

Community Budget Report 2015/16

Shaping our future
vibrant, green, diverse.

June 2015 edition



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Acknowledgements

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in the development of
this document.

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Cover images

Top to bottom: **1.** Maroochydore City Centre – Artist impression.
2. Ewen Maddock Dam. **3.** Simpson Street, Beerwah.
4. Sunshine Coast Regional Tennis Centre, Caloundra.

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1. MAYORS SPEECH

Each year, for the past three years, I have delivered the annual budget. This is an integral part of my role as Mayor, and one which I take seriously. It is incumbent on me – and on this Council – to ensure that we have an efficient operation, in a strong financial position and which delivers for this community. This is what we have done over the last three years – and I am pleased to say, we have done it again in 2015.

Each year during this term of our Council, we have delivered a plan which has placed this council in an increasingly favourable financial position. This enables us to maintain and enhance the region's vibrancy and the lifestyle we all know and love.

I believe that consistently delivering a strong financial result is arguably the greatest responsibility of this council. Why? Because the decisions we make today have the potential to affect our community, our environment, our economy and our lifestyles tomorrow and for generations to come. And it is in this vein that I am honoured to deliver the Sunshine Coast Council's 2015/16 budget.

It is a budget that is based on sound financial management and a foresight very few councils have been willing – or indeed able – to even imagine. This is a budget that has the community of today and tomorrow at its very heart. It is a budget that protects and enhances our environment – for without our environmental assets, what is the Sunshine Coast? It is a budget that maintains and develops our vibrant and distinct communities. It is a budget that focusses on creating opportunity and prosperity – an enduring dividend for our community. It is a budget that encourages new businesses to establish on the Sunshine Coast to create jobs, especially for our younger people, so they can remain here and raise their own families in the region. This is a budget that continues to strengthen our economy.

In 2013, the region set itself a goal to increase household incomes to above the state average – to give all residents more employment options, and put more money into your weekly pay packets. It is not acceptable that the average household income on the Sunshine Coast is some 20% lower than the State average. And no one should ever be prepared to accept that as the price we pay for living on the Sunshine Coast. I assure you that as Mayor, I will never accept this as a satisfactory outcome for the region.

Council's \$588 million budget is all about shaping our future. At the very core of this budget is a focus on delivering infrastructure and services to cater for our residents and for a growing population. It provides the focus and investment needed to continue our efforts to build the opportunities and prosperity of the region so we can start to see some improvements to the average household income levels that I referred to earlier. This budget is squarely focused on the essentials.

Over the next 12 months, we have allocated:

- \$98 million to maintain, renew and replace local roads, bridges, pathways and our extensive stormwater system.
- That includes \$17 million for our road reseal program.
- There's \$34 million for libraries, galleries and community facilities
- \$40 million for economic initiatives, including supporting major events, airports and holiday parks and to assist businesses already here and attract new ones
- \$58 million to maintain, renew and upgrade council's hundreds of parks, gardens and sporting facilities
- \$74 million to the environment, protecting our greatest assets including our beaches, foreshores bushland and our way of life and establish clean energy projects
- \$6 million for community events and grants placing a premium on arts and sports, and giving a helping hand to our groups, associations and clubs who help others
- And \$32 million to begin works at the Maroochydore City Centre – which I will come back to in a moment.

I acknowledge that these are large numbers and the question is how will this be funded. More importantly, how does this relate back to you, our ratepayers? If you pay the minimum general rate of \$1,110 - which the majority of people do on the Sunshine Coast - this is where your money goes:

- \$385 goes towards building roads, and bridges and other transport initiatives
- \$301 goes to community projects and programs, such as our libraries, grants and support for sport, recreation and the art gallery.
- \$239 goes towards parks and gardens – maintaining the hundreds we have and establishing new ones.
- \$146 is spent on the environment, including protecting, preserving and promoting our natural assets.
- And \$39 is invested in economic initiatives to create jobs and prosperity on the Sunshine Coast.

Because we understand every dollar counts, council has kept the bottom line on your rates notice as low as possible.

This year, many Sunshine Coast property owners saw an increase in the State Government's Department of Natural Resources valuations. To ensure the impact of valuations is very minimal, council has adjusted our differential rating methodology to place many ratepayers in lower categories. By reducing the rate in the dollar formula, our council has restricted the general rate increases for the majority of our ratepayers to 3%.

As for other items on your rates notice, a standard 240 litre wheelie bin annual charge will increase by \$6.90 per annum. There is no increase to the transport, environment or heritage levies. The early bird and pensioner discounts have been retained.

In addition, Council will refund more than \$2 million in carbon tax fees charged by the former Federal Government, so ratepayers with a waste service will receive a rebate of about \$17 on their July rate notice.

For the majority of ratepayers, the annual increase, taking all those changes into account, will be \$37.30 or \$18.65 for each six months rates notice. That is, a \$1.65 increase on your July rates notice compared to last year after the waste service rebate is taken into account. The bottom line annual rate rise is 1.5%.

To achieve our vision to become Australia's most sustainable region, council has committed to reducing waste going into our landfills. We are encouraging our residents to reduce, reuse and recycle wherever possible and council is cutting fees to help our residents do just that:

- The Garden Waste bin charge has been reduced from \$70 to \$60 per annum to encourage more people to make use of this service;
- You can now dispose of your unwanted mattresses for free;
- You can also dispose of non-degassed fridges for free;
- Clean timber and plasterboard loads have been reduced from \$161 per tonne to \$50 per tonne; and
- And our Council has maintained the current price on tip fees.

I know these fee reductions will help residents and businesses alike and, just as importantly, our environment.

Protecting our greatest assets, including our beaches, foreshores and bushland and moving to a clean environment are major priorities for our Council. The environment is a major winner in this year's budget with \$74 million allocated to environmental programs and services and clean energy programs.

Our environment is central to our way of life and this investment continues our Council's efforts to maintain and enhance our natural assets for current and future generations to enjoy. The \$7.7 million investment through the Environment Levy program ensures our green credentials remain second to none.

In a snapshot, \$2.3 million is being allocated to buy, protect and enhance environmentally significant land, which will add to the more than 400 hectares this council has purchased since 2012. In fact, our Council has acquired about 15% of the total environmentally significant land that has been purchased since the levy was first introduced in the early 1990s. And we will continue to build on this important legacy for our community.

We'll invest \$620,000 into coastal rehabilitation activities and more than \$845,000 towards community partnerships and grant programs including Landholder Environment Grants. Another \$470,000 will be allocated to environmental operations such as pest management. Council will invest \$1.8 million in our rivers, streams, estuaries and water bodies and \$15 million in bushland conservation and habitat. Yes these are big figures – but these are our most important assets.

Recently released figures from the International Visitor Survey showed the Sunshine Coast had attracted an increase of 15.7% in international visitors last year – the highest of any region in the State. Tourism and major events bring millions of dollars into our economy every year and that hasn't happened by accident. Our Council has put in the hard yards and has made attracting major events a key priority. This is why the Sunshine Coast is gaining a reputation for hosting successful events and we are attracting more than ever. But we cannot rest on our laurels.

We must continue this work and continue to invest in securing new event product for the region if we are to build on our reputation and reap the related economic benefits. To this end, the tourism and major events levy - which just over 10% of ratepayers contribute to – will rise by 10%.

This financial year, council will invest \$1.4 million of the Tourism and Major events levy raised, to sponsor major events which benefit our businesses and community, including:

- Wanderlust
- The Australian Surf Live Saving Championships
- World Outrigger Sprint Titles
- Queensland Garden Expo
- Real Food Festival
- Australian Motorcross Championships
- The Mooloolaba Triathlon
- And the list goes on.

The Tourism and Major Events levy is a small investment which offers significant returns as it supports activities that import money from outside the region. For every tourism and major events levy dollar invested in major sporting, community and cultural events and advertising and promoting the Sunshine Coast, the return to the local economy is \$18. That flows back to businesses across the region and in turn, into our community.

Our economy is predicted to grow to \$33 billion in 2033. Our plan is to move to an economy that is responsive to demand from elsewhere, not just local consumption. And our population will grow with it. We are forecast to have the second fastest population growth rate of all Queensland regions through to 2036. We cannot ignore that and say we don't want more people here. That's not how it works. And if we attempted to prevent that growth, then the region and its liveability would inevitably decline – at a significant cost to our ratepayers.

Instead, our council continues to plan decades into the future to cater for population growth so we do maintain our lifestyle and protect our environment and have a vibrant economy. We are shaping a future where population growth is catered for through good planning. That's why this council has put in place strategies to strengthen the economy to create jobs that up until now, have not been available locally.

Anyone travelling over the hill at Currimundi cannot help but marvel at the cranes above the Sunshine Coast Public University Hospital site and the adjoining health hub. Those projects alone are already adding a new dimension to our economy – and will bring with them higher paid, more specialised employment opportunities.

And so too will the Maroochydhore City Centre. As mentioned earlier, council is investing \$32 million next financial year to begin works at Australia's only greenfield CBD at this time. How many cities

in the world have 53 hectares with which to plan and build a smart city from the ground up? Certainly none elsewhere in Australia. The new city centre will include major civic and entertainment facilities, high quality streets and public spaces, commercial and retail business opportunities, apartments, parklands and waterways.

The new CBD will provide opportunities for existing Sunshine Coast businesses to expand. It will attract new investment to our region and generate up to 10,000 new jobs over the project's life span. We expect to see the first stage precinct released to market by the end of the year. We also expect to see the competitive process for the hotel and convention and exhibition centre site started within the next 12 months. This is a cash flow neutral project, paying for itself as each stage is developed and released to market, with cost outlays recouped through land sales.

And what happens when the project is completed? Council will own \$300 million worth of community assets – including roads and parks - a significant contribution to the social fabric of our community and a dramatic enhancement to the range and type of facilities that will be available for our residents. This project alone is shaping a future where our children can live, work and play – right here on the Sunshine Coast. Isn't that what we want for the next generation?

And while budgets are all about looking forward, it's also important to reflect on the achievements over this term of council.

Three years ago, this council was elected to take the region in a new direction where the ultimate destination was a robust economy, more jobs, a healthy environment and a stronger community - a balanced approach to sustainability – one that had not been seen previously.

We are well down the road to achieving all those things:

- The Sunshine Coast is independently ranked as the second highest performing economy in Queensland.
- Building approvals are up – in the first three quarters of this financial year, council gave the green light to \$868 million in building approvals, an increase of 22 percent on the same period last year.
- Business confidence is up – in fact it is now at the highest level in six years.
- More than 53% of businesses are expecting an increase in profitability in 2015 – and this is the highest level of business confidence of any region across the State.
- Our Council has purchased more than 400 hectares of environmental land for future generations to enjoy – and we will continue to acquire more.
- Our community facilities are attracting more people and delivering more programs and services than ever before.
- We are attracting new businesses and retaining businesses as they grow and expand;
- The number of major tourism and sporting events choosing Sunshine Coast over other destinations is increasing;
- Council continues to engage local suppliers to support local businesses, spending more than \$149 million with local businesses - representing 72% of the total available procurement spend;
- The first truly collaborative Regional Economic Development Strategy has been developed and is getting runs on the board
- Invest Sunshine Coast has been launched and is squarely aimed at attracting local, national and international investment to the Sunshine Coast;
- And we live in the best place on Earth.

These things don't happen by accident. Our Council has been prepared to make bold and what are sometimes hard and difficult decisions, to achieve our goals. We do so because we know they are the right decisions if we want our region to continue to prosper and continue to be one of the most desirable locations to live. For our Council, it is – and always has been - about getting on with the job – and shaping a better future.

I believe we have been successful in getting the balance right with this budget. A major restructure of council last year continues to benefit ratepayers through an ongoing reduction in staff costs in

the order of \$10 million. And going forward, we have achieved reductions in other costs, including fleet, insurance premiums and waste management.

At the time of de-amalgamation, the Queensland Treasury Corporation forecast this region would have a deficit of \$75 million over the next five years - that's approximately \$15 million a year. Thanks to our prudent financial management that has not happened. Instead, council has turned that forecast deficit around to achieve a \$21.5 million surplus this year which puts us in a very sound position to continue to build on the future.

To put it into perspective – this council has been awarded the second highest credit ranking available by the Queensland Treasury Corporation. No other council is higher than the Sunshine Coast. And it must be emphasised this has been done with no reduction in services. Let us not forget that this council has achieved five consecutive unqualified audit results - a truly outstanding outcome and one which all of our ratepayers can be justly proud.

This budget is the last of this term of council. We, as a council, can be proud our organisation is in great shape and our residents are benefiting from that. This council can also be proud of its results against a series of measures of financial sustainability.

Council has achieved:

- An Operating Surplus Ratio of 5.5% - ahead of benchmark, allowing Council to invest in growth capital projects and to payback its loans
- A Net Financial Liabilities Ratio of 46.8% - ahead of benchmark, meaning that Council has sustainable debt levels
- And an Asset Sustainability Ratio of 82.9% - shows that Council is investing in renewing its existing assets

And we'll continue to find new ways to continue being a cost effective council – to benefit our ratepayers and the region.

As I often say, this is an exciting time for the Sunshine Coast. It is no secret that the Sunshine Coast is writing one of its most important chapters in our history. We are seizing this once-in-a-generation opportunity, to build on our foundations and create a strong and prosperous future - a future for our children and grandchildren; a future where we can live, work and play in the most beautiful place on Earth.

Because this budget is all about Shaping our Future.

2. INTRODUCTION

The 2015/16 budget has been developed to ensure long term financial sustainability for the Sunshine Coast Council. One of Queensland's most financially sound local governments, Sunshine Coast Council has delivered a budget which will continue to grow the local economy and create better paying jobs, protect the region's environment and lifestyle and fund region-making projects.

Consultation with Queensland Treasury Corporation (QTC) was undertaken upon their delivery of a credit review of Council's financial capacity. Council was rated by QTC as "strong with a neutral outlook" which is the second highest possible rating. The review also took into consideration the future financial impacts of the Solar Farm and Maroochydore City Centre.

A strong and neutral credit rating reflects that Council has a strong capacity to meet its financial commitments in the short, medium and long term. There are no known foreseeable events that would have a direct impact on Council's capacity to meet its financial commitments.

The rating reflects:

- Council's operating result with historical and forecast operating surpluses
- Council's willingness to implement regular rate increases
- Low level of borrowings and a strong debt servicing capacity
- Sound liquidity and financial flexibility
- Consistent investment in its asset base to support the growing population

Although Council will be undertaking a number of significant projects with substantial financial risks, appropriate measures are being taken to manage these risks.

The 2015/16 budget delivers a positive operating result of \$21.5 million whilst delivering its important core responsibilities and implementing a visionary direction to shape the region's future. The operating result is used to fund key growth infrastructure projects included in the Capital Works Program as well as service Council's debt.

Consolidated asset management plans were used to frame the development of the \$183 million 2015/16 Capital Works Program.

Council has a number of commercial business activities with Sunshine Coast Airport, Waste and Resource Management, Sunshine Coast Holiday Parks and Quarries contributing to the overall 2015/16 financial result.

The 10 year financial forecast has identified moderate increases in general rates required to finance increasing costs associated with growth of the asset base and scope of activities required. The forecast identifies the investment in infrastructure assets of almost \$1.2 billion, funded from the operating surplus, capital contributions from State and Commonwealth Government grants, developers and moderate loan funding. For the Maroochydore City Centre project, any loan funding will be repaid from land sales with the project forecast to be cash neutral over its life.

The bottom line rate increase is 1.5% (after the carbon tax refund), with no increase in key levies such as the Environment, Transport and Heritage levies. In addition, pensioner concessions and early payment discounts will continue. There has been an increase in the Tourism and Major Events Levy of 10% with a minimum of \$82.50.

3. BUDGET AT A GLANCE

The 2015/16 budget has been developed to ensure long term financial sustainability for the Sunshine Coast Council. The 2015/16 Budget totals \$588 million with some of the more significant highlights of the budget being:

- A budget which includes a positive operating result of \$21.5 million
- A general rate increase of 3%
- No increase in key levies such as the Environment, Transport and the Heritage levies
- Tourism and Major Events Levy increased by 10%, with a minimum of \$82.50

- Continuation of pensioner concessions, estimated at \$3.1 million for the 2015/16 year
- Continuation of early payment discounts, estimated at \$7.6 million for the 2015/16 year
- A total Capital Works Program of \$183 million
- Development of the new Maroochydore City Centre, which is projected to be cash neutral over the life of the project (i.e. no cost to the ratepayer) and will yield \$300 million worth of public realm assets such as roads, parks, waterways and community infrastructure.

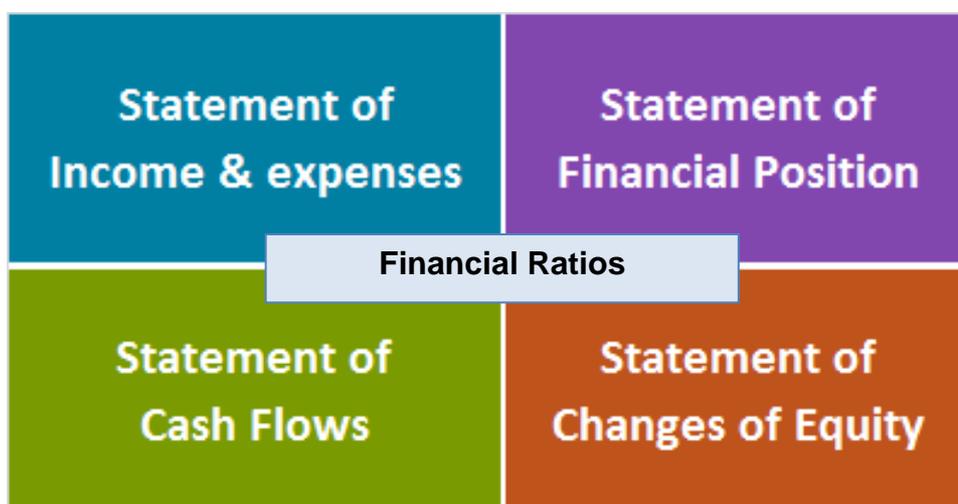
No capital expenditure has been included for the Sunshine Coast Airport Runway development, as Council is awaiting the outcome of an Environmental Impact Statement. Further information will be provided to Council throughout 2015/16.

General rates have been increased by 3%, however due to no increase in the three key levies – Environment, Transport and Heritage, the bottom line increase for most ratepayers will be 1.5% (after the carbon tax refund). In addition, Council will refund more than \$2 million in carbon tax charges so ratepayers with a waste service will receive approximately \$17 rebate on their July rate notice. This will result in the majority of ratepayers receiving an increase of \$1.65 on their July rate notice compared to the same period last year, or a 1.5% increase for the year.

Loans of \$44.7 million will be raised during the year and \$15.5 million will be repaid against existing loans. Included in the borrowings is \$31.7 million for the Maroochydore City Centre which is a stand alone, self-funding project – i.e. no cost to the ratepayer.

4. FINANCIAL STATEMENTS

The following budgeted Financial Statements have been prepared in accordance with legislative requirements, and reflect the anticipated operational activities of Council over the 2015/16 financial year, plus forecasts for the ensuing 9 years. The anticipated financial position of Council remains strong over the duration of the budget, as confirmed by the QTC Credit Review.



Financial Statements contained within this report include:

- **Statement of Income and Expenses** – presents Council’s consolidated operational revenues and expenses (where money comes from and how it is spent); along with a summary of capital expenditure.
- **Statement of Financial Position** – identifies the predicted financial position of Council, including Assets (what we own); Liabilities (what we owe); and Equity (our net worth)
- **Statement of Cash Flows** – reports how revenue received and expenses paid impact on Council’s cash balances

- **Statement of Changes in Equity** – reports all changes to equity (Council’s assets net of liabilities) during the financial period
- **Financial Sustainability Ratios** – key financial indicators that measure Council’s financial performance

Statement of Income and Expenses

Council's Operating Result

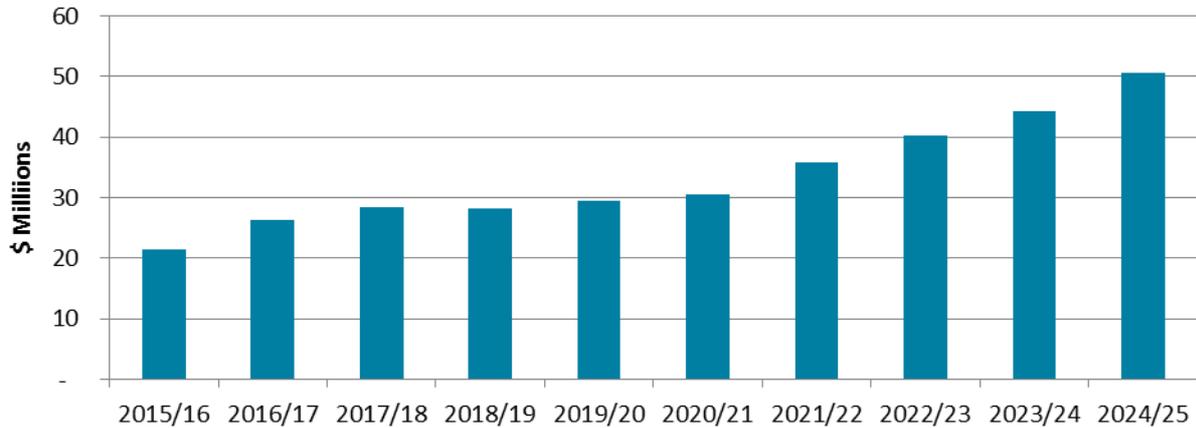


Figure 1 – Operating Result

The above graph shows that Council is forecasting a positive operating result in each year. Any business that consistently spends more than it earns by running an operating deficit is living beyond its means. For Council, any surplus generated in the budget is reinvested back into our region via the capital works program thereby providing necessary funds for investment in regional growth.

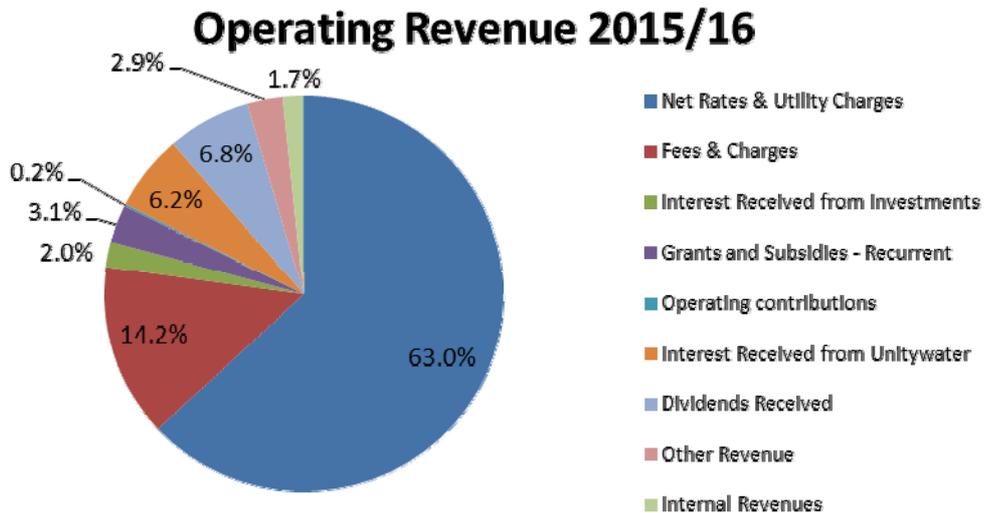


Figure 2 – Operating Revenue

Figure 2 Operating Revenue, shows the break-down of Council revenue. It is important to note that Council does not rely heavily on funds from other tiers of government, and therefore has a

high level of control over funding sources. Council continues to invest in Sunshine Coast Airport and Sunshine Coast Holiday Parks with revenue from these businesses reducing reliance on rates and supporting the local economy. Total operating revenue for Sunshine Coast Council is forecast to be \$386 million in 2015/16.

In addition to the above operating revenue, Council receives capital contributions from developers and specific capital grants from both State and Federal Governments. Capital revenue from these sources represents a further \$17 million in this budget.

Operating Expenses 2015/16

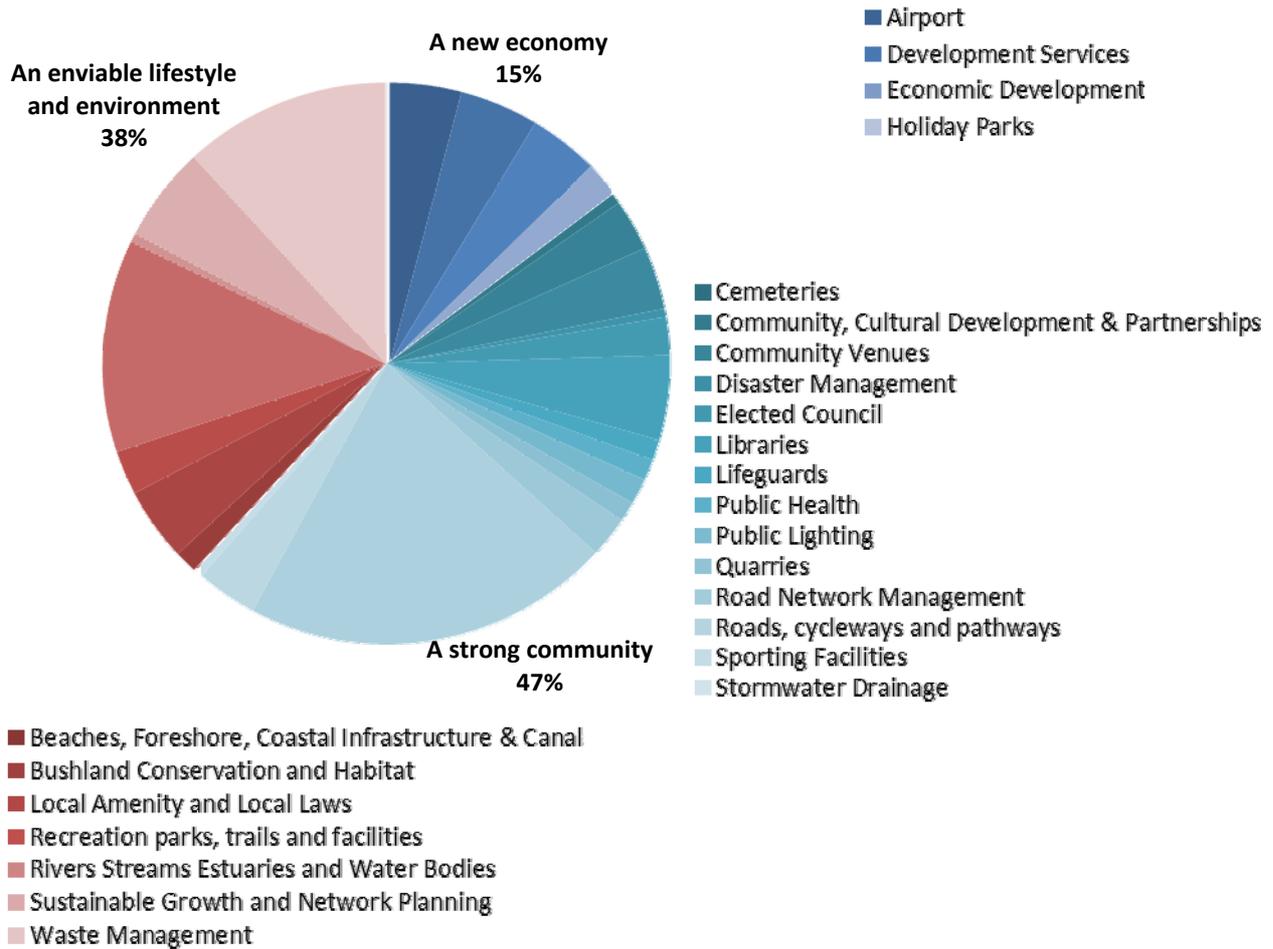


Figure 3 – Operating Expenses

The above graph shows where the money is spent. The largest portion of expenses is for payments to external agencies and contractors for the provision of services to the community. Council's Procurement Policy has an underlying principle to encourage the development of competitive local business and industry and this leads to a significant investment in the regional economy. In 2014/15, this amounted to 72% of the available procurement spend.

Total operating expenses are forecast to be \$365 million for 2015/16.

Statement of Financial Position

The 2015/16 Budget includes the adoption of a 10-year indicative Capital Works Program. This represents an investment of almost \$1.2 billion in community infrastructure assets, establishing a platform for regional growth and providing a sustained boost to local economic activity.

The graphs below represent the first 10 years of budget forecasts:

Capital Works Program

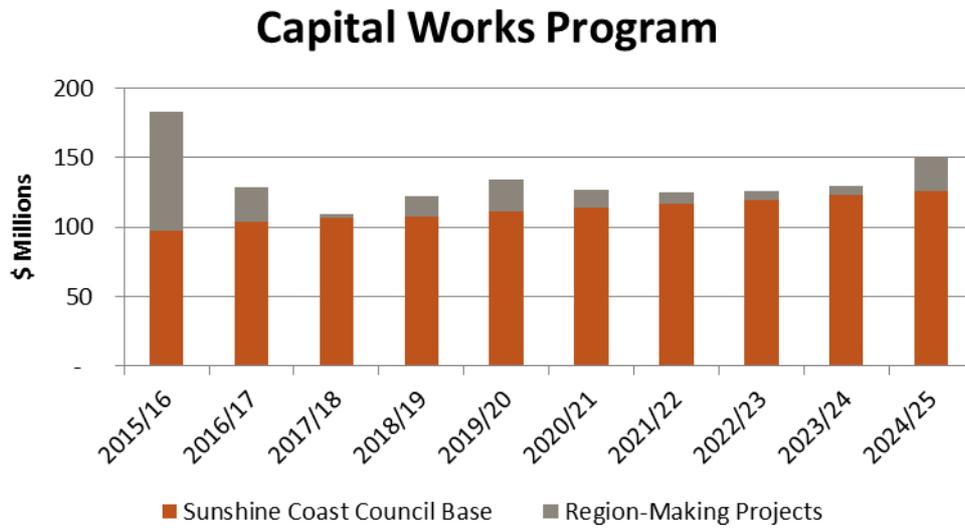


Figure 4 – Capital Works Program

Note: "Region-Making Projects" are self-funded i.e. no cost to the ratepayer, and include Maroochydore City Centre and the Solar Farm.

Statement of Cash Flows

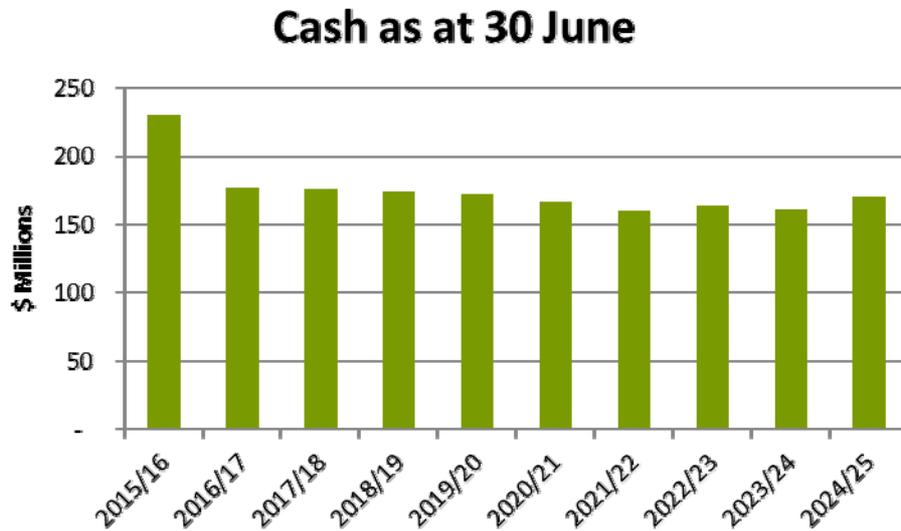


Figure 5 – Forecast Cash Position

Debt

Debt as at 30 June

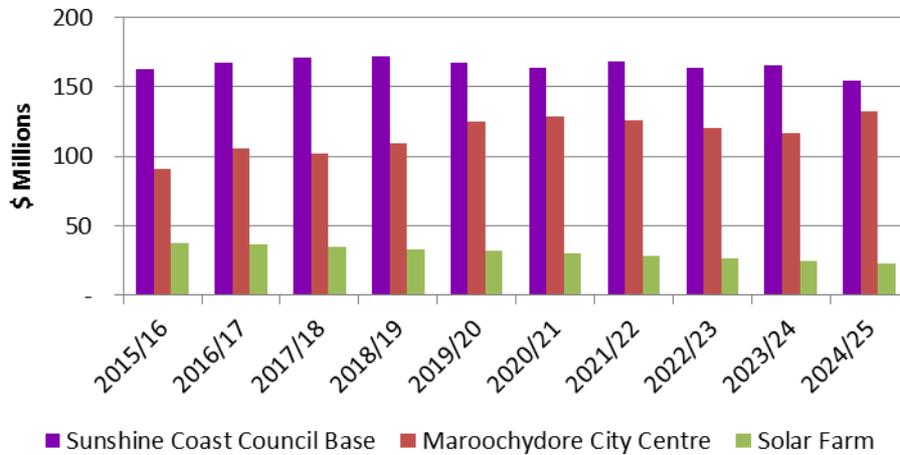


Figure 6 – Forecast Debt Position

Both the cash position and debt level shown in the above graphs remain relatively stable over the forecast period and Council maintains its strong financial position.

Whilst significant borrowings are planned during the forecast period, the above graph shows that overall debt levels remain affordable as regular debt payments hold the outstanding balance at sustainable levels. (This is further reinforced by reference to the net financial liabilities ratio in the following section).

Borrowing for long term assets is an effective way of spreading the cost of community infrastructure over the life of the assets in such a way that those deriving a benefit from the investment pay for it as it is being used.

Financial Sustainability Ratios

The Queensland Government has adopted a range of sustainability ratios that assist to provide a snapshot of Council’s relative performance against other regions, as well as against accepted industry benchmarks.

The minimum measures required are:

- Asset sustainability ratio
- Net financial liabilities ratio
- Operating surplus ratio

The following additional measures are also included to further demonstrate Council’s long term financial sustainability:

- Council controlled revenue ratio
- Total debt service cover ratio
- Cash expense cover ratio

Financial Sustainability Ratios

FINANCIAL SUSTAINABILITY RATIOS	2015/16	2016/17	2017/18	2018/19	2019/20
Operating Performance					
Operating surplus ratio (%) Target: 0% - 10%	5.5	5.3	4.8	4.3	4.3
Fiscal Flexibility					
Council controlled revenue ratio (%) Target: greater than 60%	77.2	76.1	76.1	76.5	77.1
Total debt service cover ratio (times) Target: Greater than 2 times	4.8	5.1	5.3	5.5	5.8
Net financial liabilities ratio Target: Less than 60%	46.8	50.4	48.1	48.1	49.2
Liquidity					
Cash expense cover ratio (months) Target: Greater than 3 months	7.3	7.0	6.7	6.4	5.9
Asset Sustainability					
Asset sustainability ratio (%) Target: Greater than 90%	82.9	78.2	86.8	85.4	77.7

The above table shows whether Sunshine Coast Council is performing within accepted target ranges. It clearly indicates that Council is achieving or out-performing the identified benchmarks in the operating performance, fiscal flexibility and liquidity measures. For the Asset Sustainability ratio, there is an ongoing review of asset management plans that will confirm the desired level of expenditure on the renewal and refurbishment of Council assets. This will enable a review of the capital program to ensure an appropriate level of work is scheduled for existing assets.

5. REVENUE FROM UNITYWATER

The budget has been prepared to incorporate revenue from Unitywater, created by the State Government to manage the distribution and retail of water throughout the region. Included in the Statement of Income and Expenses are the following:

- Interest received from Unitywater (shareholder loan interest payments)
- Dividends received (Unitywater profits received as dividends)

Unitywater	2015/16	2016/17	2017/18	2018/19	2019/20
	\$000	\$000	\$000	\$000	\$000
Interest received from Unitywater	23,933	25,163	25,555	25,903	25,903
Dividends received	26,162	24,722	24,321	23,966	23,967
Total Unitywater Revenue	50,095	49,885	49,876	49,869	49,870

Shareholder loans to Unitywater were renegotiated to take effect from 1 July 2013 under a revised structure that smooths the impact of interest rate fluctuations over the coming years. The revised structure provides stability over future revenue forecasts for Council as well as providing a more stable cost structure for Unitywater.

6. RATING COMPARISON

The following table shows a comparison of rates for a base level property paying the minimum general rate. Note that the overall rate increase is 1.5% (after the carbon tax refund). There has been no increase in key levies such as Environment, Transport and Heritage and the pensioner concessions and early payment discounts will continue.

The effects of property valuations conducted by the Department of Natural Resources & Mines have been incorporated. Note that some properties will experience a change greater or less than the average of 1.5% due to above average fluctuations in property valuations.

The percentage change in total rates and utility charges from 2014/15 to 2015/16 is:

Total Rates & Charges	2014/15	2015/16	\$ Variation	% Variation
Minimum general rate	\$1,078.00	\$1,110.00	\$32.00	3.0%
240 litre wheelie bin	\$264.50	\$271.40	\$6.90	2.6%
Environment Levy	\$60.00	\$60.00	\$0.00	0.0%
Public Transport Levy	\$20.00	\$20.00	\$0.00	0.0%
Heritage Levy	\$5.00	\$5.00	\$0.00	0.0%
Gross Rates & Charges	\$1,427.50	\$1466.40	\$38.90	2.7%
Discount (general rate only)	\$53.90	\$55.50	\$1.60	
Net Rates & Charges (before Carbon Tax Refund)	\$1,373.60	\$1,410.90	\$37.30	2.7%
Carbon Tax Refund		(\$17.00)		
Net Rates & Charges (after Carbon Tax Refund)	\$1,373.60	\$1,393.90	\$20.30	1.5%

67% of residential properties are on the minimum general rate, consistent with previous years.

For the purpose of comparison, the State Emergency Management Levy, pensioner concessions and other localised benefited area levies have been omitted in the above example.

7. REGION-MAKING PROJECTS

The following region-making projects align with Council's vision - "to be Australia's most sustainable region – vibrant, green, diverse", from an economic, social and environmental perspective.

Maroochydore City Centre

The Maroochydore City Centre will be instrumental in building and strengthening the region, providing a mix of residential, commercial, retail, civic and community uses in order to develop a thriving and vibrant business district and city centre, complementing and enhancing Maroochydore's existing business offering.

The project will also enable the delivery of much needed infrastructure to the Sunshine Coast community as well as creating significant opportunities for economic development and employment.

The Maroochydore City Centre development is projected to be cash neutral over the life of the project (i.e. no net cost to the ratepayer), and will yield \$300 million worth of public realm assets such as roads, parks, waterways and community infrastructure.

Budgeted capital expenditure of \$31.7 million in 2015/16 will be funded from new loans. Over the 10 year forecast period, budgeted capital expenditure of \$141 million will be funded through new loans and sale of developed lots.

The Maroochy City Centre debt will peak at \$132 million in 2024/25 which includes the initial purchase of the site from the Horton Park Golf Club.

Council's Financial Sustainability Ratios demonstrate that borrowings for this region-making project do not adversely impact Council's long term financial sustainability.

Solar Farm

Sunshine Coast Council has taken the next step in becoming Australia's first local government organisation to build a solar farm. The proposed Valdora Solar Farm facility, when built, will offset Sunshine Coast Council's entire electricity consumption at its facilities and operations.

The project will see a 15 megawatt (MW) solar farm installed on Council-owned property on Yandina-Coolum Road in Valdora. The solar farm will cover 24 hectares of the 49 hectare site.

Council's Financial Sustainability Ratios demonstrate that borrowings for this region-making project do not adversely impact Council's long term financial sustainability.

Sunshine Coast Airport Runway

No capital expenditure has been included for the Sunshine Coast Airport Runway development, as Council is awaiting the outcome of an Environmental Impact Statement. Further information will be provided to Council throughout 2015/16.

8. CONCLUSION

Sunshine Coast Council, one of Queensland's most financially sound local governments, has delivered a budget to ensure long term financial sustainability while funding region-making projects to benefit generations to come. This is evidenced by forecast operating surpluses each year, financial sustainability measures that out-perform identified benchmarks, and the second highest possible rating from Queensland Treasury Corporation.

The \$588 million dollar budget includes a \$183 million Capital Works Program for 2015/16, with Council investing almost \$1.2 billion in the region over the next 10 years. This includes the self-funding region-making projects of the Maroochy City Centre and Solar Farm.

Council's financial position, together with the region-making projects, is providing an opportunity for a future where we can live, work and play on the Sunshine Coast.

This budget is all about shaping our future.



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