Queensland Audit Office
better public services

Your ref:
Our ref: 2017-4139
Charles Strickland 3149 6032

17 October 2017

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

Dear Councillor Jamieson

General Purpose Financial Statements—2016-17
Current-year Financial Sustainability Statement—2016-17

- Sunshine Coast Regional Council

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

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

Copies of both the General Purpose Financial Statements and Current Year Financial Sustainability Statement have also been forwarded to the Mayor and the Minister for Local Government and Minister for Aboriginal and Torres Strait Islander Partnerships.

Yours sincerely

Charles Strickland
Director

Enc.

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Sunshine Coast COUNCIL

Sunshine Coast Regional Council

FINANCIAL STATEMENTS

For the year ended 30 June 2017

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Sunshine Coast COUNCIL

Statements of Comprehensive Income

For the year ended 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Income					
Revenue					
Recurrent revenue					
Net rates and utility charges	3(a)	261,991	245,114	261,991	245,114
Fees and charges	3(b)	71,001	66,008	68,698	63,934
Rent and sales from contracts and recoverable works	3(c)	16,864	16,290	16,864	16,391
Share of tax equivalents of associate	3(d)	12,847	10,099	12,847	10,099
Dividend Income	3(e)	-	-	13,837	16,454
Interest received	3(f)	32,605	33,481	32,516	33,394
Share of profit of associate	13	50,829	51,130	-	-
Grants, subsidies, contributions and donations	4(a)	19,977	13,503	19,581	13,503
Total recurrent revenue		**466,113**	**435,626**	**426,334**	**398,889**
Non-recurrent revenue					
Grants, subsidies, contributions and donations	4(b)	179,818	135,396	179,818	135,396
Total non-recurrent revenue		**179,818**	**135,396**	**179,818**	**135,396**
Total income		**645,932**	**571,022**	**606,153**	**534,286**
Expenses					
Recurrent expenses					
Employee benefits	5	(135,142)	(127,715)	(133,244)	(124,671)
Materials and services	6	(188,502)	(166,278)	(186,337)	(166,626)
Finance costs	7	(10,441)	(12,571)	(10,392)	(12,513)
Depreciation and amortisation	16 & 18	(71,486)	(67,785)	(71,483)	(67,784)
Contributions to controlled entities	8	-	-	(1,400)	(1,218)
Total recurrent expenses		**(405,572)**	**(374,349)**	**(402,856)**	**(372,811)**
Non-recurrent expenses					
Loss on disposal property, plant and equipment	9	(9,446)	(1,374)	(9,446)	(1,374)
Movements in landfill and quarry provisions	21	(3,862)	(3,020)	(3,862)	(3,020)
Assets transferred to third parties	9	(8,784)	-	(8,784)	-
Non current asset Impairment	9	(1,556)	-	(1,556)	-
Revaluation decrement property, plant & equipment	9	(39,802)	-	(39,802)	-
Total non-recurrent expenses		**(63,449)**	**(4,394)**	**(63,450)**	**(4,394)**
Total expenses		**(469,021)**	**(378,743)**	**(466,306)**	**(377,204)**
Net result/(deficiency)		**176,911**	**192,280**	**139,847**	**157,081**
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	23	(41,965)	(1,074)	(41,965)	(1,074)
Total other comprehensive income		**(41,965)**	**(1,074)**	**(41,965)**	**(1,074)**
Total comprehensive income for the year		**134,946**	**191,206**	**97,882**	**156,008**

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

Sunshine Coast COUNCIL

Statements of Financial Position

As at 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Assets					
Current assets					
Cash and cash equivalents	10	283,995	320,010	282,375	318,556
Trade and other receivables	11	18,431	14,934	18,274	14,935
Inventories	12	9,697	8,179	9,594	8,069
Other assets	14	26,996	25,112	26,937	25,058
Assets classified as held for sale	15	81,990	490	81,990	490
Total current assets		421,109	368,724	419,170	367,107
Non-current assets					
Trade and other receivables	11	434,392	434,393	434,893	434,893
Inventories	12	31,220	21,894	31,220	21,894
Property, plant and equipment	16	3,753,564	3,656,930	3,753,549	3,656,929
Investments in associates	13	672,333	635,341	538,212	538,212
Intangible assets	18	16,872	20,504	16,872	20,504
Total non-current assets		4,908,382	4,769,063	4,774,746	4,672,433
Total assets		5,329,491	5,137,786	5,193,916	5,039,540
Liabilities					
Current liabilities					
Trade and other payables	19	54,300	44,834	53,690	44,434
Borrowings	20	21,431	19,848	21,431	19,848
Provisions	21	20,218	20,210	20,075	20,127
Other liabilities	22	19,643	15,350	19,643	15,350
Total current liabilities		115,593	100,242	114,840	99,759
Non-current liabilities					
Trade and other payables	19	1,464	1,162	1,384	1,105
Borrowings	20	268,625	274,131	268,625	274,131
Provisions	21	33,129	30,707	33,129	30,678
Total non-current liabilities		303,218	306,000	303,137	305,914
Total liabilities		418,811	406,242	417,977	405,673
Net community assets		4,910,680	4,731,543	4,775,940	4,633,867
Community equity					
Asset revaluation surplus	23	847,168	889,133	847,168	889,133
Retained surplus/(deficiency)		4,063,512	3,842,410	3,928,772	3,744,734
Total community equity		4,910,680	4,731,543	4,775,940	4,633,867

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

Sunshine Coast. Council

Statements of Changes in Equity
For the year ended 30 June 2017

Consolidated	Notes	Asset revaluation surplus $'000	Retained surplus $'000	Total $'000
For the year ended 30 June 2017				
Balance as at 1 July 2016		889,133	3,842,410	4,731,543
Opening balance adjustment	16	-	44,191	44,191
Increase (decrease) in asset revaluation surplus	23	(41,965)	-	(41,965)
Net result		-	176,911	176,911
Balance as at 30 June 2017		**847,168**	**4,063,512**	**4,910,680**
For the Year Ended 30 June 2016				
Balance as at 1 July 2015		890,207	3,637,192	4,527,399
Opening balance adjustment	16	-	12,938	12,938
Increase (decrease) in asset revaluation surplus	23	(1,074)	-	(1,074)
Net result		-	192,280	192,280
Balance as at 30 June 2016		**889,133**	**3,842,410**	**4,731,543**

Statements of Changes in Equity
For the year ended 30 June 2017

Council	Notes	Asset revaluation surplus $'000	Retained surplus $'000	Total $'000
For the year ended 30 June 2017				
Balance as at 1 July 2016		889,133	3,744,734	4,633,867
Opening balance adjustment	16	-	44,191	44,191
Increase (decrease) in asset revaluation surplus	23	(41,965)		(41,965)
Net result		-	139,847	139,847
Balance as at 30 June 2017		**847,168**	**3,928,772**	**4,775,940**
For the Year Ended 30 June 2016				
Balance as at 1 July 2015		890,207	3,574,714	4,464,921
Opening balance adjustment	16	-	12,939	12,939
Increase (decrease) in asset revaluation surplus	23	(1,074)	-	(1,074)
Net result		-	157,081	157,081
Balance as at 30 June 2016		**889,133**	**3,744,734**	**4,633,867**

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

Sunshine Coast. COUNCIL

Statements of Cash Flows
For the year ended 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Cash flows from operating activities					
Receipts from customers		352,980	336,951	342,334	324,912
Payments to suppliers and employees		(326,863)	(301,986)	(316,263)	(290,337)
Interest and dividends received		59,288	60,025	59,200	59,947
Recurrent grants and contributions		19,581	13,503	19,581	13,503
Borrowing Costs	7	(11,093)	(10,865)	(11,093)	(10,865)
Finance Costs	7	750	(1,648)	701	(1,648)
Net cash inflow (outflow) from operating activities	30	**94,644**	**95,981**	**94,461**	**95,513**
Cash flows from investing activities					
Payments for property, plant and equipment		(176,964)	(138,839)	(176,947)	(138,838)
Payments for intangible assets		-	(3,721)		(3,721)
Net movement in loans and advances		-	-	-	-
Proceeds from sale of property, plant and equipment		3,440	6,218	3,440	6,217
Grants, subsidies, contributions and donations		46,790	45,189	46,790	45,189
Net cash inflow (outflow) from investing activities		**(126,734)**	**(91,153)**	**(126,717)**	**(91,153)**
Cash flows from financing activities					
Proceeds from borrowings		12,600	40,423	12,600	40,423
Repayment of borrowings		(16,523)	(13,612)	(16,523)	(13,612)
Net cash inflow (outflow) from financing activities		**(3,923)**	**26,811**	**(3,923)**	**26,811**
Net increase (decrease) in cash and cash equivalents held		(36,014)	31,638	(36,181)	31,171
Cash and cash equivalents at beginning of financial year		320,010	288,371	318,556	287,386
Cash and cash equivalents at end of the financial year	10	**283,995**	**320,010**	**282,375**	**318,556**

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

Sunshine Coast Council

Notes to Financial Statements
For the year ended 30 June 2017

1 Summary of Significant Accounting Policies

1.01 Basis of Preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

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

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

1.02 Recurrent/Non-recurrent Classification

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

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

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

The following transactions are classified as either "Non-recurrent Income" or "Non-recurrent Expenses" depending on whether they result in accounting gains or losses:
- disposal of non-current assets
- discount rate adjustments to restoration provisions
- revaluations of property, plant and equipment.

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

1.03 Basis of Consolidation

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

Sunshine Coast. COUNCIL

Notes to Financial Statements
For the year ended 30 June 2017

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

Council has an interest in three (3) subsidiaries during the year being Sunshine Coast Events Centre Pty Ltd, SunCentral Maroochydore Pty Ltd and Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust. Council wholly owns the issued shares and units of these entities, with Sunshine Coast Airport Pty Ltd and The Sunshine Coast Airport Trust being non-trading entities at reporting date. (Refer Note 28.)

1.04 Constitution

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

1.05 Adoption of New and Revised Accounting Standards

This year Council has applied *AASB 124 Related Party Disclosures* for the first time. As a result Council has disclosed more information about related parties and transactions within those related parties. This information is presented in Note 33.

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

AASB 9 Financial Instruments
This replaces *AASB 139 Financial Instruments: Recognition and Measurement*, and will change the classification, measurement and disclosures of financial assets. As a result, Council will measure its financial assets at fair value. *AASB 9* will come into effect from 1 July 2018.

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

AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
AASB 15 will replace *AASB 118 Revenue, AASB 111 Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying *AASB 9* and *AASB 15,* and AASB 1058 will replace *AASB 1004 Contributions*. Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. *AASB 15* and *AASB 1058* are effective for periods commencing 1 July 2019.

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

Sunshine Coast COUNCIL

Notes to Financial Statements
For the year ended 30 June 2017

At 30 June 2017 Council had received pre-paid rates totalling $6.285 million. These rates are recognised as revenue in the Statement of Comprehensive Income. If Council had applied *AASB 1058* this year these rates would have been recognised as a liability in the Statement of Financial Position and Council's net result would decrease by $6.285 million.

AASB 16 Leases
Council has some operating leases that are not on its balance sheet. These will need to be included on the balance sheet when this standard comes into effect. A lease liability will initially be measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised over the lease term. This standard will come into effect 1 July 2019.

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

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

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

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

Valuation and depreciation of property, plant and equipment - Note 17
Impairment of property, plant and equipment - Note 16 and Note 17(d)
Provisions - Note 21
Contingent assets and liabilities - Note 25

1.07 Rounding and comparatives
Amounts included in the financial statements are in Australian dollars (AUD) and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero.
Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.08 Taxation
The Income of local government and public authorities is exempt from Income tax. However Council is subject to Fringe Benefits Tax 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.

Sunshine Coast. COUNCIL

Notes to Financial Statements

For the year ended 30 June 2017

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

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

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

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

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

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

Sunshine Coast. COUNCIL

Notes to Financial Statements

For the year ended 30 June 2017

Corporate Services

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

Office of the Mayor and CEO

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

Region Making Projects

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

Sunshine Coast Solar Farm

The 15 MW Sunshine Coast Solar Farm was officially opened on 24 July 2017 and is feeding electricity into the 33 KV power grid in South East Queensland. Commissioning is being carried out in a staged manner to make sure the solar farm is operating in accordance with the National Electricity Law.

Sunshine Coast Airport Expansion Project

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

The Runway Project will deliver a new 2450m x 45m runway that will enable direct flights to more destinations across Australia, Asia and the Western Pacific, enhancing national and global connections. It aims to generate jobs and economic growth, boost tourism, help export businesses and secure air access to the Sunshine Coast for generations to come.

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

Council agreed to seek a partner to progress the project and undertook an extensive process of market testing followed by an Expressions of Interest process attracting global interest. This resulted in Palisade Investment Partners being announced in February 2017, as Sunshine Coast Airport's commercial operating partner.

Sunshine Coast. COUNCIL

Notes to Financial Statements

For the year ended 30 June 2017

Palisade will be responsible for operating, investing and developing the airport and will oversee future negotiations with airlines to expand both domestic and international routes available from the Sunshine Coast.

Council will retain legal title to the airport, with Palisade operating the asset under a 99 year lease. Council will receive $67 million on commencement of the lease as well as 5% of gross airport revenue over the 99 year lease term. A further $15 million (plus interest of 3% per annum) will be provided on 30 June 2022.

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

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

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

Land in Stage 1 is expected to be available for sale during 2017/18.

Sunshine Coast COUNCIL

Notes to financial statements

For the year ended 30 June 2017

2 (b) Analysis of results by function

	Gross program income		Elimination of	Total	Gross program expense		Elimination of	Total	Net result	Net	Assets
	Recurring	Non-recurring	inter-function transactions	Income	Recurring	Non-recurring	inter-function transactions	expenses	from recurring operations	Result	
	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000
Infrastructure Services	98,641	148,859	(36,479)	211,021	(244,408)	(20,519)	50,845	(214,082)	(131,400)	(3,060)	3,218,215
Economic Development & Major Projects	52,291	-	(7,619)	44,672	(60,644)	(15,850)	15,077	(61,417)	(895)	(16,745)	136,474
Community Services	29,832	-	(15,352)	14,480	(94,809)	(1,302)	27,929	(68,182)	(52,400)	(53,702)	153,159
Planning and Environment	46,282	26,378	(15,686)	56,974	(68,199)	(850)	26,366	(42,683)	(11,238)	14,291	22,289
Region Making Projects	-	-	-	-	(18,405)	(15,634)	463	(33,576)	(17,942)	(33,576)	131,582
Corporate Services	319,633	4,581	(45,250)	278,964	(32,747)	(9,295)	2,939	(39,103)	244,575	239,862	1,527,478
Office of the Mayor and CEO	8,241	-	(8,200)	42	(12,229)		4,965	(7,263)	(7,222)	(7,222)	1,515
Controlled Entities Net of Eliminations	39,779	-	-	39,779	(2,716)	-	-	(2,716)	37,063	37,063	138,779
Total Consolidated	**594,699**	**179,818**	**(128,585)**	**645,932**	**(534,157)**	**(63,449)**	**128,585**	**(469,021)**	**60,542**	**176,911**	**5,329,491**

Notes to financial statements

For the year ended 30 June 2016

2 (b) Analysis of results by function

	Gross program income		Elimination of	Total	Gross program expense		Elimination of	Total	Net result	Net	Assets
	Recurring	Non-recurring	inter-function transactions	Income	Recurring	Non-recurring	inter-function transactions	expenses	from recurring operations	Result	
	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000	2016 $'000
Infrastructure Services	87,693	87,783	(29,391)	146,084	(243,747)	(4,422)	46,319	(201,851)	(139,126)	(55,765)	3,005,862
Economic Development & Major Projects	31,177	-	(6,035)	25,142	(39,128)	(68)	9,740	(29,456)	(4,246)	(4,314)	130,164
Community Services	31,820	-	(17,908)	13,912	(92,941)	(285)	29,749	(63,477)	(49,280)	(49,565)	156,812
Planning and Environment	43,775	44,251	(16,364)	71,661	(66,447)	-	27,383	(39,064)	(11,654)	32,597	13,764
Region Making Projects	52	-	-	52	(1,359)	-	-	(1,359)	(1,307)	(1,307)	106,112
Corporate Services	335,804	3,362	(61,763)	277,403	(64,452)	381	21,832	(42,239)	231,421	235,164	1,626,825
Office of the Mayor and CEO	3,862	-	(3,832)	31	(28)	-	270	242	272	272	-
Controlled Entities Net of Eliminations	36,738	-	-	36,738	(1,540)	-	-	(1,540)	35,198	35,198	98,247
Total Consolidated	**570,920**	**135,396**	**(135,293)**	**571,022**	**(509,643)**	**(4,394)**	**135,293**	**(378,743)**	**61,278**	**192,280**	**5,137,786**

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Sunshine Coast. COUNCIL

Notes to the Financial Statements
For the Year Ended 30 June 2017

3 Revenue analysis

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

(a) Net rates and utility charges

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
General rates	205,295	195,761	205,295	195,761
Waste management	47,907	43,818	47,907	43,818
Tourism and special levies	10,931	8,804	10,931	8,804
Environment levy	9,358	7,819	9,358	7,819
Rural fire levy	411	396	411	396
Valuation fees	101	90	101	90
	274,002	256,687	274,002	256,687
Total rates and utility charge revenue				
Less: discounts	(8,124)	(7,753)	(8,124)	(7,753)
Less: pensioner remissions	(3,084)	(3,065)	(3,084)	(3,065)
Less: rebates	(803)	(756)	(803)	(756)
	(12,011)	(11,573)	(12,011)	(11,573)
Net rates and utility charges	**261,991**	**245,114**	**261,991**	**245,114**

(b) Fees and charges

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Airline service charges	9,779	8,249	9,779	8,249
Application fees (development)	6,290	5,418	6,290	5,418
Holiday parks	15,951	14,440	15,951	14,440
Cemetery fees	1,061	1,242	1,061	1,242
Parking fees	2,737	2,428	2,737	2,428
Refuse tip fees	5,938	5,592	5,938	5,592
Registration fees	1,059	1,019	1,059	1,019
Search fees	1,161	1,167	1,161	1,167
Waste service charges	457	463	457	463
Change of ownership fees	999	936	999	936
Fines and penalties	3,461	2,466	3,461	2,466
Venue hire	1,224	1,350	1,224	1,350
Security service fees	2,454	2,244	2,454	2,244
Development services	10,400	11,184	10,400	11,184
Permits and licences	1,343	1,361	1,343	1,361
Other fees and charges	6,685	6,448	4,382	4,374
	71,001	**66,008**	**68,698**	**63,934**

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Notes to the Financial Statements
For the Year Ended 30 June 2017

(c) Rent and sales from contracts and recoverable works

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Lease revenue	6,256	6,412	6,256	6,412
Recoverable works	742	665	742	665
Sale of recyclables	2,233	2,065	2,233	2,065
Other revenue	7,633	7,148	7,633	7,250
	16,864	**16,290**	**16,864**	**16,391**

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

(d) Share of tax equivalents of associate

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
	12,847	**10,099**	**12,847**	**10,099**

(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.

	-	-	**13,837**	**16,454**

(f) Interest received

Interest received is accrued over the term of the investment.

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Interest received from associate	23,154	23,284	23,154	23,284
Interest received from cash and term deposits	8,754	9,431	8,665	9,344
Interest from overdue rates and utility charges	697	766	697	766
	32,605	**33,481**	**32,516**	**33,394**

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For the Year Ended 30 June 2017

4 Grants, subsidies, contributions and donations

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

Physical assets contributed to Council by developers in the form of roads, stormwater, and park equipment are recognised as revenue when the development comes on-line and assets are placed on a maintenance agreement with the developer. At this point Council obtains control of the assets and the developer provides sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expense. All non-cash contributions are recognised at fair value as at the date of acquisition.

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

(a) Recurrent revenue

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Government grants and subsidies commonwealth	15,982	10,461	15,982	10,461
Government grants and subsidies state	2,149	2,018	2,149	2,018
Contributions and Donations	1,846	1,025	1,451	1,025
	19,977	**13,503**	**19,581**	**13,503**

(b) Non-recurrent revenue

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Government grants and subsidies commonwealth	8,074	6,991	8,074	6,991
Government grants and subsidies state	8,652	5,807	8,652	5,807
Developer contributions	30,064	32,391	30,064	32,391
Infrastructure from developers at fair value	133,028	90,207	133,028	90,207
	179,818	**135,396**	**179,818**	**135,396**

5 Employee benefits

	Note	Consolidated		Council	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
Total wages and salaries		106,871	101,582	105,212	98,613
Councillors' remuneration *		1,739	1,722	1,739	1,722
Annual, sick and long service leave entitlements		17,406	16,257	17,369	16,257
Superannuation	26	19,049	18,179	18,969	18,104
		145,065	**137,739**	**143,289**	**134,695**
Other employee related expenses		3,943	3,889	3,821	3,889
		149,008	**141,628**	**147,109**	**138,584**
Less: Capitalised employee expenses		(13,866)	(13,913)	(13,866)	(13,913)
		135,142	**127,715**	**133,244**	**124,671**

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

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For the Year Ended 30 June 2017

Total Council employees at the reporting date:	Consolidated 2017	Consolidated 2016	Council 2017	Council 2016
Elected Members	11	11	11	11
Staff	1,587	1,579	1,560	1,553
Total full time equivalent employees	**1,598**	**1,590**	**1,571**	**1,564**

6 Materials and services

	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Advertising	1,966	1,810	1,966	1,810
Audit of annual financial statements by the Auditor General of Queensland	251	200	251	200
Consultancy fees	6,951	5,031	6,951	5,031
Commissions paid	2,866	2,323	2,866	2,323
Contract services parks and gardens	14,154	12,723	14,154	12,723
Contract services waste collection	27,545	27,581	27,545	27,581
Contract services environmental operations	9,060	8,625	9,060	8,625
Contract services property management	6,494	10,014	6,494	10,014
Contract services other	36,648	23,944	36,648	23,944
Donations	3,898	3,608	3,898	3,608
Electricity	9,487	9,071	9,487	9,071
Entertainment and hospitality	633	484	633	484
Equipment < $5,000	1,512	1,136	1,512	1,136
Fuel	2,554	2,266	2,554	2,266
Grants to community organisations	8,021	7,644	8,021	7,644
Insurance	2,158	2,428	2,158	2,428
Legal fees	6,469	2,825	6,469	2,825
Library resources	1,433	1,545	1,433	1,545
Materials road base	2,940	5,084	2,940	5,084
Operating leases - rentals	7,496	7,192	7,496	7,192
Plant and equipment hire	4,656	5,378	4,656	5,378
Security services	1,220	1,361	1,220	1,361
Software and maintenance	6,470	4,873	6,470	4,873
Telecommunications	4,099	3,780	4,099	3,780
Water and sewerage charges	4,764	4,175	4,764	4,175
All other materials and services	23,079	16,737	20,914	17,085
	196,823	171,836	194,658	172,184
Less: Capitalised expenses	(8,320)	(5,558)	(8,320)	(5,558)
	188,502	**166,278**	**186,337**	**166,626**

7 Finance costs

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Borrowing costs charged by the Queensland Treasury Corporation *		11,093	10,865	11,093	10,865
Bank charges and credit card fees		938	864	888	806
Finance costs due to unwinding (waste and quarry provisions)	21	(1,930)	481	(1,930)	481
Impairment of debts	11	321	278	321	278
Other finance costs		20	82	20	82
		10,441	**12,571**	**10,392**	**12,513**

* Borrowing costs includes $11.093M operating costs ($10.865M in 2016), and $3.723M capitalised ($3.097M in 2016) against the Maroochydore City Centre project and $0.030M capitalised against the Sunshine Coast Airport Expansion project.

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Notes to the Financial Statements
For the Year Ended 30 June 2017

	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
8 Contributions to controlled entities				
Contributions to controlled entities	-	-	1,400	1,218

9 Non-recurrent expenses

(Gain)/loss on disposal of non-current assets	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Proceeds from the sale of plant and equipment	(470)	(878)	(470)	(878)
Less carrying amount sold	352	715	352	715
Less carrying amount disposed and written-off	46	-	46	-
	(72)	**(163)**	**(72)**	**(163)**
Proceeds from the sale of property and land	(2,970)	(5,340)	(2,970)	(5,340)
Less carrying amount sold	2,339	5,466	2,339	5,466
Less carrying amount disposed and written-off	7,244	-	7,244	-
	6,613	**126**	**6,613**	**126**
Replacement of roads, stormwater and other infrastructure				
Less carrying amount:				
Replaced and renewed	2,333	1,410	2,333	1,410
Disposed and written-off	-	-	-	-
	2,333	**1,410**	**2,333**	**1,410**
Replacement of intangibles				
Less carrying amount:				
Replaced and renewed	495	-	495	-
Disposed and written-off	76	-	76	-
	572	**-**	**572**	**-**
Loss on disposal of property, plant and equipment, and intangibles	**9,446**	**1,374**	**9,446**	**1,374**
Assets transferred to third parties				
Assets transferred to third parties	8,784	-	8,784	-
	8,784	**-**	**8,784**	**-**

Included in 2017 is $8.784 million related to work performed on public utility provider assets as part of the construction of the Maroochydore City Centre supporting access infrastructure.

Loss on Impairment	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Assets classified as held for sale	15	1,556	-	1,556	-
		1,556	**-**	**1,556**	**-**
Impairment loss treated as expense		**1,556**	**-**	**1,556**	**-**

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

Loss on Revaluation	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Net revaluation loss on land	16	39,802	-	39,802	-
		39,802	**-**	**39,802**	**-**

Sunshine Coast Council

Notes to the Financial Statements
For the Year Ended 30 June 2017

10 Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include cash on hand as well as deposits at call with financial institutions. It also includes 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 $60M (2016 $50M) in short-term investments. Short-term investments have an original maturity date of greater than three months from the balance date of the financial statements.

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Total cash and equivalents	283,995	320,010	282,375	318,556

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Externally imposed expenditure restrictions	121,110	128,279	121,110	128,279
Internally imposed expenditure restrictions	10,586	9,704	10,586	9,704
Total unspent restricted cash	131,696	137,983	131,696	137,983

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Constrained works	84,990	65,897	84,990	65,897
General	17,421	45,493	17,421	45,493
Levy Funded	13,273	11,464	13,273	11,464
Special purpose	5,426	5,426	5,426	5,426
Total unspent restricted cash	121,110	128,279	121,110	128,279
Internally imposed expenditure restrictions at the reporting date:				
Constrained works	637	637	637	637
General	7,883	7,883	7,883	7,883
Special purpose	2,066	1,185	2,066	1,185
Total unspent restricted cash	10,586	9,704	10,586	9,704

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Notes to the Financial Statements
For the Year Ended 30 June 2017

11 Trade and other receivables

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

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

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Rates and utility charges	4,595	4,645	4,595	4,645
Infringements	2,138	2,904	2,138	2,904
Infrastructure charges	1,851	821	1,851	821
Trade debtors	7,469	5,134	7,322	5,134
GST receivable	2,898	2,877	2,888	2,877
Other debtors	3	16	3	17
Less allowance for impairment	(524)	(1,463)	(524)	(1,463)
	18,431	**14,934**	**18,274**	**14,935**
Movement in accumulated impairment losses (other debtors) is as follows:				
Opening balance at 1 July	1,463	1,631	1,463	1,631
Impairment debts written off during the year	(1,259)	(422)	(1,259)	(426)
Additional impairments recognised	321	278	321	278
Impairments reversed	-	(20)	-	(20)
Closing balance at 30 June	**524**	**1,467**	**524**	**1,463**

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

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

		Consolidated		Council	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
Not past due		12,493	11,126	12,493	11,126
Past due	31-60 days	1,557	946	1,400	947
	61-90 days	509	390	509	390
	More than 90 days	4,396	3,935	4,396	3,935
	Impairment	(524)	(1,463)	(524)	(1,463)
		18,431	**14,934**	**18,274**	**14,935**

Non-Current				
Loans at amortised cost				
Loan to associate - subordinated debt	434,393	434,393	434,393	434,393
Shares in controlled entities	-	-	500	500
	434,393	**434,393**	**434,893**	**434,893**

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

The subordinated interest only loan terminates on 30 June 2033 with the interest rate to be set by QTC annually. Applicable interest rate for 2017 was 5.33% (2016 5.36%).

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Notes to the Financial Statements
For the Year Ended 30 June 2017

12 Inventories

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

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

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

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Equipment, stores and quarries *	876	2,019	772	1,909
Land being developed for resale **				
Opening land inventory at 1 July 2016	6,160	-	6,160	-
Transfer from non-current land assets	-	4,647	-	4,647
Inventory conversion costs	2,661	1,513	2,661	1,513
Closing land inventory at 30 June 2017	8,821	6,160	8,821	6,160
Closing current inventories at 30 June 2017	**9,697**	**8,179**	**9,594**	**8,069**

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current				
Land held for future development and resale **				
Opening land inventory at 1 July 2016	21,894	-	21,894	-
Transfer from non-current land assets	-	19,216	-	19,216
Inventory conversion costs	9,327	2,678	9,327	2,678
Closing non-current inventories at 30 June 2017	**31,220**	**21,894**	**31,220**	**21,894**

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

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

Land planned for resale will be released in stages over the next 20 years. Current land inventory is Stage 1 due for release in 2017/18 and Non-current land inventory is being held for future development in Stages 2-6. Land planned for resale is recognised at cost being the lesser of cost and net realisable value. Inventory costs include costs to convert the land ready for resale and other directly attributable costs such as project overheads and borrowing costs.

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Notes to the Financial Statements
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13 Investment in associates

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

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

Name of Associate	Northern SEQ Distributor-Retailer Authority (trading as Unitywater)
Principal Activity	Provision of Water and Wastewater Services
Principal Place of Business	Caboolture Qld
Proportion of Ownership Interest	37.51% (2016 37.51%)

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

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

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

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

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

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

Council agreed to extend the loans with a Participating Local Government (PLG) Loan Agreement between Sunshine Coast Regional Council and the Authority duly executed on 21 June 2013. This new loan was subject to an annual reset rate (to be determined by Queensland Treasury Corporation in accordance with the credit rating assigned for the Authority) with quarterly interest-only payments for twenty years to 30 June 2033. The rate to 30 June 2017 is 5.33% (2016: 5.36%).

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.

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(4) Participation Rights

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

Movement in carrying amount	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Investment	635,341	600,665	538,212	538,212
Share of profits after tax and before dividends	50,829	51,130	-	-
Dividends received /receivable	(13,837)	(16,454)	-	-
Carrying amount at the end of the financial year	**672,333**	**635,341**	**538,212**	**538,212**

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

Summary financial information for the Authority, not adjusted for the percentage ownership held by Council, as reflected in their 30 June 2017 financial statements is detailed below.

Extract from the Authority's Statement of Comprehensive Income	**2017 $'000**	**2016 $'000**
Total revenues	669,523	650,411
Ordinary expenses	(489,199)	(465,157)
Profit before income tax equivalent	180,324	185,254
Income tax equivalent expense	(44,817)	(48,944)
Total profit (after tax)	135,507	136,310
Share of Profit of Associate	**50,829**	**51,130**
Total assets	3,619,542	3,498,677
Total liabilities	(1,819,190)	(1,796,944)
Net assets	1,800,352	1,701,733

14 Other assets

	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Current				
Prepayments	6,110	4,485	6,110	4,432
Accrued revenue	20,886	20,626	20,827	20,626
	26,996	25,112	26,937	25,058

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Notes to the Financial Statements
For the Year Ended 30 June 2017

15 Assets classified as held for sale

Items of property, plant and equipment are reclassified as assets held for sale when the carrying amount of these assets will be recovered principally through a sale transaction rather than continued use. Assets classified as held for sale are available for immediate sale in their present condition and management believe the sale is highly probable. Assets clasified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are not depreciated. On the eventual sale of these assets a gain or loss is recognised.

		Consolidated		Council	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Opening balance at 1 July 2016		490		490	
Transfers from non-current assets and intangibles	16 & 18	83,545	490	83,545	490
Impairment adjustment	9	(1,556)		(1,556)	
Disposals		(490)		(490)	
Closing balance at 30 June 2017		81,990	490	81,990	490

As part of the SCA transaction as disclosed in Note 2(a), the assets classified as held for sale during the reporting period are Sunshine Coast Airport assets to be transferred to Sunshine Coast Airport Pty Ltd prior to the commencement of the 99 year freehold lease. The fair value of the disposal group was determined based on the lease premiums.

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Notes to the Financial Statements
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16 Property, Plant and Equipment Movements

(a) Council - 30 June 2017	Note	Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
For the year ended 30 June 2017									
Gross value / cost		475,848	304,393	61,871	1,999,827	1,203,622	558,700	91,335	4,695,596
Less accumulated depreciation		-	(90,689)	(31,583)	(445,161)	(245,087)	(129,528)	-	(942,047)
Book value as at 30 June 2017		475,848	213,704	30,288	1,554,666	958,535	429,172	91,335	3,753,549

	Note	Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
Basis of measurement		Fair Value $'000	Fair Value $'000	Cost $'000	Fair Value $'000	Fair Value $'000	Fair Value $'000	Cost $'000	- $'000
Opening net value as at 01 July 2016		622,864	237,803	32,136	1,443,359	895,101	319,511	106,154	3,656,929
Adjustment to opening balance*		(51,271)	3,640	-	859	2,860	88,101	-	44,191
Reclassification to operating expense		-	-	-	-	-	-	(8,483)	(8,483)
Plus capital expenses		-	-	-	-	-	-	185,836	185,836
Transfers from capital works in progress		14,145	21,308	6,463	57,625	5,161	72,296	(176,998)	-
Plus contributed assets		5,964	403	-	59,236	65,524	1,901	-	133,028
Less disposals	9	(4,868)	(4,224)	(398)	(946)	(130)	(1,257)	-	(11,823)
Less depreciation provided in period		-	(5,723)	(4,532)	(32,680)	(9,981)	(14,518)	-	(67,435)
Revaluation adjustments to asset revaluation surplus	23	(37,743)	(22,111)	-	28,215	-	(10,325)	-	(41,965)
Revaluation adjustments to non-recurrent expense	9	(39,802)	-	-	-	-	-	-	(39,802)
Transfer to/from intangibles	18	-	-	-	-	-	-	(1,541)	(1,541)
Transfer to assets classified as held for sale	15	(33,443)	(16,769)	(3,359)	(1,001)	-	(27,180)	(1,646)	(83,398)
Transfer to inventories	12	-	-	-	-	-	-	(11,987)	(11,987)
Transfer between classes		-	(623)	(22)	-	-	645	-	-
Book value as at 30 June 2017		475,848	213,704	30,288	1,554,666	958,535	429,172	91,335	3,753,549
Range of estimated useful lives in years		unlimited	2-100	2-60	5-unlimited	5-135	5-unlimited		

* The initial recognition and adjustment of Land and Other Infrastructure assets was the result of alignment between the financial asset register and asset management practices regarding land under water and constructed waterways. The process involved assessing asset records in financial, property, geospatial and asset management systems.

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

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16 Property, Plant and Equipment Movements

(b) Council - 30 June 2016	Note	Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
For the year ended 30 June 2016									
Gross value / cost		622,864	313,093	64,675	1,849,046	1,130,256	440,899	106,154	4,526,988
Less accumulated depreciation		-	(75,289)	(32,539)	(405,687)	(235,155)	(121,388)	-	(870,059)
Book value as at 30 June 2016		622,864	237,803	32,136	1,443,359	895,101	319,511	106,154	3,656,929

	Note	Land	Buildings	Plant & Equipment	Road & Bridge Network	Stormwater & Drainage Network	Other Infrastructure	Capital Works in Progress	Total
Basis of measurement		Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	Cost	-
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening net value as at 01 July 2015		611,423	226,439	30,177	1,401,328	869,178	292,418	84,985	3,515,947
Adjustment to opening balance		-	-	-	4,906	8,033	-	-	12,939
Reclassification to operating expense		-	-	-	-	-	-	(4,353)	(4,353)
Plus capital expenses		-	-	-	-	-	-	143,191	143,191
Transfers from capital works in progress		16,158	8,990	7,047	48,938	9,037	27,773	(117,943)	-
Plus contributed assets		12,477	309	-	40,144	32,606	4,671	-	90,207
Less disposals	9	(2,882)	(2,584)	(715)	(891)	(131)	(388)	-	(7,591)
Less depreciation provided in period		-	(5,617)	(4,373)	(30,433)	(10,574)	(13,069)	-	(64,066)
Revaluation adjustments	23	14,233	10,254	-	(20,632)	(13,048)	8,120	-	(1,074)
Transfer to/from intangibles	18	-	-	-	-	-	-	274	274
Transfer to assets classified as held for sale	15	(490)	-	-	-	-	-	-	(490)
Transfer to inventories	12	(28,055)	-	-	-	-	-	-	(28,055)
Transfer between classes		-	13	-	-	-	(13)	-	-
Book value as at 30 June 2016		622,864	237,803	32,136	1,443,359	895,101	319,511	106,154	3,656,929
Range of estimated useful life in years		unlimited	2-100	2-60	5-150	5-135	2-100		

17 Property, Plant and Equipment - fair values

17 (a) Recognition

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

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

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

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

17 (b) Measurement

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

17 (c) Depreciation

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

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

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

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

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

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

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For the Year Ended 30 June 2017

17 (d) Impairment

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

17 (e) Valuation

Land, buildings and infrastructure assets are measured at fair value, and are revalued in accordance with *AASB 116 Property, Plant and Equipment* and *AASB 13 Fair Value Measurement*. The fair value is the estimated amount for which an asset could be exchanged in an active market on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. All other non-current assets, 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 three 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 on-cost 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 uses internal engineers to assess the condition and cost assumptions, and engages suitably qualified consultants to provide cost movement indices for the period. 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. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in assumptions such as useful life, and condition assessments. The valuer then determines suitable indices which are applied to each of these asset classes.

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

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

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

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

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

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Notes to Financial Statements
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17 (f) Fair value measurement

In accordance with *AASB 13* , 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 2017. All fair value measurements are recurrent and categorised as either level 2 or level 3 in the fair value hierarchy.

Property, Plant and Equipment Fair Value Hierarchy

	Level 2		Level 3		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Land	94,568	335,942	381,281	286,922	475,849	622,864
Buildings	1,355	3,040	212,350	234,764	213,704	237,803
Other Infrastructure	-	-	429,172	319,511	429,172	319,511
Roads and Bridges	-	-	1,554,666	1,443,359	1,554,666	1,443,359
Stormwater and Drainage	-	-	958,535	895,101	958,535	895,101
	95,923	338,981	3,536,005	3,179,657	3,631,928	3,518,638

In the course of revaluing land the nature of the inputs are reviewed and as such, Council recognises transfers between levels 2 and 3 in the fair value hierarchy. Details of the valuation movement are shown in Note 17, where the below table reflects the additional detail of hierarchy movement. It is Council's policy to recognise such transfers at the end of the reporting period.

Transfers in the Fair Value Hierarchy for Land

	Level 2		Level 3		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Opening balance	335,942	322,867	286,922	288,199	622,864	611,066
Opening balance adjustment	-	-	(51,271)	-	(51,271)	-
Additions	646	2,634	19,464	21,338	20,110	23,972
Disposals	(3,289)	-	(1,579)	(2,882)	(4,868)	(2,882)
Internal transfer	-	-	(33,443)	(23,864)	(33,443)	(23,864)
Asset revaluation surplus	2,706	10,441	(40,449)	4,131	(37,743)	14,572
Capital expense adjustment	-	-	(39,802)	-	(39,802)	-
Transfer level 3 to level 2	16,884	-	(16,884)	-	-	-
Transfer level 2 to level 3	(258,321)	-	258,321	-	-	-
Closing balance	94,568	335,942	381,280	286,922	475,847	622,864

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.

The comprehensive revaluation of land was undertaken by independent valuation firm Australis Asset Advisory Group Pty Ltd, effective 30 June 2017. Values were determined by analysis of sales evidence and comparisons in the local market, with consideration given to the existence of restrictions and active markets.

Where there was 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.

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Buildings

Fair value of buildings is measured using the market approach, or cost approach in the absence of an active market. Building values were comprehensively determined by Australis Asset Advisory Group Pty Ltd, effective 30 June 2017. The most significant inputs into this valuation approach were price per square metre for individual buildings. Building assets are revalued at component level.

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.

Plant and Equipment

Plant and equipment assets are reported at historical cost for the year ended 30 June 2017.

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

Road and Bridge Infrastructure

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

The fair value of these assets was adjusted as at 30 June 2017 to reflect changes in the cost of construction for the region. Council engaged consulting firm Cardno (Qld) Pty Ltd to develop market movement indices applicable to the asset sub-types. This movement to the unit rates was assessed by using current contract and internal construction information, Rawlinson's Construction Handbook, and price indices produced by the Australian Bureau of Statistics (ABS). The cost movement index showed the fair value of the road and bridge asset class increased by 3.505% for the sub-types of base and sub-base and 1.505% for all others. Management judge the movement shown in this index to be the most appropriate measure for reflecting changes in fair value of assets of this nature.

For bridges, a condition assessment is undertaken cyclically and includes a visual inspection to determine condition. Where a review is deemed appropriate the condition scale outlined above is used as a basis for assessment of fair value, remaining service potential and remaining useful life. The cost movement index provided by Cardno (Qld) Pty Ltd provided was 1.505%.

Stormwater and Drainage Infrastructure

The fair value of these assets were reported at 30 June 2017 to reflect changes in the costs of construction in the region, in accordance with the principles of the cost approach embodied in *AASB 13 Fair Value Measurement*. Council engaged consulting firm Cardno (Qld) Pty Ltd to develop indices to represent the changes in the cost to construct stormwater infrastructure. This cost movement analysis provided that no indexation be applied for 2017.

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

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

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Other Infrastructure - Facilities

Fair values were comprehensively revalued by Australis Asset Advisory Group Pty Ltd for the year ended 30 June 2017.

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

Other Infrastructure - Parks and Waterways

Park, sport and open space infrastructure assets were last comprehensively revalued during the year ended 30 June 2015 by GHD - Consulting Engineers. Constructed waterways were valued using unit rates developed by Cardno (Qld) Pty Ltd for the year ended 30 June 2017. For 2017, fair values not subject to valuation were adjusted by the other infrastructure costs movement index of 2.22% developed by Australis Asset Advisory Group Pty Ltd to reflect cost movements of the asset class.

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

Waste

Waste landfill assets fair values were determined by Cardno (Qld) Pty Ltd as at 30 June 2017. Current replacement cost of the landfill cells was calculated by reference to cell area and volume specifications, estimated labour and material inputs, services costs, and overhead allocations.

Useful life was determined through assessment of the remaining air space for each landfill cell, which was based on current site closure predictions. Waste landfill valuations are included in level 3 valuations.

Sunshine Coast Airport

Sunshine Coast Airport assets were reported across various asset classes as per Note 16 for the comparable period. All Airport assets have been transferred from non-current assets to held for sale as at 09 February 2017, pending financial close and the commencement of the 99 year lease agreement with Palisade Investment Partners Limited. For the purposes of financial reporting, the transaction is treated as a sale, refer Note 15. All asset classes were measured at fair value as at 09 February 2017.

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18 Intangible assets

Only intangible assets which have a cost exceeding $5,000 are recognised as non-current assets in the financial statements, with items with a lesser value being expensed. Subsequent to initial recognition, intangibles are measured at historical cost.

Costs associated with the development of computer software are capitalised and are amortised on a straight-line basis over the period of expected benefit to Council.

		Consolidated		Council	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
Gross value / cost		30,348	27,654	30,348	27,654
Less accumulated depreciation		(13,730)	(10,458)	(13,730)	(10,458)
Book value as at 30 June 2017		16,618	17,195	16,618	17,195
Intangible movement					
Opening net value as at 01 July 2016		17,195	17,163	17,195	17,163
Transfers from capital works in progress		4,190	3,749	4,190	3,749
Less disposals		(572)	-	(572)	-
Less depreciation provided in period		(4,049)	(3,717)	(4,049)	(3,717)
Transfer to assets classified as held for sale	15	(147)	-	(147)	-
Book value as at 30 June 2017		**16,618**	**17,195**	**16,618**	**17,195**
Capital Works in Progress					
Opening carrying amount as at 01 July 2016		3,309	3,611	3,309	3,611
Reclassification to operating expense		(1,950)	(624)	(1,950)	(624)
Transfer to/from Property Plant and Equipment	16	1,541	(274)	1,541	(274)
Plus capital expenses		1,544	4,345	1,544	4,345
Transfers from capital works in progress		(4,190)	(3,749)	(4,190)	(3,749)
Closing carrying amount as at 30 June 2017		**255**	**3,309**	**255**	**3,309**
Closing net carrying value as at 30 June 2017		**16,872**	**20,504**	**16,872**	**20,504**

19 Trade and other payables

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

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

	Consolidated		Council	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Creditors and accruals	43,385	34,358	42,918	34,091
Annual leave	10,178	9,827	10,107	9,762
Other employee entitlements	738	649	665	581
	54,300	**44,834**	**53,690**	**44,434**
Non-Current				
Annual Leave	1,464	1,162	1,384	1,105
	1,464	**1,162**	**1,384**	**1,105**

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

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20 Borrowings

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

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

	Consolidated		Council	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Queensland Treasury Corporation (QTC)	20,584	19,848	20,584	19,848
**Economic Development Queensland	847	-	847	-
	21,431	**19,848**	**21,431**	**19,848**
Non-Current				
Queensland Treasury Corporation (QTC)	256,872	274,131	256,872	274,131
**Economic Development Queensland	11,753	-	11,753	-
	268,625	**274,131**	**268,625**	**274,131**

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

The market value of QTC borrowings represents the value of the debt if Council repaid the debt as at 30 June 2017. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. The weighted average borrowing rate for the year was 5.23% (2016 5.21%).

Balance at the end of the year (Market Value)	**307,829**	**340,301**	**307,829**	**340,301**

No assets have been pledged as security by the Council for any liabilities, however all loans are guaranteed by the Queensland State Government.

21 Provisions

(i) Long service Leave

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

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.

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(ii) Landfill and quarry rehabilitation

Where it is probable that Council have either a legal or constructive obligation provision is made for the cost of rehabilitation of landfill and quarry sites. The landfill rehabilitation provision represents the present value of the anticipated future costs associated with the closure of the landfill sites, decontamination and monitoring of historical residues and leaching on these sites.

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

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Long service leave	17,908	17,768	17,765	17,685
Landfill rehabilitation	2,309	2,443	2,309	2,443
	20,218	20,210	20,075	20,127
Non-Current				
Long service leave	5,174	4,817	5,174	4,788
Landfill rehabilitation	25,406	23,403	25,406	23,403
Quarry rehabilitation	2,549	2,487	2,549	2,487
	33,129	30,707	33,129	30,678

Details of movements provisions:

Long service leave	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance at beginning of financial year	22,585	21,885	22,472	21,885
Long service leave entitlement arising	3,068	3,099	3,038	2,986
Long Service entitlement paid	(2,554)	(1,447)	(2,554)	(1,447)
Long Service entitlement extinguished	(17)	(952)	(17)	(952)
Balance at end of financial year	23,082	22,585	22,939	22,472

Landfill rehabilitation	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance at beginning of financial year	25,846	26,186	25,846	26,186
Increase (decrease) in provision due to effect of interest rate movement	(2,758)	5,987	(2,758)	5,987
Increase (decrease) in provision due to unwinding of discount	(1,979)	417	(1,979)	417
Increase (decrease) in provision due to change in estimate	4,553	(3,000)	4,553	(3,000)
Increase (decrease) in provision as a result of actual expenditure incurred during the year	2,054	(3,744)	2,054	(3,744)
Balance at end of financial year	27,716	25,846	27,716	25,846

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 2016/17 an increase in the provision for the refuse landfill sites of $4.5M was recognised largely due to updated estimates to cost inputs.

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Landfill site	Expected closure year	Post closure monitoring cost completion year
Coolum	2009	2039
Buderim	2005	2035
Pierce Avenue	2033	2063
Nambour Landfill	2024	2054
Old Buderim Landfill	1989	2019

At 30 June 2017 the net present value of the projected costs over the next 30 years has been assessed as $33 million.

Capital Market Yields - Government 10 year bond rate for 2017 was 2.6% (2016 1.98%).

Quarry rehabilitation	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance at beginning of financial year	2,487	2,421	2,487	2,421
Increase/(decrease) in provision due to effect of interest rate movement	(358)	571	(358)	571
Increase/(decrease) in provision due to unwinding of discount	49	64	49	64
Increase/(decrease) in provision due to change in estimate	371	(538)	371	(538)
Increase/(decrease) in provision as a result of actual expenditure incurred during the year	-	(30)	-	(30)
Balance at end of financial year	**2,549**	**2,487**	**2,549**	**2,487**

22 Other liabilities

Non policy developer contributions reflects 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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Non policy developer contributions	12,370	8,299	12,370	8,299
Unearned revenue	7,274	7,051	7,274	7,051
	19,643	**15,350**	**19,643**	**15,350**

23 Asset revaluation surplus

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

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

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

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	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Movements in the asset revaluation surplus were as follows:				
Balance at beginning of period				
Land	37,743	23,511	37,743	23,511
Buildings	55,871	45,618	55,871	45,618
Road and bridge network	480,336	500,967	480,336	500,967
Stormwater and drainage network	240,392	253,440	240,392	253,440
Other infrastructure	74,790	66,670	74,790	66,670
	889,133	**890,207**	**889,133**	**890,207**
Net adjustment to non-current assets to reflect a change in current fair value				
Land	(37,743)	14,233	(37,743)	14,233
Buildings	(22,111)	10,254	(22,111)	10,254
Road and bridge network	28,215	(20,633)	28,215	(20,633)
Stormwater and drainage network	-	(13,048)	-	(13,048)
Other infrastructure	(10,325)	8,120	(10,325)	8,120
	(41,965)	**(1,074)**	**(41,965)**	**(1,074)**
Closing balance of the asset revaluation surplus is comprised of the following asset categories:				
Land	-	37,743	-	37,743
Buildings	33,760	55,871	33,760	55,871
Road and bridge network	508,550	480,336	508,550	480,336
Stormwater and drainage network	240,392	240,392	240,392	240,392
Other infrastructure	64,465	74,790	64,465	74,790
	847,168	**889,133**	**847,168**	**889,133**

24 Commitments for expenditure

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

Operating leases	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Minimum lease payments in relation to non-cancellable operating leases are as follows:				
Within one year	6,251	5,507	6,186	5,443
One to five years	11,258	6,854	11,220	6,845
Greater than five years	901	468	901	468
	18,411	**12,829**	**18,307**	**12,756**
Contractual commitments				
Contractual commitments at balance date but not recognised in the financial statements are as follows:				
Within one year	55,398	101,669	55,375	99,756
One to five years	57,962	89,494	57,962	89,486
Greater than five years	14,792	24,807	14,792	24,807
	128,151	**215,970**	**128,128**	**214,049**

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Capital commitments

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Aerodromes	27	42	27	42
Buildings and Facilities	1,577	574	1,577	574
Coast and Canals	65	155	65	155
Corporate Major Projects	3,144	30	3,144	30
Divisional Allocations	1,827	656	1,827	656
Holiday Parks	96	-	96	-
Information Technology	248	180	248	180
Parks, Gardens and Reserves	894	-	894	-
Quarries	98	100	98	100
Stormwater	1,026	437	1,026	437
Strategic Land and Planning	7,153	3,808	7,153	3,808
Sunshine Coast Airport	6,262	1,964	6,262	1,964
Transportation	6,196	3,099	6,196	3,099
Waste	471	-	471	-
These expenditures are payable within one year	29,085	11,045	29,085	11,045

25 Contingent assets and liabilities

Contingent Assets

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

The 99 year lease is anticipated to commence in November 2017.

Contingent Liabilities

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 30 June 2017 there are 42 insurance claims under management with Council's public liability insurer, LGM. The amount required assuming the claims proceed to settlement is:	206	247	206	242
At 30 June 2017 there are 9 compulsory land acquisition claims pending and are not expected to exceed:	8,880	2,030	8,880	2,030
Total Contingent liabilities	**9,086**	**2,277**	**9,086**	**2,272**

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 which is not admitted, has not been quantified as Council is in the process of negotiations for a commercial settlement of the claims.

Local Government Workcare

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

Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. Council's maximum exposure to the bank guarantee is $2,979,585.

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

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

26 Superannuation

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

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

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

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

The Regional DBF is a defined benefit plan as defined in *AASB 119*. Council is not able to account for the Regional DBF as a defined benefit plan in accordance with *AASB 119* because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

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

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

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

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

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

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

There are currently 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities.

Sunshine Coast Regional Council made 6.44% of the total contributions to the plan for the 2016/17 financial year.

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

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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	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
	5	19,049	18,179	18,969	18,104

27 Operating lease income

The minimum lease payments are payable as follows:	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within one year	1,056	3,582	1,056	3,582
One to five years	3,430	8,316	3,430	8,316
Greater than five years	9,573	10,522	9,573	10,522
	14,059	22,420	14,059	22,420

28 Controlled entities

The council has a 100% controlling interest in Sunshine Coast Events Centre Pty Ltd, SunCentral Maroochydore Pty Ltd and Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust.

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

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

Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust was established in preparation for the commencement of the 99 year lease. The company and its trust were non-trading entities at reporting date.

The following table shows revenue and expenses before consolidating eliminations.

	SunCentral Maroochydore P/L		Sunshine Coast Events Centre P/L	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Revenue	11,627	9,076	3,751	3,332
Expenses	(11,615)	(8,976)	(3,693)	(3,292)
Surplus / (deficit)	**12**	**99**	**58**	**40**

29 Trust funds

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities.	6,907	5,991	6,270	5,641

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

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

	Consolidated		Council	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Net result	176,911	192,280	139,847	157,082
Non-cash items				
Depreciation and amortisation	71,486	67,785	71,483	67,784
Share of net profit of associate	(36,992)	(34,676)	-	-
Contributed Assets	(133,028)	(90,207)	(133,028)	(90,207)
	(98,534)	(57,098)	(61,544)	(22,423)
Investing activities				
Net loss on disposal of property, plant and equipment	50,803	1,374	50,803	1,374
Capital grants and contributions	(46,790)	(45,189)	(46,790)	(45,189)
	4,013	(43,816)	4,014	(43,816)
Changes in operating assets and liabilities				
(increase)/decrease in receivables	(5,382)	(2,310)	(5,218)	(527)
(increase)/decrease in inventory	1,143	(681)	1,137	(655)
increase/(decrease) in payables	9,770	4,256	9,535	4,013
increase/(decrease) other liabilities	4,293	2,925	4,293	1,525
increase/(decrease) in other provisions	2,430	425	2,398	314
	12,254	4,615	12,144	4,670
Net cash inflow from operating activities	94,644	95,981	94,461	95,513

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31 Financial instruments and financial risk management

Sunshine Coast Regional Council has exposure to the following risks arising from financial instruments:
- credit risk
- liquidity risk
- market risk

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

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

Council does not enter into derivatives.

Credit risk

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

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

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

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

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

Financial assets	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Council 2017 $'000	Council 2016 $'000
Cash and cash equivalents	10	283,994	320,010	282,375	318,556
Receivables - rates	11	4,595	4,644	4,595	4,645
Receivables - other	11	13,835	10,290	13,678	10,290
Loan to Unitywater - Subordinate Debt and Working Capital	11	434,393	434,393	434,393	434,393
Shares Held in Controlled Entities	11	-	-	500	500
Other credit exposures					
Guarantees	25	2,980	3,229	2,980	3,229
Total financial assets		**739,797**	**772,566**	**738,521**	**771,613**

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

Cash and cash equivalents

Council may be exposed to credit risk through its investments in the QTC Cash Fund and QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invest with a wide range of high credit related 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.

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Other financial assets

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

Trade and other receivables

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

In other cases, the 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 the council's area.

Liquidity risk

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

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

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

Consolidated	Note	0 to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2017					
Trade and other payables	19	43,385	-		43,385
Loans - QTC	20	29,815	119,202	226,573	375,590
Loans - EDQ	20	847	3,388	8,365	12,600
		74,047	122,590	234,938	431,575
2016					
Trade and other payables	19	34,358	-		34,358
Loans - QTC	20	29,635	119,952	257,687	407,274
		63,993	119,952	257,687	441,632

Council	Note	0 to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2017					
Trade and other payables	19	42,918	-		42,918
Loans - QTC	20	29,815	119,202	226,573	375,590
Loans - EDQ	20	847	3,388	8,365	12,600
		73,580	122,590	234,938	431,108
2016					
Trade and other payables		34,091			34,091
Loans - QTC		29,635	119,952	257,687	407,274
		63,726	119,952	257,687	441,365

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

Market risk

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

Interest rate risk

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

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

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

Sensitivity

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

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

Consolidated	Net carrying amount		Profit		Equity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets	-	-	-	4,344	-	4,344
Financial liabilities	(3,078)	(3,403)	(3,078)	(3,403)	(3,078)	(3,403)
Net total	**(3,078)**	**(3,403)**	**(3,078)**	**941**	**(3,078)**	**941**

Council	Net carrying amount		Profit		Equity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets	-	-	-	4,344	-	4,344
Financial liabilities	(3,078)	(3,403)	(3,078)	(3,403)	(3,078)	(3,403)
Net total	**(3,078)**	**(3,403)**	**(3,078)**	**941**	**(3,078)**	**941**

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

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

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

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

	Carrying Amount		Fair Value	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Queensland Treasury Borrowings	277,456	293,979	307,829	340,301

Fair value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market rate is provided by QTC and is disclosed in note 20.

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

32 National Competition Policy

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

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

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

a) Efficient operating expenses including tax equivalents;
b) A return of capital (i.e. depreciation expense); and
c) 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.

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

Sunshine Coast. COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2017

(a) Significant business activities

The expenditure threshold amounts for identifying a "significant business activity" for the 2016-17 financial year are as follows:

a) for water and sewerage combined activities - $13.7 million (2016 $13.6 M)

b) for other activities - $9.2 million (2016 $9M)

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

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

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

a) Sunshine Coast Airport
b) Sunshine Coast Holiday Parks
c) Quarries

Sunshine Coast COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2017

32 National competition policy (cont.)

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

	Sunshine Coast Airport 2017 $'000	Quarry Business Activity 2017 $'000	Sunshine Coast Holiday Parks 2017 $'000	Waste and Resource Management 2017 $'000
Revenue for services provided to Council	32	10,480	962	995
Revenue for services provided to external clients	20,216	119	16,269	58,038
Community Service Obligations	124	-	-	546
	20,371	10,599	17,231	59,580
Less : Expenditure	17,118	9,915	9,895	45,618
Surplus / (deficit)	**3,254**	**684**	**7,336**	**13,962**

Description of CSO's provided to business activities:	**Net cost 2017 $'000**
Sunshine coast airport	
Reduce lease rentals and landing fees to community bodies	124
Waste and resource management	
Waste collection and disposal charges for charitable organisations	546

33 Related party disclosures

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

(a) Transactions with Subsidiaries

<u>SunCentral Maroochydore Pty Ltd (wholly owned entity)</u>

Details	**$'000**
Payments	
Annual development management fee paid to subsidiary	2,040
Maroochydore City Centre development costs paid to the subsidiary in accordance with established Development Service Contracts	9,235
Total	**11,275**

SunCentral Maroochydore Pty Ltd is dependant on funding provided by Council. Funding support has been agreed to by Council for the 2017/18 financial year. No SunCentral employees are related parties of Council.

Sunshine Coast Council

Notes to the Financial Statements

For the year ended 30 June 2017

Sunshine Coast Events Centre Pty Ltd (wholly owned entity)

Details	$'000
Payments	
Operational funding paid to subsidiary	1,400
Purchase of materials and services from subsidiary	26
Maintenance and equipment provided to subsidiary	125
Capital expenditure incurred on the property	1,999
Total	**3,549**

Sunshine Coast Events Centre Pty Ltd is dependant on funding provided by Council. Funding support has been agreed to by Council for the 2017/18 financial year. Cr Dwyer, a member of Council's Key Management Personnel, was appointed to the Board of The Sunshine Coast Events Centre Pty Ltd by a resolution of the Sunshine Coast Council in June 2008.

Sunshine Coast Airport Pty Ltd as trustee for Sunshine Coast Airport Trust (wholly owned entity)
In preparation for completion under the SCA Share Sale and Purchase Agreement (refer to Note 2(a) for further details), Council has established Sunshine Coast Airport Pty Ltd, a proprietary company limited by shares, as well as The Trustee for Sunshine Coast Airport Trust, a unit trust established by deed. Council owns all the issued shares in the company as well as all the issued units in the trust. The company and trust were non-trading entities at reporting date with the only transactions being the issue of shares and units to Council.

(b) **Transactions with associates**
Unitywater (associate)

Details	$'000
Payments	
Water and sewerage charges for Council properties	4,179
Purchase of materials and services	4,331
Total	**8,510**
Receipts	
Interest paid to Council	23,154
Recoupment Unitywater expenses incurred by Council	553
Participation returns (dividends) paid to Council	13,837
Tax equivalent paid to Council	12,847
Total	**50,391**

Further detail regarding Unitywater is contained in Note 13 Investment in associates.

(c) **Transactions with Key Management Personnel**

Key Management Personnel include the Mayor, Councillors, Council's Chief Executive Officer and members of the Executive Leadership Team. Compensation paid to Key Management Personnel for the 2016/17 financial year comprises:-

Details	$'000
Short term employee benefits	3,370
Post employment benefits	393
Long term employee benefits	38
Termination benefits	-
Total	**3,801**

Detailed remuneration disclosures for Councillors are provided in the annual report.

The amounts disclosed in the above table are amounts related to Key Management Personnel recognised as an expense during the reporting period.

Sunshine Coast COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2017

(d) Transactions with other related parties

Other related parties include the close family members of Key Management Personnel and any entities controlled or jointly controlled by Key Management Personnel or their close family members. Close family members include a spouse, child and dependent of a member of Key Management Personnel or their spouse.

Details of transactions between Council and other related parties are disclosed below.

Details	Notes	$'000
Employee expenses for close family members of key management personnel	(d)1	153
Purchase of materials and services from entities controlled by close family members of key management personnel	(d)2	1,129
Total		1,282

Notes

(d)1 All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with Council's Certified Agreement for the job they perform. Council employs 1764 staff of which only 3 are close family members of key management personnel.

(d)2 Sunshine Coast Council purchased civil construction services from Civlec Pty Ltd trading as Trafflec, a company controlled by a close family member of Cr Dwyer. This contract was awarded under Council's Procurement Policy, all purchases were at arm's length and in the normal course of Council operations. This amount represents 0.64% (ie less than 1%) of the total amount spent on capital expenditure. Defects liability guarantees totalling $77,964 were provided to Council by the company.

(e) Outstanding balances

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

Receivables		Notes	$'000
Not past due			17
Past due	more than 90 days	(e)1	17
Total Owing			34

Notes

(e)1 Outstanding balance relates to works performed by Council for Unitywater.

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

(f) Loans and guarantees to/from related parties

Details	Notes	$'000
Loan to associate (Unitywater) - subordinated debt	f(1)	434,393

Notes

f(1) Refer to Note 33 Financial Instruments.

Sunshine Coast Council

Notes to the Financial Statements

For the year ended 30 June 2017

(g) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of Council live and operate within the Sunshine Coast region. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates
- Use of Council swimming pools
- Payment of animal registration
- Attendance at a Council event

Council has not included these types of transactions in its disclosure, where they are made on the same terms and conditions available to the general public.

34 Events after the reporting date

On 19 September 2017 Council adopted the recommendations of an independent review of Council's organisational structure. The report recommended changes to the composition of Branches and Groups (formerly Departments) in order to provide a more logical grouping of existing functions while bringing together Policy, Delivery, Regulatory and Customer branches within Council. The proposed changes will be implemented by 31 December 2017 and as a result an estimate of the financial effect at the time of this report is unknown.

Sunshine Coast. COUNCIL

MANAGEMENT CERTIFICATE

For the year ended 30 June 2017

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 48, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's and the consolidated entity's transactions for the financial year and financial position at the end of the year.

....	....
Cr Mark Jamieson	Michael Whittaker
Mayor	Chief Executive Officer
Sunshine Coast Regional Council	Sunshine Coast Regional Council
Dated 5 October 2017	Dated 5 October 2017

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 2017, 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 2017, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises the information included in Sunshine Coast Regional Council's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon. At the date of this auditor's report, the other information was the current year financial sustainability statement and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's or 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 2017:

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

QUEENSLAND
16 OCT 2017
AUDIT OFFICE

CG STRICKLAND CA
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Sunshine Coast COUNCIL

Current Year Financial Sustainability Statement
Sunshine Coast Regional Council
For the year ended 30 June 2017

Measures of Financial Sustainability

Council's performance at 30 June 2017 against key financial ratios and targets:

		Consolidated 2017	Council 2017	Target
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	13.0%	5.5%	Between 0% and 10%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	83.0%	83.0%	greater than 90%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	-0.5%	-0.3%	not greater than 60%

Note 1 - Basis of Preparation
The current year financial sustainability statement is a special purpose statement prepared in accordance with the requirements of the *Local Government Regulation 2012* and the *Financial Management (Sustainability) Guideline 2013*. The amounts used to calculate the three reported measures are prepared on an accrual basis and are drawn from the Council's audited general purpose financial statements for the year ended 30 June 2017.

Certificate of Accuracy
For the year ended 30 June 2017

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	Michael Whittaker
Mayor	Chief Executive Officer
Sunshine Coast Regional Council	Sunshine Coast Regional Council
Dated 5 October 2017	Dated 5 October 2017

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 the Sunshine Coast Regional Council and the consolidated entity for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Sunshine Coast Regional Council and the consolidated entity for the year ended 30 June 2017 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises the information included in Sunshine Coast Regional Council's annual report for the year ended 30 June 2017, but does not include the current year financial sustainability statement and my auditor's report thereon. At the date of this auditor's report, the other information was the general purpose financial statements and long-term financial sustainability statement.

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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

QUEENSLAND
16 OCT 2017
AUDIT OFFICE

CG STRICKLAND CA
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Sunshine Coast. COUNCIL

Long-Term Financial Sustainability Statement
Sunshine Coast Regional Council
For the year ended 30 June 2017

Measures of Financial Sustainability Council	Measure	Target	Actuals at 30 June 2017	Forward Estimates 30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	5.5%	5.7%	5.1%	8.3%	6.3%	8.6%	10.8%	7.6%	8.6%	9.5%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	83.0%	83.0%	79.4%	73.6%	79.9%	72.6%	74.9%	69.8%	73.6%	73.1%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-0.3%	34,7%	54.7%	76.1%	76.4%	9.7%	5.7%	5.4%	4.1%	3.2%

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

The above table shows whether Sunshine Coast Regional Council is performing within accepted target ranges. It clearly indicates that council is achieving or out-performing the identified benchmarks in both of the key liquidity measures apart from the years 2019/20 to 2020/21 for the Net Financial Liabilities Ratio.

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

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

Certificate of Accuracy
For the year ended 30 June 2017

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 ...5.....October 2017

Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council

Dated ...5.....October 2017