

Sunshine Coast Council Annual Report 2017/2018



Acknowledgement of Country

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



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Acknowledgements

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

Disclaimer

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Welcome

Welcome to the Sunshine Coast Council's Annual Report 2017/2018.

This report describes Council's achievements in delivering services to the Sunshine Coast region and shows Council's progress in delivering the actions from the *Corporate Plan 2018–2022 and Operational Plan 2017/2018*.

The annual report is one of the ways Council connects with our community and it shows:

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



Section 1 Introduction



Message from the Mayor

The Sunshine Coast is evolving as one of Australia's leading city regions and our Council is playing its part in shaping a future that maintains and enhances the region's outstanding environmental assets, strengthens the social fabric of our communities and generates jobs and prosperity for current and future generations.

This is at the heart of our vision for the Sunshine Coast to be Australia's most sustainable region – healthy, smart, creative. It underpins what we do every day in responding to the needs of our community, but also shapes our planning for a future where the liveability, community attributes and environmental assets we enjoy continue to be a hallmark of the Sunshine Coast.

This last year has continued to be another eventful period in the history of our organisation and our region. We have acknowledged the 50th Anniversary of the naming of the Sunshine Coast and supported communities across the region to celebrate this milestone in ways that reflect their experiences and aspirations locally.

Our celebrations have also been an opportunity to recognise and showcase the rich history of the Sunshine Coast, reflecting thousands of years for our Indigenous cultural heritage and how the region has developed since the earliest days of European settlement.

It was also fitting that in this, our 50th Anniversary year, we put in place a blueprint for how our environment and lifestyle will be shaped and maintained into the future. Looking back also provides us with a platform for looking forward. The adoption of our Environment and Liveability Strategy in September 2017 was another important marker in shaping the future of our Sunshine Coast where our environmental assets and lifestyle are nurtured and enhanced.

This strategy also contained an important objective to maintain the extent of native vegetation at 2016 levels by 2041 (no net loss). In keeping with this commitment, Council invested \$7.3 million in purchasing nine environmentally significant properties, totaling 405 hectares, across three catchments. These properties add to our substantial conservation estate totaling 6920 hectares – which is arguably one of the most important investments that Council has made for the future of our community.

Our conservation estate protects and preserves land of environmental significance and maintains important wildlife habitat and ecosystems – something that Council is proud to advance in the interests of our residents, both those who live here now and those who will call the Sunshine Coast home in the years ahead.

In keeping with our environment and liveability goals, Council also commissioned the Sunshine Coast Solar Farm at Valdora in July 2017. Our Council is the first local government in Australia to have developed a solar farm, but importantly, we are also the first government in Australia to offset 100% of its electricity consumption with energy from a renewable source.

In its first year of operation, the solar farm has exceeded expectations, saving Council \$1.7 million in the first year – nearly double the original projections. More than 26,300 megawatt hours of energy have been produced in 12 months and more than 20,500 tonnes in carbon emissions have been offset — the equivalent of taking about 4300 cars off the road for one year.

Our continuing commitment to the invaluable work of our region's community organisations has also been front and centre throughout the year. Over \$4.6 million was distributed to more than 1000 not-for-profit organisations and individuals for an array of projects, events and activities that build the social fabric of our region. The value of our partnerships with community organisations will

be reinforced through Council's commitment of \$7 million in 2018-2019 for community events and grants - one of the largest community funding commitments of any Council in Queensland.

Over the past year, Council has also rolled out the welcome mat to host 58 major events, which attracted 135,500 visitors and generated around \$68.9 million in economic activity across the region.

A particular highlight was witnessing the community connect with more than 500 athletes from 10 different countries at 12 Council events in preparation for the 2018 Commonwealth Games. The Queen's Baton Relay also passed through our region in March on its way to the opening ceremony of the Games, with thousands of people lining the streets and attending a welcome festival for the Baton at Caloundra.

Events like these bring our community together, showcase our hospitality and the true Sunshine Coast spirit to the world. They provide the opportunity to demonstrate what makes our region one of the most desirable places in Australia to live, work and visit.

Sport and fitness continue to be an intrinsic part of the lifestyle on the Sunshine Coast, but also play an important role in supporting the regional economy and the wellbeing of our community. In addition to maintaining and enhancing our community sport and recreation facilities, Council also supported the establishment of the Australian Cycling Academy – Ride Sunshine Coast team which was launched in December 2017. Our community also celebrated with enormous pride and enthusiasm when our very own Sunshine Coast Lightning won the Suncorp Super Netball series – a fantastic achievement for a club in its inaugural season on the court and for the only regionally based club in what is largely a competition focused on the capital cities.

Our efforts to transform and build a strong regional economy were also an important feature of Council's work over the course of the last year.

Australia's first truly smart city at Maroochydore is coming to life, with construction well and truly underway. In just 12 months, more than \$10 million in infrastructure has been delivered underground including the pipework for Australia's first underground pneumatic waste network. The new gateway into our city centre and associated works are on track for completion by the end of 2018.

The Airport Expansion Project, which is forecast to contribute \$4.1 billion to the Sunshine Coast economy through to 2040, is also full steam ahead. Construction of the new runway commenced in April 2018 and is due to be operational by the end of 2020. This game-changing project will unlock new tourism opportunities, provide an important freight gateway and open up international trade prospects for our region.

Our Sunshine Coast International Broadband Network Project has also progressed at an accelerated pace, with Council having engaged with a commercial partner and secured a funding contribution of \$15 million from the Queensland Government to help make this transformational project a reality.

An International Broadband Network will open up a world of opportunities, generating more than 800 new jobs and a potential economic boost of \$927 million to Queensland, as well as placing the Sunshine Coast on the global business map.

Without a doubt, this has been an eventful year. Our Council looks forward to working with the community as we continue to drive a healthy, smart, creative future for our Sunshine Coast.

Mark Jamieson
Mayor



'In its first year of operation the solar generated more than 26,300 megawatt hours of energy, saved more than 20,500 tonnes in carbon emissions and received five prestigious awards.'



Message from the Chief Executive Officer

I continue to be proud that excellence through service remains at the core of everything we do at Sunshine Coast Council.

It is the commitment of our organisation and our people to go above and beyond that is delivering real value for our customers.

And it is our hard-working people who are behind the delivery of our everyday services—managing roads, maintaining parks, delivering library services, collecting waste and recycling, managing stormwater, waterways and beaches, supporting local business and creating investment opportunities, providing sporting and community facilities and keeping our community safe.

Our role is complex and challenging. We manage more than 300,000 different assets with an approximate value of \$5 billion. Every member of the community uses these assets every day—from parks to paths, creeks to community centres, from dunes to drains, streetlights to switchboards, and graders to gravel. This highlights the breadth of our services and the challenges in our regulatory service role to maintain and enhance the amenity of our region.

At the heart of everything we do is our commitment to serving our community. We assisted over 250,000 customers at our contact centres, received over 50,000 development enquiries and 9000 people took advantage of our live chat facility.

Council libraries hosted over 2900 events and activities with 50,000 participants attending. Our community events area hosted over 3400 events that attracted more than 600,000 participants, and 135,500 people attended over 50 Council-supported major events that generated close to \$70 million in economic activity.

We delivered new streetscape projects in Bulcock Street Caloundra, Pacific Paradise and Palmwoods. We completed and opened the new \$1.2 million Alexandra Headland Skate Park, the new \$3 million Piccabean Green town square in Palmwoods and the \$2.5 million upgrade of the Coolum Library.

We also completed \$1 million in additional upgrades to the Glass House Mountains District Park and delivered the latest stage of works on the Buderim Village Park.

We commenced construction of the new \$5.15 million cycle bridge over Mayes Canal in Mooloolaba and the Maroochydore intersection upgrade project on Aerodrome Road went into full construction to deliver a gateway into the new Maroochydore city centre.

This commitment to serving our community is demonstrated through the enhanced delivery of our core capital works program and everyday services.

We implemented the Environment and Liveability Strategy to provide an integrated framework to guide the actions of Council and its partners to ensure a healthy environment and liveable Sunshine Coast to 2041.

The strategy has achieved several transformational actions in less than 12 months, including no loss of the regional inter-urban break, a total of 405 ha acquired through the Environment Levy to achieve an above benchmark total of 10.69 ha per 1000 residents and a renewable energy capacity increase of 38 MW.

Our region making projects progressed at pace during the year.

We turned on the Sunshine Coast Solar Farm in July 2017, making our Council the first local government in Australia to offset 100% of its electricity consumption with energy from a renewable source. In its first year of operation the solar generated more than 26,300 megawatt hours of energy, saved more than 20,500 tonnes in carbon emissions and received five prestigious awards.

The Sunshine Coast Airport Expansion Project has taken off with the new runway due for completion in December 2020. After years of planning, getting construction underway was a very special milestone for the Sunshine Coast and our airport. This project is transforming

our economy and will connect our region to the rest of the world.

The new Maroochydore city centre, a 53-hectare greenfield site in the heart of Maroochydore, continues to be transformed into a smart city for the 21st Century.

Stage one of the site, including installing Australia's first automated underground waste collection system, is complete and interest in the new city centre has been growing as the first stage of civil works are taking shape.

Council has allocated \$33 million over the next 12 months for works at the Maroochydore city centre for streets, cycleways and footpaths; installation of street lighting and street furniture; construction of a new park and landscaping; and the first stage of a striking new waterway on the site.

A new international broadband network moved closer to becoming a reality with expressions of interest called for providers to partner with Council to deliver this critical project.

This region making project consists of multiple onshore and offshore components—submarine cable, the cable landing station/data centre and backhaul from the Sunshine Coast to Brisbane. A new international broadband network will create up to 864 jobs per annum on the coast and provide a potential economic boost of \$927 million to Queensland.

We continue to invest in our people, and with 1800 plus employees we are creating a high performing and outstanding organisation—an organisation that is customer-focused and marked by great people, good governance and regional leadership.

We have implemented a new organisational structure to ensure we are ready for the future and geared up in the best way possible to be an outstanding organisation, aligned to our corporate vision, goals, strategies and values.

The new structure enhances our focus on services to customers, partners and stakeholders, supports the delivery of our major projects, and places us in the best position to meet the region's future growth challenges. It allows us to better deliver our environmental, social and economic responsibilities.

We delivered new Certified Agreements for our employees to confirm employment conditions and wage increases through to 30 June 2020. We were one of the first Councils in Queensland to have Agreements certified and the high positive vote demonstrates that our people are supportive of the contents and conditions.

Our organisation and people continued to be recognised again and again, nationally and internationally, for leading the way with our commitment to excellence through service. We brought home over 20 awards in the past year, including:

- the Asia Pacific Small Airport of the Year Award, received by Sunshine Coast Airport at the CAPA Asia Pacific Aviation Awards for Excellence
- the Sustainability Award, received for the Sunshine Coast Solar Farm at the Local Government Managers Australia Queensland, 2018 Awards of Excellence
- the Playspace Award (for projects under \$500,000), received for the Pioneer Park All Abilities Playground at the Parks and Leisure Australia Awards
- an Award of Excellence, received for the Palmwoods Town Square at the Australian Institute of Landscape Architects Awards, and
- a team of six employees were announced as the Queensland winners of the Australasian Management Challenge.

These awards are a credit to our hard-working and professional employees.

Council's overall internal control framework proved effective with yet

another commendable report from the Queensland Audit Office. We have now received 10 consecutive unqualified audits since 2008.

We also continue to achieve our full year budgeted operating result. This allows the organisation to meet its debt repayments and capital expenditure commitments to remain in a very strong financial position.

While we're on the right track there's always room to do more.

Council's leadership team is focused on providing more technology and service support to our people. Implementing a new Customer Relationship Management Solution will enable us to improve relationships and processes with our customers. This will provide us with a more holistic view of our customers and, as a result, deliver a better experience for our customers.

We are in the process of implementing a new Asset Management Solution. The new CONFIRM asset management solution will meet the needs of Council's asset managers and provide the necessary tools to manage our growing asset base in a sustainable and effective way into the future.

Our community is innovative, creative, smart, resilient and becoming increasingly engaged in the activities of Council. This engagement is greatly enhancing the value of our decisions, products and services.

In turn, there is an increased expectation that we deliver timely and high-quality services and programs to build an even stronger and connected community—but we can't do it alone. Through strong partnerships we are delivering and setting the future directions for our region.

We are fortunate to have access to diverse skills, expertise and professional insights provided by a wide cross section of individuals who sit on a range of boards and advisory bodies which provide independent advice and direction. These specialist boards and bodies are an integral part of shaping our healthy, smart, creative future.

We continued to strengthen our relationships and work positively with other levels of government, Federal and State MPs and commercial entities to deliver the best outcomes for the Sunshine Coast. Strong partnerships with community focused organisations, such as Surf Life Saving Queensland, ensures we can deliver an essential service and keep our community and visitors safe.

Our partnership with the Melbourne Storm and Sunshine Coast Lightning is achieving national recognition, but just as important is our relationship with local community and sporting groups to keep our community healthy—both physically and mentally.

Volunteers play a vital role in the activities of Council and the wider community. Each year thousands of volunteers make valuable contributions through a diverse range of community organisations and Council's community programs and services. With their help, we can deliver better services and build a stronger and connected community.

Our community grants program provides valuable support and assistance to community groups. Over \$4.6 million was awarded to more than 1000 applicants over the past year for one off projects, events and activities that benefit our region, and for partnerships with organisations that support the delivery of Council's priorities.

I would like to thank our customers, businesses, partners and community for their support in working with council to improve our service and response times.

I also thank the Mayor and Councillors for their vision, energy, honesty and leadership as part of the one Council team.

As one team—Councillors, Council employees, partners and the community—we are working together to achieve excellence through service and create a strong future for the Sunshine Coast.

Michael Whittaker
Chief Executive Officer



'An Award of Excellence,
received for the Palmwoods
Town Square at the Australian
Institute of Landscape
Architects Awards'

About our region – key statistics

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

Sunshine Coast local government region

Population estimate	311,211 persons*
Population density	1.36 persons per hectare*
The Sunshine Coast has	An area of 2291km ²
	130 kilometres of coastline
	More than 3700 kilometres of waterways
	1039 hectares of recreation parks
	6919 hectares of environmental reserves
	2934 kilometres of roads
	1238 kilometres of pathways
	137,145 rateable properties
	11.1 million waste and recyclable collections per annum (domestic and commercial)
The economy	\$17.2 billion Gross Regional Product #
	Building activity continued to record good growth with \$1.64 billion in building approvals issued

Source: * ABS Estimated Resident Population 2017

KPMG and AEC Group, 2017

Sunshine Coast local government area divisions



Councillors

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



Mayor

Cr Mark Jamieson

Portfolio: Region Making Projects, Regional Advocacy and Intergovernmental Relations



Deputy Mayor
Division 2

Cr Tim Dwyer

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



Division 1

Cr Rick Baberowski

Portfolio: Transport, the Arts and Heritage



Division 5

Cr Jenny McKay

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



Division 8

Cr Jason O'Pray

Portfolio: Tourism, Events and Sport



Division 3

Cr Peter Cox

Portfolio: Place Development and Design



Division 6

Cr Christian Dickson

Portfolio: Planning and Development



Division 9

Cr Steve Robinson

Portfolio: Economic Development and Innovation



Division 4

Cr John Connolly

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



Division 7

Cr Ted Hungerford

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



Division 10

Cr Greg Rogerson

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

Board of Management

Council's Board of Management consists of - Chief Executive Officer, five Group Executives, Executive Manager, Chief of Staff Office of the Mayor, Chief Strategy Officer, Chief Innovation Officer and Portfolio Director. This team has the shared responsibility for providing the organisation with leadership and direction to achieve the outcomes determined by Council.



Chief Executive Officer
Michael Whittaker



Chief of Staff
Office of the Mayor
Craig Matheson



Group Executive
Tom Jamieson
Built Infrastructure



Group Executive
Greg Laverty
Economic and Community Development



Chief Innovation Officer
Scott Bourke



Group Executive
Jeanette Allom-Hill
Business Performance



Group Executive
Warren Bunker
Liveability and Natural Assets



Chief Strategy Officer
Graham Fraine



Group Executive
James Ruprai
Customer Engagement and Planning Services



Executive Manager
Brendan Hogan
Mayor and CEO



Portfolio Director
Debra Robinson



Our organisation

Council's corporate structure consists of six Groups.





Section 2

Implementation of corporate and operational plans

Corporate Plan

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

Vision To be Australia's most sustainable region.
Healthy. Smart. Creative.

Values Respect for each other / Being our best / Working as one team /
High standards / Service excellence.

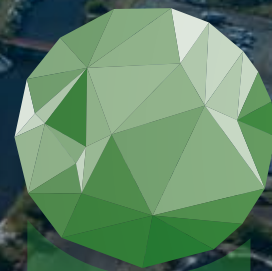
Goals



A smart
economy



A strong
community



A healthy
environment

Service excellence

An outstanding
organisation

A smart economy

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

Strategic pathways:

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

Major achievements:

- Palisade Investment Partners became new operators of the Sunshine Coast Airport
- Maroochydore city centre – more than \$6 million invested in Australia's first automatic waste collection system
- Sunshine Coast Airport \$303 million expansion progressed
- Major events generated approximately \$68.9 million in economic activity.



Sunshine Coast International
Broadband Network forecast
to create over
800 jobs
per annum
on the coast





100%

of Council actions in the
Regional Economic Development
Strategy implemented in accordance
with agreed timeframes

Highlights for 2017/2018

Living in a smart community

The Sunshine Coast was named one of the world's Smart21 Communities for 2018 in recognition of applying digital technology to deliver economic opportunities that leads to jobs, investment and social development. This is the fourth time in four years the region has been recognised by the Intelligent Community Forum.

Sunshine Coast Airport expansion

The \$303 million airport expansion is underway and will deliver a wealth of benefits to the region when the new runway is operating.

Due for completion in 2020, the new longer, wider runway will enable direct access to new markets in Asia, the Pacific and other locations in Australia which cannot currently be serviced with direct flights to and from the Sunshine Coast.

Having greater capacity will unlock more tourism opportunities, new international trade prospects and provide the springboard for export businesses to get their products and services to markets faster and more efficiently.

The Airport Expansion Project is forecast to contribute \$4.1 billion to the Sunshine Coast economy through to 2040 and revolutionise access to and from one of Australia's fastest growing regions.

Sunshine Coast Airport management

Palisade Investment Partners are the new operators of the Sunshine Coast Airport under a 99 year lease with Sunshine Coast Council.

The long term lease sees Palisade become responsible for operating, investing in, and developing the airport, as well as overseeing future expansion of both domestic and international routes available to and from the Sunshine Coast.

Under the lease agreement, Council will maintain responsibility for facilitating the airport expansion project, including construction of a new 2450m runway, apron expansion and related infrastructure development. Palisade will then assume control of the newly constructed runway and associated infrastructure.

Maroochydore city centre

Construction of the 53 hectare site for the new Maroochydore city centre is well underway with Land Titles issued for the first Lots in Stage 1A of the development.

In just 12 months, more than \$6 million has been invested in Australia's first automatic waste collection system with approximately 1.5 kilometres of pipes now underground to transport waste to a centralised collection station, planned to be constructed over the next 12 months.

The new waste system will make the Maroochydore city centre one of the cleanest and greenest cities in the country.

The gateway into the new Maroochydore city centre and associated works are well underway and due for completion by the end of 2018.

Sunshine Coast International Broadband Network

The Sunshine Coast International Broadband Network Project progressed with an Expression of Interest process, the State Government's commitment to a grant of \$15 million to assist with the project, and an application to the Commonwealth Government's Regional Growth Fund for additional funding.

A new international broadband network will increase competitiveness and attract future investment to the coast. It will also create over 800 jobs per annum on the coast and provide a potential economic boost of \$927 million to Queensland.

Economic confidence in the region

Council has been an active contributor and provided support for a number of businesses to help boost employment and economic confidence in the region.

Youi's new \$73 million Sunshine Coast 12,500sqm headquarters is expected to hold up to 3000 staff in the future.

Country Chef Bakery Co. multimillion dollar factory expansion at Kunda Park has allowed the family owned company to grow and create 49 new jobs for locals.

A \$1.2 million expansion of the Mooloolaba-based tuna company Walker Seafoods has provided a significant boost to its exporting operations.

The new \$20 million Langs Building Supplies warehouse will help support the local business and construction industry.

Bizfurn Office Furniture's \$30 million expansion with a new 7500sqm furniture construction and storage building will provide great employment opportunities.

Palmview development

The next stage of the Palmview master planned community was approved by Council in January 2018, with wider residential roads at the forefront of negotiations with the developer.

Over the next 15 to 20 years, this stage of the master planned community will deliver more than 1100 homes, 60 hectares of parklands and land for a state school.

The 149 hectare parcel of land, owned by the McCafferty family, adjoins the eastern edge of the Harmony development at Palmview.

With the Sunshine Coast's population continuing to grow over the next 20 years, the master planned community of Palmview will deliver much needed housing to meet demand in the region.

Major events

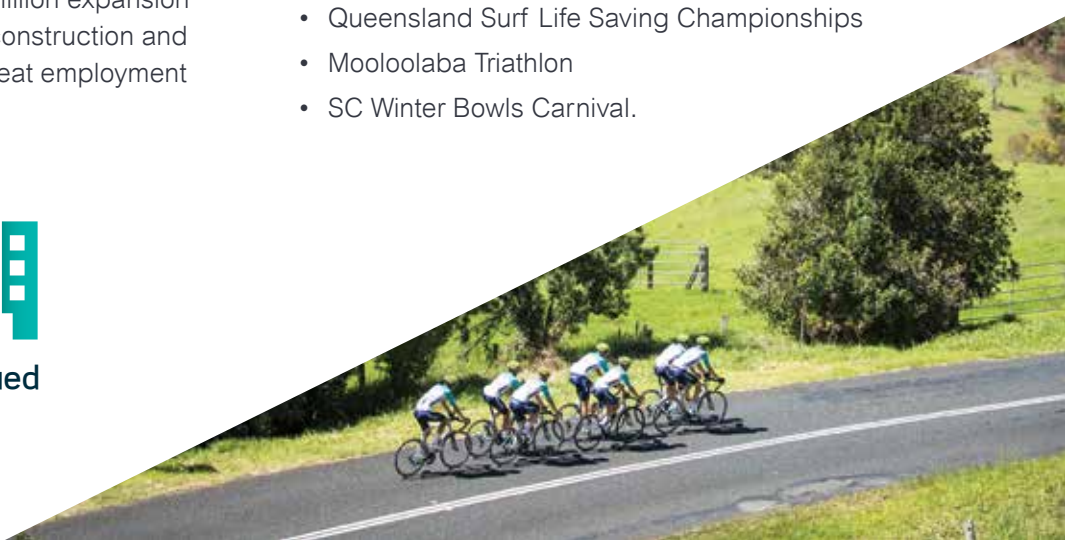
In 2017/18, the Sunshine Coast region hosted 58 major events, attracting 135,500 guests, generating approximately \$68.9 million in economic activity.

Hosting major events

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

- Australian Dragon Boat Federation National Championships
- Queensland Garden Expo
- Ironman 70.3 Sunshine Coast
- Sunshine Coast Marathon
- Velothon Sunshine Coast
- National Youth Championships (Touch Football)
- U18 Basketball Qld State Championships
- Queensland Oztag Junior and Senior State Cups
- Queensland Surf Life Saving Championships
- Mooloolaba Triathlon
- SC Winter Bowls Carnival.

\$1.64
billion 
in building approvals issued



Australian Cycling Academy

The Australian Cycling Academy – Ride Sunshine Coast team launched in December 2017, boosting the Sunshine Coast's strong reputation as an ideal location for high performance sports training.

In partnership with the University of the Sunshine Coast and other key sports industry stakeholders, we continue to add to the wide range of national and international standard training facilities, ensuring that our region is becoming the destination of choice for high performance sports.

Sports and fitness are an important part of the lifestyle on the Sunshine Coast and play an important part in supporting the regional economy. The sport and fitness industry generates more than \$440 million in economic activity each year and is a contributor to one of the region's seven high-value industries.

Holiday parks

Council's holiday parks had a solid year with good occupancy across the six parks. Revenue was up by \$970,000 (6.3%) on previous year. This was achieved through new bookings of the recently developed section of Mudjimba Beach Holiday Park (46 sites) and increased occupancy at Coolum and Cotton Tree Holiday Parks.

The holiday parks generated \$16.49 million in revenue and provided Council with a \$6.7 million operating surplus.

During the year the Mooloolaba Esplanade Holiday Park was closed (34 sites) as it sits within the footprint of the Mooloolaba Foreshore Redevelopment which forms part of the Place Making Mooloolaba Master Plan.



In 2017/18 the Sunshine Coast hosted

58 major events

generating approximately
\$68.9 million in economic activity

'For any business considering moving to the Sunshine Coast, I'd just say do it, you'll find there is a can do spirit, the Council have a very clear direction for the future and it is a great place to live as well.'

Oli Steele, CEO Sunshine Coast University Private Hospital

A strong community

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

Strategic pathways:

- Safe and healthy communities
- Resilient and engaged communities
- A shared future that embraces culture, heritage and diversity
- People and places are connected
- A creative identity that supports community cohesiveness, development and wellbeing.



Councils community grants for capital projects deliver

\$4 for every
\$1 invested

Major achievements:

- Sunshine Coast's 50th Anniversary – almost 35,000 people enjoyed 98 events
- 2017 Caloundra Music Festival attracted over 32,000 attendees
- More than 54,000 attendees took part in the 2017 Horizon Festival
- Over \$4.6 million in grants awarded to more than 1000 applicants.





Council libraries hosted over **2900** events and activities

Highlights for 2017/2018

Thanks to our volunteers

Numerous volunteers contribute time and care to Council's volunteering program, and each year these generous people enrich living within the Sunshine Coast through a diverse range of community organisations and Council community programs and services.

With their help, Council can deliver vital services and programs and build a stronger and connected community.

Areas of service including community and major events, facilities and venues, environment and wildlife protection, regional heritage, libraries and the arts all depend on the freely given time, skill and passion of volunteers.

We have a community that is passionate about maintaining and celebrating our values and lifestyle, which are second to none.

Community grants

In total, over \$4.6 million was awarded to more than 1000 applicants for one off projects, events and activities that benefit our region; and for partnerships with organisations that support the delivery of Council's priorities.

Council grant programs include:

- Mayoral and Councillor discretionary funding program
- Grants to not-for-profit organisations
- Grants to individuals, such as land environment grants.

50th Anniversary

The 50th Anniversary of the Naming of the Sunshine Coast was celebrated in style.

Almost 35,000 people enjoyed 98 events and were supported by 1650 volunteers during the year-long celebrations.

Library services

Council libraries hosted over 2900 events and activities for the community during the financial year to more than 50,700 participants.

The \$2.48 million upgrade to the Coolum Library officially opened in November 2017 and was one of the milestone projects of the 50th Anniversary of the Naming of the Sunshine Coast. The upgrade included additional floor space, an open timber deck area, an inviting reconfigured entry and an expansion of the children's zone allowing for dedicated areas for storytelling, reading nooks and tables for colouring in and other children's activities.

The revitalised Beerwah Library opened in June 2018 and includes new attractive and diverse spaces for people to enjoy while reading newspapers or a favourite book.

The upgrade ensures the new look district library keeps pace with modern library trends such as more specialised and high tech, environments, while still providing excellent book collections.

Story seats

Council constructed 10 story seats in 10 parks to provide a visible way of promoting literacy and inviting families to engage in storytelling, active play, singing and reading across the region. Story seats were funded by First 5 Forever, a universal family literacy program aimed at supporting strong language and literacy environments.

Welcoming the Commonwealth Games

The Sunshine Coast welcomed athletes, officials and visitors to the region in preparation for the 2018 Commonwealth Games on the Gold Coast. The community connected with more than 500 athletes from 10 different countries at 12 key events organised by Council.

The Queen's Baton Relay passed through the coast at Caloundra with thousands of people lining the streets and attending a welcome festival.

Maroochydore Multi Sports Complex

Ten new high quality concrete acrylic surface netball courts were officially opened in April 2018.

The complex now has 20 hard courts that will be used by a growing number of local and visiting netball players.

These new \$1.5 million additional courts – providing the complex with 20 hard courts altogether will be used by the growing number of local and visiting netball players. The upgrade also played a major role in securing the national NetFest event to the Sunshine Coast in October 2018.

Community venues

More than 3400 events were held across community venues such as The Events Centre, Sunshine Coast Stadium, Maroochydore Multi Sports Complex, Nambour Showgrounds, Caloundra Indoor Stadium, Lake Kawana Community Centre and Halls, attracting more than 602,000 patrons.

Horizon Festival of Arts and Culture

The second Horizon Festival held in September 2017 attracted more than 54,000 attendees, an increase of 54% on the previous year. Held over 10 days across the Sunshine Coast, Horizon collaborated to deliver more than 200 events in visual art, film, literature, performance, street art, comedy, music, theatre and new media.

Sunshine Coast Social Strategy

Building on Council's strong community goals, the Sunshine Coast Social Strategy progressed with a renewed Youth Action Plan and with almost 17,000 people participating in the award winning Healthy Sunshine Coast Program. The program includes a range of activities such as outdoor yoga, group fitness and senior fitness classes to support better health and wellbeing.

Council also partnered to support a number of events across the region to celebrate National Reconciliation Week, NAIDOC week and the value cultural diversity brings to our community through Harmony Day.

To enhance information about accessible places for older people with a disability, Council received funding from the State Government to develop five mobility maps on accessible car parks, toilets and steep gradients. The maps were developed in partnership with older people and people with a disability for the areas of Caloundra, Mooloolaba, Nambour and Maleny. They are available on Council's website, in Visitor Information Centres and Neighbourhood and Community Centres.

Caloundra Music Festival

The 11th Caloundra Music Festival was held in September to October 2017, and attracted 32,000 attendees over four days.

Caloundra Music Festival generated direct and incremental expenditure of \$3.4 million for the Sunshine Coast region and over \$800,000 to the Queensland economy.

'I would like to commend council for launching the Healthy Sunshine Coast Program. It was just what I needed to motivate me to get back into exercise.'

Community participant, Healthy Sunshine Coast Program

Baringa takes shape

The first suburb at Caloundra South, Baringa, started to take shape during the year with the completion of the Baringa Sports Complex and construction commencing on the Baringa Community Centre.

The sports complex and community centre will contribute to the success of the broader Baringa Community Hub Pilot Project, which includes the sports park and the multi-purpose hall (including robotics and engineering space and music space).

The Baringa Community Hub Pilot Project has been established by the State Government in partnership with Council and Stockland to promote the shared use of state and local government assets and resources.

Council have also endorsed three network plans that will guide the delivery of community facilities, sports parks and public art across the Caloundra South project area for the next 30 years.

Lifeguard services

The Sunshine Coast Lifeguard Service Plan 2018–2022 was adopted by Council in February 2018 and the Lifeguard Service contract with Surf Life Saving Qld was extended for five years from October 2017.

Sunshine Coast Parking Management Plan

The Sunshine Coast Parking Management Plan and associated Local Area Parking Plans were endorsed by Council in October 2017 following strong community support to establish a framework that proactively manages parking for the region.

The plan guides parking activities to help maintain the Sunshine Coast's distinctive lifestyle and manage parking demand while providing easy and affordable access to popular business centres, beaches and community facilities.



More than
3400
events
were held across
community venues

97%
customer
satisfaction

with council's community events and programs

A healthy environment

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

Strategic pathways:

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

Major achievements:

- Sunshine Coast Solar Farm performing above expectations
- A number of key centres throughout the region are being revitalised and transformed
- Invested \$7.3 million on environmental land purchases
- Celebrated the 1000th landholder on the Sunshine Coast to join Land for Wildlife Program.



405 hectares
of land purchased through
the Environment Levy





Highlights for 2017/2018

Environment and Liveability Strategy

Council adopted the Environment and Liveability Strategy in September 2017.

This strategy provides an integrated framework and sets strategic direction to guide the actions of Council and its partners to ensure a healthy environment and liveable Sunshine Coast to 2041.

The strategy focuses on how our natural environment should be preserved and enhanced while enabling a good quality of life in an accessible and well-connected built environment.

It also addresses the challenges and opportunities the Sunshine Coast will encounter over the next 25 years – population growth, climate change, economic growth and technological change.

In addition, the Environment Reserve Network Management Plan was adopted by Council in November 2017. This plan translates the Environment and Liveability Strategy into the on ground management of Council's Environment Reserve estate.

Street Tree Masterplan

The Street Tree Master Plan was adopted by Council in June 2018. The plan aims to increase the number of street trees on the Sunshine Coast and guide street tree planting to help shade and cool the region and balance our built environment.

Sunshine Coast Solar Farm

The Sunshine Coast Solar Farm at Valdora opened in July 2017 and commenced feeding into the local electricity grid, making Council the first local government in Australia to offset 100% of its electricity consumption with energy from a renewable source.

The Solar Farm is performing above expectations and has saved Council \$1.7 million in the first year. More than 26,300 megawatt hours of energy were produced in 12 months and more than 20,500 tonnes in carbon emissions – the equivalent of taking about 4300 cars off the road for one year.

Palmwoods – Piccabeen Green town square

The construction of a new \$3 million Piccabeen Green town square has transformed the heart of Palmwoods. Opened in March 2018, the vibrant green community space features a boardwalk, seating, shade and outdoor dining opportunities, and improved pedestrian links throughout the town.

The town square has created a civic heart for Palmwoods, a place where our community can meet for festivals and celebrations.

This is the first stage of the Palmwoods Public Domain Master Plan.

Glass House Mountains District Park

The latest stages of the community master planned Glass House Mountains District Park, in the Sunshine Coast hinterland opened in March 2018.

New facilities include a playground, shade sail and stone pitched walls, amenities building, an entry statement, shelter, seating and barbecue, fenced dog off leash area, bench seats overlooking the lake, pathways, landscaping and drainage works and a 15 bay car park.

Caloundra – revitalisation of Bulcock Street

The \$3 million stage 4 upgrade of Bulcock Street commenced in April 2018. This stage involves the area of Upper Bulcock Street, extending from Minchinton Street to the Knox Avenue intersection. This stage complements the design and character of the previous stages to ensure a sense of connectivity and continuity along Bulcock Street.

Design improvements include new trees and shrubs, new footpaths, additional street furniture, directional signage and public art. Smart City technology will be incorporated using information and communication technologies to connect people and processes.

Land for Wildlife Program

This year Council celebrated the 1000th landholder on the Sunshine Coast to join the Land for Wildlife Program.

During the year 101 new Land for Wildlife properties were registered, bringing the total to 1068 properties managing 8500 hectares for conservation.

The Land for Wildlife Incentive Program provided 27,549 native plants, installed 168 nest boxes and offered weed management materials and training to 18 landholders.

The Landholder Environment Grants program provided \$285,136 of funding to 99 properties to conduct bushland rehabilitation, revegetation and other conservation works.

There was also one new Voluntary Conservation Agreement (VCA) bringing the total area protected by 75 VCAs to 1158 hectares of habitat.

Pacific Paradise's commercial and cultural precinct

The new \$2.5 million streetscape at Pacific Paradise town centre opened in May 2018.

The upgrade features improved pedestrian links through the town centre, connecting local business, shopping centre and community interest areas.

Environmental land purchases

This year Council invested \$7.3 million into the purchase of nine environmentally significant properties totalling 405 hectares, across three catchments.

The Tuan Environmental Reserve (purchased by the Environment Levy in 2013) has been expanded with the acquisition of a 109 hectare property at Cambronn and a 63 hectare Kenilworth property. These acquisitions have established a regionally significant reserve of almost 200 hectares that links the Maleny National Park directly to the Mary River. The acquisitions also assist to consolidate a strategic wildlife corridor that extends from Kondalilla National Park to Conondale National Park.

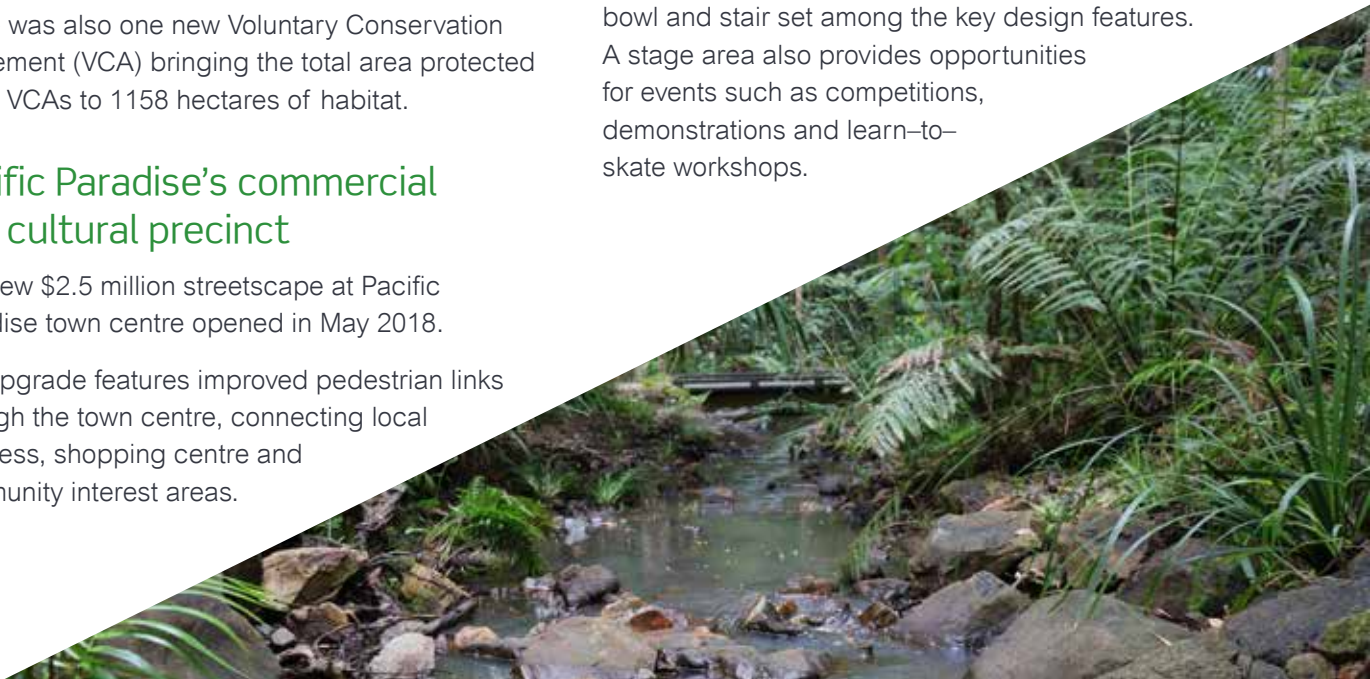
Within our region there are 6919 hectares of environment reserves being managed by Council.

Biosecurity education

A purpose built trailer and contemporary digital education platforms were created and delivered to inform our community of their general biosecurity obligations and how Council can assist them with our programs. The trailer includes interactive touch screens, videos, information boards, hard copy booklets and leaflets, real life specimens of stuffed feral animals and real invasive plants, an outdoor display and landholder stories.

Alex Skate Park

The \$1.2 million upgrade to Alex Skate Park opened in October 2017. The new skate park includes elements to suit skaters, BMX riders and scooter riders of all ability levels – with a split level advanced bowl, mini bowl and stair set among the key design features. A stage area also provides opportunities for events such as competitions, demonstrations and learn-to-skate workshops.



Capital works program

Capital works programs were implemented for the following:

- Aerodromes
- Buildings and facilities
- Coast and canals
- Corporate major projects
- Divisional allocations
- Environmental assets
- Fleet
- Holiday parks
- Information technology
- Parks and gardens
- Quarries
- Stormwater
- Strategic land
- Commercial properties.



Council's greenhouse gas emissions

reduced by 14%

since 2014/15 baseline year



Within our region there are
6919 hectares
of environment reserves
being managed by Council

'The Environment and Liveability Strategy is a testament to the Sunshine Coast Council's commitment to its region. Developed in an integrated and inclusive way, the Strategy addresses the multiple and unparalleled challenges facing the region's ecosystems and communities, such as global change and population growth. The Strategy provides a pathway for resilience for the next 25 years and beyond.'

Tim Smith, Executive Dean Faculty of Arts Business and Law,
University of the Sunshine Coast

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 performance and value to customers
- Assets meet endorsed standards for sustainable service delivery.

Major achievements:

- 182,470 phone calls from customers received at our main call centre
- Over 41,800 development enquiries
- Over \$230 million of total purchasing spend was awarded to local business



1039 hectares

of recreational parks maintained
across the region





9127
customers
took advantage of council's
live chat facility

Highlights for 2017/2018

Building and development activity

Overall activity has remained positive across the local development industry in 2017/18.

A total of 15,220 applications were lodged with 2179 new lots created and made available to the market through the Council plan seal process.

Building activity continues to record positive growth with \$1.64 billion of building approvals issued during the 2017/18 financial year.

Supporting local business

Over \$230 million (67.5%) of the total purchasing spend made by Council for the 2017/18 financial year was awarded to local business. This is a great financial boost for the local business economy.

Asset Management Solution

Council currently manages more than 300,000 different assets with an approximate value of \$5 billion. It is a large, complex and extremely important responsibility that is increasing as the region continues to grow.

Council is in the process of implementing a new Asset Management Solution. The new CONFIRM asset management solution will meet the needs of Council's asset managers and provide the necessary tools to manage Council's growing asset base in a sustainable and effective way into the future.

Workforce mobility

Council's Mobility Program is aimed at improved service excellence both internally and to the community. The benefits include access to information and systems anywhere, on any device and at any time and decreases in travel time. Remote access to systems and data are resulting in increased productivity and efficiencies for staff ultimately leading to improved service to the community.

3D and mixed reality solution

Council's innovative approach to using 3D capabilities is improving decision making and service delivery across Council, which also enables contemporary and interactive community consultation. The project has delivered a cloud based 3D visualisation solution which integrates mixed reality capabilities to provide Council with detailed, accurate and low cost virtual experiences for staff and the community.

The 3D and mixed reality solution has been used to assist many projects including:

- Sunshine Coast Solar Farm
- Sunshine Coast Airport expansion
- Maroochydore city centre including and the underground waste system.

Making it easy to do business with Council

Council continued to improve connections with its customers with a number of innovative features implemented during the year.

Contact Council feature

A new feature was added to Council's website under the Contact Council page to let customers know how long it will take for their phone call to be answered. This feature operates across Council's main enquiry numbers.

New library technology

Borrowing and returning items at libraries has been made faster and easier with the implementation of Radio Frequency Identification (RFID) technology, a combination of radio frequency based and microchip technology. Library items are tagged and gates at the exit point identify property not formally checked out.

The technology allows multiple library items to be borrowed and returned in a few quick steps.

Customer service

Council also continued to service its many and diverse customers, providing a variety of ways for customers to interact with the organisation, including in person, by phone and online.

During the year:

- 34,296 customers visited a service counter
- 49,705 customers emailed
- 182,470 customers phoned the main call centre
- 9127 customers took advantage of Council's live chat facility
- 4196 customers requested a Web Callback and we called them back.

Development services supported:

- 41,881 development enquiries
- 44,842 PD Online users
- 15,220 development, building and plumbing applications received.

Local Government Infrastructure Plan

The Local Government Infrastructure Plan (LGIP) was endorsed by Council in June 2018.

The adoption of the LGIP follows processes under the State Government's Statutory Guidelines and the plan forms part of the Planning Scheme that identifies Council's plans for trunk infrastructure that are necessary to service urban development at the desired standard of service, in a coordinated, efficient and financially sustainable manner.



Customer satisfaction achieved in Council's contact centres with results of

4.72 out of a possible 5

'I love working with trees but honestly I really enjoy customer service and helping the community.'

Luke, Parks and Gardens



1

Wi-Fi

Free connection
& location



An outstanding organisation

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

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
- Strong and accountable leadership enabling Councillors, individuals and teams to be their best
- Collaborative, proactive relationships 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.

Major achievements:

- Organisational structure becomes match fit for the future
- Clean financial audit report for the tenth consecutive year
- Delivered a record \$864 million budget for 2018/19
- Recognised with 21 awards.





113 job opportunities

provided for trainees, interns, graduates, cadets and work experience placements

Highlights for 2017/2018

Corporate Plan 2018-2022

Council adopted the Corporate Plan 2018-2022 that builds on the long term aspirational vision to be Australia's most sustainable region.

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

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

Outstanding organisation

To enable Council to achieve an optimum structure to support the organisation being match fit for the future, a new organisational structure was implemented during the year.

The new structure ensures Council is geared up in the best way possible to be an outstanding organisation that aligns to the corporate vision, goals, strategies and values.

It enhances our focus on services to customers, partners and stakeholders, supports the delivery of a range of major projects in the region, and meets the region's future growth challenges.

Strong financial management

Sunshine Coast Council received an unmodified audit opinion for its 2017/18 financial statements, being Council's tenth consecutive clean audit since formation in 2008.

Council budget

A record \$864 million budget focusing on delivering Australia's leading healthy, smart and creative region was handed down in June 2018.

The budget included a capital works program totalling \$370 million to support the region's unique lifestyle, economy and environment.

Council continued its commitment to the region in developing projects including the Sunshine Coast Airport Expansion, Maroochydore city centre, Sunshine Coast International Broadband Network Project and the Sunshine Coast Light Rail Project.

207 open data sets

published on Council's website



Awards of excellence

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

- **Asia Pacific Small Airport of the Year Award** received by Sunshine Coast Airport at the CAPA Asia Pacific Aviation Awards for Excellence
- **Sustainability Award** received for Sunshine Coast Solar Farm at the Local Government Managers Australia Queensland, 2018 Awards of Excellence
- **Boosting Productivity through Infrastructure Award** received for Sunshine Coast Solar Farm at the 2018 National Awards for Local Government
- **Wendy Chadwick Encouragement Award** received for Sunshine Coast Solar Farm at the Planning Institute of Australia Awards for Planning Excellence (Queensland)
- **Single Event or Activity Award** received for 'The Absolutely Authentic Mensa Test!' direct marketing campaign at the National Economic Development Australia Awards for Excellence 2017
- **Economic Development Initiatives Over 15,000 Residents Award** received for Mary Cairncross Scenic Reserve Rainforest Discovery Centre at the National Economic Development Australia Awards for Excellence 2017
- **Civic Landscape Award of Excellence** received for the design and placemaking process undertaken to deliver the Palmwoods Town Square, at the 2018 Qld Landscape Architecture Awards
- **Community Contribution Landscape Architecture Award** received for Palmwoods Town Square placemaking 'activation' approach with the community at the 2018 Qld Landscape Architecture Awards
- **Queensland winner of the 2018 Australasian Management Challenge**, Local Government Professionals Australia
- **Playspace Award less than \$500,000** received for Pioneer Park Playground All Abilities Playground Extension at the Parks and Leisure Australia, 2018 Qld Region Awards of Excellence
- **Strategic Planning Award** received for Sunshine Coast Environment and Liveability Strategy 2017 at the Parks and Leisure Australia, 2018 Qld Region Awards of Excellence
- **Community Facility of the Year Award** received by Maroochy Beach Gymnastics and Council jointly awarded at the Parks and Leisure Australia, 2018 Qld Region Awards of Excellence
- **Bike Culture Award** received for TravelSmart initiative "RideScore", 14th National Cycling Luminaries Awards
- **Australian Achievement of the Year Award** received for planning, design and visualisation of Australia's first Smart City using 3D geo-spatial modelling at the Municipal Association of Victoria Technology Awards
- Sunshine Coast named a **Smart21 Communities of the Year** for 2018, Intelligent Community Forum (ICF)
- **Queensland merit recipient** for 3D Visualisation and Mixed Reality Project at the Australian Information Industry Association iAwards
- **Highly Commended Certificate for Community Based Initiative of the Year Award** at the Parks and Leisure Australia, 2018 Qld Region Awards of Excellence for "Healthy Sunshine Coast" initiative

'What's great about working for the Council is that I can see how the work that I have done benefits the community.'

John, Civil Field Worker, Built Infrastructure

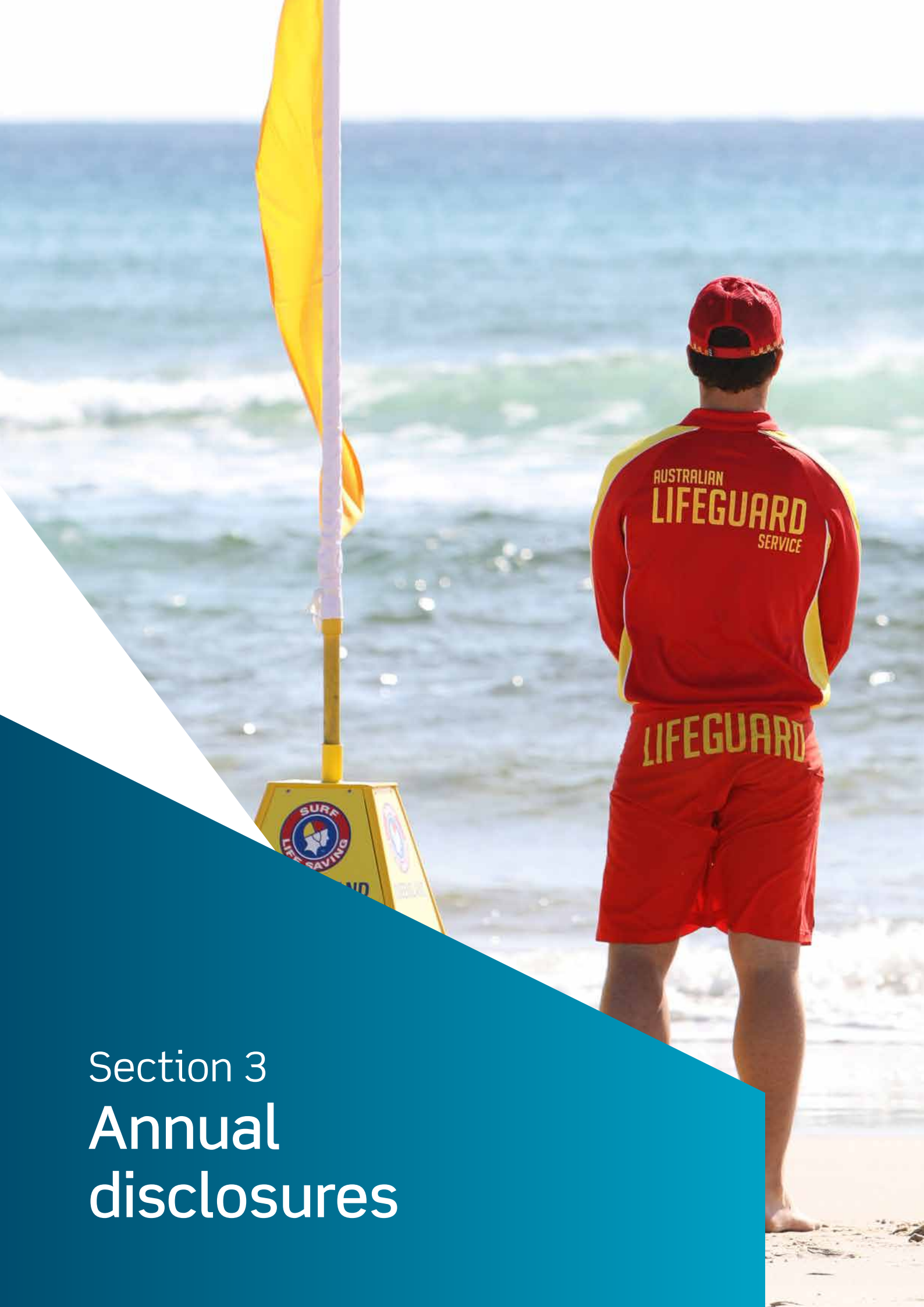
- **Highly Commended Certificate for Agency Conservation Programs** at the 2018 National Trust (Qld) Heritage Awards for Our Heritage: Our Stories – Interpreting and Promoting Sunshine Coast Heritage program
- **Highly Commended Certificate for Greater than 50,000 Population Award** at the Heart Foundation 2017 Local Government Awards for Healthy Sunshine Coast health and wellbeing initiative
- **2018 Award for Excellence** for 'Excellence in Community Shaping – Finalist' for Healthy Sunshine Coast by Local Governments Managers Australia Queensland (LGMA Qld)
- **2017 Queensland Landscape Industry Trainee of the Year** awarded to Bailey Boreham from Parks and Gardens Branch.



Sunshine Coast Council
recognised with

21 awards





Section 3
Annual disclosures

Corporate governance

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

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

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

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

Risk management

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

The following risk types are regularly reviewed, monitored and reported:

Strategic risks

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

Operational risks

- Audit Committee receives information on strategic risks and all operational risks exceeding the set risk tolerance

- Group Executives and management monitor their risks each quarter

Project risks

- Governance committees overseeing large projects monitor project risks.

Audit Committee

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

- 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
- Maintaining an independent and objective forum, promoting transparency, accountability and an ethical culture throughout Council
- Maintaining by scheduling regular meetings, open lines of communications with Council, Executive Management, External Audit and Internal Audit, to exchange information and views.

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

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

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

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

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

Audit and Assurance

The Audit and Assurance team conduct activities in accordance with best practice principles, including guidance issued by the Institute of Internal Auditors. Activities for the period July 2017 to June 2018 included revenue and expenditure systems, asset management, procurement, volunteer management, rates and legislative compliance. In addition, the provision of advice and assistance to Council staff.

Councillor remuneration

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

The table below sets out the remuneration paid to Sunshine Coast Councillors for the period 1 July 2017 to 30 June 2018.

Councillor remuneration and superannuation

Councillor	Salary (\$)	Employer Superannuation (\$)
Mayor Mark Jamieson	218,731	26,248
Cr Tim Dwyer (Deputy Mayor)	151,549	18,186
Cr Rick Baberowski	132,801	15,936
Cr Peter Cox	132,801	15,936
Cr John Connolly	132,801	15,936
Cr Jenny McKay	132,801	15,936
Cr Christian Dickson	132,801	15,936
Cr Ted Hungerford	132,801	15,936
Cr Jason O'Pray	132,801	15,936
Cr Steve Robinson	132,801	15,936
Cr Greg Rogerson	132,801	15,936

Councillor expenses and facilities

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

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

The table below shows the total expenses incurred by Councillors under the policy in the 2017/2018 financial year.

Councillor expenses

Councillor	Expenses (\$) *
Mayor Mark Jamieson	1626
Cr Tim Dwyer (Deputy Mayor)	6372
Cr Rick Baberowski	5267
Cr Peter Cox	3816
Cr John Connolly	5364
Cr Jenny McKay	2285
Cr Christian Dickson	3302
Cr Ted Hungerford	4968
Cr Jason O'Pray	6547
Cr Steve Robinson	627
Cr Greg Rogerson	1765

* All Councillors expenditure for the year was within budget and included a 2017/18 allocation plus unspent monies carried forward from the previous year.

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

- Administrative support of one fulltime equivalent officer per Councillor
- Office accommodation at one of three Council owned or leased premises as well as access to meeting rooms
- Business and communication tools
- Mobile devices*
- Vehicle.#

Personal use costs are recognised, in principle, as equal to 5% of call and data charges. With the exception of the Mayor, Councillors reimburse to Council 5% of their average call and data costs.

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

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

Councillor meeting attendance

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

	Ordinary Meetings*	Special Meetings*	Strategic Discussion Forums**
Meetings held:	12	9	11
Mayor Mark Jamieson	12	9	6
Cr Tim Dwyer (Deputy Mayor)	12	9	7
Cr Rick Baberowski	12	9	10
Cr Peter Cox	12	8	9
Cr John Connolly	11	9	9
Cr Jenny McKay	10	9	9
Cr Christian Dickson	11	9	8
Cr Ted Hungerford	10	9	10
Cr Jason O'Pray	12	9	8
Cr Steve Robinson	12	9	11
Cr Greg Rogerson	12	9	11

* All Councillors are required to attend Ordinary and Special meetings.

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

Conduct and performance of Councillors

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

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

Orders and recommendations made under section 180(2) or (4) of the Act	Nil
Orders made under section 181 of the Act	1 Cr Dickson — order of reprimand issued for inappropriate conduct — publication of political material in contravention of Councillor's Social Media Policy
Complaints about the conduct or performance of Councillors for which no further action was taken under section 176C(2) of the Act	1
Complaints referred to the department's chief executive under section 176C(3)(a)(i) of the Act	Nil
Complaints referred to the Mayor under section 176C(3)(a)(ii) or (b)(i) of the Act	2
Complaints referred to the department's chief executive under section 176C(4)(a) of the Act	2
Complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act	Nil
Complaints heard by a regional conduct review panel	Nil
Complaints heard by the tribunal	Nil
Complaints to which section 176C(6) of the Act applied.	Nil

Remuneration packages to senior management

During 2017/18, as part of the organisational restructure and being positioned for the future, Council restructured its Executive Leadership Team to a Board of Management.

The below table provides the number of senior staff and their remuneration value range within each leadership team.

Executive Leadership Team* (1 July to 12 November 2017)	Board of Management* (13 November 2017 to 30 June 2018)	Total remuneration value range
9	10	\$210,000 to \$310,000
1	1	\$410,000+
Members: Chief Executive Officer Five Directors Executive Manager Chief Strategy Officer Chief Innovation Officer Chief of Staff	Members: Chief Executive Officer Five Group Executives Executive Manager Chief Strategy Officer Chief Innovation Officer Chief of Staff Portfolio Director	

* The total remuneration packages payable in 2017/2018 to senior management = \$2,604,327.

Public sector ethics

Code of Conduct

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

Education and training

During the 2017/18 financial year, a total of 1016 staff attended governance awareness training sessions delivered across the organisation.

The compulsory training sessions highlighted the role all Council employees have 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.

Council's governance awareness program includes training on Code of Conduct, Public Sector Ethics, Delegations, Good Decision Making, Privacy, Right to Information and Authorised Persons. The effective and equitable implementation and administration of Council's governance awareness program relies on the commitment, skills and professionalism of all Council employees and this is reinforced with regular education and awareness programs. Council will continue to deliver education and awareness sessions to all employees as part of Council's commitment to the highest standards as a public sector leader.

Procedures and practices of public sector entities

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

Registers

Council keeps a number of registers.

These include:

- Asbestos register
- Asset information management system
- Business activities to which national competition policy applies
- Contract register
- Delegations
- Development applications
- Environmentally relevant activities
- Financial asset register
- Gifts and disclosures
- Local laws
- Pre-qualified suppliers
- Registered animals
- Register of beneficial enterprises
- Register of cost recovery fees and commercial charges 2017/18
- Register of interests
- Regulated dogs
- Roads.

Beneficial enterprises

Council participated in beneficial enterprises with the following entities during the 2017/18 financial year:

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

National Competition Policy

Council conducted the following business activities during the 2017/18 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 2017/18 by the Queensland Competition Authority for competitive neutrality complaints.

Administrative action complaints

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

During 2017/18, Council received and resolved 63 administrative action complaints.

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

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 summary of all concessions for rates and charges is detailed below.

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 2017/18 Revenue Statement.

Deferral of differential general rate

In accordance with section 121 of the *Local Government Regulation 2012*, Council will allow deferment of up to 50% of the differential general rate to assist eligible pensioner ratepayers. The deferment applies to specific rating categories and is subject to the ratepayer meeting the eligibility criteria detailed in the 2017/18 Revenue Statement.

Rates and charges debt concession

In accordance with section 120 of the *Local Government Regulation 2012*, a concession by way of an agreement to defer payment, for a period of up to 12 months, for rates and charges, may be granted to landowners that satisfy Council that payment of the rates and charges will cause them hardship. The concession is granted subject to the ratepayer meeting the eligibility criteria detailed in the 2017/18 Revenue Statement.

Pensioner rate concession

Council grants a pensioner rate concession to property owners who are in receipt of either a part or full pension and they meet the eligibility criteria detailed in the Queensland Government's Rate Subsidy Scheme and the additional criteria detailed in the 2017/18 Revenue Statement. The concession is a maximum of 25% of the differential general rate up to the maximum amounts detailed in the table below:

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

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:

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

Changes to tenders

Item No.	Contract No.	Contract title	Details of changes
1	ITT1695	Relocation of Coolum Community Centre	Changes made to the scope of works to remove portions of work and provide a revised relocation address.
2	SA173	Preferred Supplier Arrangement for Supply and Delivery of Clay Material	All respondents were asked to provide fixed priced rates for a two year term.
3	ITT1723	Pavement Marking Services	Best and Final offers were sought from all shortlisted respondents, including revised estimated quantities.
4	ITT1715	Contract Administration Services – Sunshine Coast Airport Expansion Project	Changes made to scope for one of the separable portions.
5	ITT1762	Routine Aerial Imagery and Survey – Sunshine Coast Airport Expansion Project	It was identified that the use of Remotely Piloted Aircraft System (RPAS) would cause a unacceptance impact to airport operations. Respondents that had proposed the use of a RPAS in their methodologies were asked to resubmit their methodologies.

Overseas travel

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

Attendee	Destination	Purpose	Month	Cost (\$)
Mayor, Mark Jamieson	United Kingdom, The Netherlands, Israel and South Korea	Attend Commonwealth Games, Sister City and Smart Cities events to promote the region's major infrastructure projects, Smart Cities program and inwards investment opportunities. Attend 2017 Asia Pacific Cities Summit.	August/September	28,109
Acting Chief of Staff, Office of the Mayor, Belinda Warren	United Kingdom, The Netherlands, Israel and South Korea	Attend Commonwealth Games, Sister City and Smart Cities events to promote the region's major infrastructure projects, Smart Cities program and inwards investment opportunities. Attend 2017 Asia Pacific Cities Summit.	August/September	14,792
Chief Executive Officer, Michael Whittaker	Seoul, South Korea	Attend 2017 Asia Pacific Cities Summit as part of the delegation arranged by the Brisbane City Council.	August/September	4071
Director, Economic Development and Major Projects, Greg Laverty	Singapore	Attendance at Submarine Networks World 2017 Conference and masterclass, including meetings to generate interest in the Sunshine Coast International Broadband Network's market sounding process.	September	6348
Project Manager Aviation Development, Sunshine Coast Airport, Stephen Prasser	Barcelona, Spain	Attend World Routes 2017 Conference.	September	16,742
General Manager Sunshine Coast Airport, Peter Pallot	Singapore	Attend CAPA Asia Pacific Aviation Awards for Excellence 2017 to accept the award for Excellence in the category 'Small Airport of the Year'.	November	3631
Coordinator, Major Events Delivery, Richie Eyles	Anaheim, California, United States	Participation in The National Association of Music Merchants (The NAMM) Show, Anaheim Convention Centre.	January	2259
Coordinator, High Value Industries, Anne Lawrence	Boulder Colorado, Denver, San Francisco, United States	Attend Startup Catalyst Leaders Mission to explore models and programs, build global awareness, discover international best practices, learn about the latest trends and build strong global connections to better support the start ups in our local communities.	March	4212
Councillor Tim Dwyer	Singapore and Kuala Lumpur	Attend trade and investment events to promote the region's export capabilities in the food and beverage industry and promote inwards education and tourism investment opportunities.	April	7893
Head of Economic Development, Paul Martins	Singapore and Kuala Lumpur	Attend trade and investment events to promote the region's export capabilities in the food and beverage industry and promote inwards education and tourism investment opportunities.	April	3864
Chief Strategy Officer, Graham Fraine	San Francisco, United States	To represent Council at the Qld Office of the Chief Entrepreneur's pre Myriad 2018 program and attend meetings regarding Council's regional economic and innovation ecosystem development programs for 2018.	May	4619

Overseas travel: *continued*

Attendee	Destination	Purpose	Month	Cost (\$)
Senior Project Officer, Gabrielle Troon	San Francisco, United States	To represent Council at the pre Myriad 2018 program and attend meetings regarding Council's regional economic and innovation ecosystem development programs for 2018.	May	4619
Coordinator, High Value Industries, Anne Lawrence	San Francisco, United States	To represent Council at the Qld Office of the Chief Entrepreneur's pre Myriad 2018 program and attend meetings regarding Council's regional economic and innovation ecosystem development programs for 2018.	May	4619
Mayor, Mark Jamieson	Hong Kong and Boston, United States	Investment mission to generate investor interest in Sunshine Coast Council major projects and attend Bio 2018.	May/June	16,530
Chief of Staff, Office of the Mayor, Craig Matheson	Hong Kong and Boston, United States	Investment Mission to generate investor interest in Sunshine Coast Council major projects and attend Bio 2018.	May/June	11,010
Business Development Facilitator, Amanda Goody	New Orleans, United States	Economic Development Australia Study tour to investigate business continuity during construction.	June	3114

Grants to community organisations

Successful recipients of Mayoral and Councillor Discretionary Funding for 2017/18:

Mayor Jamieson: Total 2017/18 Allocation \$100,000 (+ \$46,136 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded \$
Maleny Community Centre	Air conditioning for main hall	July	7500
Maroochydore Football Club	Urgent gas compliance	August	10,000
Maleny Girl Guides	Front deck, roof cover and exit door project	August	3000
Landsborough Cricket Club	Boundary rope for cricket carnival	September	499
Peachester Community Hall	Lining for ancillary shed	November	10,000
Sunshine Coast Reconciliation Group	A Festive Feast	November	1000
Eumundi Rotary	Eumundi Rotary Long Lunch	March	250
Kenilworth and District Chamber of Commerce and Citizens	Kenilworth Cheese Wine and Food Festival	March	2000
Maleny Golf Club	Marquee project	April	10,000
Valdora Community Hall Association Inc.	Replace internal lining of hall and erect a new barbeque shelter	April	11,500
Maroochydore Revitalisation Association Inc.	2018 Ocean Street World Festival	April	5000
Zone 6 Pony Club Association of Queensland	PCQ State Showjumping and Equitation Championships	April	2000
Dunethin Rock Scout Camp	Exterior paint of scout building	April	11,950
Mooloolaba Surf Life Saving Supporters Club	ANZAC Day Dawn Service Mooloolaba	April	3000
Maroochydore Football Club	50 Years Celebrations	April	500
Bli Bli United Football Club	Bleacher seating	June	4400
The Rotary Club of Maroochydore	Bus for Rotary youth driver Awareness	June	750
Creative Events Sunshine Coast	Music on Kings, Hot August Night	June	2000
Buderim Amateur Theatre Company	Refurbishment of Propos room	June	600
Daniel Morcombe Foundation	Keeping Kids Safe Early Years Project	June	7639
Coolum Colts Junior Rugby League	Glyn Rees City Country Cultural Exchange 2018	June	2500

Division 1 Cr Baberowski: Total 2017/18 Allocation \$80,000 (+\$9417 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Glenview Mooloolah Tennis Club	Glenview Mooloolah Tennis Club	August	6000
Landsborough and District Historical Society	The Newsmakers exhibition	September	10,000
Lions Club of Caloundra West	2017 Lions Christmas Movie Night	October	1529
Sunshine Coast Reconciliation Group	A Festive Feast	December	500
Glasshouse Country Chamber of Commerce	Movie Night Under The Stars	January	1040
Landsborough School of Arts Memorial Hall Association	Outside repainting	May	20,660
Kawana Forest Residents Association	Active Families	May	253
Peachester Community Hall	Power for ancillary shed	May	10,000
Rotary Club of Alexandra Headland	Garden project at Integrated Family and Youth Service (IFYS) Landsborough House	May	7500
Landsborough School of Arts Memorial Hall	LED feature lighting	June	8460
Landsborough Cricket Club	Purchase zero mower	June	3500

Division 2 Cr Dwyer: Total 2017/18 Allocation \$50,000 (+\$6150 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Creative Events	Music on Kings Love Train	July	2000
Sunshine Coast Film Festivals	2017 Caloundra Film Festival	August	25,000
Caloundra Mallet Sports Club	Equipment for two new croquet courts	August	2500
Suncoast Spinners Wheelchair Basketball	Basketball tournament 2018	August	2000
Montrose Therapy and Respite Services	Purchase of mobility scooter	August	500
The Autism Treehouse	4th Annual Treehouse Kids Christmas Party	September	1000
Golden Beach Progress Association	A Progress and pizza celebration	September	650
RSL Australia (Qld) Caloundra Sub Branch	Seniors fitness class	October	2160

Division 2 Cr Dwyer: *Continued*

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Caloundra City Boxing Association	Purchase of boxing belts and tournament trophies	October	500
Sunshine Coast Reconciliation Group	A Festive Feast	November	500
Sunshine Coast Sports Hall of Fame	2017 Induction Ceremony	December	1000
Australasian Scooter Association	Queensland State Qualifier Scooter Competition	December	250
Caloundra Lapidary Club	Workstation light replacement	January	2062
Caloundra Amateur Basketball Association	Female basketball program	February	3000
Queensland Indoor Bowls Association	Welcome reception	March	3450
Australian Kookaburra Kids Foundation Ltd	Respite and psycho education for children living in families affected by mental illness	March	2500
Caloundra City Soccer Club	Sporting equipment	April	5000
Creative Events	Music on Kings, Hot August Night	June	2000

Division 3 Cr Cox: Total 2017/18 Allocation \$15,000 (+\$13,358 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Currimundi United Churches Football Club	New bench seating at Frank Mclvor Park	August	5171
Maroochydore Eagles Basketball Association	Installation of basketball ring	October	3694
Friends of Sunshine Coast Cheerleading	Portable vinyl dance floor	December	1600
Wishlist	Fun Run	February	800
Sunshine Coast Indoor Rowing Club	2018 Qld Indoor Rowing Championships	May	650
endED	Set up for endEd residential fundraiser	June	3500
Boomerang Bags Caloundra	Purchase equipment to make bags	June	1380
Isha Foundation Australia	International Day of Yoga	June	240
Transfer of Funds	Allocation to minor operational works budget	June	11,323

Division 4 Cr Connolly: Total 2017/18 Allocation \$100,000 (+\$1502 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Life Church Queensland Ltd	Buy a bus	July	20,000
Maroochy Beach Gymnastics Association	Extension/rebuild project	July	50,000
Suncoast Spinners Wheelchair Basketball	Basketball tournament 2018	August	500
Sunshine Coast Pride Network	Rainbow Formal 2017	September	1886
Sunshine Coast Youth Orchestra	Printing of promotional booklet	December	3000
The Mooloolaba Yacht Club	Australian Women's Keelboat Regatta 2018 Campaign	December	2000
Mooloolaba Bowls Club	Ladies 2018 Fiesta Fours	December	2000
Kawana Waters Surf Life Saving Club	Carols by the Beach	December	2000
Alexandra Headland Surf Life Saving Club	Surf lifeguard tower PA system	January	2328
Alexandra Headland Community Association	ANZAC Day Service support	February	329
Mooloolaba Business and Tourism	Beyond Summer	March	1000
Kawana Waters Surf Life Saving Club	Season recognition awards	March	2400
Bamboo Projects Education Ltd	Community Health Meet 'n Greet for April, May, June	April	1500
Maroochydhore/Coolum Senior Rugby League Club	Purchase of equipment	April	500
Mooloolaba Surf Life Saving Supporters Club	ANZAC Day Dawn Service Mooloolaba	April	3000
The Invincibles Sunshine Coast Junior Golfing Tour	2018 Awards Night	May	2000
Bamboo Projects Education Ltd	National Families Week and Men's Health Week	May	1500
Mooloolaba Outside School Hours Care	Jimmy Possum chair making workshop	June	1000

Division 5 Cr McKay: Total 2017/18 Allocation \$75,000 (+\$128 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Transfer to Division 10	Reimbursement of 2016/17 grant — hall seating for Nambour State College P&C	July	15,000
Maleny Community Centre	Air conditioning for main hall	July	7500
Maleny Blackall Range Lions Club	Welcome Dinner 2017	July	1500
Woombye Snakes Football Club	New mower	July	9090
Maleny Contract Bridge Club	Surveying costs for sub-lease	July	1500
Compassionate Housing Affordability Solutions	Strategic Sponsorship and Fundraising Strategy	July	5000
Palmwoods Bowls Club	Palmwoods Ladies Bowls Club Fiesta	August	1000
Nambour State College P&C Association	Promotion of agricultural shop	August	658
Sunshine Coast Choral Society	The Messiah Tour	August	500
Golf Programs Australia	2017 Golf Classic	August	500
Sunshine Coast Malayalee Association	Onam 2017	August	200
Maleny Girl Guides	Front deck, roof cover and exit door project	August	2000
Sunshine Coast Sister Cities Association	Operational fund	August	1300
Sunshine Valley Men's Shed	Office equipment upgrade	August	1500
Palmwoods Community and Business Association	Palmwoods Village Harvest	September	10,200
Glenview Mooloolah Tennis Club	Plexipave surface for tennis court	September	2000
2nd Light Horse Regiment Woombye Troop Association	Repair security lighting to hall	September	500
Mooloolah Valley Community Association	Grand opening of Skate Ramp	September	500
Montville Masonic Lodge	Camphor laurel tree rehabilitation	October	1800
Wiruungga Organisation	Culture CARE	October	500
Christmas on the Field	2017 Christmas on the Fields event	October	500
Maleny and District Chamber of Commerce	2017 Maleny Street Christmas Carnival	October	500

Division 5 Cr McKay: *continued*

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Maleny Players Amateur Drama Group	Three One Act Plays	October	300
TreeSisters	Billion Trees Campaign Australian launch	November	108
Woombye Community and Business Association	Fairy lights on Council trees in Woombye	November	2000
Sunshine Coast Youth Orchestra	Performance and tour uniforms	December	500
Woombye Snakes Football Club	Unitywater project	December	6000
Palmwoods Community and Business Association	Palmwoods Carols Festival in the Town Square	December	700
Palmwoods Community and Business Association	Palmwoods Town Square opening	March	1000
Supporting People in Respite and Lifestyles Inc.	A Fun Day Out	April	100

Division 6 Cr Dickson: Total 2017/18 Allocation \$50,000 (+\$28,033 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Twirl Queensland Association	Qld State Baton Twirling Championships	August	1300
Fusion Sunshine Coast	Elemental School Holiday Program	August	2500
Brightwater State School P&C	Starfest 1	August	2810
Fun on the Lawn	Fun on the Lawn event	September	90
Buderim Wanderers Football Club	Alternate training facilities for club	September	4563
Mountain Creek Mooloolaba Swimming Club	First aid update	September	2000
Sippy Downs & District Community Association	Ongoing community consultation and engagement	September	1300
University of Sunshine Coast Rugby Club Inc.	Increase safe and inclusive rugby on the Sunshine Coast	September	5000
Sunshine Coast Legacy Group	2017 Remembrance Day Concert	October	500
Brightwater Neighbourhood Watch	Get To Know Your Neighbours barbeque	December	1000
Mooloolaba Tennis Club	Permanent zoned PA system	December	2470
Headland Buderim Croquet Club	Patio blind	February	1500
Fusion Australia	Youth Outdoor Holiday Program	May	2500
Buderim Men's Shed	Water connection to new shed	May	9091
Buderim-Palmwoods Heritage Tramway	Repaint Krauss locomotive	June	4980
Mountain Creek Neighbourhood Watch	Supermarket shopping bags	June	1180

Division 7 Cr Hungerford: Total 2017/18 Allocation \$50,000

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Maroochy Beach Gymnastics Association	Extension/rebuild project	August	35,000
Diddillibah Community Hall and Progress Association	Stage 2 of hall improvements – building extension	December	15,000

Division 8 Cr O'Pray: Total 2017/18 Allocation \$100,000 (+\$15,961 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Seaside Shores Community Association	Christmas lights on the Town of Seaside	July	3100
Maroochy Beach Gymnastics Association	Extension/rebuild project	July	50,000
The Cindy Mackenzie Breast Cancer Program	Rockers for Knockers	August	2850
Maroochydoore Beach Bowls Club	Website upgrade and advertising	August	2000
Suncoast Spinners Wheelchair Basketball	2018 Basketball Tournament	August	2000
Sunshine Cove Residents Association	Community development within Sunshine Cove	August	1794
Sunshine Coast Pride Network	Rainbow Formal 2017	September	1743
Wishlist	Inaugural Teddy Bears Picnic	September	2500
Maroochydoore Revitalisation Association	Economic revitalisation of Ocean Street and Duporth Avenue	October	5000
Sunshine Coast Sports Hall of Fame	2017 Induction Ceremony	December	1000
Sunshine Coast Youth Orchestra	Instrumental Music Networking Dinner	December	1000
Pacific Paradise Progress Association	Purchase of laptop computer and marquee	December	1865
Mudjimba Residents' Association	Community hall data projector and screen	January	1729
USC Spartans Swim Club	Temporary lighting for Commonwealth Games preparation	March	1848
Transfer of Funds	Allocation to minor operational works budget	April	10,000
Mudjimba Surf Life Saving Club	Board storage rack	May	2000
Marcoola Surf Life Saving Club	Purchase fibreglass nipper board	May	1155
Maroochydoore Tennis Club	New doors in club house	June	2500
Transfer of Funds	Allocation to minor operational works budget	June	500
Twin Waters Residents Association	22nd Birthday in the Park 2018	June	500
Sunshine Coast NAIDOC Committee	Family Fun Day	June	500

Division 9 Cr Robinson: Total 2017/18 Allocation \$100,000 (+\$26,636 carryover from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Coolum Colts Junior AFL Club	Coolum Beach Breakers lighting project	July	30,000
Bli Bli on Maroochy Historical Society	Building security	August	1060
Bli Bli Little Athletics Centre	McMartin Park amenities building upgrade	August	25,850
Coolum Football Club	Sporting fields upgrade	September	10,000
Transfer of Funds	Allocation to minor operational works budget	November	2166
Transfer of Funds	Allocation to minor operational works budget	November	5000
Transfer of Funds	Allocation to minor operational works budget	November	2500
Lions Club of Coolum Beach	Stage 1 hall extension – design and certification	February	8000
Transfer of Funds	Allocation to minor operational works budget	March	15,000
Dunethin Rock Scout Camp	Exterior paint of scout building	April	15,000
Transfer of Funds	Allocation to minor operational works budget	May	8900
Maroochy River Rowing Club	AGL 3 phase meters	June	1088

Division 10 Cr Rogerson: Total 2017/18 Allocation \$100,000 (+\$25,812 in carryovers; and \$16,000 in other funds from 2016/17)

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Mapleton Bowls Club	Building upgrade – ceiling panels	July	2000
Sundale Community Foundation	Foundation and grants launch	July	1000
Yandina Baptist Church Community Fair	Yandina Street Fair	August	1500
Nambour State College P&C Association	Promotion of agricultural shop	August	658
Golf Programs Australia	2017 Golf Classic	August	500
Mapleton and District Community Association	Light the Lights	August	499
Yandina Masonic Centre	Kitchen renovations	August	5000
Yandina Chamber of Commerce	2017 Yandina Street Fair traffic management	August	420
Transfer of Funds	Allocation to minor operational works budget	August	1500

Division 10 Cr Rogerson: *Continued*

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Qld Police Citizens Youth Welfare Assoc. (SC Branch)	Retro Rocks Nambour	August	1000
Mapleton and District Community Association	Tree removal	August	2715
Floral Art Society of Queensland	AFAA National Convention	September	500
The Nambour Tramway Company	New batteries for Loose Caboose	September	820
Yandina and District Historical Society	External paint preparation	September	2000
Sunshine Coast Creative Alliance	Turn Up Sunshine Coast Music Industry Conference 2017	October	2000
Mapleton and District Community Association	Light the Lights	October	125
Sunshine Coast Pride Network	We Are One Family	October	1000
Yandina Chamber of Commerce	Commemorative plaques	October	267
Nambour Community Centre	Dulong heritage interpretive plaque	November	3032
Wishlist	Inaugural Teddy Bear's Picnic	November	1500
Range Community Gym & Fitness Centre (Mapleton)	Powersaving lighting initiative	November	1745
Kureelipa Public Hall Association Inc.	End-of-year barbeque celebration	November	300
Mapleton and District Community Association	Clean guttering at the old school house	December	325
Burnside Netball Club	Uniforms and equipment	December	750
Parent to Parent Qld Association	Mainstream and Me	January	2000
Transfer of Funds	Allocation to minor operational works budget	February	2057
Sunshine Coast Pride Network	2018 Pride family fair day and picnic in the park	February	2000
Eumundi Rotary	Eumundi Rotary Long Lunch	March	250
Nambour Bowls Club	Air conditioning clubhouse	March	5000
Kenilworth and District Chamber of Commerce and Citizens	Kenilworth Cheese Wine and Food Festival	March	2000
Zone 6 Pony Club Association of Queensland	PCQ State Showjumping and Equitation Championships	April	2000

Division 10 Cr Rogerson: *Continued*

Applicant	Purpose	Month Allocated	Amount Funded (\$)
Mary Valley Community News Association	Hanging baskets for Kenilworth Town Centre	April	2495
Transfer of Funds	Allocation to minor operational works budget	April	1500
The Story Project	Nambour Variety Show podcast	May	1306
Nambour Community Centre	Hidden in Plain Sight	May	1000
Mapleton Bowls Club	Catering for Ladies Fiesta	May	500
Nambour Alliance	Nambour Information Centre	May	500
Sunshine Coast Creative Alliance	The Bunker Series for Horizon Festival	June	1000
Mapleton Men's Shed	Freestanding courtyard roof structure	June	7500
Transfer of Funds	Allocation to minor operational works budget	August	79,548

Glossary

Capital works program

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

Corporate Plan

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

Governance Framework

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

Infrastructure

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

Liveability

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

Operational Plan

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

PD Online

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

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

Place making

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

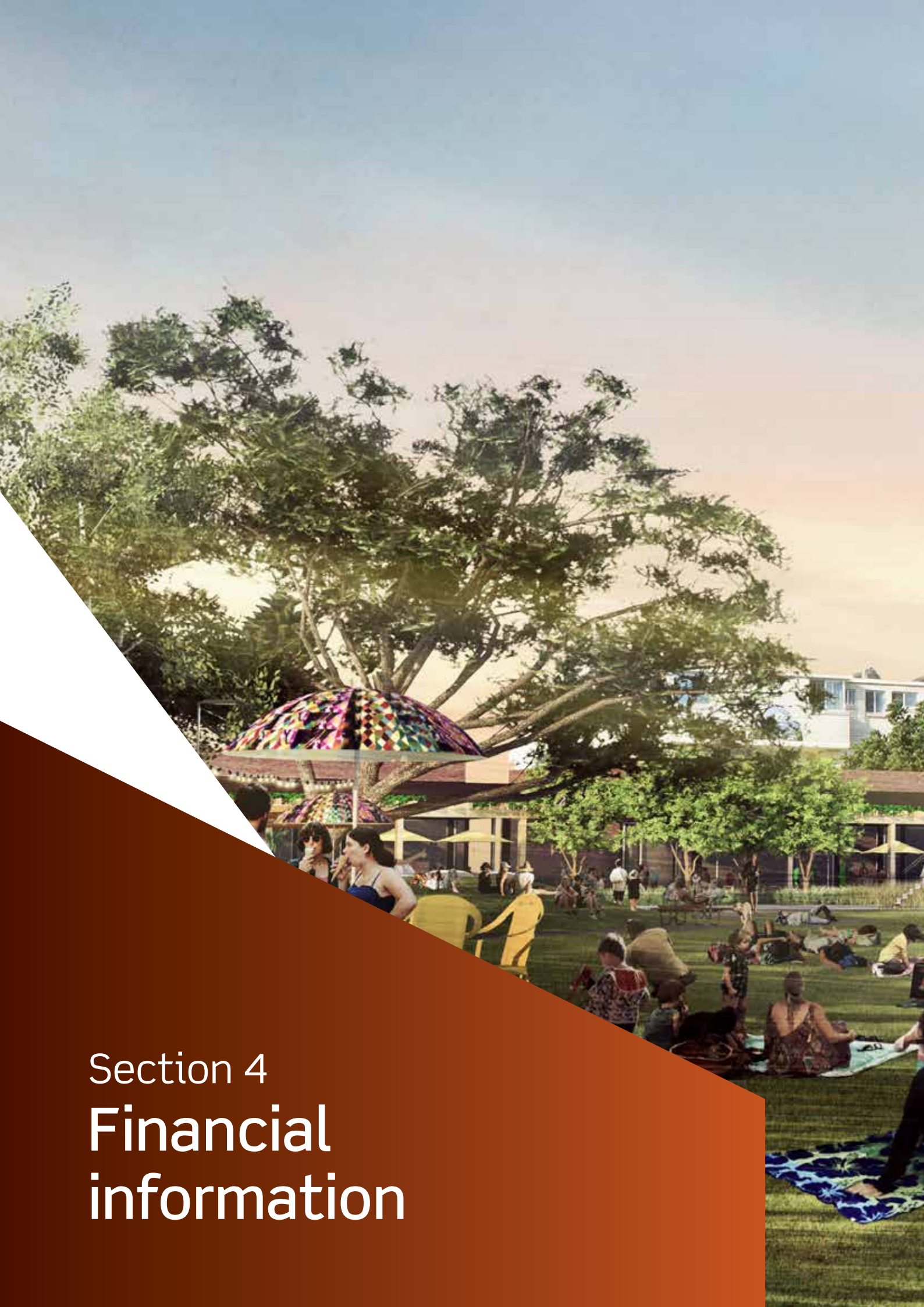
Seven high-value industries

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

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

Sustainable

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



Section 4
**Financial
information**



Community Financial Report 2017/18

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

Financial Statements

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

Statement of Comprehensive Income

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

Statement of Financial Position

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

Statement of Changes in Equity

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

Statement of Cash Flows

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

Measures of Financial Sustainability (Ratios)

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

There are various financial sustainability measures available however Council is required to calculate its ratios in accordance with the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs. 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 2018, 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 \$422 million in recurrent operating revenue during the 2017/18 year with the major source of this revenue generated from the rates and utility charges. Total operating revenue increased by \$16 million (4%) on the previous year.

Revenue	\$'000
Rates & Utilities (66%)	277,118
Fees & Charges (13%)	56,050
Interest Received (8%)	31,699
Grants & Other (7%)	29,986
Unitywater (6%)	27,337
Total	422,190

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 2017/18 year were \$417 million which was an increase of \$30 million (8%) on the previous year.

Expenses	\$'000
Employee Benefits (34%)	139,929
Materials & Services (45%)	188,443
Finance Costs (3%)	10,886
Depreciation & Amortisation (18%)	76,342
Contributions to Controlled Entities (0.4%)	1,464
Total	417,064

The Operating Result

The Operating Result is derived from the Statement of Comprehensive Income by deducting Total Recurrent Expenses from Total Recurrent Revenue, with Council's result for 2017/18 being a profit of \$5 million.

Statement of Financial Position

Assets - Liabilities = Community Equity

Assets

What do we own?

The value of all assets we controlled as at 30 June 2018 totalled \$5.4 billion. This figure is further broken down into current assets \$349 million (6%) and non-current assets \$5 billion (94%). Current assets are those that are readily available to meet expenses and mainly include cash and amounts owed by customers. Non-current assets include property plant and equipment and investments in associates (Unitywater).

Assets	\$'000
Cash & Cash Equivalents (5%)	290,202
Trade & Other Receivables (9%)	478,476
Inventories & Other (3%)	137,652
Property, Plant & Equipment and Intangibles (73%)	3,952,315
Investments in Associates (10%)	538,213
Total	5,396,858

Liabilities

What do we owe?

The value of all liabilities as at 30 June 2018 was \$450 million. This figure consists of current liabilities \$143 million (32%) and non-current liabilities of \$307 million (68%). The largest single debt owed by Council is to the Queensland Treasury Corporation (QTC) which is the state government-owned lending agency. This money is borrowed for infrastructure and large-scale region making projects.

Liabilities	\$'000
Trade & Other Payables (17%)	74,432
Borrowings (65%)	291,288
Provisions (13%)	56,997
Other Liabilities (6%)	27,171
Total	449,888

Capital Expenditure (Property, Plant & Equipment Assets)

Additions to Assets for the financial year

Category	\$'000
Buildings and Facilities	8,471
Parks and Gardens	11,954
Stormwater	4,720
Strategic Land and Commercial Properties	24,048
Transportation (Roads)	55,605
Waste	6,032
Coasts and Canals	1,855
Other	4,593
Total Council Base Capital Program	117,278
Maroochydore City Centre	31,862
Sunshine Coast Airport Runway	49,570
Total Region Making Projects	81,431
TOTAL	198,709

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 and construction of the new airport runway. 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.

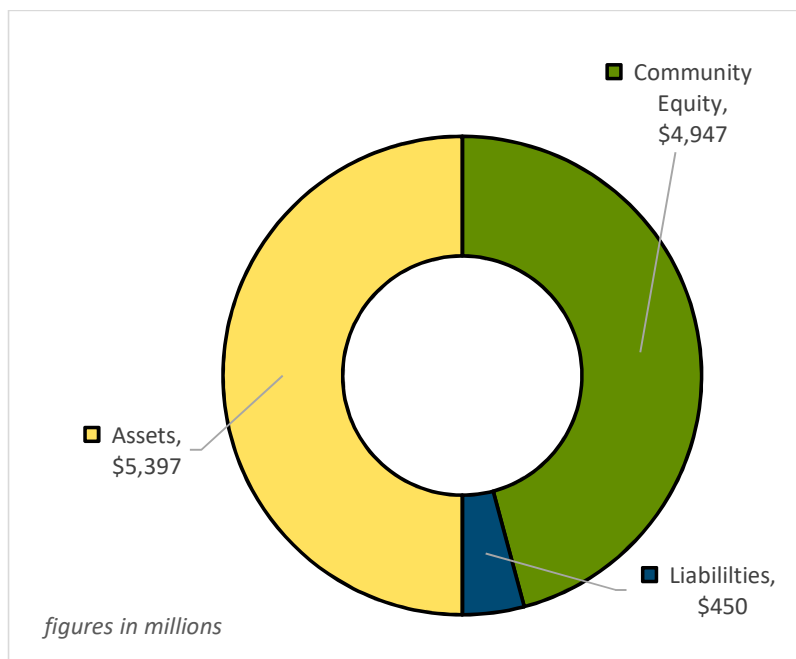
Statement of Changes in Equity

Community Equity

What is our net worth?

Assets (what we own) less liabilities (what we owe) equal Council's net worth (Community Equity). As at 30 June 2018, the Community Equity for Council was \$4.9 billion, an increase of \$136 million (3%) from the prior year.

This increase is due to Council's Net Result for the year of \$78 million along with the net increase in Council's Asset Revaluation Surplus of \$58 million. The Net Result is made up of the Operating Result of \$5 million, along with non-recurrent items such as grants, subsidies, contributions and donations as well as losses incurred on the disposal of assets or discontinued operations.



Council's total Community Equity (\$4.9 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 billion).
- **Asset Revaluation Surplus** which is the accumulated value of the assets in excess of what we have paid for them (\$905 million).

Statement of Cash Flows

Cash Flow

Cash in, cash out.

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 \$8 million (3%) for the financial year.

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

Business Activities – Full Cost Recovery Performance			
2017/18 Financial Data	Waste and Resource Management \$'000	Sunshine Coast Holiday Parks \$,000	Quarries Business Unit \$,000
Operating Revenue	61,839	17,581	8,228
Community Service Obligations	1,084	1,171	0
Total Operating Revenue	62,923	17,581	8,228
Operating Expenditure excluding interest	44,066	9,238	7,925
Depreciation	3,932	974	269
Competitive Neutrality Costs including income tax equivalent	272	441	4
Total Operating Expenditure	48,270	10,653	8,199
Earnings before interest and tax (EBIT)	14,653	6,928	29
Return (pre-tax nominal) %	14.8%	17.4%	3.1%
Target Return	11,935	4,519	497
Weighted Average Cost of Capital %	9.2%	12.2%	11.0%
Surplus/(Shortfall) EBIT to target return	2,718	2,709	(467)
Value of Council's Investment in the Business Activity	70,492	46,580	5,312

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 at 30 June 2018	Forward Estimates %								
			30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Operating Surplus Ratio	Between 0% and 10%	1.2%	5.4	7.9	7.6	11.9	11.5	11.8	9.4	8.5	13.3
Asset Sustainability Ratio	Greater than 90%	70.3%	75.6	65.7	67.3	67.6	67.3	68.5	67.1	64.9	66.2
Net Financial Liabilities Ratio	Not greater than 60%	23.9%	76.1	89.6	93.9	24.4	25.6	21.9	17.6	11.5	6.1

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.

Council's financial ratios for 2017/18 are showing a favourable result which is an indication there is surplus revenue to fund future capital expenditure and meet debt servicing obligations.

Financial Management Strategy

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

The above table shows whether Sunshine Coast Council is performing within accepted target ranges.

It clearly indicates that Council is achieving or out-performing the identified benchmarks in both of the key liquidity measures (Operating Surplus and Net Financial Liabilities ratios) apart from the years 2018/19 to 2020/21 for the Net Financial Liabilities Ratio (shaded).

The 10 year capital works program requires significant borrowings for the Sunshine Coast Airport Runway Project which is to be repaid on completion of the runway in 2022. Consultation with Queensland Treasury Corporation (QTC) was undertaken for the financial assessment of this project, particularly Council's ability to manage the Net Financial Liabilities Ratio.

The Department of Local Government, Racing and Multicultural Affairs 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."

For the Asset Sustainability ratio, there is an ongoing review of asset management plans that will confirm the desired level of expenditure on the renewal and refurbishment of Council assets. Council's ratio is indicative of growing councils investing in new community assets.

2017/18 Financial Statements

For the year ended 30 June 2018

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1. FINANCIAL STATEMENTS

Statements of Comprehensive Income For the year ended 30 June 2018

	Note	Consolidated		Council	
		2018 \$'000	Restated 2017 \$'000	2018 \$'000	Restated 2017 \$'000
Income					
Revenue					
Recurrent revenue					
Net rates and utility charges	3(a)	277,118	261,991	277,118	261,991
Fees and charges	3(b)	58,061	56,060	56,050	53,978
Rent and sales from contracts and recoverable works	3(c)	16,114	11,590	15,863	11,368
Share of tax equivalents of associate	3(d)	27,069	12,847	27,069	12,847
Dividend Income	3(e)	-	-	268	13,837
Interest received	3(f)	31,782	32,605	31,699	32,516
Share of profit of associate	14	44,789	50,829	-	-
Grants, subsidies, contributions and donations	4(a)	15,797	19,977	14,122	19,581
Total recurrent revenue		470,730	445,898	422,190	406,118
Non-recurrent revenue					
Grants, subsidies, contributions and donations	4(b)	99,993	214,379	99,993	214,379 *
Total non-recurrent revenue		99,993	214,379	99,993	214,379 *
Total income		570,723	660,276	522,183	620,497 *
Expenses					
Recurrent expenses					
Employee benefits	5	(141,885)	(131,817)	(139,929)	(129,919)
Materials and services	6	(191,798)	(177,137)	(188,443)	(174,972) *
Finance costs	7	(10,938)	(10,418)	(10,886)	(10,369)
Depreciation and amortisation	16,17	(76,353)	(70,545)	(76,342)	(70,542) *
Contributions to controlled entities	8	-	-	(1,464)	(1,400)
Total recurrent expenses		(420,974)	(389,917)	(417,064)	(387,201) *
Non-recurrent expenses					
Loss on disposal property, plant and equipment, and intangibles	9	(19,523)	(9,252)	(19,523)	(9,252)
Movements in landfill and quarry provisions	20	(3,057)	(3,862)	(3,057)	(3,862)
Assets transferred to third parties	9	(715)	(8,784)	(715)	(8,784)
Revaluation decrement property, plant & equipment	9	-	(39,802)	-	(39,802)
Total non-recurrent expenses		(23,295)	(61,699)	(23,295)	(61,699)
Total expenses		(444,269)	(451,616)	(440,359)	(448,900)
Net result/(deficiency) from continuing operations		126,454	208,660	81,824	171,597

1. FINANCIAL STATEMENTS

Statements of Comprehensive Income *continued*
For the year ended 30 June 2018

	Note	Consolidated		Council	
		2018 \$'000	Restated 2017 \$'000	2018 \$'000	Restated 2017 \$'000
Discontinued Operations					
Profit / (Loss) for the year from discontinued operations	10	(3,448)	3,254	(3,448)	3,254
Net result (deficiency) from discontinued operations		(3,448)	3,254	(3,448)	
Net result (deficiency)		123,006	211,914	78,376	174,850 *
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	22	57,651	(41,965)	57,651	(41,965)
Total other comprehensive income		57,651	(41,965)	57,651	(41,965)
Total comprehensive income for the year		180,657	169,949	136,027	132,885 *

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

** Comparative figures have been adjusted for Discontinued Operations. Refer Note 10 for details.

1. FINANCIAL STATEMENTS

Statements of Financial Position As at 30 June 2018

	Note	Consolidated		Council	
		2018 \$'000	Restated 2017 \$'000	2018 \$'000	Restated 2017 \$'000
Assets					
Current assets					
Cash and cash equivalents	11	292,118	283,987	290,202	282,368
Trade and other receivables	12	22,086	16,273	17,518	16,116
Inventories	13	17,278	9,697	17,206	9,594
Other assets	15	23,896	25,829	23,848	25,770
Assets held for Distribution	10	-	85,322	-	85,322
Total current assets		355,378	421,109	348,774	419,170
Non-current assets					
Trade and other receivables	12	460,458	440,330	460,958	440,830 *
Inventories	13	96,599	31,220	96,599	31,220
Property, plant and equipment	16	3,937,831	3,782,629	3,937,744	3,782,615 *
Investment in associates	14	716,854	672,333	538,213	538,212
Intangible assets	17	14,571	16,872	14,571	16,872
Total non-current assets		5,226,312	4,943,385	5,048,084	4,809,750 *
Total assets		5,581,691	5,364,494	5,396,858	5,228,920 *
Liabilities					
Current liabilities					
Trade and other payables	18	78,236	52,902	73,100	52,391
Borrowings	19	22,951	21,431	22,951	21,431
Provisions	20	20,024	19,926	20,024	19,753
Other liabilities	21	27,254	18,949	27,171	18,881
Liabilities directly associated with assets held for distribution	10	-	2,384	-	2,384
Total current liabilities		148,465	115,593	143,246	114,840
Non-current liabilities					
Trade and other payables	18	1,333	1,464	1,333	1,384
Borrowings	19	268,336	268,625	268,336	268,625
Provisions	20	37,216	33,129	36,973	33,129
Total non-current liabilities		306,886	303,218	306,643	303,137
Total liabilities		455,351	418,811	449,888	417,977
Net community assets		5,126,340	4,945,683	4,946,970	4,810,943 *
Community equity					
Asset revaluation surplus	22	904,819	847,168	904,819	847,168
Retained surplus/(deficiency)		4,221,521	4,098,515	4,042,151	3,963,775 *
Total community equity		5,126,340	4,945,683	4,946,970	4,810,943 *

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

** Comparative figures have been adjusted for Discontinued Operations. Refer Note 10 for details.

1. FINANCIAL STATEMENTS

Statements of Change in Equity For the year ended 30 June 2018

<u>Consolidated</u>		Asset revaluation surplus	Retained surplus	Total
	Note	\$'000	\$'000	\$'000
<u>For the year ended 30 June 2018</u>				
Balance as at 1 July 2017 (Restated)		847,168	4,098,515	4,945,683
Opening balance adjustment		-	-	-
Increase (decrease) in asset revaluation surplus	22	57,651	-	57,651
Net result		-	123,006	123,006
Balance as at 30 June 2018		904,819	4,221,521	5,126,340
<u>For the year ended 30 June 2017</u>				
Balance as at 1 July 2016		889,133	3,842,410	4,731,543
Opening balance adjustment		-	44,191	44,191
Increase (decrease) in asset revaluation surplus	22	(41,965)	-	(41,965)
Net result		-	211,914	211,914 *
Balance as at 30 June 2017 (Restated)		847,168	4,098,515	4,945,683 *

<u>Council</u>		Asset revaluation surplus	Retained surplus	Total
	Note	\$'000	\$'000	\$'000
<u>For the year ended 30 June 2018</u>				
Balance as at 1 July 2017 (Restated)		847,168	3,963,775	4,810,943
Opening balance adjustment		-	-	-
Increase (decrease) in asset revaluation surplus	22	57,651	-	57,651
Net result		-	78,376	78,376
Balance as at 30 June 2018		904,819	4,042,151	4,946,970
<u>For the year ended 30 June 2017</u>				
Balance as at 1 July 2016		889,133	3,744,734	4,633,867
Opening balance adjustment		-	44,191	44,191
Increase (decrease) in asset revaluation surplus	22	(41,965)	-	(41,965)
Net result		-	174,850	174,850 *
Balance as at 30 June 2017 (Restated)		847,168	3,963,775	4,810,943 *

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

** Comparative figures have been adjusted for Discontinued Operations. Refer Note 10 for details.

1. FINANCIAL STATEMENTS

Statements of Cash Flows

For the year ended 30 June 2018

	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows from operating activities					
Receipts from customers		378,713	352,980	352,876	342,334
Payments to suppliers and employees		(338,871)	(326,863)	(313,330)	(316,263)
Interest and dividends received		59,119	59,288	59,037	59,200
Recurrent grants and contributions		14,122	19,581	14,122	19,581
Borrowing costs	7	(9,065)	(11,093)	(9,065)	(11,093)
Finance costs	7	(1,821)	750	(1,821)	701
Net cash inflow (outflow) from operating activities	29	102,196	94,644	101,819	94,461
Cash flows from investing activities					
Payments for property, plant and equipment		(191,261)	(176,964)	(191,178)	(176,947)
Net movement in loans and advances		(26,064)	-	(26,064)	-
Proceeds from sale of property, plant and equipment		83,027	3,440	83,027	3,440
Grants, subsidies, contributions and donations		38,993	46,790	38,993	46,790
Net cash inflow (outflow) from investing activities		(95,306)	(126,734)	(95,223)	(126,717)
Cash flows from financing activities					
Proceeds from borrowings		31,583	12,600	31,583	12,600
Repayment of borrowings		(30,351)	(16,523)	(30,351)	(16,523)
Net cash inflow (outflow) from financing activities		1,232	(3,923)	1,232	(3,923)
Net increase (decrease) in cash and cash equivalents held		8,123	(36,013)	7,828	(36,181)
Cash and cash equivalents at beginning of financial year		283,995	320,010	282,375	318,556
Cash and cash equivalents at end of the financial year		292,118	283,995	290,202	282,375
Additional Information:					
Less: Cash held for distribution to discontinued operation	10	-	(7)	-	(7)
Total cash, cash equivalents & investments	11	292,118	283,987	290,202	282,368

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2018

1. Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2017 to 30 June 2018. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.02 Recurrent/Non-recurrent Classification

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

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

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

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

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

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

1.03 Basis of Consolidation

Subsidiaries

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

Transactions between Council and entities controlled by Council have been eliminated when preparing consolidated accounts. In addition, the accounting policies of controlled entities have been adjusted on consolidation where necessary, to ensure the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Council. Information on controlled entities that have been consolidated is included in Note 27.

Council had an interest in three (3) subsidiaries during the year being Sunshine Coast Events Centre Pty Ltd, SunCentral Maroochydore Pty Ltd and Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust. Council wholly owns the issued shares of Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd. The shares and units in Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust were sold on 1 December 2017, on commencement of the 99 year lease with Palisade Investment Partners Pty Limited.

1.04 Constitution

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

1.05 Adoption of New and Revised Accounting Standards

This year Council has applied AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 for the first time. As a result, Council has disclosed more information to explain changes in liabilities arising from financing activities (debt reconciliation). This information is presented in Note 31.

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

AASB 9 Financial Instruments

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and will change the classification, measurement and disclosures of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses. Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

At 30 June 2018 Council recognised an increased impairment of debts totalling \$314,000 which increased the overall impairment provision to \$481,957. These expenses are recognised as finance costs in the Statement of Comprehensive Income. If Council had applied AASB 9 this year, this amount of impairment provision would have increased to an estimated \$763,944.

Council will apply AASB 9 from 1 July 2018.

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

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

AASB 15 and AASB 1058 are effective for periods commencing 1 July 2019.

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

At 30 June 2018 Council had received pre-paid rates totalling \$7.986 million. These rates are recognised as revenue in the Statement of Comprehensive Income. If Council had applied AASB 1058 this year these rates would have been recognised as a liability in the Statement of Financial Position and Council's net result would decrease by \$7.986 million.

AASB 16 Leases

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

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

AASB 16 is effective for periods commencing 1 July 2019.

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

1.06 Estimates and Judgements

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

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

- Valuation and depreciation of property, plant and equipment - Note 16
- Impairment of property, plant and equipment - Note 16
- Provisions - Note 20
- Contingencies - Note 24

1.07 Rounding and Comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. Restated balances are detailed in Note 34 and indicated with an asterisk (*) throughout the financial statements.

1.08 Taxation

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

2. (a) Analysis of Results by Function

Components of Council Functions

Following Council endorsement of a new organisation structure in October 2017, Council's Departments were realigned and renamed to Groups. The prior year comparatives in Note 2(b) have not been realigned to the new structure, however the details of Components of Council Functions below, include both the prior year and current year description.

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

Mayor & CEO Group

The Mayor and CEO Group provides strategic support and advice to the Mayor, Councillors, CEO, Board of Management and the wider organisation. It delivers organisational leadership for key corporate initiatives, legal advice, audit compliance, statutory and corporate meeting management and facilitates government, business and community relationships. The Group is responsible for Audit and Assurance, Communication, Corporate Governance, Legal Services, Office of the CEO and Office of the Mayor.

Office of the Mayor and CEO (prior)

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

Built Infrastructure Group

The Built Infrastructure Group is focussed on managing and maintaining the region's built infrastructure. The Group is responsible for Asset Management, Civil Asset Management, Parks and Gardens, Transport and Infrastructure Planning, Transport Infrastructure Management, Disaster Management and the Sunshine Coast Airport Expansion.

Infrastructure Services (prior)

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

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 and integrated performance reporting. The Group is responsible for Business Development, Digital Information Systems, Finance, People and Culture and Property Management.

Corporate Services (prior)

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

Customer Engagement and Planning Services Group

The Customer Engagement and Planning Services Group is focussed on providing strategic and operational services to business and the community. The Group is responsible for Customer Response, Development Services, Strategic Planning, and Waste and Resource Management.

Community Services (prior)

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

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. The Group is responsible for Arts Heritage and Library, Community Planning and Development, Economic Development, and Sport and Community Venues.

Economic Development and Major Projects (prior)

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

Liveability and Natural Assets Group

The Liveability and Natural Assets Group is focussed on planning and delivery of the 'big picture' for the region. Balancing the need for residential, commercial, environmental and infrastructure development to meet the needs of the region's growing population, sustainably. The Group is responsible for Design and Place making Services, Environmental and Sustainability Policy, Environmental Operations, Project Delivery and Urban Growth Projects.

Planning and Environment Department (prior)

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

Region Making Projects

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

Maroochydore City Centre

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

This is a long term project, expected to take approximately 20 years, with the bulk of the development being completed in stages, except where it is more appropriate to have a 'whole of project' approach such as the construction of waterways and underground services.

Stage 1A is significantly complete with finalisation anticipated for the first quarter of 2018/19.

Titles have been issued for Stage 1A of the development. One lot has settled and 99% of the remaining lots in the core commercial precinct are under negotiation or contract.

Sunshine Coast Airport Runway

The Runway Project aims to deliver a new 2450m x 45m runway that will enable direct flights to more destinations across Australia, Asia and the Western Pacific.

Council has partnered with Palisade Investment Partners Limited who will operate the airport under a 99 year lease which commenced on 1 December 2017. The transfer of the airport business is represented as a Discontinued Operation with further details in Note 10.

Council received \$67 million on commencement of the lease with a further \$15 million (plus interest of 3% per annum) to be provided on 30 June 2022. In addition, Council will receive 5% of gross airport revenue over the 99 year lease term.

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

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

Sunshine Coast International Broadband Network

This project aims to deliver a new international broadband network to the Sunshine Coast. Council has signed an agreement with RTI-C to deliver the undersea component of the project while Council will retain responsibility for the landside infrastructure required to deliver the project. The total project cost is expected to be \$35 million some of which will require payment in USD.

2. (b) Analysis of Results by Function

Notes to Financial Statements
For the year ended 30 June 2018

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		
	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Built Infrastructure	41,020	6,533	(31,776)	15,778	(191,308)	(10,750)	39,819	(162,239)	(142,245)	(146,482)	3,228,822								
Customer Engagement and Planning Services	110,271	67	(22,150)	80,188	(131,443)	(3,103)	37,224	(97,322)	(6,098)	(9,134)	98,474								
Economic and Community Development	20,003	-	13,130	33,133	(85,489)	(4,085)	4,036	(85,538)	(48,320)	(52,404)	184,749								
Liveability and Natural Assets	22,228	89,970	(11,660)	100,537	(58,457)	(85)	19,398	(39,144)	(28,492)	61,393	73,638								
Region Making Projects	756	-	-	756	(5,622)	(5,067)	300	(10,389)	(9,633)	165,875									
Business Performance	373,260	3,423	(66,162)	310,521	(57,732)	(206)	24,436	(33,502)	273,803	277,019	1,644,048								
Mayor and CEO Group	13,552	-	(13,483)	69	(15,667)	-	6,890	(8,777)	(8,708)	(8,708)	1,252								
Controlled Entities Net of Eliminations	21,741	-	-	21,741	(3,910)	(3,448)	-	(3,910)	17,831	17,831	184,833								
Less Discontinued operations	-	-	-	-	(3,448)	-	-	(3,448)	(3,448)	(3,448)	(3,448)	-							
Total Consolidated Continuing Operations	602,832	99,993	(132,101)	570,723	(553,076)	(23,296)	132,102	(444,269)	49,756	126,454	5,581,691								

Notes to Financial Statements
For the year ended 30 June 2017

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	
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Infrastructure Services	98,641	145,584*	(36,479)	207,747*	(244,598)	(20,519)	50,845	(214,272)	(131,591)	(6,525)*	3,253,218							
Economic Development & Major Projects	52,291	-	(7,619)	44,672	(60,644)	(15,850)	15,077	(61,417)	(895)	(16,745)*	136,474							
Community Services	29,832	-	(15,352)	14,480	(94,809)	(1,302)	27,929	(68,182)	(52,400)	(53,702)	154,107							
Planning and Environment	46,282	64,213	(15,686)	94,809	(67,566)	(850)	26,366	(42,050)	(10,605)	52,759	22,289							
Region Making Projects	-	-	-	-	(20,155)	(13,884)	463	(33,576)	(19,692)	(33,576)	131,582							
Corporate Services	319,633	4,581	(45,250)	278,964	(32,747)	(9,295)	2,939	(39,103)	244,575	239,862	1,527,478							
Office of the Mayor and CEO	8,241	-	(8,200)	42	(12,229)	-	4,965	(7,263)	(7,222)	(7,222)	1,515							
Controlled Entities Net of Eliminations	39,779	-	-	39,779	(2,716)	(2,716)	-	(2,716)	37,063	37,063	138,779							
Discontinued operations	(20,216)	-	-	(20,216)	16,962	-	-	16,962	(3,254)	(3,254)	(948)							
Total Consolidated Continuing Operations	574,484	214,379*	(128,585)	660,276*	(518,502)	(61,699)	128,585	(451,616)	55,980	208,660*	5,364,494*							

* Comparative figures have been restated. Refer to Note 34 for details.
** Comparative figures have been adjusted for Discontinued Operations. Refer Note 10 for details.

3. Revenue analysis

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

(a) Net rates and utility charges

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
General rates	215,069	205,295	215,069	205,295
Waste management	50,274	47,907	50,274	47,907
Tourism and special levies	13,866	10,931	13,866	10,931
Environment levy	9,876	9,358	9,876	9,358
Rural fire levy	444	411	444	411
Valuation fees	98	101	98	101
Total rates and utility charge revenue	289,628	274,002	289,628	274,002
Less: discounts	(8,528)	(8,124)	(8,528)	(8,124)
Less: pensioner remissions	(3,095)	(3,084)	(3,095)	(3,084)
Less: rebates	(887)	(803)	(887)	(803)
	(12,510)	(12,011)	(12,510)	(12,011)
Net rates and utility charges	277,118	261,991	277,118	261,991

(b) Fees and charges

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Application fees (development)	9,038	6,290	9,038	6,290
Holiday parks	16,265	15,951	16,265	15,951
Cemetery fees	1,104	1,061	1,104	1,061
Parking fees	599	452	599	452
Refuse tip fees	6,706	5,938	6,706	5,938
Registration fees	1,174	1,059	1,174	1,058
Search fees	1,123	1,161	1,123	1,161
Waste service charges	465	457	465	457
Change of ownership fees	959	999	959	999
Fines and penalties	3,088	3,461	3,088	3,461
Venue hire	1,211	1,224	1,211	1,224
Development services	9,217	10,400	9,217	10,400
Permits and licences	1,386	1,343	1,386	1,343
Other fees and charges	5,727	6,261	3,716	4,180
Total fees and charges	58,061	56,060	56,050	53,978

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

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Lease revenue	1,436	1,379	1,186	1,157
Recoverable works	831	345	831	742
Sale of recyclables	2,824	2,233	2,824	2,233
Other revenue	11,022	7,633	11,022	7,236
Total	16,114	11,590	15,863	11,368

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

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

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total	27,069	12,847	27,069	12,847

(e) **Dividend income**

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total	-	-	268	13,837

(f) **Interest received**

Interest received is accrued over the term of the investment.

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest received from associate	22,502	23,154	22,502	23,154
Interest received from cash and term deposits	8,614	8,754	8,532	8,665
Interest from overdue rates and utility charges	665	697	665	697
Total	31,782	32,605	31,699	32,516

4. Grants, subsidies, contributions and donations

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

Physical asset contributions and donations are recognised as revenue when Council obtains control of the assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expense. All non-cash contributions are recognised at fair value as at the date of acquisition.

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

(a) Recurrent revenue	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Government grants and subsidies commonwealth	11,056	15,982	11,056	15,982
Government grants and subsidies state	2,594	2,149	2,594	2,149
Grants and subsidies other	3	-	3	-
Contributions and donations	2,146	1,846	470	1,451
Total	15,797	19,977	14,122	19,581

(b) Non-recurrent revenue

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Government grants and subsidies commonwealth	1,002	8,074	1,002	8,074
Government grants and subsidies state	7,487	8,652	7,487	8,652
Developer contributions	31,570	30,064	31,570	30,064
Infrastructure from developers at fair value	61,000	168,222	61,000	168,222
	101,059	215,012	101,059	215,012
Total Non-recurrent revenue				
Less: discount allowed developer contributions *	(1,066)	(633)	(1,066)	(633)
* <i>Previously recognised in materials</i>				
Net Non-recurrent revenue	99,993	214,379	99,993	214,379

5. Employee benefits

	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total wages and salaries		112,269	104,260	110,614	102,601
Councillors' remuneration *		1,765	1,739	1,765	1,739
Annual, sick and long service leave entitlements		18,977	17,079	18,831	17,042
Superannuation	25	19,712	18,662	19,557	18,582
		152,723	141,740	150,767	139,964
Other employee related expenses		3,573	3,943	3,573	3,821
		156,296	145,683	154,340	143,784
Less: Capitalised employee expenses		(14,404)	(13,866)	(14,404)	(13,866)
Less: Employee expenses transferred to third parties		(8)	-	(8)	-
Total		141,885	131,817	139,929	129,919

* 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	
	2018	2017	2018	2017
Elected Members	11	11	11	11
Staff	1,645	1,587	1,616	1,560
Total full time equivalent employees	1,656	1,598	1,627	1,571

6. Materials and services

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Advertising	2,013	1,646	2,013	1,646
Audit of annual financial statements by the Auditor General of Queensland	288	251	261	251
Consultancy fees	8,141	6,431	8,141	6,431
Commissions paid	3,048	2,866	3,048	2,866
Contract services parks and gardens	16,008	14,154	16,008	14,154
Contract services waste collection	28,999	27,545	28,999	27,545
Contract services environmental operations	11,655	9,060	11,655	9,060
Contract services property management	7,867	6,494	7,867	6,494
Contract services other	31,765	33,104	31,765	33,104
Donations	4,646	3,898	4,646	3,898
Electricity	8,031	9,039	8,031	9,039
Entertainment and hospitality	666	625	666	625
Equipment < \$5,000	1,150	1,472	1,150	1,472
Fuel	2,701	2,535	2,701	2,535
Grants to community organisations	7,949	8,021	7,949	8,021
Insurance	2,583	2,038	2,583	2,038
Legal fees	3,780	6,469	3,780	6,469
Library resources	1,393	1,433	1,393	1,433
Materials road base	2,729	2,940	2,729	2,940
Operating leases - rentals	7,723	7,427	7,723	7,427
Plant and equipment hire	5,409	4,616	5,409	4,616
Security services	1,370	1,196	1,370	1,196
Software and maintenance	7,033	6,421	7,033	6,421
Telecommunications	4,246	4,061	4,246	4,061
Water and sewerage charges	5,416	4,662	5,416	4,662
All other materials and services	22,045	17,056	18,716	14,891
Total	198,653	185,458	195,298	183,293
Less: Capitalised expenses	(6,148)	(8,320)	(6,148)	(8,320)
Less: Internal costs transferred to third parties	(707)	-	(707)	-
Total	191,798	177,137	188,443	174,972

7. Finance costs

	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Borrowing costs charged by the Queensland Treasury Corporation *		9,065	11,093	9,065	11,093
Bank charges and credit card fees		949	915	897	866
Finance costs due to unwinding (waste and quarry provisions)	20	451	(1,930)	451	(1,930)
Impairment of debts		314	320	314	320
Other finance costs		160	20	160	20
Total		10,938	10,418	10,886	10,369

* Borrowing costs includes \$9.065 million operating costs (\$11.093 million in 2017), and \$4.663 million capitalised against the Maroochydore City Centre project (\$3.723 million in 2017) and \$0.28 million capitalised against the Sunshine Coast Airport Expansion project (\$0.03 million in 2017).

8. Contributions to controlled entities

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contributions to controlled entities	-	-	1,464	1,400

9. Non-recurrent expenses

(Gain)/loss on disposal of non-current assets	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Proceeds from the sale of plant and equipment	(495)	(470)	(495)	(470)
Less carrying amount sold	197	352	197	352
Less carrying amount disposed and written-off	153	46	153	14
	(145)	(72)	(145)	(103)
Proceeds from the sale of property and land *	(542)	(2,970)	(542)	(2,970)
Less carrying amount sold	537	2,339	537	2,339
Less carrying amount disposed and written-off	17,106	7,244	17,106	7,091
	17,101	6,613	17,101	6,460
Replacement of roads, stormwater and other infrastructure				
Less carrying amount:				
Replaced and renewed	1,332	2,324	1,332	2,324
Disposed and written-off	1,175	-	1,175	-
	2,508	2,324	2,508	2,324
Replacement of intangibles				
Less carrying amount:				
Replaced and renewed	-	495	-	495
Disposed and written-off	59	76	59	76
	59	572	59	572
Loss on disposal of property, plant and equipment, and intangibles	19,523	9,252	19,523	9,252
Assets transferred to third parties				
Employee expenses transferred to third parties	8	-	8	-
Internal costs transferred to third parties	707	8,784	707	8,784
	715	8,784	715	8,784
Loss on Revaluation				
Net revaluation decrement on land	-	39,802	-	39,802
	-	39,802	-	39,802

* Included in 2018 is \$0.715 million related to work performed on public utility provider assets as part of the construction of the Maroochydore City Centre supporting access infrastructure.

10. Discontinued operations - Sunshine Coast Airport Pty Ltd

In conjunction with the Sunshine Coast Airport Runway project, and in preparation for completion under the SCA Share Sale and Purchase Agreement, Council established Sunshine Coast Airport Pty Ltd (SCAPL), a proprietary company limited by shares, as well as The Trustee for Sunshine Coast Airport Trust, a unit trust established by deed. Council owned all the issued shares in the company as well as all the issued units in the trust, until sold on 1 December 2017 to Palisade Investment Partners Limited (Palisade) in conjunction with commencement of the 99 year lease of the Sunshine Coast Airport.

Ownership of SCAPL was transferred to Palisade on the 1st December 2017. Under the agreement, airport business proceeds for the period 1 July 2017 to 1 December 2017 were also transferred to Palisade.

The revenue and expenses associated with the Sunshine Coast Airport Pty Ltd for the 5 months to 1st December, and the prior 12 months are detailed below.

Results of discontinued operation

	Note	Consolidated		Council	
		2018 \$'000 5 months	2017 \$'000 12 months	2018 \$'000 5 months	2017 \$'000 12 months
Revenue		9,675	20,216	-	20,216
Expenses		(3,328)	(15,212)	-	(15,212)
		6,347	5,004	-	5,004
Loss on disposal property, plant and equipment		(659)	(194)	(659)	(194)
Loss on transfer of assets and liabilities		(9,137)	(1,556)	(2,789)	(1,556)
Net result (deficiency)	10	(3,448)	3,254	(3,448)	3,254

Non-current asset impairment

Non-current assets held for sale	-	1,556	-	1,556
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The loss on impairment of assets held for sale arises due to property, plant and equipment being measured at the lower of the carrying amount or fair value less disposal costs.

Assets and Liabilities from discontinued operations

	Consolidated		Council	
	2018 \$'000 5 months	2017 \$'000 12 months	2018 \$'000 5 months	2017 \$'000 12 months
Cash and cash equivalents	-	7	-	7
Trade and other receivables	-	2,158	-	2,158
Other assets	-	1,167	-	1,167
Non-current assets held for sale	-	81,990	-	81,990
Total assets held for distribution	-	85,322	-	85,322
Trade and other payables	-	1,300	-	1,300
Provisions	-	322	-	322
Other	-	762	-	762
Total liabilities held for distribution	-	2,384	-	2,384
Net assets classified as held for distribution	-	82,939	-	82,939

	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance at 1 July		82,938	490	82,938	490
Transfers from current assets		-	3,332	-	3,332
Transfers from current liabilities		-	(2,384)	-	(2,384)
Transfers from non-current assets		-	83,545	-	83,545
Impairment adjustment		-	(1,556)	-	(1,556)
Disposals		(82,938)	(490)	(82,938)	(490)
Closing balance at 30 June	10	-	82,938	-	82,938

11. Cash and cash equivalents

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

Cash and cash equivalents include an amount of \$60 million (2017 \$60 million) in short-term investments. Short-term investments have an original maturity date of greater than three months from the balance date of the financial statements.

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total cash and equivalents	292,118	283,987	290,202	282,368

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Externally imposed expenditure restrictions	138,429	121,110	138,429	121,110
Internally imposed expenditure restrictions	24,664	10,586	24,664	10,586
Total unspent restricted cash	163,093	131,696	163,093	131,696

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Constrained works	107,960	84,990	107,960	84,990
General	14,419	17,421	14,419	17,421
Levy funded	14,482	13,273	14,482	13,273
Special purpose	1,568	5,426	1,568	5,426
Total unspent restricted cash	138,429	121,110	138,429	121,110

Internally imposed expenditure restrictions at the reporting date:

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Constrained works	-	637	-	637
General	24,664	7,883	24,664	7,883
Special purpose	-	2,066	-	2,066
Total unspent restricted cash	24,664	10,586	24,664	10,586

12. Trade and other receivables

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

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

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Rates and utility charges	3,982	4,595	3,982	4,595
Infringements	2,260	2,138	2,260	2,138
Infrastructure charges	3,266	1,851	3,266	1,851
Trade debtors	9,258	5,311	4,690	5,164
GST receivable	3,799	2,898	3,799	2,888
Other debtors	4	3	4	3
Less allowance for impairment	(482)	(524)	(482)	(524)
Total	22,086	16,273	17,518	16,116

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance at 1 July	524	1,463	524	1,463
Impairment debts written off during the year	(354)	(1,259)	(354)	(1,259)
Additional impairments recognised	312	321	312	321
Closing balance at 30 June	482	524	482	524

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

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

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Not past due	12,837	12,493	12,837	12,493
Past due				
31-60 days	5,079	1,557	512	1,400
61-90 days	361	509	361	509
More than 90 days	4,291	2,238	4,291	2,238
Impairment	(482)	(524)	(482)	(524)
Total	22,086	16,273	17,518	16,116

	Note	Consolidated		Council	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Non-Current					
Trade debtors		17,060	-	17,060	-
Loans receivable		9,004	5,937	9,004	5,937
Loan to associate - subordinated debt	14	434,393	434,393	434,393	434,393
Shares in controlled entities		-	-	500	500
Total		460,458	440,330	460,958	440,830

The non-current trade debtor's amount of \$17.06 million is due for payment on 30 June 2022 as per the SCA (Sunshine Coast Airport) Share Sale and Purchase Agreement.

Loans receivable includes finance provided by Council to independent third parties in order to undertake development activities. *Comparative figures have been restated.*

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

The subordinated interest only loan terminates on 30 June 2033 with the interest rate to be set by QTC annually.

Applicable interest rate for 2018 was 5.02% (2017 5.33%).

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.

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 Statement of Comprehensive Income on the signing of a valid unconditional contract of sale.

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Equipment, stores and quarries *	1,209	876	1,137	772
Land being developed for resale **				
Work in Progress	16,068	8,821	16,068	8,821
Finished Goods	-	-	-	-
Closing current inventories at 30 June	17,278	9,697	17,206	9,594

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

	Consolidated		Council	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-current				
Land held for future development and resale**				
Work in Progress	36,568	31,221	36,568	31,221
Runway under development and resale***				
Work in Progress	60,031	-	60,031	-
Closing non-current inventories at 30 June	96,599	31,220	96,599	31,220

** Land acquired for the Maroochydhore 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 Maroochydhore Pty Ltd.'s (the Development Manager) current land disposal plan and the current MCC Surveyed Priority Development Area (PDA) land area maps.

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

Land planned for resale will be released in stages over the next 20 years. Current land inventory is Stage 1 is planned for release in late 2018, and Non-current land inventory is being held for future development in Stages 2-6. Land planned for resale is recognised at cost, being the lesser of cost and net realisable value. Inventory costs include costs to develop the land ready for resale and other directly attributable costs such as project overheads and borrowing costs.

*** Sunshine Coast Airport (SCA) international runway construction commenced 2017 and is anticipated to be ready for sale in 2020. Inventory costs include the costs of development and other directly attributable costs such as project overheads and borrowing costs.

14. Investment in associates

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

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

Name of Associate:	Northern SEQ Distributor-Retailer Authority (trading as Unitywater)
Principal Activity:	Provision of Water and Wastewater Services
Principal Place of Business:	Caboolture Qld
Proportion of Ownership Interest:	37.51% (2017 37.51%)

(1) Background

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

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

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

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

(2) Contractual Agreements

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

(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 2018 is 5.02% (2017: 5.33%).

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Movement in carrying amount				
Investment	672,333	635,341	538,213	538,212
Share of profits after tax and before dividends	44,789	50,829	-	-
Dividends received/receivable	(268)	(13,837)	-	-
Carrying amount at the end of the financial year	716,854	672,333	538,213	538,212

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 2018 financial statements is detailed below.

Extract from the Authority's Statement of Comprehensive Income:

	2018 \$'000	2017 \$'000
Total revenues	696,248	669,523
Ordinary expenses	(490,211)	(489,199)
Profit before income tax equivalent	206,037	180,324
Income tax equivalent expense	(86,632)	(44,817)
Total profit (after tax)	119,405	135,507
Share of Profit of Associate	44,789	50,829
Total assets	3,777,942	3,619,542
Total liabilities	(1,858,898)	(1,819,190)
Net assets	1,919,044	1,800,352

15. Other assets

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Current</u>				
Prepayments	5,122	5,923	5,122	5,923
Accrued revenue	18,774	19,906	18,726	19,847
Total	23,896	25,829	23,848	25,770

16. Property, Plant and Equipment

16. (a) Recognition

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

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

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

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

16. (b) Measurement

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

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

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

16. (c) Depreciation

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

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

Land and formation/earthworks are not depreciated as they are judged to have unlimited useful life. Depreciation on property, plant and equipment is calculated on a straight-line basis at asset component level so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value if appropriate, progressively over its estimated useful life. Management believe that the straight line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

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

16. (d) Impairment

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

16. (e) Valuation

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

Non-current physical assets measured at fair value are comprehensively revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuation firms, or other consultants, to determine the fair value for each class of property, plant and equipment assets at least once every five years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes, and making their own assessments of the condition at the date of inspection. For assets valued at unit rates, the rates are developed to reflect Council's costs of construction which include oncost rates and other factors associated with the cost of replacement of these assets.

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

For the interim valuations of the land and buildings, management engages independent 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.

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

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

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

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

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

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

16. (f) Council - 30 June 2018

Movements

	Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater Network	Other Infrastructure	Capital Works in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council								
For the year ended 30 June 2018								
Gross value / cost	523,875	316,119	59,346	2,069,087	1,233,969	572,290	151,406	4,926,093
Less accumulated depreciation	-	(98,530)	(30,376)	(479,180)	(241,629)	(138,633)	-	(988,349)
Book value as at 30 June	523,875	217,589	28,970	1,589,906	992,340	433,657	151,406	3,937,744

	Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater Network	Other Infrastructure	Capital Works in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council								
For the year ended 30 June 2017 (restated)								
Gross value / cost	476,969	304,473	61,871	2,020,424	1,212,135	559,122	85,397	4,720,390
Less accumulated depreciation	-	(90,689)	(31,583)	(445,316)	(240,659)	(129,528)	-	(937,776)
Book value as at 30 June	476,969	213,784	30,288	1,575,108	971,476	429,594	85,397	3,782,615

16. (f) Council - 30 June 2018 continued

Basis of measurement:	Note	Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater Network	Other Infrastructure & Waterways	Capital Works in Progress	2018 Total	2017 Total (restated)
		Fair Value \$'000	Fair Value \$'000	Cost \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Cost \$'000	\$'000
Opening net value as at 1 July before restatement		475,848	213,704	30,288	1,554,666	958,535	429,172	91,335	3,753,549	3,656,929
Adjustment to opening balance*	34	1,121	79	-	20,441	12,941	422	(5,937)	29,066	31,071
Reclassification to operating expense		-	-	-	-	-	-	(6,568)	(6,568)	(8,483)
Plus capital expenses		-	-	-	-	-	-	209,333	209,333	179,899
Reclassification to inventory work in progress	13	-	-	-	-	-	-	(72,909)	(72,909)	-
Transfers from capital works in progress		13,788	6,804	3,012	21,699	6,206	12,967	(64,476)	-	-
Plus contributed assets		12,426	580	-	29,320	16,921	1,753	-	61,000	168,222
Less disposals	9	(17,189)	(455)	(349)	(1,413)	(145)	(949)	-	(20,501)	(11,823)
Less disposals for discontinued operations	10	-	-	(214)	-	-	(444)	-	(659)	-
Less depreciation provided in period		-	(7,417)	(3,766)	(34,807)	(10,174)	(16,684)	-	(72,848)	(66,493)
Revaluation adjustments to asset	22	37,882	4,292	-	-	8,057	7,421	-	57,651	(41,965)
Revaluation surplus		-	-	-	-	-	-	-	-	(39,802)
Revaluation adjustments to non-recurrent expense	9	-	-	-	-	-	-	-	-	-
Transfer (to)/from intangibles	17	-	-	-	-	-	-	629	629	(1,541)
Transfer to non-current assets held for sale		-	-	-	-	-	-	-	-	(83,398)
Transfer between classes		-	-	-	-	-	-	-	-	-
Book value as at 30 June		523,875	217,589	28,970	1,589,906	992,340	433,657	151,406	3,937,744	3,782,615

Range of estimated useful lives in years	2-100	2-60	5-unlimited	5-135	5-unlimited
	unlimited	2-100	2-60	5-unlimited	5-unlimited

* Adjustment to the opening balance of Capital Works in Progress relates to the identification of finance provided by Council to independent third parties in order to undertake development activities. This expense was moved to loans receivable. The adjustment to the opening balance of the infrastructure asset classes comprises the recognition of developer contributed assets handed-over to Council in the prior financial period and the recognition of discovered assets during the financial reporting period which should have been brought to account in previous financial years.

The 2017 total adjustment to opening balance comprises the recognition of discovered assets during the financial reporting period which should have been brought to account in previous financial years, and the alignment of the financial asset register and asset management practices regarding land under water and constructed waterways.

16. (g) Fair value measurement

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.

The table below represents Council's assets measured and recognised at fair value at 30 June 2018. 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Land	98,835	94,568	425,040	381,281	523,875	475,849
Buildings	1,410	1,355	216,179	212,350	217,589	213,704
Other Infrastructure	-	-	433,657	429,172	433,657	429,172
Roads and Bridges	-	-	1,589,906	1,554,666	1,589,906	1,554,666
Stormwater	-	-	992,340	958,535	992,340	958,535
Total	100,245	95,923	3,657,122	3,536,005	3,757,367	3,631,928

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.

To determine the fair value of Land assets as at 30 June 2018, Council engaged independent valuation firm Australis Asset Advisory Group Pty Ltd to establish indicative fair value movement indices, which have been applied on a per-suburb basis. This was achieved by examining and analysing a range of observable data over the measurement period, such as sales evidence and comparisons in the local market. The indices developed ranged from 3.05% to 13.35%, with an overall indicative fair value movement for the local government area of 7.60%. The comprehensive revaluation of land was last completed as at 30 June 2017.

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.

Buildings

Fair value of buildings is measured using the market approach or, in the absence of an active market, the cost approach. Building values were updated by Australis Asset Advisory Group Pty Ltd, effective 30 June 2018 by applying the indicative replacement cost movement index of 2.05%. Buildings considered commercial in nature were also assessed and show indicative fair value movement of 6.95%. The indices were developed using a variety of cost movement sources such as Rawlinson's Construction Handbook, price indices produced by the Australian Bureau of Statistics (ABS) and AIQS Building Economist which were analysed by way of a weighted matrix. Buildings were last comprehensively revalued as at 30 June 2017.

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. Building assets are valued at component level.

Plant and Equipment

Plant and equipment assets are reported at historical cost for the year ended 30 June 2018.

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. 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 (f).

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.

Road and Bridge Network

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

Council engaged consulting firm Cardno (Qld) Pty Ltd to provide advice on an appropriate market movement index to apply to the road asset class. Various data sources were assessed including the implicit price deflator, price indices produced by the Australian Bureau of Statistics (ABS). Additionally, Cardno's roads engineer assessed the cost movements on the material items within the road asset class for current period which were consistent with the published indices. Cardno's analysis provided that the road network assets did not materially increase in value during the current period and no indexation be applied for 2018.

For bridges, condition assessments are undertaken cyclically which includes a visual inspection to determine condition. Where a review is deemed appropriate, changes to condition in accordance with International Infrastructure Management Manual (IIMM) standards are used as a basis for assessment of fair value, remaining service potential and remaining useful life. The cost movement index provided by Cardno (Qld) Pty Ltd concluded no indexation be applied for 2018.

Stormwater Network

Council engaged consulting firm Cardno (Qld) Pty Ltd to comprehensively revalue and develop unit rates for the stormwater network as at 30 June 2018. Comprehensive revaluations of the stormwater network asset class are undertaken on a rolling five year basis, with the major and minor asset types assessed and updated annually. The minor asset types are reviewed in detail utilising as-constructed and aerial photography on an approximate 20% basis which is divided into zones across the region. Condition assessments of major asset types are conducted within these zones to inform remaining service potential. The valuers have physically inspected a sample of assets of varying asset types in the applicable zone for this reporting period. The balance of the asset class, which are assets not currently spatially captured, were reviewed by Cardno and deemed no cost movement index be applied this reporting period.

The fair value of stormwater assets was reported at 30 June 2018 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 - Facilities

Fair values were last comprehensively revalued by Australis Asset Advisory Group Pty Ltd for the year ended 30 June 2017. For 2018, fair values were adjusted by the other infrastructure indicative replacement cost movement index of 1.80% developed by Australis Asset Advisory Group Pty Ltd to reflect cost movements of the asset class.

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

Other Infrastructure - Parks and Waterways

Park, sport and open space infrastructure assets were last comprehensively revalued during the year ended 30 June 2015 by GHD - Consulting Engineers. Constructed waterways were valued using unit rates developed by Cardno (Qld) Pty Ltd for the year ended 30 June 2017. For 2018, fair values were adjusted by the other infrastructure indicative replacement cost movement index of 1.80% developed by Australis Asset Advisory Group Pty Ltd to reflect cost movements of the Other Infrastructure asset class.

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

Other Infrastructure - Waste

Waste landfill assets were last comprehensively revalued by Cardno (Qld) Pty Ltd as at 30 June 2017. The fair value of the landfill cells was calculated by reference to cell area and volume specifications, estimated labour and material inputs, services costs, and overhead allocations. For 30 June 2018, the current replacement cost has been determined by the reassessment of remaining volume of landfill cells and site closure predictions. Landfill airspace is assessed bi-annually.

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	Intang-ible	Capital Works in Progress	2018 Total	2017 Total
		\$'000	\$'000	\$'000	\$'000
Opening net value as at 01 July		16,617	255	16,872	20,505
Reclassification to operating expense		-	(323)	(323)	(1,950)
Plus capital expenses		-	2,204	2,204	1,544
Transfers from capital works in progress		1,211	(1,839)	(629)	-
Less disposals		(59)	-	(59)	(572)
Less amortisation provided in period		(3,495)	-	(3,495)	(4,049)
Transfer (to)/from property, plant and equipment	16(f)	-	-	-	1,541
Transfer to non-current assets held for sale		-	-	-	(147)
Book value as at 30 June		14,274	296	14,571	16,872

Range of estimated useful lives in years	2-25	-
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18. Trade and other payables

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

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Current</u>				
Creditors and accruals	66,728	42,151	61,683	41,783
Annual leave	10,813	10,014	10,722	9,943
Other employee entitlements	695	738	695	665
Total	78,236	52,902	73,100	52,391
<u>Non-current</u>				
Annual leave	1,333	1,464	1,333	1,384
Total	1,333	1,464	1,333	1,384

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

19. Borrowings

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

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Current</u>				
Queensland Treasury Corporation (QTC)	22,111	20,584	22,111	20,584
**Economic Development Queensland	840	847	840	847
	22,951	21,431	22,951	21,431
<u>Non-Current</u>				
Queensland Treasury Corporation (QTC)	257,416	256,872	257,416	256,872
**Economic Development Queensland	10,920	11,753	10,920	11,753
Total	268,336	268,625	268,336	268,625

**This is a \$12.6 million interest free loan over 15 years, with repayments to be made annually, obtained from Economic Development Queensland as part of the Catalyst Infrastructure Program. The loan is to assist with the cost of infrastructure to promote and progress development in the Maroochydore City Centre Priority Development Area, specifically roadworks and three priority intersections to access Stages 1 and 2 of the city centre. The funds were received in June 2017.

The market value of QTC borrowings represents the value of the debt if Council repaid the debt as at 30 June 2018. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. The weighted average borrowing rate for the year was 5.096% (2017 5.23%).

Balance at the end of the year (Market Value)	306,750	307,829	306,750	307,829
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No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland State Government.

20. Provisions

(i) Long service Leave

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

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

20. Provisions (continued)

(ii) Landfill and quarry rehabilitation

Where it is probable that Council have either a legal or constructive obligation, provision is made for the cost of rehabilitation of landfill and quarry sites.

The landfill rehabilitation provision represents the present value of the anticipated future costs associated with the closure of the landfill sites, decontamination and monitoring of historical residues and leaching on these sites.

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

The calculation of these provisions requires assumptions such as application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts currently provided. Because of the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs that will be incurred. The provisions recognised are reviewed at least annually and updated based on the facts and circumstances available at the time, and discounted to present value.

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Current</u>				
Long service leave	18,369	17,617	18,369	17,444
Landfill and quarry rehabilitation	1,655	2,309	1,655	2,309
Total	20,024	19,926	20,024	19,753
<u>Non-current</u>				
Long service leave	5,547	5,174	5,304	5,174
Landfill and quarry rehabilitation	31,669	27,955	31,669	27,955
Total	37,216	33,129	36,973	33,129

Details of movements in provisions:

Long service leave	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at beginning of financial year	22,791	22,585	22,617	22,472
Long service leave entitlement arising	3,885	3,099	3,816	2,716
Long service entitlement paid	(2,677)	(2,876)	(2,677)	(2,554)
Long service entitlement extinguished	(83)	(17)	(83)	(17)
Balance at end of financial year	23,916	22,791	23,673	22,617

20. Provisions (continued)

Landfill and Quarry rehabilitation	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at beginning of financial year		30,265	28,333	30,265	28,333
Increase/(decrease) in provision due to effect of interest rate movement		-	(3,116)	-	(3,116)
Increase/(decrease) in provision due to unwinding of discount	7	451	(1,930)	451	(1,930)
Increase/(decrease) in provision due to change in estimate		3,806	4,924	3,806	4,924
Increase/(decrease) in provision as a result of actual expenditure incurred during the year		(1,198)	2,054	(1,198)	2,054
Balance at end of financial year		33,323	30,265	33,323	30,265

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 2017/18 an increase in the provision for the refuse landfill sites of \$3.058 million was recognised largely due to updated estimates to cost inputs.

Landfill site	Expected closure year	Post closure monitoring cost completion year
Coolum	2010	2040
Buderim	2005	2035
Pierce Avenue	2033	2063
Nambour Landfill	2024	2054
Old Buderim Landfill	1989	2019

At 30 June 2018 the net present value of the projected costs over the next 30 years has been assessed as \$27.683 million.

Capital Market Yields - Government 10 year bond rate for 2018 was 2.6% (2017 2.6%).

21. 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Current</u>				
Non policy developer contributions	18,178	12,370	18,178	12,370
Unearned revenue	9,075	6,580	8,992	6,512
Total	27,254	18,949	27,171	18,881

22. Asset revaluation surplus

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

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

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Movements in the asset revaluation surplus were as follows:				
Balance at beginning of period				
Land	-	37,743	-	37,743
Buildings	33,760	55,871	33,760	55,871
Road and bridge network	508,550	480,336	508,550	480,336
Stormwater network	240,392	240,392	240,392	240,392
Other infrastructure	64,465	74,790	64,465	74,790
Total	847,168	889,133	847,168	889,133
Net adjustment to non-current assets to reflect a change in current fair value:				
Land	37,882	(37,743)	37,882	(37,743)
Buildings	4,292	(22,111)	4,292	(22,111)
Road and bridge network	-	28,215	-	28,215
Stormwater network	8,057	-	8,057	-
Other infrastructure	7,421	(10,325)	7,421	(10,325)
Total	57,651	(41,965)	57,651	(41,965)
Closing balance of the asset revaluation surplus is comprised of the following asset categories:				
Land	37,882	-	37,882	-
Buildings	38,052	33,760	38,052	33,760
Road and bridge network	508,550	508,550	508,550	508,550
Stormwater network	248,450	240,392	248,450	240,392
Other infrastructure	71,886	64,465	71,886	64,465
Total	904,819	847,168	904,819	847,168

23. Commitments for expenditure

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

Operating leases	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Minimum lease payments in relation to non-cancellable operating leases are as follows:				
Within one year	6,085	6,251	5,993	6,186
One to five years	9,229	11,258	9,088	11,220
Greater than five years	677	901	677	901
Total	15,992	18,411	15,758	18,307

Contractual commitments

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within one year	191,313	55,398	174,518	55,375
One to five years	112,518	57,962	112,518	57,962
Greater than five years	11,442	14,792	11,442	14,792
Total	315,273	128,151	298,478	128,128

Capital commitments

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Aerodromes	-	27	-	27
Buildings and Facilities	656	1,577	656	1,577
Coast and Canals	-	65	-	65
Corporate Major Projects	785	3,144	785	3,144
Divisional Allocations	2,104	1,827	2,104	1,827
Environmental Assets	196	-	196	-
Fleet	544	-	544	-
Holiday Parks	137	96	137	96
Information Technology	868	248	868	248
Parks, Gardens and Reserves	1,437	894	1,437	894
Quarries	44	98	44	98
Stormwater	992	1,026	992	1,026
Strategic Land and Planning	6,532	7,153	6,532	7,153
Sunshine Coast Airport	-	6,262	-	6,262
Transportation	1,540	6,196	1,540	6,196
Waste	458	471	458	471
These expenditures are payable within one year:	16,293	29,085	16,293	29,085

24. 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, Council will be entitled to 5% of gross Airport revenue per annum. It is not possible to reliably estimate the amount of gross revenue from the Airport and therefore the amount to be received is a contingent asset at 30 June 2018.

The 99 year lease commenced 1st December 2017.

Contingent liabilities

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 30 June 2018 there are 41 insurance claims under management with Council's public liability insurer, LGM (42 in 2017). The amount required assuming the claims proceed to settlement is:	294	206	294	206
At 30 June 2018 there are 4 compulsory land acquisition claims (9 in 2017) pending and are not expected to exceed:	710	8,880	710	8,880
At 30 June 2018 Council provided 3 standard commercial warranties to which there are no current known claims. The maximum amount required in the event of breach is:	98,000	-	98,000	-
Total Contingent liabilities	99,004	9,086	99,004	9,086

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 Council is in the process of negotiations for a commercial settlement of the claims.

Local Government Workcare

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

Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$2,829,592.

Local Government Mutual

The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.

As at 30 June 2017 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

25. 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 defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB119 because LGIAsuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, 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 was undertaken as at 1 July 2015. The actuary indicated that "At the valuation date of 1 July 2015, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The 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.

Another actuarial investigation is being conducted as at 1 July 2018. At the time of signing these financial statements this investigation is still in progress. 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.

There are currently 63 entities contributing to the scheme and any changes in contribution rates would apply equally to all 63 entities.

Sunshine Coast Regional Council made 7.02% of the total contributions to the plan for the 2017/18 financial year.

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

	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund.		1,868	1,994	1,868	1,994
Other superannuation contributions for employees.		17,843	17,055	17,689	16,975
Total	5	19,712	18,662	19,557	18,582

Council expects to contribute \$1.9 million to the Regional Defined Benefits Fund for 2018/19.

26. Operating lease income

The minimum lease payments are payable as follows:

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within one year	1,265	1,056	1,265	1,056
One to five years	3,630	3,430	3,630	3,430
Greater than five years	9,015	9,573	9,015	9,573
Total	13,910	14,059	13,910	14,059

Council has contingent assets related to Sunshine Coast Airport. This is included in Note 24.

Council received \$0.529 million from the Sunshine Coast Airport in 2018 and has forecast future revenue payments of \$1.085 million in line with Council's 2018-19 Adopted Budget. The future payments may exceed or be less than these estimates, depending on future airport activities.

27. Controlled entities

The council has a 100% controlling interest in Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd. Council owned all the issued shares and units in Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust until sold on 1 December 2017.

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

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

Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust was established in preparation for the commencement of the 99 year lease on 1 December 2017 to Palisade Investment Partners Limited for operation of the airport.

The following table shows revenue and expenses before consolidating eliminations.

	SunCentral Maroochydore P/L		Sunshine Coast Events Centre P/L		Sunshine Coast Airport P/L	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Revenue	21,223	11,627	3,773	3,751	9,675	20,216
Expenses	(21,176)	(11,615)	(3,710)	(3,693)	(3,328)	(16,962)
Loss on Transfer	-	-	-	-	(6,347)	-
Surplus / (deficit)	47	12	63	58	-	3,254

28. Trust funds

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total	7,927	6,907	7,557	6,270

Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.

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

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

	Consolidated		Council	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net result	123,006	211,914	78,376	174,850*
Non-cash items				
Depreciation and amortisation	76,353	71,676	76,342	71,673
Share of net profit of associate	(44,521)	(36,992)	-	-
Contributed assets	(61,000)	(168,222)	(61,000)	(168,222)
	(29,168)	(133,537)	15,342	(96,547)
Investing activities				
Net loss on disposal of property, plant and equipment	22,971	50,803	22,971	50,803
Capital grants and contributions	(38,993)	(46,790)	(38,993)	(46,790)
	(16,022)	4,013	(16,022)	4,014
Changes in operating assets and liabilities				
(Increase)/decrease in receivables	2,922	(5,382)	3,845	(5,218)
(Increase)/decrease in inventory	(7,580)	1,143	(7,612)	1,137
Increase/(decrease) in payables	17,693	9,770	16,570	9,535
Increase/(decrease) other liabilities	7,552	4,293	7,527	4,293
Increase/(decrease) in other provisions	3,792	2,430	3,793	2,398
	24,380	12,254	24,122	12,144
Net cash inflow from operating activities	102,196	94,644	101,819	94,461

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

30. Reconciliation of liabilities arising from finance activities

	As at 30 June 2017 \$'000	Cash flows \$'000	Non-cash changes (new leases) \$'000	As at 30 June 2018 \$'000
Loans	290,056	1,232	-	291,288
Total	290,056	1,232	-	291,288

31. Financial instruments and financial risk management

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

- credit risk
- liquidity risk
- market risk

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

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

Council does not enter into derivatives.

Credit risk

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

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

The carrying amount of financial assets represents the maximum credit exposure.

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

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

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

Financial assets	Note	Consolidated		Council	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash equivalents	11	292,118	283,987	290,202	282,368
Receivables - rates	12	3,982	4,595	3,982	4,595
Receivables - loan	12	9,004	5,937	9,004	5,937
Receivables - other	12	35,164	11,678	30,597	11,521
Loan to Unitywater - subordinate debt and working capital	12	434,393	434,393	434,393	434,393
Shares held in controlled entities	12	-	-	500	500
Other credit exposures					
Guarantees	24	2,829	2,980	2,829	2,980
Total financial assets		774,661	743,571	768,678	742,295

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. An analysis of outstanding receivables is shown in Note 12.

Cash and cash equivalents

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

Other financial assets

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

Trade and other receivables

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

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

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

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

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

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

Consolidated	Note	0 to 1 year	1 to 5 years	Over 5 years	Total
		\$'000	\$'000	\$'000	\$'000
2018					
Trade and other payables	18	66,728	-	-	66,728
Loans - Queensland Treasury Corporation (QTC)	19	31,163	125,418	212,595	369,175
Loans - Economic Development Queensland (EDQ)	19	840	3,360	7,560	11,760
Total		98,731	128,778	220,155	447,663
2017					
Trade and other payables	18	42,151	-	-	42,151
Loans - QTC	19	29,815	119,202	226,573	375,590
Loans - EDQ	19	847	3,388	8,365	12,600
Total		72,813	122,590	234,938	430,341

Council	Note	0 to 1 year	1 to 5 years	Over 5 years	Total
		\$'000	\$'000	\$'000	\$'000
2018					
Trade and other payables	18	61,683	-	-	61,683
Loans - QTC	19	31,163	125,418	212,595	369,175
Loans - EDQ	19	840	3,360	7,560	11,760
Total		93,686	128,778	220,155	442,619
2017					
Trade and other payables	18	41,783	-	-	41,783
Loans - QTC	19	29,815	119,202	226,573	375,590
Loans - EDQ	19	847	3,388	8,365	12,600
Total		72,445	122,590	234,938	429,973

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

Market risk

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

Interest rate risk

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

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

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

Sensitivity

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

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

Consolidated	Net carrying amount		Profit		Equity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets	-	-	-	-	-	-
Financial liabilities	(3,068)	(3,078)	(3,068)	(3,078)	(3,068)	(3,078)
Net total	(3,068)	(3,078)	(3,068)	(3,078)	(3,068)	(3,078)

Council	Net carrying amount		Profit		Equity	
	2,018 \$'000	2,017 \$'000	2,018 \$'000	2,017 \$'000	2,018 \$'000	2,017 \$'000
Financial assets	-	-	-	-	-	-
Financial liabilities	(3,068)	(3,078)	(3,068)	(3,078)	(3,068)	(3,078)
Net total	(3,068)	(3,078)	(3,068)	(3,078)	(3,068)	(3,078)

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

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Queensland Treasury Borrowings	279,528	277,456	306,750	307,829

Fair value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market rate is provided by QTC and is disclosed in Note 19.

QTC applies a book rate approach in the management of debt and interest rate risk to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest method.

32. National competition policy

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

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

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

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

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

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

(a) Significant business activities

The expenditure threshold amounts for identifying a "significant business activity" for the 2017/18 financial year are as follows:

- for water and sewerage combined activities - \$13.96 million (2017 \$13.7 million)
- for other activities - \$9.35 million (2017 \$9.2 million)

Waste and Resources Management was a significant business activity and applied the competitive neutrality principle via full cost pricing. There were no new significant business activities.

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

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

- a) Sunshine Coast Airport
- b) Sunshine Coast Holiday Parks
- c) Quarry Business Activity

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

	Quarry Business Activity	Sunshine Coast Holiday Parks	Waste and Resource Management
	2018 \$'000	2018 \$'000	2018 \$'000
Revenue for services provided to Council	8,204	1,171	972
Revenue for services provided to external clients	24	16,410	60,867
Community Service Obligations (CSO's)	-	-	1,084
	8,228	17,581	62,923
Less : Expenditure	8,255	10,899	51,593
Surplus / (deficit)	(26)	6,683	11,331

Description of CSO's provided to business activities:

	Net cost 2018 \$'000
Waste and resource management	
Waste collection and disposal charges for charitable organisations	1,084

33. Related party disclosures

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

(a) Transactions with Subsidiaries

SunCentral Maroochydore Pty Ltd (wholly owned entity)

Details	2018 \$'000	2017 \$'000
Revenue		
Receipt of contributions and sponsorship from subsidiary	30	
Expenditure		
Purchase of materials and services from subsidiary	(70)	
Annual development management fee paid to subsidiary	(1,897)	(2,040)
Maroochydore City Centre development costs paid to the subsidiary in accordance with established Development Service Contracts	(18,281)	(9,235)
Total	(20,218)	(11,275)

SunCentral Maroochydore Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2018/19 financial year. No SunCentral employees are related parties of Council.

Sunshine Coast Events Centre Pty Ltd (wholly owned entity)

Details	2018 \$'000	2017 \$'000
Revenue		
Recoupment of operating costs paid on behalf of the subsidiary	264	252
Recoupment of internal service costs from the subsidiary	87	52
Expenditure		
Operational funding paid to subsidiary	(1,464)	(1,400)
Purchase of materials and services from subsidiary	(76)	(26)
Maintenance and equipment provided to subsidiary	(211)	(125)
Payment of operating costs on behalf of the subsidiary	(286)	(260)
Provision of internal services to the subsidiary	(509)	(432)
Capital expenditure incurred on the property	(778)	(1,999)
Total	(2,971)	(3,937)

Sunshine Coast Events Centre Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2018/19 financial year. Cr Dwyer, a member of Council's Key Management Personnel, was appointed to the Board of The Sunshine Coast Events Centre Pty Ltd by a resolution of the Sunshine Coast Council in June 2008. No Events Centre employees are related parties of Council.

Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust (wholly owned entity until 1 December 2017)

Details	2018 \$'000	2017 \$'000
Revenue		
Recoupment of employee costs, water and sewerage charges	1,310	-
Expenditure		
Payment of employee costs, water and sewerage charges	(1,324)	-
Total	(15)	-

In preparation for completion under the SCA Share Sale and Purchase Agreement Council established Sunshine Coast Airport Pty Ltd, a proprietary company limited by shares, as well as The Trustee for Sunshine Coast Airport Trust, a unit trust established by deed. Council owned all the issued shares in the company as well as all the issued units in the trust, until sold on 1 December 2017 to Palisade Investment Partners Pty Limited in conjunction with commencement of the 99 year lease of the Sunshine Coast Airport.

(b) Transactions with associates

Unitywater (associate)

Details	2018 \$'000	2017 \$'000
Revenue		
Interest paid to Council	22,502	23,154
Recoupment Unitywater expenses incurred by Council	553	553
Participation returns (dividends) paid to Council	268	13,837
Tax equivalent paid to Council	27,069	12,847
Sale of land to Unitywater	715	-
Expenditure		
Water and sewerage charges for Council properties	(5,416)	(4,179)
Purchase of materials and services	(1,931)	(4,331)
Total	43,760	41,881

Further detail regarding Unitywater is contained in Note 14 Investment in associates.

(c) Transactions with Key Management Personnel

Key Management Personnel include the Mayor, Councillors, Council's Chief Executive Officer and members of the Board of Management (previously the Executive Leadership Team). Following implementation of the new organisational structure in October 2017, the number of permanent Key Management Personnel increased from 17 in 2016/17 to 22 in 2017/18. Compensation paid to Key Management Personnel for the 2017/18 financial year comprises:

Details	2018 \$'000	2017 \$'000
Short term employee benefits	(4,317)	(3,370)
Post employment benefits	(448)	(393)
Long term employee benefits	(52)	(38)
Termination benefits	(658)	-
Total	(5,475)	(3,801)

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.

Details	2018 \$'000	2017 \$'000
(i) Employee expenses for close family members of key management personnel	(152)	(153)
(ii) Purchase of materials and services from entities controlled by close family members of key management personnel	(1,178)	(1,129)
Total	(1,331)	(1,282)

- (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. Council employs 1,803 (1,764 in 2016/17) staff of which only 2 (3 in 2016/17) are close family members of key management personnel.
- (ii) Sunshine Coast Council purchased civil construction services from Civlec Pty Ltd trading as Trafflec, a company controlled by a close family member of Cr Dwyer. This contract was awarded under Council's Procurement Policy, all purchases were at arm's length and in the normal course of Council operations. This amount represents 0.58% (0.64% in 2016/17) of the total amount spent on capital expenditure. Practical completion and defects liabilities guarantees totalling \$47,148 (\$77,964 in 2016/17) were provided to Council by the company.

(e) Outstanding balances

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

Receivables	2018 \$'000	2017 \$'000
(i) Not past due	12	17
(i) Past due - more than 90 days	17	17
Total Owing	29	34

- (i) Outstanding balance relates to works performed by Council for Unitywater.

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

(f) Loans and guarantees to/from related parties

Details	2018 \$'000	2017 \$'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

- (a) During 2017/18, Council identified a prior period error that related to contributed assets that had commission dates prior to 1 July 2017. As a result, for 2016/17 Council had understated its contributed revenue and property, plant and equipment by \$34.449 million and applicable depreciation \$0.127 million. Prior to 1 July 2016, contributed revenue and property, plant and equipment had been understated by \$3.955 million and applicable depreciation \$0.063 million. Depreciation expense in 2016/17 was understated by \$0.190 million. To correct the impact of the prior period error, Council has adjusted the 2016/17 comparative amounts in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes where indicated.
- (b) During 2017/18, Council discovered non-current assets that should have been recognised in previous financial years. Discovered Assets recognised totalling \$3.411 million are land \$0.399 million, roads \$0.562 million and stormwater \$2.450 million.
- (c) During 2017/18, Council identified a loan receivable that should have been recognised in 2016/17. The total loan receivable is \$8.1 million with \$5.9 million relating to 2016/17. Repayment of the loan to Council is expected to commence during 2018/19.
- (d) Discount allowed for developer contributions has been reclassified from Materials and services under Recurrent expenses to Grants, subsidies, contributions and donations in Non-recurrent revenue. This brings the accounting treatment for this in line with *AASB 118 Revenue*.
- (e) During 2017/18, Council identified a prior period error that related to duplicate stormwater assets that had commission dates prior 1 July 2017. As a result, property, plant and equipment was overstated by \$11.493 million and applicable depreciation \$0.246 million. Also identified were stormwater assets with commission dates prior to July 2017 that did not align to spatial information, which resulted in property, plant and equipment being overstated by \$12.622 million and applicable depreciation of \$4.254 million. Depreciation expense was overstated in 2016/17 by \$1.132 million.
- (f) The ownership of the Sunshine Coast Airport (SCAPL) was transferred to Palisade on the 1st December 2017 and has been reported separately from Councils Continued Operations on the Statement of Comprehensive Income. Refer note 10 for further details.

Details of the adjustments impacting financial statement line items are provided below

34. Restated balances (continued)
30 June 2017 Comparative year

Financial statement line item / balance affected

<u>Council</u>			Actual	Adjustments	Restated Actual
<i>Statement of Comprehensive Income (Extract)</i>			2017	2017	2017
		Note	\$'000	\$'000	\$'000
(a,d)	Non-recurrent revenue				
	Grants, subsidies, contributions and donations	4(b)	179,818	34,561	214,379
	Total non-recurrent revenue		179,818	34,561	214,379
	Recurrent expenses				
(d,f)	Materials and services	6	(186,337)	11,365	(174,972)
(e,f)	Depreciation and amortisation	16	(71,483)	942	(70,542)
(f)	Discontinued operations other	10	-	3,348	3,348
	Total recurrent expenses		(402,856)	15,655	(387,201)
(a,d,e)	Net result (deficiency)		139,847	35,003	174,850
Total comprehensive income for the year			97,882	35,003	132,885

<u>Council</u>			Actual	Adjustments	Restated Actual
<i>Statement of Financial Position (Extract)</i>			2017	2017	2017
		Note	\$'000	\$'000	\$'000
	Non-current assets				
(c)	Trade and other receivables	12	434,893	5,937	440,830
(a),(b),(c)	Property, plant and equipment	16	3,753,549	29,066	3,782,615
	Total non-current assets		4,774,746	35,003	4,809,750
	Total assets		5,193,916	35,003	5,228,920
	Community equity				
(a),(b)	Retained surplus/(deficiency)		3,928,772	35,003	3,963,775
Total community equity			4,775,940	35,003	4,810,943

<u>Council</u>			Actual	Adjustments	Restated Actual
<i>Statement of changes in equity (Extract)</i>			2017	2017	2017
		Note	\$'000	\$'000	\$'000
	Retained surplus				
(a)	Balance as at the 1 July 2016		4,633,867		4,633,867
	Net result		142,073	35,003	177,076
Balance as at 30 June 2017			4,775,940	35,003	4,810,943

3. MANAGEMENT CERTIFICATE

For the year ended 30 June 2018



Financial Statements For the year ended 30 June 2018

MANAGEMENT CERTIFICATE

For the year ended 30 June 2018

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 read "M. Jamieson", written over a horizontal dotted line.

Cr Mark Jamieson
Mayor

Sunshine Coast Regional Council

Dated 8 October 2018

A handwritten signature in black ink, appearing to read "M. Whittaker", written over a horizontal dotted line.

Michael Whittaker
Chief Executive Officer

Sunshine Coast Regional Council

Dated 8 October 2018

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 2018, 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 2018, 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 management certificate given by the Mayor and the Chief Executive Officer.

Basis for opinion

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

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

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

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.

Infrastructure assets valuation using current replacement cost (\$3,016 million)

Refer to note 16 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>Council's infrastructure assets (road and bridge 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 a valuation specialist to comprehensively revalue and develop unit cost rates for the stormwater network as at 30 June 2018. For other infrastructure assets, the council engaged qualified consultants to provide cost movement indices to derive unit rates.</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>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the reasonableness of unit rates by: <ul style="list-style-type: none"> ○ 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. – assessing the competence, capabilities and objectivity of valuers who have provided information on unit rates and unit cost movements – 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 infrastructure assets 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.

Key audit matter	How my audit addressed the key audit matter
<p>In measuring accumulated depreciation, Council's engineers and asset managers use significant judgement for estimating how long asset components with long lives 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>	<ul style="list-style-type: none"> ○ 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 making adjustments in its asset registers and financial systems.

Other information

Other information comprises the information included in the Sunshine Coast Regional Council annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

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

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

Responsibilities of the Council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Council's or the 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 and the 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 the 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 the 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 2018:

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



Carolyn Dougherty
as delegate of the Auditor-General

15 October 2018
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 2018

Measures of Financial Sustainability

Council's performance at 30 June 2018 against key financial ratios and targets:

		Consolidated 2018	Council 2018	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	10.6%	1.2%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	70.3%	70.3%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	21.2%	23.9%	not greater than 60%

Note 1 - Basis of Preparation

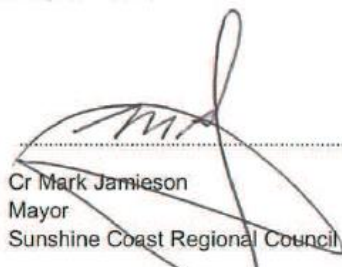
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2018.

Certificate of Accuracy

For the year ended 30 June 2018

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

Dated8 October 2018



Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council

Dated8 October 2018



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 statement of financial sustainability of Sunshine Coast Regional Council for the year ended 30 June 2018 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 2018 has been accurately calculated.

Basis of opinion

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

I am independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 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 of Queensland Auditing Standards*.

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Sunshine Coast Regional Council annual report for the year ended 30 June 2018, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and the long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

The council is responsible for the preparation and fair presentation of the current year financial sustainability statement in accordance with the Local Government Regulation 2012.

The council's responsibility also includes such internal control as the council determines is necessary to enable the preparation and fair presentation of the statement that is accurately calculated and is free from material misstatement, whether due to fraud or error.

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

My objectives are to obtain reasonable assurance about whether the current year financial sustainability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

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

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

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

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



Carolyn Dougherty
as delegate of the Auditor-General

15 October 2018
Queensland Audit Office
Brisbane

6. UNAUDITED LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT

Long-Term Financial Sustainability Statement Sunshine Coast Regional Council For the year ended 30 June 2018

Measures of Financial Sustainability Council	Measure	Target	Actuals at 30 June 2018	Forward Estimates									
				30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	1.2%	5.4%	7.9%	7.6%	11.9%	11.5%	11.8%	9.4%	8.5%	13.3%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	70.3%	75.6%	65.7%	67.3%	67.6%	67.3%	68.5%	67.1%	64.9%	66.2%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	23.9%	76.1%	89.6%	93.9%	24.4%	25.6%	21.9%	17.6%	11.5%	6.1%	

Sunshine Coast Regional Council's Financial Management Strategy

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

The above table shows whether Sunshine Coast Regional Council is performing within accepted target ranges. It clearly indicates that Council is achieving or out-performing the identified benchmarks in both of the key liquidity measures apart from the years 2018/19 to 2020/21 for the Net Financial Liabilities Ratio.

The Net Financial Liabilities Ratio reflects the extent to which the net financial liabilities of Council can be repaid from operating revenue. The 10 year capital works program requires significant borrowings for the Sunshine Coast Airport Runway Project which is to be repaid on completion of the runway in 2022. Consultation with Queensland Treasury Corporation (QTC) was undertaken for the financial assessment of this project, particularly Council's ability to manage the Net Financial Liabilities Ratio.

The Department of Local Government, Racing and Multicultural Affairs 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."

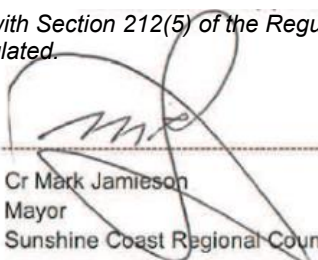
For the Asset Sustainability ratio, there is an ongoing review of asset management plans that will confirm the desired level of expenditure on the renewal and refurbishment of council assets. This will enable a review of the capital program to ensure an appropriate level of work is scheduled for existing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

Certificate of Accuracy

For the year ended 30 June 2018

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

Dated8 October 2018


Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council

Dated8 October 2018



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