6	-	(708,176)
Compensation for assets written off	6	(140,174)	(248,831)
Gain on derecognition of right-of-use asset	6	-	(8,578)
		(42,412,403)	(36,911,073)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables		(700,658)	(374,281)
(Increase)/decrease in other assets		(892,724)	(1,545,093)
(Increase)/decrease in contract assets		22,166	(17,164)
(Increase)/decrease in inventories		(657,744)	(286,213)
Increase/(decrease) in payables		1,391,487	3,799,472
Increase/(decrease) in contract liabilities		(4,377,071)	171,215
Increase/(decrease) in long service leave provision		408,508	563,588
		(4,806,036)	2,311,524
Net cash inflow from operating activities		43,159,398	60,028,649

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

30 Events after the reporting period

In September 2024, Council announced its intention to undertake a significant restructuring of the organisation in the 2024/25 financial year. Implementation of the restructure is expected to commence in October 2024. No provision has been made in the current year statements for this restructure.

There is no evidence at this stage of any impairment of assets as a result of the proposed restructure.

31 Financial instruments and financial risk management

(a) Financial assets and financial liabilities

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

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

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

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

Credit risk

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

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

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

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

Further details on credit losses are disclosed in Note 12.

Liquidity risk

Liquidity risk refers to the risk that Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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 and ensuring its leverage ratio is within the target range.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

31 Financial instruments and financial risk management (Cont'd)

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

The following table sets out the liquidity risk of financial liabilities (excluding lease liabilities) held by Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year \$	1 to 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
2024					
Trade and other payables	48,971,492	-	-	48,971,492	48,971,492
Loans - QTC	12,298,249	42,484,749	103,013,095	157,796,093	114,028,206
	<u>61,269,741</u>	<u>42,484,749</u>	<u>103,013,095</u>	<u>206,767,585</u>	<u>162,999,698</u>
2023					
Trade and other payables	41,012,065	-	-	41,012,065	41,012,065
Loans - QTC	11,446,070	34,542,734	73,970,953	119,959,757	91,878,101
	<u>52,458,135</u>	<u>34,542,734</u>	<u>73,970,953</u>	<u>160,971,822</u>	<u>132,890,166</u>

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 investments with QTC and other financial institutions.

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

31 Financial instruments and financial risk management (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 depicts what effect a reasonably possible change in interest rates of 1% would have on the profit and equity, based on the carrying values at the end of the reporting period. 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.

	Net carrying amount		Profit		Equity	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Term Deposits	121,000,000	165,000,000	1,210,000	1,650,000	1,210,000	1,650,000
Other Cash	43,039,412	38,536,920	430,394	385,369	430,394	385,369
	<u>164,039,412</u>	<u>203,536,920</u>	<u>1,640,394</u>	<u>2,035,369</u>	<u>1,640,394</u>	<u>2,035,369</u>

(b) Fair value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. QTC applies a book rate approach in the management of debt and interest rate risk to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method. The fair value of Council borrowings are disclosed in Note 22.

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

	30-Jun-24	30-Jun-23
	\$	\$
32 Transactions with related parties		
(a) Key management personnel (KMP) compensation		
KMP include the Mayor, Councillors, Councillor Advisor, Chief Executive Officer and members of the Executive Leadership Team.		
The compensation paid to KMP comprises:		
Short-term benefits	4,003,748	3,593,199
Long-term benefits	80,564	85,466
Post-employment benefits	406,640	369,247
Termination benefits	392,848	-
	<u>4,883,800</u>	<u>4,047,912</u>

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

(b) Transactions with other related parties

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

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

Purchase of materials and services	<u>68,217</u>	<u>50,926</u>
------------------------------------	---------------	---------------

An entity controlled by Councillor Tracey McPhee and another controlled by a close family member of Councillor Tracey McPhee supplied materials and services to Council. All of these transactions occurred through an arm's length process and under normal terms and conditions.

Council employs 907 full time equivalent staff. Five staff are close family members of KMP with their remuneration totalling \$411,566, which represents less than 1% of employee benefits. All close family members of KMP were employed through an arm's length process. They are paid in accordance with the relevant industrial award and Council's enterprise bargaining agreement or separate employment contract.

(c) Outstanding balances

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

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

(d) Loans and guarantees to/from related parties

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

(e) Commitments to/from other related parties

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

33 National competition policy

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

Council has applied the CCC to the following activities:

- Water and wastewater
- Waste management
- Holiday parks
- Airport operations

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

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

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

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

Financial performance of activities subject to competition reforms:

	Water 2024 \$	Wastewater 2024 \$	Waste Management 2024 \$	Council Holiday Parks 2024 \$	Bundaberg Airport 2024 \$
Revenue for services provided to Council	1,816,340	574,383	324,769	-	-
Revenue for services provided to external clients	35,192,825	35,942,542	26,747,273	4,091,624	5,144,724
Community service obligations	908,712	580,092	773,653	-	975,253
	37,917,877	37,097,017	27,845,695	4,091,624	6,119,977
Less: Expenditure	(27,239,988)	(23,793,730)	(25,836,932)	(3,036,502)	(4,217,397)
Surplus/(deficiency)	10,677,889	13,303,287	2,008,763	1,055,122	1,902,580

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

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

33 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	\$349,593
	Internal bulk water provisions	\$61,718
	Water leak relief	\$133,486
	Infrastructure charges concessions	\$346,992
	Concessions to community organisations	\$16,923
Wastewater	Pedestal discounts for community and aged care facilities	\$152,246
	Pedestal discounts for not-for-profit sporting clubs	\$68,748
	Infrastructure charges concessions	\$341,866
	Concessions to community organisations	\$17,232
Waste Management	Provision of domestic waste vouchers	\$341,818
	Provision of bins and waste disposal for community events	\$17,873
	Charity bin residuals and in-kind assistance	\$84,407
	Concessions to community organisations	\$19,757
	Domestic general waste - free disposal weekend	\$76,442
Bundaberg Airport	Domestic green waste - free disposal	\$233,356
	Access agreement	\$975,253

Notes to the FINANCIAL STATEMENTS

For the year ended 30 June 2024

Management Certificate For the year ended 30 June 2024

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.

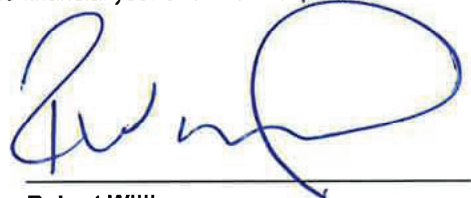
In accordance with Section 212(5) of the Regulation we certify that:

- (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.



Helen Blackburn
Mayor

Date: 3 / 10 / 2024



Robert Williams
Chief Executive Officer

Date: 3 / 10 / 24

Independent Auditor's Report – Financial Statements

For the year ended 30 June 2024



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.

The financial report comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the certificate given by the Mayor and Chief Executive Officer.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2024, and of its financial performance for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

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 (including Independence Standards)* (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

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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 2024 was the current year financial sustainability statement, current year financial sustainability statement - contextual ratios and long-term financial sustainability statement and annual report.

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



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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2024:

- 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.

Independent Auditor's Report cont'd



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 blue ink that reads "Lisa Fraser".

Lisa Fraser
as delegate of the Auditor-General

4 October 2024

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement

For the year ended 30 June 2024

Note 1 - Basis of preparation

The current year financial sustainability statement is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the six reported measures are prepared on an accrual basis and are drawn from Council's general purpose financial statements for the year ended 30 June 2024.

Measures of Financial Sustainability

Council's performance at 30 June 2024 against key financial ratios and targets:

Type	Measure	Target (Tier 3)	Actual Current Year	5-Year Average	Council Narrative
Audited ratios					
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 3 months	9.2 months	N/A	Cash coverage is currently sound.
Operating Performance	Operating Surplus Ratio	Greater than 0%	-6.2%	1.3%	Result is lower than anticipated. Contributing factors include the timing of the Financial Assistance Grant, increase in depreciation as a result of increased asset values and general market inflation impacting goods, services and labour costs.
	Operating Cash Ratio	Greater than 0%	22.5%	28.1%	This year's result remains positive, although reduced slightly from the average due to an increase in costs across the business.
Asset Management	Asset Sustainability Ratio	Greater than 80%	45.9%	48.8%	Asset condition profile indicates that significant renewal investment isn't required at the present time and the proposed renewal program hasn't been fully delivered this year. Council is reviewing its asset management plans and undertakes recurring condition assessments to inform appropriate renewal investment programs.
	Asset Consumption Ratio	Greater than 60%	69.0%	69.8%	Result continues to be positive, indicating the useful lives of Council's assets are appropriate and assets are being replaced and maintained to appropriate standards.
Debt Servicing Capacity	Leverage Ratio	0 to 3 times	2.2 times	1.6 times	Borrowing capacity contracted with new borrowings being sought during the financial year. The ratio remains in the target range indicating Council's ability to service its debt.


Current Year Financial Sustainability Statement

For the year ended 30 June 2024

Certificate of Accuracy For the year ended 30 June 2024

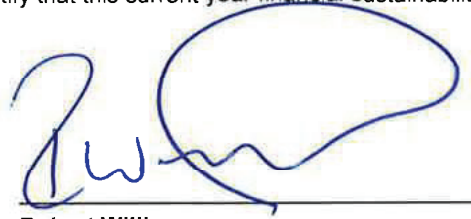
This current year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012*.

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



Helen Blackburn
Mayor

Date: 3 / 10 / 2024



Robert Williams
Chief Executive Officer

Date: 3 / 10 / 24

Independent Auditor's Report – Current Year Financial Sustainability Statement

For the year ended 30 June 2024



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 2024, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with s.212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Bundaberg Regional Council for the year ended 30 June 2024 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 (including Independence Standards)* (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 2024 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

The councillors are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial sustainability statement and our auditor's report thereon.

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 2024 was the general purpose financial statements, current year financial sustainability statement – contextual ratios, and the long-term financial sustainability statement and annual report.

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



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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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



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

A handwritten signature in blue ink that reads "Lisa Fraser".

4 October 2024

Lisa Fraser
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Unaudited Current Year Financial Sustainability Statement – Contextual Ratios

For the year ended 30 June 2024

Note 1 - Basis of preparation

The current year financial sustainability statement - contextual ratios is prepared in accordance with the requirements of the *Local Government Regulation 2012* and the Financial Management (Sustainability) Guideline 2024. The amounts used to calculate the two reported measures are prepared on an accrual basis and are drawn from Council's general purpose financial statements for the year ended 30 June 2024.

Measures of Financial Sustainability

Council's performance at 30 June 2024 against key financial ratios and targets:

Type	Measure	Target (Tier 3)	Actual Current Year	5-Year Average	Council Narrative
Contextual ratios (unaudited)					
Financial Capacity	Council-Controlled Revenue	N/A	89.5%	87.9%	Result continues to be high, indicating that Council has control over its operational results and is not reliant on potentially unstable revenue streams.
	Population Growth	N/A	2.0%	1.8%	Growth continues to be strong, with interstate migration post COVID-19 the main factor.

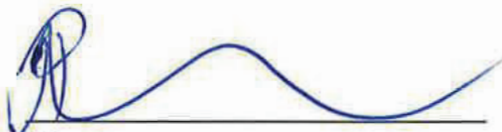
Current Year Financial Sustainability Statement – Contextual Ratios

For the year ended 30 June 2024

Certificate of Accuracy For the year ended 30 June 2024

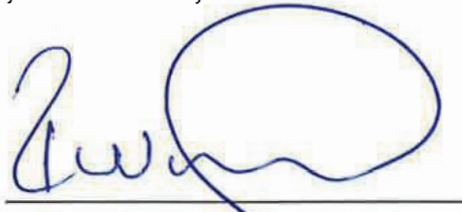
This current year financial sustainability statement - contextual ratios has been prepared pursuant to Section 178 of the *Local Government Regulation 2012*.

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



Helen Blackburn
Mayor

Date: 8, 10, 2024



Robert Williams
Chief Executive Officer

Date: 3, 10, 24

Unaudited Long Term Financial Sustainability Statement

For the year ended 30 June 2024

Measures of Financial Sustainability

Type	Measure	Target (Tier 3)	Actuals as at 30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	30 June 2031	30 June 2032	30 June 2033
Financial Capacity	Council-Controlled Revenue	N/A	89.5%	88.2%	92.9%	93.4%	93.7%	93.9%	93.9%	94.0%	94.0%	93.9%
	Population Growth	N/A	2.0%	1.0%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Asset Management	Asset Renewal Funding Ratio	N/A	N/A	100%								
Operating Performance	Operating Surplus Ratio	Greater than 0%	-6.2%	-4.8%	-8.1%	-7.1%	-6.7%	-6.2%	-5.2%	-4.6%	-3.1%	-2.0%
	Operating Cash Ratio	Greater than 0%	22.5%	26.6%	24.8%	25.8%	26.6%	27.3%	28.3%	29.1%	29.6%	30.5%
Liquidity	Unrestricted Cash Expense Cover Ratio	Greater than 3 months	9.2 months	5.3 months	3.5 months	2.1 months	1.5 months	1.6 months	1.3 months	1.2 months	2.2 months	3.5 months
Asset Management	Asset Sustainability Ratio	Greater than 80%	45.9%	66.0%	69.7%	70.8%	67.6%	53.4%	58.3%	51.7%	45.1%	42.5%
	Asset Consumption Ratio	Greater than 60%	69.0%	68.5%	68.3%	68.0%	67.7%	67.3%	66.9%	66.5%	66.0%	65.5%
Debt Servicing Capacity	Leverage Ratio	0 to 3 times	2.2 times	1.7 times	1.7 times	1.7 times	1.7 times	1.7 times	1.6 times	1.4 times	1.2 times	1.1 times

Unaudited Long-Term Financial Sustainability Statement

For the year ended 30 June 2024

Financial Management Strategy

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

- Pursuing spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden.
- Proactively support and encourage community engagement and collaboration.
- Establishing Fees and Charges on a full cost recovery basis where practical and apply the 'user pays' principle where applicable.
- Ensuring that the delivery of projects meets the objectives of the asset management strategy.
- Providing a transparent account of Council's financial position.
- Utilising debt as a means of funding long-term assets, ensuring intergenerational equity so that the financial burden does not adversely affect current or future ratepayers.
- Sufficient annual operational surpluses are achieved to fund future capital programs.
- Performing periodical reviews of services, and level of services, as well as identifying and disposing of assets no longer fit for purpose or surplus to requirements.
- Generating organisational efficiencies through innovation, service delivery improvement and reviewing the priority of and need for discretionary operational projects.

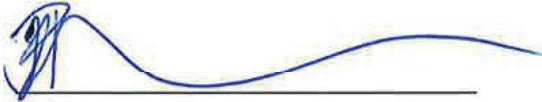
Long-Term Financial Sustainability Statement – Certificate of Accuracy

For the year ended 30 June 2024

Certificate of Accuracy For the year ended 30 June 2024

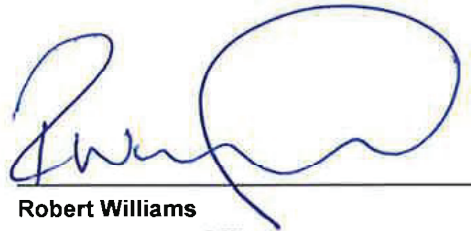
This long term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012*.

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



Helen Blackburn
Mayor

Date: 3, 10, 2024



Robert Williams
Chief Executive Officer

Date: 3, 10, 24,

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 28 May 2024. The policy is underpinned by our procedures, including the Administrative Action Complaints (AAC) Procedure. Information is published on Council's website about Council's policy and complaints processes bundaberg.qld.gov.au/complaints-disclosures.

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 complaints framework continues to be undertaken, with information and guidance provided to sections of Council with high complaint demand, to further develop a consistent approach in the way Council receives and responds to complaints. As required by section 187(2) of the *Local Government Regulation 2012* the table below provides a summary of AAC outcomes for 2023/24.

Table 4.1

Item	No.
Number of AACs made to Council in 2023/24	237
Number of AACs resolved under the complaints management process in 2023/24	194
Number of AACs not resolved under the complaints management process in 2023/24	6
Number of AACs not resolved in 2023/24 that were made in 2022/23	0

Council's complaint figures include parking infringement waiver requests. AACs are processed within the timeframes outlined in Council's procedure, and on average responses were provided to complainants within three business days for infringement waivers, and 24 business days for other complaints or internal reviews.

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

4.2 Beneficial enterprises

In accordance with section 41 of the *Local Government Act 2009*, Council did not conduct any beneficial enterprises during the reporting period.

4.3 Significant business activities

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

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

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

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

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

Waste Management trialled a Food Organics and Garden Organics (FOGO) collection in 2023/24 as part of its Waste Reduction and Recycling Plan. Bundaberg Regional Council's household organics collection service trial received funding from the Queensland Government's Recycling and Jobs Plan.

4.4 Commercial business unit

A commercial business unit is defined in the *Local Government Regulation 2012* as a business unit that conducts business in accordance with the key principles of commercialisation which includes clarity of objectives, management autonomy and authority, accountability for performance and competitive neutrality.

No commercial business units were conducted by Council in 2023/24.

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 2023/24.

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, adjusting for any advantages and disadvantages of public sector ownership.

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

4.7 Particular resolutions

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

Adoption of an expenses reimbursement policy

Council adopted version 5 of the Councillor Expenses Reimbursement and Provision of Facilities Policy (CP-3-038) on 28 May 2024. 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 one invitation to change a tender pursuant to section 228(8) of the *Local Government Regulation 2012* during the 2023/24 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 2023/24

Table 4.2

Type of concession	Assistance provided
Council pensioner rates concessions	\$3,511,949
Rates concessions to community organisations	\$650,259
Water leak relief	\$133,486
Total	\$4,295,694

Analysis of concessions provided to community organisations

Table 4.3

Type of concession	Assistance provided
Reduced rates and charges to community organisations*	\$79,715
Free water consumption allocation to unlicensed sporting bodies	\$74,343
Benefit from only charging water access charges to unlicensed sporting bodies for largest meter	\$275,251
50% reduction in sewerage charges for unlicensed/community other licenced sporting bodies	\$68,705
30% reduction in sewerage charges to community organisations	\$152,246
Total	\$650,260

* Refer to table below

Table 4.4

No.	Type of organisation	Annual Rates Levied	Assistance Provided	Average assistance per organisation
18	Halls	\$51,724	\$26,616	\$1,479
6	Kindergartens	\$26,125	\$10,058	\$1,676
4	Surf Lifesaving Clubs	\$18,681	\$17,232	\$4,308
18	Rural Fire Brigades	\$11,520	\$11,045	\$614
10	Community organisations	\$49,117	\$14,764	\$1,476
56	Total	\$157,167	\$79,715	\$1,423

9.2. Council Policy Review - Part 2

Cr MBE Mitchell presented the report; and moved:-

That Council:

1. Rescind the following policies

- Advertising Spending Policy (CP-3-006), version 3.2
- Bundaberg Regional Aviation and Aerospace Precinct Land Use Policy (CP-3-054), version 1.2
- Community Engagement Policy (CP-3-014), version 3.2
- Complaints Management Policy (CP-3-028), version 2.3
- Council Vehicle Usage Policy (CP-3-017), version 4
- Councillor Expenses Reimbursement and Provision of Facilities Policy (CP-3-038), version 4.2
- Entertainment and Hospitality Policy (CP-3-022), version 2.2
- Equal Employment Opportunity Policy (CP-3-024), version 2.1
- Internal Audit Policy (CP-3-029), version 3.1
- Media Relations Policy (CP-3-009), version 4.2
- Recordkeeping Policy (CP-3-037), version 4.3
- Related Party Disclosures Policy (CP-3-039), version 3.2
- Trade Waste Policy (CP-3-041), version 2
- Water Leak Relief Policy (CP-3-042), version 3.1

2. Adopt the following policies/ procedures:

- Advertising Spending Policy (CP-3-006), version 4
- Bundaberg Regional Aviation and Aerospace Precinct Land Use Policy (CP-3-054), version 2
- Community Engagement Policy (CP-3-014), version 4
- Complaints Management Policy (CP-3-028), version 3
- Administrative Action Complaints Procedure (PD-7-350), version 1
- Council Vehicle Usage Policy (CP-3-017), version 5
- Councillor Expenses Reimbursement and Provision of Facilities Policy (CP-3-038), version 5
- Entertainment and Hospitality Policy (CP-3-022), version 3
- Equal Employment Opportunity Policy (CP-3-024), version 3
- Internal Audit Policy (CP-3-029), version 4
- Media Relations Policy (CP-3-009), version 5
- Recordkeeping Policy (CP-3-037), version 5
- Related Party Disclosures Policy (CP-3-039), version 4
- Trade Waste Policy (CP-3-041), version 3
- Water Leak Relief Policy (CP-3-042), version 4

Seconded by Cr CE McEneaney.

The motion was put - and carried unanimously.

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	\$87,367
LifeFlight Australia	\$50,000
Micro Grants	\$19,368
Other Sport Sponsorships	\$47,500
Partnerships and Sponsorships Program	\$75,234
Regional Arts Development Fund*	\$30,638
Special Events Grants	\$13,989
Sport Championship Funding Program	\$16,870
Young People In Sport	\$3,600
Total	\$344,566
Other Donations	
Defib Hero Community Activation Program	\$4,000
Community Events Donations	\$27,600
Mayor's Christmas Appeal	\$10,000
Royal Flying Doctors Service	\$50,000
RSPCA Operation Wanted	\$10,000
Rural Fire Brigades	\$396,270
Total	\$497,870
Overall Total:	\$842,436

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

4.11 Local Government Discretionary Funds

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

4.12 Council registers

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

- Register of Assets
- Register of Business Activities
- Register of Contact with Lobbyists
- Register of Cost-Recovery Fees

- Register of Councillor Conduct
- Register of Delegations - Chief Executive Officer to Employees
- Register of Delegations - Council to the Chief Executive Officer
- Register of Delegations – Mayor (until repealed on 28 May 2024)
- Register of Development Applications - PD Online
- Register of Financial Delegations
- Register of Gifts
- Register of Impounded Animals
- Register of Interests for Chief Executive Officer and Senior Executive Employees
- Register of Interests of a Councillor and their Related Persons
- Register of Leases
- Register of Local Laws
- Register of Pre-Qualified Suppliers
- Register of Roads

4.13 Report on the 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 with management and is endorsed by the Audit and Risk Committee. Internal Audit completed five audits during the financial year with reports, including management's responses to audit recommendations, presented to the Audit and Risk Committee for consideration.

- Fraud Risk and Vulnerability
- Talent Management and Retention
- Project Management Methodology
- Infringement Notice Waivers Processes
- Recruitment and Onboarding Processes

Council has a robust system of tracking progress on open audit recommendations and validating actions taken which is reported through the Audit and Risk Committee.

The performance of the Internal Audit function is managed by the Manager Corporate Services and throughout 2023/24 Council outsourced Audit and Risk Management Services encompassing internal audit, quality audit, control assurance and risk management.

4.14 People and Performance

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

Employee Code of Conduct

The Employee Code of Conduct represents Council's commitment to maintaining community confidence in how we do business and support our community through the principles outlined within the *Public Sector Ethics Act 1994*. Our Code of Conduct, underpinned by our organisational values, promotes accountability, transparency and fairness in behaviours, practice and process. Employees have access to Council's Code of Conduct and regular training is provided to ensure requirements are understood by the workforce.

Education and training

Council's mandatory training schedule for the 2023/24 financial year included Code of Conduct training for all employees. This training supports an ongoing understanding of the contents of the Code, agreed standards of behaviour and expectations of employees under the Act.

Council continues to deliver education and training to all employees to support maintaining the highest standards of employee conduct.

Procedures and Practices

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

Mayor and Councillors

4.15 Remuneration

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

Table 4.6

Div.	Councillor	Remuneration	Superannuation
	Mayor Jack Dempsey	\$130,250	\$15,630
1	Cr Jason Bartels	\$96,128	\$11,535
2	Cr Bill Trevor OAM	\$106,412	\$12,769
3	Cr Wayne Honor	\$75,408	\$9,049
4	Cr Tracey McPhee	\$98,954	\$11,875
5	Cr Greg Barnes	\$75,408	\$9,049
6	Cr Tanya McLoughlin	\$75,408	\$9,049
7	Cr Vince Habermann OAM	\$75,408	\$9,049

8	Cr Steve Cooper	\$96,128	\$11,535
9	Cr May Mitchell	\$96,128	\$11,535
10	Cr John Learmonth	\$96,128	\$11,535
	Mayor Helen Blackburn	\$35,791	\$4,295
3	Cr Deborah Keslake	\$20,721	\$2,487
5	Cr Larine Statham-Blair	\$20,721	\$2,487
6	Cr Carmen McEneaney	\$20,721	\$2,487
7	Cr Gary Kirk	\$20,721	\$2,487

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	\$36,129
1	Cr Jason Bartels	\$27,005
2	Cr Bill Trevor OAM	\$23,502
3	Cr Wayne Honor	\$19,390
4	Cr Tracey McPhee	\$20,032
5	Cr Greg Barnes	\$16,155
6	Cr Tanya McLoughlin	\$9,947
7	Cr Vince Habermann OAM	\$11,175
8	Cr Steve Cooper	\$24,887
9	Cr May Mitchell	\$22,073
10	Cr John Learmonth	\$21,872
	Mayor Helen Blackburn	\$8,228
3	Cr Deborah Keslake	\$4,687
5	Cr Larine Statham-Blair	\$4,041
6	Cr Carmen McEneaney	\$4,086
7	Cr Gary Kirk	\$4,041

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

4.17 Overseas travel

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

Table 4.8

Councillor/ Council Employee	From	To	Destination	Purpose	Total
Darrin McNeilage - Manager Strategic Projects	23 March 2024	31 March 2024	Texas, USA	Challenger Learning Centre - Bundaberg delegation invited to observe mission and operation to support the development of the Bundaberg centre.	\$4,304.98

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 2023 - 31 March 2024

Table 4.9

Councillor	Ordinary	Special and budgetary	Total
Mayor Jack Dempsey	8	0	8
Cr Jason Bartels	8	0	8
Cr Bill Trevor OAM (Deputy Mayor)	7	0	7
Cr Wayne Honor	8	0	8
Cr Tracey McPhee	8	0	8
Cr Greg Barnes	8	0	8
Cr Tanya McLoughlin	8	0	8
Cr Vince Habermann OAM	8	0	8
Cr Steve Cooper	8	0	8
Cr May Mitchell	8	0	8
Cr John Learmonth	8	0	8

From 01 April 2024 - 30 June 2024

Table 4.10

Councillor	Ordinary	Special and budgetary	Total
Mayor Helen Blackburn	3	4	7
Cr Jason Bartels	3	4	7
Cr Bill Trevor OAM	3	4	7
Cr Deb Keslake	3	4	7
Cr Tracey McPhee (Deputy Mayor)	3	4	7
Cr Larine Statham-Blair	3	4	7
Cr Carmen McEneaney	3	4	7
Cr Gary Kirk	3	4	7
Cr Steve Cooper	3	4	7
Cr May Mitchell	3	4	7
Cr John Learmonth	3	4	7

4.19 Councillor conduct

The *Local Government Act 2009* sets out the roles, responsibilities and obligations of Councillors. In accordance with reporting requirements, the table below outlines actions and outcomes relating to the conduct and performance of Councillors for the 2023/24 financial year.

Table 4.11

Section of Act	Type of order/complaint	No.
Section 150I(2)	Orders made by the chairperson about unsuitable meeting conduct.	0
Section 150IA(2)(b)	Orders made by Councillors reprimanding 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.	0 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;	0 0
Section 150P(2)(a)	Complaints received by Council and referred to the assessor about Councillor conduct.	4
Section 150P(3)	Matters about corrupt conduct of a Councillor notified to the Crime and Corruption Commissioner.	0
Section 150R(2)	Notices given to the assessor about Councillor inappropriate conduct or misconduct.	4
Section 150S(2)(a)	Notices given to the assessor about Councillor misconduct. Discipline Councillor for inappropriate conduct on three occasions within one year or Councillor has engaged in same conduct again.	0
Section 150AC(1)	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 150AEA	Suspected breaches that are the subject of a referral notice mentioned for Section 150AC(1) above a) Number of suspected conduct breaches b) Number for which an investigation was not started or was discontinued	0
Section 150AF(3)(a)	Occasions where Council is investigating inappropriate conduct, information is given to the assessor for further investigation under Division 4.	0
Chapter 5A, Part 3, Division 5	Occasions Council asked another entity to investigate the suspected inappropriate conduct of a Councillor.	0
Chapter 5A, Part 3, Division 6	Applications heard by the conduct tribunal about whether a Councillor engaged in misconduct or a conduct breach.	2
Section 150AG(1)	Decisions about conduct breaches Number of decisions made Number of matters not decided on by the end of the financial year Average time taken in making a decision	0 0 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 4.12

Number of Executives	Salary Range
4	\$200,000 - \$300,000
1	\$300,000 - \$400,000
3	\$400,000 - \$500,000

The total remuneration packages payable in 2023/24 to senior management was \$2,852,244.

In accordance with section 201(c) of the *Local Government Act 2009* there was one Councillor Advisor appointed, noting that the position was held by two different people at different times during the financial year. The total remuneration paid to the Councillor Advisor role was \$121,562.

Index of legislative requirements

Requirement	Title	Heading	Page
Local Government Act 2009			
Section 41	Identifying beneficial enterprises	4.2 Beneficial enterprises	69
Section 45	Identifying significant business activities	4.3 Significant business activities	69
Section 201	Remuneration senior management and Councillor advisors	4.20 Remuneration of senior management and Councillor advisors	75
Local Government Regulation 2012			
Section 183(a) & (d)	Financial Statements	3 Annual Financial Statements	9
Section 183(b) & (c)	Financial Statements	3 Financial Sustainability Statements	59
Section 184	Community Financial Report	2 Community Financial Report	2
Section 185	Particular resolutions	4.7 Particular resolutions	70
Section 186(1)(a)	Councillors	4.15 Remuneration	73
Section 186(1)(b)	Councillors	4.16 Reimbursement of expenses and provision of facilities	73
Section 186(1)(c)	Councillors	4.18 Attendance at Council meetings	74
Section 186(1)(d)-(k)	Councillors	4.19 Councillor conduct	75
Section 187	Administration Action Complaints	4.1 Administrative Action Complaints	69
Section 188	Overseas travel	4.17 Overseas travel	74
Section 189(1)	Expenditure on grants to community organisations	4.10 Expenditure on grants to community organisations	72
Section 189(2)	Local Government Discretionary Funds	4.11 Local Government Discretionary Funds	72
Section 190(1)(a) & (b)	Assessment of operations and performance	1 Chief Executive Officer's Report	1
Section 190(1)(c)	Annual operations report for each Commercial Business Unit	4.4 Commercial Business Unit	69
Section 190(1)(d)	Details of any action taken for, and expenditure on, a service, facility or activity	4.5 Joint government activity	69
Section 190(1)(e)	Tenders	4.8 Changes to tenders	70
Section 190(1)(f)	Registers	4.12 Council registers	72
Section 190(1)(g)	Concessions for rates and charges	4.9 Summary of concessions for rates and charges	70
Section 190(1)(h)	Report on the Internal Audit	4.13 Report on the Internal Audit	72
Section 190(1)(i) & (j)	Competitive neutrality complaints	4.6 Competitive neutrality complaints	70
Public Sector Ethics Act 1994			
Section 23	Reporting	4.14 People and Performance	73

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