



# Annual Report 2014-15

For the period 1 July 2014 to 30 June 2015

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Version 1.1 amending error identified in September 2017

## Table of Contents

<b>Our Council</b> .....	<b>2</b>
<b>Mayor's Message</b> .....	<b>3</b>
<b>Chief Executive Officer's Message</b> .....	<b>4</b>
<b>The Year in Review</b> .....	<b>5</b>
<b>Reportable Disclosures</b> .....	<b>10</b>
Information relating to Councillors .....	10
<i>Remuneration</i> .....	10
<i>Reportable Council resolutions for the period</i> .....	11
<i>Councillors' expenses and resources provided</i> .....	12
<i>Summary of expenses/reimbursements paid to Councillors for the period</i> .....	12
<i>Complaints about Councillors</i> .....	14
Overseas travel .....	15
Executive remuneration .....	15
Commitment to equal opportunity employment .....	15
Administrative action complaints .....	16
Council registers .....	17
Community grants 2014-2015 .....	17
Discretionary funds .....	21
Beneficial enterprises .....	21
Business activities .....	22
Significant business activity .....	22
Competitive neutrality .....	22
Commercial business units .....	24
Services, facilities and activities, for which special rates/charges levied .....	24
Summary of concessions for rates and charges .....	25
<i>General rate concessions</i> .....	25
<i>Deferral of general rates</i> .....	25
<i>Interest charges on deferred rates</i> .....	26
<i>Available pensioner concessions for the period</i> .....	26
Invitations to change tenders .....	27
Audit Committee .....	27
Internal Audit .....	27
<b>Community Financial Report – 2014/15</b> .....	<b>28</b>
<b>Financial Statements 2014-15</b> .....	<b>37</b>

# 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

During the first 6 months of 2014 following de-amalgamation from the Sunshine Coast Regional Council, the new Noosa Council agreed on a simple Corporate Plan that contained a number of key priorities for the 2014/15 reporting period.

Considerable progress has been made in the following key areas:



## A financially sustainable Council

*In April this year, Queensland Treasury Corporation's financial assessment placed Noosa Council amongst the best in the State, despite there being no increase in the general rate. Further, the Queensland Audit Office annual report to Parliament reveals that actual one-off de-amalgamation costs were \$4,356,576, much lower than the widely reported estimate of \$11,020,000.*

## Community engagement and communication

*Significantly more resources have been provided for community engagement compared to the previous Noosa Council. As well as introducing a community jury for the first time in Queensland, ongoing development of the Council website and social media will extend the ability for two way communication. Also, Council and Committee meetings are open to public scrutiny, unlike before de-amalgamation, which reinforces Council's approach of having "no secrets".*

## Focus on community assets

*Noosa Council has responsibility for maintaining almost one billion dollars' worth of community assets – bridges, roads, drainage, buildings, park land, sporting facilities and the like. Work has been continuing on assessment of all assets as the first step in developing comprehensive asset management plans which Noosa Council had at the time of amalgamation in 2008. Our budget has allocated sufficient funding for asset renewal equal to the estimated total of the annual depreciation of assets, so they remain fit for purpose.*

## Diversification of our economy

*A number of initiatives totalling millions of dollars were included in the 2014/15 budget, ranging from significant funding for tourism promotion to small but important initiatives such as helping with the development of an entrepreneurs' network. Council also started work with community input to modernise and update the Noosa economic plan that was first developed in 2002.*

Most people appreciate the challenge of establishing a new Council at the same time as continuing to deliver and improve the services that are provided by a local government. The majority of the establishment phase was completed in the first 18 months, but significant ongoing work in areas like asset management will take much longer.

The Noosa community has been served very well since de-amalgamation by many in the Council organisation who have gone above and beyond to get the job done. Far less would have been achieved without their dedication.

Noel Playford  
Mayor



## Chief Executive Officer's Message

Noosa Council finished the 2014/15 financial year in a sound financial position. This was the official assessment by the Queensland Treasury Corporation who determined our Council's financial position as "sound with a positive outlook". This is a remarkable achievement given that 2014/15 is our first full financial year following de-amalgamation. "Sound" is a 5 on a 7 point scale and that result is better than most long established Councils in Queensland.

This assessment is a testament to the hard work by the Mayor, Councillors and staff in setting the foundation blocks for the future success of our Council. Starting a new Council is not easy but by applying some key principles, our Council has managed to meet the expectations of our community by delivering quality services while keeping rates down. One of the keys to this success was the use of zero based budgeting. This is a budgeting technique used by some in the private sector to make sure that every single cost is justified. This budgeting approach takes more work but it gets better results. This enabled our Council to adopt its 2014/15 budget with a 0% general rate rise while maintaining its services to the community. The same budgeting process was used during the year to develop the 2015/16 budget.

During 2014/15, we also finished establishing the building blocks necessary to create a functioning local government. These building blocks included a new set of local laws, establishing governance arrangements and adopting relevant policies. All of this occurred while we continued to provide day to day services to our community. Feedback from our community is that our parks look the best they have in some years and we have been focusing on gathering information about our community assets (like roads, stormwater and community facilities) to ensure that we have the right plans in place to manage these community assets for future generations. Our focus will also be on improving the delivery of our capital works program in future years.

We also found time to develop some innovative ideas. We launched Queensland's first Community Jury and published the Noosa Design Principles. We have also entered into a memorandum of agreement with Translink to trial some electric buses in Noosa. These innovative projects will continue in the 2015/16 financial year.

None of this could have been achieved without the efforts of our staff. Those efforts have been widely recognised as some of our Council staff have received State Awards including Local Government Finance Professional of the Year, Government Procurement Professional Award and Local Government Managers Australia's (Qld) Above and Beyond Award.

After establishing the Council, the challenge for us is to keep the momentum going. We have got off to a good start but need to make sure that we continue to strive to provide excellent service to our Noosa community. If we keep striving to achieve this service excellence, we will be a Council that our community can be proud of.

I would like to thank the Mayor, Councillors and all of our staff for their efforts throughout the year.

Brett de Chastel  
CEO

# The Year in Review

This section of the annual report looks at Council's progress in achieving its Corporate Plan. Noosa Council adopted its first Corporate Plan on 26 June 2014. That Corporate Plan was obviously the first Corporate Plan for the Council following de-amalgamation and was designed to give focus to the first few years of our operations.

With so many competing issues that the new Council faced at the time, it made sense for the Council to set out its priorities. It identified 7 key priorities in the Corporate Plan. Those 7 key priorities and the progress towards achieving each of those priorities, is set out below.

Council's Operational Plan 2014/15 detailed the major priorities and initiatives that Council undertook for the period to work towards the implementation of the Corporate Plan. Throughout the year, the CEO provided the Council with quarterly reports looking at progress with the Operational Plan and details of Key Performance Indicators.

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## **Corporate Plan Priority 1 - A financially sustainable Council**

*We will make sure that our Council is financially sustainable in both the short and long term. This will entail a focus on strong budget control and good long term planning.*

Key achievements include:

- Developing the 2014/15 budget based on a zero based budget methodology which examined every cost on its merits. The use of the zero based budget methodology allowed Council to apply a 0% general rate increase in 2014/15.
- The 2014/15 financial statements showed that we exceeded our budget projections. Revenue above budget and expenditure was below budget resulting in a positive financial result for Council. Details of the financial year result can be found in the audited financial statements which form part of this annual report.
- Council adopted a Financial Sustainability Policy on 29 June 2015. This sets the scene for Council to continue to apply good financial discipline and long term financial strategies to ensure that our early success in meeting prescribed financial ratios is maintained in the longer term.
- Council received a credit assessment from the Queensland Treasury Corporation (QTC) in April 2015 which assessed Noosa Council as "sound" with a positive outlook. "Sound" is a 5 on a 7 point scale. At the time of assessment of the de-amalgamation proposal in 2012, QTC had assessed a new Noosa Council as having a "moderate" outlook (4 on a 7 point scale). This 2015 QTC assessment was a significant achievement. QTC identified a number of key reasons why Noosa Council achieved a sound assessment including:
  - Forecast of surpluses in all future years;
  - Council on track to achieve its 2014/15 budget;
  - Low level of borrowings with adequate debt servicing capacity;
  - High levels of forecast liquidity;
  - High level of Council controlled revenue and fiscal flexibility;
  - Capacity to increase net rates and charges;
  - Council forecasts adequate investment in its asset base; and
  - Zero based budgeting process.

QTC also noted that Asset Management Plans had not been adopted by Noosa Council and that this was an issue that needed to be managed.

- Adoption of a range of financial policies to improve financial management practices including an Investment of Council Funds Policy and a Restricted Cash Policy.

## Corporate Plan Priority 2 – Great Customer Service

*It goes without saying that our community expects and deserves great customer service. We aim to increase the number of online services available to our community. We also aim to respond to our customers as quickly as possible and to provide personal friendly service.*

Key achievements include:

- A significant improvement in the management of our front line phone interface with our customers. At the beginning of 2014/15, too many customers were waiting too long on hold to have their phone calls answered. The introduction of “call back” facilities, better training for frontline customer service staff, the introduction of better information on answering queries, dedicated staff and good management of the customer service branch has seen a significant improvement in 2014/15. In July 2014, average wait times were above 75 seconds but by June 2015, they were below 45 seconds.
- Council continued to receive outstanding feedback from the community about customer service and services provided to the community generally. The two areas that received the most positive feedback were Parks and Gardens, and frontline Customer Service.

*“I just wanted to give thanks to the staff who answer the phones at the Council. I've only called a couple of times with queries, but both times the women answering were direct and helpful. Large companies could learn a lot from them.”*

A Customer called as he wanted Council to know – *“how “nice” it is to be connected to a human being and not an automated message service and for his enquiry to be dealt with within the call time.”*

A Customer was impressed with Council’s *“quick response to a blocked drain. Request was acknowledged at 6.29am and staff were knocking on the customer’s door at 8am.”*

## Corporate Plan Priority 3 – Community engagement and communication

*We know that our community wants to be kept informed and we need to provide as much information as possible via local media and to develop a better online presence. We will involve the community in decision making on key issues affecting the future of Noosa.*

Key achievements include:

- Council commenced a Queensland first for local government with a trial of a Community Jury. The first Jury has finished its deliberations and provided its report to Council on the topic – *“What is the best option for minimising organic waste sent to landfill?”* The second Community Jury will have a focus on river management.
- Council has undertaken a number of meetings across our region to engage with our community. Formal Council meetings have been held at Peregian Beach and Cooran during 2014/15. Councillors and the CEO have also held community information night meetings at Kin Kin, Pomona, Tewantin and Sunshine Beach.
- A survey of our community was undertaken to assess how they obtain access to information about Council. This survey was responded to by over 1,700 people and provided Council with valuable feedback on how our community wants to be engaged.
- An e-newsletter format was developed and published. There is more to do with this publication and there is an opportunity to improve this in 2016. The Libraries and Galleries have continued their excellent e-news publication which has a wide reach.
- Council’s website is still a work in progress. A decision was made in 2014 not to establish a completely new website but to re-focus the existing website. While some work has been done in that regard and the website is mobile enabled, the structure and presentation of information is still not yet particularly user friendly. This will be a focus in 2015/16.
- Council’s social media presence significantly improved in the 2014/15 year. Council’s Facebook followers have increased to nearly 2,500 and this medium has been particularly useful during our minor flooding events. The Noosa Library Service and The J also have developed strong social media presences which assist in the promotion of their services.
- The Your Say Noosa portal on our website became fully operational. This portal provides an avenue to undertake community consultation on a range of issues.



## **Corporate Plan Priority 4 – Focus on community assets**

*The Council's focus will be on maintaining and renewing existing assets rather than building new assets. In the short term, there will be a strong focus on undertaking condition assessments and developing long term asset management plans.*

Key achievements include:

- The rollout of the 2014/15 Capital Works Program took longer to establish than planned. There were initial delays in finalising detailed designs after the capital program was adopted as part of the 2014/15 budget. This was probably not unexpected given that we were only 6 months old at the time with no historic designs / plans available but it did take some time to gather traction in the delivery of the 2014/15 Capital Works Program.
- By year end, when taking into account completed capital works and committals, the Capital Works Program was 68% complete or, if three major projects carried over into 2015/16 are excluded as they are carried forward into 2015/16, then the completion rate was 82%.
- Some of the significant Capital Works projects achieved in 2014/15 included:
  - reseal of Walter Hay Drive;
  - work on the Daintree Estate, Tewantin flood mitigation project (substantially underway);
  - bus stop design and stage 1 rollout;
  - other road reseals including Gibson Road, Noosaville and David Low Way, Sunrise Beach; and
  - Cooran sports field lights.
- Council has developed a plant and fleet program to enable it to better plan and manage its future requirements. This plan includes a three year injection of funding to bring Council's fleet and plant up to standard following the transfer of older items of plant following the de-amalgamation. Innovation was also evident in November 2015 when Council was able to secure a good quality second hand John Deere 670 GP Grader by being able to move quickly to secure this item of plant with significant saving to Council. Other significant items of plant have also been replaced including a new beach cleaner.
- Council has adopted a number of policies and actions to assist in better managing community assets. These include:
  - Asset Management Policy; and
  - Community Purpose Land and Infrastructure Tenure Policy.

## **Corporate Plan Priority 5 – Establishing new policies and strategies**

*As a Council, we will need to develop a range of policies and strategies that set the path for future Councils. There are a number of strategies and policies to be reviewed and developed that will set the strategic direction for the future.*

Key achievements include:

- Council established a new set of local laws and subordinate local laws after undertaking an extensive community consultation campaign. The new local laws came into effect on 1 July 2015 with a smooth transition.
- The vast majority of policies required to be reviewed following the de-amalgamation process have been completed during 2014/15. Many of these were governance type policies which are important from a governance and compliance perspective. These include
  - Public Interest Disclosure Policy;
  - Contact with Lobbyists Policy; and
  - Public Officials Complaints Policy.

At the same time, all of Council's delegations were reviewed and updated.

- A number of background studies and assessments have been undertaken in preparation for the development of the next Town Planning Scheme. This includes the Noosa Demographic Profile which was published in the first half of 2015.
- Council undertook a review of its Community Grants Policy and established a process for assessing community grant applications. Council also adopted a Festive Season Grants Policy and a Street Performance Policy.
- During 2014/15, substantial progress was made on establishing a new Social Plan for Noosa. This included the establishment of a community reference group and using the outcomes of the Noosa Demographic Profile. The Social Plan is on track for completion by the end of 2015.
- The Noosa Design Principles Document was finalised in 2014/15. This document will help guide future design in Noosa (both public and private infrastructure) and sets out key principles to guide the look and feel of Noosa into the future.

### **Corporate Plan Priority 6 – Custodianship of Noosa’s environment**

*Noosa has a long and proud environmental record. Our Council will continue to apply best practice to its custodianship of Noosa’s natural environment aiming to enhance local biodiversity for the benefit of future generations.*

Key achievements include:

- Establishment of the new management arrangements for the Noosa Biosphere Reserve Foundation (NBRF). The NBRF Board has been appointed and the necessary memorandum of understanding and funding arrangements put in place. The NBRF has commenced operations from Doonella House and NBR have employed an Executive Officer. The community based Incorporated Association has been established.
- Council established a significant number of environmental policies in 2014/15. These included:
  - Noosa Shire Koala Policy; and
  - Tree Management on Public Land Policy.
 The Council also adopted an Environment Levy Policy and established an Environment Levy Working Group to review potential land purchases under the Environment Levy.
- Following community consultation, the Council adopted a number of plans to manage environmental issues. These included:
  - Noosa Pest Management Plan; and
  - Noosa Bushland Reserve Fire Management Plan.
- Council commenced its first Green Army project in early 2015 with a focus on weed removal in bushland reserve areas.
- Council began a program to audit bio-retention basins – both Council owned and privately owned bio-retention basins. This audit will be completed in the 2015/16 financial year.
- Council invested in the installation of power correction equipment to reduce electricity consumption at five major Council sites. As well as saving costs, the equipment reduces electricity consumption resulting in carbon reduction.
- The ongoing impact of the bat colony at Wallace Park has continued to be monitored with the number of bats increasing substantially at times during the year. There has been considerable impact on local residents but no easy solution appears to be available based on experience elsewhere and scientific evidence. Consultants will be considering options under a management plan in late 2015.
- Council jointly funded a number of research projects on the Noosa River with The Thomas Foundation. The projects are being undertaken by The Nature Conservancy and include an analysis of historic fishing records and a trial of oyster sites for future oyster regeneration.

## **Corporate Plan Priority 7 – Diversification of our economy**

*While recognising our world class tourism industry, the Council will also focus on diversifying the economy with an emphasis on “smart economy” businesses and rural futures.*

Key achievements include:

- Council commenced the development of the Noosa Local Economic Plan. Public workshops have been held and a Project Focus Group established. A Noosa Economic Profile has been published.
- Council has entered into a two year funding agreement with Tourism Noosa to guide the management of the Tourism Levy and to outline roles and responsibilities. During the 2014/15 period, Council continued to have a very close working relationship with Tourism Noosa.
- Council purchased the former Peregian Beach Bowls Club site at Peregian Beach in November 2014. The site has subsequently been cleared and community consultation undertaken on its future use including the option of a digital hub. A design charrette has been completed looking at options for future use of the site.
- During 2014/15, support has been provided to encourage the ongoing development of the ICT sector in Noosa. Council was a partner in an innovation networking event and a sponsor of the GovHack event. We also provided data sets to the GovHack event.
- A significant amount of work was undertaken during 2014/15 to establish the Electric Bus Trial agreement. A MOU was entered into with Translink following a feasibility study and development of the trial program. The trial will be undertaken in 2015/16. The Council continued its free holiday bus program in 2014/15.
- During 2014/15, the Council approved 99% of development applications with the number of applications showing a steady increase in activity – in the 6 months to 30 June 2015, there were 193 development applications.
- A considerable amount of time has been spent on building strong working relationships with key business groups. This includes:-
  - Councillors working closely with the Country Noosa Group;
  - Support for the Noosa Junction Association (and ongoing funding via the levy); and
  - Liaison with Cooroy Chamber of Commerce, CCIQ Noosa and the Hastings Street Association.

# Reportable Disclosures

## Information relating to Councillors

### Remuneration

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

The Local Government Remuneration and Discipline Tribunal Report 2013 listed Noosa Council as a Category 4 Council, and prescribed that the annual rate of remuneration for the Mayor and Councillors for the period 1 July 2014 to 30 June 2015 (the period) as follows:

- Mayor - \$117,523;
- Deputy Mayor - \$73,452; and
- Councillors - \$62,434.

In accordance with s244 (3) of the *Local Government Regulation 2012* (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.

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

**Table 1 – Councillor Remuneration**

Councillor remuneration for period 1 July 2014 to 30 June 2015			
Councillor	Salary (\$)	Superannuation* (\$)	Total (\$)
Mayor Noel Playford	117,523	14,103	131,626
Cr Bob Abbot (Deputy)	73,452	8,814	82,266
Cr Joseph Jurisevic	62,434	7,492	69,926
Cr Frank Pardon	62,434	7,492	69,926
Cr Tony Wellington	62,434	7,492	69,926
Cr Frank Wilkie	62,434	7,492	69,926
Cr Sandy Bolton	62,434	7,492	69,926

*Notes:*

1. Amounts rounded to the nearest whole dollar value.
2. \* Superannuation shown is Council's 12% employer contribution.

## Reportable Council resolutions for the period

Table 2 below indicates that there were no reportable resolutions under the LG Regulation for the period.

**Table 2 – Reportable resolutions**

Local Government Regulation 2012	Resolution adopted
Section 250(1)	Nil.
Section 250(2)	Nil.
Section 206(2)	Nil.

## Councillors' expenses and resources provided

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

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<sup>1</sup>.

## Summary of expenses/reimbursements paid to Councillors for the period

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

For the period:

- All claimed expenses were processed and fell within the required limits prescribed by the Policy.

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<sup>1</sup> Councillors are covered under relevant Council insurance policies while on Council business. Cover includes public liability, professional indemnity, Councillors' liability, personal accident and overseas travel.

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

**Table 3 – Councillor Expenses 2014/15**

Councillor	Mandatory Professional Development (\$)	Discretionary Professional Development (\$)	Use of private vehicle (option 1) (\$)	Home office & tele-comms (\$)	Hospitality (\$)	Travel Expenses as required to represent Council	TOTAL (\$)
<b>Mayor Noel Playford</b>	-	64	-	2,880	-	-	2,944
<b>Cr Bob Abbot</b>	1,051	271	5,000	2,880	-	-	9,202
<b>Cr Joseph Jurisevic</b>	995	221	5,000	2,880	-	-	9,096
<b>Cr Frank Pardon</b>	-	144	5,000	2,880	50	-	8,074
<b>Cr Tony Wellington</b>	-	221	5,000	2,880	-	66	8,167
<b>Cr Frank Wilkie</b>	-	1,207	5,000	2,880	-	-	9,087
<b>Cr Sandy Bolton</b>	979	737	5,000	2,880	-	-	9,596

*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 table 4 below.

**Table 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	Audit Committee	Total
<b>Mayor Noel Playford</b>	12	13	10	11	2	4	<b>52</b>
<b>Cr Bob Abbot</b>	11	11	N/A	10	2	N/A	<b>34</b>
<b>Cr Sandy Bolton</b>	12	12	N/A	12	2	N/A	<b>38</b>
<b>Cr Joe Jurisevic</b>	12	12	12	N/A	1	N/A	<b>37</b>
<b>Cr Frank Pardon</b>	11	12	N/A	11	2	N/A	<b>36</b>
<b>Cr Tony Wellington</b>	10	12	11	N/A	2	4	<b>39</b>
<b>Cr Frank Wilkie</b>	12	11	11	N/A	2	N/A	<b>36</b>

*Note: N/A in the table above indicates that the relevant Councillor is not a representative of the particular committee.*

## 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 remained unchanged for the period. The Policy 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 5 below identifies the reportable complaints, orders and recommendations against Councillors for the period.

**Table 5 – Complaints against Councillors**

Reportable information relating to complaints against Councillors:		Number of complaints: (for the period)
<b>(i)</b>	The number of orders and recommendations made under s180 (2) or (4) of the LG Act.	Nil
<b>(ii)</b>	The number of orders made under s181 of the LG Act.	Nil
<b>(iii)</b>	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.	1
<b>(iv)</b>	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
<b>(v)</b>	The number of complaints referred to the Mayor under s176C (3)(a)(ii) or (b)(i) of the LG Act.	Nil
<b>(vi)</b>	The number of complaints referred to the department's chief executive under s 176C (4)(a) of the LG Act.	Nil
<b>(vii)</b>	The number of complaints assessed by the Council CEO as being about corrupt conduct under the Crime and Corruption Act.	Nil
<b>(viii)</b>	The number of complaints heard by a regional conduct review panel.	Nil
<b>(ix)</b>	The number of complaints heard by the tribunal.	Nil
<b>(x)</b>	The number of complaints to which s176C (6) of the LG Act applied.	Nil



## Overseas travel

No Councillor or Council employee in an official Council 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 \$1,017,372.

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

**Table 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's employment practices are aligned to Queensland's *Anti-Discrimination Act 1991* and relevant federal anti-discrimination laws.

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

At Council, all staff are encouraged to embrace equity and diversity at all levels within the organisation. The Noosa Council Employee Code of Conduct re-enforces the standards of behaviours required of employees including non-discriminatory workplace practices.

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

## Administrative action complaints

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

Council's Administrative Action Complaints 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 current Administrative Action Complaint Process Policy can be viewed on Council's website.

Table 7 below provides a summary of Administrative Action Complaints for the period. Council reviews each complaint it receives objectively and aims to ensure that any improvement opportunities identified by a particular complaint are implemented into operations. Council's Governance Team intends to undertake a review of Council's complaints handling process during the 2015/16 period.

**Table 7 – Administrative Action Complaints**

Complaint statistics 30 June 2014 to 30 June 2015			
Complaints outstanding as at 30/06/14	Complaints received during the period	Complaints resolved during the period	Complaints outstanding at 30/06/15
1	21	20	2

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

## Council registers

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

Below is a list of the registers kept by Council:

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

## Community grants 2014-2015

Council's Community Grants are managed in accordance with Council's Community Grants Policy, which was reviewed and endorsed by Council on 15 January 2015. The outcomes of the Policy include:

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

The table 8 below outlines the funds supplied by Council through community grants for the period.

**Table 8 – Community Grants 2014-15**

<b>Community Grants</b>	<b>Category</b>	<b>Funding Amounts (\$)</b>
<b>Regional Arts Development Fund</b>		
Inclusive Community Theatre Show	Theatre	9,400
Weave Heal Connected – Creating for Landcare	Visual Arts	5,000
Datson + Hughes Album Recording Project	Audio Art	5,100
Noosa Orchestra	Music	2,187
<b>Sub-total</b>		<b>\$21,687</b>
<b>Annual Operating Expenses Grants</b>		
Australian Volunteer Coast Guard Noosa QF5	Emergency Services	3,000
Care Flight (Qld) Limited	Emergency Services	10,000
Cooroora Historical Society t/a Noosa Museum	Heritage	5,738

<b>Community Grants</b>	<b>Category</b>	<b>Funding Amounts (\$)</b>
Cooroora Netball Club Inc.	Sport and Recreation	589
Lake Cootharaba Sailing Club Inc.	Sport and Recreation	4,214
Cooroy Gymnastics Club Inc.	Sport and Recreation	2,186
Cooroy Pony Club	Sport and Recreation	1,521
Cooroy Tennis Club Inc.	Sport and Recreation	1,830
Noosa Cadets Committee Inc.	Sport and Recreation	2,828
Noosa Croquet Club Inc.	Sport and Recreation	1,714
Noosa District Netball Association Inc.	Sport and Recreation	3,000
Pomona Pony Club Inc.	Sport and Recreation	1,625
Tewantin Tennis Club Inc.	Sport and Recreation	3,398
Flying Fox Rescue (SCC Community Partnership Funding carry over)	Environment	20,534
Friends of Noosa Botanic Gardens Inc. (FNBG)	Environment	700
Noosa & District Landcare Group Inc.	Environment	25,000
Noosa Integrated Catchment Association	Environment	16,770
Wildcare Australia	Environment	710
Cooroy Lower Mill Board	Economic Development	2,000
The Noosa Longweekend	Economic Development	5,000
Noosa Arts and Crafts Assoc Inc.	Arts and Culture	2,883
Cooroy-Noosa Genealogical & Historical Research Group	Heritage	3,341
Noosa Arts Theatre Inc. (SCC Community Partnership Funding carry over)	Community Development	3,000
Pomona & District Meals on Wheels	Community Development	4,776
Pomona Arts Inc. (SCC Community Partnership Funding carry over)	Community Development	15,000
Shine Noosa (SCC Community Partnership Funding carry over)	Community Development	10,000
Sunshine Butterflies Inc.	Community Development	3,611
University of the Third Age Inc.	Community Development	4,732
Cooroy Community Gardens	Community Development	534
<b>Sub-total:</b>		<b>\$160,234</b>
<b>Community Halls &amp; Centres Maintenance Grants</b>		
Cooran Memorial School of Arts Inc.	Community Development	7,073
Federal Memorial Hall & Community Centre Inc.	Community Development	4,839
Kin Kin Community Hall	Community Development	5,868
Peregian Beach Community House Inc.	Community Development	8,980
Pomona & District Community House Inc.	Community Development	16,800
Pomona Memorial School of Arts Inc.	Community Development	12,017
Ridgewood Community Hall Assoc Inc.	Community Development	4,217
Tinbeerwah Hall Inc.	Community Development	2,991
<b>Sub-total:</b>		<b>\$62,785</b>
<b>Community Pools Program</b>		
Cooroy Dolphins Swimming Club (Cooroy Pool)	Community Pools	8,580
Carmen Heirath (Pomona Pool)	Community Pools	10,000
One Agency Noosa (Tewantin Pool)	Community Pools	5,000
<b>Sub-total:</b>		<b>\$23,580</b>
<b>Community Projects Grants</b>		
Australian Red Cross (Life Skills Noosa)	Community Development	2,650
Cooroy Chamber of Commerce (Cooroy Carols)	Community Development	5,560

<b>Community Grants</b>	<b>Category</b>	<b>Funding Amounts (\$)</b>
Noosa Christian Outreach Centre (SCC Festive Season Carry Over)	Community Development	10,712
Noosa Christian Outreach Centre (Street Reach)	Community Development	6,590
Peregian Beach Community House Inc. (Underfloor Insulation)	Community Development	4,475
Peregian Beach Community House Inc. (Community Family Initiative Event)	Community Development	1,924
Veggie Village Community Gardens Peregian Beach (Veggie Village Extension)	Community Development	7,470
Global Care (Auspice by Christian Outreach Centre) (Great Tucker – Food Connection)	Community Development	5,950
Noosa Community Garden (Auspice by Slow Food Noosa) (Growing Together – purchase of ongoing consumables)	Community Development	800
Pomona & District Community House Inc. (Youth Week “Show it Awesome”)	Community Development	1,600
Noosa Men’s Shed Inc. (Kitchen Refurbishment & Development of Woodworking Facilities)	Community Development	7,500
Lions Club of Cooroy Pomona Inc. (Wimmers King of the Mountain 2015)	Community Event	10,000
Kin Kin Community Group Inc. (Kin Kin Festival of Storytelling)	Community Event	5,000
Lake Cootharaba Sailing Club (New Year’s Eve@Thelake)	Community Event	1,500
Lions Club of Cooroy Pomona Inc. (King of the Mountain 2014)	Community Event	10,000
Lions Club of Peregian Inc. (Peregian Beach Food and Fashion Fiesta)	Community Event	3,300
Noosa A H & I Society Inc. (The Celebration of the 105 <sup>th</sup> Noosa Country Show)	Community Event	10,000
Noosa Chorale Inc. (Twenty + Twenty Event)	Community Event	5,000
United Synergies Ltd (Booin Gari Event)	Community Event	5,000
Mary River Catchment Coordination Inc. (Noosa Hinterland Environment Monitoring and Awareness Program)	Environment	5,420
Noosa & District Landcare Group Inc. (Upgrading Water Quality Monitoring Equipment)	Environment	8,900
Noosa Integrated Catchment Association (Fishing Line Recovery Bins)	Environment	7,500
Noosa Integrated Catchment Association (Noosa River Seagrass Monitoring and Community Education)	Environment	5,300
Noosa Integrated Catchment Association (River Education Program)	Environment	3,135
Mary River Catchment Inc. (Noosa Festival of Water 2015)	Environment	8,000
NICA Inc. (Update of Waste Wise Schools Website)	Environment	3,451
Landcare Inc. (Workshops on variety of environment topics)	Environment	7,500
Noosa Marina (SCC Festive Season carry over)	Economic Development	11,119
Tewantin Noosa Lions Club Inc. (SCC Festive Season carry over)	Economic Development	5,356
Cooroy Chamber of Commerce Inc. (Christmas in Cooroy 2014)	Economic Development	5,000
Cooroy Lower Mill Board Inc. (Cooroy Fusion Festival 2015)	Economic Development	4,000
Friends of Noosa Botanic Gardens Inc. (Noosa Botanic Garden Plant Fair)	Economic Development	2,000
Noosa District Rugby League Club Inc. (Upgrading 4 sports field lighting towers and associated lights)	Sport and Recreation	40,000

<b>Community Grants</b>	<b>Category</b>	<b>Funding Amounts (\$)</b>
Noosa District Rugby Union Club (2014 Noosa International Rugby 7s Festival)	Sport and Recreation	5,000
Noosa Lions Football Club Inc. (Irrigation Field 3 and Safety Fencing)	Sport and Recreation	8,763
Tewantin Tennis Club Inc. (New Courts and Revegetation)	Sport and Recreation	4,239
Cooroy Badminton Club Inc. (Re-roofing club house)	Sport and Recreation	17,500
Noosa District Softball Inc. (Replace Rusted Storage Facilities)	Sport and Recreation	3,135
Noosa Trialblazers Inc. (Timber Trail Crossing)	Sport and Recreation	4,476
Pomona Cooran Amateur Rugby League Football Club Inc. (Lighting Updated)	Sport and Recreation	46,574
Tewantin Noosa Pony Club Inc (Junior Rider's Arena Upgrade – sand purchase)	Sport and Recreation	700
Noosa National Surfing Reserve Inc. (Noosa National Surfing Reserve Dedication)	Sport and Rec/ Economic Development	3,000
Kin Kin Community Group (Kin Kin Community Christmas Celebrations 2014)	Culture, The Arts	1,200
Lions Club of Cooroy Pomona Inc. (Pomona Night of Lights 2014)	Culture, The Arts	1,500
Lions Club of Peregian (Peregian Beach Christmas Carols)	Culture, The Arts	3,000
Noosa Jazz Club Inc. (Purchase of Yamaha Grand Piano)	Culture, The Arts	3,000
Noosa Jazz Club Inc. (Free Concert at Noosa Jazz Festival 2015)	Culture, The Arts	2,000
<b>Sub-total:</b>		<b>\$326,069</b>
<b>Sports Field Maintenance Grants</b>		
Cooroora United Football Club Inc.	Sport and Recreation	8,370
Cooroy Eumundi Cricket Club	Sport and Recreation	8,370
Noosa Australia Football Club	Sport and Recreation	16,740
Noosa District Junior Rugby League Club	Sport and Recreation	13,950
Noosa District Rugby League Club	Sport and Recreation	11,160
Noosa District Rugby Union Club Inc.	Sport and Recreation	13,950
Noosa Lions Football Club Inc.	Sport and Recreation	15,345
Noosa Little Athletics	Sport and Recreation	4,185
Noosa Softball Inc.	Sport and Recreation	13,950
Noosa Touch Football Association	Sport and Recreation	11,160
Pomona AFL	Sport and Recreation	8,370
Pomona-Cooran Rugby League Inc.	Sport and Recreation	13,950
Tewantin Noosa Cricket Club	Sport and Recreation	20,925
<b>Sub-total:</b>		<b>\$160,425</b>
<b>Other</b>		
Healthy Waterways Program Contribution	Environment	\$26,000
<b>Sub-total:</b>		<b>\$26,000</b>
<b>TOTAL EXPENDITURE FOR THE PERIOD:</b>		<b>\$780,780</b>

*Notes:*

1. The Regional Arts Development Fund grants were funded 50/50 between the Queensland Arts Council and Noosa Council. The above amount is Noosa Council's contribution.
2. Council's Community Grants Policy, which was updated and endorsed by Council on 15 January 2015, is available for perusal from Council's website.

## 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 previous period, Council reported Noosa Biosphere Ltd as a beneficial enterprise.

The 2014-15 period saw the finalisation of a long and carefully considered transition to reshape the Noosa Biosphere Reserve Management arrangements, which began on 21 January 2014 when Council endorsed; the establishment of a working group, consultation with key stakeholders, workshops, and calling of submissions from the community to review the arrangements.

At the Ordinary Meeting held on 29 May 2014, Council resolved to wind up Noosa Biosphere Ltd as part of the transition to the new Noosa Biosphere Reserve Management Model.

The new Noosa Biosphere Reserve Management Model included the establishment of the Noosa Biosphere Reserve Trust (NBRT), a public trust approved as a charity with a company limited by guarantee, the Noosa Biosphere Reserve Foundation Ltd (NBRF), as the Trustee.

As part of the new arrangements Council indicated that it would provide funding for operational costs together with funding to allow delivery of significant projects that meet the principal objects of the trust, which include:

1. Advancing the protection and enhancement of a significant aspect of the natural environment, being the natural ecosystems and biodiversity of the Noosa Biosphere Reserve; and
2. Advancing research, education and information about a significant aspect of the natural environment, being the Noosa Biosphere Reserve.

In seeking to achieve the abovementioned principal objects of the Trust, the Trust may, without limitation:

1. Foster economic and human development that is environmentally and socially sustainable and culturally appropriate;
2. Develop and implement a management plan for the Noosa Biosphere Reserve that is aligned with the UNESCO Man and the Biosphere Programme (An Intergovernmental Scientific Programme that aims to establish a scientific basis for the improvement of relationships between people and their environments<sup>2</sup>); and
3. Monitor performance of the Noosa Biosphere Reserve and its reporting to UNESCO and the Noosa Community.

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<sup>2</sup> United Nations Educational, Scientific and Cultural Organization – Man and the Biosphere Programme.

Under the new arrangements Council does not hold a controlling interest in NBRF or NBRT, and therefore, they are not considered beneficial enterprises as defined under the LG Act.

Council has entered into a funding deed with the NBRF until the end of 2017-18, which for the 2014-15 period, consisted of a \$40,000 (excluding GST) contribution for start-up operational expenses.

## 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 **significant business activity** for the period.

Council confirms that it will undertake a public benefit assessment for Waste Management during the 2015-16 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 above position remained unchanged for the 2014-15 period and 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;
- Depreciation;
- Tax and debt equivalents; and
- Return on capital / return on cost.



During the period, there were no investigation notices provided to Council relating to competitive neutrality complaints. Accordingly, The Queensland Competition Authority did not make any reportable recommendations to Council in relation to a competitive neutrality complaint.

## 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 Waters Canal Maintenance Levy;
- Noosa Junction Levy;
- Hastings Street Precinct Maintenance Levy;
- Noosa Main Beach Maintenance Levy;
- Rural Fire Charge;
- Hastings Street Community Safety Program Charge; 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 was 1 rate payer who applied for a deferral of their general rates.

## Available pensioner concessions for the period

Table 9 below provides a summary of available pensioner concessions for the period.

**Table 9 – Pensioner concessions**

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.

## Audit Committee

Council's Audit Committee for the period consisted of the Mayor, Cr Wellington and two external members who were appointed via Council appointment at the Ordinary Meeting held on 31 July 2014.

During the period, Council's Audit Committee held four formal committee meetings and played an active role as an advisory committee to Council through the provision of independent comment, advice and counsel on audit and risk management issues covering a wide range of Council operations and projects.

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

## Internal Audit

Council recognises the relevance of strengthening governance and control systems through the establishment of an efficient and effective internal audit function.

Council's Internal Audit Plan for each financial year is developed having regard to current operational risks. Council's internal audits are conducted in accordance with Council's Internal Audit Terms of Reference and Internal Audit Policy, which objectives include; providing independent, objective assurance and appropriate services designed to add value and improve Council's operations. Council's Internal Audit Plan for each period is reviewed and adopted by the Audit Committee.

The Internal Audit activity for the period included an extensive audit of Council's Payroll, Overtime and Time in Lieu systems and processes. This Audit was completed by a specialist external provider. Council has in place a number of systems and processes to ensure that recommendations resulting from its internal audits are appropriately actioned and implemented into day-to-day operations.

# Community Financial Report – 2014/15

## Background

This Community Financial Report aims to simplify the financial information required to be prepared by Council under legislation and accounting standards, and provides a simple summary of our Council's financial performance for the financial year just ended.

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 (i.e. profit and loss), a statement of financial position (i.e. balance sheet), a statement of cash flows as well as a statement of changes in equity. Collectively, the statements provide a formal picture of the financial strength of an organisation.

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 linkages between the five key elements are shown below:



## Highlights and achievements

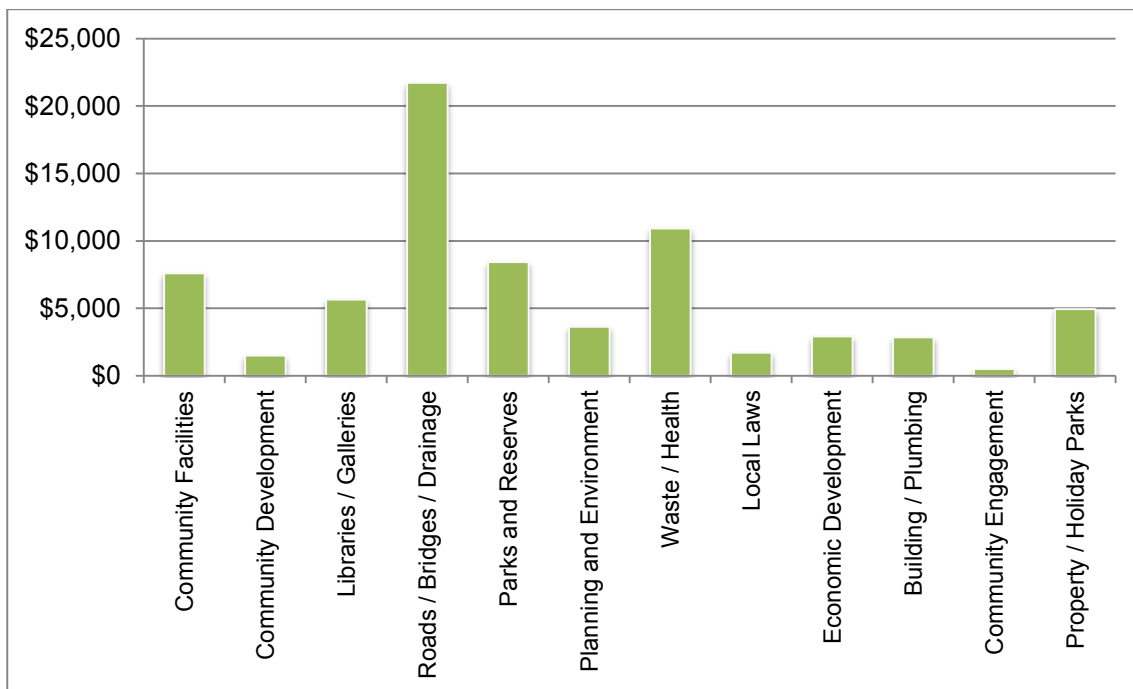
Council has achieved a strong financial result after the completion of its first 12 month financial reporting period as a new Council. The following outcomes were achieved during 2014/15:

1. An operating surplus of \$6.7 million as a result of revenues being received above those forecast along with good management of our expenditure, as well as some unspent levy funds that are required to be held for future use.
2. Stamp of approval from the Queensland Audit Office with the financial statements audited and signed-off without any identified issues.
3. The state government financial sustainability assessment undertaken in April 2015 determined Council's financial position was 'sound with a positive outlook' which equates to a score of 5 on a 7 point scale.
4. Strong financial performance across a range of financial sustainability ratios.

## Where was the budget spent?

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

Figure 1 – Operating Cost of Core Council Services 2014/15 (\$'000)



## Statement of comprehensive income

This statement (also known as the profit and loss) measures how a council performed financially in relation to funding its operations during the financial year. In simple terms, it illustrates how much money was received by Council and how much was spent in a particular year.

**Table 10 – Expenses against revenue**

	2013/14* (\$'000)	2014/15 (\$'000)
<b>Revenue</b>	42,372	97,032
<b>Expenses</b>	39,331	79,202
<b>Net Result</b>	<b>3,041</b>	<b>17,830</b>

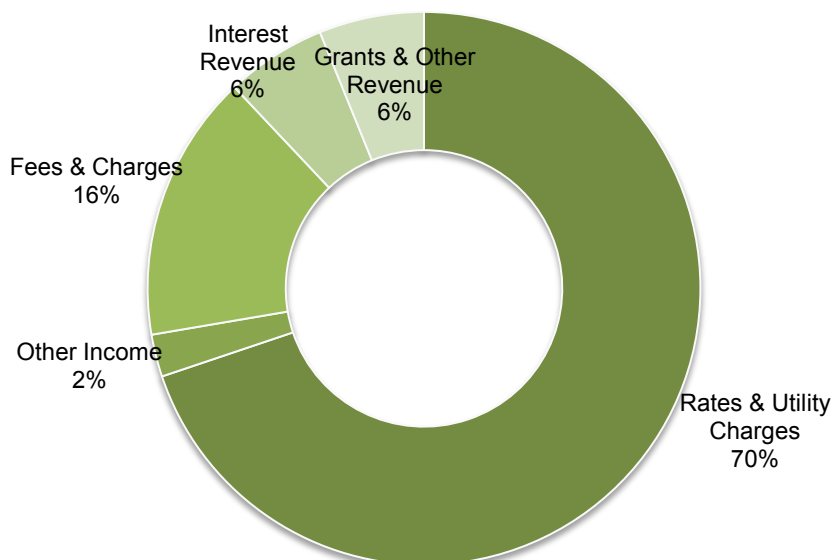
\* Only 6 months due to de-amalgamation on 1 January 2014.

The 2014/15 net result as reported in the audited financial statements was a surplus of \$17.83 million. The net result includes capital revenue received for capital works (including grants and subsidies and developer contributions) as well as income and expenses recognised for investment property valuation changes and asset disposals. The removal of these non-standard operational items shows Council's actual operating surplus to be \$6.73 million.

## Operating revenue – where the money came from

Throughout the financial year Council received a total of \$85 million in operating revenues (rates, fees, operating grants); \$6.8 million in capital revenue (developer contributions, capital grants); and \$5.1 million recorded as revenue from our share of investment in Unitywater. The sources of Council's operating revenue are shown below.

**Figure 2 – Operating revenue sources 2014/15**



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 reliant on other levels of government or external agencies to maintain its financial independence.



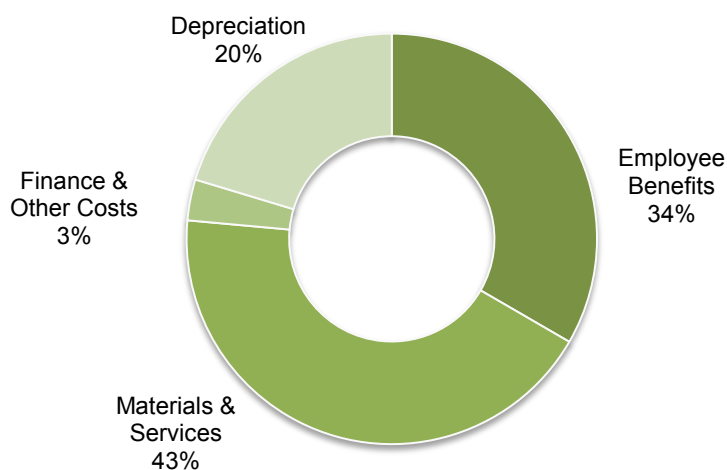
Key Council revenue sources include:

- 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.
- Fees and charges include a range of regulatory fees and charges and revenue from commercial operations such as the holiday parks and waste management.
- Interest revenue includes the return from the investment of reserve funds.
- Revenue from other income includes tax payments from Council's shareholding in Unitywater.

### Operating expenditure – where the money goes

Council expended a total of \$78.3 million in undertaking operating activities during the financial year. The following graph shows a breakdown by expenditure type for normal recurrent Council operations.

**Figure 3 – Operating expenses by function 2014/15**



Key Council expenditure sources include:

- Employee benefits - includes staff wages, superannuation, fees paid to Councillors and other employment costs.
- Depreciation expenditure records the consumption of community infrastructure assets over their respective useful lives, and provides an indication of the level of required expenditure on rehabilitation and renewal of existing assets annually.
- Materials and services – includes information communication technology, consultancy services, contractor services, electricity, external hire, rentals, repairs and maintenance, advertising and donations.

## Statement of Financial Position

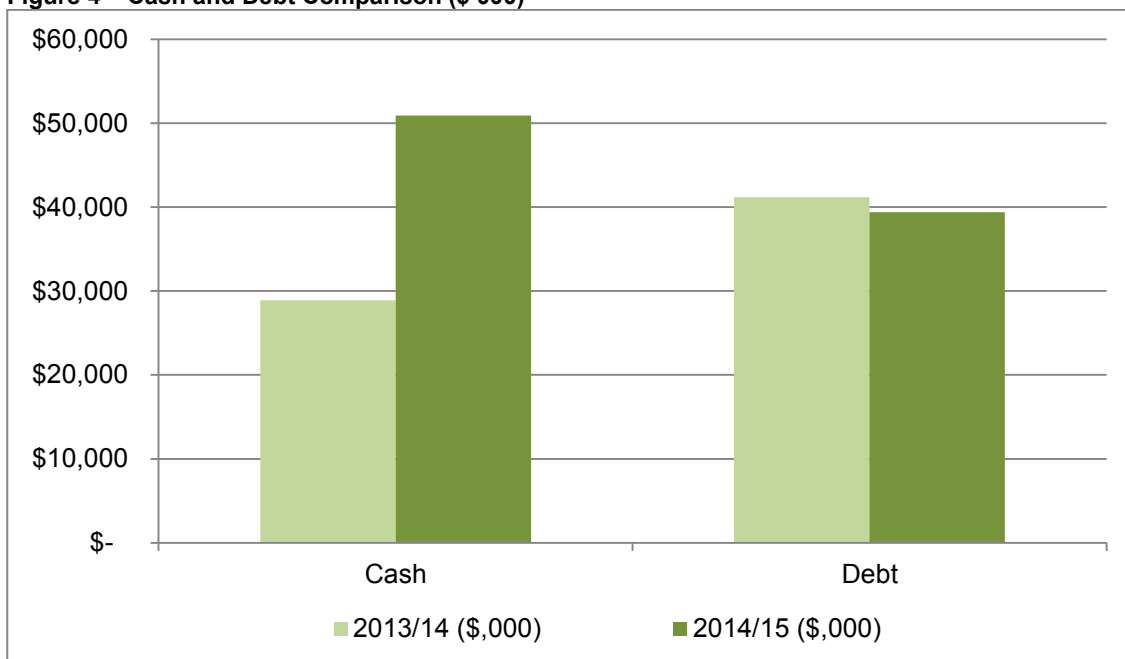
The Statement of financial position (or balance sheet) measures what Council owns (i.e. its assets); and what we owe (i.e. liabilities) to determine the total community equity (net worth) at the end of each financial year. Overall, Council's investment in community capital improved in 2014/15.

**Table 11 – Comparative statement of financial position summary**

	2013/14 (\$'000)	2014/15 (\$'000)
<b>Assets</b>	1,034,753	1,067,563
<b>Liabilities</b>	61,253	60,508
<b>Community Equity</b>	<b>973,500</b>	<b>1,007,054</b>

The graph below shows Council's cash and debt holdings as at 30 June 2015 compared to the previous year. Cash levels for Council have increased whilst debt has been reducing which is positive for the community.

**Figure 4 – Cash and Debt Comparison (\$'000)**



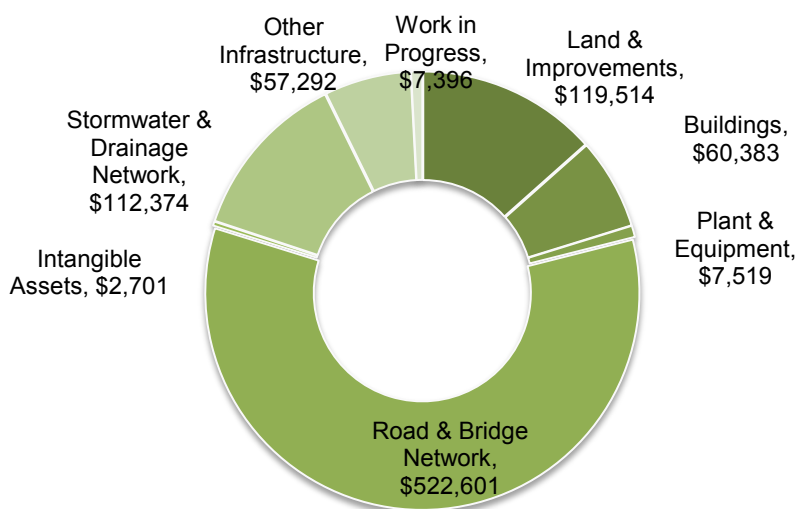
## Assets – what we own

Current Assets are represented by cash, investments, inventories and receivables (money owed to Council). Council's current assets as at 30 June 2015 equated to \$59.5 million.

Non-Current assets of over \$1 billion, includes property, plant and equipment totalling \$887 million, as well as the value of Council's investment in Unitywater. Property, plant and equipment represents community infrastructure including roads, bridges, stormwater and buildings, as well as other operational assets owned and controlled by Council.

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

**Figure 5 – 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.

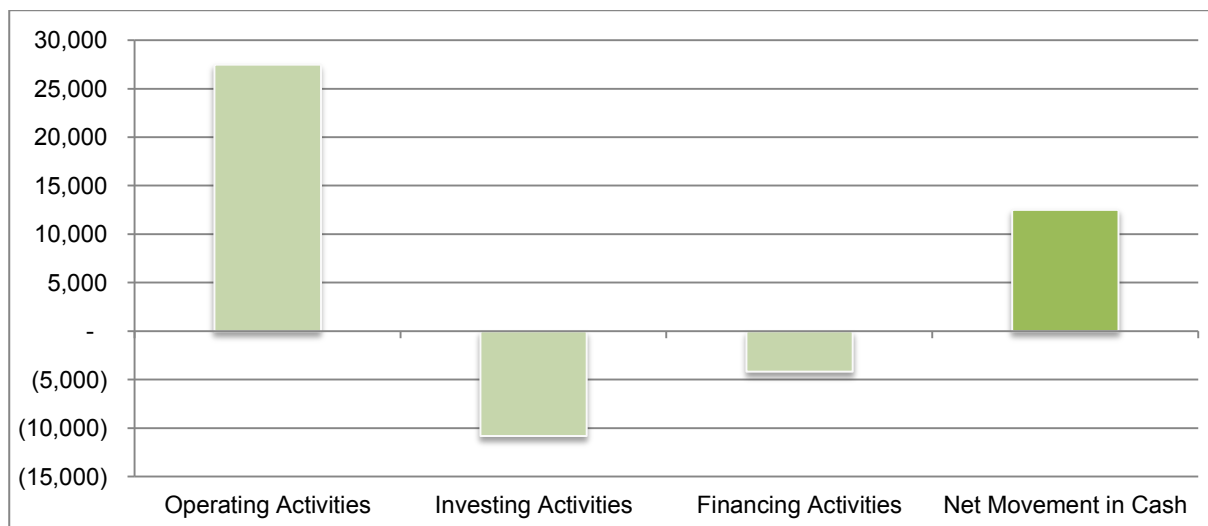
## Statement of Changes in Equity

The statement of changes in equity illustrates how the net worth has changed as a result of Council's operations through the period. Council's total community equity as at 30 June 2015 is \$1.08 billion. Community equity is equal to total assets (what we own) less total liabilities (what we owe) and represents Council's investment in assets.

## Statement of Cash Flows

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

**Figure 6 – 2014/15 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 \$12.6 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 (QTC) in assessing the financial sustainability of Council. A financial sustainability review was recently undertaken by QTC in April 2015 and Council was assessed as having a 'sound' rating with a 'positive' outlook. The sound rating reflects Council having operating surpluses forecasted in our financial model, strong capacity to take on more debt if required, high level of council controlled revenue and having good levels of cash resources to fund operations and capital works.

With the implementation of the *Local Government Regulation 2012*, a number of sustainability ratios were mandated, including target ranges for each measure. Details of these ratios are shown below, including actual results for the current reporting period, plus projections over the next 9 years.

**Table 12 – Financial ratios (actual and forecast)**

Period Ended	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	30-Jun-24
<b>Sustainability Ratios</b>										
<b>Operating Surplus Ratio</b>										
Operating Position	7.9%	1.3%	1.5%	1.9%	2.3%	2.6%	1.9%	2.0%	1.9%	2.0%
Local Govt Act upper indicator	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>Net Financial Liabilities Ratio</b>										
Net Financial Liabilities Ratio	1.2%	12.3%	11.4%	10.2%	8.6%	4.2%	0.7%	(3.2)%	(7.0)%	(9.9)%
Local Govt Act upper indicator	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>Asset Sustainability Ratio</b>										
Asset Sustainability Ratio	65.1%	129.5%	99.0%	100.1%	100.6%	100.1%	97.8%	97.1%	96.2%	100.0%
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.

Council's should be aiming to achieve as a minimum a balanced operating position to ensure that revenues received are sufficient to fund operations and capital replacement works. The 2014/15 operating surplus ratio of 7.9% is a reflection of revenues being received above those forecast along with good management of our expenditure, as well as some unspent levy funds that are required to be held for future use.

## 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 1.2% as at 30 June 2015 represents a strong outcome for Council and indicates that we have capacity to service higher levels of debt if needed, 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. Whilst Council's 2014/15 ratio of 65.1% did not achieve the minimum target range of 90%, the uncompleted works will be delivered in the 2015/16 financial year, as reflected in the 2015/16 ratio. Forward projections highlight Council's commitment to ensuring appropriate levels of investment in replacing community infrastructure.

## Summary

The financial period ended 30 June 2015 represents an excellent financial result for Council, reinforces the financial sustainability rating provided by the state government (i.e. QTC) and provides a firm foundation for future operations. Ongoing innovation and a commitment to strong

financial management through compliance with our Financial Sustainability policy will ensure that this strong position is maintained into the future.

# Financial Statements 2014-15

**NOOSA SHIRE COUNCIL**

**Financial Statements**

For the year ended 30 June 2015

---

**Table of contents**

Note

	<b>Statement of Comprehensive Income</b>
	<b>Statement of Financial Position</b>
	<b>Statement of Changes in Equity</b>
	<b>Statement of Cash Flows</b>
	<b>Notes to the financial statements</b>
1	Significant accounting policies
2	Analysis of results by function
3	Revenue analysis
4	Grants, subsidies, contributions and donations
5	Gain on restructure of local government
6	Employee benefits
7	Materials and services
8	Depreciation and amortisation
9	Cash assets and cash equivalents
10	Trade and other receivables
11	Equity investments
12	Investment properties
13	Property, plant and equipment
14	Fair value measurements
15	Intangible assets
16	Trade and other payables
17	Provisions
18	Borrowings
19	Asset revaluation surplus
20	Commitments for expenditure
21	Events after balance date
22	Contingent liabilities
23	Superannuation
24	Trust funds
25	Reconciliation of net result for the year to net cash inflow (outflow) from operating activities
26	Operating lease income
27	Correction of prior period adjustments
28	Financial Instruments
29	National competition policy
	Management Certificate
	Independent Audit Report
	<b>Other financial statements</b>
	Current-year Financial Sustainability Statement
	Long-Term Financial Sustainability Statement



NOOSA SHIRE COUNCIL

Statement of Comprehensive Income  
For the year ended 30 June 2015

	Note	2015 \$	2014 (6 months) \$
<b>Income</b>			
<b>Revenue</b>			
<b>Recurrent revenue</b>			
Rates and charges	3 (a)	59,388,212	30,470,848
Sale of goods and major services	3 (b)	7,237,712	3,267,009
Fees and charges	3 (c)	4,942,952	2,162,005
Rental and levies		1,130,479	481,667
Interest received	3 (d)	5,006,206	2,520,125
Sales of contract and recoverable works		155,170	76,857
Other recurrent income	3 (e)	2,106,355	598,920
Grants, subsidies, contributions and donations	4 (i)	5,068,440	1,890,879
Total recurrent revenue		<u>85,035,526</u>	<u>41,468,310</u>
<b>Capital revenue</b>			
Grants, subsidies, contributions and donations	4 (ii)	6,278,627	2,358,968
		<u>6,278,627</u>	<u>2,358,968</u>
Total revenue		<u>91,314,153</u>	<u>43,827,278</u>
<b>Capital income</b>		604,515	7,228
Net gain on restructure of local government	5	91,918,668	43,834,506
Equity share of profit (loss) in investment in associate through participation rights	11	-	972,198,129
Equity share of profit (loss) in investment in associate through participation rights	11	5,112,835	1,942,760
<b>Total income</b>		<u>97,031,503</u>	<u>1,017,975,395</u>
<b>Expenses</b>			
<b>Recurrent expenses</b>			
Employee benefits	6	(26,125,135)	(18,264,228)
Materials and services	7	(33,729,424)	(16,755,448)
Finance costs		(2,526,815)	(1,359,476)
Depreciation and amortisation	8	(15,919,507)	(7,779,655)
Total recurrent expenses		<u>(78,300,881)</u>	<u>(44,158,807)</u>
<b>Capital expenses</b>			
Other capital expenses		(900,880)	(315,945)
<b>Total expenses</b>		<u>(79,201,761)</u>	<u>(44,474,752)</u>
<b>Net result</b>		<u>17,829,742</u>	<u>973,500,643</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Increase in asset revaluation surplus	19	14,334,107	-
<b>Total other comprehensive income</b>		<u>14,334,107</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>32,163,849</u>	<u>973,500,643</u>

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

**NOOSA SHIRE COUNCIL**

**Statement of Financial Position**

As at 30 June 2015

	Note	2015 \$	2014 (6 months) \$
<b>Current Assets</b>			
Cash assets and cash equivalents	9	50,891,174	28,893,012
Trade and other receivables	10 (a)	8,526,896	18,806,279
Inventories		104,038	103,425
		<u>59,522,108</u>	<u>47,802,716</u>
<b>Non-current Assets</b>			
Trade and other receivables	10 (b)	49,217,517	49,217,517
Equity investments	11	65,211,946	62,016,970
Investment properties	12	3,831,234	-
Property, plant and equipment	13	887,078,567	873,447,519
Intangible assets	15	2,701,457	2,268,600
		<u>1,008,040,721</u>	<u>986,950,606</u>
<b>TOTAL ASSETS</b>		<u>1,067,562,829</u>	<u>1,034,753,322</u>
<b>Current Liabilities</b>			
Trade and other payables	16	7,736,143	6,669,789
Provisions	17	4,114,389	4,358,384
Borrowings	18	2,633,065	2,600,397
Other		1,082,497	831,140
		<u>15,566,094</u>	<u>14,459,710</u>
<b>Non-current Liabilities</b>			
Provisions	17	8,194,924	8,216,341
Borrowings	18	36,747,480	38,576,628
		<u>44,942,404</u>	<u>46,792,969</u>
<b>TOTAL LIABILITIES</b>		<u>60,508,498</u>	<u>61,252,679</u>
<b>NET COMMUNITY ASSETS</b>		<u>1,007,054,331</u>	<u>973,500,643</u>
<b>Community Equity</b>			
Asset revaluation surplus	19	14,334,107	-
Retained surplus (deficiency)		992,720,224	973,500,643
<b>TOTAL COMMUNITY EQUITY</b>		<u>1,007,054,331</u>	<u>973,500,643</u>

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

**NOOSA SHIRE COUNCIL**

**Statement of Changes in Equity**  
For the year ended 30 June 2015

	Note	Total		Retained surplus (deficit)		Asset revaluation surplus	
		2015 \$	2014 (6 months) \$	2015 \$	2014 (6 months) \$	2015 \$	2014 (6 months) \$
Balance at beginning of period		973,500,643	-	973,500,643	-	-	-
Corrections to opening balances		1,389,839	-	1,389,839	-	-	-
Restated opening balances		974,890,482	-	974,890,482	-	-	-
Net result		17,829,742	973,500,643	17,829,742	973,500,643	-	-
Other comprehensive income for the period							
Revaluations:							
Property, plant & equipment	13	14,334,107	-	-	-	14,334,107	-
<b>Total comprehensive income</b>		<b>32,163,849</b>	<b>973,500,643</b>	<b>17,829,742</b>	<b>973,500,643</b>	<b>14,334,107</b>	<b>-</b>
Balance at end of period		- 1,007,054,331	973,500,643	992,720,224	973,500,643	14,334,107	-

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

**NOOSA SHIRE COUNCIL**

**Statement of Cash Flows**

For the year ended 30 June 2015

	Note	2015 \$	2014 (6 months) \$
<b>Cash flows from operating activities :</b>			
<b>Receipts</b>			
Receipts from customers		78,631,623	36,376,779
Operating grants, subsidies and contributions		5,082,742	1,890,879
Income tax equivalent received		973,222	494,614
Interest received		5,006,206	2,520,125
Income from equity investments		1,917,859	904,015
<b>Payments</b>			
Payments to suppliers and employees		(64,099,113)	(37,024,927)
Interest expense		(27,892)	(130,469)
<b>Net cash inflow (outflow) from operating activities</b>	25	<u>27,484,647</u>	<u>5,031,016</u>
<b>Cash flows from investing activities:</b>			
Commonwealth government grants		553,610	-
State Government subsidies & grants		1,679,628	1,058,819
Capital contributions		1,607,275	1,300,149
Inter-entity balance with Sunshine Coast Regional Council (SCRC)		1,021,691	(1,021,691)
Payments for property, plant and equipment		(15,339,301)	(2,740,657)
Payments for intangible assets		(683,722)	(2,171,862)
Proceeds from sale of property plant and equipment		359,247	10,155
<b>Net cash inflow (outflow) from investing activities</b>		<u>(10,801,572)</u>	<u>(3,565,087)</u>
<b>Cash flows from financing activities:</b>			
Cash collected under an service level agreements		(101,517)	101,517
Proceeds from borrowings	18	794,000	2,300,000
Repayment of borrowings	18	(4,856,932)	(2,308,977)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(4,164,449)</u>	<u>92,540</u>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<u>12,518,626</u>	<u>1,558,469</u>
Cash and cash equivalents at beginning of the financial year		28,893,012	-
Cash and cash equivalents transferred on de-amalgamation from SCRC		9,479,536	27,334,543
<b>Cash and cash equivalents at end of the financial year</b>	9	<u>50,891,174</u>	<u>28,893,012</u>

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

## NOOSA SHIRE COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2015

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### 1 Significant accounting policies

#### 1.1 Basis of preparation

These general purpose financial statements are for the period 1 July 2014 to 30 June 2015 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.

Comparatives reflect a 6 month reporting period from the 1 January to 30 June 2014.

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

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

Council uses the Australian dollar as its functional currency and its presentation currency and amounts have been rounded to the nearest \$1.

#### 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.

Council had an interest in one (1) associate during the year being Unitywater and is included in note 1.11

#### 1.3 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.

#### 1.4 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 suite of consolidation standards resulted in some material changes to Council's accounting policies. These standards comprised *AASB 10 Consolidated Financial Statements*, *AASB 11 Joint Arrangements*, *AASB 12 Disclosure of Interests in Other Entities*, *AASB 127 (revised 2011) Separate Financial Statements* and *AASB 128 (revised 2011) Investments in Associates and Joint Ventures*.

#### 1.5 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:

## NOOSA SHIRE COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2015

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Investment Property - note 1.12 and note 12  
Valuation and depreciation of property, plant and equipment - note 1.13 and note 14 Fair value measurements  
Provisions - note 1.18 and note 17  
Contingent liabilities - note 22

### 1.6 Revenue

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

#### 1.6 (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.

#### 1.6 (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.

#### 1.6 (c) 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.

#### 1.6 (d) 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.

#### 1.6 (e) 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.

### 1.7 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 1.8)  
Receivables - measured at amortised cost (note 1.9)

#### Financial liabilities

Payables - measured at amortised cost (note 1.15)  
Borrowings - measured at amortised cost (note 1.17)

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 28.

### 1.8 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.

**1.9 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.

**1.10 Investments**

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

**1.11 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, governance arrangements for Unitywater were established in a Participation Agreement which commenced from 1 July 2010. The agreement provides for participation rights to be held by the participating Councils. The participating Councils are Noosa Shire Council, Moreton Bay Regional Council and the Sunshine Coast Regional Council. The Participation Rights effectively represent an investment in an associate by Noosa Shire Council and are disclosed in note 11.

Associates are entities over which Noosa Shire Council exerts significant influence. Significant influence is the power to participate 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.

**1.12 Investment Property**

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation.

Investment property is measured using the fair value model. This means all investment property is initially recognised as cost (including transaction costs) and then subsequently revalued annually at the reporting date by a registered valuer. Where investment property is acquired at no or nominal cost it is recognised at fair value.

Gains or losses arising from changes in the fair value of investment property are recognised as incomes or expenses respectively for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

## NOOSA SHIRE COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2015

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### 1.13 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 13.

#### 1.13 (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.

#### 1.13 (b) Capital and operating expenditure

Direct labour and materials and an appropriate proportion of overheads incurred in the acquisition or construction of assets are treated as capital expenditure. Assets under construction are not depreciated until they are completed and commissioned, at which time they are reclassified from work in progress to the appropriate property, plant and equipment class.

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

#### 1.13 (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*. Fair value means 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 will be 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.

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.



## NOOSA SHIRE COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2015

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

### 1.13 (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.

### 1.14 **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 13.

### 1.15 **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.

### 1.16 **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.

#### 1.16 (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 16 as a payable.

**1.16 (b) 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.

Where employees have met the prerequisite length of service and council does not have an unconditional right to defer this liability beyond 12 months long service leave is classified as a current liability. Otherwise it is classified as non-current.  
This liability is reported in note 17 as a provision.

**1.16 (c) 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 liability represents an accrued expense and is reported in note 16 as a payable.

**1.17 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.

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.

**1.18 Restoration provision**

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

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

Council has the following restoration provisions:

## NOOSA SHIRE COUNCIL

Notes to the Financial Statements  
For the year ended 30 June 2015

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### 1.18 (a) Landfill sites

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

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

The provision recognised for the Eumundi Rd landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will fully close in 2054 and that site restoration will occur progressively over the subsequent thirty years.

### 1.18 (b) Quarry sites

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

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

### 1.19 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 29.

### 1.20 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.

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

## **NOOSA SHIRE COUNCIL**

### **Notes to the financial statements**

For the year ended 30 June 2015

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#### **2 (a) Components of council functions**

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

##### **CEO**

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

##### **Community Services**

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

##### **Planning and Infrastructure**

The goals of the Planning and Infrastructure department are to provide efficient planning and asset management services including infrastructure planning and development assessment. The department operates and maintains infrastructure including roads and bridges, buildings, canals, parks, stormwater drainage, waterways, beaches and bushland in the Noosa shire in accordance with established service levels. Service areas include Building and Plumbing Services, Civil Works, Infrastructure Planning and Design, Parks and Gardens, Planning and Environment, Disaster Management and Strategic Land Use Planning.

##### **Executive Office**

The goal of the Executive office is to provide effective governance oversight of the organisation, human resource management support to the organisation, support economic development, support sustainability initiatives, and ensure Council's customer focus including communication and community engagement processes. Service areas include the Community Engagement, Customer Service, Executive Office, Economic Development, Sustainability, Governance and Human Resources.

##### **Corporate Services**

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

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**  
For the year ended 30 June 2015

**2 Analysis of results by function**

**(b) Revenue, expenses and assets have been attributed to the following functions :**

Functions	Income		Total income	Total expenses	Net result for period	Assets
	Grants	Other				
	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$
CEO	-	-	-	536,083	(536,083)	-
Community Services	2,908,539	17,667,590	20,576,129	27,649,969	(7,073,840)	594,249
Planning and Infrastructure	2,238,035	8,481,346	10,719,381	38,015,343	(27,295,962)	34,363
Executive Office	1,500	4,380,083	4,381,583	7,223,462	(2,841,879)	(8,417)
Corporate Services	2,120,771	67,600,439	69,721,210	17,338,680	52,382,530	1,062,708,913
Total Council	7,268,845	98,129,458	105,398,303	90,763,537	14,634,766	1,063,329,108
Controlled entity net of eliminations	-	3,194,976	3,194,976	-	3,194,976	4,233,721
<b>Total</b>	<b>7,268,845</b>	<b>101,324,434</b>	<b>108,593,279</b>	<b>90,763,537</b>	<b>17,829,742</b>	<b>1,067,562,829</b>

Functions	Income		Total income	Total expenses	Net result for period	Assets
	Grants	Other				
	2014 (6 months) \$	2014 (6 months) \$	2014 (6 months) \$	2014 (6 months) \$	2014 (6 months) \$	2014 (6 months) \$
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)	518,279
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
<b>Total</b>	<b>2,929,035</b>	<b>42,848,231</b>	<b>45,777,266</b>	<b>44,474,750</b>	<b>1,302,516</b>	<b>1,034,753,321</b>

NOOSA SHIRE COUNCIL

Notes to the financial statements  
For the year ended 30 June 2015

		2015	2014 (6 months)
	Note	\$	\$
<b>3 Revenue analysis</b>			
<b>(a) Rates and charges</b>	1.6(a)		
General rates		44,865,172	23,340,488
Separate rates		5,044,577	2,527,651
Special rates		1,397,948	839,351
Waste utility charges		10,617,388	5,015,495
Rates and utility charge revenue		61,925,085	31,722,985
Less: Discounts		(1,793,041)	(889,269)
Less: Pensioner remissions		(743,832)	(362,869)
Net rates and utility charges		<u>59,388,212</u>	<u>30,470,848</u>
<b>(b) Sale of goods and major services</b>			
Sale of recyclables		482,992	283,825
Refuse tips and transfer station charges		1,694,792	836,367
Venue hire		390,428	191,774
Retail shop sales		475,090	64,115
Holiday parks fees and charges		2,859,041	1,315,057
Learn to swim		642,894	250,150
Admission fees		692,475	325,722
		<u>7,237,712</u>	<u>3,267,009</u>
<b>(c) Fees and charges</b>			
Building and development fees		2,288,735	924,707
Permits and licences		753,830	96,365
Fines and penalties		56,591	46,289
Registration fees		168,437	11,331
Parking penalties		547,917	215,726
Other statutory fees		458,153	205,896
User fees and charges		669,289	661,691
		<u>4,942,952</u>	<u>2,162,005</u>
<b>(d) Interest received</b>			
Investments		1,834,868	958,097
Loan to Unitywater		2,692,198	1,323,951
Over due rates and utility charges		479,140	238,077
		<u>5,006,206</u>	<u>2,520,125</u>
<b>(e) Other recurrent income</b>			
Unitywater income tax equivalent received		973,222	494,614
Other income		1,133,133	104,306
		<u>2,106,355</u>	<u>598,920</u>
<b>4 Grants, subsidies, contributions and donations</b>	1.6(b)		
<b>(i) Recurrent - grants, subsidies, contributions and donations are analysed as follows:</b>			
General purpose grants		2,120,771	585,331
Commonwealth subsidies and grants		1,864,477	899,430
State Government subsidies & grants		1,019,746	385,455
Other Non-Government Subsidies		30,612	-
Donations		32,834	20,663
Total recurrent revenue		<u>5,068,440</u>	<u>1,890,879</u>

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

		2015	2014 (6 months)
	Note	\$	\$
<b>4 (ii) Capital - grants, subsidies, and contributions are analysed as follows:</b>			
(a) Monetary revenue designated for capital funding purposes:			
Commonwealth government grants		553,610	-
State Government subsidies & grants		1,679,628	251,000
NDRRA flood grants		-	807,819
Contributions		1,607,275	1,300,149
		<u>3,840,513</u>	<u>2,358,968</u>
(b) Non-monetary revenue received is analysed as follows:			
Developer assets contributed by developers at fair value	1.6(c)	2,438,114	-
		<u>2,438,114</u>	<u>-</u>
<b>Total capital revenue</b>		<u>6,278,627</u>	<u>2,358,968</u>
<b>5 Gain on restructure of local government</b>			
<b>(a) Net result attributable to Council before net assets transferred from abolished Councils</b>			
Net result attributable to Council		-	972,461,900
Less:			
Assets and liabilities transferred from abolished councils	13	-	869,620,179
Accounting policy adjustments	5 (b)	-	102,577,950
Net gain on restructure of local government		<u>-</u>	<u>972,198,129</u>
Net result before gain on restructure of local government		<u>-</u>	<u>263,771</u>
<b>(b) Adjustments due to accounting policy alignment</b>			
Property, Plant and Equipment		-	102,577,950
		<u>-</u>	<u>102,577,950</u>

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

		2015	2014 (6 months)
	Note	\$	\$
<b>6 Employee benefits</b>			
Total staff wages and salaries		20,050,773	15,114,707
Councillors' remuneration		504,974	239,088
Annual, sick and long service leave entitlements		3,222,457	1,722,269
Superannuation	23	2,707,406	1,305,459
		<u>26,485,610</u>	<u>18,381,523</u>
Other employee related expenses		1,140,450	344,416
		<u>27,626,060</u>	<u>18,725,939</u>
Less : Capitalised employee expenses		(1,500,925)	(461,711)
		<u>26,125,135</u>	<u>18,264,228</u>

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

		2015	2014 (6 months)
Total Council employees at June 2015:			
Elected members		7	7
Administration staff		247	234
Depot and outdoors staff		97	95
Total full time equivalent employees		<u>351</u>	<u>336</u>

<b>7 Materials and services</b>			
Audit services		111,600	90,000
Administration Supplies and Consumables		830,683	378,821
Legal expenses		1,055,194	744,335
Insurance		508,181	29,635
Communications and IT		575,781	336,586
Consultancy Services		403,320	201,954
Contract Services		17,291,190	9,060,491
Donations and Prizes		2,901,606	1,291,063
Electricity		1,859,559	884,462
Grants Paid to Community Organisations		780,780	34,340
Software and Maintenance		474,164	306,483
Commission Paid		465,604	246,839
Water and Sewerage Costs		930,991	341,748
Fleet Operating Costs		1,290,781	734,411
Other Materials and Services		3,637,683	1,600,489
Rentals - Operating leases		809,094	518,509
Less Capitalised Internal Expenses		(196,787)	(44,719)
		<u>33,729,424</u>	<u>16,755,448</u>

<b>8 Depreciation and amortisation</b>	1.14		
<b>(a) Depreciation of non-current assets</b>			
Buildings		1,457,212	749,306
Plant and Equipment		622,843	244,723
Road and Bridge Network		9,128,475	4,462,163
Storm Water		1,861,015	911,182
Other Infrastructure Assets		2,599,097	1,390,772
		<u>15,668,642</u>	<u>7,758,146</u>
<b>(b) Amortisation of other intangible assets</b>			
Computer Software		250,865	21,509
		<u>250,865</u>	<u>21,509</u>
Total depreciation and amortisation		<u>15,919,507</u>	<u>7,779,655</u>



**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

		2015	2014 (6 months)
	Note	\$	\$
<b>9 Cash assets and cash equivalents</b>	<b>1.8</b>		
Cash at bank and on hand		175,276	77,994
Deposits at call		34,715,898	31,045,060
Term deposits		16,000,000	-
Less QTC working capital loan facility		-	(2,230,042)
<b>Total cash and cash equivalents per cash flow statement</b>		<b>50,891,174</b>	<b>28,893,012</b>

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

Unspent levy funds	6,247,670	4,202,197
Unspent developer contributions	3,222,716	2,356,092
Unspent government grants and subsidies	116,220	38,926
Unspent carbon tax	635,000	223,000
Unspent loan monies	-	128,138

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

Natural Disaster Rehabilitation	2,249,000	3,776,581
Plant Replacement	-	-
Future asset replacement	5,335,180	5,335,180
Waste Management	3,466,035	2,594,694
Specific purpose recurrent	2,202,431	1,978,395
<b>Total unspent restricted cash held in reserves</b>	<b>23,474,251</b>	<b>20,633,203</b>

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 2.8% and 3.19%.

**10 Trade and other receivables** 1.9

**(a) Current**

Rateable revenue and utility charges	4,165,668	4,159,585
Fees and charges	806,010	1,016,774
GST recoverable	457,957	339,407
Other debtors	-	-
Inter-entity balance with SCRC	-	10,501,227
	<b>5,429,635</b>	<b>16,016,992</b>
Prepayments	646,006	411,901
Accrued Revenue	2,451,255	2,377,385
	<b>8,526,896</b>	<b>18,806,279</b>

**(b) Non-current**

Loans and advances to associates	1.11	49,217,517	49,217,517
		<b>49,217,517</b>	<b>49,217,517</b>

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.

A new loan agreement for the subordinated debt was executed on the 21 June 2013. The new interest only loan structure terminates on the 30 June 2033 with the interest rate set by QTC annually. Applicable interest rate for 2015 was 5.47% (2014 5.38%).

**11 Equity investments**

Details of the associate is as follow.

Name of Associate -	Unitywater
Principal Activity -	Water and sewerage services
Place of Operations -	Moreton Bay, Sunshine Coast & Noosa Regions
Proportion of participation -	4.25%

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

	2015	2014 (6 months)
Note	\$	\$
Summarised financial information in respect of the associate is set out below.		
Total assets	3,342,905,329	3,268,129,579
Total liabilities	<u>(1,755,520,456)</u>	<u>(1,755,920,879)</u>
Net assets	<u>1,587,384,873</u>	<u>1,512,208,700</u>
Share of net assets of associate	<u>67,463,857</u>	<u>64,268,870</u>
Total revenue	624,672,829	550,492,752
Total expenses	<u>(460,434,453)</u>	<u>(431,764,972)</u>
Profit before income tax equivalent	164,238,376	118,727,780
Income tax equivalent expense	<u>(43,936,099)</u>	<u>(34,261,756)</u>
Profit for year	<u>120,302,277</u>	<u>84,466,024</u>
Share of profit of associate	<u>5,112,835</u>	<u>1,942,760</u>
Investment in associate through participation rights	<u>65,211,946</u>	<u>62,016,970</u>
	<u>65,211,946</u>	<u>62,016,970</u>
<b>Details of movements in participation rights</b>		
Equity investment in associate - Unity Water	62,016,970	60,997,643
Recognition of equity share of profit (loss) in the result for the period	5,112,835	1,942,760
Less distributions paid/payable to Council	<u>(1,917,859)</u>	<u>(904,015)</u>
Accounting adjustment on de-amalgamation	-	<u>(19,418)</u>
Fair value at end of financial year	<u>65,211,946</u>	<u>62,016,970</u>
<b>Retained Earnings</b>		
Balance of beginning of financial year	77,426,926	41,234,855
Net result for the period	120,302,277	84,466,024
Less distribution paid	<u>(45,126,105)</u>	<u>(48,273,953)</u>
Balance at the end of the financial year	<u>152,603,098</u>	<u>77,426,926</u>
<b>12 Investment properties</b>		
Property held for rental income and capital growth	3,831,234	-
Fair value at end of financial year	<u>3,831,234</u>	<u>-</u>
<b>Movement in assets during the reporting period:</b>		
<b>Property held for rental income and capital growth</b>		
Fair value of assets transferred from other asset category	3,226,719	-
Revaluation adjustment to income statement	604,515	-
Fair value at end of financial year	<u>3,831,234</u>	<u>-</u>

All investment property was valued at fair value by AEC Group Limited, an independent professionally qualified valuation firm, as at 30 June 2015. Operating expenses in respect of investment property are shown in note 7.

**NOOSA SHIRE COUNCIL**

Notes to the financial statements  
For the year ended 30 June 2015

**13 Property, plant and equipment**

Note	Land	Buildings	Plant and Equipment	Road and Bridge Network		Storm Water		Other Infrastructure Assets		Works in progress	Total
				Valuation 2015	Cost 2015	Valuation 2015	Valuation 2015	Valuation 2015	Cost 2015		
	Valuation 2015	Valuation 2015	Cost 2015	Valuation 2015	Valuation 2015	Valuation 2015	Valuation 2015	Valuation 2015	Cost 2015	Cost 2015	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	120,945,066	74,545,960	7,476,085	615,371,792	147,835,968	77,379,795	1,045,079,399	1,675,014	1,522,733	1,045,079,399	1,675,014
27		174,067	-	1,500,947	-	-	15,010	-	-	5,939,431	15,339,301
	789,083	62,352	1,374,301	3,944,045	1,187,113	3,215,079	2,438,114	-	-	66,306	2,438,114
		-	-	1,251,001	-	-	-	-	-	-	-
		-	(498,802)	-	-	-	-	-	-	(66,306)	-
		(75,484)	-	(941,142)	-	(217,767)	-	-	-	-	(498,802)
19		5,527,092	-	-	12,930,121	-	18,457,213	-	-	-	18,457,213
	(2,220,000)	(1,769,877)	-	-	-	2,479,014	-	-	-	-	(3,989,877)
	119,514,149	75,985,096	8,353,584	621,126,643	161,968,212	82,922,427	1,077,265,969	7,395,858	7,395,858	1,077,265,969	

**Accumulated depreciation and impairment**

8	Opening balance as at 1 July 2014	15,186,063	243,102	89,680,808	43,498,670	23,023,238	171,631,881				171,631,881
	Depreciation provided in period	1,457,212	622,843	9,128,475	1,861,015	2,599,097	15,668,642				15,668,642
	Depreciation on disposals	-	(31,009)	-	-	-	(31,009)				(31,009)
	Depreciation on write-offs	(25,077)	-	(283,032)	-	(133,950)	(442,059)				(442,059)
19	Revaluation adjust to other comprehensive income. (ARS*)	(111,363)	-	-	4,234,469	-	4,123,106				4,123,106
	Internal transfers to other asset classes	(141,546)	-	-	-	141,546	-				-
	Transfer to investment properties	(763,158)	-	-	-	-	(763,158)				(763,158)
	Accumulated depreciation as at 30 June 2015	15,602,131	834,936	98,526,251	49,594,154	25,629,931	190,187,403				190,187,403
	Consolidated written down value 30 June 2015	60,382,965	7,518,648	522,600,392	112,374,066	57,292,496	887,078,567				887,078,567

**Range of estimated useful life in years**

	3 - 72	1 - 50	0 - 150	17-100	0 - 100	
Addition of renewal assets	62,352	1,337,893	3,920,786	10,507	602,281	
Addition of other assets	-	56,408	1,274,260	1,191,616	2,612,798	
Total additions in period	62,352	1,374,301	5,195,046	1,202,123	3,215,079	
						5,939,431
						17,777,415

**NOOSA SHIRE COUNCIL**

Notes to the financial statements  
For the year ended 30 June 2015

**13 Property, plant and equipment - prior year** Note

Basis of measurement	Land		Buildings		Plant and Equipment		Road and Bridge Network		Storm Water		Other Infrastructure Assets		Works in progress		Total
	Valuation	2014 (6months) \$	Valuation	2014 (6months) \$	Cost	2014 (6months) \$	Valuation	2014 (6months) \$	Valuation	2014 (6months) \$	Valuation	2014 (6months) \$	Cost	2014 (6months) \$	
Asset Values															
Opening gross value as at 1 July 2013	159,859,939	60,480,551	7,397,557	550,252,152	104,054,222	54,709,289	21,284,999	384,564	2,740,657						
Valuation adjustment on de-amalgamation	(38,979,941)	14,015,208	-	64,818,298	43,680,543	21,284,999	1,503,739								
Additions at cost	59,389	50,201	83,376	587,305	72,083	1,503,739									
Internal transfers from work in progress	5,679	-	8,121	14,973	46,924	-									
Disposals	-	-	(3,003)	-	-	-									
Write-offs	-	-	(7,966)	(300,937)	(27,804)	(118,131)									
Closing gross value as at 30 June 2014	120,945,066	74,545,960	7,478,085	615,371,792	147,835,968	77,379,795	1,522,733								

**Accumulated depreciation and impairment**

Opening balance as at 1 July 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation adjustment on de-amalgamation	14,436,757	749,306	244,723	4,462,163	911,182	1,390,772									
Depreciation provided in period	-	-	(76)	-	-	-									
Depreciation on disposals	-	-	(1,545)	(91,843)	(11,745)	(33,761)									
Depreciation on write-offs	-	-	-	-	-	-									
Accumulated depreciation as at 30 June 2014	15,186,063	749,306	243,102	89,660,808	43,498,670	23,023,238									

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
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**Range of estimated useful life in years**

	30 - 100	3 - 20	10 - 120	80	12 - 100	
Addition of renewal assets	-	-	489,322	72,083	1,499,919	2,471,134
Addition of other assets	59,389	83,376	97,983	-	3,820	1,483,390
Total additions in period	59,389	83,376	587,305	72,083	1,503,739	3,954,524

\* ARS denotes - Asset Revaluation Surplus

Notes to the financial statements

For the year ended 30 June 2015

14 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 the other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 18 is provided by the Queensland Treasury Corporation (QTC) and represents the market value to extinguish the debt at balance date. Liquidity risk information on Council's borrowings is also disclosed in note 28. This information was provided by QTC and represents the contractual undiscounted cash flows at balance date.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (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 table below presents all items that are measured and recognised within the Statement of Financial Position at fair value. In accordance with AASB 13, all fair value measurements are recurrent and categorised as either Level 2 or Level 3 fair value measurements. Council does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as Level 1.

	Level 2 (significant other observable inputs)	Level 3 (significant unobservable inputs)	Total
<b>As at 30 June 2015</b>			
Property, plant and equipment			
- Land	63,883,083	55,631,066	119,514,149
- Buildings		60,382,965	60,382,965
- Road and Bridge Network		522,600,392	522,600,392
- Storm Water		112,374,058	112,374,058
- Other Infrastructure Assets		57,292,496	57,292,496
	<b>63,883,083</b>	<b>808,280,977</b>	

## Notes to the financial statements

For the year ended 30 June 2015

## 14 Fair value measurements continued

	Level 2 (significant other observable inputs)	Level 3 (significant unobservable inputs)	Total
<b>As at 30 June 2014</b>			
Property, plant and equipment			
- Land	65,314,000	55,631,066	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
	65,314,000	799,375,802	

There were no transfers between level 2 and 3 during the financial year.

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

## (ii) Valuation techniques used to value Council assets comprise:

**Land (level 2 and 3)**

Land fair values were determined by independent valuer, AssetVal Pty Ltd effective 1 January 2014.

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

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

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

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

If the above assumptions applied to the land as per Queensland Treasury NCAP 3, fair value has been assessed as a Level 3. However if an active market was established and there are no unreasonable restrictions as to use and/or sale, measurement was deemed to be a Level 2.

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

**Buildings (level 3)**

For the majority of Council's buildings, there is no active market due to the specialised nature of the assets and the services they provide. The fair value of buildings were independently valued by registered valuers Australia Pacific Valuers, effective 30 June 2015.

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

**14 Fair value measurements continued**

Due to the predominately specialised nature of local government buildings, the valuations have been undertaken using a cost approach. This is deemed to be a level 3 input.

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

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

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

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
<b>Buildings (Cost Approach)</b>					
Specialised Buildings	Relationship between asset consumption rating scale and the level of consumed service potential.	-2.50%	2.50%	-\$ 1,489,286.00	\$ 1,489,286.00

**Other Infrastructure Assets (level 3)**

Other infrastructure was last comprehensively valued as at 30 June 2012 using the cost approach by Aurecon Australia Pty Ltd. This approach involved componentising the assets into significant parts with different useful lives.

Asset values for the period ended 30 June 2015 have been reviewed with reference to relevant cost indices. This review indicated that there was no evidence to suggest any material changes to fair value had occurred. As a result of this, no indexation has been applied to this class.

A comprehensive valuation of this class will be undertaken in 2016. The valuation of other infrastructure has been determined as a Level 3.

**Accumulated Depreciation**

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

Notes to the financial statements

For the year ended 30 June 2015

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**14 Fair value measurements continued**

**Infrastructure Assets (level 3)**

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

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

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

**Specific valuation techniques used to value Council infrastructure assets comprise:**

**Road and Bridge Network - current replacement cost**

**Roads**

Road and bridge infrastructure was comprehensively valued by independent valuer Aurecon Australia Pty Ltd as at 30 June 2014.

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

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

Council 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.

A review of market data obtained from the Australian Bureau of Statistics, Queensland Roads and Bridges Index rates for the period 30 June 2014 to 30 June 2015 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class.

**Accumulated Depreciation**

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

**Bridges**

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 market data obtained from the Australian Bureau of Statistics, Queensland Roads and Bridges Index rates for the period 30 June 2014 to 30 June 2015 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied.



**Notes to the financial statements**

For the year ended 30 June 2015

**14 Fair value measurements continued**

**Accumulated Depreciation**

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

**Stormwater**

A comprehensive valuation of stormwater infrastructure was undertaken by independent valuers Aurecon Australia Pty Ltd effective 30 June 2015.

As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of drainage assets has been determined as Level 3.

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

**Accumulated Depreciation**

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

**Sensitivity Analysis - Roads, Bridge and Stormwater Network**

As detailed above Council's road, bridge and stormwater 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
Condition rating (useful life)	As specified above – 0H/0M (lowest) to 6H/6M (highest)	The higher the condition rating, the lower the fair value.
Remaining useful life	5-100 years	The longer the remaining useful life, the higher the fair value.

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**  
For the year ended 30 June 2015

	2015	2014 (6 months)
Note	\$	\$
<b>15 Intangible assets</b>		
Net carrying value at period end:		
Computer Software	2,701,457	2,268,600
	<u>2,701,457</u>	<u>2,268,600</u>
<b>Computer Software</b>		
Opening gross carrying value	2,290,109	-
Acquired at cost	342,232	2,171,862
Assest transferred from de-amalgamated Council	-	118,247
	<u>2,632,341</u>	<u>2,290,109</u>
<b>Accumulated amortisation</b>		
Opening balance	21,509	-
Amortisation in the period	250,865	21,509
	<u>272,374</u>	<u>21,509</u>
Net carrying value	2,359,967	2,268,600
<b>Work in progress</b>	341,490	-
Total carrying value at end of the financial year	<u>2,701,457</u>	<u>2,268,600</u>

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

**16 Trade and other payables**

**Current**

Accruals	3,497,696	2,054,226
Creditors	1,074,460	1,185,975
Employee related accruals	766,541	835,081
Annual leave	2,301,569	2,484,788
Other entitlements	95,877	109,720
	<u>7,736,143</u>	<u>6,669,789</u>

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.  
The non-current portion of annual leave and long service leave is then discounted to the present value. Further details on employee entitlements are reported in Note 1.16

**17 Provisions**

**Current**

Long service leave	4,114,389	4,358,384
	<u>4,114,389</u>	<u>4,358,384</u>

**Non-Current**

Long service leave	347,535	447,272
Property restoration:		
(i) Landfill sites	7,797,389	7,719,069
(ii) Quarry sites	50,000	50,000
	<u>8,194,924</u>	<u>8,216,341</u>

**Details of movements in provisions:**

**Long service leave**

Balance at the beginning of financial year	4,805,656	-
Transferred from de-amalgamated council	-	5,751,090
Amount provided for in the period	318,483	258,040
Amount paid in the period	(662,215)	(1,203,475)
Balance at end of the financial year	<u>4,461,924</u>	<u>4,805,656</u>

**(i) Landfill sites**

Balance at the beginning of financial year	7,719,069	-
Transferred from de-amalgamated council	-	4,598,150
Increase in provision - due to change in time	78,320	-
Accounting adjustment on de-amalgamation	-	3,120,919
Balance at end of the financial year	<u>7,797,389</u>	<u>7,719,069</u>

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

	2015	2014 (6 months)
Note	\$	\$
Current portion	-	-
Non-current portion	7,797,389	7,719,069
	<u>7,797,389</u>	<u>7,719,069</u>

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.

**(ii) Quarry sites**

Balance at the beginning of financial year	50,000	-
Transferred from de-amalgamated council	-	50,000
Balance at end of the financial year	<u>50,000</u>	<u>50,000</u>
Current portion	-	-
Non-current portion	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

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.

**18 Borrowings**

1.17

**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 19 November 2025 to 4 December 2026.

There have been no defaults or breaches of the loan agreement during the period.

Principal and interest repayments are made quarterly in arrears.

**Details of borrowings at balance date are:**

**Current**

Queensland Treasury Corporation	2,633,065	2,600,397
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**Non Current**

Queensland Treasury Corporation	36,747,480	38,576,628
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**Details of movements in borrowings:**

**Queensland Treasury Corporation**

Balance at the beginning of financial year	41,177,025	-
Loans raised	794,000	2,300,000
Loans recognised on the de-amalgamation from SCRC	-	40,048,048
Loan interest capitalised in period	2,266,452	1,137,954
Principal repayments	(4,856,932)	(2,308,977)
Balance at end of the financial year	<u>39,380,545</u>	<u>41,177,025</u>
Classified as :		
Current	2,633,065	2,600,397
Non-current	36,747,480	38,576,628
	<u>39,380,545</u>	<u>41,177,025</u>

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

	2015	2014 (6 months)
Note	\$	\$
The QTC loan market value at the reporting date was \$44,938,354.70		
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 \$A and are underwritten by the Queensland State Government.		
<b>19 (i) Asset revaluation surplus</b>		
Balance at the beginning of financial year	-	-
Buildings	5,638,455	-
Storm Water	8,695,652	-
Balance at end of the financial year	<u>14,334,107</u>	<u>-</u>
<b>20 Commitments for expenditure</b>		
<b>Operating leases</b>		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	330,919	658,948
Later than 1 year but not later than 5 years	33,726	333,285
Later than 5 years	-	-
	<u>364,645</u>	<u>992,233</u>
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.		
<b>Contractual Commitments</b>		
Contractual commitments at balance date but not recognised in the financial statements are as follows:		
Within one year	13,496,071	5,162,500
One to five years	13,192,800	1,671,416
Later than five years	-	-
	<u>26,688,871</u>	<u>6,833,916</u>
<b>Capital Commitments</b>		
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	6,395,227	510,800
Pathways	217,581	514,500
Other	6,612,808	238,700
	<u>8,059,208</u>	<u>1,264,000</u>
These expenditures are payable :		
Within one year	8,059,208	1,264,000
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>8,059,208</u>	<u>1,264,000</u>
<b>21 Events after balance date</b>		
There were no material financial adjusting events after balance date.		

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**  
**For the year ended 30 June 2015**

	2015	2014 (6 months)
Note	\$	\$
<b>22 Contingent liabilities</b>		
Details and estimates of maximum amounts of contingent liabilities are as follows:		
Local Government Workcare		
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.		
The Council's maximum exposure to the bank guarantee is:		
	<u>290,070</u>	<u>290,070</u>

**Local Government Mutual**

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

As at 30 June 2015 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

**23 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.

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.

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**  
For the year ended 30 June 2015

	2015	2014 (6 months)
Note	\$	\$
<p>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.</p>		
<p>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.</p>		
<p>As at the reporting date, the assets of the scheme are sufficient to meet the vested benefits.</p>		
<p>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."</p>		
<p>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.</p>		
<p>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.</p>		
<p>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 2014-15 financial year.</p>		
<p>The next actuarial investigation will be conducted as at 1 July 2015.</p>		
<p>The amount of superannuation contributions paid by Noosa Shire Council to the scheme in this period for the benefit of employees was:</p>		
	<u>2,707,406</u>	<u>1,305,459</u>
<b>24 Trust funds</b>		
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	2,465,751	2,640,702
	-	-
	<u>2,465,751</u>	<u>2,640,702</u>

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.

NOOSA SHIRE COUNCIL

Notes to the financial statements

For the year ended 30 June 2015

		2015	2014 (6 months)
	Note	\$	\$
<b>25 Reconciliation of net result for the year to net cash inflow (outflow) from operating activities</b>			
Net result		17,829,742	973,500,645
Non-cash operating items:			
Impairment of receivables and bad debts written off		6,340	909
Depreciation and amortisation	8	15,919,507	7,779,655
Change in restoration provisions expensed to finance costs		78,320	-
Interest expense capitalised in QTC loans		2,266,452	1,137,954
		<u>18,270,619</u>	<u>8,918,518</u>
Investing and development activities:			
Capital grants, subsidies and contributions	4	(6,278,627)	(2,358,968)
Capital income		(604,515)	(7,228)
Capital expenses		900,880	315,945
Net equity income from investments		(3,194,976)	(1,038,745)
Net gain on restructure of local government		-	(972,198,129)
		<u>(9,177,238)</u>	<u>(975,287,126)</u>
Changes in operating assets and liabilities :			
(Increase) decrease in receivables		(191,082)	(2,124,994)
(Increase) decrease in inventories (excluding land)		(613)	(103,425)
Increase (decrease) in payables		758,379	3,969,228
Increase (decrease) in provisions		(343,732)	(3,926,236)
Increase (decrease) in other liabilities		338,572	84,406
		<u>561,524</u>	<u>(2,101,021)</u>
<b>Net cash inflow from operating activities</b>		<u><u>27,484,647</u></u>	<u><u>5,031,016</u></u>

**26 Operating lease income**

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

The expected future income is as follows:

Within One Year	338,264	300,614
Within One to Five Years	788,825	503,190
Greater Than Five Years	-	-
<b>Total</b>	<u><u>1,127,089</u></u>	<u><u>803,804</u></u>

**27 Correction of prior period adjustments**

**(a) Assets not previously recognised**

During the financial year Council became aware of some assets in property plant and equipment that were not previously recognised.

Consequently the assets have been recognised retrospectively and certain comparative figures have been restated, as disclosed in this note.

Summary details of assets not previously recognised are as follows:

Road and Bridge Network		1,500,947	
Buildings	13	174,067	-
Gain from assets not previously recognised		<u>1,675,014</u>	<u>-</u>

**(b) Commitments for expenditure - operating leases**

During 2013/14 an error was identified with the prior year calculation of contractual commitments for IT operating leases.

The rental charge was calculated as being a monthly expense as opposed to quarterly charge and resulted in an overstatement of operating lease commitments of \$511,516.

Consequently, comparative figures have been restated in note 20.

## NOOSA SHIRE COUNCIL

Notes to the financial statements  
For the year ended 30 June 2015

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### 28 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 counterparty ability to meet payment obligations. The carrying amount of financial assets represents the maximum credit exposure.

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

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

The 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	2015 \$	2014 \$
<b>Financial Assets</b>			
Cash and cash equivalents - Bank	9	175,276	77,994
Cash investments held with - QTC	9	27,742,381	25,118,125
Cash investments held with other approved deposit taking institutions	9	22,973,517	5,926,935
Equity investments	11	65,211,946	60,978,225
Receivables - rates	10	4,165,668	4,159,585
Receivables - other	10	50,481,484	61,074,924
<b>Other credit exposure</b>			
Guarantee	22	290,070	290,070
Total		<u>171,040,342</u>	<u>157,625,858</u>

#### Cash and cash equivalents

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



**NOOSA SHIRE COUNCIL**

Notes to the financial statements  
For the year ended 30 June 2015

**28 Financial instruments - continued**

**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.

**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 Council's 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:	937,636	61,330	25,296	4,411,620	(6,247)	5,429,635
Loans to Unitywater	-	-	-	49,217,517	-	49,217,517
<b>2015</b>	<b>937,636</b>	<b>61,330</b>	<b>25,296</b>	<b>53,629,137</b>	<b>(6,247)</b>	<b>54,647,152</b>
Receivables	10,371,206	138,236	79,163	5,428,387	-	16,016,992
Loans to Unitywater	-	-	-	49,217,517	-	49,217,517
<b>2014</b>	<b>10,371,206</b>	<b>138,236</b>	<b>79,163</b>	<b>54,645,904</b>	<b>-</b>	<b>65,234,509</b>

**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.

These facilities are disclosed in note 18.

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 \$
<b>2015</b>					
Trade and other payables	5,338,697	-	-	5,338,697	5,338,697
QTC Loans	4,941,800	19,754,559	28,458,148	53,154,507	39,380,545
	<b>10,280,497</b>	<b>19,754,559</b>	<b>28,458,148</b>	<b>58,493,204</b>	<b>44,719,242</b>
<b>2014</b>					
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
	<b>11,189,060</b>	<b>19,436,191</b>	<b>32,049,878</b>	<b>62,675,128</b>	<b>45,252,307</b>

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.

**NOOSA SHIRE COUNCIL**

Notes to the financial statements  
For the year ended 30 June 2015

**28 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  
2015**

Financial assets and liabilities that are held at variable interest rates total:

	Net carrying amount	Change in profit & (loss) from		Change in equity from	
		1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$	\$
QTC cash funds	27,742,381	277,424	(277,424)	277,424	(277,424)
Other investments	6,973,517	69,735	(69,735)	69,735	(69,735)
Loans - QTC	(39,380,545)	(393,805)	393,805	(393,805)	393,805
Net total	(4,664,647)	(46,646)	46,646	(46,646)	46,646

**2014**

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

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 the 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 18.

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

**NOOSA SHIRE COUNCIL**

**Notes to the financial statements**

For the year ended 30 June 2015

**29 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.

Council applies full cost pricing to the following business activities:

- Waste Management
- Holiday Parks

**(b) The following activity statements are for activities subject to full cost pricing:**

	Waste Management	Waste Management	Holiday Parks	Holiday Parks
	2015	2014 (6 months)	2015	2014 (6 months)
	\$	\$	\$	\$
Revenue for services provided to the Council	207,383	91,616		
Revenue for services provided to external clients	12,840,616	6,125,809	2,899,448	1,336,427
* Community service obligations	71,578	9,906		
	13,119,577	6,227,331	2,899,448	1,336,427
Less : Expenditure	8,915,451	4,833,436	1,802,458	747,415
Surplus (deficiency)	4,204,126	1,393,895	1,096,990	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.

**NOOSA SHIRE COUNCIL**

**FINANCIAL STATEMENTS**

For the year ended 30 June 2015

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**MANAGEMENT CERTIFICATE**

For the year ended 30 June 2015

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, as set out on pages 1 to 36, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.

  
\_\_\_\_\_

Mayor

Name: NEIL PLAYFORD

Date: 23/10/2015

  
\_\_\_\_\_

Chief Executive Officer

Name: BRETT de CHASTEL

Date: 23/10/2015

**NOOSA SHIRE COUNCIL**

For the year ended 30 June 2015

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**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 year ended 30 June 2015**

**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 2015 against key financial ratios:

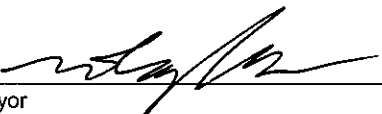
	<b>Operating surplus ratio</b>	<b>Asset sustainability ratio</b>	<b>Net financial liabilities ratio</b>
Target	between 0% and 10%	greater than 90%	not greater than 60%
Actual	7.92%	65.10%	1.16%


**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 2015.

**Certificate of Accuracy  
For the year ended 30 June 2015**

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 PUYFFARD  
Date: 23/10/2015

  
\_\_\_\_\_  
Chief Executive Officer  
Name: BRETT de CASTEL  
Date: 23/10/2015

**NOOSA SHIRE COUNCIL**

**Long-Term Financial Sustainability Statement  
Prepared as at 30 June 2015**

**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 2015 against key financial ratios:**

	Operating surplus ratio	Asset sustainability ratio	Net financial liabilities ratio
<b>Target</b>	between 0% and 10%	greater than 90%	not greater than 60%
Actuals at 30 June 2015	7.92%	65.10%	1.16%
Projected for 30 June 2016	1.30%	129.50%	12.30%
30 June 2017	1.50%	99.00%	11.40%
30 June 2018	1.90%	100.10%	10.20%
30 June 2019	2.30%	100.60%	8.60%
30 June 2020	2.60%	100.10%	4.20%
30 June 2021	1.90%	97.80%	0.70%
30 June 2022	2.00%	97.10%	-3.20%
30 June 2023	1.90%	96.20%	-7.00%
30 June 2024	2.00%	100.00%	-9.90%


**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 2015**

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  
 Name: Noel Playard  
 Date: 23/10/2015

  
 \_\_\_\_\_  
 Chief Executive Officer  
 Name: Brett de CHASTEL  
 Date: 23/10/2015