Sunshine Coast Council

FINANCIAL STATEMENTS

For the Year Ended 30 June 2012

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Sunshine Coast Council

Statements of Comprehensive Income

For the Year Ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Income					
Revenue					
Recurrent revenue					
Net rates and utility charges	3 (a)	249,732	247,595	249,732	247,595
Fees and charges	3 (b)	58,769	57,611	55,710	54,678
Sales - contract and recoverable works	3 (c)	18,807	22,621	18,804	22,576
Grants, subsidies, contributions and donations	3 (d)	22,061	20,652	21,991	20,599
Share of tax equivalents of associate	3 (e)	4,336	2,709	4,336	2,709
Dividend Income	3 (f)	-	-	19,829	18,792
Interest received	3 (g)	54,494	55,382	54,436	55,311
Total recurrent revenue		408,199	406,570	424,838	422,260
Capital revenue					
Grants, subsidies, contributions and donations	3 (h)	75,501	96,124	75,501	96,124
		75,501	96,124	75,501	96,124
Total income		483,700	502,694	500,339	518,384
Expenses					
Recurrent expenses					
Employee benefits	4	(155,032)	(150,144)	(152,284)	(147,360)
Materials and services	5	(178,335)	(178,638)	(175,449)	(175,271)
Finance costs	6	(14,694)	(12,650)	(14,679)	(12,628)
Depreciation and amortisation	7	(69,233)	(63,492)	(69,196)	(63,459)
Contributions to controlled entities	8	-	-	(2,400)	(2,717)
Loss on disposal property, plant and equipment	9	(6,094)	(7,879)	(6,094)	(7,879)
Total recurrent expenses		(423,388)	(412,803)	(420,102)	(409,314)
Capital expenses	10	-	(481,038)	-	(481,038)
Total expenses		(423,388)	(893,841)	(420,102)	(890,352)
Results from operations		60,312	(391,147)	80,237	(371,968)
Share of profit of associate	14	26,582	28,666	-	-
Net operating result (deficiency) for the year		86,894	(362,481)	80,237	(371,968)
Other comprehensive income					
Revaluation of property plant and equipment	24	184,203	(26,114)	184,203	(26,114)
Total other comprehensive income		184,203	(26,114)	184,203	(26,114)
Total comprehensive income for the year		271,097	(388,595)	264,440	(398,082)

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

Sunshine Coast
Council

Statements of Financial Position

For the Year Ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Assets					
Current Assets					
Cash and cash equivalents	11a	103,978	148,956	102,825	148,023
Investments	11b	135,000	120,000	135,000	120,000
Trade and other receivables	12	37,675	61,322	37,588	61,213
Inventories	13	2,000	1,769	1,945	1,706
Other assets	15	27,501	13,945	27,476	13,916
		306,154	345,992	304,834	344,858
Non-current assets held for sale	16	980	1,360	980	1,360
Total Current Assets		307,134	347,352	305,814	346,218
Non-Current Assets					
Receivables	12	492,882	497,064	492,882	497,064
Property, plant and equipment	17	4,100,212	3,774,044	4,100,100	3,773,967
Investments in associates	14	615,818	609,065	599,191	599,191
Intangible assets	18	10,730	7,650	10,730	7,650
Total Non-Current Assets		5,219,642	4,887,823	5,202,903	4,877,872
TOTAL ASSETS		5,526,776	5,235,174	5,508,717	5,224,090
Liabilities					
Current Liabilities					
Trade and other payables	19	59,557	70,986	58,761	70,449
Borrowings	20	13,023	11,064	13,023	11,064
Provisions	22	20,667	16,931	20,534	16,839
Other	23	7,089	8,976	7,069	8,966
Total Current Liabilities		100,336	107,957	99,387	107,318
Non-Current Liabilities					
Borrowings	20	218,178	190,437	218,178	190,437
Provisions	22	36,729	36,345	36,685	36,308
Total Non-Current Liabilities		254,907	226,782	254,863	226,745
TOTAL LIABILITIES		355,243	334,739	354,250	334,063
NET COMMUNITY ASSETS		5,171,533	4,900,436	5,154,467	4,890,027
Community Equity					
Asset revaluation surplus	24	618,981	434,778	618,981	434,778
Other reserves	25	184,674	221,551	184,674	221,551
Retained surplus (deficiency)		(43,632)	(167,403)	(60,277)	(177,391)
Regional capital		4,411,510	4,411,510	4,411,089	4,411,089
TOTAL COMMUNITY EQUITY		5,171,533	4,900,436	5,154,467	4,890,027

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

Sunshine Coast Council

Statements of Changes in Equity

For the Year Ended 30 June 2012

Consolidated

	Note	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
For the year ended 2012						
Opening balance		4,411,510	434,778	(167,403)	221,551	4,900,436
Revaluation of property, plant and equipment	24		184,203	-	-	184,203
Net operating result (deficit)		-	-	86,894	-	86,894
Total comprehensive income for the year		-	184,203	86,894	-	271,097
Transfers to and from reserves						
Transfers to general reserves	25	-	-	(103,793)	103,793	-
Transfers from general reserves	25	-	-	140,670	(140,670)	-
Total transfers to and from reserves		-	-	36,877	(36,877)	-
Balance at 30 June 2012		4,411,510	618,981	(43,632)	184,674	5,171,533
For the year ended 2011						
Opening balance		4,411,510	460,892	139,973	276,656	5,289,031
Revaluation of property, plant and equipment	24	-	(26,114)	-	-	(26,114)
Net operating result (deficit)		-	-	(362,481)	-	(362,481)
Total comprehensive income for the year		-	(26,114)	(362,481)	-	(388,595)
Transfers to and from reserves						
Transfers to general reserves	25	-	-	(134,140)	134,140	-
Transfers from general reserves	25	-	-	189,245	(189,245)	-
Total transfers to and from reserves		-	-	55,105	(55,105)	-
Balance at 30 June 2011		4,411,510	434,778	(167,403)	221,551	4,900,436

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

Sunshine Coast Council

Statements of Changes in Equity

For the Year Ended 30 June 2012

Council

	Notes	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
For the year ended 2012						
Opening balance		4,411,089	434,778	(177,391)	221,551	4,890,027
Revaluation of property, plant and equipment	24	-	184,203	-	-	184,203
Net operating result (deficit)		-	-	80,237	-	80,237
Total comprehensive income for the year		-	184,203	80,237	-	264,440
Transfers to and from reserves						
Transfers to general reserves	25	-	-	(103,793)	103,793	-
Transfers from general reserves	25	-	-	140,670	(140,670)	-
Total transfers to and from reserves		-	-	36,877	(36,877)	-
Balance at 30 June 2012		4,411,089	618,981	(60,277)	184,674	5,154,467
For the year ended 2011						
Opening balance		4,411,089	460,892	139,472	276,656	5,288,109
Revaluation of property, plant and equipment		-	(26,114)	-	-	(26,114)
Net operating result (deficit)		-	-	(371,968)	-	(371,968)
Total comprehensive income for the year		-	(26,114)	(371,968)	-	(398,082)
Transfers to and from reserves						
Transfers to general reserves		-	-	(134,140)	134,140	-
Transfers from general reserves		-	-	189,245	(189,245)	-
Total transfers to and from reserves		-	-	55,105	(55,105)	-
Balance at 30 June 2011		4,411,089	434,778	(177,391)	221,551	4,890,027

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

Sunshine Coast Council

Statements of Cash Flows

For the Year Ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Cash flows from operating activities					
Receipts from customers		339,311	337,742	334,584	321,521
Payments to suppliers and employees		(347,559)	(318,039)	(342,000)	(311,506)
Interest and dividends received		78,659	56,685	78,601	66,713
Recurrent grants and contributions		23,058	20,599	21,991	20,599
Borrowing costs		(12,564)	(11,866)	(12,564)	(11,866)
Net cash inflow (outflow) from operating activities	33	80,905	85,121	80,612	85,461
Cash flows from investing activities					
Payments for property, plant and equipment and intangibles		(166,791)	(186,828)	(166,718)	(186,779)
Payments for intangible assets		(4,198)	-	(4,198)	-
Net movement in loans and advances		3,910	(17,337)	3,910	(17,337)
Net movement in investment securities		(15,000)	(120,000)	(15,000)	(120,000)
Proceeds from sale of property, plant and equipment		1,608	2,755	1,608	2,755
Grants, subsidies, contributions and donations		24,887	37,684	24,887	37,684
Net cash inflow (outflow) from investing activities		(155,584)	(283,726)	(155,511)	(283,677)
Cash flows from financing activities					
Proceeds from borrowings		40,888	23,143	40,888	23,143
Repayment of borrowings		(11,187)	(10,144)	(11,187)	(10,144)
Net cash inflow (outflow) from financing activities		29,701	12,999	29,701	12,999
Net increase (decrease) in cash held		(44,978)	(185,606)	(45,198)	(185,217)
Cash at beginning of financial year		148,956	334,562	148,023	333,240
Cash at end of the financial year	11a	103,978	148,956	102,825	148,023
Additional Information					
Plus: **Investments on hand - end of year**	11b	135,000	120,000	135,000	120,000
Total cash, cash equivalents & investments		238,978	268,956	237,825	268,023

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

Sunshine Coast
Council

Notes to Financial Statements
For the Year Ended 30 June 2012

1 Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2011 to 30 June 2012 and have been prepared in accordance with the *Local Government Act 2009 and the* Local Government (Finance, Plans and Reporting) Regulation 2010.

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

1.02 Statement of Compliance

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

1.03 Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Sunshine Coast Regional Council as at 30 June 2012 and the results of all controlled entities for the year then ended. The Council and its controlled entities together form the economic entity which is referred to in these financial statements as the consolidated entity. In the process of reporting the Council as a single economic entity, all transactions and balances with entities controlled by the Council have been eliminated.

The controlled entities during the year were the Sunshine Coast Events Centre Pty Ltd, Quad Park Corporation Pty Ltd and the Noosa Biosphere Ltd. The comparative figures for 2011 also contain the result for Sunshine Coast Enterprises Pty Ltd which ceased to trade and was wound up as at 30 June 2011.

(ii) Associates

Associates are entities that Sunshine Coast Regional Council has significant influence over. Significant influence is the power to participate in the financial and operating decisions policy decisions but is not control or joint control. Investments in associates are accounted for in the financial statements using the equity method and are carried at the lower of cost and recoverable amount. Under this 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 associate 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.

1.04 Adoption of New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods after 1 July 2012 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements except for AASB 13, Fair Value Measurement which could change the measurement and disclosure associated with revaluation of assets. Council does not plan to early adopt this standard and the extent of the impact has not been determined.

1.05 **Currency**

The Council uses the Australian Dollar as its functional currency and its presentation currency.

1.06 **Constitution**

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

1.07 **Date of Authorisation**

The financial report was authorised for issue on the date it was submitted to the Auditor for certification. This is the date the management certificate is signed.

1.08 **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgements, estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

Valuation and depreciation of property, plant and equipment - Note 1.16 and Note
Impairment of property, plant and equipment - Note 1.18 and Note 17
Employee benefits and provisions - Note 1.21 and 1.22
Contingent liabilities - Note 27.

The estimates and assumptions that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to in the appropriate notes to the financial statements.

1.09 **Changes to Accounting Policies**

Unless otherwise stated, accounting policies have been consistently applied throughout the period.

1.10 **Comparative figures**

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial period.

1.11 **Revenue**

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

(i) Rates and Levies

Rate revenue is recognised at the time rates are levied which is the commencement of the rating period or when rate monies are received, which ever is earlier.

(ii) Grants and Subsidies

Grants, subsidies and contributions revenues are recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt. Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council obtains control.

Where Council has an obligation to use a grant, subsidy or contribution in a particular manner, and is considered to be reciprocal, the amount is recognised as a liability until such time as Council has extinguished any obligation set by the grantor. When all obligations are met the grant or subsidy is recognised as revenue.

(iii) Non-cash Contributions

Non-cash contributions including physical assets, in excess of $5,000 in value are recognised as revenue and as non-current assets. Non-cash contributions below $5,000 are recorded as revenue and expenses.

(iv) Cash Contributions

Council receives cash contributions from property developers to construct assets such as roads and footpaths. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of *AASB Interpretation 18 Transfers of Assets from Customers* these contributions are recognised as revenue when the related service obligations are fullfilled. AASB interpretation 18 has been applied prospectively from 1 July 2009. All cash contributions were recognised as revenue on receipt prior to 1 July 2009.

(v) Interest

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

(vi) Other Revenue including Contributions

Other revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

1.12 **Cash and Cash Equivalents**

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions. It also includes bank overdrafts and 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. The Council considers all its term deposits, being for periods of less than three months to be cash equivalents.

1.13 **Receivables**

Trade receivables are recognised initially at the amounts due at the time of sale or service delivery and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and, if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced with allowance being made for impairment. The impairment loss is recognised in other expenses. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated cash flows, discounted at the effective interest rate. Increases in the allowance for impairment are based on loss events. All known bad debts were written-off against the allowance for impairment at 30 June. Subsequent recoveries of amounts previously written off are credited against other expense in the Statements of Comprehensive Income.

Loans and advances to community groups are recognised at amortised cost.

1.14 **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.

Inventories held for distribution are:

- goods to be supplied at no, or nominal, charge, and
- goods to be used for the provision of services at no, or nominal, charge.

These goods are valued at the lower of cost and replacement value.

1.15 **Land held for resale**

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory, this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

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

1.16 **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment losses. Items of property, plant and equipment with a total value of less than $5,000, except for land and network assets (an aggregate of interrelated assets), are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

(i) Major plant

The Council has determined that individual items of plant and equipment with a cost in excess of $1,000,000 are of high value and require annual assessment of fair value under the revaluation model. There are no items which meet this criteria.

(ii) Acquisition of assets

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 incurred in preparing the asset for use.

The cost of property, plant and equipment being constructed by Council includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Property, plant and equipment received in the form of contributions are recognised as assets and revenue at fair value by Council. Fair value is determined as the amount at which an asset would be exchanged or a liability settled between knowledgable, willing parties in an arm's length transaction.

(iii) Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets is treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

(iv) Valuation
Land, buildings, infrastructure and heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the *Local Government (Finance, Plans and Reporting) Regulation 2010*. The fair values mean the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by comprehensively revaluing these assets at least once every three years with interim valuations, using a suitable index, being otherwise performed on an annual basis where there has been a material variation in the index.

Details of valuers and methods of valuation are disclosed in Note 17.

Any revaluation increments arising on 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 reveluation is charged as an expense to the extent that it exceeds the balance of previously recognised reveluation increments for that asset class. On revaluation depreciation is restated proportionately with the change in carrying amount of the asset and any change in the estimated useful life.

(v) Land held under deed of grant in trust (DOGIT)
The Department for Environment and Resource Management administers nine (9) parcels of land, which have been granted to and are controlled by Council in terms of Deeds of Grant in Trust under the Land Act 1994, the value of which has been included in land assets (Note 17). These parcels are used by Council for sport, recreation, showground and park purposes.

(vi) Land Under Roads
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. The Sunshine Coast Council currently does not have any such land. Land under the road network within Sunshine Coast region that has been dedicated and opened for public use under the Land Act 1994 or the Land Title Act 1994 is not controlled by Council but is controlled by the State pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

(vii) Depreciation
Land is not depreciated as it has an unlimited useful life. Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council.

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.

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 remaining useful life of the asset to the Council.

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.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown at Note 17.

1.17 Intangible Assets
Only intangible assets which have a cost exceeding $5,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by the Council of a capital expenditure authorisation for the acquisition or development of the asset.

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

It has been determined that there is not an active market for any of the Councils intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

1.18 Impairment of non current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the 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.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and value in use, or if the asset would be replaced if deprived of its use, depreciated replacement cost.

An impairment loss is expensed immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, only to the extent that the assets carrying value does not exceed the carrying value that would have been determined, net of depreciation, if no impairment had been recognised. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase and recognised in the asset revaluation surplus.

1.19 Leases

Leases of plant and equipment under which the Council assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases where substantially all the risks and benefits remain with the lessor are classified as operating leases.

(i) Operating leases

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.

1.20 Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1.21 Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(i) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability is included in trade and other payables, in the Statement of Financial Position.

(ii) Annual leave

A liability for annual leave is recognised and is based on current wage and salary levels and includes related employee on-costs. This liability is included in trade and other payables in the Statement of Financial Position.

(iii) Superannuation

The superannuation expense for the reporting period is the amount of the contribution Council makes to the superannuation plan which provides benefits to its employees. Details of arrangements are set out in Note 28.

(iv) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. This liability is included in Provisions in the Statement of Financial Position.

(v) Sick leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

1.22 **Provision for Rehabilitation**

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

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current capital market yield bond rate is considered an appropriate rate.

(i) Landfill rehabilitation

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

(ii) Quarry rehabilitation

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

1.23 **Borrowings and borrowing costs**

Loans payable are measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. Borrowing costs, which includes interest calculated using the effective interest method and administration fees, are expensed in the period in which they arise. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets.

Gains and losses on the early redemption of borrowings are recorded in other revenue / expense.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.24 **Components of Equity**

(i) Asset revaluation surplus

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

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 in the reserve in respect of that asset is retained in the reserve.

(ii) Reserves

The following reserves represent funds that are accumulated within the Council to meet anticipated future needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

(a) Constrained works reserve

All grants, subsidies and contributions of monetary revenue received during the reported period and constrained for the purpose of funding specific capital expenditure. As the expenditure is incurred on specific capital assets the equivalent funds are transferred to the capital account. The closing balance reported at the period end represents funds not yet expended and must be retained in the manner specified by the contributor.

(b) General reserve

This reserve is for particular projects that are not specifically identified in the Constrained, Levy or Special Purpose reserves. The major sub-components of this reserve include: self insurance, strategic land acquisitions, employee provisions, economic development and as a fallback in emergency circumstances or situations.

(c) Levy funded reserve

Unutilised levies are held in this reserve.

Funds are used for specific initiatives as set out in Council's budget. As expenditure is incurred on specific initiatives the equivalent amounts are transferred to either capital or operational accounts.

(d) Special purpose reserve
This account reflects monies set aside by the Council for functions Council performs as an "agent" of other bodies, Aged Care, Day Respite Care, revenue received from specific contract conditions such as Lake Kawana Development Fund Agreement, proceeds from the disposal of assets in accordance with a specific contract condition and revenue received in accordance with specific conditions included in the approved development application such as Pelican Waters Infrastructure Agreement.

1.25 Controlled Entities
The Council wholly owns the issued shares of Quad Park Corporation Pty Ltd, Sunshine Coast Events Centre Pty Ltd, and the Noosa Biosphere Ltd. The results of operations for the year and the assets and liabilities at 30 June 2012 have been included in the consolidated financial statements. Another wholly owned company (Sunshine Coast Enterprises Pty Ltd) was formally wound up and deregistered as at the 30th of June 2011, with the business previously conducted by the company transferred to the Economic Development branch of Council.

1.26 National Competition Policy
The Council has reviewed its activities and has identified four (4) activities that are business activities. Details of these activities can be found in Note 35.

1.27 Rounding
Amounts included in the financial statements have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero.

1.28 Trust Funds Held for Outside Parties
Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the Trust Account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements. The monies are disclosed in Note 32 to the Financial Statements for information purposes only.

1.29 Taxation
Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). 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. The Council pays payroll tax to the Queensland Government on certain activities.

1.30 Carbon Pricing
Legislation enacted by the Federal Government titled the "Clean Energy Future Bill (2011)" introduced a carbon pricing mechanism effective 1 July 2012. Council has assessed its carbon dioxide emission equivalents and has determined that it will have a liability in future years as a result of its land-fill operations. The liability for 2012/13 to be paid in the year commencing 1 July 2013 has been estimated to not exceed $ 2 million. A levy on waste collections will be imposed to recover this additional outlay. In addition Council will incur indirect cost increases for supplies including electricity, however it is not forecast to have a material impact on Council's financial performance.

Sunshine Coast Council

Notes to Financial Statements
For the Year Ended 30 June 2012
2 (a) Analysis of results by function

	Gross program income		Total	Gross program expenses		Total	Net result	Net	Assets
	Recurring	Capital	income	Recurring	Capital	expenses	from recurring operations	operating surplus	
	2012	2012	2012	2012	2012	2012	2012	2012	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Infrastructure Services	60,811	72,434	133,245	(222,205)	-	(222,205)	(161,395)	(88,960)	3,462,977
Community Services	18,583	(1)	18,582	(84,557)	-	(84,557)	(65,974)	(65,974)	247,444
Regional Strategy and Planning	24,492	2,587	27,080	(55,827)	-	(55,827)	(31,335)	(28,748)	19,974
Finance and Business	320,870	480	321,350	(57,242)	-	(57,242)	263,629	264,108	1,776,052
Executive Office	82	-	82	(271)	-	(271)	(189)	(189)	2,270
Total	**424,838**	**75,500**	**500,339**	**(420,102)**	**-**	**(420,102)**	**4,736**	**80,237**	**5,508,717**

For the Year Ended 30 June 2011
Analysis of results by function

	Gross program income		Total	Gross program expenses		Total	Net result	Net	Assets
	Recurring	Capital	income	Recurring	Capital	expenses	from recurring operations	operating surplus	
	2011	2011	2011	2011	2011	2011	2011	2011	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Infrastructure Services	61,197	74,807	136,004	(232,938)	(1,080)	(234,018)	(171,741)	(98,014)	3,179,577
Community Services	17,788	228	18,016	(75,185)	(85)	(75,270)	(57,397)	(57,254)	229,463
Regional Strategy and Planning	25,084	16,589	41,673	(59,747)		(59,747)	(34,663)	(18,074)	15,474
Finance and Business	318,001	4,500	322,501	(35,417)	(479,873)	(515,290)	282,584	(192,789)	1,799,467
Executive Office	190	-	190	(6,027)		(6,027)	(5,837)	(5,837)	109
Total	**422,260**	**96,124**	**518,384**	**(409,314)**	**(481,038)**	**(890,352)**	**12,946**	**(371,968)**	**5,224,090**

Sunshine Coast Council

Notes to Financial Statements
For the Year Ended 30 June 2012

2 (b) Analysis of results by function
Components of council functions

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

Infrastructure Services

Comprises business and major projects, civil works, parks and gardens, environmental operations, transport and engineering, waste and fleet management, and buildings and facilities.

Community Services

Encompasses community partnerships and response, active and healthy communities, creative communities, learning communities and human resources.

Regional Strategy and Planning
Encompasses regional strategy and statutory planning, development assessment, social, environmental, and infrastructure policy, operational works assessment, integrated transport and development services.

Finance and Business

Comprises Council finance, commercial and procurement, economic development, property and business, airport management, information communication technology services, corporate governance and council services.

Executive Office
Comprises executive, partnerships and engagement, audit and assurance and legals.

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
3. Revenue analysis					
Operating revenue					
(a) Rates and utility charges					
General rates		196,770	189,815	196,770	189,815
Waste management		42,466	40,417	42,466	40,417
Water and sewerage charges		(12)	6,991	(12)	6,991
Tourism and special levies		11,993	12,374	11,993	12,374
Environment levy		9,128	9,029	9,128	9,029
Rural fire levy		1,241	530	1,241	530
Valuation fees		22	28	22	28
		261,608	259,184	261,608	259,184
Total rates and utility charge revenue					
Less: discounts		(7,771)	(7,602)	(7,771)	(7,602)
Less: pensioner remissions		(3,510)	(3,484)	(3,510)	(3,484)
Less: rebates		(595)	(503)	(595)	(503)
		(11,876)	(11,589)	(11,876)	(11,589)
Net rates and utility charges		249,732	247,595	249,732	247,595
(b) Fees and charges					
Airline service charges		6,286	6,796	6,286	6,796
Application fees (development)		3,097	2,944	3,097	2,944
Building assessments		35	163	35	163
Caravan parks		13,961	12,726	13,961	12,726
Parking fees		1,852	2,002	1,852	2,002
Refuse tip fees		7,455	6,861	7,455	6,861
Registration fees		1,437	1,116	1,437	1,116
Search fees		1,442	1,391	1,442	1,391
Waste service charges		535	502	535	502
Change of ownership fees		519	592	519	592
Fines & Penalties		2,541	2,236	2,541	2,236
Venue Hire		2,834	2,785	2,834	2,785
Development Services		7,265	8,134	7,265	8,134
Permits & Licences		1,631	1,538	1,631	1,538
Other fees and charges		7,879	7,825	4,820	4,892
		58,769	57,611	55,710	54,678
(c) Sales - contract and recoverable works					
Lease Revenue		5,266	5,685	5,263	5,640
Other revenue		13,541	16,936	13,541	16,936
		18,807	22,621	18,804	22,576
(d) Grants, subsidies, contributions and donations					
Government grants and subsidies		21,312	19,882	21,242	19,829
Contributions		749	770	749	770
		22,061	20,652	21,991	20,599
(e) Share of tax equivalents of associate		4,336	2,709	4,336	2,709
(f) Dividend income		-	-	19,829	18,792
(g) Interest received					
Interest received from associate		35,802	34,788	35,802	34,788
Interest received from investments		16,127	18,114	16,069	18,043
Interest from overdue rates and utility charges		2,565	2,480	2,565	2,480
		54,494	55,382	54,436	55,311
Total recurrent revenue		408,199	406,570	424,838	422,260

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
(h) Capital revenue					
Government grants and subsidies		14,025	22,445	14,025	22,445
Developer contributions		10,862	13,869	10,862	13,869
Infrastructure from developers at fair value		50,614	59,810	50,614	59,810
		75,501	96,124	75,501	96,124
Total income		483,700	502,694	500,339	518,384

4. Employee benefits

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Total wages and salaries	127,899	120,676	125,151	117,892
Councillors' remuneration *	1,782	1,805	1,782	1,805
Annual, sick and long service leave entitlements	21,936	23,156	21,936	23,156
Superannuation	19,878	18,666	19,878	18,666
	171,495	164,303	168,747	161,519
Other employee related expenses	3,528	3,644	3,528	3,644
	175,023	167,947	172,275	165,163
Less :Capitalised employee expenses	(19,991)	(17,803)	(19,991)	(17,803)
	155,032	150,144	152,284	147,360

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

Total Council employees at the reporting date:				
Elected Members	13	13	13	13
Staff	1,939	1838	1916	1838
Total full time equivalent employees	1952	1851	1929	1851

5. Materials and services

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Advertising	1,950	2,231	1,950	2,231
Auditor General of Queensland	365	409	365	409
Chemicals	420	559	420	559
Consultancy fees	5,669	5,585	5,669	5,585
Commissions paid	2,088	2,206	2,088	2,206
Contract services parks & gardens	12,239	14,950	12,239	14,950
Contract services waste collection	33,047	31,573	33,047	31,573
Contract services other	39,262	41,550	39,262	41,550
Donations	2,668	2,081	2,668	2,081
Electricity	7,515	7,989	7,515	7,989
Entertainment and hospitality	536	496	536	496
Equipment < $5,000.00	1,954	1,638	1,954	1,638
Fuel	5,125	4,164	5,125	4,164
Grants to community organisations	10,868	7,398	10,868	7,398
Insurance	3,423	2,980	3,423	2,980
Legal fees	3,388	5,327	3,388	5,327
Library resources	1,587	1,272	1,587	1,272
Maintenance	1,805	1,863	1,805	1,863
Materials road base	2,214	3,811	2,214	3,811
Operating leases	9,872	9,615	9,872	9,615
Plant and equipment hire	4,542	5,092	4,542	5,092
Security services	1,148	964	1,148	964
Software and maintenance	1,669	1,899	1,669	1,899
Telecommunications	4,100	4,465	4,100	4,465
Water and sewerage charges	3,389	2,631	3,389	2,631
All other materials and services	25,469	23,250	22,583	19,884
	186,312	185,998	183,426	182,632
Less: Capitalised expenses	(7,977)	(7,360)	(7,977)	(7,361)
	178,335	178,638	175,449	175,271

Sunshine Coast Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
6. Finance costs					
Finance costs charged by the Queensland Treasury Corporation		12,564	11,866	12,564	11,866
Bank charges and credit card fees		843	654	828	632
Impairment of debts		1,204	45	1,204	45
Other finance costs		83	85	83	85
		14,694	12,650	14,679	12,628
7. Depreciation and amortisation					
(a) Depreciation of non-current assets					
Buildings		6,642	5,901	6,642	5,901
Road and bridge network		30,249	28,315	30,249	28,315
Stormwater and drainage network		12,318	11,786	12,318	11,786
Plant and equipment		7,340	6,334	7,303	6,301
Other infrastructure		11,514	9,409	11,514	9,409
Sunshine Coast Airport		-	1,189	-	1,189
Land improvements		56	16	56	16
		68,119	62,950	68,082	62,917
(b) Amortisation of intangible assets					
Software		1,114	542	1,114	542
Total depreciation and amortisation		69,233	63,492	69,196	63,459
8. Contributions to controlled entities					
Contributions to controlled entities		-	-	2,400	2,717
		-	-	2,400	2,717
9. Loss on disposal of property, plant and equipment					
Proceeds from the sale and disposal of property, plant and equipment, and intangibles		1,202	1,265	1,202	1,265
Less carrying amount		(7,109)	(9,048)	(7,109)	(9,048)
		(5,907)	(7,783)	(5,907)	(7,783)
Proceeds from the sale of land & improvements		409	234	409	234
Less carrying amount		(596)	(330)	(596)	(330)
		(187)	(96)	(187)	(96)
Loss on disposal of property, plant and equipment, and intangibles		(6,094)	(7,879)	(6,094)	(7,879)
		(6,094)	(7,879)	(6,094)	(7,879)
10. Capital expenses					
Provision for rehabilitation					
Increase in rehabilitation		-	721	-	721
Loss on transfer of assets and liabilities to Unitywater on 1 July 2010		-	480,317	-	480,317
		-	481,038	-	481,038
11a. Cash and cash equivalents					
Cash at bank and on hand		1,897	12,649	744	11,716
Short term investments		102,081	136,307	102,081	136,307
Total cash and equivalents		103,978	148,956	102,825	148,023
11b. Investment Securities		135,000	120,000	135,000	120,000

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
12. Trade and other receivables					
Current					
*Rates and utility charges		20,207	19,515	20,207	19,515
Other debtors		15,390	39,020	15,303	38,911
Less: allowance for impaired debts		(2,103)	(1,122)	(2,103)	(1,122)
** Loan to associate - (working capital)		4,181	3,909	4,181	3,909
		37,675	61,322	37,588	61,213
Non-Current					
Loans at amortised cost					
*** Loan to associate - Senior Debt		268,682	268,682	268,682	268,682
**** Loan to associate - Subordinated Debt		214,945	214,945	214,945	214,945
** Loan to associate - (working capital)		9,255	13,437	9,255	13,437
		492,882	497,064	492,882	497,064

* 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.

** Loans to associates - Unitywater. Working capital loan (5) years Principle and interest terminating 30 June 2015. Applicable interest rate 6.7864%

*** Senior Debt (3) year fixed loan term terminating 30 June 2013. Applicable interest rate 6.6723%

**** Subordinated Debt (3) year fixed loan terminating 30 June 2013. Applicable interest rate 7.5125%

However, if no refinancing has occurred as at 30 of June 2013, a binding agreement has been entered into by the parties on the 26th of June 2012 to extend the loans for a further 12 months, terminating 30 June 2014.

13. Inventories

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Plant and equipment stores	656	767	601	704
Quarry and road materials	1,344	1,002	1,344	1,002
	2,000	1,769	1,945	1,706

14. Investment in associate (equity method)

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
*Participation rights in associates	615,818	609,065	599,191	599,191
	615,818	609,065	599,191	599,191

*Sunshine Coast Council has an investment in one associate as at 30 June 2012.

Name of Associate	Unitywater
Principal Activity	Provision of Water and Sewerage Services
Place of Operation	Moreton Bay and Sunshine Coast Regions
Proportion of Ownership Interest	41.76%

Movement in carrying amount

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Investment (at cost)	609,065	599,191	599,191	599,191
Share of profits after tax and before dividends	26,582	28,666	-	-
Dividends received /receivable	(19,829)	(18,792)	-	-
Carrying amount at the end of the financial year	615,818	609,065	599,191	599,191

		Consolidated		Council	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000

Investment in equity-accounted investees

The Councils share of profit in its equity accounted investee for the year was $26,582 thousand (2011 $28,666).

During the year ended 30 June 2012 the Council received dividends of $19,829 thousand (2011 $18,792) from its investment in equity accounted investee.

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

Summary financial information for the equity accounted investee, not adjusted for the percentage ownership held by Council, as reflected in Unitywater's 30 June 2012 financial statements.

	Consolidated 2012	Consolidated 2011	Council 2012	Council 2011
Ordinary revenues	488,170	473,704	488,170	473,704
Ordinary expenses	(408,050)	(382,925)	(408,050)	(382,925)
Profit before income tax equivalent	80,120	90,779	80,120	90,779
Income tax equivalent expense	(16,465)	(22,134)	(16,465)	(22,134)
Share of profit (after tax)	63,655	68,645	63,655	68,645
Retained earnings:				
Balance at beginning of financial year	10,602	(13,043)	10,602	(13,043)
Net result for the period	63,655	68,645	63,655	68,645
Less distribution paid	(47,483)	(45,000)	(47,483)	(45,000)
Balance at the end of financial year	26,774	10,602	26,774	10,602
Share of assets and liabilities:				
Current assets	158,969	150,044	158,969	150,044
Non-current assets	2,871,067	2,739,957	2,871,067	2,739,957
Total assets	3,030,036	2,890,001	3,030,036	2,890,001
Current liabilities	133,148	104,131	133,148	104,131
Non-current liabilities	1,435,332	1,340,486	1,435,332	1,340,486
Total liabilities	1,568,480	1,444,617	1,568,480	1,444,617
Net assets	1,461,556	1,445,384	1,461,556	1,445,384

15. Other assets

	Consolidated 2012	Consolidated 2011	Council 2012	Council 2011
Current				
Prepayments	3,620	721	3,620	721
Accrued revenue	23,881	13,224	23,856	13,195
	27,501	13,945	27,476	13,916

16. Non-current assets classified as held for sale

	Consolidated 2012	Consolidated 2011	Council 2012	Council 2011
Land held for resumption by the State for roads	220	220	220	220
Land held for sale	760	1,140	760	1,140
	980	1,360	980	1,360

Sunshine Coast Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

17 Property, Plant and Equipment
(a) Consolidated - 30 June 2012

	Note	Land & Improvements	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Cost	-
		2012	2012	2012	2012	2012	2012	2012	2012
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Asset Values									
Opening balance		850,501	315,422	58,001	1,998,231	878,018	339,069	74,049	4,513,292
Additions at cost		30,136	24,508	7,878	64,983	11,915	18,434	170,917	328,771
Contributed assets at valuation		11,787	750		14,086	21,633	2,358	-	50,614
Disposals		(216)	(697)	(5,453)	(7,383)		(1,730)	-	(15,479)
Revaluation adjustment to the ARS	24	(174)	7,165	-	169,070	70,247	32,248	-	278,556
Asset transfers from works in progress		-	-	-	-	-	-	(161,980)	(161,980)
Transfers between classes		147	636	10,748		-	11,531	-	-
Closing gross value		892,181	347,784	71,174	2,238,987	981,813	378,848	82,986	4,993,774
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance		812	42,264	18,305	401,676	181,348	94,762	-	739,166
Opening accumulated impairment balance		-	45	-	-	-	37	-	82
Revaluation adjustment to the ARS	24	(38)	25,225	-	35,172	11,780	22,214	-	94,353
Depreciation provided in period	7	56	6,642	7,340	30,249	12,318	11,514	-	68,119
Depreciation on disposals		-	(150)	(2,315)	(4,386)	-	(1,307)	-	(8,158)
Transfers between classes		3	13	3,226	-	-	(3,242)	-	-
Closing accumulated depreciation		833	73,994	26,519	462,711	205,446	123,978	-	893,480
Closing accumulated impairment		-	45	37	-	-	-	-	82
Closing accumulated depreciation and impairment		833	74,039	26,556	462,711	205,446	123,978	-	893,562
Consolidated book value at period end		891,348	273,745	44,618	1,776,276	776,367	254,870	82,986	4,100,212
Residual value		4,253	18,506	9,037	739,118	-	8,873	-	-
Range of estimated useful life in years		0-100	2-80	2-60	5-100	10 - 100	3-100	-	-

Sunshine Coast Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

17 Property, Plant and Equipment
(b) Council - 30 June 2012

	Note	Land & Improvements	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Cost	-
		2012	2012	2012	2012	2012	2012	2012	2012
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Asset Values									
Opening balance		850,501	315,422	57,846	1,998,231	878,018	339,069	74,049	4,513,137
Additions at cost		30,136	24,508	7,805	64,983	11,915	18,434	170,917	328,698
Contributed assets at valuation		11,787	750		14,086	21,633	2,358	-	50,614
Disposals		(216)	(697)	(5,453)	(7,383)		(1,730)	-	(15,479)
Revaluation adjustment to the ARS	24	(174)	7,165	-	169,070	70,247	32,248	-	278,556
Asset transfers from works in progress		-	-	-	-	-	-	(161,980)	(161,980)
Transfers between classes		147	636	10,748		-	11,531	-	-
Closing gross value		892,181	347,784	70,946	2,238,987	981,813	378,848	82,986	4,993,546
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance		812	42,264	18,218	401,676	181,348	94,769	-	739,087
Opening accumulated impairment balance		-	45	-	-	-	37	-	82
Revaluation adjustment to the ARS	24	(38)	25,225	-	35,172	11,780	22,214	-	94,353
Depreciation provided in period	7	56	6,642	7,303	30,249	12,318	11,514	-	68,082
Depreciation on disposals		-	(150)	(2,315)	(4,386)	-	(1,307)	-	(8,158)
Transfers between classes		3	13	3,226	-	-	(3,242)	-	-
Closing accumulated depreciation		833	73,994	26,395	462,711	205,446	123,985	-	893,364
Closing accumulated impairment		-	45	37	-	-	-	-	82
Closing accumulated depreciation and impairment		833	74,039	26,432	462,711	205,446	123,985	-	893,446
Consolidated book value at period end		891,348	273,745	44,513	1,776,276	776,367	254,863	82,986	4,100,100
Residual value		4,253	18,506	9,037	739,118	-	8,873	-	-
Range of estimated useful life in years		0-100	2-80	2-60	5-100	10 - 100	3-100	-	-

Sunshine Coast Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

17 Property, Plant and Equipment
(c) Consolidated - 30 June 2011

	Note	Land & Improvements	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Cost	-
		2011	2011	2011	2011	2011	2011	2011	2011
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Asset Values									
Opening balance		808,384	290,951	50,640	1,919,650	852,286	311,496	56,495	4,289,904
Additions at cost		26,036	23,186	7,905	68,180	7,314	31,106	182,605	346,332
Contributed assets at valuation		17,468	-	45	23,635	18,636	25	-	59,810
Disposals		(947)	(4,365)	(3,177)	(13,233)	(219)	(3,752)	-	(25,694)
Revaluation adjustment to the ARS	25	24,305	6,120	(180)	-	-	1,516	-	31,760
Asset transfers from works in progress		-	-	-	-	-	-	(163,681)	(163,681)
Transfer from Current Assets		4,521	1,113	-	-	-	-	-	5,634
Transfer from Intangible Assets	19	-	-	49	-	-	-	(1,370)	49
Transfer to Capital		-	-	-	-	-	-	-	(1,370)
Transfers to Unitywater		(29,265)	(187)	-	-	-	-	-	(29,452)
Transfers between classes		-	(1,396)	2,718	-	-	(1,322)	-	-
Closing gross value		850,501	315,422	58,001	1,998,231	878,018	339,069	74,049	4,513,292
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance		717	79,117	12,849	381,315	169,659	96,096	-	739,753
Opening accumulated impairment balance		1,828	45	-	-	-	37	-	1,910
Revaluation adjustment to the ARS	25	79	(39,786)	(25)	-	-	(8,509)	-	(48,241)
Depreciation provided in period	7	16	6,269	6,327	28,315	11,787	10,227	-	62,940
Depreciation on disposals		-	(2,900)	(1,430)	(7,953)	(98)	(2,680)	-	(15,060)
Impairment adjustment to the ARS	25	(1,828)	-	-	-	-	-	-	(1,828)
Transfer from Intangible Assets	19	-	-	32	-	-	-	-	32
Transfers to Unitywater		-	(191)	(58)	-	-	(8)	-	(258)
Transfers between classes		-	(245)	610	-	-	(365)	-	-
Closing accumulated depreciation		812	42,264	18,305	401,676	181,348	94,762	-	739,166
Closing accumulated impairment		-	45	-	-	-	37	-	82
Closing accumulated depreciation and impairment		812	42,309	18,305	401,676	181,348	94,799	-	739,248
Consolidated book value at period end		817,450	255,746	39,676	1,596,555	696,670	212,433	74,049	3,774,044
Residual value		-	144,409	8,525	711,854	1,190	36,430	-	-
Range of estimated useful life in years		0-36	2-80	2-60	5-100	10 - 100	3-100	-	-

Sunshine Coast Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

17 Property, Plant and Equipment
(d) Council - 30 June 2011

	Note	Land & Improvements	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Cost	-
		2011	2011	2011	2011	2011	2011	2011	2011
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Asset Values									
Opening balance		808,384	290,951	50,580	1,919,650	852,286	311,496	56,495	4,289,842
Additions at cost		26,036	23,186	7,859	68,180	7,314	31,106	182,605	346,286
Contributed assets at valuation		17,468	-	45	23,635	18,636	25	-	59,810
Disposals		(947)	(4,365)	(3,177)	(13,233)	(219)	(3,752)	-	(25,693)
Revaluation adjustment to the ARS	25	24,305	6,120	(180)	-	-	1,516	-	31,760
Asset transfers from works in progress		-	-	-	-	-	-	(163,681)	(163,681)
Transfer from Current Assets		4,521	1,113	-	-	-	-	-	5,634
Transfer to Capital		-	-	-	-	-	-	(1,370)	(1,370)
Transfers to Unitywater		(29,265)	(187)	-	-	-	-	-	(29,452)
Transfers between classes		-	(1,396)	2,718	-	-	(1,322)	-	-
Closing gross value		850,501	315,422	57,846	1,998,231	878,018	339,069	74,049	4,513,136
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance		717	79,117	12,825	381,315	169,659	96,095	-	739,728
Opening accumulated impairment balance		1,828	45	-	-	-	37	-	1,910
Revaluation adjustment to the ARS	25	79	(39,786)	(25)	-	-	(8,509)	-	(48,241)
Depreciation provided in period	7	16	6,269	6,304	28,315	11,787	10,227	-	62,917
Depreciation on disposals		-	(2,900)	(1,430)	(7,953)	(98)	(2,680)	-	(15,060)
Impairment adjustment to the ARS	25	(1,828)	-	-	-	-	-	-	(1,828)
Transfers to Unitywater		-	(191)	(58)	-	-	(8)	-	(258)
Transfers between classes		-	(245)	602	-	-	(357)	-	-
Closing accumulated depreciation		812	42,264	18,218	401,676	181,348	94,769	-	739,087
Closing accumulated impairment		-	45	-	-	-	37	-	82
Closing accumulated depreciation and impairment		812	41,141	18,215	401,676	181,348	91,494	-	739,169
Consolidated book value at period end		817,450	255,746	39,608	1,596,555	696,670	212,425	74,049	3,773,967
Residual value		-	144,409	8,525	711,854	1,190	36,430	-	-
Range of estimated useful life in years		0-36	2-80	2-60	5-100	10 - 100	3-100	-	-

17 Property, Plant & Equipment - Fair Values

Valuations were determined by reference to the following:
Land, building and infrastructure assets are measured at fair value in accordance with AASB 116 Property, Plant and Equipment and the Local Government (Finance, Plans and Reporting) Regulation 2010. All other non-current assets are measured at cost.

Property, plant & equipment valuations were determined by reference to the following:

Land

Land assets were revalued during the year ended 30 June 2012 by Australian Pacific Valuers (APV).
Fair value assessments were determined by analysis of available market movement throughout the Sunshine Coast region, direct comparison of land valuations and consideration to land use and zoning.

Revaluations resulted in immaterial movement to fair value of land assets across the region since the last valuation in 2011.

Additions during the financial period are reported at cost, which represents fair value.

Buildings

Building assets were revalued during the year ended 30 June 2012 by Australian Pacific Valuers (APV).

Buildings were valued at their current replacement cost and written down value based on straight line depreciation methodology as at 30 June 2012. APV determined that asset valuations were at fair value by reference to average construction costs, market research for the Sunshine Coast region, site inspections and condition assessments.

Revaluations resulted in 5% decrease on average to fair value of building assets across the region since the last valuation in 2011.

Additions during the financial period are reported at cost, which represents fair value.

Infrastructure Assets

Other - Facility Infrastructure

Other facility infrastructure assets were revalued during the year ended 30 June 2012 by Australian Pacific Valuers (APV).

Other infrastructure assets, such as items located at Council facilities, were valued at their current replacement cost and written down value based on straight line depreciation methodology as at 30 June 2012. APV determined that asset valuations were at fair value by reference to average construction costs, market research for the Sunshine Coast region, site inspections and condition assessments.

Revaluations resulted in 3% decrease on average to fair value of other facility infrastructure assets across the class since the last valuation in 2011.

Additions during the financial period are reported at cost, which represents fair value.

Other - Park Infrastructure

Park, sport and open space infrastructure assets were comprehensively revalued during the year ended 30 June 2012 by Aurecon Group - Consulting Engineers.

The fair value of park infrastructure assets as at 30 June 2012 was determined by reference to Council's current construction costs including; unit rates, contract fees, materials, labour and internal charges.

Revaluations resulted in 13% increase on average to fair value of park infrastructure assets across the class since the last valuation in 2009.

Additions during the financial period are reported at cost, which represents fair value.

17 **Property, Plant & Equipment - Fair Values (continued)**

Road and Bridge Infrastructure

Road and bridge infrastructure assets were comprehensively revalued during the year ended 30 June 2012 by Aurecon Group - Consulting Engineers.

The fair value of road and bridge assets as at 30 June 2012 was determined by reference to Council's current construction costs including; unit rates, contract fees, materials, labour and internal charges. Location factors were included to recognise cost variance between rural, urban and commercial areas.

Revaluations resulted in 8% increase on average to fair value of road and bridge infrastructure assets across the network since the last valuation in 2009.

Additions during the financial period are reported at cost, which represents fair value.

Stormwater Infrastructure

Stormwater infrastructure assets were comprehensively revalued during the year ended 30 June 2012 by Aurecon Group - Consulting Engineers.

The fair value of stormwater and drainage assets as at 30 June 2012 was determined by reference to Council's current construction costs including; unit rates, contract fees, materials, labour and internal charges. Depth and location factors were included to recognise cost variance between size of infrastructure and rural, urban and commercial areas.

Revaluations resulted in 8% increase on average to fair value of stormwater infrastructure assets across the network since the last valuation in 2009.

Additions during the financial period are reported at cost, which represents fair value.

Plant & Equipment

Plant and equipment under the set amount of $1,000,000 are valued on the cost basis in accordance with Local Government (Finance, Plans and Reporting) Regulations 2010 and AASB 116 Property, Plant and Equipment.

Plant and equipment over the set amount of $1,000,000 are valued under the revaluation method in accordance with Local Government (Finance, Plans and Reporting) Regulations 2010 and AASB 116 Property, Plant and Equipment. Council does not currently hold any plant or equipment over this set amount.

Sunshine Coast Airport

Sunshine Coast Airport assets were revalued during the year ended 30 June 2012 by APV.

Building and other assets supporting the Sunshine Coast Airport have been included at their gross current value and written down depreciated replacement cost as at 30 June 2012. APV determined that asset valuations were at fair value by reference to average construction costs, market research for the Sunshine Coast region, site inspections and condition assessments.

Land asset fair values were determined by analysis of available market movement, direct comparison of land valuations and consideration to land use and zoning.

Plant and equipment under the set amount of $1,000,000 are valued on the cost basis in accordance with Local Government (Finance, Plans and Reporting) Regulations 2010 and AASB 116 Property, Plant and Equipment.

During the year, the disclosure for land, buildings and other infrastructure asset values for the Sunshine Coast Airport was modified to be recognise in the relevant financial class and to reflect more appropriately the way these assets are valued. Comparative amounts were reclassified for consistency.

Fair value of Sunshine Coast Airport assets	2012 $'000	2011 $'000
Land	32,894	32,239
Buildings	17,068	17,366
Other Infrastructure	24,704	31,839
Plant & Equipment	3,774	19
	78,440	**81,463**

Additions during the financial period are valued at cost, which represents fair value.

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
18. Intangible assets					
Software					
Opening gross carrying value		9,656	5,625	9,656	5,576
Additions at cost		4,198	4,080	4,198	4,080
Disposals		(93)	-	(93)	-
Transfer to Property Plant and Equipment		-	(49)	-	-
Closing gross carrying value		13,761	9,656	13,761	9,656
Accumulated amortisation					
Opening balance		2,006	1,487	2,006	1,464
Amortisation in the period		1,114	551	1,114	542
Disposals		(89)	-	(89)	-
Transfer to Property Plant and Equipment		-	(32)	-	-
Closing balance		3,031	2,006	3,031	2,006
Net carrying value at end of financial year		10,730	7,650	10,730	7,650
19. Trade and other payables					
Current					
Creditors and accruals		41,903	54,759	41,107	54,224
Annual leave		16,718	15,262	16,718	15,262
Other employee entitlements		936	965	936	963
		59,557	70,986	58,761	70,449
20. Borrowings					
Current					
Queensland Treasury Corporation		13,023	11,064	13,023	11,064
		13,023	11,064	13,023	11,064
Non-Current					
Queensland Treasury Corporation		218,178	190,437	218,178	190,437
		218,178	190,437	218,178	190,437
21. Loans					
(i) Queensland Treasury Corporation		231,201	201,501	231,201	201,501
		231,201	201,501	231,201	201,501
Classified as:					
Current Debt Pool		13,023	11,064	13,023	11,064
Non-current Debt Pool		218,178	190,437	218,178	190,437
		231,201	201,501	231,201	201,501
(i) Queensland Treasury Corporation					
Opening balance (Book Value)		201,501	188,501	201,501	188,501
Loans raised		40,888	23,143	40,888	23,143
Repayments		(23,751)	(22,010)	(23,751)	(22,010)
Interest		12,564	11,866	12,564	11,866
Balance at the end of the year (Book Value)		231,201	201,500	231,201	201,500
Balance at the end of the year (Market Value)		254,167	209,580	254,167	209,580

The market value represents the value of the debt if the Council repaid the debt as at 30 June 2012. As it is the intention of the 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 6.18% (6.46% in 2011) Borrowings are all in Australian dollars and carried at amortised cost, interest being expensed as it accrues. No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland State Government.

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
22. Provisions				
Current				
Long service leave	18,219	16,931	18,086	16,839
Landfill rehabilitation	2,448	-	2,448	-
	20,667	16,931	20,534	16,839
Non-Current				
Long service leave	8,178	6,528	8,135	6,491
Quarry rehabilitation	2,392	1,050	2,392	1,050
Landfill rehabilitation	26,159	28,767	26,158	28,767
	36,729	36,345	36,685	36,308

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000

22. Provisions (continued)

Details of movements in Landfill and Quarry provisions:

Landfill Rehabilitation					
Balance at beginning of financial year		28,767	28,047	28,767	28,047
Increase in provision associated with updated rehabilitation forecasts		1,938	4,467	1,938	4,467
Decrease in provision as a result of actual expenditure incurred during the year		(2,098)	(3,747)	(2,098)	(3,747)
Balance at end of financial year		28,607	28,767	28,607	28,767
Quarry Rehabilitation					
Balance at beginning of financial year		1,050	1050	1,050	1050
Increase in provision associated with updated rehabilitation forecasts		1,366	-	1,366	-
Decrease in provision as a result of actual expenditure incurred during the year		(24)	-	(24)	-
Balance at end of financial year		2,392	1,050	2,392	1,050

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.

Landfill Site	Expected Closure Year	Post Closure Monitoring Cost Completion Year
Coolum	2009	2039
Buderim	2005	2035
Pierce Avenue	2028	2058
Nambour Landfill	2022	2052
Noosa Landfill	2032	2062
Old Buderim Landfill	1989	2019

* Future quarry and landfill closure and rehabilitation requirements were reviewed and updated during the current year, utilising internal expertise with assistance provided by external economic consultants AEC Group Ltd.

At 30 June 2012 the net present value of the projected costs over the next 30 years has been assessed as $ 30.999 million.

23. Other liabilities

Current					
Monies received in advance		2,548	2,941	2,528	2,931
Unearned revenue		4,541	6,035	4,541	6,035
		7,089	8,976	7,069	8,966

24. Asset revaluation surplus

Movements in the asset revaluation surplus were as follows: Balance at beginning of period					
Land and improvements		52,757	51,049	52,757	51,049
Buildings		56,965	16,155	56,965	16,155
Road and bridge network		289,473	290,584	289,473	290,584
Stormwater and Drainage network		12,559	68,135	12,559	68,135
Other Infrastructure		23,024	5,508	23,024	5,508
Sewerage network		-	29,461	-	29,461
		434,778	460,892	434,778	460,892
Net adjustment to non-current assets to reflect a change in current fair value					
Land and improvements		(136)	26,114	(136)	26,114
Buildings		(18,060)	45,752	(18,060)	45,752
Road and bridge network		133,898	10,024	133,898	10,024
Stormwater and Drainage network		58,467	-	58,467	-
Other Infrastructure		10,034	-	10,034	-
		184,203	81,890	184,203	81,890
Net adjustment to non-current assets to reflect impairment on assets transfered to Unitywater					
Land and improvements		-	(22,975)	-	(22,975)
Buildings		-	(143)	-	(143)
Other Infrastructure		-	(80)	-	(80)
Sewerage network		-	(84,806)	-	(84,806)
		-	(108,004)	-	(108,004)
Closing balance of the asset revaluation surplus is comprised of the following asset categories:					
Land and improvements		52,621	52,757	52,621	52,757
Buildings		38,905	56,965	38,905	56,965
Road and bridge network		423,371	289,473	423,371	289,473
Stormwater and Drainage network		71,026	12,559	71,026	12,559
Other Infrastructure		33,058	23,024	33,058	23,024
		618,981	434,778	618,981	434,778

25. Other reserves

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Reserves held for funding future capital expenditure					
Constrained		56,770	43,392	56,770	43,392
General		63,123	93,474	63,123	93,474
Levy funded		2,341	4,226	2,341	4,226
Special purpose		3,511	3,319	3,511	3,319
		125,744	144,410	125,744	144,410
Reserves held for funding future recurrent expenditure					
Constrained		8,372	10,036	8,372	10,036
General		37,863	55,082	37,863	55,082
Levy funded		9,089	8,705	9,089	8,705
Special purpose		3,606	3,318	3,606	3,318
		58,930	77,141	58,930	77,141
Total reserves		184,674	221,551	184,674	221,551
Movements in capital reserves					
Constrained					
Balance at beginning of financial year		43,392	113,358	43,392	113,358
Net movement between categories		14,873	-	14,873	-
Transfer from retained surplus		57,986	42,684	57,986	42,684
Transfer to retained surplus		(59,481)	(112,650)	(59,481)	(112,650)
Balance at end of financial year		56,770	43,392	56,770	43,392
General					
Balance at beginning of financial year		93,474	86,764	93,474	86,764
Net movement between categories		3,907	-	3,907	-
Transfer from retained surplus		3,136	41,535	3,136	41,535
Transfer to retained surplus		(37,394)	(34,825)	(37,394)	(34,825)
Balance at end of financial year		63,123	93,474	63,123	93,474
Levy funded					
Balance at beginning of financial year		4,226	-	4,226	-
Net movement between categories		-	-	-	-
Transfer from retained surplus		225	7,443	225	7,443
Transfer to retained surplus		(2,110)	(3,217)	(2,110)	(3,217)
Balance at end of financial year		2,341	4,226	2,341	4,226
Special purpose					
Balance at beginning of financial year		3,319	7,579	3,319	7,579
Net movement between categories		118	-	118	-
Transfer from retained surplus		132	2,394	132	2,394
Transfer to retained surplus		(58)	(6,654)	(58)	(6,654)
Balance at end of financial year		3,511	3,319	3,511	3,319
		125,744	144,411	125,744	144,410
Movements in recurrent reserves					
Constrained					
Balance at beginning of financial year		10,036	4,026	10,036	4,026
Net movement between categories		(2,423)	-	(2,354)	-
Transfer from retained surplus		7,565	11,561	7,565	11,561
Transfer to retained surplus		(6,875)	(5,551)	(6,875)	(5,551)
Balance at end of financial year		8,303	10,036	8,372	10,036
General					
Balance at beginning of financial year		55,082	50,300	55,082	50,300
Net movement between categories		(16,779)	-	(16,779)	-
Transfer from retained surplus		12,277	10,967	12,277	10,967
Transfer to retained surplus		(12,717)	(6,185)	(12,717)	(6,185)
Balance at end of financial year		37,863	55,082	37,863	55,082
Levy funded					
Balance at beginning of financial year		8,705	11,577	8,705	11,577
Net movement between categories		183	-	183	-
Transfer from retained surplus		3,017	4,067	3,017	4,067
Transfer to retained surplus		(2,816)	(6,939)	(2,816)	(6,939)
Balance at end of financial year		9,089	8,705	9,089	8,705
Special purpose					
Balance at beginning of financial year		3,318	3,053	3,318	3,053
Net movement between categories		53	-	53	-
Transfer from retained surplus		321	265	321	265
Transfer to retained surplus		(86)	-	(86)	-
Balance at end of financial year		3,606	3,318	3,606	3,318
		58,860	77,141	58,929	77,141

		Consolidated		Council	
		2012	2011	2012	2011
	Note	$'000	$'000	$'000	$'000
26. Commitments for expenditure					
Operating leases					
Minimum lease payments in relation to non-cancellable operating leases are as follows:					
Within one year		7,833	7,814	7,833	7,814
One to five years		8,008	14,742	8,008	14,742
Greater than five years		1,319	1,000	1,319	1,000
		17,160	23,556	17,160	23,556
Contractual commitments					
Contractual commitments at balance date but not recognised in the financial statements are as follows:					
Within one year		47,796	40,861	47,796	40,861
One to five years		21,521	44,579	21,521	44,579
Greater than five years		532	2,013	532	2,013
		69,849	87,453	69,849	87,453
Capital commitments					
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities :					
Buildings and Facilities		2,732	837	2,732	837
Coast and Canals		317	320	317	320
Community Services		210	-	210	-
Divisional Allocations		978	1,808	978	1,808
Environmental Operations		134	658	134	658
Holiday Parks		1,339	1,205	1,339	1,205
Information Technology		741	1,591	741	1,591
Parks, Gardens and Reserves		1,542	1,811	1,542	1,811
Quarries		1,269	-	1,269	-
Stormwater		218	391	218	391
Strategic Land and Planning		17,532	3,399	17,532	3,399
Sunshine Coast Airport		4,639	2,502	4,639	2,502
Transportation		6,747	5,186	6,747	5,186
Waste		1,049	706	1,049	706
These expenditures are payable within one year		39,449	20,414	39,449	20,414
27. Contingent liabilities					
Details and estimates of maximum amounts of contingent liabilities are as follows :					
(i) Various planning scheme claims are pending at 30 June 2012, with the amounts subject to these legal claims not expected to exceed:		134,369	129,486	134,369	129,486

(ii) Council is currently reviewing any possible infrastructure obligations it may have following the approval by the State Government on the 21st of October 2011 of a major residential development application by a developer - Stockland Caloundra Downs Pty Ltd, referred to as the "Caloundra South development".

Negotiations are currently being undertaken to ascertain what infrastructure, if any, Council will be liable to provide.

Until further clarity is achieved through discussions and negotiations with the Urban Land Development Authority and the developer, no liability or contingent liability is quantified in these financial statements.

(iii) Council was successful in obtaining grant funding under the Australian Government Department of Sustainability, Environment, Water, Population and Communities under the Housing Affordability Fund Program. A requirement under the funding agreement was that Council provide an Unconditional Financial Undertaking to ensure that conditions, obligations and outcomes are met, and as a consequence Council has provided an undertaking through the Queensland Treasury Corporation with an expiry date of 31 December 2015, having a maximum exposure of $2,283,132 (including GST).

(iv) 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 $4,265,840.

Notes to the Financial Statements
For the Year Ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000

28. Superannuation

The Sunshine Coast Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard AASB119 Employee Benefits.

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

The scheme has two elements referred to as the Defined Benefits Fund (DBF) and the Accumulation Benefits Fund (ABF). The ABF is a defined contribution scheme as defined in AASB 119. Council has no liability to or interest in the ABF other than the payment of the statutory contributions as required by the Local Government Act 2009.

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

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

The audited general purpose financial report of the scheme as at 30 June 2010 (the most recent available) which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the vested benefits.

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2009. The actuary indicated that "the DBF is in a very modest financial position with regard to the net asset coverage of vested liabilities. Investment returns will be volatile under the required investment strategy, particularly over short periods. The DBF therefore needs sufficient reserves to be able to withstand a reasonable range of such influences. Because the DBF is now running down and cash flows are negative, the VBI (vested benefit index) should not be allowed whenever possible to retreat below 100%. Once below 100%, benefits drawn reduce the available assets for remaining members and hence the nest asset coverage of vested benefits declines further.

In order to withstand a one in ten 'low return' outcome, the DBF would need reserves of the order of 8% to 10% having regard to the investment strategy adopted. Given the current position of the DBF, such reserve can essentially only eventuate from either excess investment returns over salary increases or additional employer contributions. "

Council has been advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of DBF members. Under amendments to the Local Government Act 2009 passed in June 2009, the trustee of the scheme has the power to levy additional contributions on councils which have employees in the DBF when the actuary advises such additional contributions are payable - normally when the assets of the DBF are insufficient to meet members' benefits.

The next actuarial investigation will be made as at 1 July 2012.

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
The amount of superannuation contributions paid by Sunshine Coast Regional Council to the superannuation scheme in this period for the benefit of employees was:	4	19,878	18,666	19,878	18,666

29. Operating lease income

The minimum lease payments are payable as follows:

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Within one year	4,914	4,358	4,914	4,358
One to five years	11,311	11,347	11,311	11,347
Greater than five years	14,173	16,800	14,173	16,800
	30,398	32,505	30,398	32,505

30. Controlled entities

The council has a 100% controlling interest in Noosa Biosphere Ltd, Quad Park Corporation Pty Ltd and Sunshine Coast Events Centre Pty Ltd.

	Noosa Biosphere 2012 $'000	Quad Park 2012 $'000	Sunshine Coast Events Centre 2012 $'000
Revenue	159	2,826	2,605
Expenses	(128)	(3,016)	(2,542)
Surplus/(deficiency	31	(190)	63

31. Trust funds

	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	7,254	7,925	7,254	7,925

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.

32. Events after balance date

There are no material adjusting subsequent events. However as at the date of these statements, a process has commenced to evaluate the possible de-amalgamation of the former Noosa Shire Council.

Submissions from Queensland communities and/or local governments regarding de-amalgamation proposals were lodged with the Minister for Local Government on or before the 31st of August 2012. A proposal has been submitted to enable the de-amalgamation of the former Noosa Shire Council.

The Minister for Local Government has referred the Noosa proposal to the Boundaries Commissioner for further assessment. The Boundaries Commissioner will provide a report to the Minister, including recommendations, by the 28th of November 2012.

The independent Boundaries Commissioner is to assist in supplying information required for a decision to made by the Minister.

Sunshine Coast
Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

33. Reconciliation of net operating cash surplus for the year to net cash inflow (outflow) from operating activities

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000	Council 2012 $'000	Council 2011 $'000
Net operating result		**86,894**	**(362,481)**	**80,237**	**(371,968)**
Non-cash operating items					
Depreciation and amortisation		69,233	63,492	69,196	63,459
Increase in provision for rehabilitation landfills		(1,266)	721	(1,266)	721
Transfer of Inventory to Unitywater		-	(799)	-	(799)
Transfer of unearned revenue (water connections) to Unitywater		-	(448)	-	(448)
Share of net profit of associate		(6,753)	(9,874)	-	-
		61,214	53,092	67,930	62,933
Investing activities					
Loss on transfer net water and sewerage assets to Unitywater		-	480,317	-	480,317
Net loss on disposal of property, plant and equipment		6,094	7,879	6,094	7,879
Transfer of Leave Liabilities to Unitywater		-	6,878	-	6,878
Transfer of inventory land to Property, Plant & Equipment		-	(2,356)	-	(2,356)
Capital grants and contributions		(75,501)	(96,124)	(75,501)	(96,124)
		(69,407)	396,594	(69,407)	396,594
Changes in operating assets and liabilities					
(increase)/decrease in receivables		10,363	(13,418)	10,337	(13,427)
(increase)/decrease in inventory		(231)	2,651	(239)	2,661
increase/(decrease) in payables		(13,315)	10,296	(13,585)	10,385
increase/(decrease) in other provisions		5,387	(1,613)	5,339	(1,717)
		2,204	(2,084)	1,852	(2,098)
Net cash inflow from operating activities		**80,905**	**85,121**	**80,612**	**85,461**

Sunshine Coast
Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

34. Financial Instruments

Financial Risk Management

Councils principal financial investments comprise cash and cash equivalents, investments, loans at amortised cost and borrowings. The main purpose of these financial instruments is to provide the financial capability to support councils operations and acquisition of non-current assets.

Councils activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. Exposure to financial risks is managed in accordance with Council approved policies on financial risk management. These policies focus on managing the volatility of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk. Borrowing by the Council is constrained by the provisions of the *Statutory Bodies Financial Arrangements Act 1982.*

Sunshine Coast Regional Council measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Interest rate risk	Sensitivity analysis
Liquidity risk	Maturity analysis
Credit risk	Ageing analysis

Credit risk exposure

Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

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 these debts.

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

The Council is exposed to credit risk through its investments with the Queensland Treasury Corporation (QTC), loans to Unitywater and deposits held with banks or other financial institutions. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits are capital guaranteed. Other investments are held with highly rated/regulated banks/financial institutions and whilst not capital guaranteed, the likelihood of a credit failure is remote.

The senior and sub-ordinate loans to Unitywater, which represent $483,626,617 are 3 year fixed rate loans maturing in 2013 (with deed extension to 2014 if not refinanced earlier) and are not secured. The working capital loan to Unitywater which represents $13,436,523 is a 5 year principal and interest loan maturing in 2015 and is not secured.

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment.

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

Council's maximum exposure to credit risk is as follows:

Financial assets	Note	2012	2011	2012	2011
		Consolidated		Council	
		$'000	$'000	$'000	$'000
Cash and cash equivalents	11a	103,978	148,956	102,825	148,023
Investment Securities	11b	135,000	120,000	135,000	120,000
Receivables - rates	12	20,207	19,515	20,207	19,515
Receivables - other	12	13,287	37,898	13,200	37,789
Other credit exposures					
Guarantees	27	4,266	4,750	4,266	4,750
Loan to Unitywater - Senior Debt	12	268,682	268,682	268,682	268,682
Loan to Unitywater - Subordinate Debt	12	214,945	214,945	214,945	214,945
Loan to Unitywater - Working Capital	12	13,436	17,346	13,436	17,346
		773,801	832,092	772,561	831,050

Sunshine Coast
Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

34. Financial Instruments (continued)

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.

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

Consolidated 2012

Fully performing ($000's)	Past due ($000's)					Total (000's)
Receivables	Less than 30 days	30-60 days	61-90 days	Over 90 days	Impaired	
20,207	8,148	1,629	567	502,109	(2,103)	530,557

Consolidated 2011

Fully performing ($000's)	Past due ($000's)					Total (000's)
Receivables	Less than 30 days	30-60 days	61-90 days	Over 90 days	Impaired	
29,612	24,012	3,189	409	502,285	(1,121)	558,386

Council 2012

Fully performing ($000's)	Past due ($000's)					Total (000's)
Receivables	Less than 30 days	30-60 days	61-90 days	Over 90 days	Impaired	
20,207	8,061	1,629	567	502,109	(2,103)	530,470

Council 2011

Fully performing ($000's)	Past due ($000's)					Total (000's)
Receivables	Less than 30 days	30-60 days	61-90 days	Over 90 days	Impaired	
29,612	26,660	1,699	407	501,020	(1,121)	558,277

Liquidity risk

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

Council manages its exposure to liquidity risk by maintaining sufficient undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 21.

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. Subordinated Debt and Senior Debt Agreements are due to be reviewed on 30 June 2013.

Sunshine Coast
Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

34. Financial Instruments (continued)

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

Consolidated	0 to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2012				
Trade and other payables	41,904	-	-	41,904
Loans - QTC	26,347	105,387	197,871	329,605
	68,250	105,387	197,871	371,508
2011				
Trade and other payables	54,736	-	-	54,734
Loans - QTC	23,538	94,152	173,092	290,782
	78,274	94,152	173,092	345,516

Council	0 to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2012				
Trade and other payables	41,107	-	-	41,107
Loans - QTC	26,347	105,387	197,871	329,605
	67,454	105,387	197,871	370,712
2011				
Trade and other payables	54,224	-	-	54,224
Loans - QTC	23,538	94,152	173,092	290,782
	77,762	94,152	173,092	345,006

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.

Interest rate risk

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

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 constructed. 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
	$'000	$'000
2012		
Queensland Treasury Borrowings	231,201	254,167
2011		
Queensland Treasury Borrowings	201,501	209,580

Sunshine Coast
Council

Notes to the Financial Statements
For the Year Ended 30 June 2012

35. National Competition Policy

(a) **Type 1 and Type 2 activities**

Definitions of type 1 and 2 activities:

Before the end of each financial year, the Minister must decide for the financial year, the expenditure amounts (the 'threshold amounts") for identifying a "significant business activity" that should be a type 1 or 2 business activity.

Type 1

For a significant business activity the following threshold expenditure was most recently determined by the Minister for the year ended 30 June 2011 as follows:-

(1) for water and sewerage combined activities - $41.6 million

(2) for other activities - $24.9 million

Type 2

(1) for water and sewerage combined activities - $12.5 million

(2) for other activities - $8.4 million

The Council has resolved that no activities currently fall into the expenditure guidelines above

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

A business activity of a local government is divided into two categories:

(a) Roads business activity means

(i) the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation other than through a sole supplier arrangement or;

(ii) submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

(b) Other business activity, referred to as type three activities, means the following:

(i) trading in goods and services to clients in competition with the private sector, or

(ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to itself. Excluded activities are (a) library services, (b) an activity or part thereof prescribed by legislation.

Local government may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. .

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

The Council has resolved to apply the CCC to the following activities:

Sunshine Coast Airport
Waste Management
Quarry Operations
Caravan Parks

	Airport	Waste M/Ment	Quarry Operations	Caravan Parks
	2012	2012	2012	2012
	$'000	$'000	$'000	$'000
Revenue for services provided to Council	294	22,419	7,079	-
Revenue for services provided to external clients	12,946	54,114	929	14,081
Community Service Obligations	91	995	111	-
	13,331	77,528	8,119	14,081
Less : Expenditure	12,184	73,097	7,630	9,100
Surplus / (deficiency)	1,147	4,431	489	4,981

SUNSHINE COAST COUNCIL

MANAGEMENT CERTIFICATE

For the year ended 30 June 2012

These general purpose financial statements have been prepared pursuant to section 102 of the *Local Government (Finance, Plans and Reporting) Regulation 2010* (the Regulation) and other prescribed requirements.

In accordance with Section 161 of the Regulation we certify that these general purpose financial statements:

i. have been prepared in accordance with the relevant accounting documents; and

ii. accurately reflect Council's financial performance and position for the financial year.

In addition we certify that, in our opinion:

i. the prescribed requirements of the Local Government Act 2009 and associated Regulations for the establishment and keeping of accounts have been complied with in all material respects; and

ii. the general purpose financial statements as attached have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board); and

iii. the general purpose financial statements present a true and fair view of the Council's financial position as at 30 June 2012, and of its financial performance and cash flows for the financial year ended on that date.

....	....
Cr Mark Jamieson	John Knaggs
Mayor	Chief Executive Officer
Sunshine Coast Council	Sunshine Coast Council
Dated 11/9/2012	Dated 11/9/2012

7.2.3 Late App B - General Purpose Statements