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Queensland Audit Office

Your ref:
Our ref: 2015-4139
Debra Stolz 3149 6058

27 October 2015

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29 OCT 2015
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Councillor M Jamieson
Mayor
Sunshine Coast Regional Council
Locked Bag 72
SUNSHINE COAST MAIL CENTRE QLD 4560

Dear Councillor Jamieson

General Purpose Financial Statements—2014–15
Current-year Financial Sustainability Statement—2014–15

- Sunshine Coast Regional Council

The certified General Purpose Financial Statements are enclosed. I have issued an unmodified opinion.

Also enclosed is the Current Year Financial Sustainability Statement. Consistent with prior years and with all other councils, I have included an emphasis of matter paragraph in my auditor's report to highlight the use of the special purpose basis of accounting.

The original statements were returned to the Chief Executive Officer and a copy was provided to the Deputy Premier, Minister for Transport, Minister for Infrastructure, Local Government and Planning, Minister for Trade.

Yours sincerely

Debra Stolz
Director

Enc.

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Sunshine Coast Regional Council

FINANCIAL STATEMENTS

For the year ended 30 June 2015

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QAO certified statements

Sunshine Coast COUNCIL

Statements of Comprehensive Income

For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
Income					
Revenue					
Recurrent revenue					
Net rates and utility charges	3(a)	238,518	221,919	238,518	221,919
Fees and charges	3(b)	58,353	54,594	56,590	52,990
Sales - contract and recoverable works	3(c)	12,624	16,936	12,664	16,936
Grants, subsidies, contributions and donations	3(d)	13,189	7,847	13,189	7,847
Share of tax equivalents of associate	3(e)	9,147	8,736	9,147	8,736
Dividend Income	3(f)	-	-	16,927	19,255
Interest received	3(g)	33,266	33,929	33,220	33,896
Share of profit of associate	3(h)	45,125	32,263	-	-
Total recurrent revenue		410,221	376,224	380,254	361,579
Capital revenue					
Grants, subsidies, contributions and donations	3(i)	140,541	56,083	140,541	56,083
Total income		**550,763**	**432,306**	**520,796**	**417,662**
Expenses					
Recurrent expenses					
Employee benefits	4	(119,194)	(120,128)	(117,678)	(118,903)
Materials and services	5	(155,989)	(155,511)	(154,235)	(154,073)
Finance costs	6	(11,623)	(12,452)	(11,607)	(12,439)
Depreciation and amortisation	7	(62,360)	(61,859)	(62,359)	(61,859)
Contributions to controlled entities	8	-	-	(1,187)	(1,067)
Total recurrent expenses		**(349,166)**	**(349,949)**	**(347,066)**	**(348,340)**
Capital expenses					
Loss on disposal property, plant and equipment	9	(5,093)	(3,841)	(5,093)	(3,841)
Change in estimate for future landfill restoration	21	(8,240)	(462)	(8,240)	(462)
Net revaluation decrease property, plant & equipment	15	-	(228,015)	-	(228,015)
Total expenses from continuing operations		**(362,499)**	**(582,267)**	**(360,399)**	**(580,658)**
Net result (deficiency) from Continuing operations		**188,263**	**(149,961)**	**160,396**	**(162,996)**
Discontinued Operations					
Profit / (Loss) for the year from discontinued operations Noosa Shire Council		(1,562)	(1,033,349)	(1,562)	(1,033,274)
Net result (deficiency) from discontinued operations		**(1,562)**	**(1,033,349)**	**(1,562)**	**(1,033,274)**
Net result (deficiency)		**186,702**	**(1,183,310)**	**158,835**	**(1,196,270)**
Other comprehensive income					
Increase / (decrease) in asset revaluation surplus	23	201,234	91,105	201,234	91,105
Total other comprehensive income		**201,234**	**91,105**	**201,234**	**91,105**
***Total comprehensive income for the year**		**387,936**	**(1,092,205)**	**360,069**	**(1,105,165)**

QAO certified statements

Sunshine Coast COUNCIL

Statements of Financial Position

As at 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
Assets					
Current Assets					
Cash and cash equivalents	10a	258,371	139,410	257,386	138,871
Investments	10b	30,000	85,000	30,000	85,000
Trade and other receivables	11	13,881	23,727	13,819	23,713
Inventories	12	1,338	1,494	1,254	1,411
Other financial assets	14	25,682	26,602	25,646	26,567
Total Current Assets		329,272	276,233	328,106	275,562
Non-Current Assets					
Receivables	11	434,393	434,393	434,893	434,393
Property, plant and equipment	15	3,521,770	3,164,426	3,522,198	3,164,426
Investments in associates	13	604,565	576,367	538,212	538,212
Intangible assets	17	20,774	20,250	20,774	20,250
Total Non-Current Assets		4,581,502	4,195,436	4,516,078	4,157,281
TOTAL ASSETS		4,910,775	4,471,668	4,844,183	4,432,843
Liabilities					
Current Liabilities					
Trade and other payables	18	41,770	49,855	41,630	49,639
Borrowings	19	13,838	12,909	13,838	12,909
Provisions	21	17,560	15,480	17,560	15,480
Other liabilities	22	12,425	9,939	12,425	9,905
Total Current Liabilities		85,593	88,184	85,453	87,933
Non-Current Liabilities					
Trade and other payables	18	1,370	2,209	1,296	2,209
Borrowings	19	253,331	211,314	253,331	211,314
Provisions	21	32,932	25,375	32,932	25,312
Total Non-Current Liabilities		287,633	238,898	287,559	238,835
TOTAL LIABILITIES		373,226	327,082	373,011	326,769
NET COMMUNITY ASSETS		4,537,549	4,144,585	4,471,172	4,106,075
Community Equity					
Asset revaluation surplus	23	896,832	695,598	896,832	695,598
Retained surplus (deficiency)		(770,793)	(962,523)	(836,749)	(1,000,612)
Regional capital		4,411,510	4,411,510	4,411,089	4,411,089
TOTAL COMMUNITY EQUITY		4,537,549	4,144,585	4,471,172	4,106,075

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Sunshine Coast COUNCIL

Statements of Changes in Equity

For the year ended 30 June 2015

Consolidated

For the year ended 2015

	Notes	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
Balance as at 1 July 2014		4,411,510	695,598	(962,523)	-	4,144,585
Correction of prior period error	34			5,028		5,028
Increase (decrease) in asset revaluation surplus	23	-	201,234	-	-	201,234
		-	-	-	-	-
Net result		-	-	186,702	-	186,702
Balance at 30 June 2015		4,411,510	896,832	(770,793)	-	4,537,549

For the year ended 2014

	Notes	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
Balance as at 1 July 2013		4,411,510	604,493	214,528	-	5,230,531
Correction of prior period error		-	-	6,259	-	6,259
Increase (decrease) in asset revaluation surplus	23	-	91,105	-	-	91,105
Net result		-	-	(1,183,310)	-	(1,183,310)
Balance at 30 June 2014		4,411,510	695,598	(962,523)	-	4,144,585

Council

For the year ended 2015

	Notes	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
Balance as at 1 July 2014		4,411,089	695,598	(1,000,613)	-	4,106,074
Correction of prior period error	34	-	-	5,028	-	5,028
Increase (decrease) in asset revaluation surplus	23	-	201,234	-	-	201,234
		-	-	-	-	-
Net result		-	-	158,835	-	158,835
Balance at 30 June 2015		4,411,089	896,832	(836,749)	-	4,471,172

For the year ended 2014

	Notes	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
Balance as at 1 July 2013		4,411,089	604,493	189,397	-	5,204,979
Correction of prior period error				6,259		6,259
Increase (decrease) in asset revaluation surplus	23	-	91,105	-	-	91,105
Net result		-	-	(1,196,269)	-	(1,196,269)
Balance at 30 June 2014		4,411,089	695,598	(1,000,613)	-	4,106,074

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

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Sunshine Coast COUNCIL

Statements of Cash Flows

For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
Cash flows from operating activities					
Receipts from customers		317,188	347,012	313,814	344,33[illegible]
Payments to suppliers and employees		(282,918)	(320,364)	(279,447)	(317,76[illegible]
Interest and dividends received		59,340	61,919	59,294	61,88[illegible]
Recurrent grants and contributions		13,189	7,847	13,189	7,847
Borrowing costs		(11,607)	(13,702)	(11,607)	(13,702
Net cash inflow (outflow) from operating activities	30	95,192	82,712	95,244	82,600
Cash flows from investing activities					
Payments for property, plant and equipment		(111,459)	(123,228)	(111,457)	(123,228
Payments for intangible assets		(3,793)	(3,386)	(3,793)	(3,386
Net movement in loans and advances		4,283	4,472	4,283	4,472
Net movement in investment securities		55,000	(35,000)	55,000	(35,000
Proceeds from sale of property, plant and equipment		2,913	3,282	2,913	3,282
Grants, subsidies, contributions and donations		33,379	29,267	33,379	29,267
Cash transferred to Noosa Shire Council		-	(32,114)	-	(32,012
Net cash inflow (outflow) from investing activities		(19,677)	(156,706)	(19,675)	(156,604
Cash flows from financing activities					
Proceeds from borrowings		53,700	15,000	53,700	15,000
Repayment of borrowings		(10,754)	(13,461)	(10,754)	(13,461)
Proceeds from issue of share capital		500	-	-	-
Net cash inflow (outflow) from financing activities		43,446	1,539	42,946	1,539
Net increase (decrease) in cash and cash equivalents held		118,961	(72,455)	118,515	(72,465)
Cash and cash equivalents at beginning of financial year		139,410	211,865	138,871	211,336
Cash and cash equivalents at end of the financial year	10a	**258,371**	**139,410**	**257,386**	**138,871**
Additional Information					
Plus: Investments on hand - end of year	10b	30,000	85,000	30,000	85,000
Total cash, cash equivalents & investments		**288,371**	**224,410**	**287,386**	**223,871**

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

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Sunshine Coast COUNCIL

Sunshine Coast Regional Council
Notes to Financial Statements
For the year ended 30 June 2015

1 Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 and have been prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

Recurrent/Capital Classification

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

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

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

- disposal of non-current assets

- revaluations of investment property and property, plant and equipment.

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

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.

1.03 Fair Value

Sunshine Coast Regional Council is compliant with AASB 13 Fair Value Measurement in effect since 01 January 2013. The recognised fair values of financial and non-financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements:

Level 1 - Fair values that reflect the unadjusted quoted prices in active markets for identical assets/liabilities.

Level 2 - Fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices).

Level 3 - Fair values that are derived from data not observable in a market.

Fair value measurement requires taking a market based perspective, and to that end consideration is given to asset characteristics that market participants would take into account such as the market itself, its nature, existence, and the participants in that market.

The valuation premise includes identifying the alternative highest and best use of the asset from a market perspective. The determination of the highest and best use involves considering what is physically possible, legally permissible and financially feasible, such that the determination maximises value to the market participant. If the determination can be made within the scope of these factors then the alternative highest and best is to be considered in a valuation.

The technique aims to maximise the use of observable inputs and minimises the use of unobservable inputs.

Where external valuers are used the proficiency of the valuers is assessed, the underlying key assumptions made are disclosed, and the valuations are carried out at an appropriate level of frequency so as to ensure that asset carrying values do not materially differ from their fair value.

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1.04 Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Sunshine Coast Regiona Council as at 30 June 2015. 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.

Council had an interest in two (2) subsidiaries during the year being Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd.

(ii) Associates

Associates are entities that Sunshine Coast Regional Council has significant influence over. Significant influence is the power to participate in the financial, operating and policy decisions but the critical link for the determination of control as defined in *AASB 10 Consolidated Financial Statements* requires more than this. Investments in 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 associates is recognised in the Statement of Financial Position. The cumulative post acquisition movements are adjusted against the cost of the investment.

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

1.05 Adoption of New and Revised Accounting Standards

In 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. These Standards composed AASB 10 Consolidated Financial Statement , AASB 11 Joint Arrangements, AASB 12 Disclosures of Interests In Other Entities , AASB 127 (revised 2011) Investments in Associates and Joint Ventures.

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council, This means Council will disclose more information About related parties and transactions with those related parties. Council is currently preparing for this change by identifying related parties. Related parties are expected to include the Mayor, councillors and senior management. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

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

1.06 Currency

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

1.07 Constitution

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

1.08 Date of Authorisation

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

1.09 Critical accounting judgements and key sources of estimation uncertainty

In the application of Council's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and ongoing assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Judgements, 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 including :

Valuation and depreciation of property, plant and equipment - Note 1.19 and Note 16
Impairment of property, plant and equipment - Note 1.21
Employee benefits and provisions - Note 1.24, 1.26 and Note 21
Contingent liabilities - Note 25

1.10 Changes to Accounting Policies

There has been no changes to Accounting Policies throughout the period.

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1.11 **Changes in Accounting Estimates**

During 2014/15 Council reviewed the pattern of consumption, componentisation and useful lives of its building, other infrastructure, road network and stormwater network assets. As a result of this review further componentisation has occurred in order that significant costs in relation to the total cost of the asset are judged to have different estimated useful lives and are depreciated separately. Overall there was a 3% increase to depreciation expense in 2014/15 as a result of this review.

Buildings and other infrastructure has a decrease to depreciation expense in the current period as a result of the useful life review and further componentisation. The change will have an immaterial effect in future periods.

Road network assets has a significant increase to depreciation expense in 2014/15 as a result of the useful life review and previously non depreciating sub-base components now depreciating as from 01 July 2014.

Stormwater network has a significant decrease to depreciation expense in 2014/15 as a result of the useful life and review of concrete pipes.

Following is a summary of the effect of the change in accounting for asset components and useful lives on depreciation expense.

Financial Class	Depreciation Expense Impact	
	2015 $'000	2016 $'000
Buildings	(181)	19
Other Infratsructure	(137)	7
Road Network	3 084	84
Stormwater	(1 810)	(50)
Overall Movement	3.3%	0.2%

1.12 **Comparative figures**

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

1.13 **Revenue**

Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon 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, whichever 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 over them.

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. As the various obligations are fulfilled the grant or subsidy is recognised as revenue.

(iii) Fees and Charges

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

(iv) 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.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.

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1.13 **Revenue (Continued)**

(v) 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 fulfilled.

(vi) Interest and dividends
Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of Unitywater, which is an associate of Sunshine Coast Regional Council.

(vii) 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.

1.14 **Financial assets and financial liabilities**
Council recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, Council becomes a party to the contractual provisions of the instrument.

Sunshine Coast Regional Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets
Cash and cash equivalents (Note 1.15)
Receivables - measured at amortised cost (Note 1.16)
Financial liabilities
Payables - measured at amortised cost (Note 1.23)
Borrowings - measured at amortised cost (Note 1.26)

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied.

The fair value of financial instruments is determined as follows:

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts and are not disclosed separately.

The fair value of borrowings, as disclosed in Note 19 to the accounts, is determined by reference to published price quotations in an active market and/or by reference to pricing models and valuation techniques. It reflects the value of the debt if the Council repaid it in full at balance date. As it is the intention of the Council to hold its borrowings for their full term, no adjustment provision is made in these accounts.

The fair value of trade receivables approximates the amortised cost less any impairment. The fair value of payables approximates the amortised cost.

All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 31.

1.15 **Cash and Cash Equivalents**
For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include cash on hand as well as deposits at call with financial institutions. It also includes bank overdrafts and other short term highly liquid investments with short periods to maturity that are readily convertible to cash at the Council's option and that are subject to a low risk of changes in value. The Council considers all its term deposits, being for periods of less than three months to be cash equivalents. Term deposits in excess of three months are reported as investments.

1.16 **Receivables**
Trade receivables are recognised initially at the amounts due at the time of sale or service delivery (i.e. the agreed purchase price or contract price). 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 financial costs. 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 finance costs in the Statements of Comprehensive Income.

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1.16 Receivables (Continued)

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

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

1.17 Investments

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents. The value of investments is disclosed in Note 10b.

1.18 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 held at cost adjusted for any loss of service potential.

1.19 Property, Plant and Equipment

Each class of property, plant and equipment is carried at fair value or cost 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 (which have a recognition threshold of $1), are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by the Council are:
Land and Improvements
Buildings
Plant and Equipment
 Fleet
 Other plant and equipment
Infrastructure
 Road and bridge network
 Stormwater and drainage network
 Other infrastructure assets
Work in progress

(i) 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 and 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 revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

(ii) Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets, are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

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

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1.19 Property, Plant and Equipment (Continued)

(iii) Valuation

Land, buildings, infrastructure and heritage assets are measured on the revaluation basis, at fair value, in accordance witl AASB116 Property, Plant and Equipment and AASB 13 Fair Value Measurement. The fair values mean the estimated amount fo which an asset could be exchanged in an active market on the date of valuation between a willing buyer and a willing seller in ar arm's 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 asse does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualifiec valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their owr assessments of the condition or value of the assets at the date of inspection.

(iii) Valuation

Council uses internal engineers to assess the condition and cost assumptions associated with all infrastructure assets, the results of which are considered in combination with the relevant indices independently published for the Sunshine Coast Region. Together these are used to form the basis of a management valuation for infrastructure asset classes in each of the intervening years. With respect to the valuation of the land and improvements, and buildings classes in the intervening years, management engage independent, professionally qualified valuers to perform a 'desktop' valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, residual value and condition rating. The valuer then determines suitable indices which are applied to each of these asset classes.

The annual review performed by management has indicated that, on average, the variance between an indexed asset value and the valuation by an independent valuer when performed is not significant and the indices used by Council are sound. Further details in relation to valuers, the methods of valuation and the key assumptions used are disclosed in Note 16.

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

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(iv) Land held under deed of grant in trust (DOGIT)

The Department of Natural Resources and Mines administers nine parcels of land, which have been granted to and are controlled by Council in terms of Deeds of Grant in Trust under Section 34 of the Land Act 1994, the value of which has been included in land assets (Note 15). These parcels are used by Council for sport, recreation, showground and park purposes.

The land is currently valued at fair value. Council is able to derive future economic benefits from the use of the land, although not the legal owner, however, these land parcels have restrictions on use and are held for specific purposes.

(v) 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 Regional 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.

(vi) Depreciation

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

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 new estimated useful life. Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

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.

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1.19 **Property, Plant and Equipment (Continued)**

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Details of the range of estimated useful lives for each class of asset are shown in Note 15.

(vii) Capital Works in Progress
The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

1.20 **Intangible Assets**
Only intangible assets which have a cost exceeding $5,000 are recognised as non-current assets in the financial statements, items with a lesser value being expensed.

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 Council's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, estimated useful lives are reviewed at the end of each reporting period and adjusted where appropriate. Useful lives are in the range of 2 to 10 years.

1.21 **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 for the asset in prior years. 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.

1.22 **Leases**
Leases of plant and equipment under which the Council as lessee 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 are not transferred by the lessor are classified as 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.

1.23 **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.

1.24 **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.

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1.24 Liabilities - employee benefits (Continued)

(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 represents an accrued expense and is reported in note 18 as a payable.

(ii) Annual leave
A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense and is reported in Note 18 as a payable.

(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 26.

(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 value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 21 as a provision.

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

(v) Sick leave
Council's on going obligation to meet seek leave entitlements are met as and when the obligation occurs. No provision is made for this liability.

1.25 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 with a maturity date corresponding to the anticipated date of the restoration.

(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. Management estimates that the restoration will occur no sooner than 2070.

1.26 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.

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1.26 Borrowings and borrowing costs (Continued)

Borrowing costs are treated as an expense unless attributed to a specific capital project where the costs are capitalised as part of the qualifying asset during construction.

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 date.

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

1.27 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 the asset revaluation surplus.

Increases and decreases on revaluation are offset within a class of assets.

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

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

1.28 Controlled Entities
The Council wholly owns the issued shares of the Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd.

SunCentral Maroochydore Pty Ltd was incorporated on 12 January 2015 with the sole purpose of aiding in the construction and delivery of a new City Centre in the heart of Maroochydore. Council acquired a parcel of land (previously the Horton Park Golf Course) in 2012 with the objective to deliver a mix of residential, commercial, retail, civic and community use land to create a thriving and vibrant business district and city centre. It will complement and enhance Maroochydore's existing business offering. The project has an expected 30 year horizon. The new city centre proposes a future regional entertainment, exhibition and convention centre with public transport playing a key part in the future vision for the centre.

1.29 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 32.

1.30 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.

1.31 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 29 to the Financial Statements for information purposes only.

1.32 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.

Unitywater pays Council an income tax equivalent in accordance with the requirements of the *Local Government Act 2009*. Where the activity of such an entity is subject to the tax equivalents regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

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Sunshine Coast Regional Council
Notes to Financial Statements
For the year ended 30 June 2015

2 (a) 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

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

Corporate Strategy and Delivery

The Corporate Strategy and Delivery Department focuses on strategic planning and management for both the region and the organisation. The department is responsible for the Coast's economic development and corporate strategy. This includes council's commercial entities and strategic marketing. This department has responsibility for major commercial projects, communications, economic development, and operating the Sunshine Coast Airport.

Community Services

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

Regional Strategy and Planning

Contributing to sustainable growth by planning for growth and facilitating change, delivering essential plumbing and building services, providing reliable information and advice, protecting and enhancing our environment and lifestyle, building prosperous communities, planning for infrastructure and advocating for the community. Operations include development and building assessment, environment and sustainability policy, strategic planning, major urban developments and transport and infrastructure policy.

Corporate Services

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

Office of the Mayor and CEO

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

Sunshine Coast COUNCIL

s to Financial Statements
he year ended 30 June 2015
Analysis of results by function

	Gross program income		Elimination of inter-function transactions	Total income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Recurring	Capital			Recurring	Capital					
	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Infrastructure Services	59,546	44,718	(30,002)	74,262	(192,612)	(12,971)	47,376	(158,206)	(115,692)	(83,944)	2,899,960
Corporate Strategy and Delivery	21,841	-	(6,278)	15,563	(25,037)	-	10,088	(14,949)	614	614	198,298
Community Services	12,463	2	(23,028)	(10,562)	(59,479)	(289)	35,217	(24,551)	(34,826)	(35,113)	150,749
Regional Strategy and Planning	23,864	95,013	(15,672)	103,205	(39,485)	-	29,679	(9,807)	(1,615)	93,398	12,359
Corporate Services	262,488	808	(67,234)	196,063	(31,773)	(74)	23,461	(8,386)	186,942	187,677	1,582,819
Office of the Mayor and CEO	52	-	(3,879)	(3,827)	246	-	272	518	(3,309)	(3,309)	-
Controlled Entities Net of Eliminations	176,060	-	-	176,060	(147,118)	-	-	(147,118)	28,942	28,942	66,590
Total Consolidated	**556,314**	**140,541**	**(146,093)**	**550,763**	**(495,258)**	**(13,333)**	**146,093**	**(362,499)**	**61,056**	**188,263**	**4,910,775**

s to Financial Statements
he year ended 30 June 2014
Analysis of results by function

	Gross program income		Elimination of inter-function transactions	Total income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurring operations	Net result	Assets
	Recurring	Capital			Recurring	Capital					
	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000
Infrastructure Services	118,716	56,890	(36,380)	139,226	(240,739)	(3,481)	54,497	(189,724)	(103,906)	(50,497)	2,569,665
Corporate Strategy and Delivery	36,096	8	(4,638)	31,466	(34,907)	(143)	13,052	(21,998)	9,603	9,468	156,777
Community Services	50,234	150	(21,325)	29,058	(87,215)	(112)	34,376	(52,951)	(23,931)	(23,893)	155,747
Regional Strategy and Planning	50,367	556	(17,154)	33,768	(57,954)	-	26,451	(31,503)	1,710	2,265	11,148
Corporate Services	307,917	482	(76,018)	232,381	(123,593)	(228,119)	30,944	(320,768)	139,250	(88,388)	1,539,507
Office of the Mayor and CEO	595	-	(4,373)	(3,778)	(4,425)	-	569	(3,856)	(7,634)	(7,634)	-
Controlled Entities Net of Eliminations	14,645	-	-	14,645	(1,610)	-	-	(1,610)	13,035	13,035	38,824
Less discontinuing operation	(42,458)	(2,003)	-	(44,460)	40,144	-	-	40,144	(2,314)	(4,317)	-
Total Consolidated	**536,111**	**56,083**	**(159,888)**	**432,305**	**(510,300)**	**(231,856)**	**159,888**	**(582,267)**	**25,813**	**(149,961)**	**4,471,668**

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Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
3. Revenue analysis					
Operating revenue					
(a) Rates and utility charges					
General rates		186,292	173,233	186,292	173,233
Waste management		47,056	42,437	47,056	42,437
Tourism and special levies		8,185	8,775	8,185	8,775
Environment levy		7,637	7,418	7,637	7,418
Rural fire levy		386	403	386	403
Valuation fees		69	34	69	34
		249,625	232,299	249,625	232,299
Total rates and utility charge revenue					
Less: discounts		(7,345)	(6,772)	(7,345)	(6,772)
Less: pensioner remissions		(3,056)	(2,963)	(3,056)	(2,963)
Less: rebates		(707)	(645)	(707)	(645)
		(11,107)	(10,380)	(11,107)	(10,380)
Net rates and utility charges		**238,518**	**221,919**	**238,518**	**221,919**
(b) Fees and charges					
Airline service charges		6,891	6,613	6,891	6,613
Application fees (development)		4,471	3,303	4,471	3,303
Caravan parks		13,550	12,905	13,550	12,905
Cemetery fees		958	875	958	875
Parking fees		2,012	1,852	2,012	1,852
Refuse tip fees		5,401	5,663	5,401	5,663
Registration fees		1,112	1,095	1,112	1,095
Search fees		1,146	1,325	1,146	1,325
Waste service charges		396	435	396	435
Change of ownership fees		837	757	837	757
Fines & Penalties		2,298	2,226	2,298	2,226
Venue Hire		1,152	1,206	1,152	1,206
Security Service Fees		1,952	1,715	1,952	1,715
Development Services		8,675	6,781	8,675	6,781
Permits & Licences		1,266	1,314	1,266	1,314
Other fees and charges		6,238	6,529	4,474	4,925
		58,353	**54,594**	**56,590**	**52,990**
(c) Sales - contract and recoverable works					
Lease Revenue		5,435	5,398	5,435	5,398
Recoverable works		239	1,233	239	1,233
Sale of recyclables		2,477	2,549	2,477	2,549
Other revenue		4,472	7,756	4,513	7,756
		12,624	**16,936**	**12,664**	**16,936**
(d) Grants, subsidies, contributions and donations					
Government grants and subsidies commonwealth		10,356	4,325	10,356	4,325
Government grants and subsidies state		1,955	2,557	1,955	2,557
Grants and subsidies other		-	74	-	74
Contributions		878	891	878	891
		13,189	**7,847**	**13,189**	**7,847**

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Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
3. Revenue analysis (continued)					
(e) Share of tax equivalents of associate		9,147	8,736	9,147	8,736
(f) Dividend income		-	-	16,927	19,255
(g) Interest received					
Interest received from associate		23,967	23,857	23,967	23,857
Interest received from cash and term deposits		8,361	8,409	8,315	8,376
Interest from overdue rates and utility charges		938	1,664	938	1,664
		33,266	33,929	33,220	33,896
(h) Share of profit of associate		45,125	32,263	-	-
Total recurrent revenue		410,221	376,224	380,254	361,579
Grants, subsidies, contributions and donations					
Recurrent					
Government grants and subsidies commonwealth		3,242	2,205	3,242	2,205
Government grants and subsidies state		5,197	7,700	5,197	7,700
Developer contributions		24,951	18,019	24,951	18,019
Infrastructure from developers at fair value		107,151	28,159	107,151	28,159
		140,541	56,083	140,541	56,083
Total income		550,763	432,306	520,796	417,662
4. Employee benefits					
Total wages and salaries		95,248	96,456	93,748	95,230
Councillors' remuneration *		1,677	1,607	1,677	1,607
Annual, sick and long service leave entitlements		15,722	15,890	15,722	15,890
Superannuation	26	15,769	15,569	15,752	15,569
		128,416	129,521	126,900	128,296
Other employee related expenses		3,255	3,302	3,255	3,302
		131,671	132,823	130,155	131,598
Less :Capitalised employee expenses		(12,477)	(12,695)	(12,477)	(12,695)
		119,194	120,128	117,678	118,903

* 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	11	11	11	11
Staff	1473	1403	1447	1380
Total full time equivalent employees	1484	1414	1458	1391

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Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
5. Materials and services					
Advertising		1,518	1,022	1,518	1,022
Audit of annual financial statements by the Auditor General of Queensland		263	313	263	313
Consultancy fees		4,204	4,240	4,204	4,240
Commissions paid		2,425	2,007	2,425	2,007
Contract services parks & gardens		11,360	10,150	11,360	10,150
Contract services waste collection		28,333	27,482	28,333	27,482
Contract services other		36,535	36,651	36,535	36,651
Donations		2,592	2,469	2,592	2,469
Electricity		8,729	9,035	8,729	9,035
Entertainment and hospitality		444	323	444	323
Equipment < $5,000.00		1,132	1,326	1,132	1,326
Fuel		2,786	3,608	2,786	3,608
Grants to community organisations		7,278	7,463	7,278	7,463
Insurance		2,448	2,884	2,448	2,884
Legal fees		3,184	5,325	3,184	5,325
Library resources		1,306	1,199	1,306	1,199
Materials road base		3,348	3,504	3,348	3,504
Operating leases - rentals		7,760	8,355	7,758	8,355
Plant and equipment hire		6,001	3,215	6,001	3,215
Security services		1,188	1,044	1,188	1,044
Software and maintenance		4,153	3,694	4,153	3,694
Telecommunications		3,205	3,092	3,205	3,092
Water and sewerage charges		3,680	2,863	3,680	2,863
All other materials and services		18,132	19,962	16,381	18,524
		162,003	161,227	160,250	159,789
Less: Capitalised expenses		(6,014)	(5,716)	(6,014)	(5,716)
		155,989	155,511	154,235	154,073
6. Finance costs					
Finance costs charged by the Queensland Treasury Corporation *		9,021	12,364	9,021	12,364
Bank charges and credit card fees		793	766	777	766
Finance costs due to discounting	21	1,772	(1,263)	1,772	(1,263)
Impairment of debts		(10)	455	(10)	455
Other finance costs		47	129	47	116
		11,623	12,452	11,607	12,439

* Interest includes $9.021M operating cost and $3.37M capitalised against the Maroochydore City Centre Development project ($62.991M at a weighted average of 5.35%)

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
7. Depreciation and amortisation					
(a) Depreciation of non-current assets					
Buildings		5,322	5,640	5,322	5,640
Road and bridge network		28,158	25,332	28,158	25,332
Stormwater and drainage network		10,281	12,026	10,281	12,026
Plant and equipment		4,671	5,531	4,671	5,494
Other infrastructure		11,066	10,566	11,065	10,603
Land improvements		-	55	-	55
	15	59,498	59,150	59,498	59,150
(b) Amortisation of intangible assets					
Software	17	2,862	2,708	2,862	2,708
Total depreciation and amortisation		62,360	61,859	62,359	61,859

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Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
8. Contributions to controlled entities					
Contributions to controlled entities		-	-	1,187	1,067
		-	-	1,187	1,067
Total recurrent expenses		349,166	349,949	347,066	348,340
9. Capital Expenses					
Gain/loss on disposal of current and non-current assets					
Proceeds from the sale of plant, equipment and intangibles		612	990	612	990
Less carrying amount sold		(420)	(620)	(420)	(620)
Less carrying amount disposed		(45)	(11)	(45)	(11)
		147	360	147	360
Proceeds from the sale of property, land & improvements		2,301	2,290	2,301	2,290
Less carrying amount sold		(2,601)	(2,734)	(2,601)	(2,734)
		(300)	(444)	(300)	(444)
Replacement of roads, stormwater and other infrastructure					
Less carrying amount:					
Replaced and renewed		(3,866)	(3,594)	(3,866)	(3,594)
Disposed and written-off		(1,074)	(162)	(1,074)	(162)
		(4,940)	(3,756)	(4,940)	(3,756)
Loss on disposal of property, plant and equipment, and intangibles		(5,093)	(3,841)	(5,093)	(3,841)
10a. Cash and cash equivalents					
Total cash and equivalents		258,371	139,410	257,386	138,871
10b. Investment Securities		30,000	85,000	30,000	85,000

Restricted cash

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

	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
Externally imposed expenditure restrictions at the reporting date	105,522	98,110	105,522	98,110
Internally imposed expenditure restrictions at the reporting date	28,436	31,561	28,436	31,561
Total unspent restricted cash	133,958	129,671	133,958	129,671

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

	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
Constrained works	62,867	62,071	62,867	62,071
General	32,077	31,363	32,077	31,363
Levy Funded	6,235	333	6,235	333
Special purpose	4,344	4,344	4,344	4,344
Total unspent restricted cash	105,522	98,110	105,522	98,110

*Internally imposed expenditure restrictions at the reporting date:

	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
Constrained works	1,596	1,374	1,596	1,374
General	19,124	18,883	19,124	18,883
Levy Funded	4,652	8,047	4,652	8,047
Special purpose	3,064	3,258	3,064	3,258
Total unspent restricted cash	28,436	31,561	28,436	31,561

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Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
11. Trade and other receivables					
Current					
Rates and utility charges		5,511	9,522	5,511	9,522
Infringements		2,984	3,016	2,984	3,016
Infrastructure charges		1,485	698	1,485	698
Trade Debtors		3,114	5,854	3,114	5,854
Other Debtors		2,419	2,086	2,357	2,071
Less allowance for impairment		(1,631)	(2,232)	(1,631)	(2,232)
Loan to associate - (working capital)		-	4,783	-	4,783
		13,881	23,727	13,819	23,713
Movement in accumulated impairment losses (other debtors) is as follows:					
Opening balance at 1 July		2,232	2,225	2,232	2,225
Impairment Debts written off during the year		(521)	(1,115)	(521)	(1,115)
Additional impairments recognised		556	555	556	555
Impairments Reversed		(636)	(33)	(636)	(33)
Adjustment resulting from prior year Noosa estimates		-	601	-	601
Closing Balance at 30 June		1,631	2,232	1,631	2,232
Non-Current					
Loans at amortised cost					
Shares in Controlled Entities		-	-	500	-
Loan to associate - Subordinated Debt		434,393	434,393	434,393	434,393
		434,393	434,393	434,893	434,393

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

The subordinated interest only loan terminates on 30 June 2033 with the interest rate to be set by QTC annually. Applicable interest rate for 2015 was 5.47% (2014 5.38%)

	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
12. Inventories				
Plant and equipment, stores and quarries	1,338	1,494	1,254	1,411

13. Investment in associate

Sunshine Coast Regional Council has an investment in one associate as at 30 June 2015.

Name of Associate	Northern SEQ Distributor-Retailer Authority (trading as Unitywater)
Principal Activity	Provision of Water and Wastewater Services
Place of Operation	Moreton Bay and Sunshine Coast Regions
Proportion of Ownership Interest	37.51%

(1) Background

The *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 (the Act)* established the Northern SEQ Distributor-Retailer Authority (the Authority) trading as Unitywater on the 25th June 2010.
The Authority was set up to deliver water and wastewater services to customers within the local government areas of the now (3) participating Councils - Sunshine Coast Regional , Moreton Bay Regional and Noosa Shire Councils.

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

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

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Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000

13. Investment in associate (Continued)

(2) Contractual Agreements

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

(3) Returns to Council

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

Council agreed to extend the loans with a Participating Local Government (PLG) Loan Agreement between Sunshine Coast Regional Council and the Authority duly executed on 21 June 2013. This new loan was subject to an annual reset rate (to be determined by Queensland Treasury Corporation in accordance with the credit rating assigned for the Authority) with quarterly interest-only payments for twenty years to 30 June 2033. The rate to 30 June 2015 is 5.47% (2014: 5.38%).

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

	Consolidated 2015	Consolidated 2014	Council 2015	Council 2014
Interest received and receivable from the Authority	23,967	25,211	23,967	25,211

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

	Consolidated 2015	Consolidated 2014	Council 2015	Council 2014
Tax received and receivable from the Authority	9,147	8,736	9,147	8,736

As a party to the Participation Agreement, Council receives a proportional share of net profits as a participation return. Returns are paid from post-tax operating profits.

	Consolidated 2015	Consolidated 2014	Council 2015	Council 2014
Participation returns received and receivable from the Authority	-	-	16,927	19,255

(4) Participation Rights

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

Movement in carrying amount

	Consolidated 2015	Consolidated 2014	Council 2015	Council 2014
Investment (at cost)	576,367	563,339	538,212	538,193
Adjustment for Noosa estimates prior year	-	60,998	-	60,998
Actual Noosa transfer	-	(60,978)	-	(60,978)
Share of profits after tax and before dividends	45,125	32,263	-	-
Dividends received /receivable	(16,927)	(19,255)	-	-
Carrying amount at the end of the financial year	**604,565**	**576,367**	**538,212**	**538,212**

The Authority is not a publicly listed entity and consequently does not have published price quotations. Summary financial information for the Authority, not adjusted for the percentage ownership held by Council, as reflected in their 30 June 2015 financial statements is shown below.

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Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
13. Investment in associate (Continued)					
Extract from the Authority's Statement of Comprehensive Income					
Ordinary revenues				624,673	550,493
Ordinary expenses				(460,435)	(431,766)
Profit before income tax equivalent				164,238	118,727
Income tax equivalent expense				(43,936)	(32,715)
Prior year adjustment				-	(1,546)
Share of profit (after tax)				120,302	84,466
Extract from the Authority's Statement of Financial Position					
Retained earnings:					
Balance at beginning of financial year				84,912	47,174
Net result for the period				120,302	84,466
Less distribution paid				(43,936)	(48,274)
Balance at the end of financial year				161,278	84,912
Share of assets and liabilities:					
Current assets				146,459	139,288
Non-current assets				3,196,447	3,128,842
Total assets				3,342,906	3,268,130
Current liabilities				109,694	126,453
Non-current liabilities				1,645,827	1,621,983
Prior year adjustment				-	7,485
Total liabilities				1,755,521	1,755,921
Net assets				1,587,385	1,512,209
14. Other financial assets					
Current					
Prepayments		4,571	2,929	4,536	2,929
Accrued revenue		21,110	23,673	21,110	23,638
		25,682	26,602	25,646	26,567

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Notes to the Financial Statements
For the period ended 30 June 2015

15 Property, Plant and Equipment

(a) Council - 30 June 2015

Basis of measurement	Note	Land & Improvements Valuation 2015 $'000	Buildings Valuation 2015 $'000	Plant & Equipment Cost 2015 $'000	Road & Bridge Network Valuation 2015 $'000	Stormwater & Drainage Network Valuation 2015 $'000	Other Infrastructure Valuation 2015 $'000	Capital Works in Progress Cost 2015 $'000	Total - 2015 $'000
Asset Values									
Opening gross value as at 01 July 2014		489,719	289,234	58,907	1,732,702	904,192	362,224	89,975	3,926,953
Adjustment to opening balance	34	-	-	-	4,243	-	3,113	-	7,356
Additions at cost		-	-	-	-	-	-	111,821	111,821
Transfer from capital works in progress *		29,572	5,216	3,113	46,571	4,467	27,872	(116,812)	-
Contributed assets at valuation		71,111	570	-	17,507	16,188	1,774	-	107,151
Disposals	9	(2,490)	(504)	(1,540)	(8,315)	(42)	(4,976)	-	(17,867)
Revaluation adjustment to other comprehensive income (ARS)	23	23,511	5,186	-	1,066	173,688	12,853	-	216,302
Transfers between classes		-	-	658	-	-	(658)	-	-
Closing gross value as at 30 June 2015		611,423	299,702	61,138	1,793,775	1,098,493	402,202	84,985	4,351,717
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance as at 01 July 2014		-	49,365	27,165	379,838	197,001	109,159	-	762,527
Opening accumulated impairment balance as at 01 July 2014		-	-	-	-	-	-	-	-
Adjustment to opening balance	34	-	-	-	1,702	-	626	-	2,328
Revaluation adjustment to other comprehensive income (ARS)	23	-	19,325	-	(19,054)	22,055	(7,257)	-	15,069
Depreciation provided in period	7	-	5,322	4,671	28,158	10,281	11,065	-	59,497
Depreciation on disposals	9	-	(392)	(1,118)	(4,822)	(21)	(3,548)	-	(9,902)
Transfers between classes		-	-	261	-	-	(261)	-	-
Closing accumulated depreciation		-	73,619	30,979	385,822	229,315	109,784	-	829,519
Closing accumulated impairment		-	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment as at 30 June 2015		-	73,619	30,979	385,822	229,315	109,784	-	829,519
Total book value at period end		611,423	226,083	30,159	1,407,953	869,178	292,418	84,985	3,522,198
Range of estimated useful life in years		-	2-100	2-60	5-150	5-135	2-100	-	-
* Additions comprise:									
Renewals and replacements		8	3,527	-	24,601	3,831	6,658	-	38,625
Upgrades		-	931	49	1,129	850	4,947	-	7,906
New additions		24,510	2,263	1,437	15,215	593	21,274	-	65,290
Total additions		24,518	6,721	1,486	40,945	5,274	32,879	-	111,821

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15 Property, Plant and Equipment (Cont.)
(b) Council - 30 June 2014

Basis of measurement	Note	Land & Improvements Valuation 2014 $'000	Buildings Valuation 2014 $'000	Plant & Equipment Cost 2014 $'000	Road & Bridge Network Valuation 2014 $'000	Stormwater & Drainage Network Valuation 2014 $'000	Other Infrastructure Valuation 2014 $'000	Capital Works in Progress Cost 2014 $'000	Total 2014 $'000
Asset Values									
Opening gross value as at 01 July 2013		859,784	356,354	74,523	2,289,679	1,016,506	419,373	71,475	5,087,694
Additions at cost		-	-	-	-	-	-	123,269	123,269
Transfer from capital works in progress *		26,175	7,141	2,956	44,266	4,870	15,862	(101,270)	-
Contributed assets at valuation		20	850	-	18,951	8,541	496	-	28,858
Disposals	9	(466)	(3,693)	(4,126)	(17,111)	(495)	(1,834)	-	(27,725)
Revaluation adjustment to other comprehensive income (ARS)	23	(9,011)	4,071	-	39,046	20,845	1,830	-	56,781
Revaluation adjustment to income (capital income)		(228,015)	-	-	-	-	-	-	(228,015)
Transfer to Noosa Shire Council		(159,860)	(75,019)	(11,879)	(642,129)	(146,075)	(76,540)	(3,499)	(1,115,001)
Transfer from current assets held for sale		1,092	-	-	-	-	-	-	1,092
Transfers between classes		-	(470)	(2,567)	-	-	3,037	-	-
Closing gross value as at 30 June 2014		489,719	289,234	58,907	1,732,702	904,192	362,224	89,975	3,926,953
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance as at 01 July 2013		889	78,416	30,182	469,599	222,707	132,860	-	934,653
Opening accumulated impairment balance as at 01 July 2013		-	45	-	-	-	-	-	45
Revaluation adjustment to other comprehensive income (ARS)	23	(944)	(17,041)	-	(9,513)	4,587	(11,412)	-	(34,323)
Depreciation provided in period	7	55	5,640	5,494	25,332	12,026	10,603	-	59,150
Depreciation on disposals	9	-	(3,084)	(3,496)	(13,703)	(309)	(1,671)	-	(22,263)
Transfer to Noosa Shire Council		-	(14,538)	(4,482)	(91,877)	(42,010)	(21,828)	-	(174,735)
Transfers between classes		-	(73)	(533)	-	-	606	-	-
Closing accumulated depreciation		-	49,365	27,165	379,838	197,001	109,159	-	762,527
Closing accumulated impairment		-	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment as at 30 June 2014		-	49,365	27,165	379,838	197,001	109,159	-	762,527
Total book value at period end		489,719	239,869	31,742	1,352,864	707,191	253,065	89,975	3,164,426
Range of estimated useful life in years		-	3-100	2-60	5-100	10-100	3-100	-	-
* Additions comprise:									
Renewals and replacements		3,620	6,635	786	18,705	3,314	8,363	-	41,422
Upgrades		189	858	-	6,097	242	5,790	-	13,175
New additions		35,803	5,403	-	14,828	1,688	10,989	-	68,711
Total additions		39,611	12,896	786	39,629	5,244	25,141	-	123,309

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Notes to Financial Statements
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16 Property, Plant & Equipment - Fair Values

Property, plant and equipment are measured at fair value in accordance with *AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment, and the Local Government Regulation 2012*. The fair values are reported in accordance with the fair value hierarchy provided by *AASB 13 Fair Value Measurement* which is discussed in detail in Note 1.

The impact of *AASB13 Fair Value Measurement* relates to additional disclosure requirements, however there have also been changes in valuation techniques and the assumptions that underlie the way fair value is measured.

Valuation techniques used to determine fair values

The fair values of financial and non financial assets that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If the significant inputs required to value an asset at fair value are based on observable market data, the asset is included in level 2 valuations. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3 valuations. This is the case for most Council building and infrastructure assets which are of a specialised nature where there is no active market for the assets.

Where the fair value has been determined as level 3 an estimate of sensitivity to change is assessed as an indication of the level of confidence in the unobservable inputs used in measuring fair value.

Valuation techniques
As at 30 June 2015

Financial Class	Valuation	Technique 2015	Technique 2014	Level
Land	Independently Valued	Interim Indexation	Market Basis	2 - 3
Buildings	Independently Valued	Valuation Update	Market Basis	2 - 3
Other Infrastructure	Independent & Internal	Valuation Update	Market Basis & Indexation	3
Parks	Independent & Internal	Depreciated Replacement Cost	Depreciated Replacement Cost	3
Roads and Bridges	Independent & Internal	Depreciated Replacement Cost	Interim Indexation	3
Stormwater Drainage	Independent & Internal	Depreciated Replacement Cost	Interim Indexation	3

Plant and Equipment is held at Historic Cost and therefore is not measured under one of the above valuation techniques.

The following tables represent Council's assets measured and recognised at fair value at 30 June 2015. All fair value measurements are recurrent and categorised as either level 2 or level 3 fair value measurements. There have been no transfers between levels during the current financial period. Council has no assets and liabilities measured at fair value on a non-recurring basis.

Recognised fair value measurements and changes in valuation levels

As at 30 June 2015	Level 2	Level 3	Total
Significant factors:	other observed inputs	unobserved inputs	
	$'000	$'000	$'000
Non-financial assets			
Land	268,405	343,019	611,424
Buildings	4,721	221,362	226,083
Other - Facility Infrastructure		124,301	124,301
- Park Infrastructure		168,116	168,116
Roads and Bridges		1,407,953	1,407,953
Stormwater and Drainage		869,178	869,178
	273,126	3,133,929	3,407,055

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16 Property, Plant & Equipment - Fair Values

Land and Improvements (Level 2 and 3)

Land and improvements are reported at fair value for the year ended 30 June 2015.

Land fair values were determined by an independent valuer and the valuation was conducted in accordance with the Australian Accounting Standards.

Land fair values were last comprehensively determined by Asset Valuation Services for year ended 30 June 2014. Values were based on analysis of sales evidence and comparisons, with consideration also given to the existence of restrictions and active markets. Where there were no restrictions and an active market was present, level 2 observable inputs were used to determine fair value measurement. Where there were restrictions and an active market could not be identified, level 3 unobservable inputs were used to determine fair value measurement.

The Sunshine Coast Local Planning Scheme 2014 was adopted by Council in May 2014. The independent valuers included the revised planning scheme in determining land values by giving consideration to the restrictions on land use as defined by the Planning Scheme, and the impact these restrictions would have on the valuation of the land by market participants. Consideration was also given to other restrictions such as the existence of a deed of trust and the intended use of land where this had a significant impact on market value.

Asset Valuation Services developed a set of market based regional indices on behalf of Council for application in determining land fair value as at 30 June 2015. Valuers used a valuation technique that included indexing and maximised the relevant observable market inputs for the Sunshine Coast region. Indexation was based on land sales transactions and assessment of median/average price movement in the past twelve months for specific areas as follows:

Land Category	Average Increase
Hinterland	1%
Suburban Areas	5%
Coastal Areas	7%
Environmental Open Space Reserves	0%
Average regional Land value movement	**4.61%**

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

Buildings (Level 2 and 3)

Building assets are reported at fair value for the year ended 30 June 2015.

Building fair values were last comprehensively determined by independent valuer, Australian Pacific Valuers (APV) for year ended 30 June 2014. Where there was a market for Council building assets, fair value has been derived on a market basis from the observed sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre for individual buildings.

Council buildings are typically of a specialised nature such that there is no active market for these assets. Fair value for these assets was measured on a cost approach by determining depreciated replacement cost. The gross current values were derived from reference to relevant recent construction data. As there is no depth of market for specialised buildings, the net current value is determined as the current depreciated replacement cost to replace the service capacity of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different patterns of consumption and/or useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefit and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

Building fair values were updated by independent valuer, Australian Pacific Valuers (APV) for year ended 30 June 2015. Desktop valuations typically adjust prior comprehensive fair values to recognise current year movement in market value or replacement cost and remaining service potential.

Where there is an active market for Council building assets, fair value has been derived on a market basis from the observed sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach were price per square metre for individual buildings (level 2).

Where there was no depth of market, fair value has been derived using a cost approach; current replacement cost less accumulated depreciation adjusted to reflect the consumed or expired service potential of the building asset (level 3). Current replacement cost is derived from reference to recent cost of construction data for each particular building type and movement applied as an index. Depreciation is calculated at the individual component level on a straight line basis.

Additions during the financial period are reported at cost of acquisition or cost of construction, which represents fair value.

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16 Property, Plant & Equipment - Fair Values

Infrastructure Assets (Level 3)

Infrastructure assets are reported at fair value for the year ended 30 June 2015.

All Council infrastructure assets are held at fair value using a cost approach valuation technique. The depreciated replacement cost used was the asset's current replacement cost less accumulated depreciation calculated on a basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

A comprehensive revaluation of infrastructure assets was undertaken during the year, effective 30 June 2015. In accordance with the comprehensive revaluation process unit rates were developed to calculate the replacement cost of infrastructure assets in consultation with external independent engineers, Cardno. The rates developed are designed to reflect Council's current costs of construction, and also include the development of on cost rates and other factors associated with valuing the replacement of these assets.

The revaluation includes physical verification and spatial alignment process. Unit rates are applied to spatially aligned specifications and dimensions and fair values are reported to reflect condition or age of the asset as consistent with principles of the cost approach embodied in *AASB 13 Fair Value Measurement* .

Road and Bridge Infrastructure (Level 3)

Transport infrastructure assets are held to provide essential services to the community. Accordingly, the fair value of such assets is measured using a depreciated replacement cost valuation technique, rather than at a 'market value', where there is no market for the assets.

Comprehensive valuations of Council's road and bridge assets are carried out every three years. In the interim the valuation of road and bridge assets are indexed by reference to appropriate indicies . Whilst straight line useful life is assumed to be true at the outset, an annual cyclical review of fair value is carried out in order to determine where there is a departure from assumptions and the expected pattern of consumption of future economic benefits embodied in the assets has occurred.

In the comprehensive revaluation of roads, bridges and associated infrastructure in 2014/15, assets have initially undergone a verification process in order to assert existence, ownership and control. Unit rates have been developed in consultation with external independent engineers were then applied to spatially aligned assets in order to measure the replacement cost of those assets.

The fair value of these assets was restated at 30 June 2015 to reflect condition, where available, otherwise to reflect age or service potential consumed in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*.

Fair value is determined as the written down current replacement costs of each of the asset categories. Written down gross replacement cost is the asset's current replacement cost less accumulated depreciation.

In determining the level of accumulated depreciation, roads and drainage assets were disaggregated into significant components which exhibited different patterns of consumption or useful lives.

Average costs for each of the key components:

Asset category	Key cost components	Measurement unit	Cost/unit $
Sealed roads	Pavement: gravel	cubic metre	208.14
	Surface: Spray seal	square metre	9.39
	Surface: Asphalt	cubic metre	558.32
Formation		square metre	34.06
Unsealed roads	Gravel	cubic metre	208.14
Bridges	Concrete	square metre	5,668.19
	Timber	square metre	3,741.00
Traffic signals	Pedestrian	each	108,900.00
	Intersection	each	242,000.00
Pathway	Concrete	square metre	101.34
Kerb and channel	Concrete	linear metre	53.05
Retaining walls	Material	square metre	444.13

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16 Property, Plant & Equipment - Fair Values

Infrastructure Assets (continued)

Average increase to cost of construction for each major component:

Component	Unit	2015		2014	
		Sealed Roads	Unsealed Roads	Sealed Roads	Unsealed Roads
Seal	$/m2	$16.75	n/a	$16.59	n/a
Pavement	$/m2	$52.04	$65.04	$51.30	$64.12
Formation	$/m2	$34.06	$42.58	$30.37	$37.96

Sealed Roads

For sealed roads, a consumption assessment is undertaken cyclically and is based on four health indices, each expressed as a numerical value to provide an estimate of current health, the proportion of health remaining and the remaining useful lives of the assets. The four health indices used were:

1) The Pavement Health Roughness Index (PHNI), which is a function of both the surface roughness and of lane average annual daily traffic (AADT). Perfect health (as indicated by roughness) is retained for all traffic levels up to a roughness of 40 NAASRA (National Association of Australian State Road Authorities) per roughness counts per kilometre.

2) The Pavement Health Rutting Index (PHRI), which is a function of mean rut depth, annual rainfall and lane AADT. Perfect health (as indicated by rutting) is retained for all levels of traffic and rainfall until mean rut depth is 2mm.

3) The Surface Health Cracking Index (SHCI), which is a function of the percentage area of cracking, the annual rainfall and the lane-AADT. A larger percentage cracking and annual rainfall combined with high traffic levels causes a migration of base and sub base material resulting in damage to the underlying pavement from the ingress of water.

4) The Surface Health Texture Index (SHTI), which is a function of the percentage of road affected by texture distresses, rainfall and lane AADT. The index covers surface distresses caused by ravelling and stripping, leading to the loss of stone, which affects the waterproofing provided by the road surface.

An aggregate of these indices is used to determine condition based on the asset accounting condition scale:

Condition Assessment	Index Value	Consumption (Range)	Consumption (Average)	Remaining Useful Life
Excellent	80 - 100	0 - 20%	10%	90%
Very good	60 - 80	20 - 40%	30%	70%
Good	40 - 60	40 - 60%	50%	50%
Fair	20 - 40	60 - 80%	70%	30%
Poor	< 20	80 - 100%	90%	10%
Nil	Nil	Non existent	100%	Non existent

Bridges

For bridges, a consumption assessment is undertaken cyclically and includes a visual inspection to determine condition. Where a review is deemed appropriate the condition scale outlined above is used as a basis for assessment of fair value, remaining service potential and remaining useful life.

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

Stormwater and Drainage Infrastructure (Level 3)

Stormwater assets are held to provide essential services to the community. Accordingly, the fair value of such assets is measured using a depreciated replacement cost valuation technique, rather than at a 'market value', where there is no market for the assets.

A comprehensive valuation of Council's stormwater and drainage assets is carried out every three years. In the interim the valuation of stormwater and drainage assets is indexed by reference to an appropriate measure of the increase to cost of constructing these assets. As a large proportion of stormwater and drainage infrastructure is located under or nearby roadways, and often constructed at the same time, the increase to cost of replacement is similar to other infrastructure assets.

In the comprehensive revaluation of stormwater infrastructure in 2014/15 pipes, as the significant representation of the network, have initially undergone a verification process in order to assert existence, ownership and control. Unit rates developed in consultation with external independent engineers were then applied to spatially aligned assets in order to measure the replacement cost of those assets. For the remainder of stormwater network assets revaluation techniques have been applied in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*.

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16 Property, Plant & Equipment - Fair Values

Infrastructure Assets (continued)

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

Average costs for each of the key components:

Asset category	Key cost components	Measurement unit	Cost/unit $
Stormwater	Pits - concrete	based on type and dimensions	3,707.95
	Pipes - material	type and linear metre	1,185.66
	Open drains - concrete	linear metre	119.98
	Water quality devices	each	30,890.47

Average increase to cost of construction for each major component

Diameter (mm)	Unit	% Network	2015 Pipes	2014* Pipes
< 600 mm	$/m	50%	$327.30	$319.49
600-1300 mm	$/m	38%	$1,202.02	$933.54
> 1300 mm	$/m	12%	$4,636.69	$4,137.87

* A revision in assumptions and change in methodology means that depth factors which previously sat outside the unit rates are now included as specific unit rateable costs for the replacement of assets at a component level. This has resulted in an increase in component unit rates for pipes.

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

Other - Facility Infrastructure (Level 3)

Facility infrastructure assets are reported at fair value for the year ended 30 June 2015.

Facility asset fair values were last comprehensively determined by independent valuer, Australian Pacific Valuers (APV) for year ended 30 June 2014.

Fair values were updated by APV using a desktop valuation technique in 2014/15. Desktop valuations typically adjust prior comprehensive fair values to recognise current year movement in market value or replacement cost and remaining service potential.

Council facilities, such as aquatic centres, holiday parks, and waste recycle depots, are typically of a specialised nature such that there is no depth of market for the assets. Fair value for these assets is measured on a cost basis by determining depreciated replacement cost. The gross current values have been updated by reference to movement in relevant recent market data on replacement cost. As there is no depth of market, the net current value of an asset is the current replacement cost less accumulated depreciation adjusted to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation, the asset has been disaggregated into significant components which exhibit different patterns of consumption and/or useful lives. Allowance has been made for the typical asset life cycle, renewal treatments of each component, the pattern of consumption of future economic benefit and the condition of the asset. Condition was assessed in 2014/15 taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence. Depreciation expense is calculated at individual component level on a straight line basis.

Additions during the financial period are reported at cost of acquisition or cost of construction, which represents fair value.

Other - Park Infrastructure (Level 3)

Park assets are reported at fair value for the year ended 30 June 2015.

Park, sport and open space infrastructure assets were comprehensively revalued during the year ended 30 June 2015 by GHD - Consulting Engineers.

Park assets do not have an active market as they are specialised assets held to provide services to the community. Accordingly, the fair value of such assets is measured using a depreciated replacement cost (DRC) valuation technique.

The gross current values have been determined by reference to Council's internal costs, such as materials and labour, and relevant recent market data on construction costs to establish current replacement cost unit rates. The net current value of an asset is the current replacement cost less accumulated depreciation adjusted to reflect the consumed or expired service potential of the asset. Annual depreciation is calculated at component level on a straight line basis.

Additions during the financial period are reported at cost of acquisition or cost of construction, which represents fair value.

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16 Property, Plant & Equipment - Fair Values

Plant & Equipment

Plant and Equipment assets are reported at Historical Cost for the year ended 30 June 2015.

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

Sunshine Coast Airport

Sunshine Coast Airport assets are reported across asset financial classes as per Note 15. Assets are reported at fair value for the year ended 30 June 2015.

Building and other facility assets fair values were determined by independent valuer, Australian Pacific Valuers (APV) effective 30 June 2015.

Sunshine Coast Airport assets are typically of a specialised nature such that there is no active market for the assets. Fair value for these assets was measured on a cost basis by determining depreciated replacement cost. The gross current values were derived from reference to relevant recent construction data. As there is no depth of market for specialised assets, the net current value is determined as the current depreciated replacement cost.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit different patterns of consumption and/or useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, the pattern of consumption of the asset's future economic benefit and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence during the 2013/14 comprehensive valuations.

Asset fair values were updated by independent valuer, Australian Pacific Valuers (APV) for year ended 30 June 2015. Desktop valuations typically adjust prior comprehensive fair values to recognise current year movement in market value or replacement cost and remaining service potential.

Land fair values were last comprehensively determined by Asset Valuation Services for year ended 30 June 2014. Values were based on analysis of sales evidence and comparisons, with consideration also given to the existence of restrictions and active markets. Where there were no restrictions and an active market was present, level 2 observable inputs were used to determine fair value measurement. Where there were restrictions and an active market could not be identified, level 3 unobservable inputs were used to determine fair value measurement.

The Sunshine Coast Local Planning Scheme 2014 was adopted by Council in May 2014. The independent valuers included the revised planning scheme in determining land values by giving consideration to the restrictions on land use as defined by the Planning Scheme, and the impact these restrictions would have on the valuation of the land by market participants. Consideration was also given to other restrictions such as the existence of a deed of trust and the intended use of land where this has a significant impact on market value.

Asset Valuation Services determined land fair values for year ended 30 June 2015 by using an index valuation technique that maximise the relevant observable market inputs for the Sunshine Coast region. Indexing was based on land sales transactions and assessment of median/average price movement in the past twelve months. An average 7% increase to land values was determined for the Mudjimba area.

Net Fair value of Sunshine Coast Airport assets

	2015 $,000	2014 $,000
Land	49,748	34,002
Buildings	21,327	22,389
Other Infrastructure	33,687	33,552
Plant and Equipment (held at Historic Cost)	3,220	3,676
Intangibles	214	255
	108,196	**93,876**

Additions during the financial period are reported at cost of acquisition or cost of construction, which represents fair value.

Waste Landfill Cells

Waste landfill cells fair values were determined by Council engineers as at 30 June 2014. Current Replacement Cost was calculated by reference to landfill cell area and volume specifications, estimated labour and material inputs, services costs, and overhead allocations. Material and services costs were determined by reference to Council's existing supplier contracts and labour costs. Costs for each of the key components were dependant on the scope and timing of works undertaken and existed within the following ranges:

Asset category	Key cost components	Measurement unit	Cost/unit
Waste landfill cells	Preliminary & preparation	per cubic metre	2.00 - 8.00
	Excavation	per cubic metre	2.50 - 5.00
	Base liner & leachate drain construction	per cubic metre	28.00 - 35.00
	Stormwater management system	per cubic metre	18.00 - 25.00

Depreciated Replacement Cost was determined through assessment of the remaining air space for each landfill cell, which was also used to determine percentage cell capacity used in the year. Waste landfill valuations are included in level 3 valuations.

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
17. Intangible assets					
Software					
Opening gross carrying value		20,541	18,291	20,541	18,291
Additions at cost		3,793	4,948	3,793	4,948
Disposals	9	(429)	(2,619)	(429)	(2,619)
Transfer to Noosa Shire Council		-	(79)	-	(79)
Closing gross carrying value		23,905	20,541	23,905	20,541
Accumulated amortisation					
Opening balance		4,266	4,177	4,266	4,177
Amortisation in the period		2,862	2,708	2,862	2,708
Disposals	9	(387)	(2,619)	(387)	(2,619)
Closing accumulated amortisation		6,741	4,266	6,741	4,266
Capital Works in Progress					
Opening gross carrying value		3,974	5,577	3,974	5,577
Additions at cost		3,430	3,346	3,430	3,346
Capital works completed		(3,793)	(4,948)	(3,793)	(4,948)
Closing gross carrying value		3,611	3,974	3,611	3,974
Consolidated net carrying value as at 30 June 2015		20,774	20,250	20,774	20,250
18. Trade and other payables					
Current					
Creditors and accruals		31,377	39,811	31,537	39,731
Annual leave		9,742	9,502	9,551	9,365
Other employee entitlements		651	543	542	543
		41,770	49,855	41,630	49,639
Non-Current					
Annual Leave		1,370	2,209	1,296	2,209
		1,370	2,209	1,296	2,209
19. Borrowings					
Current					
Queensland Treasury Corporation		13,838	12,909	13,838	12,909
Non-Current					
Queensland Treasury Corporation		253,331	211,314	253,331	211,314
20. Loans					
(i) Queensland Treasury Corporation		267,169	224,223	267,169	224,223
Classified as:					
Current Debt Pool		13,838	12,909	13,838	12,909
Non-current Debt Pool		253,331	211,314	253,331	211,314
		267,169	224,223	267,169	224,223
(i) Queensland Treasury Corporation					
Opening balance (Book Value)		224,223	262,732	224,223	262,732
Loans raised		53,700	15,000	53,700	15,000
Repayments		(23,149)	(27,169)	(23,149)	(27,169)
Interest - Includes capitalised interest		12,394	13,708	12,394	13,708
Transfer to Noosa		-	(40,048)		(40,048)
Balance at the end of the year (Book Value)		267,169	224,223	267,169	224,223
Balance at the end of the year (Market Value)		297,022	249,224	297,022	249,224

The market value represents the value of the debt if the Council repaid the debt as at 30 June 2015. 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 5.33% (5.76% in 2014) 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.

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
21. Provisions					
Current					
Long service leave		17,097	14,125	17,097	14,125
Landfill rehabilitation		318	601	318	601
Quarry rehabilitation		144	-	144	-
Carbon Permits		-	755	-	755
		17,560	15,480	17,560	15,480
Non-Current					
Long service leave		4,788	7,021	4,788	6,958
Landfill rehabilitation *		25,867	16,176	25,867	16,176
Quarry rehabilitation		2,277	2,178	2,277	2,178
		32,932	25,375	32,932	25,312

* Increase in the landfill rehabilitation provision is due to changes in contract conditions with Councils' waste providers. Previously the cost for landfill capping was the responsibility of the contract provider as part of the contract agreement. As from the 1st July 2015, these costs will be met by council.

Details of movements in Landfill and Quarry provisions:

	Consolidated 2015	Consolidated 2014	Council 2015	Council 2014
Long service leave				
Balance at beginning of financial year	21,083	23,502	21,083	23,502
Adjustment for Noosa estimates prior year	-	3,831	-	3,831
Long service leave entitlement arising	3,011	2,947	3,011	2,947
Payment of actual liability to Noosa	-	(5,688)	-	(5,751)
Long Service entitlement paid	(1,957)	(2,870)	(1,957)	(2,870)
Long Service entitlement extinguished	(252)	(576)	(252)	(576)
Balance at end of financial year	21,885	21,146	21,885	21,083
Landfill Rehabilitation				
Balance at beginning of financial year	16,776	19,530	16,776	19,530
Adjustment for Noosa estimates prior year	-	3,185	-	3,185
Increase (decrease) in provision due to unwinding of discount and effect of interest rate movement	1,529	(990)	1,529	(990)
Payment of actual liability to Noosa	-	(4,598)	-	(4,598)
Increase (decrease) in provision due to change in estimate	8,240	462	8,240	462
Increase (decrease) in provision as a result of actual expenditure incurred during the year	(360)	(812)	(360)	(812)
Balance at end of financial year	26,185	16,776	26,185	16,776
Quarry Rehabilitation				
Balance at beginning of financial year	2,178	2,118	2,178	2,118
Adjustment for Noosa estimates prior year	-	345	-	345
Increase (decrease) in provision due to unwinding of discount	243	(273)	243	(273)
Increase (decrease) in provision as a result of actual expenditure incurred during the year	(144)	(12)	(144)	(12)
Balance at end of financial year	2,277	2,178	2,277	2,178

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

At 30 June 2015 the net present value of the projected costs over the next 30 years has been assessed as $ 29.904million
Capital Market Yields - Government 10 year bond rate for 2015 was 3.01% (2014 3.54%)

	Consolidated 2015	Consolidated 2014	Council 2015	Council 2014
22. Other liabilities				
Current				
Non policy developer contributions	5,919	4,581	5,919	4,581
Unearned revenue	6,506	5,358	6,506	5,324
	12,425	9,939	12,425	9,905

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
23. Asset revaluation surplus					
Movements in the asset revaluation surplus were as follows: Balance at beginning of period					
Land and improvements		-	8,068	-	8,068
Buildings		59,757	38,905	59,757	38,905
Road and bridge network		487,472	438,912	487,472	438,912
Stormwater and Drainage network		101,807	85,550	101,807	85,550
Other Infrastructure		46,561	33,058	46,561	33,058
		695,598	604,493	695,598	604,493
Net adjustment to non-current assets to reflect a change in current fair value					
Land and improvements		23,511	(8,068)	23,511	(8,068)
Buildings		(14,139)	21,113	(14,139)	21,113
Road and bridge network		20,120	48,560	20,120	48,560
Stormwater and Drainage network		151,633	16,257	151,633	16,257
Other Infrastructure		20,109	13,242	20,109	13,242
		201,234	91,105	201,234	91,105
Closing balance of the asset revaluation surplus is comprised of the following asset categories:					
Land and improvements		23,511	-	23,511	-
Buildings		45,618	59,757	45,618	59,757
Road and bridge network		507,592	487,472	507,592	487,472
Stormwater and Drainage network		253,440	101,807	253,440	101,807
Other Infrastructure		66,670	46,561	66,670	46,561
		896,832	695,598	896,832	695,598
24. Commitments for expenditure					
Operating leases					
Minimum lease payments in relation to non-cancellable operating leases are as follows:					
Within one year		5,067	5,835	5,067	5,835
One to five years		5,915	6,133	5,915	6,133
Greater than five years		2,568	2,935	2,568	2,935
		13,550	14,903	13,550	14,903
Contractual commitments					
Contractual commitments at balance date but not recognised in the financial statements are as follows:					
Within one year		40,159	52,576	40,159	52,576
One to five years		108,147	86,364	108,147	86,364
Greater than five years		44,311	55,856	44,311	55,856
		192,617	194,796	192,617	194,796
Capital commitments					
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities :					
Aerodromes		101	-	101	-
Buildings and Facilities		1,011	2,858	1,011	2,858
Coast and Canals		287	531	287	531
Divisional Allocations		1,097	975	1,097	975
Environmental Operations		336	195	336	195
Fleet		759	-	759	-
Holiday Parks		132	961	132	961
Information Technology		972	1,116	972	1,116
Parks, Gardens and Reserves		1,851	2,304	1,851	2,304
Quarries		179	254	179	254
Stormwater		989	101	989	101
Strategic Land and Planning		5,554	8,733	5,554	8,733
Sunshine Coast Airport		2,417	924	2,417	924
Transportation		9,618	9,469	9,618	9,469
Waste		2,849	4,719	2,849	4,719
These expenditures are payable within one year		28,153	33,138	28,153	33,138

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
25. Contingent liabilities					
Details and estimates of maximum amounts of contingent liabilities are as follows :					
(i) Various planning scheme claims are pending at 30 June 2015, with the amounts subject to these legal claims not expected to exceed:		6,945	1,466	6,945	1,466

Caloundra South Master Plan

Caloundra South is a proposed new Sunshine Coast master planned community with the potential to enhance regional amenity, prosperity and liveability. The new community will be established on a 2,310ha former forestry site and become the southern gateway of Queensland's Sunshine Coast.

Economic Development Queensland (EDQ), formerly the Urban Land Development Authority (ULDA), is the State Government agency with planning responsibility for the site. The ULDA Development Scheme for Caloundra South was adopted by the State Government in October 2011.

Following adoption of the Caloundra South Development Scheme, Stockland (the Developer) lodged a Master Plan application with the State Government for assessment in December 2011. The Master Plan was approved by the Queensland Government in June 2012.

Council is currently reviewing any possible infrastructure obligations it may have following the approval by the State Government.

Council's risk assessment associated with Caloundra South has been significantly reduced following clarification surrounding the commitments proposed by both the State Government and Developer to the plan. Council has agreed in principle to signing of agreements where 95% of the outstanding risk items have been mitigated.

Currently no agreement has yet been signed with on-going discussions and negotiations taking place with EDQ and the developer. Although no liability or contingent liability is able to be quantified in these financial statements, Council's estimated exposure is not forecast to exceed $ 15 million, based on the costs to build infrastructure to accommodate the increase in residents to the Sunshine Coast, resulting from the Caloundra South Development.

Local Government Workcare

Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is $3,362,638.76.

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

As at 30 June 2014 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

26. Superannuation

The Sunshine Coast Regional Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard 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 three elements referred to as:
The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund
The Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and
The Accumulation Benefits Fund (ABF)

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

The Regional DBF is a defined benefit plan as defined in AASB119. Council is not able to account for the Regional 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. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

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

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000

Superannuation (Continued)

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

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

The most recent actuarial assessment of the scheme was undertaken as at 1 July 2012. The actuary indicated that "the Regional DBF" is currently in a satisfactory but modest financial position and remains vulnerable to adverse short and medium term experience.

Following the previous actuarial assessment in 2009, councils were 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 Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

The next actuarial investigation will be conducted as at 1 July 2015.

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'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	15,769	15,569	15,752	15,569

27. Operating lease income

The minimum lease payments are payable as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
Within one year	4,246	5,547	4,246	5,547
One to five years	10,357	16,053	10,357	16,053
Greater than five years	11,845	14,872	11,845	14,872
	26,448	36,472	26,448	36,472

28. Controlled entities

The council has a 100% controlling interest in Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd.
The following table shows revenue and expenses before consolidating eliminations.

	SunCentral Maroochydore PL 2015 $'000	SunCentral Maroochydore PL 2014 $'000	Sunshine Coast Events Centre PL 2015 $'000	Sunshine Coast Events Centre PL 2014 $'000
Revenue	429	-	2,994	2,703
Expenses	(383)	-	(2,943)	(2,676)
Surplus/(deficiency)	46	-	51	27

29. Trust funds

	Council 2015 $'000	Council 2014 $'000
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.	4,474	4,437

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.

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000	Council 2015 $'000	Council 2014 $'000
30. Reconciliation of net result for the year to net cash inflow (outflow) from operating activities					
Net result		186,702	(1,183,310)	158,835	(1,196,270)
Non-cash items					
Depreciation and amortisation		62,359	61,859	62,359	61,859
Share of net profit of associate		(28,198)	(13,008)	-	-
		34,161	48,851	62,359	61,859
Investing activities					
Net loss on disposal of property, plant and equipment		5,093	3,841	5,093	3,841
Capital grants and contributions		(140,541)	(58,086)	(140,541)	(58,086)
Net revaluation decrease property, plant & equipment		-	228,015	-	228,015
(Profit) / Loss on transfer of net assets on discontinued operations		1,562	1,037,666	1,562	1,037,591
		(133,886)	1,211,436	(133,886)	1,211,361
Changes in operating assets and liabilities					
(increase)/decrease in receivables		6,076	10,015	6,030	10,027
(increase)/decrease in inventory		158	(83)	157	(67)
increase/(decrease) in payables		(10,241)	(4,400)	(10,471)	(4,486)
increase/(decrease) other liabilities		2,520	1,508	2,520	1,496
increase/(decrease) in other provisions		9,700	(1,305)	9,700	(1,320)
		8,215	5,735	7,936	5,650
Net cash inflow from operating activities		95,192	82,712	95,244	82,600

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

31. 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.

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

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

Council does not enter into derivatives.

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

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Maturity analysis
Interest rate risk	Sensitivity 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. These obligations arise principally from the council's investments and receivables from customers.

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 defaults.

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 subordinate loan to Unitywater, which represents $434,394,000 has been renegotiated to terminate on 30 June 2033 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 impairment.

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

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

Financial assets	Note	2015	2014	2015	2014
		Consolidated		Council	
		$'000	$'000	$'000	$'000
Cash and cash equivalents	10a	258,371	139,410	257,386	138,871
Investment Securities	10b	30,000	85,000	30,000	85,000
Receivables - rates	11	5,511	9,522	5,511	9,523
Receivables - other	11	8,370	9,422	8,308	9,407
Other credit exposures					
Guarantees	25	3,363	4,343	3,363	4,343
Loan to Unitywater - Subordinate Debt and working Capital	11	434,393	439,176	434,393	439,176
Shares Held in Contolled Entities	11	-	-	500	-
		740,009	686,873	739,461	686,321

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

31. 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 2015

Fully performing ($000's)	Past due ($000's)					Total (000's)
	Not past due	30-60 days	61-90 days	Over 90 days	Impaired	
Receivables	10,890	641	297	3,683	(1,631)	13,881
Loans and advances to Unitywater	-	-	-	434,893	-	434,893
	10,890	641	297	438,577	(1,631)	**448,774**

Consolidated 2014

Fully performing ($000's)	Past due ($000's)					Total (000's)
	Not past due	30-60 days	61-90 days	Over 90 days	Impaired	
Receivables	15,488	1,311	456	4,352	(2,232)	19,375
Loans and advances to Unitywater	4,352	-	-	434,393	-	438,745
	19,840	1,311	456	438,745	(2,232)	**458,120**

Council 2015

Fully performing ($000's)	Past due ($000's)					Total (000's)
	Not past due	30-60 days	61-90 days	Over 90 days	Impaired	
Receivables	10,828	641	297	3,683	(1,631)	13,819
Loans and advances to Unitywater	-	-	-	434,893	-	434,893
	10,828	641	297	438,577	(1,631)	**448,712**

Council 2014

Fully performing ($000's)	Past due ($000's)					Total (000's)
	Not past due	30-60 days	61-90 days	Over 90 days	Impaired	
Receivables	15,474	1,311	456	4,352	(2,232)	19,361
Loans and advances to Unitywater	4,352	-	-	434,393	-	438,745
	19,826	1,311	456	438,745	(2,232)	**458,106**

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 19.

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.

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

31. 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
2015				
Trade and other payables	31,377	-	-	31,377
Loans - QTC	27,575	109,872	237,175	374,622
	58,952	109,872	237,175	405,999
2014				
Trade and other payables	39,811	-	-	39,811
Loans - QTC	25,270	100,928	185,520	311,718
	65,081	100,928	185,520	351,529

Council	0 to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2015				
Trade and other payables	31,538	-	-	31,538
Loans - QTC	27,575	109,872	237,175	374,622
	59,114	109,872	237,175	406,161
2014				
Trade and other payables	39,731	-	-	39,731
Loans - QTC	25,270	100,928	185,520	311,718
	65,001	100,928	185,520	351,449

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 following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 1% increase in market interest rates. The calculations assume that the rate would be held constant over the next financial year, with the change occurring at the beginning of that year. It is assumed that interest rates on overdue rates would not change. If the rates decreased by 1% the impact would be equal in amount in the reverse direction.

Consolidated

	Net carrying amount		Profit		Equity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets	-	-	4,349	4,392	4,349	4,392
Financial liabilities	(2,970)	(2,492)	(2,970)	(2,492)	(2,970)	(2,492)
Net total	**(2,970)**	**(2,492)**	**1,379**	**1,900**	**1,379**	**1,900**

Council

	Net carrying amount		Profit		Equity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets	-	-	4,349	4,392	4,349	4,392
Financial liabilities	(2,970)	(2,492)	(2,970)	(2,492)	(2,970)	(2,492)
Net total	**(2,970)**	**(2,492)**	**1,379**	**1,900**	**1,379**	**1,900**

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

31. Financial Instruments (continued)

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

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

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

	Carrying Amount	Fair Value
	$'000	$'000
2015		
Queensland Treasury Borrowings	267,169	297,022
2014		
Queensland Treasury Borrowings	224,223	249,224

Fair value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC. QTC applies a book rate approach in the management of debt and interest rate risk, to limit the impact of market value movements to clients' cost of funding. The book value represents the carrying value based on amortised cost using the effective interest rate method.

32. National Competition Policy

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".

The thresholds for the 2014-15 financial year are as follows:

(1) for water and sewerage combined activities - $13,300 million
(2) for other activities - $8,900 million

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

(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.

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Sunshine Coast COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2015

32. National Competition Policy (continued)

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 of the actvities 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

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

	Airport	Quarry Operations	Caravan Parks	Waste
	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Revenue for services provided to Council	1	6,695	-	916
Revenue for services provided to external clients	15,556	982	13,651	56,683
Community Service Obligations	124	-	-	718
	15,682	7,678	13,651	58,318
Less : Expenditure	13,957	10,022	7,656	43,814
Surplus / (deficiency)	1,724	(2,344)	5,995	14,504

Description of CSO's provided to business activities:

Activities	CSO Description	Net cost 2015 $'000
Sunshine Coast Airport	Reduce lease rentals and landing fees to community bodies	124
Waste Management	Waste collection and disposal charges for charitable organisations	718

33. Events after the reporting period

There are no material adjusting events after the balance date.

34. Prior Period Adjustment
Initial Recognition of Non-Current Assets not previously recognised

The initial recognition of non-current assets relates to items of property, plant and equipment that should have been brought to account in previous financial years but have been identified and placed in the financial asset register during the curent reporting period.

All identified assets have been initially recognised within the accounts at their fair value as at the reporting date and have been disclosed in note 15 for the respective classes of Property, Plant & Equipment.

Retrospective adjustments have not been applied as per the provisions of AASB 108 given the impractical nature of determining the period specific effect or cumulative effect of the error.

Initial recognition of PP&E by asset class:

	Consolidated 30 June 2015 $'000	Council 30 June 2015 $'000
Gross value of road network added	4,243	4,243
Accumulated depreciation and impairment	1,702	1,702
Net value of road network added	2,541	2,541
Gross value of other infrastructure added	3,113	3,113
Accumulated depreciation and impairment	626	626
Net value of other infrastructure added	2,487	2,487
Total net value	5,028	5,028

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SUNSHINE COAST REGIONAL COUNCIL

MANAGEMENT CERTIFICATE

For the year ended 30 June 2015

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

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

(i) The prescribed requirements of the *Local Government Act 2009* and *Local Government Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) The general purpose financial statements, as set out on pages 1 to 42, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.

Cr Mark Jamieson Mayor	Michael Whittaker Chief Executive Officer
Sunshine Coast Regional Council	Sunshine Coast Regional Council
Dated 27th October 2015	Dated 26TH October 2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Sunshine Coast Regional Council

Report on the Financial Report

I have audited the accompanying financial report of the Sunshine Coast Regional Council, which comprises the statements of financial position as at 30 June 2015, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer of the Council and the consolidated entity comprising the Council and the entities it controlled at the year's end and from time to time during the financial year.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

(i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of the Sunshine Coast Regional Council and the consolidated entity for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

QUEENSLAND
28 OCT 2015
AUDIT OFFICE

D A STOLZ FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

QAO certified statements

Sunshine Coast COUNCIL

Current-year Financial Sustainability Statement
Sunshine Coast Regional Council
For the year ended 30 June 2015

Measures of Financial Sustainability

Council's performance at 30 June 2015 against key financial ratios and targets:

		Consolidated 2015	Council 2015	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	14.88%	8.7%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	70.4%	70.4%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	10.7%	11.8%	not greater than 60%

Note 1 - Basis of Preparation

The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2015.

Certificate of Accuracy
For the year ended 30 June 2015

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

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

Cr Mark Jamieson
Mayor
Sunshine Coast Regional Council

Dated 27th October 2015

Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council

Dated 26th October 2015

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Sunshine Coast Regional Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Sunshine Coast Regional Council for the year ended 30 June 2015, comprising the statement and explanatory notes, and certificates given by the Mayor and Chief Executive Officer.

The Council's Responsibility for the Current-Year Financial Sustainability Statement

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

Auditor's Responsibility

My responsibility is to express an opinion on the current-year financial sustainability statement based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the statement.

My responsibility is to form an opinion as to whether the statement has been accurately calculated based on the Council's general purpose financial report. My responsibility does not extend to forming an opinion on the appropriateness or relevance of the reported ratios, nor on the Council's future sustainability.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Sunshine Coast Regional Council for the year ended 30 June 2015, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, attention is drawn to Note 1 which describes the basis of accounting. The current-year financial sustainability statement has been prepared in accordance with the *Financial Management (Sustainability) Guideline 2013* for the purpose of fulfilling the Council's reporting responsibilities under the *Local Government Regulation 2012*. As a result, the statement may not be suitable for another purpose.

Other Matters - Electronic Presentation of the Audited Statement

Those viewing an electronic presentation of this special purpose financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

QUEENSLAND
28 OCT 2015
AUDIT OFFICE

D. Stolz

D A STOLZ FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Sunshine Coast COUNCIL

Long-Term Financial Sustainability Statement
Sunshine Coast Regional Council
For the year ended 30 June 2015

Measures of Financial Sustainability Council	Measure	Target	Actuals at 30 June 2015	Forward Estimates								
				30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	8.7%	5.5%	5.3%	4.8%	4.3%	4.3%	4.8%	5.5%	6.0%	6.4%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	70.4%	82.9%	78.2%	86.8%	85.4%	77.7%	78.8%	73.5%	80.4%	65.8%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	11.8%	46.8%	50.4%	48.1%	48.1%	49.2%	48.0%	44.9%	40.6%	36.0%

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

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

Certificate of Accuracy
For the year ended 30 June

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

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

Cr Mark Jamieson
Mayor
Sunshine Coast Regional Council

Dated 27th October 2015

Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council

Dated 26th October 2015