

Sunshine Coast Council

# Annual Report

2016-2017



# Acknowledgement of Country

Sunshine Coast Council acknowledges the traditional Country of the Kabi Kabi Peoples and the Jinibara Peoples of the coastal plains and hinterlands of the Sunshine Coast and recognise that these have always been places of cultural, spiritual, social and economic significance. We wish to pay respect to their Elders – past, present and emerging – and acknowledge the important role Aboriginal and Torres Strait Islander people continue to play within the Sunshine Coast community.

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## Acknowledgements

Council wishes to thank all contributors and stakeholders involved in the development of this document.

## Disclaimer

Information contained in this document is based on available information at the time of writing. All figures and diagrams are indicative only and should be referred to as such. While the Sunshine Coast Regional Council has exercised reasonable care in preparing this document it does not warrant or represent that it is accurate or complete. Council or its officers accept no responsibility for any loss occasioned to any person acting or refraining from acting in reliance upon any material contained in this document.

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# Welcome

Welcome to the Sunshine Coast Council's Annual Report 2016/2017.

This report describes council's achievements in delivering services to the Sunshine Coast region and shows council's progress in delivering the actions from the *Corporate Plan 2017-2021* and *Operational Plan 2016/2017*.

The annual report is one of the ways council connects with our community and is the culmination of regular reporting. It shows:

- Council's commitment to achieve its vision for the region
- The results of actioning the corporate and operational plans
- Details of council's achievements
- Details of the services that have been provided to the region
- Transparency and accountability of council.



# Section 1 Introduction



## Message from the Mayor

2017 marked the 50th Anniversary of the naming of the Sunshine Coast. This was an important milestone we celebrated with our community.

Council worked together with a wide range of passionate local community groups to produce a calendar of special and diverse 50th Anniversary celebration events and activities to acknowledge, celebrate and commemorate the people that have shaped and defined the Sunshine Coast.

In February council adopted its new Corporate Plan to shape the foundations for our city-region of the future – one that is healthy, smart and creative.

The Sunshine Coast has been recognised as Australia's leading hub for entrepreneurs through its reputation for innovation, creativity and stimulating new ideas.

Leading demographer and social commentator Bernard Salt said "the Sunshine Coast stands apart from its peer cities as a place with a history of entrepreneurship and innovation".

Across the Sunshine Coast, council is driving some of the most exciting initiatives in the nation at this time, including the procurement of Australia's first underground automated waste collection system to be installed at the Maroochydore City Centre, free public wi-fi across the region and the Smart City Implementation Program.

As a flagship project, council is developing the new Maroochydore city centre from the ground up as Australia's first truly smart city. Designed for the 21st Century, the extensive and clever uses of technology will set the Maroochydore city centre apart from other regional centres – and indeed, many State capitals.

In positioning the region as Australia's leading smart city-region, we are progressing our plans for an international broadband submarine cable connection.

The cable will act as a catalyst for technology businesses and associated high value jobs. Independent modelling has outlined the proposed submarine cable will deliver a potential value of \$700 million annually to the region's economy and \$1.1 billion annual to the Queensland economy.

The submarine cable will also deliver significant value to the Maroochydore city centre project, the research and treatment capabilities of the Sunshine Coast University Hospital and attract a new calibre of investment in technology and innovation based enterprises.

Our new runway at the Sunshine Coast Airport is on track to be operational by end of 2020. The airport expansion project achieved a milestone during the year with the design contract signed. The contract will result in the design of a new 2450m long x 45m wide compliant runway.

The \$319 million project is one of council's game changing projects ensuring the Sunshine Coast is building now for our future. The new runway will open up the Coast to international markets in Australia, Asia and the Western Pacific, and drive economic growth.

Palisade Investment Partners were also confirmed as Sunshine Coast Airport's commercial operating partner in a deal worth \$605 million.

Palisade will be responsible for operating, investing and developing the airport and will oversee future negotiations with airlines to expand both domestic and international routes available from the Sunshine Coast. Our council will maintain responsibility for facilitating the proposed airport expansion project, which includes construction of a new runway, apron expansion and related infrastructure.

The Sunshine Coast Solar Farm was completed during the year and commenced feeding electricity into the power grid in July 2017. This project makes council the first local government in Australia to offset 100% of its electricity consumption with energy from a renewable source.

All power consumed at council's facilities, including our administration buildings, aquatic centres, community and performance venues, as well as holiday parks, libraries, art galleries and sporting facilities, will be offset with energy from a renewable source thanks to this nation-leading project. The 15 megawatt solar farm allows council to take control of its own electricity supply, combat rising electricity costs and deliver \$22 million in savings to our ratepayers over the next 30 years.

As I speak to our residents about the many game-changing projects our council is undertaking, it is the solar farm that excites them most, recognising the project's importance to our contribution towards clean energy.

Our natural assets are the reason many of us call the Sunshine Coast home and preserving and maintaining our environment for future generations and protecting our fauna and flora, is high on our agenda. Council purchased an additional 75 hectares of environmental land this year, taking our total to over 6000 hectares.

Council has continued to advocate for strong measures to protect and preserve the regional inter-urban break – that evolving landscape that defines the Sunshine Coast from the rest of south-east Queensland and is home to some of our most recognisable features like the Glass House Mountains and the Pumicestone Passage.

The new South-East Queensland Regional Plan highlights the Sunshine Coast will need to accommodate nearly 200,000 more people through to 2041. As an area that is experiencing strong population growth, it has also been important for council to achieve some clear commitments around critical, region-shaping infrastructure, like public transport – which is a State Government responsibility, and where the region's future growth will be accommodated.

It also recognises the extensive planning undertaken by council to accommodate our increased population and minimise the urban footprint.

For the first time the regional plan clearly identifies and maps a large part of the regional inter-urban break straddling the Moreton Bay and the Sunshine Coast local government areas, and this has been one of the highest priorities for our council.

Throughout the past 12 months council has continued to maintain a strong focus on providing value-for-money services to our community – from maintaining our parks and recreational areas and improving our local road network to supporting numerous community organisations, preserving our cultural heritage and initiatives that maintain and enhance our foreshore, waterways and other natural assets.

Thanks to prudent financial management, our ratepayers can be assured council is in good hands. The organisation outperformed other major South-East Queensland councils in a Queensland Audit Office report and received eight consecutive unqualified audits.\* Our focus has remained on continuing to achieve a strong financial position, long term. Our financial stewardship has enabled us to progress major game-changing projects for the region.

The Sunshine Coast's first national sporting team completed a stellar year for the region winning the inaugural Super Netball grand final. The Sunshine Coast Lightning had a stunning victory with a 65-48 win over Sydney team the Giants at the Brisbane Entertainment Centre in June.

The Lightning squad members have become great role models in the Coast community and the team's success has had a significant impact on the community's youth by providing a pathway to pursue elite sporting careers.

We are one team – councillors and staff working together as valued partners with our community, business, industry and other tiers of government – continuing to bring the future to us, shape it and create opportunity as we go.

This is the heart of our council's vision for the Sunshine Coast – a region that is healthy, smart, creative.

**Mark Jamieson**  
Mayor

\* Source: Appendix G of Local government entities: 2015-16 results of financial audits (Report 13: 2016-17) (page 81)





## Message from the Chief Executive Officer

The adoption of the new Corporate Plan 2017-2021 and refreshing the vision to be “Australia’s most sustainable region – healthy, smart, creative” reflects council’s commitment to advancing the region to the next level environmentally, economically and socially.

The Corporate Plan now sets out a comprehensive blueprint to take our region into the future. Having a clear vision and plan for our region is crucial, given the growth our region will continue to experience in the next 20 years and beyond. Today we have a population of approximately 300,000 people – within 20 years we will reach nearly 500,000 residents.

Council has a solid record of achievement, wonderful staff and a great track record of service delivery to our customers, and to become a truly outstanding organisation we commenced a review of our structure to ensure it is best-aligned with our corporate priorities, strategies and service obligations.

The Next Steps project commenced in May to review our operations to ensure we are fit for the future, with a goal to achieve an optimum health for the organisation by 2020 while continuing to deliver on the Corporate Plan 2017-2021.

As a fit for the future organisation we will invest in capabilities identified as core and critical to council. This will strengthen our operating model to focus on customer service, business and strategic partnering and stakeholder engagement. Our new structure will be implemented during the 2017/18 financial year to drive greater accountability and outcomes for our customers.

Council achieved another year of strong financial management, receiving a clean audit report for the eighth consecutive year. Our organisation again outperformed other major South-East Queensland councils in a Queensland Audit Office report on the financial health of Queensland councils.\*

Of eight South-East Queensland councils, our organisation was the only council to achieve the highest possible results in financial sustainability, financial statement preparation and internal control effectiveness.

Construction work commenced on the first stage of the new Maroochydore city centre, that included roads, footpaths, cycleways, lighting, parks and landscaping. The \$25 million civil works included the installation of underground services and smart city infrastructure that will position the city centre amongst the most technologically advanced in Australia. The project includes an underground waste collection system where waste will be transported from commercial buildings and apartments through underground vacuum pipes.

Council made a commitment to establish the Sunshine Coast City Hall in the new Maroochydore city centre. This is a significant project that will take a number of years to finance, design, construct and commission. The City Hall would include a full range of services for our customers. There would be the requirement for this new city centre facility to be a modern and smart workplace to enable our organisation to continue to develop and provide the best value to our customers across the Sunshine Coast.

One of the biggest infrastructure projects delivered by council was opened to the public at the end of 2016. The \$20 million upgrade of Maroochydore’s Evans Street, constructed by council’s workforce, was part of a major road improvement project to help improve traffic flow, increase road safety, improve cycle and pedestrian connectivity, and allow for forecast traffic volumes. This project now provides a vital link into the new Maroochydore city centre.



The new Mary Cairncross Scenic Reserve Rainforest Discovery Centre at Maleny was officially opened during the year. The \$4.7 million Discovery Centre features an elevated viewing platform and boardwalk and the Rainforest Education Centre with a combination of traditional interactive displays, multi-sensory experiences and exhibits.

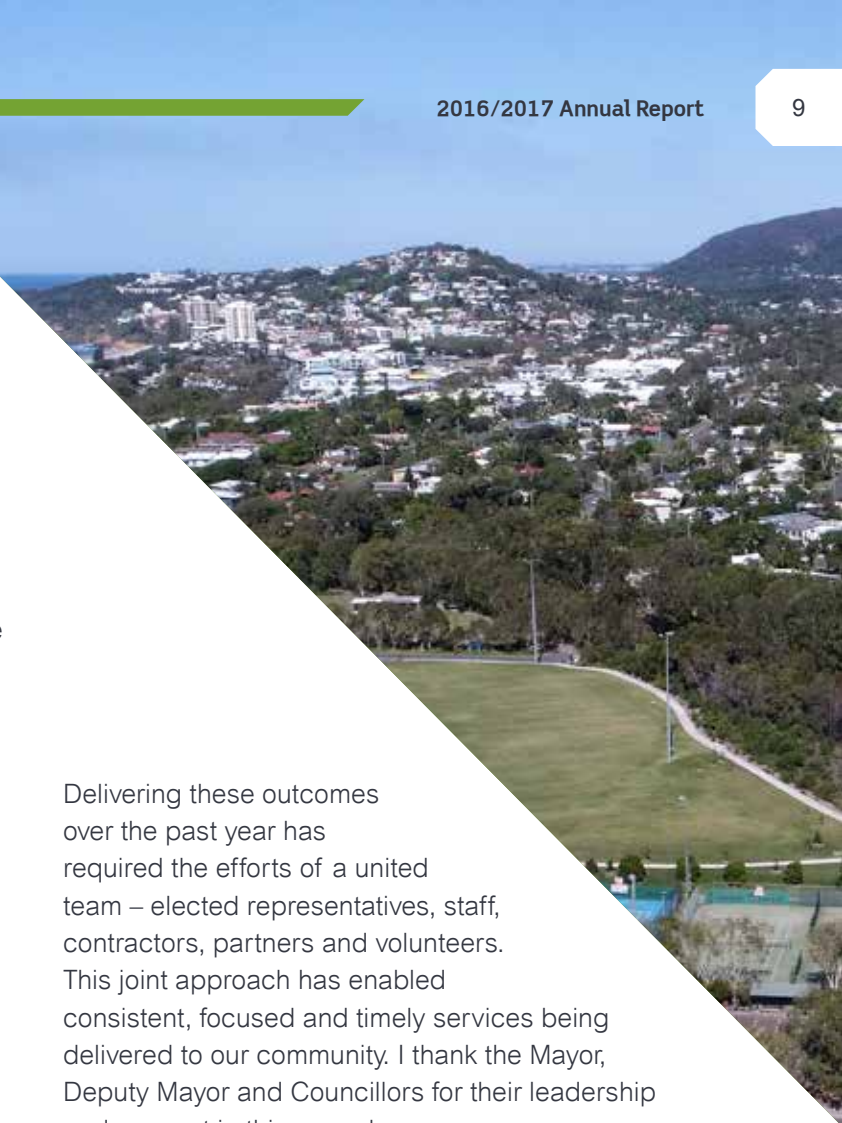
This reserve is a Queensland icon with highly significant conservation values and has been a popular destination for residents and visitors for more than 50 years, which attracts around 200,000 people annually.

The new \$3.44 million Beerwah Depot was opened for business. This new depot will service much of the new development areas to the south of Caloundra and replaces the aging Landsborough depot that will be rehabilitated for future community use. With the development of Caloundra South (Aura) now well underway, the continuing growth of Beerwah township and Beerwah East being developed in the future, council is now well positioned to serve our community both now and in years to come.

Council adopted its first Multicultural Action Plan to recognise, value and support people from a multicultural background. The Multicultural Action Plan 2017-2020 provides a blueprint for inclusive economic and social opportunities, leadership and capacity building, organisational development and advocacy, and education around the value of diversity.

Council reiterated its commitment to reconciliation by adopting the renewed Reconciliation Action Plan 2017-2019. The plan continues to strengthen a commitment towards reconciliation and provides a solid foundation of support to achieve a more cohesive, resilient and sustainable community.

Council's multi-award winning Disaster Hub received two further awards during the year. The Disaster Hub website received the 2016 Resilient Australia National Award and was the State Winner in the Get Ready Queensland Resilient Australian Awards. The Disaster Hub gathers disaster intelligence from numerous sources to improve decision making for council, first-response agencies and community members. It provides comprehensive real-time information that can be accessed from any internet-connected device before, during and after disaster events.



Delivering these outcomes over the past year has required the efforts of a united team – elected representatives, staff, contractors, partners and volunteers. This joint approach has enabled consistent, focused and timely services being delivered to our community. I thank the Mayor, Deputy Mayor and Councillors for their leadership and support in this regard.

I also acknowledge our hard-working people who are delivering value for money outcomes to our community every day and are the driving force behind the professional approach to managing roads, parks, libraries, sporting and community facilities, events, bushland habitat, beaches and waterways.

Over the next 12 months my leadership team and I are also committed to ensuring a workplace that is engaging, collaborative and inspires excellence, whilst building a productive and innovative culture, fit for exciting and positive times ahead.

**Michael Whittaker**  
Chief Executive Officer

## About our region - key statistics

The Sunshine Coast Council area is located in South-East Queensland, about 100 kilometres north of Brisbane. It is bounded by the Noosa region in the north, Gympie in the west, the Coral Sea in the east, the Moreton Bay region in the south, and the Somerset region in the south-west. The Sunshine Coast is a diverse region with picturesque hinterland towns, coastal urban centres, waterways, national parks, state forests, bushland, rural areas and scenic mountains.



Current population estimate

**303,400** persons

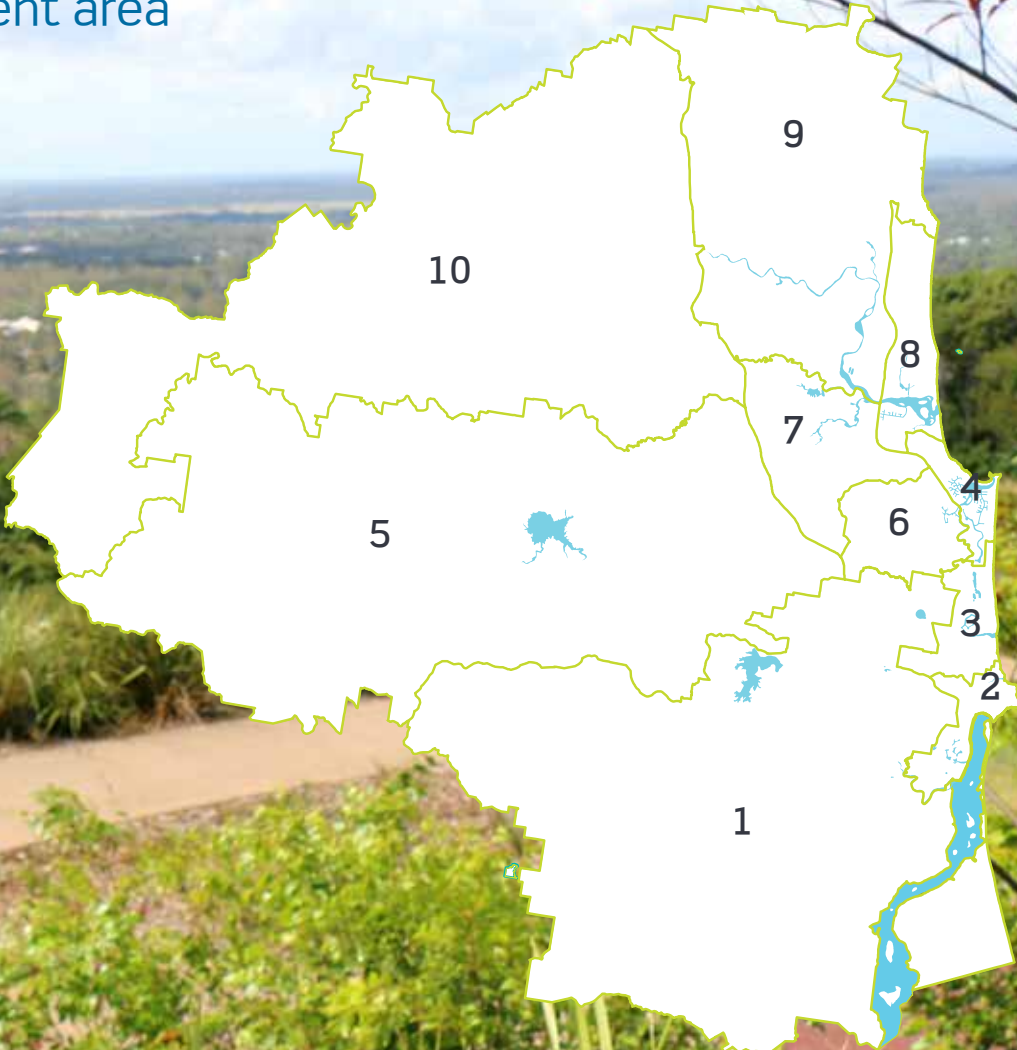
### The Sunshine Coast local government region

The Sunshine Coast has	An area of 2291 km <sup>2</sup>
	130 kilometres of coastline
	More than 3700 kilometres of waterways
	1113 recreation parks / landscape and amenity reserves
	6113 hectares of environmental reserves
	2865 kilometres of roads
	1192 kilometres of pathways
	133,591 rateable properties
	10.9 million waste and recyclable collections per annum (domestic and commercial)
The economy	\$14.05 billion Gross Regional Product #
	\$1.72 billion in building approvals issued, a 32% increase in value on previous year +

Source: # National Institute of Economic and Industry Research (NIEIR) © 2016  
+ Sunshine Coast Council Development Indicators Report



Sunshine Coast local government area



# Councillors

The role of councillors is to represent the community. They make decisions that benefit their divisions as well as the whole Sunshine Coast region, now and into the future.

## Mayor



### Cr Mark Jamieson

Portfolio: Region Making Projects, Regional Advocacy and Intergovernmental Relations

## Division 1



### Cr Rick Baberowski

Portfolio: Transport, the Arts and Heritage

## Division 3



### Cr Peter Cox

Portfolio: Place Development and Design

## Division 4



### Cr John Connolly

Portfolio: Councillor Assisting on Planning and Development; and Councillor Assisting on Tourism, Events and Sport

## Deputy Mayor - Division 2



### Cr Tim Dwyer

Portfolio: Corporate Strategy and Finance; and Councillor Assisting on Economic Development and Innovation

## Division 5



### Cr Jenny McKay

Portfolio: Community and Environment; and Councillor Assisting the Mayor on International Relations

## Division 6



### Cr Christian Dickson

Portfolio: Planning and Development

## Division 7



### Cr Ted Hungerford

Portfolio: Governance and Customer Service; and Councillor Assisting on Local Infrastructure Delivery

## Division 8



### Cr Jason O'Pray

Portfolio: Tourism, Events and Sport

## Division 9



### Cr Steve Robinson

Portfolio: Economic Development and Innovation

## Division 10



### Cr Greg Rogerson

Portfolio: Local Infrastructure Delivery; and Councillor Assisting on Tourism, Events and Sport

## Leadership team

Council's leadership team consists of - Chief Executive Officer, five Directors, Chief Strategy Officer and Executive Manager. This team has the shared responsibility for providing the organisation with leadership and direction to achieve the outcomes determined by council.



Chief Executive Officer  
**Michael Whittaker**



Director  
Community Services  
**Coralie Nichols**



Director  
Corporate Services  
**Ray Turner**



Director  
Economic Development  
and Major Projects  
**Greg Laverty**



Director  
Infrastructure Services  
**Andrew Ryan**



Director Planning  
and Environment  
**Warren Bunker**



Chief Strategy Officer  
**Craig Matheson**



Executive Manager  
Office of Mayor and CEO  
**Brendan Hogan**



## Our organisation

Council's structure as at 30th June 2017 consists of six departments.

**Elected council** (Mayor and Councillors)

Chief Executive Officer

Community  
Services  
Department

Corporate  
Services  
Department

Economic  
Development  
and Major Projects  
Department



Infrastructure  
Services  
Department

Planning and  
Environment  
Department

Office of the  
Mayor and CEO

## Section 2

# Implementation of corporate and operational plans



# Corporate Plan

The Corporate Plan sets out council's vision and is supported by five goals. Each goal is supported by pathways that council is committed to achieve.

## Vision

Australia's most sustainable region  
– healthy, smart, creative.

## Goals



A smart  
economy



A strong  
community



A healthy  
environment

Service excellence

An outstanding  
organisation





# A smart economy

A prosperous, high-value economy of choice for business, investment and employment.

## Strategic pathways

- Strong economic leadership, collaboration and identity
- New capital investment in the region
- Investment and growth in high-value industries
- Strong local to global connections
- A natural, major and regional event destination
- A regional hub for innovation, entrepreneurship and creativity

## Major achievements:

- Construction work begins on the first stage of the new Maroochydore CBD
- Sunshine Coast Airport expansion now underway
- A \$605 million deal with commercial partner Palisade sealed for Sunshine Coast Airport
- More than one million passengers flew in and out of Sunshine Coast Airport during a 12-month period for the first time
- \$240 million of total purchasing spend was awarded to local business
- Major events generated about \$65.5 million in economic activity

## Highlights for 2016/17

### Building council's reputation and attracting investors

Council continued to promote the region to the world as a great place to invest. International investment missions were made to Hong Kong and China.

At a local level, council has helped attract Langs Building Supplies to the Coast which will see a new \$20 million purpose built store at Caloundra, creating 100 new jobs. Langs will supply building materials to the fast growing housing markets across the region including Aura (Caloundra South) and Harmony (Palmview) and will also transport products outside the region.

### Living in a smart community

The Sunshine Coast was named one of the world's Smart21 Communities for 2017 in recognition of applying digital technology to deliver economic opportunities that leads to jobs, investment and social development. This is the third time in four years the region has been recognised by the Intelligent Community Forum.

### Sunshine Coast Airport

Palisade Investment Partners were appointed the Sunshine Coast Airport's commercial operating partner in a deal worth \$605 million.

Palisade will be responsible for operating, investing and developing the airport and will oversee future negotiations with airlines to expand both domestic and international routes available from the Sunshine Coast. Sunshine Coast Council will retain legal title to the airport, with Palisade operating the asset under a 99-year lease.

The runway expansion project reached a milestone with the design contract signed. Beca Consultants Pty Ltd will design a new 2450 metre long x 45 metre wide compliant runway. Once operational from the end of 2020, the new runway is expected to contribute \$4.1 billion to the Sunshine Coast economy in its first 20 years, with 3500 fewer dwellings affected by noise.

Sunshine Coast Airport hit the one million passenger mark for the first time in a 12-month period. The milestone, 55 years in the making, continued an incredible period of growth and development for the region's air traffic gateway.

Sunshine Coast Airport became the first Australian airport to achieve carbon neutrality under the Airport Carbon Accreditation program. The program recognises airports around the globe for managing their carbon emissions and reducing carbon footprints.

### International broadband submarine cable

Council made application to the Australian Communications and Media Authority for the declaration of a submarine cable protection zone off-shore from the Sunshine Coast. The delivery of an international broadband submarine cable would potentially enable the region and South-East Queensland to attract a new calibre of business investment, as well as provide the eastern seaboard of Australia with an alternative point of connection to global broadband communication networks.

If successful, the Sunshine Coast would be the closest digital connection point in Australia to the leading markets of Asia and the United States.



Sunshine Coast Airport

## Caloundra South development

The Sunshine Coast's largest land development, south of Caloundra, is well underway with essential infrastructure in place and numerous homes built. The 20,000-lot project will be delivered over the next 30 to 40 years and will create thousands of new jobs and economic stimulation. The first stage of the Bells Creek Arterial Road was opened at the southern end of the Sunshine Coast. The 2.8 kilometre stretch gives direct access to Aura, Australia's largest master-planned city. Stockland has invested \$30 million in the construction of this first phase of critical state road infrastructure, providing direct access to the emerging community.

## Palmview development

Palmview's largest master planned community, Harmony, set on 378 hectares, opened with the construction of the entrance road, Peter Crosby Way. With a development timeline of 15-20 years, AVID Property Group anticipates Harmony will create around 9000 jobs and deliver 4800 homes for 12,000 future residents. The development includes a town centre and 100 hectares of parklands.

## Kawana Health Precinct

Sunshine Coast University Hospital opened in April 2017. The \$1.87 billion hospital is a game-changing project for the region and is the centrepiece of our health and well-being industry. This industry is one of the largest generators of economic activity on the Sunshine Coast.

Council was proud to support the hospital development, investing millions of dollars in supporting programs and services since 2012 and assuming responsibility on behalf of the community for a wide range of community assets, once constructed. The opportunities presented by the hospital project have been a major focus for council over the last few years.

## Maroochydore city centre

Construction work started on the first stage of the new Maroochydore city centre. New roads, footpaths, cycleways, lighting, parks and landscaping are included in the civil construction works that will cost \$25 million and take around 12 months to complete. The works will include the installation of underground services and smart city infrastructure that will position the Central Business District amongst the most technologically advanced in Australia.

The project includes an underground waste collection system where waste will be transported from commercial buildings and apartments through underground vacuum pipes.

Construction on the new Aerodrome Road intersection commenced and it will become a key entry point into the new Maroochydore city centre.

Council made a commitment to establish a civic and administration presence in the new Maroochydore city centre. This building will include a full range of services for our customers.

SunCentral, the company overseeing design and delivery of the development on 53 hectares, said the start of civil works and council's commitment to the site was a significant milestone for the project.

## Supporting local business

\$240 million (71%) of the total purchasing spend made by council for the 2016/17 financial year was awarded to local business. This is a great financial boost for the local business economy.

The Level Up program was delivered by council to help local small and medium sized businesses connect to high-speed broadband. More than 370 business people were engaged in some aspect of the program. They now have the necessary awareness and skills to utilise digital tools to improve their productivity and profitability.



## Major events

In 2016/17, the Sunshine Coast region hosted 47 major events, attracting 118,000 guests to the region, generating around \$65.5 million in economic activity.

## Supporting employment

Major employment initiatives undertaken by council included The Future Careers+ 2025 Expo and the Job Show.

The Job Show attracted more than 2500 jobseekers and employers, resulting in 120 placements within the first month.



In 2016/17 the Sunshine Coast hosted  
**47 major events**  
 attracting 118,000 visitors



## Performance Measures:

Measure	Annual Target	Performance Result
Council actions in the Regional Economic Development Strategy implemented in accordance with agreed timeframes	88%	84%
Local business graduates' satisfaction with council's Export and Capability Program	75%	97%
Estimated economic impact from council-supported major and regional events	\$63 million	\$65.5 million
Development applications decided within target decision timeframes	90%	91%



# A strong community

In all our communities, people are included, treated with respect and opportunities are available to all.

## Strategic pathways

- Safe and healthy communities
- Resilient and engaged communities
- A shared future that embraces culture, heritage and diversity
- People and places are connected

## Major achievements:

- Sunshine Coast Lightning won the national netball grand final in their debut season
- More than 35,000 people at the first HORIZON Festival
- Sunshine Coast Stadium attracted record crowd of 10,000 fans for an NRL pre-season game
- Caloundra Music Festival celebrated its 10th anniversary
- \$4.1 million in grants provided to more than 870 community applicants
- Opening events staged for 50th Anniversary of the Naming of the Sunshine Coast
- First Multicultural Action Plan endorsed

## Highlights for 2016/17

### Sunshine Coast Stadium

A \$2.5 million upgrade added spectator hills with superior vantage points on three sides of the ground, as well as an LED big screen, new car parking, better drainage and other improvements. The expansion was made possible through council's capital works program and the State Government's Get Playing Plus program.

The new-look Sunshine Coast Stadium attracted a record sports crowd to the Melbourne Storm's win against the NZ Warriors in an NRL pre-season trial match. The crowd of more than 10,000 fans was the largest in attendance in the past 10 years. The modernised stadium ushered in a new era for elite level sport on the Sunshine Coast.

### National netball team

The history-making Sunshine Coast Lightning were presented with a key to the city after becoming the inaugural Suncorp Super Netball champions.

The Lightning, who came together in 2016 as the Coast's first team in an elite national sporting competition won the grand final against GWS Giants.

The team's success has helped promote the Sunshine Coast region to the nation.

### Community grants

In addition to grants from mayoral and councillor discretionary funding, \$4.1 million was allocated to more than 870 applicants for one-off projects, events and activities that benefit our region.

### Community venues

More than 2800 events were held at Lake Kawana Community Centre, community halls and The Events Centre, attracting more than 440,000 patrons.

### Library services

Council delivered more than 1830 library programs and workshops over the financial year to more than 52,700 participants.

Council libraries are being modernised and during the year works commenced on the \$2.48 million expansion of the Coolool Library to create modern, flexible and functional spaces to meet the needs of a growing community.

Kawana Library unveiled a new children's area which provides a vibrant and innovative, recreation and learning space for children under five years.

Caloundra Library improvements included new laptop and tablet spaces, outdoor courtyard, reading nooks and new seating.

### 50th Anniversary of the naming of the Sunshine Coast

The launch of the celebrations for the 50th Anniversary Naming of the Sunshine Coast was held early 2017, with council organising many exciting activities to celebrate the naming of the region. To support this important event, a 50th Anniversary Fund was established and a Fond Memories Community Campaign launched.

These programs planned throughout 2017 include a rich and diverse range of events, projects and activities, celebrating our history, lifestyle and local community.

As part of this celebration, a public art project themed "Our Sunshine Coast" saw 32 traffic signal boxes across the region being painted, creating engaging and creative public spaces.

## Multicultural Action Plan

Council's first Multicultural Action Plan 2017-2020 was endorsed with the intent to recognise, respect and embrace diverse cultures. The Plan has three priority areas of "Valuing cultural diversity", "Accessing opportunity" and "Enabling contribution and participation". It provides direction and coordination of council, sector agencies and community centres to create equal opportunity for all.

## Reconciliation Action Plan

Council reiterated its continued commitment to reconciliation by adopting the renewed Reconciliation Action Plan 2017-2019. This document built upon the successes of council's first Reconciliation Action Plan by continuing to strengthen a commitment towards reconciliation. Key actions will identify opportunities to support Aboriginal and Torres Strait Islander people to lead more active and healthy lifestyles, engage in cultural tourism, enhanced employment, and supplier diversity programs within council. These initiatives are important building blocks to provide a solid foundation of support to achieve a more cohesive, resilient and sustainable community.

## HORIZON Festival of Arts and Culture

The inaugural HORIZON Festival was held in September 2016 and provided a dynamic cultural experience for the region and its visitors. More than 220 events were held over 10 days and attracted an audience in excess of 35,000 people. The festival included performances, street art, projections, interactive art displays, laneway bar, food and market stalls. It provided exceptional community engagement and showcased established and emerging local artists.

## Caloundra Music Festival

The decade-long, popular Caloundra Music Festival (CMF) was held in September 2016, attracting around 32,500 people over four days.

This was the 10th CMF and it is recognised internationally and nationally as an iconic event of sun, surf and soul. The festival is a major contributor to the Sunshine Coast economy and continues to put Kings Beach, Caloundra and the Sunshine Coast in the national spotlight.

## Hosting major sporting events and teams

Council rolled out the welcome mat over the past year to host a number of significant sporting events and teams. These included:

- Brisbane Heat versus Hobart Hurricanes in the Sunshine Coast Smash Twenty20 cricket clashes
- NRL pre-season trial between Melbourne Storm and New Zealand Warriors
- Melbourne Rugby League Club's Storm National Youth Competition team competing in the Holden Cup
- Northern University Games, which attracted more than 1500 students across 20 different sports
- Australian Outrigger Canoe Racing Association Nationals
- 2017 Touch Football Trans-Tasman Series between Australia, New Zealand and Japan
- 2016 National Youth Touch Championships
- Ironman 70.3 World Championships. This was the first time the championships have been held outside the Northern Hemisphere. The event featured 3000 competitors from more than 80 countries
- Australian women's cricket team for their final week of preparation leading into the ICC Women's World Cup in England.





## Connecting our communities

88.6 kilometres of road improvements were undertaken as part of council's \$23 million Road Reseal and Rehabilitation Program.

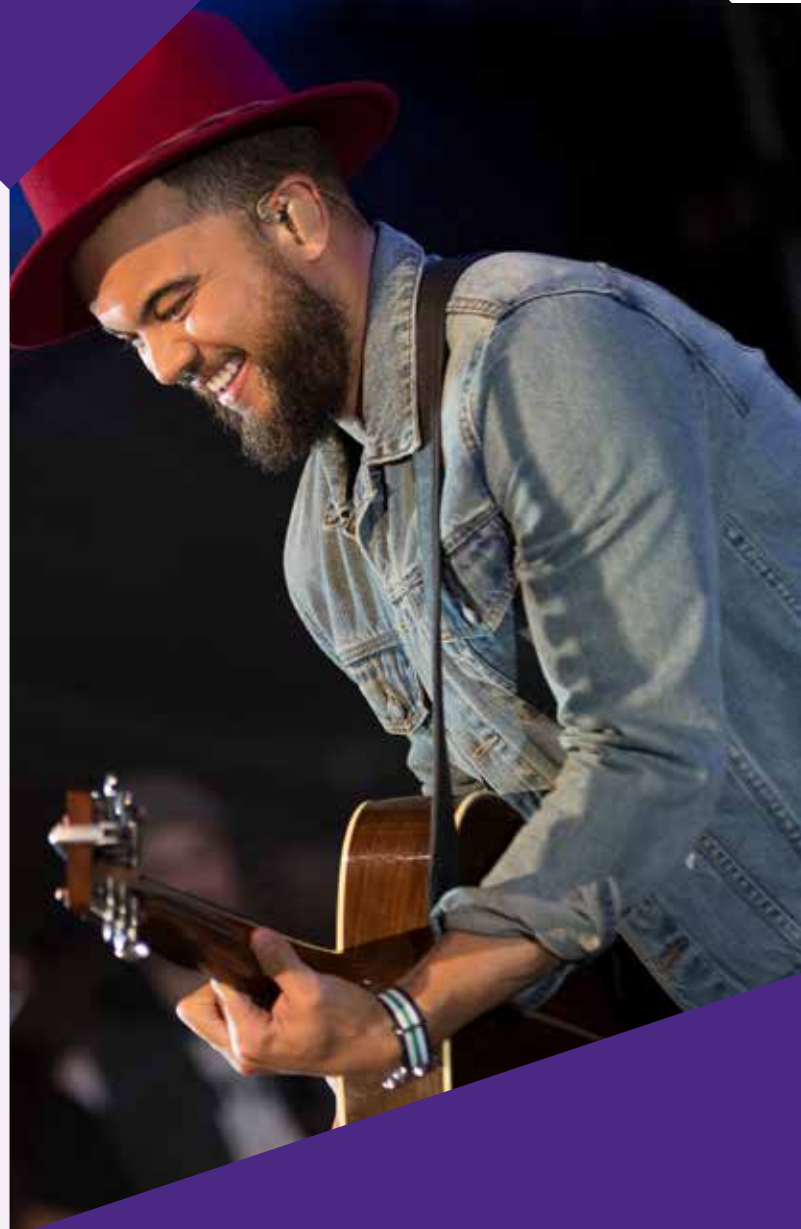
The new \$2.98 million Eudlo Creek dedicated cycle and pedestrian bridge on David Low Way opened in May 2017. The new bridge is part of a \$5.68 million investment by council and the Queensland Government for a cycleway between Maroochydore and Bli Bli.

The design for the Mooloolaba pedestrian and cyclist's bridge over Mayes Canal is underway. The dedicated off-road cycle link, which will mark arrival into Mooloolaba, is part of council's endorsed Place Making Mooloolaba Master Plan.

Road improvements and dedicated cycle and pedestrian bridges are helping to connect our communities.

## Capital Works Program

The Transport Capital Works Program was implemented.



## Performance Measures:

Measure	Annual Target	Performance Result
Council actions in the Social Strategy implemented in accordance with agreed timelines	32%	32%
Average patron satisfaction with council venues provided for hosting community events and programs	75%	94%
Increased patronage of council controlled major sporting facilities, performance and community venues	>= 5%	-21%
Increase in new library memberships	>= 5%	3.7%
Ratio of desexed animals registered with council compared to total animal registrations	91%	92%



# A healthy environment

Maintaining and enhancing the region's natural assets, liveability and environmental credentials.

## Strategic pathways

- A resilient region shaped by clever planning and design
- Protection and enhancement of our natural assets and distinctive landscapes
- Responsive, accessible and well managed assets and infrastructure
- Transitioning to a sustainable and affordable way of living
- A reputation for innovation and sustainability

## Major achievements:

- A number of key centres throughout the region are being revitalised and transformed
- New Mary Cairncross Rainforest Discovery Centre opened
- Evans Street Maroochydore - \$20 million upgrade completed
- Purchased 75 hectares for environmental land for \$3.65 million
- New animal pound opens at Sippy Creek

## Highlights for 2016/17

### Planning and designing places

The following key areas are being revitalised to improve our region's lifestyle and the environment:

- Maroochydore City Centre – construction underway
- Evans Street, Maroochydore – road upgrade completed
- Caloundra City Centre - Bulcock Street upgrade Stage 3 completed
- Palmwoods - town square construction has commenced
- Mooloolaba – detailed design for the main foreshore underway
- Nambour – Activation Plan being implemented.

### Maroochydore – Evans Street

Construction on the \$20 million upgrade of Evans Street in Maroochydore was completed. This upgrade was part of a major road improvement scheme to help improve traffic flow; increase road safety; improve cycle and pedestrian connectivity; and allow for forecast traffic volumes. It provides a vital link from Maroochydore Boulevard to Maroochydore Road.

### Caloundra – revitalisation of Bulcock Street

Bulcock Street - Stage 3 work was completed. The streetscape upgrade has significantly enhanced the look and experience of the area and is attracting visitors and residents to Caloundra central business district.

Work included new footpaths, additional street furniture, new landscape areas with additional trees and shrubs, directional signage, public art and Smart City technology.

Design work commenced on the next stage (Minchinton Street through to Knox Avenue).

### Nambour Activation Plan

Council, community and local businesses are working together to implement the Nambour Activation Plan. Progress throughout the year included:

- Nambour Heritage Tramway - work commenced on the preliminary plans for the western terminus
- Endorsement of the Nambour Splash Park Feasibility Study
- Petrie Creek Open Space Master Plan developed
- Drawn Together Nambour street art program
- Festivals and community events such as Tramfest, NamJam Busking competition, Nambour Together, Retro Rocks Nambour and the Winter Jazz Festival.

### Glass House District Park

Construction commenced on the Glass House District Park Stage 3.

The landscape plan for the park is being implemented over multiple stages and contains a pathway and trail network including a boardwalk and bridges, shelter and barbecue facilities, an amenities building, playground, car park, dog off-leash area and interpretive signage.

This park of around 38 hectares of green space in Glass House Mountains is set to become a showpiece for the whole Sunshine Coast to enjoy.

## Buderim Village park upgrade

A range of new facilities are now open at Buderim Village Park after council completed construction in September 2016. These new features include two barbecue shelters, viewing terraces with seating areas, lighting and custom-designed furniture which celebrates Buderim's heritage by displaying bottles from the early 1900s which were found on the site.

## Mary Cairncross Scenic Reserve Rainforest Discovery Centre

The new Rainforest Discovery Centre was opened in February 2017. The \$4.7 million Discovery Centre features an elevated viewing platform and boardwalk and the Rainforest Education Centre.

This reserve is a Queensland icon with highly significant conservation values and has been a popular destination for residents and visitors for more than 50 years. It attracts about 200,000 people annually.

The new Mary Cairncross Scenic Reserve Rainforest Discovery Centre will educate visitors on the surrounding rainforest.

Council works closely with Friends of Mary Cairncross and the Mary Cairncross Scenic Reserve Management Advisory Committee to ensure the natural assets are appreciated and respected by all.

## Environmental land

The Environment Levy contributes to buying, protecting, enhancing and managing environmentally significant land, alongside a host of other important local conservation programs.

During 2016/17, council purchased four parcels of environmental land totalling 75 hectares for a total of \$3.65 million.

Within our region there are 571 environmental reserves totalling 6113 hectares.

## Land for Wildlife Program

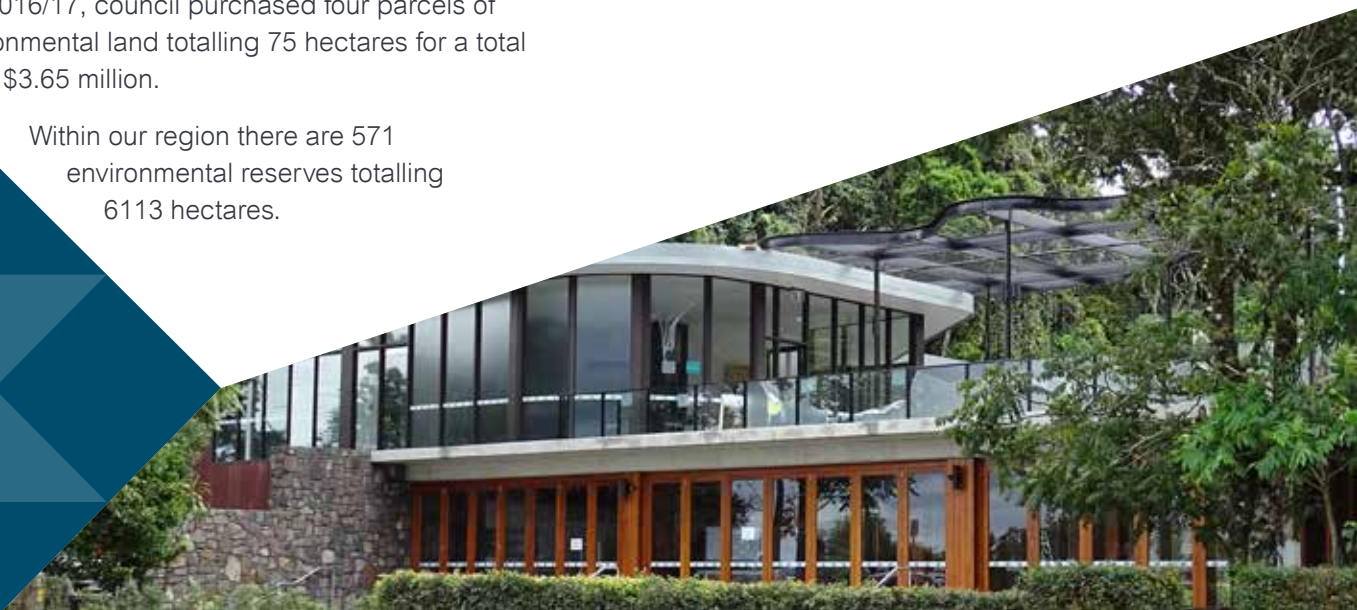
Highlights include:

- 190 new Land for Wildlife properties registered, bringing the total to 942 protecting 8291 hectares
- Land for Wildlife Incentive Program provided 27,650 native plants, installed 225 nest boxes and offered weed management materials and training to 27 landholders
- Landholder Environment Grants program provided \$304,000 of funding to 97 properties to conduct bushland rehabilitation, revegetation and other conservation works
- Six new Voluntary Conservation Agreements (VCA) protecting a further 59 hectares of habitat
- The total area of habitat protected through the VCA program on the Sunshine Coast is now 1153 hectares.

## Maroochydore - basketball stadium

A \$2.1 million expansion of Maroochydore Basketball Stadium opened in March 2017. It included new courts, a referees room, renovated change rooms, shower rooms, sprung timber floors, energy efficient LED lights, automated ventilation louvers to maximise natural light and reduce power consumption, and disabled access amenities.

As part of the expansion, council also improved pathways and landscaping and has added an entrance statement within Elizabeth Daniels Park to further add to this sporting precinct.



## New animal pound

The new Sippy Creek Animal Pound at Tanawha is operational and has the ability to service the region's growing pet population and animal management needs now and into the future.

The state-of-the-art facility features cattery and kennel buildings, an assessment facility, large animal and poultry enclosures with a central administration and reception building.

## Capital works program

The following capital works programs were implemented:

- Coast and canals
- Environmental assets
- Parks and gardens
- Holiday parks
- Waste
- Stormwater.



## Performance Measures:

Measure	Annual Target	Performance Result
Council's greenhouse gas emissions reduced (tonnes per employee)	20 tonnes	25 tonnes
Audited parks meeting maintenance standards	90%	92%
Hectares of land per resident acquired through environment levy for conservation and preservation purposes maintained	97sqm	96sqm
Increase in landholders and community groups partnering with council in environmental and conservation programs	7.5%	8.6%



# Service excellence

Positive experiences for our customers, great services to our community.

## Delivery pathways

- Respecting and valuing our customers
- Regular and relevant engagement with our community
- Service quality assessed by performance and value to customers
- Assets meet endorsed standards for sustainable service delivery

## Major achievements:

- Award-winning online Disaster Hub manages 187,000 enquiries during ex-Tropical Cyclone Debbie weather event
- 179,000 phone calls from customers received at our main call centre
- Sunshine Coast Solar Farm reached physical completion
- \$1.72 billion of building approvals issued – the highest figure over the past eight years
- New Beerwah council depot opened

## Highlights for 2016/17

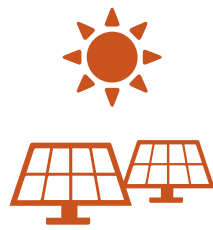
### Customer Service

A fresh Customer Charter was endorsed. It sets our commitment and standards on how council will support customers. The charter includes regular online reports on our service levels and how they are being achieved. It also encourages and provides opportunities for customer feedback, and demonstrates a willingness of council to regularly assess its performance.

To further our service commitment, a Customer Experience Strategy is under development.

### Customer Relationship Management System

Council is in the process of installing new computer software to improve the way we do business with customers. When operational in 2018, we will be able to resolve customer enquiries more effectively and issues faster. The new system will help us understand customer needs and experiences when doing business with council.



**\$22 Million**  
in savings  
over a **30**  
year period

### Sunshine Coast Solar Farm

The Sunshine Coast Solar Farm at Valdora reached physical completion. The completion of this gamechanger project makes council the first local government in Australia to offset 100% of its electricity consumption with energy from a renewable source. The 15 megawatt solar farm allows council to take control of its own electricity supply, combating rising electricity costs and achieving an important sustainability milestone. The Solar Farm will provide \$22 million in savings, after costs, over a 30-year period based on today's electricity costs, which are anticipated to increase substantially in the future.

Council is striving to become Australia's most sustainable region and the Sunshine Coast Solar Farm is part of its plan to achieve that vision.

### Connecting with customers

Customer service centres provide a variety of ways for customers to interact with the organisation, including in person, by phone and online.

During the year around:

- 57,000 customers visited a service counter
- 41,000 customers emailed
- 179,000 customers phoned the main call centre
- 8400 customers took advantage of council's live chat facility.

### Development Services supported:

- \$1.72 billion building approvals issued
- 38,684 development enquiries
- 44,629 PD Online users
- 14,636 development, building and plumbing applications received
- 420 free development pre-lodgement meeting requests.

## Making it easy to do business with council

The new and improved online portal for doing business with council, titled MyCouncil, went live in June 2017. It provides an improved user experience with customers now having the ability to view:

- Personal and business information
- Rates notices and balances
- Pet information
- Council requests and applications
- A fast business renewal and payment tool was implemented for the issue of food business licence renewals and includes SMS as a friendly reminder.

## Pet management

Council continued to focus on education and communication to enhance responsible pet management practices. A number of popup community education events were held over a nine-week promotion of “Pop Ups in Parks” along the coastal fringe. More than 200 participants took advantage of proactive “Park the Bark” education sessions that provided dog owners an opportunity to understand why dogs bark and gave some useful tips on how to reduce this unwanted behaviour.

## Building and development activity

Overall activity has remained positive across the local development industry in 2016/17.

A total of 14,636 applications were lodged with 2214 new lots created and made available to the market through the council plan seal process.

Building activity continues to record positive growth with \$1.72 billion of building approvals issued during the 2016/17 financial year – the highest figure over the past eight years.

## Disaster readiness

The Disaster Management team once again stepped into action when ex-Tropical Cyclone Debbie made her way down the coast and lashed total rainfalls up to 308mm and wind gusts of 128kph. Staff from council and other emergency agencies provided vital information for the coordination of the response to the event.

Council’s online Disaster Hub proved to be essential in conveying information with 187,000 page views by the public over the duration of the event.

Council’s field crews were out in the community preparing for the event and once again after the event to assess and remove green waste/debris from infrastructure and parks. Whilst the beaches, roads and parks received some obvious damage, on the whole our region recovered quite well from the event.

## The Events Centre upgrade

The Sunshine Coast’s premier performing arts and conference centre, The Events Centre in Caloundra, has a modern new look with extensive exterior improvements completed.

In addition to rendering and painting the brickwork, improvements were made to the clock tower.

This upgrade has addressed exterior maintenance requirements which will provide on-going operational savings for ratepayers.

The building now has an attractive modern façade to welcome national and international performing artists.





## Planning Act

Preparation continued throughout the year with systems and processes updated to meet new provisions and timeframes under the Planning Act 2016. The Act that commenced in July 2017 establishes a new planning system for Queensland, replacing the existing *Sustainable Planning Act 2009*.

## Council depots

The new \$3.44 million Beerwah Depot in Roys Road was opened for business in March 2017. This new depot will service much of the new development areas to the south of Caloundra and replaces the aging Landsborough depot that will be rehabilitated for future community use. With the development of Caloundra South (Aura) now well underway, the continuing growth of Beerwah township and Beerwah East being developed in the future, council is now well positioned to serve our community both now and in years to come.

A strategy is under development to assess the future needs and locations of council depots across the region. As new communities come on line it is important that our field crews are properly equipped, mobile and located to provide the best possible service.



## Performance Measures:

Measure	Annual Target	Performance Result
Operating surplus ratio (ratio between operating revenue and operating expenses)	7.4%	5.5%
Asset sustainability ratio (spending on existing assets through renewal)	85.5%	83%
Asset consumption ratio (ratio of asset current value relative to replacement value)	80%	77.18%
Capital works achieving physical completion	90%	93%
Percentage of successful prosecutions relating to vicious dog attacks	97%	100%
Ratio of customer interactions conducted online compared to other contact channels	27%	33.7%
Percentage of calls to customer contact centre answered within 60 seconds	80%	89%
Total waste diversion rate	34%	37%



# An outstanding organisation

A high performing, customer-focused organisation marked by great people, good governance and regional leadership.

## Performance pathways

- A great workplace culture, with engaged, energised and skilled people
- Strong leadership, enabling councillors, individuals and teams to be their best
- A financially sustainable organisation
- Collaborative, proactive relationships with community, business and government
- Digital technology is fundamental to innovative solutions for future service delivery
- Information, systems and process underpin quality decisions and enhance customer relationships

## Major achievements:

- Clean financial audit report for the eighth consecutive year
- Delivered a record \$722 million budget for 2017/18
- Recognised with 16 awards
- Holiday Parks revenue up 11%

# Highlights for 2016/17

## Corporate Plan 2017-2021

Council adopted an updated Corporate Plan that builds on the long-term aspirational vision to be Australia's most sustainable region.

The updated vision statement reflects where council will be investing its efforts and highlights the importance of building a region that is Healthy, Smart, Creative.

These attributes define the approach to the economy, engagement with our community, the environment and how council operates as an organisation.



## Strong financial management

Sunshine Coast Council received a clean audit report for the eighth consecutive year, outperforming other major South-East Queensland councils in a Queensland Audit Office (QAO) report on the financial health of Queensland councils.\*

Of eight South-East Queensland councils, Sunshine Coast Council was the only council to achieve the highest possible results in financial sustainability, financial statement preparation and internal control effectiveness.

Queensland Treasury Corporation undertook a credit review and council maintained its rating of strong with a neutral outlook. The rating reflects council's strong operating performance with historical and forecast operating surpluses, a strong liquidity position and solid debt servicing capacity. The neutral outlook reflects council's continuing ability to produce strong financial performance and flexibility to absorb unforeseen financial shocks.

## Council budget

A record \$722 million budget focusing on delivering Australia's leading healthy, smart and creative region was handed down in June 2017.

The budget included a capital works program totalling \$237 million to support the region's unique lifestyle, economy and environment.

Council continued its commitment to the region's gamechanging projects, Maroochydore City Centre, the Sunshine Coast Solar Farm and the Sunshine Coast Airport expansion.

## Holiday parks

Council's six holiday parks experienced very strong occupancy with revenue up by \$1.6 million (11%) on previous year. This has been achieved through significant capital improvements over the past five years, together with continued favourable weather conditions and the ability to easily book online. Holiday Parks generated \$16 million in revenue and provided council with a \$7.5 million surplus.

\* Source: Appendix G of Local government entities: 2015-16 results of financial audits (Report 13: 2016-17) (page 81)

## Awards for excellence

Council continues to be recognised as an outstanding organisation, receiving a number of significant awards including:

- **Parks and Leisure Awards** – Event of the Year for the 2016 IVF VAA World Sprint Outrigger Championships
- **LGMA Queensland** - Excellence in Workplace Wellbeing for mental health program FRESHminds
- **Outstanding Contribution to the Airport Industry** to Sunshine Coast Airport General Manager, Peter Pallot
- **Routes Asia 2017 Marketing Award** to Sunshine Coast Airport
- **Airport Carbon Accreditation Program** - Sunshine Coast Airport for first Australian airport to achieve the highest level for carbon neutrality
- **Agent of Change Honorary Practitioner Award** to council's Coordinator of Investment Attraction, Alex Lever-Shaw
- **Premier Park in Queensland Award - Queensland's Park of the Year 2017** for the Quota Park Youth Activity Precinct and Heroes Walk
- **Best Play Space under \$500,000 Award** for the Moffat Beach Park Fig Tree Playground Renewal
- **Queensland Research Project Award** from Parks and Leisure Australia for the open space landscape infrastructure manual
- **Resilient Australia National Award 2016**; and **Queensland State Winner in the Get Ready Queensland Resilient Australian Awards** for Disaster Resilience for the Disaster Hub website
- **Innovation in Public Works Award and Overall Winner Award** for Nambour Youth Activity Precinct and RSL War Memorial (Heroes Walk)
- **Excellence in Design and Delivery of Public Works Project under \$2 million Award** for The Jack Morgan Park Upgrade Project
- **Community Facility Project of the Year** from National Cricket Australia for work at the Caloundra Cricket Club
- **LGAQ certificates of service** awarded to Councillor Dwyer and Councillor McKay
- **Highly Commended Certificate for Government Stewardship Award** for the Pumicestone Passage Catchment Action Plan
- **Australian Business Award for Community Contribution** for the Sunshine Coast Social Strategy.

## Aligning services to meet community needs

Following the adoption of the Corporate Plan 2017-2021, an important project started to review the structure of the organisation to ensure it was positioned to meet the challenge of serving one of Australia's fastest growing regions.

The Next Steps project considers the organisation's current positioning of functions and responsibilities and how to best serve the community.

An external firm was engaged to undertake the process with the organisation and improvements are planned to start during 2017/18.





Sunshine Coast Council  
recognised with

**16 awards**

## Performance Measures:

Measure	Annual Target	Performance Result
Reduction in work time (days per month) lost due to workplace injuries	45 days per month	55 days per month
Right to information application decisions set aside or amended on external review	< 5	1
Net financial liabilities	38.5%	-0.3%
Debt servicing ratio (indicates ability to repay loans)	3.8 times	3.4 times
Unmodified audit opinion (auditor's report provides reasonable but not absolute assurance about the true and fair presentation of financial report)	Unqualified	Unmodified (Unqualified)
Open data sets published on council's website increased	185	205
Percentage of employees who would recommend council as an employer	76%	67%

# Section 3 Annual disclosures

# Corporate governance

Sunshine Coast Council continues to be a responsible local government, operating in accordance with legislation and focusing on the ethical business activities and relationships between councillors, senior management, employees, the community, government departments, business clients and other key stakeholders.

Council has a governance framework that enhances organisational performance, whilst monitoring and maintaining compliance with legislative and other controls.

The framework in conjunction with the Governance in Action Program focuses on:

- Building awareness of organisational responsibilities and accountabilities
- Strong financial stewardship and fiscal responsibility
- Monitoring and maintaining compliance with legislation, policy, standards and controls
- Integral practices, procedures and ethical decision making with continuous improvement activities and transparent reporting
- Involving the community as a key stakeholder in decision making and consultation opportunities.

## Risk management

Risk management is the identification, assessment and prioritisation of risks. It also includes the steps taken to minimise such risks. Council has a Risk Management Policy, Risk Management Guideline and Risk Management Framework to assist in identifying risks and opportunities in all aspects of council operations. The policy and framework are based on AS/ NZS/ISO 31000:2009 which is an international standard for risk management.

The following risk types are monitored and reported:

### Strategic risks

- Council receives a quarterly report at the confidential session of the ordinary meeting
- Audit Committee receives a report each meeting

### Operational risks

- Audit Committee receives information on strategic risks and all operational risks exceeding the set risk tolerance
- Directors monitor their department risks each quarter

### Project risks

- Governance committees overseeing large projects monitor project risks.

## Audit Committee

The overall objective of the Audit Committee is to assist the council and the Chief Executive Officer to discharge their duties in accordance with the Audit Committee Charter including:

- Corporate governance, financial reporting, internal control structure, risk management systems, external and internal audit functions
- Maintaining an independent and objective forum promoting transparency, accountability and an ethical culture throughout council
- Maintaining, by scheduling regular meetings, open lines of communications with council, Executive Management, External Audit and Internal Audit, to exchange information and views.

Four formal Audit Committee meetings were held throughout the year with the Committee comprised of both councillors and independent external representatives as follows:

- Mr Peter Dowling AM (Independent Chair)
- Mr Len Scanlan (Independent Member)
- Cr Tim Dwyer
- Cr Christian Dickson

Key activities undertaken by the Audit Committee during the year include:

- Monitoring the Financial Statement annual preparation process and reviewing the draft Financial Statements prior to certification
- Overseeing governance reporting including risk management, work health and safety
- Reviewing both external and internal audit plans, reports and recommendations.

External Auditors, Directors and Internal Auditors also attend meetings and contribute toward a culture of continuous improvement. The Audit Committee is an Advisory Committee reporting to council.

## Audit and Assurance

The Audit and Assurance team conducts activities in accordance with best practice principles, including guidance issued by the Institute of Internal Auditors. Activities for the period July 2016 to June 2017 included revenue and expenditure systems, asset management plans, contributed assets, fraud risk management and enterprise risk management. In addition, the provision of advice and assistance to council staff.

## Councillor remuneration

Sunshine Coast Council mayor and councillors were remunerated in accordance with section 247 of the *Local Government Regulation 2012*.

The table below sets out the remuneration paid to Sunshine Coast councillors for the period 1 July 2016 to 30 June 2017.

### Councillor remuneration and superannuation

Councillor	Salary (\$)	Employer Superannuation (\$)
Mayor Mark Jamieson	214,458	25,735
Cr Rick Baberowski	130,207	15,625
Cr Tim Dwyer (Deputy Mayor)	148,588	17,831
Cr Peter Cox	130,207	15,625
Cr John Connolly	130,207	15,625
Cr Jenny McKay	130,207	15,625
Cr Christian Dickson	130,207	15,625
Cr Ted Hungerford	130,207	15,625
Cr Jason O'Pray	130,207	15,625
Cr Steve Robinson	130,207	15,625
Cr Greg Rogerson	130,207	15,625



# Councillor expenses and facilities

Pursuant to section 250 of the *Local Government Regulation 2012*, the Councillors' Expenses Reimbursement and Provision of Facilities policy provides for the payment of reasonable expenses incurred, or to be incurred, by councillors in undertaking council business. The policy also outlines the facilities to be provided to councillors to assist them in carrying out their duties efficiently and effectively, and at a level that fulfils community expectation.

Council business is described as activities conducted on behalf of council where a councillor is required to undertake certain tasks to satisfy a legislative requirement, perform ceremonial activities or achieve the business objectives of council. Council business should result in a benefit being achieved either for the local government and/or the local community.

The table below shows the total expenses incurred by councillors under the policy in the 2016/17 financial year.

## Councillor expenses

Councillor	Expenses (\$) *
Mayor Mark Jamieson	1320
Cr Rick Baberowski	8669
Cr Tim Dwyer (Deputy Mayor)	4537
Cr Peter Cox	2175
Cr John Connolly	5351
Cr Jenny McKay	5496
Cr Christian Dickson	1169
Cr Ted Hungerford	2986
Cr Jason O'Pray	5138
Cr Steve Robinson	751
Cr Greg Rogerson	1823

Councillors were provided with the following facilities to enable them to perform their duties and undertake council business:

- Administrative support of one full-time equivalent officer per councillor
- Office accommodation at one of three council owned or leased premises as well as access to meeting rooms
- Business and communication tools
- Mobile devices\*
- Vehicle#

\* *With the exception of the mayor, councillors are invoiced 5% of the total call and data charges in recognition of costs attributable to personal use of mobile devices.*

# *The mayor is provided with a council owned vehicle for council business. Councillors are entitled to be provided with a council vehicle for council business, with access to private use of that vehicle subject to reimbursement to council for expenses associated with private use. Councillors may enter into an alternative arrangement in lieu of the provision of a council vehicle at the discretion of the CEO. Such arrangement equates to no more than the value of the general vehicle entitlement.*

It is recognised that community expectations and demands on the mayor are such that all mobile phone and vehicle costs are deemed to be council business.

\* All councillors expenditure for the year was within budget and included a 2016/17 allocation plus unspent monies carried forward from the previous year.

# Councillor meeting attendance

Council meetings comprised Ordinary Meetings, Special Meetings and Strategic Discussion Forums. The Ordinary Meeting has a membership comprising all councillors and the mayor.

	Ordinary Meetings*	Special Meetings*	Strategic Discussion Forums**
<b>Meetings held:</b>	<b>12</b>	<b>9</b>	<b>11</b>
Mayor Mark Jamieson	12	9	9
Cr Rick Baberowski	12	8	11
Cr Tim Dwyer (Deputy Mayor)	12	9	7
Cr Peter Cox	11	9	11
Cr John Connolly	12	9	10
Cr Jenny McKay	12	8	8
Cr Christian Dickson	11	9	9
Cr Ted Hungerford	12	9	8
Cr Jason O'Pray	12	9	10
Cr Steve Robinson	12	9	10
Cr Greg Rogerson	12	9	11

\* All councillors are required to attend Ordinary and Special meetings.

\*\* There is no statutory obligation to attend Strategic Discussion Forums. Councillors notify any absences and reasons for such. These may include competing diary commitments, medical leave, annual leave, professional development and personal commitments.

## Conduct and performance of councillors

To ensure appropriate standards of conduct and performance are maintained by councillors, a code of conduct has been adopted and a process is in place to deal with complaints. The Code of Conduct for councillors, sets out the standards of behaviour expected of councillors of Sunshine Coast Council. The requirements of the code are in addition to the roles, responsibilities and obligations of councillors set out in the *Local Government Act 2009*.

During the year the following matters relating to conduct of councillors were raised:

Orders and recommendations made under section 180(2) or (4) of the Act	Nil
Orders made under section 181 of the Act	Nil
Complaints about the conduct or performance of councillors for which no further action was taken under section 176C(2) of the Act	5
Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act	Nil
Complaints referred to the mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	Nil
Complaints referred to the department's chief executive under section 176C(4)(a) of the Act	Nil
Complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act	Nil
Complaints heard by a regional conduct review panel	Nil
Complaints heard by the tribunal	Nil
Complaints to which section 176C(6) of the Act applied.	Nil

## Remuneration packages to senior management

Council has a Chief Executive Officer, five Directors, a Chief Strategy Officer and an Executive Manager that form the Executive Leadership Team.

Senior Management	Total remuneration value range
1	\$100,000 - \$200,000
6	\$200,001 - \$300,000
1	\$400,001 - \$500,000

## Public sector ethics

### Code of Conduct

Council has an employee Code of Conduct based on the four ethical principles outlined in the *Public Sector Ethics Act 1994*. It is a public statement by council of our commitment to leading the way in all that we do, supported by openness, transparency and accountability. All employees have been provided with a copy of the Code of Conduct and new employees receive a copy as part of council's employee induction program and attend a compulsory Code of Conduct training session as part of the induction process.

### Education and training

During the 2016/17 financial year, 312 staff attended 12 Code of Conduct training sessions delivered across the organisation.

The compulsory training sessions highlighted the role all council employees have in maintaining the reputation and high standing of council and the importance of working together to build a culture of ethical practice, openness and integrity. The effective and equitable implementation and administration of council's Code of Conduct relies on the commitment, skills and professionalism of all council employees and this is reinforced with regular education and awareness programs. Council will continue to deliver education and awareness sessions to all employees on council's Code of Conduct as part of council's commitment to the highest standards as a public sector leader.

### Procedures and practices of public sector entities

Council's administrative procedures and management practices have proper regard to the *Public Sector Ethics Act 1994*, as well as the Code of Conduct. Council's policies, procedures and delegations of authority are monitored and regularly reviewed.

## Registers

Council keeps a number of registers. These include:

- Asbestos register
- Asset information management system
- Beneficial enterprises
- Business activities to which the code of competitive conduct applies
- Business activities to which the competitive neutrality principle applies
- Community engagement
- Contract register
- Delegations
- Development applications
- Environmentally relevant activities
- Fees and charges
- Financial asset information management system
- Gifts and disclosures
- Local laws
- Pre-qualified suppliers
- Registered animals
- Register of Interests
- Regulated dogs
- Roads

## Beneficial enterprises

Council participated in beneficial enterprises with the following entities during the 2016/17 financial year:

- Forestry Products Queensland Pty Ltd
- SunCentral Maroochydore Pty Ltd
- Sunshine Coast Airport Pty Ltd
- Sunshine Coast Destination Ltd trading as Visit Sunshine Coast
- Sunshine Coast Events Centre Pty Ltd.

## National Competition Policy

Council conducted the following business activities during the 2016/17 financial year:

- Waste and Resource Management
- Sunshine Coast Airport
- Sunshine Coast Holiday Parks
- Quarries.

Waste and Resource Management was a significant business activity and applied the competitive neutrality principle. There were no new significant business activities.

Note: No investigation notices were issued in 2016/17 by the Queensland Competition Authority for competitive neutrality complaints.

## Administrative action complaints

Council's Administrative Action Complaints Management Process (AACMP) is made available to the public via council's external website, as well as being available to staff.

Council is committed to dealing with complaints fairly, confidentially, promptly and in a respectful manner. It is also committed to providing a superior level of service to its customers, and to open and transparent government.

In implementing the AACMP, an emphasis is placed on complaints being appropriately managed by operational areas in the first instance. Following this, council applies a robust internal review process with improvements provided where appropriate.

During 2016/17 council:

- Received and resolved 101 administrative action complaints
- This represents a 4% increase from the 2015/16 financial year.

# Summary of concessions for rates and charges

## General rate concession

Council grants a general rates concession to land identified in Section 120(1) (b) of the *Local Government Regulation 2012* to the extent council is satisfied the land is owned by an entity whose objectives do not include making a profit or an entity that provides assistance or encouragement for arts or cultural development and is one of the following:

- Boy Scout and Girl Guide association
- Surf Lifesaving and Coastguard organisation
- Community sporting organisation – not-for-profit organisations without a commercial liquor licence or a community club liquor licence
- Community cultural or arts organisation – not-for-profit organisations without a commercial liquor licence or a community club liquor licence
- Charitable organisation
  - a Not-for-profit organisation; and
  - b Registered as a charity institution or a public benevolent institution; and
  - c Providing benefits directly to the community; and
  - d Endorsed by the Australian Tax Office - Charity Tax Concession.

The concession shall be 100% of the general rate.

## Deferral of general rate

Chapter 4 Part 10 of the *Local Government Regulation 2012* allows council to enter into an agreement with certain ratepayers to defer payment of their general rates. Council's pensioner rate deferral concession for eligible pensioners shall be allowed under Chapter 4, Part 10 of the *Local Government Regulation 2012*, Section 120(1) (a) and council's business and enterprise rate deferral concession to eligible businesses or enterprises shall be allowed under Chapter 4, Part 10 of the *Local Government Regulation 2012*, Section 120(1) (d).

## Deferment for pensioners

To assist eligible pensioners who have experienced large increases in the value of their property as determined by the Department of Natural Resources and Mines or have experienced financial hardship, council will allow deferment of up to 50% of the general rate. The deferred rates will accumulate as a debt against the property until it is sold or until the death of the ratepayer. The deferment of general rates applies only to ratepayers categorised in Differential General Rates Categories 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 28 & 30.

To be eligible to defer up to 50% of the general rate, the applicant must:

- Own and occupy the property; and
- Own no less than 50% of the property and occupy the property; and
- Have no overdue rates and charges on the said property; and
- Be the holder of a Pension Concession Card issued by Centrelink or the Department of Veteran Affairs; OR
- A Repatriation Health (Gold) Card issued by the Department of Veteran Affairs; OR
- A Commonwealth Seniors Health Card; OR
- A Queensland Seniors Card issued by the Queensland State Government.

*Note that automatic eligibility applies to those ratepayers currently receiving a Pension Concession on their rate notice. Eligibility for those ratepayers with a Seniors Card will be assessed accordingly.*

## Additional charges

Additional Charges will be applied to all deferred general rates under Section 122(5) of the *Local Government Regulation 2012*. The additional charges will be equivalent to compound interest, calculated in daily rests and set at the 90 day bank bill rate as at the adoption of the 2016/17 Budget.

## Rates and charges debt concession

In accordance with Section 120 of the *Local Government Regulation 2012*, a concession by way of an agreement to defer payment, for a period of up to 12 months, for rates and charges, may be granted to landowners that satisfy council that payment of the rates and charges will cause them hardship.

The granting of this concession will be subject to conditions as included in council resolutions, policy and procedural documents prepared from time to time.

## Pensioner concessions

Council's pensioner rate concession to eligible pensioners shall be allowed under Chapter 4, Part 10 of the *Local Government Regulation 2012*.

### 2.4.1 Eligibility Criteria

The pensioner:

1. Must comply with eligibility criteria contained in the Queensland Government's Rate Subsidy Scheme and must possess a current, valid qualifying concession card, namely:
  - Pensioner Concession Card issued by Centrelink or the Department of Veteran Affairs; OR
  - Repatriation Health (Gold) Card – (for all conditions) issued by the Department of Veteran Affairs; and
2. Must be the owner (either solely or jointly), or be an eligible life tenant, in accordance with the guidelines for the State Government Rate Subsidy Scheme, of property within the region which is their principal place of residence, AND must have (either solely or jointly) with a co-owner, the legal responsibility for payment of rates and charges which are levied in respect of the said property by the council. In the case of joint ownership, the concession will apply only to the approved pensioner's proportionate share of the applicable rates and charges, except where the co-owners are an approved pensioner and his/her spouse. In this situation, the concession will apply to the full

amount of applicable rates and charges; and

3. Must, if a "first time" applicant, lodge and complete the prescribed application to be entitled to a rate concession. The information on this application form will be used by council to verify the eligibility of all pensioners (Centrelink and Veteran Affairs pension recipients). Upon proof of eligibility, the entitlement to a concession will commence from either the card start date shown on the Pensioner Concession Card or the date of occupation of their principal place of residence or the start of the current rating period, whichever is the later date. Such entitlement will continue until the sale of that property or until the entitlement to a pension ceases to exist; and
4. Must, if an "existing" applicant, lodge another application if required by council OR on the acquisition of a replacement property within the region; and
5. Must have owned, or otherwise paid rates on, property within the region for the preceding three years. Pensioner concession may be allowed where the applicant has paid rates on property within the region for five of the last 10 years, so long as the "gap" between ownerships in this period does not exceed 12 months. If currently not eligible and upon meeting the qualifying period of three years, rating concession will be applied from the start of the next rating period. Discretion may be applied in relation to contribution to the region regarding continuous residency, consistent with pensioner concession arrangements as listed above. For holders of the Repatriation Health (Gold) Card issued by the Department of Veteran Affairs who have been classified as totally and permanently incapacitated, the three-year ownership provision is waived.

### 2.4.2 Method of Calculation – Per Property

Pension Rate	Sole title to the property	Joint title to the property
Maximum level of pension	\$230 p.a. maximum	\$180 p.a. maximum
Not Maximum level of pension	\$115 p.a. maximum	\$65 p.a. maximum

#### 2.4.2.1 Single Owner on the Maximum Rate of Pension

Where the pensioner is in receipt of the maximum level of pension and has sole title to the property that is their principal place of residence, the concession shall be 25% of the general rate up to a maximum amount of \$230.00 per annum.

#### 2.4.2.2 Joint Owner on the Maximum Rate of Pension

Where the pensioner is in receipt of the maximum level of pension, the property is their principal place of residence and they own the property jointly with one or more eligible people, the concession shall be 25% of the general rate up to a maximum amount of \$180.00 per annum.

#### 2.4.2.3 Single Owner not on the Maximum Rate of Pension

Where the pensioner is not in receipt of the maximum level of pension and has sole title to the property that is their principal place of residence, the concession shall be 25% of the general rate up to a maximum amount of \$115.00 per annum.

#### 2.4.2.4 Joint Owner not on the Maximum Rate of Pension

Where the pensioner is not in receipt of the maximum level of pension, the property is their principal place of residence and they own the property jointly with one or more eligible people, the concession shall be 25% of the general rate up to a maximum amount of \$65.00 per annum.

## Service, facility, activity supplied by another Local Government

Nil

## Service, facility, activity for which separate rate/special rates/charges levied

- Environment Levy
- Transport Levy
- Heritage Levy
- Montville Beautification Levy
- Tourism and Major Events Levy
- Rural Fire Charge
- Brightwater Estate Landscaping Charge
- Twin Waters Maintenance Charge
- Sunshine Cove Maintenance Charge
- Mooloolah Island Maintenance Charge
- Emergency Management Levy

For additional information, refer to the revenue analysis of the Financial Statement 2016/17.



# Changes to tenders

Item No.	Contract No.	Contract Title	Details of changes
1	ITT1471	Automated Waste Collection System – SunCentral Maroochydore	Changes to the tender specification to accommodate multiple phases. Changes also made to the tender specification to remove works to be completed by SunCentral Maroochydore Pty Ltd and include the collection station and work incidental to it.
2	ITT1582	Supply and Installation of Gateway and Trellis Structures – Evans Street, Maroochydore	Changes made to scope of works with a trellis structure being removed and seating added. Notice issued to shortlisted respondents.
3	ITT1565	Slashing Services – Roadside	Changes made to zoning with zones 1, 2 and 3 being condensed into two zones. Notice issued to all respondents.
4	ITT167	Construction and Streetscaping – Minyama to Mooloolaba Separated Bikeway – River Esplanade, Mooloolaba	Changes made to include the option to install a cycle barrier and clarification was sought from the shortlisted respondents regarding the option.
5	ITT169	Spectator Mounding – Sunshine Coast Stadium	Changes made to the date for practical completion and decrease scope of works. Notice issued to all respondents.
6	ITT1624	Coolum 25m Pool Re-Surfacing	Changes made to the pricing schedule, including removal of works being completed by council. Notice issued to all respondents.
7	ITT1626	Landscape Maintenance Services	Changes made to service frequency for one site which required a revised pricing schedule. Notice issued to all respondents.
8	ITT1641	Rural Road Upgrade Works	Changes made to program timing and traffic management implication which required a revised tender response form. Notice issued to all respondents.
9	ITT1644	Production, Supply and Management – Caloundra Music Festival	Changes made to requirements for Key Personnel for separable portions A and C which required revised pricing. Notice issued to the respondents recommended for award.

## Overseas travel

The following table provides details of travel made in an official capacity during the financial year by councillors and officers.

Attendee	Destination	Purpose	Cost (\$)	Month
Team Leader Library Programs and Business Celia Donnellan	Columbus Ohio United States	Present at the International Federation of Library Association Conference on marketing best practice.	2000	August 2016
Library Programs and Marketing Officer Jennifer Thompson	Columbus Ohio United States	Present at the International Federation of Library Association Conference on marketing best practice.	2000	August 2016
Director Infrastructure Services, Andrew Ryan	Minneapolis United States, Madrid Spain, Rotterdam Netherlands	Institute of Public Works Engineering Australasia (IPWEA) International Study Tour.	5823 cost to council	August/ September 2016
Mayor Mark Jamieson	Shanghai and Chengdu, China	Travel to China to accompany the Deputy Premier, the Honourable Jackie Trad MP and the Chairperson of Trade and Investment Queensland on a trade and investment mission.	8375 cost to council	November 2016
Coordinator Waste Diversion / Disposal, Alex Patissier	Barcelona, Spain	Study tour of waste collection systems.	4330	December 2016
Mayor Mark Jamieson	Paris, London, New York, Chicago, Boston	Participate in LGAQ study tour which provided opportunities to meet with international parties who provided shared learning, benchmarking and information to better understand how city based smart cities models are evolving.	Nil cost to council	January 2017
Chief Strategy Officer, Craig Matheson	Paris, London, New York, Chicago, Boston	Support Mayor Jamieson and participate in LGAQ study tour.	14,642	January 2017
Councillor Jenny McKay	Tokyo, Japan	Attend the 2017 Council of Local Authorities for International Relations (CLAIR) Local Government Exchange and Cooperation Seminar.	750 cost to council	February 2017
General Manager, Sunshine Coast Airport, Peter Pallot	Beijing and Hong Kong, China	Trade Mission hosted by Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment and launch of the China-Australia Year of Tourism.	4698	February 2017
General Manager, Sunshine Coast Airport, Peter Pallot	Okinawa, Japan	Participation in Routes Asia 2017.	4086	March 2017
General Manager, Sunshine Coast Airport, Peter Pallot	Doha, Qatar	Attendance at the ACI Asia-Pacific Regional Assembly.	5462	April 2017
Councillor Tim Dwyer	Beijing and Hong Kong, China	Attend Trade and Investment Events to promote the region's export capabilities in the food and beverage industry and promote inwards tourism investment opportunities.	9567	May 2017
Manager Economic Development, Paul Martins	Beijing and Hong Kong, China	Attend Trade and Investment Events to promote the region's export capabilities in the food and beverage industry and promote inwards tourism investment opportunities.	5117	May 2017
Manager Project Delivery, Tom Jamieson	United Kingdom	United Kingdom Study tour - Tram research.	8037	May 2017

# Mayor and councillor grants to community organisations

Successful recipients of Mayoral and Councillor Discretionary Funding for 2016/17:

**Mayor Jamieson:** Total 2016/17 Allocation \$100,000

Applicant	Purpose	Amount Funded (\$)
Beerwah and District Kindergarten Association	Garden mural and garden wall installation	500
Coolum Colts Junior Rugby League Club	Glyn Rees city country cultural exchange	2500
Coolum Men's Shed	Construction of car park, landscaping and security lighting	10,000
Creative Events Inc.	Music on Kings Cirque de la Opera	500
Eumundi Rotary Club	Long Lunch	250
Festuri	2016 Festuri Festival	1000
Maleny Film Society	2017 Australian Film Festival	1500
Maroochy Beach Gymnastics	Consultant and design fees for major facility expansion project	15,000
Maroochyore Chamber of Commerce	2017 Skyshow	2500
Maroochyore Revitalisation Association	2017 Ocean Street World Festival	4000
Nambour Community Centre	Women Lead the Dance – Valuing the Leadership of Women	600
Nambour RSL Sub-Branch	Printing of book "March Hero"	2500
Pente Poets	Hinterland Poetry trail design development	2250
Rotary Club of Caloundra	Rotary RYDA Road Safety Education Program 2017	1000
RSL Sunshine Coast and Regional District Branch	Sunshine Coast Veteran, Families and Community Expo	3313
Sunshine Coast and Regional District RSL	Veteran and community forum	2363
Sunshine Coast Art Group	Neriage workshop	212
Sunshine Coast Sports Federation	Rio Athletes welcome home	2100
Sunshine Coast Youth Band	Transportation of instruments to National Band Championships	1200
Yandina Bowls Club	Cold room seals	577

**Division 1 Cr Baberowski:** Total 2016/17 Allocation - \$50,000 (+\$45,388 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
Beerwah and District Kindergarten Association	Garden mural and garden wall installation	889
Landsborough School of Arts Memorial Hall Association	Renewal of hall floor	48,838
Landsborough School of Arts Memorial Hall Association	50 Years of Loving Landsborough Exhibition	5800
Landsborough School of Arts Memorial Hall Association	Stage 4 structural engineering works to hall foundations	25,000
Queensland Country Women's Association (QCWA) Beerwah	Spring Fair on the Beerwah Tower Green	1291
Transfer of Funds	Allocation to minor operational works budget	3000
Transfer of Funds	Allocation to minor operational works budget	1153

**Division 2 Cr Dwyer:** Total 2016/17 Allocation - \$40,000 (+\$1165 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
Caloundra Blue Light	Outdoor activity project	2805
Caloundra Community Kindergarten Association	Design development consultation for playground	500
Caloundra Film Festival	2016 Caloundra Film Festival	25,000
Creative Events Inc.	Music on Kings Cirque de la Opera	1000
Parkrun Golden Beach	Golden Beach parkrun course marking	1210
Rotary Club of Caloundra	Rotary RYDA Road Safety Education Program 2017	500
STEPS Group Australia Ltd	STEPS Christmas party	2500
Sunshine Coast Basketball Association	Real Men Wear Pink	500
Sunshine Coast Sports Hall of Fame	2016 Induction Ceremony	1000

**Division 3 Cr Cox:** Total 2016/17 Allocation - \$25,000 (+ \$443 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
Creative Events Inc.	Music on Kings Cirque de la Opera	500
Kawana Chamber of Commerce	Strategic Doing workshop	1250
Kawana Park Junior Australian Football Club	Jerseys for new girls team	985
Meridan State College Chaplaincy	Meridan Chaplaincy Golf Classic	300
Rotary Club of Caloundra	Rotary RYDA Road Safety Education Program 2017	750
STEPS Group Australia Ltd	STEPS Christmas party	2500
Sunshine Coast Indoor Rowing Club	2017 Qld Indoor Rowing Championships	500
The Treehouse Initiative	Third Annual Kids Christmas party	300
Windansea Boardriders	Preliminary concept drawings for proposed new building	5000

**Division 4 Cr Connolly:** Total 2016/17 Allocation - \$100,000 (+ \$126 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
Alex Community Garden Sub-Committee	Garden improvements	1500
Alexandra Headland Community Association	ANZAC Day Service support	330
Alexandra Headland Rotary Club	Work Excellence Program	5000
Alexandra Headland Surf Life Saving Club	Summer of Surf round one	4500
Alexandra Headland Surf Life Saving Club	Equipment for youth development program	1000
Kawana Senior Citizens	Provide weekly entertainment activities	2000
Kawana Waters RSL Sub-Branch	Thank You For Your Service stickers	2349
Kawana Waters Surf Life Saving Club	Kawana Carols by the Beach	1000
Mooloolaba Bowls Club	Ladies 2017 Fiesta Fours	2000
Mooloolaba Business and Tourism	Cinema in the Sand	5000
Mooloolaba Business and Tourism	Promotional back packs	2200
Mooloolaba Business and Tourism	Mooloolaba on TV	5000
Mooloolaba Netball Club	Equipment upgrade	1735
Parkrun Kawana	Purchase of defibrillator	1810
Rotary Club of Alexandra Headland	Surf Show and Shine	1000
Rotary Club of Alexandra Headland	Rotary Work Life program	7000
Rotary Club of Mooloolaba	Rotary International Science Forum	500
Sailability Sunshine Coast	Shore trailer replacement	6000
Sailability Sunshine Coast	Special Olympics Athletes welcome event	1750
Sailability Sunshine Coast	Sailability concert	1550
Suncoast Spinners Wheelchair Basketball	2017 Wheelchair Basketball tournament	2000
Sunshine Coast Agricultural Show Society	Farm Yard Activities and the 2017 Show	2000
Sunshine Coast Yacht Club	Sunshine Coast Ocean Regatta 2016	6000
Transfer of Funds	Allocation to minor operational works budget	5000
Transfer of Funds	Allocation to minor operational works budget	8400
Transfer of Funds	Allocation to minor operational works budget	20,000
Zonta Club of Caloundra	RISE project	2000

**Division 5 Cr McKay:** Total 2016/17 Allocation - \$50,000 (+ \$261 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
Arts Connect	Building a multidisciplinary art space in Montville	10,000
Barung Landcare Association	Children's woodworking workshops at the Maleny Wood Expo 2017	1500
Barung Landcare Association	Preparation of business plan	10,000
Chemical Free Farmers Association	Celebrating Food of the SC Hinterland – 2017 Winter and Spring Events	2000
Chevallum State School P&C	Strawbfest rubbish removal	524
Conondale Valley Association	ANZAC Day Family Picnic	200
Eudlo State School P&C Association	Playgroup sand pit and soft fall area	1691
Fusion Sunshine Coast	MooFest 2016	500
Fusion Sunshine Coast	MooFest 2017	500
Hinterland Bush Links	Subtropical Forests Ecology Course	2000
Knitfest	Workshop coordinator for 2017 Knitfest Festival	500
Knitfest	Festival bus	590
Maleny District Sport and Recreation Club	PA sound system	1000
Maleny Girl Guides	Asbestos removal and hut renovation	2000
Montville Village Association	From Farm to Café Photographic Exhibition	1000
Mooloolah River Waterwatch and Landcare	National Tree Day Mooloolah Valley	200
Mooloolah State School P&C	Mooloolah rodeo	550
Nambour and Maroochy District Band	Jackets for Sunshine Brass National Championships	500
Nambour Community Centre	Women Lead the Dance – Valuing the Leadership of Women	300
Nambour RSL Sub-Branch	Printing of book "March Hero"	1310
Palmwoods Bowls Club	Ladies 2 Day Fiesta	1000
Palmwoods Memorial Hall Association	Palmwoods community free family movie night	400
Palmwoods Netball Club	On-line sign on	500
Palmwoods Warriors Football Club	Chip cooker	800
Pente Poets	Hinterland Poetry trail design development	2250
Special Olympics Australia (Sunshine Coast Branch)	2016 Special Olympics Sunshine Coast Golf Classic	500

**Division 5 Cr McKay:** Continued

Applicant	Purpose	Amount Funded (\$)
Sunshine Coast Independent Living Service	Workshops on Sustainable Communities	818
Sunshine Coast Sister Cities Association	Japanese Art Exhibition at The Art and Ecology Centre	500
Sunshine Valley Men's Shed	Purchase of wood working machinery	3500
Woombye Christmas on the Field	2016 Woombye Christmas on the Field	500
Woombye Community and Business Association	Light Up Woombye and Lantern Parade	500
Woombye Community Library	Library refurbishment	2000

**Division 6 Cr Dickson:** Total 2016/17 Allocation - \$55,000 (+ \$1637 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
4556 Chamber of Commerce	Strategic Doing forum	600
Buderim East Probus Club	The Story of Buderim East Probus	550
Buderim Meadows Community Gardens	Garden bed covers	992
Buderim Men's Shed	New shed development	10,000
Buderim War Memorial Community Association	Seating for ANZAC Commemorative Service	1000
Laurel Place Inc.	Counselling and client support	1000
Mountain Creek Neighbourhood Watch	Crime prevention awareness morning	250
Rotary Club of Caloundra	Rotary RYDA Road Safety Education Program 2017	500
Sunshine Coast Art Group	Neriage workshop	212
The Treehouse Initiative	Third Annual Kids Christmas party	300
Transfer of Funds	Allocation to minor operational works budget	13,200

**Division 7 Cr Hungerford:** Total 2016/17 Allocation - \$10,000

Applicant	Purpose	Amount Funded (\$)
Lions Club of Buderim	Buderim Street Party 2016	5000
Transfer of Funds	Allocation to minor operational works budget	5000



**Division 8 Cr O'Pray:** Total 2016/17 Allocation - \$100,000 (+ \$1,490 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
Disabled Access Awareness Group	Office equipment	2000
Empowering Community Strategy	Gibir Galangur Program	2500
Hot Ginger Chorus	Young Women in Harmony	808
ICKFA Sunshine Coast Branch	New tournament mats	2000
Leukaemia Foundation	Light the Night Event 2016	1000
Marcoola Community Group	Marcoola Remembers event and group promotions	2000
Maroochy Neighbourhood Centre	Replacement of commercial freezer	2000
Maroochyore Chamber of Commerce	2017 Skyshow	10,000
Maroochyore Revitalisation Association	Economic revitalisation of Ocean Street precinct	17,200
Maroochyore Revitalisation Association	2017 Ocean Street World Festival	6050
Maroochyore Rugby Union club	Field light maintenance	5000
Maroochyore Surf Life Saving Club	Ski Ergo for Ski Academy	2000
Memorial Park Community Kindergarten	Playground rejuvenation project – fort structure	5000
Mudjimba Surf Life Saving Club	Age manager shirts and high vis singlets	2000
Mudjimba Surf Life Saving Club	Rescue board	1095
Orange Sky Laundry	Water tanks for laundry van	5000
Parkrun Seaside	Print stencilling	980
Rotary Club of Maroochyore	Bus transport to Road Safety Education 2017	750
Seaside Shores Community Association	Christmas lights on the Glen Retreat Park pavilion	2200
Suncoast Spinners Wheelchair Basketball	2017 Wheelchair Basketball Tournament	1000
Sunshine Coast Environment Council	World Environment Day festival	3000
Sunshine Coast Rowing Club	Space saver racking system	1500
Sunshine Coast Sports Hall of Fame	2016 Induction Ceremony	1000
Transfer of Funds	Allocation to minor operational works budget	2500
Transfer of Funds	Allocation to minor operational works budget	600
Transfer of Funds	Allocation to minor operational works budget	4946
Twin Waters Residents Association	20th birthday celebration in the park	700
Twin Waters Residents Association	21st birthday celebration in the park	700

**Division 9 Cr Robinson:** Total 2016/17 Allocation - \$100,000 (+ \$2,134 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
Coolum Beach Meals on Wheels	Shade sail to shelter cars	6168
Coolum Beach Surf Life Saving Club	Multipurpose trailer	10,000
Coolum Men's Shed	Hand rails for disability access ramps	8160
Coolum Men's Shed	Construction of car park, landscaping and security lighting	10,000
SunnyKids	Prioritised referral program	5000
Transfer of Funds	Allocation to minor operational works budget	2000
Transfer of Funds	Allocation to minor operational works budget	25,000
Transfer of Funds	Allocation to minor operational works budget	1400
Valdora Community Hall Association	Replacement barbeque shelter and back landing steps	7000
Verrierdale Community Group	Memorial plaque for 100 Year School Anniversary	770

**Division 10 Cr Rogerson:** Total 2016/17 Allocation - \$100,000 (+ \$197 carryover from 2015/16)

Applicant	Purpose	Amount Funded (\$)
3rd SPACE	One Love Shared Christmas lunch	250
Eumundi Combined Community Organisation	Earth Hour lantern parade	1000
Eumundi Dragons Junior Rugby Union Club	Sun smart marquee	1644
Eumundi Rotary Club	Long Lunch	250
Festuri – A Multicultural Festival	2016 Festuri Multicultural Festival	1000
Kenilworth RSL Sub Branch	Purchase of sound system	3195
Mapleton and District Community Association	Site inspection fee	220
Mapleton Bowls Club	Landscaping works	1350
Nambour Alliance	Nambour Winter Jazz Fest marketing	2000
Nambour and Maroochy District Band	Jackets for Sunshine Brass National Championships	2531
Nambour Community Centre	Women Lead the Dance – Valuing the Leadership of Women	913
Nambour RSL Sub-Branch	Printing of book "March Hero"	1310
Nambour State College P&C	Hall seating	30,000
Obi Obi and Kidaman Creek District Community Hall	Obi Obi Motor Cycle Show	500

## Division 10 Cr Rogerson: Continued

Applicant	Purpose	Amount Funded (\$)
Petrie Park Craft Association	Building costs	118
Plantation Retirement Resort Residents Committee	Volunteer bus driver training and accreditation	1140
Rejuvenate Nambour	2016 Retro Rocks Nambour	1000
Smartpups Assistance Dogs	Smartpups Art Show	1000
Special Olympics Australia (Sunshine Coast Branch)	2016 Special Olympics Sunshine Coast Golf Classic	500
Sunshine Coast Arts Industry Precinct	Art n Skill creative diversionary workshops for young people	1000
Sunshine Coast Independent Living Service	Workshops on sustainable communities	821
Sunshine Coast Pride Festival	2017 Sunshine Coast Pride Festival	2000
Supporting People in Respite and Lifestyles Inc.	SPIRAL Art Show	500
The Nambour Tramway Company	Loose Kaboose	5000
The Nambour Tramway Company	Tramfest Christmas street party	5273
Transfer of Funds	Allocation to minor operational works budget	500
Yandina & District Historical Society	Costing fees and design for sundial	600
Yandina Bowls Club	Shade structure around bowling green	6420
Yandina Community Gardens	Secure equipment storage shed	350
Yandina/Eumundi RSL Sub Branch	Restoration of 2/14 <sup>th</sup> Australian Infantry Battalion Memorial Park	1000
Zonta Club of Caloundra	RISE Project	1000

# Glossary

## Capital works program

A council plan which prioritises the construction of the necessary infrastructure (e.g. roads, bridges, buildings) to support the development of the region.

## Corporate Plan

Strategic document that identifies the priorities for council for the next five years and beyond.

## Governance Framework

Outlines the relationship between the governing and accountability processes of council. It covers management structure, management standards and control and review processes.

## Infrastructure

The basic facilities, services and installations needed for the functioning of a community or society, such as transport networks, drainage, water and sewerage and the like.

## Liveability

Numerous factors that equate to a community's quality of life.

## Operational Plan

Details the activities and projects that council will undertake during a 12-month period to achieve the broader strategic direction and outcomes identified in the Corporate Plan which are funded through the budget.

## PD Online

A self-help planning and development tool. It allows users to access:

- Basic property information; and
- Information on past and current development, building and plumbing applications.

## Place making

Capitalises on a local community's assets, inspiration, and potential, ultimately creating good public spaces that promote people's health, happiness, and wellbeing.

## Seven high-value industries

Industries which have the greatest potential for success in the new economy. High-value industries include:

- Health and well-being
- Education and research
- Professional services and knowledge industries
- Tourism, sport and leisure
- Agribusiness
- Clean technologies
- Aviation and aerospace.

## Sustainable

Meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Section 4

# Financial Information

# Community Financial Report 2016/17

This report provides a representation of Sunshine Coast Council's recent financial performance.

## Financial Statements

The financial statements consist of four reports, with accompanying notes. The notes disclose Council's accounting policies and provide additional information and greater detail on the values contained in the statements. When read in conjunction with each other, the documents provide an overall understanding of Council's financial position.

### Statement of Comprehensive Income

The statement of comprehensive income provides information about revenues and expenses and shows if a profit or a loss has been made in delivering Council services.

### Statement of Financial Position

The statement of financial position provides information about assets and liabilities. Together they provide the net worth of Council, which has been built up over many years. This net worth is also called the Community Equity.

### Statement of Changes in Equity

The statement of changes in equity summarises the increase (or decrease) in Council's net worth for the year.

### Statement of Cash Flows

The statement of cash flows shows changes to cash balances and how they resulted. It differs from the statement of comprehensive income in that it excludes non-cash expenses such as depreciation, accruals and revaluation of assets such as land and buildings.

### Measures of Financial Sustainability (Ratios)

Financial sustainability ratios examine the relationships between different financial categories. These ratios are also used for comparison purposes when benchmarking with other organisations.

There are various financial sustainability measures available however Council is required to calculate its ratios in accordance with the Financial Management (Sustainability) Guideline issued by the Department of Infrastructure, Local Government and Planning. The Current Year Financial Sustainability ratios are also audited by the Auditor-General of Queensland.

### Business Activities – Full Cost Recovery Performance

Council conducts a number of business activities. The full cost recovery performance reports on the value of Council's investment in these activities.

## Statement of Comprehensive Income

The following figures relate to Council only for the year ended 30 June 2017, and the numbers have been rounded. The figures do not include Council's controlled entities as per the Consolidated columns in the financial statements.

### Revenue

Where did the money come from?

Council received \$426 million in recurrent operating revenue during the 2016/17 year with the major source of this revenue generated from the rates and utility charges. Total operating revenue increased by \$27 million (6.9%) on the previous year.

Revenue	\$'000
Rates & Utilities (61.5%)	261,991
Fees & Charges (16.1%)	68,698
Interest Received (7.6%)	32,516
Grants & Other (8.5%)	36,446
Unitywater (6.3%)	26,684
<b>Total</b>	<b>426,334</b>

### Expenses

Where was the money spent?

Council returns the majority of revenues to the community in the form of services and community projects. Total recurrent expenses during the 2016/17 year were \$403 million which was an increase of \$30 million (8.1%) on the previous year.

Expenses	\$'000
Employee Benefits (33.1%)	133,244
Materials & Services (46.3%)	186,337
Finance Costs (2.6%)	10,392
Depreciation & Amortisation (17.7%)	71,483
Contributions to Controlled Entities (0.3%)	1,400
<b>Total</b>	<b>402,856</b>

## The Operating Result

The Operating Result is derived from the Statement of Comprehensive Income by deducting Total Recurrent Expenses from Total Recurrent Revenue, with Council's result for 2016/17 being \$23 million profit. This result allows Council to meet its debt repayments and capital expenditure commitments.

## Statement of Financial Position

### Assets - Liabilities = Community Equity

### Assets

What do we own?

The value of all assets we controlled as at 30 June 2017 totalled \$5.194 billion. This figure is further broken down into current assets \$419 million (8.1%) and non-current assets \$4.775 billion (91.9%). Current assets are those that are readily available to meet expenses and mainly include cash and amounts owed by customers. Non-current assets include property plant and equipment and investments in associates (Unitywater).

Assets	\$'000
Cash & Cash Equivalents (5.4%)	282,375
Trade & Other Receivables (8.7%)	453,167
Inventories & Other (2.9%)	149,741
Property Plant & Equipment, Intangibles (72.6%)	3,770,421
Investments in Associates (10.4%)	538,212
<b>Total</b>	<b>5,193,916</b>

### Liabilities

What do we owe?

The value of all liabilities as at 30 June 2017 was \$418 million. This figure consists of current liabilities \$115 million (27.5%) and non-current liabilities of \$303 million (72.5%). The largest single debt owed by Council is to the Queensland Treasury Corporation (QTC) which is the state government-owned lending agency. This money is borrowed for infrastructure and large-scale region making projects.

Liabilities	\$'000
Trade & Other Payables (13.2%)	55,074
Borrowings (69.4%)	290,056
Provisions (12.7%)	53,204
Other Liabilities (4.7%)	19,643
<b>Total</b>	<b>417,977</b>

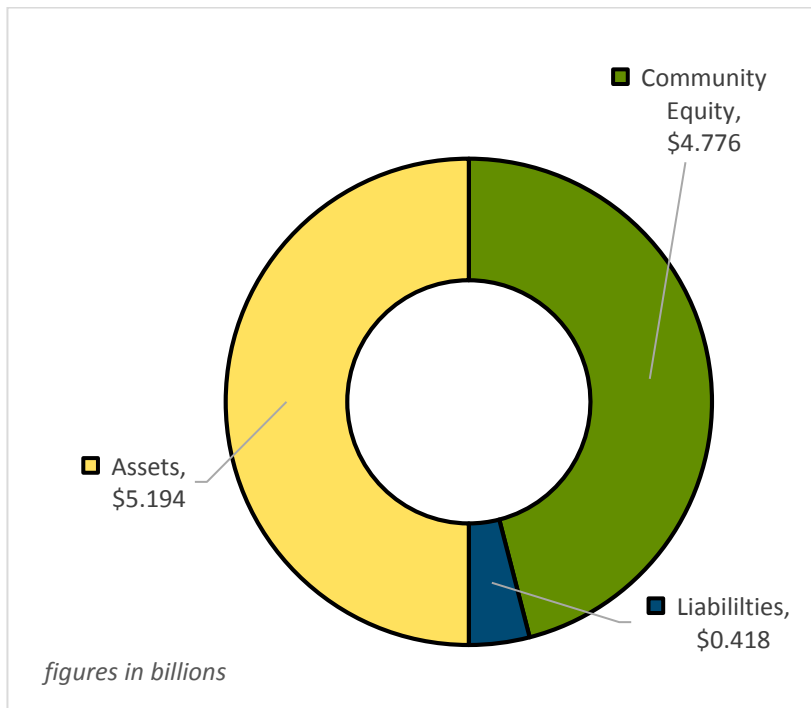
## Statement of Changes in Equity

### Community Equity

What is our net worth?

Assets (what we own) less liabilities (what we owe) equal Council's net worth (Community Equity). As at 30 June 2017, the Community Equity for Council was \$4.776 billion, an increase of \$142 million (3.1%) from the prior year.

The majority of this increase is due to Council's Net Result for the year of \$140 million. The Net Result is made up of the Operating Result of \$23 million, along with capital items such as grants, subsidies, contributions and donations as well as losses incurred on the disposal of assets or discontinued operations.



Council's total Community Equity (\$4.776 billion) is made up of:

- **Retained Surplus** being the initial and ongoing investment of the Community along with the profit or loss results of all financial years (\$3.929 billion).
- **Asset Revaluation Surplus** which is the accumulated value of the assets in excess of what we have paid for them (\$847 million).

## Statement of Cash Flows

### Cash Flow

Cash in, cash out.

There are three types of activities that have an impact on cash balances:

- **Operating activities** including receipts from customers and payments to suppliers, interest and dividends, grants, and the cost of borrowings.
- **Investing activities** include investments made in property, plant and equipment, proceeds from sale of assets, and contributions.
- **Financing activities** include the cash movement from borrowings proceeds received, less repayment commitments.

Overall cash balances for Council decreased by \$36 million (11.4%) for the financial year. The majority of this decrease related to Council's increased investment in capital works coupled with no new loans being drawn down from Queensland Treasury Corporation during the year.



## Capital Expenditure

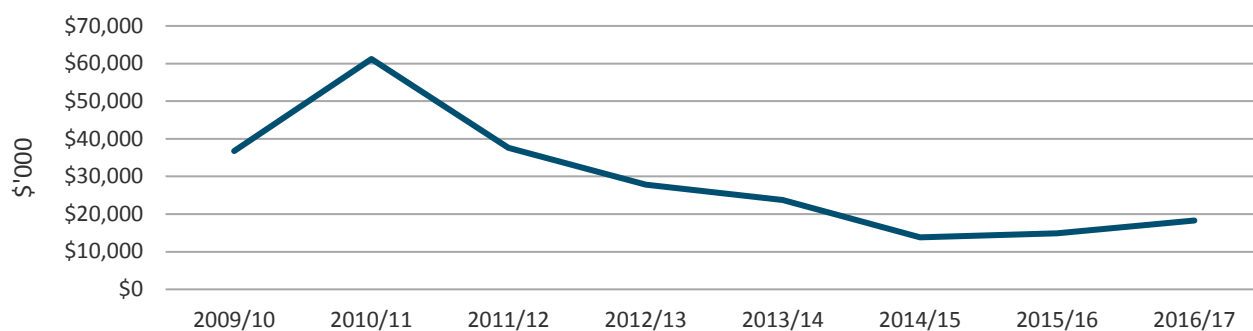
### Building Assets

Category	\$'000
Buildings and Facilities	9,880
Parks and Gardens	15,350
Stormwater	2,786
Strategic Land and Commercial Properties	12,756
Sunshine Coast Airport & Aerodrome	2,300
Transportation (Roads)	44,369
Waste	10,135
Coasts and Canals	1,530
Other	12,163
<b>Total Council Base Capital Program</b>	<b>111,267</b>
Corporate Major Projects	6,416
Maroochydore City Centre	18,151
Solar Farm	33,020
Sunshine Coast Airport Runway	8,093
<b>Total Region Making Projects</b>	<b>65,680</b>
<b>TOTAL</b>	<b>176,947</b>

Capital Expenditure sits outside the normal operating costs of Council and is included in the Property Plant and Equipment balance on the **Statement of Financial Position**. Capital expenditure includes infrastructure costs such as the development of the new Maroochydore City Centre as well as the recently completed Solar Farm. It also includes work on core Council assets such as buildings, roads, landfill and waste facilities, stormwater etc. Capital costs appear in the operating statement as a **depreciation expense** over the life of the asset.

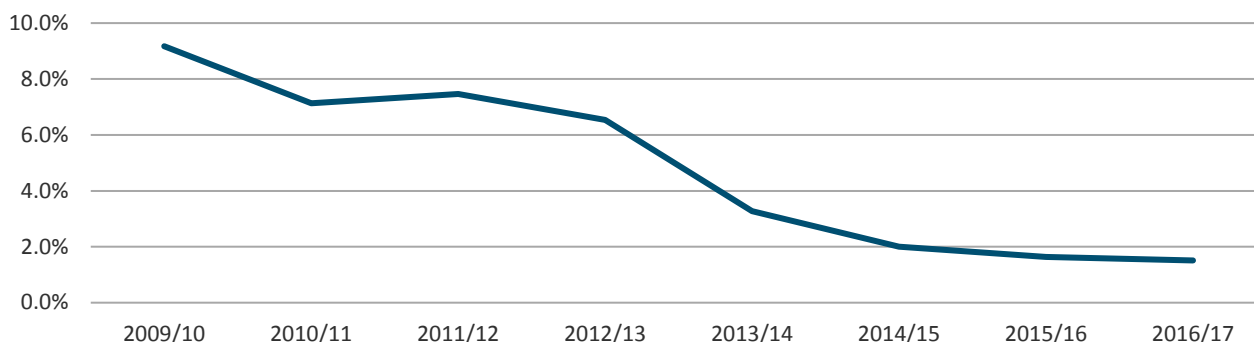
**Trade Receivables** comprise amounts owed to Council for Rates & Utilities, Infringements and Infrastructure Charges as well as services provided by Sunshine Coast Airport, Quarries, Waste and Holiday Parks.

#### Trade Receivables (Money owed to Council)



Outstanding **Rates & Utilities** have reduced over the past 6 years as illustrated by the graph below.

#### Outstanding Rates & Utilities as a percentage of total levied



## Measures of Financial Sustainability (Ratios)

### Ratios – Current Year Sustainability Statement (Council)

Ratio	Description	%
Operating Surplus Ratio	Measures the extent to which operating revenues raised cover operational expenses. This result is within the preferred target of between 0% and 10%.	5.5
Net Financial Liabilities Ratio	Measures the extent to which the net financial liabilities of Council can be repaid from operating revenue. This result is well below the preferred limit of no greater than 60%, and indicates that Council's Current Assets exceed the Total Liabilities	-0.3
Asset Sustainability	Measures the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. This is a strong result considering Council's relatively young asset base and reflects the ongoing commitment to the renewal of assets.	83.0

Council's financial ratios for 2016/17 are showing a favourable result which is an indication there is surplus revenue to fund future capital expenditure and meet all debt servicing obligations.

### Business Activities – Full Cost Recovery Performance

Council's Financial Sustainability Plan requires the performance of Council's business activities be published annually in the Community Financial Report.

2016/17 Financial Data	Waste and Resources Management \$'000	Sunshine Coast Airport \$'000	Sunshine Coast Holiday Parks \$'000	Quarries Business Unit \$'000
Operating Revenue	59,034	20,248	17,231	10,599
Community Service Obligations	546	124	-	-
<b>Total Operating Revenue</b>	<b>59,580</b>	<b>20,371</b>	<b>17,231</b>	<b>10,599</b>
Operating Expenditure excluding interest	40,994	10,681	8,796	9,640
Depreciation	3,194	1,132	590	218
Competitive Neutrality Costs excluding income tax equivalent	279	669	374	4
<b>Total Operating Expenditure</b>	<b>44,467</b>	<b>12,483</b>	<b>9,760</b>	<b>9,862</b>
<b>Earnings before interest and tax</b>	<b>15,113</b>	<b>7,888</b>	<b>7,471</b>	<b>736</b>
Return (pre-tax nominal) %	14.4%	11.2%	18.3%	17.3%
Target return	<b>8,926</b>	<b>8,683</b>	<b>4,582</b>	<b>472</b>
Weighted average cost of capital %	9.2%	12.0%	12.2%	11.0%
Surplus (Shortfall) EBIT to target return	<b>6,186</b>	<b>-794</b>	<b>2,889</b>	<b>265</b>

Note: Weighted average cost of capital and return on capital are calculated on a pre-tax nominal basis net of assumed revaluation gains.  
Value of Council's investment in the Business Activity excludes strategic land holdings.

## 2016/17 Financial Statements

For year ended 30 June 2017

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## 1. FINANCIAL STATEMENTS

### Statements of Comprehensive Income For the year ended 30 June 2017

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Income</b>					
<b>Revenue</b>					
<b>Recurrent revenue</b>					
Net rates and utility charges	3(a)	261,991	245,114	261,991	245,114
Fees and charges	3(b)	71,001	66,008	68,698	63,934
Rent and sales from contracts and recoverable works	3(c)	16,864	16,290	16,864	16,391
Share of tax equivalents of associate	3(d)	12,847	10,099	12,847	10,099
Dividend Income	3(e)	-	-	13,837	16,454
Interest received	3(f)	32,605	33,481	32,516	33,394
Share of profit of associate	13	50,829	51,130	-	-
Grants, subsidies, contributions and donations	4(a)	19,977	13,503	19,581	13,503
<b>Total recurrent revenue</b>		<b>466,113</b>	<b>435,626</b>	<b>426,334</b>	<b>398,889</b>
<b>Non-recurrent revenue</b>					
Grants, subsidies, contributions and donations	4(b)	179,818	135,396	179,818	135,396
<b>Total non-recurrent revenue</b>		<b>179,818</b>	<b>135,396</b>	<b>179,818</b>	<b>135,396</b>
<b>Total income</b>		<b>645,932</b>	<b>571,022</b>	<b>606,153</b>	<b>534,286</b>
<b>Expenses</b>					
<b>Recurrent expenses</b>					
Employee benefits	5	(135,142)	(127,715)	(133,244)	(124,671)
Materials and services	6	(188,502)	(166,278)	(186,337)	(166,626)
Finance costs	7	(10,441)	(12,571)	(10,392)	(12,513)
Depreciation and amortisation	16 & 18	(71,486)	(67,785)	(71,483)	(67,784)
Contributions to controlled entities	8	-	-	(1,400)	(1,218)
<b>Total recurrent expenses</b>		<b>(405,572)</b>	<b>(374,349)</b>	<b>(402,856)</b>	<b>(372,811)</b>
<b>Non-recurrent expenses</b>					
Loss on disposal property, plant and equipment	9	(9,446)	(1,374)	(9,446)	(1,374)
Movements in landfill and quarry provisions	21	(3,862)	(3,020)	(3,862)	(3,020)
Assets transferred to third parties	9	(8,784)	-	(8,784)	-
Non current asset impairment	9	(1,556)	-	(1,556)	-
Revaluation decrement property, plant & equipment	9	(39,802)	-	(39,802)	-
<b>Total non-recurrent expenses</b>		<b>(63,449)</b>	<b>(4,394)</b>	<b>(63,450)</b>	<b>(4,394)</b>
<b>Total expenses</b>		<b>(469,021)</b>	<b>(378,743)</b>	<b>(466,306)</b>	<b>(377,204)</b>
<b>Net result/(deficiency)</b>		<b>176,911</b>	<b>192,280</b>	<b>139,847</b>	<b>157,081</b>
<b>Other comprehensive income</b>					
Increase/(decrease) in asset revaluation surplus	23	(41,965)	(1,074)	(41,965)	(1,074)
<b>Total other comprehensive income</b>		<b>(41,965)</b>	<b>(1,074)</b>	<b>(41,965)</b>	<b>(1,074)</b>
<b>Total comprehensive income for the year</b>		<b>134,946</b>	<b>191,206</b>	<b>97,882</b>	<b>156,008</b>

## FINANCIAL STATEMENTS

### Statements of Financial Position

As at 30 June 2017

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	283,995	320,010	282,375	318,556
Trade and other receivables	11	18,431	14,934	18,274	14,935
Inventories	12	9,697	8,179	9,594	8,069
Other assets	14	26,996	25,112	26,937	25,058
Assets classified as held for sale	15	81,990	490	81,990	490
<b>Total current assets</b>		<b>421,109</b>	<b>368,724</b>	<b>419,170</b>	<b>367,107</b>
<b>Non-current assets</b>					
Trade and other receivables	11	434,392	434,393	434,893	434,893
Inventories	12	31,220	21,894	31,220	21,894
Property, plant and equipment	16	3,753,564	3,656,930	3,753,549	3,656,929
Investments in associates	13	672,333	635,341	538,212	538,212
Intangible assets	18	16,872	20,504	16,872	20,504
<b>Total non-current assets</b>		<b>4,908,382</b>	<b>4,769,063</b>	<b>4,774,746</b>	<b>4,672,433</b>
<b>Total assets</b>		<b>5,329,491</b>	<b>5,137,786</b>	<b>5,193,916</b>	<b>5,039,540</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	19	54,300	44,834	53,690	44,434
Borrowings	20	21,431	19,848	21,431	19,848
Provisions	21	20,218	20,210	20,075	20,127
Other liabilities	22	19,643	15,350	19,643	15,350
<b>Total current liabilities</b>		<b>115,593</b>	<b>100,242</b>	<b>114,840</b>	<b>99,759</b>
<b>Non-current liabilities</b>					
Trade and other payables	19	1,464	1,162	1,384	1,105
Borrowings	20	268,625	274,131	268,625	274,131
Provisions	21	33,129	30,707	33,129	30,678
<b>Total non-current liabilities</b>		<b>303,218</b>	<b>306,000</b>	<b>303,137</b>	<b>305,914</b>
<b>Total liabilities</b>		<b>418,811</b>	<b>406,242</b>	<b>417,977</b>	<b>405,673</b>
<b>Net community assets</b>		<b>4,910,680</b>	<b>4,731,543</b>	<b>4,775,940</b>	<b>4,633,867</b>
<b>Community equity</b>					
Asset revaluation surplus	23	847,168	889,133	847,168	889,133
Retained surplus/(deficiency)		4,063,512	3,842,410	3,928,772	3,744,734
<b>Total community equity</b>		<b>4,910,680</b>	<b>4,731,543</b>	<b>4,775,940</b>	<b>4,633,867</b>

## FINANCIAL STATEMENTS

### Statements of Changes in Equity

For the year ended 30 June 2017

#### Consolidated

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Total \$'000
<b>For the year ended 30 June 2017</b>				
<b>Balance as at 1 July 2016</b>		889,133	3,842,410	4,731,543
Opening balance adjustment	16	-	44,191	44,191
Increase/(decrease) in asset revaluation	23	(41,965)	-	(41,965)
Net result		-	176,911	176,911
<b>Balance as at 30 June 2017</b>		<b>847,168</b>	<b>4,063,512</b>	<b>4,910,680</b>
<b>For the Year Ended 30 June 2016</b>				
<b>Balance as at 1 July 2015</b>		890,207	3,637,192	4,527,399
Opening balance adjustment	16	-	12,938	12,938
Increase/(decrease) in asset revaluation	23	(1,074)	-	(1,074)
Net result		-	192,280	192,280
<b>Balance as at 30 June 2016</b>		<b>889,133</b>	<b>3,842,410</b>	<b>4,731,543</b>

#### Council

	Notes	Asset revaluation surplus \$'000	Retained surplus \$'000	Total \$'000
<b>For the year ended 30 June 2017</b>				
<b>Balance as at 1 July 2016</b>		889,133	3,744,734	4,633,867
Opening balance adjustment	16	-	44,191	44,191
Increase/(decrease) in asset revaluation	23	(41,965)	-	(41,965)
Net result		-	139,847	139,847
<b>Balance as at 30 June 2017</b>		<b>847,168</b>	<b>3,928,772</b>	<b>4,775,940</b>
<b>For the Year Ended 30 June 2016</b>				
<b>Balance as at 1 July 2015</b>		890,207	3,574,714	4,464,921
Opening balance adjustment	16	-	12,939	12,939
Increase/(decrease) in asset revaluation	23	(1,074)	-	(1,074)
Net result		-	157,081	157,081
<b>Balance as at 30 June 2016</b>		<b>889,133</b>	<b>3,744,734</b>	<b>4,633,867</b>

## FINANCIAL STATEMENTS

### Statements of Cash Flows

For the year ended 30 June 2017

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers		352,980	336,951	342,334	324,912
Payments to suppliers and employees		(326,863)	(301,986)	(316,263)	(290,337)
Interest and dividends received		59,288	60,025	59,200	59,947
Recurrent grants and contributions		19,581	13,503	19,581	13,503
Borrowing Costs	7	(11,093)	(10,865)	(11,093)	(10,865)
Finance Costs	7	750	(1,648)	701	(1,648)
<b>Net cash inflow/(outflow) from operating activities</b>	30	<b>94,644</b>	<b>95,981</b>	<b>94,461</b>	<b>95,513</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(176,964)	(138,839)	(176,947)	(138,838)
Payments for intangible assets		-	(3,721)	-	(3,721)
Net movement in loans and advances		-	-	-	-
Proceeds from sale of property, plant and equipment		3,440	6,218	3,440	6,217
Grants, subsidies, contributions and donations		46,790	45,189	46,790	45,189
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(126,734)</b>	<b>(91,153)</b>	<b>(126,717)</b>	<b>(91,153)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		12,600	40,423	12,600	40,423
Repayment of borrowings		(16,523)	(13,612)	(16,523)	(13,612)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(3,923)</b>	<b>26,811</b>	<b>(3,923)</b>	<b>26,811</b>
Net increase/(decrease) in cash and cash equivalents held		(36,014)	31,638	(36,181)	31,171
Cash and cash equivalents at beginning of the financial year		320,010	288,371	318,556	287,386
<b>Cash and cash equivalents at end of the financial year</b>	10	<b>283,995</b>	<b>320,010</b>	<b>282,375</b>	<b>318,556</b>

## 2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2017

### 1. Summary of Significant Accounting Policies

#### 1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These statements comply with all accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Council's operations and effective for the current reporting period. Because the council is a not-for-profit entity and the Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impacts are the offsetting of revaluation and impairment gains and losses within a class of assets, and the timing of the recognition of non-reciprocal grant revenue.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets.

#### 1.02 Recurrent/Non-recurrent Classification

Revenue and expenditure is presented as "recurrent" or "non-recurrent" in the Statement of Comprehensive Income on the following basis:

Non-recurrent Revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

Costs incurred on assets that will be transferred to and controlled by third parties are included in "Non-recurrent Expenses".

The following transactions are classified as either "Non-recurrent Income" or "Non-recurrent Expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of property, plant and equipment.

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

#### 1.03 Basis of Consolidation

##### (i) Subsidiaries

Council and its controlled entities together form the economic entity which is referred to in these financial statements as the consolidated entity. The financial statements of controlled entities are included in the consolidated financial statements where material by size or nature, from the date when control commences until the date when control ceases.

Transactions between Council and entities controlled by Council have been eliminated when preparing consolidated accounts. In addition, the accounting policies of controlled entities have been adjusted on consolidation where necessary, to ensure the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Council.



### 1.03 Basis of Consolidation continued

Council has an interest in three (3) subsidiaries during the year being Sunshine Coast Events Centre Pty Ltd, SunCentral Maroochydore Pty Ltd and Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust. Council wholly owns the issued shares and units of these entities, with Sunshine Coast Airport Pty Ltd and The Trustee for Sunshine Coast Airport Trust being non-trading entities at reporting date. (Refer Note 28.)

### 1.04 Constitution

The council is constituted under the *Queensland Local Government Act 2009* and is domiciled in Australia.

### 1.05 Adoption of New and Revised Accounting Standards

This year Council has applied *AASB 124 Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions within those related parties. This information is presented in Note 33.

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

#### AASB 9 Financial Instruments

This replaces *AASB 139 Financial Instruments: Recognition and Measurement*, and will change the classification, measurement and disclosures of financial assets. As a result, Council will measure its financial assets at fair value. *AASB 9* will come into effect from 1 July 2018.

Council is still reviewing the impact of this standard on future financial statements.

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

*AASB 15* will replace *AASB 118 Revenue*, *AASB 111 Construction Contracts* and a number of Interpretations. *AASB 2016-8* provides Australian requirements and guidance for not-for-profit entities in applying *AASB 9* and *AASB 15*, and *AASB 1058* will replace *AASB 1004 Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. *AASB 15* and *AASB 1058* are effective for periods commencing 1 July 2019.

Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards. To date the following impact has been identified.

At 30 June 2017 Council had received pre-paid rates totalling \$6.285 million. These rates are recognised as revenue in the Statement of Comprehensive Income. If Council had applied *AASB 1058* this year these rates would have been recognised as a liability in the Statement of Financial Position and Council's net result would decrease by \$6.285 million.

### 1.05 Adoption of New and Revised Accounting Standards continued

#### AASB 16 Leases

Council has some operating leases that are not on its balance sheet. These will need to be included on the balance sheet when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. This standard will come into effect 1 July 2019.

Council is still reviewing the impact of this standard on future financial statements.

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

### 1.06 Estimates and Judgements

Where necessary, judgements, estimates and assumptions have been used in preparing these financial statements.

Those that have a significant effect, or risk of causing an adjustment to Council's assets or liabilities relate to;

Valuation and depreciation of property, plant and equipment - Note 17

Impairment of property, plant and equipment - Note 16 and Note 17(d)

Provisions - Note 21

Contingent assets and liabilities - Note 25

### 1.07 Rounding and comparatives

Amounts included in the financial statements are in Australian dollars (AUD) and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero.

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

### 1.08 Taxation

The Income of local government and public authorities is exempt from income tax. However Council is subject to Fringe Benefits Tax (FBT) and Goods and Services Tax (GST) and payroll tax on certain activities. The net amount of GST recoverable from the Australian Taxation Office (ATO) or payable to the ATO is shown as an asset or liability respectively.

## Notes to the Financial Statements

For the year ended 30 June 2017

### 2. (a) Analysis of Results by Function

#### Components of Council Functions

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

- **Infrastructure Services**

Infrastructure Services is responsible for the delivery, operations and maintenance of Council's infrastructure, both the built and the natural environment. It encompasses all 'hard' infrastructure including, roads, drainage systems, canals, parks, buildings and facilities, as well as the pristine 'natural' assets such as waterways, bushlands, lakes and beaches. Operations include transport infrastructure management, quarries, civil asset management, fleet, parks and gardens, environmental operations, waste and resource management, major project delivery and disaster management.

- **Economic Development and Major Projects**

The Economic Development and Major Projects Department focuses on strategic planning and management for both the region and the organisation. The department is responsible for the Coast's economic development and corporate strategy. This includes Council's commercial entities and strategic marketing. This department has responsibility for major commercial projects, communications, economic development, strategy and coordination, strategic property and operating the Sunshine Coast Airport and Sunshine Coast Holiday Parks. Note that the Sunshine Coast Holiday Parks and the strategic property function were in Corporate Services Department in the previous year.

- **Community Services**

Community Services Department plays a pivotal role in building a strong and successful organisation, capable of delivering on the community's and Council's vision by providing contemporary leadership in the functional areas of community capacity building and partnerships and service delivery. Major areas of focus include community planning and development, sport, recreation and cultural venues, environmental health, pest control, regulated parking, cemeteries, libraries, art galleries and community events.

- **Planning and Environment Department**

The Planning and Environment Department prepares the integrated policy and strategy framework for the region covering land use, environment, transportation, open space, flooding and drainage and social infrastructure. It also deals with the various aspects relating to development covering planning applications, subdivisions, engineering and landscaping works, building and plumbing through to compliance with associated legislative requirements. These functions contribute to sustainable development by planning for growth and facilitating change, providing reliable information and advice, protecting and enhancing our environment and lifestyle, building prosperous communities, planning for infrastructure and advocating for the community.

- **Corporate Services**

The Corporate Services Department plays a pivotal role in building a strong successful organisation capable of delivering on the community's vision and Council's strategic themes; identifying and putting into action best new way opportunities and driving service delivery excellence for our customers and the community. This department has primary responsibility for finance, human resources, information and communication technology, property management and procurement.

## Notes to the Financial Statements

### For the year ended 30 June 2017

#### 2 (a) Analysis of Results by Function continued

- **Office of the Mayor and CEO**

The Office of the Mayor and CEO provides strategic support and advice to the Mayor, Councillors, CEO, Executive Leadership Team and the wider organisation. The department delivers organisational leadership for key corporate initiatives, corporate governance, legal advice, audit compliance, statutory and corporate meeting management and facilitates government, business and community relationships.

- **Region Making Projects**

Region Making Projects encompass Council's current game changing initiatives including the Maroochydore City Centre, Sunshine Coast Airport Expansion Project and the Solar Farm. Each of these projects is visionary and innovative, will aim to build the Sunshine Coast economy, create jobs and add significantly to the liveability of the region.

#### Sunshine Coast Solar Farm

The 15 MW Sunshine Coast Solar Farm was officially opened on 24 July 2017 and is feeding electricity into the 33 KV power grid in South East Queensland. Commissioning is being carried out in a staged manner to make sure the solar farm is operating in accordance with the National Electricity Law.

#### Sunshine Coast Airport Expansion Project

The Sunshine Coast Airport Runway project represents the ongoing development of an airport that has been operational and evolving for more than 50 years. As the region continues to grow the airport must expand to meet the needs of the community and to continue to support the development of the region's economy.

The Runway Project will deliver a new 2450m x 45m runway that will enable direct flights to more destinations across Australia, Asia and the Western Pacific, enhancing national and global connections. It aims to generate jobs and economic growth, boost tourism, help export businesses and secure air access to the Sunshine Coast for generations to come.

The Queensland State Coordinator General's report delivered on 19 May 2016 approved the Environmental Impact Statement (EIS) for the Sunshine Coast Airport Expansion Project.

Council agreed to seek a partner to progress the project and undertook an extensive process of market testing followed by an Expressions of Interest process attracting global interest. This resulted in Palisade Investment Partners being announced in February 2017, as Sunshine Coast Airport's commercial operating partner.

Palisade will be responsible for operating, investing and developing the airport and will oversee future negotiations with airlines to expand both domestic and international routes available from the Sunshine Coast.

Council will retain legal title to the airport, with Palisade operating the asset under a 99 year lease. Council will receive \$67 million on commencement of the lease as well as 5% of gross airport revenue over the 99 year lease term. A further \$15 million (plus interest of 3% per annum) will be provided on 30 June 2022.

Council will maintain responsibility for facilitating the proposed airport expansion project, which includes construction of a new runway, apron expansion and related infrastructure. Council will receive \$290 million from Palisade on the later of completion of the new runway or 30 June 2022.

*2 (a) Analysis of Results by Function continued*

Council expects to enter into a contract for construction of the new runway during the first half of 2017/18. It is envisaged the new runway will be open and operating by the end of 2020.

Maroochydore City Centre (MCC)

The Maroochydore City Centre is located on a 53ha greenfield site in the heart of Maroochydore. The centre expects to include commercial, retail and dining precincts, entertainment, convention and exhibition facilities, a premium hotel and city living precinct, with an anticipated 40 per cent of the site to be retained as parks and waterways. It expects to be a smart city containing Australia's first, high-tech automated waste collection system for a CBD along with high speed fibre optic digital connections and a range of innovations such as smart lighting and signage, and technology that assists parking, traffic management and provides real time information for public transport.

Land in Stage 1 is expected to be available for sale during 2017/18.

## Notes to the Financial Statements

### For the year ended 30 June 2017

#### 2. (b) Analysis of Results by Function

Notes to Financial Statements For the year ended 30 June 2017		Gross program income		Elimination of inter-function transactions	Total Income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurring operations		Net Result		Assets	
		Recurring	Non- recurring			Recurring	Non- recurring			2017	2017	2017	2017	2017	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Infrastructure Services		98,641	148,859	(36,479)	211,021	(244,408)	(20,519)	50,845	(214,082)	(131,400)	(3,060)	3,218,215			
Economic Development & Major Projects		52,291	-	(7,619)	44,672	(60,644)	(15,850)	15,077	(61,417)	(895)	(16,745)	136,474			
Community Services		29,832	-	(15,352)	14,480	(94,809)	(1,302)	27,929	(68,182)	(52,400)	(53,702)	153,159			
Planning and Environment		46,282	26,378	(15,686)	56,974	(68,199)	(850)	26,366	(42,663)	(11,238)	14,291	22,289			
Region Making Projects		-	-	-	-	(18,405)	(15,634)	463	(33,576)	(17,942)	(33,576)	131,582			
Corporate Services		319,633	4,581	(45,250)	278,964	(32,747)	(9,295)	2,939	(39,103)	244,575	239,862	1,527,478			
Office of the Mayor and CEO		8,241	-	(8,200)	42	(12,229)	-	4,965	(7,263)	(7,222)	(7,222)	1,515			
Controlled Entities Net of Eliminations		39,779	-	-	39,779	(2,716)	-	-	(2,716)	37,063	37,063	138,779			
<b>Total Consolidated</b>		<b>594,699</b>	<b>179,818</b>	<b>(128,585)</b>	<b>645,932</b>	<b>(534,157)</b>	<b>(63,449)</b>	<b>128,585</b>	<b>(469,021)</b>	<b>60,542</b>	<b>176,911</b>	<b>5,329,491</b>			

Notes to Financial Statements For the year ended 30 June 2016		Gross program income		Elimination of inter-function transactions	Total Income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurring operations		Net Result		Assets	
		Recurring	Non- recurring			Recurring	Non- recurring			2016	2016	2016	2016	2016	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Infrastructure Services		87,693	87,783	(29,391)	146,084	(243,747)	(4,422)	46,319	(201,851)	(139,126)	(55,765)	3,005,862			
Economic Development & Major Projects		31,177	-	(6,035)	25,142	(39,128)	(68)	9,740	(29,456)	(4,246)	(4,314)	130,164			
Community Services		31,820	-	(17,908)	13,912	(92,941)	(285)	29,749	(63,477)	(49,280)	(49,565)	156,812			
Planning and Environment		43,775	44,251	(16,364)	71,661	(66,447)	-	27,383	(39,064)	(11,654)	32,597	13,764			
Region Making Projects		52	-	-	52	(1,359)	-	-	(1,359)	(1,307)	(1,307)	106,112			
Corporate Services		335,804	3,362	(61,763)	277,403	(64,452)	381	21,832	(42,239)	231,421	235,164	1,626,825			
Office of the Mayor and CEO		3,862	-	(3,832)	31	(28)	-	270	242	272	272	-			
Controlled Entities Net of Eliminations		36,738	-	-	36,738	(1,540)	-	-	(1,540)	35,198	35,198	98,247			
<b>Total Consolidated</b>		<b>570,920</b>	<b>135,396</b>	<b>(135,293)</b>	<b>571,022</b>	<b>(509,643)</b>	<b>(4,394)</b>	<b>135,293</b>	<b>(378,743)</b>	<b>61,278</b>	<b>192,280</b>	<b>5,137,786</b>			

## Notes to the Financial Statements

For the year ended 30 June 2017

### 3. Revenue analysis

Revenue is recognised at the fair value of consideration received or receivable, on the basis it meets the recognition criteria set out below.

#### (a) Net rates and utility charges

Rates are recognised as revenues at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
General rates	205,295	195,761	205,295	195,761
Waste management	47,907	43,818	47,907	43,818
Tourism and special levies	10,931	8,804	10,931	8,804
Environment levy	9,358	7,819	9,358	7,819
Rural fire levy	411	396	411	396
Valuation fees	101	90	101	90
	274,002	256,687	274,002	256,687
<b>Total rates and utility charges revenue</b>				
Less: discounts	(8,124)	(7,753)	(8,124)	(7,753)
Less: pensioner remissions	(3,084)	(3,065)	(3,084)	(3,065)
Less: rebates	(803)	(756)	(803)	(756)
	(12,011)	(11,573)	(12,011)	(11,573)
<b>Net rates and utility charges</b>	<b>261,991</b>	<b>245,114</b>	<b>261,991</b>	<b>245,114</b>

#### (b) Fees and charges

Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Airline service charges	9,779	8,249	9,779	8,249
Application fees (development)	6,290	5,418	6,290	5,418
Holiday parks	15,951	14,440	15,951	14,440
Cemetery fees	1,061	1,242	1,061	1,242
Parking fees	2,737	2,428	2,737	2,428
Refuse tip fees	5,938	5,592	5,938	5,592
Registration fees	1,059	1,019	1,059	1,019
Search fees	1,161	1,167	1,161	1,167
Waste service charges	457	463	457	463
Change of ownership fees	999	936	999	936
Fines and penalties	3,461	2,466	3,461	2,466
Venue hire	1,224	1,350	1,224	1,350
Security service fees	2,454	2,244	2,454	2,244
Development services	10,400	11,184	10,400	11,184
Permits and licences	1,343	1,361	1,343	1,361
Other fees and charges	6,685	6,448	4,382	4,374
	<b>71,001</b>	<b>66,008</b>	<b>68,698</b>	<b>63,934</b>

**(c) Rent and sales from contracts and recoverable works**

Rent from investment and other property is recognised as income on a periodic straight line basis over the term of the lease. The sale of goods is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Lease revenue	6,256	6,412	6,256	6,412
Recoverable works	742	665	742	665
Sale of recyclables	2,233	2,065	2,233	2,065
Other revenue	7,633	7,148	7,633	7,250
	<b>16,864</b>	<b>16,290</b>	<b>16,864</b>	<b>16,391</b>

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed. There are no contracts in progress at year end. The contract work carried out is not subject to retentions.

**(d) Share of tax equivalents of associate**

Unitywater pays Council an income tax equivalent in accordance with the requirements of the *Local Government Act 2009*. Unitywater is subject to the tax equivalents regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Share of tax equivalents of associate	12,847	10,099	12,847	10,099

**(e) Dividend income**

Dividend income represents the participation return from Council's share in Unitywater as per the Participation Agreement. Dividends are recognised once they are formally declared by the directors of Unitywater, which is an associate of Sunshine Coast Regional Council.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Dividend Income	-	-	13,837	16,454

**(f) Interest received**

Interest received is accrued over the term of the investment.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest received from associate	23,154	23,284	23,154	23,284
Interest received from cash and term deposits	8,754	9,431	8,665	9,344
Interest from overdue rates and utility charges	697	766	697	766
	<b>32,605</b>	<b>33,481</b>	<b>32,516</b>	<b>33,394</b>



#### 4. Grants, subsidies, contributions and donations

Grants, subsidies, contributions and donations that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of the funds. Granted assets are normally recognised upon the earlier of their receipt or prior notification that the grant has been secured.

Physical assets contributed to Council by developers in the form of roads, stormwater, and park equipment are recognised as revenue when the development comes on-line and assets are placed on a maintenance agreement with the developer. At this point Council obtains control of the assets and the developer provides sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expense. All non-cash contributions are recognised at fair value as at the date of acquisition.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled.

##### (a) Recurrent revenue

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Government grants and subsidies commonwealth	15,982	10,461	15,982	10,461
Government grants and subsidies state	2,149	2,018	2,149	2,018
Contributions and Donations	1,846	1,025	1,451	1,025
	<b>19,977</b>	<b>13,503</b>	<b>19,581</b>	<b>13,503</b>

##### (b) Non-recurrent revenue

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

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Government grants and subsidies commonwealth	8,074	6,991	8,074	6,991
Government grants and subsidies state	8,652	5,807	8,652	5,807
Developer contributions	30,064	32,391	30,064	32,391
Infrastructure from developers at fair value	133,028	90,207	133,028	90,207
	<b>179,818</b>	<b>135,396</b>	<b>179,818</b>	<b>135,396</b>

## 5. Employee benefits

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total wages and salaries	26	106,871	101,582	105,212	98,613
Councillors' remuneration *		1,739	1,722	1,739	1,722
Annual, sick and long service leave entitlements		17,406	16,257	17,369	16,257
Superannuation		19,049	18,179	18,969	18,104
		<b>145,065</b>	<b>137,739</b>	<b>143,289</b>	<b>134,695</b>
Other employee related expenses		3,943	3,889	3,821	3,889
		<b>149,008</b>	<b>141,628</b>	<b>147,109</b>	<b>138,584</b>
Less: Capitalised employee expenses		(13,866)	(13,913)	(13,866)	(13,913)
		<b>135,142</b>	<b>127,715</b>	<b>133,244</b>	<b>124,671</b>

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

Total Council employees at the reporting date:

	Consolidated		Council	
	2017	2016	2017	2016
Elected Members	11	11	11	11
Staff	1,587	1,579	1,560	1,553
Total full time equivalent employees	<b>1,598</b>	<b>1,590</b>	<b>1,571</b>	<b>1,564</b>

## 6. Materials and services

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Advertising	1,966	1,810	1,966	1,810
Audit of annual financial statements by the Auditor General of Queensland	251	200	251	200
Consultancy fees	6,951	5,031	6,951	5,031
Commissions paid	2,866	2,323	2,866	2,323
Contract services parks and gardens	14,154	12,723	14,154	12,723
Contract services waste collection	27,545	27,581	27,545	27,581
Contract services environmental operations	9,060	8,625	9,060	8,625
Contract services property management	6,494	10,014	6,494	10,014
Contract services other	36,648	23,944	36,648	23,944
Donations	3,898	3,608	3,898	3,608
Electricity	9,487	9,071	9,487	9,071
Entertainment and hospitality	633	484	633	484
Equipment < \$5,000	1,512	1,136	1,512	1,136
Fuel	2,554	2,266	2,554	2,266
Grants to community organisations	8,021	7,644	8,021	7,644
Insurance	2,158	2,428	2,158	2,428
Legal fees	6,469	2,825	6,469	2,825
Library resources	1,433	1,545	1,433	1,545
Materials road base	2,940	5,084	2,940	5,084
Operating leases - rentals	7,496	7,192	7,496	7,192
Plant and equipment hire	4,656	5,378	4,656	5,378
Security services	1,220	1,361	1,220	1,361
Software and maintenance	6,470	4,873	6,470	4,873
Telecommunications	4,099	3,780	4,099	3,780
Water and sewerage charges	4,764	4,175	4,764	4,175
All other materials and services	23,079	16,737	20,914	17,085
	196,823	171,836	194,658	172,184
Less: Capitalised expenses	(8,320)	(5,558)	(8,320)	(5,558)
	<b>188,502</b>	<b>166,278</b>	<b>186,337</b>	<b>166,626</b>

## 7. Finance costs

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Borrowing costs charged by the Queensland Treasury Corporation *		11,093	10,865	11,093	10,865
Bank charges and credit card fees		938	864	888	806
Finance costs due to unwinding (waste and quarry provisions)	21	(1,930)	481	(1,930)	481
Impairment of debts	11	321	278	321	278
Other finance costs		20	82	20	82
		<b>10,441</b>	<b>12,571</b>	<b>10,392</b>	<b>12,513</b>

\*Borrowing costs includes \$11.093 million operating costs (\$10.865 million in 2016), and \$3.723 million capitalised (\$3.097 million in 2016) against the Maroochydore City Centre project and \$0.030 million capitalised against the Sunshine Coast Airport Expansion project.

**8. Contributions to controlled entities**

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Contributions to controlled entities	-	-	1,400	1,218

**9. Non-recurrent expenses****(Gain)/loss on disposal of non-current assets**

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Proceeds from the sale of plant and equipment	(470)	(878)	(470)	(878)
Less carrying amount sold	352	715	352	715
Less carrying amount disposed and written-off	46	-	46	-
	<b>(72)</b>	<b>(163)</b>	<b>(72)</b>	<b>(163)</b>
Proceeds from the sale of property and land	(2,970)	(5,340)	(2,970)	(5,340)
Less carrying amount sold	2,339	5,466	2,339	5,466
Less carrying amount disposed and written-off	7,244	-	7,244	-
	<b>6,613</b>	<b>126</b>	<b>6,613</b>	<b>126</b>
Replacement of roads, stormwater and other infrastructure				
Less carrying amount:				
Replaced and renewed	2,333	1,410	2,333	1,410
Disposed and written-off	-	-	-	-
	<b>2,333</b>	<b>1,410</b>	<b>2,333</b>	<b>1,410</b>
Replacement of intangibles				
Less carrying amount:				
Replaced and renewed	495	-	495	-
Disposed and written-off	76	-	76	-
	<b>572</b>	<b>-</b>	<b>572</b>	<b>-</b>
Loss on disposal of property, plant and equipment, and intangibles	<b>9,446</b>	<b>1,374</b>	<b>9,446</b>	<b>1,374</b>
<b>Assets transferred to third parties</b>				
Assets transferred to third parties	8,784	-	8,784	-
	<b>8,784</b>	<b>-</b>	<b>8,784</b>	<b>-</b>

Included in 2017 is \$8.784 million related to work performed on public utility provider assets as part of the construction of the Maroochydore City Centre supporting access infrastructure.

**Loss on Impairment**

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets classified as held for sale	15	1,556	-	1,556	-
		<b>1,556</b>	<b>-</b>	<b>1,556</b>	<b>-</b>
Impairment loss treated as expense		<b>1,556</b>	<b>-</b>	<b>1,556</b>	<b>-</b>

The loss on impairment of assets classified as held for sale arises due to property, plant and equipment being measured at the lower of the carrying amount or fair value less disposal costs.

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Loss on Revaluation</b>					
Net revaluation loss on land	16	39,802	-	39,802	-
		<b>39,802</b>	<b>-</b>	<b>39,802</b>	<b>-</b>

## 10. Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include cash on hand as well as deposits at call with financial institutions. It also includes other short term highly liquid investments with short periods to maturity that are readily convertible to cash at the council's option and that are subject to a low risk of changes in value.

Cash and cash equivalents include an amount of \$60 million (2016 \$50 million) in short-term investments. Short-term investments have an original maturity date of greater than three months from the balance date of the financial statements.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total cash and equivalents	283,995	320,010	282,375	318,556

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. As at reporting date these include:

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Externally imposed expenditure restrictions	121,110	128,279	121,110	128,279
Internally imposed expenditure restrictions	10,586	9,704	10,586	9,704
Total unspent restricted cash	<b>131,696</b>	<b>137,983</b>	<b>131,696</b>	<b>137,983</b>

Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Constrained works	84,990	65,897	84,990	65,897
General	17,421	45,493	17,421	45,493
Levy Funded	13,273	11,464	13,273	11,464
Special purpose	5,426	5,426	5,426	5,426
Total unspent restricted cash	<b>121,110</b>	<b>128,279</b>	<b>121,110</b>	<b>128,279</b>
Internally imposed expenditure restrictions at the reporting date:				
Constrained works	637	637	637	637
General	7,883	7,883	7,883	7,883
Special purpose	2,066	1,185	2,066	1,185
Total unspent restricted cash	<b>10,586</b>	<b>9,704</b>	<b>10,586</b>	<b>9,704</b>

## 11. Trade and other receivables

Receivables are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery. Settlement is required within 30 days after the invoice is issued.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

## 11. Trade and other receivables continued

Because council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts, council does not impair rate receivables.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Current</b>				
Rates and utility charges	4,595	4,645	4,595	4,645
Infringements	2,138	2,904	2,138	2,904
Infrastructure charges	1,851	821	1,851	821
Trade debtors	7,469	5,134	7,322	5,134
GST receivable	2,898	2,877	2,888	2,877
Other debtors	3	16	3	17
Less allowance for impairment	(524)	(1,463)	(524)	(1,463)
	<b>18,431</b>	<b>14,934</b>	<b>18,274</b>	<b>14,935</b>
Movement in accumulated impairment losses (other debtors) is as follows:				
Opening balance at 1 July	1,463	1,631	1,463	1,631
Impairment debts written off during the year	(1,259)	(422)	(1,259)	(426)
Additional impairments recognised	321	278	321	278
Impairments reversed	-	(20)	-	(20)
Closing balance at 30 June	<b>524</b>	<b>1,467</b>	<b>524</b>	<b>1,463</b>

Interest is charged on outstanding rates at 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

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

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Not past due	12,493	11,126	12,493	11,126
Past due				
31-60 days	1,557	946	1,400	947
61-90 days	509	390	509	390
More than 90 days	4,396	3,935	4,396	3,935
Impairment	(524)	(1,463)	(524)	(1,463)
	<b>18,431</b>	<b>14,934</b>	<b>18,274</b>	<b>14,935</b>
<b>Non-Current</b>				
Loans at amortised cost				
Loan to associate - subordinated debt	434,393	434,393	434,393	434,393
Shares in controlled entities	-	-	500	500
	<b>434,393</b>	<b>434,393</b>	<b>434,893</b>	<b>434,893</b>

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

The subordinated interest only loan terminates on 30 June 2033 with the interest rate to be set by QTC annually. Applicable interest rate for 2017 was 5.33% (2016 5.36%).

## 12. Inventories

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, expenditure incurred in acquiring inventories and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. Inventory land being developed and held for resale within the next twelve months is classified as current inventory assets. Inventory land held for resale in future years is classified as non-current inventory assets. Such land is accounted for under *AASB 102 Inventories*.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs to make the sale.

Profit arising upon sale of land is recognised as revenue in the Statement of Comprehensive Income on the signing of a valid unconditional contract of sale.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Current</b>				
<b>Equipment, stores and quarries *</b>	876	2,019	772	1,909
<b>Land being developed for resale **</b>				
Opening land inventory at 1 July 2016	6,160	-	6,160	-
Transfer from non-current land assets	-	4,647	-	4,647
Inventory conversion costs	2,661	1,513	2,661	1,513
Closing land inventory at 30 June 2017	8,821	6,160	8,821	6,160
Closing current inventories at 30 June 2017	<b>9,697</b>	<b>8,179</b>	<b>9,594</b>	<b>8,069</b>

\* Hand held equipment, stores and quarries are internal stocks verified by annual stocktake.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Non-current</b>				
<b>Land held for future development and resale **</b>				
Opening land inventory at 1 July 2016	21,894	-	21,894	-
Transfer from non-current land assets	-	19,216	-	19,216
Inventory conversion costs	9,327	2,678	9,327	2,678
Closing non-current inventories at 30 June 2017	<b>31,220</b>	<b>21,894</b>	<b>31,220</b>	<b>21,894</b>

\*\* Land acquired for the Maroochydore City Centre (MCC) precinct is currently classified as a mix of public realm land (62%) which continues to be recognised as a Council land asset in Property, Plant and Equipment and land held for development and resale (38%). The allocation between these two classifications and requisite accounting treatment is based on a management estimation drawn from

SunCentral Maroochydore Pty Ltd's (the Development Manager) current land disposal plan and the current MCC Surveyed Priority Development Area (PDA) land area maps.

The development of MCC PDA, although approved, may be subject to further decision changes and planning for each development stage as the project progresses. Only when the decision to develop is made and confirmed with the Development Manager will non-current land inventory be reclassified as current land inventory. Annual Review in consultation with the Development Manager will be conducted to confirm future development plans and land scheduled for development and resale.

## 12. Inventories continued

Land planned for resale will be released in stages over the next 20 years. Current land inventory is Stage 1 due for release in 2017/18 and Non-current land inventory is being held for future development in Stages 2-6. Land planned for resale is recognised at cost being the lesser of cost and net realisable value. Inventory costs include costs to convert the land ready for resale and other directly attributable costs such as project overheads and borrowing costs.

## 13. Investment in associates

Associates are entities that Sunshine Coast Regional Council has significant influence over. Significant influence is the power to participate in the financial, operating and policy decisions but the critical link for the determination of control as defined in *AASB 10 Consolidated Financial Statements* requires more than this. Investments in the consolidated financial statements are accounted for using the equity method, and in the separate Council financial statements using the cost method. Under the equity method, the consolidated entity's share of post-acquisition profits and losses of associates is recognised in the Statement of Comprehensive Income and the interest in the equity of the associates is recognised in the Statement of Financial Position. The cumulative post acquisition movements are adjusted against the cost of the investment.

Council had an interest in one (1) associate during the year being Unitywater. Council has no other joint ventures, joint arrangements or interests in other entities.

Name of Associate	Northern SEQ Distributor-Retailer Authority (trading as Unitywater)
Principal Activity	Provision of Water and Wastewater Services
Principal Place of Business	Caboolture Qld
Proportion of Ownership Interest	37.51% (2016 37.51%)

### (1) Background

The *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Act) established the Northern SEQ Distributor-Retailer Authority (the Authority) trading as Unitywater on the 25th June 2010.

The Authority was set up to deliver water and wastewater services to customers within the local government areas of the now three (3) participating Councils - Sunshine Coast Regional, Moreton Bay Regional and Noosa Shire Councils.

Under the Act, governance arrangements for the Authority are established in a Participation Agreement. The agreement provides for participation rights to be held by the participating Councils, with Sunshine Coast Regional Council holding 37.51% of these rights.

The Authority's Board is comprised of independent directors, with no individual Council having the ability to dominate the Authority's decision making to obtain greater benefits from its activities than any other of the participants.

### (2) Contractual Agreements

Council provides some contracted services to the Authority, mainly around the collection of Infrastructure Charges relating to the construction of water and wastewater assets, which are remitted to the Authority.



### 13. Investment in associates continued

#### (3) Returns to Council

Council provided two loans to the Authority from 1 July 2010 under Participating Local Government Fixed rate Loan Agreements (Senior and Subordinated Debt) with monthly interest-only payments for three years to 30 June 2013.

Council agreed to extend the loans with a Participating Local Government (PLG) Loan Agreement between Sunshine Coast Regional Council and the Authority duly executed on 21 June 2013. This new loan was subject to an annual reset rate (to be determined by Queensland Treasury Corporation in accordance with the credit rating assigned for the Authority) with quarterly interest-only payments for twenty years to 30 June 2033. The rate to 30 June 2017 is 5.33% (2016: 5.36%).

Any repayment of principal, or refinancing of the loan shall be subject to the prior written approval and on terms agreed by the Treasurer or Under Treasurer of Queensland.

The Authority operates under a tax equivalent regime, with all tax paid being distributed pro-rata to the participating Councils based on their participation rights. Tax is payable monthly based on a percentage of the Authority's gross revenue.

#### (4) Participation Rights

Participation rights in the Authority are recognised at initial value plus share of undistributed profits.

Movement in carrying amount	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Investment	635,341	600,665	538,212	538,212
Share of profits after tax and before dividends	50,829	51,130	-	-
Dividends received /receivable	(13,837)	(16,454)	-	-
<b>Carrying amount at the end of the financial year</b>	<b>672,333</b>	<b>635,341</b>	<b>538,212</b>	<b>538,212</b>

The Authority is not a publicly listed entity and consequently does not have published price quotations.

Summary financial information for the Authority, not adjusted for the percentage ownership held by Council, as reflected in their 30 June 2017 financial statements is detailed below.

#### **Extract from the Authority's Statement of Comprehensive Income**

	2017 \$'000	2016 \$'000
Total revenues	669,523	650,411
Ordinary expenses	(489,199)	(465,157)
Profit before income tax equivalent	<b>180,324</b>	<b>185,254</b>
Income tax equivalent expense	(44,817)	(48,944)
Total profit (after tax)	<b>135,507</b>	<b>136,310</b>
<b>Share of Profit of Associate</b>	<b>50,829</b>	<b>51,130</b>
Total assets	3,619,542	3,498,677
Total liabilities	(1,819,190)	(1,796,944)
Net assets	<b>1,800,352</b>	<b>1,701,733</b>

#### 14. Other assets

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Current</b>				
Prepayments	6,110	4,485	6,110	4,432
Accrued revenue	20,886	20,626	20,827	20,626
	<b>26,996</b>	<b>25,112</b>	<b>26,937</b>	<b>25,058</b>

#### 15. Assets classified as held for sale

Items of property, plant and equipment are reclassified as assets held for sale when the carrying amount of these assets will be recovered principally through a sale transaction rather than continued use. Assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance at 1 July 2016		490		490	
Transfers from non-current assets and intangibles	16 & 18	83,545	490	83,545	490
Impairment adjustment	9	(1,556)		(1,556)	
Disposals		(490)		(490)	
<b>Closing balance at 30 June 2017</b>		<b>81,990</b>	<b>490</b>	<b>81,990</b>	<b>490</b>

As part of the SCA transaction as disclosed in Note 2(a), the assets classified as held for sale during the reporting period are Sunshine Coast Airport assets to be transferred to Sunshine Coast Airport Pty Ltd prior to the commencement of the 99 year freehold lease. The fair value of the disposal group was determined based on the lease premiums.

## 16. Property, Plant and Equipment Movements

		<b>(a) Council - 30 June 2017</b>							
		Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Road & Bridge Network \$'000	Stormwater & Drainage Network \$'000	Other Infrastructure \$'000	Capital Works in Progress \$'000	Total \$'000
<b>For the year ended 30 June 2017</b>		475,848	304,393	61,871	1,999,827	1,203,622	558,700	91,335	4,695,596
Gross value / cost		-	(90,689)	(31,583)	(445,161)	(245,087)	(129,528)	-	(942,047)
Less accumulated depreciation		<b>475,848</b>	<b>213,704</b>	<b>30,288</b>	<b>1,554,666</b>	<b>958,535</b>	<b>429,172</b>	<b>91,335</b>	<b>3,753,549</b>
Book value as at 30 June 2017									
Basis of measurement		Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
		Fair Value \$'000	Fair Value \$'000	Cost \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Cost \$'000
Opening net value as at 01 July 2016		622,864	237,803	32,136	1,443,359	895,101	319,511	106,154	3,656,929
Adjustment to opening balance*		(51,271)	3,640	-	859	2,860	88,101	-	44,191
Reclassification to operating expense		-	-	-	-	-	-	(8,483)	(8,483)
Plus capital expenses		-	-	-	-	-	-	185,836	185,836
Transfers from capital works in progress		14,145	21,308	6,463	57,625	5,161	72,296	(176,998)	-
Plus contributed assets		5,964	403	-	59,236	65,524	1,901	-	133,028
Less disposals		(4,868)	(4,224)	(398)	(946)	(130)	(1,257)	-	(11,823)
Less depreciation provided in period		-	(5,723)	(4,532)	(32,680)	(9,981)	(14,518)	-	(67,435)
Revaluation adjustments to asset revaluation surplus		(37,743)	(22,111)	-	28,215	-	(10,325)	-	(41,965)
Revaluation adjustments to non-recurrent expense		(39,802)	-	-	-	-	-	-	(39,802)
Transfer to/from intangibles		-	-	-	-	-	-	(1,541)	(1,541)
Transfer to assets classified as held for sale		(33,443)	(16,769)	(3,359)	(1,001)	-	(27,180)	(1,646)	(83,398)
Transfer to inventories		-	-	-	-	-	-	(11,987)	(11,987)
Transfer between classes		-	(623)	(22)	-	-	645	-	-
Book value as at 30 June 2017		<b>475,848</b>	<b>213,704</b>	<b>30,288</b>	<b>1,554,666</b>	<b>958,535</b>	<b>429,172</b>	<b>91,335</b>	<b>3,753,549</b>
Range of estimated useful lives in years		unlimited	2-100	2-60	5-unlimited	5-135	5-unlimited	5-unlimited	

\* The initial recognition and adjustment of Land and Other Infrastructure assets was the result of alignment between the financial asset register and asset management practices regarding land under water and constructed waterways. The process involved assessing asset records in financial, property, geospatial and asset management systems.

The initial recognition of discovered non-current assets relates to items of property, plant and equipment that have been identified through asset management practices and been recognised in the financial asset register during the current reporting period, but should have been brought to account

		<b>(b) Council - 30 June 2016</b>							
		<b>Land</b> \$'000	<b>Buildings</b> \$'000	<b>Plant &amp; Equipment</b> \$'000	<b>Road &amp; Bridge Network</b> \$'000	<b>Stormwater &amp; Drainage Network</b> \$'000	<b>Other Infrastructure</b> \$'000	<b>Capital Works in Progress</b> \$'000	<b>Total</b> \$'000
<b>For the year ended 30 June 2016</b>									
Gross value / cost		622,864	313,093	64,675	1,849,046	1,130,256	440,899	106,154	4,526,988
Less accumulated depreciation		-	(75,289)	(32,539)	(405,687)	(235,155)	(121,388)	-	(870,059)
Book value as at 30 June 2016		<b>622,864</b>	<b>237,803</b>	<b>32,136</b>	<b>1,443,359</b>	<b>895,101</b>	<b>319,511</b>	<b>106,154</b>	<b>3,656,929</b>
<b>Basis of measurement</b>									
Opening net value as at 01 July 2015		611,423	226,439	30,177	1,401,328	869,178	292,418	84,985	3,515,947
Adjustment to opening balance		-	-	-	4,906	8,033	-	-	12,939
Reclassification to operating expense		-	-	-	-	-	-	(4,353)	(4,353)
Plus capital expenses		-	-	-	-	-	-	143,191	143,191
Transfers from capital works in progress		16,158	8,990	7,047	48,938	9,037	27,773	(117,943)	-
Plus contributed assets		12,477	309	-	40,144	32,606	4,671	-	90,207
Less disposals		(2,882)	(2,584)	(715)	(891)	(131)	(388)	-	(7,591)
Less depreciation provided in period		-	(5,617)	(4,373)	(30,433)	(10,574)	(13,069)	-	(64,066)
Revaluation adjustments		14,233	10,254	-	(20,632)	(13,048)	8,120	-	(1,074)
Transfer to/from intangibles		-	-	-	-	-	-	274	274
Transfer to assets classified as held for sale		(490)	-	-	-	-	-	-	(490)
Transfer to inventories		(28,055)	-	-	-	-	-	-	(28,055)
Transfer between classes		-	13	-	-	-	(13)	-	-
Book value as at 30 June 2016		<b>622,864</b>	<b>237,803</b>	<b>32,136</b>	<b>1,443,359</b>	<b>895,101</b>	<b>319,511</b>	<b>106,154</b>	<b>3,656,929</b>
<b>Range of estimated useful life in years</b>		unlimited	2-100	2-60	5-150	5-135	2-100		

## 17. Property, Plant and Equipment - Fair Values

### 17 (a) Recognition

Items of property, plant and equipment with a total value of less than \$5,000, except for land and network assets (which have a recognition threshold of greater than \$1), are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

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

Expenditure incurred in accordance with Natural Disaster Relief and Recovery Arrangements on road assets is analysed to determine whether the expenditure is capital in nature. The analysis of the expenditure requires Council engineers to review the nature and extent of expenditure on a given asset. For example, expenditure that patches a road is generally maintenance in nature, whereas a kerb to kerb rebuild is treated as capital. Material expenditure that extends the useful life or renews the service potential of the asset is capitalised.

Land under the road network that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is controlled by the State pursuant to the relevant legislation. Land under roads acquired after 30 June 2008 is recognised as a non-current asset where Council holds title or a financial lease over the asset. Council currently does not have any such land. Therefore this land is not recognised in these financial statements.

### 17 (b) Measurement

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs directly related to the acquisition and incurred in preparing the asset for use as intended by management. Subsequent to initial measurement, each asset class is stated at fair value or cost less, where applicable, any accumulated depreciation or accumulated impairment loss, as shown in Note 16(a).

The cost of property, plant and equipment being constructed by Council includes the cost of materials and direct labour, an appropriate portion of overheads incurred, and any other costs directly attributable to bringing the assets to a working condition for their intended use. These costs are treated as capital expenditure.

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

### 17 (c) Depreciation

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

Land and formation/earthworks are not depreciated as they are judged to have unlimited useful life. Depreciation on property, plant and equipment is calculated on a straight-line basis at asset component level so as to write-off the net cost or revalued amount of each depreciable asset,

### 17 (c) Depreciation continued

less its estimated residual value if appropriate, progressively over its estimated useful life. Management believe that the straight line basis appropriately reflects the pattern of consumption of all Council assets.

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

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the council or the unexpired period of the lease, whichever is the shorter.

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 16.

### 17 (d) Impairment

All non-current physical assets that are measured at cost are assessed for indicators of impairment annually. If an indicator of impairment exists, Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

### 17 (e) Valuation

Land, buildings and infrastructure assets are measured at fair value, and are revalued in accordance with *AASB 116 Property, Plant and Equipment* and *AASB 13 Fair Value Measurement*. The fair value is the estimated amount for which an asset could be exchanged in an active market on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. All other non-current assets, and capital works in progress are measured at cost.

Non-current physical assets measured at fair value are comprehensively 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 valuation firms, or other consultants, to determine the fair value for each class of property, plant and equipment assets at least once every three years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes, and making their own assessments of the condition at the date of inspection. For assets valued at unit rates, the rates are developed to reflect Council's costs of construction which include on-cost rates and other factors associated with the cost of replacement of these assets.

In the interim years to the comprehensive valuation of infrastructure asset classes, Council uses internal engineers to assess the condition and cost assumptions, and engages suitably qualified consultants to provide cost movement indices for the period. The results of the internal assessments and indices developed, which utilise internal civil works information and broader market movements, are considered in combination to form the valuation.

### 17 (e) Valuation continued

For the interim valuations of the land and buildings, management engages independent valuers to perform a desktop valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, and condition assessments. The valuer then determines suitable indices which are applied to each of these asset classes.

The annual review performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant, and the indices applied by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions pertaining to specific asset classes are disclosed below.

Any revaluation increments arising from the revaluation of an asset are recognised in other comprehensive income and presented in the asset revaluation surplus in equity. A decrease in the carrying amount on revaluation is charged as an expense to the extent that it exceeds the balance of previously recognised revaluation increments for that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in carrying amount of the asset. Further, any change in the estimated useful life is applied on a prospective basis. Separately identified components of assets are measured on the same basis as the assets to which they relate.

All of Council's infrastructure asset classes are valued using the cost approach (current replacement cost). This approach requires a valuation technique where professional judgment and assumptions are applied, and therefore the inputs considered predominantly to be unobservable. The use of different judgements and assumptions may result in a different valuation. The current replacement cost is the asset's current gross replacement cost less accumulated depreciation calculated to reflect the already consumed or expired service potential of the asset.

The unit rates (labour and materials) and quantities applied to determine the current replacement cost of an infrastructure asset or component are typically based on a "Brownfield" assumption to account for the costs associated with the replacement of the asset in situ. Unit rates are applied to spatial dimensions and fair values are reported to reflect condition, if available, or age of the asset consistent with the principles of a cost approach.

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

### 17 (f) Fair value measurement

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

- Level 1** – the fair value is based on quoted prices (unadjusted) in active markets for identical assets.
- Level 2** – the fair value is estimated using inputs that are directly or indirectly observable for the asset, such as prices for similar assets.
- Level 3** – the fair value is estimated using unobservable inputs for the asset.

## 17 (f) Fair value measurement continued

The table below represents Council's assets measured and recognised at fair value at 30 June 2017. All fair value measurements are recurrent and categorised as either level 2 or level 3 in the fair value hierarchy.

Property, Plant and Equipment Fair Value Hierarchy

	Level 2		Level 3		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	94,568	335,942	381,281	286,922	475,849	622,864
Buildings	1,355	3,040	212,350	234,764	213,704	237,803
Other Infrastructure	-	-	429,172	319,511	429,172	319,511
Roads and Bridges	-	-	1,554,666	1,443,359	1,554,666	1,443,359
Stormwater and Drainage	-	-	958,535	895,101	958,535	895,101
	<b>95,923</b>	<b>338,981</b>	<b>3,536,005</b>	<b>3,179,657</b>	<b>3,631,928</b>	<b>3,518,638</b>

In the course of revaluing land the nature of the inputs are reviewed and as such, Council recognises transfers between levels 2 and 3 in the fair value hierarchy. Details of the valuation movement are shown in Note 17, where the below table reflects the additional detail of hierarchy movement. It is Council's policy is to recognise such transfers at the end of the reporting period.

Transfers in the Fair Value Hierarchy for Land

	Level 2		Level 3		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	335,942	322,867	286,922	288,199	622,864	611,066
Opening balance adjustment	-	-	(51,271)	-	(51,271)	-
Additions	646	2,634	19,464	21,338	20,110	23,972
Disposals	(3,289)	-	(1,579)	(2,882)	(4,868)	(2,882)
Internal transfer	-	-	(33,443)	(23,864)	(33,443)	(23,864)
Asset revaluation surplus	2,706	10,441	(40,449)	4,131	(37,743)	14,572
Capital expense adjustment	-	-	(39,802)	-	(39,802)	-
Transfer level 3 to level 2	16,884	-	(16,884)	-	-	-
Transfer level 2 to level 3	(258,321)	-	258,321	-	-	-
<b>Closing balance</b>	<b>94,568</b>	<b>335,942</b>	<b>381,280</b>	<b>286,922</b>	<b>475,847</b>	<b>622,864</b>

**Land**

The fair value of land is measured at current market value using the exit price methodology, taking into consideration the highest and best use, less the cost of any restrictions where they apply. Highest and best use takes into account what is physically possible, legally permissible and financially feasible for each asset.

The comprehensive revaluation of land was undertaken by independent valuation firm Australis Asset Advisory Group Pty Ltd, effective 30 June 2017. Values were determined by analysis of sales evidence and comparisons in the local market, with consideration given to the existence of restrictions and active markets.

Where there was an active market and liquid sales evidence available and no significant adjustments applied, this was judged to represent level 2 observable inputs. Where directly comparable sales evidence was unavailable, or a significant level of adjustment was required between sales evidence and an asset, level 3 unobservable inputs were used to derive fair value



17 (f) *Fair value measurement continued*

measurement. The adjustments made for level 3 assets included the Sunshine Coast Planning Scheme 2014, zoning, use or significant restriction, case law, sales analysis, as well as professional opinion. The most significant inputs into this valuation approach are price per square metre.

**Buildings**

Fair value of buildings is measured using the market approach, or cost approach in the absence of an active market. Building values were comprehensively determined by Australis Asset Advisory Group Pty Ltd, effective 30 June 2017. The most significant inputs into this valuation approach were price per square metre for individual buildings. Building assets are revalued at component level.

Where Council buildings are specialised in nature, and there is no active market for the assets, the fair values are derived by an external valuer with reference to relevant recent construction information and adjusted to reflect the consumed or expired service potential of the building asset. Where there is evidence of an active market for assets in the building asset class, fair value has been derived on a market basis from the observed sales prices of comparable properties, after adjusting for differences in key attributes such as property size.

**Plant and Equipment**

Plant and equipment assets are reported at historical cost for the year ended 30 June 2017.

Plant and equipment are reported at original cost less accumulated depreciation. A condition and useful life review is conducted on a recurrent basis. This review ensures integrity of the necessary assertions relating to existence, ownership and condition in order to determine remaining service potential and useful lives.

**Infrastructure Assets**

Assets are recognised at component level, and componentisation is based around significance, asset behaviour and service delivery. Depreciation is systematically allocated over a defined useful life of each component recognised. Where asset condition can be assessed it is used as a mechanism to determine whether and to what extent the service potential of infrastructure assets has been consumed during the reporting period and to confirm the pattern of consumption of future economic benefits. Allowance has been made for the typical asset life cycle and renewal treatments. Estimated useful lives are disclosed in Note 16.

*Road and Bridge Infrastructure*

The Sunshine Coast Local Planning Scheme 2014 provides road hierarchy definitions and Council uses these to categorise its road network in order to recognise the different behaviour of roads within the hierarchy. A system of road segmentation is also used and assets are recognised at component level. Components are based on material type and behaviour and include surface, pavement base, pavement sub-base and formation. The last comprehensive valuation was completed as at 30 June 2015.

The fair value of these assets was adjusted as at 30 June 2017 to reflect changes in the cost of construction for the region. Council engaged consulting firm Cardno (Qld) Pty Ltd to develop market movement indices applicable to the asset sub-types. This movement to the unit rates was assessed by using current contract and internal construction information, Rawlinson's Construction Handbook, and price indices produced by the Australian Bureau of Statistics (ABS). The cost movement index showed the fair value of the road and bridge asset class increased by 3.505% for the sub-types of base and sub-base and 1.505% for all others. Management judge the movement shown in this index to be the most appropriate measure for reflecting changes in fair value of assets of this nature.

#### 17 (f) Fair value measurement continued

For bridges, a condition assessment is undertaken cyclically and includes a visual inspection to determine condition. Where a review is deemed appropriate the condition scale outlined above is used as a basis for assessment of fair value, remaining service potential and remaining useful life. The cost movement index provided by Cardno (Qld) Pty Ltd provided was 1.505%.

##### *Stormwater and Drainage Infrastructure*

The fair value of these assets were reported at 30 June 2017 to reflect changes in the costs of construction in the region, in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*. Council engaged consulting firm Cardno (Qld) Pty Ltd to develop indices to represent the changes in the cost to construct stormwater infrastructure. This cost movement analysis provided that no indexation be applied for 2017.

A large proportion of stormwater and drainage assets are located under or nearby roadways and often constructed at the same time. The changes in construction costs are similar and accounted for accordingly. The last comprehensive revaluation of stormwater infrastructure was completed as at 30 June 2015.

Whilst a straight line useful life is assumed to be true at the outset, an annual cyclical review of condition is carried out in order to determine where there is a departure from assumptions, and expected pattern of consumption of future economic benefits embodied in the assets has occurred.

##### *Other Infrastructure - Facilities*

Fair values were comprehensively revalued by Australis Asset Advisory Group Pty Ltd for the year ended 30 June 2017.

Council facilities, such as aquatic centres, holiday parks, and waste recycling depots, are typically of a specialised nature such that there is no depth of market for the assets. Fair value for these assets is measured on a cost basis by determining current replacement cost. The gross current values have been updated by reference to movement in relevant recent market data on replacement cost. As there is no depth of market, the net current value of an asset is the current replacement cost less accumulated depreciation adjusted to reflect the consumed or expired service potential of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

##### *Other Infrastructure - Parks and Waterways*

Park, sport and open space infrastructure assets were last comprehensively revalued during the year ended 30 June 2015 by GHD - Consulting Engineers. Constructed waterways were valued using unit rates developed by Cardno (Qld) Pty Ltd for the year ended 30 June 2017. For 2017, fair values not subject to valuation were adjusted by the other infrastructure costs movement index of 2.22% developed by Australis Asset Advisory Group Pty Ltd to reflect cost movements of the asset class.

Park assets do not have an active market as they are specialised assets held to provide services to the community. Accordingly, the fair value of such assets is measured using the cost approach valuation technique. The gross current values have been determined by reference to Council's internal costs, such as materials and labour, and relevant recent market data on construction costs to establish current replacement cost unit rates. The net current value of an asset is the current replacement cost less accumulated depreciation adjusted to reflect the consumed or expired service potential of the asset.

## 17 (f) Fair value measurement continued

*Waste*

Waste landfill assets fair values were determined by Cardno (Qld) Pty Ltd as at 30 June 2017. Current replacement cost of the landfill cells was calculated by reference to cell area and volume specifications, estimated labour and material inputs, services costs, and overhead allocations.

Useful life was determined through assessment of the remaining air space for each landfill cell, which was based on current site closure predictions. Waste landfill valuations are included in level 3 valuations.

**Sunshine Coast Airport**

Sunshine Coast Airport assets were reported across various asset classes as per Note 16 for the comparable period. All Airport assets have been transferred from non-current assets held for sale as at 09 February 2017, pending financial close and the commencement of the 99 year lease agreement with Palisade Investment Partners Limited. For the purposes of financial reporting, the transaction is treated as a sale, refer Note 15. All asset classes were measured at fair value as at 09 February 2017.

**18. Intangible assets**

Only intangible assets which have a cost exceeding \$5,000 are recognised as non-current assets in the financial statements, with items with a lesser value being expensed. Subsequent to initial recognition, intangibles are measured at historical cost.

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

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gross value / cost		30,348	27,654	30,348	27,654
Less accumulated depreciation		(13,730)	(10,458)	(13,730)	(10,458)
Book value as at 30 June 2017		16,618	17,195	16,618	17,195
<u>Intangible movement</u>					
Opening net value as at 01 July 2016		17,195	17,163	17,195	17,163
Transfers from capital works in progress		4,190	3,749	4,190	3,749
Less disposals		(572)	-	(572)	-
Less depreciation provided in period		(4,049)	(3,717)	(4,049)	(3,717)
Transfer to assets classified as held for sale	15	(147)	-	(147)	-
Book value as at 30 June 2017		<b>16,618</b>	<b>17,195</b>	<b>16,618</b>	<b>17,195</b>
<u>Capital Works in Progress</u>					
Opening carrying amount as at 01 July 2016		3,309	3,611	3,309	3,611
Reclassification to operating expense		(1,950)	(624)	(1,950)	(624)
Transfer to/from Property Plant and Equipment	16	1,541	(274)	1,541	(274)
Plus capital expenses		1,544	4,345	1,544	4,345
Transfers from capital works in progress		(4,190)	(3,749)	(4,190)	(3,749)
Closing carrying amount as at 30 June 2017		<b>255</b>	<b>3,309</b>	<b>255</b>	<b>3,309</b>
<b>Closing net carrying value as at 30 June 2017</b>		<b>16,872</b>	<b>20,504</b>	<b>16,872</b>	<b>20,504</b>

## 19. Trade and other payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms

Liabilities are recognised for employee benefits such as wages and salaries, and annual leave in respect of services provided by the employees up to the reporting date. The liability is calculated using the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Current</u>				
Creditors and accruals	43,385	34,358	42,918	34,091
Annual leave	10,178	9,827	10,107	9,762
Other employee entitlements	738	649	665	581
	<b>54,300</b>	<b>44,834</b>	<b>53,690</b>	<b>44,434</b>
<u>Non-Current</u>				
Annual Leave	1,464	1,162	1,384	1,105
	<b>1,464</b>	<b>1,162</b>	<b>1,384</b>	<b>1,105</b>

Annual leave expected to be settled within 12 months is calculated on current wage and salary levels and includes related employee on costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on costs, and are discounted to present values.

## 20. Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. Principal and interest repayments are made semi-annually in arrears with interest being expensed as it accrues.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Current</u>				
Queensland Treasury Corporation (QTC)	20,584	19,848	20,584	19,848
**Economic Development Queensland	847	-	847	-
	<b>21,431</b>	<b>19,848</b>	<b>21,431</b>	<b>19,848</b>
<u>Non-Current</u>				
Queensland Treasury Corporation (QTC)	256,872	274,131	256,872	274,131
**Economic Development Queensland	11,753	-	11,753	-
	<b>268,625</b>	<b>274,131</b>	<b>268,625</b>	<b>274,131</b>

\*\*This is a \$12.6 million interest free loan over 15 years, with repayments to be made annually, obtained from Economic Development Queensland as part of the Catalyst Infrastructure Program.

## 20. Borrowings continued

The loan is to assist with the cost of infrastructure to promote and progress development in the Maroochydore City Centre Priority Development Area, specifically roadworks and three priority intersections to access Stages 1 and 2 of the city centre. The funds were received in June 2017.

The market value of QTC borrowings represents the value of the debt if Council repaid the debt as at 30 June 2017. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. The weighted average borrowing rate for the year was 5.23% (2016 5.21%).

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at the end of the year (Market Value)	307,829	340,301	307,829	340,301

No assets have been pledged as security by the council for any liabilities, however all loans are guaranteed by the Queensland State Government.

## 21. Provisions

### (i) Long service Leave

The provision for long service leave represents the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in Council's employment or other associated employment which would result in the council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value.

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 calculated as a current liability. Otherwise it is classified as non-current.

### (ii) Landfill and quarry rehabilitation

Where it is probable that Council has either a legal or constructive obligation provision is made for the cost of rehabilitation of landfill and quarry sites. The landfill rehabilitation provision represents the present value of the anticipated future costs associated with the closure of the landfill sites, decontamination and monitoring of historical residues and leaching on these sites.

The quarry rehabilitation provision represents the present value of the anticipated future costs associated with the closure of the quarries, refilling the basin, and reclamation and rehabilitation of these sites.

The calculation of these provisions 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. The provisions recognised are reviewed at least annually and updated based on the facts and circumstances available at the time, and discounted to present value.

## 21. Provisions continued

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Current</b>				
Long service leave	17,908	17,768	17,765	17,685
Landfill rehabilitation	2,309	2,443	2,309	2,443
	<b>20,218</b>	<b>20,210</b>	<b>20,075</b>	<b>20,127</b>
<b>Non-Current</b>				
Long service leave	5,174	4,817	5,174	4,788
Landfill rehabilitation	25,406	23,403	25,406	23,403
Quarry rehabilitation	2,549	2,487	2,549	2,487
	<b>33,129</b>	<b>30,707</b>	<b>33,129</b>	<b>30,678</b>

Details of movements in provisions:

**Long service leave**

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at beginning of financial year	22,585	21,885	22,472	21,885
Long service leave entitlement arising	3,068	3,099	3,038	2,986
Long Service entitlement paid	(2,554)	(1,447)	(2,554)	(1,447)
Long Service entitlement extinguished	(17)	(952)	(17)	(952)
Balance at end of financial year	<b>23,082</b>	<b>22,585</b>	<b>22,939</b>	<b>22,472</b>

**Landfill rehabilitation**

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at beginning of financial year	25,846	26,186	25,846	26,186
Increase/(decrease) in provision due to effect of interest rate movement	(2,758)	5,987	(2,758)	5,987
Increase/(decrease) in provision due to unwinding of discount	(1,979)	417	(1,979)	417
Increase/(decrease) in provision due to change in estimate	4,553	(3,000)	4,553	(3,000)
Increase/(decrease) in provision as a result of actual expenditure incurred during the year	2,054	(3,744)	2,054	(3,744)
Balance at end of financial year	<b>27,716</b>	<b>25,846</b>	<b>27,716</b>	<b>25,846</b>

Council holds an Environmental Protection Agency licence to operate a number of landfills. Council estimates and discounts expected future costs to restore landfill cells to present value at a discount factor based on Commonwealth bond yield rates.

During 2016/17 an increase in the provision for the refuse landfill sites of \$4.5M was recognised largely due to updated estimates to cost inputs.

Landfill site	Expected closure year	Post closure monitoring cost completion year
Coolum	2009	2039
Buderim	2005	2035
Pierce Avenue	2033	2063
Nambour Landfill	2024	2054
Old Buderim Landfill	1989	2019

## 21. Provisions continued

At 30 June 2017 the net present value of the projected costs over the next 30 years has been assessed as \$33 million.

Capital Market Yields - Government 10 year bond rate for 2017 was 2.6% (2016 1.98%).

Quarry rehabilitation	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance at beginning of financial year	2,487	2,421	2,487	2,421
Increase/(decrease) in provision due to effect of interest rate movement	(358)	571	(358)	571
Increase/(decrease) in provision due to unwinding of discount	49	64	49	64
Increase/(decrease) in provision due to change in estimate	371	(538)	371	(538)
Increase/(decrease) in provision as a result of actual expenditure incurred during the year	-	(30)	-	(30)
Balance at end of financial year	<b>2,549</b>	<b>2,487</b>	<b>2,549</b>	<b>2,487</b>

## 22. Other liabilities

Non policy developer contributions reflect cash contributions for which related service obligations have yet to be fulfilled by Council.

Revenue is classified as unearned if it relates to an obligation to supply specific goods and services in future periods. Unearned revenue includes cemetery and rent prepayments.

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Current</u>				
Non policy developer contributions	12,370	8,299	12,370	8,299
Unearned revenue	7,274	7,051	7,274	7,051
	<b>19,643</b>	<b>15,350</b>	<b>19,643</b>	<b>15,350</b>

## 23. Asset revaluation surplus

The asset revaluation surplus comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in the asset revaluation surplus. Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense, in the Statement of Comprehensive Income.

When an asset is disposed of the amount reported in the surplus in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

## 23. Asset revaluation surplus continued

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Movements in the asset revaluation surplus were as follows:</b>				
<b>Balance at beginning of period</b>				
Land	37,743	23,511	37,743	23,511
Buildings	55,871	45,618	55,871	45,618
Road and bridge network	480,336	500,967	480,336	500,967
Stormwater and drainage network	240,392	253,440	240,392	253,440
Other infrastructure	74,790	66,670	74,790	66,670
	<b>889,133</b>	<b>890,207</b>	<b>889,133</b>	<b>890,207</b>
<b>Net adjustment to non-current assets to reflect a change in current fair value</b>				
Land	(37,743)	14,233	(37,743)	14,233
Buildings	(22,111)	10,254	(22,111)	10,254
Road and bridge network	28,215	(20,633)	28,215	(20,633)
Stormwater and drainage network	-	(13,048)	-	(13,048)
Other infrastructure	(10,325)	8,120	(10,325)	8,120
	<b>(41,965)</b>	<b>(1,074)</b>	<b>(41,965)</b>	<b>(1,074)</b>
<b>Closing balance of the asset revaluation surplus is comprised of the following asset categories:</b>				
Land	-	37,743	-	37,743
Buildings	33,760	55,871	33,760	55,871
Road and bridge network	508,550	480,336	508,550	480,336
Stormwater and drainage network	240,392	240,392	240,392	240,392
Other infrastructure	64,465	74,790	64,465	74,790
	<b>847,168</b>	<b>889,133</b>	<b>847,168</b>	<b>889,133</b>

## 24. Commitments for expenditure

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

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Operating leases</b>				
Minimum lease payments in relation to non-cancellable operating leases are as follows:				
Within one year	6,251	5,507	6,186	5,443
One to five years	11,258	6,854	11,220	6,845
Greater than five years	901	468	901	468
	<b>18,411</b>	<b>12,829</b>	<b>18,307</b>	<b>12,756</b>
<b>Contractual commitments</b>				
Contractual commitments at balance date but not recognised in the financial statements are as follows:				
Within one year	55,398	101,669	55,375	99,756
One to five years	57,962	89,494	57,962	89,486
Greater than five years	14,792	24,807	14,792	24,807
	<b>128,151</b>	<b>215,970</b>	<b>128,128</b>	<b>214,049</b>



## 24. Commitments for expenditure continued

**Capital commitments**

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Aerodromes	27	42	27	42
Buildings and Facilities	1,577	574	1,577	574
Coast and Canals	65	155	65	155
Corporate Major Projects	3,144	30	3,144	30
Divisional Allocations	1,827	656	1,827	656
Holiday Parks	96	-	96	-
Information Technology	248	180	248	180
Parks, Gardens and Reserves	894	-	894	-
Quarries	98	100	98	100
Stormwater	1,026	437	1,026	437
Strategic Land and Planning	7,153	3,808	7,153	3,808
Sunshine Coast Airport	6,262	1,964	6,262	1,964
Transportation	6,196	3,099	6,196	3,099
Waste	471	-	471	-
These expenditures are payable within one year	<b>29,085</b>	<b>11,045</b>	<b>29,085</b>	<b>11,045</b>

## 25. Contingent assets and liabilities

**Contingent Assets**

On 9 February 2017 Council entered into an agreement with Palisade Investment Partners to effect, among other things, a 99 year lease of Sunshine Coast Airport land and building assets to Palisade, and for Council to construct a new runway. Under the 99 year lease, Council will be entitled to 5% of gross Airport revenue per annum. It is not possible to reliably estimate the amount of gross revenue from the Airport and therefore the amount to be received is a contingent asset at 30 June 2017.

The 99 year lease is anticipated to commence in November 2017.

**Contingent Liabilities**

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

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 30 June 2017 there are 42 insurance claims under management with Council's public liability insurer, LGM. The amount required assuming the claims proceed to settlement is:	206	247	206	242
At 30 June 2017 there are 9 compulsory land acquisition claims pending and are not expected to exceed:	8,880	2,030	8,880	2,030
<b>Total Contingent liabilities</b>	<b>9,086</b>	<b>2,277</b>	<b>9,086</b>	<b>2,272</b>

## 25. Contingent assets and liabilities continued

Based on advice from Council's solicitors, there are claims that may result in future settlements being made by Council. The total of these claims, liability which is not admitted, has not been quantified as Council is in the process of negotiations for a commercial settlement of the claims.

### Local Government Workcare

Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self-insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities.

Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$2,979,585.

### Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or 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 pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2016 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

## 26. Superannuation

The Sunshine Coast Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard *AASB 119 Employee Benefits*.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The scheme has three elements referred to as:

The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund, the Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and The Accumulation Benefits Fund (ABF).

The ABF is a defined contribution scheme as defined in *AASB 119*. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the *Local Government Act 2009*.

The Regional DBF is a defined benefit plan as defined in *AASB 119*. Council is not able to account for the Regional DBF as a defined benefit plan in accordance with *AASB 119* because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

## 26. Superannuation continued

To ensure the ongoing solvency of the Regional DBF, the scheme's trustee can vary the rate of contributions from relevant employers subject to advice from the scheme's actuary. As at the reporting date, no changes had been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

Any amount by which the fund is over or under funded would only affect future benefits and contributions to the Regional DBF, and is not an asset or liability of Council. Accordingly there is no recognition in the financial statements of any over or under funding of the scheme.

As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date".

In the 2015 actuarial report the actuary has recommended no changes to the employer contribution levels at this time.

Under the *Local Government Act 2009* the trustee of the scheme has the power to levy additional contributions on councils which have employees in the Regional DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

There are currently 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities.

Sunshine Coast Regional Council made 6.44% of the total contributions to the plan for the 2016/17 financial year.

The next actuarial investigation will be conducted as at 1 July 2018.

The amount of superannuation contributions paid by Sunshine Coast Regional Council to the superannuation scheme in this period for the benefit of employees was;

	Note	Consolidated		Council	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Superannuation contributions	5	19,049	18,179	18,969	18,104

## 27. Operating lease income

The minimum lease payments are payable as follows:

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Within one year	1,056	3,582	1,056	3,582
One to five years	3,430	8,316	3,430	8,316
Greater than five years	9,573	10,522	9,573	10,522
	<b>14,059</b>	<b>22,420</b>	<b>14,059</b>	<b>22,420</b>

## 28. Controlled entities

The council has a 100% controlling interest in Sunshine Coast Events Centre Pty Ltd, SunCentral Maroochydore Pty Ltd and Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust.

The Events Centre at Caloundra specialises in staging corporate events and has a range of performance and function spaces available for hire.

SunCentral Maroochydore Pty Ltd is responsible for the development of the new Maroochydore City Centre.

Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust was established in preparation for the commencement of the 99 year lease. The company and its trust were non-trading entities at reporting date.

The following table shows revenue and expenses before consolidating eliminations.

	SunCentral Maroochydore P/L		Sunshine Coast Events Centre P/L	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue	11,627	9,076	3,751	3,332
Expenses	(11,615)	(8,976)	(3,693)	(3,292)
Surplus / (deficit)	12	99	58	40

## 29. Trust funds

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.	6,907	5,991	6,270	5,641

The Sunshine Coast Regional Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

### 30. Reconciliation of net result for the year to net cash inflow (outflow) from operating activities

	Consolidated		Council	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Net result</b>	<b>176,911</b>	<b>192,280</b>	<b>139,847</b>	<b>157,082</b>
<b>Non-cash items</b>				
Depreciation and amortisation	71,486	67,785	71,483	67,784
Share of net profit of associate	(36,992)	(34,676)	-	-
Contributed Assets	(133,028)	(90,207)	(133,028)	(90,207)
	<b>(98,534)</b>	<b>(57,098)</b>	<b>(61,544)</b>	<b>(22,423)</b>
<b>Investing activities</b>				
Net loss on disposal of property, plant and equipment	50,803	1,374	50,803	1,374
Capital grants and contributions	(46,790)	(45,189)	(46,790)	(45,189)
	<b>4,013</b>	<b>(43,816)</b>	<b>4,014</b>	<b>(43,816)</b>
<b>Changes in operating assets and liabilities</b>				
(Increase)/decrease in receivables	(5,382)	(2,310)	(5,218)	(527)
(Increase)/decrease in inventory	1,143	(681)	1,137	(655)
Increase/(decrease) in payables	9,770	4,256	9,535	4,013
Increase/(decrease) other liabilities	4,293	2,925	4,293	1,525
Increase/(decrease) in other provisions	2,430	425	2,398	314
	<b>12,254</b>	<b>4,615</b>	<b>12,144</b>	<b>4,670</b>
<b>Net cash inflow from operating activities</b>	<b>94,644</b>	<b>95,981</b>	<b>94,461</b>	<b>95,513</b>

### 31. Financial instruments and financial risk management

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

- credit risk
- liquidity risk
- market risk

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies specifically for managing credit, liquidity and market risk.

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

Council does not enter into derivatives.

#### Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. These obligations arise principally from Council's investments and receivables from customers.

### 31. Financial instruments and financial risk management continued

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

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

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

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

Financial assets	Note	Consolidated		Council	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	10	283,994	320,010	282,375	318,556
Receivables - rates	11	4,595	4,644	4,595	4,645
Receivables - other	11	13,835	10,290	13,678	10,290
Loan to Unitywater - Subordinate Debt and Working Capital	11	434,393	434,393	434,393	434,393
Shares Held in Controlled Entities	11	-	-	500	500
<b>Other credit exposures</b>					
Guarantees	25	2,980	3,229	2,980	3,229
<b>Total financial assets</b>		<b>739,797</b>	<b>772,566</b>	<b>738,521</b>	<b>771,613</b>

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. An analysis of outstanding receivables is shown in note 12.

#### Cash and cash equivalents

Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of the counterparty having capacity to meet its financial commitments is strong.

#### Other financial assets

Other investments are held with financial institutions, which are rated A-1+ to A-3 based on rating agency S&P Global Ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

#### Trade and other receivables

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

### 31. Financial instruments and financial risk management continued

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

By the nature of Councils operations, there is a geographical concentration of risk in the council's area.

#### Liquidity risk

Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Council is exposed to liquidity risk through its trading in the normal course of business and borrowings from the Queensland Treasury Corporation for capital works.

Council is also exposed to liquidity risk through the Participating Local Government Fixed Rate Loan Agreement (Subordinated Debt) between Council and Northern SEQ Distributor-Retailer Authority (Trading as Unitywater). Under the Agreement the Borrower may request the Lender to capitalise all or part of the interest payable, thereby representing a risk to securing cash flow anticipated by Council.

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

	Note	0 to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Consolidated</b>					
<b>2017</b>					
Trade and other payables	19	43,385	-		43,385
Loans - QTC	20	29,815	119,202	226,573	375,590
Loans - EDQ	20	847	3,388	8,365	12,600
		<b>74,047</b>	<b>122,590</b>	<b>234,938</b>	<b>431,575</b>
<b>2016</b>					
Trade and other payables	19	34,358	-		34,358
Loans - QTC	20	29,635	119,952	257,687	407,274
		<b>63,993</b>	<b>119,952</b>	<b>257,687</b>	<b>441,632</b>
<b>Council</b>					
<b>2017</b>					
Trade and other payables	19	42,918	-		42,918
Loans - QTC	20	29,815	119,202	226,573	375,590
Loans - EDQ	20	847	3,388	8,365	12,600
		<b>73,580</b>	<b>122,590</b>	<b>234,938</b>	<b>431,108</b>
<b>2016</b>					
Trade and other payables		34,091			34,091
Loans - QTC		29,635	119,952	257,687	407,274
		<b>63,726</b>	<b>119,952</b>	<b>257,687</b>	<b>441,365</b>

## 31. Financial instruments and financial risk management continued

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 prices, such as interest rates, will affect the council's income or the value of its holdings of financial instruments

Interest rate risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation, investments held with other financial institutions and shareholder loans with the Northern SEQ Distributor Retailer Authority (Unitywater).

Council also has access to a mix of variable and fixed rate funding options through QTC so that interest rate risk exposure can be minimised.

Council's loan from Economic Development Queensland is interest free as therefore not subject to interest rate risk.

Sensitivity

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

The following interest rate sensitivity analysis depicts what effect a reasonably possible change in interest rates (assumed to be 1%) would have on the profit and equity, based on the carrying values at the end of the reporting period. The calculation assumes that the change in interest rates would be held constant over the period.

Consolidated	Net carrying amount		Profit		Equity	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	-	-	-	4,344	-	4,344
Financial liabilities	(3,078)	(3,403)	(3,078)	(3,403)	(3,078)	(3,403)
<b>Net total</b>	<b>(3,078)</b>	<b>(3,403)</b>	<b>(3,078)</b>	<b>941</b>	<b>(3,078)</b>	<b>941</b>

Council	Net carrying amount		Profit		Equity	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets	-	-	-	4,344	-	4,344
Financial liabilities	(3,078)	(3,403)	(3,078)	(3,403)	(3,078)	(3,403)
<b>Net total</b>	<b>(3,078)</b>	<b>(3,403)</b>	<b>(3,078)</b>	<b>941</b>	<b>(3,078)</b>	<b>941</b>

The risk in borrowing is effectively managed by borrowing only from the Queensland Treasury Corporation and having access to a mix of floating and fixed funding sources such that the desired interest rate risk exposure can be minimised. Interest rate risk in other areas is minimal.



### 31. Financial instruments and financial risk management continued

In its management of interest rate risk associated with Unitywater shareholder loans, Council has a number of options available to mitigate risk from market interest rate movements including:

- \* Principal reduction for corresponding external loan liabilities
- \* Conversion of current external loan liabilities from principal and interest repayments to payment of interest only with terms negotiated to match the review periods with Unitywater shareholder loans; or
- \* Undertake interest rate hedging through QTC to protect against market fluctuations in interest rates payable by Unitywater.

The fair value of interest bearing loans and borrowings is calculated based on the discounted expected future cash flows. The fair values of the loans and borrowings, together with their carrying amounts, are as follows:

	Carrying Amount		Fair Value	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Queensland Treasury Borrowings	277,456	293,979	307,829	340,301

#### Fair value

The fair value of trade and other receivables and payables 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. The market rate is provided by QTC and is disclosed in note 20.

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.

### 32. National Competition Policy

Competition reforms may be applied to significant business activities and business activities.

Applying National Competition Policy to activities deemed to be in competition with, or potentially in competition with, the private sector, requires the application of competitive neutrality principles (including full cost pricing) to remove the advantages and disadvantages of public ownership within that activity.

Full cost pricing in simple terms means that, on average, prices should fully recover all the relevant costs of supplying a product or service and total revenue received by the business should equal the sum of:

- a) Efficient operating expenses including tax equivalents;
- b) A return of capital (i.e. depreciation expense); and
- c) A return on capital (i.e. cost of debt plus return on equity invested in the business).

## 32. National Competition Policy continued

Full cost pricing is achieved if the total expected revenue from all sources, including subsidies and community service obligations, is sufficient to meet expected total costs as defined above.

The Council provides funding from general revenue to the business activity to cover the net cost of providing non-commercial community services obligations.

**(a) Significant business activities**

The expenditure threshold amounts for identifying a "significant business activity" for the 2016-17 financial year are as follows:

- a) for water and sewerage combined activities - \$13.7 million (2016 \$13.6 M)
- b) for other activities - \$9.2 million (2016 \$9M)

Waste and Resources Management was a significant business activity and applied the competitive neutrality principle via Full Cost Pricing. There were no new significant business activities.

**(b) Activities to which the code of competitive conduct is applied**

Council has resolved to apply a Code of Competitive Conduct to the following business activities:

- a) Sunshine Coast Airport
- b) Sunshine Coast Holiday Parks
- c) Quarries.

The following activity statements are for activities subject to the competitive code of conduct:

	Sunshine Coast Airport	Quarry Business Activity	Sunshine Coast Holiday	Waste and Resource Management
	2017 \$'000	2017 \$'000	2017 \$'000	2017 \$'000
Revenue for services provided to Council	32	10,480	962	995
Revenue for services provided to external clients	20,216	119	16,269	58,038
Community Service Obligations (CSO's)	124	-	-	546
	<b>20,371</b>	<b>10,599</b>	<b>17,231</b>	<b>59,580</b>
Less : Expenditure	17,118	9,915	9,895	45,618
<b>Surplus / (deficit)</b>	<b>3,254</b>	<b>684</b>	<b>7,336</b>	<b>13,962</b>

Description of Community Service Obligations provided to business activities:

	Net cost 2017 \$'000
<b>Sunshine Coast Airport</b>	
Reduce lease rentals and landing fees to community bodies	124
<b>Waste and resource management</b>	
Waste collection and disposal charges for charitable organisations	546

### 33. Related party disclosures

The group consists of Sunshine Coast Regional Council, its wholly owned entities and one associate. All subsidiaries are consolidated. Details of subsidiaries and associates are disclosed in Note 1.03.

#### (a) Transactions with Subsidiaries

##### **SunCentral Maroochydore Pty Ltd (wholly owned entity)**

Details	\$'000
<b>Payments</b>	
Annual development management fee paid to subsidiary	2,040
Maroochydore City Centre development costs paid to the subsidiary in accordance with established Development Service Contracts	9,235
<b>Total</b>	<b>11,275</b>

SunCentral Maroochydore Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2017/18 financial year. No SunCentral employees are related parties of Council.

##### **Sunshine Coast Events Centre Pty Ltd (wholly owned entity)**

Details	\$'000
<b>Payments</b>	
Operational funding paid to subsidiary	1,400
Purchase of materials and services from subsidiary	26
Maintenance and equipment provided to subsidiary	125
Capital expenditure incurred on the property	1,999
<b>Total</b>	<b>3,549</b>

Sunshine Coast Events Centre Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2017/18 financial year. Cr Dwyer, a member of Council's Key Management Personnel, was appointed to the Board of The Sunshine Coast Events Centre Pty Ltd by a resolution of the Sunshine Coast Council in June 2008.

##### **Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust (wholly owned entity)**

In preparation for completion under the SCA Share Sale and Purchase Agreement (refer to Note 2(a) for further details), Council has established Sunshine Coast Airport Pty Ltd, a proprietary company limited by shares, as well as The Trustee for Sunshine Coast Airport Trust, a unit trust established by deed. Council owns all the issued shares in the company as well as all the issued units in the trust. The company and trust were non-trading entities at reporting date with the only transactions being the issue of shares and units to Council.

## 33. Related party disclosures continued

**(b) Transactions with associates****Unitywater (associate)**

Details	\$'000
<b>Payments</b>	
Water and sewerage charges for Council properties	4,179
Purchase of materials and services	4,331
<b>Total</b>	<b>8,510</b>
<b>Receipts</b>	
Interest paid to Council	23,154
Recoupment Unitywater expenses incurred by Council	553
Participation returns (dividends) paid to Council	13,837
Tax equivalent paid to Council	12,847
<b>Total</b>	<b>50,391</b>

Further detail regarding Unitywater is contained in Note 13 Investment in associates.

**(c) Transactions with Key Management Personnel**

Key Management Personnel include the Mayor, Councillors, Council's Chief Executive Officer and members of the Executive Leadership Team. Compensation paid to Key Management Personnel for the 2016/17 financial year comprises:-

Details	\$'000
Short term employee benefits	3,370
Post employment benefits	393
Long term employee benefits	38
Termination benefits	-
<b>Total</b>	<b>3,801</b>

Detailed remuneration disclosures for Councillors are provided in the annual report.

The amounts disclosed in the above table are amounts related to Key Management Personnel recognised as an expense during the reporting period.

**(d) Transactions with other related parties**

Other related parties include the close family members of Key Management Personnel and any entities controlled or jointly controlled by Key Management Personnel or their close family members. Close family members include a spouse, child and dependent of a member of Key Management Personnel or their spouse.

## 33. Related party disclosures continued

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

Details	Notes	\$'000
Employee expenses for close family members of key management personnel	(d)1	153
Purchase of materials and services from entities controlled by close family members of key management personnel	(d)2	1,129
<b>Total</b>		<b>1,282</b>

**Notes**

(d)1 All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with Council's Certified Agreement for the job they perform. Council employs 1764 staff of which only 3 are close family members of key management personnel.

(d)2 Sunshine Coast Council purchased civil construction services from Civlec Pty Ltd trading as Trafflec, a company controlled by a close family member of Cr Dwyer. This contract was awarded under Council's Procurement Policy, all purchases were at arm's length and in the normal course of Council operations. This amount represents 0.64% (i.e. less than 1%) of the total amount spent on capital expenditure. Defects liability guarantees totalling \$77,964 were provided to Council by the company.

**(e) Outstanding balances**

The following balances are outstanding at the end of the reporting period in relation to transactions with other parties:

Receivables	Notes	\$'000
Not past due		17
Past due more than 90 days	(e)1	17
<b>Total Owing</b>		<b>34</b>

**Notes**

(e)1 Outstanding balance relates to works performed by Council for Unitywater.

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.

**(f) Loans and guarantees to/from related parties**

Details	Notes	\$'000
Loan to associate (Unitywater) - subordinated debt	f(1)	434,393

**Notes**

f(1) Refer to Note 33 Financial Instruments.

### 33. *Related party disclosures continued*

#### **(g) Transactions with related parties that have not been disclosed**

Most of the entities and people that are related parties of Council live and operate within the Sunshine Coast region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of Council swimming pools
- Payment of animal registration
- Attendance at a Council event

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

### **34. Events after the reporting date**

On 19 September 2017 Council adopted the recommendations of an independent review of Council's organisational structure. The report recommended changes to the composition of Branches and Groups (formerly Departments) in order to provide a more logical grouping of existing functions while bringing together Policy, Delivery, Regulatory and Customer branches within Council. The proposed changes will be implemented by 31 December 2017 and as a result an estimate of the financial effect at the time of this report is unknown.

### 3. MANAGEMENT CERTIFICATE



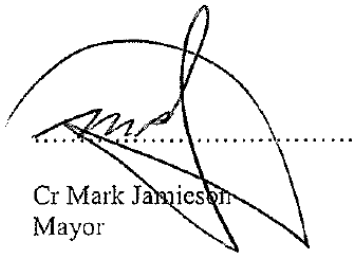
## MANAGEMENT CERTIFICATE

For the year ended 30 June 2017

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

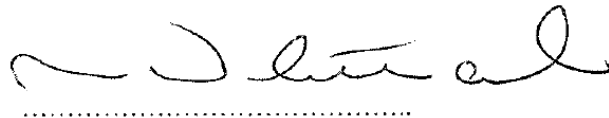
In accordance with Section 212(5) of the Regulation we certify that:

- (i) The prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) The general purpose financial statements, as set out on pages 1 to 48, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.



Cr Mark Jamieson  
Mayor

Sunshine Coast Regional Council



Michael Whittaker  
Chief Executive Officer

Sunshine Coast Regional Council

Dated 5 October 2017

Dated 5 October 2017

## 4. INDEPENDENT AUDITOR'S REPORT

(General Purpose Financial Statements)

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of Sunshine Coast Regional Council

#### Report on the Audit of the Financial Report

##### Opinion

I have audited the accompanying financial report of Sunshine Coast Regional Council (the council) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the council's and group's financial position as at 30 June 2017, and of their financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the *Local Government Regulation 2012* and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2017, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Major and Chief Executive Officer.

##### Basis for opinion

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

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

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

##### Other information

Other information comprises the information included in Sunshine Coast Regional Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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



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

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

### **Responsibilities of the council for the financial report**

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

The council is also responsible for assessing the council's and group'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 group.

### **Auditor's responsibilities for the audit of the financial report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's or group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council or group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

**Report on other legal and regulatory requirements**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

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



CG STRICKLAND CA  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## 5. CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

### Current Year Financial Sustainability Statement

Sunshine Coast Regional Council

For the year ended 30 June 2017

### Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets:

		Consolidated 2017	Council 2017	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	13.0%	5.5%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	83.0%	83.0%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-0.5%	-0.3%	not greater than 60%

### Note 1 - Basis of Preparation


The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

### Certificate of Accuracy

For the year ended 30 June 2017


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

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



Cr Mark Jamieson  
Mayor

Sunshine Coast Regional Council



Michael Whittaker  
Chief Executive Officer

Sunshine Coast Regional Council

Dated 5 October 2017

Dated 5 October 2017

## Independent Auditor's Report (Current-Year Financial Sustainability Statement)

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of Sunshine Coast Regional Council

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

##### Opinion

I have audited the accompanying current year financial sustainability statement of the Sunshine Coast Regional Council and the consolidated entity for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current year financial sustainability statement of Sunshine Coast Regional Council and the consolidated entity for the year ended 30 June 2017 has been accurately calculated.

##### Basis of opinion

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

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 11 0 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

##### Emphasis of matter- basis of accounting

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

##### Other Information

Other information comprises the information included in Sunshine Coast Regional Council's annual report for the year ended 30 June 2017, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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

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

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

### Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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.

  
  
 CG STRICKLAND CA  
 as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## 6. UNAUDITED LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT

Certificate of Accuracy – for the Long Term Financial Sustainability Statement

### Long-Term Financial Sustainability Statement

Sunshine Coast Regional Council

For the year ended 30 June 2017

Measures of Financial Sustainability Council	Measure	Target	Actuals at 30 June 2017	Forward Estimates								
				30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	5.5%	5.7%	5.1%	8.3%	6.3%	8.6%	10.8%	7.6%	8.6%	9.5%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	83.0%	83.0%	79.4%	73.6%	79.9%	72.6%	74.9%	69.8%	73.6%	73.1%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-0.3%	34.7%	54.7%	76.1%	76.4%	9.7%	5.7%	5.4%	4.1%	3.2%

### Sunshine Coast Regional Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about efficient allocation of resources to ensure the most effective provision of services. Council ensures that its financial management strategy is prudent and that its long-term financial forecast shows a sound financial position whilst also being able to meet the community's current and future needs.

The above table shows whether Sunshine Coast Regional Council is performing within accepted target ranges. It clearly indicates that council is achieving or out-performing the identified benchmarks in both of the key liquidity measures apart from the years 2019/20 to 2020/21 for the Net Financial Liabilities Ratio.

Consultation with Queensland Treasury Corporation (QTC) was undertaken for the financial assessment of the Sunshine Coast Airport Runway Project, particularly Council's ability to manage the Net Financial Liabilities ratio. QTC have stated their acceptance of Council exceeding the target Net Financial Liabilities ratio range for years 2019 to 2021, subject to further review of the Sunshine Coast Runway Project business case.

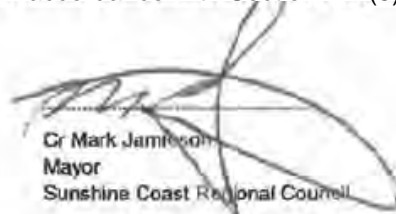
For the Asset Sustainability ratio, there is an ongoing review of asset management plans that will confirm the desired level of expenditure on the renewal and refurbishment of council assets. This will enable a review of the capital program to ensure an appropriate level of work is scheduled for existing assets.

### Certificate of Accuracy

#### For the year ended 30 June 2017

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

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

  
Cr Mark Jamieson  
Mayor  
Sunshine Coast Regional Council  
Dated 5 October 2017

  
Michael Whittaker  
Chief Executive Officer  
Sunshine Coast Regional Council  
Dated 5 October 2017





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