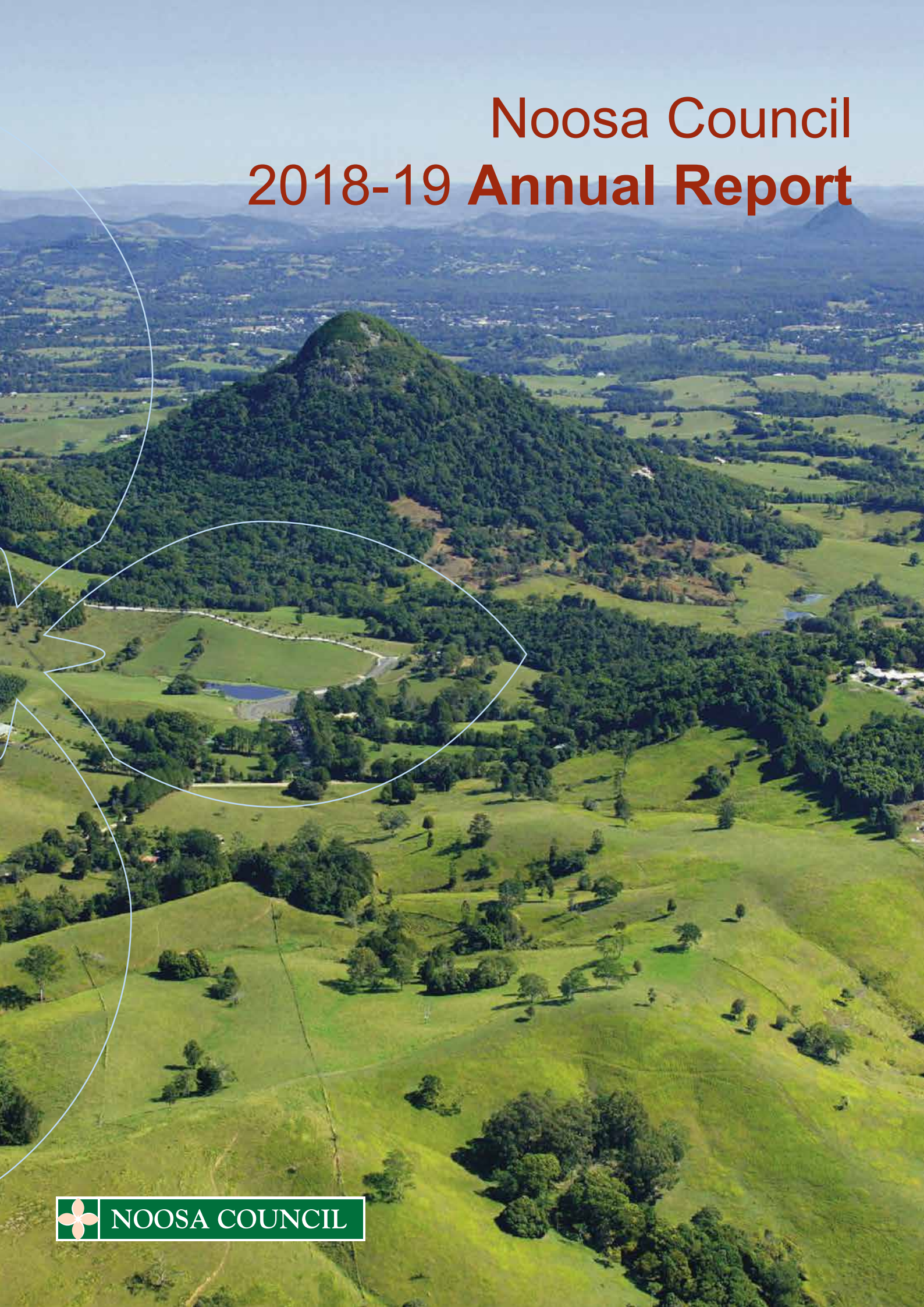


Noosa Council 2018-19 Annual Report





About this report

This is Noosa Shire Council's Annual Report 2018-2019. It is a comprehensive summary of our performance from July 1 2018 to June 30, 2019.

Acknowledgements

Council thanks all contributors and stakeholders involved in the development of this report.

Council acknowledges the Traditional Custodians of the land and pays respect to Elders past and present, and the broader Aboriginal and Torres Strait Islander community of Noosa Shire.

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Introduction



About Noosa

Noosa Shire is located in south-east Queensland, about 120 kms north of the Brisbane CBD. Situated at the northern tip of Queensland's Sunshine Coast, Noosa Shire covers an area of 872km² and is home to more than 55,000 people.

The Traditional Owners and original custodians of the land were the Kabi Kabi / Gubbi Gubbi people.

Noosa Shire has a rich history and heritage from the first peoples through European settlement to the present day.

Many of our towns and villages have retained significant numbers of heritage houses and businesses, including many unique 'Queenslanders'.

Noosa Shire has ten State heritage listed properties, including the Lower Mill Site Boiler House and Kilns which is a Council owned and managed property - open to the public daily.

It is recognised as a UNESCO Biosphere and has a proud history of preserving its natural environment. The Noosa River has an A rating for water quality and thirty five percent of the Shire is protected as either national park, reserve or conservation area.

Noosa Shire has an economy that is diversifying beyond a thriving tourism industry. Noosa's economy relies significantly on the health, professional service, tourism, retail and construction sectors.

It is home to more than 7000 businesses, predominately small and micro, as well as successful entrepreneurs and skilled business people.

Noosa enjoys a sub-tropical climate, beautiful beaches, mountains and forests, which makes it one of Australia's most desirable places to live, work and visit.

Noosa at a glance



55,369
Noosa's population

Under 18 yrs	19.9%
18 - 24 yrs	5.3%
25 - 49 yrs	6.6%
50 - 69 yrs	32.4%
Over 70 yrs	15.8%



Population by age



47
Median Age



22,109
Households

Couples with children	22.8%
Couples w/o children	31.9%
One parent family	9.9%
Group household	3.5%
Lone person	22.4%
Other	9.5%



Household types



\$1,191
Median weekly household income



\$690,028
Median house price



\$550
Median house rental



7,059
Local businesses



\$2.81 billion
Gross Regional Product

Health Care & Social Services	14.7%
Accommodation & Food Services	14.5%
Retail trade	13.9%
Construction	9.3%
Education and Training	9.1%

Main Employment Sectors



24,923
Jobs in Noosa

Employment status

Employed full-time	49.3%
Employed part-time	42.5%
Unemployed - looking for full-time work	3.8%
Unemployed - looking for part-time work	2.9%

18
Hinterland villages



11
Coastal towns



872 km²
Total land area



Message from the Mayor

Whew! 2018-19 was quite a year for Noosa Council, involving a number of big vision projects. What's more, we finished the financial year with a solid fiscal performance.

Let's begin with the Yurol/Ringtail Forest Conservation Project. While the groundwork was prepared in preceding years, 2018-19 saw the actual signing of the landmark agreement between the State Government, Noosa Parks Association and Noosa Council to purchase plantation rights from HQ Plantations.

Within ten years, this project will see 2,400 hectares of rehabilitated plantation and state forest land added to the conservation estate as national park. This wildlife corridor will provide connectivity between the hinterland and the Cooloola section of the Great Sandy National Park – a wonderful result for our local koalas and many other endemic species.

The stunning boardwalk that connects Little Cove with the entrance to the headland section of the Noosa National Park was also completed. This magnificent, bespoke structure, designed to minimise impact on the landscape, really has that “wow” factor. It won an award for environmental excellence before it was even open to the public and has since won further building awards.

“The stunning boardwalk ... won an award before it was even open to the public”

The Peregian Digital Hub exceeded expectations as it ventured forth in its first year of operations. Under the masterful guidance of Chris Boden, the facility now



houses 18 businesses employing 55 people. In fact, 2 new businesses were birthed at the Hub, which also hosted multiple workshops, events with quality speakers, and at the time of writing was providing entrepreneurial support to 27 companies. The Hub has also focussed on the next generation of entrepreneurs and technical wizards, with after-school inventor and robotics clubs, and 10 high school students being mentored.

The Noosaville Library refurbishment and expansion was completed and opened by the Minister for Local Government, Stirling Hinchliffe. The new-look library includes a maker space, meeting room, dedicated history room, and outdoor wi-fi area. It is also much more spacious, whilst retaining the integrity of the original architecture.

The library extension was partly achieved with a State Government grant, and in this regard, Noosa Council has been served very well with grants funding. A total of \$8.3M, including the Federal Financial Assistance Grant, has been received through the 2018-19 financial year.

But good financial management requires much more than successful grant applications. And so, once again, we completed the year with a small surplus. But we also managed to pay down \$10 million from our historical inherited debt, significantly reducing this high-interest burden from future councils.

The gargantuan task of writing the Draft Noosa Plan was completed so that it could be released for community consultation. That brings a four-year journey to near completion. Our Strategic Planning team have done a mighty job preparing not only the Draft Plan and Strategic Framework, but also a whole host of additional reference material to help guide residents through the arcane maze of the planning scheme.

On the planning assessment front, Council assessed 479 development applications. Only 20 were refused – meaning 96% of all development applications that were submitted to Council were approved.

Throughout the financial year, a range of activities were undertaken to help propel us towards our 2026 zero emissions target including installing over 1,100 solar panels. All of these actions will generate long-term cost savings for Council and our ratepayers.

“...propel us towards our 2026 zero emissions target”

A couple of stakeholder reference groups were also established. The most innovative of these was the Sustainable Tourism Stakeholder Reference Group, consisting of representatives from key business, resident and environment groups along with Tourism Noosa and Council.

I am not aware of any previous attempt by Noosa Council to gather so many community groups to grapple with such a big issue. It is hoped that this reference group will provide advice to Council on what sustainable tourism should look like for Noosa, and perhaps how we may reach that lofty goal.

Of course, this introduction really just skims across the highlights of an exceptionally productive year for Noosa Council. I believe this Council continues to set a high benchmark for excellent management and service delivery which is what our community expects and deserves.

I want to thank my fellow Councillors and all of our wonderful Council staff for their efforts throughout 2018-19.

Best wishes



Tony Wellington
Mayor of Noosa



Message from the CEO

Welcome to the 2018/19 Annual Report.

As we all know, annual reports can be quite bland as they contain quite a lot of statutory and corporate type information and, of course, not forgetting a set of audited financial statements. As such, they are not generally interesting reading for most people but I would urge you to take the time to review this annual report because it is one that we are very proud of.

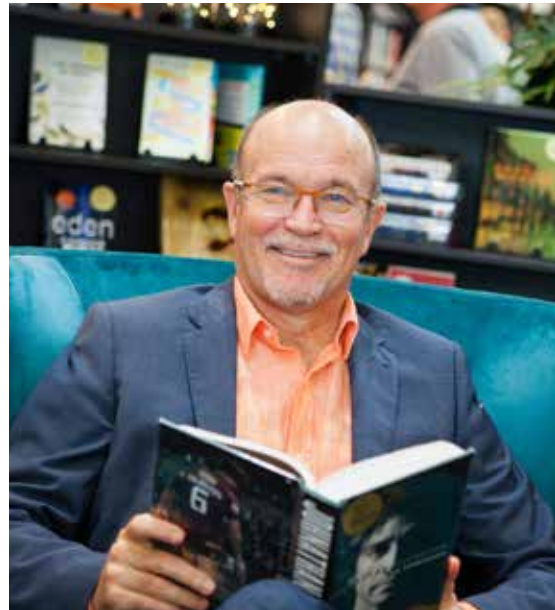
As well as demonstrating the necessary compliance and provision of statutory information, more importantly it highlights what has been achieved in the last 12 months. In particular, the section on “The Year in Review” highlights our progress towards achieving our long-term goals is a great read.

In his introduction, Mayor Tony Wellington has highlighted some of his favourite projects and outcomes of the last 12 months. Even a quick read of our “Top 10 achievements” will give you a good understanding of the range of things that have been achieved in the 2018/19 financial year.

When we start major projects winning awards is not something that is on our mind but it is certainly nice when it happens. There is something very satisfying when you get recognition from industry experts about the quality of your projects and we have had some welcome recognition recently.

The ground breaking Yurol/Ringtail Conservation Project has won both a Queensland Local Government Managers Award for Excellence in Collaboration and has then gone on to win a National Local Government Professionals Award for Excellence in Collaboration for the best project of its type in Australia.

This long-term conservation project brought together five different parties to collaboratively work towards a regional scale conservation project to create koala corridors and put in place a process to preserve 2,400 ha of land for the Noosa conservation estate.



“.. put in place a process to preserve 2,400 hectares of land”

Similarly, the Noosa Heads Boardwalk opened to widespread community acclaim with people amazed at the quality and “Noosa style” of the construction. That’s not surprising given that careful planning and design took place over a number of years to make sure we got this perfect.

Working closely with an excellent contractor with some construction parameters requiring 1 mm tolerances, the new boardwalk opened just in time for the 2018 triathlon weekend. It has gone on to win a national landscaping award for Council and two master builder awards for our contractor Hutchinson Builders.

For those that have walked the boardwalk, particularly on sunset, it is a classic Noosa project that has the ‘wow’ factor because it blends in with nature and is a great example of our Noosa Design Principles.

These are just two of the amazing projects which are highlighted in this annual report.

Given that we are now five years into our journey following de-amalgamation, it is also really pleasing to report that sound financial management over that period has enabled our Council to make an extra \$10,000,000

payment off our debt. This is a bit like saving up extra money on the home budget and then paying down your mortgage ahead of time. It's hard work but has great benefits in the long term. That's one of the things about this Council - it always takes a long-term view.

The Noosa community is incredibly lucky that it has such wonderful staff working for its local Council. These are staff that every day patch potholes, help people at the library, work with local businesses on the local economic plan, keep our parks and public spaces looking great, help our elderly at our Noosa Community Care Centre – the list goes on. Our staff have passion and the opportunity to make a difference every day to the community that we live in and serve. It's more than just a job for our staff. You might not know that they also volunteer in our community with some staff giving up lunch breaks to help with Meals on Wheels deliveries, other staff volunteering at the Community Hub to support homeless people, other staff helping to raise funds for breast cancer – the list goes on.

Many of our staff are also embedded in Noosa community groups, volunteering on local committees and helping out at a grass root level. It's that passion to make a difference that separates our Council staff from many “public sector” staff working in other levels of government.

We are lucky to have this level of commitment and I would like to publicly thank each and every one of our Council staff for their commitment and dedication.

Please enjoy reading this annual report. We are very proud of it and what has been achieved.



Brett de Chastel
Chief Executive Officer



Councillors

Noosa Shire is represented by the Mayor and six Councillors who were elected at the Local Government elections in April 2016. Our Councillors represent all areas of the Shire as Noosa is an undivided local government area.



From left to right:

Cr Frank Pardon, Cr Joe Jursevic, Cr Brian Stockwell, Mayor Tony Wellington, Cr Ingrid Jackson, Cr Jess Glasgow and Cr Frank Wilkie (Deputy Mayor).



Our Organisation



About Council

The Noosa Shire Council was created in 1910 under the Queensland Local Authorities Act of 1902.

In 2008, the Shire was amalgamated with Maroochy Shire and Caloundra City Councils to form the Sunshine Coast Regional Council.

Noosa Council was re-established as a local government on 1 January 2014 after the Noosa community campaigned for a number of years to restore its own local government.

The current Noosa Council was elected in 2016, and comprises 7 elected Councillors, including the Mayor.

The next council elections will be held in March 2020.

Organisation structure



Year in Review

This section of the Annual Report looks at Council's progress in achieving the goals set out in its Corporate Plan 2017-2037. Noosa Council adopted its Corporate Plan in January 2017 and more recently, in September 2018, adopted an update to that document.

The Corporate Plan sets out Council's long term strategies and priorities. It also sets out Council's values and vision - "Noosa Shire - different by nature".

The Corporate Plan identifies five themes, a series of long term goals and key focus areas for 2017-2022.

Council's progress towards achieving them is set out on the following pages.

Council's Operational Plan 2018/19 detailed the major priorities and initiatives that Council undertook to work towards the implementation of the Corporate Plan.

Throughout the year, the CEO provided Council with quarterly reports looking at progress of the Operational Plan and details of Key Performance Indicators. The CEO also provided a separate report at the end of the financial year to Council on the progress towards achieving the Corporate Plan outcomes. Both the quarterly and annual reports to Council are made available to the public via Council's website.



Top ten highlights of 2018/19 (in no particular order)



Signing of the Yurol/Ringtall Conservation Project contracts to create a significant koala protection area in the long term (this project won both the Queensland and Australian Local Government Awards for Excellence in Collaboration).



Undertaking the drafting, State Interest Check and an extensive public consultation process for the draft Noosa Planning Scheme.



Implementing the Go Noosa Transport Strategy which included a 40% increase in users of the free bus service.



Opening the Noosa Heads Boardwalk project to significant acclaim (this project won an Australian Institute of Horticulture Green Space Award).



Adopting the Noosa Environment Strategy and Action Plan after an extensive community engagement process.





Re-opening the Noosaville Library after a major refurbishment and extension including the introduction of RFID technology and a new Makerspace area.



Finalising asset management plans for all of our major asset classes to improve how we manage these assets on behalf of the community.



Official opening of the Peregian Beach Digital Hub and a successful launch of innovative programs to grow the digital economy.



Undertaking our two yearly Community Satisfaction Survey, measuring the overall weighted performance index of satisfaction with Council as 74.59% (up from 73.20% in 2017).



Finalising a liquidity review by Queensland Treasury Corporation which resulted in an early payment of \$10 million off Council's debt.



Corporate Plan Theme 1 - The Noosa Environment

“Our environment is protected and enhanced and is valued by the community”

Key achievements as we work towards our long term goal include:

Specific Operational Plan Priorities

- » Council finalised an extensive consultation process in relation to its proposed Environment Strategy and adopted a new Environment Strategy and Action Plan.
- » Council consulted with the community on a first draft of the Noosa River Management Plan. Based on that feedback, further work was undertaken in relation to fisheries. Council has finalised that additional research and will consult further with the community on the second draft of the Noosa River Management Plan. Council has also made a submission to the State Government of their fisheries reform program.
- » Work on our Waste Reduction and Recycling Plan has continued in 2018/19. This included significant media coverage and school education sessions. Council also opened its Education Centre at the Eumundi Road Resource Recovery Centre to support the education and behavior change of students and community members regarding waste management, re-use and recycling.



Waste reduction school education session

- » Council has successfully prepared for the introduction of the State government \$75 per tonne landfill levy that commenced on 1 July 2019.
- » Council signed binding contracts with the State government, HQPlantations and the Noosa Parks Association for the protection and restoration of major parts of the Yurol and Ringtail Forest areas. This is the most significant environmental project in recent years and will see almost 2,400 ha of land transition to protected conservation tenure over the next 10 years providing regional scale environmental connectivity, particularly for koala corridors. This project has also won both a State and National Local Government Award for Excellence in Collaboration.

Other initiatives to enable Council to achieve its goal for this theme

- » Council provided ongoing support to the Boomerang Alliance in their campaign for a Plastic Free Noosa.
- » Council is continuing to implement its Zero Emissions Strategy focused on achieving net zero emissions by 2026. Council has rolled out the installation of over 1,100 solar panels across major Council buildings. Other energy efficiency initiatives have included retrofitting light fittings and these actions have already reduced Council's emissions and significantly reduced electricity costs. Solar has been installed at the following locations:
 - Tewantin Administration building
 - Noosaville Depot
 - Noosa Leisure Centre
 - Pomona Depot
 - Cooroy Library
 - Noosa Aquatic Centre
 - The J
 - The Respite Centre

- » Council launched its Environment Grants program allocating funds towards community projects that protect and enhance the Noosa environment. This entailed project grants for community organisations such as Noosa and District Landcare Inc, Mary River Catchment Co-ordination Association Inc, Zero Emissions Noosa Inc and Reef Check Australia Foundation. Partnership funding was also provided to Noosa and District Landcare Inc and Noosa Integrated Catchment Association Inc.
- » Council installed lateral gas lines at Eumundi Road Resource Recovery Centre to improve the capture of methane gas for flaring and reducing the environmental impacts of methane gas.
- » Council agreed to enter into a partnership agreement with The Nature Conservancy (a major environmental organisation) to undertake a three year project to restore oyster reefs in the Noosa River. This included funding from The Nature Conservancy of \$1.2M with that funding being matched by Council's financial contribution.
- » Council agreed to enter into a Memorandum of Understanding with Unitywater, Sunshine Coast Regional Council and Moreton Bay Regional Council to explore options for an organic waste processing facility in the region. The project is ongoing with options currently being considered by the project partners.
- » Council undertook an inspection program for environmental compliance at industrial premises with good support from business owners. Council decided to undertake annual inspections in future years with no financial impost on businesses for the 2019/20 financial year.
- » Council increased the number of properties participating in the Land for Wildlife program from 288 to 314. Council also facilitated a number of events to help celebrate the 20th anniversary of the Land for Wildlife program.
- » Council expanded the Bushcare program with new volunteer groups being commenced at Rainbow Park, Elysium and Cooran Fodder Farm - the first new Bushcare groups for many years.
- » Council purchased a 51 ha property at Boreen Point through the Environment Levy program to add to the protected environment estate. To support our acquisition and environmental protection program,

Council adopted Policy Guidelines for Conservation Land and Private Land Conservation Partnerships and Revolving Fund Guidelines in September 2018.

- » Council assisted in facilitating the 10 year renewal process for the Noosa Biosphere Reserve recognition from UNESCO. A detailed and comprehensive submission was lodged with UNESCO via the federal government. This submission received positive feedback from the relevant UNESCO committees and Council is awaiting formal advice following that process.
- » Council passed a resolution declaring Noosa a “Coal Mining and Coal Seam Gas Extraction Free Shire” to make it clear that these activities are not in keeping with Noosa’s environmental values.
- » Council has addressed a range of significant planning and environment applications during the last 12 months. During that period, Council approved 95.8% of these applications (459 out of 479 applications were approved).



Oyster Reef Project in the Noosa River



Corporate Plan Theme 2 - The Noosa Community

“Our community is connected, safe and happy and able to meet their potential”

Key achievements as we work towards our long term goal include:

Specific Operational Plan Priorities

- » Council adopted a Cultural Plan and Action Plan in December 2018 which is currently being implemented.
- » Council developed a draft Community Health and Wellbeing Plan following an extensive community engagement process. The plan will be adopted by Council in 2019/20, together with an implementation plan.
- » Council continued to invest in the maintenance of our community halls and facilities. We undertook periodic painting of various community halls including the Tinbeerwah Hall. We also undertook some upgrades of community facilities including upgrading the air-conditioning and electrical systems at the Pomona Community House.



Tinbeerwah Hall

- » Council completed a \$2.2M extension and refurbishment of the Noosaville Library. Radio Frequency Identification (RFID) was installed as part of this process and the extension included a new Makerspace area and Heritage Library Room. The Makerspace includes 3D printers, robotics and virtual reality “hands on” activities.
- » Council has implemented the Sport and Active Recreation Action Plan. This has included activities such as the “Come and Try sports days”, “Get out, Get Active Teenagers” and supporting the successful World Surfing Reserve application. In conjunction with Sunshine Coast Regional Council, Gympie Regional Council and the State government, our Council also adopted the “Regional Difficult to Locate Sports Plan”. This plan identified the ideal location across the broader region for high noise impact sports.
- » Council opened the Park Road Boardwalk following an extensive community engagement process. The construction was undertaken by Hutchinson Builders and opened in late October 2018 just prior to the Noosa Triathlon weekend to significant community acclaim. This project has won Council an Australian Institute of Horticulture Green Space Award. Our contractor also won two Master Builders Association Awards for this project.

Other initiatives to enable Council to achieve its goal for this theme

- » Council has undertaken significant planning and design for the establishment of an iconic playground at Cooroy. This has included community consultation on the plan. Council was also successful in securing \$2.788M in funding from the State government towards the project. Construction will commence in 2019/20.
- » Council launched and operated, in conjunction with a range of community partners, the Social Services Hub at Tait Duke House, Tewantin. The Hub serves as a one stop shop for a range of services for people experiencing homelessness or who are at risk of homelessness, and for community members who may face barriers to accessing social services.
- » Council continues to focus on recognising the important role of volunteers in our community. A series of videos were produced highlighting examples of the work undertaken by volunteers and a “volunteer recognition” event was hosted by Council.



- » Council passed a resolution in November 2018 declaring Noosa as a Refugee Welcome Zone and signed the Refugee Council of Australia's Refugee Welcome Zone Declaration.
- » Council has been active in supporting the local communities who have been affected by proposals for the new Sunshine Coast Airport flight paths. Council has worked closely with Flight Path Forum Inc. as part of the community based campaign to review the proposed flight paths and improve the level of community engagement by Airservices Australia as part of that process.
- » There has been significant progress on the backlog of community lease renewals. Following deamalgamation, we inherited more than 28 expired leases and had quite a number of other community groups with no formal tenure arrangements. By 30 June 2019, there were no community groups without tenure arrangements in place and only 5 leases still awaiting renewal.
- » Council undertook an Expression of Interest process for the upstairs section of the Peregrine Beach Surf Lifesaving Club building which generated significant public interest. Following that expression of interest process, Council agreed to issue a 3 year trustee permit to Surf Lifesaving Queensland Sunshine Coast Branch.
- » Council has undertaken two community Council meetings during 2018/19. In November 2018, we held a Council meeting at Pomona and in May 2019, we held a Council meeting at Cooran. This continues Council's ongoing commitment to open decision making and provides an opportunity for more members of the public to attend Council meetings. In keeping with our ongoing commitment to transparency to the community, during the year we only closed Council meetings on two occasions to deal with confidential matters. Council also improved our community's access to Council meetings by instituting live streaming of Council meetings and our General Committee meeting from February 2019. These videos are also available on Council's YouTube channel for later viewing.
- » Council completed a detailed review of an Events Policy for our Shire. This included an extensive community engagement process which culminated in the adoption of Noosa Events Policy which is designed to provide clarity about the number and location of annual events.
- » Council has reviewed and updated its Community Engagement Policy. Significant community engagement projects in 2018/19 included:
 - The draft Noosa Planning Scheme
 - Proposal for a local law on advertising signage
 - Events Policy
 - Environment Strategy
 - Draft Noosa River Plan
 - Pioneer Park Upgrade at Cooran
 - Hinterland Park at Cooroy.
- » Council has undertaken numerous Library and Gallery programs to support our community. Our Library Services have physically issued over 437,982 items to our community during the last 12 months.
- » Our Noosa Aquatic Centre, Noosa Leisure Centre and The J all had outstanding years. In terms of numbers, the NAC had 240,893 visits which is just under last year's number of visits, however the NAC closed in June 2019 for major scheduled maintenance of the pool, roof and deck structures. The Noosa Leisure Centre had 127,580 visits which is up 19.9% on last year but some of that increase can be attributed to extra visitors to the temporary library while the Noosaville Library refurbishment was underway. The J had 90,992 visits which is up nearly 4% on the previous year.
- » Council took the lead on lobbying for reform to how electronic gaming machine approvals are managed in Queensland. Council was successful in gaining support for the Local Government Association of Queensland to lobby on behalf of Queensland councils for legislative reform. Council also joined the Gambling Alliance Reform Group – a group of like-minded councils across Australia lobbying for policy changes that would reduce the negative impact of gaming machines on local communities.
- » Council continued to provide its community grant program supporting our community groups. During 2018/19, we provided \$893,406 in community grants to 147 recipients to support projects, acquisition of equipment or events. Council staff also facilitated a number of evening information sessions for community organisations to help improve their governance and grant writing skills. Details of the grant categories and amounts are set out in this annual report.

Corporate Plan Theme 3 - The Noosa Economy

“Our economy is diverse and resilient”

Key achievements as we work towards our long term goal include:

Specific Operational Plan Priorities

» The Peregian Beach Digital Hub was officially opened on 12 September 2018. In its first year of operation, it has exceeded the proposed budget performance and has a solid tenant and co-worker base. Council has an excellent Digital Hub Director who has curated an interesting and industry relevant

» Council and Tourism Noosa worked together on the Sustainable Tourism Stakeholder Reference Group. This brings together approximately 15 different groups from the business, community and environmental sectors to consider challenges associated with how Noosa can manage the success it has achieved in becoming a premier tourism destination with increased visitation. The Sustainable Tourism Stakeholder Reference Group is continuing to meet to work towards an Accord and Action Plan.



Peregian Beach Digital Hub

series of programs to grow the digital sector in Noosa. Council has also received a \$75,000 State Government Grant to continue to grow the program component at the Hub.

» Council continued to successfully implement its Local Economic Plan. Unemployment rates in Noosa continue to be below other areas – Noosa 5.7%, compared to the balance of the Sunshine Coast, 6.3% and Queensland, 6.1%. Over 80% of the initiatives in the Local Economic Plan adopted in 2015 have been implemented or are substantially underway.

Other initiatives to enable Council to achieve its goal for this theme

» Council continued to work closely with Regional Development Australia (Sunshine Coast) on a range of projects including the successful SCRIPT program to develop innovation on the Sunshine Coast.

» Council facilitated the establishment of the Noosa Education and Training Alliance – an alliance with representatives from all of the schools, universities and training providers in Noosa working collaboratively to advance education and training opportunities and pathways for the Noosa community.

- » Council has been negotiating with the State government regarding the acquisition of the former TAFE site at Tewantin. These negotiations include Council making an offer to the State government to purchase the site but no contract had been signed by the end of the 2019/20 financial year.
- » Council invested in our Noosa River Holiday Park by replacing both the large and small amenity buildings. This continues to make this holiday park a highly attractive destination with almost 96% occupancy rates for 2018/19.
- » Council staff worked closely with the Noosa Junction Association throughout 2018/19 assisting them with the implementation of their plan to regenerate the Junction. A number of joint meetings were facilitated with stakeholders regarding the draft planning scheme.
- » Council introduced improved CCTV cameras in Hastings Street to ensure that our premier commercial precinct remains a safe and welcoming area. The CCTV system included high definition cameras and number plate recognition technology.



Launch of CCTV cameras in Hastings St.

- » Council continued an audit of business signage across the shire and also provided information regarding signage requirements to the operators while the audit was being undertaken. Council has also undertaken community consultation on proposed new signage laws.



Business signage audit

- » Council co-located the Economic Development Branch with the Council's Strategic Planning Branch to ensure that there was synergy between our goals for our Local Economic Plan and the development of our new planning scheme.
- » Council continued its economic grants program with grants provided to Innovate Noosa Inc, the Noosa Chamber of Commerce and Industry Inc and the Sunshine Coast Creative Alliance.
- » Council has increased the resources allocated to economic development activities with additional staff including a trainee and support to the Noosa Education and Training Alliance and also an Economic Development trainee.

Corporate Plan Theme 4: Long term planning for Noosa Shire

“Noosa Shire is well managed and sustainable”

Key achievements as we work towards our long term goal include:

Specific Operational Plan Priorities

- » Council undertook significant work on the development of the new Planning Scheme during 2018/19. The State Interest Review was completed and a draft scheme was adopted for the purpose of community engagement. An extensive community engagement process was undertaken including:
 - TV, newspaper and social media advertising
 - Community pop ups across the Shire
 - Over 2,000 people attending Council's planning scheme office for face to face information
 - Over 10,000 letters and emails sent to affected property owners
 - Targeted consultation with key community, environment and business groups
 - 938 unique submissions to Council on the draft Planning Scheme.
- » Council also finalised its Local Government Infrastructure Plan (LGIP) that provides the basis for developers to contribute to trunk community infrastructure necessitated by the development.
- » Council continued implementation of its Transport Policy and Transport Strategy. For the Christmas period in 2018/19, Council introduced the “Go Noosa” campaign - an integrated transport project aimed at behaviour change to encourage more people to walk, ride or use public transport rather than private vehicles. The “Go Noosa” campaign included:-
 - development of a Go Noosa App providing real-time information on car parking availability, cycling and walking paths and real-time bus information
 - improved signage and directional information to encourage people to park and ride
 - an integrated marketing campaign with Translink to promote the use of free buses
 - free buses were extended from 4 weeks to 12 weeks at Christmas and for 4 weeks at Easter 2019.

- An increase of 40% for people using free buses, an increase of 7% for people walking to the Hastings Street precinct an increase of 27% for people riding to the Hastings Street precinct but only a 2% decrease in the use of private vehicles.
- Council also engaged with Translink on a comprehensive review of the public transport network in Noosa including bus routes, bus frequency and opportunities for electric buses.



- » Council finalised a tender process in June 2019 to commence a major re-development of the Noosa North Shore Campground. This re-development will be finalised during the second half of 2019 and be opened in time for Christmas 2019.
- » Council finalised the adoption of its detailed Asset Management Plans for all of its major asset classes. To date, detailed asset management plans have been adopted for Roads, Bridges, Stormwater, Roads Infrastructure and Council Buildings & Facilities. Detailed asset management plans were also previously completed for the Noosa Main Beach Sand Recycling System and the Noosa Aquatic Centre.
- » Council is continuing the development of a Climate Change Adaption Plan for the Shire and a Coastal Hazard Adaption Plan which focuses particularly on coastal areas. This project (being funded by the State via LGAQ) is progressing well. Research and community engagement has been undertaken.

Other initiatives to enable Council to achieve its goal for this theme

- » Council completed a credit review by Queensland Treasury Corporation and was rated as financially sound which means we have adequate capacity to meet our financial commitments in the short, medium and long term.
- » Council also had Queensland Treasury Corporation undertake a review of our financial liquidity which resulted in Council making an early repayment of \$10,000,000 off our existing debt and reducing net interest payments by approx. \$270,000 for ratepayers.
- » Council enhanced its approach to seeking grant funding from other levels of government. In 2018/19, we were successful in attracting \$1.2M in funding from the Commonwealth towards the replacement of two bridges in the hinterland and a \$2.6M grant from the Commonwealth towards the Peregian Beach Community Centre. We were also successful in attracting \$2.8M funding from the State government towards the Hinterland Playground project at Cooroy.
- » Council has undertaken considerable work in developing our response to natural disasters including undertaking disaster management exercises to train our staff. Our long serving Local Disaster Co-ordinator stepped down from that role and our Director Infrastructure Services has assumed that role. We have taken part in region wide disaster management training exercises with adjoining Councils. There has also been a concerted focus on developing our preparedness for a sustained recovery effort from a major natural disaster.



Local Disaster training exercise with Gympie Council

- » Council commenced the Noosa Spit Shoreline Erosion Management Plan (SEMP) which is a detailed study of the erosion occurring on Noosa Spit as a result of river movement, tide and boat wash. The SEMP will be finalised early in 2019/20 and provide an evidence-based solution for solving the erosion problem currently occurring.
- » Council developed its first 10 year Capital Program allowing for a longer planning horizon for capital projects. Our Infrastructure Planning, Design and Delivery team now have future projects they can plan for. In addition, our teams delivered a significant capital program of \$26.1m including:
 - Noosaville Library Refurbishment
 - Mary River Road Bridge at Cooroy
 - Old Noosa Road Bridge at Cooran
 - Noosa Heads Boardwalk
 - \$3.8M expended on a reseal program of roads across the Shire
 - Replacement of the Tewantin Council Administration Building roof (including installation of solar panels)
 - David Low Way safety improvements including the car park and bus stops at Castaways Beach (commenced in 2018/19)
 - Major refurbishment of the Noosa Aquatic Centre at Sunrise Beach (commenced in 2018/19)
- » Council was successful in securing Commonwealth government grant funding to replace a number of bridges. In 2018/19, we finalised replacement of the Mary River Road Bridge in Cooroy and the Noosa Road Bridge in Cooran. We were also successful in 2018/19 in obtaining grants to replace the Tablelands Road Bridge (Number 2) at Cooran and the Wahpunga Lane Bridge at Kin Kin. Both of these bridges will be replaced in 2019/20. We also received funding to replace the aging bridge at Orealla Crescent, Sunrise Beach and this work will also be undertaken in 2019/20.
- » As part of the planning scheme process, Council reviewed the current approach to signage in the Shire and published, for public consultation, a proposal to remove signage regulation from the planning scheme and for it to be included in a local law. That local law also included proposed changes to the way in which signage is currently managed. There was considerable public interest in this issue during the consultation process, with around 300 submissions received and considered prior to finalising the local law.

Corporate Plan Theme 5 - Excellence as a Council

“The Noosa Shire community is proud of its Council”

Key achievements as we work towards our long term goal include:

Specific Operational Plan Priorities

- » Council continued to look at ways in which it can improve services. One of the most important steps last year was the development of a Level of Service Catalogue which was substantially completed as part of the 2018/19 budget process with further enhancements for the 2019/20 budget process. Council now has documented service details of what services it provides, costs, response times and benchmarking. The Level of Service Catalogue is available on Council's website.
- » Council completed the replacement of the Tewantin Council administration building roof which included the installation of a significant number of solar panels. Long-term precinct planning will be undertaken in 2019/20.



Solar installation at Tewantin administration building

- » We transitioned our ICT systems to the latest version which provided enhanced systems capability. These systems upgrades included the implementation of Technology One's "Enterprise Cash Receipting" and "Procure to Pay". We continue to roll out our ICT Strategy to enhance our system capabilities and we have commenced a major project to transition our property and rating system. This project will add significant benefits to our community with more online services.

- » Council undertook our second detailed Community Satisfaction Survey. The Survey was undertaken by an independent professional survey firm (Market Facts) using the same methodology as the 2017 Community Satisfaction Survey. The results of the 2019 survey identified that Council was achieving a community satisfaction score significantly above comparable Councils in almost all service categories.
 - Council's overall weighted performance index was 74.59% (up from 73.20% in 2017).
 - Top performing services were Libraries (84.9%), Waste management (81.5%), and Customer Service (81%).
 - Three quarters of those surveyed who had contacted Council rated the service of staff as good or very good.
- » Council has undertaken a review of its Communications and Engagement Strategy. This has entailed internal consultation and the development of a new draft strategy.
- » The revenue diversification project has commenced looking at options to increase non rate revenue in order to reduce pressure on any future rates rises. An internal working group has been established which is working on a strategy and project plan.

Other initiatives to enable Council to achieve its goal for this theme

- » Council's corporate website has started the transition to a new content management system. The Community Engagement team has collaborated with the LGAQ to finalise a new-look for the website.
- » Council has increased its presence on and use of social media platforms, to improve communication and engagement with the wider community. A more targetted approach to social media engagement on Facebook and LinkedIn has been taken. Facebook followers increased by 18% to 8,923. LinkedIn followers grew by 55% to 2,022.

- » The transformation of our Workplace Health and Safety performance has continued. Our most recent internal audit of our WH&S Systems achieved a score of 80% (up from 19% five years ago). We have transitioned from one of the worst performing local governments to one of the best performing local governments for our size.
- » We have had another successful financial year. Revenues were above budget and expenses were below budget. The audited financial statements are part of this annual report.
- » Our Customer Service team continued to provide exemplary service at the front line. This was recognised in the Community Satisfaction Survey with feedback from our community.



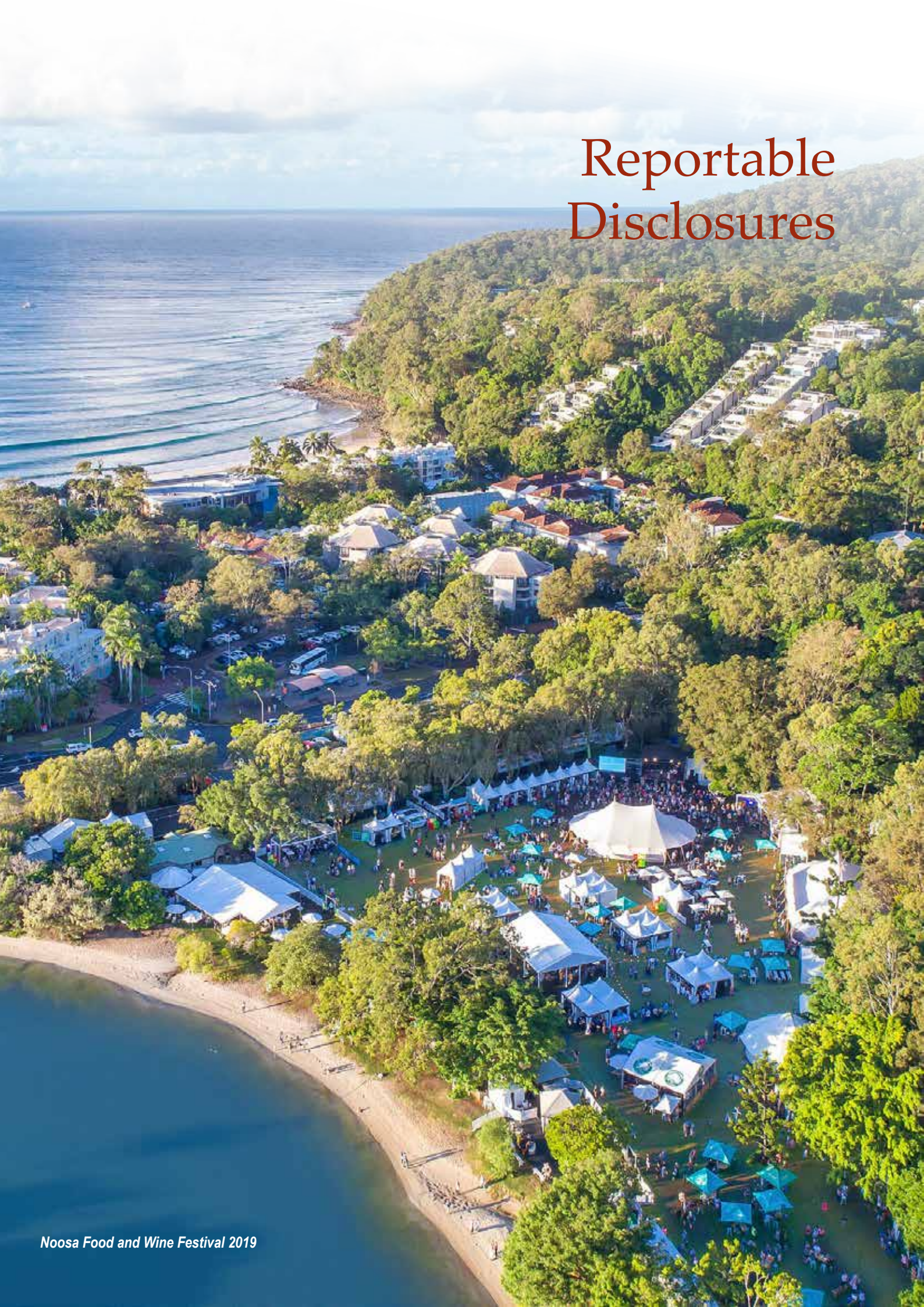
Customer Service staff providing frontline service

- » Council has successfully achieved another unmodified audit from the Queensland Audit Office with the 2018/19 financial statements being signed off by the QAO.
 - » Our enterprise risk management has been further developed with risk management practices being further embedded into Council operations. Our comprehensive Business Continuity Plans are now complete and were tested successfully as well as being subject to an internal audit review which found that the BCP Plans were excellent.
- » Over the last 12 months we have implemented several projects that contribute to the culture and performance of Council. These include:
 - Domestic and Family Violence awareness training supported by a DFV strategy to support staff affected.
 - Drug and Alcohol testing in the workplace to improve worker safety as well as helping those staff who may have an issue with their use of drugs or alcohol.
 - Noosa Regional school partnerships where Council provides in school workshops for job interviews and job readiness.
 - Under 30's employee engagement program which aims to reduce turnover of young employees and provide professional development and career guidance.
 - » The Audit and Risk Committee has continued to add value to our compliance and performance for governance and finance. This has included an oversight of our strategic risks, review of key governance and financial policies, review of organisational KPIs and development of Business Continuity Planning etc. Our two external members of the Audit and Risk Committee in particular have added significantly to our overall governance practices. Although not high profile, this Committee plays an important role in making sure that Council "dots the I's and crosses the T's" both in governance and in the management of risk. Council's Internal Audit Plan included internal audits on:
 - overtime;
 - business continuity plans; and
 - risk management strategies.
 - » ICT network switch infrastructure replacement was undertaken providing greater network security which improved our ability to monitor network system faults more easily.
 - » Significant training and development was undertaken for our middle managers with programs focused on team leaders and supervisors. We also undertook leadership development for our Leadership Group (our top 25 leaders).

As well as the specific projects that are undertaken by Council to achieve our long-term corporate plan goals, every day, the Council is delivering on the ground services to our community across a range of different activities. To put the level of 'day to day' activities into perspective, the following statistics are provided:

Example of Services Provided in 2018/19	Data
Number of visitors to the Noosa Aquatic Centre	240,893
Number of visitors to The J	90,992
Number of visitors to the Noosa Leisure Centre	127,580
Number of clients serviced at Noosa Community Support	2,201 clients (43,287 hours of service delivered)
Number of physical items issued by our Libraries (note Noosaville Library was partially closed for refurbishment in this period)	Noosaville: 205,236 Noosa Civic (temporary): 55,106 Cooroy: 138,305 Mobile: 39,335 Total – 437,982
Number of bins collections	1,584,672 general waste bins 671,093 recycling bins 400,543 garden bins 157,036 public place bins 44,666 waste bulk bins 17,519 recycling bulk bins
Number of customer visits to the Waste Disposal facilities	132,732
Number of calls/ enquiries/ transactions by our frontline customer service team	99,854
Number of development applications and percentage approved for the year	479 applications 95.8% approved 20 refusals (includes tree removal applications on private land)
Number of rate notices issued for the year	63,799
Length of road resurfaced	Asphalt – 6.9km Spray sealing – 10.4km Total – 17.3km
Length of road serviced by street sweeper	8,434 km
Number of requests regarding trees on public land (note figure excludes Natural Areas requests)	1,827

Reportable Disclosures



Information relating to Councillors

Remuneration

Councillor remuneration is set by the Local Government Remuneration and Discipline Tribunal established under the Local Government Act 2009 ("LG Act"). The Tribunal determines remuneration for Mayors, Deputy Mayors and Councillors and releases a report in December each year which establishes single remuneration levels for the following year.

The Local Government Remuneration and Discipline Tribunal Report 2017 listed Noosa Council as a Category 3 Council, and prescribed the annual rate of remuneration for the Mayor and Councillors for the period 1 July 2018 to 30 June 2019 (the period) as follows:

- Mayor - \$127,898;
- Deputy Mayor - \$79,936; and,
- Councillors - \$67,945.

In accordance with section 244(3) of the Local Government Regulation 2012 ("LG Regulation"), the remuneration prescribed by the Commission cannot include:

- Any amount for expenses to be paid or facilities to be provided to a Councillor of a local government under its expenses reimbursement policy; or

- Any contribution a local government makes for a Councillor to a voluntary superannuation scheme for Councillors established or taken part in by the local government under section 226 of the LG Act.

The LG Act does however allow a local government to take part in a superannuation scheme for its Councillors and on 20 January 2014 Council authorised the payment of superannuation contributions for Councillors of up to 12% of their annual salary on the condition that Councillors:

- Contribute an amount of up to 6% from their salaries and Council contributes a proportionate amount of up to 12% to a nominated superannuation fund;
- Make contributions through an arrangement by way of a formal request to Council; and
- Nominate the preferred superannuation fund, and where no nomination has occurred, the superannuation payments be made to LG Super.

An overview of the remuneration paid to Councillors for the period is provided in Table 1.

Table 1 – Councillor Remuneration

Councillor remuneration for period 1 July 2018 to 30 June 2019

Councillor	Salary (\$)	Superannuation*(\$)	Total (\$)
Cr Tony Wellington (Mayor)	127,898	15,348	143,246
Cr Frank Wilkie (Deputy Mayor)	79,936	9,592	89,528
Cr Frank Pardon	67,945	8,153	76,098
Cr Jess Glasgow	67,945	8,153	76,098
Cr Ingrid Jackson	67,945	8,153	76,098
Cr Brian Stockwell	67,945	8,153	76,098
Cr Joe Jurisevic	67,945	8,153	76,098

Note: amounts rounded to the nearest dollar value

**Superannuation shown is Council's 12% contribution*

Reportable Council resolutions for the period

The table below outlines the reportable resolutions under the LG Regulation for the period.

Table 2 – Reportable Resolutions

Local Government Regulation	Resolution Adopted
Section 250(1)	Nil.
Section 250(2)	<p>Councillors' Expenses Reimbursement Policy Update</p> <p><i>Council note the report by the Director Executive Services to the Services & Organisation Committee Meeting dated 9 October 2018 and adopt, pursuant to section 250(2) of the Local Government Regulation 2012, the Councillors' Expenses Reimbursement Policy.</i></p> <p>(Adopted by Council 18 October 2018)</p>
Section 206(2)	<p>Nil.</p> <p><i>Note: No resolutions were made during the 2018/19 financial year. Council's Non-Current Asset Accounting Policy adopted by Council resolution on 15 June 2017 (effective from 1 July 2016) includes recognition thresholds for non-current assets.</i></p>

Councillors' expenses and resources provided

The Councillors' Expenses Reimbursement Policy ensures Councillors are provided a reasonable level of resources and equipment in order to carry out their duties in an effective and efficient manner.

An amendment to the Policy was endorsed by Council on 15 October 2018. The Policy is compliant with the following principles prescribed by the LG Act:

- Transparent and effective processes and decision-making in the public interest;
- Good governance of, and by, the local government; and
- Ethical and legal behaviour of Councillors and local government employees.

Categories of expenses and eligibility for reimbursement as per the Policy for the Period include:

- Mandatory professional development & representation;
- Professional development & representation (Mandatory and Discretionary);
- Travel as required to represent Council;
- Meals when travelling for Council business;
- Accommodation;

- Private vehicle usage;
- Council vehicle usage;
- Hospitality;
- Administration tools and access to Council office amenities;
- Home office and telecommunication needs;
- Safety equipment; and
- Insurance cover.

Summary of expenses / reimbursements paid to Councillors for the period

The reimbursements that were made to Councillors for the period were for mandatory and discretionary professional development, hospitality, vehicle use, home office and telecommunication, and travel expenses incurred whilst on Council business.

For the period, all claimed expenses were processed and fell within the required limits prescribed by the Councillors' Expenses Reimbursement Policy.

A summary of expenses/reimbursements to Councillors for the period is outlined in Table 3.

¹ Councillors are covered under relevant Council insurance policies while on Council business. Specifically, insurance cover will be provided for public liability, professional indemnity, Councillors liability and personal accident, and domestic and overseas travel.

Table 3 – Councillor Expenses 2018/19

Councillor	Mandatory Professional Development (\$)	Discretionary Professional Development (\$)	Use of private vehicle (option 1) (\$)	Home office & tele communication (\$)	Travel Expenses as required to represent Council	TOTAL (\$)
Mayor Tony Wellington	2,540	-	5,000	3,251	-	10,791
Cr Jess Glasgow	-	-	5,000	2,880	-	7,880
Cr Ingrid Jackson	73	131	5,000	2,880	-	8,084
Cr Joe Jurisevic	2,086	200	5,000	2,880	-	10,166
Cr Frank Pardon	-	-	5,000	2,880	-	7,880
Cr Brian Stockwell	-	35	5,000	2,880	-	7,915
Cr Frank Wilkie	685	2,704	5,000	2,880	-	11,269

Note: amounts are excluding GST and rounded to the nearest whole dollar.

Councillor meeting attendance

Council conducts its business at open public meetings which are part of Council's commitment to transparent decision making and engagement with our community. Meetings are generally held in the Council Chambers at Tewantin.

Since 14 February 2019, Council's General Committee, Ordinary and Special Meetings have been live streamed

on Council's YouTube channel with past recordings also available for viewing on this platform.

Generally, all standing committees are held once per month where a range of issues and recommendations are made for Council consideration. The attendance of Councillors at Ordinary meetings, Special meetings and Committees for the period is outlined in Table 4.

Table 4 – Council Meeting Attendance 2018/19

Councillor	Ordinary Meeting	General Committee	Planning & Environment Committee	Services & Organisation Committee	Special & Budgetary	Audit & Risk Committee
No. of Meetings held	12	12	11	11	7	5
Mayor Tony Wellington	12	11	9	8	7	5
Cr Jess Glasgow	9	9	8	n/a	5	n/a
Cr Ingrid Jackson	11	11	10	n/a	3	n/a
Cr Joe Jurisevic	11	11	n/a	11	5	5
Cr Frank Pardon	11	12	n/a	10	6	n/a
Cr Brian Stockwell	12	12	11	n/a	6	n/a
Cr Frank Wilkie	11	11	2*	10	5	n/a

Notes: N/A indicates that the relevant Councillor is not a representative of the particular committee.

* Councillor Frank Wilkie attended these meetings in his capacity as acting Mayor.

Overseas travel

No official overseas travel was undertaken by Councillors or employees during the period.

Complaints about Councillors

Chapter 5A of the LG Act outlines the requirements for dealing with the conduct of councillors. In particular, Part 3 prescribes the requirements for local governments for dealing with inappropriate conduct, misconduct and corrupt conduct of Councillors so as to ensure that:

- Appropriate standards of conduct and performance are maintained; and
- A Councillor who engages in inappropriate, misconduct or corrupt conduct is disciplined.

The Councillor Code of Conduct Policy originally endorsed by Council on 13 January 2014 was rescinded and the new Code of Conduct for Councillors in Queensland was adopted by Council on 20 December 2018 for the period. The new Code of Conduct establishes:

- The Local Government principles and values with which Councillors and Mayors must comply with while performing their roles as elected representatives;
- The standards of behaviour expected of Councillors and Mayors when carrying out their roles, responsibilities and obligations as elected representatives for their communities; and
- An administrative method for submitting complaints to the Independent Assessor who assesses complaints and determines the category of allegation.

Table 5 identifies the reportable complaints, orders and recommendations against Councillors for the period.

Table 5 – Complaints, orders, actions and recommendations against Councillors

Reportable information relating to complaints, orders, actions and recommendations against Councillors	Number for the period
<i>For the period 1 July 2018 to 2 December 2018 (former legislation):</i>	
(a) The total number of the following during the period -	
(i) orders and recommendations made under s 180(2) or (4) of the LG Act; and	Nil
(ii) orders made under s 181 of the LG Act; and	Nil
<i>For the period 3 December 2018 to 30 June 2019 (current legislation):</i>	
(b) The total number of the following during the period -	
(i) orders made under s 150I(2) of the LG Act;	Nil
(ii) orders made under s 150AH(1) of the LG Act;	Nil
(iii) decisions, orders and recommendations made under s 150AR(1) of the LG Act; and	Nil
<i>For the period 1 July 2018 to 2 December 2018 (former legislation):</i>	
(c) each of the following during the period -	
(i) the name of each councillor for whom an order or recommendation was made under s180 of the Act or an order was made under S181 of the LG Act;	Nil
(ii) a description of the misconduct or inappropriate conduct engaged in by each of the councillors;	Nil
(iii) a summary of the order or recommendation made for each Councillor; and	Nil
<i>For the period 3 December 2018 to 30 June 2019 (current legislation):</i>	
(i) The name of each councillor for whom a decision, order or recommendation mentioned in paragraph (b) was made;	Nil
(ii) a description of the misconduct or inappropriate conduct engaged in by each of the councillors;	Nil
(iii) a summary of the decision, order or recommendation made for each Councillor; and	Nil
<i>For the period 1 July 2018 to 2 December 2018 (former legislation):</i>	
(d) the number of each of the following during the period -	

(i) complaints about the conduct or performance of Councillors for which no further action was taken under s 176C(2) of the LG Act;	Nil
(ii) complaints referred to the department's chief executive under s 176C(3)(a)(i) of the LG Act;	Nil
(iii) complaints referred to the mayor under s 176C(3)(a)(ii) or (b)(i) of the LG Act;	Nil
(iv) complaints referred to the department's chief executive under s 176C(4)(a) of the LG Act;	Nil
(v) complaints assessed by the chief executive officer as being about corrupt conduct under the Crime and Corruption Act;	Nil
(vi) complaints heard by a regional conduct review panel;	Nil
(vii) complaints heard by the tribunal;	Nil
(viii) complaints to which s 176C(6) of the LG Act applied.	Nil
<i>For the period 3 December 2018 to 30 June 2019 (current legislation):</i>	
(e) the number of each of the following during the period -	
(i) complaints referred to the assessor under s 150P(2)(a) of the LG Act by the local government; a councillor of the local government and the chief executive officer of the local government.	Nil
(ii) matters, mentioned in s 150P(3) of the LG Act, notified to the Crime and Corruption Commission;	Nil
(iii) notices given under s 150R(2) of the LG Act;	Nil
(iv) notices given under s 150S(2)(a) of the LG Act;	Nil
(v) decisions made under s 150W(a), (b) and (d) of the LG Act;	3
(vi) referral notices accompanied by a recommendation mentioned in s 150AC(3)(a) of the LG Act;	Nil
(vii) occasions information was given under s 150AF(4)(a) of the LG Act;	Nil
(viii) occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the Act for the local government, the suspected inappropriate conduct of a councillor; and	Nil
(ix) applications heard by the conduct tribunal about the alleged misconduct of a councillor.	Nil

Executive remuneration

Under section 201 of the LG Act, the annual report of a local government must state the total of all remuneration packages that were payable during the reporting period to the senior management of the local government and the number of employees in senior management who are being paid each band of remuneration.

The senior management, of a local government, consists of the chief executive officer and all senior executive employees of the local government. A senior executive employee is an employee who reports directly to the chief executive officer and whose position would ordinarily be considered to be a senior position in the corporate structure.

The total of remuneration packages payable to senior management during the period was \$1,202,091.

The annual package bands for Council's senior management team are outlined in table 6.

Table 6 – Executive Remuneration

Package Band	Number of senior management employees
\$100,000 - \$200,000	4
\$200,001 - \$300,000	2

Equal opportunity employment

Council is an equal opportunity employer, which is committed to providing equal employment opportunities for its current and prospective employees. Council's employment practices are aligned to Queensland's Anti-Discrimination Act 1991 and relevant federal anti-discrimination laws.

Council recognises the importance of workforce diversity and promotes a working environment where people are treated on their merits at every stage of their employment. At Noosa Council, all employees are encouraged to embrace equity and diversity at all levels within the organisation. The Noosa Council Employee Code of Conduct reinforces the standards of behaviours required of employees including non-discriminatory workplace practices.

Council will continue to strive to build a workforce and supporting organisational culture that reflects the diversity of the greater community and is free of all forms of discrimination and harassment.

Administrative Action Complaints

In accordance with section 187 of the LG Act, Council is committed to managing customer feedback and ensuring all complaints are dealt with in a fair, prompt and confidential manner. Council aspires to provide a level of service that does not attract complaints. However, Council acknowledges the public's right to provide feedback on services, including the right to lodge a complaint about a decision or other action Council has taken, or failed to take, where considered appropriate to do so.

Council's Administrative Action Complaints Process has been developed to ensure:

- Complaints are handled in a structured, timely and professional manner which is fair, objective, consistent, considerate and respectful of privacy;
- The community has confidence in Council's complaint handling process;
- All staff members are aware of their responsibilities regarding the management of complaints; and
- Complaints are used to identify problems and to continuously improve the Council's services.

Furthermore, Council deals with complaints through a tiered system whereby complaints are assessed objectively and may be allocated as a first level which is managed locally by the relevant operational level. For non-complex matters, first level complaints may be capable of resolution at the frontline.

Generally, complaints may also be investigated and managed at a second level (internal review) once it has progressed through the first level complaint process and the complainant remains dissatisfied.

Where a complainant remains dissatisfied with the outcome of a second level (internal review), they may wish to lodge a complaint with an external agency, such as the Office of the Queensland Ombudsman.

A copy of Council's Administrative Action Complaints Process is available on Council's website.

Table 7 provides a summary of Administrative Action Complaints for the period.

Table 7 – Administrative Action Complaints

Reportable information relating to Administrative Action Complaints	Number for the period
(a) The total number of the following during the financial year	
(i) Administrative action complaints made to Council;	35
(ii) Administrative action complaints resolved by Council under the complaints management process;	32
(iii) Administrative action complaints not resolved by Council under the complaints management process; and	3
(iv) Administrative action complaints under paragraph (a)(iii) that were made in a previous financial year.	Nil

Note: The above statistics relate to formal administrative action complaints, which are distinguished from 'a request for service' by members of the public. An administrative action may include a decision, or a failure to make a decision, a failure to provide a written statement of reasons for a decision, an act, a failure to do an act, the formulation of a proposal or intention, or the making of a recommendation.

Right to Information and Privacy

Right to Information and Privacy gives the community greater access to government information, including from Council, unless contrary to public interest. Council processes Right to Information (RTI) and Information Privacy (IP) access applications in accordance with the following Queensland legislation:

- Right to Information Act 2009;

- Right to Information Regulation 2009;
- Information Privacy Act 2009; and
- Information Privacy Regulation 2009.

Table 8 provides a summary of RTI and IP access applications for the period.

Table 8 – Right to Information and Privacy

Reportable information relating Right to Information and Privacy	Number for the period
(a) The total number of the following during the financial year -	
(i) Right to Information access applications received;	18
(ii) Information Privacy access applications received;	Nil
(iii) Pages released under Right to Information;	277
(iv) Pages refused under Right to Information; and	49
(v) Right to Information application fees received.	\$2,189

Council Registers

Council is required under the LG Regulation to develop and maintain certain registers. A number of these registers are available for public inspection at Council's Tewartin office or can be viewed on Council's website.

Below is a list of the registers kept by Council:

- Asset Register
- Delegations Register
- Complaints Register
- Claims Register
- General Cost Fees and Commercial Charges
- Engineering and Environment Fees and Charges
- Planning and Development Fees and Charges
- Building and Plumbing Fees and Charges
- Other Development Fees and Charges
- Development Application Register
- Backflow Device Register
- On-site Sewerage Facility Register
- Local Laws Register
- Regulated Dog Register
- Roads Register
- Instrument of Appointments
- Noosa Policy Register
- Gifts and Benefits Register
- Contracts Register
- Registers of Interests
- Asbestos Register
- Secondary Employment Register
- Public Interest Disclosure Register
- Public Pool License Register
- Health Licensing Register
- Cemetery Register

Audit and Risk Committee

In accordance with Subdivision 2 of the LG Regulation, Council conducts Audit and Risk Committee meetings to promote good corporate governance through the provision of independent comment, advice and counsel on audit and risk management issues covering a wide range of Council operations and projects.

In accordance with Council's Audit and Risk Committee Charter, a key duty of the Committee is to provide reasonable assurance to Council that its core business goals and objectives are being achieved in an efficient and economical manner, within an appropriate framework of internal control and risk management.

The Audit and Risk Committee comprises of two Councillor members and two expert independent external members, who hold a minimum of four formal committee meetings each year. The Audit and Risk Committee observed the terms of its Charter for the period and conducted an annual assessment of its performance.

Internal Audit

Under section 105 of the LG Act, Council has established an efficient and effective internal audit function that will provide independent, objective assurance and appropriate services designed to add value and improve Council's operations.

On 20 December 2018, Council updated and endorsed the Internal Audit Policy (previously endorsed in November 2014) which provides the framework for the conduct of the internal audit function of Council and has been endorsed by the Audit and Risk Committee.

The Policy seeks to achieve the following outcomes in undertaking the annual audit plan set by the Audit and Risk Committee:

- Assess and evaluate Council's processes, procedures and internal control environment to assist with the management of operational risks;
- Appraise the relevance, reliability and integrity of management, business systems, financial and operating records and reports;
- Assist the Chief Executive Officer and Council in the effective discharge of their responsibilities by providing them with analyses, appraisals, recommendations and information concerning the activities reviewed;

- Review compliance with Council policies and procedures, legislative requirements and regulations; and
- Provide outcomes that will generally improve practices across Council.

Council's Internal Audit Plan for each financial year is developed having regard to current operational risks and is reviewed and adopted by the Audit and Risk Committee. Council's internal audits are conducted in accordance with Council's Internal Audit Terms of Reference and Internal Audit Policy.

The Internal Audit activities for the period included a review of the following:

- Business Continuity Framework;
- Overtime Management; and
- Risk Management Framework and Practices.

The above audits were undertaken by specialist external providers. Council has in place a number of systems and processes to ensure that recommendations resulting from its internal audits are appropriately actioned and implemented into day-to-day operations.

Grants

Council provides a range of services to assist not-for-profit (volunteer) organisations to meet community needs.

Council's grants for the period were managed in accordance with Council's Community Grants Policy which was endorsed by Council in December 2016 and Council's Economic Development Grants Policy which was endorsed by Council in November 2017.

The Community Grants Policy does not apply to sponsorships, donations, advertising, naming rights and service level agreements. The outcomes of this Policy include:

- Providing community organisations and individuals (for Regional Arts Development Funds only) with financial support to meet identified community needs;
- Building community skills and resilience;
- Developing and maintaining sustainable community infrastructure;
- Providing opportunities for community organisations to leverage Council's financial assistance to obtain funding from other sources; and

- Providing opportunities for community organisations to deliver on Council's strategic goals and identified key initiatives, such as Noosa Corporate Plan, Noosa Social Strategy and Local Economic Plan.

On 21 February 2019, Council endorsed the Environment Grants Policy which aims to continue to support and collaborate with the community to achieve significant environmental outcomes that align with Council's key environment strategies and plans.

The outcomes of this Policy include:

- Implementation of Council's key environment strategies and plans, and the actions within them,

that are appropriately delivered through grants;

- Increased capacity of local groups through a collaborative approach to environmental management; and
- Increased funding directed to environmental activities through the opportunities of community groups/organisations to leverage extra funding or resources.

A total of \$893,406 was supplied by Council through grants for the period. Table 9 provides a summary of the grants for the period 1 July 2018 to 30 June 2019.

Table 9 - Grants

Grants Recipients	Funding Amounts (\$)
Community Project Grants	
Alliance Française de la Sunshine Coast	1,000.00
Anywhere Theatre Festival Limited	7,500.00
Central Queensland, Wide Bay, Sunshine Coast Primary Healthcare Network	1,000.00
Cooroy Future Group Inc.	3,050.00
Cooroy Pomona Lions Club Inc.	3,000.00
Friends of Noosa Botanic Gardens Inc.	2,250.00
Katie Rose Cottage Hospice Ltd.	5,750.00
Noosa Australian Football Club Inc.	12,075.00
Noosa Chorale Inc.	2,500.00
Noosa District Netball Association	1,600.00
Noosa District Rugby League Football Club Inc.	5,000.00
Noosa District Softball Association Inc.	2,700.00
Noosa International Film Festival Inc.	10,000.00
Noosa Mens Shed Inc.	4,000.00
Noosa Open Studios Inc.	7,000.00
Noosa Outrigger Canoe Club Inc.	3,000.00
Noosa Rainbow Festival auspiced by the Noosaville Business Association Inc.	1,000.00
Noosa Shire Arts and Crafts Association Inc.	2,500.00
Noosa Strade Bianche Association Inc	3,750.00
Noosa Tennis Club Inc.	4,137.00
Pomona & District Community House Inc.	7,769.00
Pomona Arts Inc.	5,000.00
Pomona District Meals on Wheels Inc.	4,550.00
St Vincent de Paul Society Queensland	2,500.00
Sunshine Butterflies Inc.	19,518.00
Sunshine Coast Reconciliation Group Inc.	3,300.00
Sunshine Coast Sports Aviators Inc.	7,500.00

Grants Recipients	Funding Amounts (\$)
Tewantin Noosa Cricket Club Inc.	9,640.00
Tewantin Noosa Pony Club Inc.	20,000.00
Tewantin Tennis Club Inc.	20,000.00
The Royal Australian Institute Of Architects	5,000.00
The Scout Association of Australia Queensland Branch Inc.	5,000.00
Veggie Village Community Gardens Inc.	1,314.00
Women Initiating New Directions Organization Inc. (WINDO)	1,000.00
Zero Emissions Noosa Incorporated	5,000.00
United Synergies (repaid)	-1,260.00
SUB-TOTAL:	198,643.00
Economic Development Grants	
Innovate Noosa Inc.	5,000.00
Noosa Chamber of Commerce and Industry Inc.	3,500.00
Sunshine Coast Creative Alliance	1,995.00
Country Noosa Incorporated (2017/18 repaid)	-7,900.00
SUB-TOTAL:	2,595.00
Environment Project Grant	
Mary River Catchment Coordination Assoc. Inc.	15,650.00
Noosa & District Landcare Group Inc.	25,000.00
Noosa and District Landcare Group Inc.	3,910.00
Reef Check Australia Foundation	24,500.00
Zero Emissions Noosa Inc.	3,875.00
SUB-TOTAL:	72,935.00
Regional Arts Development Fund	
Mr James Stuchbery-Davis	5,000.00
Ceramic Centre For Excellence Inc.	1,600.00
Dr Amanda Cole	2,540.00
Miss Anna Smith	2,050.00
Mr David Erskine	3,000.00
Ms Angela Dunbavan auspiced by Andrew Veivers	5,000.00
Ms Florence Teillet	3,180.00
Ms Meaghan Shelton	4,906.00
Ms Tess Chodan	2,174.00
Noosa Arts Theatre Inc.	3,000.00
Noosa Junction Association	6,000.00
Noosa Orchestra	2,107.00
Noosa Shire Arts and Crafts Association	1,700.00
Pomona Arts Inc.	3,000.00
Women Initiating New Directions Organisation Inc. (WINDO)	4,690.00
SUB-TOTAL:	49,947.00
Three Year Alliance Agreement	
Cooroora Historical Society Inc. t/as Noosa Shire Museum	5,151.13
Cooroy Noosa Genealogical and Historical Research Group Inc.	5,151.13

Grants Recipients	Funding Amounts (\$)
Country Noosa Incorporated	3,090.00
Noosa Arts Theatre Inc.	7,726.69
Noosa Community District FM Radio Association Inc.	7,726.69
Noosa Community Training Centre Inc.	15,000.00
Pomona Arts Inc.	7,726.69
Sunny Kids Inc. (Formerly 'Cooroy Family Support Centre')	5,151.13
Sunshine Butterflies Inc.	7,726.68
The Salvation Army Property Trust	15,968.49
Zero Emissions Noosa Incorporated	5,000.00
SUB-TOTAL:	85,418.63
Three Year Alliance Agreement – Emergency Services	
Australian Volunteer Coast Guard Association Noosa QF5	10,817.36
Lifeflight Australia Limited	10,809.75
SUB-TOTAL:	21,627.11
Three Year Alliance Agreement – Environment	
Noosa & District Landcare Group Inc.	15,968.49
Noosa Integrated Catchment Association Inc.	15,968.48
Three Year Alliance Agreement - Environment	7,726.69
SUB-TOTAL:	39,663.66
Three Year Festive Season Event Grant	
Christian Outreach Centre for Noosa Carols on the River	8,241.80
Cooroy Chamber of Commerce Inc. for Christmas in Cooroy	7,211.60
East Coast Originals for Peregian Beach Christmas Carols	3,608.80
Kin Kin Community Group Inc. for Kin Kin Christmas Tree Event	1,545.35
Lake Cootharaba Sailing Club Inc. for New Years Eve on the Lake	3,090.67
Lions of Cooroy & Pomona Inc. for Pomona Night of Lights	2,472.54
Noosa Marina auspiced by Tewanin Noosa Lions Club for New Years Eve Laser and Music Show	5,151.15
RSL (Qld Branch)Tewanin-Noosa Sub-branch Inc. Annual Gala Christmas Carnival	3,605.80
Tewanin Noosa Lions Club and Noosa Heads Rotary Club for Australia Day	10,302.25
SUB-TOTAL:	45,229.96
Three Year Management and Maintenance Community Halls and Centres Agreement	
Cooran Memorial School of Arts Inc.	7,396.09
Cooroy Memorial Hall Association Inc.	12,364.35
Federal Memorial Hall Inc.	5,060.04
Kin Kin Community Group Inc.	6,136.04
Peregian Beach Community House Inc.	9,390.51
Pomona & District Community House Inc.	17,567.40
Pomona Memorial School of Arts Inc.	12,565.92
Ridgewood Community Hall Assn Inc.	4,409.36
Rotary Club of Noosa Heads Qld. Inc. for Tait-Duke House	2,575.56
Tinbeerwah Hall Inc.	3,126.74
SUB-TOTAL:	80,592.01

Grants Recipients	Funding Amounts (\$)
Three Year Signature Event – Environment	
Mary River Catchment Coordination Assoc Inc. for Noosa Water Festival	8,757.00
SUB-TOTAL:	8,757.00
Three Year Signature Event Agreement	
Cooroy Future Group Inc. for Cooroy Fusion Festival	7,212.00
Cooroy Pomona Lions Club Inc. for King of the Mountain Festival	10,817.00
Noosa A H & I Society Inc. for Noosa Country Show	10,817.00
Noosa Heads Jazz Club Inc.	5,075.00
Noosa Long Weekend Inc. for Noosa Alive!	10,817.00
SUB-TOTAL:	44,738.00
Three Year Sports Field Maintenance Agreement	
Cooroora United Football Club Inc.	8,752.32
Cooroy Eumundi Cricket Club Inc.	8,752.32
Noosa Australian Football Club Inc.	17,504.66
Noosa District Junior Rugby League Football Club Inc.	29,174.16
Noosa District Rugby League Football Club Inc.	11,669.77
Noosa District Rugby Union Club Inc.	14,587.21
Noosa District Softball Association Inc.	14,587.21
Noosa Lions Football Club Inc.	20,422.08
Noosa Touch Association Inc.	11,669.76
Pomona Cooroy and District Australian Football Club Inc.	8,752.32
Tewantin Noosa Cricket Club Inc.	21,880.95
SUB-TOTAL:	167,752.76
Water Rebates	
48 different not-for-profit community organisations	75,506.78
SUB-TOTAL:	75,506.78
TOTAL EXPENDITURE FOR THE PERIOD:	893,405.91

Notes:

- The Regional Arts Development Fund grants were funded 50/50 between Queensland Arts Council and Noosa Council.
The above amount is Council's contribution.
- Grant repayments relate to funds returned to Council relating to previous grant rounds that were not acquitted.

Discretionary funds

Section 109 of the LG Act defines discretionary funds as funds in the local government's operating fund that are:

- Budgeted for community purposes; and
- Allocated by a Councillor at the Councillor's discretion.

There were no Councillor discretionary funds established during the period.

Beneficial enterprises

Section 39(3) of the LG Act defines a beneficial enterprise as an enterprise that a local government considers is directed to benefiting, and can reasonably be expected to benefit, the whole or part of its local government area.

Section 39(4) of the LG Act provides that a local government is conducting a beneficial enterprise if the local government is engaging in, or helping, the beneficial enterprise.

Council did not engage in any beneficial enterprises during the period.

Business activities

A business activity is defined in Schedule 4 of the LG Act as the trading in goods and services by the local government.

Council conducted the following business activities during the period:

- Waste management; and
- Holiday parks including the Boreen Point Campground, Noosa North Shore Beachfront Caravan Park and Noosa River Holiday Park.

Significant business activity

In accordance with threshold of expenditure and the methodology prescribed by sections 19 and 20 of the LG Regulation, Council's waste management activity was considered a significant business activity for the period.

Commercial business units

Pursuant to s 27(2) of the LG Regulation, a commercial business unit is a business unit that conducts business in accordance with the prescribed key principles of commercialisation. Council did not nominate any business activities as commercial business units during the period.

Competitive neutrality

Council is committed to ongoing compliance with National Competition Policy principles and its legislative obligations in this area. Furthermore, Council is committed to ensuring that its business activities operate on a level playing field with private businesses in the community.

Council ensures that the pricing practices for each business activity comply with the principles of full cost pricing such that total revenue, inclusive of identified and measured community service obligations and net of any advantages and disadvantages of public ownership, should aim to cover the following elements:

- Operational and resource costs;
- Administration and overhead costs;
- Depreciation;
- Tax and debt equivalents; and
- Return on capital / return on cost.

During the period, there were no investigation notices provided to Council relating to competitive neutrality complaints. Accordingly, the Queensland Competition

Authority did not make any reportable recommendations to Council in relation to a competitive neutrality complaint.

Services, facilities and activities, for which special rates / charges were levied

Below is a list of Council levies and special charges for the period:

- » Tourism and Economic Levy
- » Noosa Waters Lock and Weir Maintenance Levy
- » Noosa Waters Canal Maintenance Levy
- » Noosa Junction Levy
- » Hastings Street Precinct Maintenance Levy
- » Noosa Main Beach Maintenance Levy
- » Rural Fire Charge
- » Hastings Street Community Safety Program Charge
- » Lower Noosa North Shore Electricity Charge

Note, there were no levies or special charges supplied by another local government under an agreement for conducting a joint government activity.

Summary of concessions for rates and charges

General rate concessions

In addition to those classes of land granted a general rate exemption per the relevant provisions of the Local Government Act 2009 and supporting regulations, Council also provides general rates concessions to land deemed eligible in accordance with Council's General Rates Donations policy.

Applications received during the 2018/19 year that meet the policy eligibility requirements will be granted a general rate concession for the year. Property owners must immediately notify Council if there is a substantive change of land use for a property in receipt of a general rate concession. Council's General Rates Donation Policy is available on Council's website.

Deferment of general rates

Chapter 4 Part 10 of the LG Regulation allows Council to grant a rating concession to certain ratepayers by entering an agreement to defer the payment of rates and charges.

Pursuant to section 120(1)(a), section 121(b) and section 122(1)(b) of the LG Regulation Council may allow eligible pensioners to enter into an agreement to defer the payment of rates.

Deferment for Pensioners

To assist eligible pensioners who have experienced large increases in the value of their property as determined by the Department of Natural Resources, Mines and Energy or have experienced financial hardship Council will allow deferment of up to 50% of the general rate. The deferred rates will accumulate as a debt against the property until it is sold or until the death of the ratepayer.

The deferment of general rates applies only to rates payable with respect to land included in Differential General Rates Categories 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 or 28.

To be eligible to defer up to 50% of the general rate the applicant must:

- own and occupy the property; and
- have no overdue rates and charges on the said property; and
- be the holder of a Pension Concession Card issued by Centrelink or the Department of Veteran Affairs; or

- a Repatriation Health (Gold) Card issued by the Department of Veteran Affairs; or
- a Commonwealth Seniors Health Card; or
- a Queensland Seniors Card issued by the Queensland State Government.

(Note that automatic eligibility applies to those ratepayers currently receiving a Pension Concession on their rate notice. Eligibility for those ratepayers with a Seniors Card will be assessed on a case by case basis.)

In accordance with section 122(5) of the LG Regulation, Council is authorised to charge interest, or request payment of an additional charge, to all deferred general rates for the relevant period. During the period only one ratepayer had their general rates deferred.

Pensioner Concessions

Council's pensioner rate concession to eligible pensioners shall be allowed under Chapter 4, Part 10 of the LG Regulation. Table 10 outlines the method of calculation.

Table 10 – Method of calculation

Pension Rate	Sole title to the property	Joint title to the property
Maximum level of pension	\$230 p.a. max	\$180 p.a. max
	\$115 per half year	\$90 per half year
Not Maximum level of pension	\$115 p.a. max	\$65 p.a. max
	\$57.50 per half year	\$32.50 per half year

Single Owner on the Maximum Rate of Pension

Where the pensioner is in receipt of the maximum level of pension and has sole title to the property, that is their principal place of residence, the concession shall be 25% of the general rate up to a maximum amount of \$230.00 per annum.

Joint Owner on the Maximum Rate of Pension

Where the pensioner is in receipt of the maximum level of pension and owns the property jointly with one or more people, the concession shall be 25% of the general rate up to a maximum amount of \$180.00 per annum.

Single Owner not on the Maximum Rate of Pension

Where the pensioner is not in receipt of the maximum level

of pension and has sole title to the property that is their principal place of residence, the concession shall be 25% of the general rate up to a maximum amount of \$115.00 per annum.

Joint Owner not on the Maximum Rate of Pension

Where the pensioner is not in receipt of the maximum level of pension and owns the property jointly with one or more people, the concession shall be 25% of the general rate up to a maximum amount of \$65.00 per annum.

Invitations to change tenders

There were no reportable invitations made by Council to change tenders during the period.

Community Financial Report



Background

This report simplifies the detailed financial information that Council is required to prepare under legislation and provides a summary of Council financial performance for the 2018/19 year just ended (1 July 2018 through to 30 June 2019).

Council's annual financial statements are prepared to comply with Australian Accounting Standards, and contain specific information regarding financial performance. Financial statements include a Statement of Comprehensive Income (i.e. profit and loss), a Statement of Financial Position (i.e. balance sheet), a Statement of Cash Flows as well as a Statement of Changes in Equity. Collectively, these financial statements provide a formal picture of the financial strength of an organisation.

The Community Financial Report (CFR) consists of five key reporting elements, each of which has a specific purpose for the measurement and presentation of Council's finances. The linkages between the five key elements are shown in Figure 1.

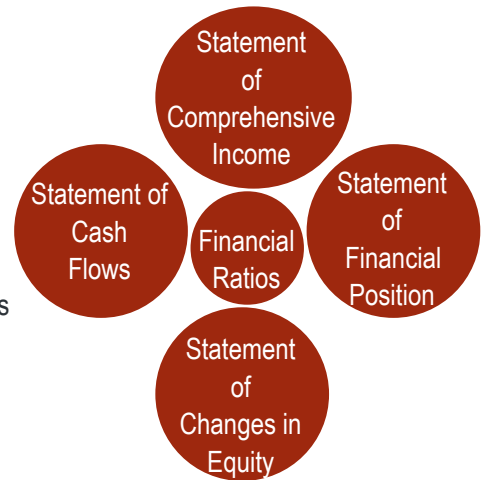


Figure 1 - Financial Reporting Elements

Highlights and achievements

Council achieved another strong financial result with the following positive outcomes delivered during the year:

1. An operating surplus of \$5.6 million resulting from revenue growth in fees and sales, effective expenditure management, a reduction in asset depreciation expense as well as some unspent levy funds that are required to be held for future use.
2. A net financial result of \$17.5 million when adding Council's share of Unitywater's annual profit, capital revenue and capital income to Council's operating profit.
3. A significant decrease in debt levels through an early loan repayment of \$10 million.

Where was the budget spent?

Council spends significant amounts of ratepayer funds providing a range of services to the Noosa community. A summary of the cost of the services for our major service areas is provided in Figure 2. Spending on these services (including roads, bridges, parks, community facilities and waste management) makes up a significant component of Council's annual budget.

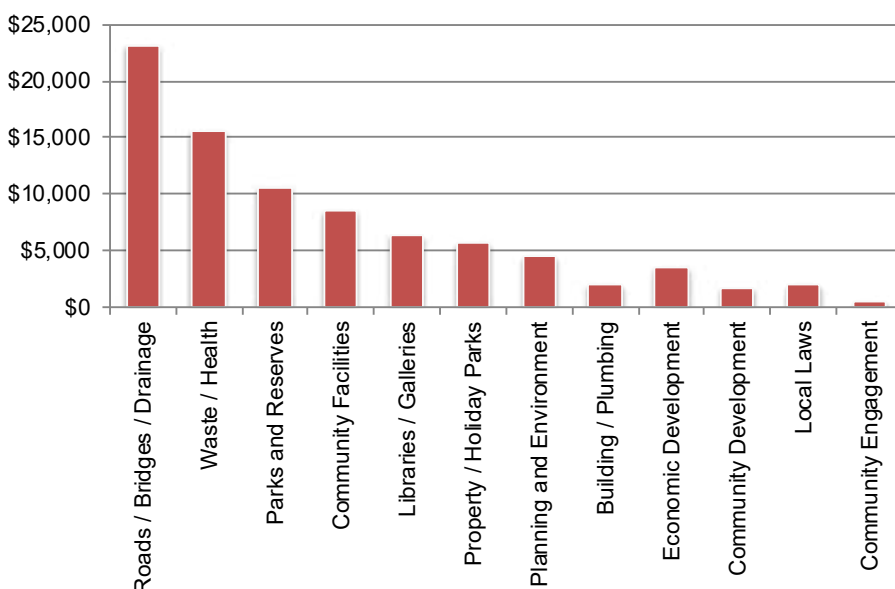


Figure 2
Operating Cost of
Core Council Services
2018/19

Statement of comprehensive income

This statement (also known as the profit and loss) measures how Council performed financially in relation to funding its operations during the financial year. In simple terms, it summarises how much money was received by Council and how much was spent in a particular year. Figure 3 summarises Council's 2018/19 financial performance.

Figure 3 – Council Net Result Financial Performance 2018/19

	2017/18 (\$'000)	2018/19 (\$'000)
Revenue	111,793	112,575
Expenses	111,200	95,090
Net Result	593	17,485

The 2018/19 net result of \$17.5 million includes non-operational items such as revenue received specifically to fund capital expenditure (including grants and subsidies and developer contributions), Council's share of Unitywater's annual profit and movements in investment property valuations.

The removal of the \$11.9 million of non-operational items shows Council's actual operating surplus to be \$5.6 million.

Operating revenue – where the money came from

Throughout the financial year, Council received a total of \$97.4 million in operating revenues (rates, fees, operating grants), \$8.7 million in capital revenues (developer contributions, capital grants) and \$6.5 million recorded as revenue from Council's share of investment in Unitywater.

Figure 4 outlines the sources of Council's \$97.4 million in operating revenue received in 2018/19.

The breakdown in operating revenue confirms that Council continues to have significant control over the majority of its income sources, and as a result is not reliant on other levels of government or external agencies to maintain its financial independence.

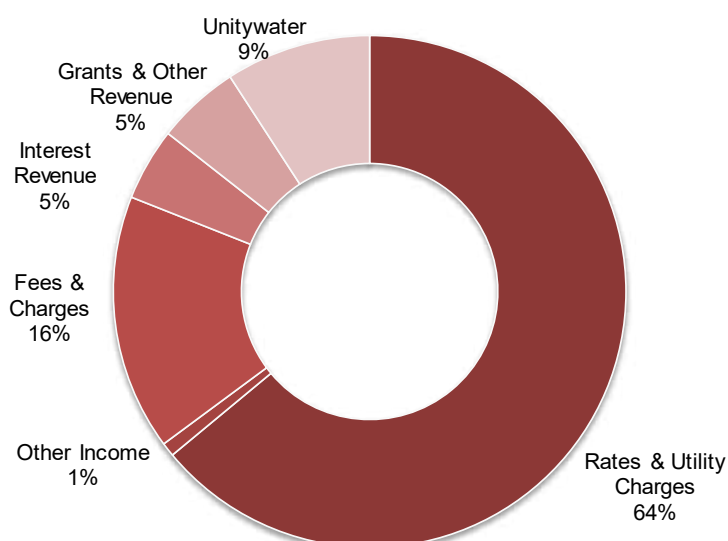


Figure 4 - Operating Revenue Sources 2018/19

Key Council revenue sources include:

- Rates and utility charges comprising general rates, charges for waste collection and disposal, special rates such as the tourism and economic levy as well as other separate rates and special charges.
- Fees and charges include a range of regulatory fees and charges as well as revenue from commercial operations such as holiday parks and waste management.
- Interest revenue includes the return from the investment of available cash.
- Revenue from other income includes tax payments from Council's shareholding in Unitywater.

Operating expenditure – where the money goes

Council expended a total of \$95 million in undertaking operating activities during the financial year.

Figure 5 presents a breakdown by expenditure type for operating expenditure incurred during 2018/19.

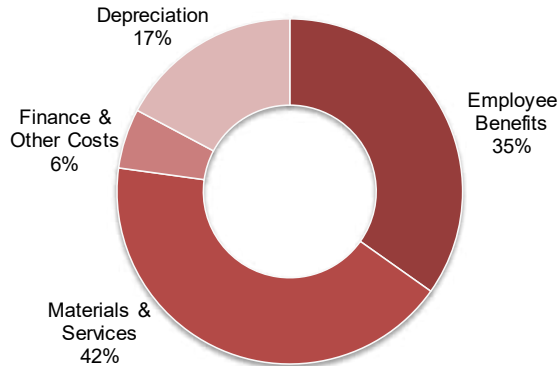


Figure 5 – Operating Expenses by Function 2018/19

Key Council expenditure sources include:

- Employee benefits - includes staff wages, superannuation, fees paid to Councillors and other employment costs.
- Depreciation expenditure – records the consumption of community infrastructure assets over their respective useful lives, and provides an indication of the level of required expenditure on the rehabilitation and renewal of existing assets annually. The revaluation of infrastructure assets during the year has also impacted the annual depreciation charge.
- Materials and services – includes information communication technology, consultancy services, contractor services, electricity, external hire, rentals, repairs and maintenance, advertising and donations.
- Finance and other costs – includes interest paid on loan borrowings, fees associated with the early repayment of borrowings and movement in the provision for future landfill rehabilitation costs.

Statement of Financial Position

The statement of financial position (or balance sheet) measures what Council owns (i.e. its assets), and what we owe (i.e. liabilities) to determine the total community equity (net worth) at the end of each financial year. Overall, Council's investment in community capital continues to grow steadily.

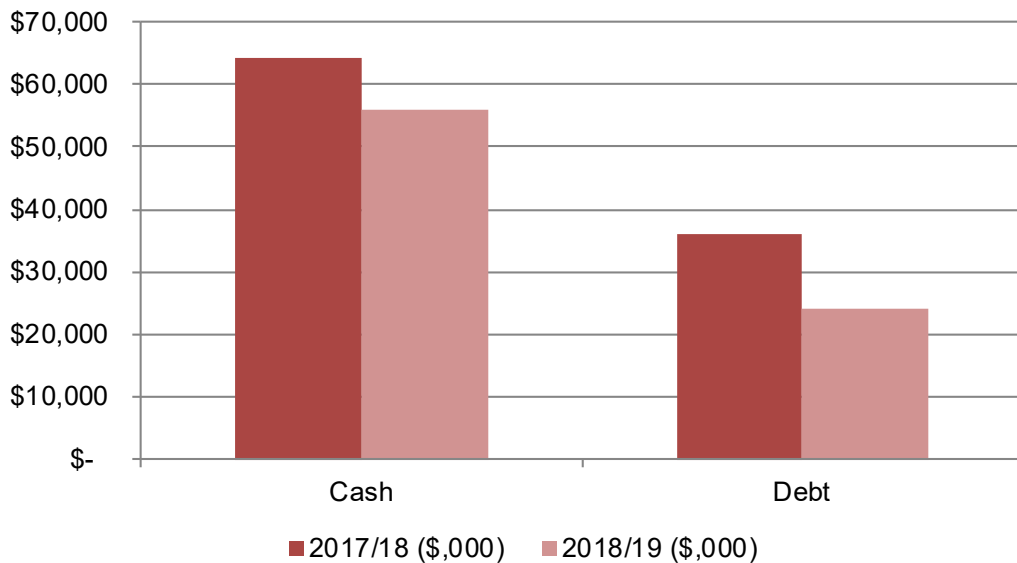
Figure 6 summarises the movement in Council's assets and liabilities that comprise community equity.

Figure 6 – Comparative Statement of Financial Position 2018/19

	2017/18 (\$'000)	2018/19 (\$'000)
Assets	1,078,927	1,095,611
Liabilities	62,902	53,035
Community Equity	1,016,024	1,042,576

Figure 7 shows Council's cash and debt holdings as at 30 June 2019 compared to the previous year. Both cash and debt levels have decreased, which is reflective of the \$10 million early loan repayment made during the 2018/19 year. Our net cash position (i.e. cash less debt) however still actually increased by \$3.7 million during the year.

Figure 7 – Cash and Debt Comparison 2018/19



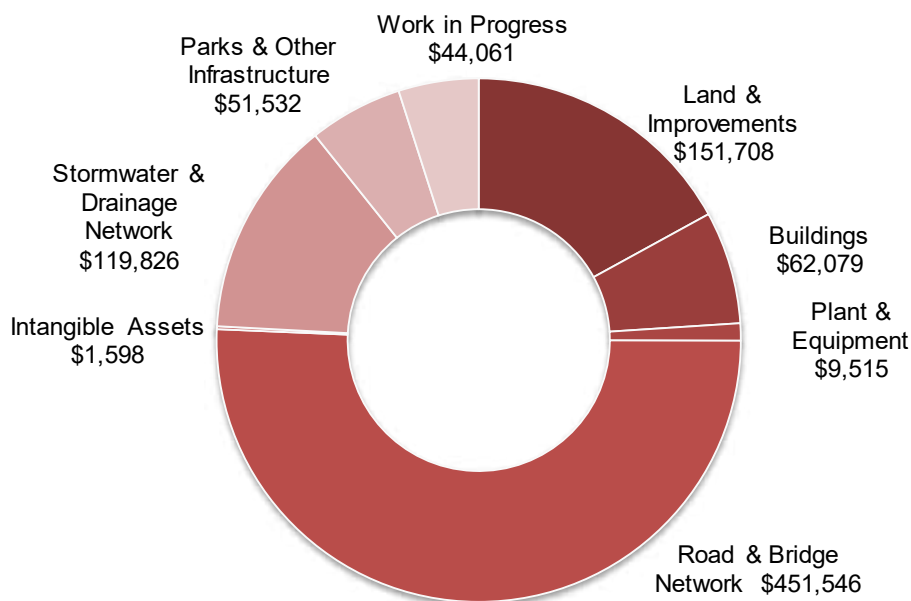
Assets – what we own

Current assets are represented by cash, investments, inventories and receivables (money owed to Council). Council's current assets as at 30 June 2019 equated to \$67.3 million.

Non-current assets of over \$1 billion includes property, plant and equipment totalling \$886 million, as well as the value of Council's investment in Unitywater. Property, Plant and Equipment represents community infrastructure which includes roads, bridges, stormwater, buildings, land and other operational assets owned and controlled by Council.

The main non-current asset categories and their respective values are shown in the Figure 8.

Figure 8 - Non-Current Assets and Community Infrastructure 2018/19



Liabilities – what we owe

Money owed by Council is presented as both current and non-current liabilities in the statement of financial position. Current liabilities are those amounts that are payable by Council within the next twelve months, and non-current liabilities are payable beyond the twelve month horizon.

The most significant element is loans raised by Council to fund the investment in community infrastructure. During 2018/19, Council's total loan borrowings reduced significantly due to no new loans being drawn down, with the standard annual existing loan repayments being supplemented with an additional one-off repayment of \$10 million.

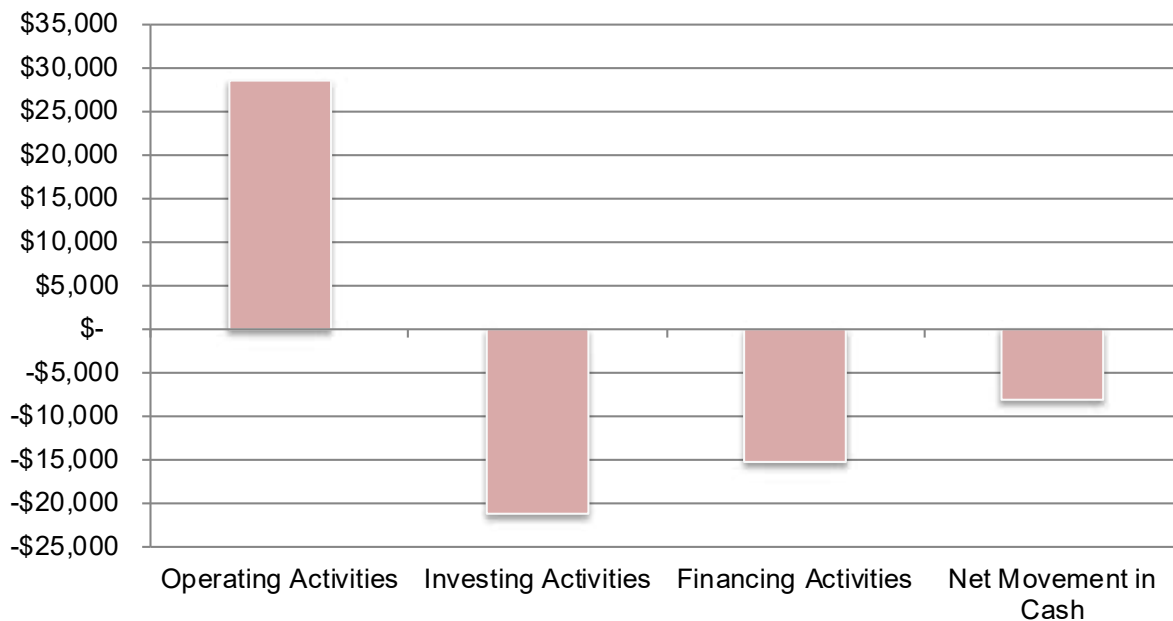
Statement of changes in equity

The statement of changes in equity illustrates how the net worth of Council has changed as a result of activities undertaken during the period. Council's total community equity as at 30 June 2019 is \$1.0 billion. Community equity is equal to total assets (what we own) less total liabilities (what we owe) and represents Council's net investment in assets.

Statement of cash flows

The statement of cash flows shows where Council has generated cash and where these funds have been expended. The detailed schedule in the financial statements is summarised in Figure 9 (columns above the line represent cash flowing into the organisation and columns below the line represent cash payments made).

Figure 9 – Net Cash Flow Sources 2018/19 (\$'000)



Key elements to Council's annual cash flow include:

- Operating activities depicts the net of income received from rates, interest, grants, etc. and payments made to suppliers and employees.
- Investing activities relate to the acquisition and sale/disposal of long-term assets, generally in the form of roads, bridges, plant and equipment, etc. A negative outcome here represents a net investment in community infrastructure during the reporting period.
- Financing activities shows the receipt and repayment of Council borrowings. A negative outcome here represents that Council has repaid more loans compared to new borrowings raised.

- Net movement in cash represents the total physical movement of cash, with any accounting adjustments and accruals removed. The net negative movement in cash for the year of \$8.2 million represents a net decrease in cash on hand.

Financial ratios

Ratios are useful tools for getting a snap-shot of the financial status and trends of an organisation. Ratios can also be useful in comparing Noosa Council to other Councils to gain an understanding of relative financial strength. This analysis is undertaken periodically by the Queensland Treasury Corporation (QTC) in assessing the financial sustainability of Council.

A number of sustainability ratios are mandated under the Local Government Regulation 2012, including target ranges for each measure. Details of these ratios are shown in Figure 10, including actual results for the current reporting period plus projections over the next 9 years.

Figure 10 - Financial Ratios 2018/19 (Actual) to 2027/28 (Forecast)

Period Ended 30 June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Sustainability Ratios										
Operating Surplus Ratio										
Operating Position	11.6%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Local Govt Act upper indicator	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Net Financial Liabilities Ratio										
Net Financial Liabilities Ratio	(13.8)%	(5.7)%	(5.3)%	(3.3)%	(3.6)%	(6.4)%	(10.6)%	(13.8)%	(18.8)%	(22.0)%
Local Govt Act upper indicator	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Asset Sustainability Ratio										
Asset Sustainability Ratio	132.3%	110.3%	100.6%	100.3%	103.7%	98.9%	90.4%	89.3%	82.7%	83.0%
Local Govt Act minimum indicator	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Colour Scale:	Within range	Moderate	Outside range							

Operating surplus ratio

This ratio measures the operating surplus achieved for the period and represents the operating surplus / (deficit) as a percentage of operating revenue. A surplus will be represented by a positive result.

Council's should be aiming to achieve as a minimum a balanced operating position to ensure that revenues received are sufficient to fund operations and capital replacement works. The 2018/19 operating surplus ratio of 11.6% is a reflection of strong revenue growth along with good management of our expenditure, partial prepayment of the 2019/20 financial assistance grant early in June 2019, revaluation of non-current asset impacts on depreciation expense as well as some unspent levy funds that are required to be held for future use. The forecast shows Council's ongoing commitment to strong financial management.

Net financial liabilities ratio

This ratio represents Council's net financial liabilities (total liabilities less current assets) expressed as a percentage of total operating revenue. The target range is less than 60%. A negative percentage indicates that current assets exceed total liabilities, and is considered a very strong position.

The strong position of (13.8%) as at 30 June 2019 indicates that Council has capacity to service higher levels of debt if needed.

Asset sustainability ratio

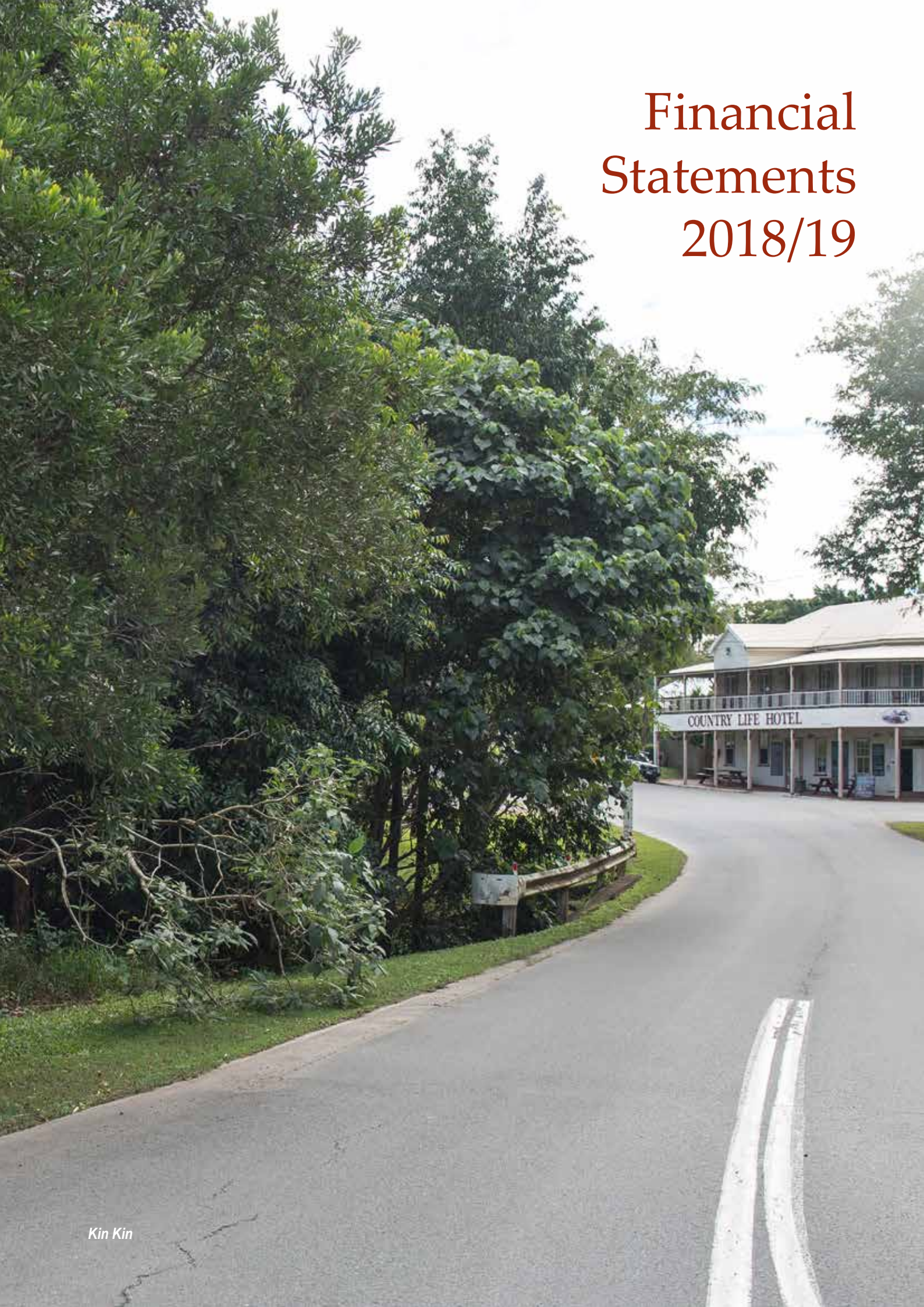
This ratio is calculated by measuring the annual expenditure on the renewal and rehabilitation of Council's assets against the annual depreciation charge. It is a measure of whether Council is reinvesting in existing assets to ensure that they meet required levels of service for the community.

During 2018/19 Council achieved a ratio of 132.3%. This ratio is reflective of the efficient delivery of the capital program during the year, including an investment of \$19 million in the replacement of infrastructure such as roads, bridges and buildings. This result reflects Council's continued investment in infrastructure replacement and adherence to sound asset management principles to maintain levels of service to the community.

Summary

The financial period ended 30 June 2019 represents another excellent financial result for Council, and provides a firm foundation for future operations. Ongoing innovation and a commitment to strong financial management through compliance with our Financial Sustainability policy will ensure that this position is maintained into the future.

Financial Statements 2018/19



Noosa Shire Council

Financial Statements

for the year ended 30 June 2019

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Noosa Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Income from Continuing Operations			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	66,453	64,011
Fees and Charges	3b	7,059	6,113
Rental Income		1,281	1,301
Interest and Investment Revenue	3c	4,763	4,701
Sales Revenue	3d	9,726	9,201
Other Income	3e	2,698	4,064
Grants, Subsidies, Contributions and Donations	4a	5,447	6,052
Total Recurrent Revenue		97,427	95,443
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4b	8,696	11,275
Total Revenue		106,123	106,718
Equity share of profit (loss) in investment in associate through participation rights	24	6,452	5,075
Total Income (Continuing Operations)		112,575	111,793
Expenses from Continuing Operations			
Recurrent Expenses			
Employee Benefits	5	31,962	30,460
Materials and Services	6	38,893	39,017
Finance Costs	7	5,146	2,329
Depreciation and Amortisation	12, 14	15,805	15,120
Total Recurrent Expenses		91,806	86,926
Capital Expenses	8	3,284	24,274
Total Expenses (Continuing Operations)		95,090	111,200
Net Result		17,485	593
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Increase/(decrease) in Asset Revaluation Surplus	19	9,070	14,847
Total Other Comprehensive Income		9,070	14,847
Total Comprehensive Income for the year		26,555	15,440

Noosa Shire Council

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	55,981	64,193
Trade and Other Receivables	10	11,207	11,093
Inventories		198	225
Total Current Assets		67,386	75,511
Non-Current Assets			
Trade and Other Receivables	10	49,718	49,218
Equity Investments	24	83,342	78,377
Investment Property	11	3,300	4,167
Property, Plant and Equipment	12	885,912	866,605
Intangible Assets	14	5,953	5,049
Total Non-Current Assets		1,028,225	1,003,416
TOTAL ASSETS		1,095,611	1,078,927
LIABILITIES			
Current Liabilities			
Trade and Other Payables	15	9,594	11,681
Borrowings	16	3,112	3,969
Provisions	17	4,918	4,648
Other Liabilities	18	2,768	697
Total Current Liabilities		20,392	20,995
Non-Current Liabilities			
Borrowings	16	21,120	32,171
Provisions	17	11,523	9,737
Total Non-Current Liabilities		32,643	41,908
TOTAL LIABILITIES		53,035	62,903
Net Community Assets		1,042,576	1,016,024
COMMUNITY EQUITY			
Asset Revaluation Surplus	19	50,809	41,739
Retained Surplus/(Deficiency)		991,767	974,285
Total Community Equity		1,042,576	1,016,024

Noosa Shire Council

Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2019				
Opening Balance		41,739	974,285	1,016,024
a. Correction to opening balance		-	-	-
b. Changes in Accounting Policies (prior year effects)	1(d)	-	(3)	(3)
c. Adjustment on Initial Application of AASB 9		-	-	-
Opening Balance (as at 1 July 2018)		41,739	974,282	1,016,021
d. Net Result for the Year		-	17,485	17,485
e. Other Comprehensive Income				
Revaluations: Property, Plant & Equip. Asset Revaluation Surplus	19	9,070	-	9,070
Other Comprehensive Income		9,070	-	9,070
Total Comprehensive Income (c&d)		9,070	17,485	26,555
Equity Balance as at 30 June 2019		50,809	991,767	1,042,576
2018				
Opening Balance		26,892	973,692	1,000,584
a. Correction to opening balance		-	-	-
Revised Opening Balance (as at 1 July 2017)		26,892	973,692	1,000,584
b. Net Result for the Year		-	593	593
c. Other Comprehensive Income				
Revaluations: Property, Plant & Equip. Asset Revaluation Surplus	19	14,847	-	14,847
Other Comprehensive Income		14,847	-	14,847
Total Comprehensive Income (c&d)		14,847	593	15,440
Equity Balance as at 30 June 2018		41,739	974,285	1,016,024

Noosa Shire Council

Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		92,597	87,075
Payments to Suppliers and Employees		(78,821)	(77,033)
		<u>13,776</u>	<u>10,042</u>
Receipts:			
Investment and Interest Revenue Received		4,763	4,701
Rental Income		1,281	1,301
Non Capital Grants and Contributions		5,447	6,052
Income Tax Equivalent Received		1,754	3,067
Income from Equity Investments		1,487	30
Payments:			
Interest Expense		(133)	(131)
Net Cash Inflow/(Outflow) from Operating Activities	26	<u>28,375</u>	<u>25,062</u>
Cash Flows from Investing Activities			
Receipts:			
Proceeds of Sale of Property, Plant and Equipment		383	154
Grants, Subsidies, Contributions and Donations		5,140	6,369
Payments:			
Payments of Property, Plant and Equipment		(24,848)	(26,981)
Payments for Intangible Assets		(1,347)	(1,874)
Net Movement in Loans & Advances		(625)	-
Net Cash Inflow/(Outflow) from Investing Activities		<u>(21,297)</u>	<u>(22,332)</u>
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings		-	1,165
Payments:			
Repayment of Borrowings		(15,290)	(5,165)
Net Cash Inflow/(Outflow) from Financing Activities		<u>(15,290)</u>	<u>(4,000)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents held		<u>(8,212)</u>	<u>(1,270)</u>
Cash and Cash Equivalents at the beginning of the financial year		64,193	65,463
Cash and Cash Equivalents at the end of the financial year	9	<u>55,981</u>	<u>64,193</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2018 to 30 June 2019 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for the following:

- Financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value;

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

Council uses the Australian dollar as its functional currency and its presentation currency.

Amounts included in the financial statements have been rounded to the nearest \$1,000 unless otherwise indicated.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(1.b) Statement of Compliance

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

(1.c) Date of Authorisation

The financial statements were authorised for issue on the date they were submitted to the Auditor-General for final signature. This is the date the management certificate is signed.

(1.d) Adoption of New and Revised Accounting Standards

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

Noosa Shire Council has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

This year Council has applied AASB 9 Financial Instruments for the first time. AASB 9 replaces AASB 139 and relates to the recognition, classification and measurement of financial assets and financial liabilities. Implementing AASB 9 has resulted in a change to the way council calculates impairment provisions, which are now based on expected credit losses instead of incurred credit losses.

On 1 July 2018 (the date of initial application), council re-assessed the classification, measurement category and carrying amount of each financial instrument (listed below) in accordance with AASB 9. There were some changes to classification, but this did not result in changes to measurement categories (listed below). Carrying amounts were also unchanged, except for receivables which decreased by \$2,807 due to an increase in impairment under the new rules. A corresponding adjustment was made to retained earnings as at 1 July 2018.

Financial asset/liability	Measurement Category (unchanged)
Cash and cash equivalents	Amortised cost
Receivables	Amortised cost
Other financial assets	Amortised cost
Borrowings	Amortised cost

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:

Effective for annual reporting periods beginning on or after 1 July 2019

- 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.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue).

Revenue from Special rates and charges are currently recognised as revenue upon receipt. As these funds relate to the completion of specific implementation plans and are refundable under the Local Government Regulations 2012 they will now initially be recorded as unearned revenue and recognised only as revenue when the performance obligations are satisfied.

Membership revenue will be recognised in line with the membership period to which the fees were paid which is a change to the current recognition of revenue upon receipt.

There will be no impact upon the recognition of other fees and charges.

Based on Council's assessment, if Council had adopted the new standards in the current financial year it would have had the following impacts:

- Revenue decrease due to deferral of grant funding, pre-paid rates, and other sales related revenue (based on the facts available to Council at the date of assessment).

- There would be an equal reduction in the reported equity as the reduced revenue will require an increase in recognition of contract liabilities, and statutory receivables.

- Net result would be lower on initial application as a result of decreased revenue. A range of new disclosures will also be required by the new standards in respect of the council's revenue.

Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

- AASB 16 Leases – Council has assessed the impacts of the new standard that initial application of AASB 16 will have on its consolidated financial statements, however, the actual impacts may differ as the new accounting policies are subject to change until the Council presents its first financial statements that include the date of initial application.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Leases in which the Council is a lessee

The Council will recognise new assets and liabilities for its operating leases of IT equipment and land parcels. The nature of expenses related to those leases will now change because the Council will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Council has recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Council has elected not to recognise IT equipment leases under the AASB 16 as they have been assessed as being low-value assets under the standard.

No significant impact is expected for the Council's finance leases.

Based on Council's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have the following impacts:

- Lease assets and financial liabilities on the balance sheet will increase/decrease by \$174,267 and \$174,267 respectively (based on the facts available to Council at the date of assessment).
- There will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.
- Net result will be lower on initial application as depreciation and the lease liability interest will be initially higher than operating lease expenses previously recorded.

Leases in which the Council is a lessor

No significant impact is expected for other leases in which the Council is a lessor.

Peppercorn Leases

Council is the lessee of a number of Deed of Grant in Trust leases, for which no or little lease payments are made. These have been identified as peppercorn leases which are currently not recognised in Council's financial statements. Council does not intend to elect not to apply the fair value measurement requirements to these leases until such time as this requirement is mandated.

Transition method

The Council intends to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The Council intends to apply the practical expedient for the definition of a lease on transition. This means that it will apply AASB 16 on transition only to contracts that were previously identified as leases applying AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

The standards not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

(1.e) Critical accounting judgements and key sources of estimation uncertainty

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

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

- Investment Property - Note 11
- Valuation and depreciation of Property, Plant & Equipment - Note 12
- Provisions - Note 17
- Contingent Liabilities - Note 21
- Financial Instruments and Financial Assets - Note 30.

(1.f) Financial assets and financial liabilities

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

Noosa Shire Council has categorised and measured the financial assets and financial liabilities held at balance date as follows:

Financial assets

- Cash and cash equivalents. Note 9.
- Receivables - measured at amortised cost. Note 10.

Financial liabilities

- Payables - measured at amortised cost. Note 15.
- Borrowings - measured at amortised cost. Note 16.

Financial assets and financial liabilities are presented separately from each other and offsetting has not been applied. All other disclosures relating to the measurement and financial risk management of financial instruments are included in Note 30.

(1.g) Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2(a). Council Functions - Component Descriptions

Details relating to the Council's functions / activities as reported in Note 2(b) are as follows:

CEO

The goal of the Chief Executive Officer function is to provide leadership to the organisation to ensure it meets its strategic and operational objectives, as well as to provide executive support to Councillors, the Chief Executive Officer (CEO) and Council leadership team. Service areas include the CEO's Office and Internal Audit.

COMMUNITY SERVICES

Community Services goals are to provide facilities and opportunities for residents and visitors to participate in community, cultural and recreational activities across the shire; protect the health and safety of the Noosa community; and assist community groups and organisations through the provision of advice and community grants. Service areas include Cemeteries, Community Development, Cooroy and Noosaville Libraries, Environmental Health, Local Laws, Noosa Aquatic Centre, Noosa Community Support, Noosa Leisure Centre, Noosa Regional Gallery, Pest and Vector Control, the J and Waste Management.

INFRASTRUCTURE SERVICES

The goals of the Infrastructure Services department is to provide efficient planning, maintenance and delivery of infrastructure over its lifecycle. The department operates and maintains infrastructure including roads and bridges, buildings, canals, parks, stormwater drainage, waterways and beaches in the Noosa Shire in accordance with established service levels. Service areas include Asset Management, Council Buildings and Facilities, Civil Operations, Infrastructure Planning, Design and Delivery.

EXECUTIVE SERVICES

The goal of the Executive Services office is to provide effective governance oversight of the organisation, human resource management support to the organisation and ensure Council's customer focus including communication and community engagement processes. Service areas include Community Engagement, Customer Service, Executive Services, Governance as well as People and Culture.

CORPORATE SERVICES

The goal of the Corporate Services department is to provide effective support to the organisation to ensure that Council services are provided in accordance with agreed service levels that ensure Council's ongoing sustainability. Service areas include Financial Services, Information Communication Technology, Procurement and Fleet, Property and Facilities as well as Revenue Services.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

The goal of the Environment and Sustainable Development department is to provide effective planning, development compliance, economic development and environmental services that promote long-term sustainable outcomes for the Noosa community. Service areas include Building and Plumbing Services, Economic Development, Development Assessment, Environmental Services and Strategic Land Use Planning.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income		Elimination of Inter-Function Activities	Total Income	Gross Expenses Recurring	Elimination of Inter-Function Activities	Total Expenses	Net Result	Total Assets
	Recurring								
	Grants	Other							
2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CEO	-	43	-	43	(1,741)	227	(1,514)	(1,471)	5
Community Services	3,581	24,192	(1,528)	26,245	(35,150)	7,081	(28,069)	(1,824)	1,203
Infrastructure Services	2,372	8,537	(3,127)	7,782	(38,612)	7,232	(31,380)	(23,598)	140
Executive Services	15	3,469	(3,464)	20	(4,359)	813	(3,546)	(3,526)	339
Corporate Services	2,322	72,668	(11,910)	63,080	(23,081)	2,735	(20,346)	42,734	1,070,214
Environment and Sustainable Development	34	10,630	(224)	10,440	(12,399)	2,164	(10,235)	205	1,239
Total Council	8,324	119,539	(20,253)	107,610	(115,342)	20,252	(95,090)	12,520	1,073,140
Controlled Entity Net of Eliminations	-	4,965	-	4,965	-	-	-	4,965	22,364
Total	8,324	124,504	(20,253)	112,575	(115,342)	20,252	(95,090)	17,485	1,095,504

Functions	Gross Program Income		Elimination of Inter-Function Activities	Total Income	Gross Expenses Recurring	Elimination of Inter-Function Activities	Total Expenses	Net Result	Total Assets
	Recurring								
	Grants	Other							
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CEO	-	-	-	-	(1,705)	237	(1,468)	(1,468)	-
Community Services	3,447	23,375	(1,575)	25,247	(32,669)	6,910	(25,759)	(512)	1,148
Infrastructure Services	3,937	8,620	(2,679)	9,878	(36,178)	6,463	(29,715)	(19,837)	168
Executive Services	20	3,250	(3,250)	20	(4,086)	717	(3,369)	(3,349)	308
Corporate Services	2,211	70,183	(11,474)	60,920	(43,745)	2,739	(41,006)	19,914	1,059,922
Environment and Sustainable Development	793	10,112	(221)	10,684	(12,017)	2,133	(9,884)	800	(16)
Total Council	10,408	115,540	(19,199)	106,749	(130,400)	19,199	(111,201)	(4,452)	1,061,530
Controlled Entity Net of Eliminations	-	5,045	-	5,045	-	-	-	5,045	17,397
Total	10,408	120,585	(19,199)	111,794	(130,400)	19,199	(111,201)	593	1,078,927

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Revenue Analysis

	2019	2018
	\$'000	\$'000

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

(a). Rates, Levies and Charges

Where rates monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.

General Rates	49,740	47,955
Separate Rates	5,691	5,672
Special Rates	1,553	1,543
Waste Utility Charges	12,368	11,525
Other Rates, Levies and Charges	-	(1)
Total rates and utility charge revenue	69,352	66,694
Less: Discounts	(2,112)	(1,888)
Less: Pensioner remissions	(787)	(795)
TOTAL RATES, LEVIES AND CHARGES	66,453	64,011

(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.

Building and Development Fees	3,216	2,741
Permits and Licences	944	831
Fines and Penalties	233	270
Registration Fees	381	334
Parking Penalties	1,007	692
User Fees and Charges	777	639
Other Statutory Fees	501	606
TOTAL FEES AND CHARGES	7,059	6,113

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Revenue Analysis (continued)

Notes	2019 \$'000	2018 \$'000
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(c). Interest and Investment Revenue

Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the associated entities.

Investments	1,781	1,659
Interest from Overdue Rates and Utility Charges	511	493
Loan to Unitywater	2,471	2,549
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>4,763</u>	<u>4,701</u>

(d). Sales Revenue

The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period.

Sale of services

Contract and Recoverable Works	26	34
Waste Management Charges	2,492	2,296
Venue Hire	403	384
Holiday Parks Fees and Charges	3,093	3,241
Learn to Swim	655	704
Admission Fees	1,260	1,139
Total Sale of Services	7,929	7,798

Sale of goods

Sale of Recyclables	1,129	755
Retail Shop Sales	668	648
Total Sale of Goods	1,797	1,403

TOTAL SALES REVENUE

<u>9,726</u>	<u>9,201</u>
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There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

(e). Other Income

Unitywater Income Tax Equivalent Received	1,754	3,067
Other	944	997
<u>TOTAL OTHER INCOME</u>	<u>2,698</u>	<u>4,064</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Grants, Subsidies, Contributions and Donations

	2019	2018
	\$'000	\$'000

Grants & Subsidies

Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council gains control over them.

Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations are fulfilled under the funding agreement. Council does not currently have any reciprocal grants.

Non-cash contributions

Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.

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

Cash contributions

Council receives cash contributions from property developers to construct assets such as roads and footpaths. Where agreements between Council and the developers relating to these contributions are determined to fall within the scope of *AASB Interpretation 18 Transfers of Assets from Customers*, these contributions are recognised as revenue when the related service obligations are fulfilled.

(a) Recurrent

General Purpose Grants	2,269	2,200
State Government Subsidies and Grants	742	1,089
Commonwealth Government Subsidies and Grants	2,398	2,673
Donations	28	60
Contributions	3	11
Other Non-Government Subsidies	7	19
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>5,447</u>	<u>6,052</u>

(b) Capital

State Government Subsidies and Grants	1,437	3,016
Commonwealth Government Subsidies and Grants	1,468	1,411
Contributions	2,235	1,942
Non-Monetary - Developer Assets contributed by Developers at Fair Value	3,556	4,906
<u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>8,696</u>	<u>11,275</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 5. Employee Benefits

	Notes	2019 \$'000	2018 \$'000
Wages and Salaries		24,940	24,162
Annual, Sick and Long Service Leave Entitlements		4,303	3,995
Superannuation	22	3,275	3,110
Councillors Remuneration		548	536
		<u>33,066</u>	<u>31,803</u>
Other Employee Related Expenses		1,491	1,462
		<u>34,557</u>	<u>33,265</u>
Less: Capitalised Employee Expenses		(2,595)	(2,805)
TOTAL EMPLOYEE BENEFITS		<u><u>31,962</u></u>	<u><u>30,460</u></u>

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

Additional information:

Total Employees at Year End:

Administration Staff	282	273
Depot and Outdoors Staff	93	92
Total Full time Equivalent Employees	<u>375</u>	<u>365</u>
Total Elected Members	<u>7</u>	<u>7</u>

Note 6. Materials and Services

Administration Supplies and Consumables	724	821
Audit Services *	147	198
Communications and IT	828	709
Consultancy Services	1,117	1,521
Contract Services	19,314	19,928
Commission Paid	954	783
Donations, Contributions and Prizes	3,295	3,576
Electricity	1,695	1,713
Fleet Operating Costs	1,639	1,735
Grants Paid to Community Organisations	893	940
Insurance	509	481
Legal Expenses	1,158	1,163
Operating Leases - Rentals	135	144
Software and Maintenance	1,809	1,034
Water and Sewerage Costs	967	950
Other Materials and Services	3,960	3,806
Less: Capitalised Internal Expenses	(251)	(485)
TOTAL MATERIALS AND SERVICES	<u><u>38,893</u></u>	<u><u>39,017</u></u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements were \$134,800 (2018: \$131,500).

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Finance Costs

	Notes	2019 \$'000	2018 \$'000
Finance costs - Queensland Treasury Corporation		3,382	2,104
Bank Charges		131	118
Impairment of Debts		1	13
Landfill Restoration		1,632	94
<u>TOTAL FINANCE COSTS</u>		<u>5,146</u>	<u>2,329</u>

Note 8. Capital Expenses

(a) Revaluation decrement

Downwards Revaluation of Property, Plant and Equipment	12	-	23,437
Downwards Revaluation of Investment Property	11	867	238
		<u>867</u>	<u>23,675</u>

(b) Other capital expenses

Loss on Write-Off of Assets and Disposal of Assets		2,417	599
		<u>2,417</u>	<u>599</u>
<u>TOTAL CAPITAL EXPENSES</u>		<u>3,284</u>	<u>24,274</u>

Noosa Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 9. Cash and Cash Equivalents

Notes	2019 \$'000	2018 \$'000
Cash and Cash Equivalents		
Cash and cash equivalents includes cash on hand, all cash and cheques receipted but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts.		
Cash at Bank and on Hand	209	363
Cash Equivalent Assets		
- Deposits at Call	39,772	57,830
- Term Deposits	16,000	6,000
<u>TOTAL CASH ASSETS AND CASH EQUIVALENTS</u>	<u>55,981</u>	<u>64,193</u>
Restricted Cash and Cash Equivalents		
Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use.		
These include:		
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		
Unspent Government Grants and Subsidies	97	186
Unspent Levy Funds	5,595	6,219
Unspent Developer Contributions	980	717
Unspent Carbon Tax	502	502
Total External Restrictions	<u>7,174</u>	<u>7,625</u>
Internally imposed expenditure restrictions at the reporting date relate to the following assets:		
Future Asset Replacement	-	2,702
Natural Disaster Rehabilitation	2,487	2,396
Waste Management	3,714	4,334
Specific Purpose Recurrent	1,482	1,873
Total Internal Restrictions	<u>7,683</u>	<u>11,305</u>
Total Unspent Restricted Cash and Cash Equivalents	<u>14,857</u>	<u>18,930</u>

Cash and deposits at call are held in the Commonwealth Bank in a normal business cheque account.

On call accounts are also held with QTC. Deposits at call earned variable interest over varying terms at interest rates of between 1.20% and 3.20%.

Investments

Term deposits with a maturity date great than three months post reporting date are treated as investments, with deposits of less than three months being reported as cash equivalents.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Trade and Other Receivables

Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date. The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June 2019. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. 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 any rate receivables.

	2019 \$'000	2018 \$'000
Current		
Rateable Revenue and Utility Charges	4,461	4,420
Other Debtors	4	1
GST Recoverable	632	1,153
Accrued Revenue	2,087	1,907
Prepayments	2,455	2,208
Fees and Charges	1,447	1,406
Loans and Advances to Community Organisations	125	-
Total	<u>11,211</u>	<u>11,095</u>
Less: Provision for Impairment		
Fees and Charges	(4)	(2)
Total Provision for Impairment - Receivables	<u>(4)</u>	<u>(2)</u>
<u>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</u>	<u><u>11,207</u></u>	<u><u>11,093</u></u>
Non-Current		
Loans and Advances to Associates	49,218	49,218
Loans and Advances to Community Organisations	500	-
<u>TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES</u>	<u><u>49,718</u></u>	<u><u>49,218</u></u>

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

A loan agreement for the subordinated debt was executed on the 21 June 2013. The interest only loan structure terminates on the 30 June 2033 with the interest rate set by QTC annually. Applicable interest rate for 2019 was 5.02% (2018: 5.18%).

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Investment Property

	2019	2018
	\$'000	\$'000
Investment property is property held for the primary purpose of earning rentals and/or capital appreciation.		
Investment property is measured using the fair value model. This means all investment property is initially recognised at cost (including transaction costs) and then subsequently revalued annually at the balance date. Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.		
Fair value at beginning of financial year	4,167	4,405
Revaluation decrement	(867)	(238)
<u>TOTAL INVESTMENT PROPERTY</u>	<u>3,300</u>	<u>4,167</u>

Operating expenses in respect of investment property are reported in Note 6 and 23.

Note 12. Property, Plant and Equipment

Recognition

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment losses. Items of property, plant and equipment with a total value of less than \$5,000, \$1,000 for computer equipment and \$15,000 for Buildings, except for land and network assets (which have a recognition threshold of \$1) are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property, plant and equipment recognised by Council are reported in the table contained in this note.

Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Property, plant and equipment received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Property, Plant and Equipment (continued)

Valuation

Land and improvements, buildings, major plant and all infrastructure assets are measured on the revaluation basis, at fair value, in accordance with *AASB 116 Property, Plant and Equipment* and *AASB 13 Fair Value* requirements. Other plant and equipment and work in progress are measured at cost.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets every three to five years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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

Capital work in progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment assets is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council. Management believe that the straight-line basis appropriately reflects the pattern of consumption of all Council assets.

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

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

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

Depreciation methods, estimated useful lives and residual values of property, plant and equipment assets are reviewed at the end of each reporting period and adjusted where necessary to reflect any changes in the pattern of consumption, physical wear and tear, technical or commercial obsolescence, or management intentions. The condition assessments performed as part of the annual valuation process for assets measured at depreciated current replacement cost are used to estimate the useful lives of these assets at each reporting date. Road formation has an unlimited life and is not subject to depreciation. The range of estimated useful lives for each class of asset are detailed in the table contained in this note.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Property, Plant and Equipment (continued)

30 June 2019		Capital Work in Progress	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	
Opening Gross Balance - at Cost		39,687	-	-	12,679	-	-	-	52,366
Opening Gross Balance - at Fair Value		-	141,746	80,852	-	555,935	178,393	92,063	1,048,989
Opening Gross Balance as at 1 July 2018		39,687	141,746	80,852	12,679	555,935	178,393	92,063	1,101,355
Additions*		24,848	-	-	-	-	-	-	24,848
Contributed Assets		-	481	-	-	1,160	1,723	192	3,556
Disposals		-	-	(73)	(706)	-	-	-	(779)
Write-offs		(521)	-	-	-	(3,766)	(13)	(324)	(4,624)
Revaluation Decrements to P&L	8	-	-	-	-	-	-	-	-
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	19	-	9,070	-	-	-	-	-	9,070
Work in Progress Capitalisation*		(24,308)	411	3,387	1,930	17,854	210	516	-
Internal Transfers to / from other Asset Classes		-	-	-	-	-	-	-	-
Total Gross Value of Property, Plant and Equipment - at Cost as at 30 June 2019		39,706	-	-	13,903	-	-	-	53,609
Total Gross Value of Property, Plant and Equipment - at Fair Value as at 30 June 2019		-	151,708	84,166	-	571,183	180,313	92,447	1,079,817
Total Gross Value of Property, Plant and Equipment as at 30 June 2019		39,706	151,708	84,166	13,903	571,183	180,313	92,447	1,133,426
Opening Accumulated Depreciation as at 1 July 2018		-	-	20,645	3,459	114,440	58,251	37,955	234,750
Depreciation Provided in the Period		-	-	1,478	1,165	7,402	2,236	3,208	15,489
Depreciation on Disposals		-	-	-	-	-	-	-	-
Depreciation on Write-offs		-	-	(36)	(236)	(2,205)	-	(248)	(2,725)
Revaluation Decrements to P&L	8	-	-	-	-	-	-	-	-
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	19	-	-	-	-	-	-	-	-
Total Accumulated Depreciation of Property, Plant and Equipment		-	-	22,087	4,388	119,637	60,487	40,915	247,514
Total Impairment of Property, Plant and Equipment		-	-	-	-	-	-	-	-
Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2019		-	-	22,087	4,388	119,637	60,487	40,915	247,514
Consolidated Book Value as at 30 June 2019		39,706	151,708	62,079	9,515	451,546	119,826	51,532	885,912
Other Information									
Range of Estimated Useful Life (in years)		-	-	3 - 120	1 - 50	3-120	17 - 100	2-120	
*Asset Additions Comprise									
Asset Renewals		-	-	2,393	2,102	14,414	418	1,362	20,689
Other Additions		-	608	576	166	2,271	35	503	4,159
Total Asset Additions		-	608	2,969	2,268	16,685	453	1,865	24,848

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 12. Property, Plant and Equipment (continued)

30 June 2018		Capital Work in Progress	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	\$'000
Opening Gross Balance - at Cost		18,059	-	-	12,084	-	-	-	30,143
Opening Gross Balance - at Fair Value		-	130,649	79,645	-	575,715	169,262	87,188	1,042,459
Opening Gross Balance as at 1 July 2017		18,059	130,649	79,645	12,084	575,715	169,262	87,188	1,072,602
Additions*		26,981	-	-	-	-	-	-	26,981
Contributed Assets		-	1,640	1,025	-	1,358	883	-	4,906
Disposals		-	-	-	(263)	-	-	-	(263)
Write-offs		-	-	(121)	-	(461)	(245)	(345)	(1,172)
Revaluation Decrements to P&L	8	-	-	-	-	(20,822)	-	-	(20,822)
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	19	-	7,135	-	-	-	7,606	4,382	19,123
Work in Progress Transfers		(5,353)	2,322	303	858	228	887	755	-
Internal Transfers to / from other Asset Classes		-	-	-	-	(83)	-	83	-
Total Gross Value of Property, Plant and Equipment - at Cost as at 30 June 2018		39,687	-	-	12,679	-	-	-	52,366
Total Gross Value of Property, Plant and Equipment - at Fair Value as at 30 June 2018		-	141,746	80,852	-	555,935	178,393	92,063	1,048,989
Total Gross Value of Property, Plant and Equipment as at 30 June 2018		39,687	141,746	80,852	12,679	555,935	178,393	92,063	1,101,355
Opening Accumulated Depreciation as at 1 July 2017		-	-	19,252	2,471	104,969	53,751	33,301	213,744
Depreciation Expense		-	-	1,417	1,075	7,096	2,146	3,064	14,798
Disposals		-	-	-	(87)	-	-	-	(87)
Write-offs		-	-	(24)	-	(239)	(130)	(202)	(595)
Revaluation Decrements to P&L	8	-	-	-	-	2,614	-	-	2,614
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	19	-	-	-	-	-	2,484	1,792	4,276
Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2018		-	-	20,645	3,459	114,440	58,251	37,955	234,750
Consolidated Book Value as at 30 June 2018		39,687	141,746	60,207	9,220	441,495	120,142	54,108	866,605
Other Information									
Range of Estimated Useful Life (in years)		-	-	3 - 120	1 - 50	3-120	17 - 100	2-120	
*Asset Additions Comprise									
Asset Renewals		-	-	2,247	772	12,394	2,603	655	18,671
Other Additions		-	2,119	2,172	420	2,543	297	759	8,310
Total Asset Additions		-	2,119	4,419	1,192	14,937	2,900	1,414	26,981

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Fair Value Measurements

(i) Recognised fair value measurements

Council measures and recognises the following assets at fair value on a recurring basis:

- Investment Property
- Land
- Buildings
- Road and Bridge Network
- Storm Water
- Other Infrastructure Assets

Council does not measure any liabilities at fair value on a recurring basis.

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred.

The fair value of borrowings disclosed in Note 16 is provided by the Queensland Treasury Corporation (QTC) and represents the market value to extinguish the debt at balance date. This information was provided by QTC and represents the contractual undiscounted cash flows at balance date. Liquidity risk information on Council's borrowings is also disclosed in Note 30.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

In accordance with AASB 13 Fair Value Measurements are categorised on the following basis:

- Level 1 - Fair value based on quoted prices in active markets for the asset or liability
- Level 2 - Fair value based on inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - Fair value based on unobservable inputs for the asset and liability.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in Level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

The table below presents all items that are measured and recognised within the Statement of Financial Position at fair value. In accordance with AASB 13, all fair value measurements are on a recurring basis and categorised as either Level 2 or Level 3 fair value measurements. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as Level 1.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Fair Value Measurements (continued)

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

	Date of latest valuation	Fair Value Measurement using:		Total
		Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2019				
Property, Plant and Equipment				
- Land	31/03/18	7,228	144,480	151,708
- Buildings	30/06/15	-	62,079	62,079
- Road and Bridge Network	31/03/18	-	451,546	451,546
- Storm Water	30/06/15	-	119,826	119,826
- Other Infrastructure Assets	30/06/16	-	51,532	51,532
- Investment Property	30/06/19	3,300	-	3,300
Total Property, Plant and Equipment		10,528	829,463	839,991
2018				
Property, Plant and Equipment				
- Land	31/03/18	4,085	137,661	141,746
- Buildings	30/06/15	-	60,207	60,207
- Road and Bridge Network	31/03/18	-	441,499	441,499
- Storm Water	30/06/15	-	120,142	120,142
- Other Infrastructure Assets	30/06/16	-	54,104	54,104
- Investment Property	30/06/18	4,167	-	4,167
Total Property, Plant and Equipment		8,252	813,613	821,865

(2) Transfers between Level 1 and Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 2 and Level 3 Fair Value hierarchies for recurring fair value measurements.

Council's policy for determining transfers between Fair Value hierarchies is at the end of the reporting period.

Noosa Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 13. Fair Value Measurements (continued)

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Infrastructure, Property, Plant and Equipment

Land (Level 2 and 3)

The fair value of land was last comprehensively valued at 31 March 2018 by independent valuers AssetVal Pty Ltd.

Fair values have been derived based on a combination of market approach and direct comparison by analysing land sales occurring over the past year within the Noosa Shire Council area.

Where there was an active and liquid market as evidenced by sales transactions of similar property types, a market approach by way of direct comparison or income methods can be utilised, and are accepted valuation methodologies under AASB 13. If a market approach is adopted, the valuation is deemed to be a Level 2 input.

The direct comparison method which is considered a Level 2 input on the fair value hierarchy, involves the analysis of sales evidence and comparisons with the subject land taking into account matters such as area, location and other general site characteristics. Direct Comparison approach was utilised in the assessment for all Council land assets, however, the fair value measurement has been either a Level 2 or 3, depending on the assumptions as to:

- Whether the land is subject to restrictions as to use and/or sale;
- Whether there is no active market.

Land that is utilised for footpath or access restriction purposes, land that is a volumetric title, or due to its general characteristics land that has no observable active market have been assessed as a Level 3.

Council applied an index rate of 6.4% to the value of land assets for the period 1 April 2018 to 31 March 2019. This resulted in an increase in value of \$9.07 million.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Fair Value Measurements (continued)

Buildings (Level 3)

The fair value of Buildings were last comprehensively valued at 30 June 2015 by independent registered valuers Australia Pacific Valuers.

For the majority of Council's buildings, there is no active market due to the specialised nature of the assets and the services they provide. Due to the predominately specialised nature of local government buildings, the valuations have been undertaken using a cost approach. This is deemed to be a Level 3 input.

Under this approach the cost to replace the asset is calculated and then adjusted to take account of accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the interrelationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as pattern of consumption and future economic benefit.

Inputs to the valuation include the design and construction, average cost of construction, condition and consumption score for each component. Where these are supported by observable evidence obtained via inspection and market evidence they have been classified as a Level 2 inputs. The unobservable inputs (such as estimates pattern of consumption and (based on the asset consumption score) its relationship to the assessed level of remaining service potential of the depreciable amount, required extensive professional judgement and impacted significantly on the final determination of fair value. As these inputs are significant to the valuation the overall valuation has been classified as Level 3.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Noosa Shire Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Noosa Shire Council's own understanding of the assets and the level of remaining service potential.

Council applied an index rate to the value of Buildings for the period to 31 March 2017. Index rates for the period from 1 April 2017 to 30 June 2019 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class for 2018/19.

Other Infrastructure Assets (Level 3)

The fair value of Other Infrastructure was last comprehensively valued as at 30 June 2016 by Aurecon Australia Pty Ltd.

The valuation technique used to determine fair value is essentially based on price modelling of the fair value through Level 3 unobservable inputs. These include a variety of sources to obtain the best information available for each asset type, including actual contract prices or supply quotes for similar assets.

The unit rates were predominantly developed from first principles by estimating the plant, material and labour required for asset replacement. The base rates were sourced from local suppliers estimates and quotes, contract schedules for work recently completed and council records. Where costs have not been readily available then rates were obtained from Aurecon's cost database or the Rawlinson 2014 edition of the Australian Construction Handbook.

Council applied an index rate to the value of Other Infrastructure for the period to 31 March 2018. Index rates for the period from 1 April 2018 to 30 June 2019 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class for 2018/19.

Accumulated Depreciation

In determining the level of accumulated depreciation, assets are disaggregated into significant components which exhibit different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Fair Value Measurements (continued)

Infrastructure Assets (Level 3)

Due to the specialised nature of Council's infrastructure assets and the services they provide, there is no active measurable market. The fair value of all infrastructure assets is determined on the basis of replacement of a new asset or modern equivalent.

Current Replacement Cost (CRC) is measured by reference to the lowest cost at which the gross economic benefits of the asset could be obtained in the normal course of business. Where existing assets were over designed, had excess capacity or where 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.

Infrastructure assets are comprehensively revalued every three to five years, based on component unit rates developed in line with asset renewal methods.

Specific Valuation Techniques used to value Council Infrastructure Assets comprise: Road and Bridge Network - current replacement cost

Roads (Level 3)

The fair value of Roads and Bidges was last comprehensively valued at 31 March 2018 by independent valuers AssetVal Pty Ltd.

The valuation technique used to determine fair value is essentially based on price modelling of the fair value through 'Level 3' unobservable inputs. These include a variety of sources to obtain the best information available for each asset type, including actual contract prices or supply quotes for similar assets.

The unit rates were predominantly developed from first principles by estimating the plant, material and labour required for asset replacement. The base rates were sourced from local suppliers estimates and quotes, contract schedules for work recently completed and council records. *Where costs have not been readily available then rates were obtained from AssetVal's cost database or the Rawlinson 2017 edition of the Australian Construction Handbook.*

Council uses 3 distinct location factors categorising its road infrastructure into urban, rural and commercial/industrial. Roads are further categorised as sealed or unsealed and managed in segments. All road segments are then further componentised into the sub classes of assets that make up each segment, i.e. Road Surface, Road pavement - base, Road pavement - sub-base, Road shoulder, Formation, Kerbs, footpaths etc. Each asset unit rate is determined on cost to construct, material type and useful life to facilitate valuation and depreciation.

Road construction index rates for the period since last valuation to 30 June 2019 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class for 2018/19.

Accumulated Depreciation

In determining the level of accumulated depreciation, roads are disaggregated into significant components which exhibit different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Fair Value Measurements (continued)

Bridges (Level 3)

The fair value of Roads and Bidges was last comprehensively valued at 31 March 2018 by independent valuers AssetVal Pty Ltd.

All bridges, with exception to 3 major bridges, were valued based on unit rates developed according to varying material types used for construction, as well as the deck area, size and length of construction. Construction estimates were determined on a similar basis to roads. Significant bridge structures were individually assessed by AssetVal Pty Ltd.

Bridge construction index rates for the period since last valuation to 30 June 2019 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class for 2018/19.

Accumulated Depreciation

In determining the level of accumulated depreciation, bridges are disaggregated into significant components which exhibit different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset.

Stormwater (Level 3)

A comprehensive valuation of stormwater infrastructure was undertaken by independent valuers Aurecon Australia Pty Ltd effective 30 June 2015. As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of drainage assets has been determined as Level 3.

The fair value unit rates were determined using the prevailing market costs for supply and installation of similar assets or their modern equivalent. The methodology for calculation of unit rates from first principles consists of breaking down each asset into its cost components such as demolition, reinstatement, excavation, construction, delivery and installation. The models used to determine the unit rates included internal selection of variables for asset size, depth, location and soil type.

Council applied an index rate to the value of Stormwater for the period to 31 March 2018. Index rates for the period from 1 April 2018 to 30 June 2019 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class for 2018/19.

Accumulated Depreciation

In determining the level of accumulated depreciation, stormwater assets are disaggregated into significant components which exhibit different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset.

Investment Property

Investment Property was valued at fair value by AEC Group Limited, an independent professionally qualified valuation firm, as at 30 June 2019.

A market-based approach was applied to determine the fair value of investment property. The two calculation methodologies underpinning this approach by the valuation firm are the capitalisation rate valuation approach and the discounted cashflow valuation approach.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Intangible Assets

	2019	2018
	\$'000	\$'000
Notes		
Intangible Assets are as follows;		
Computer Software		
Opening Gross Carrying Value	3,087	2,831
Acquired at Cost	-	256
Disposals	-	-
Closing Carrying Value	<u>3,087</u>	<u>3,087</u>
Work In Progress	4,355	3,135
Closing Gross Carrying Value	<u>7,442</u>	<u>6,222</u>
Opening Accumulated Amortisation Balance	(1,173)	(851)
Amortisation in the period	(316)	(322)
Closing Accumulated Amortisation Balance	<u>(1,489)</u>	<u>(1,173)</u>
Net Book Value	<u>5,953</u>	<u>5,049</u>
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>	<u>5,953</u>	<u>5,049</u>

Software assets have a finite life estimated at 10 years.
Straight line amortisation has been used with no residual value.

Note 15. Trade and Other Payables

Payables

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

Liabilities - Employee Benefits

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

Annual leave

A liability for annual leave is recognised. Amounts expected to be settled within 12 months are calculated on current wage and salary levels and includes related employee on-costs. Amounts not expected to be settled within 12 months are calculated on projected future wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense. As council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Trade and Other Payables (continued)

	2019	2018
	\$'000	\$'000
Current		
ATO - Net GST Payable	106	109
Accruals	3,279	5,183
Trade Creditors	2,332	2,715
Employee Related Accruals	1,249	1,237
Annual Leave	2,543	2,349
Other Entitlements	85	88
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>9,594</u>	<u>11,681</u>

Note 16. Borrowings

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

All borrowing costs are expensed in the period in which they are incurred.

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

Current

Loans - Queensland Treasury Corporation	3,112	3,969
<u>TOTAL CURRENT BORROWINGS</u>	<u>3,112</u>	<u>3,969</u>

Non-current

Loans - Queensland Treasury Corporation	21,120	32,171
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>21,120</u>	<u>32,171</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Borrowings (continued)

	2019 \$'000	2018 \$'000
Reconciliation of Loan Movements for the year		
Loans - Queensland Treasury Corporation		
Opening balance at beginning of financial year	36,141	38,036
Loans Raised	-	1,165
Loan Interest Capitalised in Period	3,382	2,104
Principal Repayments	(15,291)	(5,164)
Book value at end of financial year	24,232	36,141

The QTC loan market value at the reporting date was \$27,668,386 (2018: \$40,141,537). This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. No assets have been pledged as security by the council for any liabilities.

Borrowings are all in \$AUD and are underwritten by the Queensland State Government.

Note 17. Provisions

Long Service Leave

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

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 classified as a current liability. Otherwise it is classified as non-current.

Restoration Provisions

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

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current capital market yield bond rate is considered an appropriate rate with a maturity date corresponding to the anticipated date of restoration.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Provisions (continued)

Council has the following restoration provisions:

Landfill Sites

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

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

The provision recognised for the Eumundi Rd landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will fully close in 2070 and that site restoration will occur progressively over the subsequent thirty years. The provision recognises the costs associated with closure and rehabilitation of historical and existing cells as well as the rehabilitation of the site following full closure in 2070.

Quarry Sites

The provision represents the present value of the anticipated future costs associated with the closure of the Ringtail Creek quarry site, reclamation and rehabilitation of the site.

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

	2019	2018
	\$'000	\$'000
Current		
Long Service Leave	4,630	4,364
Landfill Sites	288	284
<u>TOTAL CURRENT PROVISIONS</u>	<u>4,918</u>	<u>4,648</u>
Non-current		
Long Service Leave	776	618
Quarry Rehabilitation	50	50
Landfill Sites	10,697	9,069
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>11,523</u>	<u>9,737</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Provisions (continued)

	2019	2018
	\$'000	\$'000
Details of movements in Provisions:		
Long Service Leave		
Balance at beginning of financial year	4,982	4,610
Amount provided for in the period	885	780
Amount paid in the period	(461)	(408)
Balance at end of financial year	<u>5,406</u>	<u>4,982</u>
Quarry Rehabilitation		
Balance at beginning of financial year	<u>50</u>	<u>50</u>
Balance at end of financial year	<u>50</u>	<u>50</u>

This is the present value of the estimated future cost of restoring the quarry site under the State Government environmental regulations at the end of its useful life.

Landfill Sites

Balance at beginning of financial year	9,353	9,259
Remeasurement due to index and discount rate	1,381	251
Unwinding of provision over time	251	(157)
Balance at end of financial year	<u>10,985</u>	<u>9,353</u>

This is the present value of the estimated cost of restoring the Noosa landfill under the State Government environmental regulations at the end of its useful life.

Note 18. Other Liabilities

	2019	2018
Notes	\$'000	\$'000
Current		
Other Liabilities - Waste Levy Refund received in advance	1,941	-
Other Liabilities - Unearned Revenue	827	697
TOTAL CURRENT OTHER LIABILITIES	<u>2,768</u>	<u>697</u>

The State government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019-20 of the State Waste Levy, which takes effect from 1 July 2019. The Council will be liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019. The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites from 1 July 2019. As the receipt from the State in June 2019 is for a refund of Council's 2019-20 Levy expense, the full amount has been recognised as a liability at 30 June 2019.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Asset Revaluation Surplus

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

	Balance at beginning of year \$'000	Movements \$'000	Balance at end of year \$'000
--	--	---------------------	--

Movements in the asset revaluation surplus:

2019

Land	13,950	9,070	23,020
Buildings	9,348	-	9,348
Stormwater	13,818	-	13,818
Other Infrastructure Assets	4,623	-	4,623
	<u>41,739</u>	<u>9,070</u>	<u>50,809</u>

2018

Land	6,815	7,135	13,950
Buildings	9,348	-	9,348
Stormwater	8,696	5,122	13,818
Other Infrastructure Assets	2,033	2,590	4,623
	<u>26,892</u>	<u>14,847</u>	<u>41,739</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20. Commitments for Expenditure

	2019	2018
	\$'000	\$'000

(a) Capital Contractual Commitments

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, Plant and Equipment

Roads, Bridges and Stormwater	130	11,089
Pathways	25	9,846
Other	915	2,518
Total Commitments	1,070	23,453

These expenditures are payable as follows:

Within the next year	1,070	16,888
Later than one year and not later than 5 years	-	5,094
Later than 5 years	-	1,471
Total Payable	1,070	23,453

(b) Operating Leases (Non Cancellable)

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

Within one year	237	134
One to five years	683	492
Later than five years	17	-
	937	626

IT equipment lease payments are generally fixed, but with inflation clauses on which future rentals are determined.

(c) Operational Contractual Commitments

Contractual commitments at end of financial year but not recognised in the financial statements are as follows:

Within one year	14,260	19,747
One to five years	38,909	47,491
Later than five years	3,158	19,356
	56,327	86,594

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 21. Contingent Liabilities

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

Local Government Mutual

Noosa Shire 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 2018 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

Noosa Shire Council is a member of the Queensland local government worker's 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. The Council's maximum exposure to the bank guarantee is \$800,535, (2018: \$656,444).

Note 22. Superannuation

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

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

Any amount by which the scheme is over or under funded may affect future benefits and result in a change to the contribution rate, but has not been recognised as an asset or liability of the Council.

Technically Noosa Shire Council can be liable to the scheme for a portion of another local governments' obligations should that local government be unable to meet them. However the risk of this occurring is extremely low and in accordance with the LGIASuper trust deed changes to council's obligations will only be made on the advice of an actuary.

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 22. Superannuation (continued)

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions. The next triennial actuarial review is not due until 1 July 2021.

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

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

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

There are currently 62 entities contributing to the scheme and any changes in contribution rates would apply equally to all 62 entities. Noosa Shire Council made less than 1.27% of the total contributions to the plan in the 2018-19 financial year.

	Notes	2019 \$'000	2018 \$'000
Superannuation contributions made to the Regional Defined Benefits Fund		213	229
Other superannuation contributions for employees		3,062	2,881
Total superannuation contributions paid by Council for employees	5	<u>3,275</u>	<u>3,110</u>
			2020 \$'000
Contributions council expects to make to the Regional Defined Benefits Fund for 2019-20			<u>217</u>

Note 23. Operating Lease Income

The Council has leased properties to various tenants under commercial lease arrangements.

The minimum lease receipts are as follows:

Not later than one year	227	255
One to five years	299	290
Later than five years	-	-
	<u>526</u>	<u>545</u>

Rental income from investment property recognised in the operating result is \$281,457 (2018: \$432,570).

Direct operating expenses primarily for repairs and maintenance on property that did not generate rental income for the period were \$13,149 (2018: \$0). Direct operating expenses primarily for repairs and maintenance on property that did generate rental income for the period were \$39,449 (2018: \$58,813).

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal. The Council does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 24. Equity Investments

Accounting Recognition:

As at 1 July 2010 a water distribution and retail business called Unitywater was established in accordance with the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* to deliver water and waste water services to customers within the local government areas of Moreton Bay Regional Council, Sunshine Coast Regional Council and Noosa Shire Council.

Under the Act, governance arrangements for Unitywater were established in a Participation Agreement which commenced from 1 July 2010. The agreement provides for participation rights to be held by the participating Councils. The participating Councils are Noosa Shire Council, Moreton Bay Regional Council and the Sunshine Coast Regional Council. The Participation Rights effectively represent an investment in an associate by Noosa Shire Council.

Investment in Associates are accounted for using the Equity Accounting Method - and are disclosed as a one line entry in both the Income Statement and Statement of Financial Position.

	Council's Share of Net Income		Council's Share of Net Assets	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Investment in Associate	6,452	5,075	86,569	81,559
Total	6,452	5,075	86,569	81,559

Associates

Council has incorporated the following Associate into its Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2019 \$'000	2018 \$'000
Unitywater	Associate	Equity	83,342	78,377
Total Carrying Amounts			83,342	78,377

(b) Details

Name of Entity	Principal Activity	Place of Business
Unitywater	Water and Wastewater Services	Moreton Bay, Sunshine Coast & Noosa Regions

(c) Relevant Interests and Fair Values

Name of Entity	Participation Portion	
	2019	2018
Unitywater	4.25%	4.25%

Noosa Shire Council

Notes to the Financial Statements
for the year ended 30 June 2019

Note 24. Equity Investments (continued)

	2019 \$'000	2018 \$'000
(d) Summarised financial information for associate is set out below		
Summarised Statement of Financial Position - Councils Share		
	Unitywater	
Assets	165,843	160,562
Total Assets	165,843	160,562
Liabilities	79,274	79,003
Total Liabilities	79,274	79,003
Net Assets	86,569	81,559
Reconciliation of the Carrying Amount of Participation Rights		
Opening Net Assets (1 July)	78,377	73,332
Profit/(Loss) for the period	6,452	5,075
Dividends Payable	(1,487)	(30)
Closing Participation Rights	83,342	78,377
Council's share in %	4.25%	4.25%
Council's share in \$	86,569	81,559
Summarised Statement of Comprehensive Income - Councils Share		
	Unitywater	
Income	31,050	29,591
Income Tax Expense	(2,757)	(3,682)
Total Expenses	(21,841)	(20,834)
Profit/(Loss) for Period	6,452	5,075
Total Comprehensive Income	6,452	5,075
Dividends received by Council	1,487	30

Noosa Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 25. Trust Funds

Notes	2019 \$'000	2018 \$'000
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Trust funds held for outside parties

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

3,615	3,387
<u>3,615</u>	<u>3,387</u>

Noosa Shire Council performs only a custodial role in respect of these monies. As these funds cannot be used for Council purposes, they are not brought to account in these financial statements.

Note 26. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

Net operating result from Income Statement	17,485	593
Non-cash items		
Depreciation and amortisation	15,805	15,120
Non cash capital contributions	(3,556)	(4,906)
Impairment of receivables and bad debts written off	1	13
Interest expense capitalised in QTC loans	3,382	2,104
	<u>15,632</u>	<u>12,331</u>
Losses/(Gains) recognised on fair value re-measurements through the P&L		
Investment properties	867	238
Unwinding of Discount Rates on Reinstatement Provisions	1,632	94
	<u>2,499</u>	<u>332</u>
Investing and development activities		
Loss on write-off and disposal of assets	2,417	24,036
Capital grants and contributions	4 (5,140)	(6,369)
Share of net (profits)/losses of Associates	(6,452)	(5,075)
	<u>(9,175)</u>	<u>12,592</u>
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(94)	(1,194)
(Increase)/Decrease in inventories	27	105
Increase/(Decrease) in other assets	1,487	30
Increase/(Decrease) in payables and accruals	(2,287)	(289)
Increase/(Decrease) in other liabilities	2,378	203
Increase/(Decrease) in employee leave entitlements	424	372
Increase/(Decrease) in other provisions	(1)	(13)
	<u>1,934</u>	<u>(786)</u>
Net cash inflow from Operating Activities	<u>28,375</u>	<u>25,062</u>

Noosa Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 27. Reconciliation of Liabilities arising from Finance Activities

	As at 30-Jun-18 \$'000	Cashflows \$'000	Non-Cash Changes \$'000	As at 30-Jun-19 \$'000
Loans	36,140	(15,290)	3,382	24,232
	<u>36,140</u>	<u>(15,290)</u>	<u>3,382</u>	<u>24,232</u>

	As at 30-Jun-17 \$'000	Cashflows \$'000	Non-Cash Changes \$'000	As at 30-Jun-18 \$'000
Loans	38,036	(4,000)	2,104	36,140
	<u>38,036</u>	<u>(4,000)</u>	<u>2,104</u>	<u>36,140</u>

Note 28. Prior Period Adjustments

There were no prior period adjustments made during the 2018/19 year which affected the 2017/18 financial statements.

Note 29. Events Occurring After Balance Sheet Date

There were no material financial adjusting events after balance date.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 30. Financial Instruments

Noosa Shire Council has exposure to the following risks arising from financial instruments; (i) market risk, (ii) credit risk, and (iii) liquidity risk.

This note provides information (both qualitative and quantitative) to assist statement users evaluate the significance of financial instruments on the Council's financial position and financial performance, including the nature and extent of risks and how the Council manages these exposures.

Financial Risk Management

Council is responsible for the establishment and oversight of the risk management framework, together with developing and monitoring risk management policies.

Council's management approves policies for overall risk management, as well as specifically for managing credit, liquidity and market risk.

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

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

Noosa Shire Council does not enter into derivatives.

Credit Risk Exposure

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 the Council's investments and receivables from customers.

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

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

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 30. Financial Instruments (continued)

	Notes	2019 \$'000	2018 \$'000
The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:			
Financial Assets			
Cash and Cash Equivalents	9	55,981	64,193
Receivables - Rates	10	4,461	4,420
Receivables - Other	10	51,922	51,776
Equity Investments	24	83,342	78,377
		<u>195,706</u>	<u>198,766</u>
Other Credit Exposures			
Guarantee	21	801	656
		<u>801</u>	<u>656</u>
Total		<u>196,507</u>	<u>199,422</u>

Cash and Cash Equivalents

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

Other Financial Assets

Other investments are held with financial institutions, which are rated AAA to AA- based on rating agency Standard and Poor's ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote (if applicable).

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

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

Noosa Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 30. Financial Instruments (continued)

	Notes	2019 \$'000	2018 \$'000
At 30 June 2019, the exposure to credit risk for trade receivables by type of counterparty was as follows:			
Property Charges		4,582	4,500
Fees and Charges		1,294	1,325
GST Recoverable		632	1,043
Community Organisations		625	-
Associates		49,218	49,218
Other		32	2
Total		56,383	56,088

	2019 Not credit- impaired \$'000	2019 Credit- impaired \$'000	2018 \$'000
A summary of the Council's exposure to credit risk for trade receivables is as			
Not Past Due	1,282	-	1,668
Past Due 31-60 Days	133	-	166
Past Due 61-90 Days	57	-	60
More than 90 Days	5,072	-	4,978
Loans to Community Organisations	625	-	-
Loans and Advances to Associates	49,218	-	49,218
Loss Allowance	(4)	-	(2)
Total	56,383	-	56,088

Expected credit loss assessment as at 1 July 2018 and 30 June 2019

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

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

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2019:

	2019 Weighted- average loss rate %	2019 Gross carrying amount \$'000	2019 Loss allowance \$'000	Credit- impaired (Y/N)
Not Past Due	0.15%	1,282	2	N
Past Due 31-60 Days	0.64%	133	1	N
Past Due 61-90 Days	1.61%	57	1	Y
More than 90 Days	0.00%	5,072	-	Y
Loans to Community Organisations	0.00%	625	-	N
Loans and Advances to Associates	0.00%	49,218	-	N
Total		56,387	4	

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 30. Financial Instruments (continued)

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Council's view of economic conditions over the expected lives of the receivables.

The movement in the allowance for impairment in respect of trade receivable during the year was \$987.

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. Noosa Shire 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.

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

Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 16.

The following table sets out the liquidity risk in relation to financial liabilities held by the Council. It represents the remaining contractual cashflows (principal and interest) of financial liabilities at the end of the reporting period, excluding the impact of netting agreements:

	0 to 1 year	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2019					
Trade and Other Payables	6,966	-	-	6,966	6,966
Loans - QTC	3,950	15,048	10,800	29,798	24,232
	10,916	15,048	10,800	36,764	31,198
2018					
Trade and Other Payables	9,134	-	-	9,134	9,244
Loans - QTC	5,289	21,203	19,178	45,670	36,140
	14,423	21,203	19,178	54,804	45,384

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

Noosa Shire Council is exposed to interest rate risk through investments and borrowings with Queensland Treasury and/or other financial institutions.

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 30. Financial Instruments (continued)

Sensitivity

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

The Council does not account for any fixed-rate financial assets or financial liabilities at Fair Value through Profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2019					
QTC Cash Fund	37,630	376	(376)	376	(376)
Other Investments	2,142	21	(21)	21	(21)
Loans - QTC	(24,233)	(242)	242	(242)	242
Net Total	15,539	155	(155)	155	(155)
2018					
QTC Cash Fund	52,934	529	(529)	529	(529)
Other Investments	4,897	49	(49)	49	(49)
Loans - QTC	(36,140)	(361)	361	(361)	361
Net Total	21,691	217	(217)	217	(217)

In relation to the QTC loans held by the Council, the following has been applied:

QTC Generic Debt Pool - the generic debt pool products approximate a fixed rate loan. There is a negligible impact on interest sensitivity from changes in interest rates for generic debt pool borrowings.

Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and disclosed in Note 16.

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.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 31. National Competition Policy

Business activities to which the code of competitive conduct is applied

Noosa Shire Council applies the competitive code of conduct to the following activities:

- Waste Management
- Holiday Parks

This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity.

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

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

	Waste Mgt 2019 \$'000	Holiday Parks 2019 \$'000
Revenue for services provided to the Council	302	-
Revenue for services provided to external clients	16,238	3,118
Community service obligations	91	-
	<u>16,631</u>	<u>3,118</u>
Less : Expenditure	(14,063)	(2,292)
Surplus/(Deficit)	<u><u>2,568</u></u>	<u><u>826</u></u>

Description of CSO's provided to business activities:

Activities	CSO Description
Waste Management	Waste collection and disposal charges for charitable organisations.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 32. Transactions with Related Parties

(a) Subsidiaries (ie. Entities and Operations controlled by Council)

Council has no interest in any Subsidiaries.

(b) Associates

Council has a participating interest in the Northern SEQ Distributor-Retailer Authority (trading as Unitywater) governed by a Participation Agreement.

Transactions with Unitywater

The amount of revenue and expenditure include in the Statement of Comprehensive Income, and the amount receivable or payable to Unitywater are as follows:

	Additional Information	2019 \$'000	2018 \$'000
Revenue			
Interest on loans	3(c)	2,471	2,549
Taxation equivalents	3(e)	1,754	3,067
Dividends	24(d)	1,487	30
Amounts receivable			
Interest		618	637
Taxation equivalents		87	1,180
Loans			
Loans	10	49,218	49,218

Unitywater operates under an income tax equivalent regime; with all tax paid being distributed to the participating Councils on a pro-rata basis to their participation rights.

Dividends received by Council from Unitywater are recorded as a reduction in the carrying value of the non-current asset.

Shareholder loans provide for a fixed interest rate with quarterly interest only payments.

Further detail regarding Unitywater is contained in Note 24 Equity Investments.

(c) Joint Ventures

Council has no interest in any Joint Ventures.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2019

Note 32. Transactions with Related Parties (continued)

(d) Other Related Parties

Transactions with Other Related Parties

Details of Transactions	2019 \$'000	2018 \$'000
Employee expenses with close family members of key management personnel	82	75
Total	82	75
All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.		
Number of Staff	1	1

(e) Key Management Personnel

Transactions with Key Management Personnel

Key Management Personnel Include

Councillors

Cr Tony Wellington (Mayor)	Cr Brian Stockwell
Cr Frank Pardon	Cr Jess Glasgow
Cr Frank Wilkie	Cr Joe Jurisevic
Cr Ingrid Jackson	

Executive Leadership Team

Chief Executive Officer	Director Infrastructure Services
Director Community Services	Director Environment and Sustainable Development
Director Corporate Services	Executive Manager

The compensation paid to Key Management Personnel comprises:

	2019 \$'000	2018 \$'000
Short-Term Employee Benefits	1,930	1,664
Post-Employment Benefits	216	183
Long-Term Benefits	34	39
Termination Benefits	-	-
Total	2,180	1,886

Noosa Shire Council

Notes to the Financial Statements for the year ended 30 June 2019

Note 32. Transactions with Related Parties (continued)

(f) Loans and Guarantees to/from Related Parties

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

(g) Commitments to/from Other Related Parties

Council has no outstanding commitments to/ from other related parties.

(h) Transactions with Related Parties that have not been disclosed

On a regular basis ordinary ratepayer transactions occur between Council and its related parties. Examples include, rates and animal registrations. 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.

Noosa Shire Council

General Purpose Financial Statements

for the year ended 30 June 2019

Management Certificate

for the year ended 30 June 2019

These General Purpose Financial Statements have been prepared pursuant to sections 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 Regulations 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 52 to 100, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Tony Wellington

MAYOR

Dated : 25/10/2019



Brett de Chastel

CHIEF EXECUTIVE OFFICER

Dated : 25/10/2019

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Noosa Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Noosa Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2019, and of its 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 statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement 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 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 the Noosa Shire Council annual report for the year ended 30 June 2019, 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 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.

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 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 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 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 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.

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 2019:

- 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.



Carolyn Dougherty
as delegate of the Auditor-General

28 October 2019
Queensland Audit Office
Brisbane

Noosa Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2019

	Actual 2019	Target 2019
--	----------------	----------------

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items) ⁽¹⁾	11.62%	0 - 10%
Total Operating Revenue (excluding capital items) ⁽²⁾		

An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Infrastructure Asset Sustainability Ratio

Capital Expenditure on the Replacement of Infrastructure Assets (renewals) ⁽³⁾	132.31%	more than 90%
Depreciation Expense for Infrastructure Assets		

An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets	-13.81%	less than 60%
Total Operating Revenue (excluding capital items) ⁽²⁾		

An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

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 2019.

Noosa Shire Council

Current Year Financial Sustainability Statement (continued) for the year ended 30 June 2019

Notes

- (1) Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Includes share of profit from associates and joint ventures. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 of the *Financial Management (Sustainability) Guideline 2013* for exclusions), and any Capital Expenditure such as Write-Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.
- (2) Includes only Recurrent Revenue disclosed in the Income Statement, plus share/loss of profit from associates and joint ventures. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 of the *Financial Management (Sustainability) Guideline 2013* for exclusions).
- (3) Infrastructure Assets refer to Council's significant long-life assets that provide ratepayers with access to social and economic facilities and services. It excludes land, and equipment, motor vehicles heritage collections and artwork. Renewals is defined as expenditure on existing infrastructure to return the infrastructure to their original service potential or useful life.

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Infrastructure, Local Government and Planning.

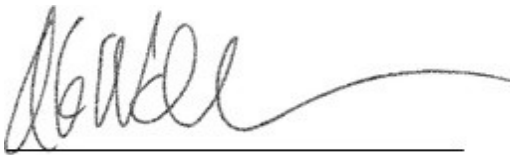
Noosa Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2019

Certificate of Accuracy for the year ended 30 June 2019

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.



Tony Wellington

MAYOR

Dated : 25/10/2019



Brett de Chastel

CHIEF EXECUTIVE OFFICER

Dated : 25/10/2019

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Noosa Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Noosa Shire Council for the year ended 30 June 2019, 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 Noosa Shire Council for the year ended 30 June 2019 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 Noosa Shire Council's annual report for the year ended 30 June 2019, 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.



Carolyn Dougherty
as delegate of the Auditor-General

28 October 2019
Queensland Audit Office
Brisbane

Noosa Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2019

	Target 2019	Actual 2019	2020	2021	2022	2023	Forecast					
							2024	2025	2026	2027	2028	2029

Measures of Financial Sustainability

Council's performance at 30 June 2019 against key financial ratios and targets.

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)⁽¹⁾

Total Operating Revenue (excluding capital items)⁽²⁾

0 - 10%	11.62%	0.03%	0.05%	0.04%	0.09%	0.12%	0.10%	0.10%	0.09%	0.09%	0.12%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

> 90%	132.31%	110.33%	100.62%	100.29%	103.67%	98.93%	90.39%	89.29%	82.73%	83.01%	79.74%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)⁽²⁾

< 60%	-13.81%	-5.70%	-5.29%	-3.30%	-3.62%	-6.35%	-10.57%	-13.76%	-18.83%	-21.95%	-26.64%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Noosa Shire Council

Long-Term Financial Sustainability Statement (continued) prepared as at 30 June 2019

Noosa Shire Council Financial Management Strategy

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

Notes

⁽¹⁾ Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 of the *Financial Management (Sustainability) Guideline 2013* for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.

⁽²⁾ Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 of the *Financial Management (Sustainability) Guideline 2013* for exclusions).

These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

Definitions are sourced from the Financial Management (Sustainability) Guideline issued by the Department of Infrastructure, Local Government and Planning.

Noosa Shire Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy for the long-term financial sustainability statement prepared as at 30 June 2019

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 long-term financial sustainability statement has been accurately calculated.



Tony Wellington

MAYOR

Dated : 25/10/2019



Brett de Chastel

CHIEF EXECUTIVE OFFICER

Dated : 25/10/2019



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