NOOSA COUNCIL

Report 2014

For the period 1 January 2014 to 30 June 2014

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Our Council

From left to right: *Cr Joe Jurisevic, Cr Frank Pardon, Cr Bob Abbot (Deputy Mayor), Mayor Noel Playford, Cr Sandy Bolton, Cr Frank Wilkie, and Cr Tony Wellington.*

Mayor’s Message

Noosa's long struggle to manage its own affairs is now a proud part of our history. So too will be this Noosa Council “annual” report, the first since it was amalgamated with Caloundra and Maroochy Councils in 2008. It covers the 6 month period from reinstatement of Noosa Council on 1 January 2014 to 30 June 2014.

The report will be deliberately concise because it covers such a short period, where the focus was on establishing a functioning organisation as well as significantly improving service delivery and establishing a sound financial base.

While all of the Council team are quietly proud of the progress that has been made, we are all too aware that the first 6 months was just the start of a multi-year journey towards developing an efficient organisation that delivers superior outcomes to our community.

My assessment of the position at the end of this reporting period is:

- The Council was financially sustainable without a rate increase.
- On the ground service delivery has been significantly improved since de-amalgamation, with potential for future incremental gains.
- The organisation delivered to expectations in a short time frame, but will need to embrace continuous improvement to be at the leading edge of local government efficiency.

The success of Council in these early stages was achieved because of the inspiring efforts of a small number of transfer team staff who worked incredible hours to ensure services to the community were not interrupted on the rebirth of Noosa Council on New Year’s day, 2014. Both the community and the Council owe them a great deal.

It is now the task of the whole Noosa Council team, staff and elected members, to build on that huge effort in the years to come.

The enthusiasm generated by a battle won and a community back in charge of its own destiny forged a bond between Councillors and an unprecedented level of co-operative working relationships.

Further improvement throughout the organisation can help consign the poor culture that developed during amalgamation to the dustbin of history. A new culture is a vital ingredient of an efficient Noosa Council.

Finally, I want to acknowledge on behalf of the elected Council the efforts of our CEO and those staff who frequently worked day and night, including weekends, during our first 6 months. They can be particularly proud of the achievements in this report as well as others to come.

Noel Playford
Mayor

Chief Executive Officer's Message

Normally in an annual report, the CEO sets out the Council's achievements over the previous 12 months towards achieving the goals that the Council has set in its 5 year Corporate Plan. In the context of establishing a new Council that simply does not apply, particularly given our Council did not adopt its first Corporate Plan until 26 June 2014. However, there is still a lot that our Council has achieved in its first 6 months of operations that can be reported on to the community.

Although Council officially began on 1 January 2014, the foundations for the new Council were set well before that time. The Transfer Manager (Mr Peter Franks) and his small team of staff worked tirelessly in the lead up to the commencement date to ensure that Council could begin operations on 1 January 2014.

I would like to recognise the great job that Peter and the Transfer Team did to put in place the building blocks so Council could commence providing services to the Noosa community from day one.

We made great progress in setting up a new organisation, establishing a sound financial footing, and significantly improving service delivery to our community. Further details on the achievements from the first six months are set out in this annual report. This report also sets out a lot of information that is required to be reported as part of the Council's statutory obligations.

As a Council, we have started well but there is still a lot to do. Our community has high expectations of its Council and rightly so. The challenge for the future is to build on our first six months and aim to be the best we can be for our community. This will require our Council organisation to continually improve its performance across all of our services and activities. We should never accept the status quo and will need to keep challenging ourselves as to how we can deliver better services more efficiently to the Noosa community.

Ultimately, our goal is to be a Council that our community can be proud of. The Council has established a strong base in its first six months to work towards that goal.

Brett de Chastel
Chief Executive Officer

This Report and De-amalgamation

The *Local Government Act 2009* (**LG Act**) and the *Local Government Regulation 2012* (**LG Regulation**), requires local governments of Queensland to prepare an annual report for each financial year, which reports Council specific information in a number of mandatory areas.

As previously identified, this is Noosa Council's first report since it was re-established on 1 January 2014. Accordingly, the relevant reporting period for this report is from 1 January 2014 to 30 June 2014.

Key Council Achievements

In reporting to the community on Council's achievements towards achieving its goals in the first 6 months of operations, it makes sense to identify a number of themes, namely:

- Governance;
- Service Delivery;
- Planning;
- Community Engagement;
- Organisation Establishment; and
- Finance.

These themes reflect the duality of purpose that the Council had in that period of both improving the provision of services to the Noosa community, and establishing a new Council.

Governance

The Council established a decision making framework based on a Committee system. The Council established the following Committees with Councillor membership as follows:

- *Planning and Organisation Committee*:
  Crs. Wilkie (Chairperson), Jurisevic, Playford and Wellington;
- *Infrastructure and Services Committee*:
  Crs. Bolton (Chairperson), Abbot, Pardon and Playford;
- *General Committee*:
  All Councillors are members of the General Committee (Chairperson is Cr Wellington).

These Committees made recommendations to Council which met each month to consider those recommendations. Noosa Council has a deliberate practice of ensuring that its Council meetings are open to the public and rarely closes its meetings.

Council also implemented a number of governance decisions which, while not particularly exciting, were necessary to establish a functioning local government and in the community's best interest. These included:

- Agreement to establish an Audit Committee (which commenced in the 2014/15 financial year);
- Adoption of a Procurement Policy to guide Council's purchasing practices; and
- Establishment of a system of delegations to allow for quicker decision making.

Service Delivery

The focus in the first 6 months of operation was on ensuring that the Noosa community not only received a seamless service delivery transition on 1 January 2014 but also to ensure that quality services were delivered. The key initiative undertaken was the re-introduction of the Noosa Maintenance Manual. This manual set out the standards of service that the community can expect and effectively restored the levels of service that the community had been accustomed to prior to amalgamation. More frequent street sweeping, better park maintenance, restoring the streetscapes and better maintenance of high profile areas were all implemented in the first 6 months of Council operation.

Council also undertook some projects including:

- Kerbside collection – the Council undertook a kerbside collection program. The free kerbside collection program resulted in 1,501 tonnes of waste being collected from Noosa Shire households;
- Council website – an new website was published to provide the community with access to a wide range of Council information;
- Capital Works Program – Council had a limited Capital Works Program in its first 6 months. It inherited relatively few capital works projects that were ready to be delivered but Council spent a considerable amount of time developing a comprehensive Capital Works Program for the 2014/15 financial year; and
- Noosa Planning Scheme review – the Council initiated a minor review of the Noosa Planning Scheme to update the scheme prior to a full scheme review which will be undertaken in approximately 2 years' time.

Planning

While most of the focus of the Council in the first 6 months of operations has been on service delivery and establishment of the new organisation, Council also found time to begin planning ahead, looking at long term strategies that will help shape the future of Noosa. Some of these included:

- A review of the management arrangements for the Noosa Biosphere Reserve;
- Commencement of a major review of our Waste Management Strategy;
- Adoption of the Noosa Council Corporate Plan 2014 to 2019; and
- Development of a disaster management planning framework and undertaking a number of training exercises to ensure that Council is ready for any future natural disasters.

Community Engagement

One of the reasons why so many Noosa residents supported the re-establishment of the Noosa Shire Council was the opportunity to engage with their local Council. Many residents took this to heart and gave the Council a call to welcome us back, which resulted in an overload on our phone system. We received an almost 300% increase in calls in those first few months as our community rang to touch base on issues they wanted to talk about.

We also saw quite a lot of residents come along to Council meetings to observe open democratic process. We held out first community based Council meeting in Pomona in May 2014. This was an opportunity for Pomona residents to come and meet Councillors and senior staff and to have a conversation about issues that were important to them. We will hold more of these community based Council meetings in the future.

During this period, we also began to lay the foundations for a deeper level of community engagement. We began to build the "Your Say Noosa" online portal which gives our community another avenue to provide feedback on important projects. This portal went live after 30 June 2014. We also began to research how a "community jury" could operate in the Noosa context. That concept is being developed further in 2014/15.

Organisation Establishment

After initially adopting an interim organisational structure in April 2014, the Council adopted its permanent organisational structure on 26 June 2014. The structure is based on the following Departments:

- Community Services Department;
- Corporate Services Department;
- Executive Office; and
- Planning and Infrastructure Department.

The appointment of a CEO, Directors and Managers was also completed in this period. As at 30 June 2014, Council's adopted organisational structure included an equivalent full time staffing level of 343. Workplace Health and Safety (WH&S) policies and practices have also been established but there is a lot more work to be done in the WH&S area.

Finance

As a result of the de-amalgamation process, Council adopted two budgets within a 6 month period. Council adopted an interim budget on 2 January 2014 which effectively continued the previous Sunshine Coast Regional Council budget for the Noosa area to 30 June 2014. There was no increase in rates or change to the rates structure in that budget.

The main focus for the Council in its first 6 months was the development of its long term financial model and the preparation of the 2014/15 financial year budget. Both were completed and the 2014/15 budget was adopted on 26 June 2014. That budget will set the foundation for Council's long term financial future. Specifically, the 2014/15 budget contained the following:

- Development of the budget from a zero base, to ensure that the full cost of delivering current levels of services were understood and appropriately costed;
- No increase in general rates;
- Significant capital works program – which included the adoption of a $22.3 million program which was greater than the capital works program for the Noosa area compared to the previous year. The main focus is on the renewal of assets (particularly roads and bridges); and
- Financial ratios – Achievement of all financial ratio benchmark targets set by the Queensland Government for financially sustainable Councils and in particular, achievement of the asset sustainability ratio which reflects the fact that Council is fully funding the restoration of its existing asset base – a key indicator for a financially sustainable Council.

Reportable Disclosures

Information relating to Councillors

Remuneration

Councillor remuneration is set by the independent Local Government Remuneration and Discipline Tribunal established under the 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 remuneration for the Councils which de-amalgamated and commenced operations on 1 January 2014, was not prescribed in the 2012 report of the Tribunal.

This issue was circumvented by s11 of the *Local Government (De-amalgamation Implementation) Regulation 2013*, which required the Tribunal to determine the category and remuneration for the de-amalgamating Councils by September 2013.

By way of Queensland Government Gazette, dated 30 August 2013, the Tribunal listed Noosa Council as a Category 4 Council, and prescribed that the annual rate of remuneration for the Mayor and Councillors for the period as follows:

- Mayor - $112,462;
- Deputy Mayor - $70,289; and
- Councillors - $59,746.

In accordance with s244 (3) of the LG Regulation, the remuneration prescribed by the Tribunal 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 s226 of the LG Act.

The LG Act does however allow a local government to take part in a superannuation scheme for its Councillors and Council on 20 January 2014 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.

Figure 1 – Councillor remuneration

Councillor remuneration for period 1 January 2014 to 30 June 2014

Councillor	Salary ($)	Superannuation ($) (* see note)	Total ($)
Mayor Noel Playford	56,231	6,701	62,457
Cr Robert Abbot (Deputy)	35,145	3,767	38,670
Cr Joseph Jurisevic	29,873	3,202	32,870
Cr Frank Pardon	29,873	3,560	33,228
Cr Anthony Wellington	29,873	3,643	33,311
Cr Frank Wilkie	29,873	3,202	32,870
Cr Sandra Bolton	29,873	3,202	32,870

Notes:

1. *The amounts of Councillors superannuation varied because of different 'take up' dates by individual Councillors*
2. *Amounts rounded to the nearest whole dollar value.*

Reportable Council resolutions for the period

Figure 2 – Reportable resolutions

Local Government Regulation 2012	Resolution adopted	Ordinary meeting
Section 250(1)	Endorse the Councillors' Expenses Reimbursement Policy. Request the Chief Executive Officer to make a copy of the Policy available for public inspection at the Tewantin Office and to publish the Policy on the Noosa Council website.	2 January 2014
Section 250(2)	Adopt the amended 'Councillors' Expenses Reimbursement Policy' put forward by The Planning & Organisation Committee recommendation dated 17 June 2014, in which the Mayor elected not to receive any financial reimbursement for private vehicle use for Council business moving forward.	26 June 2014
Section 206(2)	None.	-

Councillors' expenses and resources provided

The Councillors' Expenses Reimbursement Policy (**the Policy**) (refer to Appendix 2) ensures Councillors are provided a reasonable level of resources and equipment in order to carry out their duties in an effective and efficient manner.

The Policy is compliant with the following principles prescribed by the LG Act*:*

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

The categories of expenses and eligibility for reimbursement as per the Policy include:

- Mandatory professional development;
- Discretionary Professional Development;
- Travel as Required to Represent Council;
- Private Vehicle Usage;
- Meal Costs;
- Hospitality;
- Accommodation;
- Administration Tools and Access to Council Office Amenities;
- Safety Equipment;
- Home Office and Telecommunication needs; and
- Insurance Cover.

Summary of expenses/reimbursements paid to Councillors for the period

Under s186 of the LG Regulation the reimbursements that were made to Councillors for the period were for mandatory and discretionary professional development, vehicle use, home office and telecommunication, and accommodation expenses incurred whilst on Council business.

For the period:

- All claimed expenses were processed and fell within the required limits prescribed by the Policy (refer to Appendix 2).
- No Councillors claimed expenses relating to categories of travel, meals or hospitality expenses.

It is noted that in accordance with the amendment to the Policy endorsed by Council on 26 June 2014, the Mayor elected not to receive any financial reimbursement for private vehicle use for Council business moving forward.

A summary of expenses/reimbursements to Councillors for the period is outlined in the table below.

Figure 3 – Councillor expenses

Councillor Expenses

Councillor	Mandatory Professional Development ($)	Discretionary Professional Development ($)	Use of private vehicle (option 1) ($)	Home office & tele-communication ($)	Accom ($)	TOTAL ($)
Mayor Noel Playford	-	-	2,500	1,440	-	**3,940**
Cr Robert Abbot	1,000		2,500	1,440	-	**4,940**
Cr Joseph Jurisevic	318	1,025	2,500	1,440	531	**5,814**
Cr Frank Pardon	-		2,500	1,440	-	**3,940**
Cr Anthony Wellington	-	9	2,500	1,440	-	**3,950**
Cr Frank Wilkie	-		2,500	1,440	-	**3,940**
Cr Sandra Bolton	318	9	2,500	1,440	-	**4,267**

Note: Amounts rounded to the nearest whole dollar.

The attendance of Councillors at Ordinary meetings, Special meetings and Committees for the period is outlined in the table below.

Figure 4 – Meeting attendance

Council Meetings, Standing and Special Committees attendance for the period

Councillor	Ordinary meetings	General Committee	Planning & Organisation Committee	Infrastructure & Services Committee	Special & Budgetary	Total
Mayor Noel Playford	9	6	5	5	2	**27**
Cr Robert Abbot	9	6	N/A	4	2	**21**
Cr Sandy Bolton	9	6	N/A	5	2	**22**
Cr Joe Jurisevic	9	6	5	N/A	2	**22**
Cr Frank Pardon	9	6	N/A	5	2	**22**
Cr Anthony Wellington	9	6	5	N/A	2	**22**
Cr Frank Wilkie	9	6	5	N/A	2	**22**

Complaints about Councillors

Sections 176 to 182 (inclusive) of the LG Act prescribe the requirements for local governments for dealing with complaints about the conduct and performance of Councillors so as to ensure that:

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

The Councillor Code of Conduct Policy endorsed by Council on 13 January 2014 establishes:

- The responsibilities of Councillors under the LG Act;
- The standards of behaviour and ethical obligations expected Councillors in Noosa Shire; and
- A clear administrative method for handling and resolving complaints made about the conduct and performance of Councillors in accordance with Division 6 of the LG Act.

The table below identifies that there were no reportable complaints, orders and recommendations against Councillors for the period.

Figure 5 – Complaints against Councillors

Reportable information relating to complaints against Councillors:		Number of complaints: (for the period)
(i)	The number of orders and recommendations made under s180 (2) or (4) of the LG Act.	NIL
(ii)	The number of orders made under s181 of the LG Act.	NIL
(iii)	The number of complaints made about the conduct or performance of a Councillor for which no further action was taken under s 176C(2) of the LG Act.	NIL
(iv)	The number of complaints referred by the Council CEO to the department's chief executive under s176C (3)(a)(i) of the LG Act.	NIL
(v)	The number of complaints referred to the Mayor under s176C (3)(a)(ii) or (b)(i) of the LG Act.	NIL
(vi)	The number of complaints referred to the department's chief executive under s 176C (4)(a) of the LG Act.	NIL
(vii)	The number of complaints assessed by the Council CEO as being about corrupt conduct under the Crime and Corruption Act.	NIL
(viii)	The number of complaints heard by a regional conduct review panel.	NIL
(ix)	The number of complaints heard by the tribunal.	NIL
(x)	The number of complaints to which s176C (6) of the LG Act applied.	NIL

Overseas travel

No Councillor or Council employee in an official capacity made any overseas travel during the period.

Executive remuneration

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

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 $543,180.

The annual package bands for Council's senior management team are outlined below.

Figure 6 – Executive remuneration

Package Band	Number of senior management employees
$100,000 - $200,000	4
$200,001 - $300,000	1

Commitment to equal opportunity employment

Council is an equal opportunity employer, which is committed to providing equal employment opportunities for its current and prospective employees.

Council recognises the importance workforce diversity and promotes a working environment where people are treated on their merits at every stage of their employment.

Council's equal opportunity framework is aligned to Queensland's *Anti-Discrimination Act 1991* and the following federal anti-discrimination laws:

- *Age Discrimination Act 2004*;
- *Racial Discrimination Act 1975*;
- *Disability Discrimination Act 1992*; and
- *Sex Discrimination Act 1984*.

At Council all staff are encouraged to embrace equity and diversity at all levels within the organisation. 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

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.

At the ordinary meeting held on 29 May 2014, Council adopted a new Administrative Action Complaint Process rescinding the Complaints Management Process that was transferred to the Noosa Council from the Sunshine Coast Council under *the Local Government (De-amalgamation Implementation) Regulation 2013*.

The policy has been developed to ensure:

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

A copy of the Council's Administrative Action Complaint Process Policy can be viewed on Council's website.

Figure 7 – Administrative action complaints

Complaint statistics 1 January 2014 to 30 June 2014	
Number of Administrative Action Complaints	Progress during the period
1	Escalated to internal review

During the period, Council received one administrative action complaint. This was not resolved at the first tier of the complaints process and was referred to a second-tier internal review. Council will be able to report on the outcome of this review in the 2014-15 annual reporting period.

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 the Tewantin Office or can be viewed on Council's website.

Below is a list of the registers kept by Council:

- Asset Register;
- Delegations Register;
- General Cost Fees and Commercial Charges;
- Engineering and Environment Fees and Charges;
- Planning Fees and Charges;
- Plumbing Fees and Charge;
- Other Development Fees and Charges;
- Local Laws Register;
- Roads Register;
- Instrument of Appointments;
- Noosa Policy Register; and
- Registers of Interests.

Community grants 2013-2014

The following table outlines the funds supplied by Council through community grants for the period.

Figure 8 – Community grants

Community Grants	Funding Amounts
Regional Arts Development Fund	$12,840
Fish Hatchery	$10,000
Community Pools	$11,500
TOTAL:	$34,340

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.

For the period, Noosa Biosphere Ltd was considered a beneficial enterprise conducted by Council.

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
- Operations of 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 ss. 19 and 20 of the LG Regulation, Council's Waste Management activity was considered a **new significant business activity** for the period.

Council confirms that a public benefit assessment for Waste Management will be undertaken for the 2015-2016 reporting period.

Competitive neutrality

By resolution at the ordinary meeting held on 6 March 2014, Council adopted to:

- Apply the **Competitive Neutrality Principle** to its Waste Management business activity for the remainder of the 2013/14 financial year in accordance with s44(1)(b) of the LG Act; and
- Apply the **Code of Competitive Conduct** to the Holiday Parks business activity for the remainder of the 2013/14 financial year in accordance with s47 of the LG Act.

Council's action confirms that it is committed to ongoing compliance with National Competition Policy principles and its legislative obligations in this area. It 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 complies 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;
- Deprecation;
- 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.

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.

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

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

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

Summary of concessions for rates and charges

General rate concessions

In addition to those classes of land granted a general rate exemption under s93(3) of the LG Act and s73 of the LG Regulation, Council was able to grant a general rates concession to land identified in s20(1)(b) of the LG Regulation to the extent that Council was satisfied the land at the relevant time was owned by an entity whose objects do not include making a profit, or an entity that provides assistance or encouragement for arts or cultural development and is one of the following:

- Boy Scout and Girl Guide Associations;
- Surf Lifesaving and Coastguard organisation;
- Community Sporting Organisation – Not for profit organisations without a commercial liquor licence or a community club liquor licence;
- Community Cultural or Arts Organisation – Not for profit organisations without a commercial liquor licence or a community club liquor licence; or
- Charitable Organisations, which are:
  (a) Not for profit organisation; and
  (b) Registered as a charity institution or a public benevolent institution; and
  (c) Providing benefits directly to the community; and
  (d) Endorsed by the Australian Tax Office - Charity Tax Concession.

The relevant concession for the period for eligible entities was 100% of the general rate.

Deferral of general rates

To assist eligible pensioners who have experienced large increases in the value of their property as determined by the Department of Natural Resources and Mines, or have experienced financial hardship, Council allows deferment of up to 50% of the general rate by way of application.

The deferred rates 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, 28 & 30.

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.

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 accordingly.

Interest charges on deferred rates

In accordance with s122(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.

For the period there were no rate payers who applied for a deferral of their general rates.

Available pensioner concessions for the period

Figure 10 – Pensioner concessions

Summary of pensioner concessions available during the period		
Pension Rate	Sole title to the property	Joint title to the property
Maximum level of pension	$230 p.a. maximum $115 per half year	$180 p.a. maximum $90 per half year
Not maximum level of pension	$115 p.a. maximum $57.50 per half year	$65 p.a. maximum $32.50 per half year

Single owner on the maximum rate of pension

Where the pensioner was in receipt of the maximum level of pension and had sole title to the property that is their principal place of residence for the period the concession was 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 was in receipt of the maximum level of pension and owned the property jointly with one or more people for the period the concession was 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 was not in receipt of the maximum level of pension and had sole title to the property that was their principal place of residence for the period the concession was 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 was not in receipt of the maximum level of pension and owned the property jointly with one or more people for the period the concession was 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.

Internal audit

Internal Audit provides Council with an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Section 105 of the LG Act provides that each Council must establish an internal audit function and that large councils must establish an audit committee. On 6 March 2014, Council established the Audit Committee and endorsed the Mayor and Cr Wellington as the Councillor Representatives on the Committee. Council also authorised the CEO to invite applications for two suitably qualified and experienced external members and to seek quotations for the provision of an internal audit service.

It is noted that at the ordinary meeting on 31 July 2014 Council endorsed the appointment of two external members to the Audit Committee and subsequently on 28 August 2014, endorsed the Noosa Council Audit Committee Charter and the Risk Management Policy.

The next annual report will contain a detailed report on the status and outcome of the above recommendations for the 2014-15 reporting period.

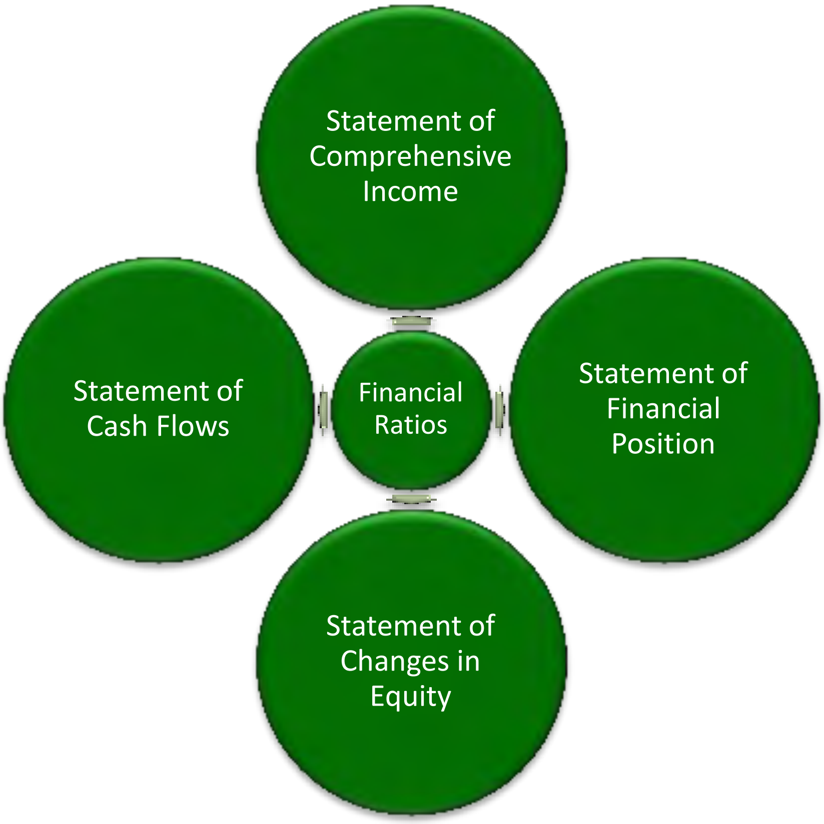
Community Financial Report – 2013/14

Background

This is the first financial report of the Noosa Council following the de-amalgamation from the Sunshine Coast Regional Council on 1 January 2014. This community financial report aims to simplify the financial information required to be prepared by Council under legislation and accounting standards, and provides a simpler overview of financial performance and sustainability of our Council for the period 1 January 2014 to 30 June 2014.

Council's financial statements are prepared based on accounting standards, and contain specific information regarding Council's financial performance for the relevant period. Financial statements include a statement of comprehensive income (or profit and loss), a statement of financial position (or balance sheet), a statement of cash flows as well as a statement of changes in equity. Collectively, the statements provide a formal picture of the financial strength of an organisation (refer to Appendix 1).

The Community Financial Report consists of five key reporting elements, each of which has a specific purpose for the measurement and presentation of Council's finances. The five key reporting elements are shown below:



Statement of comprehensive income

This statement (also known as the profit and loss) measures how Council performed financially in relation to its operations during the financial year. In simple terms, it illustrates how the money received from rates and other income sources is spent on the provision of services to the community. Being the first period of operation for the new Council, there is no comparative data available.

Figure 11 - 6-month revenue and expenditure

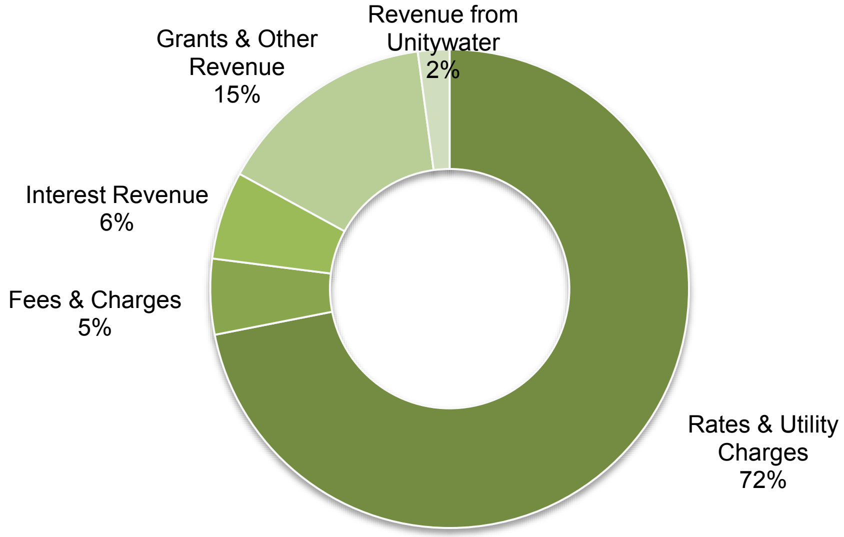
	Council 2013/14 ($'000)	"Normal" Operations 2013/14 ($'000)
Revenue	1,016,937	42,372
Expenses	44,475	39,331
Net Result	972,462	3,041

The "Council" revenue position of $1,016.9 million includes $972 million net gain on de-amalgamation, which is an accounting entry to recognise the net value of assets and liabilities transferred from Sunshine Coast Regional Council. In the course of normal operations, and excluding one off costs associated with the adoption of the permanent organisation structure, Council achieved a modest operating surplus of $3 million.

Operating revenue – where the money came from

Throughout the 6 month period Council received a total of $42.4 million in operating revenues (rates, fees, operating grants); $2.4 million in capital revenue (developer contributions, capital grants); and $972 million recorded as revenue but which resulted from the transfer and revaluation of assets and liabilities from Sunshine Coast Regional Council. The sources of Council's operating revenue are shown below.

Figure 12 – Operating revenue sources 2013/14



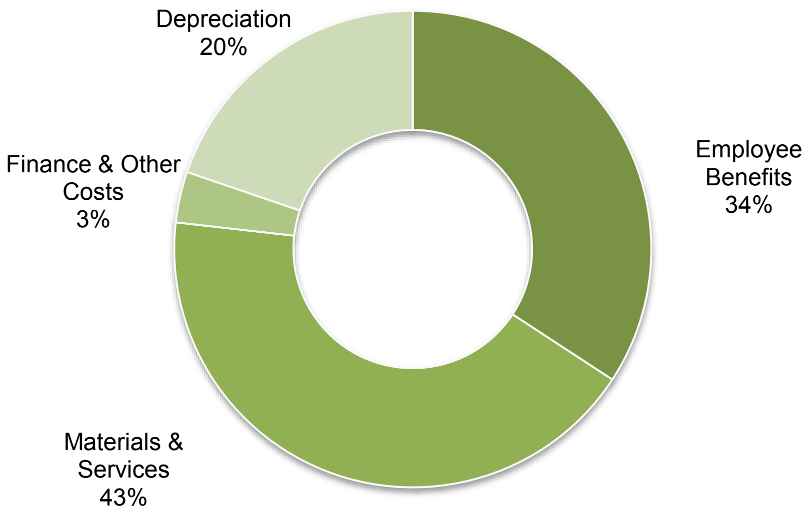
The above breakdown in operating revenue confirms that Council has significant control over the majority of its income sources, and as a result is not overly reliant on other levels of government or external agencies to maintain its financial independence. Key Council revenue sources include:

- Rates and utility charges include general rates, charges for waste collection and disposal, special rates such as the tourism and transport levy, and other separate and special rates. Growth in rateable properties for the period was negligible.
- Fees and charges include a range of regulatory fees and charges and revenue from commercial operations such as the holiday parks and waste operations.
- Interest revenue includes the return from the investment of surplus funds.
- Revenue from Unitywater relates to the return on Shareholder Participation loans.

Operating expenditure – where the money goes

Council expended a total of $44.2 million in undertaking operating activities for the six month period ($39.3 million excluding one-off items). The following graph shows a breakdown by expenditure type for normal recurrent Council operations.

Figure 13 – Operating expenses by function 2013/14



Key performance statistics from the 6 month period include:

- Employee benefits - includes staff wages, superannuation, fees paid to Councillors and other employment costs. The total costs in the Statement of Comprehensive Income for the year included $4.83 million in costs associated with the restructure of the organisation that will not be recurrent.
- 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 rehabilitation and renewal of existing assets annually.

De-amalgamation Costs

The de-amalgamation of Noosa Council from the Sunshine Coast Regional Council took effect on 1 January 2014. The de-amalgamation process was managed during 2014 by the Noosa Council Transfer Manager and his Transfer Team who prepared for commencement of Council operations from 1 January 2014. Pursuant to the *Local Government (De-Amalgamation Implementation) Regulation 2013*, a Transfer Committee was established to facilitate the de-amalgamation, including the role of deciding costs associated with the de-amalgamation that were to be payable by the Noosa Council.

The Transfer Committee finalised its role on 30 June 2014. At that time, it had approved de-amalgamation costs totalling $2.57 million. Council used a line of credit provided by the Queensland Treasury Corporation to fund the payment of the majority of those de-amalgamation costs. As at 30 June 2014, the balance of that line of credit was $2.23 million. Council has budgeted to fully pay off that line of credit by 31 December 2014.

Council spent a lot of time and effort in its first six months of operations establishing the new organisation and systems. Costs associated with this “start-up” phase from 1 January 2014 have been dealt with as normal operating costs of running a local government. The Council was able to identify significant operational savings in this period as part of the establishment of the new organisation and these ongoing savings enabled it to adopt its 2014/15 budget on 29 June 2014 with no general rate increase.

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 net financial position improved during the reporting period.

Figure 14 - Summary balance 6-month movement

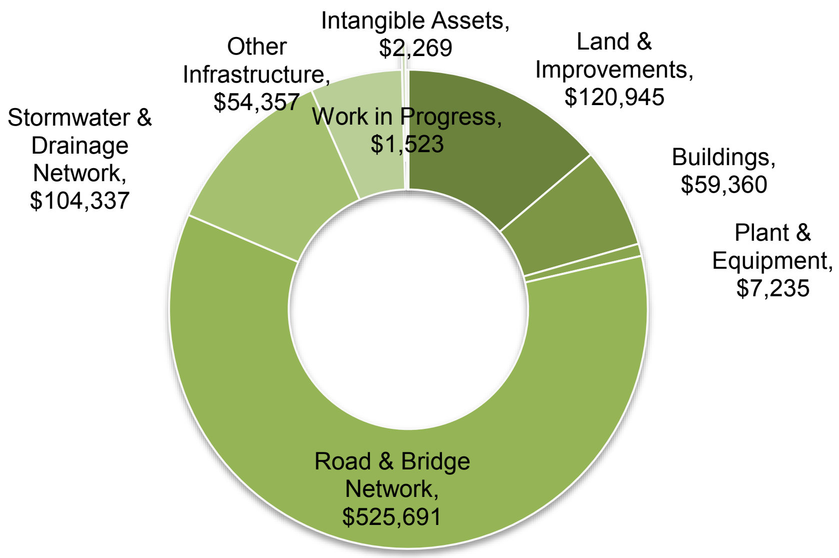
	Transferred Balances ($’000)	Consolidated 2013/14 ($’000)
Assets	1,031,643	1,034,753
Liabilities	59,445	61,253
Community Equity	972,198	973,500

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 2014 were valued at $47.8 million.

Non-Current assets of $986.9 million, includes the value of Council’s investment in Unitywater, plus property, plant and equipment totalling $875.7 million. The property, plant and equipment represents community infrastructure and other operational assets owned and controlled by Council. The main non-current asset categories and their respective written down values are shown in the following figure.

Figure 15 – Non-Current Assets & Community Infrastructure ($,000)



Liabilities – what we owe

Money owed by Council is shown 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.

Council holds a total of $41.2 million in loans with the Queensland Treasury Corporation, with highly competitive interest rates borrowed over a twelve year term. The legislative and policy constraints imposed upon Council for borrowing activities are outlined in the borrowing policy (available on Council's web site).

Council inherited $40 million in loans transferred from Sunshine Coast Regional Council on de-amalgamation, plus $2.3 million in new loans raised by Council during the six month period. The forward budget projections show that inherited debt will be fully paid within 12 years, and there are no significant new borrowings proposed at this stage, though Council has significant capacity to raise new loans for future infrastructure development.

Additional details on Council's debt position and its relationship to other elements of the financial statements are contained in the financial ratio section of this report.

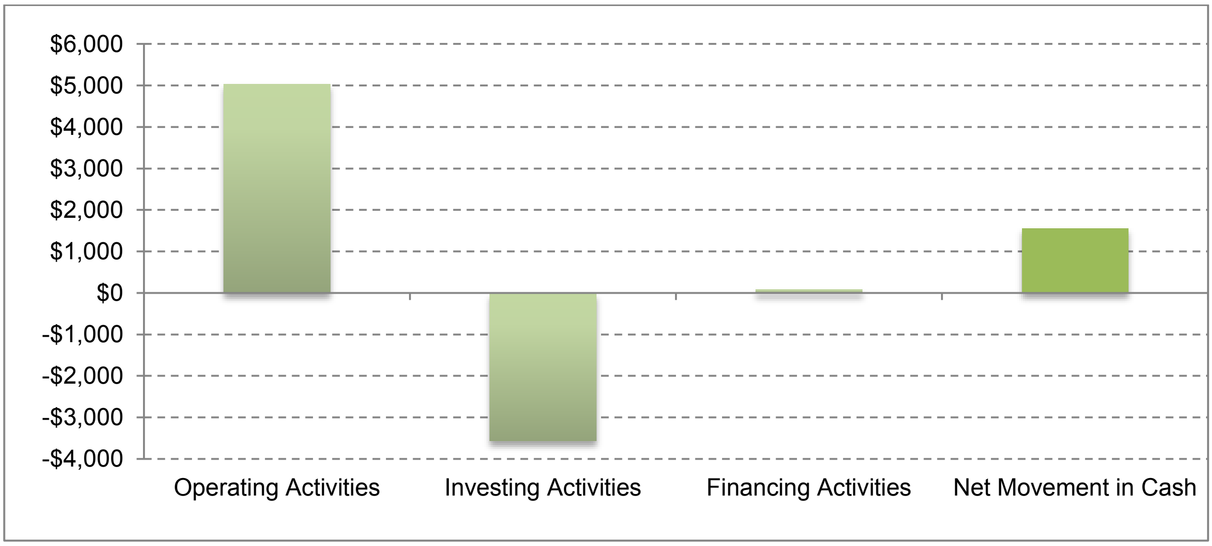
Statement of Changes in Equity

The statement of changes in equity illustrates how the net worth has changed as a result of Council's operations through the period. Council commenced operations in January, and the net assets identified in the statement of financial position equate to the shire equity (retained earnings and shire capital).

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 below (columns above the line represent cash flowing into the organisation, and columns below the line represent cash payments made).

Figure 16 – 6-month net cash flow sources ($'000)



- Operating activities depicts the net of income received from rates, interest, grants, etc. and payments made to suppliers and employees (net increase).
- 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.
- Net Movement in Cash represents the physical movement of cash, with any accounting adjustments and accruals removed. The net movement in cash for the year of $1.56 million represents the net increase in cash on hand, with all significant outlays fully funded within the period.

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 annually by the Queensland Treasury Corporation in assessing the financial sustainability of Council. Noosa Council will undergo a full credit review by the Queensland Treasury Corporation early in 2015.

With the implementation of the LG Regulation, reporting against a number of sustainability ratios was mandated, including target ranges for each measure. Details of these ratios are shown below, including actual results for the reporting period, plus projections over the next 9 years.

Figure 17 – Financial ratios (actual and forecast)

Period Ended Sustainability Ratios	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
Operating Surplus Ratio										
Operating Position	(6.5)%	0.1%	1.8%	2.7%	3.6%	4.5%	5.3%	6.1%	6.9%	7.8%
Local Govt Act upper indicator	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Net Financial Liabilities Ratio										
Net Financial Liabilities Ratio	32.4%	1.4%	(1.0)%	(4.4)%	(10.1)%	(15.7)%	(22.1)%	(29.6)%	(36.9)%	(45.0)%
Local Govt Act upper indicator	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Asset Sustainability Ratio										
Asset Sustainability Ratio	31.9%	100.0%	96.9%	102.9%	99.1%	104.2%	99.2%	99.2%	102.0%	102.7%
Local Govt Act minimum indicator	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Notes:	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.

As indicated above, Council should be aiming to achieve a balanced operating position. The Council operating ratio of -6.49% is skewed by the one off cost of organisational restructure, and if this is excluded from analysis, the ratio would be a positive 4.8%. Many councils across Queensland undertook organisational restructures in 2013/14 to reduce their ongoing cost base and our Council did the same. The ratio provides a baseline for Council against which future performance will be measured.

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 position of 32.43% as at 30 June 2014 represents a strong outcome for Council and indicates an inherent capacity to service higher levels of debt, though additional debt funding has not been included in forward projections.

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 infrastructure assets to hold them in optimal condition. The level of effort in this area is driven by effective asset management plans, and for the first 6 months of operation the focus has been on reviewing operations and establishing systems rather than on undertaking extensive capital works expenditure. The capital works program inherited on 1 January 2014 from the Sunshine Coast Regional Council for the Noosa area did not have sufficient projects focused on the renewal of assets. This has been rectified by our Council when it developed its own capital works program for 2014/15. Forward projections highlight Council's commitment to ensuring appropriate levels of investment in replacing community infrastructure.

Summary

The financial period ended 30 June 2014 represents a solid financial result for Council, and provides a firm foundation for future operations. Ongoing innovation and a commitment to strong financial management will be necessary to ensure this position is maintained into the future.

Appendix 1: Financial Statements 2013/14

NOOSA SHIRE COUNCIL

Financial Statements
For the six months ending 30 June 2014

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NOOSA SHIRE COUNCIL

Statement of Comprehensive Income

For the six months ending 30 June 2014

	Note	Consolidated 2014 $	Council 2014 $
Income			
Revenue			
Recurrent revenue			
Rates and charges	3 (a)	30,470,848	30,470,848
Sale of goods and major services	3 (b)	3,267,009	3,267,009
Fees and charges	3 (c)	2,162,005	2,162,005
Rental and levies	3 (d)	481,667	481,667
Interest received	3 (e)	2,520,125	2,520,125
Sales of contract and recoverable works	3 (f)	76,857	76,857
Other recurrent income	3 (g)	598,920	1,502,935
Grants, subsidies, contributions and donations	4 (i)	1,890,879	1,890,879
Total recurrent revenue		41,468,310	42,372,325
Capital revenue			
Grants, subsidies, contributions and donations	4 (ii)	2,358,968	2,358,968
		2,358,968	2,358,968
Total revenue		43,827,278	44,731,293
Capital income	5	7,228	7,228
Total income before gain on restucture of local government	2	43,834,506	44,738,521
Net gain on restructure of local govenrment	7	972,198,126	972,198,126
Total income	2	1,016,032,632	1,016,936,647
Expenses			
Recurrent expenses			
Employee benefits	8	(18,264,226)	(18,264,226)
Materials and services	9	(16,755,448)	(16,755,448)
Finance costs	10	(1,359,476)	(1,359,476)
Depreciation and amortisation	11	(7,779,655)	(7,779,655)
Total recurrent expenses		(44,158,806)	(44,158,806)
Capital expenses			
Other capital expenses	12	(315,945)	(315,945)
Total expenses		(44,474,751)	(44,474,751)
Equity share of profit (loss) in investment in associate through participation rights		1,942,760	-
Net result		**973,500,642**	**972,461,897**
Total comprehensive income for the period		973,500,642	972,461,897

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

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NOOSA SHIRE COUNCIL

Statement of Financial Position
As at 30 June 2014

	Note	Consolidated 2014 $	Council 2014 $
Current Assets			
Cash assets and cash equivalents	14	28,893,012	28,893,012
Trade and other receivables	15 (a)	18,806,278	18,806,278
Inventories	16	103,425	103,425
		47,802,715	47,802,715
Non-current Assets			
Trade and other receivables	15 (b)	49,217,517	49,217,517
Equity investments	17	62,016,970	60,978,225
Property, plant and equipment	18 (b)	873,447,519	873,447,519
Intangible assets	20	2,268,600	2,268,600
		986,950,606	985,911,861
TOTAL ASSETS		1,034,753,321	1,033,714,576
Current Liabilities			
Trade and other payables	21	6,669,789	6,669,789
Provisions	22	4,358,384	4,358,384
Borrowings	23	2,600,397	2,600,397
Other	24	831,140	831,140
		14,459,710	14,459,710
Non-current Liabilities			
Provisions	22	8,216,341	8,216,341
Borrowings	23	38,576,628	38,576,628
		46,792,969	46,792,969
TOTAL LIABILITIES		61,252,679	61,252,679
NET COMMUNITY ASSETS		**973,500,642**	**972,461,897**
Community Equity			
Retained surplus (deficiency)	25	973,500,642	972,461,897
TOTAL COMMUNITY EQUITY		**973,500,642**	**972,461,897**

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

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NOOSA SHIRE COUNCIL

Statement of Changes in Equity
For the six months ending 30 June 2014

Council	Note	Total	Retained surplus (deficit) Note 25
		2014	2014
		$	$
Balance at beginning of period		-	-
Net result		972,461,897	972,461,897
Total comprehensive income for period		972,461,897	972,461,897
Transfers (to) from retained earnings and capital reserves	25	-	-
		-	-
Balance at end of period		972,461,897	972,461,897

NOOSA SHIRE COUNCIL

Statement of Changes in Equity
For the six months ending 30 June 2014

Consolidated	Note	Total	Retained surplus (deficit) Note 25
		2014	2014
		$	$
Balance at beginning of period		-	-
Net result		973,500,642	973,500,642
Other comprehensive income for the period			
Total comprehensive income		973,500,642	973,500,642
		-	-
Balance at end of period		973,500,642	973,500,642

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

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NOOSA SHIRE COUNCIL

Statement of Cash Flows

For the six months ending 30 June 2014

	Note	Consolidated 2014 $	Council 2014 $
Cash flows from operating activities :			
Receipts			
Receipts from customers		36,376,779	36,376,779
Dividend received		-	-
Operating grants, subsidies and contributions		1,890,879	1,890,879
Income tax equivalent received		494,614	494,614
Interest received		2,520,125	2,520,125
Income from equity investments		904,015	904,015
Payments			
Payments to suppliers and employees		(37,024,927)	(37,024,927)
Interest expense		(130,469)	(130,469)
Net cash inflow (outflow) from operating activities	32	5,031,016	5,031,016
Cash flows from investing activities:			
State Government subsidies & grants		1,058,819	1,058,819
Capital contributions		1,300,149	1,300,149
Inter-entity balance with SCRC		(1,021,691)	(1,021,691)
Payments for property, plant and equipment		(2,740,657)	(2,740,657)
Payments for intangible assets		(2,171,862)	(2,171,862)
Proceeds from sale of property plant and equipment	6	10,155	10,155
Net cash inflow (outflow) from investing activities		(3,565,087)	(3,565,087)
Cash flows from financing activities:			
Cash collected under an service level agreements		101,517	101,517
Proceeds from borrowings	23	2,300,000	2,300,000
Repayment of borrowings	23	(2,308,977)	(2,308,977)
Net cash inflow (outflow) from financing activities		92,540	92,540
Net increase (decrease) in cash and cash equivalents held		1,558,468	1,558,468
Cash and cash equivalents transferred on de-amalgamation from SCRC		27,334,545	27,334,545
Cash and cash equivalents at end of the financial year	14	**28,893,014**	**28,893,014**

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

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1 **Significant accounting policies**

1.1 **Basis of preparation**

These general purpose financial statements are for the period 1 January 2014 to 30 June 2014 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 revaluation of certain non-current assets.

1.2 **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.

1.3 **Basis of consolidation**

(i) Associates

Associates are entities that Noosa Shire Council has significant influence over. Significant influence is the power to participate in the financial, operating and policy decisions but does not constitute control or joint control. Investments in associates are accounted for in the financial statements using the equity method and are carried at the lower of cost and recoverable amount. Under this method, the consolidated entity's share of post acquisition profits and losses of associates is recognised in the Statement of Comprehensive Income and the interest in the equity of the associates is recognised in the Statement of Financial Position. The cumulative post acquisition movements are adjusted against the cost of the investment.

(ii) Other transactions with associates

Dividends

Dividends declared and paid are treated in accordance with the equity basis of accounting set out

Tax Equivalents

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. Tax is payable quarterly based on a percentage of the Unitywater gross revenue.

Participant loans

Participant loans provide for a fixed interest rate with quarterly interest only payments. Interest payments are not eliminated as part of the equity accounting in associates disclosure. The amount of the participant loan remains unchanged.

Council had an interest in one (1) associate during the year being Unitywater and is included in Note 1.17

1.4 **Constitution**

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

1.5 **Date of authorisation**

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

1.6 **Currency**

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

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1.7 **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. However the Application of *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* for the first time this year has resulted in greater disclosures.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.	Effective for annual report periods beginning on are after:
AASB 9 Financial Instruments (December 2009)	1 January 2017
AASB 1055 Budgetary Reporting	1 July 2014
2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)	1 January 2015
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015
AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	1 July 2014

AASB 9 Financial Instruments (effective from 1 January 2015)

AASB 9, which replaces *AASB 139 Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2015 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

As a result, Council will be required to measure its financial assets at fair value.

AASB 12 contains the disclosure requirements for interests in other entities including unconsolidated structured entities. While the Council is yet to complete a review of disclosure, no significant changes are anticipated, based on those presently made.

1.8 **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:

- Valuation and depreciation of property, plant and equipment - note 1.18 and note 19 Fair value measurements
- Impairment of property, plant and equipment - note 1.20 and note 18 (b)
- Provisions - note 1.23 and note 22
- Valuation of finance leases - note 1.21
- Contingent liabilities - note 28

1.9 **Revenue**

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

1.9 (a) **Rates and levies**

Where rate 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.

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1.9 (b) **Grants and subsidies**

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

1.9 (c) **Non-cash contributions**

Non-cash contributions including physical assets, in excess of $5,000 in value are recognised as revenue and as non-current assets. Non-cash contributions below $5,000 are recorded as revenue and expenses.

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

1.9 (d) **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.

1.9 (e) **Rental income**

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

1.9 (f) **Interest and dividends**

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

1.9 (g) **Sales revenue**

Sale of goods is recognised when the the significant risks and rewards of ownership are transferred to the buyer, generally when the customer has taken undisputed delivery of the goods.
The council generates revenues from a number of services. Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. Contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity.Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

1.9 (h) **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.

1.10 **Financial assets and 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 1.11)
Receivables - measured at amortised cost less any impairment (note 1.12)
Other financial assets (finance leases) - measured at fair value (note 1.21)

Financial liabilities
Payables - measured at amortised cost (note 1.22)
Borrowings - measured at amortised cost (note 1.24)

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 33.

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1.11 **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 and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.12 **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. 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.

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

1.13 **Inventories**

Stores and raw materials held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution (internal consumption) are:
- goods to be supplied at no, or nominal, charge, and
- goods to be used for the provision of services at no, or nominal, charge.

Inventory for distribution is valued at cost, adjusted when applicable for any loss of service potential.

Land acquired by Council with the intention of reselling it (with or without further development) is classified as inventory. This land is valued at the lower of cost or net realisable value. As an inventory item, this land held for resale is treated as a current asset. Proceeds from the sale of this land will be recognised as sales revenue on the signing of a valid unconditional contract of sale.

1.14 **Other financial assets**

Other financial assets are recognised at cost.

1.15 **Non current assets held for sale**

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

1.16 **Investments**

Term deposits in excess of three months are reported as investments, with deposits of less than three months being reported as cash equivalents.

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1.17 **Investment in associate**

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 the now de-amalgamated Noosa Shire Council.

Under the Act, governannce 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 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 and are disclosed in Note 17.

Associates are entities over which Noosa Shire Council exerts significant influence. Significant influence is the power to particpate in the financial and operating policy decisions but is not control or joint control. Council has determined that Unitywater is an associate for accounting disclosure purposes.

Investments in associates are accounted for in the financial statements using the equity method and are carried the lower of cost and recoverable amount. Under this method, the entity's share of post acquisition profits or losses of associates is recognised in the Statement of Comprehensive Income and the interest in the equity of the associate is recognised in the Statement of Financial Position. The cumulative post-acquisition movements, being the share of profits less dividends received and accrued, are adjusted against the cost of the investment.

1.18 **Property, plant and equipment**

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, except for land and network assets (which have a recognition threshold of $1), are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

The classes of property plant and equipment recognised by the council are reported in note 18 (b).

(a) **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. Assets transferred from Sunshine Coast Regional Council (SCRC) have been initially recognised at their fair value in the SCRC books immediately before the transfer. These were subsequently revalued in accordance with Note 1.18 (c).

(b) **Capital and operating expenditure**

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity 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.

(c) **Valuation**

Land, buildings, infrastructure and heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with *AASB116 Property, Plant and Equipment and AASB 13 Fair Value Measurement*. The fair values mean the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every 3 years. This process involves the valuer physically sighting a representative sample of Council assets across all asset classes and making their own assessments of the condition of the assets at the date of inspection.

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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.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

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

(d) **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.

(e) **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.

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

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

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

Details of the range of estimated useful lives for each class of asset are shown in note 18 (b).

(f) **Land under roads**

Land under roads acquired before 30 June 2008 is recognised as a non-current asset where the Council holds title or a financial lease over the asset. The Noosa Shire Council currently does not have any such land holdings.

Land under the road network within the Council area that has been dedicated and opened for public use under the *Land Act 1994* or the *Land Title Act 1994* is not controlled by council but is controlled by the state pursuant to the relevant legislation. Therefore this land is not recognised in these financial statements.

1.19 **Intangible Assets**

Intangible assets with a cost or other value exceeding $5,000 are recognised as intangible assets in the financial statements, items with a lesser value being expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

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

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Amortisation methods, estimated useful lives and residual values are reviewed at the end of each reporting period and adjusted where appropriate. Details of the estimated useful lives assigned to each class of intangible assets are shown in note 20.

1. 20 Impairment of non current assets

Each non-current physical and intangible asset and group of assets is assessed for indicators of impairment annually. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation surplus increase.

1. 21 Leases

Leases of plant and equipment under which the Council as lessee/lessor assumes/transfers substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.
The council has no finance leases.

Operating leases

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

1. 22 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.

1. 23 Liabilities - employee benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date.

(a) **Salaries and wages**

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability represents an accrued expense and is included in note 21 as a payable.

(b) **Annual leave**

A liability for annual leave is recognised. As Council does not have an unconditional right to defer settlement of the annual leave beyond the 12 months after the reporting date, annual leave is classified as current, and calculated based on projected future wage and salary levels and related employee on-costs, and discounted to present values. This is currently disclosed in Note 21 as a payable.

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(c) **Sick leave**
Sick leave taken in the future will be met by future entitlements and hence no recognition of accrued sick leave entitlements have been made in these financial statements. No entitlement vests with the employee on termination.

(d) **Superannuation**
The superannuation expense for the reporting period is the amount of the contribution the Council makes to the superannuation plan which provides benefits to its employees.
Details of those arrangements are set out in note 29.

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

This liability is reported in note 22 as a provision.

1.24 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.

In accordance with the *Local Government Regulation 2012* Council adopts an annual debt policy that sets out Council's planned borrowings for the next nine years. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times. Council has also established a working capital loan facility to fund de-amalgamation expenditure incurred before 31 December 2013. This facility will be fiully paid by 30 June 2015.

All borrowing costs are expensed in the period in which they are incurred. No borrowing costs are capitalised on qualifying assets.
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.

1.25 Restoration provision

A provision is made for the cost of rehabiliation 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.

Council has the following restoration provisions:

(a) **Landfill sites**
The provision represents the present value of the anticipated future costs associated with the closure of the Eumundi Rd landfill site, 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 site 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 2054 and that site restoration will occur progressively over the subsequent thirty years.

(b) **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.

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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.

1. 26 Asset revaluation surplus

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

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

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

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

1. 27 Retained surplus (deficit)

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs.

1. 28 National competition policy

The Council has reviewed its activities and has identified 2 activities that are business activities. Details of these activities can be found in note 34.

1. 29 Rounding and comparatives

The financial statements have been rounded to the nearest $1.

1. 30 Trust funds held for outside parties

Funds held in the trust account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the trust account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

1. 31 Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the Australian Taxation Office (ATO) or payable to the ATO is shown as an asset or liability respectively. The Council pays payroll tax to the Queensland Government on certain activities. Unitywater pays Council an income tax equivalent in accordance with the requirements of the *Local Government Act 2009*. Where the activity of such an entity is subject to the tax equivalents regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

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2 (a) Components of council functions

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

CEO
Comprises the office of the CEO and Council's internal audit function.

Community Services

Comprises community development, community facilities, disaster management, environmental health, libraries and galleries, public order, sport and recreation, and waste management.

Planning and Infrastructure

Comprises building and plumbing assessment and services, development assessment and planning, environmental policy and operations, strategic land use planning, asset design, asset planning, civil works and maintenance, parks and gardens and natural areas.

Executive Office

Comprises community engagement, customer service, economic development, executive support, governance, and internal human resources.

Corporate Services

Comprises Council financial services, information communication technology services, procurement and fleet, property and facilities, and revenue services.

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NOOSA SHIRE COUNCIL

Notes to the financial statements

For the six months ending 30 June 2014

2 Analysis of results by function

(b) Revenue before gain on restructure, expenses and assets have been attributed to the following functions :

Functions	Income		Total	Total	Net	Assets
	Grants	Other	income	expenses	result for period	
	2014 $	2014 $	2014 $	2014 $	2014 $	2014 $
CEO	-	12,000	12,000	293,008	(281,008)	-
Community Services	1,301,192	8,024,065	9,325,257	11,303,403	(1,978,146)	518,280
Planning and Infrastructure	1,038,819	2,748,611	3,787,430	16,272,444	(12,485,014)	75,016
Executive Office	-	2,194,964	2,194,964	2,864,360	(669,396)	10,436
Corporate Services	589,024	28,829,846	29,418,870	13,741,535	15,677,335	1,033,110,845
Total Council	2,929,035	41,809,486	44,738,521	44,474,750	263,771	1,033,714,576
Controlled entity net of eliminations	-	1,038,745	1,038,745	-	1,038,745	1,038,745
Total	2,929,035	42,848,231	45,777,266	44,474,750	1,302,516	1,034,753,321

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		Note	Consolidated 2014	Council 2014
			$	$
3	**Revenue analysis**			
(a)	**Rates and charges**	1.9(a)		
	General rates		23,340,488	23,340,488
	Separate rates		2,527,651	2,527,651
	Special rates		839,351	839,351
	Waste utility charges		5,015,495	5,015,495
	Rates and utility charge revenue		31,722,985	31,722,985
	Less: Discounts		(889,269)	(889,269)
	Less: Pensioner remissions		(362,869)	(362,869)
	Net rates and utility charges		30,470,848	30,470,848
(b)	**Sale of goods and major services**			
	Sale of recyclables		283,825	283,825
	Refuse tips and transfer station charges		836,367	836,367
	Venue hire		191,774	191,774
	Retail shop sales		64,115	64,115
	Holiday parks fees and charges		1,315,057	1,315,057
	Learn to swim		250,150	250,150
	Admission fees		325,722	325,722
			3,267,009	3,267,009
(c)	**Fees and charges**			
	Building and development fees		924,707	924,707
	Permits and licences		96,365	96,365
	Fines and penalties		46,289	46,289
	Registration fees		11,331	11,331
	Parking penalties		215,726	215,726
	Other statutory fees		205,896	205,896
	User fees and charges		661,691	661,691
			2,162,005	2,162,005
(d)	**Rental and levies**			
	Other property lease income		481,667	481,667
			481,667	481,667
(e)	**Interest received**			
	Investments		958,097	958,097
	Loan to Unitywater		1,323,951	1,323,951
	Over due rates and utility charges		238,077	238,077
			2,520,125	2,520,125
(f)	**Sales of contract and recoverable works**			
	Revenue		76,857	76,857
			76,857	76,857

The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period.
There are no contracts in progress at the period end.
The contract work carried out is not subject to retentions.

		Consolidated 2014	Council 2014
(g)	**Other recurrent income**		
	Unitywater income tax equivalent received	494,614	494,614
	Unitywater dividend received	-	904,015
	Other income	104,306	104,306
		598,920	1,502,935

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	Note	Consolidated 2014 $	Council 2014 $
4 Grants, subsidies, contributions and donations	1.9(b)		
(i) Recurrent - grants, subsidies, contributions and donations are analysed as follows:			
General purpose grants		585,331	585,331
Commonwealth subsidies and grants		899,430	899,430
State Government subsidies & grants		385,455	385,455
Donations		20,663	20,663
Total recurrent revenue		1,890,879	1,890,879
(ii) Capital - grants, subsidies, and contributions are analysed as follows:			
Monetary revenue constrained for capital purposes:			
State Government subsidies & grants		251,000	251,000
NDRRA flood grants		807,819	807,819
Contributions		1,300,149	1,300,149
Total capital revenue		2,358,968	2,358,968
5 Capital income			
Gain on the sale of capital assets	6	7,228	7,228
		7,228	7,228
6 Gain (loss) on the disposal of capital assets			
Proceeds from the sale of plant and equipment		10,155	10,155
Less: Book value of plant and equipment sold		(2,927)	(2,927)
		7,228	7,228
Total gain (loss) on the disposal of capital assets	5	7,228	7,228
7 Gain on restructure of local government			
(a) Net result attributable to Council before net assets transferred from de-amalgamated Council			
Net result attributable to Council		973,500,642	972,461,897
Less:			
Net gain on restructure of local government	7 (b)	972,198,126	972,198,126
Net result before gain on restructure of local government		1,302,516	263,771
(b) Adjustments due to accounting policy alignment			
Total assets and liabilities transferred to Noosa Council		1,039,086,966	1,039,086,966
Opening balance adjustments by Noosa Council		(66,888,840)	(66,888,840)
		972,198,126	972,198,126

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7 (c) Net gain on assets transferred from deamalgamated council

On the 11th April 2013 legislation was enacted to separate the former Noosa Shire Council from the Sunshine Coast Regional Council (SCRC). Noosa Council has 'been established with its former boundaries and includes an area of approximately 869 square kilometeres and a population of 51,962. (2006 census).

In accordance with *AASB 3 Business Combinations*, the net amount of all assets and liabilities transferred from Sunshine Coast Regional Council has been recognised as a gain on the restructure of local government.

In some cases, adjustments have been made as a result of changes to accounting policy and the measurement of assets and liabilities signed off by the Transfer Committee.

Details are as follows:

	Note	Book value transferred from SCRC $	Adjustments by Noosa Shire Council	Net Gain on restructure of local government
Assets				
Current assets				
Cash and cash equivalents		39,044,123	-	39,044,123
Trade receivables	(a)	3,390,546	1,135	3,391,681
Inventory		109,115	-	109,115
		42,543,784	1,135	42,544,919
Non-current assets				
Receivables	(b)	49,233,190	(15,673)	49,217,517
Participation rights - Unitywater	(b)	60,997,643	(19,418)	60,978,225
Property, plant and equipment	(c)	940,218,634	(61,434,755)	878,783,879
Intangible assets		118,247	-	118,247
		1,050,567,714	(61,469,846)	989,097,868
Total assets		1,093,111,498	(61,468,711)	1,031,642,787
Liabilities				
Current liabilities				
Trade payables		3,001,192	-	3,001,192
Provisions		5,751,090	-	5,751,090
Other	(d)	576,052	69,168	645,220
		9,328,334	69,168	9,397,502
Non-current liabilities				
Borrowings		40,048,048		40,048,048
Provisions	(e)	4,648,150	3,120,919	7,769,069
		44,696,198	3,120,919	47,817,117
Total liabilities		54,024,532	3,190,087	57,214,619
De-amalalgamation expenses capitalised	(f)	-	2,230,042	2,230,042
Net gain on restructure of local government		1,039,086,966	(66,888,840)	972,198,126

Details of adjustments to opening balances

(a) **Details of adjustments to opening balances for receivables**

Trade and other receivables	1,135
Total adjustment	1,135

An adjustment was made to the opening balance for Regulatory Management receivables to align the migrated data with balances transferred.

(b) **Detail of adjustments to opening balances for investment in associate**

Unitywater loan receivable	(15,673)
Unitywater participation rights	(19,418)
Total adjustment	(35,091)

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Opening balance adjustments were required as the amounts approved via the transfer committee varied to the formal subordinate debt and participation agreements.

(c) **Detail of adjustments to opening balances for property, plant and equipment**

Correction to opening balances due to asset register irregularities	
Operating expenditure contained within work in progress	(2,241,057)
Assets not previously recognised	212,365
Assets previously recognised incorrectly	(3,200,292)
Revaluation of assets to fair value	
Revaluation adjustment to asset values	107,747,005
Revaluation adjustment to accumulated depreciation	(163,952,776)
Total adjustments to property, plant and equipment	(61,434,755)

As part of the due diligence process involved in the transfer of assets, a reconcilation process was undertaken between the migrated source data and the balance signed off by the transfer committee. This reconciliation identified a number of asset records that had either been incorrectly recognised or physically disposed of and not reflected in the asset system.

Normal business processes were undertaken to capitalise completed projects and to remove expenditure that did not comply with asset recognition critieria and thresholds.

The process also encompassed identification of disposals and write offs of assets invloved in the capitalisation of completed assets.

As part of the de-amalgamation process a revaluation of the major asset classes transferred from Sunshine Coast Regional Council was undertaken to ensure fair value is recognised.

The fair values disclosed through the revaluation process represent the true value of the of the assets transferred as at 1 January 2014 and an adjustment has been made to the opening balances for property, plant and equipment to recognise this change.

(d) **Detail of opening balance adjustment for Other Liabilities**

Other liabillities	69,168
Total adjustment	69,168

Opening balance adjustments were required as the amounts approved via the transfer committee varied to the susbsidiary systems migrated. The scope of adjustments encompassed Cemetery Registers and Caravan Parks unearned revenue.

(e) **Detail of opening balance adjustment for landfill rehabilitation provision**

Restatement of landfill rehabilitation provision	3,120,919
Total adjustment	3,120,919

Adjustments were made to the opening balance of the landfill rehabilitation provision after a formal review by external consultants ATC Williams was undertaken.

The review faciliated a more accurate estimate of the Eumundi Road landfill's current cells used and unused capacity and expected future capping outlay's as at 1 January 2014.

(f) **Detail of opening balance adjustment for working capital loan**

Value of QTC de-amalgamation loan capital facility transferred	2,230,042
Total adjustment	2,230,042

As Sunshine Coast Regional Council had removed the impact of the de-amalgamation costs from their statements prepared as at 31 December 2013 there is a requirement that the opening balances for the Noosa Council be adjusted to recognise the Queensland Treasury Corporation working capital facility.

This adjustment represents the operational de-amalgamation expenditures incurred by Sunshine Coast Regional Council to 31 December 2013 and have been absorbed against the reported gain on restructure of local government.

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	Note	Consolidated 2014 $	Council 2014 $
8 Employee benefits			
Recurrent			
Total staff wages and salaries		10,327,289	10,327,289
Councillors' remuneration		239,088	239,088
Annual, sick and long service leave entitlements		1,722,269	1,722,269
Superannuation	29	1,305,459	1,305,459
		13,594,105	13,594,105
Other employee related expenses		304,129	304,129
		13,898,234	13,898,234
Less : Capitalised employee expenses		(461,711)	(461,711)
		13,436,523	13,436,523
Non- recurring			
Staff redundancies		4,787,416	4,787,416
		4,787,416	4,787,416
Other employee related expenses		40,287	40,287
		4,827,703	4,827,703
		18,264,226	18,264,226

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

	2014	2014
Total Council employees at June 2014:		
Elected members	7	7
Administration staff	234	234
Depot and outdoors staff	95	95
Total full time equivalent employees	336	336

	Consolidated 2014 $	Council 2014 $
9 Materials and services		
Audit services	90,000	90,000
Administration Supplies and Consumables	378,821	378,821
Legal expenses	744,335	744,335
Insurance	29,635	29,635
Communications and IT	336,586	336,586
Consultancy Services	201,954	201,954
Contract Services	9,060,491	9,060,491
Donations and Prizes	1,291,063	1,291,063
Electricity	884,462	884,462
Grants Paid to Community Organisations	34,340	34,340
Software and Maintenance	306,483	306,483
Commission Paid	246,839	246,839
Water and Sewerage Costs	341,748	341,748
Fleet Operating Costs	734,411	734,411
Other Materials and Services	1,600,489	1,600,489
Rentals - Operating leases	518,509	518,509
Less Capitalised Internal Expenses	(44,719)	(44,719)
	16,755,448	16,755,448
10 Finance costs		
Finance costs charged by the Queensland Treasury Corporation	1,268,423	1,268,423
Bank charges	89,013	89,013
Impairment of receivables and bad debts written off	909	909
Other finance costs	1,131	1,131
	1,359,476	1,359,476

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Notes to the financial statements
For the six months ending 30 June 2014

		Note	Consolidated 2014 $	Council 2014 $
11	**Depreciation and amortisation**	1.18(e)		
	(a) Depreciation of non-current assets			
	Buildings		749,306	749,306
	Plant and Equipment		244,723	244,723
	Road and Bridge Network		4,462,163	4,462,163
	Storm Water		911,182	911,182
	Other Infrastructure Assets		1,390,772	1,390,772
			7,758,146	7,758,146
	(b) Amortisation of other intangible assets			
	Computer Software		21,509	21,509
			21,509	21,509
	Total depreciation and amortisation		7,779,655	7,779,655
12	**Capital expenses**			
	Loss on write-off of capital assets	13	315,945	315,945
	Total capital expenses		315,945	315,945
13	**Loss on write-off of capital assets are as follows:**			
	Plant and Equipment		6,421	6,421
	Road and Bridge Network		209,094	209,094
	Storm Water		16,059	16,059
	Other Infrastructure Assets		84,371	84,371
		12	315,945	315,945
14	**Cash assets and cash equivalents**	1.11		
	Cash at bank and on hand		77,994	77,994
	Deposits at call		31,045,060	31,045,060
	Less QTC working capital loan facility		(2,230,042)	(2,230,042)
	Total cash and cash equivalents per cash flow statement		28,893,012	28,893,012

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

	Consolidated 2014 $	Council 2014 $
Externally imposed expenditure restrictions at the reporting date relate to the following assets:		
Unspent loan monies	128,138	128,138
Unspent government grants and subsidies	38,926	38,926
Internally imposed expenditure restrictions at the reporting date relate to the following assets:		
Future capital works	3,037,105	3,037,105
Future asset replacement	573,182	573,182
Future constrained works	7,596,659	7,596,659
Future recurrent expenditure	9,259,193	9,259,193
Total unspent restricted cash held in reserves	20,633,203	20,633,203

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 fixed interest over varying terms at interest rates of between 2.95% and 3.35%.

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NOOSA SHIRE COUNCIL

Notes to the financial statements
For the six months ending 30 June 2014

	Note	Consolidated 2014 $	Council 2014 $
15 Trade and other receivables	1.12		
(a) Current			
Rateable revenue and utility charges		4,159,585	4,159,585
Fees and charges		1,016,774	1,016,774
GST recoverable		339,407	339,407
Other debtors		-	-
Inter-entity balance with SCRC		10,501,227	10,501,227
		16,016,993	16,016,993
Prepayments		411,901	411,901
Accrued Revenue		2,377,385	2,377,385
		18,806,279	18,806,279
(b) Non-current			
Loans and advances to associates	1.16	49,217,517	49,217,517
		49,217,517	49,217,517

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

	Note	Consolidated 2014 $	Council 2014 $
16 Inventories	1.13		
Current			
Inventories for internal use:			
Stores and materials		63,875	63,875
Cultural and Recreational Facilities		39,550	39,550
		103,425	103,425

Valued at cost, adjusted when applicable for any loss of service potential.

	Note	Consolidated 2014 $	Council 2014 $
17 Equity investments			
Investment in associate through participation rights		62,016,970	60,978,225
		62,016,970	60,978,225

Reconciliation of the carrying amount at the beginning and end of the current and previous period is set out below:

	Note	Consolidated 2014 $	Council 2014 $
Investment in associate through participation rights			
Equity investment in associate - Unity Water transferred from SCRC		60,997,643	60,997,643
Recognition of equity share of profit (loss) in the result for the period		1,942,760	-
Less distributions paid/payable to Council		(904,015)	-
Accounting adjustment on de-amalgamation	7(c)	(19,418)	(19,418)
Fair value at end of financial year		62,016,970	60,978,225

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Notes to the financial statements

For the six months ending 30 June 2014

18 Council property, plant and equipment

	Note	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	Works in progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Cost	
		2014	2014	2014	2014	2014	2014	2014	2014
Asset Values		$	$	$	$	$	$	$	$
Assets transferred from de-amalgamated council		159,859,939	60,480,551	7,397,557	550,252,152	104,064,222	54,709,289	3,454,924	940,218,634
Valuation adjustment on de-amalgamation	7(c)	(38,979,941)	14,015,208	-	64,818,214	43,680,543	21,284,899	(2,241,057)	102,577,950
Additions at cost		59,389	50,201	83,376	587,305	72,083	1,503,739	384,564	2,740,657
Internal transfers from work in progress		5,679	-	8,121	14,973	46,924	-	(75,698)	-
Disposals	6	-	-	(3,003)	-	-	-		(3,003)
Write-offs	12	-	-	(7,966)	(300,937)	(27,804)	(118,131)	-	(454,838)
Closing gross value as at 30 June 2014		120,945,066	74,545,960	7,478,085	615,371,708	147,835,968	77,379,795	1,522,733	1,045,079,399
Accumulated depreciation and impairment									
Opening balance as at 1 July 2013		-	-	-	-	-	-		-
Valuation adjustment on de-amalgamation	7(c)		14,436,757	-	85,310,404	42,599,233	21,666,226		164,012,705
Depreciation provided in period	11		749,306	244,723	4,462,163	911,182	1,390,772		7,758,146
Depreciation on disposals	6		-	(76)	-	-	-		(76)
Depreciation on write-offs	12		-	(1,545)	(91,843)	(11,745)	(33,761)		(138,894)
Accumulated depreciation as at 30 June 2014		-	15,186,063	243,102	89,680,724	43,498,670	23,023,238		171,631,881
Total written down value as at 30 June 2014		120,945,066	59,359,897	7,234,983	525,690,984	104,337,298	54,356,557	1,522,733	873,447,519
Range of estimated useful life in years		Not depreciated	30 - 100	3 - 20	10 - 120	80	12 - 100		
Addition of renewal assets		-	-	-	489,322	72,083	1,499,919	409,810	2,471,134
Addition of other assets		59,389	50,201	83,376	97,983	-	3,820	1,188,621	1,483,390
Total additions in period		59,389	50,201	83,376	587,305	72,083	1,503,739	1,598,431	3,954,524

* ARS denotes - Asset Revaluation Surplus

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18 Consolidated property, plant and equipment

	Note	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	Works in progress	Total
Basis of measurement		Valuation	Valuation	Cost	Valuation	Valuation	Valuation	Cost	
		2014	2014	2014	2014	2014	2014	2014	2014
Asset Values		$	$	$	$	$	$	$	$
Assets transferred from de-amalgamated council		159,859,939	60,480,551	7,397,557	550,252,152	104,064,222	54,709,289	3,454,924	940,218,634
Valuation adjustment on de-amalgamation	7(c)	(38,979,941)	14,015,208	-	64,818,214	43,680,543	21,284,899	(2,241,057)	102,577,950
Additions at cost		59,389	50,201	83,376	587,305	72,083	1,503,739	384,564	2,740,657
Internal transfers from work in progress		5,679	-	8,121	14,973	46,924	-	(75,698)	-
Disposals	6	-	-	(3,003)	-	-	-		(3,003)
Write-offs	12	-	-	(7,966)	(300,937)	(27,804)	(118,131)	-	(454,838)
Closing gross value as at 30 June 2014		120,945,066	74,545,960	7,478,085	615,371,708	147,835,968	77,379,795	1,522,733	1,045,079,399
Accumulated depreciation and impairment									
Opening balance as at 1 July 2013		-	-	-	-	-	-		-
Valuation adjustment on de-amalgamation	7(c)		14,436,757	-	85,310,404	42,599,233	21,666,226		164,012,705
Depreciation provided in period	11		749,306	244,723	4,462,163	911,182	1,390,772		7,758,146
Depreciation on disposals	6		-	(76)	-	-	-		(76)
Depreciation on write-offs	12		-	(1,545)	(91,843)	(11,745)	(33,761)		(138,894)
Accumulated depreciation as at 30 June 2014		-	15,186,063	243,102	89,680,724	43,498,670	23,023,238		171,631,881
Total written down value as at 30 June 2014		120,945,066	59,359,897	7,234,983	525,690,984	104,337,298	54,356,557	1,522,733	873,447,519
Range of estimated useful life in years		Not depreciated	30 - 100	3 - 20	10 - 120	80	12 - 100		
Addition of renewal assets		-	-	-	489,322	72,083	1,499,919	409,810	2,471,134
Addition of other assets		59,389	50,201	83,376	97,983	-	3,820	1,188,621	1,483,390
Total additions in period		59,389	50,201	83,376	587,305	72,083	1,503,739	1,598,431	3,954,524

* ARS denotes - Asset Revaluation Surplus

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19 Fair value measurements

(i) Recognised fair value measurements

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

Property, plant and equipment
- 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 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 23 is provided by the Queensland Treasury Corporation.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).
A description of the valuation techniques and the inputs used to determine the fair value of this land is included below under the heading "Land (level 2)".
In accordance with *AASB 13* fair value measurements are categorised on the following basis:
- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

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 following table categorises fair value measurements as either level 2 or level 3 in accordance with *AASB 13*. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of *AASB 13 Fair Value Measurement.*

	Note	Level 2	Level 3	Total
		(Significant other observable inputs)	(Significant unobservable	
		2014	2014	2014
		$	$	$
Recurring fair value measurements				
Property, plant and equipment	18			
- Land		120,945,066	-	120,945,066
- Buildings			59,359,897	59,359,897
- Road and Bridge Network		-	525,690,984	525,690,984
- Storm Water		-	104,337,298	104,337,298
- Other Infrastructure Assets		-	54,356,557	54,356,557
		120,945,066	743,744,736	864,689,802

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.
Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.

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(ii) Valuation techniques used to derive fair values for level 2 and level 3 valuations

Council adopted *AASB13 Fair Value Measurement* this financial year and has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

Specific valuation techniques used to value Council assets comprise:

Property, plant and equipment

Land (level 2)

Land fair values were determined by an independent valuer, AssetVal Pty Ltd effective 1 January 2014. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Buildings (level 3)

A review of the fair value of buildings was undertaken effective 1 January 2014 using the non residential cost of construction index rates. The index showed an decrease of -0.697% since 30 June 2013. This index was used to determine the fair-value of the buildings as at 1 January 2014

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, the residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

The last comprehensive revaluation of Buildings was completed by Australian Pacific Valuers under the auspices of Sunshine Coast Regional Council as at 30 June 2012.

A review of market data obtained from the Australian Bureau of Statistics, Non residential cost of Construction Queensland Index rates for the period 1 January 2014 to 30 June 2014 shows no significant material changes and therefore the values are considered still at fair value.

Infrastructure assets (level 3)

All Council infrastructure assets were fair valued using written down current replacement cost (CRC). This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

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

Specific valuation techniques used to value Council infrastructure assets comprise:

1(a) Road and Bridge Network - calculation of current replacement cost

<u>Roads</u>

Current replacement cost:
Roads Infrastructure fair values were determined by an independent valuer, Aurecon Australia Pty Ltd effective 1 January 2014. The valuation technique used to determine fair value is essentially based on price modelling of the fair value through 'Level 3' unobservable inputs.

Assets have been valued on the basis of fair value in accordance with the requirements of applicable Australian Accounting Standards, in particular *AASB 116 "Property, Plant & Equipment and AASB 13 'Fair Value Measurement.*

The fair-value unit rate was determined using the prevailing market cost for supply and installation of similar assets or their modern equivalent. 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 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

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19 Fair value measurements - continued

In most cases the movement in base unit rates has been modest although there have been some larger increases due to increased material supply costs and plant hire rates.

A review of the Australian Bureau of Statistics Queensland Roads, and Bridges Indices for the period 1 January to 30 June 2014 shows no significant material changes and therefore the values are considered still at fair value

Accumulated depreciation:
In determining the level of accumulated depreciation, roads were disaggregated into significant components which exhibited different useful lives.

Estimated useful lives are disclosed in note 18.

Bridges

Current replacement cost:
A full valuation of bridges assets was undertaken by independent valuers, Aurecon Australia Pty Ltd effective 1 January 2014. All bridges, with exception to 3 major bridges, were valued based on unit rates developed according to varying material types used for construction, the deck area, size and length. Construction estimates were determined on a similar basis to roads. Significant bridge structures were individually assessed by Aurecon Australia Pty Ltd.

A review of the Australian Bureau of Statistics Queensland Roads, and Bridges Indices for the period 1 January 2014 to 30 June 2014 shows no significant material changes and therefore the values are considered still at fair value.

Accumulated depreciation:
In determining the level of accumulated depreciation, bridges were disaggregated into significant construction materials which exhibited different useful lives
Estimated useful lives are disclosed in note 18.

Stormwater

Current replacement cost:
The fair value of stormwater assets was determined by reference to the Australian Bureau of Statistics Road and Bridge Construction Qld December 2013 quarter which reflected an increment of 1.921%

Where Stormwater assets are located underground and physical inspection is not possible, the age, size and type of construction material, together with current and planned maintenance records are used to determine the fair value at reporting date. Council uses both location and depth adjustment factors in its calculation of fair value as presented in the table below.

Adjustment Factors	
Location	**Depth**
Rural	< 1.5m
Urban	1.5m to 2.5m
Industrial/Commercial	2.5m to 3.5m
	3.5m to 4.5m
	> 4.5m

The last comprehensive revaluation of Stormwater was completed by Aurecon Australia Pty Ltd under the auspices of Sunshine Coast Regional Council as at 30 June 2012.

Accumulated depreciation:
In determining the level of accumulated depreciation, Stormwater assets were disaggregated into significant components which exhibited different useful lives.

Estimates of expired service potential and remaining useful lives were determined on a straight line basis based on industry standard practices and past experience, supported by maintenance programs.

Estimated useful lives are disclosed in note 18.

A review of the Australian Bureau of Statistics Queensland Roads, and Bridges Indices for the period 1 January 2014 to 30 June 2014 shows no significant material changes and therefore the values are considered still at fair value

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19 Fair value measurements - continued

1(b) Roads, Stormwater and Bridge network – Sensitivity of valuation to unobservable inputs

As detailed above Council's roads, drainage and bridge network has been valued using written down current replacement cost. This method utilises a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made with the greatest care, and based upon years of experience, different judgements could result in a different valuation. The table below summarises the effect that changes in the most significant unobservable inputs would have on the valuation:

Significant unobservable input	Range of inputs	Relationship of unobservable inputs to fair value
Number of Labour hours	5-100hrs/linear metre or sqm	The higher the labour hours, the higher the fair value
Standard material usage quantities	Varies depending upon the type of material	The higher the usage quantities, the higher the fair value
Remaining useful life	10-120 years	The longer the remaining useful life, the higher the fair value.

2(a) Stormwater and Other Infrastructure – Calculation of written down current replacement cost

The fair value of other infrastructure was determined by reference to the non-residential cost of construction index rates effective 1 January 2014. Where there is a market for Council's other infrastructure assets, fair value has been derived from the sales prices of comparable assets.

Accumulated depreciation:
In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

(iii) Changes in Fair Value Measurements using significant unobservable inputs (level 3)

There have been no transfers between level 1,2 or 3 measurements during the year.

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		Note	Consolidated 2014 $	Council 2014 $
20	**Intangible assets**			
	Net carrying value at period end:			
	Computer Software		2,268,600	2,268,600
			2,268,600	2,268,600
	Computer Software			
	Acquired at cost		2,171,862	2,171,862
	Assets transferred from de-amalgamated Council		118,247	118,247
			2,290,109	2,290,109
	Accumulated amortisation			
	Amortisation in the period		21,509	21,509
			21,509	21,509
	Net carrying value at end of the financial year		2,268,600	2,268,600

Straight line amortisation has been used with no residual value.
Software has a useful life estimated at ten years.

		Note	Consolidated 2014 $	Council 2014 $
21	**Trade and other payables**			
	Current			
	Accruals		2,054,226	2,054,226
	Creditors		1,185,975	1,185,975
	Employee related accruals		835,081	835,081
	Annual leave	1.23(b)	2,484,788	2,484,788
	Other entitlements		109,720	109,720
			6,669,789	6,669,789

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.

		Note	Consolidated 2014 $	Council 2014 $
22	**Provisions**			
	Current			
	Long service leave	1.23(e)	4,358,384	4,358,384
			4,358,384	4,358,384
	Non-Current			
	Long service leave	1.23(e)	447,272	447,272
	Property restoration:			
	(i) Landfill sites		7,719,069	7,719,069
	(ii) Quarry sites		50,000	50,000
			8,216,341	8,216,341
	Details of movements in provisions:			
	Long service leave			
	Balance at the beginning of financial year		-	-
	Transferred from de-amalgamated council		5,751,090	5,751,090
	Amount provided for in the period		258,040	258,040
	Amount paid in the period		(1,203,475)	(1,203,475)
	Balance at end of the financial year		4,805,656	4,805,656

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	Note	Consolidated 2014 $	Council 2014 $
(i) Landfill sites			
Transferred from de-amalgamated council		4,598,150	4,598,150
Accounting adjustment on de-amalgamation	7(c)	3,120,919	3,120,919
Balance at end of the financial year		7,719,069	7,719,069
Current portion		-	-
Non-current portion		7,719,069	7,719,069
		7,719,069	7,719,069

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

	Consolidated 2014 $	Council 2014 $
(ii) Quarry sites		
Transferred from de-amalgamated council	50,000	50,000
Balance at end of the financial year	50,000	50,000
Current portion	-	-
Non-current portion	50,000	50,000
	50,000	50,000

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

23 Borrowings

(a) Bank overdraft

The council does not have a bank overdraft facility.

(b) Unsecured borrowings

Unsecured borrowings are provided by the Queensland Treasury Corporation.
All borrowings are in AUD denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Expected final repayment dates vary from 29 September 2025 to 19 February 2026.

There have been no defaults or breaches of the loan agreement during the period.
Principal and interest repayments are made quarterly in arrears.

	Consolidated 2014 $	Council 2014 $
Details of borrowings at balance date are:		
Current		
Queensland Treasury Corporation	2,600,397	2,600,397
Non Current		
Queensland Treasury Corporation	38,576,628	38,576,628
Details of movements in borrowings:		
Queensland Treasury Corporation		
Loans raised	2,300,000	2,300,000
Loans recognised on the de-amalgamation from SCRC	40,048,048	40,048,048
Loan interest capitalised in period	1,137,954	1,137,954
Principal repayments	(2,308,977)	(2,308,977)
Balance at end of the financial year	41,177,025	41,177,025
Classified as :		
Current	2,600,397	2,600,397
Non-current	38,576,628	38,576,628
	41,177,025	41,177,025

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	Note	Consolidated 2014 $	Council 2014 $
The QTC loan market value at the reporting date was $45,805,276.88			
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.			
24 Other liabilities			
Current			
Unearned revenue		729,623	729,623
Cash collected under service level agreements		101,517	101,517
		831,140	831,140
25 Retained surplus	1.27		
Movement in retained surplus			
Balance at the beginning of financial year		-	-
Net result		973,500,642	972,461,897
Balance at end of the financial year		973,500,642	972,461,897
26 Commitments for expenditure			
Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are as follows:			
Within one year		975,908	975,908
Later than 1 year but not later than 5 years		527,841	527,841
		1,503,749	1,503,749
Operating leases are entered into for motor vehicles and IT equipment. lease payments are generally fixed, but with inflation clauses on which future rentals are determined.			
Contractual Commitments			
Contractual commitments at balance date but not recognised in the financial statements are as follows:			
Within one year		5,162,500	5,162,500
One to five years		1,671,416	1,671,416
		6,833,916	6,833,916
Capital Commitments			
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:			
Roads, Bridges and Stormwater		510,800	510,800
Pathways		514,500	514,500
Information Technology		128,100	128,100
Other		110,600	110,600
		1,264,000	1,264,000
These expenditures are payable :			
Within one year		1,264,000	1,264,000
Later than 1 year but not later than 5 years		-	-
Later than 5 years		-	-
		1,264,000	1,264,000

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	Note	Consolidated 2014	Council 2014
		$	$

27 Events after balance date

On the 10th December, the Honourable David Crisafulli MP, Minister for Local Government, Community Recovery and Resilience handed down his final determination relating to the five outstanding issues raised for adjudication.

As a result of the review process, the Minister has ruled that a further $2.293 million will be paid to Council to finalise the matter. This amount has been included as a receivable.

28 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:
In the opinion of Council's solicitors, there are currently no claims pending against Council for the period ending 30 June 2014.

Local Government Workcare
The Noosa Shire Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided 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.

	Consolidated 2014	Council 2014
The Council's maximum exposure to the bank guarantee is:	290,070	290,070

Local Government Mutual
The Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or it is unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect to any year that a deficit arises.
As at 30 June 2014 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

29 Superannuation

The Council contributes to the Local Government Superannuation Scheme (Qld) (the scheme). The scheme is a Multi-employer Plan as defined in the Australian Accounting Standard *AASB119 Employee Benefits*.

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

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	Note	Consolidated 2014	Council 2014
		$	$

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

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

Council does not have any employees who are members of the CDBF and, therefore, is not exposed to the obligations, assets or costs associated with this fund.

The Regional DBF is a defined benefit plan as defined in AASB119. The Council is not able to account for the Regional DBF as a defined benefit plan in accordance with AASB119 because the scheme is unable to account to the Council for its proportionate share of the defined benefit obligation, plan assets and costs. The funding policy adopted in respect of the Regional DBF is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as they fall due.

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

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

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

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

Following the previous actuarial assessment in 2009, councils were advised by the trustee of the scheme, following advice from the scheme's actuary, that additional contributions may be imposed in the future at a level necessary to protect the entitlements of Regional DBF members. In the 2012 actuarial report the actuary has recommended no change to the employer contribution levels at this time.

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

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	Note	Consolidated 2014	Council 2014
		$	$

There are currently 71 councils contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 71 councils. Noosa Shire Council made less than 4% of the total contributions to the plan in the 2013-14 financial year.

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

	Note	Consolidated 2014 $	Council 2014 $
The amount of superannuation contributions paid by Noosa Shire Council to the scheme in this period for the benefit of employees was:		1,305,459	1,305,459

30 Trust funds

	Note	Consolidated 2014 $	Council 2014 $
Trust funds	1.30		
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		2,640,702	2,640,702
		2,640,702	2,640,702

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

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

	Note	Consolidated 2014 $	Council 2014 $
Net result		973,500,642	972,461,897
Non-cash operating items:			
Impairment of receivables and bad debts written off	10	909	909
Depreciation and amortisation	11	7,779,655	7,779,655
Interest expense capitalised in QTC loans		1,137,954	1,137,954
		8,918,518	8,918,518
Investing and development activities:			
Capital grants, subsidies and contributions	4	(2,358,968)	(2,358,968)
Capital income	5	(7,228)	(7,228)
Capital expenses	12	315,945	315,945
Net equity income from investments		(1,038,745)	-
Net gain on restructure of local government		(972,198,126)	(972,198,126)
		(975,287,122)	(974,248,377)
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		(2,124,994)	(2,124,994)
(Increase) decrease in inventories (excluding land)		(103,425)	(103,425)
Increase (decrease) in payables		3,969,228	3,969,228
Increase (decrease) in provisions		(3,926,236)	(3,926,236)
Increase (decrease) in other liabilities		84,406	84,406
		(2,101,021)	(2,101,021)
Net cash inflow from operating activities		5,031,016	5,031,016

32 Operating lease income

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

	Consolidated $	Council $
The expected future income is as follows:		
Within One Year	300,614	300,614
Within One to Five Years	503,190	503,190
Greater Than Five Years	-	-
Total	803,804	803,804

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33 Financial Instruments

Noosa Shire Council has exposure to the following risks arising from financial instruments:
- credit risk
- liquidity risk
- market 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

Noosa Shire 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. Noosa Shire Council does not enter into derivatives.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations.
These obligations arise principally from the Council's investments and receivables from customers.
Exposure to credit risk is managed through regular analysis of credit counterpany 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 following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

	Note	2014 $
Financial Assets		
Cash and cash equivalents - Bank	14	77,994
Cash investments held with - QTC	14	25,118,125
Cash investments held with other approved deposit taking institutions	14	5,926,935
Equity investments	17	60,978,225
Receivables - rates	15	4,159,585
Receivables - other	15	63,452,309
Other credit exposure		
Guarantee	28	290,070
Total		160,003,243

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 Standard and Poor's agency ratings, and whilst not capital guaranteed, the likelihood of a credit failure is assessed as remote.

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33 Financial instruments - continued

Trade and other receivables

In the case of rate receivables, 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, 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 Councils operations, there is a geographical concentration of risk in the Council's area.

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	Not past due	Past due			Less Impaired	Total
		31 to 60 days	61 to 90 days	Over 90 days		
	$	$	$	$	$	$
Receivables:						
2014 Consolidated	10,371,206	138,236	79,163	5,428,386	-	16,016,992
2014 Council	10,371,206	138,236	79,163	5,428,386	-	16,016,992

The above analysis does not include the non-current receivable of $49,217,517 which represents a fixed rate loan to Unitywater. Refer to Note 15 for further information.

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Noosa Shire Council is exposed to liquidity risk through its normal course of business and through its borrowings with QTC and other financial institutions.

The 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.

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:

Consolidated	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2014	$	$	$	$	$
Trade and other payables	4,075,282	-	-	4,075,282	4,075,282
QTC Loans	7,113,778	19,436,191	32,049,878	58,599,846	41,177,025
	11,189,059	19,436,191	32,049,878	62,675,128	45,252,307

Council	0 to 1 year	1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2014	$	$	$	$	$
Trade and other payables	4,075,282	-	-	4,075,282	4,075,282
QTC Loans	7,113,778	19,436,191	32,049,878	58,599,846	41,177,025
	11,189,059	19,436,191	32,049,878	62,675,128	45,252,307

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

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33 **Financial instruments - continued**

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 with QTC and other financial institutions.

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

Sensitivity

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

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

Consolidated
2014

	Net carrying amount	Change in profit & (loss) from		Change in equity from	
Financial assets and liabilities that are		1% increase	1% decrease	1% increase	1% decrease
held at variable interest rates total:	$	$	$	$	$
QTC cash funds	25,118,125	251,181	(251,181)	251,181	(251,181)
Other investments	5,926,935	59,269	(59,269)	59,269	(59,269)
Loans - QTC	(41,177,025)	(411,770)	411,770	(411,770)	411,770
Net total	(10,131,965)	(101,320)	101,320	(101,320)	101,320

Council
2014

	Net carrying amount	Change in profit & (loss) from		Change in equity from	
Financial assets and liabilities that are		1% increase	1% decrease	1% increase	1% decrease
held at variable interest rates total:	$	$	$	$	$
QTC cash funds	25,118,125	251,181	(251,181)	251,181	(251,181)
Other investments	5,926,935	59,269	(59,269)	59,269	(59,269)
Loans - QTC at fixed and generic *	(41,177,025)				
Net total	(10,131,965)	310,451	(310,451)	310,451	(310,451)
Loans - QTC at variable	-	-	-	-	-

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.

The sensitivity analysis provided by QTC is currently based on a 1% change but this is subject to change.

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 is discussed below and disclosed in note 23.

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.

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34 National Competition Policy

(a) **Business activities to which the code of competitive conduct is applied**

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

Waste Management
Holiday Parks

(b) **The following activity statements are for activities subject to the competitive code of conduct:**

	Waste Management	Holiday Parks
	2014	2014
	$	$
Revenue for services provided to the Council	91,616	
Revenue for services provided to external clients	6,125,809	1,336,427
* Community service obligations	9,906	
	6,227,331	1,336,427
Less : Expenditure	4,833,436	747,415
Surplus (deficiency)	1,393,895	589,012

(c) **Description of CSO's provided to business activities during the reporting period.**

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

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MANAGEMENT CERTIFICATE

For the six months ending 30 June 2014

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 Regulation 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial period and financial position as at the end of the financial period.

Mayor	Chief Executive Officer
Name: Noel F. Playford	Name: BRETT NORMAN de CHASTEL
Date: 18/12 2014	Date: 18/12/2014

QAO certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Noosa Shire Council

Report on the Financial Report

I have audited the accompanying financial report of Noosa Shire Council, which comprises the statements of financial position as at 30 June 2014, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period 1 January 2014 to 30 June 2014, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Mayor and Chief Executive Officer of the Council and the consolidated entity comprising the Council and the entities it controlled at the period's end and from time to time during the financial period.

The Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

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

(b) in my opinion –

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

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the financial performance and cash flows of Noosa Shire Council and the consolidated entity for the period 1 January 2014 to 30 June 2014 and of the financial position as at the end of that period.

Other Matters - Electronic Presentation of the Audited Financial Report

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

QUEENSLAND
19 DEC 2014
AUDIT OFFICE

P J FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Current Year Financial Sustainability Statement

Certificate of Accuracy - for the Current Year Financial Sustainability Statement

Independent Auditor's Report (Current Year Financial Sustainability Statement)

NOOSA SHIRE COUNCIL

Current-year Financial Sustainability Statement
For the period ended 30 June 2014

Measures of Financial Sustainability

(i) **Operating surplus ratio**

Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue)

(ii) **Asset sustainability ratio**

Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) **Net financial liabilities ratio**

Total liabilities less current assets divided by total operating revenue

Council's performance at 30 June 2014 against key financial ratios:

	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actual -Consolidated	-6.49%	31.85%	32.43%
Actual - Council	-4.22%	31.85%	31.74%

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 2014.

Certificate of Accuracy

For the period ended 30 June 2013

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.

Mayor

Name: Noel Playford

Date: 18/12/2014

Chief Executive Officer

Name: Brett Norman de Chastel

Date: 18/12/2014

QAO certified statements

INDEPENDENT AUDITOR'S REPORT

To the Mayor of Noosa Shire Council

Report on the Current-Year Financial Sustainability Statement

I have audited the accompanying current-year financial sustainability statement, which is a special purpose financial report of Noosa Shire Council for the period ended 30 June 2014, comprising the statement and explanatory notes, and certificate given by the Mayor and Chief Executive Officer.

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

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

Auditor's Responsibility

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

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

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

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

Independence

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

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

Opinion

In accordance with s.212 of the *Local Government Regulation 2012*, in my opinion, in all material respects, the current-year financial sustainability statement of Noosa Shire Council, for the period ended 30 June 2014, has been accurately calculated.

Emphasis of Matter – Basis of Accounting

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

Other Matters – Electronic Presentation of the Audited Statement

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

QUEENSLAND
19 DEC 2014
AUDIT OFFICE

P J FLEMMING CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

NOOSA SHIRE COUNCIL

Long-Term Financial Sustainability Statement
Prepared as at 30 June 2014

Measures of Financial Sustainability

(i) **Operating surplus ratio**
Operating surplus (Net result excluding all capital items) divided by total operating revenue (excludes capital revenue)

(ii) **Asset sustainability ratio**
Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.

(iii) **Net financial liabilities ratio**
Total liabilities less current assets divided by total operating revenue

Council's performance at 30 June 2014 against key financial ratios:	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
Target	between 0% and 10%	greater than 90%	not greater than 60%
Consolidated			
Actuals at 30 June 2014	-6.49%	31.85%	32.43%
Projected for the ye 30 June 2015	0.10%	100.00%	1.40%
30 June 2016	1.80%	96.90%	-1.00%
30 June 2017	2.70%	102.90%	-4.40%
30 June 2018	3.60%	99.10%	-10.10%
30 June 2019	4.50%	104.20%	-15.70%
30 June 2020	5.30%	99.20%	-22.10%
30 June 2021	6.10%	99.20%	-29.60%
30 June 2022	6.90%	102.00%	-36.90%
30 June 2023	7.80%	102.70%	-45.00%
Council			
Actuals at 30 June 2014	-4.22%	31.85%	31.74%
Projected for the ye 30 June 2015	0.10%	100.00%	1.40%
30 June 2016	1.80%	96.90%	-1.00%
30 June 2017	2.70%	102.90%	-4.40%
30 June 2018	3.60%	99.10%	-10.10%
30 June 2019	4.50%	104.20%	-15.70%
30 June 2020	5.30%	99.20%	-22.10%
30 June 2021	6.10%	99.20%	-29.60%
30 June 2022	6.90%	102.00%	-36.90%
30 June 2023	7.80%	102.70%	-45.00%

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.

Certificate of Accuracy

For the long-term financial sustainability statement prepared as at 30 June 2014

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.

Mayor	Chief Executive Officer
Name: Noel Playford	Name: Brett Norman de Chastel
Date: 18 / 12 / 2014	Date: 18 / 12 / 2014.

Appendix 2: Councillors’ Expenses Reimbursement Policy

NOOSA COUNCIL	Council Policy **COUNCILLORS' EXPENSES REIMBURSEMENT POLICY**
Corporate Plan Reference:	
Endorsed by Council:	2 January 2014
Policy Author:	Executive Manager

POLICY BACKGROUND

The purpose of this policy is to set the parameters to authorise payment of reasonable expenses incurred, or to be incurred, by Councillors; and provide facilities to assist Councillors to discharge their duties and responsibilities.

This policy will ensure accountability and transparency in the reimbursement of expenses incurred by the Mayor and Councillors.

This policy applies to the Mayor and Councillors of Noosa Council.

This policy is compliant with the principles underpinning the *Local Government Act 2009* (the Act), that is:

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

This Policy applies to the Mayor and Councillors and is made pursuant to section 250 of the *Local Government Regulation 2012* and the *Local Government Act 2009.*

Definitions

To assist in interpretation the following definitions shall apply:

Council Business shall mean official business conducted on behalf of Council, where a Councillor is required to undertake certain tasks to satisfy legislative requirements or achieve council objectives, for example official Council meetings, Councillor forums and workshops, Committees/Boards as Council's official representative, scheduled meetings relating to Council appointments.

Council Business should result in a benefit being achieved either for the local government and/or the local community, for example, this includes but is not limited to:

- Preparing, attending and participating in Council meetings, Committee meetings, workshops, strategic briefings, deputations and inspections;
- Investigating issues/complaints regarding Council services raised by residents/ ratepayers/ visitors to the Council area;
- Undertaking approved professional development opportunities;
- Attending civic functions or events;
- Attending public/community meetings, presentation dinners, annual general meetings where invited as a Councillor;
- Attending a community event (e.g. school fete, community group awards and presentations, fundraisers) where a formal invitation has been received.

Participating in a community group event or being a representative on a Board not associated with Council is not regarded as Council business.

Councillors shall mean the Mayor and Councillors unless otherwise stated.

Expense shall mean payments made by Council to reimburse Councillors for their reasonable expenses incurred or to be incurred when discharging their duties as Councillors. These payments are not regarded as remuneration. The expenses may be either reimbursed to Councillors or paid direct by Council for something that is deemed a necessary cost or charge when on Council business.

Facility shall mean the 'tools of trade' provided by Council, required to enable Councillors to perform their duties with relative ease and at a standard appropriate to fulfil their professional role for the community.

Reasonable shall mean the application of sound judgement and consideration of what is prudent, responsible and acceptable to the community when determining levels of facilities and expenditure.

COUNCIL POLICY

1 General Entitlement

Councillors are entitled to be reimbursed reasonable expenses incurred while undertaking Council business and to be provided with facilities to assist them in undertaking their duties.

2 Professional Development

Council will reimburse or be responsible for the cost of reasonable expenses incurred for:

- Mandatory professional development; and/or
- Discretionary professional development deemed essential for the Councillor's role.

Any professional development requiring overseas travel requires a formal Council resolution.

2.1 Mandatory Professional Development

Noosa Council will reimburse or cover expenses incurred for the following activities:

- The Mayor's attendance (or his Nominee Councillor) as the primary delegate at the LGAQ and ALGA Annual Conferences and any other relevant conferences/seminars/workshops;
- Workshops, courses, seminars and conferences that are important to the role of a Councillor.

Approval to attend is made by Council resolution following a report to Council seeking approval for attendance, or by the Mayor.

2.2 Discretionary Professional Development

Each Councillor can attend, at their discretion, workshops, courses, seminars and conferences that improve their skills relevant to the role of Councillor. This training is initially limited to $5,000 per Councillor in each quadrennial term of office or $1,250 per year, but will be reviewed annually when setting the budget.

There is no requirement for a Council resolution to approve these attendances. However, the Councillor must submit details to the Chief Executive Officer prior to attending and provide all relevant documentation within 14 days of attending the event to ensure reimbursement of expenses.

3 Travel as Required to Represent Council

Council will reimburse travel expenses (e.g. flights, motor vehicle, accommodation, meals and associated registration fees) deemed reasonable and necessary to achieve the business of Council where:

- A Councillor is an official representative of Council; and
- The activity/event and travel has been endorsed by resolution of Council, or by the Mayor.

Approval for such travel is subject to the following conditions:

- Wherever possible all travel by Councillors will be booked and paid for by Council in advance; Council will generally cover accommodation up to a 4 star maximum standard;

- Overnight accommodation will be reimbursed when a Councillor is unexpectedly required to stay outside the Sunshine Coast Region and it is unreasonable to expect the Councillor to return home for the night;
- Travel is to be undertaken by the most direct route;
- Travel tickets are not transferrable;
- Requests for travel should be made in sufficient time to take advantage of discounts and gain access to the widest range of flights;
- Economy class travel is the standard, unless otherwise approved;
- Any fine issued whilst undertaking Council business is the responsibility of the Councillor incurring the fine;
- Travel insurance is provided for all Councillors on Council business;

4 Private Vehicle Usage

The use of a Councillor's private vehicle for Council business (as defined) will be reimbursed by Council. The Mayor will not receive any financial reimbursement for private vehicle use.

Councillors (excluding the Mayor) may elect one of two options regarding this reimbursement.

Option 1

Councillors accept an annual payment of $5,000 as reimbursement for the use of their private vehicles on Council business.

Option 2

Councillors may make a monthly claim for reimbursement of use of their private vehicles on Council business by submitting the appropriate form detailing the relevant travel based on log book details.

The amount reimbursed will be based on the published Australian Tax Office business use of motor vehicle cents per kilometre method, and kilometre rate applicable at the time of travel.

Councillors will be provided with an appropriate log book to assist in this process.

5 Meals

The reimbursement of meal costs of Councillors on Council business may be made using one of the two methods below:

Method 1 - Council will reimburse the reasonable cost of meals where a Councillor:

- Incurs the cost personally; and
- Is not provided with a meal within the registration costs of the approved activity/event; and
- Produces a valid tax invoice.

Method 2 - If a Councillor is unable to produce a tax invoice and seeks reimbursement for meals while attending official Council business, he/she may claim up to a maximum of the meal allowance amounts as stated within the current relevant Australian Taxation Office Taxation Determination.

Expenses relating to the consumption of alcohol will not be reimbursed.

6 Hospitality

Councillors may have occasion to incur hospitality expenses while conducting Council business, apart from civic receptions organised by Council. The Mayor may particularly require additional reimbursement when entertaining dignitaries outside of official events.

To allow for this expense, the following amounts can be claimed:

- Councillors up to $500 per annum
- Mayor up to $5,000 per annum

To claim, the Mayor or Councillor must provide a written statement of whom they entertained and an indication of the costs. Receipts should be provided.

7 Accommodation

Councillors may need to stay away from home overnight while attending to Council business. When attending conferences, Councillors should take advantage of the package provided by conference organisers (if offered and applicable) and therefore stay in the recommended accommodation unless prior approval has been granted by the Chief Executive Officer.

All accommodation associated with Council business will be booked and paid for by Council. Suitable accommodation will be sought within a reasonable distance to the venue in which the Councillor is to attend.

8 Administration Tools and Access to Council Office Amenities

Councillors will be provided with the following:

- Access to suitable hot desks at the Tewantin Office and Council meeting rooms for usage as required;
- Administrative support at the Tewantin Office;
- Use of Council landline telephone and internet access at the Tewantin Office;
- Access to a printer, photocopier, paper shredder at the Tewantin Office;
- Access to a Fax and/or scanner at the Tewantin Office;
- Any other administrative necessities, which Council resolves, are necessary to meet the business of Council.

Councillors are expected to comply with the same conditions of use, guidelines and processes for business and communication tools that apply to employees.

9 Safety Equipment

Council will provide to Councillor necessary safety equipment for use on official business as and when required.

10 Vehicles

10.1 Use of Council provided vehicles on Council business

Councillors will have access to a suitable Council vehicle for Council business if required. A Councillor wishing to use a Council vehicle for Council business must submit a request to the Chief Executive Officer at least two (2) days prior to use, except in exceptional circumstances as determined between the Councillor and Mayor or Chief Executive Officer. Access is subject to availability.

This is for situations where a Councillor's own vehicle isn't immediately available and they have to travel on Council business over long distances.

10.2 Private use of Council Vehicles

The use of Council vehicles for private use is only available in emergency situations and the cost of such usage shall be at the applicable ATO rate for the vehicle size.

10.3 Fuel Costs

All fuel used in a Council owned vehicle on official Council business will be provided or paid for by Council.

11 Home Office and Telecommunication needs – Consumables, Mobile Phones and Tablets

To enable Councillors to communicate effectively, Councillors will receive an allowance of $240 per month to purchase communications devices and plans as well as printer consumables for their residences.

12 Insurance Cover

Councillors will be 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 overseas travel.

Council will pay the excess for injury claims made by a Councillor resulting from the conduct of official Council business and on any claim made under insurance cover.

Council will cover costs incurred through injury, investigation, hearings or legal proceedings into the conduct of a Councillor, or arising out of, or in connection with the Councillors performance of his/her civic functions. When it has been found that the Councillor breached the provisions of the *Local Government Act 2009*, the Councillor will reimburse Council with all associated costs incurred by Council.

13 Limit

Council may by resolution reduce or limit benefits receivable under this policy.

REVIEW OF POLICY

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed within six months of each quadrennial election.

RELEVANT LEGISLATION

Local Government Regulation 2012
Local Government Act 2009

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
2.0	Amendments and new template	Y	Council	*26/06/2014*
1.0	Create new	N	Council	02/01/2014