



Our region.
Healthy.
Smart.
Creative.

Sunshine Coast Council Annual report 2019/20



Acknowledgement of Traditional Custodians

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

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

© Sunshine Coast Regional Council 2009-current.
Sunshine Coast Council™ is a registered trademark of Sunshine Coast Regional Council.
www.sunshinecoast.qld.gov.au
mail@sunshinecoast.qld.gov.au
T 07 5475 7272 F 07 5475 7277
Locked Bag 72 Sunshine Coast Mail Centre Qld 4560

Acknowledgements

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

Cover image: Z. Jones.

Disclaimer

Information contained in this document is based on available information at the time of writing. All figures and diagrams are indicative only and should be referred to as such. While the Sunshine Coast Regional Council has exercised reasonable care in preparing this document it does not warrant or represent that it is accurate or complete. Council or its officers accept no responsibility for any loss occasioned to any person acting or refraining from acting in reliance upon any material contained in this document.



Contents

Welcome	4
INTRODUCTION	5
Message from the Mayor	6
Message from the Acting Chief Executive Officer	10
Responding to COVID-19	12
About our region	14
Our Council	15
Sunshine Coast local government area divisions	15
Councillors	16
Our corporate structure	17
CORPORATE AND OPERATIONAL PLAN PERFORMANCE	18
A strong community	22
A healthy environment	28
A smart economy	32
Service excellence	36
An outstanding organisation	40
ANNUAL DISCLOSURES	47
Corporate governance	48
Councillor remuneration	50
Councillor expenses and facilities	51
Councillor meeting attendance	52
Conduct and performance of Councillors	54
Remuneration packages to senior management	55
Public sector ethics	55
Registers	56
Beneficial enterprises	56
Administrative action complaints	56
National Competition Policy	56
Summary of concessions for rates and charges	57
Service, facility or activity	57
Changes to tenders	58
Overseas travel	59
Grants to community organisations	60
FINANCIAL INFORMATION	79

Welcome

Welcome to the Sunshine Coast Council (Council) Annual Report 2019/20. This report demonstrates how Council has progressed actions from the Corporate Plan 2020-2024 and provides service delivery highlights.

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

- show Council's commitment to achieving our vision for the region
- communicate what we deliver for our residents
- demonstrate our effectiveness as their Council.



Introduction



Message from the Mayor



Mark Jamieson
Mayor

This year marks the ninth annual report of our Sunshine Coast Council which I have had the honour to present to our residents since I was first elected as Mayor in 2012.

I think it would be fair to say, that while every year brings its own opportunities and challenges, 2020 will be remembered for decades to come as a year that is like no other.

After we experienced the full force of Mother Nature with bushfires and wild storms in the latter half of 2019, over Christmas and New Year we watched as a new health pandemic started to hit the headlines in China and beyond.

By late January, the COVID-19 virus had been detected in Australia and by March, national public health directions to keep communities safe and prevent the risk of transmission, had effectively shut down Australian communities.

Our Sunshine Coast was by no means immune, with 76 confirmed cases of COVID-19 detected in our council area as at 30 June.

And while as a community, as a State and as a nation, we have - with disciplined determination - sought to bring the pandemic under control, the impacts on our residents and

our region's economy are both unprecedented and profound.

Which means, governments at all level, have had to do the heavy lifting - by investing in the rebuild and providing the confidence that is needed to encourage the private sector to do likewise.

That is exactly what our Council has done, offering a wide variety of assistance and stimulus measures to community organisations and local businesses. We moved quickly in March and we have continued to do so - as we always seek to put the interests of our community first.

I regularly say that confidence is the greatest gift that any government can provide to its constituency. Well, never in our history, has that rung more true.

Our Council knows that it is incumbent on us to bring confidence back into the lives of our residents, our local businesses, our industries and those people elsewhere who are looking for a great place to have a holiday.

As we seek to recover from the impacts of the COVID-19 pandemic, our Council has left no stone unturned as we fulfil our role as guardians of the well-being of our community.

Our Council has taken every opportunity to assist our residents with their recovery efforts - enabling them to get back to using Council facilities and services and priming our regional economy so local businesses can rebuild.

More than anything else, what we have focussed on is seeing people back in jobs, our community organisations and local businesses doing what they do best and our Sunshine Coast back on track to

being a healthy, smart, creative region.

The last eight years of prudent and disciplined fiscal management means our Council is well-placed to play its part and assist in these unprecedented times.

Council continues to work hard to support the region bounce back from the impacts of the pandemic. On 24 June 2020, Council released its economic resurgence plan to stimulate economic activity in our region over the next 12 to 18 months. This plan provides a proactive approach to recovery to achieve a quantum shift in investment, employment, infrastructure provision and community prosperity.

In June, Council also adopted its \$782 million budget for the following year - a budget which provides a strong and clear focus on supporting our community and local businesses to get back on their feet. Reducing pressure on ratepayers has been our number one priority, and with this in mind, the budget provided financial relief for General Rate ratepayers through a \$35 COVID rebate, with no increase to the Environment, Transport and Heritage levies.

What this meant was that with the COVID rebate and retention of the early payment discount, the majority of our ratepayers will not pay any more for their rates in 2020-2021 than they did last year, if they pay their rates on time.

Our Council took this step because we were determined not to increase the cost of Council to our ratepayers at this time - when many in our community are confronting some of their greatest challenges.

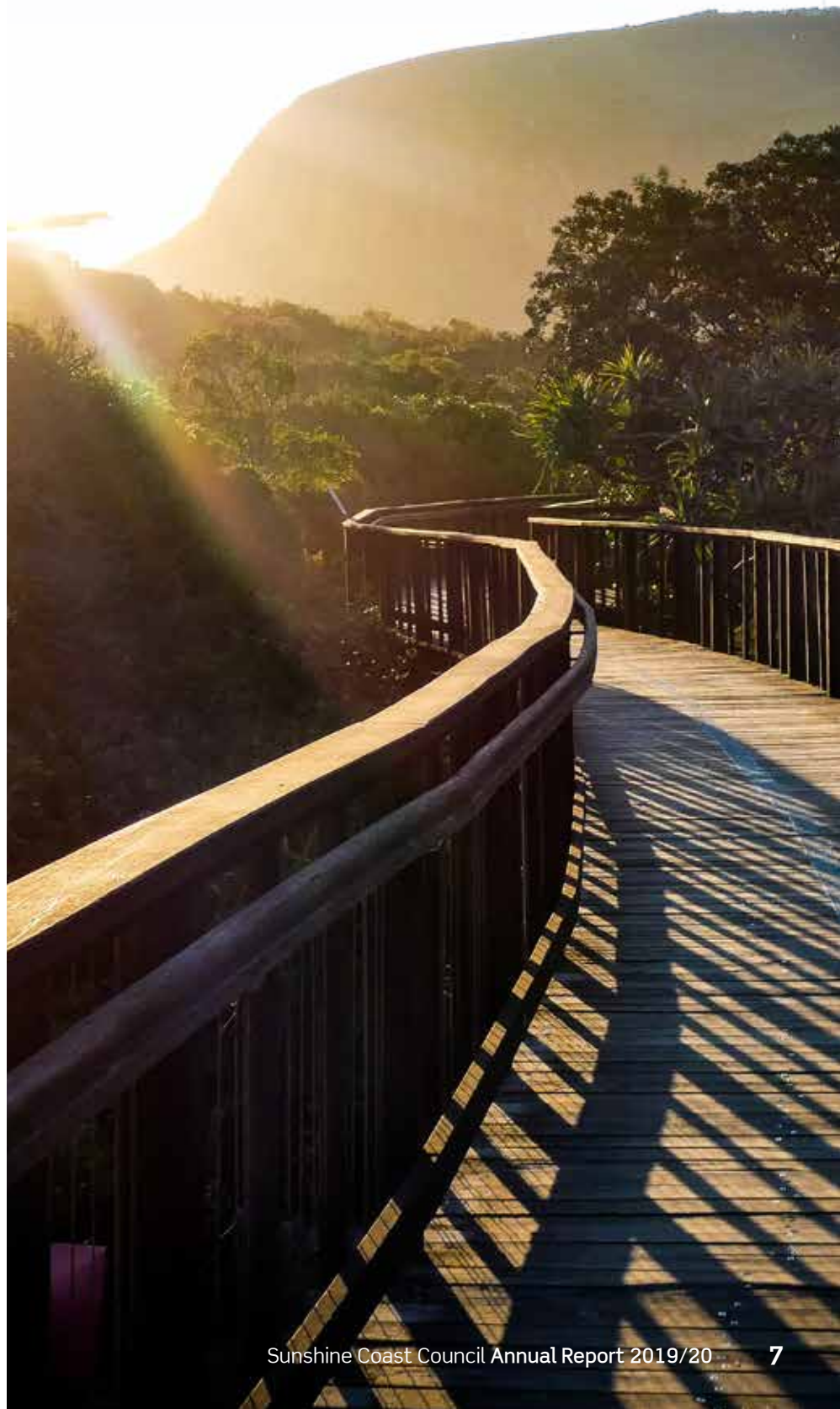
While the impacts of the pandemic have been extensive and will likely be felt for many years, our Council also moved forward throughout the year on some truly significant initiatives that will underpin both the future livability and prosperity of our Sunshine Coast.

Whilst 2020 will always be remembered as the COVID-19 pandemic year, it will also be remembered as the year in which the Sunshine Coast's international connectivity – both physically and virtually – took a quantum leap forward.

In June, Council handed over the new international standard runway and associated facilities to the Sunshine Coast Airport, with the first aircraft landing on the new runway on 14 June. This region-shaping project will provide a direct gateway to the Sunshine Coast from a wider range of Australian and international locations, as well as enabling new freight export opportunities for our local agribusiness industry and other supply chain sectors.

In December, the submarine cable which forms part of the core architecture of the Sunshine Coast International Broadband Network, came ashore in Maroochydore, with the network commissioned into service at the end of March. This international network provides the fastest data and telecommunications transmissions from the eastern seaboard of Australia to Asia and marks the first direct international communications connectivity for Queensland to global destinations. It is little wonder then, that in February, our Sunshine Coast was recognised for the second year running as a Global Top 7 Intelligent Community by the Intelligent Communities Forum.

‘Whilst 2020 will always be remembered as the COVID-19 pandemic year, it will also be remembered as the year in which the Sunshine Coast's international connectivity – both physically and virtually – took a quantum leap forward.’



Our Maroochydore City Centre has continued to progress with the first commercial office building commencing construction during the year. Approvals were obtained and contracts awarded for the detailed design and construction of the new Sunshine Coast City Hall – with construction to commence in August 2020.

Getting the community, environment and economic balance right remains an ingrained commitment of our Council as we seek to achieve our vision for the Sunshine Coast to be Australia's most sustainable region: healthy, smart, creative.

This is what our community expects of its Council and it is an ethos and approach that our Council shares with its community.

This was particularly evident in Council's decision in November 2019 to adopt the Sunshine Coast Community Strategy 2019-2041 following an extensive program of engagement. The 20-year strategy provides a framework to build on our values and shape a community which is healthy, vibrant, inclusive, connected, resilient and creative. With its vision of 'Together we thrive', the Strategy reflects a shared responsibility for how Council and our community will work together to advance our common goal for a strong community.

At its core, the Community Strategy recognises the invaluable efforts of our community organisations in shaping the social fabric of the region. This year more than \$5 million was awarded by our Council to not-for-profit organisations and individuals, such as environmental landholders, as a significant social investment in our region. Council also recognised that many

community groups have been doing it tough since the commencement of the pandemic. To this end, Council increased its grants program to include an additional COVID-19 community response grant, with priority given to community groups in urgent financial need to help sustain them to continue the important work they do.

In response to an increase in the incidence of homelessness during the pandemic, Council worked in partnership with local community groups and the Department of Housing and Public Works, to assist more than 300 individuals and families by transforming the Sunshine Coast Stadium into a temporary Community Hub. This provided a one stop shop for washing facilities, medical consultations and emergency meals as well as housing and financial advice. To see our community groups and the tiers of government working together to help some of the most vulnerable in our community was a very real example of how our Community Strategy vision of 'Together we thrive', can become a reality.

The implementation of our Environment and Liveability Strategy continues to be among our Council's highest priorities. This reflects the shared commitment that Council has with its community in maintaining and enhancing the region's natural assets and liveability. As part of the implementation of this Strategy, during the course of the year Council provided \$1.7 million towards the acquisition of four properties, which adds a further 90 hectares of environmental land to Council's conservation estate of over 7308 hectares.

We continued to live up to our reputation as a nation-leading local government through the implementation of our Australian-first Blue Heart initiative. This is an innovative blue carbon partnership between our Council, the Department of Environment and Science and Unitywater for approximately 5,000 hectares of publicly and privately owned land on the Maroochy River floodplain. The Blue Heart is just one component of our Council's extensive array of real actions to further strengthen the region's response to climate change, alongside our ongoing conservation management activities.

On behalf of our community, Council is also leading a nomination for our region to be recognised by UNESCO as an international site of excellence, known as a Biosphere – a place where responsible development and people living sustainably sits along-side active conservation. The Queensland and Australian Governments are reviewing the nomination and, if endorsed, the Australian Government will submit it to the UNESCO Man and the Biosphere Programme. A UNESCO Biosphere credential will help to support our efforts on behalf of our community to maintain our region's liveability and natural assets.

Following extensive community engagement, our new Sunshine Coast Design Book was launched in January to guide the delivery of buildings, streets and spaces that embody the look and feel of our Sunshine Coast. This award-winning design book reflects the values and characteristics of the Sunshine Coast and will assist to maintain the liveability of our region as it continues to grow to over 518,000 people by 2041.

This is just a microcosm of the plethora of services, activities and initiatives that our Council has delivered over the year on behalf of our community – those who live here today and those who will join us in the future. I would like to acknowledge and thank my fellow Councillors – those currently serving and those who formed part of our Council in the lead up to the March local government elections – for their dedication and contribution to the work of our Council and to supporting many facets of community life.

I also wish to recognise and thank our Council staff, whose commitment, innovation and agility has been exceptional this year as everyone has worked together to support our community and each other during the COVID-19 pandemic.

Most importantly, I want to acknowledge and thank our community – our residents, our community organisations and our local businesses – who have done such a fantastic job in responding to the challenges of the pandemic and the associated public health restrictions and who have supported our Council's efforts and measures to keep our community safe. Our region and our Council will be able to continue to build a stronger and prosperous future, thanks to the commitment and support of our community.

It has certainly been a challenging year, but by working together, we are demonstrating that much can still be achieved and we can continue to deliver great outcomes for our healthy, smart, creative region.

Mayor Mark Jamieson



‘Getting the community, environment and economic balance right remains an ingrained commitment of our Council as we seek to achieve our vision for the Sunshine Coast to be Australia’s most sustainable region: healthy, smart, creative.’

Message from the Acting Chief Executive Officer



Warren Bunker
Acting Chief
Executive Officer

This year has delivered some exceptional milestones for the Sunshine Coast. The landing of the submarine cable, and the new runway being handed over to Sunshine Coast Airport are just two examples of significant projects that bring long lasting benefits to our region.

At the same time it goes without saying that our region, and the entire nation, have experienced one of the most challenging times in recent history. Life as we knew it was severely impacted after the novel coronavirus (COVID-19) was declared a pandemic by the World Health Organisation in March 2020.

The announcement resulted in national and state public health restrictions altering the way we move through our community, conduct our work, and connect with others.

Throughout this unprecedented time, I am proud of what Council and our community has been able to achieve, and how together we have adapted our services to respond and assist our 341,817 residents and visitors to the region.

Thorough planning at the outset of the pandemic enabled our organisation to be well prepared and in a position to respond to our responsibilities as a disaster management coordinator, a service provider and an employer.

We worked hard for our community to assist in conveying public health directions and do our part to keep people safe. This meant ceasing any non-essential services, applying social distancing requirements and implementing directions to close places where people congregate. Only services deemed 'essential' remained open between April and June, and once restrictions eased, Council was able to commence reopening facilities and venues to the community under COVID-19 safe plans, providing access to our public places.

Continuity of service delivery and the health and wellbeing of our community and our employees remained paramount to Council. Fifty-seven percent of our Council workforce commenced working from home and safety measures were rapidly implemented for our field staff, together these initiatives enabled us to continue to provide safe work conditions and provide the services our community relies on.

The agility on display by Council in its response to the changing operating environment was outstanding. Our innovative approach to transforming face-to-face services and programs, adapting new ways of connecting with and assisting our communities, and putting in place support measures during this time is something everyone can be extremely proud of.

We continued to maintain opportunities and employment within our region by bringing forward 25 capital projects earlier than scheduled, which brought forward \$3.4 million into the economy and provided crucial jobs that kept residents employed. We provided support measures such as the economic stimulus packages and the economic resurgence plan to fast track the region's economic recovery.

By speeding up payments to local contractors from 30 days to 7 days we were able to inject millions of dollars per month earlier into the local economy. Over the year we spent \$268 million with local suppliers, which represents 70 percent of Council's total available procurement spend, and strengthened this support for local businesses through an update to our procurement policy.

Even with an increased workload and numerous challenges that COVID-19 presented, Council was still able to complete 75 percent of the activities endorsed in the Operational Plan 2019/20, and 96 percent of the \$320 million capital works program.

This productivity has included rapidly transitioning services to new digital channels as well as providing a focus on program delivery. An example of this is the \$19.4 million roads reseal and rehabilitation program that delivered 92 kilometres of sealed roads that were either resurfaced or rehabilitated across the region, resulting in a 70 percent increase from the previous year.

With approximately 1800 employees Council is one of the largest

employers on the Sunshine Coast and every day I witness our vision and values in action. It's our employees that make Council an outstanding organisation, and this is reinforced by our commitment to service excellence and creating positive experiences for our customers and our community.

This year we assisted over 260,000 customers, with more than 80 percent of enquiries resolved at the first point of contact. By adapting our contact centres at the outset of COVID-19, we continued to remain accessible to our community. Our online chat hours were extended between April and June which resulted in 2500 additional users, representing a 40 percent increase in customers using this channel. At the heart of everything we do is our service to the community, and we continue to respond to their needs as circumstances change.

Our employees have continued to show great professionalism and innovation across the breadth of services we deliver, such as maintaining our parks and gardens, maintaining cemeteries, collecting waste and recycling, delivering library services, managing stormwater, waterways and beaches, supporting our local businesses and providing sporting and community facilities.

Our new Council was declared on 20 April 2020 and they hit the ground running, working to respond to the challenges being presented by COVID-19 and deliver the \$782 million 2020/21 budget that kept our community as the cornerstone of decision making.

Together, Council and our community have shown great solidarity and immense resilience in our ability to adapt to an extremely challenging time. I thank all of our residents for adhering to public health restrictions, the kindness they have shown to fellow neighbours, and the tireless work of our volunteers and community organisations over this period.

The Sunshine Coast has built a very solid foundation and is well positioned to continue to respond to the challenges being faced across the world, and locally. We will continue to work together to respond to the impacts resulting from COVID-19 and will monitor the situation into the coming year.

I look to the future with optimism as we forge a new chapter for our region and continue to progress towards our vision: healthy, smart, creative.

Warren Bunker
Acting Chief Executive Officer

'Sunshine Coast has built a very solid foundation and is well positioned to continue to respond to the challenges being faced across the world, and locally.'



Responding to COVID-19

In a year where the COVID-19 pandemic created an unprecedented impact across our region, our nation and the global community, Council never stopped working for our community. Council supported Queensland Health and partnered with our community and local businesses to navigate the challenges presented.

The COVID-19 pandemic has impacted everyone in our community, altering the way we conduct our work, move through the community, and connect with others. Each and every service Council

delivers had to respond to changing requirements and work practices in order to ensure we were safely delivering the programs and services that our community needs.

Council established plans to support our region's recovery and ensure everything we did had the safety and wellbeing of our community front of mind.

These are just some of the measures Council put in place to support our community in response to COVID-19.



\$0 rates increase

for the majority of ratepayers following a \$35 COVID rebate on residential and commercial properties



No increase

to environment, transport and heritage levies



Council's **economic resurgence plan** was developed and released to fast track the region's economic recovery



Strengthened support to **locally-based suppliers** through an updated Procurement Policy which puts local businesses first



Service continuity

was safeguarded by 57% of Council's workforce mobilising to working from home, keeping employees safe and able to continue serving our community



\$3.4 million injected into the local economy

by bringing forward 25 capital projects



Faster payments

to our 7200 suppliers, injecting millions of dollars into our local economy sooner



Community response grant

awarded \$360,000 to 97 community groups in its first round



A Homelessness Hub

was established at Sunshine Coast Stadium and provided assistance to more than 300 vulnerable individuals seeking support





Supporting innovation

with Kawana Community Hall transforming into a personal protective equipment pop up factory, helping a local business produce masks for health professionals



Keeping our public spaces safe

by providing 1762 additional cleaning services and installing 465 soap dispensers in public amenities



#CovidKindness

gained 28,000 hashtag mentions and more than 201 million views globally



Libraries Click and Collect

service was taken up by 3410 users and home deliveries were made available to our most vulnerable



Customer chat

hours extended between April and June, with 2500 users equating to a 40% increase in use of this channel



Horizon Festival 2020

events were reimaged to an online experience with 22,300 people joining to support our local artists



Many arts and cultural

programs were made available online, including Bankfoot House virtual tours and Caloundra Regional Gallery online exhibitions



The Lift Project Sunshine Coast and B-Well & Prosper

programs released and enhanced to focus on the mental health and wellbeing of Sunshine Coast residents and businesses



Online learning

opportunities provided through our libraries and coastal discovery van



About our region

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

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

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

Our local government serves a population of 341,817^[1] people and includes 143,696 rateable properties. In 2019/20, the Sunshine Coast experienced further growth in people moving to the area, adding around 9600 people to our total population.

In addition, over 3.5 million people visit our region each year, placing a further impact and demand on Council services and facilities.

Most residents live within established urban centres along the coast. While all age groups are well represented within the Sunshine Coast's population, the most common age group are those 45 to 49 years and their children.

The Sunshine Coast has had one of the largest economies (A\$17.28 billion) of all local government regional areas in Australia over recent years (National Institute of Economic and Industry Research, 2019). The region has been achieving an average growth rate well above the national rate of economic growth, however this growth has been impacted by COVID-19 with some contraction in the local economy during 2019/20. Despite this the result remained strong at \$16.9 billion (unpublished, NIEIR 2020).

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



60 kilometres of coastline



1069 hectares of recreational land



3039 kilometres of roads



More than 12,000 kilometres total length of waterways



7038 hectares of environmental reserves



1360 kilometres of pathways

¹ Sunshine Coast Council Population Forecast, 2020

Our Council

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

Sunshine Coast local government area divisions



Councillors

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



Mayor

Cr Mark Jamieson

Portfolio: Regional Advocacy and Intergovernmental Relations



Deputy Mayor
Division 1

Cr Rick Baberowski

Portfolio: Community



Division 2*

Cr Terry Landsberg

Portfolio: Economy



Division 3

Cr Peter Cox

Portfolio: Environment and Liveability



Division 4*

Cr Joe Natoli

Portfolio: Outstanding Organisation



Division 5*

Cr Winston Johnston

Portfolio: Service Excellence



Division 6

Cr Christian Dickson

Portfolio: Service Excellence



Division 7

Cr Ted Hungerford

Portfolio: Outstanding Organisation



Division 8

Cr Jason O'Pray

Portfolio: Economy



Division 9*

Cr Maria Suarez

Portfolio: Environment and Liveability



Division 10*

Cr David Law

Portfolio: Community

* The Queensland Local Government Election was held on 28 March 2020 resulting in five changes (Divisions 2, 4, 5, 9 and 10). Governance disclosures for all sitting Councillors for 2019/20 are included in section 3 of this report.

Our corporate structure

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

Elected Council
(Mayor and Councillors)

Chief Executive Officer

Built
Infrastructure

Business
Performance

Customer
Engagement
and Planning
Services

Economic and
Community
Development

Liveability and
Natural Assets

Office
of the
Mayor

Office
of the
CEO

Corporate and Operational Plan performance





Sunshine Coast Council Corporate Plan 2020-2024

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

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

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

OUR GOALS

A STRONG COMMUNITY

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

Strategic pathways

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

A HEALTHY ENVIRONMENT

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

Strategic pathways

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

AN OUTSTANDING ORGANISATION

Performance pathways

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

OUR PEOPLE -

A SMART ECONOMY

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

Strategic pathways

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

SERVICE EXCELLENCE

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

Delivery pathways

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

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

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

A strong community

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

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



115,000
members accessed
Council libraries and services
and borrowed more than 1.8
million items during the year

2019/20 Goal measures

Measure	Target	2019/20 result
Increase in annual patronage at Council owned community facilities and events, inclusive of major venues, aquatic facilities, libraries and the gallery	5%	3.8%*
Customer satisfaction with Council venues provided for hosting community events and programs	80%	98%**
Investment in community capital projects for every \$1 contributed from Council's grants program	3:1	3:1
Customer satisfaction with library and cultural programs	80%	95.5%***

* Council's community facilities, venues, aquatic centres, libraries and galleries were closed in response to the COVID-19 public health restrictions, resulting in a significant reduction in patronage between March and June 2020.

** Council venues for community events continue to receive very positive customer satisfaction ratings and have increased the target to 90 percent for 2020/21.

*** Usage and satisfaction ratings of the libraries online programs and e-collections increased significantly as new and expanded services were introduced in response to COVID-19.

Achievements in 2019/20

Community Strategy 2019-2041

Following an extensive program of community engagement over 10 months, in November 2019, Council adopted the Sunshine Coast Community Strategy 2019-2041 to guide how Council will work with the community to advance our shared goal of a strong community through to 2041.

To support the implementation of the strategy, a Community Strategy Leadership Group was formed in June 2020. The leadership group includes nine community representatives who will work collaboratively with Council to effect positive change for our community. The leadership group will play an important role in ensuring the Community Strategy Action Plan and its priorities are implemented. The strategy and action plan will build capacity in our communities so they are connected, resilient and able to respond to issues.

Disaster management

Council coordinated the activation, response and recovery by the Local Disaster Management Group and Coordination Centre for the Peregian fires in September and November 2019. This involved the coordination of evacuation centres and the evacuation of hundreds of residents to places of refuge.

In March 2020, Council began coordinating the Local Disaster Management Group response to the COVID-19 pandemic, providing support to Queensland Health in terms of local response measures.



Community grants

More than \$5 million was awarded through 1053 grants for projects, events and partnerships for activities that provide direct benefits to our residents and align to Council's priorities for the year. Council grant programs include:

- Grants to not-for-profit organisations
- Grants to individuals such as landholder environment grants.



\$5 million
in community
grants awarded

At Home In My Neighbourhood

This program aimed to assist communities to enhance their wellbeing and resilience through encouraging social connections, active lifestyles, neighbourhood projects and sharing stories. Under this initiative:

- The #CovidKindness campaign was developed to encourage people to stay neighbourly, connected, healthy, creative and playful.
- Council partnered with internationally renowned experts to provide The Lift Project Sunshine Coast in May 2020 at the height of the COVID-19 pandemic. More than 3000 people participated in the free 10-week online wellbeing program that was made available to every Sunshine Coast resident. The program consists of evidence-based research from Neuroscience, Lifestyle Medicine and Positive Psychology with a particular emphasis on mental wellbeing.

Migrant swimming program

Council launched the Migrant Learn to Swim and Beach Safe Program which provided free swim and beach safety programs for migrants over the age of 10.

The program was run in partnership with Royal Life Saving Society Queensland, Surf Life Saving Queensland and Nambour Community Centre in response to the high number of drownings of individuals from a multicultural background.

Accessible beaches

Council worked with surf life saving clubs to provide matting and beach wheelchairs suitable for adults and children. Available at Caloundra, Mooloolaba and Coolum beaches, the matting makes it easier for people with disabilities, seniors and parents with prams to navigate from the pathway to the firm sand.

Transport services

The Transport Levy funded two trial Flexilink transport services to the Sunshine Coast hinterland to support areas with no access to public transport. The Peachester to Beerwah Flexilink service and the Conondale to Maleny Flexilink service offers trips from Monday to Saturday.

Council and the Kenilworth community together with support from the Department of Transport and Main Roads, established the Kenilworth Community Transport Service trial. Council provided the Kenilworth community with a vehicle for the transport trial with volunteer drivers providing a regular service to Nambour, Maleny, Mapleton and Eumundi for residents to access critical services such as medical appointments.



\$12 million
on 205 capital
projects for parks and
landscape amenities

Mass Transit business case process

In July 2019, Council endorsed a strategic business case for a high quality integrated public transport system to cover the most urbanised parts of the region and connect to the North Coast Rail Line at Beerwah. This was the first phase in a three-stage business case process which focuses on investigating frequent and reliable public transport services, which is key to reducing car dependency, alleviating congestion and maintaining the liveability of the Sunshine Coast.



RideScore active schools program

In partnership with We Ride Australia, Council developed a tailored RideScore program and app to encourage families to choose active modes of transport to travel to school. The RideScore app utilises personal sensors that send real-time notifications to parents on the arrival and departure of students riding and scooting to and from school, providing parents with peace of mind knowing their child has arrived at school or has left school. Individual trips are recorded and rewarded at certain milestones.

In addition to funding from the Transport Levy, this program has been made possible with Australian Government funding from the Move It AUS Program, Queensland Government and Stockland.

National sporting clubs

The Sunshine Coast was set to host some significant sporting fixtures this year, however due to the COVID-19 pandemic a number of these events were cancelled. This included two National Rugby League (NRL) season games and the Women's State of Origin match between Queensland and New South Wales.

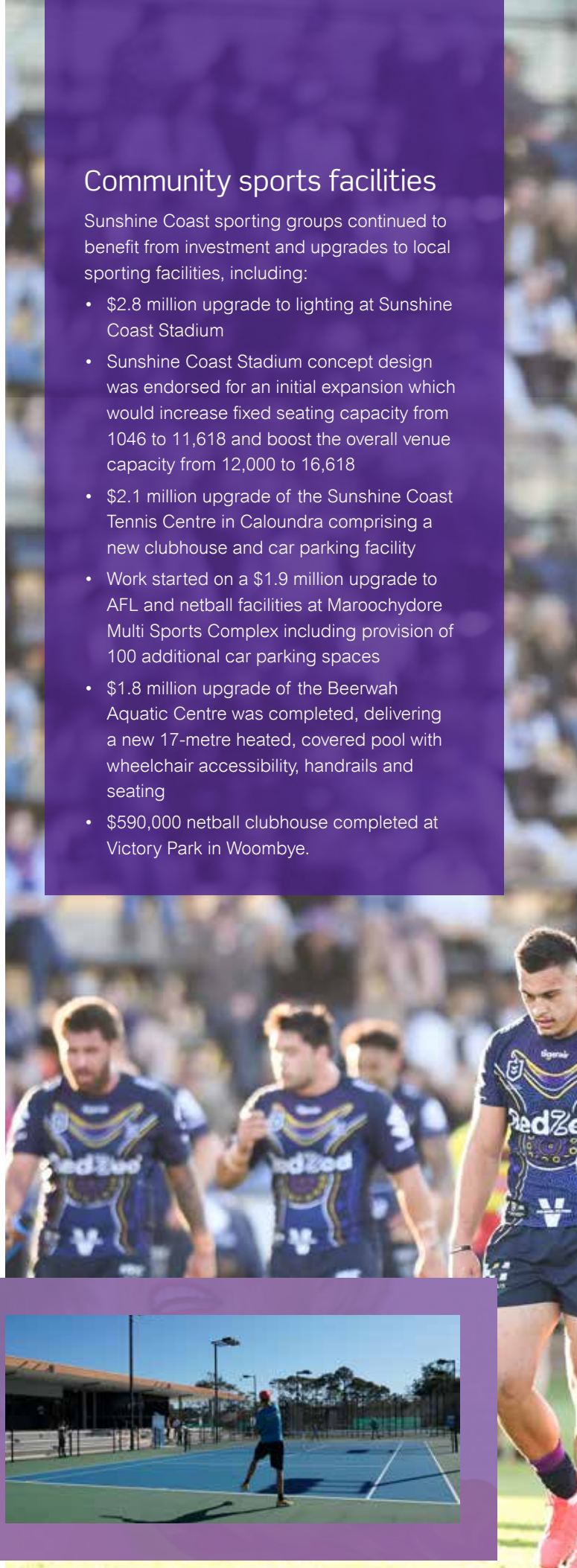
Despite this a number of national sporting clubs took the opportunity to temporarily relocate to the Sunshine Coast and make the most of our world-class facilities to enable them to continue training, including:

- Six Australian Football League (AFL) teams set up their base at the Maroochydore Multi Sports Complex for pre-season training ahead of the 2020 AFL season
- Council assisted the NRL's Canberra Raiders by providing the Sunshine Coast Stadium as a base for a pre-season camp, providing some respite from poor air quality brought on by the fires back in Canberra
- The Melbourne Storm relocated to the Sunshine Coast in June 2020, utilising the Sunshine Coast Stadium as their training base and home ground for their final six matches of the 2020 NRL season.

Community sports facilities

Sunshine Coast sporting groups continued to benefit from investment and upgrades to local sporting facilities, including:

- \$2.8 million upgrade to lighting at Sunshine Coast Stadium
- Sunshine Coast Stadium concept design was endorsed for an initial expansion which would increase fixed seating capacity from 1046 to 11,618 and boost the overall venue capacity from 12,000 to 16,618
- \$2.1 million upgrade of the Sunshine Coast Tennis Centre in Caloundra comprising a new clubhouse and car parking facility
- Work started on a \$1.9 million upgrade to AFL and netball facilities at Maroochydore Multi Sports Complex including provision of 100 additional car parking spaces
- \$1.8 million upgrade of the Beerwah Aquatic Centre was completed, delivering a new 17-metre heated, covered pool with wheelchair accessibility, handrails and seating
- \$590,000 netball clubhouse completed at Victory Park in Woombye.



Horizon Festival 2019

In 2019, Horizon continued to celebrate people, place and art, shining a light on the rich diversity and identity of our incredible community. Over 10 arts-fuelled days in August and September 2019, the festival attracted over 31,000 attendees to 275 free and ticketed events. Delivering a range of events in visual art, music, performance, film and creative workshops, the festival engaged more than 580 artists, arts workers and volunteers. The festival was the Gold medal winner at the 2020 GOV Design Awards for program graphic design and winner of the Queensland Best Regional Event at the Australian Event Awards.

For the first time in Horizon's history, the First Nations program was overseen by a dedicated First Nations producer and advisory group.

The Refinery

The Refinery is the region's first creative arts incubator, focused on education, experimentation and creative development, designed to support independent artists, early stage entrepreneurs and creative industry practitioners.

In its second year, The Refinery attracted over 80 applications, with 30 creatives invited to participate in a boot camp, complete an eight-week program, and pitch their creative business idea to selected industry leaders. Due to the COVID-19 restrictions The Refinery 2.0 was delivered predominantly online and included mentors from across Australia. The program delivered industry events to over 300 people, reaching an impressive 380,000 people through its mentor and influencer social networks.

Caloundra Music Festival

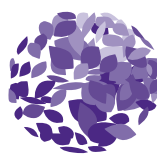
Implementing new sustainable practices in 2019, the festival celebrated its 13th successive year and generated direct and incremental expenditure of \$4.4 million for the Sunshine Coast region and an additional \$1.1 million to the broader Queensland economy.

This festival is an inclusive, all-ages, family-friendly music festival for the Sunshine Coast community. More than 500 volunteers contributed to the October event, which attracted 32,700 people over four days and generated over 26,000 visitor nights for the accommodation sector.

Sustainability recognition

Council's Venue 114 received an outstanding 5 star rating from EarthCheck, the world's leading scientific benchmarking, certification and advisory group for travel and tourism. The venue is committed to operating a sustainable venue, in line with the Environment and Liveability Strategy 2017, which is something music artists, performers and patrons are increasingly requesting of venues.

Sustainable practices at Venue 114 range from reusable coffee cups and utensils to underground water tanks for gardens and toilets. Council holds strong partnerships with local community groups that enables Venue 114 to compost its waste and provides donations of leftover catering.



Council achieved
**International
EarthCheck**
verification at Venue 114 for
its sustainability commitment



Image credit: Local artist Timothy Birch filming What Now? commissioned as part of Homegrown for Horizon Festival 2020



Creative Spaces

Creative Spaces is dedicated to supporting artists and creative practitioners to find space while encouraging the broader community to engage with the arts.

Creative Spaces (In Residence) program was developed in response to the COVID-19 pandemic which impacted artist job opportunities. A total of 21 artists took part, increasing the profile of emerging and established artists.

Throughout the year, Creative Spaces helped transform the Caloundra Transit Centre from an under-utilised space into thriving studios, gallery and workshop space, and The Old Lock-Up, Maroochydore hosted celebrated artist Jandamarra Cadd's, "33 years later" where he returned to the cell he was first incarcerated in at age 13.



A healthy environment

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

- a resilient region shaped by clever planning and good design
- protection and enhancement of our natural assets and distinctive landscapes
- responsive, accessible and well managed assets and infrastructure
- transitioning to a sustainable and affordable way of living
- a reputation for innovation and sustainability.



5000 ha
within Maroochy River
established as the region's
Blue Heart

2019/20 Goal measures

Measure	Target	2019/20 result
Maintain the regional inter-urban break at its 2017 extent	32,034 ha	32,034 ha
Hectares of land per 1000 residents acquired through Environment Levy for conservation and preservation purposes maintained	9.6 ha	10.59 ha*
Hectares of land per 1000 residents for sport and recreation purposes maintained	4.74 ha	4.14 ha
Renewable energy capacity increased	124.8 MW (baseline)	221 MW
Council's greenhouse gas emissions reduced (tCO ₂ e – Tonnes of carbon dioxide equivalent)	0.58 tCO ₂ e per resident (baseline)	0.61 tCO ₂ e per resident [^]

* 90.33 hectares acquired

[^]Compared to 2018/19 results represents a decrease of 0.01 tCO₂e per resident

Achievements in 2019/20

UNESCO Biosphere nomination

On behalf of the community, Council is leading a nomination for our region to be recognised by UNESCO as an international site of excellence, known as a Biosphere – a place where responsible development and people living sustainably sits along-side active conservation.

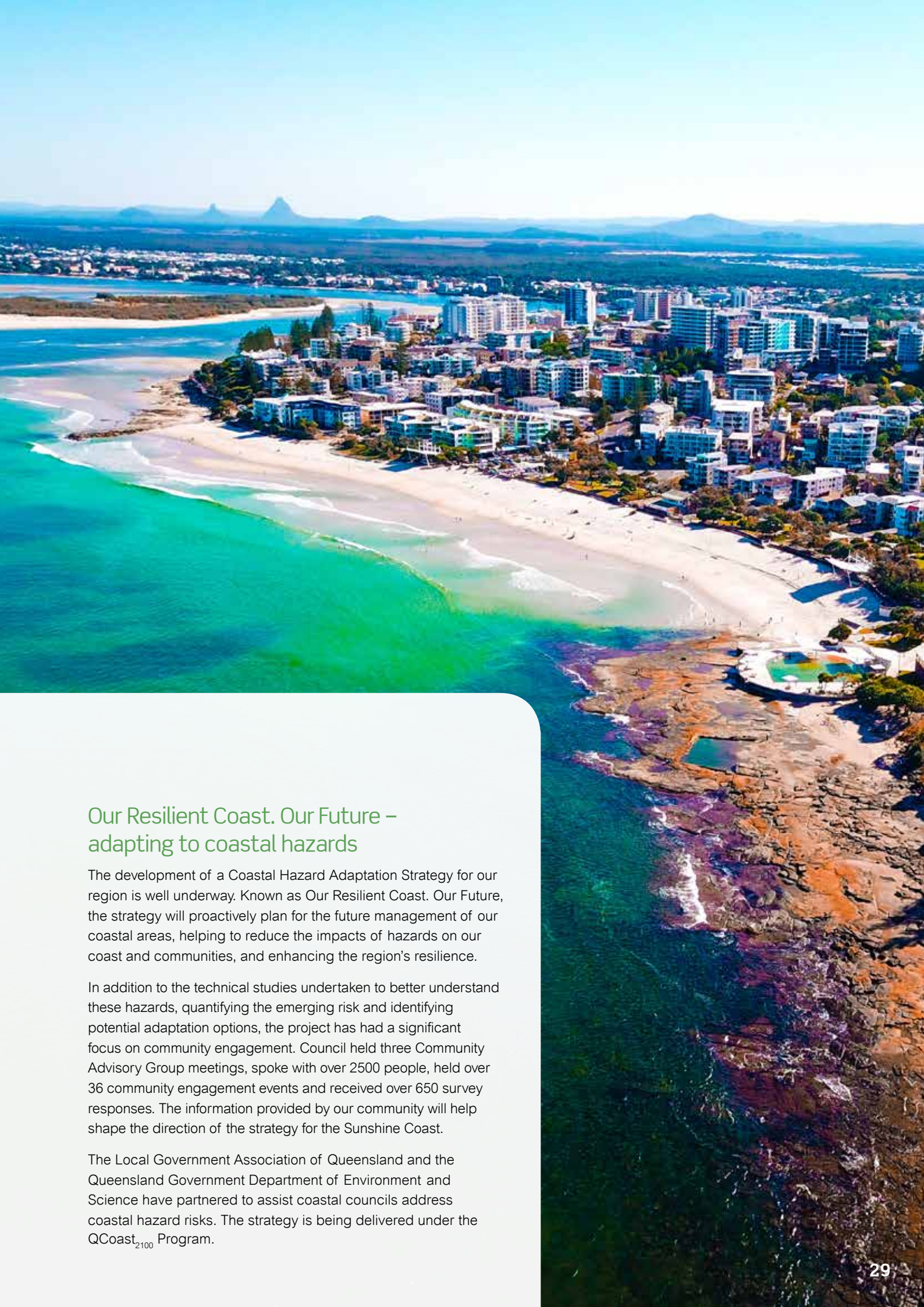
Significant community engagement was undertaken including the formation of a Biosphere Community Reference Group to help shape Council's nomination. The nomination was endorsed by Council in October 2019.

The Queensland Government is reviewing the nomination and, if endorsed, the Australian Government will also assess and submit it to the UNESCO Man and the Biosphere Programme. A UNESCO Biosphere credential would provide another important foundation to assist in protecting and maintaining our region's liveability and natural assets.

Environment Levy

The Environment Levy is a key funding source that supports the delivery of various Transformational Actions set out within the Environment and Liveability Strategy 2017. The strategy provides the long-term strategic directions to deliver a healthy environment and liveable Sunshine Coast in 2041. During the year, the Environment Levy funded the following actions:

- \$1.7 million spent on the acquisition of four properties adding a further 90 hectares to Council's conservation estate
- \$1.4 million invested into the establishment and management of previously acquired lands
- More than \$1 million invested into coastal dunal rehabilitation and shoreline erosion management
- \$755,000 invested into invasive species management and supporting the community to take action
- \$600,000 provided to 21 Environment Levy partnership groups
- \$223,000 in Landholder Environment Grants awarded to 76 private landholders to undertake on-ground projects.



Our Resilient Coast. Our Future – adapting to coastal hazards

The development of a Coastal Hazard Adaptation Strategy for our region is well underway. Known as Our Resilient Coast. Our Future, the strategy will proactively plan for the future management of our coastal areas, helping to reduce the impacts of hazards on our coast and communities, and enhancing the region's resilience.

In addition to the technical studies undertaken to better understand these hazards, quantifying the emerging risk and identifying potential adaptation options, the project has had a significant focus on community engagement. Council held three Community Advisory Group meetings, spoke with over 2500 people, held over 36 community engagement events and received over 650 survey responses. The information provided by our community will help shape the direction of the strategy for the Sunshine Coast.

The Local Government Association of Queensland and the Queensland Government Department of Environment and Science have partnered to assist coastal councils address coastal hazard risks. The strategy is being delivered under the QCoast₂₁₀₀ Program.

Blue Heart Sunshine Coast

The Blue Heart Sunshine Coast partnership between Council, Unitywater and the Queensland Government is an Australian first that will see the region become a world-leading showcase for innovation.

This partnership is pioneering the way governments and utilities can collaborate to deliver strategic and integrated social, environmental, and economic outcomes for the Sunshine Coast community. This includes preserving the flood storage capacity of the Maroochy River floodplain and piloting innovative carbon projects and agri-business ideas to assist private landholders, while seeking to enhance water quality, conservation, recreation, floodplain management and cultural values.

As the Sunshine Coast population is expected to grow to 518,000 by 2041, we need to plan for the future and secure land to protect natural assets, and respond to climatic changes. Blue Heart is one of five major green spaces being planned as part of Council's Environment and Liveability Strategy 2017 to provide for conservation, flood management, rural production and recreation opportunities through open space, parks and trails, as well as visual and physical relief from the built environment.

Coastal discovery van

The coastal discovery van is a new education tool introduced to inform people about our beaches and waterways and the many ecosystems that play a key role in our coastal environment. It is fitted with interpretive displays that demonstrate the coastal processes. The van moves around to different locations on our coastline with the aim to educate and celebrate the coastal environment of each destination.

During the year, the van hosted 12 events with approximately 2000 people immersed in the discovery van experience.

Landsborough Master Plan

Council adopted a 15-year Master Plan for Landsborough's public spaces, following an extensive community engagement process to identify the community's values and ideas.

Community members determined the top priorities including streetscape improvements, advocacy positions regarding local infrastructure and the establishment of a committee for community activation. The Master Plan will be used as a guide for future place making outcomes for Landsborough.

Sunshine Coast Design Book

The Sunshine Coast Design Book, launched in January 2020, sets out 10 principles to inspire and encourage a place-based approach to design so built infrastructure reflects the values and characteristics of the Sunshine Coast. This is part of a long-term strategy to manage growth on the Sunshine Coast, while maintaining and enhancing the liveability of the region.

The design book will help to encourage built infrastructure to reflect what the community values about the Sunshine Coast while having regard to the local climate, landscape, shade, and natural materials to ensure our buildings, streets and spaces look and feel like they truly belong on the Sunshine Coast.

Mooloolaba foreshore

Council released the design concept to revitalise the Mooloolaba foreshore in August 2019. A multi-stage upgrade to be delivered progressively over a number of years, features a wide, continuous waterfront pedestrian promenade and separated cycle path that will take in Mooloolaba's foreshore along a one-kilometre string of community, cultural, recreational and event spaces.

An additional 40 percent of public parkland will cater to a variety of activities and experiences - from family barbecues on the lawn to hosting weddings, markets, festivals and events.





120 ha
of new lands secured
for conservation and
recreation purposes

Inter-urban Break Outdoor Recreation Plan

The Inter-urban Break Outdoor Recreation Plan guides planning for outdoor recreation infrastructure and activities across public lands (over 38,000 hectares) within the 63,000 hectares located within the Sunshine Coast Council and Moreton Bay Regional Council areas. It is the green space between the Sunshine Coast and the Greater Brisbane area. This area is much loved by people from all over South-East Queensland where they come to enjoy a wide range of outdoor and leisure activities such as bush walking, nature appreciation and bike riding. The area includes the iconic Glass House Mountains, scenic wetlands of the Pumicestone Passage, State Forest and National Parks. Protecting the Inter-urban Break is one of our main goals outlined in the Environment and Liveability Strategy.

The plan provides a framework to guide the ongoing protection of the natural landscape while supporting a diverse range of recreational, agricultural and tourism opportunities in a sustainable manner. The plan was a collaborative approach led by the Sunshine Coast Council in partnership with HQPlantations, Queensland Parks and Wildlife Service, Sport and Recreation Services Queensland and Moreton Bay Regional Council, and was partially funded by the Queensland Government's Department of Housing and Public Works - Sport and Recreation.

Good design and placemaking in our region

Council is committed, through a placemaking charter and the Sunshine Coast Design Strategy, to working with communities to protect the quality of life and strengthen the identity of the region. This covers a broad range of projects from streetscape beautification, park upgrades, improved pedestrian experiences and foreshore redevelopments. Some of the projects delivered in 2019/20 include:

- \$1.9 million on Stage 1A of the Mooloolaba transport corridor upgrade at Naroo Court, creating a more integrated and inviting experience
- \$1.5 million David Low Way streetscape project in Bli Bli was completed and includes a First Nations warrior shield artwork
- \$840,000 on the Nambour Heritage Tramway Depot (terminus) building located in Mill Street
- \$655,000 Russell Family Park upgrade in Montville which included a terraced car parking facility, stormwater management infrastructure, extensive landscaping and a major playground upgrade
- \$663,000 on a bespoke lighting canopy in Bulcock Street, Caloundra which completes the major streetscape upgrade
- \$300,000 on the plan and design for a district park in Forest Park West, Sippy Downs.



A smart economy

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

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



**International
broadband cable**
now connects the Sunshine
Coast to South East Asia

2019/20 Goal measures

Measure	Target	2019/20 result
Estimated economic benefit from Council supported major and regional events	\$70 million	\$69.9 million
Value of construction from building approvals.	\$1.4 billion	\$1.59 billion
Support the local economy through spending annual contracts with local businesses	70%	70.1%
Satisfaction with industry and business programs to support the growth of the regional economy	80%	84%

Achievements in 2019/20

Sunshine Coast International Broadband Network

More than 550 kilometres of fibre optic cable now connects the Sunshine Coast to the 7000 kilometre Japan-Guam-Australia South submarine cable.

Three highly anticipated milestones were achieved during the year:

- the completion of the \$7.2 million cable landing station in September 2019 that houses the connection point for the international submarine cable
- the fibre optic cable being pulled ashore on the Sunshine Coast in December 2019
- the installation of the fibre optic cable completed and provisional acceptance received in March 2020.

The project will deliver Australia's fastest data and telecommunications connection to Asia from the East Coast.

Sunshine Coast Airport expansion project

A significant milestone was achieved in June 2020, with the first aircraft landing on the new 2450 metre international-standard runway at the Sunshine Coast Airport.

Following 26 months of construction, the finalisation of the new north-west/south-east runway, airfield ground lighting and a parallel taxiway delivered a major component of one of Council's major regional projects. Work will continue until the end of 2020 on remaining aspects of the project to deliver the full length of the approved runway. The new runway will connect people, cultures and businesses and will build new opportunities for current and future generations on the Sunshine Coast.



Maroochydoore City Centre opens

The first stage of Australia's newest City Centre officially opened to the public in August 2019 with a People's Day celebration. The celebration marked the opening of the new intersections into the City Centre, linking Maud Street, Plaza Parade, Aerodrome Road, First Avenue and the Sunshine Plaza.

The first commercial office building commenced construction in July 2019 and the development application for the Sunshine Coast City Hall received approval in October 2019, and the construction contract awarded in December 2019.



A Top7 Intelligent Community

For the second successive year, the Sunshine Coast has been recognised by the global Intelligent Community Forum (ICF) as one of the world's Top7 Intelligent Communities of 2020.

This acknowledgement follows the Sunshine Coast being named a global Smart21 community for 2020, the sixth time the region has achieved this recognition. The Top7 award demonstrates that Council and the community is continuing to deliver world-class initiatives across the six indicators of broadband, knowledge workforce, innovation, digital inclusion, engagement and sustainability.

B-Well and Prosper

A total of 479 people registered for the B-Well and Prosper online program - the first free wellbeing program for small and medium-size businesses on the Sunshine Coast.

The portal allows businesses with less than 20 staff to log on and gain access to a wealth of information to proactively manage common workplace challenges, wellbeing initiatives, and assistance on how to address emerging issues.

Flavours of the Sunshine Coast

A pilot retail program showcasing local produce and creative industries from across the region was delivered over six months at the Mooloolaba Wharf, called Flavours of the Sunshine Coast.

More than 50 businesses presented new products to more than 3000 visitors with a focus on channel strategy, packaging design, gifting options and export opportunities in order to support local business growth and sales across the region.



Top7
Intelligent Communities of 2020
Global Intelligent Community

Cyber security innovation node

The Sunshine Coast cyber security innovation node was established in June 2020 making it one of only two regional nodes in the country. The node will deliver increased cyber security capability, talent and education programs across the region, as well as fast-tracking cyber security exports internationally.

The establishment of the Node will connect and upskill Queensland cyber companies and provide security for local businesses. The node will foster increased focus on this emerging sector, improve local capacity and attract business to the Sunshine Coast.

Brisbane Road car park redevelopment

The \$23.5 million Brisbane Road car park redevelopment is a major investment by Council to increase the car parking capacity of one of the region's most popular visitor destinations. More than 700 spaces over eight levels will provide much needed parking to improve the connectivity to Mooloolaba, while continuing to provide great access to the beach, foreshore, shops and restaurants.

Site works for the car park commenced in October 2019 and despite wet weather over the summer, construction is on track for completion in December 2020.

The site makes provision for the development of a 4.5 star hotel comprising of 160 hotel rooms, additional car parking and a ground level retail space. The successful proponent for this development was endorsed by Council in June 2020.



Funding Finder

In October 2019, Council launched the Sunshine Coast Funding Finder platform in partnership with Australia's most powerful grant search engine Grant Guru, to assist people on the Sunshine Coast search for and navigate grants.

This comprehensive search engine connects Sunshine Coast businesses and community groups to more than 1000 grant opportunities at any given time and more than \$173 billion worth of local, state, federal and private funding opportunities, all in one location. The database has capabilities to provide alerts and assists with advice for finding and applying for grants, providing every organisation on the Sunshine Coast a competitive advantage in seeking a successful grant outcome.



Council spent \$268.47 million with local suppliers, which represents 70% of Council's total available **procurement spend**

Mooloolaba Beach Holiday Park redevelopment

The iconic Mooloolaba Beach Holiday Park received a multi-million dollar face-lift to ensure it remains a destination-of-choice for residents and visitors. The new Holiday Park re-opened in December 2019.

The extensive \$3.8 million upgrade replaced the 75 small powered sites with 59 larger sites, all with improved access, new amenities including a camp kitchen, landscaping and improved connections to the beachside boardwalk. A \$500,000 renewal of the northern section of the Mooloolaba Spit Boardwalk coincided with the redevelopment of the holiday park.



Sir Elton John concert

Sunshine Coast Stadium hosted more than 31,000 people over two nights in March 2020 for the Sir Elton John Farewell Yellow Brick Road Tour concerts.

The two concerts combined attracted 14,000 visitors from outside the region. Local businesses reported a 69 percent increase in trade from the same period last year with the concerts generating an economic impact of \$3 million for the region.



Service excellence

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

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



92 kms

of roads were resurfaced and/or rehabilitated equating to a 70% increase from the previous year

2019/20 Goal measures

Measure	Target	2019/20 result
Positive customer satisfaction when contacting Council	80%	80%
Development applications decided within statutory decision timeframes	90%	87%*
Percentage of total waste collected diverted from landfill	40%	36%**
Percentage of waste services collected on schedule	99%	99%
Capital works program delivered on time and within the adopted budget	90%	96%

* Development application times are marginally below target due to a combination of legislation changes, application complexities and COVID-19 operational challenges.

** A decrease in the waste diversion rate processed by Council was due to the introduction of the Queensland Waste Levy and the Containers for Change refund scheme resulting in less recyclable material being disposed of at our waste facilities.

Achievements in 2019/20

Customer Experience Management Program

New software for Council's Customer Relationship Management System was implemented during the year, providing our workforce with a better understanding of customer profiles to assist interactions and deliver positive customer experiences.

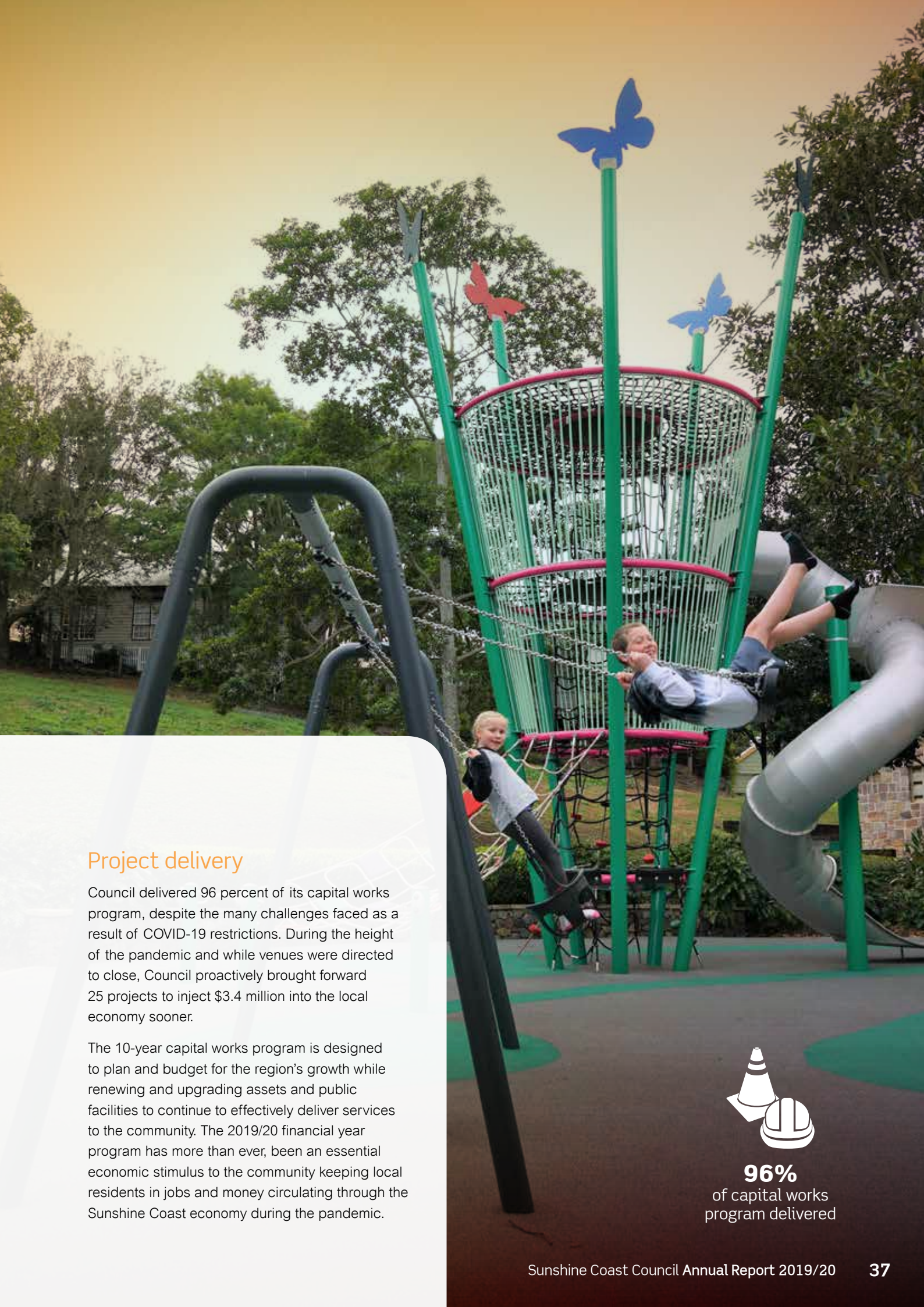
Focusing on customer interactions and technology, Council is enabling opportunities for the customer to self-serve where they choose, whilst continuing to support those customers who prefer to use traditional communication channels.

Road reseal rehabilitation program

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

Through this program, Council manages 2513 kilometres of sealed road network using best practice asset management. During the year, 92 kilometres of roads were resurfaced and/or rehabilitated, requiring 44,000 tonnes of asphalt costing a total of \$19.4 million. Significant works occurred on the following roads:

- Buderim Pines Drive, Buderim
- South Coolum Road, Coolum Beach
- Pelican Waters Boulevard, Pelican Waters
- Beerburrum Street, Aroona
- Queen Street, Caloundra
- Image Flat Road, Image Flat.



Project delivery

Council delivered 96 percent of its capital works program, despite the many challenges faced as a result of COVID-19 restrictions. During the height of the pandemic and while venues were directed to close, Council proactively brought forward 25 projects to inject \$3.4 million into the local economy sooner.

The 10-year capital works program is designed to plan and budget for the region's growth while renewing and upgrading assets and public facilities to continue to effectively deliver services to the community. The 2019/20 financial year program has more than ever, been an essential economic stimulus to the community keeping local residents in jobs and money circulating through the Sunshine Coast economy during the pandemic.



96%
of capital works
program delivered



Council assisted over **260,000 customers** through our contact centres and were rated a **4.72 out of 5** for ease of business

Contact centres

Over the year, Council contact centres interacted with a different customer every 30 seconds through a range of customer channels. Council assisted 24,000 residents face to face, answered 171,000 calls and responded to approximately 65,000 emails and customer chats online.

Stormwater drainage

More than \$7 million was allocated to 63 stormwater projects to replace assets, improve the quality of stormwater discharge and enhance existing drains. New, innovative stormwater solutions were undertaken and include:

- the commencement of a joint project with the University of the Sunshine Coast to retro-fit devices to increase culvert capacity and reduce the risk of flooding
- a cost-effective trial redirecting stormwater run-off from our roads and kerbs to the roots of street trees.

Waste and resource recovery

This year the Sunshine Coast community has responded positively to the Containers for Change refund scheme resulting in a decrease in the waste diversion rate processed by Council.

In response to the Queensland Government's new Waste Management and Resource Recovery Strategy, and to reduce the volume of waste sent to Sunshine Coast Council's landfills, Council invited Expressions of Interest for alternative waste treatment options to inform Council on the potential value of resources which have traditionally been discarded to landfill.



Council processed more than **16k** development, building and plumbing applications

Development services

Council's development services processed more than 16,000 development, building and plumbing applications during the year, fielded 54,000 enquiries and provided 297 specialist advice services to the community. An increase in the use of self-help tools such as Development.i and the Site Report was also reported.

Although the year was challenging as a result of the November 2019 major weather event and COVID-19 pandemic, overall building activity was steady, with \$1.59 billion of building construction recorded on the Sunshine Coast. Suburbs such as Aura's Baringa and Nirimba topped the highest growth areas, followed by Buderim, Maroochydore and Palmview.

Strategic Asset Management

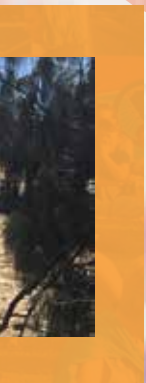
With non-current assets valued at \$5.8 billion and growing every year, strategic asset management is a key component of planning for the future and servicing our community with excellence. Council continues to enhance capability across the asset lifecycle and during the year migrated over 300,000 assets into the central asset information system.



Cemetery Plan 2019-2028

Council adopted the Sunshine Coast Cemetery Plan 2019-2028 in September 2019 which ensures the 60 hectares of cemetery network and cemetery services can meet the increased demand that comes with our growing population over the next 10 years.

Council is committed to maintaining these beautiful and historically-rich places, ensuring they are responsive to the needs of generations to come.



An outstanding organisation

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

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

2019/20 Goal measures

Measure	Target	2019/20 result
Operating surplus ratio (extent to which operating revenues cover operating expenses)	Between 0% and 10%	-0.3%*
Asset sustainability ratio (extent to which spending on Council infrastructure is allocated to existing assets as they reach the end of their useful lives)	Greater than 90%	70.5%*
Net financial liabilities ratio (extent to which Council relies on operating revenues to pay liabilities)	Not greater than 60%	105.1%*

* Refer to section 4 financial information for more detail.

Achievements in 2019/20

City Hall development approval

The development application for the Sunshine Coast City Hall building was conditionally approved by Economic Development Queensland in October 2019 and the preferred supplier to design and construct was announced in December 2019.

This marked an important milestone, both for the Maroochydore City Centre project and the development of a new administrative hub for Council – a project that will create strong, long-term community benefits. The City Hall building will be built on the corner of First Avenue and South Sea Islander Way and, with anticipated occupation by mid 2022, will be among the first buildings in the Maroochydore City Centre.

Business continuity (COVID-19 pandemic)

The second half of this financial year has been unprecedented for Council and our region. With the COVID-19 pandemic and its rapid spread across the globe, Council has focused on ensuring business continuity has been a priority, and the wellbeing and safety of our community and our employees is at the forefront of everything we do.

During February and March, Council commenced pandemic preparedness planning to ensure our community and organisation were safe and complied with national and state public health directions. This meant ceasing non-essential services for a period and compliance with social distancing requirement. Council was required to close places where people congregate such as libraries, community hubs, venues and facilities,



**57% of
Council's workforce**
commenced working from home
in response to COVID-19
health restrictions

public barbeques and shelters, outdoor exercise equipment, playgrounds, skate parks, aquatic centres and Council boat ramps, with only services deemed essential remaining open.

In response to national and state health restrictions, Council worked to keep our community and employees safe. Council mobilised 57 percent of our workforce to work from home to ensure employees stayed safe and were able to continue essential services to the community.

Our business continuity preparedness ensured our organisation was able to respond to the multiple responsibilities Queensland local governments face, that being as a disaster management coordinator, a service provider and an employer.

Council continues to monitor and respond to the COVID-19 pandemic and work with community organisations and local businesses to support the recovery process.



Council Budget

Supporting our community to recover from the impacts of COVID-19 was the cornerstone of Council's \$782 million 2020/21 budget adopted on 25 June 2020.

The budget will assist recovery and will prime our regional economy so local businesses can rebuild. Included in the budget is an increase in the community grants program, and the \$243 million capital works program which will provide better infrastructure and facilities for our residents while at the same time, providing work for local trades and other businesses.

The budget includes a financial relief for general rate ratepayers through a COVID-19 rebate with no increase to the Environment, Transport and Heritage levies, meaning most ratepayers on the minimum general rate will pay the same as last year.

Elected Council

Following the 2020 Queensland Local Government Elections, the new Sunshine Coast Council took office in April 2020. Of the Mayor and 10 Councillors, six were re-elected including Mayor Mark Jamieson. The statutory post-election meeting marked the commencement of the new term where Councillor Rick Baberowski was elected by his colleagues as the Deputy Mayor. New Councillors who assumed office include Councillors Terry Landsberg, Joe Natoli, Winston Johnston, Maria Suarez and David Law. Returned alongside Mayor Mark Jamieson and Deputy Mayor Rick Baberowski were Councillors Peter Cox, Christian Dickson, Ted Hungerford and Jason O'Pray.

The 2020-2024 Councillor Portfolio System was adopted in April, designating Councillors to a new portfolio model that will strengthen alignment with the strategic directions and priorities of Council as represented in Council's Corporate Plan.

Council commenced live-streaming statutory meetings in April 2020, providing greater accessibility for the community to view meetings through a COVID-19 safe platform.



Council manages
\$743 million
of owned or controlled land
and building assets

PeopleHub

Council's human resource management platform PeopleHub was launched in November 2019. It amalgamated several systems into one for a simple, user-friendly platform that promotes best practice and enables improved efficiencies and more effective people management.

Regional Partnership Agreement with the University of the Sunshine Coast

This important partnership between Council and the University of the Sunshine Coast continues to facilitate collaboration and research to enable region-wide benefits. Of the eight current initiatives progressing under the agreement, six projects were endorsed during the year:

- Eastern Grey Kangaroo Genetics Study
- Optimisation of Culvert Design
- Biosphere Performance Measurement Framework and Community Report
- Evaluating the Visitor Experience
- Evaluating the Sunshine Coast Healthy Seniors Program
- Best Practice for Project Management.

The partnership is progressing the development for a model of Excellence in Community Engagement, and a research project to determine the economic value of the Sunshine Coast's natural assets.



Cultural awareness training

Employees completed Council's inaugural First Nations Cultural Awareness training from January to June 2020. The 90-minute program provides foundational First Nations awareness and promotes culturally appropriate service excellence, deeper knowledge of our region and an understanding of the lived experience of Aboriginal and Torres Strait Islander people.



Image: ben vos productions





Blue Heart

SUNSHINE COAST

Yandina Creek Wetland

River Road, Yandina

Wetlands are amazing places – they're the kidneys of the planet. They remove nutrients and sediments from our waterways to improve water quality and are a place for flora and fauna to thrive.

The Yandina Creek Wetland was established by Unitywater in 2016 as a green engineering solution to support sustainable development by removing nutrients from Maroochy River to protect water quality. This helps offset the nutrients released to the river following treatment of the local community's sewage. It is a site with cultural and environmental benefits for the enjoyment of locals and visitors.

Blue Heart Sunshine Coast

The wetland is part of Blue Heart Sunshine Coast – an area of more than 5000 hectares in the Maroochy River Catchment. It contains important environmental features and acts as a critical flood storage area to protect the catchment from flood impacts.

The Blue Heart is a partnership between the Department of Environment and Science, Sunshine Coast Council and Unitywater.

Wild facts

Wetland size: 191 hectares. Nutrient removal: 5.3 tonnes of total nitrogen a year.

What you'll see

Birdlife
Depending on the time of year, you may spot a number of the 100 plus species identified here. Check out the viewing platform at the end of the trail.

Vegetation
Plant communities will continue to transition and expand as the wetland is established, including seaweeds, salt pan vegetation, mangroves and melaleuca open forest.

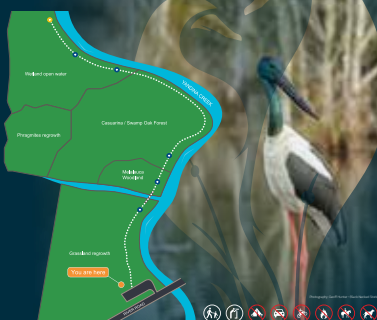
Fauna

As the wetland is established we expect to see higher numbers of animals and aquatic life at the site, including fish, crabs and prawns.

A dedicated walking track leads you through almost 800m of the wetland to explore this natural environment.

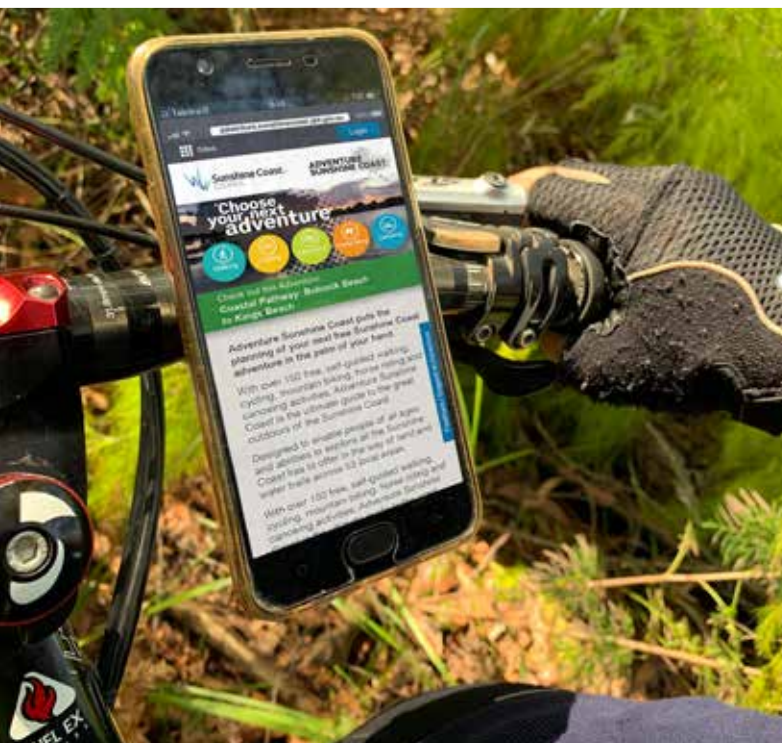
To ensure your visit is enjoyable and safe, please:

- ✓ Keep the area beautiful and safe by not littering.
- ✓ Use recycled bottles, tins, plates and other products.
- ✓ Use insect repellent during the summer months to protect against mosquitoes.
- ✓ Take drinking water.
- ✓ Stay on the designated track – do not wander off.
- ✓ Don't:
- Handle or remove any plants, trees or animals.
- Bring domestic animals into the wetland.
- Bring any pets into the wetland.



- Trail walk
- Trail walk app
- Wet event
- Bridge

Unitywater | Queensland Government | Sunshine Coast Council | Blue Heart



An award-winning organisation

Council has been recognised both nationally and internationally for its world-class performance by receiving 30 awards throughout the year:

- **2019 Gallery and Museum Achievement Awards** (GAMAA) – Bankfoot House Finalist.
- Get Ready Schools Program for Council's Disaster Management Centre – **Queensland winner**.
- Get Ready Schools Program won the **National Disaster Resilience Award** for the local government category.
- First augmented reality mural on the Sunshine Coast won **2019 Best External Mural** at Australian Street Art Awards.
- The Caloundra Music Festival won the **QLD Live Event of the year** at the National Live Music Awards 2019.
- **The Rotary Pride of Workmanship Award** was awarded to the Nambour Showgrounds team.
- Council's Get Ready Schools program won the **Champions of Change Award** from the Office of the Inspector General Emergency Management Queensland.
- Council's Maroochydore Multi Sports Complex was the **Queensland winner of the 2019 AFL Ken Gannon Community Football Facilities Awards**.
- **2019 Institute of Public Works Engineering Australasia Awards for Excellence** – Mary Cairncross Scenic Reserve's Rainforest Discovery Centre winner.
- Adventure Sunshine Coast Website – winner of the **Outdoors Queensland Awards 2019** for The Queensland Outdoor Recreation Federation Government Achievement Award.
- Mary Cairncross Scenic Reserve BioBlitz, Australia's first vertical BioBlitz Project – winner of the local government category of the national **2019 Banksia Sustainability Awards**.
- Mooloolaba Walk and Ride Bridge won the **IPWEAQ Excellence Awards** for Projects between \$2 and \$5 million.
- The Inter-Urban Break Outdoor Recreation Plan received a **Regional Achievement Award** in Landscape Architecture in 2020 AILA QLD Landscape Architecture Awards.
- The Sunshine Coast Design Book won the **award for Research, Policy and Communications** in the 2020 AILA QLD Landscape Architecture Awards.
- The Sunshine Coast Kids in Action Program won the **2020 Queensland Reconciliation Award for Partnership**.
- The Aerodrome Road Intersection won the **award for Civil Landscape** in the 2020 AILA QLD Landscape Architecture Awards.
- Council was awarded the **Promotional Video Award** for its multimedia marketing of the Sunshine Coast International Broadband Network, at the 2019 International Excellence in Economic Development Awards in Indianapolis, USA.
- For the second successive year, the Sunshine Coast is named as one of the worlds **Top7 Intelligent Communities for 2020**, after earlier being named a **Smart21 Community** for the sixth time.
- 2019 Australian Regional Development Conference, **Planning and Building Innovation Award** – Development.i winner.
- Development.i won the **Improving Planning Processes and Practices Award** at the 2019 Planning Institute of Australia Awards for planning excellence.
- Sunshine Coast Business Women's Networks Awards – with Council employees winning:
 - **Outstanding Business Woman of the Year**
 - **Young Business Woman of the Year**
- 2019 Civil Contractors Federation Queensland Excellence in Civil Construction Awards – with an employee winning the **Outstanding Commitment to Training and Skill Development Award**.
- Council won two golds awards and one silver award at the **2020 GOV Design Awards**:
 - Winner of the Graphic Design – Publication category for the Horizon Festival 2019.
 - Winner of the Marketing – Branded Experience category for the Adventure Sunshine Coast project.
 - Second place for the Graphic Design – Corporate Identity and Branding category for the Blue Heart project.
- Council took out first and second place of the Marketing – Branding Experience category for the Blue Heart and Adventure Sunshine Coast projects at the **2020 Brisbane Design Awards**, and was awarded second place in the Graphic Design – Publication category for the Horizon Festival 2019.
- Council was the winner of the **Local Government Mutual Services Risk Excellence Awards for 2019** for its Integrated Risk and Performance Management initiatives. This was for Council's level of alignment with Australian Standard; the efficiency, effectiveness and impact of the activity on reducing risk; and progress made with risk maturity.



Annual disclosures



Corporate governance

Sunshine Coast Council is committed to fulfilling its Corporate Governance obligations and responsibilities in the public interest. It operates in accordance with legislation with a focus on ensuring ethical business activities and relationships between Councillors, senior management, employees, the community, government departments, business clients and other key stakeholders.

Council prides itself on its high standard of corporate governance practice which was evidenced by Council winning two industry recognised awards in 2019 for governance activities.

The application of the governance framework informs all of Council's corporate governance practices including developing proactive training sessions for staff.

Council is committed to fostering a culture of compliance which values ethical behaviour, personal and organisational integrity, accountability, transparency and adhering to our values.

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

- building awareness of organisational responsibilities and accountabilities
- strong financial stewardship and fiscal responsibility
- monitoring and maintaining compliance with legislation, policy, standards and controls
- integral practices, procedures and ethical decision making with continuous improvement activities and transparent reporting
- involving the community through consultation to inform decision making.

Council is committed to ensuring community and customer expectations are met, and it strives to continuously strengthen our capabilities, accountability, transparency and leadership to ensure ongoing confidence in the integrity and effectiveness of Council.

Risk management

Council's risk management practices contribute to the achievement of Council's vision for the region by minimising and mitigating risk.

Council has an effective Risk Management Policy, Risk Management Guideline and Risk Management Framework that assists in identifying risks and opportunities in all aspects of Council operations and project delivery. The framework provides procedures and strategies that create effective risk management through ongoing consultation and incorporation in core business processes and activities. The policy and framework are based on AS/NZS ISO 31000:2018 which is an international standard for risk management.

Strategic, operational and project risks are reviewed, monitored and reported on a regular and ongoing basis to the Council, Management and the Audit Committee.

Audit Committee

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

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

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

- Mr Peter Dowling AM (Independent Chair)
- Mr Len Scanlan (Independent Member)
- Cr Tim Dwyer (3 meetings - membership ceased April 2020)
- Cr Christian Dickson (3 meetings - membership ceased April 2020)
- Cr Ted Hungerford (1 meeting - appointed April 2020)
- Cr Joe Natoli (1 meeting - appointed April 2020)

The Audit Committee also:

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

Audit and Assurance

Audit and Assurance activities were conducted in accordance with best practice principles, including guidance issued by the Institute of Internal Auditors.

Activities for the period July 2019 to June 2020 included:

- general rates and separate levies
- asset recognition and capital works finalisation
- infrastructure agreements
- transport levy expenditure
- contract management
- landfill weighbridge revenue controls and landfill contract payments
- purchase card expenditure
- fraud risk assessment – procurement and accounts payable
- the provision of advice and assistance to Council officers.

Councillor remuneration

Sunshine Coast Council Mayor and Councillors were remunerated in accordance with section 247 of the Local Government Regulation 2012. The remuneration payable to the Mayor and Councillors is determined by the independent Local Government Remuneration Commission.

The table below sets out the remuneration paid to Sunshine Coast Councillors during the 2019/20 financial year.

Councillor remuneration and superannuation

Continuing Councillors – 1 July 19 to 30 June 20	Salary	Employer Superannuation
Mayor Mark Jamieson	\$228,340	\$27,401
Cr Rick Baberowski (Deputy Mayor from 23 April 20)	\$141,649	\$16,998
Cr Peter Cox	\$138,635	\$16,636
Cr Christian Dickson	\$138,635	\$16,636
Cr Ted Hungerford	\$138,635	\$16,636
Cr Jason O'Pray	\$138,635	\$16,636
Incoming Councillors – 18 April 20 to 30 June 20	Salary	Employer Superannuation
Cr Terry Landsberg	\$21,345	\$2561
Cr Joe Natoli	\$21,345	\$2561
Cr Winston Johnston	\$21,345	\$2561
Cr Maria Suarez	\$21,345	\$2561
Cr David Law	\$21,345	\$2561
Outgoing Councillors – 1 July 19 to 17 April 20	Salary	Employer Superannuation
Cr Tim Dwyer (Deputy Mayor)	\$133,848	\$16,062
Cr John Connolly	\$117,290	\$14,075
Cr Jenny McKay	\$117,290	\$14,075
Cr Stephen Robinson	\$117,290	\$14,075
Cr Greg Rogerson	\$117,290	\$13,434



Councillor expenses and facilities

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

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

The following table shows the total expenses incurred by Councillors under the policy in the 2019/20 financial year.

Councillor expenses

Continuing Councillors –	
expenses from 1 July 19 to 30 June 20	Expenses
Mayor Mark Jamieson	\$1384
Cr Rick Baberowski (Deputy Mayor from 23 April 20)	\$967
Cr Peter Cox	\$1517
Cr Christian Dickson	\$138
Cr Ted Hungerford	\$1491
Cr Jason O'Pray	\$2430
Incoming Councillors –	
expenses from 18 April 20 to 30 June 20	Expenses
Cr Terry Landsberg	\$0
Cr Joe Natoli	\$112
Cr Winston Johnston	\$64
Cr Maria Suarez	\$0
Cr David Law	\$73
Outgoing Councillors –	
expenses from 1 July 19 to 17 April 20	Expenses
Cr Tim Dwyer (Deputy Mayor)	\$4117
Cr John Connolly	\$3572
Cr Jenny McKay	\$4356
Cr Stephen Robinson	\$1068
Cr Greg Rogerson	\$4309

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

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

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

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

Councillor Suarez has not accepted a Council vehicle, instead uses her private vehicle which (with the exception of fuel) is maintained at her expense.

Councillor meeting attendance

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

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

Continuing Councillors	Ordinary Meetings	Special Meetings
Meetings held – 1 July 19 to 30 June 20:	12	8
Mayor Jamieson	11	6
Cr Baberowski	12	8
Cr Cox	12	8
Cr Dickson	10	8
Cr Hungerford	12	8
Cr O'Pray	12	8
Incoming Councillors	Ordinary Meetings	Special Meetings
Meetings held – 23 April 20 to 30 June 20:	3	4
Cr Landsberg	3	4
Cr Suarez	3	4
Cr Law	3	4
Cr Natoli	3	4
Cr Johnston	3	4
Outgoing Councillors	Ordinary Meetings	Special Meetings
Meetings held – 1 July 19 to 19 March 20:	9	4
Cr Connolly	9	2
Cr Dwyer	7	2
Cr McKay	9	3
Cr Robinson	9	4
Cr Rogerson	9	4

Note: Councillors notify any absences and reasons for such. These may include competing diary commitments, medical leave, annual leave, professional development and personal commitments.



Conduct and performance of Councillors

The *Local Government Act 2009* (the Act) sets out the roles, responsibilities and obligations of Councillors. In accordance with reporting requirements, the table below documents actions and outcomes relating to the conduct and performance of Councillors for the period of 1 July 2019 to 30 June 2020.

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

Conduct and performance of Councillors	
Orders made under section 150I(2) of the Act	Nil
Orders made under section 150AH(1) of the Act	Nil
Decisions, orders and recommendations made under section 150AR(1) of the Act	Nil
The name of each Councillor for whom a decision, order or recommendation under sections 150I(2), 150AH(1) or 150AR(1) of the Act was made	Nil
A description of unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the Councillors	NA
A summary of the decision, order or recommendation made for each Councillor	NA
Complaints referred to the assessor under section 150P(2)(a) of the Act by the local government entities for the local government	8
Matters, mentioned in section 150P(3) of the Act, notified to the Crime and Corruption Commission	Nil
Notices given under section 150R(2) of the Act	Nil
Notices given under section 150S(2)(a) of the Act	Nil
Decisions made under section 150W(1)(a), (b) and (d) of the Act (1/07/19 to 31/08/19)	1
Decisions made under section 150W(1)(a), (b) and (e) of the Act (1/09/19 to 30/06/20)	25
Referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the Act	1
Occasions information was given under section 150AF(4)(a) of the Act	Nil
Occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a Councillor	1
Applications heard by the conduct tribunal <ul style="list-style-type: none"> • about the alleged misconduct of a Councillor (1/07/19 to 31/08/19); and • under chapter 5A, part 3, division 6 of the Act about whether a Councillor engaged in misconduct or inappropriate conduct (1/09/19 to 30/06/20) 	Nil



Remuneration packages to senior management

During 2019/20 Council's senior executive management, comprising direct reports to the Chief Executive Officer and those with senior management responsibilities, consisted of:

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

Total remuneration for these positions (including all vehicles and periods of backfill due to incumbent being on leave) from 1 July 2019 to 30 June 2020 was \$3,241,814.

Senior Executive Management	Total remuneration value range
4	\$175,000 to \$275,000
5	\$275,001 to \$375,000
1	\$375,001 to \$475,000

Public sector ethics

Code of Conduct

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

Education and training

During the 2019/20 financial year a total of 652 employees attended governance awareness training sessions delivered across the organisation.

Council's governance awareness program highlights the role all Council employees have in maintaining the reputation and high standards of Council and the importance of working together to build a culture of ethical practice, openness and integrity. It includes training on Code of Conduct, Public Sector Ethics, Delegations, Human Rights, Good Decision Making, Fraud and Corruption, Privacy, Right to Information, Conflicts of Interest and Authorised Persons.

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

Procedures and practices of public sector entities

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

Registers

Council keeps a number of registers. These include:

- Asbestos register
- Asset register
- Business activities to which national competition policy applies
- Contract register
- Councillor conduct register
- Delegations register
- Development.i
- Environmentally relevant activity licence register
- Gifts and disclosures register
- Local law register
- Registers of pre-qualified suppliers (RPQS)
- Registered cat register
- Registered dog register
- Register of beneficial enterprises
- Register of cost recovery fees and commercial charges 2019/20
- Registers of interests
- Regulated dog register.

Beneficial enterprises

Council participated in beneficial enterprises with the following entities during the 2019/20 financial year:

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

National Competition Policy

Council conducted the following business activities during the 2019/20 financial year:

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

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

Note: No investigation notices were issued in 2019/20 by the Queensland Competition Authority for competitive neutrality complaints.

Administrative action complaints

Council recognises the importance of transparent and accountable decision making and is committed to dealing with complaints fairly, confidentially, promptly and in a respectful manner.

Council's Administrative Action Complaints Management Process is made available to the public and staff via Council's external website and internal intranet. Council communicates its expectations on managing complaints to staff on a regular basis and ensures that appointed complaints officers have the appropriate training and delegation to perform their roles.

The following table provides statistics on administrative action complaints received during the 2019/20 financial year:

Administrative Action complaints	Number
made to the local government	48
resolved by the local government under the complaints management process	39
not resolved by the local government under the complaints management process	9*
complaints not resolved above, that were made in a previous financial year	0**

Overall, Council has performed well in resolving administrative action complaints:

* Of the nine complaints not resolved during the 2019/20 financial year, seven remained ongoing past the first quarter 2020-21.

**100 percent of complaints were dealt with within the required timeframes during the 2018/19 financial year.

Summary of concessions for rates and charges

Council grants a range of rates and charges concessions. In accordance with section 190(g) of the Local Government Regulation 2012, a description of the concessions granted in 2019/20, along with how the concession is calculated, is detailed below.

Differential general rate concession

Council grants a general rates concession to land identified in section 120(1)(b) of the Local Government Regulation 2012 to the extent Council is satisfied the land is owned by an entity whose objectives do not include making a profit, or an entity that provides assistance or encouragement for arts or cultural development, and the entity meets the specific criteria detailed in the 2019/20 Revenue Statement.

Deferral of differential general rate

In accordance with sections 120 and 121 of the Local Government Regulation 2012, Council will allow deferment of up to 50 percent of the differential general rate to assist eligible pensioner ratepayers residing in their principal place of residence. The deferment is subject to the ratepayer meeting the eligibility criteria detailed in the 2019/20 Revenue Statement.

Rates and charges debt concession

In accordance with sections 120 and 121 of the Local Government Regulation 2012, a concession by way of an agreement to defer payment, for a period of up to 12 months, for rates and charges, may be granted to property owners that satisfy Council that payment of rates and charges for their principal place of residence will cause them hardship. The concession is granted subject to the ratepayers meeting the eligibility criteria detailed in the 2019/20 Revenue Statement.

Pensioner rate concession

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

Method of calculation of concession – per property

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

Service, facility or activity

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

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

Changes to tenders

Item No.	Contract No.	Contract title	Details of changes
1	ITT1868	Road Surfacing, Rehabilitation and Construction Asphalt Program	The requirement for disposal of surplus spoil/ profilings was removed prior to best and final offers.
3	SA181	Supplier Arrangement for Hire of Plant and Operator	Changes to one category to include the cost for disposal of waste materials in accordance with the industry standard.
4	ITT194	Supply and Installation of Catenary Lighting, Bulcock Street Caloundra	Changes were made to the staging for delivery of the project.
5	ITT1926	Streetscape – Cribb Street Landsborough – Stage 1	Changes were made to the traffic management staging resulting in changes to the scope, prior to best and final offers.
6	ITT196	Design and Construction of Sports field at Maroochydore Multisports Complex	Changes were made to the scope including sourcing of fill material prior to best and final offers being sought.
7	ITT1929	Pool Filtration Replacement, Kawana Aquatic Centre	Changes were made to the scope for the delivery of the project due to closure of the Aquatic Centre during the works.
8	ITT1937	Provision of Pre-booked Flexilink Public Transport Services	Amendments made to the approximate distance for the Portion A route.
9	ITT193	Online Demographic Information	Revised Project Brief issued, which removed the forecasting module from the requirements.



Overseas travel

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

Attendee	Destination	Purpose	Month	Cost (\$)
Director – Major Projects and Strategic Property, Debra Robinson	London, UK	Study tour by Property Council of Australia examined urban regeneration, transformation, innovation and transport projects in and around the City of London providing key learnings, and included a tour of two major precincts utilising Automated Waste Collection systems technology proving beneficial as Council implements similar technology in the new Maroochydore City Centre.	July	14,634
Young People’s Services Supervisor, Karen Gawen	Athens, Greece	To attend and present the 2019 Story Seat Project at the International Federation of Libraries Association Annual Conference following award and recognition as one of the top three marketing campaigns.	August	1148
Team Leader Programs and Business, Celia Donnellan	Athens, Greece	To attend and present the 2019 Story Seat Project at the International Federation of Libraries Association Annual Conference following award and recognition as one of the top three marketing campaigns.	August	1148
Mayor, Mark Jamieson	Lausanne, Switzerland	To attend the Olympic Candidature Leadership Group Delegation with the Premier as the Council of Mayors South East Queensland (COMSEQ) representative. The Mayor’s attendance costs were fully funded by COMSEQ. The cost incurred by Council was to meet a change of return flight fee to enable the Mayor to return to the Sunshine Coast earlier than scheduled, due to the developing bushfires crisis.	September	623
Group Executive Economic and Community Development, Greg Laverty	Singapore	To attend the Submarine Cable World Network Conference	September	5050
Head of Economic Development, Paul Martins	Singapore	To attend the Submarine Cable World Network Conference and business meetings in relation to economic development opportunities	September	6547
Cr Jenny McKay	Xiamen, China	To attend 20th anniversary celebrations of our Charter of Mutual Friendship with Xiamen Municipal Government; China International Fair for Investment and Trade; official and market visits in Xiamen.	September	2203
Head of Trade and Investment, Alex Lever-Shaw	Xiamen, China and Singapore	To attend 20th anniversary celebrations of our Charter of Mutual Friendship with Xiamen Municipal Government; China International Fair for Investment and Trade; official and market visits in Xiamen.	September	1755

Grants to community organisations

Mayoral and Councillor discretionary funding program

Successful recipients of Mayoral and Councillor Discretionary Funding for 2019/20:

Mayor Jamieson: Total 2019/20 Allocation \$100,000 (+ \$25,161 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
HK HT HG Holden Owners Club of Qld Inc	Venue hire costs for HK HT HG Holden Nationals 2019 at Aussie World	August	1000
Legacy Sunshine Coast	Hire of band for 2019 Remembrance Day Event in Buderim	August	500
Sunshine Coast Pente Poets	Artist fees for Hinterland to Headland Poetry Trail (Stage 3) at Point Cartwright	October	1000
Sunshine Coast Creative Alliance	Web hosting and speaker costs for 2019 Turn Up Music Conference in Maroochydore	October	1000
Zonta Club of Caloundra City Inc	Security costs for 2019, 100th Anniversary Gala Event in Caloundra	October	300
Nambour Community Centre	Welcome to Country, photographer and artist costs for photographic exhibition launch in Nambour	October	870
Cooloolabin Hall Association Inc	Building and electrical costs for upgrade to hall amenities	October	27,500
Rotary Club of Buderim	Traffic management, Welcome to Country and marketing costs for 2020 Buderim Australia Day Parade	November	5500
Rotary Club of Maroochydore	Brochure printing costs to promote Annual Australian Golf Fellowship of Rotarians 2021 Event	November	1000
The Corporation of the Synod of the Diocese of Brisbane	Printing costs for "Nambour Memories" book	November	1000
Sunshine Coast and Gympie Rugby League Referees Association	Costs for guest speakers and coaches for Referee Education Development Day in Caloundra	December	1000
The Compass Institute	Purchase of commercial refrigerator	December	1000
Cycling Without Age Australia	Purchase of taxi trishaw to transport people with reduced mobility	December	14,885
Volunteering Sunshine Coast	Contribution to development of new website	December	1000
The Nambour Tramway Company Ltd	Brand development, web, marketing and launch costs to create a brand for Nambour	December	25,000
Maleny Show Society	Replace old chairs in Maleny Showgrounds main pavilion	June	30,800

Mayor Jamieson: *Continued*

Applicant	Purpose	Month allocated	Amount (\$)
Kawana Park Junior Australian Football Club	Installation of signage on clubhouse	June	550
Sunshine Valley Men's Shed	Supply and delivery costs for road profiling materials to cover car park	June	922
Buderim Wanderers Football Club	Installation of media tower	June	5000
Panamuna Outrigger Canoe Club	Installation of concrete slab	June	5334



Division 1 Cr Baberowski: Total 2019/20 Allocation \$70,000 (+ \$39,554 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
Visionary Ocean Warriors	Signage and volunteer shirts for beach clean-up at Golden Beach	July	454
Glasshouse Districts Cricket Club Inc	Replacement of shade marquees	August	3300
Peachester History Committee Inc	Lighting, interpretive panels and display components to assist setting up Peachester Heritage Centre display area	September	5000
Zonta Club of Caloundra City Inc	Catering costs for 100th Anniversary Gala Event in Caloundra	October	300
Landsborough Cricket Club	Sandstone rock barrier (fencing seating)	October	1369
Landsborough School of Arts Memorial Hall Association	Refurbishment of toilets and amenities in hall	November	8725
Volunteering Sunshine Coast Inc	Contribution to development of new website	November	1000
Landsborough and District Historical Society Inc	Design, marketing and installation costs for "Timber – Some Burning Issues" Exhibition	December	15,000
Landsborough School of Arts Memorial Hall Association	Laser light show costs for 2019 Glasshouse Community Carols	December	1350
Landsborough School of Arts Memorial Hall Association	Painting, flooring and upgrading of fans to improve the hall	June	7054
Beerwah and District Memorial Golf Club	Installation of lift for disabled access	June	49,955
Glasshouse Mountains Sports Club	Purchase of soil and equipment hire to top dress fields	June	9895
Landsborough Area Community Association	Re-building disability access ramp	June	6152

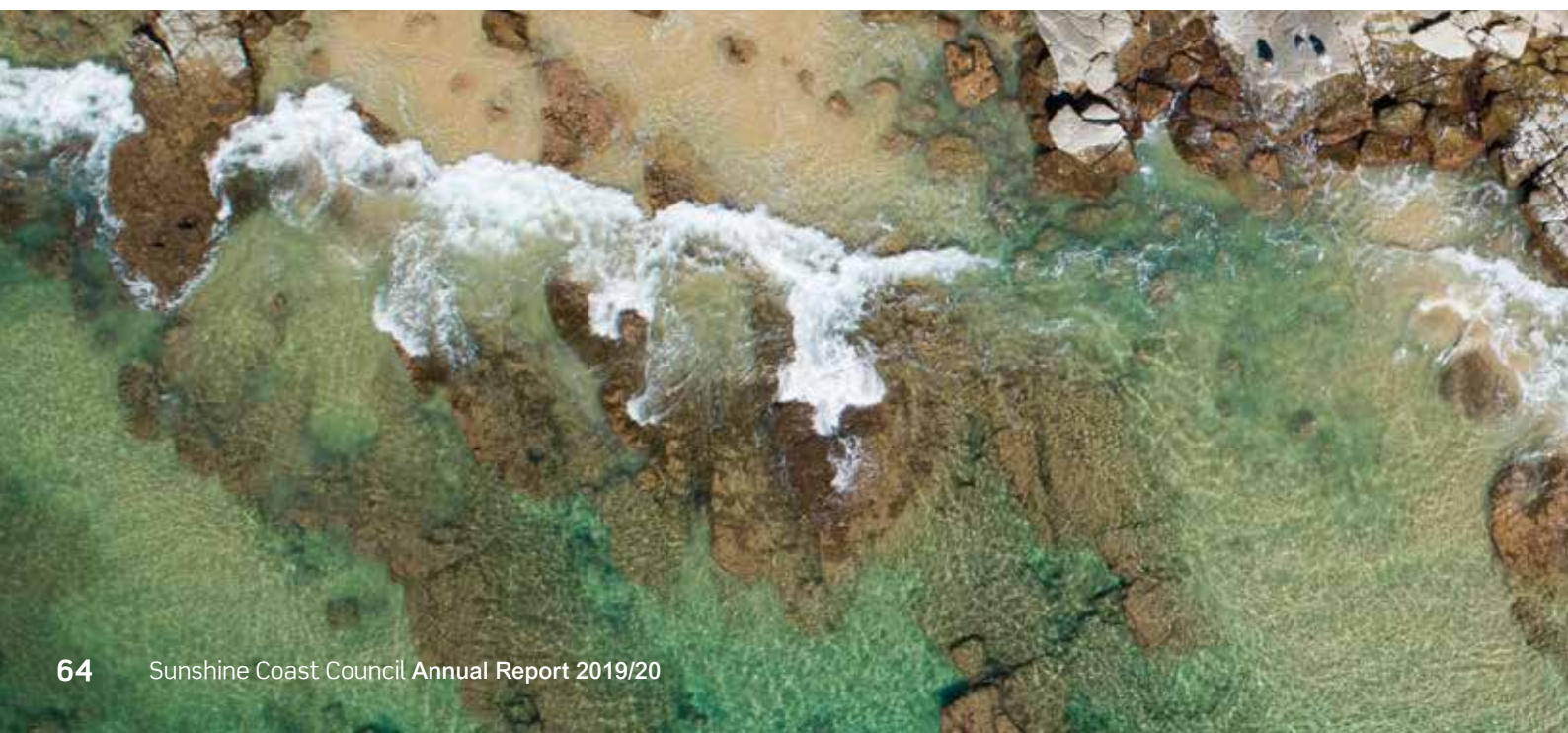


Division 2 Cr Dwyer and Cr Landsberg: Total 2019/20 Allocation \$50,000 (no carryover)

Applicant	Purpose	Month allocated	Amount (\$)
Cr Dwyer Allocations:			
Caloundra Junior Rugby League Club Inc	Bus hire and supplies to assist participation of junior rugby league players at Tom Tassell Challenge in Cairns	July	2500
The Invincibles Sunshine Coast Junior Golfing Tour Inc	Facilitator and venue hire costs for Invincibles Junior Golf Forum	July	2500
Returned and Services League Of Australia (Qld Branch) Caloundra Sub-Branch Inc	Instructor costs for fitness classes for seniors in Caloundra	July	3000
Gateway Care Ltd	Purchase of forklift	July	7000
Caloundra Amateur Basketball Association Inc	Court hire and first aid costs for U11 Basketball Championships in Caloundra	July	5000
Caloundra City Boxing Association	Travel and trophy costs for 2019 War of the Worlds Boxing Tournament in Caloundra	July	240
Act For Kids Ltd	Hire of rock climbing wall for 2019 Sunshine Coast Family Fun Day at Kings Beach	July	2000
Print Council of Australia Inc (Sunshine Coast)	Travel costs for keynote speakers for Kyoto Hanga International Print Exhibition and Symposium 2019	July	1000
Australasian Scooter Association Ltd	Park hire fees for scooter competition at Caloundra Skate Park	August	350
Friends Regional Gallery Caloundra Inc	Student prizes and vouchers for Local Content Prize 2020	August	2000
Caloundra Woodworking Club Inc	Purchase of automated external defibrillator	August	500
Queensland Blue Light Association Inc (Caloundra)	Hire of inflatables and music licence for Blue Light Dance Events in Caloundra	August	2500
Pelican Waters Bowls Club	Catering and supplies for Come and Try Days	August	500
Caloundra Toastmasters (Area 22, District 69)	Hire of venue and equipment for Toastmasters Area 22 Conference in Caloundra	August	500
Queensland Thunder Netball Ltd	Advertising signs for player development clinics at Caloundra	August	2000
Sunshine Coast Sports Hall of Fame Inc	Updating of honour boards for 2019 SC Sports Hall of Fame Induction Ceremony	August	1500
RSL Caloundra Sub-Branch Inc	Printing of military display brochures	August	300

Division 2 Cr Dwyer and Cr Landsberg: *Continued*

Applicant	Purpose	Month allocated	Amount (\$)
Cr Dwyer Allocations:			
Legacy Sunshine Coast	Programs and promotion costs for 2019 Remembrance Day Event in Buderim	September	250
Golden Beach Progress Association	Costs for artists and sound equipment for New Year's Eve event in Golden Beach	October	1500
Volunteering Sunshine Coast	Contribution to development of new website	November	1000
Metropolitan Caloundra Surf Life Saving Club	First aid equipment and defibrillators for Kings Beach patrols	December	5920
Caloundra Junior Rugby League Club Inc	Assistance with costs for 2020 club jerseys for Junior Rugby League players	December	7940
Allocation Adjustment	Return of funds from Caloundra Junior Rugby League Club due to underspend of their \$2500 grant for bus hire for Tom Tassell challenge in Cairns	January	-978
Cr Landsberg Allocation:			
Golden Beach Neighbourhood Watch	Printing of quarterly newsletter	June	853



Division 3 Cr Cox: Total 2019/20 Allocation \$35,000 (+ \$1567 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
Currimundi Sports and Recreation Association Inc	Painting of the hall's interior and exterior walls	July	10,000
Sunshine Coast Social Bowls Club	Purchase of uniforms for new members	July	2200
Currimundi United Football Club	Replacement of old and unsafe seating in Frank Mclvor Park	August	1694
Legacy Sunshine Coast	Printing of brochures and flyers for 2019 Remembrance Day Event in Buderim	August	250
Cycling Without Age Australia Inc	Purchase of taxi trishaw to transport people with reduced mobility	August	16,374
The Encouragement Foundation Ltd	Educational material and equipment costs for transformational retreat in Birtinya	September	250
Caloundra Chamber of Commerce	Advertising, security, waste pickup and road closure costs for Currimundi Twilight Markets 2019/2020	October	4000
Currimundi Catchment Care Group	Costs for children's activities at 2019 Lights on the Lake Event in Currimundi	November	500
Sunshine Coast Radio Sailing Club	Teardrop banner for 2019 Kawana Open – Radio Sailing Event	November	264
STEPS Charity Ltd	Hire of rides and entertainment for 2019 6th Annual Autism Treehouse Christmas Party at Kawana	December	1035
Allocation adjustment	Return of funds from Cycling Without Age Australia Inc due to underspend of their \$16,374 grant for purchase of taxi trishaw to transport people with reduced mobility	February	-1489
Gateway Care Ltd	Purchase of privacy screens for café area	June	1489



Division 4 Cr Connolly and Cr Natoli:

Total 2019/20 Allocation \$100,000 (+ \$2643 carryover and \$352 return of grant funds from 2018/19 allocation)

Applicant	Purpose	Month allocated	Amount (\$)
Cr Connolly Allocations:			
Sunshine Coast Yacht Club Inc	Equipment and participation expenses for 2019 Sunshine Coast Ocean Regatta	July	3000
Surf Life Saving Queensland Inc	Hi vis singlets for Kozii Iron Challenge (junior surf lifesaving event) at Mooloolaba Beach	July	1500
Branch Nebula Inc	Artist and productions costs for street performance at Alexandra Headland skate park	July	5000
Kawana Tennis Club Inc	Purchase of nets, straps and squeegees	August	2000
Sailability Sunshine Coast Inc	Entertainment, venue hire and catering costs for annual concert in Buddina	August	1497
Kawana Island Residents Association	Entertainment and marketing costs for Kawana Island Community Day	August	1200
Rotary Club of Mooloolaba	Entertainment and marketing costs for Walk for Mental Health Event in Mooloolaba	September	6289
Kawana Waters Surf Life Saving Club Inc	Purchase and installation costs for beach clock on patrol tower at Buddina Beach	September	6728
Alexandra Headland Community Association Inc	Catering costs for Alex after hours business community meetings	September	2000
Panamuna Outrigger Canoe Club Inc	Legal fees and surveying costs to secure tenure	September	3820
Kawana Senior Citizens Inc	Bus hire and entertainment costs for Kawana Senior Citizen activities	October	4000
Connect Community Plus Kids	Purchase of vehicle to assist with running of program	October	10,000
Rotary Club of Mooloolaba	Purchase of branded marquee tops	October	969
Transfer of Funds	Allocation to minor works budget for dog park at Kawana Island	October	20,000
Mooloolaba Bowls Club	Green fees and catering costs for Ladies 2020 Fiesta Fours Event at Mooloolaba	November	2000
Kawana Waters Surf Life Saving Club	Mobile stage hire and sound and lighting costs for Carols by the Beach at Kawana	November	4000
Rotary Club of Maroochydore	Travel costs to promote annual Australian Golf Fellowship of Rotarians 2021 Event	November	1000

Division 4 Cr Connolly and Cr Natoli: *Continued*

Applicant	Purpose	Month allocated	Amount (\$)
Cr Connolly Allocations:			
Mooloolaba Chamber of Commerce Inc	Movie screening costs for Film Festival	November	4000
Mooloolaba Chamber of Commerce Inc	Sun Safety Challenge to raise basic awareness	November	1000
Alexandra Headland Community Association	Purchase resources for Sunshine Coast Look for a Book Program	November	1087
RSL Kawana Waters Sub-Branch	Audio visual costs for Anzac Day Dawn and general services at Kawana	November	12,000
Sunshine Coast Sports Federation	Guest speaker fees for 2020 Sunshine Coast Sports Star Awards at Venue 114	December	1000
Buddina Community Garden Inc	Purchase of waterproof and lockable noticeboard for community garden entrance	December	200
Mooloolaba Chamber of Commerce Inc	Purchase of movie screen and projector for Flicks in the Sands Events at Mooloolaba	December	3400
Sunshine Coast Chinese Association	Welcome to Country and promotional costs for 2020 Lunar New Year Celebration and Chinese Art and Cultural Festival at Kawana	December	500
The Corporation of the Synod of the Diocese of Brisbane	Purchase of Christmas gifts to give to foster children	December	700
Mooloolaba Bowls Club	Purchase of a defibrillator	December	1500
Allocation adjustment	Return of funds from Kawana Waters Surf Life Saving Club due to underspend of their \$6728 grant for purchase and installation costs for beach clock on patrol tower at Buddina Beach	January	-1850
Allocation adjustment	Return of funds from Kawana Island Residents Association due to underspend of their \$1200 grant for entertainment and marketing costs for Kawana Island Community Day	March	-144
Cr Natoli Allocations:			
Reef Check Foundation Ltd	Science and Storytelling: Indigenous Storytelling and Citizen Science on the Mooloolah River	June	3200
North Shore Boardriders Inc	Installation of signage on clubhouse	June	660
Mooloolaba Chamber of Commerce Inc	Advertising, event insurance, printing and signage costs for Battle of the Buskers Event at Mooloolaba	June	700

Division 5 Cr McKay and Cr Johnston: Total 2019/20 Allocation \$100,000 (+ \$1024 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
Cr McKay Allocations:			
Maleny Neighbourhood Centre Association Inc	Decorations and printing of flyers for the 2019 Maleny Youth Festival	July	500
Maroochy Athletic Club	Venue and toilet hire for 2019 Queensland Athletic State Cross Country Championships at Maleny	July	2700
Nambour and Hinterland Australian Football Club Inc	Replacement of line marker	July	1595
Hinterland Tourism Sunshine Coast	Showground hire for 2019 Maleny Wedding Festival Event	July	1000
Lions Club of Maleny Blackall Range Inc	Stage hire, catering, printing and decorations for 2019 Lions Maleny and District Welcome Dinner	July	1500
Eudlo Primary School P&C Association	Instructor fees and equipment for gymnastics program for playgroup children	July	2000
Arts Connect Inc	Marketing and promotional costs for Sculpture On The Edge Event in Maleny	August	5000
Mooloolah Valley Lions Club Inc	Catering for Skate Board Event at Mooloolah Valley Skate Park	August	200
Legacy Sunshine Coast	Hire of venue for 2019 Remembrance Day Event in Buderim	August	500
The Nambour Tramway Company Ltd	Temporary fencing costs during construction of terminus building	August	2532
Palmwoods Bowls Club Inc	Catering costs for Ladies Annual Fiesta Event	August	1500
Friends of Pattemore House	Marquee hire and catering costs for Book Launch Event at Pattemore House	September	1655
Golf Programs Australia Incorporated	Event management costs for 2019 GPAI Charity Golf Classic Event at Nambour Golf Club	September	500
Musical Theatre Australia Inc	Costumes and props for production of "A Girl's Guide to World War" play	September	600
Lions Club of Maleny Blackall Range Inc	Contribution to supplies for Maleny RunFest Event	September	150
Chasm Housing	Materials and installation of fence for Small House Project in Maleny	September	1000
The Woombye Community Library Incorporated	Purchase of book trolleys and promotional material	September	500
Palmwoods Community and Business Association	Catering costs for Lawson Park Refurbishment Opening Event	October	150
Barung Landcare Association	Children's woodworking workshops at the Maleny Wood Expo	October	1500
Lions Club of Mooloolah Valley Inc	Advertising costs for Drought Relief Trivia Night Event at Mooloolah	October	150
Palmwoods Warriors Football Club	Purchase of line marking paint and grounds maintenance equipment for the club	October	1000

Division 5 Cr McKay and Cr Johnston: *Continued*

Applicant	Purpose	Month allocated	Amount (\$)
Cr McKay Allocations:			
Crystal Waters Community Co-operative	Earthworks and material costs to upgrade market parking	November	2000
Anglican Parish of Nambour	Lantern materials and advertising costs for Woombye Lantern Parade	November	500
Maleny Garden Club Inc	Purchase of camellias for installation within the Settlers Green Development	November	2000
Volunteering Sunshine Coast Inc	Contribution to development of new website	November	1000
Maleny and District Chamber of Commerce and Industry	Waste management charges for 2019 Maleny Street Christmas Carnival	December	500
QCWA Branch Palmwoods	Sewing teacher fees for Sew for the Show at Sunshine Coast Show	December	500
Palmwoods Memorial Hall Association	Installation of a new disability access ramp for hall	December	40,000
Maleny Show Society	Replace fence along dairy section frontage at Maleny showgrounds	December	8063
Woombye Bowls Club Inc	Artist fees to paint mural on toilet wall	December	2000
Sunshine Coast Agricultural Show Society Inc	Stage hire costs and purchase of mannequins and hanging art backing board to display works	December	3000
Lake Baroon Catchment Care Group	Purchase copies of Mary Cairncross Book for distribution to local schools	December	1400
Sunshine Coast Chinese Association	Purchase of stationery and banner for 2020 Lunar New Year Celebration and Chinese Art and Cultural Festival at Kawana	December	500
Mooloolah Public Hall Association	Catering costs for 2019 Community Christmas Carols Event	December	200
The Compass Institute	Purchase of commercial refrigerator for Garden Café in Tanawha	December	1000
Conondale Valley Association	Installation of solar system	December	3000
Cr Johnson Allocations:			
Mooloolah Public Hall Association Inc	Removal and replacement of wooden sleepers in main frontage flower bed	May	2000
5th Light Horse Regiment Maleny Troop Inc	Purchase of mower for grounds	May	2500
Maleny Garden Club	Supply and installation of camellia garden bed edging at Maleny Settlers Green	June	2398
Friends of Pattermore House	Interpretive panels for shelter on Maleny Settlers Green	June	731
Montville Chamber of Commerce	Event management and media costs for a Village Wedding Expo Event	June	1500

Division 6 Cr Dickson: Total 2019/20 Allocation \$50,000 (+ \$2638 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
Buderim Men's Shed	Installation of audio visual systems to enhance meeting spaces	July	12,500
Brightwater Community Association Inc	Promotional material and entertainment costs for 2019 Brightwater Block Party Event	July	750
Print Council of Australia Inc (Sunshine Coast)	Catering costs for Kyoto Hanga International Print Exhibition and Symposium 2019	July	500
RoboCoast Sunshine Coast Robotics Association Inc	Travel costs for RoboRave International Director in bid to host Australian Event at USC in 2020	July	1400
AEIOU Foundation	Purchase of educational resources for centre	July	1430
Fusion Australia Ltd	Costs to remove dangerous trees and limbs	July	3000
Wildlife Rescue Sunshine Coast Inc	Equipment to help sedate injured kangaroos	August	2000
Sunshine Coast Indoor Hockey	Referee, venue and catering costs for Hockey Queensland U18 Men's Indoor State Championships	August	2000
Brightwater State School P&C Association	Stage hire for Community School Fete at Brightwater	August	1500
Sunshine Coast Contract Bridge Club Inc	Upgrading drainage at Bridge Club	September	3546
Suncoast Spinners Wheelchair Basketball Inc	First aid attendant costs for 2020 Wheelchair Basketball Tournament in Caloundra	September	1000
Legacy Sunshine Coast	Hire of venue for 2019 Remembrance Day Event in Buderim	September	1000
Rotary Club of Maroochydore	Travel costs to promote Annual Australian Golf Fellowship of Rotarians 2021 Event	November	1500
Twinnies Pelican and Seabird Rescue	Purchase of bird aviaries	November	1000
Chancellor State College P&C Association	Hire of dunk tank for World's Greatest Shave Event	November	250
Chancellor Park Soccer Club	Purchase and installation of goal posts	November	3762
Sunshine Coast Legacy Group	Printer, catering and decoration costs for nonagenarian Legacy Widows Morning Tea	November	1300
RoboCoast Sunshine Coast Robotics Association	Marketing and promotional costs for 2020 RoboRave Australia International Robotics Competition	November	2500

Division 6 Cr Dickson: Continued

Applicant	Purpose	Month allocated	Amount (\$)
Volunteering Sunshine Coast Inc	Contribution to development of new website	November	1000
STEPS Charity Ltd	Hire of rides and entertainment for 2019 6th Annual STEPS Autism Treehouse Christmas Party at Kawana	December	1000
Maroochydore Eagles Basketball Association	Costs to extend and resurvey lease	December	1200
Fusion Australia	Sewerage connection fee for Alcooringa Community Centre	December	1072
Suicide Prevention Pathways Inc	Facilitator fees for Mindful Meditations for Mental Health Course	December	1000
Hibiscus Edible Garden Project	Purchase of garden beds, composting bins, soil and worm farms to set up community edible garden	December	4000
The Sunshine Coast Writers' Group	Venue hire for Writers' Group 50th Anniversary Celebration	December	428
Buderim Horse and Pony Club Inc	Fencing materials and tree removal costs to upgrade club facilities	June	2000

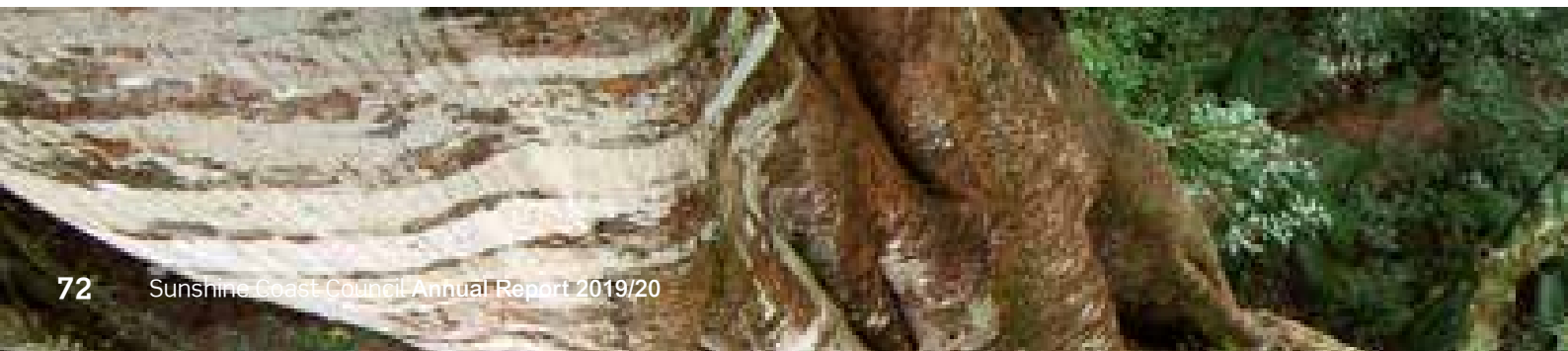
Division 7 Cr Hungerford: Total 2019/20 Allocation \$5000 (+ \$5000 carryover from 2018/19*)

Applicant	Purpose	Month allocated	Amount (\$)
Diddillibah Community Hall and Progress Assoc Inc	Costs to replace and upgrade windows in hall	September	5000
Transfer of Funds	Allocation to minor works budget – unused 2019/20 funds	November	5000

* Grants allocated funding in 2018/19 were Nil

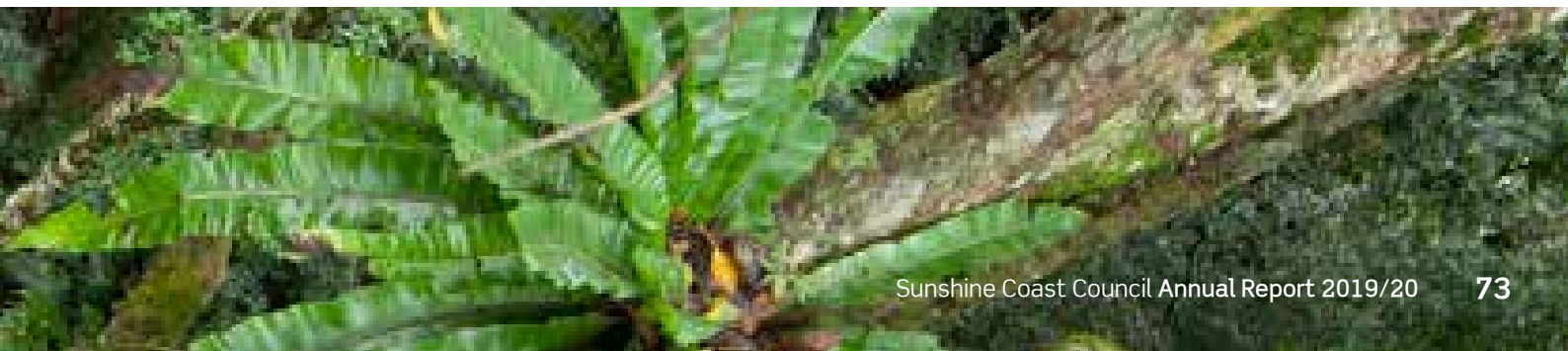
Division 8 Cr O'Pray: Total 2019/20 Allocation \$100,000 (+ \$25,074 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
Rally for a Cause Inc	Promotional material and equipment for 2019 Dunga Derby Event	August	5000
Sunshine Coast Sports Hall of Fame Inc	Hire of AV equipment for 2019 Sunshine Coast Sports Hall of Fame Induction Ceremony	August	1500
Maroochydore Beach Bowls Club Inc	Renovation of bowling green number one	August	2000
Suncoast Spinners Wheelchair Basketball Inc	Accommodation costs for referees at 2020 Wheelchair Basketball Tournament	September	2000
Queensland Thunder Netball Ltd	Website development and advertising costs	October	4969
STEPS Charity Ltd	6th Annual Autism Treehouse Christmas Party	October	5000
Twin Waters Residents Association	Entertainment and waste management costs for 23rd Birthday Party in the Park Event	October	1000
Maroochydore Tennis Centre	Waste removal costs	October	1014
Transfer of Funds	Allocation to minor works budget for Maroochydore West Tree Replacement	October	6100
Transfer of Funds	Allocation to minor works budget for three free tree days at Marcoola and Sunshine Cove	October	3000
Disabled Access Awareness Group	Purchase of office equipment and supplies	October	500
Marcoola Surf Life Saving Club Inc	Purchase of marquees for Junior Activities Program	November	3091
Special Olympics Sunshine Coast	Stadium hire and referee costs for Basketball Competition at Caloundra Indoor Stadium	November	2500
PBF Australia Ltd	Instructor costs for Aqua Injury Prevention Program	November	3700
Rotary Club of Maroochydore	Advertising costs to promote annual Australian Golf Fellowship of Rotarians 2021 Event	November	2500
Maroochy Canal Action Group	Purchase Items for 2019 Goodwill Christmas Cruise	November	500



Division 8 Cr O'Pray: *Continued*

Applicant	Purpose	Month allocated	Amount (\$)
Teens Take Control	Purchase of bus to expand programs and services for youth on the Sunshine Coast	December	4000
Maroochydore Beach Bowls Inc	Purchase of furniture for new deck	December	1000
Sunshine Coast Sports Federation	Guest speaker and MC fees for Sunshine Coast Sports Star Awards Event	December	1000
Mudjimba Surf Life Saving Club Inc	Redevelopment of clubhouse to create extra storage, build a dedicated training space with amenities and repurpose office space into a dedicated youth space	December	40,000
Mudjimba Beach Boardriders Club	Purchase of marquees and live heats computer scoring program	December	4829
Australian Wearable Art Inc	Venue hire and production costs for Australian Wearable Art Festival 2020	December	12,528
North Shore Community Centre	Replacement of advertising sign	December	2854
The Tyler Kennedy Legacy Trust	Purchase of boards for learn to surf program for underprivileged youth	December	2000
Maroochydore Surf Life Saving Club	Purchase of hi vis water safety rashies and marquees	December	3000
Disabled Surfers Association of Australia	New equipment for summer program	December	3029
Twin Waters Residents Association	Venue hire for 2020 TWRA Christmas Carol Event	June	1000
North Shore Boardriders Inc	Equipment and coaching costs for surfers in the Junior Development Program	June	2000
Mooloolaba Paddlers	Bunting, hi vis cones and star pickets for barriers for Beach to Beach Paddle Event	June	880
Yaroomba Boardriders Club Inc	Advertising, entertainment and catering costs for Family Fun Day	June	1345
Sunshine Cove Residents' Association	Printing costs for community newsletter to be distributed to Sunshine Cove residents	June	1200



Division 9 Cr Robinson: Total 2019/20 Allocation \$100,000 (+ \$10,149 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
Maroochy River Rowing Club Inc	Plumbing work, fixtures and fittings, and waterproofing to upgrade club's shower and toilet amenities	September	15,000
Coolum Croquet Club Inc	Replacement mower	November	2500
RSL of Australia (Qld Branch) Coolum Peregian Sub-Branch	Replacement of garden seat in RSL Cenotaph area	December	1098
Transfer of Funds	Allocation to capital works budget for arbour at Jack Morgan Park Coolum	December	33,000
Transfer of Funds	Allocation to capital works budget for roundabout lighting at Bli Bli	December	20,000
Transfer of Funds	Allocation to capital works budget for skate park upgrade at Muller Park	December	15,000
Transfer of Funds	Allocation to capital works budget for Peregian Breeze Development – Emu Mountain Road Pathway	December	6000
Transfer of Funds	Allocation to capital works budget for installation of attic ladders at Coolum Civic Centre	December	4000
Transfer of Funds	Allocation to capital works budget for installation of shade sail at C&K Coolum Childcare	December	2000
Transfer of Funds	Allocation to capital works budget for irrigation project at Tickle Park Coolum	December	10,000
Transfer of Funds	Transfer unused Discretionary funds to Capital Allocation	December	1551



Division 10 Cr Rogerson: Total 2019/20 Allocation \$75,000 (+ \$360 carryover from 2018/19)

Applicant	Purpose	Month allocated	Amount (\$)
Sunshine Coast Antique Car Club	Street closure costs for Retro Rocks 2019 Event in Nambour	July	1800
The Shared Incorporated	Artist fees and sound engineer costs for Yandina Street Fair Event	July	1000
Nambour Junior Rugby League Inc	PA system upgrade	August	1227
Nambour Branch Little Athletics Centre Inc	Purchase of starting device and installation of long jump pit	August	5618
Rotary Club of Eumundi Inc	Concrete Slab for Recycle Pod	August	1095
Nambour and District Historical Museum Association Inc	New website	August	1850
STUFFit Student Film Festival	Venue hire for STUFFit Student Film Festival	August	1000
Sunshine Coast Arts Industry Precinct Inc	Artist fees for the Cold Record – Performance and Professional Development Workshop	August	2000
Kenilworth Hall Show and Recreation Ground Association Inc	Installation of safety camera at Kenilworth Showgrounds	August	5000
Nambour District Chamber Of Commerce Inc	Catering for Re-Imagine Nambour Report Open Forum Event	August	1000
Nambour Golf Club	Driveway refurbishment	August	500
Mapleton Community Library Inc	Sealing the building to make it more watertight and reduce mould build up	September	1000
Obi Obi and Kidaman Creek District Community Hall Inc	Entertainment and waste management costs for 2019 Obi Obi Motorcycle Show	September	1000
Burnside Neighbourhood Watch (Nambour 5)	Purchase of plaque and rock for Burnside Community Service Memorial at Burnside Park	September	1700
Kenilworth Arts Council Incorporated	Equipment hire and postage costs for Kenilworth ArtsFest Event	September	1000
Golf Programs Australia Incorporated	Cart hire and greens fees for 2019 GPAI Charity Golf Classic Event at Nambour Golf Club	September	500
Yandina Chamber of Commerce Inc	Graphic artist and printing costs for Yandina promotional booklet	September	300
Sunshine Coast Creative Alliance	Speakers' fees for Turn Up Music Conference	September	2200
Sunshine Coast Physical Culture Club Inc	Costs to remove dangerous trees at North Arm Hall	September	1500
Street Art Nambour	Road closure costs for Street Art Nambour Festival Event	October	518
Nambour Wildcats Soccer Club	Purchase of lawn mower for club	October	4188
Cooloolabin Hall Association Inc	Plumbing costs to upgrade hall amenities	October	20,000

Division 10 Cr Rogerson: *Continued*

Applicant	Purpose	Month allocated	Amount (\$)
Nambour Meals on Wheels Services Inc	Completion of partial kitchen upgrade	October	679
The Corporation of the Synod of the Diocese of Brisbane	Printing costs for "Nambour Memories" book and catering costs for launch	October	1000
Burnside High P&C Association	Purchase of food items for Food 4 Kids Programme	November	500
Sunshine Coast Sports Federation	Hire of band and videographer costs for Sunshine Coast Sports Star Award	November	1000
Nambour Tramway Company	Entertainment and sound management costs for 2019 Christmas Tramfest	November	5456
Nambour Alliance Inc	Purchase of commercial umbrellas for community parklet	November	8780
Lions Club of Blackall Range	Purchase of marquee and signage	November	500
Rotary Club of Eumundi	Catering costs for Eumundi Rotary Long Lunch Event	December	400
Reimagine Nambour	Initial insurance costs to assist with establishment start up and incorporation of new not for profit organisation	December	1000



Divisional discretionary festive funding program

The Divisional Discretionary Festive Funding allows Councillors to allocate funds for the purpose of encouraging not-for-profit community groups to take on the responsibility of festive lighting and decorating of business centres to benefit Sunshine Coast residents.

The table below details the successful recipients of the divisional discretionary festive funding program for 2019/20:

Applicant	Purpose	Division	Councillor	Amount (\$)
Caloundra Business Alliance	Festive Funding	2	Cr Dwyer	4960
Buderim Businesses and Retailers	Buderim Christmas	7	Cr Hungerford	5000
Celebrate Glasshouse Country Inc	Beerwah and Landsborough Christmas Decorations	1	Cr Baberowski	5000





Financial information



Community Financial Report 2019/20

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

Financial Statements

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

Statement of Comprehensive Income

The statement of comprehensive income provides information about revenues and expenses and shows if a surplus or deficit has been achieved in delivering Council services.

Statement of Financial Position

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

Statement of Changes in Equity

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

Statement of Cash Flows

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

Measures of Financial Sustainability (Ratios)

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

There are various financial sustainability measures available however Council is required to calculate its ratios in accordance with the Financial Management (Sustainability) Guideline issued by the Department of Local Government, Racing and Multicultural Affairs. The Current Year Financial Sustainability ratios are also audited by the Auditor-General of Queensland.

Business Activities – Full Cost Recovery Performance

Council conducts a number of business activities. The full cost recovery performance reports on the value of Council's investment in these activities.

Statement of Comprehensive Income

The following figures relate to Council only for the year ended 30 June 2020, and the numbers have been rounded. The figures do not include Council's controlled entities as per the Consolidated columns in the financial statements.

Revenue

Where did the money come from?

Council received \$453 million in recurrent operating revenue during the 2019/20 year with the major source of this revenue generated from the rates and utility charges. Total recurrent revenue increased by \$8 million (2%) on the previous year.

Revenue	%	\$'000
Rates & Utilities	68.9%	311,897
Fees & Charges	11.8%	53,274
Interest Received	5.8%	26,490
Grants & Other	7.2%	32,549
Unitywater	6.3%	28,730
Total		452,940

Expenses

Where was the money spent?

Council returns the majority of revenues to the community in the form of services and community projects. Total recurrent expenses during the 2019/20 year were \$454 million which was an increase of \$23 million (5%) on the previous year.

Expenses	%	\$'000
Employee Benefits	33.3%	151,197
Materials & Services	42.9%	194,849
Finance Costs	2.3%	10,523
Depreciation & Amortisation	21.2%	96,312
Contributions to Controlled Entities	0.3%	1,527
Total		454,408

Operating Result

The Operating Result is derived from the Statement of Comprehensive Income by deducting Total Recurrent Expenses from Total Recurrent Revenue, with Council's result for 2019/20 being a deficit of \$1.5 million. Council's operating result was adversely impacted by approximately \$9 million due to COVID-19.

Statement of Financial Position

Assets - Liabilities = Community Equity

Assets

What do we own?

The value of all assets we controlled as at 30 June 2020 totalled \$6.1 billion. This figure is further broken down into current assets \$251 million (4%) and non-current assets \$5.8 billion (96%). Current assets are those that are readily available to meet expenses and mainly include cash and amounts owed by customers. Non-current assets include property plant and equipment and investments in associates (Unitywater).

Assets	%	\$'000
Cash & Cash Equivalents	3.2%	197,632
Trade & Other Receivables	11.9%	721,575
Inventories & Other	1.4%	83,222
Property, Plant & Equipment and Intangibles	74.6%	4,536,142
Investments in Associates	8.9%	538,213
Total		6,076,784

Liabilities

What do we owe?

The value of all liabilities as at 30 June 2020 was \$727 million. This figure consists of current liabilities \$151 million (21%) and non-current liabilities of \$576 million (79%). The largest single debt owed by Council is to the Queensland Treasury Corporation (QTC) which is the state government-owned lending agency. This money is borrowed for infrastructure and large-scale region making projects.

Liabilities	%	\$'000
Trade & Other Payables	8.7%	62,976
Borrowings	75.8%	551,051
Provisions	11.1%	80,484
Other Liabilities	4.5%	32,797
Total		727,308

Community Equity Result

The community equity result for 2019/20 as at 30 June 2020, is \$5.3 billion.

Capital Expenditure (Property, Plant & Equipment Assets)

Additions to Assets for the financial year

Category	\$'000
Aerodromes	50
Buildings and Facilities	17,395
Coast and Canals	2,200
Environmental Assets	1,523
Fleet	485
Holiday Parks	5,135
Information Technology	2,432
Parks and Gardens	22,510
Quarries	862
Stormwater	4,727
Strategic Land and Commercial Properties	16,739
Transportation	67,085
Waste	21,827
Total SCC Core Capital Program	162,970
Corporate Major Projects	9,132
**Minor Works Program	3,184
Maroochydore City Centre	14,610
Submarine Cable International Broadband Network	16,352
Sunshine Coast Airport Runway	104,784
Total Other Capital Program	148,062
TOTAL	311,033

***Previously "Divisional Allocations"*

Capital Expenditure sits outside the normal operating costs of Council and is included in the **Property Plant and Equipment** balance on the **Statement of Financial Position**. Capital expenditure includes infrastructure costs such as the development of the new Maroochydore City Centre, construction of the new airport runway and the Sunshine Coast International Broadband Network. It also includes work on core Council assets such as buildings, roads, landfill and waste facilities, stormwater etc. Capital costs appear in the operating statement as a **depreciation expense** over the life of the asset.

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

Statement of Changes in Equity

Community Equity

What is our net worth?

Assets (what we own) less liabilities (what we owe) equal Council's net worth (Community Equity). **As at 30 June 2020, the Community Equity for Council was \$5.3 billion, an increase of \$108 million compared to the prior year.**

The increase in Community Equity is mainly made up of an increase to Council's Retained Surplus of \$112 million offset by a decrease to Council's Asset Revaluation Surplus of \$4 million.



Council's total Community Equity

(\$5.3 billion) is made up of:

- **Retained Surplus** being the initial and ongoing investment of the Community along with the profit or loss results of all financial years (\$4.7 billion).
- **Asset Revaluation Surplus** which is the accumulated value of the assets in excess of what we have paid for them (\$658 million).

Statement of Cash Flows

Cash Flow

Cash in, cash out.

Council's total cash holdings as at 30 June 2020 was \$198 million.

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

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

Overall cash balances for Council decreased by \$66 million (25%) for the financial year.

Business Activities – Full Cost Recovery Performance

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

2019/20 Financial Data	Waste and Resource Management \$'000	Sunshine Coast Holiday Parks \$'000	Quarries Business Unit \$'000
Operating Revenue	74,433	15,142	6,990
Community Service Obligations	1,152	0	0
Total Operating Revenue	75,585	15,142	6,990
Operating Expenditure excluding interest	54,529	7,626	7,377
Depreciation	4,127	921	268
Competitive Neutrality Costs including income tax equivalent	442	548	32
Total Operating Expenditure	59,098	9,095	7,677
Earnings before interest and tax (EBIT)	16,487	6,047	(686)
Return (pre-tax nominal) %	19.5	12.3	(10.5)
Target Return	8,147	5,513	503
Weighted Average Cost of Capital %	9.2	11.3	10.1
Surplus/(Shortfall) EBIT to target return	8,340	534	(1,190)
Value of Council's Investment in the Business Activity	71,619	50,906	5,771

Note: Weighted average cost of capital and return on capital are calculated on a pre-tax nominal basis net of assumed revaluation gains.

Value of Council's investment in the Business Activity excludes strategic land holdings.

Measures of Financial Sustainability (Ratios)

Ratios – Long-Term Sustainability Statement (Council)

Ratio	Target	Actuals	Forward Estimates								
		30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029
Operating surplus ratio	Between 0% and 10%	-0.3%	0.9%	4.5%	7.4%	11.0%	9.3%	8.1%	7.5%	8.6%	9.2%
Asset sustainability ratio	greater than 90%	70.5%	74.7%	79.4%	80.3%	74.4%	72.2%	71.9%	71.5%	70.0%	75.6%
Net financial liabilities ratio	not greater than 60%	105.1%	117.4%	59.3%	53.9%	41.6%	40.5%	35.9%	33.7%	28.3%	21.0%

Operating Surplus Ratio - Measures the extent to which operating revenues raised cover operational expenses.

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

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

Financial Management Strategy

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

The above forward estimates are aligned with Council's Long Term Financial Forecast, Financial Plan, Corporate Plan and Operational Plan, with the exception of the **Operating Surplus Ratio** which has been adversely impacted by COVID-19 in years 2020 and 2021.

The **Asset Sustainability Ratio** measures the extent to which infrastructure assets managed by Council are being replaced as they reach the end of their useful lives. Council develops asset management plans to guide investment in a strategic and effective manner. The Sunshine Coast region has experienced exponential growth in recent periods, leading to an increase in new and contributed assets, including \$98 million in contributed assets received from developers and third parties during 2019/20. This influx of new assets is reducing the collective age of Council's assets, lowering the requirement for renewals expenditure and the Asset Sustainability Ratio forecast.

Due to Council's relatively young asset base an Asset Sustainability Ratio range of between 70% and 75% is the **current** target and considered satisfactory.

The **Net Financial Liabilities Ratio** (reflecting the extent to which the net financial liabilities of Council can be repaid from operating revenue) exceeds the target range in years 2020 and 2021. The 10 year capital program requires significant borrowings for Sunshine Coast Airport Runway Project, which are to be repaid following receipt of the New Runway Construction Payment in 2022. Council's debt funding of the Sunshine Coast Airport Runway Project will require the Net Financial Liabilities Ratio target to be exceeded in years 2020 and 2021.

Consultation with Queensland Treasury Corporation (QTC) was undertaken for the financial assessment of this project, particularly Council's ability to manage the Net Financial Liabilities Ratio. The Department of Local Government, Racing and Multicultural Affairs Financial Management (Sustainability) Guideline 2013 states "high average Net Financial Liabilities ratio projections over the long-term are typically indicative of a local government that is undertaking / has undertaken significant infrastructure projects. Whilst some local governments may not achieve the recommended target for Net Financial Liabilities ratio on average over the long-term, this does not necessarily indicate that a local government is likely to be unsustainable over the long-term. In such cases, well-managed local governments with robust financial management systems and the ability to service current and projected debt levels, can maintain long-term sustainability and average Net Financial Liabilities ratio projections over the long-term that exceed the recommended target."

2019/20 Financial Statements

For the year ended 30 June 2020

Contents

1. FINANCIAL STATEMENTS	86
Statements of Comprehensive Income.....	86
Statements of Financial Position.....	88
Statements of Changes in Equity.....	89
Statements of Cash Flows.....	90
2. NOTES TO THE FINANCIAL STATEMENTS.....	91
1. Summary of significant accounting policies.....	91
2. Analysis of results by function.....	93
3. Revenue analysis.....	95
4. Grants, subsidies, contributions, donations and other.....	97
5. Interest and other income.....	99
6. Employee benefits.....	100
7. Materials and services.....	100
8. Finance costs.....	101
9. Contributions to controlled entities.....	101
10. Non-recurrent expenses.....	102
11. Cash and cash equivalents.....	102
12. Trade and other receivables.....	103
13. Inventories.....	105
14. Investment in associates.....	106
15. Other assets.....	108
16. Property, plant and equipment.....	109
17. Intangible assets.....	115
18. Trade and other payables.....	116
19. Leases.....	116
20. Contract Balances.....	119
21. Borrowings.....	120
22. Provisions.....	121
23. Other liabilities.....	123
24. Asset revaluation surplus.....	123
25. Commitments for expenditure.....	124
26. Contingencies.....	125
27. Superannuation.....	127
28. Controlled entities	138
29. Trust funds	138
30. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities.....	129
31. Reconciliation of liabilities arising from finance activities.....	130
32. Financial instruments and financial risk management.....	130
33. National competition policy.....	137
34. Related party disclosures.....	138
35. Restated balances.....	142
36. Changes in accounting policy.....	144
37. Events after the reporting date.....	146
3. MANAGEMENT CERTIFICATE.....	147
4. INDEPENDENT AUDITOR'S REPORT (General Purpose Financial Statements).....	148
5. CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT.....	152
Certificate of Accuracy - for the Current Year Financial Sustainability Statement.....	152
Independent Auditor's Report (Current Year Financial Sustainability Statement).....	153
6. UNAUDITED LONG TERM FINANCIAL SUSTAINABILITY STATEMENT.....	156
Certificate of Accuracy - for the Long Term Financial Sustainability Statement.....	156

1. FINANCIAL STATEMENTS

Statements of Comprehensive Income

For the year ended 30 June 2020

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income					
Revenue					
Recurrent revenue					
Net rates, levies and utility charges	3(a)	311,897	292,824	311,897	293,144
Fees and charges	3(b)	54,737	57,386	53,274	55,824
Sales from contracts and recoverable works	3(c)	14,065	19,877	14,138	19,877
Grants, subsidies, contributions, donations and other	4(a)	16,711	15,194	15,613	15,194
		397,410	385,281	394,922	384,039
Rental income	19	3,003	3,331	2,798	3,132
Share of tax equivalents of associate	3(d)	16,409	14,911	16,409	14,911
Dividend Income	3(e)	-	-	12,321	13,121
Interest and other income	5	26,556	29,862	26,490	29,770
Profit from equity accounted investment	14	53,787	56,940	-	-
		99,755	105,044	58,018	60,934
Total recurrent revenue		497,165	490,324	452,940	444,973
Non-recurrent revenue					
Grants, subsidies, contributions, donations and other	4(b)	138,992	147,589	138,992	147,590 *
Sales from contracts - Sunshine Coast Airport Expansion Project	4(c)	186	-	186	-
Total non-recurrent revenue		139,178	147,589	139,178	147,590 *
Total income		636,343	637,913	592,118	592,563 *
Expenses					
Recurrent expenses					
Employee benefits	6	(153,356)	(146,317)	(151,197)	(144,328)
Materials and services	7	(196,880)	(190,586)	(194,849)	(189,658)
Finance costs	8	(10,549)	(10,613)	(10,523)	(10,588)
Contributions to controlled entities	9	-	-	(1,527)	(1,495)
Depreciation and amortisation					
Property, plant and equipment	16	(88,838)	(82,630)	(88,780)	(82,579) *
Intangible assets	17	(2,957)	(2,951)	(2,957)	(2,951) *
Right of use assets	19	(4,575)	-	(4,575)	-
Total recurrent expenses		(457,156)	(433,097)	(454,408)	(431,599)

1. FINANCIAL STATEMENTS

Statements of Comprehensive Income *continued*

For the year ended 30 June 2020

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-recurrent expenses					
Loss on disposal property, plant and equipment, intangibles and other	10	(10,631)	(9,589)	(10,631)	(9,589)
Movements in landfill and quarry provisions	22	(4,897)	(9,895)	(4,897)	(9,895)
Assets transferred to third parties	10	(567)	(259)	(567)	(259)
Impairment Expense	13	-	(44,802)	-	(44,802)
Total non-recurrent expenses		(16,095)	(64,545)	(16,095)	(64,545)
Total expenses		(473,251)	(497,642)	(470,503)	(496,144)
Net result/(deficiency)		163,093	140,271	121,615	96,419 *
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	24	(4,368)	(242,226)	(4,368)	(242,226) *
Total other comprehensive income		(4,368)	(242,226)	(4,368)	(242,226)
Total comprehensive income for the year		158,724	(101,955)	117,247	(145,807) *

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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

1. FINANCIAL STATEMENTS

Statements of Financial Position

As at 30 June 2020

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets					
Current assets					
Cash and cash equivalents	11	199,675	265,691	197,632	263,421
Trade and other receivables	12	17,779	14,126	17,220	14,001
Inventories	13	13,878	13,976	13,850	13,949
Other assets	15	22,817	27,871	22,782	27,825
Total current assets		254,149	321,664	251,485	319,196
Non-current assets					
Trade and other receivables	12	703,855	460,708	704,355	461,208
Inventories	13	36,568	179,503	36,568	179,503
Investment in associates	14	802,139	760,673	538,213	538,213
Property, plant and equipment	16	4,523,399	4,326,666	4,523,368	4,326,583 *
Intangible assets	17	12,774	14,177	12,774	14,177 *
Right of use assets	19	10,087	-	10,021	-
Total non-current assets		6,088,822	5,741,726	5,825,299	5,519,683 *
Total assets		6,342,971	6,063,390	6,076,784	5,838,880 *
Liabilities					
Current liabilities					
Trade and other payables	18	64,050	77,576	62,976	76,609
Lease liabilities	19	4,405	-	4,339	-
Contract liabilities	20	11,257	-	11,257	-
Borrowings	21	31,316	26,510	31,316	26,510
Provisions	22	30,072	45,915	29,917	45,771
Other liabilities	23	11,154	21,593	11,124	21,527 *
Total current liabilities		152,253	171,594	150,928	170,417 *
Non-current liabilities					
Lease liabilities	19	6,077	-	6,077	-
Borrowings	21	519,735	380,977	519,735	380,977
Provisions	22	50,717	46,357	50,567	46,259
Total non-current liabilities		576,529	427,334	576,379	427,236
Total liabilities		728,782	598,928	727,308	597,653
Net community assets		5,614,188	5,464,462	5,349,477	5,241,227 *
Community equity					
Asset revaluation surplus	24	658,224	662,593	658,224	662,593
Retained surplus		4,995,963	4,801,869	4,691,253	4,578,635 *
Total community equity		5,614,188	5,464,462	5,349,477	5,241,227 *

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

* Comparative figures have been restated with the exception of those mentioned above. Refer to Note 35 for details.

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

1. FINANCIAL STATEMENTS

Statements of Change in Equity

For the year ended 30 June 2020

Consolidated

	Note	Asset revaluation surplus \$'000	Retained surplus \$'000	Total \$'000
<u>For the year ended 30 June 2020</u>				
Balance as at 1 July 2019		682,113	4,801,869	5,483,981
Adjustment on initial application of AASB 15/AASB 1058		-	(8,557)	(8,557)
Adjustment on initial application of AASB 16		-	(441)	(441)
Restated balance at 1 July 2019		682,113	4,792,871	5,474,983
Increase (decrease) in asset revaluation surplus	24	(4,368)	-	(4,368)
Net result		-	163,093	163,093
Balance as at 30 June 2020		677,744	4,955,963	5,633,708

For the year ended 30 June 2019

Balance as at 1 July 2018		904,819	4,639,408	5,544,226
Adjustment on initial application of AASB 9			(75)	(75)
Restated balance at 1 July 2018		904,819	4,639,333	5,544,151
Prior year adjustments	35	19,520	22,263	41,783
Increase (decrease) in asset revaluation surplus	24	(242,226)	-	(242,226)
Net result		-	140,271	140,271
Balance as at 30 June 2019		682,113	4,801,869	5,483,981

Council

	Note	Asset revaluation surplus \$'000	Retained surplus \$'000	Total \$'000
<u>For the year ended 30 June 2020</u>				
Balance as at 1 July 2019		662,593	4,578,635	5,241,228
Adjustment on initial application of AASB 15/AASB 1058		-	(8,557)	(8,557)
Adjustment on initial application of AASB 16		-	(441)	(441)
Restated balance at 1 July 2019		662,593	4,569,638	5,232,231
Increase (decrease) in asset revaluation surplus	24	(4,368)	-	(4,368)
Net result		-	121,615	121,615
Balance as at 30 June 2020		658,224	4,691,253	5,349,477

For the year ended 30 June 2019

Balance as at 1 July 2018		904,819	4,460,028	5,364,847
Adjustment on initial application of AASB 9			(75)	(75)
Restated balance at 1 July 2018		904,819	4,459,953	5,364,772
Prior year adjustments	35	19,520	22,263	41,783
Increase (decrease) in asset revaluation surplus	24	(261,746)	-	(261,746)
Net result		-	96,419	96,419
Balance as at 30 June 2019		662,593	4,578,635	5,241,227

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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

1. FINANCIAL STATEMENTS

Statements of Cash Flows

For the year ended 30 June 2020

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities					
Receipts from customers		401,156	398,575	384,116	371,518
Payments to suppliers and employees		(403,373)	(344,244)	(386,075)	(317,494)
Interest and dividends received		55,258	57,894	55,220	57,802
Recurrent grants and contributions		15,613	15,194	15,613	15,194
Borrowing costs	8	(8,399)	(8,877)	(8,399)	(8,877)
Finance costs	8	(2,124)	(1,710)	(2,124)	(1,710)
Net cash inflow (outflow) from operating activities	30	58,131	116,831	58,351	116,431
Cash flows from investing activities					
Payments for property, plant and equipment		(311,040)	(327,782)	(311,033)	(327,735)
Net movement in loans and advances		5,079	(250)	5,079	(250)
Proceeds from sale of property, plant and equipment		1,922	8,234	1,922	8,234
Contract receivable (Sunshine Coast Airport Expansion Project)		(105,298)	-	(105,298)	-
Proceeds from sale of inventory (Sunshine Coast Airport Expansion Project)		104,914	-	104,914	-
Grants, subsidies, contributions and donations		41,375	58,323	41,375	58,323
Net cash inflow (outflow) from investing activities		(263,049)	(261,475)	(263,042)	(261,428)
Cash flows from financing activities					
Proceeds from borrowings		164,609	136,746	164,609	136,746
Repayment of borrowings		(21,046)	(18,529)	(21,046)	(18,529)
Repayments made on leases (principal only)		(4,662)	-	(4,662)	-
Net cash inflow (outflow) from financing activities		138,901	118,216	138,901	118,216
Net increase (decrease) in cash and cash equivalents held		(66,017)	(26,427)	(65,790)	(26,781)
Cash and cash equivalents at beginning of financial year		265,691	292,118	263,421	290,202
Cash and cash equivalents at end of the financial year		199,674	265,691	197,631	263,421

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.02 Recurrent/Non-recurrent Classification

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

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

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

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

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

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

1.03 Basis of Consolidation

Subsidiaries

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

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

Transactions between Council and both Sunshine Coast Events Centre Pty Ltd and SunCentral Maroochydore Pty Ltd have been eliminated when preparing consolidated accounts. In addition, the accounting policies of these controlled entities have been adjusted on consolidation where necessary, to ensure the financial report of the consolidated entity is prepared using accounting policies that are consistent with those of the Council. Sunshine Coast Arts Foundation Ltd is not consolidated into Council's financial statements due to its size and nature. Information on controlled entities is included in Note 28.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

1.04 Constitution

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

1.05 New and Revised Accounting Standards Adopted During the Year

Council adopted all standards which became mandatory effective for annual reporting periods beginning on 1 July 2019. The standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases. Refer to the change in accounting policy note 36 for transition disclosures for AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not For Profit Entities* and AASB 16 *Leases*.

1.06 Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020. These standards have not been adopted by Council and will be included in the financial statements on their effective date if their application is material to Council.

1.07 Estimates and Judgements

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

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

Impairment of property, plant and equipment - Note 16

Provisions - Note 22

Contingencies - Note 26

Financial instruments and financial risk management - Note 32

1.08 Rounding and Comparatives

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

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard. Restated balances are detailed in Note 35 and indicated with an asterisk (*) throughout the financial statements.

1.09 Disclosure of Other Comprehensive Income for Equity Accounting Investments

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

1.10 Volunteer Services

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

1.11 Taxation

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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:

Office of the Mayor and Office of the CEO

The Office of the CEO and Office of the Mayor provide support and advice to the Mayor, Councillors, Chief Executive Officer (CEO), Executive Leadership Team and the wider organisation.

The two Offices work together to lead and coordinate the organisation to achieve delivery of the Sunshine Coast Council's vision, mission, long term strategic directions and Corporate Plan goals, providing a one-council approach to statutory and corporate decision making.

The Offices are responsible for Communications, Corporate Governance, Strategy and Coordination, Legal Services, Audit & Assurance, Major Projects and Strategic Property.

Built Infrastructure Group

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

Business Performance Group

The Business Performance Group is focussed on developing and managing the core capabilities that underpin the effective and efficient operation of the organisation. The Group is responsible for Business & Innovation, Digital & Information Services, Finance, People & Culture and Property Management.

Customer Engagement and Planning Services Group

The Customer Engagement and Planning Services Group is focussed on delivering positive customer experiences to business and the community, particularly land use planning, development, waste and regulatory enforcement. The Group is responsible for Customer Response, Development Services, Strategic Planning and Waste & Resource Management.

Economic and Community Development Group

The Economic and Community Development Group aims to drive the identification of new economic opportunities for the region while ensuring a balanced focus on developing, supporting and/or delivering opportunities (social, cultural and economic) that each of the region's many communities expect to enjoy. The Group is responsible for Arts Heritage & Library, Community Planning & Development, Economic Development and Sports & Community Venues.

Liveability and Natural Assets Group

The Liveability and Natural Assets Group is focussed on taking a balanced approach to planning and delivery of sustainable environmental and infrastructure development to meet the needs of the growing population and maintain the liveability of the region. The Group is responsible for Design & Placemaking Services, Environmental & Sustainability Policy, Environmental Operations, Project Delivery and Urban Growth Projects.

Region Shaping Projects

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

2.(b) Analysis of Results by Function

	Gross program income		Elimination of inter-function transactions	Total Income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net result	Assets
	Non-recurrent				Non-recurrent						
	2020	2020			2020	2020					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Built Infrastructure	34,046	31,532	(22,054)	43,524	(215,841)	(9,158)	39,141	(185,858)	(164,707)	(142,334)	3,639,277
Customer Engagement and Planning Services	115,424	-	(16,751)	98,673	(132,471)	(4,932)	27,074	(110,350)	(6,724)	(11,677)	121,070
Economic and Community Development	24,208	1,539	(407)	25,340	(94,963)	(613)	14,039	(81,536)	(57,122)	(56,196)	210,499
Liveability and Natural Assets	21,140	7,049	(9,243)	18,946	(61,362)	(80)	18,557	(42,865)	(30,908)	(23,920)	105,675
Region Making Projects	146	387	-	533	(4,031)	-	363	(3,667)	(3,521)	(3,134)	424,681
Business Performance	363,483	98,672	(57,104)	405,051	(50,256)	(1,311)	15,527	(36,040)	271,650	369,011	1,575,388
Mayor and CEO Offices	15,427	-	(15,376)	51	(16,419)	-	6,233	(10,186)	(10,135)	(10,135)	193
Total Council	573,875	139,178	(120,934)	592,118	(575,342)	(16,095)	120,934	(470,503)	(1,468)	121,615	6,076,784
Controlled Entities Net of Eliminations	44,225	-	-	44,225	(2,748)	-	-	(2,748)	41,477	41,477	266,187
Total Consolidated	618,100	139,178	(120,934)	636,343	(578,090)	(16,095)	120,934	(473,251)	40,009	163,093	6,342,971

**For the year ended
30 June 2020**

	Gross program income		Elimination of inter-function transactions	Total Income	Gross program expense		Elimination of inter-function transactions	Total expenses	Net result from recurrent operations	Net result	Assets
	Non-recurrent				Non-recurrent						
	2019	2019			2019	2019					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Built Infrastructure	32,022	44,824	(23,041)	53,806	(204,988)	(3,649)	36,267	(172,371)	(159,740)	(118,565)	3,525,860
Customer Engagement and Planning Services	110,370	49	(20,124)	90,295	(123,681)	(11,509)	29,756	(105,433)	(3,679)	(15,138)	110,377
Economic and Community Development	27,097	2,811	498	30,406	(103,344)	357	16,882	(86,305)	(59,068)	(58,069)	192,044
Liveability and Natural Assets	20,581	91,210	(8,437)	103,354	(55,918)	-	16,676	(39,242)	(27,068)	64,112	97,549
Region Making Projects	7,238	2,500	(1)	9,737	(4,367)	(45,229)	401	(49,195)	3,270	(39,459)	294,792
Business Performance	305,688	6,393	(57,670)	304,411	(43,266)	(4,515)	15,350	(32,431)	270,102	271,980	1,615,629
Mayor and CEO Offices	14,601	-	(13,847)	753	(18,548)	-	7,382	(11,166)	(10,413)	(10,413)	1,566
Total Council	567,596	147,589	(122,623)	592,562	(554,113)	(64,545)	122,514	(496,144)	13,374	96,418	5,838,860
Controlled Entities Net of Eliminations	45,351	-	-	45,351	(1,499)	-	-	(1,499)	43,852	43,852	224,511
Total Consolidated	612,947	147,589	(122,623)	637,913	(555,612)	(64,545)	122,514	(497,642)	57,227	140,271	6,063,390

**For the year ended
30 June 2019**

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

3. Revenue analysis

	Note	Consolidated 2020		Council 2020	
		AASB 15 2020 \$'000	AASB 1058 2020 \$'000	AASB 15 2020 \$'000	AASB 1058 2020 \$'000
Revenue recognised at a point in time					
Net Rates, levies and charges (excluding those related to services)	3(a)	-	311,897	-	311,897
Fees and charges (excluding infringements)	3(b)	29,412	22,740	27,949	22,740
Infringements	3(b)	-	2,585	-	2,585
Sales from contracts and recoverable works	3(c)	13,992	-	14,066	-
Grants, subsidies, donations and contributions	4(a,b)	498	144,732	498	143,633
		43,903	481,954	42,513	480,855
Revenue recognised over time					
Sales from contracts and recoverable works	3(c)	72	-	72	-
Grants and subsidies	4(a,b)	9,071	1,403	9,071	1,403
Sales from contracts Sunshine Coast Airport Expansion Project	4(c)	186	-	186	-
		9,329	1,403	9,329	1,403
Total Revenue		53,232	483,356	51,842	482,258

(a) Net rates and utility charges

2020 accounting policy: Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

2019 accounting policy: Rates are recognised as revenues at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
General rates	244,690	233,462	244,690	233,782
Waste management	60,748	53,353	60,748	53,353
Tourism and special levies	8,766	8,356	8,766	8,356
Environment levy	10,890	10,372	10,890	10,372
Rural fire levy	514	476	514	476
Valuation fees	94	81	94	81
	325,700	306,100	325,700	306,420
Total rates and utility charge revenue				
Less: discounts	(9,656)	(9,213)	(9,656)	(9,213)
Less: pensioner remissions	(3,167)	(3,105)	(3,167)	(3,105)
Less: rebates	(980)	(957)	(980)	(957)
	(13,803)	(13,276)	(13,803)	(12,510)
Net rates and utility charges	311,897	292,824	311,897	293,144

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

(b) Fees and charges

2020 accounting policy: Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

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

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

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

2019 accounting policy: Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Application fees (development)	8,348	9,800	8,348	9,800
Holiday parks	14,259	16,523	14,259	16,523
Cemetery fees	1,028	1,050	1,028	1,050
Parking fees	546	585	546	585
Refuse tip fees	6,973	6,191	6,973	6,191
Registration fees	1,313	1,224	1,313	1,224
Search fees	1,067	1,031	1,067	1,031
Waste service charges	409	415	409	415
Change of ownership fees	869	855	869	855
Fines and penalties	2,498	2,640	2,498	2,640
Venue hire	959	1,208	959	1,208
Development services	9,262	7,923	9,262	7,923
Permits and licences	1,216	1,499	1,216	1,499
Other fees and charges	5,991	6,444	4,528	4,882
	54,737	57,386	53,274	55,824

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

(c) Sales from contracts and recoverable works

Sale of goods revenue is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Recoverable works	1,429	1,484	1,429	1,484
Sale of recyclables	2,603	2,856	2,603	2,856
Solar farm	2,881	1,951	2,881	1,951
Other revenue	7,151	13,586	7,225	13,586
	14,065	19,877	14,138	19,877

(d) Share of tax equivalents of associate

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
	16,409	14,911	16,409	14,911

(e) Dividend income

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
	-	-	12,321	13,121

4. Grants, subsidies, contributions, donations and other

2020 Accounting policy:

Grant income under AASB 15

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

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

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

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised, then income is recognised for any remaining asset value at the time the asset is received.

Capital (non-recurrent) grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

2019 accounting policy: Grants, subsidies, contributions and donations that are non-reciprocal in nature are recognised as revenue when Council obtains control over them, which is usually upon receipt of the funds. Granted assets are normally recognised upon the earlier of their receipt or prior notification that the grant has been secured.

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

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

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Government grants and subsidies commonwealth	11,847	12,212	11,847	12,212
Government grants and subsidies state	2,087	2,689	2,087	2,689
Grants and subsidies other	1,406	19	1,406	19
Contributions and donations	1,372	274	273	274
	16,711	15,194	15,613	15,194

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Government grants and subsidies commonwealth	4,837	2,005	4,837	2,005
Government grants and subsidies state	5,636	14,492	5,636	14,492
Developer contributions	31,204	42,328	31,204	42,328
Infrastructure from developers at fair value	97,617	89,266	97,617	89,266
	139,295	148,090	139,295	148,090
Less: discount allowed developer contributions	(303)	(502)	(303)	(502)
	138,992	147,589	138,992	147,589

(c) Sunshine Coast Airport Expansion Project

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
	186	-	186	-

Construction of the new runway at Sunshine Coast Airport consists of two performance obligations as follows:

1. The bulk of the runway which was complete, ready for use and handed over to Palisade Investment Partners Ltd on 14 June 2020, and
2. Full practical completion scheduled for December 2020.

Under AASB 15, associated contract revenue is recognised over time as construction works are completed, with final payment of \$290 million due on 30 June 2022. The associated contract receivable is recognised in Note 12.

The net contract revenue of \$0.186 million for 2019/20 consists of \$104.914 million discounted contract revenue less \$104.728 million construction costs.

5. Interest and other income

Interest received	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest received from term deposits is accrued over the term of the investment	21,112	21,807	21,112	21,807
Interest received from associate	4,930	7,392	4,864	7,300
Interest from overdue rates and utility charges	514	663	514	663
	26,556	29,862	26,490	29,770

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

6. Employee benefits

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Total wages and salaries		133,588	126,737	131,795	125,043
Councillors' remuneration *		1,855	1,806	1,855	1,806
Annual, sick and long service leave entitlements		15,496	15,510	15,403	15,373
Superannuation	27	15,812	15,147	15,632	14,990
		166,751	159,200	164,684	157,211
Other employee related expenses		3,661	3,439	3,568	3,439
		170,412	162,640	168,252	160,651
Less: Capitalised employee expenses		(17,050)	(16,322)	(17,050)	(16,322)
Less: Employee expenses transferred to third parties		(6)	-	(6)	-
		153,356	146,317	151,197	144,328

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

Total Council full time equivalent employees at the reporting date:

	Consolidated		Council	
	2020	2019	2020	2019
Elected Members	11	11	11	11
Staff	1,722	1,713	1,692	1,679
Total full time equivalent employees	1,733	1,724	1,703	1,690

7. Materials and services

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Advertising	1,493	1,894	1,493	1,894
Audit of annual financial statements by the Auditor General of Queensland	277	305	271	278
Consultancy fees	7,497	6,796	7,497	6,796
Commissions paid	2,361	2,838	2,361	2,838
Contract services parks and gardens	16,381	15,696	16,381	15,696
Contract services waste collection	34,525	30,248	34,525	30,248
Contract services environmental operations	11,495	10,039	11,495	10,039
Contract services property management	7,037	7,577	7,037	7,577
Contract services sport and community venues	7,749	7,517	7,749	7,517
Contract services civil asset management	7,836	7,184	7,836	7,184
Contract services transport infrastructure management	1,679	2,445	1,679	2,445
Contract services art, heritage and libraries	2,907	2,494	2,907	2,494
Contract services other	18,128	17,278	18,012	16,988
Donations	4,415	6,188	4,415	6,188
Electricity	6,972	7,732	6,825	7,625

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

7. Materials and services *continued*

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Entertainment and hospitality	399	637	399	637
Equipment < \$5,000	948	1,370	948	1,370
Fuel	2,701	2,865	2,701	2,865
Grants to community organisations	8,136	8,164	8,136	8,164
Insurance	2,538	2,273	2,538	2,273
Legal fees	2,784	1,857	2,784	1,857
Library resources	1,360	1,429	1,360	1,429
Materials road base	1,866	2,299	1,866	2,299
Operating leases - short-term and low value	4,577	8,079	4,577	8,079
Plant and equipment hire	5,988	5,838	5,988	5,838
Security services	1,393	1,421	1,393	1,421
Software and maintenance	7,886	6,791	7,886	6,791
Telecommunications	3,773	3,960	3,736	3,931
Water and sewerage charges	5,120	5,097	5,120	5,097
All other materials and services	22,616	17,421	20,894	16,946
	202,838	195,731	200,808	194,803
Less: Capitalised expenses	(5,397)	(4,885)	(5,397)	(4,885)
Less: Internal costs transferred to third parties	(561)	(259)	(561)	(259)
	196,880	190,586	194,849	189,658

8. Finance costs

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Borrowing costs charged by the Queensland Treasury Corporation and other loan providers *		8,399	8,877	8,399	8,877
Bank charges and credit card fees		1,020	1,006	994	981
Interest on leases	19	228	-	228	-
Unwinding of discount on provisions	22	356	331	356	331
Impairment of receivables		374	351	374	351
Other finance costs		173	48	173	48
		10,549	10,613	10,523	10,588

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

Capital borrowing costs include \$4.811 million capitalised against the Maroochydore City Centre project (\$4.507 million in 2019), \$1.864 million capitalised against the Sunshine Coast Airport Expansion project (\$0.690 million in 2019), \$0.170 million capitalised against the Brisbane Road Carpark development (\$0.060 million in 2019) and \$0.158 million capitalised against the Sunshine Coast International Broadband Network (\$0.003 million in 2019).

9. Contributions to controlled entities

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Contributions to controlled entities	-	-	1,527	1,495

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

10. Non-recurrent expenses

Gain/(Loss) on disposal of non-current assets	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Proceeds from the sale of plant and equipment	176	1,275	176	1,275
Less carrying amount sold	(193)	(642)	(193)	(642)
Less carrying amount disposed and written-off	(29)	(48)	(29)	(48)
	(46)	585	(46)	585
Proceeds from the sale of property and land	1,746	6,531	1,746	6,531
Less carrying amount sold	(1,745)	(10,954)	(1,745)	(10,954)
Less carrying amount disposed and written-off	(9,124)	(662)	(9,124)	(662)
	(9,123)	(5,086)	(9,123)	(5,086)
Replacement of roads, stormwater and other infrastructure				
Less carrying amount:				
Replaced and renewed	(1,419)	(1,952)	(1,419)	(1,952)
Disposed and written-off	(4)	(3,136)	(4)	(3,136)
	(1,422)	(5,088)	(1,422)	(5,088)
Replacement of intangibles				
Less carrying amount:				
Replaced and renewed	-	-	-	-
Disposed and written-off	(40)	-	(40)	-
	(40)	-	(40)	-
Loss on disposal of property, plant and equipment, and intangibles	(10,631)	(9,589)	(10,631)	(9,589)
Assets transferred to third parties *				
Employee expenses transferred to third parties	(6)	-	(6)	-
Internal costs transferred to third parties	(561)	(259)	(561)	(259)
	(567)	(259)	(567)	(259)

*Included in 2020 is \$0.567 million (\$0.259 million in 2019) related to work performed on public utility provider assets.

11. Cash and cash equivalents

For the purposes of the Statements of Financial Position and the Statements of Cash Flows, cash assets include cash on hand as well as deposits at call with financial institutions. It also includes 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 (2019 \$70 million) in short-term investments. Short-term investments have an original maturity date of not greater than three months from the balance date of the financial statements.

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Total cash and equivalents	199,675	265,691	197,632	263,421

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Externally imposed expenditure restrictions	159,973	153,407	159,973	153,407
Internally imposed expenditure restrictions	10,035	21,120	10,035	21,120
Total unspent restricted cash	170,008	174,526	170,008	174,526

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

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Constrained works	131,317	17,721	131,317	117,721
General	5,214	16,027	5,214	16,027
Levy funded	22,532	18,091	22,532	18,091
Special purpose	911	1,568	911	1,568
Total unspent restricted cash	159,973	153,407	159,973	153,407

Internally imposed expenditure restrictions at the reporting date:

General	10,035	21,120	10,035	21,120
Total unspent restricted cash	10,035	21,120	10,035	21,120

12. Trade and other receivables

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

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

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

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current				
Rates and utility charges	5,982	4,418	5,982	4,418
Infringements	2,114	2,156	2,114	2,156
Infrastructure charges	3,923	4,231	3,923	4,231
Trade debtors	6,401	3,857	5,842	3,732
Other debtors	7	4	7	4
Less allowance for impairment	(648)	(540)	(648)	(540)
	17,779	14,126	17,220	14,001

Interest is charged on outstanding rates at 9.83% 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.

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

	Note	Consolidated		Council	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July		540	557	540	557
Impairment debts written off during the year		(264)	(368)	(264)	(368)
Additional impairments recognised		373	351	373	351
Closing balance at 30 June		648	540	648	540

Non-Current

Trade debtors		17,060	17,060	17,060	17,060
Contract Receivables		248,226	-	248,226	-
Loans receivable		4,176	9,254	4,176	9,254
Loan to associate - subordinated debt	14	434,393	434,393	434,393	434,393
Shares in controlled entities		-	-	500	500
		703,855	460,708	704,355	461,208

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

The contract receivable relates to the Sunshine Coast Airport Expansion Project and consists of \$143.189 million contract revenue relating to 2018/19 as well as \$104.914 million contract revenue and \$0.123 million interest revenue for 2019/20. Further details are in Note 4(c). Payment is due on 30 June 2022.

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

Loans and advances are recognised in the same way as other receivables. Terms are usually a maximum of five years with interest charged at non-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 2020 was 4.86% (2019 5.02%).

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

13. Inventories

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, expenditure incurred in acquiring inventories and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost except for land where the costs are allocated to the relevant parcel.

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

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Equipment, stores and quarries *	1,259	1,357	1,231	1,330
Land being developed for resale **				
Work in Progress	-	-	-	-
Finished Goods	12,619	12,619	12,619	12,619
Closing current inventories at 30 June	13,878	13,976	13,850	13,949

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current				
Land held for future development and resale **				
Work in Progress	36,568	36,568	36,568	36,568
Runway under development and resale***				
Work in Progress	-	187,737	-	187,737
Accumulated Impairment	-	(44,802)	-	(44,802)
Closing non-current inventories at 30 June	36,568	179,503	36,568	179,503

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Land planned for resale will be released in stages over the life of the project (approximately 20 years). Current land inventory in Stage 1A has been released with 4 parcels recognised as sales during the 2018/19 financial year, and no completed sales during the 2019/20 financial year. Non-current land inventory is being held for future development in Stages 2-6. Land planned for resale is recognised at cost, being the lesser of cost and net realisable value. Inventory costs include costs to develop the land ready for resale and other directly attributable costs such as project overheads and borrowing costs.

*** Sunshine Coast Airport (SCA) runway construction commenced in 2017 and became operational on 14 June 2020. Practical completion of the entire project is due in December 2020. Inventory costs include the costs of development and other directly attributable costs such as project overheads and borrowing costs.

As the bulk of the runway was handed over to Palisade Investment Partners Ltd on 14 June 2020, inventory costs have been derecognised at 30 June 2020 and contract revenue recognised. Costs associated with the balance of the project will continue to be captured in Work in Progress (Inventory), until completion (estimated December 2020) at which time they'll be derecognised and contract revenue recognised.

14. Investment in associates

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

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

Name of Associate	Northern SEQ Distributor-Retailer Authority (trading as Unitywater)
Principal Activity	Provision of Water and Wastewater Services
Principal Place of Business	Caboolture Qld
Proportion of Ownership Interest	37.51% (2019 37.51%)

(1) Background

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

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

(2) Contractual Agreements

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

(3) Returns to Council

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

Council agreed to extend the loans with a Participating Local Government (PLG) Loan Agreement between Sunshine Coast Regional Council and the Authority duly executed on 21 June 2013. This new loan was subject to an annual reset rate (to be determined by Queensland Treasury Corporation in accordance with the credit rating assigned for the Authority) with quarterly interest-only payments for twenty years to 30 June 2033. The rate to 30 June 2020 is 4.86% (2019: 5.02%).

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

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

(4) Participation Rights

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

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Movement in carrying amount				
Investment	760,673	716,854	538,213	538,213
Share of profits after tax and before dividends	53,787	56,940	-	-
Dividends received/receivable	(12,321)	(13,121)	-	-
Carrying amount at the end of the financial year	802,139	760,673	538,213	538,213

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

Summary financial information for the Authority, not adjusted for the percentage ownership held by Council, as reflected in their 30 June 2020 financial statements is detailed below.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Extract from the Authority's Statement of Comprehensive Income

	2020 \$'000	2019 \$'000
Total revenues	730,046	730,579
Ordinary expenses	(525,320)	(513,918)
Profit before income tax equivalent	204,726	216,661
Income tax equivalent expense	(61,332)	(64,861)
Total profit (after tax)	143,394	151,800

Share of Profit of Associate	53,787	56,940
-------------------------------------	---------------	---------------

Total assets	4,052,307	3,902,190
Total liabilities	(1,896,095)	(1,865,263)
Net assets	2,156,212	2,036,927

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

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

15. Other assets

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Current</u>				
Prepayments	4,108	4,201	4,074	4,201
GST recoverable *	4,108	3,166	4,108	3,166
Accrued revenue	14,601	20,504	14,600	20,458
	22,817	27,871	22,782	27,825

* GST recoverable previously under Receivables

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

16(a) Property, plant and equipment

Council	Note	Land	Buildings	Plant & Equipment	Transportation Network	Stormwater Network	Other Infrastructure	Capital Works in Progress	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the year ended 30 June 2020									
Gross value / cost		592,485	337,140	55,966	2,488,967	1,305,001	580,277	448,966	5,808,803
Less accumulated depreciation		-	(124,391)	(30,958)	(682,430)	(266,880)	(180,777)	-	(1,285,435)
Book value as at 30 June		592,485	212,749	25,009	1,806,538	1,038,121	399,500	448,966	4,523,368
For the year ended 30 June 2019									
Gross value / cost		578,545	315,990	56,588	2,438,948	1,263,718	579,459	286,895	5,520,144
Less accumulated depreciation		-	(106,698)	(28,720)	(637,706)	(254,463)	(165,974)	-	(1,193,561)
Book value as at 30 June		578,545	209,292	27,868	1,801,242	1,009,255	413,486	286,895	4,326,583

Basis of measurement	Land Fair Value \$'000	Buildings Fair Value \$'000	Buildings Cost \$'000	Plant & Equipment Fair Value \$'000	Plant & Equipment Cost \$'000	Transportation Network Fair Value \$'000	Transportation Network Cost \$'000	Stormwater Network Fair Value \$'000	Stormwater Network Cost \$'000	Other Infrastructure & Waterways Fair Value \$'000	Other Infrastructure & Waterways Cost \$'000	Capital Works in Progress Cost \$'000	Restated 2019 Total \$'000	2020 Total \$'000
Opening net value as at 1 July	578,545	209,292	27,868	1,801,242	1,009,255	413,486	286,895	4,326,583	4,334,626	-	-	-	4,334,626	4,326,583
Adjustment to opening balance*	-	-	-	-	-	-	-	-	-	-	-	-	27,264	-
Reclassification from (to) operating expense	-	-	82	-	-	-	-	-	-	-	-	-	82	(701)
Plus capital expenses	-	-	-	-	-	-	-	-	-	-	-	204,557	204,557	218,295
Transfers from capital works in progress	18,286	5,386	1,093	12,292	2,534	3,084	(42,676)	1,973	(42,676)	-	-	-	-	-
Plus contributed assets*	19,004	-	-	42,657	33,982	1,973	-	1,973	-	-	-	57,617	89,266	-
Less disposals	(8,505)	(2,363)	(222)	(1,311)	(9)	(103)	-	(103)	-	-	-	-	(17,396)	-
Less depreciation provided in period	-	(10,395)	(3,865)	(45,980)	(11,979)	(16,561)	-	(16,561)	-	-	-	-	(88,780)	(62,579)
Revaluation adjustments to asset revaluation surplus* 35(e)(f)	(17,117)	12,749	-	-	-	-	-	-	-	-	-	-	(4,368)	(242,226)
Transfer (to)/from intangibles	-	-	-	-	-	-	-	-	-	-	-	50	50	33
Transfer between classes	2,273	(1,920)	52	(2,354)	4,337	(2,379)	-	(2,379)	-	-	-	-	-	-
Book value as at 30 June	592,485	212,749	25,009	1,806,538	1,038,121	399,500	448,966	4,523,368	4,523,368	-	-	-	4,523,368	4,326,583
Range of estimated useful lives in years	unlimited	2-100	2-60	5-unlimited	5-135	5-unlimited	5-unlimited	5-unlimited	5-unlimited	5-unlimited	5-unlimited	5-unlimited	5-unlimited	5-unlimited

*Adjustment to opening balance includes assets discovered through the data reconciliation process of the financial and spatial asset registers. Also included are assets removed from the financial asset register that could not be spatially or physically substantiated to be under Council's control.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

16. Property, Plant and Equipment

(b) Recognition

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

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

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

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

(c) Measurement

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

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

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

(d) Depreciation

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

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

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

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

(e) Impairment

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

(f) Valuation

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

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

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

For the interim valuations of the land and buildings, management engages independent valuers to perform a desktop valuation whereby the regional area cost movements are analysed and applied against updated asset information which includes additions, disposals, changes to useful lives and condition assessments. The valuer then determines suitable indices which are applied to each of these asset classes.

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

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

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

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

16. (g) Fair value measurement

In accordance with *AASB 13 Fair Value Measurement*, fair value measurements are categorised on the following basis:

- Level 1** – the fair value is based on quoted prices (unadjusted) in active markets for identical assets.
- Level 2** – the fair value is estimated using inputs that are directly or indirectly observable for the asset, such as prices for similar assets.
- Level 3** – the fair value is estimated using unobservable inputs for the asset.

The table below represents Council's assets measured and recognised at fair value at 30 June 2020. All fair value measurements are recurrent and categorised as either level 2 or level 3 in the fair value hierarchy.

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

Property, Plant and Equipment Fair Value Hierarchy

	Level 2		Level 3		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Land	102,277	89,920	490,209	488,626	592,485	578,544
Buildings	2,760	1,410	209,989	207,882	212,749	209,292
Other Infrastructure	-	-	399,500	413,486	399,500	413,486
Transportation	-	-	1,806,538	1,801,242	1,806,538	1,801,242
Stormwater	-	-	1,038,121	1,009,255	1,038,121	1,009,255
	105,037	91,330	3,944,356	3,920,491	4,049,393	4,011,819

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Land

The fair value of land is measured at current market value using the exit price methodology, taking into consideration the highest and best use, less the cost of any restrictions where they apply. Highest and best use takes into account what is physically possible, legally permissible and financially feasible for each asset.

Land fair values were determined by independent valuation firm Australis Asset Advisory Group Pty Ltd, effective 30 June 2020.

Where there is an active market and liquid sales evidence available and no significant adjustments applied, this was judged to represent level 2 observable inputs. Where directly comparable sales evidence was unavailable, or a significant level of adjustment was required between sales evidence and an asset, level 3 unobservable inputs were used to derive fair value measurement. The adjustments made for level 3 assets included the Sunshine Coast Planning Scheme 2014, zoning, use or significant restriction, case law, sales analysis, as well as professional opinion. The most significant inputs into this valuation approach are price per square metre with consideration given to the existence of restrictions and active markets.

Buildings

The fair value of buildings were determined by Australis Asset Advisory Group Pty Ltd, effective 30 June 2020. The fair value of buildings is either measured using the market approach where there are level 2 inputs available or, in the absence of an active market, the cost approach where predominantly level 3 unobservable inputs are utilised. As many Council buildings are specialised and unique in characteristics, the most significant inputs into the valuation approach were the cost of reproduction for modern equivalent assets.

Where Council buildings are specialised in nature, and there is no active market for the assets, the fair values are derived by an external valuer with reference to relevant recent construction information and adjusted to reflect the consumed or expired service potential of the building asset. Where there is evidence of an active market for assets in the building asset class, fair value has been derived on a market basis from the observed sales prices of comparable properties, after adjusting for differences in key attributes such as property size. Condition was assessed as part of the comprehensive valuation, which took into account both physical and holistic factors such as functionality, capability, utilisation and obsolescence. Building assets are valued, and useful lives applied, at component level in accordance with International Infrastructure Management Manual (IIMM) standards and renewal cycles.

Plant and Equipment

Plant and equipment assets are reported at historical cost for the year ended 30 June 2020.

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

Infrastructure Assets

Assets are recognised at component level. Componentisation is based around significance, asset behaviour and service delivery. Depreciation is systematically allocated over a defined useful life of each component recognised, which demonstrates the physical obsolescence of the asset. Where asset condition can be assessed, it is used as a mechanism to determine whether and to what extent the service potential of infrastructure assets has been consumed during the reporting period and to confirm the pattern of consumption of future economic benefits. Consideration has been made for the typical asset life cycle and renewal treatments. Estimated useful lives are disclosed in Note 16(a).

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Transportation Network

Council engaged consulting firm Cardno (Qld) Pty Ltd, which last comprehensively revalued and developed unit rates for the transportation asset class as at 30 June 2019. For 2020, Cardno conducted a cost movement analysis which provided that the overall transportation network assets moved between 0.1% and 0.7% during the current period. Various data sources were assessed including current market rates of key materials and labour, and the implicit price deflator and price indices produced by the Australian Bureau of Statistics (ABS). Additionally, Council's engineering staff assessed the cost movements provided to ensure consistency. Where current condition is available, this information has been applied as an indicator of physical obsolescence to inform the fair value of the assets. In the absence of condition, age based assumptions are used. Management has elected not to apply indices to this financial class for the 2019/20 financial year.

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

Condition assessments of bridges are undertaken cyclically which includes a visual inspection to determine condition. Where changes to condition are recorded, in accordance with International Infrastructure Management Manual (IIMM) standards, these are used as a basis for assessment of fair value, remaining service potential and remaining useful life. Where updated condition information is available, this has been taken into account for the fair value assessment as at 30 June 2020. Bridge assets are held at structural component levels, and depreciated accordingly over the componentised useful lives.

The fair value of all transportation assets was reported at 30 June 2020 to reflect changes in actual costs of construction for Council and changes in remaining service potential, in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*.

Stormwater Network

Council engaged consulting firm Cardno (Qld) Pty Ltd, who last comprehensively revalued and developed unit rates for the stormwater network as at the year ended 30 June 2018. For 2020, Cardno conducted a cost movement analysis which concluded that the stormwater pits moved by 3.5% and culverts moved by 1% across the stormwater network during the current period. Various data sources were assessed including the implicit price deflator and price indices produced by the Australian Bureau of Statistics (ABS). Additionally, Cardno's stormwater engineer assessed the cost movements on the material items within the stormwater asset class for the current period which were consistent with the published indices. Management has elected not to apply indices to this financial class for the 2019/20 financial year.

The fair value of stormwater assets was reported at 30 June 2020 to reflect changes in actual costs of construction for Council and changes in remaining service potential, in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*.

Other Infrastructure

The fair values of Other Infrastructure assets last comprehensively revalued by GHD Pty Ltd as at 30 June 2015. For 2020, Australis Asset Advisory Group Pty Ltd conducted detailed cost movement analysis for the varying assets across the financial class and determined that open space infrastructure moved by 1.6% and other infrastructure assets moved by 0.54%. Management has elected not to apply indices to this financial class for the 2019/20 financial year.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

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

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

COVID-19 had no impact on the fair value assessment for 2019/20.

17. Intangible assets

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

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

Consolidated and Council	Note	Intangible \$'000	Capital Works in Progress \$'000	2020 Total \$'000	Restated 2019 Total \$'000
Opening net value as at 1 July		11,915	2,262	14,177	14,571
Adjustment to opening balance	35(c)	-	-	-	(200)
Plus capital expenses		-	1,684	1,684	2,789
Transfers from capital works in progress		866	(866)	-	-
Less disposals		(40)	-	(40)	-
Less amortisation provided in period		(2,957)	-	(2,957)	(2,951)
Transfer (to)/from property, plant and equipment	16(a)	-	(90)	(90)	(33)
Book value as at 30 June		9,785	2,989	12,774	14,177
Range of estimated useful lives in years		2-25	-		

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

18. Trade and other payables

Creditors are recognised when goods or services are received, at the amount owed. Amounts owing are unsecured and are generally settled on 30 day terms, however since COVID-19, Council reduced all creditors to 7 day terms.

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

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

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Current</u>				
Creditors and accruals	48,422	64,276	47,648	63,582
Annual leave	14,512	12,510	14,301	12,236
Other employee entitlements	1,116	791	1,027	791
	64,050	77,576	62,976	76,609

19. Leases

Council as a lessee

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Terms and conditions of leases

Buildings

Council has the following leases:

Two office buildings due to expire in 2021. One of the leases includes a fixed annual increase and the other is subject to annual CPI increases.

A project office for the Sunshine Coast Airport Expansion Project. This office will be vacated at the conclusion of the project in December 2020.

Two long term leases from the Department of Natural Resources for Sunshine Coast Holiday Parks.

Vehicles

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

Equipment

Council leases a number of items of equipment, a number of the assets are considered low value and are therefore not subject to lease accounting. The more significant items have lease terms ranging from 3 - 4 years and fixed payments for the term of the leases.

Right of use assets

	Vehicles	Buildings	Equipment	Total
Consolidated and Council	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000
Adoption of AASB 16 at 1 July 2019	9,144	2,937	129	12,210
Additions to right-of-use assets	2,359	98	10	2,466
Adjustments to right-of-use assets due to re-measurement of lease liability	-	-	24	24
Amortisation	(3,611)	(931)	(71)	(4,613)
Balance at 30 June 2020	7,892	2,103	92	10,087

Lease liabilities

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

Consolidated and Council	< 1 year	1-5 years	> 5 years	Total	Total per statement of financial position
	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
	4,499	6,023	295	10,817	10,482

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Liabilities not recognised - extension options

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

Amounts included in the statement of comprehensive income related to leases

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

Consolidated and Council	2020 \$'000
Interest on lease liabilities	228
Variable lease payments based on usage not included in the measurement of lease liabilities	779
Amortisation of right of use assets	4,613
Expenses relating to short-term and low value leases	3,797
	<u>9,417</u>
Total cash outflows for leases	<u>9,467</u>

Leases at significantly below market value - Concessionary / peppercorn leases

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

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

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

Council as a lessor

Operating leases

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to the investment property in the statement of financial position.

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investment property income (excluding variable lease payments not dependent on an index or rate)	2,798	3,331	2,798	3,132
Direct operating expenses from property that generated rental income	<u>(1,216)</u>	-	<u>(1,216)</u>	-

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

The minimum lease receipts are as follows:

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	2,578	2,770	2,578	2,770
One to five years	4,293	4,788	4,293	4,788
Later than five years	5,699	8,803	5,699	8,803
	<u>12,570</u>	<u>16,362</u>	<u>12,570</u>	<u>16,362</u>

Council has contingent assets related to Sunshine Coast Airport. This is included in Note 26.

Council received \$0.884 million (\$1.050 million in 2019) from the Sunshine Coast Airport, being \$0.232 million less than original forecast due to the impacts of COVID-19 on the airline industry. Future revenue payments of \$0.648 million are included in Council's 2020/21 Adopted Original Budget. The future payments may exceed or be less than these estimates, depending on future airport activities.

20. Contract Balances

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable. Council has no contract assets as at 30 June 2020.

When an amount of consideration is received from a customer/fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

Contract liabilities	Consolidated 2020 \$'000	Council 2020 \$'000
Development Assessment Fees paid in advance	2,371	2,371
Deposits received in advance for performance obligations in grants	4,158	4,158
Deposits received in advance of services provided (e.g. caravan park fees, events)	4,729	4,729
	<u>11,257</u>	<u>11,257</u>

All Council's contract liabilities are current liabilities

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

21. Borrowings

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

For SCAEP borrowings from QTC, full repayment is due on or before 1 July 2023. Borrowings will be repaid on receipt of the New Runway Construction Payment of \$290 million due from Palisade Investment Partners Limited on the later of 30 June 2022 and practical completion of the new runway.

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Current</u>				
Queensland Treasury Corporation (QTC)	30,476	25,670	30,476	25,670
Loans other	840	840	840	840
	31,316	26,510	31,316	26,510
<u>Non-Current</u>				
Queensland Treasury Corporation (QTC)	512,240	286,357	512,240	286,357
Loans other	7,495	94,620	7,495	94,620
	519,735	380,977	519,735	380,977

The market value of QTC borrowings represents the value of the debt if Council repaid the debt as at 30 June 2020. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. The weighted average borrowing rate for the year was 3.002% (2019 4.596%).

Balance at the end of the year (Market Value)	591,728	354,234	591,728	354,234
---	----------------	----------------	----------------	----------------

Loans Other

In June 2017, Council received a \$12.6 million interest free loan from Economic Development Queensland as part of the Catalyst Infrastructure Program. The loan is to assist with the cost of infrastructure to promote and progress development in the Maroochydore City Centre Priority Development Area, specifically roadworks and three priority intersections to access Stages 1 and 2 of the city centre. The loan is unsecured and is repayable over time with full repayment to be made on by June 2032.

In May 2017 Council received approval from the Treasurer to enter into a borrowing arrangement with the Commonwealth Government to assist with the Sunshine Coast Airport Expansion Project. The loan was repaid in September 2019 with borrowings from Queensland Treasury Corporation.

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland State Government. There have been no defaults or breaches of the loan agreement during the 2020 or 2019 years.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

22. Provisions

(i) Long service leave

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

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

(ii) Landfill and quarry rehabilitation

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

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

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

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

(iii) Per-and poly-fluoroalkyl substances (PFAS)

During construction of the new Sunshine Coast Airport runway, a new PFAS National Environmental Management Plan (NEMP) was adopted by the Heads of Environment Protection Authorities Australia and New Zealand. As a result, environmental issues related to the management of PFAS were identified by the Department of Environment and Science (Qld) (DES), and Council has incurred approximately \$36.864 million to date in consultant reporting, site investigation, testing and mitigation works to address the issues to the satisfaction of DES.

These costs were required to be incurred in order to continue construction of the runway.

In addition, as further mitigation is expected to be required to allow the runway construction to continue, a provision of \$3.320 million has been recognised at 30 June 2020 to allow for this.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

(iv) Land resumption

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Long service leave	22,295	21,871	22,140	21,727
Landfill and quarry rehabilitation	4,457	6,163	4,457	6,163
Per- and poly-fluoroalkyl substances (PFAS) mitigation	3,320	17,881	3,320	17,881
	30,071	45,915	29,917	45,771
Non-current				
Long service leave	3,613	3,105	3,463	3,007
Landfill and quarry rehabilitation	43,785	37,097	43,785	37,097
Land resumption	3,320	3,895	3,320	3,895
Per- and poly-fluoroalkyl substances (PFAS) mitigation	-	2,260	-	2,260
	50,717	46,357	50,568	46,259

Details of movements in provisions:

Long service leave

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at beginning of financial year	24,976	23,903	24,733	23,673
Long service leave entitlement arising	3,225	3,780	3,163	3,767
Long service entitlement paid	(2,289)	(2,462)	(2,289)	(2,462)
Long service entitlement extinguished	(5)	(245)	(5)	(245)
Balance at end of financial year	25,908	24,976	25,603	24,733

Landfill and Quarry rehabilitation

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at beginning of financial year		43,260	33,323	43,260	33,323
Increase/(decrease) in provision due to effect of interest rate movement		3,463	6,837	3,463	6,837
Increase/(decrease) in provision due to unwinding of discount	8	84	42	84	42
Increase/(decrease) in provision due to change in estimate		3,340	4,713	3,340	4,713
Increase/(decrease) in provision as a result of actual expenditure incurred during the year		(1,905)	(1,655)	(1,905)	(1,655)
Balance at end of financial year		48,241	43,260	48,241	43,260

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Council holds an Environmental Protection Agency licence to operate a number of landfills. Council estimates and discounts expected future costs to restore landfill cells to present value at a discount factor based on Commonwealth bond yield rates.

During 2019/20 an increase in the provision for the refuse landfill sites of \$4.981 million (2019 \$9.937 million) was recognised largely due to updated estimates to cost inputs and a decrease in interest rates from 1.36% to 0.87%.

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

At 30 June 2020 the net present value of the projected costs over the next 30 years has been assessed as \$37.966 million (2019 \$31.498 million).

Capital Market Yields - Government 10 year bond rate for 2020 was 0.87% (2019 1.36%).

23. Other liabilities

Non policy developer contributions reflect cash contributions for which related service obligations have yet to be fulfilled by Council.

Revenue is classified as unearned if it relates to an obligation to supply specific goods and services in future periods. Unearned revenue includes cemetery and rent prepayments.

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Current</u>				
Unearned revenue *	1,035	12,606	1,005	12,541
Prepaid rates **	10,119	-	10,119	-
Waste levy refund received in advance	-	8,987	-	8,987
	11,154	21,593	11,124	21,527

* Unearned revenue for caravan parks and other contract deposits now in note 20 Contract balances.

** Prepaid rates previously recognised as revenue on receipt of payment.

24. Asset revaluation surplus

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Movements in the asset revaluation surplus were as follows:

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Restated balance at beginning of period					
Land		59,862	37,882	59,862	37,882
Buildings		38,865	38,052	38,865	38,052
Transportation network		259,090	520,539	259,090	520,539
Stormwater network		247,896	248,437	247,896	248,437
Other infrastructure		56,879	59,910	56,879	59,910
		662,593	904,819	662,593	904,819
Net adjustment to non-current assets to reflect a change in current fair value:					
Land		(17,117)	21,805	(17,117)	21,805
Buildings		12,749	(2)	12,749	(2)
Transportation network	35(e,f)	-	(263,013)	-	(263,013)
Stormwater network		-	(918)	-	(918)
Other infrastructure		-	(99)	-	(99)
		(4,368)	(242,226)	(4,368)	(242,226)
Closing balance of the asset revaluation surplus is comprised of the following asset categories:					
Land		42,745	59,687	42,745	59,687
Buildings		51,614	38,050	51,614	38,050
Transportation network		259,090	257,525	259,090	257,525
Stormwater network		247,896	247,519	247,896	247,519
Other infrastructure		56,879	59,811	56,879	59,811
		658,224	662,593	658,224	662,593

25. Commitments for expenditure

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

Operating leases (2019 only)

Minimum lease payments in relation to non-cancellable operating leases are as follows:

	Consolidated	Council
	2019 \$'000	2019 \$'000
Within one year	7,025	7,025
One to five years	9,132	9,117
Greater than five years	547	547
	16,704	16,689

2019: Council has entered into operating leases on certain motor vehicles and IT equipment, with lease terms between three and five years. The Council has the option, under some of its leases, to lease the assets for additional terms of three to five years.

Refer to note 19 for information on leases for 2020.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Contractual commitments

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Within one year	56,395	88,647	56,395	82,055
One to five years	110,970	96,500	110,970	96,500
Greater than five years	20,472	24,941	20,472	24,941
	187,838	210,088	187,838	203,496

Capital commitments

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Aerodromes	-	5	-	5
Buildings and Facilities	5,544	4,086	5,544	4,086
Coast and Canals	594	247	594	247
Corporate Major Projects	13,687	4,497	13,687	4,497
**Minor Works Program	700	603	700	603
Environmental Assets	279	356	279	356
Fleet	1,256	-	1,256	-
Holiday Parks	575	443	575	443
Information Technology	710	1,934	710	1,934
Parks, Gardens and Reserves	4,378	7,280	4,378	7,280
Quarries	131	57	131	57
Stormwater	1,096	842	1,096	842
Strategic Land and Planning	1,981	2,234	1,981	2,234
Sunshine Coast Airport Expansion Project	26,464	105,056	26,464	105,056
Transportation	24,057	20,470	24,057	20,470
Waste	4,717	11,996	4,717	11,996
These expenditures are payable within one year	86,171	160,106	86,171	160,106 *

* Comparative figures have been restated. Refer to Note 35 for details.

**Previously "Divisional Allocations"

26. Contingencies

Contingent assets

On 9 February 2017 Council entered into an agreement with Palisade Investment Partners to effect, among other things, a 99 year lease of Sunshine Coast Airport land and building assets to Palisade, and for Council to construct a new runway. Under the 99 year lease, which commenced on 1 December 2017, Council is entitled to 5% of gross Airport revenue per annum. It is not possible to reliably estimate the amount of gross revenue from the Airport and therefore the amount to be received is a contingent asset at 30 June 2020.

The classification of this item as a contingent asset has been further validated by the uncertainty of returns due to the impacts of COVID-19.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Contingent liabilities

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

	Consolidated		Council	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 30 June 2020 there are 45 insurance claims under management with Council's public liability insurer, LGM (40 in 2019). The amount required assuming the claims proceed to settlement is:	432	262	432	262
At 30 June 2020 there are 24 compulsory land acquisition claims (20 in 2019) pending and are not expected to exceed:	13,644	13,953	13,644	13,953
At 30 June 2020 Council has 3 standard commercial warranties to which there are no current known claims (3 in 2019). The maximum amount required in the event of breach is:	98,000	98,000	98,000	98,000
At 30 June 2020 Council may be required by the Department of Environment and Science (DES), to treat water on the Sunshine Coast Airport site that has been contaminated with per- and poly-fluoroalkyl substances (PFAS). The amount required in the event of a legal requirement is:	20,000	20,000	20,000	20,000
Total Contingent liabilities	132,076	132,215	132,076	132,215

Based on advice from Council's solicitors, there are claims that may result in future settlements being made by Council. The total of these claims, liability for which is not admitted, has not been quantified as they are still in progress.

Local Government Workcare

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

Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is \$2,877,529 (2019 \$2,734,835).

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 2020 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

27. Superannuation

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

The scheme is a defined benefit plan, however Council is not able to account for it as a defined benefit plan in accordance with AASB 119 because LGIASuper is unable to account for its proportionate share of the defined benefit obligation, plan assets and costs.

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council. Technically Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to Council's obligations will only be made on the advice of an actuary.

The last completed actuarial assessment of the scheme was undertaken as at 1 July 2018. The actuary indicated that "At the valuation date of 1 July 2018, the net assets of the scheme exceeded the vested benefits and the scheme was in a satisfactory financial position as at the valuation date." The Council is not aware of anything that has happened since that time that indicates the assets of the scheme are not sufficient to meet the vested benefits, as at the reporting date.

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

The next triennial actuarial review is due 1 July 2021.

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

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

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

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

	Consolidated		Council		
	2020	2019	2020	2019	
	Note	\$'000	\$'000	\$'000	\$'000
Superannuation contributions made to the Regional Defined Benefits Fund		1,393	1,883	1,393	1,883
Other superannuation contributions for employees		14,418	13,264	14,239	13,107
Total superannuation contributions paid by Council for employees:	6	15,812	15,147	15,632	14,990

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

28. Controlled entities

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

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

SunCentral Maroochydore Pty Ltd is responsible for providing development management services for the Maroochydore City Centre project.

The following table shows revenue and expenses before consolidating eliminations:

Controlled entity	Revenue		Expenses		Surplus / (deficit)	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SunCentral Maroochydore Pty Ltd	13,032	20,826	(12,988)	(20,799)	44	27
Sunshine Coast Events Centre Pty Ltd	3,231	3,348	(3,263)	(3,341)	(32)	6

Controlled entities that have not been consolidated

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

The principal objects of the foundation are for the public charitable purposes of promoting and advancing arts, craft, design, visual arts, movable cultural heritage, Aboriginal arts, and community arts.

The following table shows revenue and expenses:

	Revenue		Expenses		Surplus / (deficit)	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sunshine Coast Arts Foundation Ltd	148	-	(91)	-	58	-

As 2019/20 was the first operational period of the Foundation, there are no comparative amounts.

29. Trust funds

	Consolidated		Council	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
	7,510	8,867	7,305	8,442

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net result		163,093	140,271	121,615	96,419
Non-cash items					
Depreciation and amortisation	16,17	96,371	85,581	96,312	85,530
Share of net profit of associate		(41,466)	(43,819)	-	-
Infrastructure from developers at fair value		(97,617)	(89,266)	(97,617)	(89,266)
		<u>(42,712)</u>	<u>(47,504)</u>	<u>(1,304)</u>	<u>(3,736)</u>
Investing activities (non-cash)					
Net loss on disposal of property, plant and equipment		10,631	9,589	10,631	9,589
Impairment Expense		-	44,802	-	44,802
Non-recurrent grants and contributions		<u>(41,375)</u>	<u>(58,323)</u>	<u>(41,375)</u>	<u>(58,323)</u>
		<u>(30,745)</u>	<u>(3,932)</u>	<u>(30,745)</u>	<u>(3,932)</u>
Changes in operating assets and liabilities					
(Increase)/decrease in receivables		2,646	2,033	1,823	(460)
(Increase)/decrease in inventory		(982)	(16,839)	99	(16,884)
Increase/(decrease) in payables		(13,722)	(390)	(13,633)	2,257
Increase/(decrease) in contract liabilities		11,257	-	11,257	-
Increase/(decrease) in other liabilities		(19,255)	7,735	(19,215)	7,735
Increase/(decrease) in other provisions		<u>(11,449)</u>	<u>35,457</u>	<u>(11,546)</u>	<u>35,033</u>
		<u>(31,505)</u>	<u>27,996</u>	<u>(31,215)</u>	<u>27,681</u>
Net cash inflow from operating activities		<u>58,131</u>	<u>116,831</u>	<u>58,351</u>	<u>116,432</u>

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

31. Reconciliation of liabilities arising from financing activities

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

For the year ended June 2019	As at 30 June 2018 \$'000		Cash flows \$'000		Non-cash changes (Fair Value) \$'000	As at 30 June 2019 \$'000
Consolidated						
Loans	288,983		118,216		289	407,488
	288,983		118,216		289	407,488
Council						
Loans	288,983		118,216		289	407,488
	288,983		118,216		289	407,488

32. Financial instruments and financial risk management

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

- credit risk
- liquidity risk
- foreign exchange risk
- market risk

Risk Management Framework

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

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

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

Council does not enter into derivatives.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Credit risk

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

Exposure to credit risk is managed through regular analysis of credit counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

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

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

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

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

Financial assets	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash and cash equivalents	11	199,675	265,691	197,632	263,421
Receivables - rates	12	5,982	4,418	5,982	4,418
Receivables - loan	12	4,176	9,254	4,176	9,254
Receivables - other	12	28,857	26,769	28,298	26,644
Contract Receivables	12	248,226	-	248,226	-
Loan to Unitywater - subordinate debt and working capital	12	434,393	434,393	434,393	434,393
Shares held in controlled entities	12	-	-	500	500
Other credit exposures					
Guarantees	26	-	2,735	-	2,735
Total financial assets		921,310	740,525	919,207	738,631

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Cash and cash equivalents

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

Other financial assets

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

Trade and other receivables

In the case of rate receivables, the council has the power to sell the property to recover any defaulted amounts and therefore generally for rates debtors, the credit risk is low.

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

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

The council does not require collateral in respect of trade and other receivables. The council does not have trade receivables for which no loss allowance is recognised because of collateral.

At 30 June 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	Note	Consolidated		Council	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Property Charges		12,019	10,805	12,019	10,805
Trade and other debtors		22,820	20,381	22,261	20,256
Contract Receivables - Sunshine Coast Airport Expansion Project		248,226	-	248,226	-
Loans to associates		434,393	434,393	434,893	434,893
Receivable other		4,176	9,254	4,176	9,254
Total	12	721,634	474,834	721,575	475,209

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

A summary of the Council's exposure to credit risk for trade receivables is as follows:

Expected credit loss assessment as at 1 July 2019 and 30 June 2020

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

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

There were no material indicators of increased impairment due to COVID-19 at the time the financial statements were authorised for issue.

Write offs throughout the year and End of Period Expected Credit Losses for Receivables

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

Consolidated and Council - 2020

	Gross carrying amount	Historical probability of default	Lifetime expected credit loss	Credit impaired
	\$'000	%	\$'000	\$'000
Statutory Charges				
Current				
Not past due	8,447	<.01%	(8)	8,439
Past due 31-60 days	629	<.01%	(1)	629
Past due 61-90 days	209	<.01%	-	209
More than 90 days	2,733	<.01%	(2)	2,731
Total	12,019	-	(11)	12,008

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

Consolidated and Council - 2019

	Gross carrying amount	Historical probability of default	Lifetime expected credit loss	Credit impaired
	\$'000	%	\$'000	\$'000
Statutory Charges				
Current				
Not past due	7,501	<.01%	(8)	7,493
Past due 31-60 days	320	<.01%	-	320
Past due 61-90 days	365	<.01%	-	364
More than 90 days	2,323	<.01%	(3)	2,321
Total	10,510	-	(12)	10,498

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

	Gross carrying amount	Historical probability of default	Lifetime expected credit loss	Credit impaired
	\$'000	%	\$'000	\$'000
Other Debtors				
Current				
Not past due	464,094	<.01%	(527)	463,567
Past due 31-60 days	334	<.01%	()	333
Past due 61-90 days	103	<.01%	()	103
More than 90 days	334	<.01%	()	333
Total	464,864	-	(528)	464,336

Refer to note 12 for the movement in the allowance for impairment for receivables during the year.

Liquidity risk

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

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

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

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

The following sets out the liquidity risk of financial liabilities (excluding lease liabilities for 2020) held by Council in a format as it might be provided to management. The amounts disclosed in the maturity analysis represent the contractual undiscounted cash flows at balance date:

Consolidated		0 to 1 year	1 to 5 years	Over 5 years	Total
	Note	\$'000	\$'000	\$'000	\$'000
2020					
Trade and other payables	18	48,422	-	-	48,422
Loans - Queensland Treasury Corporation (QTC)	21	40,879	371,110	214,025	626,014
Loan - Economic Development Queensland (EDQ)	21	840	3,360	5,880	10,080
		90,141	374,470	219,905	684,516

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Consolidated		0 to 1 year	1 to 5 years	Over 5 years	Total
	Note	\$'000	\$'000	\$'000	\$'000
2019					
Trade and other payables	18	64,276	-	-	64,276
Loans - Queensland Treasury Corporation (QTC)	21	34,787	140,515	222,516	397,817
Loan - Economic Development Queensland (EDQ)	21	840	3,360	6,720	10,920
Loan - Federal Government Concessional Loan	21	-	86,557	-	86,557
		99,902	230,431	229,236	559,570

Council		0 to 1 year	1 to 5 years	Over 5 years	Total
	Note	\$'000	\$'000	\$'000	\$'000
2020					
Trade and other payables	18	47,648	-	-	47,648
Loans - Queensland Treasury Corporation (QTC)	21	40,879	371,110	214,025	626,014
Loan - Economic Development Queensland (EDQ)	21	840	3,360	5,880	10,080
		89,367	374,470	219,905	683,742

2019					
Trade and other payables	18	63,582	-	-	63,582
Loans - Queensland Treasury Corporation (QTC)	21	34,787	140,515	222,516	397,817
Loan - Economic Development Queensland (EDQ)	21	840	3,360	6,720	10,920
Loan - Federal Government concessional Loan	21	-	86,557	-	86,557
		99,209	230,431	229,236	558,876

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.

Foreign exchange risk

Council is exposed to foreign exchange risk arising from \$US Dollar transactions associated with the Sunshine Coast International Broadband Network project. Council incurs foreign currency risk on payments in \$US dollars. Foreign exchange transaction exposure arises when Council makes payments in another currency.

Market risk

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Interest rate risk

Council is exposed to interest rate risk through its borrowings from the Queensland Treasury Corporation, the Concessional Loan from the Federal Government (repaid in September 2019), investments held with other financial institutions and shareholder loans with the Northern SEQ Distributor Retailer Authority (Unitywater).

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

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

Sensitivity

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

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

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

Consolidated and Council	Net carrying amount		Effect on Net Result 1% increase/(decrease)		Effect on Equity 1% increase/(decrease)	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	199,675	265,691	1,997	2,657	1,997	2,657
QTC Loans	(542,715)	(312,028)	-	-	-	-
Other Loans	(10,080)	(97,477)	-	-	-	-
Net total	(353,120)	(143,814)	1,997	2,657	1,997	2,657

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

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

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Queensland Treasury Corporation (QTC) borrowings	542,715	312,028	591,728	354,234
Economic Development Queensland borrowings	10,080	10,920	8,335	8,904
Federal Government Concessional Loan borrowings	-	86,557	-	86,557 *
	552,795	409,505	600,064	449,695

* Federal Government Concessional Loan borrowings were paid in full in September 2019 with borrowings from QTC.

Fair value

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

The fair value of borrowings is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market rate is provided by QTC and is disclosed in Note 21.

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

33. National competition policy

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

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

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

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

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

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

(a) Significant business activities

The expenditure threshold amounts for identifying a "significant business activity" for the 2019/20 financial year are as follows:

- for water and sewerage combined activities - if 10,000 or more premises are connected to a water service as at 30 June of the previous financial year
- for other activities - \$9.70 million (2019 \$9.70 million)

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

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

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

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

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

	Quarry Business Activity 2020 \$'000	Sunshine Coast Holiday Parks 2020 \$'000	Waste and Resource Management 2020 \$'000
Revenue for services provided to Council	5,163	757	1,271
Revenue for services provided to external clients	889	14,386	73,162
Community Service Obligations (CSO's)	938	-	1,152
	<u>6,990</u>	<u>15,142</u>	<u>75,585</u>
Less : Expenditure	7,964	9,406	62,404
Surplus / (deficit)	(974)	5,736	13,182

Description of CSO's provided to business activities:

Waste and resource management

Waste collection and disposal charges for charitable organisations

**Net cost
2020
\$'000**

1,152

34. Related party disclosures

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

(a) Transactions with Subsidiaries

SunCentral Maroochydore Pty Ltd (wholly owned entity)

Details	2020 \$'000	2019 \$'000
Revenue		
Receipt of contributions and sponsorship from subsidiary	74	50
Expenditure		
Purchase of materials and services from subsidiary	(4)	-
Annual development management fee paid to subsidiary	(1,971)	(1,934)
Maroochydore City Centre development costs paid to the subsidiary in accordance with established Development Service Contracts	(10,192)	(16,707)
Total	(12,093)	(18,591)

SunCentral Maroochydore Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2020/21 financial year. No SunCentral employees are related parties of Council.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Sunshine Coast Events Centre Pty Ltd (wholly owned entity)

Details	2020 \$'000	2019 \$'000
Revenue		
Recoupment of operating costs paid on behalf of the subsidiary	228	263
Recoupment of internal service costs from the subsidiary	89	87
Expenditure		
Operational funding paid to subsidiary	(1,527)	(1,495)
Purchase of materials and services from subsidiary	(74)	(27)
Maintenance and equipment provided to subsidiary	(3)	(132)
Payment of operating costs on behalf of the subsidiary	(245)	(237)
Provision of internal services to the subsidiary	(356)	(434)
Capital expenditure incurred on the property	(963)	(7,070)
Total	(2,851)	(9,045)

Sunshine Coast Events Centre Pty Ltd is dependent on funding provided by Council. Funding support has been agreed to by Council for the 2020/21 financial year. No Events Centre employees are related parties of Council.

Sunshine Coast Arts Foundation Ltd (controlled entity)

Details	2020 \$'000	2019 \$'000
Revenue	-	-
Expenditure		
Operational funding paid to subsidiary	(106)	-
Specific project funding	(10)	
Insurance premiums	(3)	
Total	(119)	-

The Sunshine Coast Arts Foundation Ltd is currently dependent on funding provided by Council as part of a three year funding agreement expiring in 2021. The foundation aims to be self-funding from 2022.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

(b) Transactions with associates

Unitywater (associate)

Details	2020 \$'000	2019 \$'000
Revenue		
Interest paid to Council	21,112	21,807
Recoupment Unitywater expenses incurred by Council	571	458
Participation returns (dividends) paid to Council	12,321	13,121
Tax equivalent paid to Council	16,409	14,911
Expenditure		
Water and sewerage charges for Council properties	(4,526)	(4,703)
Purchase of materials and services	(594)	(394)
Total	45,293	45,200

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

(c) Transactions with Key Management Personnel

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

Details	2020 \$'000	2019 \$'000
Short term employee benefits	(5,009)	(4,781)
Post-employment benefits	(508)	(544)
Long term employee benefits	(65)	(68)
Termination benefits	(333)	(107)
Total	(5,915)	(5,499)

Detailed remuneration disclosures for Councillors are provided in the annual report.

The amounts disclosed in the above table are amounts related to Key Management Personnel recognised as an expense during the reporting period.

(d) Transactions with other related parties

Other related parties include the close family members of Key Management Personnel and any entities controlled or jointly controlled by Key Management Personnel or their close family members. Close family members include a spouse, child and dependent of a member of Key Management Personnel or their spouse.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

Details	2020 \$'000	2019 \$'000
(i) Employee expenses for close family members of key management personnel	(193)	(146)
(ii) Purchase of materials and services from entities controlled by close family members of key management personnel	(2,307)	(1,938)
(iii) Development applications submitted by related parties of key management personnel	6	14
Total	(2,494)	(2,070)

- (i) All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with Council's Certified Agreement for the job they perform and fill office and field staff roles.
- (ii) Sunshine Coast Council purchased civil construction services from Civlec Pty Ltd trading as Trafflec, a company controlled by a close family member of former councillor, Cr Dwyer. This contract was awarded under Council's Procurement Policy, all purchases were at arm's length and in the normal course of Council operations. This amount represents 0.74% i.e. less than 1% (0.59% in 2018/19) of the total amount spent on capital expenditure. Practical completion and defects liabilities guarantees totalling \$41,000 (\$75,000 in 2018/19) were provided to Council by the company.
- (iii) All development applications are assessed in accordance with relevant legislative requirements and paid for by applicants as per Council's adopted Fees & Charges. Council received over 29,000 (20,000 in 2019) development applications during the year, 19 (4 in 2019) of which were from related parties.

(e) Outstanding balances

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

Receivables	2020 \$'000	2019 \$'000
(i) Not past due	2	52
Past due more than 90 days	32	15
Total Owing	34	67

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

(f) Loans and guarantees to/from related parties

Details	2020 \$'000	2019 \$'000
Loan to associate (Unitywater) - subordinated debt	434,393	434,393

Refer to Note 32 Financial instruments and financial risk management.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

(g) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Sunshine Coast region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of Council swimming pools
- Payment of animal registration
- Attendance at a Council event

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

35. Restated balances

30 June 2020

- (a) During 2019/20, Council identified a prior period error that related to contributed assets that had acquisition dates prior to 1 July 2019. As a result, for 2018/19 Council had understated its contributed revenue and property, plant and equipment by \$3.423 million and applicable depreciation by \$0.057 million. To correct the impact of the prior period error, Council has adjusted the 2018/19 comparative amounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and notes where indicated.
- (b) During 2019/20, Council identified a prior period error that related to non-policy developer contributions and agency liabilities which has resulted in Council understating its liabilities in the years prior to 2018/19 by \$4.800 million. These amounts had been transferred to revenue. To correct the impact of the prior period error, Council has adjusted the 2018/19 comparative amounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and notes where indicated.
- (c) During 2019/20, Council identified a prior period error that relates to asset records which have not previously been financially recognised, along with some erroneous records that have been removed from the financial register and operating expenditure held in works in progress that relates to dates prior to 1 July 2019. As a result, for 2018/19 Council had understated its plant and equipment and intangibles by \$43.690 million and associated depreciation and amortisation by \$2.080 million. To correct the impact of the prior period error, Council has adjusted the 2018/19 comparative amounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and notes where indicated.
- (d) During 2019/20 Council refined the approach to calculating Capital Commitments (Note 25). As a result there has been a significant increase to the amounts recorded from 2018/19 to 2019/20. To provide greatest value to readers of the financial statements, Council has restated the comparative amounts in 2018/19 using the refined approach which has resulted in an increase of \$152 million. This restatement has no impact on any of the financial statements.
- (e) During 2019/20, Council improved the contributed asset recognition process and as an outcome identified that assets had been brought to account in Council's books before being accepted on-maintenance from developers. Due to this date of acquisition error, for 2018/19 Council had understated contributed revenue and plant, property and equipment by \$0.463M. In years prior to 2018/19, Council had overstated contributed revenue and plant, property and equipment by \$16.625M, as well as \$0.083M in associated depreciation and \$0.323 in revaluation reserve movement. To correct the impact of the prior period error, Council has adjusted the 2018/19 comparative amounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and notes where indicated.
- (f) Council identified an error in applying the 2018/19 comprehensive revaluation of the Transportation asset class resulting in an understatement of property, plant and equipment by \$19.197M. To correct the impact of the prior period error, Council has adjusted the 2018/19 comparative amounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and notes where indicated.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

<u>Council</u>		Actual	Adjust-	Restated
		2019	ments	Actual
	Note	\$'000	2019	2019
		\$'000	\$'000	\$'000
Statement of Comprehensive Income (Extract)				
Non-recurrent revenue				
(a) (e) Grants, subsidies, contributions, donations and other	4(b)	143,703	3,887	147,590
Total non-recurrent revenue		143,703	3,887	147,590
Total income		588,676	3,887	592,563
Recurrent expenses				
Depreciation and amortisation				
(e) Property, plant and equipment	16	82,662	(83)	82,579
Net result (deficiency)		92,449	3,970	96,419
Other comprehensive income				
(e,f) Increase/(decrease) in asset revaluation surplus	24	(261,746)	19,520	(242,226)
Total comprehensive income for the year		(169,297)	23,490	(145,807)
Statement of Financial Position (Extract)				
Non-current assets				
(a,c,e) Property, plant and equipment	16	4,275,829	50,754	4,326,583
(c) Intangibles	17	14,377	(200)	14,177
Total non-current assets		5,469,129	50,554	5,519,683
Total assets		5,788,326	50,554	5,838,880
Current liabilities				
(b) Other Liabilities	23	16,728	4,800	21,527
Community equity				
(e,f) Asset revaluation surplus	24	643,073	19,520	662,593
(a,b,c,e) Retained surplus/(deficiency)		4,552,400	26,235	4,578,635
Total community equity		5,195,473	45,754	5,241,227

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

36. Changes in accounting policy

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of NFP Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15, AASB 1058 and AASB 16 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

Changes in accounting policy on adoption of AASB 15 and AASB 1058

- Revenue recognised over time or at a point in time
- Prepaid rates - now recorded as a financial liability until the beginning of the rating period
- Recognition of grant revenue within the scope of AASB 15
- Recognition of grant revenue for acquisition or construction of assets controlled by Council.

Opening contract balances on transition at 1 July 2019

	Consolidated \$'000	Council \$'000
Contract assets		
- Under AASB 15	143,189	143,189
- Under AASB 1058	-	-
Total contract assets	143,189	143,189
	Consolidated \$'000	Council \$'000
Contract liabilities		
- Under AASB 15	4,162	4,162
- Under AASB 1058	2,229	2,229
Total contract liabilities	6,391	6,391

Comparison of affected financial statements lines between AASB 15 / 1058 and previous revenue standards

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards:

Statement of financial position at 30 June 2020

	Note	Consolidated and Council		
		Carrying amount per Statement of Financial Position Dr/(Cr) \$'000	Adjustments Dr/(CR) \$'000	Carrying amount if previous standards had been applied \$'000
Contract assets				
Right of use assets - non-current	19	10,087	(10,087)	-
Trade and other receivables - non-current	12	703,855	(248,226)	455,629
Inventory - non-current	13	36,568	142,935	179,503
Property, plant and equipment - non-current	16	4,523,399	104,728	4,628,126
Contract liabilities - current	20	(11,257)	1,158	(10,100)
Other liabilities - current	23	(11,154)	10,119	(1,035)
Lease liabilities - current	19	(4,405)	4,405	-
Lease liabilities - non-current	19	(6,077)	6,077	-
Retained earnings		5,241,016	11,108	5,252,124

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Statement of comprehensive income for the year ended 30 June 2020

	Consolidated and Council		
	Balance per Statement of Comprehensive Income Dr/(Cr)	Adjustments Dr/(Cr)	Carrying amount if previous standards had been applied
Note	\$'000	\$'000	\$'000
Revenue - recurrent			
Net rates, levies and utility charges	3(a)	311,897	1,308
Interest and other income	5	26,556	(123)
Revenue - non-recurrent			
Grants, subsidies, contributions, donations and other	4(b)	129,734	1,158
Sales from contracts - Sunshine Coast Airport Expansion Project	4(c)	186	(186)
Expenses			
Materials and services - operating lease	7	(4,577)	(4,891)
Finance costs - interest on leases	8	(228)	228
Depreciation - right of use assets	19	(4,575)	4,575
Retained earnings		458,994	2,069
			461,063

The adjustments above relate to the recognition of contract assets and contract liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statements of Cash Flows for the year ended 30 June 2020.

2. NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2020

Lease standard - AASB 16

Council as a lessee

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments
- A single discount rate was applied to all leases with similar characteristics
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term
- Used hindsight when determining the Lease term if the contract contains options to extend or terminate the lease

Impact of adopting AASB 16 at 1 July 2019

Council has recognised right-of-use assets and lease liabilities of \$12.651 million at 1 July 2019 for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 1.925%.

	Consolidated \$'000	Council \$'000
Operating lease commitment at 30 June 2019 per Council financial statements	16,704	16,688
Discounted using the incremental borrowing rate at 1 July 2019	16,221	16,221
Add:		
Finance Lease Liabilities	239	239
Less:		
Short-term leases included in the commitments note	(1,499)	(1,499)
Leases for low-value assets included in commitments note	(2,310)	(2,310)
Lease liabilities recognised at 1 July 2019	12,651	12,651

37. Events after the reporting date

Council's financial statements are expected to be impacted by the COVID-19 pandemic beyond 30 June 2020 with a negative impact to the Operating Result of \$15.3 million as per Council's 2020/21 adopted budget.

There have been no other subsequent events to date that may significantly affect the operations of Council or materially impact the financial statements.

3. MANAGEMENT CERTIFICATE



Financial Statements For the year ended 30 June 2020

MANAGEMENT CERTIFICATE

For the year ended 30 June 2020

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 57, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.

A handwritten signature in blue ink, appearing to read "M. Jamieson", with a large, stylized flourish at the end.

Cr Mark Jamieson
Mayor
Sunshine Coast Regional Council

Dated: 8 October 2020

A handwritten signature in black ink, appearing to read "Warren Bunker", with a long, horizontal flourish extending to the right.

Warren Bunker
Chief Executive Officer (Acting)
Sunshine Coast Regional Council

Dated: 8 October 2020

4. INDEPENDENT AUDITOR'S REPORT

(General Purpose Financial Statements)



INDEPENDENT AUDITOR'S REPORT

To the Councillors of Sunshine Coast Regional Council

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Sunshine Coast Regional Council (the council) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the council's and group's financial position as at 30 June 2020, and of their financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2020, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and other explanatory information, and the management certificate given by the Mayor and Acting Chief Executive Officer.

Basis for opinion

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

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

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

Key audit matters

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

Note 16(a) Property, plant and equipment - Infrastructure assets (\$3.2b)

Key audit matter	How my audit addressed the key audit matter
<p>Council's infrastructure assets (transport network, stormwater network and other infrastructure) were measured at fair value at balance date using the current replacement cost method that comprises:</p> <ul style="list-style-type: none"> Gross replacement cost, less Accumulated depreciation <p>Council values the gross replacement cost of its infrastructure assets with reference to the unit rate at which it could construct a substitute asset of comparable quality in the normal course of business.</p> <p>Council engaged qualified consultants to provide cost movement indices to derive unit rates as at 30 June 2020.</p> <p>Unit rates require significant judgement for determining the:</p> <ul style="list-style-type: none"> parts of assets (components) that are replaced at different times in the asset life-cycle, or that have materially different replacement costs due to physical location attributes average project dimensions tasks (and applicable costs) required for replacing components, excluding those that result in duplication or are ineligible for inclusion in the cost of an asset on-costed labour charges directly attributable service, materials, and plant costs (inputs) for each applicable task indices for measuring subsequent changes in unit rates. <p>In measuring accumulated depreciation, Council's engineers and asset managers use significant judgement for estimating how long asset components will provide future economic benefits for. Asset lives are dependent on a range of factors including asset management practices, maintenance programs, construction materials and construction methods, obsolescence, environmental factors, degradation through use, management intentions and fiscal availability.</p> <p>The significant judgements required for gross replacement cost and useful lives outlined above are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Assessing the competence, capabilities and objectivity of valuers who have provided information on unit rates and unit cost movements Assessing the reasonableness of unit rates by evaluating the methods by which Council determined the movement in unit cost indices and reasonableness of the result. This was done by: <ul style="list-style-type: none"> inquiring with Council management and the independent valuer to identify if there had been any significant changes to construction costs resulting from factors such as changed building codes, environmental or safety regulations, construction methods and technological advances. corroborating Council's representations against recent construction activity and asset management plans. obtaining an understanding of the methodologies used and assessing their design, integrity and appropriateness with reference to common industry practice considering evidence of labour rate changes and supplier rate changes comparison with other publicly available indices and other available information on the movement of key cost drivers. Assessing the reasonableness of useful lives by: <ul style="list-style-type: none"> reviewing management's annual assessment of useful lives. reviewing for evidence of infrastructure obsolescence, failure or disposals that could indicate a remaining useful life less than what is recorded. reviewing for evidence of infrastructure assets continuing to be used for longer than their recorded useful lives. comparing Council's infrastructure useful life assumptions to other local councils. considering whether Council's asset management plans are consistent with useful lives assigned to infrastructure assets. assessing Council's processes for performing asset condition assessments and making adjustments in its asset registers and financial systems.

Other information

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

At the date of this auditor's report, the available other information in Sunshine Coast Regional Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's or group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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



C G Strickland
as delegate of the Auditor-General

13 October 2020
Queensland Audit Office
Brisbane

5. CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT

Certificate of Accuracy – for the Current Year Financial Sustainability Statement

Current Year Financial Sustainability Statement

Sunshine Coast Regional Council

For the year ended 30 June 2020

Measures of Financial Sustainability

Council's performance at 30 June 2020 against key financial ratios and targets:

		Consolidated 2020	Council 2020
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	8.0%	-0.3%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	70.5%	70.5%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	95.5%	105.1%

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 2020.

Certificate of Accuracy

For the year ended 30 June 2020

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: 8 October 2020



Warren Bunker
Chief Executive Officer (Acting)
Sunshine Coast Regional Council

Dated: 8 October 2020

5. CURRENT YEAR FINANCIAL SUSTAINABILITY STATEMENT

Independent Auditors Report (Current Year Financial Sustainability Statement)



INDEPENDENT AUDITOR'S REPORT

To the Councillors of Sunshine Coast Regional Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Sunshine Coast Regional Council for the year ended 30 June 2020, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Acting Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Sunshine Coast Regional Council for the year ended 30 June 2020 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

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

At the date of this auditor's report, the available other information in Sunshine Coast Regional Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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



C G Strickland
as delegate of the Auditor-General

13 October 2020
Queensland Audit Office
Brisbane

6. UNAUDITED LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT

Unaudited Long-Term Financial Sustainability Statement

Sunshine Coast Regional Council

For the year ended 30 June 2020

Measures of Financial Sustainability Council	Measure	Target	Actuals at 30 June 2020	Forward Estimates									
				30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027	30 June 2028	30 June 2029	
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	-0.3%	0.9%	4.5%	7.4%	11.0%	9.3%	8.1%	7.5%	8.6%	9.2%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	70.5%	74.7%	79.4%	80.3%	74.4%	72.2%	71.9%	71.5%	70.0%	75.6%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	105.1%	117.4%	59.3%	53.9%	41.6%	40.5%	35.9%	33.7%	28.3%	21.0%	

Sunshine Coast Regional Council's Financial Management Strategy

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

The above forward estimates are aligned with Council's Long Term Financial Forecast, Financial Plan, Corporate Plan and Operational Plan, with the exception of the Operating Surplus Ratio which has been adversely impacted by COVID-19 in years 2020 and 2021.

The Asset Sustainability Ratio (reflecting the ongoing development of Council's asset management plans) is in line with Council's targeted ratio, considering Council's relatively young asset base.

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

The Net Financial Liabilities Ratio (reflecting the extent to which the net financial liabilities of Council can be repaid from operating revenue) exceeds the target range in years 2020 and 2021. The 10 year capital program requires significant borrowings for Sunshine Coast Airport Runway Project. Council's debt funding of the Sunshine Coast Airport Runway Project will require the Net Financial Liabilities Ratio target to be exceeded in years 2020 and 2021. Borrowings for this project will be repaid in 2022 on receipt of the \$290 million New Runway Construction Payment from Palisade Investment Partners Ltd.

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

Certificate of Accuracy

For the year ended 30 June 2020

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: 8 October 2020


 Warren Bunker
 Chief Executive Officer (Acting)
 Sunshine Coast Regional Council

Dated: 8 October 2020



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

sunshinecoast.qld.gov.au

mail@sunshinecoast.qld.gov.au

T 07 5475 7272 F 07 5475 7277

Locked Bag 72 Sunshine Coast Mail Centre Qld 4560

 [@sunshinecoastcouncil](https://www.facebook.com/sunshinecoastcouncil)  [@councilscc](https://twitter.com/councilscc)  [@sunshinecoastcouncil](https://www.instagram.com/sunshinecoastcouncil)

COAST
SUNSHINE
COUNCIL

