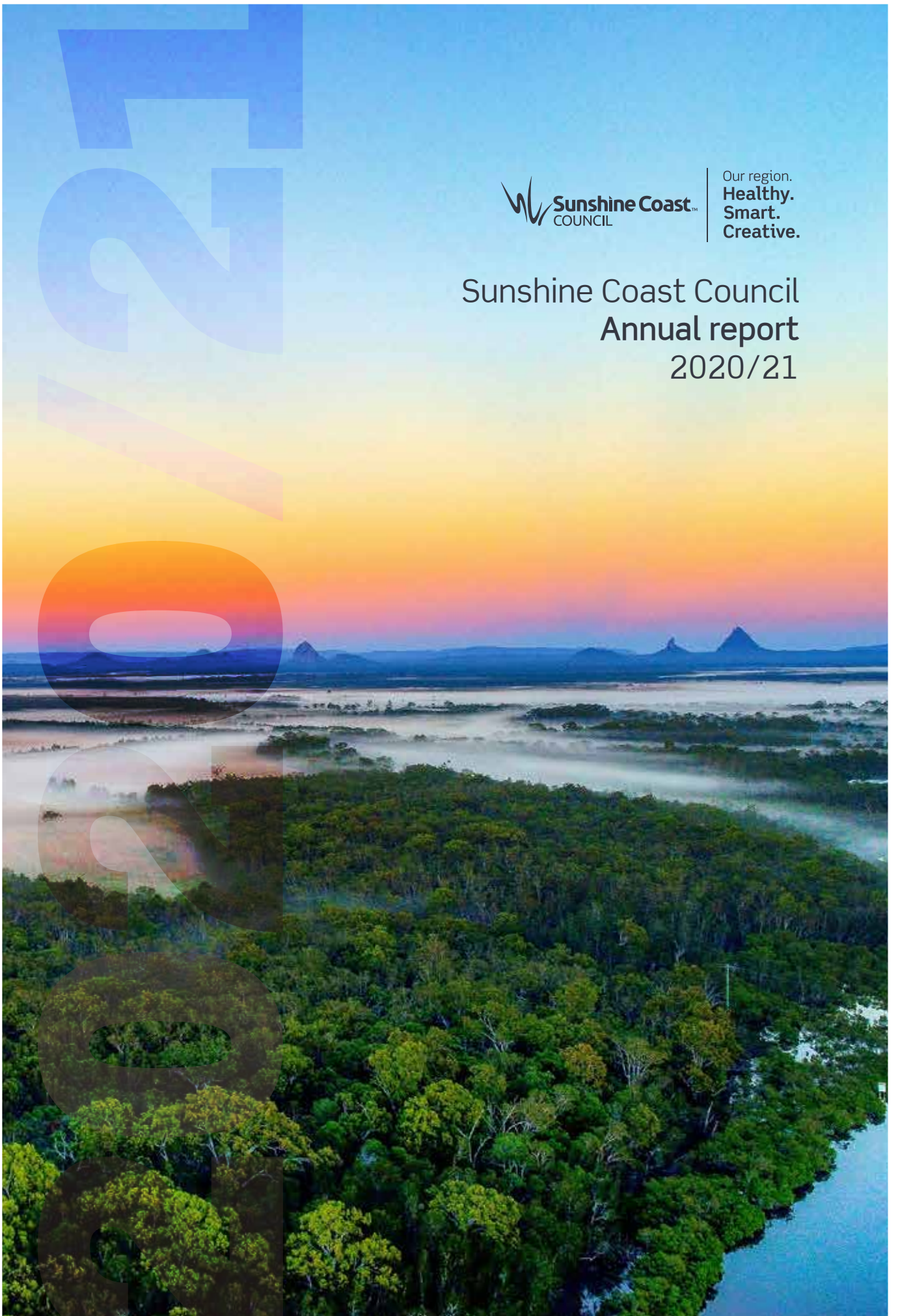




Our region.
Healthy.
Smart.
Creative.

Sunshine Coast Council Annual report 2020/21



Acknowledgement of Traditional Custodians

Sunshine Coast Council acknowledges the Kabi Kabi peoples and the Jinibara peoples and recognises that the Sunshine Coast local government area has always been a place of cultural, spiritual, social, and economic significance to its Traditional Custodians.

Council is committed to working in partnership with Traditional Custodians and the First Nations community to support self-determination through economic and community development.

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Acknowledgements

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

Cover image: Bells Creek | Suzane Jones.

Disclaimer

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Welcome

Welcome to the Sunshine Coast Council Annual Report 2020/21. This report demonstrates how Sunshine Coast Council (Council) has progressed actions from the Corporate Plan 2020-2024 and provides service delivery highlights.

It is one of the many ways Council connects with our community to:

- show Council's commitment to achieving our vision for the region—Australia's most sustainable region: Healthy. Smart. Creative.
- communicate what we deliver for our residents
- demonstrate our effectiveness.





FINANCIAL REPORT

Introduction

Message from the Mayor



Mark Jamieson
Mayor

Without any doubt, the 2020/21 financial year has no comparison with any year that the Sunshine Coast has confronted in at least the last century.

The COVID-19 pandemic has dominated every facet of our daily lives and shaped our approach to our priorities – as individuals, as family members and as part of a community.

For Council it has been no different.

From the outset of this pandemic, our Council has had a single and unwavering priority and that has been to safeguard the interests and well-being of our community in everything we do - and in ways not hitherto thought possible.

For our Council, it has been incumbent on us to provide the guardianship for the well-being of our communities and do whatever we could to assist them to adapt, manage and prevail.

While responsibility for the management of the public health response to the pandemic sits with the Queensland Government, much of what needed to occur on the ground to keep our community safe fell to our Council – indeed all Councils – to implement.

Whether it was measures to discourage groups from congregating in public places such as closing beach carparks, to supporting Queensland Health with the establishment of a mass vaccination centre at Council's own Caloundra Indoor Stadium (following a case of community transmission in our region in June) – our Council never once failed to respond.

In short, we did better than just manage - and this was largely due to the efforts of our dedicated staff and the support and compliance of our community. This has been a joint effort and one from which we can all take much pride.

Through our collective efforts, our Council has managed to continue to service the needs of our community and supported local business and industry to keep money circulating in the region and keep people employed – while all the while, helping each other to adjust to the new 'COVID normal'.

Fortunately, we have not experienced a significant caseload of infections on our Sunshine Coast, but the impacts of the public health measures on all of us have impacted individuals, community organisations and businesses across our growing region.

Our Council recognised that those impacts would be uneven, but potentially with a long tail and to this end, we put in place three particular measures to best support the interests of our community when they needed it most –

- for our residents - we provided a \$35 COVID rebate on residential and commercial properties' rates bills for the 2020/21 year and did not increase our Council levies – which meant that the majority of our ratepayers did not pay any more for their rates than they did in the previous year
- For our community organisations – we invested \$5.8 million over the year, (which included \$1.5 million in additional COVID-19 funding) to better partner with, and support our not-for-profit groups to manage through the disruption that the pandemic and the public health directions were having on their ability to service the people in our community who are most in need; and
- for our local businesses – we introduced an Economic Resurgence Plan, with a range of measures including increasing our investment in our Capital Works Program, strengthening the preference for local suppliers within our procurement arrangements and payment of supplier and contractor invoices within seven days.

These are by no means, the only steps we took throughout the year to keep our community safe and to better enable our residents, families and local businesses to manage the impacts of the pandemic. I remain optimistic there are better times ahead and we have seen strong signs of economic resurgence on many fronts, particularly in our construction industry and as many Queenslanders have taken the opportunity of international and

national travel restrictions to choose to holiday on our Sunshine Coast.

That said, I am very conscious that those same restrictions have had a substantial impact on the tourism industry and our aviation industry locally, as key visitor markets have been closed to the Sunshine Coast for significant portions of the year. Inevitably, this has had a ripple effect throughout the region's economy more broadly and this is why economic resurgence and resilience remains a keen area of focus for our Council – both now and in the years ahead.

Likewise, the strength of the building and construction sector and the appeal of our region to new residents looking for a safe location to live and from where they can continue to work with excellent digital connectivity, has placed incredible pressure on housing availability and affordability. Addressing this issue with the other tiers of government and the community sector remains an ongoing high priority for our Council, along with advocating for a better integrated and responsive approach to combatting homelessness.

While supporting our community to manage the impact of the pandemic may appear to have been all-pervasive, there are in fact, many other important milestones and outcomes achieved throughout the course of the 2020/21 year.

Council's stewardship of the Sunshine Coast Regional Economic Development Strategy 2013-2033 delivered another historic moment for our region with the completion of the \$334 million Sunshine Coast Airport Expansion Project. This was the largest civil infrastructure project ever delivered by Council and the largest aviation project delivered by any local government in Queensland. This new infrastructure will become a key enabler for tourism and trade into the future, provides our Sunshine Coast with physical connectivity with the world and will be a direct gateway for the Sunshine Coast to international visitors for the 2032 Olympic and Paralympic Games.

Likewise, on 18 November 2020, Council executed a landmark development agreement for the Maroochydore City Centre with Walker Corporation, one of Australia's leading and largest private property groups. This partnership will see Walker Corporation invest around \$2.5 billion into the Maroochydore City Centre, creating a contemporary and dynamic city centre for our Sunshine Coast. Development continues apace in the core commercial precinct in the city centre, with construction having commenced on three sites during the year and with more in the pipeline. In another Australian first, Council also activated the automated waste collection system in the city centre, which will introduce a whole new approach to waste diversion, removal and management for the future residents and businesses in that location.

Notwithstanding the pandemic, our Sunshine Coast also became the home away from home for the Melbourne Storm in 2020, with six NRL competition matches being played at our Sunshine Coast Stadium under a COVID Safe Plan. Through the efforts of our Council, the Sunshine Coast became an important haven that enabled the 2020 NRL season and the 2020 Suncorp Super Netball series to proceed, in the face of incredible challenges. In April, with our Council as a major sponsor, the Australian Surf Life Saving Championships returned to our Sunshine Coast, with 6000 competitors and visitors proving yet again, that our region's reputation for staging major events remains as strong as ever.

Inclusion and connectivity continued to be an enduring commitment of our Council on many fronts in 2020/21. Throughout the course of the year, we continued to deepen our relationships with the Traditional Custodians of the region, the Kabi Kabi and Jinibara First Nations peoples. We reaffirmed this commitment through the adoption of the Innovate Reconciliation Action Plan 2021-2022, demonstrating our emphasis on practical action to continue to foster meaningful partnerships and relationships, and promote and showcase



the interests of, the First Nations peoples.

These partnerships have also helped our Council progress our new Sunshine Coast Heritage Plan 2021-2031 and are an integral part of our educational programs, including fire management, to build capability and connection to our land and help our community prepare for bushfire and other natural disasters.

The connectivity of our communities and how the region ensures its liveability and sustainability are maintained as we continue to grow have been in focus this year as Council progressed the Options Analysis for a potential mass transit solution for the Sunshine Coast. Whilst Council is not responsible for the delivery and operation of public transport on the Sunshine Coast, we have a significant responsibility on behalf of our community to plan and advocate for a more sustainable, efficient and reliable public transport network that will reduce congestion; connect people with where they work, live and recreate; and reduce the transit related impacts on our environment from increasing private vehicle usage. Between April and June, Council conducted an extensive community engagement process on the draft Options Analysis for a potential mass transit solution for the Sunshine Coast. Once finalised, the Options Analysis will be transmitted to the Queensland Government to inform the development of a detailed business case for mass transit on the Sunshine Coast.

Council also kicked off the process to develop a new planning scheme for the Sunshine Coast – a process that will likely take in the vicinity of four years to complete. Coupled with this will be extensive opportunities for community input and arrangements were advanced to establish a community reference group, which will inform the development of our approach to community engagement throughout the course of developing the new planning scheme.

Our environment, natural landscapes and ecosystems also remained in focus this year, particularly with more people

staying at home, holidaying here and as our region continued to grow. In May, after extensive research, evidence-based advice and community input, Council adopted its Coastal Hazard Adaptation Strategy - Our Resilient Coast - Our Future – which will guide our management of coastal zones into the future and where required, will help our region and our communities in the coastal zone adapt to the impacts of a changing climate.

In addition to becoming Australia's first Council in 2018 to offset 100 percent of its electricity consumption with energy from a renewable source through our solar farm, Council demonstrated its further committed to a low carbon existence through the Caloundra Renewable Energy Facility at Bells Creek. By capturing the gas emissions from landfill, it converts enough energy to power 1200 homes, 24 hours a day.

Council also continued its intergenerational legacy investments by securing more than 430 additional hectares of land to add to our conservation estate and provide sport and recreation opportunities.

As we deliver a thirteenth consecutive year with an unmodified audit opinion, I would like to acknowledge and thank my fellow Councillors for their dedication to good governance and financial sustainability, whilst responding to and supporting the many facets of community life.

I also wish to acknowledge the efforts of our new Chief Executive Officer, Ms Emma Thomas, who took up the reins on 23 November 2020 and is demonstrating in abundance, a values-based, caring and engaged approach to the leadership of our organisation. I also want to thank our staff, who have managed through the challenges of the pandemic, to continue to drive excellence in our service to our community and play their part in positioning our region for the future.

At the end of the day, that is what being healthy, smart, creative is all about.

Mayor Mark Jamieson





Message from the Chief Executive Officer



Emma Thomas
Chief Executive Officer

This is my first annual report as Chief Executive Officer (CEO) of the Sunshine Coast Council and I want to acknowledge and thank everyone – from our Councillors to our staff to our community – for their heartfelt welcome and the wonderful support that has been extended to me since I took up this role in November 2020.

I have made no secret of the fact that being the CEO of the Sunshine Coast Council is an incredible privilege and affords an unparalleled opportunity to have a meaningful impact on how the needs and aspirations of a richly diverse community can be realised.

Our annual report speaks to this in volumes as we look to the many, varied, innovative and collaborative ways in which Council has sought to advance the interests of our community across the broad spectrum of its responsibilities – each and every day.

At the heart of this is our people – the 1800 plus workforce that give their best in how they support our residents, collaborate with their colleagues and other stakeholders, and generate new ideas to enable our organisation to be the best that it can be.

I am constantly amazed at the creativity, ingenuity and thoughtfulness of our Council teams and no where has this been more evident than in how Council has responded to the impacts on our community of the COVID-19 pandemic.

Joining Council in November 2020, I was incredibly impressed with the way in which our organisation had positioned its systems, plans, arrangements and workforce to respond agilely and compassionately to the constantly evolving landscape that has come about through the course of the pandemic.

Our staff – particularly those on the front line working in our libraries and public facilities, maintaining our roads and parks and gardens and those on the counter of our customer contact centres – have proven time and again, their ability and adaptability to respond to uncertainty, short notice and new and emerging risks

- all in the interests of helping to keep our community safe and remain well-supported.

Inherent in this approach has been our emphasis on keeping our own staff safe, whilst also ensuring our communities continued to be serviced with excellence. Along with social distancing, the ability to pivot our ways of working and respond to changing circumstances has been at the forefront of new approaches to work within our Council over the course of this year and will likely continue to be so for some time to come.

At the same time, Council has been vigilant in supporting the public health response along with assisting our local businesses and community organisations through the pandemic and the recovery phase.

As an organisation, Council remains focused on supporting Queensland Health through the implementation of the public health directions and in our communications with our residents and local businesses to reinforce the importance of compliance. This was particularly important during periods when stay at home directions were in place and in our efforts to promote the importance of the National COVID-19 Vaccination Roll-out Program.

In that same context, Council also recognised the importance of keeping the social fabric of our community together. During the year, Council continued initiatives such as the Lift Project and #CovidKindness campaign to foster wellbeing and positive connections and continued our leadership of the Local Disaster Management Group throughout the course of the pandemic. Council also focused on digitalising more of our services, providing crucial community programs, continuing our partnerships with community organisations and progressing initiatives that support our local businesses on the pathway to economic recovery.

Earlier this year, Council also finalised and adopted our new Corporate Plan 2021-2025, which sets the blueprint and guidance markers for our priorities over the next

five years. Our corporate plan reinforces Council's continuing commitment to its vision for the Sunshine Coast to be Australia's most sustainable region: Healthy, Smart, Creative, within the construct of a balanced approach to advancing the following goals:

- Our Strong Community
- Our Environment and Liveability
- Our Resilient Economy
- Our Service Excellence
- Our Outstanding Organisation.

Underpinning our success in achieving these goals are the collaborative and proactive partnerships which we forge and nurture – and which are a hallmark of an outstanding organisation working with and for its community.

The way in which we engage with our community – with authenticity, honesty, transparency and respectfully – is the essence of the new Community Engagement Policy and Excellence in Engagement Framework that was adopted by Council in March. The inherent value of meaningful and purposeful community engagement is better informed decisions and the building of relationships, trust and mutual respect with our community. Our new approach to engagement will be embedded across Council activities and help to shape our policy, program and service responses into the future.

Diversity and inclusion are also important attributes of what Council has delivered throughout the course of the year, as we seek to ensure our activities are reflective of the community we service. With one in five people born overseas, the Sunshine Coast is home to people from more than 150 countries, 45 faiths and 96 languages. As we grow to a population of over 518,000, having such a richly diverse community provides an ongoing opportunity to strengthen and enrich the economic and social fabric of the Sunshine Coast, which is why the continuation of our programs like the Migrant Work Ready program remain so important.

Equally, we have continued to progress our enduring responsibility to build Council's relationship with First Nations peoples, engender their respect and provide opportunities to meaningfully recognise their contribution to our community over the course of over 60,000 years. Council's Innovate Reconciliation Action Plan, which was adopted during the year, provides an important platform for nurturing that relationship. It is also important to acknowledge the importance of the support from our Kabi Kabi and Jinibara peoples for Council's UNESCO Biosphere nomination and the ongoing role that they play in informing a wide range of Council activities.

Council's deeply entrenched commitment to sustainability continued to shape our programs and activities throughout the course of the year, reflecting the importance the community places on the preservation and management of our natural assets and resources and our region's responsiveness to the challenges arising from climate change.

The opening of the Caloundra Renewable Energy Facility in November is one such example of driving great sustainability outcomes for our region – in this instance, by converting waste to electricity. The facility has already generated 5202 megawatt hours of power and reduced greenhouse gas emissions by 72,232 tonnes. This year, our Solar Farm generated sufficient electricity back into the grid to offset 113 percent of Council's electricity requirements and solar systems continue to be installed on our building and facilities, including the Maleny Showgrounds and the ParknGo Mooloolaba Central carpark.

Council has also continued to plan for and pursue, opportunities for our Blue Heart Sunshine Coast, which is a nation-first partnership between a state government, local government and water utility to progress blue carbon storage options in a 5000 hectare area of land which will progressively become inundated between now and 2100. Through the course of



the year, Council acquired additional privately owned land within the Blue Heart Sunshine Coast project area as part of our long-term efforts to help ensure the area is retained to perform its important flood storage role. In addition, Blue Heart Sunshine Coast was awarded the Regional Innovation Project of the Year at the Cities Power Partnership (CPP) Climate Awards in recognition of its significance as a transformative climate solution and as an inspiration to other Councils and levels of government to proactively manage the impacts of a changing climate.

One of the most valuable contributions which Council makes to the functionality and liveability of its communities is through the delivery of its annual Capital Works Program. During the pandemic, the leverage that Council can provide through its capital projects to support local contractors and suppliers – which ultimately helps to keep local people employed – has become even more significant to Council. The heightened emphasis on preferencing local suppliers is one such measure that has been put in place to maximise the value of the Capital Works Program as a local business and employment initiative.

Through our \$243 million Capital Works Program in 2020/21, Council delivered 1173 projects across our region, from footpaths and public amenities to the completion of the \$2.6 million Bradman Avenue Maroochy River Foreshore redevelopment. Throughout the course of the year, our program expanded to accommodate stimulus grants for a range of additional projects delivered across the Sunshine Coast, including the commencement of work on the first stage of the Mooloolaba Foreshore redevelopment. I am incredibly proud of our employees who have responded to these new opportunities, implemented them with vigour and remained focused on the job at hand to provide essential infrastructure for the residents of this region.

Likewise, Council's 1179 parks located across the region are one of the most





highly valued and utilised facilities by our community. In recognition of this, during the year Council expended more than \$9.7 million on upgrades to our parks, including new playgrounds, soft-fall, toddler play areas, shade sails, picnic tables, barbecues and shelters - making our outdoors an even more pleasurable experience for everyone.

As one of the fastest growing regions in Queensland, Council is managing the demands on its business by taking a region-wide approach to improving services to our community by transforming its workplaces and the way we work. Council is also making sure the organisation is best positioned to respond to growth and maximise our ability to contribute to the needs of the growing community we serve.

To this end, through the course of the year Council supported:

- the proposal to commence work on the development of a new Sunshine Coast Planning Scheme
- the commencement of detailed design for the re-purposing of the Caloundra Administration Building, and
- proceeding with construction of the new Administration Building in Maroochydore.

Work has also commenced on the future opportunities associated with Council's continuing presence in Nambour and how this best contributes to the reinvigoration of that centre as an important economic and social hub for many hinterland communities.

Of particular importance to me as CEO is the safety and wellbeing of our staff, as well as our residents and visitors that access and utilise Council facilities and public places. Our commitment to safety and well-being – in all its forms - must be embedded in every aspect of our operations and become an ingrained consideration within the culture of our organisation.

To this end, I am incredibly proud of the work we are doing to afford a focus on mental health. As an organisation, Council recognises how critical it is to make conversations about mental health

commonplace. In May, 350 employees participated in suicide prevention and mental wellbeing training conducted by the Sunshine Coast Mind and Neuroscience Thompson Institute, which has been an invaluable exercise in helping our employees gain knowledge of how to identify signs when someone may need support and how to approach those conversations. There is much more that we will continue to do in this space as part of our commitment to be an outstanding organisation.

On a final note, in what has been an eventful and memorable year, I would like to acknowledge and thank all the volunteers, community organisations, residents, business owners and many more who have assisted Council to deliver its programs and services. Much of what we seek to achieve could not be realised without your support and contribution and for that, our team is eternally grateful.

Emma Thomas
Chief Executive Officer

Our Sunshine Coast

The Sunshine Coast is widely acknowledged as a highly desirable place to live, work and play, with abundant natural resources and a unique lifestyle.

Located in South East Queensland, just north of Greater Brisbane, the Sunshine Coast Council local government area covers an area of 2291 square kilometres, is a major urban and economic centre and an emerging city-region.

It has a strong reputation as a lifestyle region defined by its subtropical climate, picturesque coastline and beaches, extensive waterways and wetlands, and the hinterland mountain ranges. The natural environment and distinct landscapes influence the Sunshine Coast way of life.

Our local government serves an estimated population of 350,000 (30 June 2021)^[1] people and includes 145,870 rateable properties. Most residents live within established urban centres along the coast. While all age groups are well represented within the Sunshine Coast's population, the most common age cohort is people aged 45 to 49 years and their children.

Over three million people visit our region each year, to enjoy everything the Sunshine Coast has to offer.

The Sunshine Coast has one of the largest economies (A\$17.90 billion) of all local government regional areas in Australia and maintains growth rates above the state and national averages^[2]. Key industries include health care, social assistance, education, tourism, construction, and retail.

On behalf of our community the Sunshine Coast Council manages and protects:



60 kilometres
of coastline



1179 parks



More than
12,000 kilometres
of waterways



7412 hectares of
environmental
reserves



3062 kilometres
of roads



1370 kilometres
of pathways

¹ Queensland Government population projections, 2018 edition, medium series

² National Institute of Economic and Industry Research, 2020

Our Council

Sunshine Coast Council is served by 11 elected representatives comprising the Mayor and 10 Councillors. Their primary role is to put in place the policies, programs, local law, and service arrangements that support the needs of our community, now and into the future.

The Sunshine Coast Council local government area is made up of 10 divisions.

Sunshine Coast local government area divisions



Councillors

Councillors represent the community and make decisions that benefit the Sunshine Coast region, now and into the future.

Councillors are assigned a portfolio aligned to the strategic goals and priorities of Council.



Mayor

Cr Mark Jamieson

Portfolio: Regional Advocacy and Intergovernmental Relations



Deputy Mayor
Division 1

Cr Rick Baberowski

Portfolio: Community



Division 2

Cr Terry Landsberg

Portfolio: Economy



Division 3

Cr Peter Cox

Portfolio: Environment and Liveability



Division 4

Cr Joe Natoli

Portfolio: Outstanding Organisation



Division 5

Cr Winston Johnston

Portfolio: Service Excellence



Division 6

Cr Christian Dickson

Portfolio: Service Excellence



Division 7

Cr Ted Hungerford

Portfolio: Outstanding Organisation



Division 8

Cr Jason O'Pray

Portfolio: Economy



Division 9

Cr Maria Suarez

Portfolio: Environment and Liveability



Division 10

Cr David Law

Portfolio: Community

Our corporate structure

Our corporate structure facilitates a high performing, innovative and customer focused organisation marked by great people, good governance and strong leadership. Council's senior management, under the direction of the Chief Executive Officer, provide leadership and direction to achieve the strategic outcomes determined by Council, as well as ensuring excellence in the local government services.







PERFORMANCE

Performance against our Corporate and Operational Plans

Sunshine Coast Council **Corporate Plan 2020-2024**

OUR VISION Australia's most sustainable region. Healthy. Smart. Creative.

OUR PURPOSE To serve the community with excellence and position the region for the future

OUR VALUES Respect for each other | Being our best | Working as one team | High standards

OUR GOALS

A STRONG COMMUNITY

Together we thrive – in all our communities, people are included, treated with respect and opportunities are available to all.

Strategic pathways

- Healthy and active communities
- Vibrant community places and spaces that are inclusive, accessible and adaptable
- An inclusive community, with opportunities for everyone
- Connected, resilient communities, with the capacity to respond to local issues
- Creative and innovative approaches to building a strong community.

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 good 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.

AN OUTSTANDING ORGANISATION

Performance pathways

- A collaborative workplace culture with engaged, energised and skilled people professionally ready for the future
- Investment in core capabilities and opportunities for staff to lead, learn and grow

OUR PEOPLE -

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.

SERVICE EXCELLENCE

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

Delivery pathways

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

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

- Strong and accountable leadership enabling Councillors, individuals and teams to be their best
- Collaborative, proactive partnerships with community, business and government
- A reputation for implementing innovative and creative solutions for future service delivery
- Information, systems and process underpin quality decisions and enhance the customer experience
- A financially sustainable organisation.

A strong community

Together we thrive – across our region, people are included, treated with respect and opportunities are available to all. To advance this objective, Council focuses on the strategic pathways supporting:

- healthy and active communities
- vibrant community places and spaces that are inclusive, accessible and adaptable
- an inclusive community, with opportunities for everyone
- connected, resilient communities, with the capacity to respond to local issues
- creative and innovative approaches to building a strong community.



More than 30 community engagement opportunities were provided this year on Council's **Have Your Say** website

2020/21 Goal measures

Measure	Target	2020/21 result
Increase in annual patronage at Council owned community facilities and events, inclusive of major venues, aquatic facilities, libraries, and the gallery	5%	5.3%
Customer satisfaction with Council venues provided for hosting community events and programs	90%	99%
Investment in community capital projects for every \$1 contributed from Council's grants program	3:1	2:1*
Customer satisfaction with library and cultural programs	80%	89%

* Adjustments to the Community Grants Program were made in line with Council's COVID-19 Community Relief Plan which reduced co-funding requirements in the August 2020 and March 2021 major grant and community response rounds.

Achievements in 2020/21

Community Strategy 2019-2041

Council delivered a range of outcomes and priority actions outlined in the award-winning Sunshine Coast Community Strategy 2019-2041. Some of the key results are detailed below. The strategy outlines a framework for Council and our community to work together to advance our shared goal for a strong community through to 2041.

The 20-year strategy has been recognised by the Planning Institute of Australia, winning the 2020 Queensland planning excellence award and receiving a 2021 national commendation for its community engagement program.

Community engagement

Council's Community Engagement Policy and Excellence in Engagement Framework were adopted in March 2021

and demonstrate how Council will fulfil its commitment to engage with the community.

The policy and framework positions community engagement as an embedded component of Council's regular business practice to deliver genuine, inclusive, fit-for-purpose and transparent activities and outcomes. They establish ways for Council to work in partnership with the community to co-create a region that is inclusive, connected and where opportunities are available to all. As a result, more than 30 community engagement opportunities were provided this year on Council's Have Your Say website.

In addition, in May 2021 Council held a conversation with more than 90 representatives from Sunshine Coast organisations to determine areas of priority for collective action to deliver the objectives of the Community Strategy 2019-2041.



Reconciliation

Council continues to work in partnership with Traditional Custodians, the Kabi Kabi peoples and Jinibara peoples and the broader First Nations community of the region. Council adopted its third Reconciliation Action Plan 2021-2022 (RAP) in March 2021 and is awaiting final endorsement from Reconciliation Australia.

Over the last 12 months, Council has progressed its 'Innovate' phase which included actions to deepen meaningful partnerships and relationships, embrace diversity, enhance respect and provide equitable opportunities for the First Nations community.

In a first for the Sunshine Coast, a community forum was held in March 2021 to bring together First Nations people with a strong focus on fostering relationships, representation and future wellbeing. With Council facilitating the event, the forum was an opportunity to forward plan while recognising the needs and trauma experienced by generations of First Nations people.

COVID-19 pandemic response

As our community navigates impacts from the COVID-19 pandemic, Council continued initiatives such as the Lift Project and #CovidKindness campaign to foster positive connections.

Council continued to support Queensland Health and coordinated disaster management responses. During the year, Council's support measures included:

- collaborating with Queensland Health and the Sunshine Coast Hospital and Health Services to support the establishment of a 12-day COVID-19 mass vaccination hub at the Caloundra Indoor Stadium, Golden Beach in June 2021
- the coordination of the Local Disaster Management Group during Queensland's COVID-19 pandemic lockdown in June-July 2021, providing support and leading best practice in accordance with Queensland Health directions, and
- providing assistance to Sullivan Nicolaidis Pathology and QML with mobile testing sites at Milieu Place, Warana and the Caloundra Aerodrome respectively.

Healthy Sunshine Coast

Healthy Sunshine Coast is a program encouraging people to be well and stay active by providing opportunities for our community to participate in free or low-cost physical activities, on a regular basis, to connect with others and maintain or improve fitness levels.

More than 3000 people registered to 'join the movement' following a relaunch of the program in February 2021. Registrants receive health and wellbeing information and access to a selection of 50 weekly classes ranging from yoga and dance to bushwalking and circuit training. Held in 35 indoor and outdoor locations across the region, the program is supported by a range of local service providers and community venues, functioning under COVID Safe Plans.

Youth Council

Council established its first Sunshine Coast Youth Council, with the inaugural meeting held in June 2021. Fifteen members from across the region make up the Youth Council, representing diverse interests such as mental health, human rights, justice and the environment.

The program enables young leaders to make a positive contribution to our region's future by fostering civic leadership, providing advice to Council on youth related matters and acting as a conduit for information, feedback and consultation from the wider youth community.

Dementia-friendly facilities

Council worked in partnership with the Sunshine Coast Dementia Alliance to review Council owned aquatic centres and improve accessibility.

Signage was improved to centres and employees encouraged to become Dementia Friends. This initiative is anticipated to increase patronage by carers and people with dementia, as well as improve physical activity and interaction with community members.

Migrant Work Ready Program

Twenty-eight Sunshine Coast participants completed the Migrant Work Ready Program in late 2020.

The program offers Culturally and Linguistically Diverse (CALD) residents the opportunity for economic and social inclusion by building on their knowledge and skills, increasing self-confidence and employability, creating social connections and mentoring opportunities and providing pathways to volunteering, internships and paid employment.

The program is a partnership between Council, Nambour Community Centre, Maroochydore Chamber of Commerce, TAFE Queensland, Volunteering Sunshine Coast and Sunshine Coast Chamber Alliance Business Mentor Program.



Domestic and Family Violence Response

Council partnered with a number of organisations to help raise awareness of the issue of domestic and family violence. During the year, Council:

- partnered with Centacare to deliver the Let's Grow Together event in Maroochydore. More than 300 people attended a march against domestic and family violence and a candle-lighting vigil ceremony
- partnered with the Sunshine Coast Make It Stop committee at a tree planting event at Mooloolaba. As part of the community campaign created for the 16 Days of Activism against Gender-Based Violence, 350 trees were planted with 46 community members participating in the planting, and
- launched four new Red Benches as part of the Red Bench project. The Red Bench project is an initiative of the Red Rose Foundation to raise awareness of domestic and family violence.

Sunshine Coast Heritage Plan 2021-2031

The 10-year Sunshine Coast Heritage Plan 2021-2031 was adopted by Council in February 2021 to guide the identification, protection, conservation and management of the region's heritage.

Of the 600-plus responses received during community engagement conducted in November 2020, more than 90 per cent of respondents rated cultural heritage as very important or important.

The plan's overarching vision for heritage on the Sunshine Coast is 'our heritage is our gift for the future' and celebrates the diverse past, present and future of our community. The plan identifies a series of priorities to achieve outcomes in knowledge, conservation, support, communication and advocacy and ensures our community keeps a close connection with our past as we forge a bright future.

Heritage Levy funded activities

The Heritage Levy supports the delivery of the Sunshine Coast Heritage Plan 2021–2031. In 2020/21, \$1.9 million was invested in a range of programs aligned to strategic priorities. Highlights of the levy include:

- more than \$628,000 was allocated to support the Regional Collections Store and Interpretive Facility
- more than \$200,000 provided to support First Nations groups, community museums and historical societies
- \$195,000 for research into regional stories, digitisation of significant regional collections and engaging our community with heritage through digital solutions, and
- \$160,000 invested in conserving heritage assets and maintaining heritage listed, Council owned, community leased properties.

Horizon Festival 2020

The Sunshine Coast's leading multi-arts festival, the Horizon Festival 2020, delivered 24 inspiring, high quality artistic events viewed by over 100,550 audience members interstate and overseas.

The 2020 event was adapted from the usual 10-day format in response to the COVID-19 pandemic and was delivered online over 12 weeks between June and August 2020. The event supported our Sunshine Coast arts sector which in turn showcased the ingenuity and determination of artists and creatives in their response to the pandemic. Audiences from far and wide were able to participate in a high-calibre program of digital artworks, events and experiences.

Planning a community focused centre for Nambour

Planning commenced this year for the repurposing of Council's existing Nambour Administration Buildings to contribute to an upgraded central precinct for Nambour. Potential uses considered in this early planning phase include a new district library, customer service centre, community facilities and office administration.



Caloundra district library

Council conducted a detailed feasibility study and prepared a preliminary design to repurpose the Caloundra Administration Building. This was in recognition that the building is a key piece of community infrastructure that will contribute to the ongoing vitality of Caloundra.

In March 2021, Council adopted the concept design to transform the Caloundra Administration Building into a green-star, district level library with integrated community meeting spaces. The district library is part of the Libraries Network Plan, Caloundra centre activation vision and aligns to the Caloundra Centre Master Plan, endorsed in 2017.

Community grants

More than \$5.8 million was awarded through 1108 Council community grants for projects, events and partnerships that provide direct benefit to our residents and align to Council's vision and strategic priorities. During the year, \$1.5 million was allocated through the Community Response Grants to support the additional needs of community organisations impacted by the COVID-19 pandemic to assist their recovery.

Community sporting facility upgrades

Sunshine Coast sporting groups benefited from upgrades to local sporting and community infrastructure to renew assets and support the growth of existing facilities. During the year, Council invested:

- \$1.3 million at the Palmwoods AFL and Cricket Clubhouse, providing four change rooms, public amenities, additional rooms, meeting space and kiosk facilities
- \$1.1 million to progress the Nambour Aquatic Centre Splash Park and new car park
- \$760,000 at the Maleny Showgrounds to improve road infrastructure and new facilities for all abilities
- \$489,000 to install state-of-the-art synthetic turf at the Sunshine Coast Hockey Club at Buderim

- \$536,000 at the Yandina Cricket Clubhouse to accommodate four change rooms, public amenities, additional rooms, kiosk and storage facilities
- \$471,000 at the Coolum Tennis Centre with four acrylic hard courts installed, improved lighting, fencing and pathways
- \$410,000 on the Honey Farm Road Sport and Recreation precinct at Meridan Plains, and
- \$360,000 to fit-out the Maroochydore Rugby Union Clubhouse with two new players' change rooms and one referee's change room with amenities.

World-class sporting facilities

The Sunshine Coast's world-class sporting facilities continue to attract season fixtures and, for the second consecutive year, were recognised across the nation as an ideal pathway to continue competitions during periods of lockdowns, resulting from the COVID-19 pandemic and health directions.

With Council's assistance, a number sporting codes temporarily relocated to the Sunshine Coast and made the most of our sporting hubs to enable them to continue training and/or playing fixtures, including:

- Suncorp Super Netball teams - the New South Wales Swifts and Greater Western Sydney Giants - relocated training sessions to the Caloundra Indoor Stadium during August and September 2020, along with Sunshine Coast Lightning training sessions throughout the 2021 season
- five AFL teams - St Kilda, Collingwood, Melbourne, North Melbourne and Essendon - were able to continue training between July and September 2020 by utilising the Maroochydore Multi Sports Complex
- the 'Aussie Stingers' Australian Women's Water Polo team utilised Kawana Aquatic Centre as one of their facilities in preparation for the Tokyo Olympics, and
- National Rugby League team the Melbourne Storm relocated six home games in 2020 and two home games in May and June 2021 to the Sunshine Coast Stadium, in Birtinya following COVID-19 lockdowns in Victoria.



New roads

Council is committed to improving road safety for motorists, cyclists and pedestrians, improving traffic flow and reducing delays during peak periods.

The new four-lane section of Parklands Boulevard at Meridan Plains was completed in April 2021 and included dedicated cycle lanes and new signalised pedestrian crossings at the Sunset Drive and Meridan Way intersections. Council committed \$16.9 million towards the project, augmented with a grant of \$750,000 from the Queensland Government's Cycle Network Local Government Grants.

Stage 1 of the Mooloolaba Transport Corridor Upgrade project was completed in April 2021. The \$8.5 million upgrade to widen Walan Street, between Venning Street and Smith Street is part of a larger project which will include the widening of Brisbane Road to four traffic lanes, a new Mayes Canal bridge and other intersection and landscape improvements.

Community engagement on public transport options

Council invited Sunshine Coast residents, stakeholders and visitors to provide their valuable feedback between 28 April 2021 and 22 June 2021, on a range of options being considered in a draft Mass Transit Options Analysis report.

The Options Analysis is the second phase in a three-stage business case process being undertaken for public transport. While Council is not responsible for the detailed planning, delivery and operation of a new mass transit system, Council has taken proactive steps to ensure the planning for the future of the region and sustainable transport options is informed by our community. The consultation provided the opportunity for our community to comment on a range of mass transit options.

Transport Levy funded activities

The Transport Levy helps Council support the future transport needs of the Sunshine Coast. The levy directed funding to five key areas that aim to improve connectivity across the Sunshine Coast:

- \$2.8 million allocated to the Transport Futures Fund to support efforts to secure other government investment in strategic transport needs for the region
- \$2.5 million invested in research, monitoring, planning and forecasting to build our knowledge and progress strategic outcomes
- \$1.2 million to improve public transport infrastructure across the Sunshine Coast
- \$306,000 on investigating and trialling improved public transport services to assist community areas not currently serviced by public transport, and
- \$173,000 to develop initiatives that educate, inform and assist the travel behaviour of users and support choice of travel mode.

Bus stop accessibility upgrade

More than \$630,000 was invested in 33 bus stops across our region this year to meet the *Disability Discrimination Act 1992* requirements and Federal Government targets.

This means that 719 of our 730 bus stops (98 per cent) have been upgraded to remove some of the barriers that people with disability or mobility issues find challenging when using public transport. The upgrades extend benefits to carers, parents with prams and our senior residents. Upgrades include concrete bus stop surfaces, improved signage, installation of tactile ground surface indicators, handrails, manoeuvring areas and upgraded footpath connections to bus stop locations.

In addition to the funds invested from the Transport Levy, Council received funding from the Queensland Government to support the program.



A healthy environment

In the interests of maintaining and enhancing the region's natural assets, healthy environment and liveability credentials, Council focuses on the following strategic pathways:

- a resilient region shaped by clever planning and good 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.



5202 MWh

of power generated from Council's landfill Renewable Energy Facility in Caloundra, reducing greenhouse gas emissions by 72,232 tonnes

2020/21 Goal measures

Measure	Target	2020/21 result
Maintain the size of the Regional Inter-urban Break at its 2017 extent	32,034 ha	32,034 ha
Hectares of land per 1000 residents acquired through Environment Levy for conservation and preservation purposes maintained	9.6 ha	10.82 ha
Hectares of land per 1000 residents for sport and recreation purposes maintained	4.74 ha	4.11 ha*
The region's renewable energy capacity increased	124.8 MW (baseline)	318.6 MW**
Council's greenhouse gas emissions reduced (tCO ₂ e – Tonnes of carbon dioxide equivalent)	0.58 tCO ₂ e per resident (baseline)	0.57 tCO ₂ e*** per resident

* The annual provision rate is expected to fluctuate from year to year due to the timing of open space delivered under Infrastructure Agreements and the ability of Council to purchase land in the open market that keeps pace with population growth within the year.

** An increase of 97.51 MW on 2019/20 results.

*** Decrease in emissions from 2019/20 is due to a recalculation for scope 3 emissions against the Climate Active Standard.

Achievements in 2020/21

Environment and Liveability Strategy 2017

Our Environment and Liveability Strategy 2017 continues to guide actions to plan for our growing population and manage our response to climate change, while also delivering a healthy environment and liveable Sunshine Coast for our community. The actions below demonstrate how Council is striking a balance between our natural and built environments while supporting a strong economy and our diverse communities into the future.

The strategy received national recognition as the winner (in the government category) of the 2020 Banksia Sustainability Awards - the longest-running sustainability awards globally.

Coastal Hazard Adaptation Strategy

Council adopted the Sunshine Coast Coastal Hazard Adaptation Strategy in May 2021 to proactively manage, respond and where required, adapt to the impacts coastal hazards have on our communities, our environment and the liveability of our region.

The strategy has been informed by the best available science and in partnership with our community which over a period of 18 months, has shared experiences and knowledge and helped us understand what is important to them. The strategy provides long-term (80 years) strategic insights about changing coastal hazard risks and information to inform short-term planning and delivery.

The strategy was a joint initiative with the Queensland Government and Local Government Association of Queensland with funding support provided through the QCoast₂₁₀₀ Program.



Caloundra Renewable Energy Facility

In a first for the Sunshine Coast region, Council is converting landfill gas to energy at its Caloundra Renewable Energy Facility in Bells Creek. Since November 2020, the facility has generated 5202 megawatt hours of power. The facility and expansion of the landfill gas collection system reduced greenhouse gas emissions by 72,232 tonnes.

The facility is linked to the power grid and has the ability to generate 7000 megawatt hours of renewable electricity per year, which is enough to power 1200 homes 24-hours a day, seven days a week. In addition to becoming Australia's first Council to offset 100 per cent of its electricity consumption through our solar farm, the new facility will contribute to achieving international, national and state greenhouse gas reduction targets.

Environment Levy funded activities

The Environment Levy supports the delivery of various Transformational Actions set out within the Environment and Liveability Strategy 2017. During the year, a total of \$12.8 million was allocated to a range of actions, including:

- \$5.6 million spent on the acquisition of six properties adding a further 242 hectares to Council's conservation estate
- \$590,000 provided to 20 partnership community groups
- \$477,000 invested into pest action and community engagement
- \$229,000 in Landholder Environment Grants awarded to 68 private landholders to undertake on-ground projects, and
- \$131,000 on river and estuary monitoring across four catchments.

Expanding our environment reserves

This year, Environment Levy funds supported the acquisition of an additional 242 hectares, including 94 hectares at Verrierdale. The acquisition expands the Doonan Creek Environment Reserve network, establishing it as the largest environment reserve in our local government area – now totalling 450 hectares. This reserve network, largely made up of previous Environment Levy acquisitions, has been the focus of significant investment over recent years including extensive community engagement to develop the Doonan Creek Environment Reserve Landscape Plan. Since 2014, more than 40,200 native trees have been planted in this reserve network through offsets and community events.

Solar installations on our facilities

In line with our vision, our organisation is continually looking for ways to improve our sustainability performance. This includes improvements in energy efficiency, capture and combustion of biogas from our landfills and the

use of renewable energy resources via rooftop solar photovoltaics (PVs) on our buildings and facilities.

A solar audit on Council's owned and managed small solar PV systems was conducted to inform a strategic approach to maintain current systems, maximise renewable energy generation output, and expand the installation of solar PV on Council's facilities. During the year 100 kilowatt systems were installed at the Maleny Showgrounds and the ParknGo Mooloolaba Central carpark bringing total rooftop solar capacity to 546 kilowatts.

Blue Heart Sunshine Coast – blue carbon pilot project

In May 2021, the partners of the Blue Heart Sunshine Coast project - Council, Unitywater and the Queensland Government - collaborated with blue carbon and tidal wetland experts to commence a blue carbon pilot project.

The pilot project is being undertaken to help demonstrate how land restoration projects can provide opportunities to capture and store carbon, including blue carbon farming for private landowners.

Community engagement on draft Stormwater Management Strategy

Council invited community feedback on its first draft Stormwater Management Strategy between April and May 2021. The strategy is intended to help deliver healthy waterways and support a growing community in a changing climate by:

- protecting people and property from flooding risks
- protecting our waterways
- minimising adverse impacts to the natural and built environment, and
- ensuring that stormwater is utilised as a resource.

The strategy aligns with the Environment and Liveability Strategy 2017 and complements the Coastal Hazard Adaptation Strategy.



Delivering for our growing communities

The \$6.5 million Nirimba Sports Complex was completed in June 2021, providing significant benefits for Aura residents.

The district level facility accommodates rugby league, cricket and netball clubs and includes change rooms, a canteen and integrated public amenities. Accompanying the clubhouse is a three-bay storage shed along with an expansive undercover viewing area. The facility has been delivered in line with the requirements of the Caloundra South Infrastructure Agreement.

Maroochy Groyne Field Renewal

Stage one of the Maroochy Groyne Field Renewal project was completed in September 2020 to ensure ongoing protection of the Cotton Tree precinct from erosion. More than 2000 geotextile containers (also known as geobags) were filled with sand to build a seawall and two groynes which will interrupt wave action, capture sand and provide an erosion buffer.

This renewal project is the result of extensive Council planning, including a 10-year Shoreline Erosion Management Plan developed in 2014 and an extensive community engagement process in 2017.

Mooloolaba Foreshore Revitalisation

Significant progress was achieved on stage 1a of the Mooloolaba Foreshore Revitalisation project Northern Parklands with a new seawall completed and the boardwalk partially complete. The project is staged over several years and once complete will increase public beachfront parkland by 40 per cent, add extensive waterfront pathways and provide enhanced spaces and amenities for our community.

A total of \$4.5 million from the Queensland Government's Unite and Recover stimulus package enabled the commencement of design and construction and Council has committed \$6.5 million towards stage one.



2020 Biodiversity Report

Council released its second Biodiversity Report in October 2020 to provide a valuable source of evidence-based data. This improves Council's understanding of our biodiversity assets, helps monitor our progress and informs investment decisions and conservation management strategies.

The first report was produced in 2016 and provides a snapshot in time of our region's biodiversity and changes that have occurred over time. The 2020 Biodiversity Report cited:

- 55 per cent or 124,872 hectares of native vegetation cover
- 75 different vegetation types (regional ecosystems) grouped into six broad vegetation communities – coastal foredune, mangrove and saltmarsh, melaleuca and casuarina, heath and wallum, eucalypt and rainforest
- 46 per cent or 57,404 hectares of our native vegetation is preserved by the Conservation Estate, in areas including National Parks, Nature Refuges, Council environment reserves, environmental covenants and Land for Wildlife properties
- 70 of our 75 regional ecosystems are preserved in the conservation estate
- 117 Queensland and Federal government listed threatened species, including 64 native animals and 53 native plants, live in Sunshine Coast habitat areas. These include the Koala, Glossy Black Cockatoo, Richmond Birdwing Butterfly and the Wallum Rocket Frog.

Protecting and enhancing our natural environment, including our biodiversity is a vital part of delivering a healthy environment and liveable Sunshine Coast.

A smart economy

To encourage the development of a prosperous, high-value economy of choice for business, investment and employment, Council focuses on the strategic pathways of:

- strong economic leadership, collaboration and identity
- new capital investment in the region
- investment and growth in high value industries, innovation and entrepreneurship
- strong local to global connections
- a natural, major and regional event destination
- encourage investment in talent and skills.



\$2.5 billion
development
agreement for the
Maroochydore City
Centre

2020/21 Goal measures

Measure	Target	2020/21 result
Estimated economic benefit from Council supported major and regional events	\$70 million	\$61.1 million*
Value of construction from building approvals	\$1.4 billion	\$1.91 billion**
Support the local economy through spending annual contracts with local businesses	70%	75%
Satisfaction with industry and business programs to support the growth of the regional economy	80%	84%

* The estimated economic benefit from Council supported major and regional events was impacted by the COVID-19 pandemic and public health restrictions.

** It has been a significant year for the building industry, including continued social and economic implications of the COVID-19 pandemic, Federal Government HomeBuilder Grant Scheme, increased interstate migration and growth in the region

Achievements in 2020/21

Regional Economic Development Strategy 2013-2033

The Regional Economic Development Strategy (REDS) was developed in 2013 to provide a 20-year vision and blueprint for sustainable economic growth in the region to 2033. The Sunshine Coast economy is worth more than \$17.9 million in Gross Regional Product (GRP) and the following achievements demonstrate Council's ongoing commitment to support the region's ongoing economic prosperity.

Maroochydore City Centre

A landmark development agreement was signed in November 2020 between Council and SunCentral Maroochydore with one of Australia's leading private property groups, Walker Corporation, to accelerate investment in the Maroochydore City Centre Priority Development Area.

Walker Corporation will invest \$2.5 billion into the project and bring with them extensive expertise in urban regeneration, placemaking and the development of quality commercial, retail and residential precincts. Over 15,000 jobs are anticipated to be created over the life of the project.

Other significant milestones achieved this year within the Maroochydore City Centre includes the:

- ongoing initiatives to activate the international submarine cable landing station
- turning of the first sod for the Maroochydore Administration Building project in August 2020, marking the start of construction for the new building that is earmarked to create strong, long-term community benefits
- opening of the first commercial nine-storey building, Foundation Place, comprising two restaurants, and
- underground automated waste collection system was officially opened on 8 June 2021, making it an Australian first within a central business district.



Sunshine Coast events

Council facilitated 46 major event sponsorships, creating a direct economic return of \$61.1 million for the region by attracting 119,000 visitors from outside of the region, plus marketing and commercial promotion to a national audience of over 150 million views.

Council launched its new online events hub #SCevents in May 2021 to assist our community find out 'what's on' across the Sunshine Coast. The new platform allows Council, community groups, sporting groups and festival organisers showcase their event in one easy-to-navigate website for our community and tourists visiting the region.

The Events.SunshineCoast platform allows people to search by event category, timing or location and provides events from different sources including Australian Tourism Data Warehouse, ticketing systems and Facebook.

Economic Resurgence Plan

Council implemented the Sunshine Coast Economic Resurgence Plan 2020/21 in response to the impacts of the COVID-19 pandemic on the Sunshine Coast economy and to help our local businesses and industries recover in both the short and medium-term. The plan addresses five key themes to: win back confidence, connect the labour market and opportunities, provide business assistance and renewal (building and bridging capacity), enhance digital connectedness and support supply chains.

The Economic Resurgence Taskforce, comprising Sunshine Coast business leaders and industry partners, met eight times during the year and progressed a number of collaborative initiatives to achieve street retail activation, share data and promote business through business champions. The taskforce also helped support:

- a partnership with Amazon Web Services providing a free platform called Next Level to develop digital and cloud skills in the region
- the 'Jobs Now' campaign promoting job vacancies within specific industries facing workforce and skill shortages
- a Smart Manufacturing Food Hub to boost innovation and reduce market entry barriers for local food businesses, and
- a 'Bring Back Capital' program to help generate projects and employment in the region.

ParknGo Mooloolaba Central

The eight-storey Brisbane Road car park named ParknGo Mooloolaba Central opened to the public in December 2020, providing 700 car spaces.

The \$23.5 million facility follows considerable community consultation and is an important component of the Placemaking Mooloolaba Master Plan. The construction provided jobs for approximately 800 construction workers. The project includes ground floor commercial spaces and streetscaping elements.

ASPIRE

The ASPIRE platform was launched locally with Council support in October 2020 to facilitate increased circular economy outcomes in the region.

Developed by CSIRO and Data 61, ASPIRE is a free online tool for Sunshine Coast businesses to trade, exchange or sell unwanted waste as a resource - reducing waste disposal costs and the amount of waste sent to landfill. Businesses are able to list items they no longer want, or to register to receive notifications when waste they need is listed. The new green solution is a great opportunity for local businesses to save money and improve their environmental credentials. Since launching, 91 Sunshine Coast businesses have signed onto ASPIRE to find a solution locally or outside the region.

Completion of the Sunshine Coast Airport expansion

The new international standard runway, with associated taxiways and aprons was completed in December 2020 with the final Certificate of Practical Completion issued in January 2021. The Sunshine Coast Airport expansion project was identified in the Sunshine Coast REDS as one of five game changing capital investments for the region and is a key enabler for economic development and employment growth.

The new infrastructure caters for a wider range of aircraft, able to reach a range of international destinations in Asia and the Western Pacific and thus service the air travel and air freight demands of the Sunshine Coast well into the future.

The \$334 million Sunshine Coast Airport Expansion Project is the single largest civil infrastructure project delivered by Council and the largest aviation project delivered by any local government in Queensland. Since completion, the project has won two industry excellence awards for best project of the year and projects over \$10 million by the Institute of Public Works Engineering Australasia (Queensland).



Scaling manufacturing excellence

The first Manufacturing Excellence Forum Sunshine Coast was held in March 2021 to encourage and assist Sunshine Coast manufacturing businesses to scale their business.

The newly formed forum is a not-for-profit entity for the manufacturing industry designed to facilitate the growth of the Sunshine Coast's manufacturing ecosystem. Between March and June 2021 a total of 233 attendees have benefited from educational information, linkages to grants, export assistance and access to networking events with industry experts. The initiative is supported by Council and the Queensland and Federal governments.

Sunshine Coast innovation

The Sunshine Coast has been ranked sixth in Australia for Innovation and Entrepreneurial Start-Ups by StartupBlink's 2021 Global ecosystem Index Report. The report has elevated the Sunshine Coast up 10 spots from the previous year, placing our region above Canberra and the Gold Coast.

This demonstrates the Sunshine Coast is fast being recognised for its collaborative and dynamic startup community which is supported by Council's facilitation of a number of incubators, accelerators, coworking centres and maker spaces.

Women's State of Origin

The Women's National Rugby League State of Origin series between Queensland and New South Wales held at the Sunshine Coast Stadium in November 2020 and June 2021. Both events were held under COVID Safe Plans with a reduced stadium capacity aligned to public health directions. After being postponed from June to November 2020 due to COVID-19 pandemic, 6379 spectators attended the first event, with the second event played in June 2021 to a crowd of more than 6700 people.

The events generated an economic impact of \$2.15 million and 9923 occupancy nights, creating a flow-on to hospitality and attraction visitation. The staging of the Women's State of Origin event on the Sunshine Coast is the result of a partnership between Council, National Rugby League and the Queensland Government.

2021 Australian Surf Life Saving Championships

More than 5900 surf lifesavers assembled on the Sunshine Coast in April 2021 for the Australian Surf Life Saving Championships 'the Aussies'. Representing 315 surf clubs, competitors competed in hundreds of events throughout nine intense days across Alexandra Headland, Maroochydore and Mooloolaba.

The event generated more than 78,000 occupancy nights in Queensland, with an overall economic impact of more than \$16 million, clearly demonstrating the value of holding such an event within our region.

Australian Surf Life Saving partnered with Council through its Major Events program and the Queensland Government through Tourism and Events Queensland.

Next Level

Next Level is a free, online cyber security and digital training program that will future-proof the region's digital capability and support continued economic recovery from the impacts of the COVID-19 pandemic.

Launched in May 2021, the cutting-edge training program is available to Sunshine Coast residents interested in pursuing new, job ready skills in the areas of cloud computing, cyber security, and application and software development.

Next Level is a collaboration between Council, Amazon Web Services and TAFE Queensland and is supported by technology industry group Silicon Coast.



Service excellence

Council strives to provide positive experiences for our customers and great service to our community by focusing on the following delivery pathways:

- respecting and valuing our customers
- flexible and customised solutions for our customers
- regular and relevant engagement with our community
- service quality assessed by our performance and value to customers
- assets meet endorsed standards for sustainable service delivery.



\$9.7 million
was invested in
new and upgraded
park facilities

2020/21 Goal measures

Measure	Target	2020/21 result
Customer satisfaction with Council services (customer response)	80%	96%
Development applications decided within statutory decision timeframes	90%	87%*
Percentage of total waste collected diverted from landfill	40%	36%**
Percentage of waste services collected on schedule	99%	99%
Capital works program delivered on time and within the adopted budget	90%	87%***

* Development application times are marginally below target due to continued social and economic implications of the COVID-19 pandemic event, increased demand on resourcing from the Federal Government HomeBuilder Grant Scheme, increased interstate migration and growth in the region.

** Landfill diversion through kerbside collection is below target due to the ongoing effectiveness of the Container Refund Scheme.

*** The volume of this program increased by \$19 million during the year due to the inclusion of projects funded through Queensland and Federal stimulus grants and delivery was impacted by contracting and material availability resulting from the COVID-19 pandemic.

Achievements in 2020/21

Project delivery for economic stimulus

The capital works program has continued to be an essential economic stimulus to the community, keeping local residents in jobs and money circulating through the Sunshine Coast economy during the COVID-19 pandemic.

The 10-year capital works program is designed to plan and budget for the region's growth while renewing and upgrading assets and public facilities to continue to effectively deliver services to our Sunshine Coast community.

The \$243 million capital works program increased significantly in the 2020/21 financial year due to the inclusion of COVID-19 pandemic stimulus grants from the Queensland and Federal governments. A total of 1173 projects were completed amidst rapidly changing market conditions, including contractor and material availability issues (steel, timber, concrete pipes) and significant price escalation. Although the additional work

placed pressure on the capacity to meet delivery targets, Council was still able to reach 87 per cent completion of the program which is considered a significant success given such challenges.

Coastal Pathway

Council continued development of the region's longest continuing pathway, the Coastal Pathway, with a focus on connecting key sections. Stretching from Pelican Waters in the south, to Peregian in the north, the Coastal Pathway will become a world-class scenic route to walk, jog or cycle to actively enjoy our beautiful coastline. Projects delivered during the year included:

- \$596,000 to continue construction of the Bokarina to Warana missing link
- \$128,000 on the detailed design of the Alex Bluff Foreshore Coastal Pathway
- \$101,000 on the detailed design of the Caloundra Headland Coastal Pathway, and
- \$36,000 to commence the detailed design link through Charles Clarke Park to Arthur Park, Mooloolaba.



Automated waste collection system

Australia's first underground automated waste collection system for a central business district was officially opened on 8 June 2021 in the new Maroochydore City Centre.

Waste and recyclables from buildings and public bins in the city centre will move by vacuum pressure at up to 70 kilometres an hour through a 6.5 kilometres network of underground pipes to a control centre on the perimeter of the city centre. The innovative system will remove the need for conventional waste collection trucks to lift wheelie bins on the street, which will have many benefits for traffic and amenity in the city centre.

The nation-leading project is just one of the ways in which the Maroochydore City Centre will be one of the smartest cities in the country.



Amenities for high support needs

Council completed the \$203,000 public amenities block at Grahame Stewart Park, Currimundi in January 2021 to cater for people with high support needs. In a first for the region, the new amenities ensure adequate space and equipment is available and includes a shower, adult sized change table, ceiling hoist, a toilet privacy screen and additional circulation space.

These amenities have been built in accordance with the Changing Places guidelines, an initiative which began in the United Kingdom. Council received funding under the Queensland Government's Unite and Recover stimulus package for the project.

Foreshore upgrades at Bradman Avenue, Maroochydore

The \$2.6 million Bradman Avenue Maroochy River Foreshore redevelopment was completed in November 2020 for our community to enjoy the outdoors and access the pristine river.

Upgrades included the widening of two sections of the coastal pathway, provision of an all abilities undercover viewing deck, new contemporary outdoor furniture, a refurbished kayak ramp, modern amenity block, reconfiguration of the car park for safer pedestrian and traffic management and significant landscape upgrades. The works were delivered in partnership with the Queensland Government.

Roads resealed and rehabilitated

Council is committed to providing and maintaining local roads across the region. The road reseal rehabilitation program provides new roads and restores existing roads to a safe and serviceable condition.

Through this program, Council manages 2536 kilometres of sealed road network using best practice asset management. During the year, 52.8 kilometres of roads were resurfaced and/or rehabilitated, requiring

50,000 tonnes of asphalt costing a total of \$19.6 million. Significant works occurred on the following roads:

- Bricalli Road, Glass House Mountains
- Nyes Crescent, Buderim
- Parsons Road, Forest Glen
- Mudjimba Beach Road, Mudjimba
- Eumarella Road, Weyba Downs, and
- Burnside Road, Burnside.

Within Council's road reseal and rehabilitation program 6500 tonnes of an innovative 'green' asphalt mix called Olexocrumb was used. Olexocrumb is a product that uses recycled rubber in bitumen to reduce traffic noise, improve pavement durability, crack resistance and subsequently reduce the environmental impacts of end-of-life tyres.

Smart technology for better assets

Council has introduced thermal imaging technology called ambient temperature sensors to help support planning and design decisions including choice of materials, shade options and choice of colour for public assets. Thermal images provide real-time data about surface temperatures of different materials in public areas such as asphalt, concrete, grass, canopy or shaded locations.

Data will assist Council with assessing heating and cooling elements in the landscape and will record thermal absorption and release properties of objects and surfaces. Capturing this information will help inform new approaches to our assets that deliver sustainable outcomes in the public realm and extend the life of our assets.

Development Services

The development industry experienced significant growth during the 2020/21 financial year due to continued social and economic implications of the COVID-19 pandemic, the Federal Government HomeBuilder Grant Scheme, increased interstate migration and growth in the region.

While development and building application numbers across the region remained largely consistent, plumbing



and drainage work applications increased by 38 per cent. A total of 7601 applications were lodged to Council for assessment, with 4386 lots approved and 2463 new lots created and made available to the market through Council and Queensland Government approval processes.

The expansion of the Caloundra South suburbs of Baringa and Nirimba are the highest growth areas, followed by Maroochydore, Palmview and Bokarina.

Understanding our customers

Council commenced a range of customer surveys to determine a performance baseline for customer experiences of Council's services. This will provide insights on our changing customer needs and preferences. More than 500 customer surveys were captured from April to June 2021 to inform Council's continuous improvement across the organisation to deliver our many services. As part of Council's move to digitising some services, online self-service processes for waste management were launched in April 2021.

Customer service

Council's contact centres continue to strive for excellence by providing outstanding service to our community. This year Council received a score of 4.76 out of 5 by our customers, meaning 96 per cent of customers were happy with the quality and the level of service they have been provided. Over the year our contact centres interacted with customers through our various channels and reported an upward trend in emails (16 per cent) and online chat (8 per cent) from the previous year.



Community parks

The number of community parks Council maintains continues to grow with our region. Currently, 1179 parks are managed and renewed for our community to enjoy and to preserve our landscape features and beautiful natural environment.

During the year, more than \$9.7 million was allocated for new and upgraded facilities, including:

- \$923,000 on stage one of the Dicky Beach Skate Park to upgrade the skate park and precinct
- \$350,000 on a new play space at Albany Lakes Park, Sippy Downs
- \$131,000 at Quota Memorial Park, Nambour for the replacement of a barbeque shelter, play area and footpath
- \$126,000 on a renewed picnic table, fencing and dog off-leash area park remediation at Muller Park, Bli Bli
- \$103,000 for the renewal of exercise equipment at Moondara Park, Warana
- \$81,000 for a renewed shelter and landscaping at Eliza Peatling Park, Pacific Paradise
- \$62,000 to replace the rubber soft fall area on the junior playground at Brightwater Community Park, Mountain Creek, and
- \$51,000 for the renewal of two barbeques at Nelson Park, Alexandra Headland.



An outstanding organisation

To achieve a high performing, innovative and customer-focused organisation marked by great people, good governance and regional leadership, Council focuses on the performance pathways of:

- investment in core capabilities and opportunities for staff to lead, learn and grow
- strong and accountable leadership enabling Councillors, individuals and teams to be their best
- collaborative, proactive partnerships with community, business and government
- a reputation for implementing innovative and creative solutions for future service delivery
- information, systems and process underpin quality decisions and enhance the customer experience
- a financially sustainable organisation.



350 employees participated in suicide and mental wellbeing training

2020/21 Goal measures

Measure	Target	2020/21 result
Operating surplus ratio (extent to which operating revenues cover operating expenses)	Between 0% and 10%	-5.9%*
Asset sustainability ratio (extent to which spending on Council infrastructure is allocated to existing assets as they reach the end of their useful lives)	Greater than 90%	75.7%**
Net financial liabilities ratio (extent to which Council relies on operating revenues to pay liabilities)	Not greater than 60%	54.3%

* The Operating Surplus Ratio was impacted this financial year by one-off costs of \$34 million incurred from the early repayment and refinancing of fixed rate borrowings, undertaken to secure lower interest rates for the longer term.

** The Asset Sustainability Ratio is a strong result considering Council's relatively young asset base. The region has experienced exponential growth in recent periods, leading to an increase in new and contributed assets. This influx of new assets is reducing the collective age of Council's assets, lowering the requirement of renewals expenditure and the Asset Sustainability Ratio forecast.

Refer to Section 4 Financial Information for more detail.

Achievements in 2020/21

Safety and wellbeing of our workforce

Keeping our Council employees safe and healthy is a priority, with mental health a key focus. Council recognises how critical it is to hold conversations and sessions with employees as a first step towards removing stigma around mental health.

The Suicide Prevention Program for employees was launched in May 2021 and included an internal reference group to assist with the provision of resources that are fit for purpose, and to develop a long-term strategy towards suicide prevention for Council employees.

As part of this program, approximately 350 of Council's field-based employees participated in

general awareness suicide prevention and mental wellbeing training conducted by the Sunshine Coast Mind and Neuroscience Thompson Institute. Training was developed to help employees gain knowledge on suicide statistics and common mental health issues such as anxiety, depression and substance abuse. The course also highlighted signs on when someone may need mental health support and how to approach conversations with them.

Powering our future

Australia's first local government solar farm continued to power our future. The 15 megawatt solar farm at Valdora continues to perform well this financial year, offsetting 113 per cent of Council's electricity requirements.



Human Rights training

Council has provided awareness training to more than 200 employees in the 2020/21 financial year following the implementation of *Human Rights Act 2019 (Qld)* (the Act) to put human rights at the forefront of government decision-making.

The Act affords broad human rights protections to people in Queensland, including rights to education and to health services, and specifically protects cultural rights of Aboriginal peoples and Torres Strait Islander peoples. The training educated employees about the human rights recognised within the Act, provided tools to assist employees.

COVID-19 pandemic

The COVID-19 pandemic continued to influence the 2020/21 financial year, extending the complex and challenging time for our organisation.

As an organisation, this annual report demonstrates how we continued to focus on digitising our services, provided crucial community programs, continued our partnerships and worked closely with the Economic Resurgence Taskforce to progress initiatives to support our local businesses to assist our region's economic recovery.

The safety of our workforce and the broader community is always at the forefront of Council's decision-making. In May 2021 Council assisted Queensland Health by transforming the Caloundra Indoor Stadium into a vaccination hub providing fast access to COVID-19 vaccinations for our community.

Maroochydore Administration Building

Construction started on the Maroochydore Administration Building, located on the corner of First Avenue and South Sea Islander Way. Site preparation and ground works were delivered between August and December 2020, followed by the ground floor structure in January 2021. Works have progressed on schedule with the fifth level completed on 23 June 2021.

The design achieved its formal five-star Green Star Certification in March 2021, delivering on the first step in Council's commitment to sustainability for the building. More than 94,000 hours have been worked on-site. Of the \$38 million invested, more than \$20.5 million was awarded locally to the Sunshine Coast building industry, providing great community and economic benefit to the region.

Corporate Plan 2021-2025

Council adopted its Corporate Plan 2021-2025 in February 2021 to guide Council's direction and priorities over the next five years.

More than 1850 people participated in phone interviews and an online survey to inform the development of the new corporate plan.

The corporate plan reinforces Council's continuing commitment to our vision - Australia's most sustainable region. Healthy. Smart. Creative. It presents five strategic goals that provide a balanced approach to Council's performance and are aligned to the Councillor Portfolio system:

- Our Strong Community
- Our Environment and Liveability
- Our Resilient Economy
- Our Service Excellence
- Our Outstanding Organisation

The corporate plan directions have cascaded into the Operational Plan 2021/22 which was adopted by Council at the special budget meeting on 24 June 2021.

A sustainable budget

Council endorsed its \$816 million budget for 2021/22 on 24 June 2021. The budget aims to create a safer, secure future while continuing to support the region's recovery from the impacts of the COVID-19 pandemic.

Through the development of the considered budget, Council has supported:

- job-creating local infrastructure projects
- increased concessions for pensioners
- increased spending on frontline services for our community
- no increase to the minimum general rate
- no increase to the transport and heritage levies, and
- the re-establishment of the \$5 million Disaster Rehabilitation Reserve.



Regional Partnership Agreement

Council recognises the importance of partnerships with our community, businesses, institutions, and other tiers of government to represent and advocate the needs of our region.

Throughout the year, Council advanced its strategic relationship with the University of the Sunshine Coast through the Regional Partnership Agreement, facilitating collaboration and research to enable region-wide benefits. Council confirmed its intent to invest \$1 million over three years with the year one budget confirmed to commence from 1 July 2021.

In addition to the current initiatives progressing under the agreement, two new projects were endorsed during the 2020/21 financial year:

- Blue Heart Wetlands Restoration, and
- Nambour Community Safety Review.

Leadership development

Council partnered with the University of the Sunshine Coast to deliver the Leading High Performing Teams program to 29 Council leaders. The program was delivered by highly qualified and recognised academics with expertise in the psychology of high performing teams, team dynamics and communication. Council leaders have been able to apply learnings directly to their respective roles adding to Council's continual improvement and aiding its culture of a high performing, outstanding organisation.

Communication to our residents

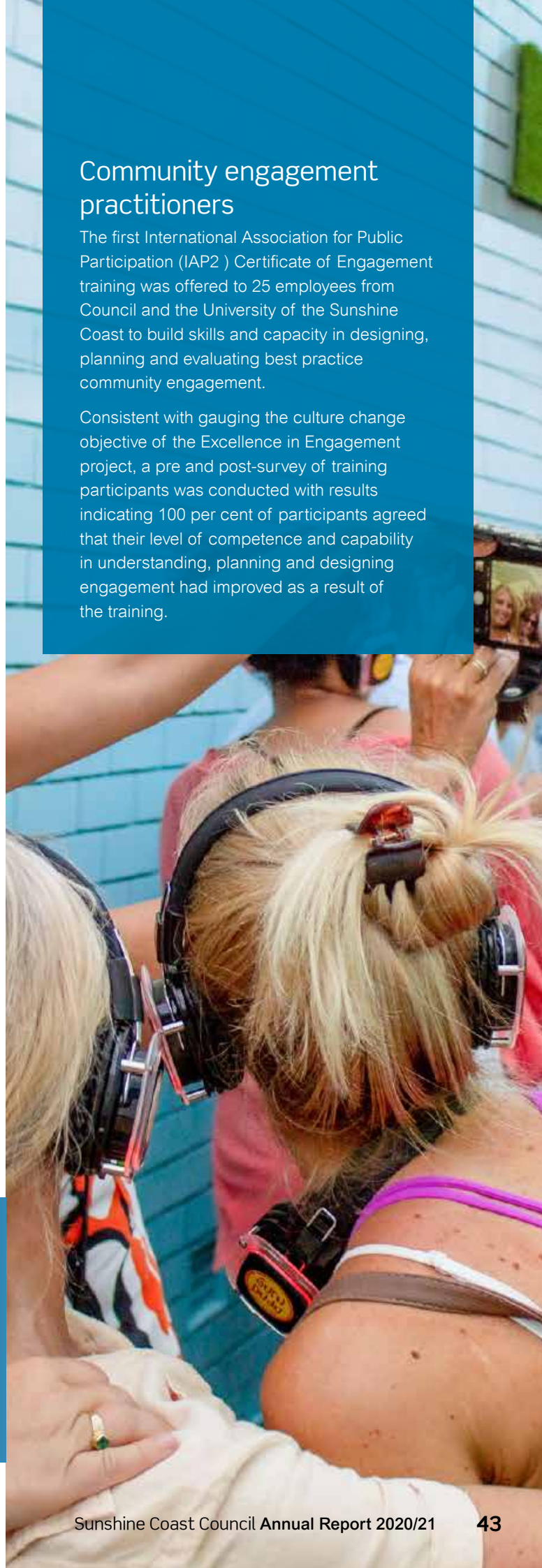
Council's new online platform 'Our Sunshine Coast' is a new home for Council stories to connect with our community and share what Council is doing and why. The OurSC website, oursc.com.au, is Council's place to communicate our services, programs, projects, events and community engagement opportunities. Since going live in May 2021, there have been more than 51,000 views and 10,000 unique users of the site.



Community engagement practitioners

The first International Association for Public Participation (IAP2) Certificate of Engagement training was offered to 25 employees from Council and the University of the Sunshine Coast to build skills and capacity in designing, planning and evaluating best practice community engagement.

Consistent with gauging the culture change objective of the Excellence in Engagement project, a pre and post-survey of training participants was conducted with results indicating 100 per cent of participants agreed that their level of competence and capability in understanding, planning and designing engagement had improved as a result of the training.





An award-winning organisation

Council has been recognised both nationally and internationally for its world-class performance by receiving 19 awards throughout the year:

- **The Sunshine Coast Community Strategy 2019-2041** was recognised with two awards:
 - winner of the Public Engagement and Community Planning award at the 2020 Queensland Awards for Planning Excellence, Planning Institute of Australia
 - a commendation for Public Engagement and Community Planning at the 2021 Planning Institute of Australia Awards for Planning Excellence.
- The **Migrant Work Ready Program** was announced as the winner of the Multicultural Australia category of the 2020 National Awards for Local Government.
- Council's **First Nations' digital experience** at Bankfoot House won the Interpretation, Learning & Audience Engagement award at the 2021 Museums and Galleries National Awards.
- Council's **Sunshine Coast Sports Infrastructure Plan 2019- 2041** was the Queensland Regional winner in the Strategic Planning Category by the 2020 Parks and Leisure Association (Queensland Chapter).
- Council's **Environment and Liveability Strategy 2017** was recognised with two awards:
 - winner of the Government category at the 2020 Banksia Sustainability Awards, and
 - a commendation award under the Improving Planning Processes and Practices category at the 2020 Queensland Awards for Planning Excellence, Planning Institute of Australia.
- **Blue Heart Sunshine Coast** won the Regional Innovation Project of the Year at the 2020 Cities Power Partnership (CPP) Climate Awards.
- Council's **Bulcock Street Urban Revitalisation** project was awarded the 2021 Landscape Architecture Award for Urban Design and Regional Achievement by the Australian Institute of Landscape Architects (Queensland).
- Council's **Golden Beach and Bellara Avenue Storm Watered Street Tree Trial Project** received a highly commended award in the Excellence in Research and Innovation category at the 2020 Stormwater Queensland Awards for Excellence.
- The **Sunshine Coast Design Book** was recognised with three awards:
 - a prestigious Gold Award at the 2020 Good Design Australia Awards
 - a commendation in the Policy Category at the Minister's Award for Urban Design (Queensland)
 - winner of the Research, Policy and Communications category of the Australian Institute of Landscape Architects, National Landscape Architecture Awards.
- **Sunshine Coast Airport Expansion Project** was recognised with two awards at the 2020 Excellence Awards by the Institute of Public Works Engineering Australasia (Queensland branch):
 - Projects over \$10 Million, and
 - Best Project of the Year.
- The Sunshine Coast has been recognised as a **Smart21 Community of the Year** by the Intelligent Community Forum in 2021.
- The **Sunshine Coast International Broadband Network** project won the Australian Achievement of the Year Award at the 2020 Municipal Association of Victoria (MAV) Technology Awards for Excellence.
- Sunshine Coast Council's **Development.i** platform was the winner of the Improving Planning Processes and Practices award at the 2020 Planning Institute of Australia National Awards for Planning Excellence.
- Council's **COVID Kindness campaign** was awarded Best Creative Campaign at the Local Government of Queensland 2021 LGX Awards.





SUNSHINE COAST

Annual disclosures

Corporate governance

Council prides itself on its high standard of corporate governance practice, facilitated through its robust governance framework. We ensure our organisation has a strong fiscal outlook and offers a safe, supportive working environment for our staff.

The Corporate Governance Framework in conjunction with education and awareness programs, 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 through consultation to inform decision making.

Council is continuing efforts to be an outstanding organisation, through a high performing, innovative and customer-focused organisation marked by great people, good governance and regional leadership. These capabilities will remain a hallmark of our performance as we deliver on the expectations of our community.

Public sector ethics

Code of Conduct

Council has an Employee Code of Conduct (the Code) 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 and are required to attend compulsory training on a regular basis. All Council employees are expected to be accountable and adhere to the Council's core values and comply with the behavioural standards outlined in the Code.

Education and training

During the 2020/21 financial year a total of 396 employees attended governance awareness training. The training highlights employee roles in maintaining the reputation and high standards of Council and the importance of working together to build a culture of ethical practice, openness and integrity. It includes training on Code of Conduct, Public Sector Ethics, Delegations, Human Rights, Good Decision Making,

Fraud and Corruption, Privacy, Right to Information, Conflicts of Interest and Authorised Persons.

The effective implementation and administration of Council's governance framework and awareness program relies on the commitment, skills and professionalism of Council employees. Council will continue to deliver education and awareness sessions as part of Council's commitment 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.

Risk management

Sunshine Coast Council is a diverse business operating in a dynamic environment. With our region's growth, rising complexities and costs of delivery, changing community expectations, and a complex statutory environment, Council is regularly exposed to corporate and governance risk.

Elected Council, management and staff must have a current and clear view of risk exposure against the organisation's operating environment and its capacity and appetite for risk.

Council regularly reviews and resets its risk tolerance to operate efficiently and with confidence. Systematically identifying, analysing and controlling risk at all levels and functions of the organisation is an important focus which is supported by a risk culture that continues to evolve with the organisation.

Council has a Risk Management Policy, Risk Management Guideline and Risk Management Framework that assists in identifying risks and opportunities in all aspects of Council operations and project delivery. Strategic, operational and project risks are reviewed, monitored and reported on a regular and ongoing basis to the Council, management team and the Audit Committee.

Council's approach to monitoring and review also applies to Council controlled entities, ensuring that clear and comprehensive corporate governance frameworks are in place with regular review periods that include independent, specialist input.

Councillor information

Councillor remuneration

Sunshine Coast Council Mayor and Councillors were remunerated in accordance with section 247 of the Local Government Regulation 2012.

Due to the impacts of the COVID-19 pandemic on Council and on the community, Council resolved not to accept the two per cent increase proposed by the Local Government Remuneration Commission. For the 2020/21 financial year, Councillors were remunerated the same rate as the previous financial year.

The table below sets out the remuneration paid to Sunshine Coast Councillors during the period 1 July 2020 to 30 June 2021.

Councillors	Salary	Superannuation
Mayor Mark Jamieson	\$228,521	\$27,422
Cr Rick Baberowski (Deputy Mayor)	\$158,332	\$19,000
Cr Terry Landsberg	\$138,745	\$16,649
Cr Peter Cox	\$138,745	\$16,649
Cr Joe Natoli	\$138,745	\$16,649
Cr Winston Johnston	\$138,745	\$16,649
Cr Christian Dickson	\$138,745	\$16,649
Cr Ted Hungerford	\$138,745	\$16,649
Cr Jason O'Pray	\$138,745	\$16,649
Cr Maria Suarez	\$138,745	\$16,649
Cr David Law	\$138,745	\$16,649

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 following table shows the total expenses incurred by Councillors under the policy in the 2020/21 financial year.

Councillors	Expenses
Mayor Mark Jamieson	\$473
Cr Rick Baberowski (Deputy Mayor)	\$2359
Cr Terry Landsberg	\$3748
Cr Peter Cox	\$1246
Cr Joe Natoli	\$1168
Cr Winston Johnston	\$3506
Cr Christian Dickson	\$5668
Cr Ted Hungerford	\$1024
Cr Jason O'Pray	\$3328
Cr Maria Suarez	\$4145
Cr David Law	\$2169

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

- administrative support
- office accommodation at one of three Council owned or leased premises as well as access to meeting rooms
- business and communication tools
- mobile devices, subject to personal use contribution*
- vehicle, subject to personal use contribution or alternative arrangement.

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.

* Councillor Natoli has not accepted a Council mobile phone and has paid the full cost for the device and service personally. Councillors Landsberg, Suarez and Law each use a personal phone for private use and a Council phone for Council business. These Councillors are not required to make a personal use contribution.

Councillor meeting attendance

Council meetings comprised Ordinary Meetings and Special Meetings. Ordinary Meetings have a membership comprising all Councillors and the Mayor.

The table below shows meeting attendance for all Councillors and the Mayor.

Councillors	Ordinary Meetings	Special Meetings
Meetings held – 1 July 2020 to 30 June 2021:	12	6
Mayor Mark Jamieson	12	6
Cr Rick Baberowski (Deputy Mayor)	12	6
Cr Terry Landsberg	12	6
Cr Peter Cox	12	6
Cr Joe Natoli	12	6
Cr Winston Johnston	11	6
Cr Christian Dickson	12	6
Cr Ted Hungerford	12	6
Cr Jason O'Pray	12	5
Cr Maria Suarez	12	6
Cr David Law	12	6

Note: 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

The *Local Government Act 2009* (the Act) sets out the roles, responsibilities, and obligations of Councillors. In accordance with reporting requirements, the table below documents actions and outcomes relating to the conduct and performance of Councillors for the period of 1 July 2020 to 30 June 2021.

The following table discloses matters relating to the conduct of Councillors that were raised during the financial year.

Conduct and performance of Councillors	
Orders made under section 150I(2) of the Act	Nil
Orders made under section 150AH(1) of the Act	Nil
Decisions, orders and recommendations made under section 150AR(1) of the Act	Nil
The name of each Councillor for whom a decision, order or recommendation under sections 150I(2), 150AH(1) or 150AR(1) of the Act was made	NA
A description of unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the Councillors	NA
A summary of the decision, order or recommendation made for each Councillor	NA
Complaints referred to the assessor under section 150P(2)(a) of the Act by the local government entities for the local government	5
Matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	1
Notices given under section 150R(2) of the Act	Nil
Notices given under section 150S(2)(a) of the Act	Nil
Decisions made under section 150W(1)(a), (b) and (e) of the Act	8
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act	Nil
Occasions information was given under section 150AF(4)(a) of the Act	Nil
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a Councillor	Nil
Applications heard by the conduct tribunal under chapter 5A, part 3, division 6 of the Act about whether a Councillor engaged in misconduct or inappropriate conduct	Nil

Disclosures

Audit Committee

The Audit Committee is established in accordance with the Local Government Regulation 2012. As an advisory committee, its objectives are to assist the Council and the Chief Executive Officer to discharge their duties in particular:

- corporate governance and responsibilities in relation to the organisation's financial reporting, internal control structure, risk management systems and the external and internal audit functions
- maintain an independent and objective forum, promoting transparency, accountability, and an ethical culture throughout Council
- maintain (by scheduling regular meetings), open lines of communications with Council, management, External Audit and Internal Audit, to exchange information and views
- oversee and appraise the quality and efficiency of audits conducted by both the Internal and External Audit functions
- ensure both the Internal and External Audit functions are independent and effective.

Four formal Audit Committee meetings were held throughout the year with two further independent members being appointed in accordance with a transition strategy. Members of the committee comprised of the following Councillors and independent external representatives:

- Mr Peter Dowling AM (Outgoing - Independent Chair)
- Mr Len Scanlan (Outgoing - Independent Member)
- Mr Mitchell Petrie (Independent Member)
- Mr Pat McCallum (Independent Member)
- Cr Ted Hungerford
- Cr Joe Natoli.

The Audit Committee also:

- monitored the Financial Statement annual preparation process and reviewed the draft Financial Statements prior to audit and certification by the Queensland Audit Office
- oversaw governance reporting, including risk management and work health and safety
- reviewed both external and internal audit plans, reports and recommendations
- actively contributed to Council's culture of continuous improvement.

Audit and Assurance

Audit and Assurance activities were conducted in accordance with best practice principles, including guidance issued by the Institute of Internal Auditors. Activities for the period July 2020 to June 2021 included:

- Insurance and claims management
- Payroll
- Fraud risk assessment – Payroll
- Commercial leases
- Procurement – low value purchases analysis
- Electricity management - solar farm revenue and consumption framework.

Remuneration packages to senior management

During 2020/21 Council's senior executive management, comprising direct reports to the Chief Executive Officer and those with senior management responsibilities, consisted of:

- Chief Executive Officer
- Five Group Executives
- Executive Manager
- Director Major Projects and Strategic Property
- Chief Strategy Officer
- Chief of Staff.

Total remuneration for these positions (including all vehicles and periods of backfill due to incumbent being on leave) from 1 July 2020 to 30 June 2021 was \$2,884,946.

Senior Executive Management (number)	Total remuneration value range
4	\$200,000 to \$300,000
5	\$300,001 to \$400,000
1	\$400,001 to \$500,000

National competition policy

Council conducted the following business activities during the 2020/21 financial year:

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

Waste and Resources 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 2020/21 by the Queensland Competition Authority for competitive neutrality complaints.

Registers

Council keeps a number of registers. These include:

- Asbestos register
- Asset register
- Contract register
- Councillor conduct register
- Delegations register
- Development applications register (Development.i)
- Environmentally relevant activity licence register
- Gifts and disclosures register
- Registered cat register
- Registered dog register
- Register of business activities to which the competitive neutrality principle applies
- Register of general cost recovery fees and commercial charges 2020/21
- Register of local laws
- Registers of interests
- Registers of pre-qualified suppliers (RPQS)
- Roads register.

Beneficial enterprises

Council participated in beneficial enterprises with four entities during the 2020/21 financial year. Beneficial enterprises are entities that Council engages in or helps them to benefit the whole or part of the local government area. These entities were:

- SunCentral Maroochydore Pty Ltd
- Sunshine Coast Events Centre Pty Ltd
- Sunshine Coast Arts Foundation Ltd
- Visit Sunshine Coast Limited.

Service, facility or activity

There are no details to report for the financial year under section 190(d) of the Local Government Regulation 2012 – on action taken for, and expenditure on, a service, facility or activity:

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

Administrative action complaints

Council applies its Administrative Actions Complaint Management Policy to effectively manage complaints in a fair, prompt, confidential and respectful manner.

A concerted effort was made this year to educate employees on undertaking a formal preliminary review of matters prior to escalation to the Integrity Team for internal review of unsatisfactory decisions (complaints). This has been beneficial to complainants as an extensive review was performed in a more timely manner. In some cases, complainants were satisfied with the outcome of the preliminary review, reducing the number of matters being escalated for internal review.

Council continues to review its policies and processes to improve transparency and efficiencies in decisions and reviews of decisions.

Council's Administrative Action Complaints Management process is available to staff via Council's intranet and the community can access the process via the Council website.

As required under Section 187 (2) of the Local Government Regulation 2012, the table below summarises the administrative action complaint outcomes for 2020/21.

Administrative action complaints	
Number of complaints made	92
Number of complaints completed	72
Number of complaints not resolved (outstanding) by 30 June 2021	20
Number of administrative action complaints not resolved that were made in the previous financial year	2*

Overseas travel

Under Section 188 of the Local Government Regulation 2012, Council must provide information about any overseas travel made in a financial year by a Councillor or local government employee in an official capacity. During the financial year 2020/21, there was no overseas travel undertaken by a Councillor or Council employee.

Summary of concessions for rates and charges

Council grants a range of rates and charges concessions. In accordance with Section 190(g) of the Local Government Regulation 2012, a description of the concessions granted in 2020/21, along with how the concession is calculated, is detailed below.

* Two complaints received in the 2019/20 financial year were not resolved in 2020/21 due to the complexity of the matter and the prioritisation of workloads to undertake investigations and consideration of risk assessment and mitigations of all complaints raised.

Differential 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 the entity meets the specific criteria detailed in the 2020/21 Revenue Statement.

Deferral of differential general rate

In accordance with sections 120 and 121 of the Local Government Regulation 2012, Council will allow deferment of up to 50 per cent of the differential general rate to assist eligible pensioner ratepayers residing in their principal place of residence. The deferment is subject to the ratepayer meeting the eligibility criteria detailed in the 2020/21 Revenue Statement.

Rates and charges debt concession

In accordance with sections 120 and 121 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 property owners that satisfy Council that payment of rates and charges for their principal place of residence will cause them hardship. The concession is granted subject to the ratepayers meeting the eligibility criteria detailed in the 2020/21 Revenue Statement.

Pensioner rate concession

In accordance with section 120 of the Local Government Regulation 2012, Council grants a pensioner rate concession to property owners who are in receipt of either a part or full pension who meet the eligibility criteria detailed in the Queensland Government's Rate Subsidy Scheme and the additional criteria in the 2019/20 Revenue Statement. The concession is a maximum of 25 per cent of the differential general rate up to the maximum amounts detailed in the table below:

Method of calculation of concession – per property

Pension rate	Sole title to the property	Joint title to the property
Maximum level of pension	\$230 pa maximum	\$180 pa maximum
Not maximum level of pension	\$115 pa maximum	\$65 pa maximum

2020/21 COVID-19 pandemic concession – Rebate

In accordance with Section 120 of the Local Government Regulation 2012, Council grants a one-off hardship concession as a result of the wide-ranging impact of the COVID-19 pandemic upon the community and the payment of rates and charges. The concession is a \$35 rebate per property and is granted subject to the ratepayers meeting the eligibility criteria detailed in the 2020/21 Revenue Statement.

Changes to tenders

Item No.	Contract No.	Contract title	Details of changes
1	ITT1948	Caloundra Tennis Ancillary Building and Court Construction	Reduction in scope of works for Separable Portion B.
2	ITT1921	Design and Construct Mooloolaba Foreshore Project – Stage 1	Single scope/contract separated into two Separable Portions.
3	ITT2017	Design and Construct Mooloolaba Foreshore Project – Stage 1B	Scope reduced prior to inviting repricing.
4	ITT2023	Coolum Tennis Courts and Fence Renewal	Reduction in scope.
5	ITT209	Sale of Recovered Metals and Lead Acid Batteries	Changes were made to the rate base parameters to better facilitate price evaluation.
6	ITT1829	Telecommunication and Related Services	Section F – Network Data Services (only) revised regarding list of primary and secondary site services.
7	ITT2039	Design and Construct Replacement of Three Pedestrian Bridges	Reduction in scope from three to two sites.
8	ITT2048	Supply and Installation of Festive Season Decorations	Change of scope and additional options sort for Separable Portion D.

Grants to community organisations and discretionary funds

The total allocation of grants funding for the financial year was \$5,859,734. This includes \$239,208 in Councillor discretionary funding.

Council's discretionary funding for 2020/21 was as follows:

- The prescribed amount \$244,871
- Budgeted amount \$244,871
- Each Councillor had a budget of \$22,261 to allocate to community organisations for community purposes as detailed in the tables over the following pages.

Mayor Jamieson: Total 2020/21 allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
The Tyler Kennedy Legacy Trust Inc	Purchase of soft boards and surf starter kits for underprivileged youth to support the delivery of surf therapy programs	22 January 2021	1000
Rotary Club of Alexandra Headland Inc	Room and equipment hire for Rotary 100th Anniversary Event	25 March 2021	2000
Sunshine Coast Symphony Orchestra Inc	Part funding of venue hire for 2021 concert season	6 April 2021	500
Kawana Tennis Club	Funding for pruning of trees at Kawana Tennis Club	26 May 2021	1320
Coolum Tennis Club Inc	Contribution towards purchase and installation of spectator bench shelters with back rests	31 May 2021	3000
Youturn Limited	Contribution towards production and marketing costs for fundraising youth concert	1 June 2021	5182
Australian Volunteer Coastguard Inc Caloundra QF 4	Funding weather-proof jackets, bilge pump and torches	3 June 2021	2000
Nu-road Welfare Incorporated	Funding establishment costs of a Nambour street chaplaincy service	10 June 2021	5000
Coolum Beach Junior Rugby League Club Inc	Funding towards marquees, chairs, cold room, toilets, and laundry costs associated with a two-day Rugby League event	10 June 2021	2000



Division 1 Cr Baberowski: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
QCWA Beerwah Branch	Purchase of written development advice from Sunshine Coast Council	27 August 2020	150
Beerwah and District Sub-Branch (RSL)	Funding for hire of marquees and event furniture and appliances	18 November 2020	1098
Sunshine Coast Symphony Orchestra Inc	Part funding of venue hire for 2021 concert season	8 April 2021	500
Caloundra Cricket Club Inc	Contribution towards consultant costs to supply an asset management and safety plan	29 April 2021	1000
Landsborough School of Arts Memorial Hall Association Inc	Funding construction of concrete floor to storage area at hall	25 May 2021	2021
Caloundra Community Centre Inc	Funds for creation, printing, and distribution of community newsletter	2 June 2021	2203
QCWA Branch Beerwah	Funding the establishment lease fee to accommodate expansion of CWA operations	2 June 2021	1000
Landsborough Cricket Club	Purchase and installation of a play safe wicket cover	3 June 2021	4400
Rocky Creek Scout Campsite	Funding of boundary fence construction	14 June 2021	9225

Division 2 Cr Landsberg: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
Toastmasters International – District 69, Area 22	Venue hire and associated event costs to support local Toastmasters Conference	14 August 2020	700
Gateway Care Limited	Contribution to purchase of forklift	8 September 2020	2000
Caloundra Amateur Basketball Association	Purchase of basketballs and basketball attire	10 September 2020	1837
Allocation Adjustment	Return of Grant Funds from Toastmasters International District 69, Area 22 due to event going online (reimbursement from Toastmasters of grant funding allocated 14 August 2020).	14 September 2020	+ 700
Caloundra City Boxing Association	Purchase of defibrillator	16 September 2020	2099
Friends, Regional Gallery Caloundra Inc	Advertising costs for event to celebrate youth art	28 October 2020	1336
Sunshine Coast Pickleball Club Inc	Purchase of sporting equipment	11 November 2020	2000
Quota Club of Caloundra Inc	Purchase of computer equipment to facilitate modernisation of financial record keeping	14 December 2020	1494
The Tyler Kennedy Legacy Trust Inc	Purchase of soft boards and surf starter kits for underprivileged youth to support the delivery of surf therapy programs	20 January 2021	1000
Caloundra Cricket Club	Funding to engage specialist consultants and to supply a sports field audit, field lighting audit and lighting pole certification at the cricket ground	26 February 2021	2000
Night Eyes Water and Landcare Inc	Purchase of 80 shirts and caps with embroidered logo "Night Eyes" for volunteers; design and print 1000 promotional brochures	1 March 2021	2200
Sunshine Coast Indian Association Inc	Performance of cultural dancers at Holi Festival of Colours, a significant Indian cultural event at Kings Beach amphitheater on 20 March 2021	3 March 2021	500
Caloundra Triathlon Club Inc	Purchase of chairs to improve the activation of the facility	3 March 2021	400
Sunshine Coast Symphony Orchestra Inc	Part funding of venue hire for 2021 concert season	5 April 2021	500
Golden Beach Garden Club Inc	Purchase of portable projector and screen	16 April 2021	497
Golden Beach and Pelican Waters Community Association Inc	Funding for children's activities at Pumicestone Rocks Festival at Pelican Waters	20 April 2021	1500
Gateway Care Ltd	Purchase of defibrillator	27 May 2021	2400

Division 3 Cr Cox: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
Currimundi United Football Club Inc	Investigation of soil to understand and support future soil, turf, and ground management	2 October 2020	2912
The Tyler Kennedy Legacy Trust Inc	Purchase of soft boards and surf starter kits for underprivileged youth to support the delivery of surf therapy programs	13 January 2021	1000
SC Falcons Inc	Once-off establishment support for the U19 Ladies SC Falcons Rugby League Team	17 February 2021	1800
Kawana Park Junior Australian Football Club Inc	New coaches specialised training program	17 February 2021	500
Caloundra Cricket Club Inc	Purchase of water bore pump and fittings	21 February 2021	2000
Sunshine Coast Indoor Rowing Club Inc	Promotional, first aid and audio-visual costs for 2021 QLD Indoor Rowing Championships Event	23 February 2021	900
Currimundi Sports and Recreation Association Incorporated	Contribution towards the purchase and installation costs of air conditioning within the facility	23 February 2021	2500
Rotary Club of Mooloolaba Inc	Contribution towards venue hire for a fundraising event	26 February 2021	1050
Crime Stoppers Queensland	Barbecue consumables to support a charity lawn bowls day raising funds for Crime Stoppers	26 February 2021	300
Kawana Football Club	Purchase of outdoor PA system	12 March 2021	1865
SunnyKids Inc	Purchase of two 32gb Apple iPads	18 March 2021	909
South Sunshine Coast Swans Colts AFL	Purchase of playing jerseys and training shirts	24 March 2021	1400
Sunshine Coast Symphony Orchestra Inc	Part funding of venue hire for 2021 concert season	6 April 2021	500
Youturn Limited	Production and marketing costs for fundraising youth concert	25 May 2021	534
Currimundi United Football Club Inc	Funding sport lighting design for upgrade of field lighting	25 May 2021	3000



Division 4 Cr Natoli: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
The Maroochydore Bowls Club Inc	Purchase of an electronic sign-in system	30 July 2020	1500
The Invincibles Sunshine Coast Junior Golfing Tour Inc	Production of highlights video and purchase of trophies for presentation at Invincibles Junior Golf Tour Awards event	31 July 2020	2000
Rotary Club of Alexandra Headland	Purchase of promotional material and COVID-19 required materials for Rotary Surf Show and Shine Community Event.	12 August 2020	1500
Sunshine Coast Yacht Club	Purchase of website upgrades	19 August 2020	1000
Rotary Club of Mooloolaba	Purchase of signage and banners	25 August 2020	500
Surf Life Saving Queensland	Purchase of shade tent, accommodation, and transport	25 August 2020	750
Maroochydore Tennis Club	Purchase and installation of shade cloth to reduce glare	25 August 2020	1700
Maroochy Neighbourhood Centre Inc	Purchase of materials for community farm	11 November 2020	1000
Kawana Waters Surf Life Saving Club Inc	Funding towards the cost of sound and lighting for the Kawana Carols by the Beach	27 November 2020	2000
The Tyler Kennedy Legacy Trust Inc	Purchase of soft boards and surf starter kits for underprivileged youth to support the delivery of surf therapy programs	15 January 2021	700
Naradell Inc	Purchase a teardrop banner to identify and promote the group's new location	2 February 2021	200
SunnyKids Inc	Printing of 400 promotional stickers and 5000 copies of six-page brochure to promote support programs for vulnerable community	5 March 2021	1000
Sunshine Coast Chamber Music Festival Ltd	Contribution towards chair and fence hire for music festival	30 April 2021	1000
Arts and Culture Federation of Sunshine Coast Inc	Decorations for the Moon Festival Event, a multicultural celebration, at Mooloolaba beach in September 2021	5 May 2021	4500
Kawana Island Residents' Association Inc	Funding towards entertainment and activities at Kawana Island Community Day	18 May 2021	1200
Mooloolaba Surf Life Saving Club Inc	Contribution towards graphic design costs for historic walk through panels that reflect the chapters of the Mooloolaba SLSC 100-year History Book	8 June 2021	1000
Probus Association of Queensland Inc	Contribution towards leader costs, participant materials and catering for workshop	8 June 2021	500

Division 5 Cr Johnston: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
Woombye Community and Business Association	Printing costs and launch of the Woombye Heritage Trail booklet	18 September 2020	1500
Lions Club of Mooloolah Valley Inc	Purchase of teardrop and pull up banners for promotion purposes	7 October 2020	620
Mooloolah Public Hall Association Inc	Purchase of emergency generator	4 November 2020	849
Maleny Visitor Information Centre	Purchase of laptop	11 November 2020	999
Golf Programs Australia Incorporated	Funding for printing and golf balls	11 November 2020	500
Eudlo Public Hall and Recreation Grounds Association	Funding for performing artist fee	11 November 2020	1000
Maleny & District Chamber of Commerce and Industry Inc	Hire of waste bins and disposal of waste for Maleny Christmas Festival	26 November 2020	500
Maleny Amateur Drama Group Inc	Purchase laptop computer and software to enable Maleny Players to improve sound quality of theatre productions	5 March 2021	1000
Sunshine Coast Symphony Orchestra Inc	Part funding of venue hire for 2021 concert season	8 April 2021	250
Witta Recreational Club Inc	Surface repairs to sports ground car park	30 April 2021	3000
Maleny Visitor Information Centre	Funding towards a morning tea recognising participation of volunteers at Maleny Visitor Information Centre	7 May 2021	250
Sunshine Coast Agricultural Show Society Inc	Funding for backing boards to showcase artist's work at the Sunshine Coast Show	7 May 2021	455
Maleny Cultural & Historical Society Inc	Funds to hire amenities for memorial open day at Maleny Cultural and Historical Complex	25 May 2021	400
The Second Light Horse Regiment, Woombye Troop Association Inc	Purchase of protective cases and CD player for public address system and radios for communication	26 May 2021	1000
The Maleny and District Men's Shed Inc	Contribution towards the construction of an all-weather car park	27 May 2021	6000
Woombye Community & Business Association Inc	Funding for public address system, website upgrade and catering for fundraising event	1 June 2021	2000
Conondale Sport and Rec Club Inc	Funding for purchase of salt chlorinator and minerals for community pool	4 June 2021	1938

Division 6 Cr Dickson: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
Headland-Buderim Croquet Club Inc	The purchase and installation of a defibrillator at the club	28 July 2020	859
Queensland Cricket Association	Construction of cricket pitch to meet the membership growth being experienced by cricket within the region	23 September 2020	6000
Legacy Sunshine Coast	Purchase and provision of 1000 Christmas cards to Legacy dependents	22 October 2020	1355
Sippy Downs Neighbourhood Watch	Purchase of Neighbourhood Watch branded signage for installation throughout Sippy Downs and Palmview	17 December 2020	500
Mountain Creek Neighbourhood Watch Inc	Purchase of lock screws for registration plates as part of a Neighbourhood Watch community safety initiative	21 December 2020	500
Chancellor Park Soccer Club	Signage to identify prohibited users at the Palmview Sports Complex	26 February 2021	1000
Sunshine Coast Art Group Inc	Purchase of materials to upgrade office and workspace	30 April 2021	2000
Buderim Cricket Club Inc	Contribution towards clubhouse improvements	20 May 2021	10,047

Division 7 Cr Hungerford: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
Buderim Wanderers Football Club Inc	Installation of media tower and upgrades to change rooms	4 August 2020	10,000
Maroochydore Football Club Inc	Repairs to net supports and roof guttering, provision of water bubblers and upgrades to LED lighting for clubhouse	27 August 2020	5000
Diddillibah Community Hall & Progress Association Inc	Undertake repairs and maintenance projects at the hall to improve the condition and ongoing use of the facility	22 September 2020	5000
The Tyler Kennedy Legacy Trust Inc	Purchase of soft boards and surf starter kits for underprivileged youth to support the delivery of surf therapy programs	12 January 2021	500
Maroochy Men's Shed Inc	Purchase of carpet tiles for floor sound attenuation	15 April 2021	1359
Buderim Cricket Club Inc	Contribution towards installation and purchase of security lights for Buderim Cricket Club	14 May 2021	402

Division 8 Cr O'Pray: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
The Mackerels Baseball Club Association	Purchase of baseball equipment	14 August 2020	1200
Marcoola Surf Life Saving Club	Purchase of new paddleboards	18 November 2020	4000
The Tyler Kennedy Legacy Trust Inc	Purchase of soft boards and surf starter kits for underprivileged youth to support the delivery of surf therapy programs	14 January 2021	1000
Maroochy North Shore Lions Club Inc	Purchase of defibrillator	22 March 2021	2815
Teens Take Control Inc	Purchase of Tools for Life Skills and Engineering Program	22 March 2021	3455
North Shore Community Centre	Entertainment, canvas prints, catering and invitation printing costs for Centre's 10th Anniversary Celebration	22 March 2021	2000
Twin Waters Residents' Association Inc	Venue hire for Twin Waters Residents Association Christmas Carols 2021	23 March 2021	1000
Sunshine Coast Chamber Music Festival Ltd	Funding towards the marketing and promotion of the Chamber Music Festival	20 April 2021	1500
Returned & Services League of Australia (Qld Branch) Mudjimba Sub-Branch Inc	Equipment and traffic control for ANZAC Day service and parade at Mudjimba	20 April 2021	1000
Coastal Community Native Nursery Inc	Purchase of a laptop, mouse, software and toner cartridges	28 May 2021	924
Grab Life by the Balls Ltd	Funds for promotional material and signage associated with barbecue breakfast that supports men's health	28 May 2021	2000
Sunshine Cove Residents Association	Funding for performers, marquee hire, props and printing associated with Sunshine Cove Annual Christmas Party	1 June 2021	1200
DV Safe Phone Ltd	Funding towards collection and repair of used mobile phones for use by domestic violence victims	1 June 2021	167



Division 9 Cr Suarez: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
Coolum HeARTs Inc	Purchase of a projector to be used at art, mosaics and music classes	23 March 2021	695
The Coolum Women's Shed Incorporated	Purchase of kayaks and associated equipment	23 March 2021	1386
Valdora Community Hall Association Inc	Installation of possum nesting boxes so possums can be relocated from the hall roof	23 March 2021	771
Coolum Beach Junior Australian Football Club Inc	Purchase of playing and training equipment for female players	31 March 2021	1456
Sunshine Coast Symphony Orchestra Inc	Part funding of venue hire for 2021 concert season	6 April 2021	500
Coolum District Coast Care Group Inc	Equipment to support Coast Care activities	13 April 2021	1500
Bli Bli Tennis Club Inc	Purchase of defibrillator	20 April 2021	1995
Bli Bli United Football Club	Purchase of portable marquees for sun protection of players	25 May 2021	2683
Coolum Tennis Club Inc	Purchase of two spectator shelter benches	26 May 2021	3138
Quota Club of Coolum Beach Inc	Purchase of equipment to reactivate group and raise community awareness of events and activities	2 June 2021	1463
Coolum Community Garden	Funding towards promotion of community gardens and plant seed library at two Coolum locations	8 June 2021	1000
DV Safe Phone Ltd	Funding towards collection of used mobile phones for use by domestic violence victims	8 June 2021	2130
Development Watch Inc	Venue hire for community engagement on the new planning scheme	18 June 2021	498
Friends of Lake Weyba Inc	Printing costs associated with community newsletter	18 June 2021	404



Division 10 Cr Law: Total 2020/21 Allocation \$22,261

Applicant	Project/Purpose	Date allocated	Amount (\$)
Eumundi School of Rock Incorporated	Purchase of Welcome to Country and headline artist for public music event	11 August 2020	1000
Yandina/Eumundi RSL Sub-Branch Inc	Purchase technical support for live stream of Remembrance Day Service	23 October 2020	500
One Heart Training Academy Inc	Hire venue and equipment for female boxing event	28 October 2020	1000
Belli Community Hall Association Inc	Funding for part of the underwriting costs of a small hall music event	10 November 2020	500
Golf Programs Australia Incorporated	Funding for event management costs	11 November 2020	500
The Range Community Kindergarten Association Inc	Funding for replacement of non-compliant windows	11 November 2020	500
Sunshine Coast Creative Alliance	Filming and editing costs for Online Turn Up Summit	19 January 2021	550
Kenilworth Christmas Tree Sub-Committee	Costs for entertainment at 2020 Kenilworth Community Children's Christmas Eve Party	19 January 2021	1000
The Tyler Kennedy Legacy Trust Inc	Purchase of boards for Learn to Surf Program for underprivileged youth	19 January 2021	500
Eumundi Rotary Initiatives	Marketing and catering costs and purchase of native tree tube stock for Australia Day event in Eumundi	19 January 2021	1000
Mapleton Bowls Club Incorporated	Entertainment and music for the 75th Anniversary event celebrating the Mapleton Bowls Club	5 March 2021	500
SunnyKids Inc	Printing of 115 copies of a Kids' Cookbook to promote fun and nutritional cooking within a budget	5 March 2021	914
Sunshine Coast Agricultural Show Society Inc	Funding sound equipment and performance at opening of Arts Exhibition at Sunshine Coast Show (Nambour) 2021	11 May 2021	500
Yandina School of Arts	Contribution to labour costs for stage repairs at Yandina School of Arts	11 May 2021	2000
Returned & Services League of Australia (Queensland Branch) Yandina/Eumundi Sub-Branch Inc	Funding of technical support for live stream of ANZAC Day Service 2021 at Yandina	11 May 2021	500
Belli Community Hall Association Incorporated	Purchase and installation of a digital lock box for main door and repairs to hall utilities	21 May 2021	500
Kenilworth Sub-Branch RSL	Purchase ten plaques to affix to the Kenilworth War Memorial honouring community members who have served in the Defence Services	28 May 2021	1000
Kenilworth Arts Council Inc	Funding for hall hire, cleaning, postage, stationery and printing in association with the Kenilworth ArtsFest 2021	28 May 2021	1000
Nambour Community Centre Inc	Funding for facilitation, marketing, promotion and catering of workshops responding to homelessness	15 June 2021	7999





FINANCIAL

Financial information

Community Financial Report 2020/21

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 surplus or deficit has been achieved 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 occurred. 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 Queensland Government Department of State Development, 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 2021, 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 \$471 million in recurrent operating revenue during the 2020/21 year with the major source of this revenue generated from the rates and utility charges. Total recurrent revenue increased by \$18 million (4%) on the previous year.

Revenue	%	\$'000
Rates & Utilities	67.8	319,349
Fees & Charges	13.9	65,233
Interest Received	5.2	24,672
Grants & Other	6.7	31,399
Unitywater	6.4	30,254
Total		470,908

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 2020/21 year were \$499 million which was an increase of \$41 million (9%) on the previous year.

Expenses	%	\$'000
Employee Benefits	29.9	149,238
Materials & Services	40.7	202,887
*Finance Costs	9.4	46,880
Depreciation & Amortisation	19.7	98,156
Contributions to Controlled Entities	0.3	1,562
Total		498,722
*includes early Repayment Adjustment of		34,346

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 2020/21 being a deficit of \$28 million.

During 2020/21 Council refinanced its existing loan portfolio to take advantage of lower interest rates and free up cashflow through lower repayments. This resulted in one-off early repayment costs of \$34 million.

Restatement of the Operating Result to exclude one-off accounting adjustments delivers a positive Operating Result of \$10 million. In addition, Council's operating result was adversely impacted by approximately \$9 million due to the COVID-19 pandemic.

Statement of financial position

Assets - liabilities = community equity

Assets

What do we own?

The value of all assets we controlled as at 30 June 2021 totalled \$6.4 billion. This figure is further broken down into current assets \$590 million (9%) and non-current assets \$5.8 billion (91%). 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 investment in associates (Unitywater).

Assets	%	\$'000
Cash & Cash Equivalents	3.2	206,199
Trade & Other Receivables	12.2	779,534
Inventories & Other	1.3	83,565
Property, Plant & Equipment and Intangibles	74.8	4,772,290
Investments in Associates	8.4	538,213
Total		6,379,800

Liabilities

What do we owe?

The value of all liabilities as at 30 June 2021 was \$846 million. This figure consists of current liabilities \$129 million (15%) and non-current liabilities of \$717 million (85%). 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 shaping projects.

Liabilities	%	\$'000
Trade & Other Payables	6.4	54,266
Borrowings	80.3	678,963
Provisions	9.6	81,343
Other Liabilities	3.7	31,388
Total		845,960

Community equity result

The community equity result for 2020/21 as at 30 June 2021, is \$5.5 billion.

Capital expenditure (property, plant and equipment assets)

Additions to assets for the financial year

Category	\$'000
Aerodromes	225
Buildings and Facilities	9,231
Coast and Canals	3,877
Environmental Assets	3,189
Minor Capital Works	2,169
Fleet	2,064
Holiday Parks	1,074
Information Technology	2,036
Parks and Gardens	20,099
Quarries	304
Stormwater	6,106
Transportation	80,448
Waste	9,468
Total SCC Core Capital Program	140,291
Corporate Major Projects	34,849
Strategic Land and Commercial Properties	34,711
Maroochydore City Centre	2,175
Sunshine Coast Airport Runway	33,737
Total Other Capital Program	71,735
Total	212,026

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, construction of the new airport runway and work on corporate major projects. 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.

The amounts in the table include capital expenditure only and exclude project costs of an operating nature.

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 2021, the community equity for Council was \$5.5 billion, an increase of \$164 million compared to the prior year.**

Statement of changes in equity

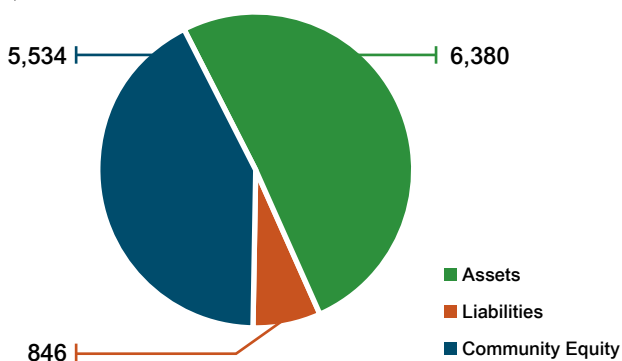
The increase in community equity is due to an increase to Council's retained surplus of \$164 million, with no change in Council's Asset Revaluation Surplus.

Council's total community equity (\$5.5 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 (\$4.9 billion).
- **Asset revaluation surplus** which is the accumulated value of the assets in excess of what we have paid for them (\$658 million).

Council's total community equity

(Assets less liabilities)
\$ Millions



Statement of cash flows

Cash flow

Cash in, cash out.

Council's total cash as at 30 June 2021 was \$206 million.

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

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

Overall cash balances for Council increased by \$9 million (4%) for the financial year.

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.

2020/21 financial data	Waste and Resource Management \$'000	Sunshine Coast Holiday Parks \$'000	Quarries Business Unit \$'000
Operating revenue	80,393	20,316	4,504
Community service obligations	1,171	0	226
Total operating revenue	81,564	20,316	4,730
Operating expenditure excluding interest	50,006	9,309	9,959
Depreciation	4,060	863	237
Competitive neutrality costs including income tax equivalent	457	550	31
Total operating expenditure	54,523	10,722	10,226
Earnings before interest and tax (EBIT)	27,041	9,594	(5,496)
Target return	7,824	5,433	421
Weighted average cost of capital %	8.1	10.8	0.0
Interest	3,354	402	193
Income tax equivalent	7,106	2,390	0
Net Income	16,581	6,802	(5,689)
Value of Council's Investment in the Business Activity	87,655	60,039	5,212

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.

Measures of financial sustainability (ratios)

Ratios – long-term sustainability statement (Council)

Ratio	Target	Actuals	Forward estimates									
		30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030	
Operating surplus ratio	Between 0% and 10%	-5.9%	3.8%	5.9%	7.8%	8.6%	9.9%	9.7%	10.2%	10.7%	10.0%	
Asset sustainability ratio	Greater than 90%	75.7%	85.6%	88.4%	84.1%	79.9%	79.5%	75.8%	71.5%	74.1%	78.5%	
Net financial liabilities ratio	Not greater than 60%	54.3%	80.5%	87.6%	86.0%	73.4%	60.0%	50.9%	40.0%	31.6%	28.8%	

Operating surplus ratio - Measures the extent to which operating revenues raised cover operational expenses.

Asset sustainability ratio - Measures the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.

Net financial liabilities ratio - Measures the extent to which the net financial liabilities of Council can be repaid from operating revenue.

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 forward estimates are aligned with Council's long-term financial forecast, financial plan, corporate plan, operational plan and the Queensland Government Department of State Development, Infrastructure, Local Government and Planning financial sustainability measures.

The operating surplus ratio, indicating the extent to which revenues cover operational expenses only, has been negatively impacted by the COVID-19 pandemic in the amount of \$8.762 million. In addition, Council refinanced its existing loan portfolio and increased the principal amount which resulted in one-off early repayment costs of \$34.346 million. The early repayment costs have impacted the operating surplus ratio, and if this hadn't occurred, the ratio would have been 1.4% which is within the targeted range.

The asset sustainability ratio (reflecting the ongoing development of Council's asset management plans) is a

strong result considering Council's relatively young asset base and reflects Council's ongoing commitment to the renewal of its assets.

The Sunshine Coast region has experienced exponential growth in recent periods, leading to an increase in new and contributed assets. The influx of new assets is reducing the collective age of Council's assets, lowering the requirement of renewals expenditure and the asset sustainability ratio forecast. Sunshine Coast Council's renewal program is based on asset management plans and is completed in conjunction with a stringent scheduled maintenance program.

Although the net financial liabilities ratio is within target, this is due to the Sunshine Coast Airport Expansion Project Contract Receivable of \$297 million moving from non-current assets to current assets. Without this movement, the ratio would have exceeded the target at 117.3%. Council has significant borrowings for this project, which will be repaid on receipt of the \$297 million from Palisade Investment Partners Limited due on 30 June 2022.

The Financial Management (Sustainability) Guideline 2013 states "high average net financial liabilities ratio projections over the long-term are typically indicative of a local government that is undertaking/has undertaken significant infrastructure projects. Whilst some local governments may not achieve the recommended target for net financial liabilities ratio on average over the long-term, this does not necessarily indicate that a local government is likely to be unsustainable over the long-term. In such cases, well-managed local governments with robust financial management systems and the ability to service current and projected debt levels, can maintain long-term sustainability and average net financial liabilities ratio projections over the long-term that exceed the recommended target."

2020/21 Financial Statements

For the year ended 30 June 2021

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1. FINANCIAL STATEMENTS

Statements of Comprehensive Income

For the year ended 30 June 2021

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income					
Revenue					
Recurrent revenue					
Net rates, levies and utility charges	3(a)	319,052	311,897	319,349	311,897
Fees and charges	3(b)	66,449	54,737	65,233	53,274
Sales from contracts and recoverable works	3(c)	11,601	14,065	11,601	14,138
Grants, subsidies, contributions, donations and other	4(a)	18,681	16,711	16,643	15,613
		415,782	397,410	412,826	394,922
Share of tax equivalents of equity accounted investment	3(d)	17,054	16,409	17,054	16,409
Dividend income equity accounted investment	3(e)	-	-	13,200	12,321
Interest received	5	24,700	26,556	24,672	26,490
Rental income	19	3,323	3,003	3,155	2,798
Profit from equity accounted investment	14	51,981	53,787	-	-
		97,057	99,755	58,080	58,018
Total recurrent revenue		512,839	497,165	470,907	452,940
Non-recurrent revenue					
Grants, subsidies, contributions, donations and other	4(b)	181,658	157,058	181,658	157,058 *
Sales from contracts	4(c)	14,373	186	14,373	186
Total non-recurrent revenue		196,032	157,244	196,032	157,244
Total income		708,871	654,410	666,939	610,185 *
Expenses					
Recurrent expenses					
Employee benefits	6	(151,229)	(153,356)	(149,238)	(151,197) *
Materials and services	7	(205,418)	(200,014)	(202,887)	(197,965) *
Finance costs	8(a)	(12,575)	(10,549)	(12,535)	(10,523)
Early repayment adjustment	8(b)	(34,346)	-	(34,346)	-
Contributions to controlled entities	9	-	-	(1,562)	(1,527)
Depreciation and amortisation					
Property, plant and equipment	16	(91,039)	(89,097)	(91,013)	(89,038) *
Intangible assets	17	(2,653)	(2,957)	(2,653)	(2,957)
Right of use assets	19	(4,490)	(4,575)	(4,490)	(4,575)
Total recurrent expenses		(501,748)	(460,549)	(498,722)	(457,782) *

1. FINANCIAL STATEMENTS

Statements of Comprehensive Income *continued*

For the year ended 30 June 2021

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-recurrent expenses					
Loss on disposal property, plant and equipment, intangibles and other	10	(851)	(10,631)	(851)	(10,631)
Movements in landfill and quarry provisions	22	(3,013)	(4,897)	(3,013)	(4,897)
Assets transferred to third parties	10	(17)	(567)	(17)	(567)
Total non-recurrent expenses		(3,881)	(16,095)	(3,881)	(16,095)
Total expenses		(505,630)	(476,644)	(502,603)	(473,877)
Net result/(deficiency)		203,241	177,766	164,335	136,308 *
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	16(a)	-	(4,368)	-	(4,368)
Total other comprehensive income		-	(4,368)	-	(4,368)
Total comprehensive income for the year		203,241	173,397	164,335	131,940 *

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

1. FINANCIAL STATEMENTS

Statements of Financial Position

As at 30 June 2021

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Assets					
Current assets					
Cash and cash equivalents	11	208,320	199,675	206,199	197,632
Trade and other receivables	12	47,957	17,779	47,868	17,220
Contract receivables	12	296,772	-	296,772	-
Inventories	13	12,497	13,878	12,464	13,850
Other assets	15	26,944	22,817	26,917	22,782
Total current assets		592,489	254,149	590,220	251,485
Non-current assets					
Trade and other receivables	12	434,393	455,629	434,893	456,129
Contract receivables	12	-	248,226	-	248,226
Inventories	13	36,568	38,636	36,568	38,636 *
Equity accounted investments	14	840,920	802,139	538,213	538,213
Property, plant and equipment	16	4,761,395	4,542,250	4,761,383	4,542,219 *
Intangible assets	17	10,908	11,883	10,908	11,883 *
Right of use assets	19	7,711	10,087	7,616	10,021
Total non-current assets		6,091,895	6,108,850	5,789,580	5,845,328 *
Total assets		6,684,385	6,362,999	6,379,800	6,096,813 *
Liabilities					
Current liabilities					
Trade and other payables	18	54,748	64,050	54,266	62,976
Lease liabilities	19	3,263	4,405	3,192	4,339
Contract liabilities	20	10,251	11,257	10,251	11,257
Borrowings	21	21,674	31,316	21,674	31,316
Provisions	22	26,300	30,092	26,116	29,917 *
Other liabilities	23	13,284	11,154	13,228	11,124 *
Total current liabilities		129,520	152,274	128,726	150,928 *
Non-current liabilities					
Lease liabilities	19	4,741	6,077	4,717	6,077
Borrowings	21	657,290	519,735	657,290	519,735
Provisions	22	55,396	50,717	55,227	50,567
Total non-current liabilities		717,427	576,529	717,234	576,379
Total liabilities		846,947	728,803	845,960	727,308 *
Net community assets		5,837,437	5,634,196	5,533,840	5,369,505 *
Community equity					
Asset revaluation surplus		658,224	658,224	658,224	658,224
Retained surplus		5,179,213	4,975,972	4,875,616	4,711,281 *
Total community equity		5,837,437	5,634,196	5,533,840	5,369,505

* Comparative figures have been restated. Refer to Note 34 for details.

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

1. FINANCIAL STATEMENTS

Statements of Change in Equity

For the year ended 30 June 2021

Consolidated

	Note	Asset revaluation surplus \$'000	Retained surplus \$'000	Total \$'000
<u>For the year ended 30 June 2021</u>				
Balance as at 1 July 2020		658,224	4,975,972	5,634,196
Net result		-	203,241	203,241
Balance as at 30 June 2021		658,224	5,179,213	5,837,437
<u>For the year ended 30 June 2020</u>				
Balance as at 1 July 2019		662,593	4,801,869	5,464,461
Adjustment on initial application of AASB 15/AASB 1058		-	(8,557)	(8,557)
Adjustment on initial application of AASB 16		-	(441)	(441)
Restated balance at 1 July 2019		662,593	4,792,871	5,455,463
Prior year adjustments	34	-	5,336	5,336
Increase (decrease) in asset revaluation surplus	16(a)	(4,368)	-	(4,368)
Net result			177,766	177,766 *
Balance as at 30 June 2020		658,224	4,975,972	5,634,196 *

Council

	Note	Asset revaluation surplus \$'000	Retained surplus \$'000	Total \$'000
<u>For the year ended 30 June 2021</u>				
Balance as at 1 July 2020		658,224	4,711,281	5,369,505
Net result		-	164,335	164,335
Balance as at 30 June 2021		658,224	4,875,617	5,533,840
<u>For the year ended 30 June 2020</u>				
Balance as at 1 July 2019		662,593	4,578,635	5,241,228
Adjustment on initial application of AASB 15/AASB 1058		-	(8,557)	(8,557)
Adjustment on initial application of AASB 16		-	(441)	(441)
Restated balance at 1 July 2019		662,593	4,569,637	5,232,230
Prior year adjustments	34	-	5,336	5,336
Increase (decrease) in asset revaluation surplus	16(a)	(4,368)	-	(4,368)
Net result			136,308	136,308 *
Balance as at 30 June 2020		658,224	4,711,281	5,369,505 *

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

1. FINANCIAL STATEMENTS

Statements of Cash Flows

For the year ended 30 June 2021

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash flows from operating activities					
Receipts from customers		390,878	401,156	381,616	383,742 *
Payments to suppliers and employees		(369,218)	(403,373)	(360,013)	(386,303) *
		21,660	(2,216)	21,603	(2,561)
Interest and dividends received	3(d), (e) & 5	54,953	55,258	54,926	55,220
Recurrent grants and contributions	4(a)	16,643	15,613	16,643	15,613
Borrowing costs	8	(10,660)	(8,399)	(10,660)	(8,399)
Finance costs	8	(1,621)	(2,124)	(1,621)	(1,522) *
Net cash inflow (outflow) from operating activities	29	80,976	58,131	80,891	58,351
Cash flows from investing activities					
Payments for property, plant and equipment		(212,031)	(311,040)	(212,026)	(311,033)
Net movement in loans and advances		4,176	5,079	4,176	5,079
Proceeds from sale of property, plant and equipment		1,835	1,922	1,835	1,922
Contract receivable (Sunshine Coast Airport Expansion Project)		(48,539)	(105,298)	(48,539)	(105,298)
Proceeds from sale of inventory (Sunshine Coast Airport Expansion Project)		14,373	104,914	14,373	104,914
Grants, subsidies, contributions and donations		79,134	41,375	79,134	41,375
Net cash inflow (outflow) from investing activities		(161,053)	(263,049)	(161,047)	(263,042)
Cash flows from financing activities					
Proceeds from borrowings	30	119,862	164,609	119,862	164,609
Repayment of borrowings		(26,549)	(21,046)	(26,549)	(21,046)
Repayments made on leases (principal only)		(4,589)	(4,662)	(4,589)	(4,662)
Net cash inflow (outflow) from financing activities		88,724	138,901	88,724	138,901
Net increase (decrease) in cash and cash equivalents held		8,646	(66,016)	8,567	(65,789)
Cash and cash equivalents at beginning of financial year		199,675	265,691	197,632	263,421
Cash and cash equivalents at end of the financial year	11	208,320	199,675	206,199	197,632

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2020 to 30 June 2021. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.02 Recurrent/Non-recurrent Classification

Revenue and expenditure are presented as "recurrent" or "non-recurrent" in the Statements 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 revenue" or "Non-recurrent expenses" depending on whether they result in accounting gains or losses:

- disposal of non-current assets
- movements in landfill and quarry provisions
- revaluations of property, plant and equipment.
- financial impacts of the Sunshine Coast Airport Expansion Project and Maroochydore City Centre land sales

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

1.03 Basis of Consolidation

Council and its controlled entities together form 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.

Council had an interest in three (3) entities during the year being Sunshine Coast Events Centre Pty Ltd, SunCentral Maroochydore Pty Ltd and the Sunshine Coast Arts Foundation Ltd. Council wholly owns the issued shares of Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd, and is currently the main financial contributor to the Sunshine Coast Arts Foundation Ltd.

Transactions between Council and both Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd have been eliminated when preparing consolidated accounts. In addition, the accounting policies of these controlled entities have been adjusted on consolidation where necessary, to ensure the financial statements of the consolidated entity is prepared using accounting policies that are consistent with those of the Council. Sunshine Coast Arts Foundation Ltd is not consolidated into Council's financial statements due to its size and nature. Information on controlled entities is included in Note 27.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

1.04 Constitution

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

1.05 New and Revised Accounting Standards Adopted During the Year

Council adopted all standards which became mandatory effective for annual reporting periods beginning on 1 July 2020. None of the standards had a material impact on reported position, performance and cash flows.

1.06 Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2021. These standards have not been adopted by Council and will be included in the financial statements on their effective date if their application is material to Council.

1.07 Estimates and Judgements

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

Valuation and depreciation of property, plant and equipment - Note 16

Impairment of property, plant and equipment - Note 16

Provisions - Note 22

Contingencies - Note 25

Financial instruments and financial risk management - Note 31

Revenue recognition - Note 3

1.08 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 is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard. Restated balances are detailed in Note 34 and indicated with an asterisk (*) throughout the financial statements.

1.09 Disclosure of Other Comprehensive Income for Equity Accounting Investments

Where Council has an equity accounted investment (associate or joint venture) with Other Comprehensive Income, Council's share of that other comprehensive income is reflected in the relevant section of the Statements of Other Comprehensive Income.

1.10 Volunteer Services

Council works with a diverse range of Sunshine Coast community members and organisations to deliver services and programs to the community including community and major events, environment and wildlife protection, regional heritage, libraries and arts and the Caloundra Music Festival. The volunteer services associated with the Sunshine Coast Stadium are recognised in the Statement of Comprehensive Income with remaining volunteer services not recognised as they are either not material or would not have been purchased if not donated.

1.11 Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax (FBT), 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.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

1.12 COVID-19

Council's operations for the year ended 30 June 2021 have been impacted by the COVID-19 pandemic. The following steps were taken by Council in response to the pandemic during the year:

	<u>\$'000</u>
Rates discount \$35 per rateable property	(5,069)
COVID-19 recovery grants for community organisations	(1,388)
Movement of parking regulations to education and health/safety rather than issuing infringements	(1,000)
Additional payment to Visit Sunshine Coast for promotional advertising	(500)
Increased cleaning based on Queensland Health advice	(381)
Additional plant hire costs due to COVID restrictions	(163)
Cancellation of the Caloundra Music Festival	249

In addition to the above, Council was also impacted by:

- reduced hours / capacity in facilities / impact on growth & activity	(355)
- reimbursement/waiver of fees	(155)
- continued amendment of all supplier payment terms to 7 days	

Total COVID-19 impact **(8,762)**

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

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:

Offices of the CEO and the Mayor

The Offices of the CEO and the Mayor provide support and advice to the Mayor, Councillors, Chief Executive Officer (CEO), and Executive Leadership Team and deliver key functions for the organisation including:

- Audit & Assurance
- Communications
- Corporate Governance
- Legal Services
- Major Projects and Strategic Property
- Strategy and Coordination

Built Infrastructure Group

The Built Infrastructure Group is focussed on managing and maintaining the region's built infrastructure. Key functions include:

- Asset Management
- Civil Asset Management
- Parks and Gardens
- Transport and Infrastructure Planning
- Transport Infrastructure Management
- Disaster Management
- Sunshine Coast Airport Expansion

Business Performance Group

The Business Performance Group is focussed on developing and managing the core capabilities that underpin the effective and efficient operation of the organisation. Key functions include:

- Business and Innovation
- Digital and Information Services
- Finance
- People and Culture
- Property Management

Customer Engagement and Planning Services Group

The Customer Engagement and Planning Services Group is focussed on delivering positive customer experiences to business and the community, particularly land use planning, development, waste and regulatory enforcement. Key functions include:

- Customer Response
- Development Services
- Strategic Planning
- Waste and Resource Management

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Economic and Community Development Group

The Economic and Community Development Group aims to drive the identification of new economic opportunities for the region while ensuring a balanced focus on developing, supporting and/or delivering opportunities (social, cultural and economic) that each of the region's many communities expect to enjoy. Key functions include:

- Arts Heritage and Library
- Community Development
- Economic Development
- Sports and Community Venues

Liveability and Natural Assets Group

The Liveability and Natural Assets Group is focussed on taking a balanced approach to planning and delivery of sustainable environmental and infrastructure development to meet the needs of the growing population and maintain the liveability of the region. Key functions include:

- Design and Placemaking Services
- Environmental and Sustainability Policy
- Environmental Operations
- Project Delivery
- Urban Growth Projects

Region Shaping Projects

Region Shaping Projects includes Council's current major projects being Maroochydore City Centre, Sunshine Coast Airport Runway and the Sunshine Coast International Broadband Network.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

2.(b) Analysis of Results by Function

	Gross program income		Elimination of inter-function transactions	Total Income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent	Non-recurrent			Recurrent	Non-recurrent					
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Built Infrastructure	30,668	48,912	(19,106)	60,474	(225,679)	(3,806)	38,492	(190,993)	(175,625)	(130,518)	3,746,308
Customer Engagement and Planning Services	123,375	-	(15,100)	108,275	(130,114)	(6)	25,723	(104,397)	3,884	3,878	123,244
Economic and Community Development	29,424	3,261	(104)	32,581	(99,052)	-	14,141	(84,911)	(55,592)	(52,330)	219,386
Liveability and Natural Assets	23,096	10,623	(10,363)	23,357	(60,669)	-	19,825	(40,844)	(28,110)	(17,487)	132,923
Region Shaping Projects	2,179	29,806	-	31,985	(8,914)	-	298	(8,616)	(6,437)	23,369	471,465
Business Performance	367,286	103,429	(60,601)	410,113	(81,022)	(70)	15,649	(65,443)	241,311	344,671	1,684,996
Offices of the CEO and the Mayor	15,232	-	(15,078)	153	(13,515)	-	6,115	(7,400)	(7,247)	(7,247)	1,477
Total Council	591,259	196,032	(120,352)	666,939	(618,965)	(3,881)	120,243	(502,603)	(27,815)	164,335	6,379,801
Controlled entities net of eliminations	41,933	-	-	41,933	(3,026)	-	-	(3,026)	38,906	38,906	304,584
Total Consolidated	633,192	196,032	(120,352)	708,871	(621,991)	(3,881)	120,243	(505,630)	11,091	203,241	6,684,385

For the year ended
30 June 2021

	Gross program income		Elimination of inter-function transactions	Total Income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net result	Assets
	Recurrent	Non-recurrent			Recurrent	Non-recurrent					
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Built Infrastructure	34,046	31,532	(22,054)	43,524	(215,841)	(9,158)	39,141	(185,858)	(164,707)	(142,334)	3,639,277
Customer Engagement and Planning Services	115,424	-	(16,751)	98,673	(132,471)	(4,952)	27,074	(110,350)	(6,724)	(11,677)	121,070
Economic and Community Development	24,208	1,539	(407)	25,340	(94,963)	(613)	14,039	(81,536)	(57,122)	(56,196)	210,499
Liveability and Natural Assets	21,140	7,049	(9,243)	18,946	(61,362)	(60)	18,557	(42,865)	(30,908)	(23,920)	105,675
Region Shaping Projects	146	387	-	533	(4,031)	-	363	(3,667)	(3,521)	(3,134)	424,681
Business Performance	363,483	116,738	(67,104)	423,117	(53,630)	(1,311)	15,527	(39,414)	268,276	383,703	1,595,416
Offices of the CEO and the Mayor	15,427	-	(15,376)	51	(16,419)	-	6,233	(10,186)	(10,135)	(10,135)	193
Total Council	573,875	157,244	(120,934)	610,185	(578,716)	(16,095)	120,934	(473,876)	(4,841)	136,308	6,096,812
Controlled entities net of eliminations	44,225	-	-	44,225	(2,768)	-	-	(2,768)	41,457	41,457	266,187
Total Consolidated	618,100	157,244	(120,934)	654,410	(581,484)	(16,095)	120,934	(476,644)	36,615	177,766	6,362,999

For the year ended
30 June 2020

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

3. Revenue analysis

(a) Net rates and utility charges

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
General rates	252,603	244,690	252,900	244,690
Waste management	65,399	60,748	65,399	60,748
Tourism and special levies	8,900	8,766	8,900	8,766
Environment levy	11,075	10,890	11,075	10,890
Rural fire levy	535	514	535	514
Valuation fees	73	94	73	94
Total rates and utility charge revenue	338,585	325,700	338,882	325,700
Less: discounts	(15,158)	(9,656)	(15,158)	(9,656)
Less: pensioner remissions	(3,358)	(3,167)	(3,358)	(3,167)
Less: rebates	(1,017)	(980)	(1,017)	(980)
	(19,533)	(13,803)	(19,533)	(13,803)
Net rates and utility charges	319,052	311,897	319,349	311,897

(b) Fees and charges

Revenue arising from fees and charges is recognised at the point in time when the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.

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

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Application fees (development)	10,486	8,348	10,486	8,348
Holiday parks	19,361	14,259	19,361	14,259
Cemetery fees	1,161	1,028	1,161	1,028
Parking fees	907	546	907	546
Refuse tip fees	8,261	6,973	8,261	6,973
Registration fees	1,335	1,313	1,335	1,313
Search fees	2,166	1,067	2,166	1,067
Waste service charges	493	409	493	409
Change of ownership fees	1,198	869	1,198	869
Fines and penalties	1,820	2,498	1,820	2,498
Venue hire	972	959	972	959
Development services	9,978	9,262	9,978	9,262
Permits and licences	1,662	1,216	1,662	1,216
Other fees and charges	6,647	5,991	5,432	4,528
	66,449	54,737	65,233	53,274

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

(c) Sales from contracts and recoverable works

Sale of goods revenue is recognised at the point in time that the customer obtains control of the goods, generally at delivery. Revenue from services is recognised when the service is rendered.

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 based on costs incurred 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. The contract work carried out is not subject to retentions.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Recoverable works	1,258	1,429	1,258	1,429
Sale of recyclables	3,566	2,603	3,566	2,603
Solar Farm generation revenue	1,266	2,881	1,266	2,881
Other revenue	5,511	7,151	5,511	7,225
	11,601	14,065	11,601	14,138

(d) Share of tax equivalents of equity accounted investment

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
	17,054	16,409	17,054	16,409

(e) Dividend income equity accounted investment

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
	-	-	13,200	12,321

4. Grants, subsidies, contributions, donations and other

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

The performance obligations vary in each agreement but include library projects, trainee funding and events. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, revenue is recognised using either costs or time incurred.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Grant income under AASB 1058

Where Council receives an asset for significantly below fair value, the asset is recognised at fair value, related liability (or equity items) are recorded and income then is recognised for any remaining asset value at the time that the asset is received.

Capital (non-recurrent) grants

Where Council receives funding under an enforceable contract to acquire or construct a specified item of property, plant and equipment which will be under Council's control on completion, revenue is recognised as construction progresses or when the purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

Contributions and donations

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

Contributions and donations are generally recognised on receipt of the asset since there are no enforceable performance obligations.

Physical assets contributed to Council by developers in the form of land, transport, stormwater and other infrastructure are recognised as revenue when Council obtains control of the asset and there is 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 expenses.

(a) Recurrent grants, subsidies, contributions, donations and other

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Government grants and subsidies commonwealth	12,760	11,847	12,760	11,847
Government grants and subsidies state	3,705	2,087	3,705	2,087
Grants and subsidies other	-	1,406	-	1,406
Contributions and donations	2,216	1,372	179	273
	18,681	16,711	16,643	15,613

(b) Non-recurrent grants, subsidies, contributions, donations and other

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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Government grants and subsidies commonwealth	7,174	4,837	7,174	4,837
**Government grants and subsidies state	31,817	5,636	31,817	5,636
Developer contributions	40,892	31,204	40,892	31,204
Infrastructure from developers at fair value	102,524	115,683	102,524	115,683 *
	182,407	157,361	182,407	157,361
Less: discount allowed developer contributions	(748)	(303)	(748)	(303)
	181,658	157,058	181,658	157,058

**In 2021 Council received \$12.5 million being the final payment of the \$15.0 million grant from the State of Queensland's Jobs and Regional Growth Fund for the Sunshine Coast International Broadband Network Project.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

(c) Sales from contracts

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
**Sunshine Coast Airport Expansion Project	10,578	186	10,578	186
Maroochydore City Centre land sales	3,795	-	3,795	-
	14,373	186	14,373	186

The Sunshine Coast Airport runway was complete, ready for use and handed over to Palisade Investment Partners Ltd on 14 June 2020. Full practical completion occurred on 29 January 2021. Final payment of \$297 million (including \$7 million Airport Manager variations) is due on 30 June 2022. The associated contract receivable is recognised in Note 12.

** The net contract revenue of \$10.578 million (2020: \$0.186 million) consists of \$44.315 million (2020: \$104.914 million) discounted contract revenue less \$33.737 million (2020: \$104.728 million) construction costs.

Timing of revenue analysis

Consolidated		2021		2020	
		\$'000	\$'000	\$'000	\$'000
		Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Net Rates, levies and charges (excluding those related to services)	3(a)	319,052	-	311,897	-
Fees and charges (excluding infringements)	3(b)	64,629	-	52,152	-
Infringements	3(b)	1,820	-	2,585	-
Sales from contracts and recoverable works	3(c),4(c)	15,396	10,578	13,992	258
Grants, subsidies, donations and contributions	4 (a,b)	151,392	48,948	163,296	10,474 *
		552,288	59,526	543,922	10,732

Council		2021		2020	
		\$'000	\$'000	\$'000	\$'000
		Revenue recognised at a point in time	Revenue recognised over time	Revenue recognised at a point in time	Revenue recognised over time
Net Rates, levies and charges (excluding those related to services)	3(a)	319,349	-	311,897	-
Fees and charges (excluding infringements)	3(b)	63,413	-	50,689	-
Infringements	3(b)	1,820	-	2,585	-
Sales from contracts and recoverable works	3(c),4(c)	15,396	10,578	14,066	258
Grants, subsidies, donations and contributions	4 (a,b)	149,354	48,948	162,197	10,474 *
		549,332	59,526	541,434	10,732

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

5. Interest received

Interest received from bank and term deposits is accrued over the term of the investment.

Interest received	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest received from equity accounted investment	19,592	21,112	19,592	21,112
Interest received from cash and term deposits	2,431	4,807	2,403	4,741
Interest received from contract receivables *	2,090	123	2,090	123
Interest from overdue rates and utility charges	587	514	587	514
	24,700	26,556	24,672	26,490

* As per the Sunshine Coast Airport runway contract, interest is accrued until final payment June 2022.

6. Employee benefits

Employee benefit expenses are recorded when the service has been provided by the employee.

	Note	Consolidated		Council	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Total wages and salaries		130,184	133,588	128,193	131,795
**Councillors' remuneration		1,839	1,855	1,839	1,855
Annual, sick and long service leave entitlements		15,599	15,496	15,599	15,403
Superannuation	26	15,482	15,812	15,482	15,632
		163,103	166,751	161,112	164,684
Other employee related expenses		3,675	3,661	3,675	3,568
		166,778	170,412	164,787	168,252
Less: Capitalised employee expenses		(15,550)	(17,050)	(15,550)	(17,050)
Less: Employee expenses transferred to third parties		-	(6)	-	(6)
		151,229	153,356	149,238	151,197

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

Total Council full time equivalent employees at the reporting date:

	Consolidated		Council	
	2021	2020	2021	2020
Elected Members	11	11	11	11
Staff	1,692	1,658	1,666	1,628 *
Total full time equivalent employees	1,703	1,669	1,677	1,639

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

7. Materials and services

Expenses are recorded on an accrual basis as Council receives the goods or services.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Advertising	1,563	1,493	1,563	1,493
**Audit of annual financial statements by the Auditor General of Queensland	253	256	250	250 *
Consultancy fees	5,004	7,497	5,004	7,497
Commissions paid	3,599	2,361	3,599	2,361
Contract services parks and gardens	16,961	16,381	16,961	16,381
Contract services waste collection	34,955	34,525	34,955	34,525
Contract services environmental operations	12,089	11,495	12,089	11,495
Contract services property management	7,400	7,037	7,400	7,037
Contract services sport and community venues	8,298	7,749	8,298	7,749
Contract services civil asset management	8,075	7,836	8,075	7,836
Contract services transport infrastructure management	2,751	1,679	2,751	1,679
Contract services art, heritage and libraries	2,570	2,907	2,570	2,907
Contract services other	17,974	18,128	17,819	18,012
Donations	5,616	4,415	5,616	4,415
Electricity	7,450	6,972	7,331	6,825
Entertainment and hospitality	268	399	268	399
Equipment < \$5,000	989	948	989	948
Fuel	2,053	2,701	2,053	2,701
Grants to community organisations	10,389	8,136	10,389	8,136
Insurance	2,583	2,538	2,583	2,538
Legal fees	3,044	2,784	3,044	2,784
Library resources	1,420	1,360	1,420	1,360
Materials road base	838	1,866	838	1,866
Operating leases - short-term and low value	4,183	4,577	4,183	4,577
Plant and equipment hire	6,129	5,988	6,129	5,988
Security services	1,632	1,393	1,632	1,393
Software and maintenance (Software as a Service (SaaS))	8,688	7,886	8,688	7,886
Telecommunications	3,395	3,773	3,395	3,736
Water and sewerage charges	5,153	5,120	5,153	5,120
All other materials and services	20,115	20,375	17,861	18,634 *
	205,435	200,575	202,904	198,526
Less: Internal costs transferred to third parties	(17)	(561)	(17)	(561)
	205,418	200,014	202,887	197,965

**Total consolidated audit fees quoted by the Queensland Audit Office relating to the 2020/21 financial statements are \$277,800 (2020: \$278,400).

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

8. (a) Finance costs

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
**Borrowing costs charged by the Queensland Treasury Corporation		10,660	8,399	10,660	8,399
Bank charges and credit card fees		1,133	1,020	1,093	994
Interest on leases	19	185	228	185	228
Unwinding of discount on provisions and borrowings	22	292	356	292	356
Impairment of receivables		192	374	192	374
Other finance costs		114	173	114	173
		12,575	10,549	12,535	10,523

**Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset.

Capital borrowing costs include \$4.738 million capitalised against the Maroochydore City Centre project (2020: \$4.811 million) and \$0.127 million capitalised against the Brisbane Road Carpark development (2020: \$0.170 million).

8. (b) Finance costs

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Early repayment adjustment		34,346	-	34,346	-

During 2021 Council refinanced its existing loan portfolio and increased the principal amount which resulted in early repayment costs of \$34.346 million. The refinanced amount will result in lower interest rates and free up cash flow through lower repayments over the life of the loan portfolio.

9. Contributions to controlled entities

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Contributions to controlled entities	-	-	1,562	1,527

10. Non-recurrent expenses

Gain/(Loss) on disposal of non-current assets	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Proceeds from the sale of plant and equipment	396	176	396	176
Less carrying amount sold	(198)	(193)	(198)	(193)
Less carrying amount disposed and written-off	-	(29)	-	(29)
	198	(46)	198	(46)
Proceeds from the sale of property and land	1,439	1,746	1,439	1,746
Less carrying amount sold	(1,665)	(1,745)	(1,665)	(1,745)
Less carrying amount disposed and written-off	(104)	(9,124)	(104)	(9,124)
	(330)	(9,123)	(330)	(9,123)

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Replacement of roads, stormwater and other infrastructure				
Less carrying amount:				
Replaced and renewed	(508)	(1,419)	(508)	(1,419)
Disposed and written-off	(211)	(4)	(211)	(4)
	(719)	(1,422)	(719)	(1,422)
Replacement of intangibles				
Less carrying amount:				
Disposed and written-off	-	(40)	-	(40)
	-	(40)	-	(40)
Loss on disposal of property, plant and equipment, and intangibles				
	(851)	(10,631)	(851)	(10,631)
**Assets transferred to third parties				
Employee expenses transferred to third parties	-	(6)	-	(6)
Internal costs transferred to third parties	(17)	(561)	(17)	(561)
	(17)	(567)	(17)	(567)

**Included in 2021 is \$0.017 million (2020: \$0.567 million) related to work performed on public utility provider assets.

11. Cash and cash equivalents

For the purposes of the Statements of Financial Position and the Statements 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 Council's option and that are subject to a low risk of changes in value.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance as per Statement of Financial Position	208,320	199,675	206,199	197,632

Council may be exposed to credit risk through its investments in the QTC Cash Fund. 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.

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.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash and cash equivalents	208,320	199,675	206,199	197,632
Externally imposed expenditure restrictions	(84,395)	(101,971)	(84,395)	(101,971)
Unrestricted cash	123,925	97,704	121,804	95,661

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

* The 2020 mix between external restrictions and internal allocations has been restated due to a reclassification of developer contributions from externally imposed restrictions to internally imposed allocations decreasing the external restrictions by \$58.002 million.

Council's cash and cash equivalents are subject to a number of internal allocations and external restrictions that limit amounts available for discretionary or future use. These include:

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

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Constrained works	55,508	74,500	55,508	74,500 *
General	3,441	4,029	3,441	4,029 *
Levy funded	24,485	22,532	24,485	22,532
Special purpose	961	911	961	911
Total externally imposed restrictions on cash assets	84,395	101,971	84,395	101,971 *

(ii) Internally imposed expenditure allocations at the reporting date:

Constrained works	68,817	56,817	68,817	56,817 *
General	21,109	11,171	21,109	11,171
Total internally allocated cash	89,926	67,988	89,926	67,988 *

Internal allocations of cash may be lifted by Council with a resolution.

12. Trade and other receivables

Receivables and loans are amounts owed to Council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is generally required within 30 days after invoice date.

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.

The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

Because Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

In some limited circumstances Council may write off impaired statutory charges. On this basis, Council calculates an expected credit loss (ECL) for Statutory Charges (non-rates & utility charges). Although not material, disclosure is being made for the purposes of public interest and transparency.

As a result of COVID-19, Council has introduced various measures to support the community over this time. These include extending payment terms in certain situations and suspending interest on overdue accounts. These were designed to be short term measures to enable customers to get through a difficult period.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Rates and utility charges	5,204	5,982	5,204	5,982
Infringements	2,214	2,114	2,214	2,114
Infrastructure charges	3,958	3,923	3,958	3,923
Trade debtors	36,484	6,401	36,395	5,842
Loans receivable	696	-	696	-
Contract Receivables	296,772	-	296,772	-
Other debtors	7	7	7	7
Less allowance for impairment	(607)	(648)	(607)	(648)
	344,729	17,779	344,640	17,220

Interest is charged on outstanding rates at 8.53% 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 trade debtors includes an amount of \$17.06 million which is due for payment on 30 June 2022 as per the SCA (Sunshine Coast Airport) Share Sale and Purchase Agreement.

The contract receivable relates to the Sunshine Coast Airport Expansion Project with payment due June 2022.

Loans receivable includes finance provided by Council to independent third parties in order to undertake development activities.

	Note	Consolidated		Council	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Non-Current					
Trade debtors		-	17,060	-	17,060
Contract Receivables		-	248,226	-	248,226
Loans receivable		-	4,176	-	4,176
Loan to associate - subordinated debt	14	434,393	434,393	434,393	434,393
Shares in controlled entities		-	-	500	500
		434,393	703,855	434,893	704,355

The subordinated interest only loan terminates on 30 June 2033 with the interest rate to be set by QTC annually. Applicable interest rate for 2021 was 4.51% (2020: 4.86%).

Movement in accumulated impairment losses (other debtors) is as follows:

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July	648	540	648	540
Impairment debts written off during the year	(232)	(264)	(232)	(264)
Additional impairments recognised	191	373	191	373
Closing balance at 30 June	607	648	607	648

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

13. 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 except for land where the costs are allocated to the relevant parcel.

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*.

Profit arising upon sale of land is recognised as revenue in the Statements of Comprehensive Income on settlement.

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Equipment, stores and quarries *	1,633	1,259	1,600	1,231
Land being developed for resale **				
Finished Goods	10,864	12,619	10,864	12,619
Closing current inventories at 30 June	12,497	13,878	12,464	13,850

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

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Non-current				
Land held for future development and resale **				
Work in Progress	36,568	38,636	36,568	38,636 *
Closing non-current inventories at 30 June	36,568	38,636	36,568	38,636

** On 18 November 2020, Council entered into a development agreement with Walker Maroochydore Pty Ltd (Walker) and SunCentral Maroochydore Pty Ltd. Under the development agreement, Walker has exclusive rights to market and develop most of the remaining Council owned land in the Maroochydore City Centre Priority Development Area, consistent with the delivery of the city centre vision in the Maroochydore City Centre Priority Development Area Development Scheme 2019. Council will continue in its current role as the landowner and will retain ownership of the land and buildings until disposed. Walker Corporation is responsible for funding the delivery of the majority of future civil works, commercial and retail buildings, residential apartments and the majority of the remaining infrastructure on the site, including roads and parks.

Land acquired for the Maroochydore City Centre (MCC) precinct is currently classified as a mix of public realm land which continues to be recognised as a Council land asset in property, plant and equipment, and land held for development and resale. 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.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 will non-current land inventory be reclassified as current land inventory. Annual Review in consultation with Walker and SunCentral will be conducted to confirm future development plans and land scheduled for development and resale.

The agreement has changed the method of development from a "Land Delivery Model" to a "Development Partner Model". This means that both the land and built form will be developed simultaneously, instead of developing and selling vacant land on a lot by lot basis. It is intended that the development will be completed in stages. Current land inventory is either the subject of a binding agreement with another party or forms part of the exclusive development agreement with Walker Maroochydore Pty Ltd. One land parcel was sold during 2020/21 financial year. Non-current land inventory is being held for future development. Land planned for both resale and development is recognised at cost, being the lesser of cost and net realisable value. Inventory costs include costs to develop the land ready for resale and other directly attributable costs such as project overheads and borrowing costs.

14. Equity accounted investment

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. 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 Statements of Comprehensive Income and the interest in the equity of the associates is recognised in the Statements 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% (2020: 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. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

(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.

(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 2021 is 4.51% (2020: 4.86%).

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.

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Movement in carrying amount				
Investment	802,139	760,673	538,213	538,213
Share of profits after tax and before dividends	51,981	53,787	-	-
Dividends received/receivable	(13,200)	(12,321)	-	-
Carrying amount at the end of the financial year	840,920	802,139	538,213	538,213

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 2021 financial statements is detailed below.

Extract from the Authority's Statement of Comprehensive Income

	2021	2020
	\$'000	\$'000
Total revenues	723,830	730,046
Ordinary expenses	(525,914)	(525,320)
Profit before income tax equivalent	197,916	204,726
Income tax equivalent expense	(59,338)	(61,332)
Total profit (after tax)	138,578	143,394
Share of Profit of equity accounted investment	51,981	53,787
Total assets	4,193,352	4,052,307
Total liabilities	(1,932,989)	(1,896,095)
Net assets	2,260,363	2,156,212

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Unitywater use historical cost for reporting their assets value. Council uses fair value.

To ensure consistency of financial reporting, Unitywater has provided Council with an audited assessment of the fair value of its assets delivering assurance that the current carrying amount of the assets is reflective of their fair value.

15. Other assets

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Prepayments	4,507	4,108	4,481	4,074
GST recoverable	2,338	4,108	2,338	4,108
Accrued revenue	20,099	14,601	20,099	14,600
	26,944	22,817	26,917	22,782

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

16. Property, Plant and Equipment

(b) Recognition

Purchases of property, plant and equipment are recognised as assets unless the items are below the asset recognition threshold of the asset class in which they belong, or the expenditure relates to maintenance.

Replacement and purchases of separately identifiable components of an asset to renew or increase its service potential, or extend its useful life, are capitalised and recognised as an individual asset. Routine operating maintenance, repairs and minor renewals costs to maintain the operational capacity and useful life of the assets are 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. 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 Queensland State Government and not recognised in these financial statements.

(c) Measurement

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of consideration plus costs directly related to the acquisition and incurred in preparing the asset for use as intended by Council. 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 revenue at fair value by Council valuation where the value exceeds the recognition thresholds.

(d) Depreciation

Assets are depreciated from the date of acquisition or when an asset is ready for use by Council.

Land, work in progress, and formation/earthworks associated with roads, constructed waterbodies, and stormwater basins are not depreciated.

Depreciation, where applicable, is calculated on a straight-line basis as to write-off the net cost or revalued amount, less its estimated residual value if appropriate, progressively over the asset's estimated useful life to Council. Management believe that the straight line basis appropriately reflects the even consumption of service potential of all Council assets.

Where assets have separately identifiable components that are subject to renewal, these components have separately assigned useful lives. Any expenditure that increases the 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 Council or the unexpired period of the lease, whichever is the shorter.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

(e) Impairment

Property, plant and equipment held at cost is assessed annually for indicators of impairment. 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.

(f) Valuation and Fair Value Measurement

Land, buildings, transportation, stormwater and other infrastructure asset classes are measured at fair value, and are revalued in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. All other non-current assets, and capital works in progress are measured at cost.

Council considers the carrying amount of its property plant and equipment on an annual basis compared to fair value and makes adjustment where these materially differ. Council performs full comprehensive revaluations by engaging external professionally qualified valuation firms, or other consultants. The asset classes are comprehensively revalued on a rolling basis every three to five years or when material movement in a class has been identified.

In the interim years to a comprehensive valuation, Council engages suitably qualified external consultants to provide cost movement indices relevant for the region and specific asset types, as well as internal engineers and asset managers assess conditions and check cost assumptions to ensure they are still valid. For the land and buildings, management engages external valuers to perform a desktop valuation whereby the regional area cost movements are analysed and applied against updated asset information which includes additions, disposals, changes to useful lives and condition assessments. The valuer then determines suitable indices which are applied to each of these asset classes.

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. Where there isn't sufficient amount available in the surplus, the decrease is recognised in the statement of comprehensive income. Where the class of asset has previously decreased in value and this reduction was recognised as an expense, an increase in the value of the class is recognised in the statement of comprehensive income.

On revaluation, accumulated depreciation is restated proportionately with the change in carrying amount of the asset and any change in the estimated remaining useful life.

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

In accordance with *AASB 13 Fair Value Measurement*, 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.

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

Fair values of all of Council's assets are calculated and valued based on their "highest and best use". The table below represents Council's assets measured and recognised at fair value at 30 June 2021. 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Land	104,773	102,277	546,167	490,209	650,941	592,485
Buildings	4,793	2,760	208,439	209,989	213,232	212,747
Transportation	-	-	1,878,658	1,821,462	1,878,658	1,821,462
Stormwater	-	-	1,089,577	1,039,216	1,089,577	1,039,216
Other Infrastructure	-	-	414,276	406,625	414,276	406,625
	109,566	105,037	4,137,117	3,967,501	4,246,683	4,072,535

Council holds assets from the land and buildings financial classes at level 2 and those assets identified at this level are non-specialised in nature and exist within an active market and could be made available for sale. All other assets are considered to be level 3 as there is no active market for sale and key assumptions and inputs into the values derived are not openly visible as the assets are specialised to predominantly government owners.

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.

Land fair values were determined by independent valuation firm Australis Asset Advisory Group Pty Ltd, effective 30 June 2021.

Where there is 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 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 with consideration given to the existence of restrictions and active markets.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Buildings

The fair value of buildings were determined by Australis Asset Advisory Group Pty Ltd, effective 30 June 2021. The fair value of buildings is either measured using the market approach where there are level 2 inputs available or, in the absence of an active market, the cost approach where predominantly level 3 unobservable inputs are utilised. As many Council buildings are specialised and unique in characteristics, the most significant inputs into the valuation approach were the cost of reproduction for modern equivalent assets.

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. Condition was assessed as part of the comprehensive valuation, which took into account both physical and holistic factors such as functionality, capability, utilisation and obsolescence. Building assets are valued, and useful lives applied, at component level in accordance with International Infrastructure Management Manual (IIMM) standards and renewal cycles.

Plant and Equipment

Plant and equipment assets are reported at historical cost for the year ended 30 June 2021.

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. Componentisation is based around significance, asset behaviour and service delivery. Depreciation is systematically allocated over a defined useful life of each component recognised, which demonstrates the physical obsolescence of the asset. 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. Consideration has been made for the typical asset life cycle and renewal treatments. Estimated useful lives are disclosed in Note 16(a).

Based on Council's consideration of the valuer's reports, where interim valuations have been undertaken, management judges the movement shown in these indices to be the most appropriate measure for reflecting changes in fair value of assets of this nature and elects whether or not to apply these indices.

Transportation Network

Council engaged consulting firm Cardno (Qld) Pty Ltd, which last comprehensively revalued and developed unit rates for the transportation asset class as at 30 June 2019. For 2021, Cardno conducted a cost movement analysis which provided that the overall transportation network assets moved between -0.59% and -0.09% during the current period. Various data sources were assessed including current market rates of key materials and labour, and the implicit price deflator and price indices produced by the Australian Bureau of Statistics (ABS). Additionally, Council's engineering staff assessed the cost movements provided to ensure consistency. Where current condition is available, this information has been applied as an indicator of physical obsolescence to inform the fair value of the assets. In the absence of condition, age based assumptions are used. Management has elected not to apply indices to this financial class for the 2020/21 financial year.

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 patterns of consumption 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 earthworks.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Condition assessments of bridges are undertaken cyclically which includes a visual inspection to determine condition. Where changes to condition are recorded, in accordance with International Infrastructure Management Manual (IIMM) standards, these are used as a basis for assessment of fair value, remaining service potential and remaining useful life. Where updated condition information is available, this has been taken into account for the fair value assessment as at 30 June 2021. Bridge assets are held at structural component levels, and depreciated accordingly over the componentised useful lives.

The fair value of all transportation assets was reported at 30 June 2021 to reflect changes in actual costs of construction for Council and changes in remaining service potential, in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*.

Stormwater Network

Council engaged consulting firm Cardno (Qld) Pty Ltd, who last comprehensively revalued and developed unit rates for the stormwater network as at the year ended 30 June 2018. For 2021, Cardno conducted a cost movement analysis which concluded that only the stormwater pits moved by 1.0% and pipes moved by 0.5% across the stormwater network during the current period. Various data sources were assessed including the implicit price deflator and price indices produced by the Australian Bureau of Statistics (ABS). Additionally, Cardno's stormwater engineer assessed the cost movements on the material items within the stormwater asset class for the current period which were consistent with the published indices. Management has elected not to apply indices to this financial class for the 2020/21 financial year.

The fair value of stormwater assets was reported at 30 June 2021 to reflect changes in actual costs of construction for Council and changes in remaining service potential, in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*.

Other Infrastructure

The fair values of Other Infrastructure assets last comprehensively revalued by GHD Pty Ltd as at 30 June 2015. For 2021, Australis Asset Advisory Group Pty Ltd conducted detailed cost movement analysis for the varying assets across the financial class and determined that open space infrastructure moved by 1.2% and other infrastructure assets moved by 0.3%. Management has elected not to apply indices to this financial class for the 2020/21 financial year.

Other assets, such as electrical assets including the solar farm, marine infrastructure and landfill assets 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.

Open space assets, such as parks and supporting infrastructure, 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. Where the condition of an asset is known, the information was used to inform the remaining service potential of the asset.

The fair value of waste landfill cells was calculated by reference to cell area and volume specifications, estimated labour and material inputs, services costs, and overhead allocations. The remaining service potential for landfill cells has been determined by the reassessment of remaining volume of landfill cells and site closure predictions. Landfill airspace is assessed bi-annually.

COVID-19 has had no impact on the fair value assessment for 2020/21.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

16.(g) Fair values derived from valuation

Asset class and fair value hierarchy	Valuation approach	Comprehensive valuation date	Valuer engaged	Key assumptions and estimates as at the comprehensive revaluation date	Index applied	Interim valuation adjustment
Land (Level 2)	Market value	30 June 2020	Australis Asset Advisory Group Pty Ltd	Current zoning and sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as land size	Nil	Cost movement analysis. Index changes in regional market evidence and construction costs.
Land (Level 3)	Current replacement cost	30 June 2020	Australis Asset Advisory Group Pty Ltd	Sunshine Coast Planning Scheme 2014, current zoning, use or significant restriction, case law, sales analysis, and professional opinion Sales price per square metre (database of recent sales) adjusted for restrictions and key attributes such as land size	Nil	published indices and cost movements as assessed by the valuer and reviewed by asset managers
Buildings (Level 2)	Market value	30 June 2020	Australis Asset Advisory Group Pty Ltd	Sale prices per square metre (database of recent sales) of comparable properties, adjusted for differences in key attributes such as condition and gross building area	Nil	Cost movement analysis. Index changes in regional market evidence and construction costs.
Buildings (Level 3)	Current replacement cost	30 June 2020	Australis Asset Advisory Group Pty Ltd	Gross replacement cost. Unit rates per square metre for construction derived from industry standard cost guides, project costs from recently completed buildings, and other data available Accumulated depreciation. Useful life estimates based on construction standards, engineering advice Remaining useful lives based on planned demolition and renewals, condition assessments, completed valuations and age	Nil	published indices and cost movements as assessed by the valuer and reviewed by asset managers
Plant and Equipment (Level 3)	Historical cost	n/a	n/a	Original cost less accumulated depreciation Condition and remaining useful life review conducted on recurrent basis	n/a	n/a
Transportation Network (Level 3)	Current replacement cost	30 June 2019	Cardno (Old) Pty Ltd	Gross replacement cost Unit rates for construction derived from Council supplier arrangement contract rates for materials and services, internal labour rates, recently completed projects and other data available Accumulated depreciation. Useful life estimates based on construction standards, engineering advice, average lives of disposed assets, road use volumes and lives applied by neighbouring Councils Remaining useful lives based on age, conditions assessments, planned renewals and physical obsolescence	Nil	Cost movement analysis. Index changes in market rates of materials, labour, and the ABS implicit price deflator and price indices as assessed by valuer Review of condition assessments
Stormwater Network (Level 3)	Current replacement cost	30 June 2018	Cardno (Old) Pty Ltd	Gross replacement cost. Unit rates for construction per linear square metre or per item derived from Council supplier arrangement contract rates for materials and services, internal labour rates, recently completed projects and other available data along with development, depth and soil factors Accumulated depreciation. Useful life estimates based on construction standards, engineering advice, soil factors and lives applied by neighbouring councils Remaining useful lives based on age, condition assessments, relining program and physical obsolescence	Nil	Cost movement analysis. Index changes in market rates of materials, labour, and the ABS implicit price deflator and price indices as assessed by valuer
Other Infrastructure (Level 3)	Current replacement cost	30 June 2015	GHD Pty Ltd Australis Asset Advisory Group Pty Ltd	Gross replacement cost. Unit rates per item, linear metre for construction derived from industry standard cost guides, costs from recently completed projects, manufacturers' supply costs and other available data Accumulated depreciation. Useful life estimates based on manufacturer and construction standards, engineering advice, average lives of disposed assets, lives applied by neighbouring councils Remaining useful lives based on age, park and precinct hierarchy factors, condition assessments, planned renewals, physical obsolescence and remaining air space	Nil	Cost movement analysis. Index changes in construction costs as assessed by valuer

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

17. Intangible assets

Intangible assets are recognised at cost, and subsequent to initial recognition are held at historical cost. The financial recognition threshold for items of intangible assets is \$5,000, with items with a lesser value being expensed.

Costs associated with intangible assets are capitalised and then amortised on a straight-line basis over the period of expected benefit to Council. Intangible assets are assessed for indicators of impairment annually.

Consolidated and Council	Note	Capital Works in Progress		2021	2020
		\$'000	\$'000	Total \$'000	Total \$'000
Opening net value as at 1 July		9,785	2,099	11,883	14,177
Adjustment to opening balance		-	-	-	(891)
Plus capital expenses		-	1,651	1,651	1,684
Transfers from capital works in progress		1,175	(1,175)	-	-
Less disposals		-	-	-	(40)
Less amortisation provided in period		(2,653)	-	(2,653)	(2,957)
Transfer (to)/from property, plant and equipment	16(a)	-	26	26	(90)
Book value as at 30 June		8,307	2,601	10,908	11,883
Range of estimated useful lives in years		2-25	-		

18. Trade and other payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and were generally settled on 7 day terms in 2021 as part of Council's COVID-19 response to the community.

Accrued employee benefits comprise annual leave, leave in lieu and accrued salaries and wages. Annual leave and leave in lieu represents the amount which Council has a present obligation to pay resulting from employees' services provided up to the reporting date. The accrual is based on the present value of remuneration rates that will be paid when the liability is expected to be settled and includes related on-costs.

There has been some delay in employees taking annual leave during COVID-19 restrictions which has resulted in an increase in the annual leave balance. Council does not expect this to have a material impact.

As Council does not have an unconditional right to defer settlement of the annual leave beyond twelve months after the reporting date, annual leave is classified as a current liability.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Creditors and accruals	37,112	48,422	36,826	47,648
Accrued annual leave	16,858	14,512	16,718	14,301
Other employee entitlements	778	1,116	722	1,027
	54,748	64,050	54,266	62,976

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

19. Leases

Council as a lessee

Council has leases in place over buildings, vehicles and equipment. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right-of-use asset and lease liability is recognised on inception of the lease. Council separates non-lease components for buildings.

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

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured where there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

Council has elected to measure the right-of-use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Terms and conditions of leases

Buildings

Council has the following leases:

Two office buildings due to expire in 2022 along with two long term leases from the Department of Natural Resources for Sunshine Coast Holiday Parks.

Vehicles

Council leases vehicles and trucks which are used for operational purposes, they generally have a lease term of between 3 and 8 years. The lease payments are generally fixed for the term of the lease.

Equipment

Council leases a number of items of equipment, a number of the assets are considered low value and are therefore not subject to lease accounting.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Right-of-use assets

	Vehicles	Buildings	Equipment	Total
Consolidated and Council	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000
Opening balance 1 July	7,892	2,103	92	10,087
Additions to right-of-use assets	2,092	-	-	2,092
Adjustments to right-of-use assets due to re-measurement of lease liability	(4)	(32)	(10)	(46)
Amortisation	(3,387)	(954)	(82)	(4,422)
Closing balance at 30 June	6,594	1,118	-	7,711

Consolidated and Council

	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000
Adoption of AASB 16 at 1 July	9,144	2,937	129	12,210
Additions to right-of-use assets	2,359	98	10	2,466
Adjustments to right-of-use assets due to re-measurement of lease liability	-	-	24	24
Amortisation	(3,611)	(931)	(71)	(4,613)
Closing balance at 30 June	7,892	2,103	92	10,087

Lease liabilities

The table below shows the maturity analysis of the lease liabilities based on contractual cash flows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

Consolidated and Council	< 1 year	1-5 years	> 5 years	Total	Total per statement of financial position
	\$'000	\$'000	\$'000	\$'000	\$'000
2021	3,370	4,823	57	8,250	8,004
2020	4,499	6,023	295	10,817	10,482

Liabilities not recognised - extension options

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

Amounts included in the statement of comprehensive income related to leases

The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee.

Consolidated and Council	2021	2020
	\$'000	\$'000
Interest on lease liabilities	185	228
Amortisation of right-of-use assets	4,490	4,613
Expenses relating to short-term and low value leases	4,183	4,576 *
	8,857	9,417
Total cash outflows for leases	8,772	9,467

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Leases at significantly below market value - Concessionary / peppercorn leases

Council has a number of leases at significantly below market value for land and buildings which are used for community halls and sporting grounds.

The leases are generally between 2 and 50 years and require payments between \$1 and \$10,000 per annum. The use of the right-of-use asset is restricted by the lessors to specified community services which Council must provide. These services are detailed in the leases.

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

Council as a lessor

Operating leases

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

Rent from investment and other property is recognised as income on a periodic straight line basis over the lease term.

	Council	
	2021	2020
	\$'000	\$'000
Rental income (excluding variable lease payments not dependent on an index or rate) **	3,155	2,798
Direct operating expenses from property that generated rental income	(3,635)	(3,498) *

** Rental income includes "additional rent" of \$0.655 million (2020: \$0.884 million) related to the Sunshine Coast Airport. Further details are in Note 25.

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

	Council	
	2021	2020
	\$'000	\$'000
Not later than one year	2,002	2,578
One to five years	4,104	4,293
Later than five years	5,541	5,699
	11,647	12,570

20. Contract liabilities

	Council	
	2021	2020
	\$'000	\$'000
Development Assessment Fees paid in advance	2,305	2,370
Deposits received in advance for performance obligations in grants	4,432	4,158
Deposits received in advance of services provided (e.g. caravan park fees, events)	3,514	4,729
	10,251	11,257

All Council's contract liabilities are current liabilities

Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Council	
	2021	2020
	\$'000	\$'000
Deposits received in advance of services provided (e.g. caravan park fees, events, performance obligations in grants)	5,865	5,130

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

21. Borrowings

Borrowings are initially recognised at fair value plus any directly attributable transaction costs. Thereafter, they are measured at amortised cost. For loans from Queensland Treasury Corporation (QTC), apart from borrowings for the Sunshine Coast Airport Expansion Project (SCAEP), principal and interest repayments are made semi annually in arrears with interest being expensed as it accrues. For other loans, principal and interest (if applicable) payments are made as per the relevant loan agreements.

For SCAEP borrowings from QTC, full repayment is due on or before 1 July 2023. Borrowings will be repaid on receipt of the New Runway Construction Payment of \$297 million due from Palisade Investment Partners Limited on 30 June 2022.

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 ensures that sustainability indicators remain within acceptable levels at all times.

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Loans Queensland Treasury Corporation (QTC)	20,834	30,476	20,834	30,476
Loans other	840	840	840	840
	21,674	31,316	21,674	31,316
<u>Non-Current</u>				
Loans Queensland Treasury Corporation (QTC)	650,380	512,240	650,380	512,240
Loans other	6,910	7,495	6,910	7,495
	657,290	519,735	657,290	519,735

The market value of QTC borrowings represents the value of the debt if Council repaid the debt as at 30 June 2021. 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 1.797% (2020 3.002%).

Balance at the end of the year (Market Value)	680,360	591,728	680,360	591,728
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Loans Other

In June 2017, Council received a \$12.6 million interest free loan from Economic Development Queensland as part of the Catalyst Infrastructure Program. 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 loan is unsecured and is repayable over time with full repayment to be made on by June 2032.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland State Government. There have been no defaults or breaches of the loan agreement during the 2021 or 2020 years.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

22. Provisions

Liabilities are recognised for employee benefits such as annual and long service leave in respect of services provided by the employees up to the reporting date.

Short-term benefits which are expected to be wholly settled within 12 months are calculated on wage and salary levels which are expected to be paid and includes related employee on-costs. Amounts not expected to be wholly settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values.

(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 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 the Council's employment or other associated employment which would result in Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The provision is discounted using the Commonwealth Bond yield rates as at the calculation date with a term matching as closely as possible to the term of the long service leave liabilities.

(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 when the use of the facilities is complete.

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.

(iii) Land resumption

During detailed design, and with the advent of more accurate LIDAR laser survey technology, it has been identified that trees located in private properties beyond the north-western runway end penetrated the Obstacle Limitation Surface Approach Surface. To ensure safe operation of the new runway, it was determined that these trees required trimming prior to opening of the runway and then periodically into the future as the trees grew. To ensure access to undertake this activity, Council determined to acquire the properties on which the trees were located. Acquisition was accomplished by agreement with the property owners and transfer of title was published in the Government Gazette on 24 May 2019. The outstanding compensation amounts are yet to be determined.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current				
Long service leave	22,871	22,314	22,687	22,140
Landfill and quarry rehabilitation	3,429	4,457	3,429	4,457
Per- and poly-fluoroalkyl substances (PFAS) mitigation	-	3,320	-	3,320
	26,300	30,092	26,116	29,917
Non-current				
Long service leave	4,213	3,613	4,044	3,463
Landfill and quarry rehabilitation	47,863	43,785	47,863	43,785
Land resumption	3,320	3,320	3,320	3,320
	55,396	50,717	55,227	50,567

Movements in non-employee benefit provisions:

Landfill and Quarry rehabilitation

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of financial year		48,241	43,260	48,241	43,260
Increase/(decrease) in provision due to effect of interest rate movement		(4,243)	3,463	(4,243)	3,463
Increase/(decrease) in provision due to unwinding of discount	8	38	84	38	84
Increase/(decrease) in provision due to change in estimate		9,108	3,340	9,108	3,340
Increase/(decrease) in provision as a result of actual expenditure incurred during the year		(1,852)	(1,905)	(1,852)	(1,905)
Balance at end of financial year		51,292	48,241	51,292	48,241

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 2020/21 an increase in the provision for the landfill and quarry rehabilitation of \$3.051 million (2020 \$4.981 million) was recognised largely due to an increase in interest rates from 0.87% to 1.49%, updated timing of expected expenditure for landfill sites, and an increase in the estimate for the Quarry.

Landfill site	Post closure monitoring cost completion year
Buderim	2034
Coolum	2040
Pierce Avenue	2061
Nambour Landfill	2072

At 30 June 2021 the net present value of the projected costs over the next 30 years has been assessed as \$36.994 million for landfill (2020: \$37.966 million) and \$2.6 million for the quarry rehabilitation. Capital Market Yields - Government 10 year bond rate for 2021 was 1.49% (2020: 0.87%).

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

23. 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Unearned revenue	1,823	1,035	1,767	1,005
Prepaid rates	11,461	10,119	11,461	10,119
	13,284	11,154	13,228	11,124

24. Commitments for expenditure

Contractual commitments

Contractual commitments at balance date but not recognised in the financial statements are as follows:

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Within one year	73,675	56,395	73,293	56,395
One to five years	45,101	110,970	45,101	110,970
Greater than five years	15,256	20,472	15,256	20,472
	134,032	187,838	133,650	187,838

Capital commitments

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

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Aerodromes	31	-	31	-
Buildings and Facilities	2,729	5,544	2,729	5,544
Coast and Canals	184	594	184	594
Corporate Major Projects	48,101	13,687	48,101	13,687
Minor Works Program	669	700	669	700
Environmental Assets	506	279	506	279
Fleet	123	1,256	123	1,256
Holiday Parks	73	575	73	575
Information Technology	748	710	748	710
Parks, Gardens and Reserves	5,837	4,378	5,837	4,378
Quarries	19	131	19	131
Stormwater	2,624	1,096	2,624	1,096
Strategic Land and Planning	270	1,981	270	1,981
Sunshine Coast Airport Expansion Project	856	26,464	856	26,464
Transportation	55,714	24,057	55,714	24,057
Waste	1,707	4,717	1,707	4,717
These expenditures are payable within one year	120,191	86,171	120,191	86,171

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

25. Contingencies

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, which commenced on 1 December 2017, Council is 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 2021.

Council received \$0.655 million (2020: \$0.884 million) from the Sunshine Coast Airport, being \$0.006 million higher than original forecast. Future revenue payments of \$1.181 million are included in Council's 2021/22 Adopted Original Budget. The future payments may exceed or be less than these estimates, depending on future airport activities and the impacts of COVID-19 on the airline industry.

Contingent liabilities

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

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 30 June 2021 there are 60 insurance claims under management with Council's public liability insurer, LGM (2020: 45). The amount required assuming the claims proceed to settlement is:	536	432	536	432
At 30 June 2021 there are 14 compulsory land acquisition claims (2020: 24) pending and are not expected to exceed:	11,425	13,644	11,425	13,644
At 30 June 2021, the 3 standard commercial warranties valid in the prior year have now expired.	-	98,000	-	98,000
At 30 June 2021 Council may be required by the Department of Environment and Science (DES), to treat water on the Sunshine Coast Airport site that has been contaminated with per- and poly-fluoroalkyl substances (PFAS). The amount required in the event of a legal requirement is:	20,000	20,000	20,000	20,000
Total Contingent liabilities	31,961	132,076	31,961	132,076

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 for which is not admitted, has not been quantified as they are still in progress.

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 \$3,147,709 (2020: \$2,877,529). The latest audited financial statements for Local Government Workcare are as at 30 June 2020 and show accumulated member funds (equity) of \$42.163 million.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Local Government Mutual

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.

The latest audited financial statements for LGM Queensland are as at 30 June 2020 and show accumulated member funds (equity) of \$74.664 million, and it is not anticipated any liability will arise.

26. Superannuation

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

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

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

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

The last completed actuarial assessment of the scheme as required under Superannuation Prudential Standard 160 was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The measure of vested benefits represents the value of benefit entitlements should all participating employees voluntarily exit the scheme. Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is due 1 July 2021.

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

Investment risk - The risk that the scheme's investment returns will be lower than assumed and additional contributions are needed to fund the shortfall.

Salary growth risk - The risk that wages or salaries will rise more rapidly than assumed, increasing vested benefits to be funded.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

	Consolidated		Council		
	2021	2020	2021	2020	
	Note	\$'000	\$'000	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund		1,490	1,393	1,490	1,393
Other superannuation contributions for employees		13,991	14,418	13,991	14,239
Total superannuation contributions paid by Council for employees	6	15,482	15,812	15,482	15,632

27. Controlled entities

Council has 100% controlling interests in Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd.

The Sunshine Coast 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 providing development management services for the Maroochydore City Centre project.

The following table shows revenue and expenses before consolidating eliminations.

Controlled entity	SunCentral Maroochydore Pty Ltd		Sunshine Coast Events Centre Pty Ltd	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue	5,491	13,032	3,111	3,231
Expense	(5,473)	(12,988)	(3,004)	(3,263)
Surplus/(deficit)	18	44	107	(32)

Controlled entities that have not been consolidated

Council has 100% controlling interest in Sunshine Coast Arts Foundation Ltd, however because of its size and nature it is not material to Council's operations and has not been consolidated into Council's accounts.

The principal objects of the foundation are for the public charitable purposes of promoting and advancing arts, craft, design, visual arts, movable cultural heritage, Aboriginal arts, and community arts. Council has no control over the assets. The net profit for the foundation in 2021 was \$0.024 million (2020: \$0.057 million)

28. Trust funds

	Consolidated		Council	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
	12,720	7,510	11,642	7,305

In accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*, a separate trust bank account and separate accounting records are maintained for funds held on behalf of outside parties.

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.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

	Note	Consolidated		Council	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Net result		203,241	177,766	164,335	136,308 *
Non-cash items					
Depreciation and amortisation	16,17	98,181	96,630	98,156	96,571 *
Share of net profit of equity accounted investment		(38,781)	(41,466)	-	-
Unwinding of discount on below market borrowings		254	-	254	-
Infrastructure from developers at fair value		(102,524)	(115,683)	(102,524)	(115,683)
		<u>(42,870)</u>	<u>(60,519)</u>	<u>(4,114)</u>	<u>(19,112)</u>
Investing activities					
Net loss on disposal of property, plant and equipment		851	10,631	851	10,631
Non-recurrent sale from contracts		(14,373)	(186)	(14,373)	(186)
Non-recurrent grants and contributions		(79,134)	(41,375)	(79,134)	(41,375)
Early repayment adjustment	8	34,346	-	34,346	-
		<u>(58,311)</u>	<u>(30,930)</u>	<u>(58,311)</u>	<u>(30,930)</u>
Changes in operating assets and liabilities					
(Increase)/decrease in receivables		(17,035)	2,832	(17,722)	2,009
(Increase)/decrease in inventory		2,633	(982)	3,455	99
Increase/(decrease) in payables		(8,671)	(10,607)	(8,710)	(10,518)
Increase/(decrease) in contract liabilities		(1,006)	11,257	(1,006)	11,257
Increase/(decrease) in other liabilities		2,136	(19,255)	2,104	(19,215)
Increase/(decrease) in other provisions		858	(11,429)	860	(11,546)
		<u>(21,085)</u>	<u>(28,184)</u>	<u>(21,019)</u>	<u>(27,914)</u>
Net cash inflow from operating activities		80,976	58,131	80,891	58,351

30. Reconciliation of liabilities arising from financing activities

For the year ended June 2021	As at 30 June 2020	Change in accounting policy	Cash flows	Non-cash changes (Leases)	Non-cash changes (Fair Value)	As at 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
Borrowings *	551,051	-	93,313	34,346	254	678,964
Lease Liabilities	10,482	-	(4,882)	2,219	185	8,004
	561,533	-	88,431	36,565	439	686,968
Council						
Borrowings	551,051	-	93,313	34,346	254	678,964
Lease Liabilities	10,416	-	(4,774)	2,082	185	7,909
	561,467	-	88,539	36,428	439	686,873

* Borrowings include a non-cash adjustment for an early repayment adjustment as a result of refinancing Council's debt. Refer note 8.(b) for further details.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

For the year ended June 2020	As at 30 June 2019 \$'000	Change in accounting policy \$'000	Cash flows \$'000	Non-cash changes (Leases) \$'000	Non-cash changes (Fair Value) \$'000	As at 30 June 2020 \$'000
Consolidated						
Borrowings	407,488	-	143,291	-	272	551,051
Lease Liabilities	-	12,651	(4,662)	2,493	-	10,482
	407,488	12,651	138,629	2,493	272	561,533
Council						
Borrowings	407,488	-	143,291	-	272	551,051
Lease Liabilities	-	12,651	(4,662)	2,427	-	10,416
	407,488	12,651	138,629	2,427	272	561,467

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

Risk Management Framework

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's Audit Committee oversees how management monitors compliance with Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by Council. Council's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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.

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations.

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.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

The exposure to credit risk for trade receivables by type of counterparty was as follows:

	Consolidated		Council	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Property Charges	11,376	12,019	11,376	12,019
Trade and other debtors	35,884	22,820	35,795	22,261
Contract Receivables - Sunshine Coast Airport Expansion Project	296,772	248,226	296,772	248,226
Loans to associates	434,393	434,393	434,893	434,893
Receivable other	696	4,176	696	4,176
Total	779,123	721,634	779,534	721,575

The carrying amounts of financial assets at the end of the reporting period represent the maximum exposure to credit risk for Council. Refer Note 12.

Expected credit loss assessment

Council uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

After reviewing macro-economic conditions, Council reached the conclusion that forward looking conditions indicated no foreseeable expected deviations from historically calculated ratios, thus no forward-looking adjustments were made.

Write offs throughout the year and End of Period Expected Credit Losses for Receivables Consolidated and Council - 2021

	Gross carrying amount \$'000	Historical probability of default %	Lifetime expected credit loss \$'000	Credit impaired \$'000
Statutory Charges				
Current				
Not past due	8,425	<.01%	(7)	8,419
Past due 31-60 days	147	<.01%	-	147
Past due 61-90 days	270	<.01%	-	270
More than 90 days	2,534	<.01%	(2)	2,532
Total	11,377	-	(9)	11,370
Other Debtors				
Current				
Not past due	766,436	<.01%	(597)	765,839
Past due 31-60 days	579	<.01%	-	579
Past due 61-90 days	258	<.01%	-	258
More than 90 days	1,080	<.01%	(1)	1,079
Total	768,353	-	(598)	767,753

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Consolidated and Council - 2020

	Gross carrying amount \$'000	Historical probability of default %	Lifetime expected credit loss \$'000	Credit impaired \$'000
Statutory Charges				
Current				
Not past due	8,447	<.01%	(8)	8,439
Past due 31-60 days	629	<.01%	(1)	629
Past due 61-90 days	209	<.01%	-	209
More than 90 days	2,733	<.01%	(2)	2,731
Total	12,019	-	(11)	12,008
Other Debtors				
Current				
Not past due	707,263	<.01%	(635)	706,629
Past due 31-60 days	420	<.01%	-	420
Past due 61-90 days	197	<.01%	-	197
More than 90 days	2,382	<.01%	(2)	2,380
Total	710,263	-	(637)	709,626

All amounts that were written off during the reporting period and are no longer subject to enforcement activity.

Interest is charged on outstanding rates. No interest is charged on other debtors.

Liquidity risk

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

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

Council is exposed to liquidity risk through its normal course of business and through its borrowings from QTC and other institutions.

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits, both short and long term, to cater for unexpected volatility in cash flows.

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 policies introduced by Council to support customers through COVID-19, as well as the pandemic itself have impacted expected timing of cash flows for Council. This has led to a slight increase in liquidity risk resulting in higher debtors and a lower cash flow position, however at this time the effect on Council is minimal.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

The following sets out the liquidity risk of financial liabilities (excluding lease liabilities for 2021, refer Note 19) held by Council. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

Consolidated		0 to 1 year	1 to 5 years	Over 5 years	Total
	Note	\$'000	\$'000	\$'000	\$'000
2021					
Trade and other payables	18	37,112	-	-	37,112
Loans - Queensland Treasury Corporation	21	28,700	378,900	363,466	711,067
Loan - Economic Development Queensland	21	840	3,360	5,040	9,240
		66,652	382,260	368,506	817,418
2020					
Trade and other payables	18	48,422	-	-	48,422
Loans - Queensland Treasury Corporation	21	40,879	371,110	214,025	626,014
Loan - Economic Development Queensland	21	840	3,360	5,880	10,080
		90,140	374,470	219,905	684,516
Council					
	Note	0 to 1 year	1 to 5 years	Over 5 years	Total
		\$'000	\$'000	\$'000	\$'000
2021					
Trade and other payables	18	36,826	-	-	36,826
Loans - Queensland Treasury Corporation (QTC)	21	28,700	378,900	363,466	771,067
Loan - Economic Development Queensland (EDQ)	21	840	3,360	5,040	9,240
		66,366	382,260	368,506	817,132
2020					
Trade and other payables	18	47,648	-	-	47,648
Loans - Queensland Treasury Corporation (QTC)	21	40,879	371,110	214,025	626,014
Loan - Economic Development Queensland (EDQ)	21	840	3,360	5,880	10,080
		89,367	374,470	219,905	683,742

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

Market risk

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

Interest rate risk

Council is exposed to interest rate risk through its 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.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Sensitivity

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

Council accounts for the interest free loan from Economic Development Queensland at Fair Value through Profit or Loss.

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 and Council	Net carrying amount		Effect on Net Result 1% increase/(decrease)		Effect on Equity 1% increase/(decrease)	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	208,320	199,675	2,083	1,997	2,083	1,997
QTC Loans	(671,214)	(542,715)	-	-	-	-
Other Loans	(9,240)	(10,080)	-	-	-	-
Net total	(472,135)	(353,120)	2,083	1,997	2,083	1,997

The risk in borrowing is effectively managed by borrowing 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.

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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Queensland Treasury Corporation (QTC) borrowings	671,214	542,715	680,360	591,728
Economic Development Queensland borrowings	9,240	10,080	7,750	8,335
	680,454	552,795	688,110	600,064

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 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 21.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

The competitive neutrality principle provides that a government entity conducting a business activity in competition with the private sector should not enjoy a net advantage over its competitors only because it is in the public sector.

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

(a) Significant business activities

The expenditure threshold for identifying a "significant business activity" for the 2020/21 financial year is \$9.70 million.

Council has resolved to apply the competitive neutrality principle to the Waste and Resources Management significant business activity through full cost pricing.

This requires charging for goods or services at the full cost of providing the goods or service in accordance with the pricing provisions and identifying the cost of community service obligations (CSO).

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) operational costs;
- b) administrative and overhead costs;
- c) cost of resources;
- d) depreciation expense;
- e) equivalents for Commonwealth or State taxes;
- f) equivalents for the cost of funds advantage Council obtains because of State guarantees on borrowings;
- g) return on capital (i.e. cost of debt plus return on equity invested in the business).

The CSO value is determined by Council, and represents an activity's costs(s) which would not be incurred if the primary objective of the activity was to make a profit.

Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be a CSO.

Full cost pricing is successfully applied if the total expected revenue from providing all of the activity's goods and services, including any CSO, is enough to meet expected total costs as defined above.

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

The expenditure threshold for identifying a "prescribed business activity" for the 2020/21 financial year is \$340,000.

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

- a) Sunshine Coast Holiday Parks
- b) Quarries

This requires the application of the competitive neutrality principle, the pricing provisions and identifying any CSO.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

(c) Business activity statements

The following activity statements are for activities subject to the competitive neutrality principle:

	Sunshine Coast Holiday Parks 2021 \$'000	Quarry Business Activity 2021 \$'000	Waste and Resource Management 2021 \$'000
Revenue for services provided to Council	813	2,781	1,167
Revenue for services provided to external clients	19,503	1,723	79,226
Community Service Obligations (CSO's)	-	226	1,171
	20,316	4,730	81,564
Less : Expenditure	13,514	10,419	64,984
Surplus / (deficit)	6,802	(5,689)	16,581

Description of CSO's provided to business activities:

	Net cost 2021 \$'000	Net cost 2021 \$'000
Margin applied to internal sales	226	
Waste collection and disposal charges for charitable organisations		1,171

33. Related party disclosures

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

(a) Transactions with Subsidiaries

SunCentral Maroochydore Pty Ltd (wholly owned entity)

	2021 \$'000	2020 \$'000
Revenue		
Receipt of contributions and sponsorship from subsidiary	10	74
Expenditure		
Purchase of materials and services from subsidiary	-	(4)
Annual development management fee paid to subsidiary	(1,850)	(1,971)
Maroochydore City Centre development costs paid to the subsidiary in accordance with established Development Service Contracts	(3,557)	(10,192)
Total	(5,397)	(12,093)

SunCentral Maroochydore Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2021/22 financial year. No SunCentral employees are related parties of Council.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

Sunshine Coast Events Centre Pty Ltd (wholly owned entity)

	2021	2020
	\$'000	\$'000
Revenue		
Recoupment of operating costs paid on behalf of the subsidiary	194	228
Recoupment of internal service costs from the subsidiary	89	89
Expenditure		
Operational funding paid to subsidiary	(1,562)	(1,527)
Purchase of materials and services from subsidiary	(38)	(74)
Maintenance and equipment provided to subsidiary	-	(3)
Payment of operating costs on behalf of the subsidiary	(204)	(245)
Provision of internal services to the subsidiary	(383)	(356)
Capital expenditure incurred on the property	(251)	(963)
	(2,155)	(2,851)

Sunshine Coast Events Centre Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2021/22 financial year. No Events Centre employees are related parties of Council.

Sunshine Coast Arts Foundation Ltd (controlled entity)

	2021	2020
	\$'000	\$'000
Revenue		
Receipt of venue hire revenue from subsidiary	2	-
Expenditure		
Operational funding paid to subsidiary	(106)	(106)
Specific project funding	-	(10)
Insurance premiums	-	(3)
	(104)	(119)

The Sunshine Coast Arts Foundation Ltd is currently dependent on funding provided by Council as part of a three year funding agreement expiring in 2021. The foundation aims to be self-funding from 2022. Cr Baberowski, a member of Council's Key Management Personnel, was appointed as a director of the foundation by a resolution of the Sunshine Coast Council in August 2018.

(b) Transactions with associates

Unitywater (associate)

	2021	2020
	\$'000	\$'000
Revenue		
Interest paid to Council	19,592	21,112
Recoupment Unitywater expenses incurred by Council	451	571
Participation returns (dividends) paid to Council	13,200	12,321
Tax equivalent paid to Council	17,054	16,409
Expenditure		
Water and sewerage charges for Council properties	(4,454)	(4,526)
Purchase of materials and services	(946)	(594)
	44,897	45,293

Further detail regarding Unitywater is contained in Note 14 Equity accounted investment.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

(c) Transactions with Key Management Personnel

Key Management Personnel include the Mayor and Councillors, Chief Executive Officer and members of the Executive Leadership Team. Compensation paid to Key Management Personnel comprises:

	2021 \$'000	2020 \$'000
Short term employee benefits	(4,601)	(5,009)
Post employment benefits	(472)	(508)
Long term employee benefits	-	(65)
Termination benefits	-	(333)
	(5,073)	(5,915)

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.

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

	2021 \$'000	2020 \$'000
(i) Employee expenses for close family members of key management personnel	(135)	(193)
(ii) Purchase of materials and services from entities controlled by close family members of key management personnel	-	(2,307)
(iii) Development applications submitted by related parties of key management personnel	1	6
	(134)	(2,494)

- (i) 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 and fill office and field staff roles.
- (ii) There were no purchases of materials and services from entities controlled by close family members of key management personnel in 2020/21.
- (iii) All development applications are assessed in accordance with relevant legislative requirements and paid for by applicants as per Council's adopted Fees & Charges. Council received over 20,000 (2020: 29,000) development applications during the year, 8 (2020: 19) of which were from related parties.

(e) Outstanding balances

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

	2021 \$'000	2020 \$'000
Receivables		
(i) Not past due	10	2
Past due	2	-
Past due more than 90 days	9	32
	21	34

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.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

(f) Loans and guarantees to/from related parties

Details	2021 \$'000	2020 \$'000
Loan to associate (Unitywater) - subordinated debt	434,393	434,393

Refer to Note 31 Financial instruments and financial risk management.

(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. Restated balances

30 June 2021

- (a) During 2020/21, Council identified a prior period error that related to contributed assets that had acquisition dates prior to 1 July 2020. As a result, for 2019/20 Council had understated its contributed revenue and property, plant and equipment by \$18.066 million and applicable depreciation by \$0.259 million. To correct the impact of the prior period error, Council has adjusted the 2019/20 comparative amounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and notes where indicated.
- (b) During 2020/21, Council identified a prior period error that relates to asset records which have not previously been financially recognised, along with some erroneous records that have been removed from the financial register and operating expenditure held in works in progress that relates to dates prior to 1 July 2020. As a result, for 2019/20 Council had understated its plant and equipment and intangibles by \$10.399 million and associated depreciation and amortisation by \$5.063 million. To correct the impact of the prior period error, Council has adjusted the 2019/20 comparative amounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and notes where indicated.

<u>Council</u>		Actual	Adjustments	Restated
<i>Statement of Comprehensive Income</i>		2020	2020	2020
<i>(Extract)</i>	Note	\$'000	\$'000	\$'000
Non-recurrent revenue				
Grants, subsidies, contributions, donations and other	4(b)	138,992	18,066	157,058
Total non-recurrent revenue		139,178	18,066	157,244
Total income		592,118	18,066	610,185

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2021

		Actual	Adjustments	Restated
	Note	2020	2020	Actual
		\$'000	\$'000	2020
				\$'000
Recurrent expenses				
Materials and Services	7	194,849	3,115	197,965
Depreciation and amortisation	16	88,780	259	89,038
Total recurrent expenses		454,408	3,374	457,782
Net result/(deficiency)		121,615	14,693	136,308
Total comprehensive income for the year		117,247	14,693	131,940
Statement of Financial Position (Extract)				
Non-current assets				
Property, plant and equipment	16	4,523,368	18,851	4,542,219
Intangibles	17	12,774	(891)	11,883
Inventories	13	36,568	2,068	38,636
Total non-current assets		5,825,299	20,028	5,845,328
Total assets		6,076,785	20,028	6,096,813
Community equity				
Retained surplus/(deficiency)		4,691,253	20,028	4,711,281
Total community equity		5,349,477	20,028	5,369,505

3. MANAGEMENT CERTIFICATE



Financial Statements

MANAGEMENT CERTIFICATE

For the year ended 30 June 2021

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 51, 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.

A handwritten signature in black ink, appearing to be "Mark Jamieson", written over a dotted line.

Cr Mark Jamieson
Mayor
Sunshine Coast Regional Council

Dated: 7 October 2021

A handwritten signature in black ink, appearing to be "Emma Thomas", written over a dotted line.

Emma Thomas
Chief Executive Officer
Sunshine Coast Regional Council

Dated: 7 October 2021

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 2021, 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 2021, 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 Mayor and Chief Executive Officer.

Basis for opinion

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

I am independent of the council 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 Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements. I addressed these matters in the context of the audit of the financial report as a whole and in forming my opinion. I do not provide a separate opinion on these matters.

Note 16(a) Property, plant and equipment—Infrastructure assets (\$3.4b)

Key audit matter	How my audit addressed the key audit matter
<p>Council's infrastructure assets (transport network, stormwater network and other infrastructure) were measured at fair value at balance date using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> • Gross replacement cost, less • Accumulated depreciation <p>Council values the gross replacement cost of its infrastructure assets with reference to the unit rate at which it could construct a substitute asset of comparable quality in the normal course of business.</p> <p>Council engaged qualified consultants to provide cost movement indices to derive unit rates as at 30 June 2021.</p> <p>Unit rates require significant judgement for determining the:</p> <ul style="list-style-type: none"> • parts of assets (components) that are replaced at different times in the asset life-cycle, or that have materially different replacement costs due to physical location attributes • average project dimensions • tasks (and applicable costs) required for replacing components, excluding those that result in duplication or are ineligible for inclusion in the cost of an asset • on-costed labour charges • directly attributable service, materials, and plant costs (inputs) for each applicable task • indices for measuring subsequent changes in unit rates. <p>In measuring accumulated depreciation, council's engineers and asset managers use significant judgement for estimating how long asset components will provide future economic benefits for. Asset lives are dependent on a range of factors including asset management practices, maintenance programs, construction materials and construction methods, obsolescence, environmental factors, degradation through use, management intentions and fiscal availability.</p> <p>The significant judgements required for gross replacement cost and useful lives outlined above are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the competence, capabilities and objectivity of valuers who have provided information on unit rates and unit cost movements • assessing the reasonableness of unit rates by evaluating the methods by which council determined the movement in unit cost indices and reasonableness of the result. This was done by: <ul style="list-style-type: none"> ▪ inquiring with council management and the independent valuer to identify if there had been any significant changes to construction costs resulting from factors such as changed building codes, environmental or safety regulations, construction methods and technological advances ▪ corroborating council's representations against recent construction activity and asset management plans ▪ obtaining an understanding of the methodologies used and assessing their design, integrity and appropriateness with reference to common industry practice ▪ considering evidence of labour rate changes and supplier rate changes ▪ comparison with other publicly available indices and other available information on the movement of key cost drivers. • assessing the reasonableness of useful lives by: <ul style="list-style-type: none"> • reviewing management's annual assessment of useful lives • reviewing for evidence of infrastructure obsolescence, failure or disposals that could indicate a remaining useful life less than what is recorded • reviewing for evidence of infrastructure assets continuing to be used for longer than their recorded useful lives • comparing council's infrastructure useful life assumptions to other local councils • considering whether council's asset management plans are consistent with useful lives assigned to infrastructure assets • assessing council's processes for performing asset condition assessments and adjusting in its asset registers and financial systems.

Other information

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

At the date of this auditor's report, the available other information in Sunshine Coast Regional Council's annual report for the year ended 30 June 2021 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

The councillors are also responsible for assessing the council's 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 2021:

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

Prescribed requirements scope

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



C G Strickland
as delegate of the Auditor-General

8 October 2021

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 2021

Measures of Financial Sustainability

Council's performance at 30 June 2021 against key financial ratios and targets:

		Consolidated 2021	Council 2021	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	2.2%	-5.9%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	75.7%	75.7%	Greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	49.6%	54.3%	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 2021.

Note 2 - Impact of Early Repayment Adjustment

During 2021 Council refinanced its existing loan portfolio and increased the principal amount which resulted in one-off early repayment costs of \$34.346 million. The refinanced amount will result in lower interest rates and free up cash flow through lower repayments over the life of the loan portfolio.

The early repayment costs have impacted the Operating Surplus Ratio, and if this hadn't occurred, the ratio would have been 1.4% which is within the targeted range.

Certificate of Accuracy

For the year ended 30 June 2021

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

Dated: 7 October 2021



Emma Thomas
Chief Executive Officer
Sunshine Coast Regional Council

Dated: 7 October 2021

5. CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT

Independent Auditors 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 Sunshine Coast Regional Council for the year ended 30 June 2021, 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 for the year ended 30 June 2021 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Sunshine Coast Regional Council's annual report for the year ended 30 June 2021 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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.



C G Strickland
as delegate of the Auditor-General

8 October 2021

Queensland Audit Office
Brisbane

6. UNAUDITED LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT

Certificate of Accuracy – for the Long Term Sustainability Statement



Long-Term Financial Sustainability Statement

Sunshine Coast Regional Council

For the year ended 30 June 2021

Measures of Financial Sustainability				Forward Estimates								
Council	Measure	Target	Actuals at 30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	30 June 2030
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	-5.9%	3.8%	5.9%	7.8%	8.6%	9.9%	9.7%	10.2%	10.7%	10.0%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	75.7%	85.6%	88.4%	84.1%	79.9%	79.5%	75.8%	71.5%	74.1%	78.5%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	54.3%	80.5%	87.6%	86.0%	73.4%	60.0%	50.9%	40.0%	31.6%	28.8%

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 forward estimates are aligned with Council's Long Term Financial Forecast, Financial Plan, Corporate Plan, Operational Plan and the Department of Infrastructure, Local Government and Planning financial sustainability measures.

The Operating Surplus Ratio, indicating the extent to which revenues cover operational expenses only, has been negatively impacted by COVID-19 in the amount of \$8.762 million. In addition, Council refinanced its existing loan portfolio and increased the principal amount which resulted in one-off early repayment costs of \$34.346 million. The early repayment costs have impacted the Operating Surplus Ratio, and if this hadn't occurred, the ratio would have been 1.4% which is within the targeted range.

The Asset Sustainability Ratio (reflecting the ongoing development of Council's asset management plans) is a strong result considering Council's relatively young asset base and reflects Council's ongoing commitment to the renewal of its assets.

The Sunshine Coast region has experienced exponential growth in recent periods, leading to an increase in new and contributed assets. The influx of new assets is reducing the collective age of Council's assets, lowering the requirement of renewals expenditure and the Asset Sustainability Ratio forecast. Sunshine Coast Council's renewal program is based on asset management plans and is completed in conjunction with a stringent scheduled maintenance program.

Although the Net Financial Liabilities Ratio is within target, this is due to the Sunshine Coast Airport Expansion Project Contract Receivable of \$297 million moving from non-current assets to current assets. Without this movement, the ratio would have exceeded the target at 117.3%. Council has significant borrowings for this project, which will be repaid on receipt of the \$297 million from Palisade Investment Partners Limited due on 30 June 2022.

The Financial Management (Sustainability) Guideline 2013 states “high average Net Financial Liabilities ratio projections over the long-term are typically indicative of a local government that is undertaking/has undertaken significant infrastructure projects. Whilst some local governments may not achieve the recommended target for Net Financial Liabilities Ratio on average over the long-term, this does not necessarily indicate that a local government is likely to be unsustainable over the long-term. In such cases, well-managed local governments with robust financial management systems and the ability to service current and projected debt levels, can maintain long-term sustainability and average Net Financial Liabilities ratio projections over the long-term that exceed the recommended target.”

Certificate of Accuracy

For the year ended 30 June 2021

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: 7 October 2021



Emma Thomas
Chief Executive Officer
Sunshine Coast Regional Council

Dated: 7 October 2021



Our region.
**Healthy.
Smart.
Creative.**

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