

2016/17 Annual Report

for the period 1 July 2016 to 30 June 2017





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Introduction

Our Council



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



A message from our Mayor

The 2016-17 financial year consolidated many of the priorities of the current Council.

Of particular note was the beginning of our journey towards zero emissions, with close analysis of the organisation's carbon footprint, and the inclusion of a dedicated carbon reduction officer. Already we have achieved a 6% reduction of our carbon emissions. The next couple of years will see even greater improvements as we hurtle towards our goal of being net zero emissions by 2026.

Transport was another complex matter that Council bravely grappled with. Following considerable consultation with the community, including more than 1250 submissions, plus numerous stakeholder sessions and workshops, we came up with a workable Transport Strategy. Many Council decisions, including budget priorities and the new planning scheme, are already being tested against the overarching intentions of this important Strategy.

Speaking of the new planning scheme, drafting of the document continues apace, with a range of specific studies informing the process now completed. A final community consultation process is scheduled to be undertaken in late 2018, after the first State interest review.

Meanwhile, our planners are having to deal with an escalating volume of development applications. Of the 477 planning applications decided on last year, Council approved all but 6. Of those that were refused, four were for removal of healthy trees, one was for a change of existing approval conditions, and only one was a town planning development application.

Financial stability remains an important hallmark of Noosa Council, with revenues exceeding costs, debt levels reducing and Council again investing significantly in the replacement of key community infrastructure.

Of some significance was the new waste contract that allowed us to not only improve our regular services, but also roll out a green bin service to urban areas. We also undertook an organisational restructure that, amongst other benefits, allows for a greater corporate emphasis on environmental issues. And thanks in part to State and LGAQ funding, significant work has occurred on Council's climate change adaptation plans.

We have also beefed up our Economic Development resources; undertaken a range of community plans with input from residents and stakeholders; and provided over \$810,000 in grants to local community groups.

Looking back, I am amazed at the workload this Council has managed to squeeze into a very hectic year. That we could achieve so much is entirely thanks to our committed and passionate workforce. It cannot be overstated just how dedicated our staff are to making Noosa Council progressive and exemplary.

I'd also like to take this opportunity to thank my fellow Councillors for their unwavering dedication to the Noosa Shire community. I am extremely blessed to be able to work with a group of Councillors who are committed to ensuring that our working environment is amicable and constructive. Not all mayors, nor local governments, are as fortunate as I am.

Thanks also must go to our highly-engaged residents who give so much back to their community. They ensure that Noosa Shire truly is the best place on the planet in which to reside.

Tony Wellington



A message from our Chief Executive Officer

An annual report is an important way for our Council to stay accountable to

the Noosa community for our performance. In reflecting on the 2016/17 year, I am once again very proud of how our Council has been able to achieve great results for our community despite being only 3 ½ years old.

One of the key highlights for 2016/17, was the adoption of Council's new Corporate Plan (for local governments, a Corporate Plan is the equivalent of a business plan in the private sector). Our Council has focused on a 20 year planning horizon in our Corporate Plan. This demonstrates one of the important characteristics of Noosa Shire Council – understanding that long-term planning is important for a community rather than just short-term decision-making.

Our Corporate Plan is crafted around a new vision – “Noosa Shire – different by nature”. Although a short vision statement, there is a lot of depth and meaning in the vision which will set the tone for our future planning and thinking. Our Corporate Plan also sets out our longer term aspirations for the Noosa Shire through a series of 20 year goals across five themes. These themes are:

Theme 1: The Noosa Environment

Theme 2: The Noosa Community

Theme 3: The Noosa Economy

Theme 4: Long term planning for Noosa Shire

Theme 5: Excellence as a Council

This is the first Annual Report where we will report to our community on our progress towards achieving outcomes in each of these five themes. By any measure, our Council had a great year.

You will see set out in this report a list of achievements for 2016/17 under each theme. We are proud of our achievements to date.

However, we also recognise that we cannot rest on our laurels. Our community expects great things from its Council and rightly so. Our community doesn't want just a good Council, it wants a Council that it can be proud of.

I would like to thank Mayor Tony Wellington and our Councillors for their wise leadership throughout 2016/17. Working well together as a team has provided a unified voice and unified direction which is important for successful Councils. I would also like to publically thank all of our Council staff. Once again, you have excelled. Every day, we have staff:

- putting out swimming pool lane ropes at 5.30am for the 245,000 patrons who use the Noosa Aquatic Centre annually;
- helping people at the library by issuing over 570,000 books in the 2016/17 year
- fixing roads, maintaining parks and having the street sweeper clean over 11,000 km of roads;
- managing waste removal including picking up more than 3,000,000 bins during the year;
- helping residents with their queries by answering over 65,000 front line calls;

and the list goes on.....

Our community is lucky to have such dedicated staff who love to work in Noosa. As I often say to our staff, working for our Council is one of the few jobs I know where you can drive home at the end of the work day and see where you made a difference to the place you live. This sense of connection between our work role and where we live reminds me of a wonderful quote that I read recently about the nature of a community - *“A true community is not just about being geographically close to someone or part of the same social network. It's about feeling connected and responsible for what happens”* - Yehuda Berg.

Brett de Chastel

The Year in Review

This section of the Annual Report looks at Council's progress in achieving the goals set out in its Corporate Plan. Noosa Council adopted a new Corporate Plan in January 2017. The Corporate Plan identifies five themes, a series of long term goals and key focus areas for 2017-2022. Council's progress towards achieving them are set out on the following pages.

Council's Operational Plan 2016/17 detailed the major priorities and initiatives that Council undertook to work towards the implementation of the Corporate Plan.

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



Corporate Plan Theme 1: The Noosa Environment

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

- Council committed to a three-year agreement to remain part of the Healthy Waterways Program.
- Council reviewed its management approach to the Noosa River and has committed to refresh and rewrite the Noosa River Plan with an expanded focus on river catchment areas. The revised Noosa River Plan is currently being drafted.
- Council adopted the Noosa Shire Koala Conservation Plan in July 2016. Actions to implement the Plan are now being progressed.
- Council undertook an audit of waste water facilities in Cooran. Cooran is not serviced by a sewerage system and accordingly, residential properties use on site waste water facilities and an audit was undertaken to determine the level of compliance from an environmental protection and health perspective.
- Council adopted the Noosa Parklands Park Management Plan following significant consultation with local residents. Staff are currently working to develop a suite of other management plans for other bushland reserve areas within the Shire. Those plans are substantially complete.
- Council made a submission to the State government on the green paper on Fisheries Management Reform. Council has also made a number of direct representations to the Minister
- Council has adopted its Zero Emissions Strategy focused on eliminating our organisation's emissions by 2026. This was a major initiative of Mayor Wellington and work has been undertaken in 2016/17 to establish the baseline level of emissions (which have been recently re-calculated). A major report has been finalised on the energy use of 9 of Council's largest energy producing sites to identify which energy efficiency projects should be undertaken in the first instance to both reduce costs and emissions.
- Council adopted a new street sweeping contract which has resulted in an increased length of roads being serviced by the street sweeper. This reduces the amount of rubbish going into drains and waterways.
- Stage 2 of the Munna Point foreshore revitalisation project has been implemented with the aim of reducing environmental damage to Munna Point from erosion.
- In December 2016, Council adopted the Noosa Biodiversity Assessment Report. This report is an important input into our Council's new Planning Scheme and also acts as a benchmark for future assessment of biodiversity across the Shire. The report will also be useful as part of the 10 year renewal application for the Noosa Biosphere Reserve.
- Council awarded a new waste management contract to Cleanaway for the period 2017 - 2024 at an approximate cost of \$46 million. This contract covers the collection, disposal and recycling operations for the Eumundi Road Waste Recovery Centre and includes the introduction of a green waste recycling bin which will reduce green waste being buried in the landfill, thus significantly reducing methane gas.
- Council was successful in receiving a grant (managed by the Local Government Association of Queensland) for the development of a Coastal Hazard Adaption Plan. A Project Officer has been appointed and work is currently underway to develop both a Coastal Hazard Adaption Plan (year one) and a Climate Change Adaption Plan (year two).
- Council entered into a Memorandum of Understanding with Healthy Waterways and Catchments for the ongoing "Land for Wildlife" program. This program helps support property owners who care for their land to encourage environmental protections.
- Council undertook an environmental clean-up of asbestos which was dumped illegally on Walter Hay Drive.
- A systematic inspection of our industrial areas has been undertaken to identify any issues with run-off etc to local waterways. The detailed report has identified some key areas for improvement and the Council will be considering the option of introducing a licencing regime under our local laws.
- Council has addressed a range of significant planning and environment applications during the last 12 months. Council approved 98.7% of planning applications.
- Council had considerable success in the Planning and Environment Court with a significant victory for our Planning Scheme in the Noosa Civic case. The court supported Council's position that it was inappropriate under the Planning Scheme to expand retail operations on that site. During 2016/17, the appellant in the poultry farm case also withdrew their appeal as did the appellant in the Service Station Centre appeal at the Good Shepherd Lutheran School site on Eumundi Road.
- In an environmental first, Council has trialled a range of new environmentally friendly asphalt processes in conjunction with our contractor. This has included the introduction of recycled printer cartridges into the asphalt mix and the use of different temperatures to undertake the planning process. We have also trialled different combinations of recyclable material including shredded car tyres and recycled glass.
- The Waste Reduction and Recycling Plan has been rolled out in 2016/17. This included significant media coverage and school education sessions.
- Council has entered into a contract for the purchase of Johns Landing (approximately 50 ha) in order to undertake the long-term protection of important environmental land on the Noosa River. Council is also working with the current owner of the property to assist with the transition to alternative housing for those residents living on the current site.
- Council has facilitated the approval processes for a project being funded by the Noosa Biosphere Reserve Foundation to re-establish oyster reefs in the Noosa River. This has entailed obtaining both town planning approval from Council and environmental approvals from the State government. In addition, Council also provided \$250,000 to the Noosa Biosphere Reserve Foundation for projects that advance the purpose of the Noosa Biosphere Reserve.

Corporate Plan Theme 2: The Noosa Community

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

- Council adopted a three-year implementation plan for the Noosa Social Strategy. This includes an annual update to Council on progress for implementation of the Noosa Social Strategy. Included within the Strategy is the establishment of the Noosa Community Round Table which has been successfully operating to assist with the transition process at Johns Landing.
- Staff have been working to develop a Sport and Active Recreation Plan. This has included initial community engagement and a draft Plan has been developed in preparation for a formal round of community consultation.
- Council has entered into a three-year agreement with the Cooroy Futures Group Inc for the operation of the Cooroy Butter Factory Arts Centre. This agreement was entered into after a trial management period following an extensive community engagement process on the future of the Cooroy Butter Factory.
- Council has undertaken two community Council meetings during 2016/17. In October 2016, we held a Council meeting at Cooroy and in April 2017, a meeting at Boreen Point.
- Council commenced the development of a Noosa Arts, Culture and Heritage Plan. A Consultative Committee has been established and work is well advanced on the development of that Plan.
- Council undertook extensive community engagement with the Cooroy community regarding the future of the Cooroy Community Hall. Council agreed to accept trusteeship of the Deed of Grant in Trust and supported the establishment of the Cooroy Community Hall Association Inc. A lease has been provided to the Association in order that they can manage the Hall. Council has also agreed to fund 50% of the restoration costs (capped) with the community funding the remaining 50%. This has been an excellent outcome for the Cooroy community.
- Council extended the lifeguard services agreement for a five-year term. This agreement enables our community and visitors to safely use our beaches with a high level of safety based on our lifeguard services.
- Council introduced a community support scheme for those residents living in the vicinity of Wallace Park who were directly affected by large numbers of flying foxes that came to Wallace Park on an intermittent basis. The scheme included the provision of cleaning materials, car covers and other tangible support materials to reduce the impact on local residents. Council also employed a project officer for a period during 2016/17 to help roll out the support items.
- Council undertook a sports field audit to provide additional assistance to sporting clubs who have the responsibility of maintaining their sporting fields. Council agreed to provide membership to the Sports Turf Association of Queensland to 12 sporting clubs to assist in increasing expertise within the clubs on field and turf maintenance.
- Council has commenced a process to review options for the future use of the Noosaville foreshore. This included an extensive community engagement process which will be completed in 2017.
- Council has reviewed and updated its Community Engagement Policy. Significant community engagement projects in 2016/17 included: Cooroy Memorial Hall, Sunshine Beach Skate Park, Digital Hub - Peregian Beach, Noosa Botanic Gardens Masterplan, Noosa Planning Scheme, Noosa Transport Strategy, Waste Reduction and Recycling Plan, Corporate Plan
- Council accepted a contract for the restoration and upgrade of the Sunshine Beach Skatepark at a cost of \$380,000. This is an important facility for the younger demographic in our Shire.
- Council undertook numerous Library and Gallery programs to support our community. Our Library Services have physically issued over 570,000 items to our community during the last year.
- After considerable work with the local community including United Synergies and local Rotary Clubs, Tait Duke Cottage was restored and open for community use in June 2017. This milestone was significant after many years of work to identify an appropriate site and working in partnership with the local community to restore the building and make it available for ongoing community use.
- To encourage community interaction, Council has installed chalkboard walls as part of the International "Before I Die" wall movement. This has been successful (particularly at Cooroy) with one of the walls also visiting Noosa Junction and Peregian Beach.
- Council continued to provide its community grant program supporting our community groups. During 2016/17, we provided over \$810,000 in grants to local community groups to support projects, acquisition of equipment or events.
- Council staff also facilitated a number of evening information sessions for community organisations to help improve their governance and grant writing skills.



Corporate Plan Theme 3: The Noosa Economy

“Our economy is diverse and resilient”

- The design of the Peregian Beach Digital Hub was completed and town planning approval obtained. Council was successful in obtaining \$1 million of funding from the State Government. Associated road works and parking in Rufous Street have substantially been completed and preparatory works have commenced on the Digital Hub building. Tenders have been called for the management of the Digital Hub component of the building.
- Council appointed an Economic Development Manager who has brought significant experience and focus to our economic development programs.
- Council undertook a detailed review of the proposal from CCIQ Noosa for a Noosa Convention and Cultural Centre. Council recognised that such a proposal could have potential economic benefit but identified that the cost of construction and operation should not be borne by Noosa ratepayers but rather, Council expressed a willingness to consider financial options driven by the market.
- Council undertook its first Economic Development Grants Program providing financial support for programs that will support the outcomes of the Local Economic Plan.
- Council entered into a Memorandum of Understanding with the Small Business Solutions section of TAFE Queensland to provide support for training and development of local small businesses.
- Council continued to work closely with Tourism Noosa to develop the Noosa Tourism market. In particular, Council provided significant input into the development of the Noosa Tourism Strategy 2017 - 2022 adopted by the Tourism Noosa Board. This strategy included a focus on “value over volume” in relation to tourism so that the focus is on yield per visitor rather than simply more visitor numbers.
- Council continued to work closely with Regional Development Australia (Sunshine Coast) on a range of projects including a successful entrepreneurship program.
- Council undertook an audit of footpath trading across the shire and also provided information to the operators while the audit was being undertaken.
- Council worked with the private sector to assist with the establishment of Innovate Noosa. This is part of a regional program that attracted significant funding from Advance Queensland to develop innovation on the Sunshine Coast.
- Council continues to manage our Holiday Parks including awarding a new three-year contract for the management of the Noosa River Holiday Park. During 2016/17, Council also commenced a process to redevelop the Noosa North Shore Beachfront Campground including the development of concept designs and sorting out tenure issues.
- Council undertook its three yearly review of commercial high use permits and following a tender process, awarded new permits for the operation of commercial activities on Council controlled land in the Hastings Street precinct.

Corporate Plan Theme 4: Long term planning for Noosa Shire

“Noosa Shire is well managed and sustainable”

- Council undertook significant work on the development of the new Planning Scheme during 2016/17. Council adopted the New Noosa Plan Discussion Paper for the purposes of public consultation and undertook an extensive community engagement process to seek feedback. Council also finalised a range of studies to support the development of the new Planning Scheme including: Resources and Minerals Planning Study, Study into Agriculture and Agricultural Land in Noosa Shire, On-Site Effluent Disposal Noosa Shire Study, Housing Needs Assessment
- Council was able to provide significant input into the ongoing development of the draft South-East Queensland Regional Plan which will achieve a good outcome for the Noosa community.
- Council undertook a significant review of our infrastructure plans to enable us to meet new legislative requirements for the imposition of contributions from developers towards the cost of infrastructure.
- Council has adopted the Noosa Local Disaster Management Plan which guides our responses to natural disasters. Council has also undertaken considerable work in developing our response to natural disasters including undertaking disaster management exercises to train our staff. This was put to the test with the arrival of the remnants of Cyclone Debbie in February 2017. Our management of that response was good and our Local Disaster Management Plan was able to deal with that scenario. Council was also successful in obtaining State funding to install new flood alert stations at a cost of \$206,000.
- Council adopted its new Corporate Plan which will guide key corporate decision making for the next 20 years. The Corporate Plan was developed following a series of Councillor workshops analysing future trends and developed a new vision – “Noosa Shire - different by nature”.
- Council adopted a Transport Policy and Transport Strategy following extensive community consultation. This was one of the signature long-term pieces of planning for our community undertaken in 2016/17. There were two rounds of community consultation including targeted consultation with key stakeholders. One of the challenges for 2017/18 is the implementation of that Strategy. Also during 2016/17, Council successfully delivered its Christmas and Easter free holiday bus program.
- Council adopted an Asset Management Roadmap in 2016/17. The roadmap sets out the priorities for developing more robust long-term asset management plans and ensuring that asset management becomes more central to our decision making processes. Converting this roadmap into action is also one of the challenges for 2017/18.

Corporate Plan Theme 5: Excellence as a Council

"The Noosa Shire community is proud of its Council"

- We have had another successful financial year. Revenues were above budget, expenses were below budget, debt levels are lower than at the beginning of the financial year and cash reserves are higher than at the beginning of the financial year. At the end of 2016/17, Council adopted its budget for the 2017/18 financial year with a 2% general rate increase.
- Council has successfully achieved another unmodified audit from the Queensland Audit Office (QAO) with the 2015/16 financial statements being "signed off" by the QAO.
- Behind the scenes, the Audit and Risk Committee has continued to add value to our compliance and performance for governance and finance. This has included an oversight of our strategic risks, review of key governance and financial policies, review of organisational KPI's, development of Business Continuity Planning etc. Our two external members of the Audit and Risk Committee in particular have added significantly to our overall governance practices. Although not high profile, this Committee plays an important role in making sure that Council "dots the i's and crosses the t's" both in governance and in the management of risk. Council's Internal Audit Program included internal audits on Procurement and Council investments.
- Council commenced a review of our organisational structure at the end of 2016 with the new structure being adopted in March 2017. Following considerable internal consultation, the Planning and Infrastructure Department was split in two with a new Environment and Sustainable Development Department and a new Infrastructure Services Department being created. Also during 2016/17, Council added additional staff resources to our Infrastructure Design and Delivery Branch and Asset Management Branch to enable them to deliver expected outcomes.
- Our enterprise risk management has been further developed with risk management practices being further embedded into Council operations. Council was recognised by Local Government Mutual for our risk management practices. Our comprehensive Business Continuity Plans are all but complete and will be tested in early 2017/18.
- Our Noosa Aquatic Centre, Noosa Leisure Centre and The J all had outstanding years. The Noosa Leisure Centre had its highest ever annual attendance, The J had its highest ever revenue and the Noosa Aquatic Centre had its strongest ever financial performance.
- Council has recently undertaken its first external customer satisfaction survey. The survey was undertaken by Market Facts Qld Pty Ltd to enable us to benchmark with other Queensland local governments (LGAQ also use this firm to undertake state wide customer service surveys). Our benchmark scores were above state averages in almost every category.
- Council continued to undertake a series of service reviews looking in detail at operations to find ways in which we can be more efficient in delivering services. This included areas such as the Noosa Leisure Centre, Environmental Health, and Building and Plumbing Services. Following these reviews, Council adopted additional staff resources in some parts of the organisation to ensure that appropriate service levels can be delivered.
- The transformation of our Workplace Health and Safety performance has continued. Significant progress has been made in relation to our documentation, processes and practices for Workplace Health and Safety. Based on the Local Government Workcare Performance statistics for category D Councils, we have transitioned from one of the worst performing local governments of our size to one of the best performing local governments of our size for Lost Time Frequency and Lost Time Injury.
- A Digital Strategy has been developed for management to focus on opportunities available with emerging digital technology. This strategy focuses particularly on improving our organisational efficiency using digital technology as well as improving our interface to our community. During the year, more mobile technology was rolled out to our external workforce.
- We commenced negotiations for a Noosa Council Certified Agreement. These negotiations with unions will continue into the 2017/18 financial year.
- We transitioned our ICT systems to the latest version of the Cloud which provided enhanced security and stability for our systems which is important given the number of cyber-attacks occurring at the moment. We have also continued to roll out our ICT strategy to enhance our system capabilities.
- We undertook significant training and development for leadership capabilities within the organisation. This included the continuation of the Leadership Practices Inventory (LPI) program for our senior management staff (approx 30 staff leaders).



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 2015 listed Noosa Council as a Category 3 Council, and prescribed that the annual rate of remuneration for the Mayor and Councillors for the period 1 July 2016 to 30 June 2017 (the period) as follows:

- Mayor - \$122,631
- Deputy Mayor - \$76,644
- Councillors - \$65,147

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.

Table 1 - Councillor Remuneration

Councillor remuneration for period 1 July 2016 to 30 June 2017

Councillor	Salary (\$)	Superannuation* (\$)	Total (\$)
Cr Tony Wellington (Mayor)	122,631	14,716	137,347
Cr Frank Wilkie (Deputy Mayor)	76,644	9,197	85,841
Cr Joe Jurisevic	65,147	7,818	72,965
Cr Frank Pardon	65,147	7,818	72,965
Cr Jess Glasgow	65,147	7,818	72,965
Cr Ingrid Jackson	65,147	7,818	72,965
Cr Brian Stockwell	65,147	7,053	72,200

Note amounts rounded to the nearest whole dollar value

*Superannuation shown is Council's 12% employer contribution, with the exception of Cr Stockwell who elected the national standard 9.5% contribution for a portion of the period

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.

Reportable Council resolutions for the period

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

Table 2 - Reportable Resolutions

Local Government Regulation 2012	Resolution Adopted
Section 250 (1)	Nil.
Section 250 (2)	Councillors Expense Reimbursement Policy Update <i>Council note the report by the Governance Advisor to the Services & Organisation Committee Meeting dated 9 August 2016 and adopt the updated Councillors' Expenses and Reimbursement Policy.</i> (Adopted by Council 18 August 2016).
Section 206 (2)	Non-Current Asset Accounting Policy <i>Council note the report by the Financial Accountant to the Services & Organisation Committee Meeting dated 6 June 2017 and:</i> <i>A. Adopt the updated Non-Current Asset Accounting Policy; and</i> <i>B. Note that for asset accounting purposes; this Policy is to be applied from 1 July 2016.</i> (Adopted by Council 15 June 2017)

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. Minor amendments to the Policy were made at Council meeting of 18 August 2016.

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

- transparent and effective processes and decision-making in the public interest,
- good governance of, and by, the local government; and
- ethical and legal behaviour of Councillors and local government employees.

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

- mandatory professional development
- professional development & representation (Mandatory and Discretionary)
- travel as required to represent Council
- meals when travelling for Council business
- accommodation
- private vehicle usage
- hospitality
- administration tools and access to Council office amenities
- safety equipment
- Council vehicle usage
- home office and telecommunication needs
- insurance cover¹

¹ 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.

Summary of expenses/ reimbursements paid to Councillors for the period

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

For the period all claimed expenses were processed and fell within the required limits prescribed by the Policy.

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

Table 3 - Councillor Expenses 2016/17

Councillor	Mandatory Professional Development (\$)	Discretionary Professional Development (\$)	Use of private vehicle (option 1) (\$)*	Home office & telecomms (\$)	Hospitality (\$)	Travel expenses as required to represent Council (\$)	Total (\$)
Cr Tony Wellington	665	155	5,000	2,880	0	24	8,724
Cr Jess Glasgow	78	146	5,000	2,880	0	0	8,104
Cr Ingrid Jackson	78	30	5,000	2,880	66	0	8,054
Cr Joe Jurisevic	0	1,030	5,000	2,880	0	0	8,910
Cr Frank Pardon	0	30	5,000	2,880	0	0	7,910
Cr Brian Stockwell	0	1,500	5,000	2,880	0	64	9,444
Cr Frank Wilkie	582	750	5,000	2,880	0	0	9,212

Note amounts rounded to the nearest whole dollar value

*Under Council's Policy, Councillors may elect one or two options regarding the use of private vehicle reimbursement. Option 1 - Councillors accept an annual payment of \$5,000 as reimbursement for the use of their private vehicle on Council business.

Councillor meeting attendance

The attendance of Councillors at Ordinary meetings, Special meetings and Committees for the period is outlined in table 4 below.

Table 4 - Council Meeting Attendance 2016/17

Councillor	Ordinary Meeting	General Committee	Planning & Environment Committee	Services & Organisation Committee	Special & Budgetary	Audit & Risk Committee	Total
Cr Tony Wellington	11	12	11	11	2	4	51
Cr Jess Glasgow	11	10	n/a	10	1	n/a	32
Cr Ingrid Jackson	12	11	10	n/a	1	4	38
Cr Joe Jurisevic	12	11	11	n/a	2	n/a	36
Cr Frank Pardon	10	11	n/a	9	2	n/a	32
Cr Brian Stockwell	12	12	11	n/a	2	n/a	37
Cr Frank Wilkie	11	11	n/a	10	2	n/a	34

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 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.

Table 5 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)
(i) The number of orders and recommendations made under s180 (2) or (4) of the LG Act	Nil
(ii) The number of orders made under s181 of the LG Act.	Nil
(iii) The number of complaints made about the conduct or performance of a Councillor for which no further action was taken under s 176C(2) of the LG Act.	Nil
(iv) The number of complaints referred by the Council CEO to the department's chief executive under s176C (3)(a)(i) of the LG Act.	Nil
(v) The number of complaints referred to the Mayor under s176C (3)(a)(ii) or (b)(i) of the LG Act.	Nil
(vi) The number of complaints referred to the department's chief executive under s 176C (4)(a) of the LG Act.	Nil
(vii) The number of complaints assessed by the Council CEO as being about corrupt conduct under the Crime and Corruption Act.	Nil
(viii) The number of complaints heard by a regional conduct review panel.	Nil
(ix) The number of complaints heard by the tribunal.	Nil
(x) The number of complaints to which s176C (6) of the LG Act applied.	Nil

Overseas travel

No official overseas travel was undertaken by Councillors or staff 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 \$1,077,410.

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	3
\$200,001 - \$300,000	2

Equal opportunity employment

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

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

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

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

Administrative action complaints

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.

Table 7 - Administrative Action Complaints

Complaint statistics 30 June 2016 to 30 June 2017

Complaints outstanding as at 30/06/16	Complaints received during the period	Complaints resolved during the period	Complaints outstanding as at 30/06/17
0	23	17	6

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

Below is a list of the registers kept by Council:

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

Community grants 2016/17

Council's Community Grants for the period were managed in accordance with Council's Community Grants Policy as endorsed by Council on December 2016. This Policy is to be read in conjunction with any supporting guidelines for specific funding programs. This Policy does not apply to sponsorship, donations, advertising, naming rights and service level agreements.

The outcomes of this policy include:

- Providing community organisations and individuals (for Regional Arts Development Funds only) with financial support to meet identified community needs;
- Building community skills and resilience;
- Developing and maintaining sustainable community infrastructure;
- Providing opportunities for community organisations to leverage Council's financial assistance to obtain funding from other sources; and
- Providing opportunities for community organisations to deliver on Council's strategic goals and identified key initiatives (e.g. Noosa Corporate Plan, Noosa Social Strategy, Local Economic Plan and Environmental outcomes).

Table 8 outlines the funds supplied by Council through community grants for the period.

Table 8 - Community Grants 2016/17

Community Grant Recipients	Type	Funding Amounts (\$)
Regional Arts Development Fund		
Noosa Shire Arts and Crafts Assn Inc. auspicing Wallace House Quilters - Mixing Modern Wedge Quilt Elements	Crafts	1,570
Noosa Arts Theatre Inc. - 'Still' performed at Noosa Arts Theatre and at Cooran Memorial Hall.	Theatre	10,000
SUB-TOTAL:		11,570
Three Year Alliance Agreement		
Noosa District Community FM Radio Assn Inc. - operational funding	Arts and Culture	7,500
Flying Fox Rescue Release Noosa Inc. - operational funding	Environment	7,500
Sunshine Butterflies - operational funding	Human Services	7,500
Cooroora Historical Society Inc. t/as Noosa Museum - operational funding	Arts and Culture	5,000
Noosa & District Landcare Group Inc. - operational funding	Environment	15,500
Noosa Arts Theatre Inc. - operational funding	Arts and Culture	7,500
Cooroy-Noosa Genealogical and Historical Research Group Inc. - operational funding	Recreation	5,000
Cooroy Family Support Centre / SunnyKids Inc. - operational funding	Human Services	5,000
Noosa Integrated Catchment Association Inc. - operational funding	Environment	15,500
The Salvation Army / Shine Program - operational funding	Human Services	15,000
Country Noosa Inc. - operational funding	Environment	3,000
Noosa Community Biosphere Association Inc. - operational funding	Environment	10,500
SUB-TOTAL:		104,500

Community Grant Recipients	Type	Funding Amounts (\$)
Three Year Alliance Agreement - Emergency Services		
Australian Volunteer Coast Guard Association Noosa QF5 - operational funding	Public Safety	10,500
LifeFlight Australia - operational funding	Public Safety	10,500
SUB-TOTAL:		21,000
Water Rebates		
Paid directly to 18 eligible not-for-profit organisations	Various	24,298
Paid on behalf of 44 eligible not-for-profit organisations	Various	55,221
SUB-TOTAL:		79,519
Three Year Halls and Centres Maintenance and Management		
Ridgewood Community Hall Assn Inc. - management and maintenance	Community Development	4,280
Pomona & District Community House & Lawson Shed Inc. - management and maintenance	Community Development	17,052
Federal Memorial Hall and Community Centre Inc. - management and maintenance	Community Development	4,912
Tinbeerwah Hall Inc. - management and maintenance	Community Development	3,036
Peregian Beach Community House Inc. - management and maintenance	Community Development	9,115
Cooran Memorial School of Arts Inc. - management and maintenance	Community Development	7,179
Pomona Memorial School of Art Hall Inc. - management and maintenance	Community Development	12,197
Kin Kin Community Group Inc. - management and maintenance	Community Development	5,956
SUB-TOTAL:		63,727
Community Project Grants Round 5 & 6		
Sunshine Butterflies - Irrigation infrastructure	Human Services	4,950
Tewantin Noosa Lions Club Inc. - Storage den concrete apron	Community Development	7,500
Mary River Catchment Coordinating Committee - Find a Frog in February (Noosa Shire component)	Environment	2,360
Noosa Christian Outreach Centre - Safety and health workshops for vulnerable	Community Development	8,215
Borrow and Bring Back Inc. - Sewing machines for making boomerang bags	Environment	2,000
Rotary Club of Noosa Heads Qld Inc. - Two heavy duty marquees	Community Development	1,703
Pomona & District Community House & Lawson Shed - Parenting workshops	Community Development	1,200
Noosa Yacht and Rowing Club under the auspices of the Australian Sports Foundation - 'Sailability Noosa' - sailing for the disadvantaged	Human Services	2,500
Noosa District Rugby Union Club - Sports field lighting upgrade	Sport & Active Recreation	15,000

Community Grant Recipients	Type	Funding Amounts (\$)
Noosa District Junior Rugby League Football Club - Violence and abuse preventative workshops for young men	Sport & Active Recreation	995
Suncoast Community Legal Service Inc. - 'Piano Forte' - a community legal education theatre	Arts and Culture	5,222
Friends of Noosa Botanic Gardens Inc. - Noosa Botanic Gardens Plant Fair	Community Development	2,000
Sunshine Coast Sports Aviators Inc. - Teewah Airfield enviro waste water treatment	Sport & Active Recreation	8,975
Noosa International Film Festival Inc. - 2016 Noosa International Film Festival	Arts and Culture	5,000
Noosa Integrated Catchment Association Inc. auspicing 'Friends of Kinaba' - Outboard motor for motor boat	Environment	3,655
Kin Kin Tennis Club Inc. - Tennis court upgrade	Sport & Active Recreation	8,110
National Institute for Socio-economic & Environmental Research (NISER) Ltd. - Fitout downstairs kitchenette	Community Development	2,390
Australian Volunteer Coast Guard Assoc. Inc. - Infra Red search camera replacement	Public Safety	10,700
Australian Skateboarding Federation Ltd. - Noosa Shire skatepark activations	Sport & Active Recreation	8,000
Cooroy Badminton Club Inc. - Drainage and repair of damaged walls	Sport & Active Recreation	2,989
Noosa Open Studios Inc. - 'Noosa Open Studios' event	Arts and Culture	6,250
Men's Shed Pomona (Auspiced by Pomona and District Community House Inc.) - First aid and resuscitation safety equipment	Community Development	3,875
Pomona & District Community House Inc. - National Youth Week - workshops for 12 - 16 year olds	Community Development	939
Noosa District Rugby League Club Inc. - 'Legends of League' event	Sport & Active Recreation	5,000
Noosa Triathletes Inc. - 'Women Love to Tri' - 10 week program for 30+ women	Sport & Active Recreation	3,000
Cooroora United Football Club Inc. - Floor covering replacement	Sport & Active Recreation	2,146
Ceramic Centre for Excellence Inc. - 'Smoke on the Water' - Australian Woodfire Ceramics Conference	Arts and Culture	6,250
Cooroy Gymnastics Club Inc. - Landing pit refurbishment	Sport & Active Recreation	16,829
Noosa Outrigger Canoe Club Inc. - Heavy duty covers for 8 x 6 man outrigger canoes	Sport & Active Recreation	3,288
Noosa Malibu Club Inc. - Storage facility	Sport & Active Recreation	8,196
Noosa Heads Jazz Club Inc. - 'Noosa Jazz Picnic' - free public concert	Arts and Culture	2,000
Federal Memorial Hall and Community Centre Inc. - Purchase of refrigerator	Community Development	986
Noosa Lions Football Club Inc. - Renovation public areas and provide spectator seating	Community Development	4,000
Alliance Francaise De La Sunshine Coast Inc. - International French Film Festival	Arts and Culture	1,000
Noosa District Junior Rugby League Football Club Inc. - Sports field lighting upgrade	Sport & Active Recreation	30,000
Noosa Branch Little Athletics Centre Inc. - Replace long jump pit covers	Sport & Active Recreation	1,791
Veggie Village Community Gardens Inc. - Upgrade of water-drainage system	Community Development	1,450

Community Grant Recipients	Type	Funding Amounts (\$)
Kin Kin Community Group Inc. - Rejuvenate Kin Kin Arboretum - including identify and label species	Environment	5,481
Noosa District Netball Assoc. Inc. - Shaded seating	Sport & Active Recreation	8,085
Orange Sky Laundry Inc. - Contribute to fit out of mobile laundry	Human Services	15,000
Anglican Parish of Noosa - Fit out kitchen for school meals for disadvantaged children	Human Services	7,500
Noosa Integrated Catchment Association Inc. -Noosa River water testing, water bird surveys and rubbish collection	Environment	3,515
Tewantin Noosa Lions Club Inc. auspicing the Noosa Rainbow River Festival - Noosa Rainbow River Festival	Community Development	1,000
Cooroora United Football Club Inc. - Hot Water System	Sport & Active Recreation	1,221
Noosa & District Landcare Group Inc. - Fodder plantation for feeding rehabilitating wildlife	Environment	5,595
Cooroy Eumundi Cricket Club Inc. - Field Irrigation of Sel Bonnell Oval	Sport & Active Recreation	4,972
121 Care Inc. - Noosa Come Together event	Human Services	2,000
Noosa & District Landcare Group Inc. - Noosa Catchment Biopassage Assessment	Environment	15,575
United Synergies Ltd. - Celebrating Safe Families event	Human Services	2,000
Sunshine Coast Health Network Limited trading as Healthy Towns - Healthy Towns Awards Program	Human Services	1,000
United Synergies Ltd. - Project Management for the renovation of Tait-Duke Community Cottage	Community Development	13,500
SUB-TOTAL:		286,908
Three Year Sports Field Maintenance - Year 2		
Noosa District Softball Association Inc. - sports field maintenance	Sport & Active Recreation	14,159
Noosa District Rugby Union Club - sports field maintenance	Sport & Active Recreation	14,159
Noosa Touch Association - sports field maintenance	Sport & Active Recreation	11,327
Noosa Australian Football Club Inc. - sports field maintenance	Sport & Active Recreation	16,991
Tewantin Noosa Cricket Club - sports field maintenance	Sport & Active Recreation	21,239
Pomona Cooroy and District Australian Football Club Inc. - sports field maintenance	Sport & Active Recreation	8,496
Noosa Lions Football Club Inc. - sports field maintenance	Sport & Active Recreation	19,823
Cooroy Eumundi Cricket Club Inc. - sports field maintenance	Sport & Active Recreation	8,496
Pomona & Cooran Amateur Rugby League Football Club Inc. - sports field maintenance	Sport & Active Recreation	14,159
Cooroora United Football Club Inc. - sports field maintenance	Sport & Active Recreation	8,496
Noosa District Junior Rugby League Football Club - sports field maintenance	Sport & Active Recreation	14,159
Noosa District Rugby League Club Inc. - sports field maintenance	Sport & Active Recreation	11,327
SUB-TOTAL:		162,831

Community Grant Recipients	Type	Funding Amounts (\$)
Festive Season Event Grants - Year 1		
Lake Cootharaba Sailing Club Inc. - New Years Eve@ the Lake	Arts and Culture	3,000
Cooroy Pomona Lions Club Inc. - Pomona Night of Lights	Arts and Culture	2,400
Tewantin Noosa Sub Branch Inc. - 21st Gala Christmas Carnival	Arts and Culture	3,500
Tewantin Noosa Lions Club Inc. - Australia Day event	Arts and Culture	10,000
Cooroy Chamber of Commerce Inc. - Christmas in Cooroy	Arts and Culture	7,000
Christian Outreach Centre - Noosa Carols on the River 2016	Arts and Culture	8,000
Noosa Marina - New Year's Eve laser and music show	Arts and Culture	5,000
East Coast Originals - Peregrin Beach Christmas Carols	Arts and Culture	3,500
SUB-TOTAL:		42,400
Three Year Signature Community Event Grants - Year 1		
Mary River Catchment Coordination Association Inc. - Noosa Festival of Water	Environment	8,500
Noosa A H & I Society Inc. - Noosa Country Show	Arts and Culture	10,500
Noosa Long Weekend Inc. - Noosa Alive Festival	Arts and Culture	10,500
Cooroy Pomona Lions Club Inc. - King of the Mountain Festival	Sport & Active Recreation	10,000
United Synergies Ltd. - Booin Gari Festival	Arts and Culture	7,500
Cooroy Future Group Inc. - Cooroy Fusion Festival	Arts and Culture	7,000
SUB-TOTAL:		54,000
Economic Development Grant		
Noosa Chamber of Commerce and Industry Inc. - Business success workshops		1,728
Noosa Chamber of Commerce and Industry Inc. auspicing The Trashy Artisan Cooperative Ltd. - Noosa Creative Business and Upcycling Collective		12,500
Noosa Chamber of Commerce and Industry Inc. auspicing The Powerhouse Co-Op - Fit out 'The Powerhouse Co-Op' - a co-working space for entrepreneurial mothers.		10,000
SUB-TOTAL:		24,228
Other		
3 grant repayments		(13,819)
TOTAL EXPENDITURE FOR THE PERIOD:		836,864

Notes:

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

Discretionary funds

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

- budgeted for community purposes, and
- allocated by a Councillor at the Councillor's discretion.

There were no Councillor discretionary funds established during the period.

Beneficial enterprises

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

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

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

Business activities

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

Council conducted the following business activities during the period:

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

Significant business activity

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

Commercial business units

Pursuant to s 27(2) of the LG Regulation, a commercial business unit is a business unit that conducts business in accordance with the prescribed key principles of commercialisation.

Council did not nominate any business activities as commercial business units during the period.

Competitive neutrality

Council's 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.

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

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

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

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 or Girl Guide Association;
- Surf Lifesaving or Coastguard organisation;
- community sporting organisation – not-for-profit organisations without a commercial liquor licence;
- community cultural or arts organisation – not-for-profit organisations without a commercial liquor licence; or
- charitable organisation, which is:
 - a. A not-for-profit organisation
 - b. Registered as a charity institution or a public benevolent institution
 - c. Providing benefits directly to the community
 - 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 who 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 one rate payer who had their general rates deferred for the relevant period.

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	\$180 p.a. maximum
	\$115 per half year	\$90 per half year
Not maximum level of pension	\$115 p.a. maximum	\$65 p.a. maximum
	\$57.50 per half year	\$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 was one reportable invitation made by Council to change tenders during the period for contract - 1617T047 Kinmond Creek Road. This tender was withdrawn completely to take into consideration specification changes and a change in the implementation timing requirements of Council's Capital Works Executive. The contract was later incorporated within tender 1617T112.

Audit and Risk Committee

During the period, Council's Audit and Risk Committee, which consists of two Councillor members and two expert independent external members, 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 and Risk Committee Charter, a key duty of the Committee is to provide reasonable assurance to Council that its core business goals and objectives are being achieved in an efficient and economical manner, within an appropriate framework of internal control and risk management.

The Audit and Risk Committee observed the terms of its Charter for the period and conducted an annual assessment of its performance.

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, the objectives of which 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 and Risk Committee.

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

- Procure to Pay Processes; and
- Investment of Surplus Funds.

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



Community Financial Report 2016/17

Background

This report aims to simplify the financial information that Council is required to prepare under legislation and provides a simple summary of Council financial performance for the 2016/17 year just ended (1 July 2016 through to 30 June 2017).

Council's annual financial statements are prepared to comply with Australian Accounting Standards, and contain specific information regarding financial performance.

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

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

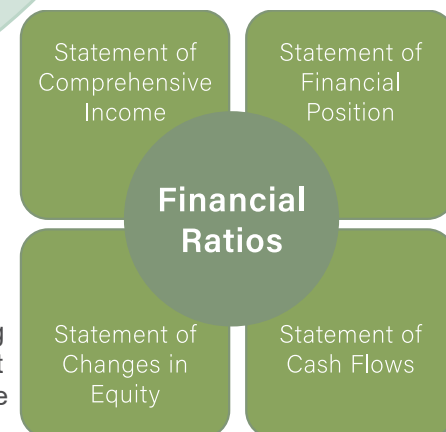


Figure 1 - Financial Reporting Elements

Highlights and achievements

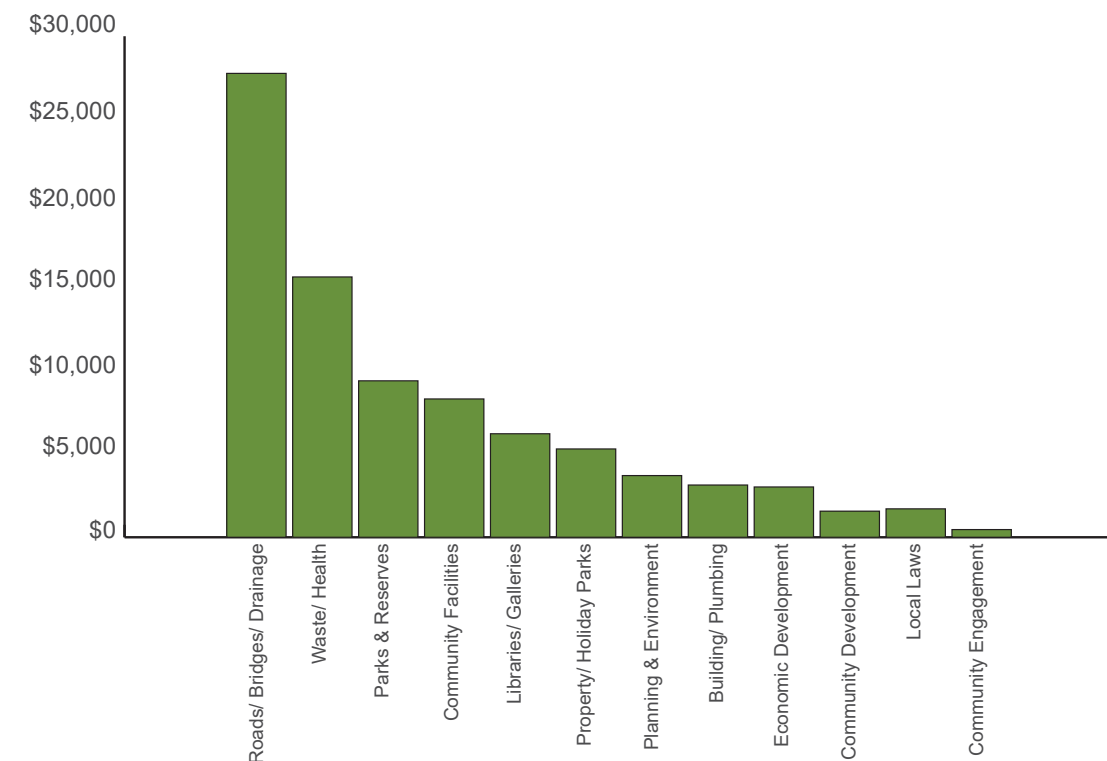
In line with previous years, Council has achieved a strong financial result for the 2016/17 year. The following key outcomes were achieved during the period:

1. An operating surplus of \$3.1 million as a result of strong revenue growth and good expenditure management, as well as some unspent levy funds that are required to be held for future use.
2. A positive net result of \$17.1 million when adding Council's share of Unitywater's annual profit, capital revenue and capital income to Council's operating profit, whilst deducting capital expenses.
3. An increase in cash holdings and a decrease in debt levels required to be repaid.
4. No significant issues identified in the annual audit of Council's finances by the Queensland Government.

Where was the budget spent?

Council spends significant amounts of ratepayer funds providing a range of services to the Noosa community. A summary of the cost of the services for our major service areas is provided in 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 2 - Operating Cost of Core Council Services 2016/17 (\$'000)



Statement of comprehensive income

This statement (also known as the profit and loss) measures how Council performed financially in relation to funding its operations during the financial year. In simple terms, it summarises how much money was received by Council and how much was spent in a particular year. The following table summarises Council's 2016/17 financial performance.

Figure 3 - Council Financial Performance 2016/17 (\$'000)

	2015/16 (\$'000)	2016/17 (\$'000)
Revenue	103,991	106,999
Expenses	84,944	89,875
Net Result	19,047	17,124

The 2016/17 net result of \$17.1 million includes revenue received specifically to fund capital expenditure (including grants and subsidies and developer contributions), Council's share of Unitywater's annual profit as well as income and expenses recognised for investment property valuation changes, movement in the provision for future landfill rehabilitation costs, and asset disposals. The removal of the \$14 million of non-operational items shows Council's actual operating surplus to be \$3.1 million.

Operating revenue – where the money came from

Throughout the financial year, Council received a total of \$91.4 million in operating revenues (rates, fees, operating grants), \$9.8 million in capital revenues (developer contributions, capital grants) and \$5.8 million recorded as revenue from Council's share of investment in Unitywater.

Figure 4 outlines the sources of Council's \$91.5 million in operating revenue received in 2016/17. The 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.

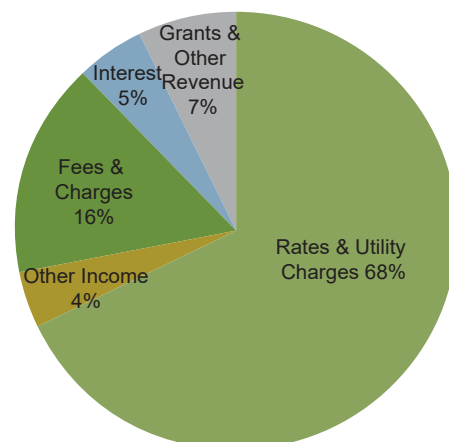


Figure 4 - Operating Revenue Sources 2016/17

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

Operating expenditure – where the money goes

Council expended a total of \$88.3 million in undertaking operating activities during the financial year. Figure 5 presents a breakdown by expenditure type for normal operating expenditure incurred during 2016/17.

Key Council expenditure sources include:

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

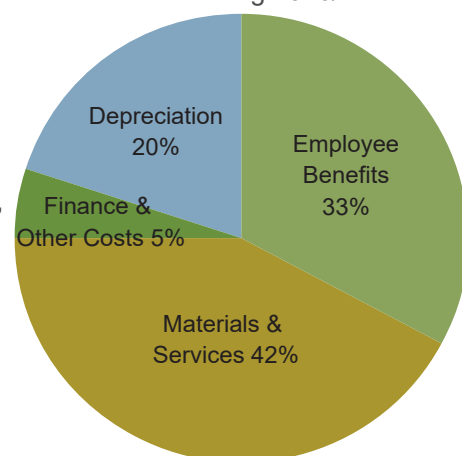


Figure 5 - Operating Expenses by function 2016/17

Statement of financial position

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

Figure 6 - Comparative Statement of Financial Position 2016/17 (\$'000)

	2015/16 (\$'000)	2016/17 (\$'000)
Assets	1,095,126	1,119,295
Liabilities	58,502	64,418
Community Equity	1,036,624	1,054,877

The graph below shows Council's cash and debt holdings as at 30 June 2017 compared to the previous year. Cash levels have increased despite the investment in a large capital program undertaken during 2016/17. Debt levels have marginally decreased as Council continues to minimise its debt position.

Figure 7 - Cash and Debt Comparison 2016/17



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 2017 equated to \$75.7 million.

Non-current assets of over \$1 billion, includes property, plant and equipment totalling \$913 million, as well as the value of Council's investment in Unitywater. Property, Plant and Equipment represents community infrastructure which includes roads, bridges, stormwater, buildings, land and other operational assets owned and controlled by Council. The main non-current asset categories and their respective values are shown in the following figure.

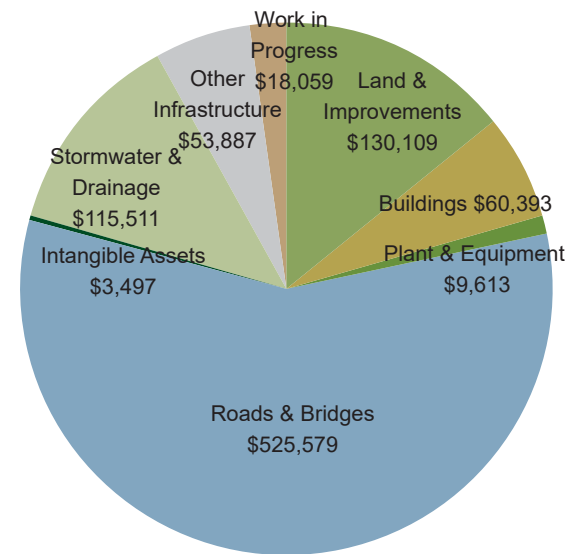


Figure 8 - Non-Current Assets and Community Infrastructure 2016/17 (\$'000)

Liabilities – what we owe

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

The most significant element is loans raised by Council to fund the investment in community infrastructure. During 2016/17, Council's total loan borrowings decreased slightly due to repayments for the year being greater than the value of new borrowings.

Statement of changes in equity

The statement of changes in equity illustrates how the net worth of Council has changed as a result of activities undertaken during the period. Council's total community equity as at 30 June 2017 is \$1.1 billion. Community equity is equal to total assets (what we own) less total liabilities (what we owe) and represents Council's net investment in assets.

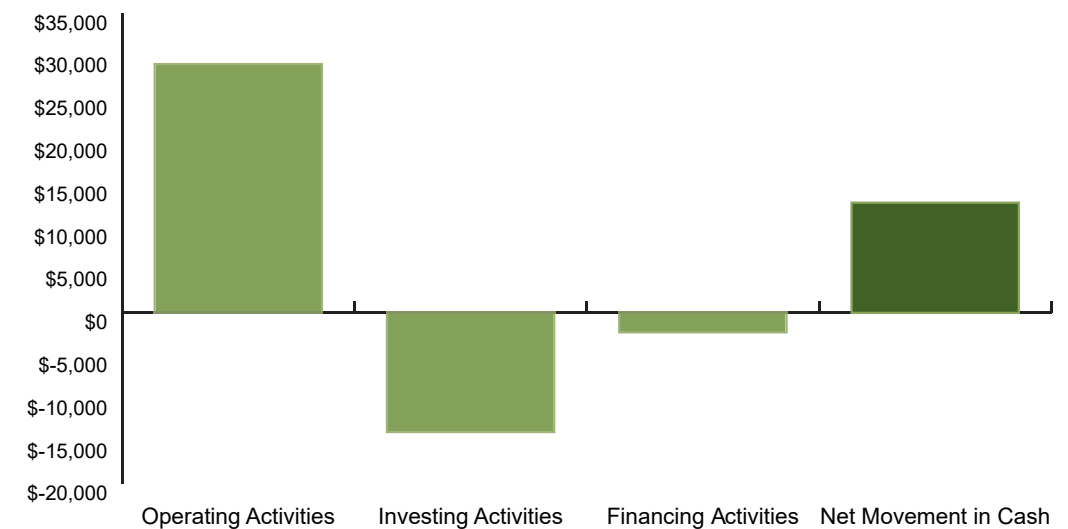
Statement of cash flows

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

Key elements to Council's annual cash flow include:

- Operating activities depicts the net of income received from rates, interest, grants, etc. and payments made to suppliers and employees (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. A negative outcome here represents that Council has repaid more loans compared to new borrowings raised.
- 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 \$12.8 million represents the net increase in cash on hand, with all significant outlays fully funded within the period.

Figure 9 - Net Cash Flow Sources 2016/17 (\$'000)



Financial Ratios

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

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

Figure 10 - Financial Ratios 2016/17 (Actual) to 2025/26 (Forecast)

Period ended 30 June	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Sustainability Ratios										
Operating Surplus Ratio										
Operating Position	9.2%	0.0%	0.2%	0.2%	0.6%	0.6%	0.6%	0.5%	0.3%	0.3%
Local Govt Act upper indicator	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Net Financial Liabilities Ratio										
Net Financial Liabilities Ratio	(11.6)%	(8.3)%	(13.5)%	(11.9)%	(12.3)%	(7.0)%	(3.7)%	(1.2)%	0.1%	1.9%
Local Govt Act upper indicator	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Asset Sustainability Ratio (not audited)										
Asset Sustainability Ratio	90.6%	109.5%	105.3%	75.6%	78.5%	85.1%	93.5%	90.2%	86.9%	92.4%
Local Govt Act minimum indicator	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Colour Scale:	Within Range	Moderate	Outside Range							

Note: The asset sustainability ratio calculation includes both infrastructure asset renewal and plant asset renewal

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 2016/17 operating surplus ratio of 9.2% is a reflection of strong revenue growth along with good management of our expenditure, as well as some unspent levy funds that are required to be held for future use. The forecast also shows Council's ongoing commitment to strong financial management.

Net financial liabilities ratio

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

The strong position of (11.6%) as at 30 June 2017 indicates that Council has 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 assets to ensure that they meet required levels of service for the community.

Asset Sustainability Ratio – infrastructure assets (audited)

This is the ratio audited by the Queensland Government and specifically excludes the replacement of non-infrastructure assets such as Council plant and fleet. During 2016/17 Council achieved a ratio of 82%. This ratio is reflective of the efficient delivery of the capital program during the year, including an investment of \$13.5 million in the replacement of infrastructure such as roads, bridges and buildings.

Asset Sustainability ratio – all assets (not audited)

When considering the replacement of all assets when measuring asset sustainability, Council achieved a ratio of 90.6% for the 2016/17 financial year. This is considered an excellent result and reflects Council's continued investment in asset replacement and implementation of the recently developed asset management roadmap.

Summary

The financial period ended 30 June 2017 represents an excellent financial result for Council, and provides a firm foundation for future operations. Ongoing innovation and a commitment to strong financial management through compliance with our Financial Sustainability policy will ensure that this position is maintained into the future.

FINANCIAL STATEMENTS
for the year ended 30 June 2017



Financial Statements
for the year ended 30 June 2017

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Noosa Shire Council

Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$'000	Restated 2016 \$'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	62,531	60,665
Fees and Charges	3b	5,494	5,701
Rental Income		1,337	1,227
Interest and Investment Revenue	3c	4,831	4,908
Sales Revenue	3d	8,604	8,049
Other Income		2,371	2,406
Grants, Subsidies, Contributions and Donations	4a	6,287	5,205
Total Recurrent Revenue		91,455	88,161
Capital Revenue			
Grants, Subsidies, Contributions and Donations	4b	9,530	9,718 *
Total Revenue		100,985	97,879 *
Capital Income		255	319
Equity share of profit (loss) in investment in associate through participation rights	22	5,759	5,793
Total Income		106,999	103,991 *
Expenses			
Recurrent Expenses			
Employee Benefits	5	28,849	27,822
Materials and Services	6	37,418	35,671
Finance Costs		4,374	3,275
Depreciation and Amortisation	7	17,671	16,973
Total Recurrent Expenses		88,312	83,741
Capital Expenses		1,563	1,203
Total Expenses		89,875	84,944
Net Result		17,124	19,047 *
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Increase/(decrease) in Asset Revaluation Surplus	17	2,375	10,183
Total Other Comprehensive Income		2,375	10,183
Total Comprehensive Income for the period		19,499	29,230 *

* Comparative figures have been restated. Refer to Note 25 for details.

Noosa Shire Council

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$'000	Restated 2016 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	8	65,463	52,586
Trade and Other Receivables	9	9,899	8,572
Inventories		330	156
Total Current Assets		75,692	61,314
Non-Current Assets			
Trade and Other Receivables	9	49,218	49,218
Equity Investments	22	73,332	69,141
Investment Property	10	4,405	4,150
Property, Plant and Equipment	11	913,151	908,689 *
Intangible Assets	13	3,497	2,614
Total Non-Current Assets		1,043,603	1,033,812 *
TOTAL ASSETS		1,119,295	1,095,126 *
LIABILITIES			
Current Liabilities			
Trade and Other Payables	14	11,818	7,888
Borrowings	15	3,745	2,932
Provisions	16	4,349	4,329
Other Liabilities		645	538
Total Current Liabilities		20,557	15,687
Non-Current Liabilities			
Borrowings	18	34,291	35,186
Provisions	19	9,570	7,629
Total Non-Current Liabilities		43,861	42,815
TOTAL LIABILITIES		64,418	58,502
Net Community Assets		1,054,877	1,036,624 *
COMMUNITY EQUITY			
Asset Revaluation Surplus	17	26,892	24,517
Retained Surplus/(Deficiency)		1,027,985	1,012,107 *
Total Community Equity		1,054,877	1,036,624 *

* Comparative figures have been restated. Refer to Note 25 for details.

Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2017				
Opening Balance		24,517	1,012,107	1,036,624 *
a. Correction to opening balance		-	(1,246)	(1,246)
Opening Balance (as at 1/7/16) (Restated)		24,517	1,010,861	1,035,378 *
b. Net Operating Surplus for the Year		-	17,124	17,124
c. Other Comprehensive Income				
Revaluations: Property, Plant & Equip. Asset Revaluation Surplus	17	2,375	-	2,375
Other Comprehensive Income		2,375	-	2,375
Total Comprehensive Income		2,375	17,124	19,499
Equity Balance as at 30 June 2017		26,892	1,027,985	1,054,877

	Notes	Asset Revaluation Surplus \$'000	Retained Surplus \$'000	Total Equity \$'000
2016				
Opening Balance		14,334	992,720	1,007,054
a. Correction to opening balance		-	340	340
Revised Opening Balance (as at 1/7/15)		14,334	993,060	1,007,394
b. Net Operating Surplus for the Year		-	19,047	19,047 *
c. Other Comprehensive Income				
Revaluations: Property, Plant & Equip. Asset Revaluation Surplus	17	10,183	-	10,183
Other Comprehensive Income		10,183	-	10,183
Total Comprehensive Income		10,183	19,047	29,230 *
Equity Balance as at 30 June 2016 (Restated)		24,517	1,012,107	1,036,624 *

* Comparative figures have been restated. Refer to Note 25 for details.

Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Receipts from Customers		81,498	81,274
Payments to Suppliers and Employees		<u>(67,789)</u>	<u>(69,327)</u>
		13,709	11,947
Receipts:			
Investment and Interest Revenue Received		4,831	4,908
Rental Income		1,337	1,227
Non Capital Grants and Contributions		6,287	5,205
Income Tax Equivalent Received		1,456	1,144
Income from Equity Investments		1,568	1,864
Payments:			
Interest Expense		(122)	(105)
Net Cash Inflow/(Outflow) from Operating Activities	24	<u>29,066</u>	<u>26,190</u>
Cash Flows from Investing Activities			
Receipts:			
Proceeds of Sale of Property, Plant and Equipment		259	452
Grants, Subsidies, Contributions and Donations		6,314	7,696
Payments:			
Payments of Property, Plant and Equipment		(19,317)	(28,858)
Payments for Intangible Assets		(1,176)	(202)
Net Cash Inflow/(Outflow) from Investing Activities		<u>(13,920)</u>	<u>(20,912)</u>
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings		2,697	1,360
Payments:			
Repayment of Borrowings		(4,966)	(4,943)
Net Cash Inflow/(Outflow) from Financing Activities		<u>(2,269)</u>	<u>(3,583)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents held		<u>12,877</u>	<u>1,695</u>
Cash and Cash Equivalents at the beginning of the financial year		52,586	50,891
Cash and Cash Equivalents at the end of the financial year		<u>65,463</u>	<u>52,586</u>

Noosa Shire Council

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

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2016 to 30 June 2017 and have been prepared in compliance with the requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Consequently, these financial statements have been prepared in accordance with all Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board.

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

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

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

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

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

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

(1.b) Statement of Compliance

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

(1.c) Date of Authorisation

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

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

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

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

AASB 124 *Related Party Disclosures* is applicable from 1 July 2016. This year Council has applied AASB 124 *Related Party Disclosures* for the first time. This information is presented in Note 29.

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

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Effective for annual reporting periods beginning on or after 1 January 2018

AASB 9 *Financial Instruments (December 2009)*. Is applicable from 1 July 2018 and replaces AASB 139 *Financial Instruments: Recognition and Measurement* and changes the classification, measurement and disclosure of financial assets. This change will require Council to measure all financial assets at fair value or amortised cost rather than at cost. The impact is expected to be immaterial.

AASB 15 *Revenue from Contracts with Customers* is applicable from 1 January 2018 and will replace AASB 118 *Revenue*, AASB 111 *Construction*

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

Contracts and a number of Interpretations. It contains a comprehensive framework for the recognition, measurement and disclosure of revenue from contracts with customers. Council is reviewing the way revenue is measured and recognised to identify whether AASB 15 will have a material impact.

AASB 16 *Leases* is applicable from 1 July 2019 and will require the recognition of all leases on the balance sheet. A lease liability will be initially measured at the present value of the lease payments to be made over the lease term. A corresponding right-of-use asset will also be recognised to record the right to use the leased item over the lease term. The overall impact of this standard is yet to be quantified and Council will review over the next reporting period.

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

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

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

- Investment Property - Note 10
- Valuation and depreciation of Property, Plant & Equipment - Note 11
- Provisions - Note 16
- Contingent Liabilities - Note 19.

(1.f) Financial assets and financial liabilities

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

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

Financial assets

- Cash and cash equivalents. Note 8.
- Receivables - measured at amortised cost. Note 9.

Financial liabilities

- Payables - measured at amortised cost. Note 14.
- Borrowings - measured at amortised cost. Note 15.

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 27.

(1.g) Taxation

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

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

Noosa Shire Council

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

Note 2(a). Council Functions - Component Descriptions

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

CEO

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

COMMUNITY SERVICES

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

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 2017

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income		Elimination of Inter-Function Activities	Total Income	Gross Expenses	Elimination of Inter-Function Activities	Total Expenses	Net Result	Total Assets
	Grants	Other			Total				
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CEO	-	-	-	-	(568)	42	(526)	(526)	-
Community Services	3,211	20,590	(884)	22,917	(33,713)	6,384	(27,329)	(4,412)	1,115
Planning and Infrastructure	2,984	13,524	(2,709)	13,799	(45,158)	7,155	(38,003)	(24,204)	308
Executive Office	4	7,901	(3,253)	4,652	(8,670)	1,213	(7,457)	(2,805)	-
Corporate Services	3,225	68,689	(10,474)	61,440	(19,086)	2,526	(16,560)	44,880	1,105,518
Total Council	9,424	110,704	(17,320)	102,808	(107,195)	17,320	(89,875)	12,933	1,106,941
Controlled Entity Net of Eliminations	-	4,191	-	4,191	-	-	-	4,191	12,354
Total	9,424	114,895	(17,320)	106,999	(107,195)	17,320	(89,875)	17,124	1,119,295

Functions	Gross Program Income		Elimination of Inter-Function Activities	Total Income	Gross Expenses	Elimination of Inter-Function Activities	Total Expenses	Net Result	Total Assets
	Grants	Other			Recurring				
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CEO	-	-	-	-	(699)	-	(699)	(699)	-
Community Services	2,930	18,986	(315)	21,601	(29,789)	5,543	(24,246)	(2,645)	811
Planning and Infrastructure	5,307	10,656	(922)	15,041	(42,280)	7,008	(35,272)	(20,231)	94
Executive Office	13	4,472	-	4,485	(8,121)	317	(7,804)	(3,319)	(2)
Corporate Services	2,123	69,443	(12,631)	58,935	(17,923)	1,000	(16,923)	42,012	1,086,061
Total Council	10,373	103,557	(13,868)	100,062	(98,812)	13,868	(84,944)	15,118	1,086,964
Controlled Entity Net of Eliminations	-	3,929	-	3,929	-	-	-	3,929	8,162
Total	10,373	107,486	(13,868)	103,991	(98,812)	13,868	(84,944)	19,047	1,095,126

Noosa Shire Council

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

Note 3. Revenue Analysis

	2017	2016
	\$'000	\$'000
Rates, levies, grants and other revenue are recognised as revenue on receipt of funds or earlier upon unconditional entitlements to the funds.		
(a). Rates, Levies and Charges		
Where rates monies are received prior to the commencement of the rating/levying period, the amount is recognised as revenue in the period in which they are received, otherwise rates are recognised at the commencement of rating period.		
General Rates	46,988	45,418
Separate Rates	5,301	5,136
Special Rates	1,560	1,444
Waste Utility Charges	11,293	11,226
Total rates and utility charge revenue	65,150	63,224
Less: Discounts	(1,850)	(1,802)
Less: Pensioner remissions	(769)	(757)
TOTAL RATES, LEVIES AND CHARGES	62,531	60,665
(b). Fees and Charges		
Fees and charges are recognised upon unconditional entitlement to the funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.		
Building and Development Fees	2,524	2,819
Permits and Licences	745	808
Fines and Penalties	179	47
Registration Fees	293	292
Parking Penalties	587	612
User Fees and Charges	594	567
Other Statutory Fees	572	556
TOTAL FEES AND CHARGES	5,494	5,701
(c). Interest and Investment Revenue		
Interest received from term deposits is accrued over the term of the investment. Dividends are recognised once they are formally declared by the directors of the associated entities.		
Investments	1,704	1,786
Interest from Overdue Rates and Utility Charges	504	484
Loan to Unitywater	2,623	2,638
TOTAL INTEREST AND INVESTMENT REVENUE	4,831	4,908

Noosa Shire Council

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

Note 3. Revenue Analysis (continued)

	2017	2016
	\$'000	\$'000
(d). Sales Revenue		
The amount recognised as revenue for contract revenue during the financial year is the amount receivable in respect of invoices issued during the period.		
Sale of services		
Contract and Recoverable Works	18	5
Refuse Tips and Transfer Station Charges	2,116	2,096
Venue Hire	368	362
Holiday Parks Fees and Charges	3,113	3,120
Learn to Swim	690	604
Admission Fees	1,013	870
Total Sale of Services	7,318	7,057
Sale of goods		
Sale of Recyclables	633	431
Retail Shop Sales	653	561
Total Sale of Goods	1,286	992
TOTAL SALES REVENUE	8,604	8,049

There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.

Noosa Shire Council

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

Note 4. Grants, Subsidies, Contributions and Donations

	2017 \$'000	2016 \$'000
<u>Grants & Subsidies</u>		
Grants, subsidies and contributions that are non-reciprocal in nature are recognised as revenue in the year in which Council gains control over them.		
Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations are fulfilled under the funding agreement. Council does not currently have any reciprocal grants.		
<u>Non-cash contributions</u>		
Non-cash contributions with a value in excess of the recognition thresholds, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue and expenses.		
Physical assets contributed to Council by developers in the form of road works, stormwater, infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. All non-cash contributions are recognised at the fair value of the contribution received on the date of acquisition.		
<u>Cash contributions</u>		
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 <i>AASB Interpretation 18 Transfers of Assets from Customers</i> , these contributions are recognised as revenue when the related service obligations are fulfilled.		
(a) Recurrent		
General Purpose Grants	3,191	2,107
State Government Subsidies and Grants	1,188	1,158
Commonwealth Government Subsidies and Grants	1,820	1,876
Donations	53	38
Contributions	20	8
Other Non-Government Subsidies	15	18
<u>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>6,287</u>	<u>5,205</u>
(b) Capital		
State Government Subsidies and Grants	1,909	3,333
Commonwealth Government Subsidies and Grants	1,298	1,880
Contributions	3,106	2,483
Non-Monetary - Developer Assets contributed by Developers at Fair Value	3,217	2,022 *
<u>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</u>	<u>9,530</u>	<u>9,718</u>

* Comparative figures have been restated. Refer to Note 25 for details

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 5. Employee Benefits

	Notes	2017 \$'000	2016 \$'000
Wages and Salaries		22,613	21,111
Annual, Sick and Long Service Leave Entitlements		3,674	3,581
Superannuation	20	2,943	2,805
Councillors Remuneration		527	514
		<u>29,757</u>	<u>28,011</u>
Other Employee Related Expenses		1,455	1,556
		<u>31,212</u>	<u>29,567</u>
Less: Capitalised Employee Expenses		(2,363)	(1,745)
TOTAL EMPLOYEE BENEFITS		<u>28,849</u>	<u>27,822</u>

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

Additional information:

Total Employees at year end:

Administration Staff

255 248

Depot and Outdoors Staff

97 97

Total full time equivalent employees

352 345

Total Elected members

7 7

Note 6. Materials and Services

Administration Supplies and Consumables	1,300	926
Audit Services *	147	139
Communications and IT	618	616
Consultancy Services	688	243
Contract Services	20,140	18,540
Commission Paid	622	583
Donations and Prizes	3,442	3,976
Electricity	1,773	1,739
Fleet Operating Costs	1,481	1,221
Grants Paid to Community Organisations	848	810
Insurance	452	507
Legal Expenses	1,045	789
Operating Leases - Rentals	283	551
Software and Maintenance	844	873
Water and Sewerage Costs	876	862
Other Materials and Services	3,391	3,413
Less: Capitalised Internal Expenses	(532)	(117)
TOTAL MATERIALS AND SERVICES	<u>37,418</u>	<u>35,671</u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2016-17 financial statements are \$110,000 (2016: \$108,000)

Noosa Shire Council

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

Note 7. Depreciation and Amortisation

	Notes	2017 \$'000	2016 \$'000
Depreciation/Amortisation of Non Current Assets			
Buildings		1,338	1,341
Plant and Equipment		919	712
Road and Bridge Network		9,985	9,648
Storm Water		2,104	2,042
Other Infrastructure Assets		3,032	2,940
Total Depreciation of Non Current Assets	11	17,378	16,683
Amortisation of Intangible Assets			
Software		293	290
Total Amortisation of Intangible Assets	11	293	290
TOTAL DEPRECIATION AND AMORTISATION		17,671	16,973

Note 8. Cash and Cash Equivalents

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, all cash and cheques received but not banked at the year end, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash at Bank and on Hand	148	391
Cash Equivalent Assets		
- Deposits at Call	47,315	38,195
- Term Deposits	18,000	14,000
TOTAL CASH ASSETS AND CASH EQUIVALENTS	65,463	52,586

Restricted Cash and Cash Equivalents

Council's Cash and Cash Equivalents are subject to a number of Internal and External Restrictions that limit amounts available for discretionary of future use. These include:

Externally imposed Expenditure Restrictions at the reporting date relate to the following cash assets:

Unspent Government Grants and Subsidies	602	144
Unspent Levy Funds	6,378	5,006
Unspent Developer Contributions	8,470	5,465
Unspent Carbon Tax	502	969
Unspent Loan Monies	598	-
Total External Restrictions	16,550	11,584

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Cash and Cash Equivalents (continued)

	2017 \$'000	2016 \$'000
Restricted Cash and Cash Equivalents (continued)		
Internally imposed Expenditure Restrictions at the reporting date relate to the following assets:		
Future Asset Replacement	8,461	7,364
Natural Disaster Rehabilitation	2,343	2,271
Waste Management	3,512	3,616
Specific Purpose Recurrent	1,941	1,874
Total Internal Restrictions	16,257	15,125
Total Unspent Restricted Cash and Cash Equivalents	32,807	26,709

Cash and deposits at call are held in the Commonwealth Bank in a normal business cheque account. On call accounts are also held with QTC. Deposits at call earned variable interest over varying terms at interest rates of between 2.44% and 2.96%.

Investments

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

Note 9. Trade and Other Receivables

Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price / contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically and if there is objective evidence that Council will not be able to collect all amounts due, the carrying amount is reduced for impairment. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

All known bad debts were written-off at 30 June 2017. 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.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9. Trade and Other Receivables (continued)

	2017 \$'000	2016 \$'000
Current		
Rateable Revenue and Utility Charges	4,431	4,337
Other Debtors	25	63
GST Recoverable	1,053	561
Accrued Revenue	2,415	2,172
Prepayments	382	457
Fees and Charges	1,593	982
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	9,899	8,572
Non-Current		
Loans and Advances to Associates	49,218	49,218
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES	49,218	49,218

Interest is charged on outstanding rates at a rate of 11% per annum. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable. All known bad debts were written-off at 30 June.

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 2017 was 5.33% (2016: 5.36%).

Note 10. 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 at cost (including transaction costs) and then subsequently revalued annually at the balance date.

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

Fair value at Beginning of Financial Year	4,150	3,831
Revaluation adjustment to the Income Account	255	319
TOTAL INVESTMENT PROPERTY	4,405	4,150

Operating expenses in respect of investment property are shown in note 6.

Noosa Shire Council

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

Note 11. Property, Plant and Equipment

Recognition

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

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

Acquisition of assets

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

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

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

Valuation

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

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets 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.

Noosa Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017**Note 11. Property, Plant and Equipment** (continued)Capital work in progress

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

Depreciation

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

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

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

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

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

Noosa Shire Council

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

Note 11. Property, Plant and Equipment (continued)

30 June 2017		Capital Work in Progress	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	
Opening Gross Balance - at Cost		8,879	-	-	10,308	-	-	-	19,187
Opening Gross Balance - at Fair Value		-	130,109	76,397	-	636,269	167,285	87,327	1,097,387
Opening Gross Balance as at 1 July 2016 (Restated)		8,879	130,109	76,397	10,308	636,269	167,285	87,327	1,116,574
Correction to Opening Balances		(1,246)	-	-	-	-	-	-	(1,246)
Additions*		19,319	-	262	2,117	5,923	29	561	28,211
Contributed Assets		-	-	-	-	1,098	2,119	-	3,217
Disposals		-	-	-	(341)	-	-	-	(341)
Write-offs		-	-	(128)	-	(2,845)	(170)	(101)	(3,244)
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	17	-	-	3,114	-	-	-	-	3,114
Work in Progress Transfers		(8,893)	-	-	-	-	-	-	(8,893)
Internal Transfers to Other Asset Classes		-	-	-	-	-	-	(599)	(599)
Internal Transfers from Other Asset Classes		-	-	-	-	599	-	-	599
Total Gross Value of Property, Plant and Equipment - at Cost as at 30 June 2017		18,059	-	-	12,084	-	-	-	30,143
Total Gross Value of Property, Plant and Equipment - at Fair Value as at 30 June 2017		-	130,109	79,645	-	641,043	169,262	87,188	1,107,247
Total Gross Value of Property, Plant and Equipment as at 30 June 2017		18,059	130,109	79,645	12,084	641,043	169,262	87,188	1,137,390
Opening Accumulated Depreciation as at 1 July 2016		-	-	17,189	1,638	106,929	51,682	30,447	207,885
Depreciation Provided in the Period	7	-	-	1,338	919	9,985	2,104	3,032	17,378
Depreciation on Disposals		-	-	-	(86)	-	-	-	(86)
Depreciation on Write-offs		-	-	(14)	-	(1,587)	(35)	(43)	(1,679)
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	17	-	-	739	-	-	-	-	739
Internal Transfers to Other Asset Classes		-	-	-	-	-	-	(136)	(136)
Internal Transfers from Other Asset Classes		-	-	-	-	136	-	-	136
Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2017		-	-	19,252	2,471	115,464	53,751	33,301	224,239
Consolidated Book Value as at 30 June 2017		18,059	130,109	60,393	9,613	525,579	115,511	53,887	913,151
Other Information									
Range of Estimated Useful Life (in years)		-	-	3 - 120	1 - 50	3-120	17 - 100	2-120	
*Asset Additions Comprise									
Asset Renewals				881	2,261	10,490	1,174	943	15,749
Other Additions			202	812	14	1,726	33	759	3,546
Total Asset Additions		-	202	1,693	2,275	12,216	1,207	1,702	19,295

Noosa Shire Council

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

Note 11. Property, Plant and Equipment (continued)

30 June 2016 (Restated)		Capital Work in Progress	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Measurement Basis	Note	Cost	Fair Value	Fair Value	Cost	Fair Value	Fair Value	Fair Value	
Opening Gross Balance - at Cost		7,396	-	-	8,354	-	-	-	15,750
Opening Gross Balance - at Fair Value		-	119,514	75,985	-	621,126	161,968	82,922	1,061,515
Opening Gross Balance as at 1 July 2015		7,396	119,514	75,985	8,354	621,126	161,968	82,922	1,077,265
Correction to Opening Balances		-	-	(1,289)	-	-	-	(18)	(1,307)
Additions*		28,949	3,780	20	2,207	16,912	4,020	436	56,324
Contributed Assets (Restated) **		-	-	-	-	1,193	829	-	2,022
Disposals		-	-	-	(758)	-	-	-	(758)
Write-offs		-	-	-	-	(2,107)	-	(131)	(2,238)
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	17	-	6,815	1,783	-	-	-	4,134	12,732
Work in Progress Transfers		(27,381)	-	-	-	-	-	-	(27,381)
Adjustments and Other Transfers		(85)	-	-	-	-	-	-	(85)
Internal Transfers to Other Asset Classes		-	-	(102)	505	(855)	468	(16)	-
Total Gross Value of Property, Plant and Equipment - at Cost as at 30 June 2016		8,879	-	-	10,308	-	-	-	19,187
Total Gross Value of Property, Plant and Equipment - at Fair Value as at 30 June 2016		-	130,109	76,397	-	636,269	167,285	87,327	1,097,387
Total Gross Value of Property, Plant and Equipment as at 30 June 2016 (Restated)**		8,879	130,109	76,397	10,308	636,269	167,285	87,327	1,116,574
Opening Accumulated Depreciation as at 1 July 2015		-	-	15,602	835	98,527	49,594	25,630	190,188
Correction to Opening Balances	25	-	-	(177)	-	-	-	(17)	(194)
Depreciation Expense	7	-	-	1,341	712	9,648	2,042	2,940	16,683
Disposals		-	-	-	(151)	-	-	-	(151)
Write-offs		-	-	-	-	(1,128)	-	(63)	(1,191)
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	17	-	-	448	-	-	-	2,101	2,549
Internal Transfers to Other Asset Classes		-	-	(25)	242	(118)	46	(144)	1
Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2016		-	-	17,189	1,638	106,929	51,682	30,447	207,885
Consolidated Book Value as at 30 June 2016 (Restated) **		8,879	130,109	59,208	8,670	529,340	115,603	56,880	908,689
Other Information									
Range of Estimated Useful Life (in years)		-	-	3 - 120	1 - 50	3-120	17 - 100	2-120	
*Asset Additions Comprise									
Asset Renewals		1,484	-	-	2,114	10,762	340	297	14,997
Other Additions		-	3,780	20	94	6,150	3,680	138	13,862
Total Asset Additions		1,484	3,780	20	2,208	16,912	4,020	435	28,859

** Note previously recognised adjustments as disclosed in Note 25

Noosa Shire Council

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

Note 12. Fair Value Measurements

(i) Recognised fair value measurements

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

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

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

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

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

The fair value of borrowings disclosed in Note 15 is provided by the Queensland Treasury Corporation (QTC) and represents the market value to extinguish the debt at balance date. This information was provided by QTC and represents the contractual undiscounted cash flows at balance date. Liquidity risk information on Council's borrowings is also disclosed in Note 27.

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:

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

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

The table below presents all items that are measured and recognised within the Statement of Financial Position at fair value. In accordance with AASB 13, all fair value measurements are 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.

Noosa Shire Council

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

Note 12. Fair Value Measurements (continued)

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

	Fair Value Measurement using:		Total
	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
2017			
Property, Plant and Equipment			
- Land	68,769	61,340	130,109
- Buildings	-	60,393	60,393
- Road and Bridge Network	-	525,579	525,579
- Storm Water	-	115,511	115,511
- Other Infrastructure Assets	-	53,887	53,887
- Investment Property	4,405	-	4,405
Total Property, Plant and Equipment	73,174	816,710	889,884
2016			
Property, Plant and Equipment			
- Land	68,769	61,340	130,109
- Buildings	-	59,208	59,208
- Road and Bridge Network	-	529,340	529,340
- Storm Water	-	115,603	115,603
- Other Infrastructure Assets	-	56,880	56,880
- Investment Property	4,150	-	4,150
Total Property, Plant and Equipment	72,919	822,371	895,290

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

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Fair Value Measurements (continued)

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

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

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

Infrastructure, Property, Plant and Equipment

Land (Level 2 and 3)

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. A full comprehensive valuation is scheduled for the 2017-2018 financial year.

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

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

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

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

There was no material movement in the fair value of land assets and subsequently no indexation was undertaken for land for the period 1 July 2016 to 30 June 2017

Noosa Shire Council

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

Note 12. Fair Value Measurements (continued)

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.

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

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

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

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

Council applied an index rate of 4.0% to the value of Buildings for the period 1 July 2016 to 31 March 2017.

Other Infrastructure Assets (Level 3)

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

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

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

Other Infrastructure index rates for the period 1 July 2016 to 30 June 2017 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, assets are disaggregated into significant components which exhibit different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset.

Noosa Shire Council

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

Note 12. Fair Value Measurements (continued)

Infrastructure Assets (Level 3)

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

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

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

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

Roads (Level 3)

Road and bridge infrastructure was comprehensively valued by independent valuer Aurecon Australia Pty Ltd as at 30 June 2014. The next comprehensive valuation is to be undertaken in the 2017 -18 financial year.

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.

Roads and Bridges index rates for the period 1 July 2016 to 30 June 2017 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.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Fair Value Measurements (continued)

Bridges (Level 3)

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.

Roads and Bridges index rates for the period 1 July 2016 to 30 June 2017 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, bridges are disaggregated into significant components which exhibit different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset.

Stormwater (Level 3)

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

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

Stormwater index rates for the period 1 July 2016 to 30 June 2017 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, stormwater assets are disaggregated into significant components which exhibit different useful lives. Useful lives are an estimate of the total service capacity in years for that type of asset.

Investment Property

Investment Property was valued at fair value by AEC Group Limited, an independent professionally qualified valuation firm, as at 30 June 2017.

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

Noosa Shire Council

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

Note 13. Intangible Assets

	2017	2016
Notes	\$'000	\$'000
Intangible Assets are as follows;		
Computer Software		
Opening Gross Carrying Value	2,836	2,632
Acquired at Cost	-	204
Disposals	(5)	-
Closing Carrying Value	2,831	2,836
Work In Progress	1,517	340
Closing Gross Carrying Value	4,348	3,176
Opening Accumulated Amortisation Balance	(562)	(272)
Amortisation in the period	(293)	(290)
Closing Accumulated Amortisation Balance	(851)	(562)
Net Book Value	3,497	2,614
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u>	<u>3,497</u>	<u>2,614</u>

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

Note 14. Trade and Other Payables

Payables

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

Liabilities - Employee Benefits

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

Annual leave

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Trade and Other Payables (continued)

	2017	2016
	\$'000	\$'000
Current		
ATO - Net GST Payable	106	85
Accruals	3,688	2,940
Creditors	4,498	1,720
Employee Related Accruals	1,228	960
Annual Leave	2,207	2,094
Other Entitlements	91	89
<u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u>	<u>11,818</u>	<u>7,888</u>

Note 15. Borrowings

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

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

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

Current

Loans - Queensland Treasury Corporation	3,745	2,932
<u>TOTAL CURRENT BORROWINGS</u>	<u>3,745</u>	<u>2,932</u>

Non-current

Loans - Queensland Treasury Corporation	34,291	35,186
<u>TOTAL NON-CURRENT BORROWINGS</u>	<u>34,291</u>	<u>35,186</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Borrowings (continued)

	2017	2016
	\$'000	\$'000
Reconciliation of Loan Movements for the year		
Loans - Queensland Treasury Corporation		
Opening balance at beginning of financial year	38,118	39,381
Loans Raised	2,697	1,360
Loan Interest Capitalised in Period	2,188	2,319
Principal Repayments	(4,967)	(4,942)
Book value at end of financial year	38,036	38,118

The QTC loan market value at the reporting date was \$42,885,207 (2016: \$44,927,084). 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.

Note 16. Provisions

Long service leave

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

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

Restoration Provisions

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Provisions (continued)

Council has the following restoration provisions:

Landfill sites

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

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

The provision recognised for the Eumundi Rd landfill sites is reviewed at least annually and updated based on the facts and circumstances available at the time. Management estimates that the site will fully close in 2070 and that site restoration will occur progressively over the subsequent thirty years. The provision recognises the costs associated with closure and rehabilitation of historical and existing cells as well as the rehabilitation of the site following full closure in 2070. The 2015/16 provision has been restated to reflect the exclusion of costs associated with future stages due on the uncertainty and need of this future obligation.

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.

	2017 \$'000	2016 \$'000
<u>Current</u>		
Long Service Leave	4,076	4,329
Landfill Sites	273	-
<u>TOTAL CURRENT PROVISIONS</u>	<u>4,349</u>	<u>4,329</u>
<u>Non-current</u>		
Long Service Leave	534	385
Quarry Rehabilitation	50	50
Landfill Sites	8,986	7,194
<u>TOTAL NON-CURRENT PROVISIONS</u>	<u>9,570</u>	<u>7,629</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Provisions (continued)

	2017	2016
	\$'000	\$'000
Details of movements in Provisions:		
Long Service Leave		
Balance at beginning of financial year	4,714	4,462
Amount provided for in the period	579	1,119
Amount paid in the period	(683)	(867)
Balance at end of financial year	4,610	4,714
Quarry Rehabilitation		
Balance at beginning of financial year	50	50
Balance at end of financial year	50	50
This is the present value of the estimated future cost of restoring the quarry site under the State Government environmental regulations at the end of its useful life.		
Landfill Sites		
Balance at beginning of financial year	7,194	6,343 *
Remeasurement due to discount rate	2,585	1,272
Unwinding of provision over time	(520)	(421)
Balance at end of financial year	9,259	7,194

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

* Comparative figures have been restated. Refer to Note 25 for details

Note 17. Asset Revaluation Surplus

Movements in the asset revaluation surplus:

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

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation surplus in respect of that class. Any excess is treated as an expense. When an asset is disposed of, the amount in respect of that asset is retained in the asset revaluation surplus and not transferred to retained surplus.

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Asset Revaluation Surplus (continued)

	Balance at beginning of year \$'000	Movements \$'000	Balance at end of year \$'000
Movements in the asset revaluation surplus:			
2017			
Land	6,815	-	6,815
Buildings	6,973	2,375	9,348
Stormwater	8,696	-	8,696
Other Infrastructure Assets	2,033	-	2,033
	<u>24,517</u>	<u>2,375</u>	<u>26,892</u>
2016			
Land	-	6,815	6,815
Buildings	5,638	1,335	6,973
Stormwater	8,696	-	8,696
Other Infrastructure Assets	-	2,033	2,033
	<u>14,334</u>	<u>10,183</u>	<u>24,517</u>

Note 18. Commitments for Expenditure

	2017 \$'000	2016 \$'000
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(a) Capital Contractual Commitments

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

Property, Plant and Equipment

Roads, Bridges and Stormwater	6,844	1,919
Pathways	54	674
Other	5,019	1,295
Total Commitments	<u>11,917</u>	<u>3,888</u>

These expenditures are payable as follows:

Within the next year	11,917	3,888
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
Total Payable	<u>11,917</u>	<u>3,888</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Commitments for Expenditure (continued)

	2017	2016
	\$'000	\$'000
(b) Operating Leases (Non Cancellable)		
Minimum lease payments in relation to non-cancellable operating leases are as follows:		
Within one year	190	101
One to five years	60	56
Later than five years	-	-
	<u>250</u>	<u>157</u>

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

(c) Operational Contractual Commitments

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

Within one year	7,855	14,204
One to five years	27,961	5,727
Later than five years	14,238	-
	<u>50,054</u>	<u>19,931</u>

Council commenced its new waste collection contract on the 1st September 2017. These amounts did not form part of the comparatives for 2015/16.

Note 19. Contingent Liabilities

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

Local Government Mutual

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 19. Contingent Liabilities (continued)

Local Government Workcare

Noosa Shire Council is a member of the Queensland local government worker's compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$512,634 (2016: \$387,330).

Note 20. Superannuation

Noosa Shire 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.

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

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Superannuation (continued)

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

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

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

There are currently 65 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 65 entities. Noosa Shire Council made less than 4% (4% 2016) of the total contributions to the plan in the 2016-17 financial year.

The next actuarial investigation will be made no later than 1 July 2018.

Notes	2017 \$'000	2016 \$'000
The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was:	2,943	2,805

Note 21. Operating Lease Income

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

The minimum lease receipts are as follows:

Not later than one year	357	363
One to five years	484	817
Later than five years	-	-
	<u>841</u>	<u>1,180</u>

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. Equity Investments

Accounting Recognition:

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

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

Accounting Recognition:

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Investment in Associate	5,759	5,793	76,515	72,324
Total	5,759	5,793	76,515	72,324

Associates

Council has incorporated the following Associate into its Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2017 \$'000	2016 \$'000
Unitywater	Associate	Equity	73,332	69,141
Total Carrying Amounts			73,332	69,141

(b) Details

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

(c) Relevant Interests and Fair Values

Name of Entity	Proportion of Participation	
	2017	2016
Unitywater	4.25%	4.25%

Noosa Shire Council

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

Note 22. Equity Investments (continued)

(d) Summarised financial information for associate is set out below

Summarised Statement of Financial Position - Councils Share	Unitywater	
	2017 \$'000	2016 \$'000
Assets	153,831	148,694
Total Assets	153,831	148,694
Liabilities	77,316	76,370
Total Liabilities	77,316	76,370
Net Assets	76,515	72,324
Reconciliation of the Carrying Amount of Participation Rights		
Opening Net Assets (1 July)	69,141	65,212
Profit/(Loss) for the period	5,759	5,793
Dividends Payable	(1,568)	(1,864)
Closing Participation Rights	73,332	69,141
Council's share in %	4.25%	4.25%
Council's share in \$	76,515	72,324
Summarised Statement of Comprehensive Income - Councils Share		
	Unitywater	
	2017 \$'000	2016 \$'000
Income	28,455	27,642
Income Tax Expense	(1,905)	(2,080)
Total Expenses	(20,791)	(19,769)
Profit/(Loss) for Period	5,759	5,793
Total Comprehensive Income	5,759	5,793
Dividends received by Council	1,567	1,864

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 23. Trust Funds

	2017	2016
Notes	\$'000	\$'000
Trust funds held for outside parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	3,372	2,670
	<u>3,372</u>	<u>2,670</u>

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

Note 24. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

Net operating result from Income Statement	17,124	19,047
Non-cash items		
Depreciation and amortisation	17,671	16,973
Non cash capital contributions	(3,217)	(2,022) *
Impairment of receivables and bad debts written off	17	1
Interest expense capitalised in QTC loans	2,188	2,319
	<u>16,659</u>	<u>17,272</u>
Losses/(Gains) recognised on fair value re-measurements through the P&L		
Investment properties	(255)	(319)
Unwinding of Discount Rates on Reinstatement Provisions	2,065	850
	<u>1,810</u>	<u>531</u>
Investing and development activities		
Loss on write-off and disposal of assets	1,563	1,203
Capital grants and contributions	(6,313)	(7,696)
Share of net (profits)/losses of Associates	(5,759)	(5,793)
	<u>(10,509)</u>	<u>(12,286)</u>
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(1,327)	(45)
(Increase)/Decrease in inventories	(174)	(52)
Increase/(Decrease) in other assets	1,568	1,864
Increase/(Decrease) in payables and accruals	3,525	88
Increase/(Decrease) in other liabilities	511	(481)
Increase/(Decrease) in Employee Leave Entitlements	(104)	252
Increase/(Decrease) in other provisions	(17)	-
	<u>3,982</u>	<u>1,626</u>
Net cash inflow from Operating Activities	<u>29,066</u>	<u>26,190</u>

* Comparative figures have been restated. Refer to Note 25 for details

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 25. Restated Balances

Council has adjusted the 2015/16 comparatives in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes where indicated for the following:

(a) Contributed assets not previously recognised

During the 2016/17 financial year Council became aware of some contributed assets in property, plant and equipment that should have been previously recognised in the prior reporting period. Consequently the assets have been recognised retrospectively and certain comparative figures have been restated. Details of the assets not previously recognised are as follows:

- Road and Bridge Network increased by \$1.193 million
- Stormwater increased by \$0.829 million

To correct the impact of the prior year error, Council has adjusted the 2015/16 comparative in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes where indicated. There is no material impact to the depreciation expense in 2015/16 and accordingly this balance has not been adjusted.

(b) Provision Landfill adjustment

During the 2016/17 financial year Council identified that an adjustment of \$1.454 million was necessary to the opening equity balance for 1 July 2015, to reflect a change in the assumptions used in the calculation of the provision for the restoration of the landfill site. Accordingly, the adjustment has been recognised retrospectively and comparative figures have been restated.

Details of the impact of the above adjustment to the financial statement line items is provided in the 'Reconciliation of Restated Balances' table below.

Noosa Shire Council

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

Note 25. Restated Balances (continued)

	Notes	Actual 2016 \$'000	Adjustment \$'000	Restated Actual 2016 \$'000
Reconciliation of Restated Comparatives				
Financial Report Line Item / Balance affected				
Statement of Comprehensive Income (Extract)				
Capital Revenue				
Grants, subsidies, contributions and donations	4(b)	-	2,022	2,022
Total Revenue		95,857	2,022	97,879
Total Income		101,969	2,022	103,991
Net Result		17,025	2,022	19,047
Total Comprehensive Income		27,208	2,022	29,230
Statement of Financial Position (Extract)				
Property, plant and equipment	1	906,667	2,022	908,689
Total Non-Current Assets		1,031,790	2,022	1,033,812
Total Assets		1,093,104	2,022	1,095,126
Non-current provisions	16	9,083	(1,454)	7,629
Total Non-Current Liabilities		44,269	(1,454)	42,815
TOTAL LIABILITES		59,956	(1,454)	58,502
Net Community Assets		1,033,148	3,476	1,036,624
Community Equity				
Retained Surplus		1,008,631	3,476	1,012,107
Total Community Equity		1,033,148	3,476	1,036,624
Statement of Changes in Equity (Extract)				
Retained Surplus				
Revised Opening Balance as at 1 July 2015		991,606	1,454	993,060
Net Operating Surplus for the Year		17,025	2,022	19,047
Total Comprehensive Income		27,208	3,476	29,230
Equity Balance as at 30 June 2016		1,033,148	3,476	1,036,624

Noosa Shire Council

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

Note 26. Events Occurring After Balance Sheet Date

There were no material financial adjusting events after balance date.

Note 27. Financial Instruments

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

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

Financial Risk Management

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

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

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

Noosa Shire Council does not enter into derivatives.

Credit Risk Exposure

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

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

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Financial Instruments (continued)

	Notes	2017 \$'000	2016 \$'000
The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:			
Financial Assets			
Cash and Cash Equivalents	8	65,463	52,586
Receivables - Rates	9	4,431	4,337
Receivables - Other	9	51,889	50,824
Equity Investments		73,332	69,141
		<u>195,115</u>	<u>176,888</u>
Other Credit Exposures			
Guarantee		513	387
		<u>513</u>	<u>387</u>
Total		<u>195,628</u>	<u>177,275</u>

Cash and Cash Equivalents

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

Other Financial Assets

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

Trade and Other Receivables

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

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Financial Instruments (continued)

	Notes	2017 \$'000	2016 \$'000
Ageing of past due receivables and the amount of any impairment is disclosed in the following table:			
Receivables			
Fully Performing		1,942	1,003
Past due:			
- 31 to 60 days overdue		109	149
- 61 to 90 days overdue		28	19
- Greater than 90 days overdue		4,931	4,696
- Loans and Advances to Associates		49,218	49,218
- Impaired		(15)	(7)
Total	9	<u>56,213</u>	<u>55,078</u>

Liquidity Risk

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

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 15.

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

	0 to 1 year	1 to 5 years \$'000	Over 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
2017					
Trade and Other Payables	9,412	3	-	9,415	9,520
Loans - QTC	5,164	20,762	23,456	49,382	38,036
	<u>14,576</u>	<u>20,765</u>	<u>23,456</u>	<u>58,797</u>	<u>47,556</u>
2016					
Trade and Other Payables	5,620	-	-	5,620	5,705
Loans - QTC	4,967	19,917	25,900	50,784	38,118
	<u>10,587</u>	<u>19,917</u>	<u>25,900</u>	<u>56,404</u>	<u>43,823</u>

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. 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 and borrowings with Queensland Treasury and/or other financial institutions.

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

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.

	Net Carrying	Net Result		Equity	
	Amount \$'000	1% increase \$'000	1% decrease \$'000	1% increase \$'000	1% decrease \$'000
2017					
QTC Cash Fund	34,896	349	(349)	349	(349)
Other Investments	12,419	124	(124)	124	(124)
Loans - QTC	(38,035)	(380)	380	(380)	380
Net Total	9,280	93	(93)	93	(93)
2016					
QTC Cash Fund	28,165	282	(282)	282	(282)
Other Investments	10,303	100	(100)	100	(100)
Loans - QTC	(38,119)	(381)	381	(381)	381
Net Total	349	1	(1)	1	(1)

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

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

Noosa Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Financial Instruments (continued)

Fair Value

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

The fair value of borrowings with QTC is based on the market value of debt outstanding. The market value of a debt obligation is the discounted value of future cash flows based on prevailing market rates and represents the amount required to be repaid if this was to occur at balance date. The market value of debt is provided by QTC and disclosed in Note 15.

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 2017

Note 28. National Competition Policy

Business activities to which the code of competitive conduct is applied

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

Waste Management
Holiday Parks

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

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

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

	Waste Mgt 2017 \$'000	Holiday Parks 2017 \$'000
Revenue for services provided to the Council	247	-
Revenue for services provided to external clients	14,279	3,145
Community service obligations	57	-
	14,583	3,145
Less : Expenditure	(13,797)	(2,185)
Surplus/(Deficit)	786	960

Description of CSO's provided to business activities:

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

Noosa Shire Council

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

Note 29. Transactions with Related Parties

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

Council has no interest in any Subsidiaries.

(b) Associates

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

Transactions with Unitywater

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

	Additional Information	2017 \$'000
Revenue		
Interest on loans	3(c)	2,623
Taxation equivalents		1,456
Dividends	3(c)	1,568
Other revenue		7
Amounts receivable		
Interest		656
Dividends		925
Taxation equivalents		477
Loans		
Loans		49,218

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

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

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

Further detail regarding Unitywater is contained in Note 22 Equity Investments.

(c) Joint Ventures

Council has no interest in any Joint Ventures.

Noosa Shire Council

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

Note 29. Transactions with Related Parties (continued)

(d) Other Related Parties

Transactions with Other Related Parties

Details of Transactions	2017 \$'000
Employee expenses with close family members of key management personnel	96
Total	<u>96</u>

All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with the Award for the job they perform.

(e) Key Management Personnel

Transactions with Key Management Personnel

Key Management Personnel Include

Councillors

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

Executive Leadership Team

Chief Executive Officer	Director Planning & Infrastructure (July to Jan)
Director Community Services	Acting Director Planning & Infrastructure (Jan to June)
Director Corporate Services	Executive Manager

The compensation paid to Key Management Personnel comprises:

	2017 \$'000
Short-Term Employee Benefits	1,510
Post-Employment Benefits	179
Long-Term Benefits	23
Termination Benefits	167
Total	<u>1,879</u>

Noosa Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017Note 29. Transactions with Related Parties (continued)

(f) Loans and Guarantees to/from Related Parties

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

(g) Commitments to/from Other Related Parties

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

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

On a regular basis ordinary citizen transactions occur between Council and its related parties. Examples include, rates and animal registrations. Council has not included these types of transactions in its disclosure where they are made on the same terms and conditions available to the general public.

Noosa Shire Council

General Purpose Financial Statements
for the year ended 30 June 2017

Management Certificate
for the year ended 30 June 2017

These General Purpose Financial Statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulation) and other prescribed requirements.

In accordance with section 212(5) of the Regulation we certify that:

- (i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and
- (ii) the General Purpose Financial Statements, as set out on pages 2 to 49, present a true and fair view, in accordance with Australian Accounting Standards, of the Council's transactions for the financial year and financial position at the end of the year.



Tony Wellington

MAYOR

19 OCTOBER 2017



Brett de Chastel

CHIEF EXECUTIVE OFFICER

19 OCTOBER 2017

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Noosa Shire Council

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Noosa Shire Council.

In my opinion, the financial report:

- a) gives a true and fair view of the council's financial position as at 30 June 2017, and of its financial performance and cash flows for the year then ended
- b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

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

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

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

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

Responsibilities of the council for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

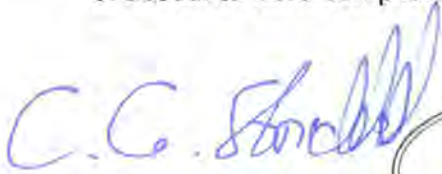
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



CG STRICKLAND
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Noosa Shire Council

Current Year Financial Sustainability Statement for the year ended 30 June 2017

	Actual 2017	Target 2017
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Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

<u>Net Result (excluding capital items) ⁽¹⁾</u>	9.16%	0 - 10%
Total Operating Revenue (excluding capital items) ⁽²⁾		

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

2. Infrastructure Asset Sustainability Ratio

<u>Capital Expenditure on the Replacement of Infrastructure Assets (renewals) ⁽³⁾</u>	81.94%	more than 90%
Depreciation Expense for Infrastructure Assets		

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

3. Net Financial Liabilities Ratio

<u>Total Liabilities less Current Assets</u>	-11.60%	less than 60%
Total Operating Revenue (excluding capital items) ⁽²⁾		

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

Note 1 - Basis of Preparation

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

Noosa Shire Council

Current Year Financial Sustainability Statement (continued)

for the year ended 30 June 2017

Notes

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

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

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

Noosa Shire Council

Current Year Financial Sustainability Statement
for the year ended 30 June 2017

Certificate of Accuracy
for the year ended 30 June 2017

This current-year financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this current-year financial sustainability statement has been accurately calculated.



Tony Wellington

MAYOR

19 OCTOBER 2017



Brett de Chastel

CHIEF EXECUTIVE OFFICER

19 OCTOBER 2017.

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Noosa Shire Council

Report on the Current-Year Financial Sustainability Statement

Opinion

I have audited the accompanying current year financial sustainability statement of Noosa Shire Council for the year ended 30 June 2017, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

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

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other information

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

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

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

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

Responsibilities of the council for the current year financial sustainability statement

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

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

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

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

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

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

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




CG STRICKLAND
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Noosa Shire Council

Long-Term Financial Sustainability Statement

prepared as at 30 June 2017

	Target 2017	Actual 2017	2018	2019	2020	2021	Forecast					
							2022	2023	2024	2025	2026	2027

Measures of Financial Sustainability

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

Performance Indicators

1. Operating Surplus Ratio

Net Result (excluding capital items)⁽¹⁾Total Operating Revenue (excluding capital items)⁽²⁾

0 - 10%	9.16%	0.02%	0.24%	0.24%	0.57%	0.57%	0.60%	0.46%	0.29%	0.34%	0.16%
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An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

2. Asset Sustainability Ratio

Capital Expenditure on the Replacement of Assets (renewals)

Depreciation Expense

> 90%	81.94%	108.02%	105.61%	77.46%	80.92%	89.40%	96.49%	93.25%	90.05%	96.39%	92.91%
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An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.

3. Net Financial Liabilities Ratio

Total Liabilities less Current Assets

Total Operating Revenue (excluding capital items)⁽²⁾

< 60%	-11.60%	-8.28%	-13.49%	-11.85%	-12.34%	-7.00%	-3.73%	-1.21%	0.10%	1.90%	4.24%
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An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Noosa Shire Council

Long-Term Financial Sustainability Statement (continued)

prepared as at 30 June 2017

Noosa Shire Council Financial Management Strategy

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

Notes

- ⁽¹⁾ Includes only Recurrent Revenue and Recurrent Expenditure disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions, Donations and Subsidies received for capital acquisitions, Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions), and any Capital Expenditure such as Write Off of Assets, movements in Provisions for Restoration and Rehabilitation and Revaluation Decrements that hit the Statement of Comprehensive Income.
- ⁽²⁾ Includes only Recurrent Revenue disclosed in the Income Statement. Excludes Capital Revenue Grants, Contributions Donations and Subsidies received for capital acquisitions. Also excludes any Capital Income items such as Profit from the Sale of: Property, Plant and Equipment, Financial Assets, Real Estate and Investment Properties (refer to Note 5 for exclusions).
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These ratios are the relevant measures of financial sustainability required to be reported under section 178(1) of the *Local Government Regulation 2012*.

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

Long-Term Financial Sustainability Statement

Certificate of Accuracy
for the long-term financial sustainability statement prepared as at 30 June 2017

This long-term financial sustainability statement has been prepared pursuant to Section 178 of the *Local Government Regulation 2012* (the regulation).

In accordance with Section 212(5) of the Regulation we certify that this long-term financial sustainability statement has been accurately calculated.



Tony Wellington

MAYOR

19 OCTOBER 2017



Brett de Chastel

CHIEF EXECUTIVE OFFICER

19 OCTOBER 2017.

