Sunshine Coast COUNCIL

Sunshine Coast Regional Council

FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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Statements of Comprehensive Income

For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Income					
Revenue					
Recurrent Revenue					
Net rates and utility charges	3 a	245,114	238,518	245,114	238,518
Fees and charges	3 b	66,008	58,353	63,934	56,590
Sales - contract and recoverable works	3 c	16,290	12,624	16,391	12,664
Grants, subsidies, contributions and donations	3 d	13,503	13,189	13,503	13,189
Share of tax equivalents of associate	3 e	10,099	9,147	10,099	9,147
Dividend Income	3 f	-	-	16,454	16,927
Interest received	3 g	33,481	33,266	33,394	33,220
Share of profit of associate	3 h	51,130	41,225	-	-
Total Recurrent Revenue		435,626	406,321	398,889	380,254
Capital Revenue					
Grants, subsidies, contributions and donations	3 i	135,396	140,541	135,396	140,541
Total Recurrent and Capital Revenue		571,022	546,863	534,286	520,796
Capital Income					
Change in estimate for future landfill restoration provision	22	3,538	-	3,538	-
Total Income		574,561	546,863	537,824	520,796
Expenses					
Recurrent Expenses					
Employee benefits	4	(127,715)	(119,194)	(124,671)	(117,678)
Materials and services	5	(166,278)	(155,989)	(166,626)	(154,235)
Finance costs	6	(12,571)	(11,623)	(12,513)	(11,607)
Depreciation and amortisation	7	(67,785)	(62,360)	(67,784)	(62,359)
Contributions to controlled entities	8	-	-	(1,218)	(1,187)
Total Recurrent Expenses		(374,349)	(349,166)	(372,811)	(347,066)
Capital Expenses					
Loss on disposal property, plant and equipment	9	(1,374)	(5,093)	(1,374)	(5,093)
Discount rate adjustment to landfill restoration provision	22	(6,558)	(8,240)	(6,558)	(8,240)
Total Expenses from Continuing Operations		(382,281)	(362,499)	(380,742)	(360,399)
Net Result (deficiency) from Continuing Operations		192,280	184,362	157,082	160,396
Discontinued Operations					
Profit / (Loss) for the year from discontinued operations Noosa Shire Council		-	(1,562)	-	(1,562)
Net Result (deficiency) from Discontinued Operations		-	(1,562)	-	(1,562)
Net Result (deficiency)		192,280	182,801	157,082	158,835
Other Comprehensive Income					
Increase / (decrease) in asset revaluation surplus	24	(1,074)	201,234	(1,074)	201,234
Total Other Comprehensive Income		(1,074)	201,234	(1,074)	201,234
Total Comprehensive Income for the year		191,206	384,035	156,008	360,069

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

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Statements of Financial Position

As at 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Assets					
Current Assets					
Cash and cash equivalents	10	320,010	288,371	318,556	287,386
Trade and other receivables	11	14,934	13,881	14,935	13,819
Inventories	12	8,179	1,338	8,069	1,254
Other assets	14	25,112	25,682	25,058	25,646
		368,234	329,272	366,617	328,106
Non-Current assets held for sale	15	490	-	490	-
Total Current Assets		368,724	329,272	367,107	328,106
Non-Current Assets					
Trade and other receivables	11	434,393	434,393	434,893	434,893
Inventory (land)	12	21,894	-	21,894	-
Property, plant and equipment	16	3,656,930	3,515,519	3,656,929	3,515,947
Investments in associates	13	635,341	600,665	538,212	538,212
Intangible assets	18	20,504	20,774	20,504	20,774
Total Non-Current Assets		4,769,062	4,571,351	4,672,433	4,509,827
TOTAL ASSETS		5,137,786	4,900,624	5,039,540	4,837,932
Liabilities					
Current Liabilities					
Trade and other payables	19	44,834	41,770	44,434	41,630
Borrowings	20	19,848	13,838	19,848	13,838
Provisions	22	20,210	17,560	20,127	17,560
Other liabilities	23	15,350	12,425	15,350	12,425
Total Current Liabilities		100,242	85,593	99,759	85,453
Non-Current Liabilities					
Trade and other payables	19	1,162	1,370	1,105	1,296
Borrowings	20	274,131	253,331	274,131	253,331
Provisions	22	30,707	32,932	30,678	32,932
Total Non-Current Liabilities		306,000	287,633	305,914	287,559
TOTAL LIABILITIES		406,242	373,226	405,673	373,011
NET COMMUNITY ASSETS		4,731,543	4,527,398	4,633,867	4,464,921
Community Equity					
Asset revaluation surplus	24	889,133	890,207	889,133	890,207
Retained surplus (deficiency)		(569,100)	(774,319)	(666,355)	(836,375)
Regional capital		4,411,510	4,411,510	4,411,089	4,411,089
TOTAL COMMUNITY EQUITY		4,731,543	4,527,398	4,633,867	4,464,921

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

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Statements of Changes in Equity

For the Year Ended 30 June 2016

Consolidated

	Notes	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
For the Year Ended 30 June 2016						
Balance as at 1 July 2015		4,411,510	890,207	(774,318)	-	4,527,399
Opening balance adjustment	16	-	-	12,938	-	12,938
Increase (decrease) in asset revaluation surplus	24	-	(1,074)	-	-	(1,074)
Net result		-	-	192,280	-	192,280
Balance at 30 June 2016		4,411,510	889,133	(569,100)	-	4,731,543
For the Year Ended 30 June 2015						
Balance as at 1 July 2014		4,411,510	695,598	(962,523)	-	4,144,585
Correction of prior period error		-	-	5,028	-	5,028
Opening balance adjustment	16	-	-	375	-	375
Opening balance adjustment	24	-	(6,625)	-	-	(6,625)
Increase (decrease) in asset revaluation surplus	24	-	201,234	-	-	201,234
Net result		-	-	182,802	-	182,802
Balance at 30 June 2015		4,411,510	890,207	(774,318)	-	4,527,399

Council

	Notes	Regional Capital $'000	Asset revaluation surplus $'000	Retained surplus $'000	Capital and other reserves $'000	Total $'000
For the Year Ended 30 June 2016						
Balance as at 1 July 2015		4,411,089	890,207	(836,375)	-	4,464,921
Opening balance adjustment	16	-	-	12,938	-	12,938
Increase (decrease) in asset revaluation surplus	24	-	(1,074)	-	-	(1,074)
Net result		-	-	157,082	-	157,082
Balance at 30 June 2016		4,411,089	889,133	(666,355)	-	4,633,867
For the Year Ended 30 June 2015						
Balance as at 1 July 2014		4,411,089	695,598	(1,000,613)	-	4,106,074
Correction of prior period error		-	-	5,028	-	5,028
Opening balance adjustment	16	-	-	375	-	375
Opening balance adjustment	24	-	(6,625)	-	-	(6,625)
Increase (decrease) in asset revaluation surplus	24	-	201,234	-	-	201,234
Net result		-	-	158,835	-	158,835
Balance at 30 June 2015		4,411,089	890,207	(836,375)	-	4,464,921

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

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Statements of Cash Flows

For the Year Ended 30 June 2016

		Consolidated		Council	
		2016	2015	2016	2015
	Note	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Receipts from customers		336,951	317,188	324,912	313,814
Payments to suppliers and employees		(301,986)	(282,918)	(290,337)	(279,447)
Interest and dividends received		60,025	59,340	59,947	59,294
Recurrent grants and contributions		13,503	13,189	13,503	13,189
Borrowing Costs	20	(10,865)	(9,021)	(10,865)	(9,021)
Finance Costs	21	(1,648)	(2,586)	(1,648)	(2,585)
Net cash inflow (outflow) from operating activities	31	95,981	95,192	95,513	95,244
Cash flows from investing activities					
Payments for property, plant and equipment		(138,839)	(111,459)	(138,838)	(111,457)
Payments for intangible assets		(3,721)	(3,793)	(3,721)	(3,793)
Net movement in loans and advances		-	4,283	-	4,283
Proceeds from sale of property, plant and equipment		6,218	2,913	6,217	2,913
Grants, subsidies, contributions and donations		45,189	33,379	45,189	33,379
Net cash inflow (outflow) from investing activities		(91,153)	(74,677)	(91,153)	(74,674)
Cash flows from financing activities					
Proceeds from borrowings		40,423	53,700	40,423	53,700
Repayment of borrowings		(13,612)	(10,754)	(13,612)	(10,754)
Proceeds from issue of share capital		-	500	-	-
Net cash inflow (outflow) from financing activities		26,811	43,446	26,811	42,946
Net increase (decrease) in cash and cash equivalents held		31,638	118,961	31,171	118,516
Cash and cash equivalents at beginning of financial year		288,371	169,410	287,386	168,871
Cash and cash equivalents at end of the financial year	10	320,010	288,371	318,556	287,386

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

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Notes to Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 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
- discount rate adjustments to restoration provisions
- revaluations of 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.

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Notes to Financial Statements
For the Year Ended 30 June 2016

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.

1.04 Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Sunshine Coast Regional Council as at 30 June 2016. 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. Council wholly owns the issued shares of these entities.

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For the Year Ended 30 June 2016

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

Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 Amendments to Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities. Generally Council applies standards and interpretations in accordance with the respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 Financial Instruments and AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

From 1 July 2016 AASB 124 Related Party Disclosures will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.

AASB 15 is effective from 1 January 2018 and will replace *AASB 118 Revenue, AASB 111 Construction Contracts* and a number of interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

AASB 16 Leases was issued in February 2016 and is effective for periods commencing January 2019. Council is yet to assess the future impact on its financial statements.

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Notes to Financial Statements
For the Year Ended 30 June 2016

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

1.06 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 a potential significant effect are outlined in the following financial statements notes:

Valuation and depreciation of property, plant and equipment - Note 1.15 and Note 16
Impairment of property, plant and equipment - Note 1.17
Employee benefits and provisions - Note 1.18, 1.19 and Note 22
Contingent liabilities - Note 26

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

1.11 Revenue
Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier 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.

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Notes to Financial Statements
For the Year Ended 30 June 2016

(ii) Grants and Subsidies
Grants, subsidies and contributions revenues are recognised as a receivable when Council has a right to receive the income, it is probable that the future economic benefit will flow to the entity and the amount can be reliably measured, 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 roads, stormwater, and park equipment are recognised as revenue when the development comes on-line and assets are placed on a maintenance agreement with the developer. At this point Council obtains control of the assets and the developer provides sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at fair value as at the date of acquisition.

(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 can be reliably measured, otherwise the amount is recognised upon receipt.

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Notes to Financial Statements
For the Year Ended 30 June 2016

1.12 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 10)
Trade and other receivables - measured at amortised cost (Note 11)
Financial liabilities
Trade and other payables - measured at amortised cost (Note 19)
Borrowings - measured at amortised cost (Note 20)

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 20 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 32.

1.13 Inventories

(i) Equipment, Stores and Quarries

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.

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Notes to Financial Statements
For the Year Ended 30 June 2016

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

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

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

1.14 Non-current Assets Held for Sale
Land held with the intention of selling without further development or change in use, and is available for immediate sale, is classified as held for sale. This land is valued at the lower of its carrying amount or fair value less costs to sell. Land being actively marketed, with sale is highly probable within the next twelve months, is classified as a current asset and accounted for under AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

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

1.15 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

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Notes to Financial Statements

For the Year Ended 30 June 2016

(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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Notes to Financial Statements
For the Year Ended 30 June 2016

(iii) Valuation
Land, buildings, infrastructure and heritage assets are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. The fair values mean the estimated amount for which an asset could be exchanged in an active market on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified 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 own assessments of the condition or value of the assets at the date of inspection.

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 by the Australian Bureau of Statistics. 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 17.

Any revaluation increments arising on the revaluation of an asset are recognised in other comprehensive income and presented in the asset revaluation surplus in equity. A decrease in the carrying amount on 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.

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For the Year Ended 30 June 2016

(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 judged to be controlled by Council in terms of Deeds of Grant in Trust under Section 34 of the Land Act 1994. The value of these assets has been included in land assets (Note 16). 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.

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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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 16.

(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.

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

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

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 and 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.

1.17 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 its value in use.

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.

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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.

1.18 Liabilities - Employee Benefits

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

(i) Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is reported in Note 19 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 19 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 27.

(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 22 as a provision.

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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 sick leave entitlements are met as and when the obligation occurs. No provision is made for this liability.

1.19 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.

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For the Year Ended 30 June 2016

1.20 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, unless attributed to a specific capital project where the costs are capitalised as part of the qualifying asset during construction. Costs that are not settled in the period in which they arise are added to the carrying amount of the borrowing.

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.

1.21 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.

1.22 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.

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For the Year Ended 30 June 2016

1.23 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 30 to the Financial Statements for information purposes only.

1.24 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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2 (a) Analysis of Results by Function
Components of Council Functions

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

Infrastructure Services

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

Economic Development and Major Projects

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

Planning and Environment Department

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

Region Making Projects

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

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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.

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Notes to Financial Statements

For the Year Ended 30 June 2016

2 (b) Analysis of Results by Function

	Gross Program Income		Elimination of	Total	Gross Program Expense		Elimination of	Total	Net Result	Net	Assets
	Recurring	Capital	Inter-Function Transactions	Income	Recurring	Capital	Inter-Function Transactions	Expenses	from Recurring Operations	Result	
	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000
Infrastructure Services	87,693	91,321	(29,391)	149,623	(243,747)	(7,959)	46,319	(205,388)	(139,126)	(55,765)	3,005,862
Economic Development & Major Projects	31,177	-	(6,035)	25,142	(39,128)	(68)	9,740	(29,456)	(4,246)	(4,314)	130,164
Community Services	31,820	-	(17,908)	13,912	(92,941)	(285)	29,749	(63,477)	(49,280)	(49,565)	156,812
Planning and Environment	43,775	44,251	(16,364)	71,661	(66,447)	-	27,383	(39,064)	(11,654)	32,597	13,764
Region Making Projects	52	-	-	52	(1,359)	-	-	(1,359)	(1,307)	(1,307)	106,112
Corporate Services	335,804	3,362	(61,763)	277,403	(64,452)	381	21,832	(42,239)	231,421	235,164	1,626,825
Office of the Mayor and CEO	3,862	-	(3,832)	31	(28)	-	270	242	272	272	-
Controlled Entities Net of Eliminations	36,738	-	-	36,738	(1,540)	-	-	(1,540)	35,198	35,198	98,247
Total Consolidated	**570,920**	**138,934**	**(135,293)**	**574,561**	**(509,643)**	**(7,932)**	**135,293**	**(382,281)**	**61,278**	**192,280**	**5,137,786**

Notes to Financial Statements

For the year ended 30 June 2015

2 (b) Analysis of Results by Function

	Gross Program Income		Elimination of	Total	Gross Program Expense		Elimination of	Total	Net Result	Net	Assets
	Recurring	Capital	Inter-Function Transactions	Income	Recurring	Capital	Inter-Function Transactions	Expenses	from Recurring Operations	Result	
	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)	2,893,709
Economic Development & Major Projects	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	258,588	808	(67,234)	192,163	(31,773)	(74)	23,461	(8,386)	186,942	183,777	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	62,690
Total Consolidated	**552,414**	**140,541**	**(146,093)**	**546,863**	**(495,258)**	**(13,333)**	**146,093**	**(362,499)**	**61,056**	**184,362**	**4,900,624**

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
3 Revenue analysis					
Operating revenue					
(a) Rates and utility charges					
General rates		195,761	186,292	195,761	186,292
Waste management		43,818	47,056	43,818	47,056
Tourism and special levies		8,804	8,185	8,804	8,185
Environment levy		7,819	7,637	7,819	7,637
Rural fire levy		396	386	396	386
Valuation fees		90	69	90	69
		256,687	249,625	256,687	249,625
Total rates and utility charge revenue					
Less: discounts		(7,753)	(7,345)	(7,753)	(7,345)
Less: pensioner remissions		(3,065)	(3,056)	(3,065)	(3,056)
Less: rebates		(756)	(707)	(756)	(707)
		(11,573)	(11,107)	(11,573)	(11,107)
Net rates and utility charges		245,114	238,518	245,114	238,518
(b) Fees and charges					
Airline service charges		8,249	6,891	8,249	6,891
Application fees (development)		5,418	4,471	5,418	4,471
Holiday parks		14,440	13,550	14,440	13,550
Cemetery fees		1,242	958	1,242	958
Parking fees		2,428	2,012	2,428	2,012
Refuse tip fees		5,592	5,401	5,592	5,401
Registration fees		1,019	1,112	1,019	1,112
Search fees		1,167	1,146	1,167	1,146
Waste service charges		463	396	463	396
Change of ownership fees		936	837	936	837
Fines and penalties		2,466	2,298	2,466	2,298
Venue hire		1,350	1,152	1,350	1,152
Security service fees		2,244	1,952	2,244	1,952
Development services		11,184	8,675	11,184	8,675
Development Services		8,709	6,410	8,709	6,410
		-	-	-	-
Permits and licences		1,361	1,266	1,361	1,266
Other fees and charges		6,448	6,238	4,374	4,474
		66,008	**58,353**	**63,934**	**56,590**
(c) Sales - contract and recoverable works					
Lease revenue		6,412	5,435	6,412	5,435
Recoverable works		665	239	665	239
Sale of recyclables		2,065	2,477	2,065	2,477
Other revenue		7,148	4,472	7,250	4,513
		16,290	**12,624**	**16,391**	**12,664**
(d) Grants, subsidies, contributions and donations					
Government grants and subsidies commonwealth		10,461	10,356	10,461	10,356
Government grants and subsidies state		2,018	1,955	2,018	1,955
Contributions		1,025	878	1,025	878
		13,503	**13,189**	**13,503**	**13,189**
(e) Share of tax equivalents of associate		**10,099**	**9,147**	**10,099**	**9,147**
(f) Dividend income		-	-	**16,454**	**16,927**

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
(g) Interest received					
Interest received from associate		23,284	23,967	23,284	23,967
Interest received from cash and term deposits		9,431	8,361	9,344	8,315
Interest from overdue rates and utility charges		766	938	766	938
		33,481	**33,266**	**33,394**	**33,220**
(h) Share of profit of associate		**51,130**	**41,225**	-	-
Total Recurrent Revenue		435,626	406,321	398,889	380,254
Capital revenue					
(i) Grants, subsidies, contributions and donations					
Recurrent					
Government grants and subsidies commonwealth		6,991	3,242	6,991	3,242
Government grants and subsidies state		5,807	5,197	5,807	5,197
Developer contributions		32,391	24,951	32,391	24,951
Infrastructure from developers at fair value		90,207	107,151	90,207	107,151
		135,396	**140,541**	**135,396**	**140,541**
Provision for restoration of landfill					
Discount rate adjustment to landfill restoration provision	22	**3,538**	-	**3,538**	-
Total Income		574,561	546,863	537,824	520,796

4 Employee benefits

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Total wages and salaries		101,582	95,248	98,613	93,748
Councillors' remuneration *		1,722	1,677	1,722	1,677
Annual, sick and long service leave entitlements		16,257	15,722	16,257	15,722
Superannuation	27	18,179	15,769	18,104	15,752
		137,739	**128,416**	**134,695**	**126,900**
Other employee related expenses		3,889	3,255	3,889	3,255
		141,628	**131,671**	**138,584**	**130,155**
Less :Capitalised employee expenses		(13,913)	(12,477)	(13,913)	(12,477)
		127,715	119,194	124,671	117,678

* 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		1579	1473	1553	1447
Total full time equivalent employees		1590	1484	1564	1458

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Notes to the Financial Statements
For the Year Ended 30 June 2016

		Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
5	**Materials and services**					
	Advertising		1,810	1,518	1,810	1,518
	Audit of annual financial statements by the Auditor General of Queensland		200	263	200	263
	Consultancy fees		5,031	4,204	5,031	4,204
	Commissions paid		2,323	2,425	2,323	2,425
	Contract services parks and gardens		12,723	11,360	12,723	11,360
	Contract services waste collection		27,581	28,333	27,581	28,333
	Contract services other		42,583	36,535	42,583	36,535
	Donations		3,608	2,592	3,608	2,592
	Electricity		9,071	8,729	9,071	8,729
	Entertainment and hospitality		484	444	484	444
	Equipment < $5,000		1,136	1,132	1,136	1,132
	Fuel		2,266	2,786	2,266	2,786
	Grants to community organisations		7,644	7,278	7,644	7,278
	Insurance		2,428	2,448	2,428	2,448
	Legal fees		2,825	3,184	2,825	3,184
	Library resources		1,545	1,306	1,545	1,306
	Materials road base		5,084	3,348	5,084	3,348
	Operating leases - rentals		7,192	7,760	7,192	7,758
	Plant and equipment hire		5,378	6,001	5,378	6,001
	Security services		1,361	1,188	1,361	1,188
	Software and maintenance		4,873	4,153	4,873	4,153
	Telecommunications		3,780	3,205	3,780	3,205
	Water and sewerage charges		4,175	3,680	4,175	3,680
	All other materials and services		16,737	18,132	17,085	16,381
			171,836	162,003	172,184	160,250
	Less: Capitalised expenses		(5,558)	(6,014)	(5,558)	(6,014)
			166,278	**155,989**	**166,626**	**154,235**
6	**Finance costs**					
	Finance costs charged by the Queensland Treasury Corporation *		10,865	9,021	10,865	9,021
	Bank charges and credit card fees		864	793	806	777
	Finance costs due to unwinding(waste provision)	22	481	1,772	481	1,772
	Impairment of debts		278	(10)	278	(10)
	Other finance costs		82	47	82	47
			12,571	**11,623**	**12,513**	**11,607**

* Interest includes $10.865M operating cost and $3.097M capitalised against the Maroochydore City Centre project.

		Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
7	**Depreciation and amortisation**					
	(a) Depreciation of non-current assets					
	Buildings		5,617	5,322	5,617	5,322
	Road and bridge network		30,434	28,158	30,434	28,158
	Stormwater and drainage network		10,574	10,281	10,574	10,281
	Plant and equipment		4,373	4,671	4,373	4,671
	Other infrastructure		13,070	11,066	13,069	11,065
	Land improvements		-	-	-	-
		16	64,067	59,498	64,066	59,498
	(b) Amortisation of intangible assets					
	Software	18	3,717	2,862	3,717	2,862
	Total depreciation and amortisation		67,785	62,360	67,784	62,359

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Notes to the Financial Statements
For the Year Ended 30 June 2016

		Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
8	**Contributions to controlled entities**					
	Contributions to controlled entities		-	-	1,218	1,187
			-	-	**1,218**	**1,187**
	Total recurrent expenses		**374,349**	**349,166**	**372,811**	**347,066**
9	**Capital Expenses**					
	Gain/loss on disposal of non-current assets					
	Proceeds from the sale of plant, equipment and intangibles		(878)	(612)	(878)	(612)
	Less carrying amount sold		715	420	715	420
	Less carrying amount disposed		-	45	-	45
			(163)	(147)	(163)	(147)
	Proceeds from the sale of property, land and improvements		(5,340)	(2,301)	(5,340)	(2,301)
	Less carrying amount sold		5,466	2,601	5,466	2,601
			127	300	126	300
	Replacement of roads, stormwater and other infrastructure					
	Less carrying amount:					
	Replaced and renewed		1,410	3,866	1,410	3,866
	Disposed and written-off		-	1,074	-	1,074
			1,410	4,940	1,410	4,940
	Loss on disposal of property, plant and equipment, and intangibles		**1,374**	**5,093**	**1,374**	**5,093**
	Provision for restoration of land	**22**				
	Discount rate adjustment to refuse restoration provision		(5,987)	(8,240)	(5,987)	(8,240)
	Discount rate adjustment to quarry rehabilitation liability		(571)	-	(571)	-
			(6,558)	**(8,240)**	**(6,558)**	**(8,240)**
10	**Cash and cash equivalents**					
	Total cash and equivalents		**320,010**	**288,371**	**318,556**	**287,386**

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

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

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

	Consolidated 2016	Consolidated 2015	Council 2016	Council 2015
Externally imposed expenditure restrictions	128,279	105,522	128,279	105,522
Internally imposed expenditure restrictions	9,704	28,436	9,704	28,436
Total unspent restricted cash	**137,983**	**133,958**	**137,983**	**133,958**
* Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:				
Constrained works	65,897	62,867	65,897	62,867
General	45,493	32,077	45,493	32,077
Levy Funded	11,464	6,235	11,464	6,235
Special purpose	5,426	4,344	5,426	4,344
Total unspent restricted cash	**128,279**	**105,522**	**128,279**	**105,522**

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
10 Cash and cash equivalents (continued)					
* Internally imposed expenditure restrictions at the reporting date:					
Constrained works		637	1,596	637	1,596
General		7,883	19,124	7,883	19,124
Levy Funded		-	4,652	-	4,652
Special purpose		1,185	3,064	1,185	3,064
Total unspent restricted cash		9,704	28,436	9,704	28,436

11 Trade and other receivables

Receivables represent amounts owed to Council at year end.

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.

	Consolidated 2016	Consolidated 2015	Council 2016	Council 2015
Current				
Rates and utility charges	4,645	5,511	4,645	5,511
Infringements	2,904	2,984	2,904	2,984
Infrastructure charges	821	1,485	821	1,485
Trade debtors	5,134	3,114	5,134	3,114
GST receivable	2,877	1,974	2,877	1,974
Other debtors	16	444	17	382
Less allowance for impairment	(1,463)	(1,631)	(1,463)	(1,631)
	14,934	13,881	14,935	13,819
Movement in accumulated impairment losses (other debtors) is as follows:				
Opening balance at 1 July	1,631	2,232	1,631	2,232
Impairment debts written off during the year	(422)	(521)	(422)	(521)
Additional impairments recognised	274	556	274	556
Impairments reversed	(20)	(636)	(20)	(636)
Closing balance at 30 June	1,463	1,631	1,463	1,631
Non-Current				
Loans at amortised cost				
Shares in controlled entities	-	-	500	500
Loan to associate - subordinated debt	434,393	434,393	434,393	434,393
	434,393	434,393	434,893	434,893

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.

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

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

The subordinated interest only loan terminates on 30 June 2033 with the interest rate to be set by QTC annually.
Applicable interest rate for 2016 was 5.36% (2015 5.47%).

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
12 Inventories					
Current					
Equipment, stores and quarries *		2,019	1,338	1,909	1,254
**Land being developed for resale ** **					
Opening land inventory at 1 July 2015		-	-	-	-
Transfer from non-current land assets		4,647	-	4,647	-
Inventory conversion costs		1,513	-	1,513	-
Closing land inventory at 30 June 2016		6,160	-	6,160	-
Closing current inventories at 30 June 2016		8,179	1,338	8,069	1,254
Non Current					
**Land held for future development and resale ** **					
Opening land inventory at 1 July 2015		-	-	-	-
Transfer from non-current land assets		19,216	-	19,216	-
Inventory conversion costs		2,678	-	2,678	-
Closing land inventory at 30 June 2016		21,894	-	21,894	-
Closing non-current inventories at 30 June 2016		21,894	-	21,894	-

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

** Land acquired for the Maroochydore City Centre (MCC) precinct is currently classified as a mix of public realm land (62%) which continues to be recognised as a Council land asset in Property, Plant and Equipment and land held for development and resale (38%). The allocation between these two classifications and requisite accounting treatment is based on a management estimation drawn from SunCentral Maroochydore Pty Ltd's (the Development Manager) current land disposal plan and the current MCC Surveyed Priority Development Area (PDA) land area maps.

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

Land planned for resale will be released in stages over the next 20 years. Current land inventory is Stage 1 due for release in 2016/17 and Non-current land inventory is being held for future development in Stages 2-6. Land planned for resale is recognised at cost being the lesser of cost and net realisable value. Inventory costs include costs to convert the land ready for resale and other directly attributable costs such as project overheads and borrowing costs.

13 Investment in associates

Sunshine Coast Regional Council has an investment in one associate as at 30 June 2016.

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 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000

13 Investment in associates (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 2016 is 5.36% (2015: 5.47%).

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

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

	Consolidated 2016	Consolidated 2015	Council 2016	Council 2015
Interest received and receivable from the Authority	23,284	23,967	23,284	23,967
Tax received and receivable from the Authority	10,099	9,147	10,099	9,147

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 2016	Consolidated 2015	Council 2016	Council 2015
Participation returns received and receivable from the Authority	-	-	16,454	16,927

(4) Participation Rights

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

	2016	Restated 2015		
Movement in carrying amount				
Investment	600,665	576,367	538,212	538,212
Share of profits after tax and before dividends	51,130	41,225	-	-
Dividends received /receivable	(16,454)	(16,927)	-	-
Carrying amount at the end of the financial year	635,341	600,665	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 2016 financial statements is detailed below.

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000

13 Investment in associates (continued)

Extract from the Authority's Statement of Comprehensive Income	**2016**	**Restated 2015**
Total revenues	650,411	613,222
Ordinary expenses	(465,157)	(463,553)
Profit before income tax equivalent	185,254	149,669
Income tax equivalent expense	(48,944)	(39,764)
Total profit (after tax)	136,310	109,905
Share of Profit of Associate	**51,130**	**41,225**
Total assets	3,498,677	3,374,904
Total liabilities	(1,796,944)	(1,765,616)
Net assets	1,701,733	1,609,288

During 2015/16 Unitywater identified a prior period error in their financial statements that related to the amount of decommissioned physical assets incorrectly retained, asset contributed from developers, and developer contributions recorded in each frinancial year since 1 July 2011.

As Unitywater pay a percentage of profit to Council, this prior period error consequently alters the share of profit and associated investment in Unitywater that Council previously recorded. As a result, Council had overstated its share of profit of associate revenue in the amount of $3.9 million and overstated its investment in associate assets in the amount of $3.9 million during the 2014/15 financial year.

Consequently to correctly reflect the impacts of this prior period error, Council has adjusted the 2014/15 comparative amounts in the Statement of Comprehensive Income and Statement of Financial Position.

14. Other assets

	Consolidated 2016	Consolidated 2015	Council 2016	Council 2015
Current				
Prepayments	4,485	4,571	4,432	4,536
Accrued revenue	20,626	21,110	20,626	21,110
	25,111	25,682	25,058	25,646

15. Non-current assets classified as held for sale

	Consolidated 2016	Consolidated 2015	Council 2016	Council 2015
Opening balance at 01 July 2015	-	-	-	-
Transfers from non-current assets	490	-	490	-
Closing balance at 30 June 2016	490	-	490	-

Non-current assets held for sale are land parcels identified by Council as surplus to requirements.

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Notes to the Financial Statements
As at 30 June 2016

16 Property, Plant and Equipment

(a) Council - 30 June 2016	Note	Land & Improvements	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
Basis of measurement		Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	-
		2016	2016	2016	2016	2016	2016	2016	2016
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Asset Values									
Opening gross value as at 01 July 2015		611,423	300,272	61,156	1,783,782	1,098,493	402,202	84,985	4,342,313
Adjustment to opening balance	16c	-	-	-	5,340	7,189	-	-	12,529
Additions at cost		-	-	-	-	-	-	138,838	138,838
Transfer from capital works in progress *		16,158	8,990	7,047	48,938	9,037	27,773	(117,943)	-
Contributed assets at valuation		12,477	309	-	40,144	32,606	4,671	-	90,207
Disposals	9	(2,882)	(7,921)	(3,527)	(2,347)	(435)	(1,369)	-	(18,481)
Revaluation adjustment to other comprehensive income (ARS)	24	14,233	11,432	-	(26,811)	(16,634)	7,633	-	(10,147)
Transfer to/from intangibles	18	-	-	-	-	-	-	274	274
Transfer to current assets held for sale	15	(490)	-	-	-	-	-	-	(490)
Transfer to inventories	12	(28,055)	-	-	-	-	-	-	(28,055)
Transfers between classes		-	11	-	-	-	(11)	-	-
Closing gross value as at 30 June 2016		622,864	313,093	64,675	1,849,046	1,130,256	440,899	106,154	4,526,988
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance as at 01 July 2015		-	73,833	30,979	382,455	229,315	109,784	-	826,366
Opening accumulated impairment balance as at 01 July 2015		-	-	-	-	-	-	-	-
Adjustment to opening balance	16c	-	-	-	434	(844)	-	-	(410)
Revaluation adjustment to other comprehensive income (ARS)	24	-	1,178	-	(6,179)	(3,586)	(487)	-	(9,074)
Depreciation provided in period	7	-	5,617	4,373	30,433	10,574	13,069	-	64,066
Depreciation on disposals	9	-	(5,337)	(2,812)	(1,456)	(304)	(981)	-	(10,890)
Transfers between classes		-	(2)	-	-	-	2	-	-
Closing accumulated depreciation		-	75,289	32,539	405,687	235,155	121,388	-	870,058
Closing accumulated impairment		-	-	-	-	-	-	-	-
Closing accumulated balances as at 30 June 2016		-	75,289	32,539	405,687	235,155	121,388	-	870,058
Total Book Value at Period End		622,864	237,803	32,136	1,443,359	895,101	319,511	106,154	3,656,929
Range of estimated useful life in years		-	2-100	2-60	5-150	5-135	2-100	-	-
* Additions comprise:									
Renewals and replacements		-	4,494	-	35,590	3,545	8,915	-	52,544
Upgrades		-	613	-	3,606	275	3,598	-	8,092
New additions		24,986	3,412	4,543	23,121	654	21,487	-	78,204
Total additions		24,986	8,518	4,543	62,317	4,475	33,999	-	138,839

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Notes to the Financial Statements
As at 30 June 2016

16 Property, Plant and Equipment

(b) Council - 30 June 2015

Basis of measurement	Note	Land & Improvements Fair Value 2015 $'000	Buildings Fair Value 2015 $'000	Plant & Equipment Cost 2015 $'000	Road & Bridge Network Fair Value 2015 $'000	Stormwater & Drainage Network Fair Value 2015 $'000	Other Infrastructure Fair Value 2015 $'000	Capital Works in Progress Cost 2015 $'000	Total - 2015 $'000
Asset Values									
Opening gross value as at 01 July 2014		489,719	289,804	58,925	1,732,702	904,192	362,224	89,975	3,927,541
Adjustment to opening balance	16c	-	-	-	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)	24	23,511	5,186	-	(8,926)	173,688	12,853	-	206,310
Transfers between classes.		-	-	658	-	-	(658)	-	-
Closing gross value as at 30 June 2015		611,423	300,272	61,156	1,783,783	1,098,493	402,202	84,985	4,342,313
Accumulated Depreciation and Impairment									
Opening accumulated depreciation balance as at 01 July 2014		-	49,579	27,165	379,838	197,001	109,159	-	762,741
Opening accumulated impairment balance as at 01 July 2014		-	-	-	-	-	-	-	-
Adjustment to opening balance	16c	-	-	-	1,702	-	626	-	2,328
Revaluation adjustment to other comprehensive income (ARS)	24	-	19,325	-	(22,421)	22,055	(7,257)	-	11,702
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		-	73,833	30,979	382,455	229,315	109,784	-	826,366
Closing accumulated impairment		-	-	-	-	-	-	-	-
Closing accumulated balances as at 30 June 2015		-	73,833	30,979	382,455	229,315	109,784	-	826,366
Total Book Value at Period End		611,423	226,439	30,177	1,401,328	869,178	292,418	84,985	3,515,947
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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Notes to Financial Statements
For the year ended 30 June 2016

16 Property, Plant and Equipment (Cont.)

(c) Prior Period Adjustment

(i) Recognition and Derecognition of Roads and Stormwater Network Assets

The recognition and derecognition of roads and stormwater assets were the result of systems alignment between the financial asset register and the geospatial information systems. The process involved validating asset records in both systems and where this was not possible the assets were either written-off or initially recognised in the current period.

All assets corrected have been accounted for at their fair value as at the reporting date and have been disclosed in Note 16 under the respective classes of Property, Plant and Equipment.

This error is judged by management to be immaterial and the measurement and disclosure requirements of AASB 108 have not been applied in determining the period specific effect or cumulative effect of the error.

Recognition and Derecognition of PP&E by asset class:	Consolidated 30 June 2016 $'000	Council 30 June 2016 $'000
Gross value of road network movement	5,339	5,339
Accumulated depreciation and impairment	(434)	(434)
Net Value of road movement	4,905	4,905
Gross value of stormwater network movement	7,188	7.188
Accumulated depreciation and impairment	844	844
Net Value of stormwater movement	8,032	8,032
Total net value	12,937	12,937

(ii) 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 current 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 16 for the respective classes of Property, Plant and Equipment. While the error is judged to be immaterial, management have elected to make retrospective adjustments as at 1 July 2014 per the provisions of AASB 108 without observing all the diclsosure requirements associated with this standard.

Initial recognition of PP&E by asset class:	Consolidated 30 June 2015 $'000	Consolidated 01 July 2014 $'000	Council 30 June 2015 $'000	Council 01 July 2014 $'000
Gross value of buildings added	570	570	570	570
Accumulated depreciation and impairment	(214)	(214)	(214)	(214)
Net value of buildings added	356	356	356	356
Gross value of plant and equipment added	18	18	18	18
Accumulated depreciation and impairment	-	-	-	-
Net value of plant and equipment added	18	18	18	18
Total net Value	374	374	374	374

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Notes to Financial Statements
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17 Property, Plant and Equipment - Fair Values

Property, plant and equipment with the exception of 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.

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.

Valuation techniques
As at 30 June 2016

Financial Class	Valuation	Technique 2016	Technique 2015	Level
Land	Independently Valued	Valuation Update	Interim Indexation	2 - 3
Buildings	Independently Valued	Valuation Update	Valuation Update	2 - 3
Other Infrastructure	Independent & Internal	Valuation Update	Valuation Update	3
Other Parks	Independent & Internal	Interim Indexation	Depreciated Replacement Cost	3
Roads and Bridges	Independent & Internal	Interim Indexation	Depreciated Replacement Cost	3
Stormwater Drainage	Independent & Internal	Interim Indexation	Depreciated Replacement Cost	3

Plant and Equipment is held at Historical 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 2016. 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 2016	Level 2	Level 3	Total
Significant factors:	other observed inputs	unobserved inputs	
Non-financial assets	$'000	$'000	$'000
Land	335,942	286,922	**622,864**
Buildings	3,040	234,764	**237,803**
Other - Facility Infrastructure	-	142,619	**142,619**
- Park Infrastructure	-	176,892	**176,892**
Roads and Bridges	-	1,443,359	**1,443,359**
Stormwater and Drainage	-	895,101	**895,101**
	338,981	**3,179,657**	**3,518,638**

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Notes to Financial Statements
For the year ended 30 June 2016

17 Property, Plant and Equipment - Fair Values

Land and Improvements (Level 2 and 3)

Land and improvements are reported at fair value for the year ended 30 June 2016.

Changes in Land fair values during the period were determined with the assistance of an independent valuer.

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 in the interim years between comprehensive revaluation as at 30 June 2015 and as at 30 June 2016. 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	3%
Suburban Areas	4%
Coastal Areas	3%
Environmental Open Space Reserves	0%
Average Regional Land Value Movement	**3.3%**

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 2016 based on a desktop valuation.

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.

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 2016. 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).

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17 Property, Plant and Equipment - Fair Values

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 the observed 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.

Infrastructure Assets (Level 3)

Infrastructure assets are reported at fair value for the year ended 30 June 2016.

All Council infrastructure assets are held at fair value using a cost approach valuation technique. The depreciated replacement cost is the asset's current gross replacement cost less accumulated depreciation calculated to reflect the already consumed or expired service potential of the asset.

Current Replacement Cost

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 is carried out every three years and was last undertaken during the 2014/2015 financial year at which time unit rates were developed to calculate the replacement cost of infrastructure assets. This process was performed in consultation with external independent engineers. The rates were developed to reflect Council's costs of construction at the time and also included the development of on cost rates and other factors associated with valuing the replacement of these assets. Assumptions and method of application are also developed and disclosed.

The unit rates (labour and materials) and quantities applied to determine the Current Replacement Cost of an asset or asset component are typically based on a "Brownfield" assumption to account for the costs associated with the replacement of the asset in situ.

A comprehensive revaluation includes physical verification, spatial alignment and condition assessment processes. Unit rates are applied to spatial dimensions and fair values are reported to reflect condition, if available, or age of the asset consistent with the principles of a cost approach embodied in AASB 13 *Fair Value Measurement*.

In the interim, between comprehensive revaluations, asset values are adjusted to reflect changes in the cost of constructing infrastructure by referencing recent data applicable for the region and applying the movement as an index.

Accumulated Depreciation

Assets are recognised at component level and componentisation is based around significance and behaviour. In determining the level of accumulated depreciation asset cost is systematically allocated over a defined useful life. Allowance has been made for the typical asset life cycle and renewal treatments. Estimated useful lives are disclosed in Note 16 and residual values are not recognised for infrastructure.

While the unit rates can be supported by market evidence (level 2), the estimates of residual value, useful life, pattern of consumption and asset condition that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3.

Road and Bridge Infrastructure (Level 3)

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

The fair value of these assets was restated as at 30 June 2016 to reflect changes in the cost of construction for the region. The AASB Producer Price Index "Road and Bridge Construction - Queensland (3101)" is referred to. This index decreased by 1.505 % from June 2015 to June 2016. Management judge the change in this index to be the most appropriate measure for reflecting changes in fair value of assets of this nature.

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Notes to Financial Statements
For the year ended 30 June 2016

17 Property, Plant and Equipment - Fair Values

Average costs for each of the key components:

Asset Category	Key Cost Components	Measurement Unit	Cost/Unit $
Sealed roads	Pavement: gravel	cubic metre	205.01
	Surface: Spray seal	square metre	9.25
	Surface: Asphalt	cubic metre	549.92
Formation		square metre	33.55
Unsealed roads	Gravel	cubic metre	256.26
Bridges	Concrete	square metre	5,582.87
	Timber	square metre	3,684.69
Traffic signals	Intersection	each	238,357.42
	Pedestrian	each	107,260.84
Pathway	Concrete	square metre	99.81
Kerb and channel	Concrete	linear metre	52.25
Retaining walls	Material	square metre	437.45

Average increase to cost of construction for each major component:

Component	Unit	2016		2015	
		Sealed Roads	Unsealed Roads	Sealed Roads	Unsealed Roads
Seal	$/m2	$ 16.50	n/a	$ 16.75	n/a
Pavement	$/m2	$ 51.25	$ 63.10	$ 52.04	$ 65.04
Formation	$/m2	$ 33.55	$ 41.30	$ 34.06	$ 42.58

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

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17 Property, Plant and Equipment - Fair Values

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)

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

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

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	$3,652.13
	Pipes - material	type and linear metre	$1,167.81
	Open drains - concrete	linear metre	$118.17
	Water quality devices	each	$30,425.51

Average increase to cost of construction for each major component:

Diameter (mm)	Unit	% Network	2016 Pipes	2015 Pipes
< 600 mm	$/m	70%	$322.37	$327.30
600-1300 mm	$/m	27%	$1,183.93	$1,202.02
> 1300 mm	$/m	3%	$4,566.90	$4,636.69

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

Other - Facility Infrastructure (Level 3)

Fair values were updated by Australian Pacific Valuers (APV) using a desktop valuation technique in 2015/16. 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 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.

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

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17 Property, Plant and Equipment - Fair Values

Other - Park Infrastructure (Level 3)
Park assets are reported at fair value for the year ended 30 June 2016.

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.

Plant & Equipment

Plant and Equipment assets are reported at Historical Cost for the year ended 30 June 2016.

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.

Waste Landfill Cells

Waste landfill cells fair values were determined by Council engineers as at 30 June 2016. Current Replacement Cost was

Asset category	Key cost components	Measurement unit	Cost/Unit $
Waste landfill cells	Preliminary and preparation	per cubic metre	2.00 - 8.00
	Excavation	per cubic metre	2.50 - 5.00
	Base liner and 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 remaining useful life. Waste landfill valuations are included in level 3 valuations.

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17 **Property, Plant and Equipment - Fair Values**

Sunshine Coast Airport

Sunshine Coast Airport assets are reported across asset financial classes as per Note 16. Assets are reported at fair value for the year ended 30 June 2016.

Building and other facility asset fair values were last comprehensively determined by independent valuer Australian Pacific Valuers as at year ended 30 June 2014.

Fair values for these assets were measured on a cost basis by determining depreciated replacement cost. The gross current values were derived from reference to relevant recent construction data. The net current value is determined as the current depreciated replacement cost.

Asset fair values were updated by independent valuer Australian Pacific Valuers for year ended 30 June 2016. 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 2016 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 4% increase to land values was determined for the Mudjimba area.

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

Net Fair value of Sunshine Coast Airport assets

	2016 $'000	2015 $'000
Land	54,315	49,748
Buildings	22,372	21,327
Other Infrastructure	36,379	33,687
Plant and Equipment (held at Historic Cost)	2,796	3,220
Intangibles	173	214
	116,035	108,196

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
18 Intangible assets					
Software					
Opening gross carrying value		23,905	20,541	23,905	20,541
Additions at cost		3,749	3,793	3,749	3,793
Disposals		-	(429)	-	(429)
Closing gross carrying value		27,654	23,905	27,654	23,905
Accumulated amortisation					
Opening balance		6,741	4,266	6,741	4,266
Amortisation in the period		3,717	2,862	3,717	2,862
Disposals		-	(387)	-	(387)
Closing accumulated amortisation		10,458	6,741	10,458	6,741
Capital Works in Progress					
Opening gross carrying value		3,611	3,974	3,611	3,974
Transfer between PP&E	16	(274)	-	(274)	-
Additions at cost		3,721	3,430	3,721	3,430
Capital works completed		(3,749)	(3,793)	(3,749)	(3,793)
Closing gross carrying value		3,309	3,611	3,309	3,611
Closing carrying value at 30 June 2016		20,504	20,774	20,504	20,774

19 Trade and other payables

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

	Consolidated 2016	Consolidated 2015	Council 2016	Council 2015
Current				
Creditors and accruals	34,491	31,377	34,091	31,537
Annual leave	9,762	9,742	9,762	9,551
Other employee entitlements	581	651	581	542
	44,834	41,770	44,434	41,630
Non-Current				
Annual Leave	1,162	1,370	1,105	1,296
	1,162	1,370	1,105	1,296
20 Borrowings				
Current				
Queensland Treasury Corporation	19,848	13,838	19,848	13,838
Non-Current				
Queensland Treasury Corporation	274,131	253,331	274,131	253,331
21 Loans				
(i) Queensland Treasury Corporation	293,979	267,169	293,979	267,169
Classified as:				
Current Debt Pool	19,848	13,838	19,848	13,838
Non-current Debt Pool	274,131	253,331	274,131	253,331
	293,979	267,169	293,979	267,169
(i) Queensland Treasury Corporation				
Opening balance (Book Value)	267,169	224,223	267,169	224,223
Loans raised	40,423	53,700	40,423	53,700
Repayments	(27,575)	(23,149)	(27,575)	(23,149)
Interest - Includes capitalised interest	13,963	12,394	13,963	12,394
Balance at the end of the year (Book Value)	293,979	267,169	293,979	267,169
Balance at the end of the year (Market Value)	340,301	297,022	340,301	297,022

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	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000

The market value represents the value of the debt if the Council repaid the debt as at 30 June 2016. 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 5.21% (5.33% in 2015).

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.

22 Provisions

	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Current				
Long service leave	17,768	17,097	17,685	17,097
Landfill rehabilitation	2,443	318	2,443	318
Quarry rehabilitation	-	144	-	144
	20,210	17,560	20,127	17,560
Non-Current				
Long service leave	4,817	4,788	4,788	4,788
Landfill rehabilitation	23,403	25,867	23,403	25,867
Quarry rehabilitation	2,487	2,277	2,487	2,277
	30,707	32,932	30,678	32,932

Details of movements in Landfill and Quarry provisions:

	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Long service leave				
Balance at beginning of financial year	21,885	21,083	21,885	21,083
Long service leave entitlement arising	2,986	3,011	2,986	3,011
Long Service entitlement paid	(1,447)	(1,957)	(1,447)	(1,957)
Long Service entitlement extinguished	(952)	(252)	(952)	(252)
Balance at end of financial year	22,471	21,885	22,472	21,885
Landfill Rehabilitation				
Balance at beginning of financial year	26,186	16,776	26,186	16,776
Increase (decrease) in provision due to effect of interest rate movement	5,987	-	5,987	-
Increase (decrease) in provision due to unwinding of discount	417	1,529	417	1,529
Increase (decrease) in provision due to change in estimate	(3,000)	8,240	(3,000)	8,240
Increase (decrease) in provision as a result of actual expenditure incurred during the year	(3,744)	(360)	(3,744)	(360)
Balance at end of financial year	25,846	26,186	25,846	26,186
Quarry Rehabilitation				
Balance at beginning of financial year	2,421	2,178	2,421	2,178
Increase (decrease) in provision due to effect of interest rate movement	571	248	571	248
Increase (decrease) in provision due to unwinding of discount	64	-	64	-
Increase (decrease) in provision due to change in estimate	(538)	7	(538)	7
Increase (decrease) in provision as a result of actual expenditure incurred during the year	(30)	-	(30)	(12)
Balance at end of financial year	2,487	2,433	2,487	2,421

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.

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	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000

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
Old Buderim Landfill	1989	2019

At 30 June 2016 the net present value of the projected costs over the next 30 years has been assessed as $22.437 million.

Capital Market Yields - Government 10 year bond rate for 2016 was 1.98% (2015 3.01%).

23 Other liabilities

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Current					
Non policy developer contributions		8,299	5,919	8,299	5,919
Unearned revenue		7,051	6,506	7,051	6,506
		15,350	12,425	15,350	12,425

24 Asset revaluation surplus

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Movements in the asset revaluation surplus were as follows: Balance at beginning of period					
Land and improvements		23,511	-	23,511	-
Buildings		45,618	59,757	45,618	59,757
Road and bridge network		500,967	487,472	500,967	487,472
Stormwater and drainage network		253,440	101,807	253,440	101,807
Other infrastructure		66,670	46,561	66,670	46,561
		890,207	695,598	890,207	695,598
Net adjustment to road assets to reflect a correction to a prior year unit rate	16	-	(6,625)	-	(6,625)
		-	(6,625)	-	(6,625)
Net adjustment to non-current assets to reflect a change in current fair value					
Land and improvements		14,233	23,511	14,233	23,511
Buildings		10,254	(14,139)	10,254	(14,139)
Road and bridge network		(20,633)	20,120	(20,633)	20,120
Stormwater and drainage network		(13,048)	151,633	(13,048)	151,633
Other infrastructure		8,120	20,109	8,120	20,109
		(1,074)	201,234	(1,074)	201,234
Closing balance of the asset revaluation surplus is comprised of the following asset categories:					
Land and improvements		37,744	23,511	37,744	23,511
Buildings		55,872	45,618	55,872	45,618
Road and bridge network		480,334	500,967	480,334	500,967
Stormwater and drainage network		240,392	253,440	240,392	253,440
Other infrastructure		74,790	66,670	74,790	66,670
		889,133	890,207	889,133	890,207

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	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
25 Commitments for expenditure					
Operating leases					
Minimum lease payments in relation to non-cancellable operating leases are as follows:					
Within one year		5,443	5,067	5,443	5,067
One to five years		6,845	5,915	6,845	5,915
Greater than five years		468	2,568	468	2,568
		12,756	13,550	12,756	13,550
Contractual commitments					
Contractual commitments at balance date but not recognised in the financial statements are as follows:					
Within one year		99,803	40,159	99,756	40,159
One to five years		89,494	108,147	89,486	108,147
Greater than five years		24,807	44,311	24,807	44,311
		214,104	192,617	214,049	192,617
Capital commitments					
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:					
Aerodromes		42	101	42	101
Buildings and Facilities		574	1,011	574	1,011
Coast and Canals		155	287	155	287
Corporate Major Projects		30	-	30	-
Divisional Allocations		656	1,097	656	1,097
Environmental Operations		-	336	-	336
Fleet		-	759	-	759
Holiday Parks		-	132	-	132
Information Technology		180	972	180	972
Parks, Gardens and Reserves		-	1,851	-	1,851
Quarries		100	179	100	179
Stormwater		437	989	437	989
Strategic Land and Planning		3,808	5,554	3,808	5,554
Sunshine Coast Airport		1,964	2,417	1,964	2,417
Transportation		3,099	9,618	3,099	9,618
Waste		-	2,849	-	2,849
These expenditures are payable within one year		11,045	28,153	11,045	28,153
26 Contingent liabilities					
Details and estimates of maximum amounts of contingent liabilities are as follows:					
At 30 June 2016 there are 32 insurance claims under management with Council's public liability insurer, LGM. The amount required assuming the claims proceed to settlement is:		247	354	242	354
At 30 June 2016 there are 6 compulsory land acquisition claims pending and are not expected to exceed:		2,030	6,945	2,030	6,945
Total Contingent Liabilities		2,277	7,299	2,272	7,299

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000

Caloundra South Priority Development Area (PDA)

Caloundra South is a proposed new Sunshine Coast master planned community with the potential to enhance regional amenity, prosperity and liveability as well as the ongoing preservation and rehabilitation of environmentally sensitive areas.

The Caloundra South vision and project name "Aura, the City of Colour" were launched on 1 October 2015.

On 2 November 2015, the Caloundra South Priority Development Area Infrastructure Agreement (Local Government Infrastructure) commenced and formally took effect.

The signing of the tripartite infrastructure agreement ensures all the necessary local government infrastructure required to service the Caloundra South PDA will be provided at no extra cost to Council, beyond that which would normally be the responsibility of Council and funded by rates, and delivered in a coordinated manner.

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 $3,229,416.99.

Local Government Mutual

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

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

27 Superannuation

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

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

The scheme has three elements referred to as:
The City Defined Benefits Fund (CDBF) which covers former members of the City Super Defined Benefits Fund, the Regional Defined Benefits Fund (Regional DBF) which covers defined benefit fund members working for regional local governments; and The Accumulation Benefits Fund (ABF).

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

The Regional DBF is a defined benefit plan as defined in AASB 119. Council is not able to account for the Regional DBF as a defined benefit plan in accordance with 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.

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.

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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000

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

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

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

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

There are currently 69 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 entities.

Sunshine Coast Regional Council made 6.32% of the total contributions to the plan for the 2015/16 financial year.

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

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'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	18,179	15,769	18,104	15,752

28 Operating lease income

The minimum lease payments are payable as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
Within one year	3,582	4,246	3,582	4,246
One to five years	8,316	10,357	8,316	10,357
Greater than five years	10,522	11,845	10,522	11,845
	22,420	26,448	22,420	26,448

29 Controlled entities

The council has a 100% controlling interest in Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd.

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

SunCentral Maroochydore Pty Ltd is responsible for the development of the new Maroochydore City Centre - a 53 hectare former golf course that will include commercial, retail, residential and cultural precincts with over 40 percent of the site dedicated to parks and waterways. In June 2016, SunCentral Maroochydore Pty Ltd officially invited Expressions of Interest in the new city centre with Stage 1 land expected to be available for sale during 2016/17.

The following table shows revenue and expenses before consolidating eliminations.

	SunCentral Maroochydore PL	
	2016 $'000	2015 $'000
Revenue	8,646	429
Expenses	(8,593)	(383)
Surplus / (deficit)	53	46

	Sunshine Coast Events Centre PL	
	2016 $'000	2015 $'000
Revenue	3,332	2,994
Expenses	(3,292)	(2,943)
Surplus / (deficit)	40	51

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Notes to the Financial Statements

For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
30 Trust funds					
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.		-	-	5,641	4,474

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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Notes to the Financial Statements
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000	Council 2016 $'000	Council 2015 $'000
31 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities					
Net result		**192,280**	**182,802**	**157,082**	**158,835**
Non-cash items					
Depreciation and amortisation		67,785	62,359	67,784	62,359
Share of net profit of associate		(34,676)	(24,298)	-	-
		33,109	38,061	67,784	62,359
Investing activities					
Net loss on disposal of property, plant and equipment		1,374	5,093	1,374	5,093
Capital grants and contributions		(135,396)	(140,541)	(135,396)	(140,541)
(Profit) / Loss on transfer of net assets on discontinued operations		-	1,562	-	1,562
		(134,023)	(133,886)	(134,023)	(133,886)
Changes in operating assets and liabilities					
(increase)/decrease in receivables		(2,310)	6,078	(527)	6,030
(increase)/decrease in inventory		(681)	158	(655)	157
increase/(decrease) in payables		4,256	(10,241)	4,013	(10,471)
increase/(decrease) other liabilities		2,925	2,520	1,525	2,520
increase/(decrease) in other provisions		425	9,700	314	9,700
		4,615	8,215	4,670	7,936
Net cash inflow from operating activities		95,981	95,192	95,513	95,244

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Notes to the Financial Statements
For the Year Ended 30 June 2016

32 Financial Instruments

Financial Risk Management

Council's 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 Council's operations and acquisition of non-current assets.

Council's 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 Council's 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*.

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Notes to the Financial Statements

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

Financial Assets	Note	2016	2015	2016	2015
		Consolidated		Council	
		$'000	$'000	$'000	$'000
Cash and cash equivalents	10	320,010	288,371	318,556	287,386
Receivables - rates	11	4,644	5,511	4,645	5,511
Receivables - other	11	10,290	8,370	10,290	8,308
Other credit exposures					
Guarantees	26	3,229	3,363	3,229	3,363
Loan to Unitywater - Subordinate Debt and working Capital	11	434,393	434,393	434,393	434,393
Shares Held in Controlled Entities	11	-	-	500	500
		772,566	740,009	771,613	739,461

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 2016

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	11,126	946	390	3,935	(1,463)	14,934
Loans and advances to Unitywater	-	-	-	434,393	-	434,393
	11,126	946	390	438,328	(1,463)	**449,327**

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	-	-	-	434,393	-	434,393
	10,890	641	297	438,077	(1,631)	**448,274**

Council 2016

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	11,126	947	390	3,935	(1,463)	14,935
Loans and advances to Unitywater	-	-	-	434,893	-	434,893
	11,126	947	390	438,828	(1,463)	**449,828**

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**

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Notes to the Financial Statements

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 20.

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

The following 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	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2016				
Trade and other payables	34,491	-	-	34,491
Loans - QTC	29,635	119,952	257,687	407,274
Loans - other	-	-	-	-
	64,126	119,952	257,687	441,765
2015				
Trade and other payables	31,377	-	-	31,377
Loans - QTC	27,575	109,872	237,175	374,622
Loans - other	-	-	-	-
	58,952	109,872	237,175	405,999

Council	0 to 1 year	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2016				
Trade and other payables	34,091	-	-	34,091
Loans - QTC	29,635	119,952	257,687	407,274
	63,726	119,952	257,687	441,365
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

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.

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Consolidated	Net carrying amount		Profit		Equity	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets	-	-	4,344	4,349	4,344	4,349
Financial liabilities	(3,403)	(2,970)	(3,403)	(2,970)	(3,403)	(2,970)
Net total	**(3,403)**	**(2,970)**	**941**	**1,379**	**941**	**1,379**

Council	Net carrying amount		Profit		Equity	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets	-	-	4,344	4,349	4,344	4,349
Financial liabilities	(3,403)	(2,970)	(3,403)	(2,970)	(3,403)	(2,970)
Net total	**(3,403)**	**(2,970)**	**941**	**1,379**	**941**	**1,379**

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

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

* Principal reduction for corresponding external loan liabilities

* Conversion of current external loan liabilities from principal and interest repayments to payment of interest only with terms negotiated to match the review periods with Unitywater shareholder loans; or

* Undertake interest rate hedging through QTC to protect against market fluctuations in interest rates payable by Unitywater.

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

	Carrying Amount	Fair Value
	$'000	$'000
2016		
Queensland Treasury Borrowings	293,979	340,301
2015		
Queensland Treasury Borrowings	267,169	297,022

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.

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Notes to the Financial Statements

33 National Competition Policy

a) 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 2015-16 financial year are as follows:

(1) for water and sewerage combined activities - $13,600 million
(2) for other activities - $9 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:
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.

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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Notes to the Financial Statements

For the Year Ended 30 June 2016

33 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 activities 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
Holiday Parks

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

	Airport	Quarry Operations	Holiday Parks	Waste
	2016 $'000	2016 $'000	2016 $'000	2016 $'000
Revenue for services provided to Council	15	6,945	-	1,122
Revenue for services provided to external clients	18,123	404	14,596	53,488
Community Service Obligations	122	-	-	542
	18,260	7,349	14,596	55,152
Less : Expenditure	14,087	7,188	7,727	44,969
Surplus / (deficit)	**4,173**	**160**	**6,869**	**10,183**

Description of CSO's provided to business activities:

Activities	CSO Description	Net cost 2016 $'000
Sunshine Coast Airport	Reduce lease rentals and landing fees to community bodies	122
Waste Management	Waste collection and disposal charges for charitable organisations	542

Sunshine Coast Airport Runway Project

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

The Runway Project will deliver a new 2450m x 45m runway fully compliant with regulatory standards, runway end taxiway loops, an expanded apron and terminal facilities and associated infrastructure.

The project will enable direct flights to more destinations across Australia, Asia and the Western Pacific, enhancing national and global connections. It will generate jobs and economic growth, boost tourism, help export businesses and secure air access to the Sunshine Coast for generations to come.

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

It is envisaged the new runway will be open and operating in 2020.

Council has agreed to seek a partner to progress the project and has undertaken an Expression of Interest process to identify the preferred partner. This process will then progress through Indicative and Binding Bid stages before the preferred partner is known.

34 Events after the reporting period

There are no material adjusting events after the balance date.

Sunshine Coast COUNCIL

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MANAGEMENT CERTIFICATE

For the year ended 30 June 2016

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 55, 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	Michael Whittaker
Mayor	Chief Executive Officer
Sunshine Coast Regional Council	Sunshine Coast Regional Council
Dated 10th October 2016	Dated 10th October 2016

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 2016, 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 *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 2015 to 30 June 2016 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
18 OCT 2016
AUDIT OFFICE

D. Stolz

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 2016

Measures of Financial Sustainability

Council's performance at 30 June 2016 against key financial ratios and targets:

		Consolidated 2016	Council 2016	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	14.1%	6.5%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	88.0%	88.0%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	8.6%	9.7%	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 2016.

Certificate of Accuracy
For the year ended 30 June 2016

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 ...10th...October 2016

Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council

Dated ...6th... October 2016

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 2016, 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 2016, 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.

18 OCT 2016
AUDIT OFFICE

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 2016

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2016	Forward Estimates								
Council				30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2024
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	6.5%	7.4%	7.7%	7.8%	9.5%	9.2%	6.7%	8.3%	8.9%	9.5%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	88.0%	85.5%	76.3%	78.5%	73.6%	76.2%	75.6%	77.5%	72.9%	74.5%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	9.7%	40.5%	51.9%	65.2%	92.7%	93.3%	16.9%	13.0%	8.7%	5.8%

Sunshine Coast Regional Council's Financial Management Strategy

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

The above table shows whether Sunshine Coast Regional Council is performing within accepted target ranges. It clearly indicates that council is achieving or out-performing the identified benchmarks in both of the key liquidity measures apart from the years 2019 to 2021 for the Net Financial Liabilities Ratio.

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

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

Certificate of Accuracy
For the year ended 30 June 2016

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 .10th.....October 2016

Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council

Dated .10th.October 2016