



# Annual Report 2015/16

For the period 1 July 2015 to 30 June 2016

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**Version 1.1 amending error identified in September 2017.**

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## Our Previous Council 2014-2016



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

## Our New Council from April 2016



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



## Mayor's Message

2015/16 was a year of transition for Noosa Council. This occurred on two fronts. First we completed the two-year process of building our new Council, by writing and adopting remaining Council policies, largely finalising our workforce, solidifying our economic strategies and bedding down our pioneering IT systems.

The other transition was a product of the local government elections which saw both Noel Playford and Bob Abbot retiring, and three new Councillors elected.

Noel Playford's essential role in putting the Council on solid foundations cannot be underestimated. When I took over the helm on 5<sup>th</sup> April 2016, Noosa Council was in a very solid financial position, as reflected in assessments by the Queensland Treasury Corporation.

Noel and Bob, in their respective roles as Mayor and Deputy Mayor, also left a legacy of cooperative participation amongst the elected body. Their interrelationship and leadership skills inform the model on which the current elected body operates.

Looking back, I am amazed at how quickly Noosa Council managed to get to its proverbial feet. Significant credit for this must go to our CEO, Brett de Chastel and his management team.

But of course it wasn't just the CEO and our managers who were asked to pull out all stops. Our Council is only as good as the staff who comprise it, and we are truly blessed with a skilled, passionate workforce. The most commonplace comment that I receive from residents is acknowledgement of how much they enjoy their interactions with our staff, whether it's in the field or at the Tewantin building. This reflects a corporate mind-set that is precious to my fellow councillors and myself.

2015/16 saw the completion of a hugely ambitious capital works program. There was certainly some catch-up work to do following de-amalgamation, on top of which the sealing of the hinterland loop road was added. This legacy project, the sealing of Dr Pages Rd and part of Kinmond Creek Rd, has already produced demonstrable benefits in the hinterland. With Tourism Noosa helping promote our rural areas through their Noosa Country Drive initiative, those benefits will continue to flourish.

The future for Noosa Council is glaringly bright. I am blessed with an excellent team of councillor colleagues, all pulling together and working harmoniously. I thank each of them for their support and camaraderie. Together, we have a unique opportunity to help develop a future vision for our wonderful Shire. That will be expressed in our new planning scheme, but also in the decisions we make during our budget deliberations and in Council meetings.

Fundamentally, the vision that I have is for Noosa to be an exemplar of best practice in sustainability, environmental awareness and protection, economic vigour and community wellbeing. The move towards a zero emissions future may well prove to be an essential catalyst in achieving those aims.

Let me conclude by paying my respects to the traditional owners of the land on which we are so lucky to live, the Gubbi Gubbi or Kabi Kabi people. And I also want to express my deep gratitude to all those community leaders, decision-makers, activists and foot soldiers who have helped shape the Noosa Shire over the past half century and more. Without their efforts Noosa would not be the glorious place it is today.

A handwritten signature in black ink, appearing to read 'Tony Wellington'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Tony Wellington  
Mayor



## Chief Executive Officer's Message

As I reflect on the last 12 months, I realise that 2015/16 was really a year of transition. At one level, we were transitioning from a Council that was busy re-establishing itself following de-amalgamation into a Council getting on with the business of providing local government services. By necessity, the first year or two following de-amalgamation was all about setting ourselves up as a new working Council. New systems, getting the finances and governance right, reconnecting with our community and making sure that we got through that process as smoothly as possible.

Many people predicted that we would take 4 or 5 years to finalise that process based on the experience of some Councils who had been through amalgamations and took that long to wrap up those amalgamations. By the second half of the 2015 calendar year, we had successfully completed the de-amalgamation process. This was an awesome effort from all concerned – Councillors, management and staff. By that time, we were getting on with the normal business of local government and looking forward, not backwards.

The second transition that occurred in 2015/16 was the political transition from our first Council term to our second Council term. The election in March 2016 was a transition moment in Noosa's political history as well. Putting aside the last two years of the Sunshine Coast Council's management of Noosa, Noosa had not had a Mayor other than Bob Abbot or Noel Playford since 1988 – almost 28 years. I have had the privilege of working for both Noel and Bob as Mayors and their steady, astute and visionary leadership has served Noosa well. We would not be where we are today without them, both as a Council and a community.

In March 2016, the Noosa community elected Mayor Tony Wellington and Councillors Wilkie, Pardon, Jurisevic, Glasgow, Jackson and Stockwell as their Council for the next 4 years. Our new Council quickly settled into its stride after being sworn in on 5 April 2016.

While preparing an annual report is often an opportunity to reflect on the past, I think that the future is a much more exciting thing to think about. In Noosa's case (both as a Council and community) one of our big challenges is never to become complacent. It is sometimes too easy to think that things are going well and there is nothing to improve on. That is why the best time to prepare a Local Economic Plan is when our economy is going well (our current unemployment rate is below the State average) which is what we did by adopting this plan in early 2016. That is just one example and my message to our community and our Council staff is to never rest on our laurels.

Noosa has always excelled at excellence and we need to continue to do so to stay ahead of the game. To quote Jim Collins - *"Good is the enemy of great. And that is one of the key reasons why we have so little that becomes great. We don't have great schools, principally because we have good schools. We don't have great government, principally because we have good government. Few people attain great lives, in large part because it is just so easy to settle for a good life."*

As always, it is important to recognise the enormous amount of dedication and work undertaken by our Council staff to provide services to our community on a daily basis. Whether it is opening the pool early in the morning, lending library books, resealing roads or keeping our parks and gardens looking great, our near 350 Council staff are working hard for our community. I take this opportunity to publicly thank all of our staff for their dedication, commitment and enthusiasm in making our Noosa community a better place. Working at Council allows us to make a difference to the community that we live in.

A handwritten signature in blue ink that reads "Brett de Chastel". The signature is written in a cursive, flowing style.

Brett de Chastel  
Chief Executive Officer

# 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 its first Corporate Plan in June 2014.

The Council's Corporate Plan which was in place during 2015/16, identified 7 key priorities. Those 7 key priorities and the progress towards achieving them are set out below.

Council's Operational Plan 2015/16 detailed the major priorities and initiatives that Council undertook to work towards the implementation of the Corporate Plan. Throughout the year, the CEO provided the 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 the 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.

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Our current Corporate Plan sets out a number of strategic goals and also identifies seven priorities for our Council. The key priorities identified are:

1. A financially sustainable Council
2. Great customer service
3. Community engagement and communication
4. Focus on community assets
5. Establishing new policies and strategies
6. Custodianship of Noosa's environment
7. Diversification of our economy

An assessment of progress in achieving our Corporate Plan goals will be made against these key priorities.

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

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

Key achievements include:

- Developing the 2015/16 budget based on a "build from base" budget methodology which examines every cost on its merits. The same methodology was used during the year to the 2016/17 budget development. The Queensland Treasury Corporation is now using Noosa Council as a best case exemplar as it promotes the use of "build from base" budgeting to other Councils.
- The use of the "build from base" budget methodology has allowed Council to minimise general rate increases. We applied a 0% general rate increase in 2014/15, a 1.3% general rate increase in 2015/16 and a 1.9% general rate increase in 2016/17. This is the lowest cumulative general rates increase in Councils across SEQ in that period.
- We have exceeded our operating surplus budget projection for 2015/16. Revenue is above budget and expenditure is below budget resulting in a greater operating surplus for Council than budgeted. Details of the full financial year result are set out in our audited financial statements which are attached to this annual report.
- Council re-adopted its Financial Sustainability Policy on 29 June 2016. This policy reinforces Council's determination to apply good financial discipline and long term financial strategies to ensure that our early success in meeting prescribed financial ratios is maintained in the longer term.

- Reporting formats for monthly and quarterly financial reports to Council were reviewed in 2015/16 with improved performance graphs. These were reported to Council and made available on Council's website for the community. Detailed capital works reports were also provided separately to keep a focus on progress with the Capital Works Program which had a much higher completion rate than previous years (see priority 4 for further details).
- Council continued to receive positive Queensland Audit Office results. We received an unqualified audit sign off for the 2014/15 financial statements and the interim 2015/16 audit conducted in early 2016 identified no significant issues that needed to be addressed. The Audit and Risk Committee continued to monitor our approach to managing risk and compliance with governance obligations.
- Our continuous improvement program resulted in reviews being completed for Local Laws, Libraries, Noosa Aquatic Centre, and Property & Facilities resulting in over 50 recommendations that will contribute to efficiencies and improvements in the delivery of these services.

## **Corporate Plan Priority 2 – Great Customer Service**

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

Key achievements include:

- There is continuing improvement in the management of our front line phone interface with our customers. Shortly after our establishment, too many customers were waiting too long on hold to have their phone calls answered. This has steadily been improving over the last two years with the introduction of "call back" facilities, better training for frontline customer service staff, the introduction of better information on answering queries, dedicated staff, and good management of the Customer Service Branch. In July 2014, average wait times were above 75 seconds but during 2015/16, they were on average below 60 seconds.
- There continued to be high levels of Customer Requests (CRMs) during the year with February 2016 having the highest total number of customer requests since we commenced in 2014 (mainly rates and trees requests). In total, there were 17,015 CRMs lodged in 2015/16.
- The level of complaints about Council's service to customers remains very low. Our KPIs show our completion rate of responding to CRMs is improving compared to previous years but can improve further. The main focus remains on our five most frequent customer requests (animals, garbage bins, tree requests, rates and roads).
- Council adopted a Customer Service Charter during 2015/16 that sets out our expected standards for our customers.
- Council continued to receive outstanding feedback from the community about customer service and services provided to the community generally. The two areas that continually receive the most positive feedback were parks and gardens and frontline customer service.
 

*"I wrote to you guys yesterday about a pot-hole opposite our business. When we arrived for work today it was fixed! I'm absolutely gobsmacked. You guys are the greatest. Please give credit to those that had this fixed so quickly."*

*Customer phoned to say thank you to the team who trimmed the trees in Poinciana Ave – a job well done!*

*"G'day Council, We're newly arrived in the area after 10 years in the UK and I just wanted to say it's great to see awesome communal resources like Cooroy library with so many great resources/events and a social enterprise coffee shop to top it off! Much appreciated."*

*"Thanks so much for the beautiful golden penda street trees ... great work, as usual!"*
- Our internal staff survey undertaken in May 2016 included details of our staff attitude to customer service. Pleasingly, that question receives one of the highest scores in the internal staff survey with almost 83% of staff identifying that they can readily resolve a customer's issue to the customer's satisfaction.



### **Corporate Plan Priority 3 – Community engagement and communication**

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

Key achievements include:

- Council completed its second Community Jury in December 2015 and the Jury provided its report to Council on the future options for management of the Noosa River in early 2016. Council is now advancing those recommendations.
  - Council has undertaken a number of meetings across our region to engage with our community. A formal Council meeting was held at Noosa Junction in October 2015. Councillors and staff have also held numerous meetings across the Shire on a range of local issues.
  - The Project News updates were refined and published on a regular basis to provide information on capital works projects occurring in local neighbourhoods.
  - Our e-newsletter is continuing to be enhanced as it currently focuses on publishing links to press releases. There is more to do with this publication and enhancements are currently underway. The Libraries and Galleries e-newsletter continues to set the benchmark.
  - Council's website design and content is improving. The website is now mobile enabled. The online services component (including online payments) is also enabled but while usage is growing, it is still relatively low as a percentage of overall transactions. Technology One are developing more user friendly interfaces and we have recently incorporated the use of Apps into our service delivery interface to make it easier for customers to log requests.
  - Council's social media presence significantly improved in the 2015/16 year. Council's Facebook followers have increased to around 4,000 and this medium has been particularly useful in keeping people informed during natural disasters. The Noosa Library Service and The J also have developed strong social media presences which assist in the promotion of their services. We are also just starting to develop our Noosa Council Instagram presence and the Noosa Library is well advanced with their Instagram processes aimed at engaging with a younger demographic.
  - Council has been very active in liaising with various community organisations across the Shire. Regular meetings are held by Councillors and senior staff with a variety of community based organisations including CCIQ (Noosa and Cooroy), Noosa Junction Association, Tourism Noosa, Noosa Waters Residents Association, Hastings Street Association, Noosa Residents and Ratepayers Association etc.
  - Consultation with the community on a range of issues took place throughout the year. While too numerous to list all of these, some examples include:
    - Noosa Transport Strategy
    - Sunshine Beach Skatepark
    - Pest Management Plan
    - Waste Reduction and Recycling Plan
    - Rufous Street project at Peregrian Beach including a design charette.
- The Your Say Noosa portal on our website is fully operational and is becoming well used. Noosa Council has been identified by the supplier as the most extensive user of that engagement portal in Queensland.
- A significant number of staff have attended IAP2 training (with more training planned) to increase skills in community engagement and deliver more effective project outcomes.

## Corporate Plan Priority 4 – Focus on community assets

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

Key achievements include:

- A successful rollout of the 2015/16 Capital Program which included a total program of \$35.64M once carryovers from the previous year and emergent projects during the year were taken into account. In 2014/15, the Capital Program completion rate was 68%. The 2015/16 completion rate was 89% (recognising that some of the capital program was based on a contingency for emergent works which were not required). The team in Infrastructure Planning & Design Services have done an excellent job in delivering such a large program.
- By year end, there were no major projects that had not been finalised.
- Some of the significant capital projects achieved in 2015/16 included:
  - Dr Pages Road construction;
  - Rifle Street Pomona flood mitigation project (jointly funded with the State and Commonwealth);
  - Bus stop design and stage 2 rollout;
  - Munna Point erosion control project;
  - Major road reseals including David Low Way, Cooroy Noosa Road and Goodchap Street; and
  - Munna Point Bridge refurbishment.
- Looking ahead, substantial work was undertaken in 2015/16 to prepare for the 2016/17 Capital Program. A longer term Capital Program is being developed to enable better forward planning and design. Forward planning in 2015/16 included:
  - Noosa Heads Boardwalk;
  - Rufous Street Project at Peregrine Beach; and
  - Road condition assessments to guide a longer term future reseal program.
- As noted by QTC in their 2015 report, Council has still not finalised its Asset Management Plans (AMPs). During 2015/16, there was a continued focus on condition assessment of various asset classes (e.g. mainly roads, drainage and Council buildings). High level AMPs were adopted by Council in 2015/16 but detailed plans for each asset class have yet to be finalised. Council commissioned an Asset Capability Audit to provide a road map to develop our asset management capability based on ISO55000.
- Council completed year 2 of a 3 year plant and fleet replacement program to bring Council's fleet and plant back up to standard. We have almost completed the replacement of leased vehicles and continued to accelerate the replacement of trucks and yellow plant. At the conclusion of our three year program, we will have a modern fleet.
- A service review and strategy for our Library Services was completed which resulted in the reallocation of resources within that program to focus on future technology (including radio frequency tagging for library items) and a review of opening hours to better align with community needs.
- Some site specific asset management issues have involved significant focus. Examples include:
  - Ensuring that the Beach Sand Recycling System was operational and had regular inspections. This became important following the major storm that required sand replenishment pumping in June 2016 (funded by the Noosa Main Beach levy); and
  - Improving security camera operations and maintenance in consultation with the Hastings Street Association (funded by the Hastings Street Security levy).

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

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

Key achievements include:

- Council's new Local Laws came into effect on 1 July 2015 with a smooth transition.
- A number of background studies have been undertaken in preparation for the development of the new Planning Scheme.
- Council fine-tuned its Community Grants Policy and established a better process for receiving and assessing community grant applications.
- Council adopted a new Social Strategy for Noosa. This included the establishment of a community reference group and using the outcomes of the Noosa Demographic Profile. An implementation plan has been developed and funding provided in the 2016/17 budget for the first phase of implementation. This Strategy has four long term development goals:
  - A cohesive and resilient community
  - An active and healthy community
  - An accessible, diverse and affordable community
  - A creative and informed community
- Council adopted the Noosa Local Economic Plan. More details on this can be found under priority 7.
- Council adopted a set of sustainability principles that guide the development of numerous strategies. All Council strategies will now incorporate a focus on long term sustainability.
- Council adopted a Waste Reduction and Recycling Plan following community consultation.
- Council adopted a Koala Conservation Plan following community consultation and an implementation plan has also been developed following community consultation.
- Council adopted an Environment Levy Policy to provide guidance on the management and expenditure of Environment Levy funds.
- Council adopted a Business Continuity Policy to ensure Council's services are maintained throughout any disruption and a Fraud and Corruption Policy to protect Council's assets, interests and reputation.

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

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

Key achievements include:

- Council is developing a series of bushland reserve plans and the first of these, at Tewanin, is well underway with significant community consultation. More funds are set aside in the 2016/17 budget to develop more bushland reserve plans.
- Council's Environment Levy Working Group continues to identify potential land purchases under the Environment Levy. Following its recommendation, Council made a major Environment Levy purchase in 2015 through the acquisition of an environmentally significant parcel of land with Noosa River frontage at Cooroibah a cost of \$2.7M.
- Council commenced its second Green Army project with a focus on weed removal in bushland reserve areas.
- Council is working with the Noosa Biosphere Reserve Foundation, the Thomas Foundation and University of the Sunshine Coast on a project in the Noosa River and is assisting with obtaining the necessary State approvals so that an Oyster restoration project can proceed.

- Council has provided funds for the Noosa Biosphere Reserve Foundation to facilitate a series of projects including work on Koala mapping, Oyster restoration in the Noosa River and long term reduction of sediment in the Kin Kin Creek catchment. This funding has been enhanced through the Noosa Biosphere Reserve Foundation model which has seen a “multiplier effect” with additional funding and University research support being attracted to these projects.
- The future management arrangements for the Noosa River are being advanced following the outcomes of the second Community Jury. Council has also developed a new Noosa Hydrodynamic Model for the lower Noosa River. Council undertook work on a number of erosion projects including Weyba Creek and Munna Point. The Noosa River continued to maintain the highest rating (A-) throughout SEQ waterways.
- We began to trial electric equipment in our day to day operations such as an electric quad bike at the Botanical Gardens as well as electric brush cutters and chainsaws.
- Council has adopted an Emission Reduction Policy and is working with Beyond Zero Emissions on measuring our Carbon output as a first step in that process.
- Council has been undertaking a program to audit bio-retention basins – both Council owned and privately owned. The audit of Council owned bio-retention basins has been the first priority and is substantially complete.
- The flying fox colony at Wallace Park was monitored with the number of flying foxes fluctuating substantially at different times during the year. Council adopted a management plan and while some actions were undertaken during the year, the flying foxes have come and gone from that site as part of their natural cycle.
- The new cell 2.2 at the Eumundi Road Resource Recovery Centre has been commissioned and began accepting waste on 26 February 2016.
- The Waste Management Contract 2017-2024 tender documentation has been prepared with tenders advertised on 1 July 2016.
- A significant amount of work has been undertaken to establish the Electric Bus trial. The trial was delayed due to supplier issues and will commence in 2016 / 2017.

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

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

Key achievements include:

- Council adopted the Noosa Local Economic Plan following extensive consultation via a Community Focus Group. A report by AEC analysing the Noosa Economic Profile has also been published.
- During 2015/16, Council continued to have a very close working relationship with Tourism Noosa. We jointly developed the Noosa Sporting Facilities Guide which is designed to attract events and sporting groups to Noosa. This was launched in March 2016.
- Council adopted a Masterplan for the Rufous Street site at Peregrin Beach following an extensive community consultation process including a design charette. The development has been approved and preparation is underway for a funding application to the Commonwealth and State governments.
- The Council developed RV Park at Cooroy opened, including a waste dump facility, and appropriate management arrangements were put in place. The RV Park will encourage more visitors to visit and stay in Cooroy.
- During 2015/16, support was provided to encourage the ongoing development of the ICT sector in Noosa. Council was a partner in an innovation networking event and a sponsor of the GovHack event. We also provided data sets to the GovHack event.

- A #NoosaConnects networking event was held by Council in conjunction with CCIQ at The J in March 2016. This business networking evening was attended by over 200 people to connect with industry and government funding and other support bodies. It was very well received by the Noosa business community.
- During 2015/16, Council approved 98% of development applications with the number of applications showing a steady increase in activity. We met statutory assessment timeframes for most types of applications except for MCUs. The complexity and issues involved in MCU applications meant that statutory timeframes were met between 60% and 80% of the time. Building and Plumbing approval timeframes remained significantly better than statutory requirements. There has been a significant improvement in building approval times in the last two years.

## **Other Activities**

Of course, not everything that Council has done in the last 12 months falls neatly into the seven key priorities outlined above. In no particular order, some other key issues during 2015/16 included:

- *Local Government Election - March 2016*  
Although managed by the Electoral Commission of Queensland, the March 2016 Council election was a milestone event seeing the conclusion of our first term following de-amalgamation and the commencement of our second term. The retirement of Mayor Noel Playford and Deputy Mayor Bob Abbot saw the departure of over 50 years of local government experience. Cr Tony Wellington was elected as Mayor and there were also three new Councillors elected. As such, an extensive and intense induction program was developed to smooth the transition process from April to June 2016. That has been successfully achieved.
- *Audit and Risk Committee*  
Our Audit and Risk Committee continues to work quietly on ensuring that good governance practices are in place. 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 received an unqualified audit from the Queensland Audit Office (QAO) for its financial statements and during the external audit process no issues of concern were raised by the QAO. Council’s Internal Audit Program included internal audits on Cash Handling and the Waste Charges system.
- *Establishment of Enterprise Risk Management*  
We are significantly more advanced over the last 12 months in embedding risk management practices into Council operations. An Enterprise Risk Management Policy and Framework has been adopted by Council and risk registers established. The Leadership Team reviews strategic risks on a quarterly basis and operational risk registers have been established at a Departmental level. A comprehensive Business Continuity Plan is all but complete and will be tested in 2016/17.
- *Disaster Management*  
Our Noosa Disaster Management and Disaster Recovery Plans have been adopted by Council. Specific Disaster Management Plans were also developed for the Pomona and Daintree Estate areas. In 2015/16, we undertook a major training exercise for a wild fire event. Luckily, throughout the year, we were spared any major flooding events unlike some other SEQ Councils. We have undertaken significant training for our staff to ensure that we are ready for disaster events and the level of volunteering for this role by staff remains high.
- *Noosa North Shore*  
Council is well advanced with planning for a refurbishment of the Noosa North Shore Wilderness Camp. At the same time, negotiations are continuing with DNRM to sort out historical tenure issues on the Noosa North Shore and these negotiations are progressing well.

# 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 2014 listed Noosa Council as a Category 4 Council, and prescribed that the annual rate of remuneration for the Mayor and Councillors for the period 1 July 2015 to 30 June 2016 (the period) as follows:

- Mayor - \$120,226
- Deputy Mayor - \$75,141
- Councillors - \$63,870

In accordance with s244 (3) of the *Local Government Regulation 2012* (LG Regulation), the remuneration prescribed by the Tribunal cannot include:

- any amount for expenses to be paid or facilities to be provided to a Councillor of a local government under its expenses reimbursement policy, or
- any contribution a local government makes for a Councillor to a voluntary superannuation scheme for Councillors established or taken part in by the local government under s226 of the LG Act.

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

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

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

**Table 1 – Councillor Remuneration**

| <b>Councillor remuneration for period 1 July 2015 to 30 June 2016</b> |             |                      |            |
|---|-------------|----------------------|------------|
| Councillor  | Salary (\$) | Superannuation* (\$) | Total (\$) |
| Mayor Noel Playford   | 90,632      | 10,876               | 101,508    |
| Cr Bob Abbot (Deputy)   | 56,934      | 6,832                | 63,766     |
| Cr Tony Wellington<br>(Mayor from 05.04.2016)                         | 77,522      | 9,303                | 86,825     |
| Cr Frank Wilkie<br>(Deputy from 05.04.2016)                           | 66,598      | 7,992                | 74,589     |
| Cr Joseph Jurisevic   | 63,865      | 7,664                | 71,529     |
| Cr Frank Pardon   | 63,665      | 7,664                | 71,529     |
| Cr Sandy Bolton   | 45,390      | 5,806                | 54,197     |
| Cr Jess Glasgow   | 15,475      | 1,857                | 17,332     |
| Cr Ingrid Jackson   | 15,475      | 1,857                | 17,332     |
| Cr Brian Stockwell  | 15,475      | 1,470                | 16,945     |

**Notes:**

1. Amounts rounded to the nearest whole dollar value.
2. \* Superannuation shown is Council's 12% employer contribution (as outlined on the previous page), with the exception of Councillor Stockwell who elected the national standard 9.5% contribution.
3. In respect of the re-arrangement of Councillors as a result of the election, relevant dates are:
  - a. Councillors Abbot and Bolton ceased duty on 31.03.2016
  - b. Mayor Noel Playford ceased duty on 30.03.2016
  - c. Returning Councillors Jurisevic, Pardon and Mayor Wellington ceased duty on 31.03.2016 and recommenced on 05.04.2016
  - d. Councillors Jackson, Glasgow and Stockwell commenced duty on 05.04.2016

## Reportable Council resolutions for the period

Table 2 below outlines the reportable resolutions under the LG Regulation for the period.

**Table 2 – Reportable Resolutions**

| Local Government Regulation 2012 | Resolution adopted   |
|----------------------------------|--|
| Section 250(1)                   | Nil.   |
| Section 250(2)                   | 5 April 2016 (Post Election Meeting)<br>Adopt the updated Councillors' Expenses and Reimbursement Policy.  |
| Section 206(2)                   | 29 June 2016 (Special Budget Meeting)<br>Adopt the Non-Current Asset Accounting Policy.<br><br><i>(The Policy included recognition thresholds for Non-Current Assets. These thresholds are disclosed by way of note in the General Purpose Financial Statements)</i> |

## 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 the Post Election Meeting of 5 April 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
- discretionary professional development
- 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 cover<sup>1</sup>.

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



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

The reimbursements that were made to Councillors for the period were for discretionary professional development, vehicle use, home office and telecommunication, 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.
- No Councillors claimed expenses relating to categories of mandatory professional development, hospitality, meals or accommodation expenses.

A summary of expenses/reimbursements to Councillors for the period is outlined in tables 3 and 4 below.

**Table 3 – Councillor Expenses 2015/16 (up to 31 March 2016)**

| Councillor          | Mandatory Professional Development (\$) | Discretionary Professional Development (\$) | Use of private vehicle (option 1) (\$) | Home office & tele-communication (\$) | Travel Expenses as required to represent Council | TOTAL (\$) |
|---------------------|---|---|--|---------------------------------------|--|------------|
| Mayor Noel Playford | 640                                     | 0   | 0                                      | 2160                                  | 0  | 2160       |
| Cr Bob Abbot        | 776                                     | 0   | 3593                                   | 2160                                  | 0  | 5753       |
| Cr Joseph Jurisevic | 0                                       | 717   | 3593                                   | 2160                                  | 0  | 6470       |
| Cr Frank Pardon     | 0                                       | 19  | 3593                                   | 2160                                  | 0  | 5772       |
| Cr Tony Wellington  | 0                                       | 36  | 3593                                   | 2160                                  | 64   | 5789       |
| Cr Frank Wilkie     | 0                                       | 19  | 3593                                   | 2160                                  | 0  | 5772       |
| Cr Sandy Bolton     | 0                                       | 99  | 3593                                   | 2160                                  | 0  | 5852       |

**Table 4 – Councillor Expenses 2015/16 (from April 2016)**

| Councillor            | Mandatory Professional Development (\$) | Discretionary Professional Development (\$) | Use of private vehicle (option 1) (\$) | Home office & tele-communication (\$) | Travel Expenses as required to represent Council | TOTAL (\$) |
|-----------------------|---|---|--|---------------------------------------|--|------------|
| Mayor Tony Wellington | 0                                       | 0   | 1250                                   | 720                                   | 0  | 1970       |
| Cr Jess Glasgow       | 0                                       | 0   | 1250                                   | 720                                   | 0  | 1970       |
| Cr Ingrid Jackson     | 0                                       | 0   | 1250                                   | 720                                   | 0  | 1970       |
| Cr Joe Jurisevic      | 1,476                                   | 268   | 1250                                   | 720                                   | 0  | 2238       |
| Cr Frank Pardon       | 0                                       | 0   | 1250                                   | 720                                   | 0  | 1970       |
| Cr Brian Stockwell    | 0                                       | 0   | 1250                                   | 720                                   | 0  | 1970       |
| Cr Frank Wilkie       | 0                                       | 0   | 1250                                   | 720                                   | 0  | 1970       |

*Note: Amounts rounded to the nearest whole dollar.*

## Councillor meeting attendance

The attendance of Councillors at Ordinary meetings, Special meetings and Committees for the period is outlined in tables 5 and 6 below.

**Table 5 – Previous Council Meeting Attendance 2015/16**

| Councillor          | Ordinary meeting | General Committee | Planning & Organisation Committee | Infrastructure & Services Committee | Audit & Risk Committee | Total |
|---------------------|------------------|-------------------|-----------------------------------|-------------------------------------|------------------------|-------|
| Mayor Noel Playford | 9                | 8                 | 6                                 | 5                                   | 1                      | 29    |
| Cr Bob Abbot        | 8                | 8                 | N/A                               | 8                                   | N/A                    | 24    |
| Cr Sandy Bolton     | 9                | 9                 | N/A                               | 8                                   | N/A                    | 26    |
| Cr Joe Jurisevic    | 9                | 9                 | 8                                 | N/A                                 | N/A                    | 26    |
| Cr Frank Pardon     | 8                | 8                 | N/A                               | 8                                   | N/A                    | 24    |
| Cr Tony Wellington  | 8                | 9                 | 8                                 | N/A                                 | 3                      | 28    |
| Cr Frank Wilkie     | 9                | 9                 | 8                                 | N/A                                 | 2                      | 28    |

**Table 6 – New Council Meeting Attendance 2015/16**

| Councillor            | Post-election meeting | Ordinary meeting | General Committee | Planning & Environment Committee | Services & Organisation Committee | Special & Budgetary | Audit & Risk Committee | Total |
|-----------------------|-----------------------|------------------|-------------------|----------------------------------|-----------------------------------|---------------------|------------------------|-------|
| Mayor Tony Wellington | 1                     | 3                | 3                 | 3                                | 3                                 | 2                   | 0                      | 15    |
| Cr Jess Glasgow       | 1                     | 3                | 3                 | N/A                              | 3                                 | 2                   | N/A                    | 12    |
| Cr Ingrid Jackson     | 1                     | 3                | 3                 | 3                                | N/A                               | 2                   | 1                      | 13    |
| Cr Joe Jurisevic      | 1                     | 3                | 3                 | 3                                | N/A                               | 2                   | N/A                    | 12    |
| Cr Frank Pardon       | 1                     | 3                | 3                 | N/A                              | 3                                 | 2                   | N/A                    | 12    |
| Cr Brian Stockwell    | 1                     | 3                | 3                 | 3                                | N/A                               | 2                   | N/A                    | 12    |
| Cr Frank Wilkie       | 1                     | 3                | 2                 | N/A                              | 3                                 | 2                   | N/A                    | 11    |

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

## Complaints about Councillors

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

- appropriate standards of conduct and performance are maintained, and
- a Councillor who engages in misconduct or inappropriate conduct is disciplined.

The Councillor Code of Conduct Policy endorsed by Council on 13 January 2014 remained unchanged for the period. The Policy establishes:

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

The table 7 below identifies the reportable complaints, orders and recommendations against Councillors for the period.

**Table 7 – Complaints Against Councillors**

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

## Overseas travel

Official Travel undertaken during the period is outlined in the table below.

**Table 8 – Official Overseas Travel**

| Position  | Date of Travel       | Destination | Purpose of travel  | Cost to Council |
|---|----------------------|-------------|--|-----------------|
| Director of Planning and Infrastructure, Martin Drydale | 2 – 11 November 2015 | New Zealand | Attendance at SOLGM Conference (New Zealand Society of Local Government Managers) as part of Local Government Managers Australia (LGMA) Management Exchange Program  | Nil.            |
| Chief Executive Officer, Brett de Chastel               | 3-5 February 2016    | New Zealand | Invited to present to SOLGM Conference (New Zealand Society of Local Government Managers) (cost covered by SOLGM NZ – South Island)  | Nil.            |
| Councillor, Frank Wilkie                                | 12-15 June 2016      | New Zealand | Represent Noosa Council as a delegate for the Tourism and Events Queensland/Visit Sunshine Coast Regional Tourism Delegation. The purpose of the trip was to undertake marketing and experience development activities to help industry achieve growth in visitor numbers and expenditure for the Sunshine Coast region by learning from Tourism New Zealand's world renowned successful tourism campaign '100% Pure New Zealand'. | Nil.            |

## 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 \$1,046,015. The annual package bands for Council's senior management team are outlined in table 9 below.

**Table 9 – Executive Remuneration**

| Package Band          | Number of senior management employees |
|-----------------------|---------------------------------------|
| \$100,000 - \$200,000 | 3                                     |
| \$200,001 - \$300,000 | 2                                     |

## Commitment to equal opportunity employment

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

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

At 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 10 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 10 – Administrative Action Complaints**

| Complaint statistics 30 June 2015 to 30 June 2016 |                                       |                                       |                                    |
|---|---------------------------------------|---------------------------------------|------------------------------------|
| Complaints outstanding as at 30/06/15             | Complaints received during the period | Complaints resolved during the period | Complaints outstanding at 30/06/16 |
| 2   | 19                                    | 21                                    | Nil.                               |

*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 Council Policy Register, and
- Registers of Interests.

## Community grants 2015/16

Council's Community Grants the relevant period were managed in accordance with Council's Community Grants Policy as endorsed by Council on 15 January 2015.

The outcomes of the Policy include:

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

Table 11 outlines the funds supplied by Council through community grants for the period.

**Table 11 – Community Grants 2015/16**

| <b>Community Grant Recipients</b>   | <b>Type</b>           | <b>Funding Amounts (\$)</b> |
|---|-----------------------|-----------------------------|
| <b>Regional Arts Development Fund</b>   |                       |                             |
| Visual ArtX3 - Sculptures from recycled materials                                 | Visual Arts           | 5,633                       |
| Cooroy Future Group - create and exhibit Skate Board art<br>Cooroy Butter Factory | Visual Arts           | 3,315                       |
| Apollonian Social Club Inc. - Floating Land Gallery - Boreen Point                | Visual Arts           | 7,500                       |
| R Bahloo - Indij by Design  | Crafts                | 5,200                       |
| Textile Art Group - workshops   | Crafts                | 1,195                       |
| Paper & Book Artists - workshops  | Crafts                | 1,500                       |
| Toni Wills - Farmhouse Theatre  | Theatre               | 1,600                       |
| Noosa Arts Theatre  | Theatre               | 4,800                       |
| Jally Productions Inc. - Kookoo Kookaburra  | Theatre               | 5,354                       |
| Noosa Creative - Activate Laneways Noosa Creative                                 | Music                 | 9,270                       |
| Pomona Arts Inc - Mentoring young local musical talent at The Majestic Theatre    | Music                 | 7,080                       |
| Endeavour - Good Vibration  | Workshops             | 3,536                       |
| Edgware Creative Entrepreneurship - Business workshop for local creatives         | Workshops             | 700                         |
| Green Web Marketing - Marketing workshop for local creatives                      | Workshops             | 500                         |
| <b>Sub-total:</b>   |                       | <b>57,183</b>               |
| <b>Community Alliance Agreement</b>   |                       |                             |
| Pomona Arts Inc.  | Arts and Culture      | 7,500                       |
| <b>Sub-total:</b>   |                       | <b>7,500</b>                |
| <b>Annual Operating Expenses Grants</b>   |                       |                             |
| Noosa District Concert Band Inc.  | Arts and Culture      | 1,000                       |
| Noosa Heads Jazz Club Inc.  | Arts and Culture      | 1,000                       |
| Cooroy Community Gardens Inc.   | Environment           | 1,000                       |
| Noosa & District Landcare Group Inc.  | Environment           | 15,000                      |
| Noosa Integrated Catchment Assoc. Inc.  | Environment           | 15,000                      |
| Noosa Community Biosphere Assoc. Inc.   | Environment           | 10,000                      |
| CareFlight Group (now LifeFlight)   | Emergency Services    | 10,000                      |
| CoastGuard Noosa (Australian Volunteer)   | Emergency Services    | 10,000                      |
| The Noosa Long Weekend Inc.   | Economic Development  | 6,500                       |
| The Salvation Army  | Community Development | 10,000                      |
| Noosa Show Society (Noosa AH & I Society)   | Community Development | 10,000                      |
| Cooroy Noosa Genealogical & Historical Group Inc.                                 | Community Development | 3,000                       |
| Sunshine Coast Campher Laurel Time Initiative Inc.                                | Community Development | 1,000                       |
| Pomona & District Meals on Wheels Inc.  | Community Development | 1,000                       |
| For Our Daily Bread Inc.  | Community Development | 1,000                       |
| Cooroora Woodworkers Club Inc.  | Community Development | 1,000                       |
| Pomona Men's Shed (auspiced by Pomona Community House Inc)                        | Community Development | 1,000                       |
| Noosa Museum (Cooroora Historical Society) Inc.                                   | Community Development | 2,267                       |
| Pomona Arts Inc.  | Community Development | 6,500                       |
| Noosa Arts Theatre Inc.   | Community Development | 6,500                       |
| Sunshine Butterflies Inc.   | Community Development | 6,500                       |
| Noosa District Community FM Radio Assoc. Inc.                                     | Community Development | 6,500                       |
| University of Third Age Inc.  | Community Development | 5,000                       |
| Cooroy Gymnastics Club Inc.   | Sport and Recreation  | 5,000                       |
| Noosa Gymnastics Club Inc.  | Sport and Recreation  | 5,000                       |
| Noosa District Netball Assoc. Inc.  | Sport and Recreation  | 5,000                       |

| <b>Community Grant Recipients</b>   | <b>Type</b>          | <b>Funding Amounts (\$)</b> |
|---|----------------------|-----------------------------|
| Cooroy Tennis Club Inc.   | Sport and Recreation | 3,000                       |
| Noosa Outrigger Canoe Club Inc.   | Sport and Recreation | 3,000                       |
| Tewantin Tennis Club Inc.   | Sport and Recreation | 3,000                       |
| Lake Cootharaba Sailing Club Inc.   | Sport and Recreation | 3,000                       |
| Noosa District Sports Complex (auspiced by Netball Inc.)                        | Sport and Recreation | 3,000                       |
| Peregian Tennis Club Inc.   | Sport and Recreation | 2,267                       |
| Noosa Croquet Club Inc.   | Sport and Recreation | 1,000                       |
| Tewantin Noosa Pony Club Inc.   | Sport and Recreation | 1,000                       |
| Cooroy Horse and Pony Club Inc.   | Sport and Recreation | 1,000                       |
| Combined Coastal Car Club Inc.  | Sport and Recreation | 1,000                       |
| Pomona & District Horse & Pony Club Inc.  | Sport and Recreation | 1,000                       |
| <b>Water Rebates - paid directly to eligible Not-for-Profit Organisations</b>   |                      |                             |
| Noosa District Junior Rugby League Football Club Inc.                           |                      | 10,096                      |
| Noosa Australian Football Club Inc.   |                      | 768                         |
| Cooroy Family Support Centre Inc.   |                      | 768                         |
| <b>Subtotal:</b>  |                      | <b>179,665</b>              |
| <b>Water Rebates - paid to UnityWater</b>                                       |                      |                             |
| Paid on behalf of 190 eligible Not-for-Profit Organisations                     |                      | <b>16,945</b>               |
| <b>Community Halls &amp; Centres Management &amp; Maintenance</b>               |                      |                             |
| Ridgewood Community Hall Assoc. Inc.  |                      | 4,217                       |
| Kin Kin Community Hall (Kin Kin Community Group Inc.)                           |                      | 5,868                       |
| Tinbeerwah Hall Inc.  |                      | 2,991                       |
| Peregian Beach Community House Inc.   |                      | 8,980                       |
| Federal Memorial Hall & Community Centre Inc.                                   |                      | 4,839                       |
| Pomona & District Community House Inc.  |                      | 16,800                      |
| Cooran Hall Memorial School of Arts Inc.  |                      | 7,073                       |
| Pomona Memorial School of Arts Inc.   |                      | 12,017                      |
| <b>Sub-total:</b>   |                      | <b>62,785</b>               |
| <b>Community Project Grant</b>  |                      |                             |
| Sunshine Coast Camphor Laurel Timber Initiative Inc.                            | Event                | 5,762                       |
| Noosa & District Landcare Group Inc. - Series of workshops                      | Event                | 2,370                       |
| Noosa District Softball Assoc. Inc. - U15 Boys State Championships 2015         | Event                | 1,800                       |
| The Noosa Long Weekend - Opera Australia - The Magic Flute                      | Event                | 5,025                       |
| East Coast Originals - Originals Events Cooroy & Peregian Beach                 | Event                | 3,000                       |
| Mary River Catchment Coordination Assoc. Inc. - Festival of Water               | Event                | 8,000                       |
| United Synergies - Booin Gari Festival  | Event                | 5,000                       |
| Cooroy & Pomona Lions Club Inc. - Pomona King Of The Mountain Festival          | Event                | 10,000                      |
| Cooroora Woodworkers Inc. - Woodworkers Annual Show                             | Event                | 2,000                       |
| Cooroy Lower Mill Board Inc. - Cooroy Fusion Festival 2016                      | Event                | 5,000                       |
| Noosa Jazz Club inc. - Free public jazz concert at Lions Riverstage, Noosaville | Event                | 2,000                       |
| Noosa Open Studios Inc. - Noosa Open Studios Event                              | Event                | 7,500                       |
| One Billion Women Rising Inc. - One Billion Women Rising event                  | Event                | 200                         |



| <b>Community Grant Recipients</b>  | <b>Type</b>    | <b>Funding Amounts (\$)</b> |
|--|----------------|-----------------------------|
| SevGEN Indigenous Corporation - SevGen Football Carnival 4-5 Feb 17  | Event          | 5,000                       |
| The Noosa Longweekend - Carnivali 2016   | Event          | 4,000                       |
| Noosa Strade Bianchi Inc - Strada Bianche 2016 Event   | Event          | 3,420                       |
| CareFlight Rescue - "Live & Breathe" Safety equipment in helicopter  | Program        | 1,579                       |
| Noosa District Community Radio - Recording Studio equipment upgrade  | Program        | 6,750                       |
| Pomona & District Community House - Young at 'Art program  | Program        | 2,200                       |
| Noosa Christian Outreach Church - Hydration Station  | Program        | 7,500                       |
| Wildcare Australia Inc. - Wildcare Mobile Aviary   | Program        | 4,778                       |
| Flying Fox Rescue & Release Noosa Inc.   | Program        | 13,000                      |
| Peregian Beach Community House Inc. - Community Family Initiative  | Program        | 1,180                       |
| Noosa Integrated Catchment Assoc. - Project Grant Fishing Line Recovery                                    | Program        | 10,800                      |
| Noosa Integrated Catchment Assoc. - Project Grant Seagrass Monitoring                                      | Program        | 5,300                       |
| Noosa Integrated Catchment Assoc. - Project Grant River Education  | Program        | 3,650                       |
| Ozharvest Ltd (REAP) - Mobile Cold Storage - redistribute food waste                                       | Program        | 10,450                      |
| Marcus Beach Bushcare Assoc. Inc - Establishing Interpretative Walks at Peregian Creek and Marcus Beach    | Program        | 2,126                       |
| Pomona & District Community House - replacement of floor coverings   | Infrastructure | 2,400                       |
| Pomona Mens Shed - extend concrete slab  | Infrastructure | 5,440                       |
| Noosa Community Garden - relocation to accommodate Tait Duke Cottage                                       | Infrastructure | 4,590                       |
| Noosa Australia Football Club Inc. - Irrigation Project  | Infrastructure | 7,023                       |
| Cooroy Noosa Genealogical & Historical Research Group Inc. - contribution to new Heritage Centre in Cooroy | Infrastructure | 20,000                      |
| Noosa Shire Arts & Crafts Assoc. Inc. - Bathroom & foyer repairs & renovation                              | Infrastructure | 2,935                       |
| Pomona Mens Shed - Extension to kitchen  | Infrastructure | 8,991                       |
| Noosa Outrigger Canoe Club Inc. - Equipment Maintenance and Repair Project                                 | Infrastructure | 3,750                       |
| Noosa Bridge Club Inc. - Amenities Upgrade to meet Disability requirements                                 | Infrastructure | 9,050                       |
| Peregian Tennis Inc. - Replacement of Retaining wall and attached spectator/player seating                 | Infrastructure | 3,150                       |
| Noosa Mens Shed Inc. - The First Stage Development of a Multifunction area                                 | Infrastructure | 20,000                      |
| Tewantin Noosa Pony Club Inc - Clubhouse Upgrade   | Infrastructure | 5,000                       |
| University of the Third Age Inc. - Operation WC  | Infrastructure | 2,670                       |
| Pomona Mens Shed - Fitout  | Infrastructure | 6,172                       |
| Pomona & Cooran Amateur Rugby League Football Club Inc. - sports field lighting upgrade                    | Infrastructure | 19,632                      |
| Grant repayment - Noosa District Softball Assoc. Inc.(unused amount)                                       |                | -303                        |
| <b>Sub-total:</b>  |                | <b>259,890</b>              |
| <b>Sports Field Maintenance Grants</b>   |                |                             |
| Tewantin Noosa Cricket Club Inc.   |                | 20,925                      |
| Noosa Lions Football Club Inc.   |                | 19,530                      |
| Noosa Australian Football Club Inc.  |                | 16,740                      |
| Noosa District Junior Rugby League Club Inc.   |                | 13,950                      |
| Noosa District Rugby Union Club Inc.   |                | 13,950                      |

| <b>Community Grant Recipients</b>                                       | <b>Type</b> | <b>Funding Amounts (\$)</b> |
|---|-------------|-----------------------------|
| Noosa District Softball Association Inc.                                |             | 13,950                      |
| Pomona & Cooran Amateur Rugby League Football Club Inc.                 |             | 12,682                      |
| Noosa District Rugby League Club Inc.                                   |             | 11,160                      |
| Noosa Touch Assoc. Inc.   |             | 11,160                      |
| Cooroora United Football Club Inc.                                      |             | 8,370                       |
| Cooroy Eumundi Cricket Club Inc.  |             | 8,370                       |
| Pomona & Cooroy & District AFC Inc.                                     |             | 8,370                       |
| <b>Sub-total:</b>   |             | <b>159,157</b>              |
| <b>Festive Season Event Grant</b>                                       |             |                             |
| Cooroy Chamber of Commerce Inc. - Cooroy Christmas Carols               |             | 7,000                       |
| Lake Cootharaba Sailing Club Inc. - Booreen Point New Years Eve event   |             | 2,500                       |
| Kin Kin Community Group Inc. - Christmas Tree event 2015                |             | 1,200                       |
| Noosa Christian Outreach Church - Carols on the Noosa River, Noosaville |             | 7,500                       |
| Lions of Peregrin Beach Inc. - Peregrin Beach Christmas Carols          |             | 3,500                       |
| Tewantin Noosa RSL - Carols by Candlelight, Tewantin                    |             | 3,182                       |
| Lions of Cooroy/Pomona Inc. - Pomona Night of Lights                    |             | 1,500                       |
| Noosa Marina Pty Ltd - New Years Event at Noosa Harbour                 |             | 5,000                       |
| Lions & Rotary - Australia Day on the Noosa River                       |             | 10,000                      |
| Kin Kin Community Group Inc. - Christmas Tree event 2016                |             | 1,500                       |
| <b>Sub-total:</b>   |             | <b>42,882</b>               |
| <b>Other</b>  |             |                             |
| Healthy Waterways Program Contribution                                  |             | <b>24,000</b>               |
| <b>TOTAL EXPENDITURE FOR THE PERIOD:</b>                                |             | <b>810,007</b>              |

*Notes:*

1. *The Regional Arts Development Fund grants were funded 50/50 between the Queensland Arts Council and Noosa Council. The above amount is Noosa Council's contribution.*
2. *Water Rebates – Not a direct payment from Council to the Community Organisation but a payment by Council to Unity Water.*

## 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.

The previous 2014/15 period saw the finalisation of a long and carefully considered transition to reshape the **Noosa Biosphere**<sup>2</sup> Reserve Management arrangements. This began on 20 January 2014 when Council endorsed the establishment of a working group, consultation with key stakeholders, workshops, and calling of submissions from the community to review the arrangements.

As outlined in Council's previous Annual Report, at the Ordinary Meeting held on 29 May 2014, Council resolved to wind up Noosa Biosphere Ltd as part of the transition to the new Noosa Biosphere Reserve management model.

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<sup>2</sup> *Noosa Biosphere* is a registered trademark of Noosa Council

The new Noosa Biosphere Reserve management model included the establishment of the Noosa Biosphere Reserve Trust (NBRT), a public trust approved as a charity with a company limited by guarantee, and the Noosa Biosphere Reserve Foundation Ltd (NBRF), as the Trustee. Under the new arrangements Council does not hold a controlling interest in NBRF or NBRT.

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

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

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

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

In 2014/15, Council entered into a funding deed with the NBRF until the end of 2017/18.

## Business activities

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

Council conducted the following business activities during the period:

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

## Significant business activity

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

Council conducted a Public Benefit Assessment during the period recommending the continuation of full cost pricing business model commencing in the 2017/18 financial year. This was adopted by Council at the Ordinary Meeting of 10 March 2016.

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<sup>3</sup> United Nations Educational, Scientific and Cultural Organisation – Man and the Biosphere Programme.

## Competitive neutrality

By resolution at the ordinary meeting held on 11 February 2016, Council adopted to:

- apply the **Full Cost Pricing** reform option to the waste management business activity for the 2015/16 financial year in accordance with s44(1)(b) of the LG Act 2009, and
- apply the **Code of Competitive Conduct** to the holiday parks business activity for the 2015/16 financial year in accordance with s47 of the LG Act 2009.

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.

## Commercial business units

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

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

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

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

- Tourism Levy
- Noosa Waters Lock and Weir Maintenance Levy
- Noosa Waters Canal Maintenance Levy
- Noosa Junction Levy
- Hastings Street Precinct Maintenance Levy
- Noosa Main Beach Maintenance Levy
- Rural Fire Charge
- Hastings Street Community Safety Program Charge
- 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 or a community club liquor licence;
- community cultural or arts organisation – not-for-profit organisations without a commercial liquor licence or a community club liquor licence; or
- charitable 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 12 below provides a summary of available pensioner concessions for the period.

**Table 12 – Pensioner Concessions**

| <b>Pension Rate</b>          | <b>Sole title to the property</b>           | <b>Joint title to the property</b>         |
|------------------------------|---|--|
| Maximum level of pension     | \$230 p.a. maximum<br>\$115 per half year   | \$180 p.a. maximum<br>\$90 per half year   |
| Not maximum level of pension | \$115 p.a. maximum<br>\$57.50 per half year | \$65 p.a. maximum<br>\$32.50 per half year |

### **Single owner on the maximum rate of pension**

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

### **Joint owner on the maximum rate of pension**

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

### **Single owner not on the maximum rate of pension**

Where the pensioner was not in receipt of the maximum level of pension and had sole title to the property that was their principal place of residence for the period, the concession was 25% of the general rate up to a maximum amount of \$115.00 per annum.

### **Joint owner not on the maximum rate of pension**

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

## Invitations to change tenders

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

## Audit 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:

- Cash handling management and processes at Council and Council facilities;
- Waste Charges Systems reconciliation; and
- Council's ICT Security Systems.

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.



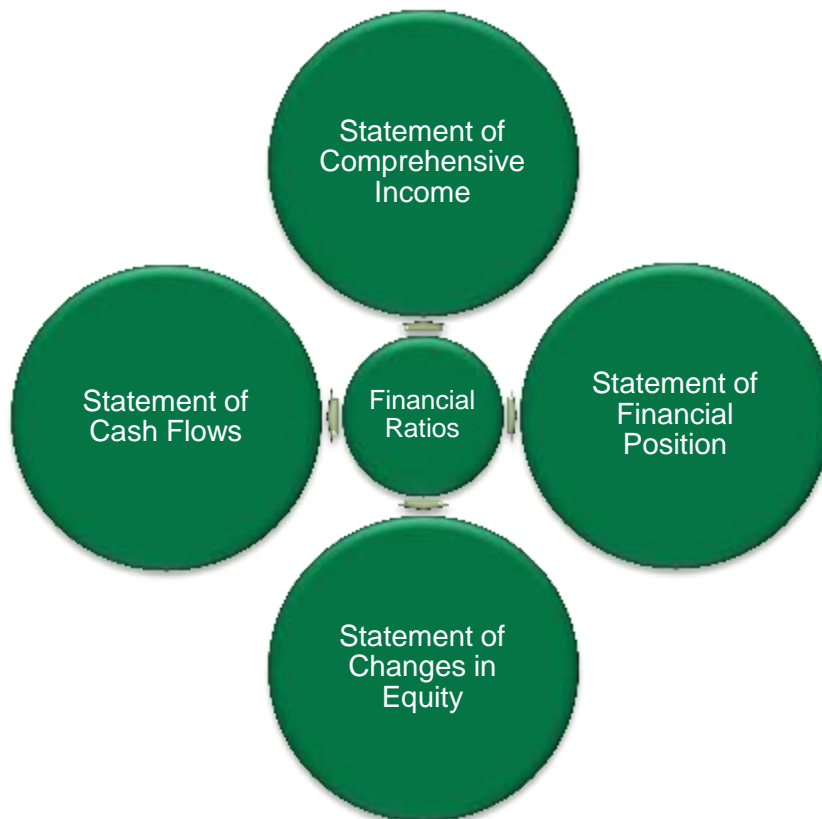
# Community Financial Report – 2015/16

## Background

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

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

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



## Highlights and achievements

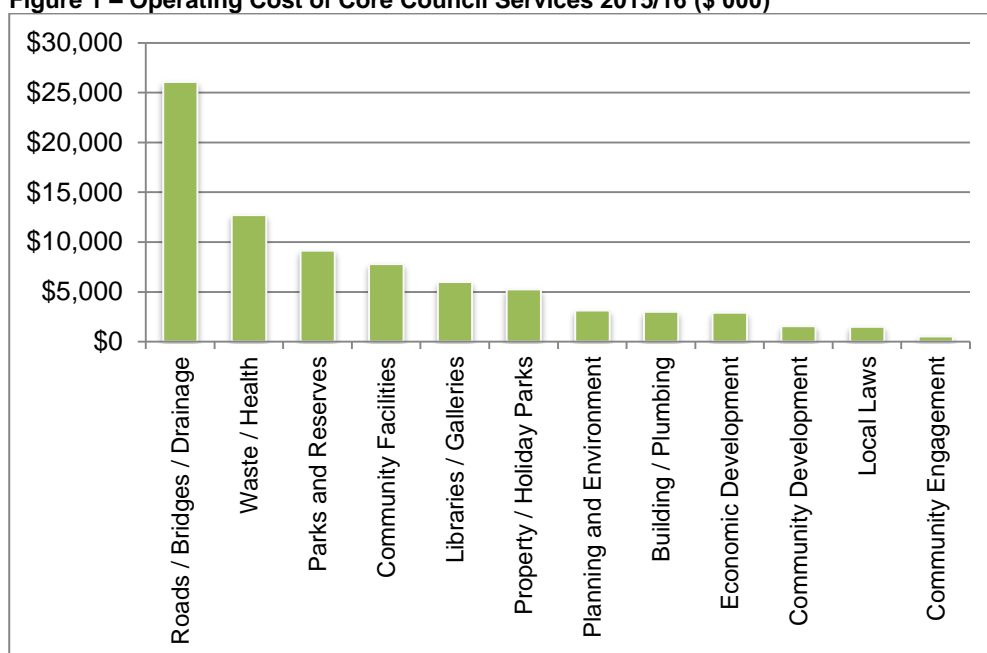
Council has achieved a strong financial result after the completion of the 12-month financial reporting period that ended on 30 June 2016. The following outcomes were achieved last financial year:

1. An operating surplus of \$6.4 million as a result of recurrent revenues received being above those forecast, good management of our expenditure, as well as some unspent levy funds that are required to be held for future use.
2. Full review undertaken by the Queensland Audit Office with the financial statements audited and signed-off with no significant issues identified.
3. Continued strong financial performance across all financial sustainability ratios.

## Where was the budget spent?

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

**Figure 1 – Operating Cost of Core Council Services 2015/16 (\$'000)**



## Statement of comprehensive income

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

**Figure 2 – Expenses against revenue (Net Result)**

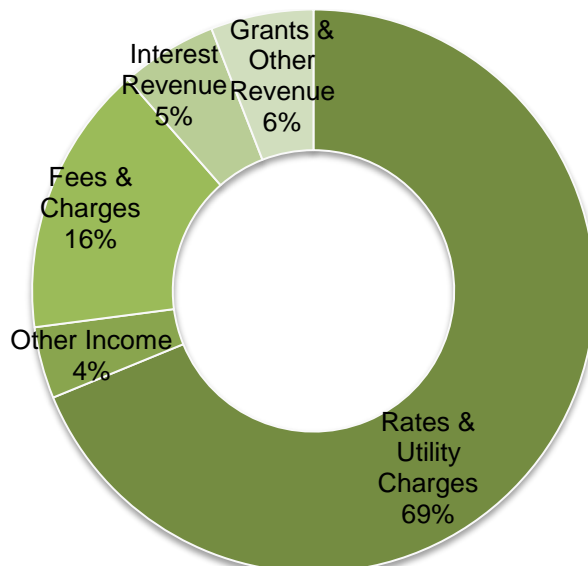
|                   | 2014/15<br>(\$'000) | 2015/16<br>(\$'000) |
|-------------------|---------------------|---------------------|
| <b>Revenue</b>    | 97,031              | 101,969             |
| <b>Expenses</b>   | 79,202              | 84,944              |
| <b>Net Result</b> | <b>17,829</b>       | <b>17,025</b>       |

The 2015/16 net result as reported in the audited financial statements was a surplus of \$17.03 million. The net result includes capital revenue received for capital works (including grants and subsidies and developer contributions), Council's share of profit made by Unitywater during the financial year, as well as income and expenses recognised for investment property valuation changes and asset disposals. The removal of these non-standard operational items shows Council's actual operating surplus to be \$6.4 million.

### Operating revenue – where the money came from

Throughout the financial year Council received a total of \$88 million in operating revenues (rates, fees, operating grants); \$7.6 million in capital revenue (developer contributions, capital grants); and \$5.8 million recorded as revenue from our share of profit made by Unitywater during the financial year. The sources of Council's operating revenue are shown below.

Figure 3 – Operating revenue sources 2015/16



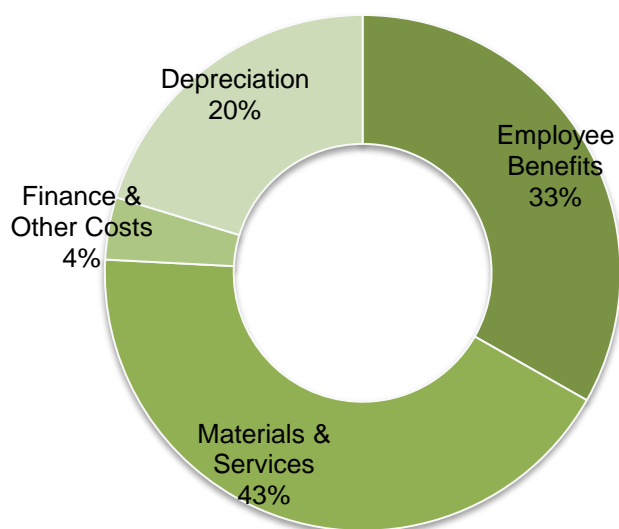
The above breakdown in operating revenue confirms that Council has significant control over the majority of its income sources, and as a result is not reliant on other levels of government or external agencies to maintain its financial independence. Key Council revenue sources include:

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

## Operating expenditure – where the money goes

Council expended a total of \$85 million in undertaking operating activities during the financial year. The following graph shows a breakdown by expenditure type for normal recurrent Council operations.

**Figure 4 – Operating expenses by function 2015/16**



Key Council expenditure sources include:

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

## Statement of Financial Position

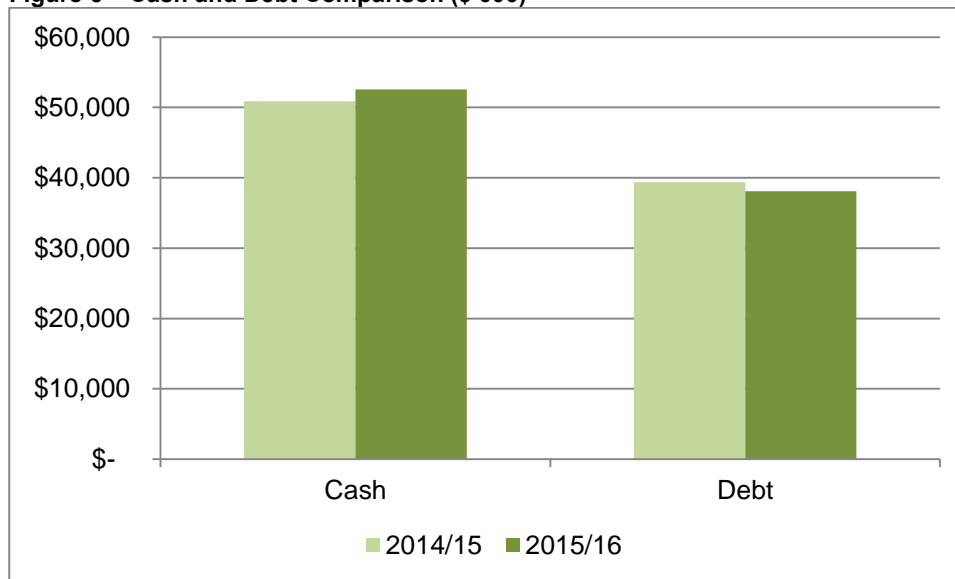
The Statement of financial position (or balance sheet) measures what Council owns (i.e. its assets); and what we owe (i.e. liabilities) to determine the total community equity (net worth) at the end of each financial year. Overall, Council's investment in community capital continues to grow strongly.

**Figure 5 – Comparative statement of financial position summary**

|                         | 2014/15<br>(\$'000) | 2015/16<br>(\$'000) |
|-------------------------|---------------------|---------------------|
| <b>Assets</b>           | 1,067,563           | 1,093,104           |
| <b>Liabilities</b>      | 60,509              | 59,956              |
| <b>Community Equity</b> | <b>1,007,054</b>    | <b>1,033,148</b>    |

The graph below shows Council's cash and debt holdings as at 30 June 2016 compared to the previous year. Cash levels have increased marginally despite delivery of the large capital works program undertaken during 2015/16. Debt levels have decreased as Council continues to minimise its debt position.

**Figure 6 – Cash and Debt Comparison (\$'000)**



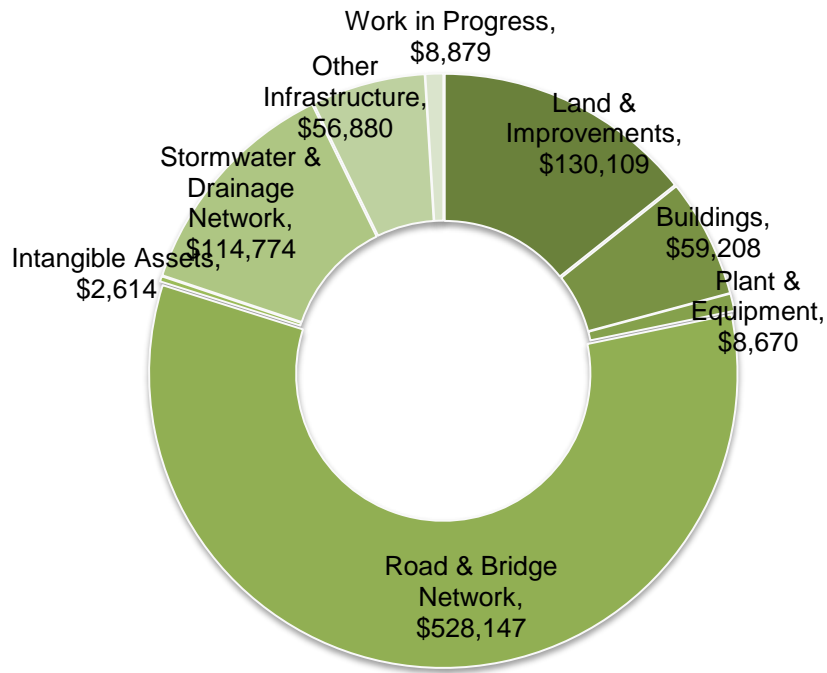
### Assets – what we own

Current Assets are represented by cash, investments, inventories and receivables (money owed to Council). Council's current assets as at 30 June 2016 equated to \$61.3 million.

Non-Current assets of over \$1 billion, includes property, plant and equipment totalling \$907 million, as well as the value of Council's investment in Unitywater. Property, Plant and Equipment represents community infrastructure including roads, bridges, stormwater and buildings, as well as other operational assets owned and controlled by Council.

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

**Figure 7 – Non-Current Assets & Community Infrastructure (\$'000)**



### Liabilities – What We Owe

Money owed by Council is shown as both current and non-current liabilities in the statement of financial position. Current liabilities are those amounts that are payable by Council within the next twelve months, and non-current liabilities are payable beyond the twelve-month horizon. The most significant element is loans raised by Council to fund the investment in community infrastructure.

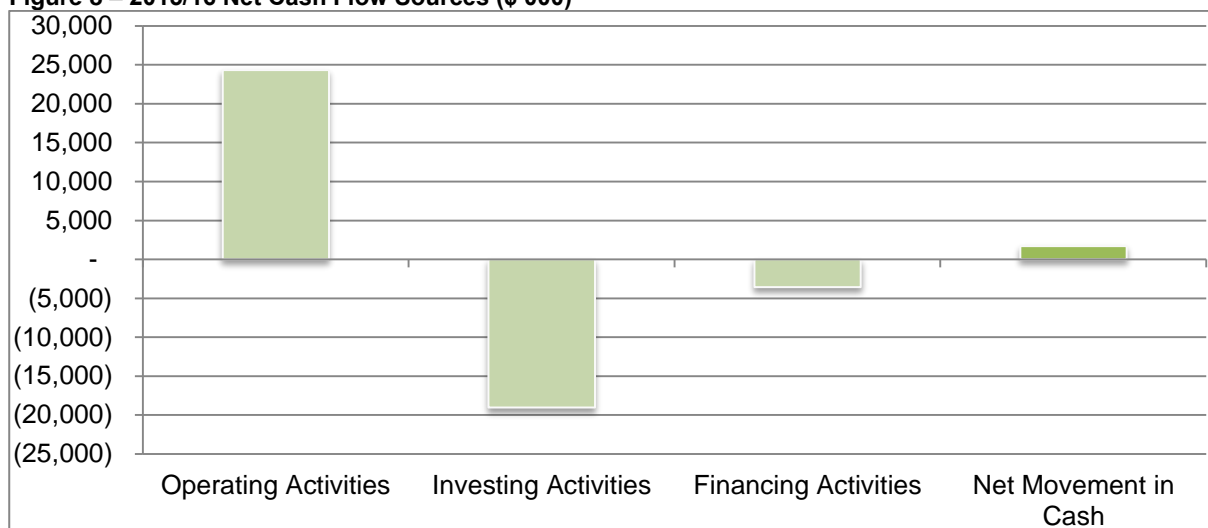
### Statement of Changes in Equity

The statement of changes in equity illustrates how the net worth has changed as a result of Council's operations through the period. Council's total community equity as at 30 June 2016 is \$1.03 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 below (columns above the line represent cash flowing into the organisation, and columns below the line represent cash payments made).

**Figure 8 – 2015/16 Net Cash Flow Sources (\$'000)**



- Operating activities depicts the net of income received from rates, interest, grants, etc. and payments made to suppliers and employees (net increase).
- Investing activities relate to the acquisition and sale/disposal of long-term assets, generally in the form of roads, bridges, plant and equipment, etc. A negative outcome here represents a net investment in community infrastructure during the reporting period.
- Financing Activities shows the receipt and repayment of Council borrowings.
- Net Movement in Cash represents the physical movement of cash, with any accounting adjustments and accruals removed. The net movement in cash for the year of \$1.7 million represents the net increase in cash on hand, with all significant outlays fully funded within the period.

## Financial Ratios

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

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

**Figure 9 – Financial ratios (actual and forecast)**

| Period Ended                           | 30-Jun-16    | 30-Jun-17    | 30-Jun-18 | 30-Jun-19     | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 | 30-Jun-25 |
|--|--------------|--------------|-----------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Sustainability Ratios</b>           |              |              |           |               |           |           |           |           |           |           |
| <b>Operating Surplus Ratio</b>         |              |              |           |               |           |           |           |           |           |           |
| Operating Position                     | 5.0%         | 0.4%         | 0.5%      | 1.2%          | 1.6%      | 1.8%      | 1.7%      | 2.0%      | 2.2%      | 2.7%      |
| Local Govt Act upper indicator         | 10%          | 10%          | 10%       | 10%           | 10%       | 10%       | 10%       | 10%       | 10%       | 10%       |
| <b>Net Financial Liabilities Ratio</b> |              |              |           |               |           |           |           |           |           |           |
| Net Financial Liabilities Ratio        | (1.5)%       | 12.0%        | 9.9%      | 8.8%          | 5.1%      | 1.7%      | (2.1)%    | (5.8)%    | (8.9)%    | (11.5)%   |
| Local Govt Act upper indicator         | 60%          | 60%          | 60%       | 60%           | 60%       | 60%       | 60%       | 60%       | 60%       | 60%       |
| <b>Asset Sustainability Ratio</b>      |              |              |           |               |           |           |           |           |           |           |
| Asset Sustainability Ratio             | 88.4%        | 111.0%       | 99.2%     | 98.4%         | 98.5%     | 97.2%     | 96.5%     | 97.7%     | 100.7%    | 104.5%    |
| Local Govt Act minimum indicator       | 90%          | 90%          | 90%       | 90%           | 90%       | 90%       | 90%       | 90%       | 90%       | 90%       |
| <b>Notes:</b>                          | Colour scale | Within range | Moderate  | Outside range |           |           |           |           |           |           |

## Operating Surplus Ratio

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

Council's should be aiming to achieve as a minimum a balanced operating position to ensure that revenues received are sufficient to fund operations and capital replacement works. The 2015/16 operating surplus ratio of 5.0% is a reflection of revenues received being above those forecast along with good management of our expenditure, as well as some unspent levy funds that are required to be held for future use. 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 position of (1.5%) as at 30 June 2016 represents a strong outcome for Council and indicates that we have capacity to service higher levels of debt if needed, though additional debt funding has not been included in forward projections.

## Asset Sustainability Ratio

This ratio is calculated by measuring the annual expenditure on the renewal and rehabilitation of Council's assets against the annual depreciation charge. It is a measure of whether Council is reinvesting in existing infrastructure assets to hold them in optimal condition. For the 2015/16 year, Council achieved a ratio 88.36%. This is reflective of the successful delivery of a significant capital works program during the year, with strong asset management being sustained over forward projections.

## Summary

Financial performance for the year ended 30 June 2016 reflects an excellent result for Council, and provides a firm foundation for the delivery of sustainable service delivery into the future. Ongoing innovation and a commitment to strong financial management through compliance with our Financial Sustainability policy will support this established foundation.



# Financial Statements 2015/16

# Noosa Shire Council

FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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# Noosa Shire Council

## Financial Statements

for the year ended 30 June 2016

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# Noosa Shire Council

## Statement of Comprehensive Income

for the year ended 30 June 2016

|   | Notes | 2016<br>\$'000 | 2015<br>\$'000 |
|---|-------|----------------|----------------|
| <b>Income</b>   |       |                |                |
| <b>Revenue</b>  |       |                |                |
| <b>Recurrent Revenue</b>  |       |                |                |
| Rates, Levies and Charges   | 3a    | 60,665         | 59,388         |
| Fees and Charges  | 3b    | 5,701          | 4,943          |
| Rental Income   |       | 1,227          | 1,131          |
| Interest and Investment Revenue   | 3c    | 4,908          | 5,006          |
| Sales Revenue   | 3d    | 8,049          | 7,393          |
| Other Income  |       | 2,406          | 2,106          |
| Grants, Subsidies, Contributions and Donations  | 4a    | 5,205          | 5,068          |
| <b>Total Recurrent Revenue</b>  |       | <b>88,161</b>  | <b>85,035</b>  |
| <b>Capital Revenue</b>  |       |                |                |
| Grants, Subsidies, Contributions and Donations  | 4b    | 7,696          | 6,279          |
| <b>Total Revenue</b>  |       | <b>95,857</b>  | <b>91,314</b>  |
| Capital Income  |       | 319            | 604            |
| Equity share of profit (loss) in investment in associate through participation rights | 22    | 5,793          | 5,113          |
| <b>Total Income</b>   |       | <b>101,969</b> | <b>97,031</b>  |
| <b>Expenses</b>   |       |                |                |
| <b>Recurrent Expenses</b>   |       |                |                |
| Employee Benefits   | 5     | 27,822         | 26,125         |
| Materials and Services  | 6     | 35,671         | 33,729         |
| Finance Costs   |       | 3,275          | 2,527          |
| Depreciation and Amortisation   | 7     | 16,973         | 15,920         |
| <b>Total Recurrent Expenses</b>   |       | <b>83,741</b>  | <b>78,301</b>  |
| Capital Expenses  |       | 1,203          | 901            |
| <b>Total Expenses</b>   |       | <b>84,944</b>  | <b>79,202</b>  |
| <b>Operating Result</b>   |       | <b>17,025</b>  | <b>17,829</b>  |
| <b>Net Result</b>   |       | <b>17,025</b>  | <b>17,829</b>  |
| <b>Other Comprehensive Income</b>   |       |                |                |
| <b>Items that will not be reclassified to Net Result</b>                              |       |                |                |
| Increase/(decrease) in Asset Revaluation Surplus                                      | 17    | 10,183         | 14,334         |
| <b>Total Other Comprehensive Income</b>   |       | <b>10,183</b>  | <b>14,334</b>  |
| <b>Total Comprehensive Income for the period</b>                                      |       | <b>27,208</b>  | <b>32,163</b>  |

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

# Noosa Shire Council

## Statement of Financial Position

as at 30 June 2016

|                                      | Notes | 2016<br>\$'000   | 2015<br>\$'000   |
|--------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                        |       |                  |                  |
| <b>Current Assets</b>                |       |                  |                  |
| Cash and Cash Equivalents            | 8     | 52,586           | 50,891           |
| Trade and Other Receivables          | 9     | 8,572            | 8,527            |
| Inventories                          |       | 156              | 104              |
| <b>Total Current Assets</b>          |       | <b>61,314</b>    | <b>59,522</b>    |
| <b>Non-Current Assets</b>            |       |                  |                  |
| Trade and Other Receivables          | 9     | 49,218           | 49,218           |
| Equity Investments                   | 22    | 69,141           | 65,212           |
| Investment Property                  | 10    | 4,150            | 3,831            |
| Property, Plant and Equipment        | 11    | 906,667          | 887,078          |
| Intangible Assets                    | 13    | 2,614            | 2,702            |
| <b>Total Non-Current Assets</b>      |       | <b>1,031,790</b> | <b>1,008,041</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>1,093,104</b> | <b>1,067,563</b> |
| <b>LIABILITIES</b>                   |       |                  |                  |
| <b>Current Liabilities</b>           |       |                  |                  |
| Trade and Other Payables             | 14    | 7,888            | 7,736            |
| Borrowings                           | 15    | 2,932            | 2,633            |
| Provisions                           | 16    | 4,329            | 4,114            |
| Other Liabilities                    |       | 538              | 1,083            |
| <b>Total Current Liabilities</b>     |       | <b>15,687</b>    | <b>15,566</b>    |
| <b>Non-Current Liabilities</b>       |       |                  |                  |
| Borrowings                           | 15    | 35,186           | 36,748           |
| Provisions                           | 16    | 9,083            | 8,195            |
| <b>Total Non-Current Liabilities</b> |       | <b>44,269</b>    | <b>44,943</b>    |
| <b>TOTAL LIABILITIES</b>             |       | <b>59,956</b>    | <b>60,509</b>    |
| <b>Net Community Assets</b>          |       | <b>1,033,148</b> | <b>1,007,054</b> |
| <b>COMMUNITY EQUITY</b>              |       |                  |                  |
| Asset Revaluation Surplus            | 17    | 24,517           | 14,334           |
| Retained Surplus/(Deficiency)        |       | 1,008,631        | 992,720          |
| <b>Total Community Equity</b>        |       | <b>1,033,148</b> | <b>1,007,054</b> |

# Noosa Shire Council

## Statement of Changes in Equity for the year ended 30 June 2016

|  | Notes | Asset<br>Revaluation<br>Surplus<br>\$'000 | Retained<br>Surplus<br>\$'000 | Total<br>Equity<br>\$'000 |
|--|-------|---|-------------------------------|---------------------------|
| <b>2016</b>  |       |   |                               |                           |
| <b>Opening Balance</b>   |       | 14,334                                    | 992,720                       | <b>1,007,054</b>          |
| a. Correction of Prior Period Errors                               |       | -   | (1,114)                       | <b>(1,114)</b>            |
| <b>Revised Opening Balance (as at 1/7/15)</b>                      |       | <b>14,334</b>                             | <b>991,606</b>                | <b>1,005,940</b>          |
| <b>b. Net Operating Surplus for the Year</b>                       |       | -   | 17,025                        | <b>17,025</b>             |
| c. Other Comprehensive Income                                      |       |   |                               |                           |
| Revaluations: Property, Plant and Equip. Asset Revaluation Reserve | 17    | 10,183                                    | -                             | <b>10,183</b>             |
| <b>Other Comprehensive Income</b>                                  |       | <b>10,183</b>                             | -                             | <b>10,183</b>             |
| <b>Total Comprehensive Income</b>                                  |       | <b>10,183</b>                             | <b>17,025</b>                 | <b>27,208</b>             |
| <b>Equity Balance as at 30 June 2016</b>                           |       | <b>24,517</b>                             | <b>1,008,631</b>              | <b>1,033,148</b>          |

|  | Notes | Asset<br>Revaluation<br>Surplus<br>\$'000 | Retained<br>Surplus<br>\$'000 | Total<br>Equity<br>\$'000 |
|--|-------|---|-------------------------------|---------------------------|
| <b>2015</b>  |       |   |                               |                           |
| <b>Opening Balance</b>   |       | -   | 973,501                       | <b>973,501</b>            |
| a. Correction of Prior Period Errors                               |       | -   | 1,390                         | <b>1,390</b>              |
| <b>Revised Opening Balance (as at 1/7/14)</b>                      |       | -   | <b>974,891</b>                | <b>974,891</b>            |
| <b>b. Net Operating Surplus for the Year</b>                       |       | -   | 17,829                        | <b>17,829</b>             |
| c. Other Comprehensive Income                                      |       |   |                               |                           |
| Revaluations: Property, Plant and Equip. Asset Revaluation Reserve | 17    | 14,334                                    | -                             | <b>14,334</b>             |
| <b>Other Comprehensive Income</b>                                  |       | <b>14,334</b>                             | -                             | <b>14,334</b>             |
| <b>Total Comprehensive Income</b>                                  |       | <b>14,334</b>                             | <b>17,829</b>                 | <b>32,163</b>             |
| <b>Equity Balance as at 30 June 2015</b>                           |       | <b>14,334</b>                             | <b>992,720</b>                | <b>1,007,054</b>          |

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

# Noosa Shire Council

## Statement of Cash Flows for the year ended 30 June 2016

|  | Notes | 2016<br>\$'000  | 2015<br>\$'000  |
|--|-------|-----------------|-----------------|
| <b>Cash Flows from Operating Activities</b>                        |       |                 |                 |
| Receipts from Customers  |       | 79,410          | 78,632          |
| Payments to Suppliers and Employees                                |       | <u>(68,477)</u> | <u>(64,099)</u> |
|  |       | 10,933          | 14,533          |
| <b>Receipts:</b>   |       |                 |                 |
| Investment and Interest Revenue Received                           |       | 4,908           | 5,006           |
| Rental Income  |       | 1,227           | -               |
| Non Capital Grants and Contributions                               |       | 5,205           | 5,083           |
| Income Tax Equivalent Received                                     |       | 1,144           | 973             |
| Income from Equity Investments                                     |       | 1,864           | 1,918           |
| <b>Payments:</b>   |       |                 |                 |
| Interest Expense   |       | <u>(955)</u>    | <u>(28)</u>     |
| <b>Net Cash Inflow/(Outflow) from Operating Activities</b>         | 24    | <u>24,326</u>   | <u>27,485</u>   |
| <b>Cash Flows from Investing Activities</b>                        |       |                 |                 |
| <b>Receipts:</b>   |       |                 |                 |
| Proceeds of Sale of Property, Plant and Equipment                  |       | 452             | 359             |
| Inter-entity Balance with Sunshine Coast Regional Council (SCRC)   |       | -               | 1,022           |
| Grants, Subsidies, Contributions and Donations                     |       | 7,696           | 3,841           |
| <b>Payments:</b>   |       |                 |                 |
| Payments of Property, Plant and Equipment                          |       | <u>(28,858)</u> | <u>(15,339)</u> |
| Payments for Intangible Assets                                     |       | <u>(202)</u>    | <u>(684)</u>    |
| Contributions Paid to Joint Ventures and Associates                |       | 1,864           | -               |
| <b>Net Cash Inflow/(Outflow) from Investing Activities</b>         |       | <u>(19,048)</u> | <u>(10,801)</u> |
| <b>Cash Flows from Financing Activities</b>                        |       |                 |                 |
| <b>Receipts:</b>   |       |                 |                 |
| Proceeds from Borrowings   |       | 1,360           | 794             |
| <b>Payments:</b>   |       |                 |                 |
| Repayment of Borrowings  |       | <u>(4,943)</u>  | <u>(4,857)</u>  |
| Cash Collected under Service Level Agreements                      |       | -               | (102)           |
| <b>Net Cash Inflow/(Outflow) from Financing Activities</b>         |       | <u>(3,583)</u>  | <u>(4,165)</u>  |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents held</b>   |       | <u>1,695</u>    | <u>12,519</u>   |
| Cash and Cash Equivalents at the beginning of the financial year   |       | 50,891          | 28,893          |
| Cash and Cash Equivalents transferred on De-amalgamation from SCRC |       | -               | 9,479           |
| <b>Cash and Cash Equivalents at the end of the financial year</b>  | 8     | <u>52,586</u>   | <u>50,891</u>   |

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies

##### (1.a) Basis of preparation

These general purpose financial statements are for the period 1 July 2015 to 30 June 2016 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 with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally Council applies standards and interpretations in accordance with their respective commencement dates. The retrospective application of AASB 2015-7 has exempted Council from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on Council's financial statements.

As a result, Council will be required to measure its financial assets, including its investment in Unitywater at fair value. There will be no financial impact on the financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to Council, which means that Council will disclose more information about related parties and transactions with those related parties.



## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (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 1.k and Note 10
- Valuation and depreciation of Property, Plant & Equipment - Note 1.l and Note 11
- Provisions - Note 1.n and 1.p and Note 16
- Contingent Liabilities - Note 19.

##### (1.f) Revenue

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

###### Rates and levies

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

###### Grants and subsidies

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

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

###### Non-cash contributions

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

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

###### Cash contributions

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

###### Interest and dividends

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

###### Fees and Charges

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

##### (1.g) 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

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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
- Receivables - measured at amortised cost (Note 1.h)

##### Financial liabilities

- Payables - measured at amortised cost (Note 1.m)
- Borrowings - measured at amortised cost (Note 1.o)

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 26.

##### **(1.h) Receivables**

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

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

All known bad debts were written-off at 30 June. Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income. If an amount is recovered in a subsequent period it is recognised as revenue.

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

##### **(1.i) Investments**

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

##### **(1.j) Investment in Associate**

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

Under the Act, governance arrangements for Unitywater were established in a Participation Agreement which commenced from 1 July 2010. The agreement provides for participation rights to be held by the participating Councils. The participating Councils are Noosa Shire Council, Moreton Bay Regional Council and the Sunshine Coast Regional Council. The Participation Rights effectively represent an investment in an associate by Noosa Shire Council and are disclosed in note 22.

##### **(1.k) 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.

##### **(1.l) Property, Plant & Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment losses. Items of property, plant and equipment with a total value of less than \$5,000, and \$15,000 for Buildings, except for land and network

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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 note 11.

##### 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.

##### Capital and operating expenditure

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

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

##### 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.

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

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

##### 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

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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. Details of the range of estimated useful lives for each class of asset are shown in Note 11.

#### (1.m) Payables

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

#### (1.n) Liabilities - Employee Benefits

Liabilities are recognised for employee benefits such as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee benefits are assessed at each reporting date. 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 and is reported in Note 14 as a payable. As council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

##### Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The value of the liability is calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. The estimates are adjusted for the probability of the employee remaining in the Council's employment or other associated employment which would result in the Council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to present value. The interest rates attaching to Commonwealth Government guaranteed securities at the reporting date are used to discount the estimated future cash outflows to their present value. This liability is reported in Note 16 as a provision.

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.

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (1.o) Borrowings and Borrowing Costs

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.

##### (1.p) 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.

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 2054 and that site restoration will occur progressively over the subsequent thirty years.

###### *Quarry Sites*

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

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

##### (1.q) 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 2016

#### Note 2(a). Council Functions - Component Descriptions

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**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 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 2016

## Note 2(b). Analysis of Results by Function

| Functions                             | Gross Program Income |                | Total Income   | Gross Expenses Recurring | Total Expenses  | Net Result from Recurring Operations | Net Result    | Total Assets     |
|---------------------------------------|----------------------|----------------|----------------|--------------------------|-----------------|--------------------------------------|---------------|------------------|
|                                       | Grants               | Other          |                |                          |                 |                                      |               |                  |
| <b>2016</b>                           | \$'000               | \$'000         | \$'000         | \$'000                   | \$'000          | \$'000                               | \$'000        | \$'000           |
| CEO                                   | -                    | -              | -              | (699)                    | (699)           | (699)                                | (699)         | -                |
| Community Services                    | 2,930                | 18,986         | 21,916         | (29,789)                 | (29,789)        | (7,873)                              | (7,873)       | 811              |
| Planning and Infrastructure           | 5,307                | 8,634          | 13,941         | (42,280)                 | (42,280)        | (28,339)                             | (28,339)      | 94               |
| Executive Office                      | 13                   | 4,472          | 4,485          | (8,121)                  | (8,121)         | (3,636)                              | (3,636)       | (2)              |
| Corporate Services                    | 2,123                | 69,443         | 71,566         | (17,923)                 | (17,923)        | 53,643                               | 53,643        | 1,084,039        |
| <b>Total Council</b>                  | <b>10,373</b>        | <b>101,535</b> | <b>111,908</b> | <b>(98,812)</b>          | <b>(98,812)</b> | <b>13,096</b>                        | <b>13,096</b> | <b>1,084,942</b> |
| Controlled Entity Net of Eliminations | -                    | 3,929          | 3,929          | -                        | -               | 3,929                                | 3,929         | 8,162            |
| <b>Total</b>                          | <b>10,373</b>        | <b>105,464</b> | <b>115,837</b> | <b>(98,812)</b>          | <b>(98,812)</b> | <b>17,025</b>                        | <b>17,025</b> | <b>1,093,104</b> |

| Functions                             | Gross Program Income |                | Total Income   | Gross Expenses Recurring | Total Expenses  | Net Result from Recurring Operations | Net Result    | Total Assets     |
|---------------------------------------|----------------------|----------------|----------------|--------------------------|-----------------|--------------------------------------|---------------|------------------|
|                                       | Grants               | Other          |                |                          |                 |                                      |               |                  |
| <b>2015</b>                           | \$'000               | \$'000         | \$'000         | \$'000                   | \$'000          | \$'000                               | \$'000        | \$'000           |
| CEO                                   | -                    | -              | -              | (536)                    | (536)           | (536)                                | (536)         | -                |
| Community Services                    | 2,908                | 17,668         | 20,576         | (27,650)                 | (27,650)        | (7,074)                              | (7,074)       | 594              |
| Planning and Infrastructure           | 2,238                | 8,481          | 10,719         | (38,015)                 | (38,015)        | (27,296)                             | (27,296)      | 34               |
| Executive Office                      | 2                    | 4,380          | 4,382          | (7,223)                  | (7,223)         | (2,841)                              | (2,841)       | (8)              |
| Corporate Services                    | 2,121                | 67,600         | 69,721         | (17,339)                 | (17,339)        | 52,382                               | 52,382        | 1,062,709        |
| <b>Total Council</b>                  | <b>7,269</b>         | <b>98,129</b>  | <b>105,398</b> | <b>(90,763)</b>          | <b>(90,763)</b> | <b>14,635</b>                        | <b>14,635</b> | <b>1,063,329</b> |
| Controlled Entity Net of Eliminations | -                    | 3,195          | 3,195          | -                        | -               | 3,195                                | 3,195         | 4,234            |
| <b>Total</b>                          | <b>7,269</b>         | <b>101,324</b> | <b>108,593</b> | <b>(90,763)</b>          | <b>(90,763)</b> | <b>17,830</b>                        | <b>17,830</b> | <b>1,067,563</b> |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 3. Revenue Analysis

|   | 2016<br>\$'000 | 2015<br>\$'000 |
|---|----------------|----------------|
| <b>(a). Rates, Levies and Charges</b>           |                |                |
| General Rates                                   | 45,418         | 44,865         |
| Separate Rates                                  | 5,136          | 5,045          |
| Special Rates                                   | 1,444          | 1,398          |
| Waste Utility Charges                           | 11,226         | 10,617         |
| <b>Total rates and utility charge revenue</b>   | <b>63,224</b>  | <b>61,925</b>  |
| Less: Discounts                                 | (1,802)        | (1,793)        |
| Less: Pensioner remissions                      | (757)          | (744)          |
| <b>TOTAL RATES, LEVIES AND CHARGES</b>          | <b>60,665</b>  | <b>59,388</b>  |
| <b>(b). Fees and Charges</b>                    |                |                |
| Building and Development Fees                   | 2,819          | 2,289          |
| Permits and Licences                            | 808            | 754            |
| Fines and Penalties                             | 47             | 57             |
| Registration Fees                               | 292            | 168            |
| Parking Penalties                               | 612            | 548            |
| User Fees and Charges                           | 567            | 669            |
| Other Statutory Fees                            | 556            | 458            |
| <b>TOTAL FEES AND CHARGES</b>                   | <b>5,701</b>   | <b>4,943</b>   |
| <b>(c). Interest and Investment Revenue</b>     |                |                |
| Investments                                     | 1,786          | 1,835          |
| Interest from Overdue Rates and Utility Charges | 484            | 479            |
| Loan to Unitywater                              | 2,638          | 2,692          |
| <b>TOTAL INTEREST AND INVESTMENT REVENUE</b>    | <b>4,908</b>   | <b>5,006</b>   |



## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 3. Revenue Analysis (continued)

|  | 2016         | 2015         |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| <b>(d). Sales Revenue</b>                |              |              |
| <b>Sale of services</b>                  |              |              |
| Contract and Recoverable Works           | 5            | 155          |
| Refuse Tips and Transfer Station Charges | 2,096        | 1,695        |
| Venue Hire                               | 362          | 390          |
| Holiday Parks Fees and Charges           | 3,120        | 2,859        |
| Learn to Swim                            | 604          | 643          |
| Admission Fees                           | 870          | 693          |
| <b>Total Sale of Services</b>            | <b>7,057</b> | <b>6,435</b> |
| <b>Sale of goods</b>                     |              |              |
| Sale of Recyclables                      | 431          | 483          |
| Retail Shop Sales                        | 561          | 475          |
| <b>Total Sale of Goods</b>               | <b>992</b>   | <b>958</b>   |
| <b>TOTAL SALES REVENUE</b>               | <b>8,049</b> | <b>7,393</b> |

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

## Note 4. Grants, Subsidies, Contributions and Donations

## (a) Recurrent

|   |              |              |
|---|--------------|--------------|
| General Purpose Grants  | 2,107        | 2,121        |
| State Government Subsidies and Grants                                 | 1,158        | 1,020        |
| Commonwealth Government Subsidies and Grants                          | 1,876        | 1,864        |
| Donations   | 38           | 33           |
| Contributions   | 8            | -            |
| Other Non-Government Subsidies  | 18           | 30           |
| <b>TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</b> | <b>5,205</b> | <b>5,068</b> |

## (b) Capital

|   |              |              |
|---|--------------|--------------|
| State Government Subsidies and Grants                                   | 3,333        | 1,680        |
| Commonwealth Government Subsidies and Grants                            | 1,880        | 554          |
| Contributions   | 2,483        | 1,607        |
| Non-Monetary - Developer Assets contributed by Developers at Fair Value | -            | 2,438        |
| <b>TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS</b>     | <b>7,696</b> | <b>6,279</b> |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 5. Employee Benefits

|  | Notes | 2016<br>\$'000       | 2015<br>\$'000       |
|--|-------|----------------------|----------------------|
| Wages and Salaries                               |       | 21,111               | 20,051               |
| Annual, Sick and Long Service Leave Entitlements |       | 3,581                | 3,222                |
| Superannuation                                   | 20    | 2,805                | 2,707                |
| Councillors Remuneration                         |       | 514                  | 505                  |
|  |       | <u>28,011</u>        | <u>26,485</u>        |
| Other Employee Related Expenses                  |       | 1,556                | 1,141                |
|  |       | <u>29,567</u>        | <u>27,626</u>        |
| Less: Capitalised Employee Expenses              |       | (1,745)              | (1,501)              |
| <b><u>TOTAL EMPLOYEE BENEFITS</u></b>            |       | <u><u>27,822</u></u> | <u><u>26,125</u></u> |

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

**Additional information:**

Total Employees at year end:

|                                      |            |            |
|--------------------------------------|------------|------------|
| Administration Staff                 | 248        | 247        |
| Depot and Outdoors Staff             | 97         | 97         |
| Total full time equivalent employees | <u>345</u> | <u>344</u> |
| Total Elected members                | <u>7</u>   | <u>7</u>   |

## Note 6. Materials and Services

|  |                      |                      |
|--|----------------------|----------------------|
| Administration Supplies and Consumables    | 926                  | 831                  |
| Audit Services                             | 139                  | 112                  |
| Communications and IT                      | 616                  | 576                  |
| Consultancy Services                       | 243                  | 403                  |
| Contract Services                          | 18,540               | 17,291               |
| Commission Paid                            | 583                  | 465                  |
| Donations and Prizes                       | 3,976                | 2,902                |
| Electricity                                | 1,739                | 1,859                |
| Fleet Operating Costs                      | 1,221                | 1,291                |
| Grants Paid to Community Organisations     | 810                  | 781                  |
| Insurance                                  | 507                  | 508                  |
| Legal Expenses                             | 789                  | 1,055                |
| Operating Leases - Rentals                 | 551                  | 809                  |
| Software and Maintenance                   | 873                  | 474                  |
| Water and Sewerage Costs                   | 862                  | 931                  |
| Other Materials and Services               | 3,413                | 3,638                |
| Less: Capitalised Internal Expenses        | (117)                | (197)                |
| <b><u>TOTAL MATERIALS AND SERVICES</u></b> | <u><u>35,671</u></u> | <u><u>33,729</u></u> |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 7. Depreciation and Amortisation

|  | Notes | 2016<br>\$'000 | 2015<br>\$'000 |
|--|-------|----------------|----------------|
| <b>Depreciation/Amortisation of Non Current Assets</b> |       |                |                |
| Buildings  |       | 1,341          | 1,457          |
| Plant and Equipment                                    |       | 712            | 623            |
| Road and Bridge Network                                |       | 9,648          | 9,129          |
| Storm Water  |       | 2,042          | 1,861          |
| Other Infrastructure Assets                            |       | 2,940          | 2,599          |
| <b>Total Depreciation of Non Current Assets</b>        | 11    | <b>16,683</b>  | <b>15,669</b>  |
| <b>Amortisation of Intangible Assets</b>               |       |                |                |
| Software   |       | 290            | 251            |
| <b>Total Amortisation of Intangible Assets</b>         | 13    | <b>290</b>     | <b>251</b>     |
| <b>TOTAL DEPRECIATION AND AMORTISATION</b>             |       | <b>16,973</b>  | <b>15,920</b>  |

## Note 8. Cash, Cash Equivalents and Investments

## Cash and Cash Equivalents

|  |               |               |
|--|---------------|---------------|
| Cash at Bank and on Hand                                   | 391           | 175           |
| Cash Equivalent Assets                                     |               |               |
| - Deposits at Call   | 38,195        | 34,716        |
| - Term Deposits  | 14,000        | 16,000        |
| <b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b> | <b>52,586</b> | <b>50,891</b> |

**Restricted Cash, Cash Equivalents and Investments**

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 | 144           | 116           |
| Unspent Levy Funds                      | 5,006         | 6,248         |
| Unspent Developer Contributions         | 5,465         | 3,223         |
| Unspent Carbon Tax                      | 969           | 635           |
| <b>Total External Restrictions</b>      | <b>11,584</b> | <b>10,222</b> |

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

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 8. Cash, Cash Equivalents and Investments (continued)

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| <b>Restricted Cash, Cash Equivalents and Investments (continued)</b>                              |               |               |
| Internally imposed Expenditure Restrictions at the reporting date relate to the following assets: |               |               |
| Future Asset Replacement  | 7,364         | 5,335         |
| Natural Disaster Rehabilitation   | 2,271         | 2,249         |
| Waste Management  | 3,616         | 3,466         |
| Specific Purpose Recurrent  | 1,874         | 2,202         |
| <b>Total Internal Restrictions</b>  | <b>15,125</b> | <b>13,252</b> |
| <b>Total Unspent Restricted Cash, Cash Equivalents and Investments</b>                            | <b>26,709</b> | <b>23,474</b> |

Cash and deposits at call are held in the Commonwealth Bank in a normal business cheque account. On call accounts are also held with QTC. Deposits at call earned variable interest over varying terms at interest rates of between 2.74% and 3.22%.

## Note 9. Trade and Other Receivables

## Current

|  |              |              |
|--|--------------|--------------|
| Rateable Revenue and Utility Charges             | 4,337        | 4,166        |
| Other Debtors                                    | 63           | -            |
| GST Recoverable                                  | 561          | 458          |
| Accrued Revenue                                  | 2,172        | 2,451        |
| Prepayments                                      | 457          | 646          |
| Fees and Charges                                 | 982          | 806          |
| <b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b> | <b>8,572</b> | <b>8,527</b> |

## Non-Current

|  |               |               |
|--|---------------|---------------|
| Loans and Advances to Associates                     | 49,218        | 49,218        |
| <b>TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES</b> | <b>49,218</b> | <b>49,218</b> |

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

A 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 2016 was 5.36% (2015: 5.47%).

## Noosa Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

## Note 10. Investment Property

|  | 2016                | 2015                |
|--|---------------------|---------------------|
|  | \$'000              | \$'000              |
| Fair value at Beginning of Financial Year                  | 3,831               | -                   |
| Fair value of Assets transferred from other Asset Category | -                   | 3,227               |
| Revaluation adjustment to the Income Account               | 319                 | 604                 |
| <b><u>TOTAL INVESTMENT PROPERTY</u></b>                    | <b><u>4,150</u></b> | <b><u>3,831</u></b> |

All investment property was valued at fair value by AEC Group Limited, an independent professionally qualified valuation firm, as at 30 June 2016. 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 2016

Note 11. Property, Plant and Equipment

| 30 June 2016                              | Measurement Basis   | Note | Capital Work in Progress | Land                 | Buildings            | Plant and Equipment | Road and Bridge Network | Storm Water          | Other Infrastructure Assets | Total     |
|---|---|------|--------------------------|----------------------|----------------------|---------------------|-------------------------|----------------------|-----------------------------|-----------|
|   |   |      | \$'000<br>Cost           | \$'000<br>Fair Value | \$'000<br>Fair Value | \$'000<br>Cost      | \$'000<br>Fair Value    | \$'000<br>Fair Value | \$'000<br>Fair Value        | \$'000    |
|   | Opening Gross Balance - at Cost   |      | 7,396                    | -                    | -                    | 8,354               | -                       | -                    | -                           | 15,750    |
|   | Opening Gross Balance - at Fair Value   |      | -                        | 119,514              | 75,985               | -                   | 621,127                 | 161,968              | 82,922                      | 1,061,516 |
|   | Opening Gross Balance as at 1 July 2015   |      | 7,396                    | 119,514              | 75,985               | 8,354               | 621,127                 | 161,968              | 82,922                      | 1,077,266 |
|   | Correction to Opening Balances  |      | -                        | -                    | (1,289)              | -                   | -                       | -                    | (18)                        | (1,307)   |
|   | Additions*  |      | 28,949                   | 3,780                | 20                   | 2,208               | 16,912                  | 4,020                | 435                         | 56,324    |
|   | 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   |      | (84)                     | -                    | -                    | -                   | -                       | -                    | -                           | (84)      |
|   | 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               | -                   | 635,076                 | 166,456              | 87,327                      | 1,095,365 |
|   | Total Gross Value of Property, Plant and Equipment as at 30 June 2016                 |      | 8,879                    | 130,109              | 76,397               | 10,308              | 635,076                 | 166,456              | 87,327                      | 1,114,552 |
|   | Opening Accumulated Depreciation as at 1 July 2015                                    |      | -                        | -                    | 15,602               | 835                 | 98,527                  | 49,594               | 25,630                      | 190,188   |
|   | Correction to Opening Balances  |      | -                        | -                    | (177)                | -                   | -                       | -                    | (17)                        | (194)     |
|   | Depreciation Provided in the Period   | 7    | -                        | -                    | 1,341                | 712                 | 9,648                   | 2,042                | 2,940                       | 16,683    |
|   | Depreciation on Disposals   |      | -                        | -                    | -                    | (151)               | -                       | -                    | -                           | (151)     |
|   | Depreciation on 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)                   | 45                   | (144)                       | -         |
|   | 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  |      | 8,879                    | 130,109              | 59,208               | 8,670               | 528,147                 | 114,774              | 56,880                      | 906,667   |
| Other Information                         |   |      |                          |                      |                      |                     |                         |                      |                             |           |
| Range of Estimated Useful Life (in years) |   |      |                          |                      |                      |                     |                         |                      |                             |           |
| 1-50 3-120 17-100 3-120                   |   |      |                          |                      |                      |                     |                         |                      |                             |           |
| *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    |

Noosa Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2016

Note 11. Property, Plant and Equipment

| 30 June 2015              | Measurement Basis   | Note | Capital Work in Progress |      | Land    | Buildings |            | Plant and Equipment |          | Road and Bridge Network |            | Storm Water |            | Other Infrastructure Assets |            | Total     |
|---------------------------|---|------|--------------------------|------|---------|-----------|------------|---------------------|----------|-------------------------|------------|-------------|------------|-----------------------------|------------|-----------|
|                           |   |      | \$'000                   | Cost |         | \$'000    | Fair Value | \$'000              | Cost     | \$'000                  | Fair Value | \$'000      | Fair Value | \$'000                      | Fair Value |           |
|                           | Opening Gross Balance - at Cost   |      | 1,523                    | -    | -       | -         | 7,478      | -                   | -        | -                       | -          | -           | -          | -                           | -          | 9,001     |
|                           | Opening Gross Balance - at Fair Value   |      | -                        | -    | 120,945 | -         | -          | -                   | -        | 615,372                 | -          | -           | -          | 77,380                      | -          | 1,036,079 |
|                           | Opening Gross Balance as at 1 July 2014   |      | 1,523                    | -    | 120,945 | 74,546    | 7,478      | -                   | -        | 615,372                 | -          | -           | -          | 77,380                      | -          | 1,045,080 |
|                           | Correction to Opening Balances  |      | -                        | -    | -       | 174       | -          | -                   | -        | 1,501                   | -          | -           | -          | -                           | -          | 1,675     |
|                           | Additions*  |      | 5,939                    | -    | 789     | 62        | 1,374      | -                   | -        | 3,944                   | -          | -           | 15         | 3,215                       | -          | 15,338    |
|                           | Contributed Assets  |      | -                        | -    | -       | -         | -          | -                   | -        | 1,251                   | -          | -           | 1,187      | -                           | -          | 2,438     |
|                           | Disposals   |      | -                        | -    | -       | -         | (498)      | -                   | -        | -                       | -          | -           | -          | -                           | -          | (498)     |
|                           | Write-offs  |      | -                        | -    | -       | (75)      | -          | -                   | -        | (941)                   | -          | -           | -          | (218)                       | -          | (1,234)   |
|                           | Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)      | 17   | -                        | -    | -       | 5,527     | -          | -                   | -        | -                       | -          | -           | 12,930     | -                           | -          | 18,457    |
|                           | Work in Progress Transfers  |      | (66)                     | -    | -       | -         | -          | -                   | -        | -                       | -          | -           | -          | -                           | -          | 66        |
|                           | Transfers from/(to) Investment Properties   |      | -                        | -    | (2,220) | (1,770)   | -          | -                   | -        | -                       | -          | -           | -          | -                           | -          | (3,990)   |
|                           | Internal Transfers to Other Asset Classes   | 10   | -                        | -    | -       | (2,479)   | -          | -                   | -        | -                       | -          | -           | -          | 2,479                       | -          | -         |
|                           | Total Gross Value of Property, Plant and Equipment - at Cost as at 30 June 2015       |      | 7,396                    | -    | -       | -         | 8,354      | -                   | -        | -                       | -          | -           | -          | -                           | -          | 15,750    |
|                           | Total Gross Value of Property, Plant and Equipment - at Fair Value as at 30 June 2015 |      | -                        | -    | 119,514 | 75,985    | -          | -                   | -        | 621,127                 | -          | -           | -          | 82,922                      | -          | 1,061,516 |
|                           | Total Gross Value of Property, Plant and Equipment as at 30 June 2015                 |      | 7,396                    | -    | 119,514 | 75,985    | 8,354      | -                   | -        | 621,127                 | -          | -           | -          | 82,922                      | -          | 1,077,266 |
|                           | Opening Accumulated Depreciation as at 1 July 2014                                    |      | -                        | -    | -       | 15,186    | 243        | -                   | -        | 89,681                  | -          | -           | 43,499     | 23,023                      | -          | 171,632   |
|                           | Depreciation Expense  |      | -                        | -    | -       | 1,457     | 623        | -                   | -        | 9,129                   | -          | -           | 1,861      | 2,599                       | -          | 15,669    |
|                           | Disposals   | 7    | -                        | -    | -       | -         | (31)       | -                   | -        | -                       | -          | -           | -          | -                           | -          | (31)      |
|                           | Write-offs  |      | -                        | -    | -       | (25)      | -          | -                   | -        | (283)                   | -          | -           | -          | (134)                       | -          | (442)     |
|                           | Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)      | 17   | -                        | -    | -       | (111)     | -          | -                   | -        | -                       | -          | 4,234       | -          | -                           | -          | 4,123     |
|                           | Transfers from/(to) Investment Properties   |      | -                        | -    | -       | (763)     | -          | -                   | -        | -                       | -          | -           | -          | -                           | -          | (763)     |
|                           | Internal Transfers to Other Asset Classes   | 10   | -                        | -    | -       | (142)     | -          | -                   | -        | -                       | -          | -           | -          | 142                         | -          | -         |
|                           | Total Accumulated Depreciation of Property, Plant and Equipment as at 30 June 2015    |      | -                        | -    | -       | 15,602    | 835        | -                   | -        | 98,527                  | -          | -           | 49,594     | 25,630                      | -          | 190,188   |
|                           | Consolidated Book Value as at 30 June 2015  |      | 7,396                    | -    | 119,514 | 60,383    | 7,519      | -                   | -        | 522,600                 | -          | -           | 112,374    | 57,292                      | -          | 887,078   |
| Other Information         |   |      |                          |      |         |           |            |                     |          |                         |            |             |            |                             |            |           |
|                           | Range of Estimated Useful Life (in years)   |      | -                        | -    | -       | 3 - 72    | 1 - 50     | 0 - 150             | 17 - 100 | 0 - 100                 | -          | -           | -          | -                           | -          | -         |
| *Asset Additions Comprise |   |      |                          |      |         |           |            |                     |          |                         |            |             |            |                             |            |           |
|                           | Asset Renewals  |      | 4,267                    | -    | -       | 62        | 1,338      | -                   | -        | 3,921                   | -          | -           | 11         | 602                         | -          | 10,201    |
|                           | Other Additions   |      | 1,672                    | 789  | 789     | -         | 36         | -                   | -        | 1,274                   | -          | -           | 1,192      | 2,613                       | -          | 7,576     |
|                           | Total Asset Additions   |      | 5,939                    | 789  | 789     | 62        | 1,374      | -                   | -        | 5,195                   | -          | -           | 1,203      | 3,215                       | -          | 17,777    |

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 12. Fair Value Measurements

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##### (i) Recognised fair value measurements

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

Property, plant and equipment

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

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

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

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

The fair value of borrowings disclosed in Note 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 26.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

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

- Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Fair value based on inputs that are directly or indirectly observable for the asset or liability (Level 2)
- Fair value based on unobservable inputs for the asset and liability (Level 3)

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

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



## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 12. Fair Value Measurements (continued)

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

|  | Date<br>of latest<br>valuation | Fair Value<br>Measurement using:                         |  | Total<br>\$'000 |
|--|--------------------------------|--|--|-----------------|
|  |                                | Level 2<br>Significant<br>observable<br>inputs<br>\$'000 | Level 3<br>Significant<br>unobservable<br>inputs<br>\$'000 |                 |
| <b>2016</b>                                |                                |  |  |                 |
| <b>Property, Plant and Equipment</b>       |                                |  |  |                 |
| - Land                                     | 30/06/14                       | 68,769   | 61,340   | 130,109         |
| - Buildings                                | 30/06/15                       | -  | 59,208   | 59,208          |
| - Road and Bridge Network                  | 30/06/14                       | -  | 528,147  | 528,147         |
| - Storm Water                              | 30/06/15                       | -  | 114,774  | 114,774         |
| - Other Infrastructure Assets              | 30/06/16                       | -  | 56,880   | 56,880          |
| <b>Total Property, Plant and Equipment</b> |                                | <b>68,769</b>  | <b>820,349</b>   | <b>889,118</b>  |
| <b>2015</b>                                |                                |  |  |                 |
| <b>Property, Plant and Equipment</b>       |                                |  |  |                 |
| - Land                                     | 30/06/14                       | 63,883   | 55,631   | 119,514         |
| - Buildings                                | 30/06/15                       | -  | 60,383   | 60,383          |
| - Road and Bridge Network                  | 30/06/14                       | -  | 522,600  | 522,600         |
| - Storm Water                              | 30/06/15                       | -  | 112,374  | 112,374         |
| - Other Infrastructure Assets              | 30/06/12                       | -  | 57,293   | 57,293          |
| <b>Total Property, Plant and Equipment</b> |                                | <b>63,883</b>  | <b>808,281</b>   | <b>872,164</b>  |

**(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 2016

#### Note 12. Fair Value Measurements (continued)

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##### **(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.

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.

Asset Val Pty Ltd were engaged to undertake an indexation assessment across all non current asset categories with the exception of Other Infrastructure as at 30 June 2016. It was determined that land index rates for the period 1 January 2014 to 30 June 2016 showed a material increase of 11% in level 2 inputs and 0% for level 3 inputs. As a result of this assessment a desktop revaluation was applied reflecting these indicies.

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 12. Fair Value Measurements (continued)

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

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

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 12. Fair Value Measurements (continued)

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##### **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.

##### *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.

##### **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.

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 12. Fair Value Measurements (continued)

##### **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 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.

Asset Val Pty Ltd were engaged to undertake an indexation assessment across all non current asset categories with the exception of Other Infrastructure, as at 30 June 2016. Roads and Bridges index rates for the period 1 January 2014 to 30 June 2016 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class.

##### *Accumulated Depreciation*

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

##### **Bridges (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.

Asset Val Pty Ltd were engaged to undertake an indexation assessment across all non current asset categories, with the exception of Other Infrastructure as at 30 June 2016. Bridges index rates for the period 1 January 2014 to 30 June 2016 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.

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 12. Fair Value Measurements (continued)

##### 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.

Asset Val Pty Ltd were engaged to undertake an indexation assessment across all non current asset categories with the exception of Other Infrastructure, as at 30 June 2016. Stormwater index rates for the period 30 June 2015 to 30 June 2016 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.

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

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

| Significant Unobservable Input     | Range of Inputs  | Relationship of Unobservable Inputs to Fair Value                |
|------------------------------------|--|--|
| Number of labour hours             | 5-100hrs/linear metre or sqm                           | The higher the labour hours, the higher the fair value           |
| Standard material usage quantities | Varies depending upon the type of material             | The higher the usage quantities, the higher the fair value       |
| Condition rating (useful life)     | As specified above - 0H/0M (lowest) to 6H/6M (highest) | The higher the condition rating, the lower the fair value.       |
| Remaining useful life              | 5-100 years  | The longer the remaining useful life, the higher the fair value. |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 13. Intangible Assets

|  | Notes | 2016<br>\$'000 | 2015<br>\$'000 |
|--|-------|----------------|----------------|
| Intangible Assets are as follows;                      |       |                |                |
| <b>Computer Software</b>                               |       |                |                |
| <b>Opening Gross Carrying Value</b>                    |       | 2,632          | 2,290          |
| Acquired at Cost                                       |       | 204            | 342            |
| <b>Closing Carrying Value</b>                          |       | 2,836          | 2,632          |
| Work In Progress                                       |       | 340            | 342            |
| <b>Closing Gross Carrying Value</b>                    |       | 3,176          | 2,974          |
| <b>Opening Accumulated Amortisation Balance</b>        |       | (272)          | (21)           |
| Amortisation in the period                             | 7     | (290)          | (251)          |
| <b>Closing Accumulated Amortisation Balance</b>        |       | (562)          | (272)          |
| <b>Net Book Value</b>                                  |       | 2,614          | 2,702          |
| <b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> |       | <u>2,614</u>   | <u>2,702</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

## Current

|  |              |              |
|--|--------------|--------------|
| ATO - Net GST Payable                                | 85           | -            |
| Accruals   | 2,940        | 3,498        |
| Creditors  | 1,720        | 1,074        |
| Employee Related Accruals                            | 960          | 766          |
| Annual Leave   | 2,094        | 2,302        |
| Other Entitlements                                   | 89           | 96           |
| <b><u>TOTAL CURRENT TRADE AND OTHER PAYABLES</u></b> | <u>7,888</u> | <u>7,736</u> |

Employee benefit expenses are calculated at current pay levels and adjusted for inflation and likely future changes in salary level. The non-current portion of annual leave and long service leave is then discounted to the present value. Further details on employee entitlements are reported in Note 1.

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 15. Borrowings

|  | 2016                 | 2015                 |
|--|----------------------|----------------------|
|  | \$'000               | \$'000               |
| <b>Current</b>                                       |                      |                      |
| Loans - Queensland Treasury Corporation              | 2,932                | 2,633                |
| <b><u>TOTAL CURRENT BORROWINGS</u></b>               | <b><u>2,932</u></b>  | <b><u>2,633</u></b>  |
| <b>Non-current</b>                                   |                      |                      |
| Loans - Queensland Treasury Corporation              | 35,186               | 36,748               |
| <b><u>TOTAL NON-CURRENT BORROWINGS</u></b>           | <b><u>35,186</u></b> | <b><u>36,748</u></b> |
| <b>Reconciliation of Loan Movements for the year</b> |                      |                      |
| <b>Loans - Queensland Treasury Corporation</b>       |                      |                      |
| Opening balance at beginning of financial year       | 39,381               | 41,177               |
| Loans Raised   | 1,360                | 794                  |
| Loan Interest Capitalised in Period                  | 2,319                | 2,267                |
| Principal Repayments                                 | (4,942)              | (4,857)              |
| Book value at end of financial year                  | <b><u>38,118</u></b> | <b><u>39,381</u></b> |

The QTC loan market value at the reporting date was \$44,927,084.83. 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

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Current</b>                             |                     |                     |
| Long Service Leave                         | 4,329               | 4,114               |
| <b><u>TOTAL CURRENT PROVISIONS</u></b>     | <b><u>4,329</u></b> | <b><u>4,114</u></b> |
| <b>Non-current</b>                         |                     |                     |
| Long Service Leave                         | 385                 | 348                 |
| Quarry Rehabilitation                      | 50                  | 50                  |
| Landfill Sites                             | 8,648               | 7,797               |
| <b><u>TOTAL NON-CURRENT PROVISIONS</u></b> | <b><u>9,083</u></b> | <b><u>8,195</u></b> |



## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 16. Provisions (continued)

|  | 2016   | 2015   |
|--|--------|--------|
|  | \$'000 | \$'000 |

## Details of movements in Provisions:

**Long Service Leave**

|  |              |              |
|--|--------------|--------------|
| Balance at beginning of financial year | 4,462        | 4,806        |
| Amount provided for in the period      | 1,119        | 318          |
| Amount paid in the period              | (867)        | (662)        |
| Balance at end of financial year       | <u>4,714</u> | <u>4,462</u> |

**Quarry Rehabilitation**

|  |           |           |
|--|-----------|-----------|
| Balance at beginning of financial year | <u>50</u> | <u>50</u> |
| Balance at end of financial year       | <u>50</u> | <u>50</u> |

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

**Landfill Sites**

|   |              |              |
|---|--------------|--------------|
| Balance at beginning of financial year        | 7,797        | 7,719        |
| Increase in provision - due to change in time | 851          | 78           |
| Balance at end of financial year              | <u>8,648</u> | <u>7,797</u> |

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

## Note 17. Asset Revaluation Surplus

## Movements in the asset revaluation surplus:

|   |               |               |
|---|---------------|---------------|
| Balance at beginning of financial year  | 14,334        | -             |
| <b>Net adjustment to non-current assets at end of period to reflect a change in current fair value:</b> |               |               |
| Land  | 6,815         | -             |
| Buildings   | 1,335         | 5,638         |
| Storm Water   | -             | 8,696         |
| Other Infrastructure Assets   | 2,033         | -             |
|   | 11            |               |
|   | <u>10,183</u> | <u>14,334</u> |
| Balance at end of financial year  | <u>24,517</u> | <u>14,334</u> |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 18. Commitments for Expenditure

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| <b>(a) Capital Commitments (exclusive of GST)</b>  |                |                |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: |                |                |
| <b>Property, Plant and Equipment</b>   |                |                |
| Roads, Bridges and Stormwater  | 1,919          | 6,395          |
| Pathways   | 674            | 218            |
| Other  | 1,295          | 1,446          |
| <b>Total Commitments</b>   | <b>3,888</b>   | <b>8,059</b>   |
| <b>These expenditures are payable as follows:</b>  |                |                |
| Within the next year   | 3,888          | 8,059          |
| Later than one year and not later than 5 years   | -              | -              |
| Later than 5 years   | -              | -              |
| <b>Total Payable</b>   | <b>3,888</b>   | <b>8,059</b>   |
| <b>(b) Operating leases (Non Cancellable)</b>  |                |                |
| <b>a. Minimum lease payments in relation to non-cancellable operating leases are as follows:</b>                       |                |                |
| Within one year  | 101            | 331            |
| One to five years  | 56             | 34             |
| Later than five years  | -              | -              |
|  | <b>157</b>     | <b>365</b>     |
| <b>b. Non Cancellable Operating Leases include the following assets:</b>   |                |                |
| Motor Vehicles and IT Equipment.   |                |                |
| Lease payments are generally fixed, but with inflation clauses on which future rentals are determined.                 |                |                |
| <b>(c) Contractual commitments</b>   |                |                |
| Contractual commitments at end of financial year but not recognised in the financial statements are as follows:        |                |                |
| Within one year  | 14,204         | 13,496         |
| One to five years  | 5,727          | 13,193         |
| Later than five years  | -              | -              |
|  | <b>19,931</b>  | <b>26,689</b>  |

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 19. Contingent Liabilities

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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.

##### 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 \$387,330 (2015: \$290,070).

#### Note 20. Superannuation

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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.

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 20. Superannuation (continued)

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.

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 69 entities contributing to the Regional DBF plan and any changes in contribution rates would apply equally to all 69 entities. Noosa Shire Council made less than 4% of the total contributions to the plan in the 2015-16 financial year.

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

|   | Notes | 2016<br>\$'000 | 2015<br>\$'000 |
|---|-------|----------------|----------------|
| The amount of Superannuation Contributions paid by Council to the Scheme in this Period for the benefit of employees was: | 5     | 2,805          | 2,707          |

#### 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 | 363          | 338          |
| One to five years       | 817          | 789          |
| Later than five years   | -            | -            |
|                         | <u>1,180</u> | <u>1,127</u> |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 22. Equity Investments

**Accounting Recognition:**

Investment in Associates are accounted for using the Equity Accounting Method - and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

|                         | Council's Share of Net Income |              | Council's Share of Net Assets |               |
|-------------------------|-------------------------------|--------------|-------------------------------|---------------|
|                         | 2016                          | 2015         | 2016                          | 2015          |
|                         | \$'000                        | \$'000       | \$'000                        | \$'000        |
| Investment in Associate | 5,793                         | 5,113        | 72,324                        | 67,464        |
| <b>Total</b>            | <b>5,793</b>                  | <b>5,113</b> | <b>72,324</b>                 | <b>67,464</b> |

**Associates**

Council has incorporated the following Associate into its consolidated Financial Statements.

**(a) Net Carrying Amounts - Council's Share**

| Name of Entity                | Nature of Relationship | Measurement Method | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------------|------------------------|--------------------|----------------|----------------|
| Unitywater                    | Associate              | Equity             | 69,141         | 65,212         |
| <b>Total Carrying Amounts</b> |                        |                    | <b>69,141</b>  | <b>65,212</b>  |

**(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 |
|----------------|-----------------------------|
|                | 2016 2015                   |
| Unitywater     | 4.25% 4.25%                 |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 22. Equity Investments (continued)

**(d) Summarised financial information for associate is set out below****Summarised Statement of Financial Position - Councils Share**

|                          | Unitywater     |                |
|--------------------------|----------------|----------------|
|                          | 2016           | 2015           |
|                          | \$'000         | \$'000         |
| Assets                   | 148,694        | 142,073        |
| <b>Total Assets</b>      | <b>148,694</b> | <b>142,073</b> |
| Liabilities              | 76,370         | 74,610         |
| <b>Total Liabilities</b> | <b>76,370</b>  | <b>74,610</b>  |
| <b>Net Assets</b>        | <b>72,324</b>  | <b>67,464</b>  |

**Reconciliation of the Carrying Amount of Participation Rights**

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Opening Net Assets (1 July)         | 65,212        | 62,017        |
| Profit/(Loss) for the period        | 5,793         | 5,113         |
| Dividends Payable                   | (1,864)       | (1,918)       |
| <b>Closing Participation Rights</b> | <b>69,141</b> | <b>65,212</b> |
| Council's share in %                | 4.25%         | 4.25%         |
| Council's share in \$               | 72,324        | 67,464        |

**Summarised Statement of Comprehensive Income - Councils Share**

|                                   | Unitywater   |              |
|-----------------------------------|--------------|--------------|
|                                   | 2016         | 2015         |
|                                   | \$'000       | \$'000       |
| Income                            | 27,642       | 26,549       |
| Income Tax Expense                | (2,080)      | (1,867)      |
| Total Expenses                    | (19,769)     | (19,568)     |
| <b>Profit/(Loss) for Period</b>   | <b>5,793</b> | <b>5,113</b> |
| <b>Total Comprehensive Income</b> | <b>5,793</b> | <b>5,113</b> |
| Dividends received by Council     | 1,864        | 1,918        |

## Noosa Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2016

## Note 23. Trust Funds

|   | Notes | 2016<br>\$'000 | 2015<br>\$'000 |
|---|-------|----------------|----------------|
| <b>Trust funds held for outside parties</b>   |       |                |                |
| Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities |       | 2,670          | 2,466          |
|   |       | <u>2,670</u>   | <u>2,466</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   |   | 17,025          | 17,829         |
| <b>Non-cash items</b>  |   |                 |                |
| Depreciation and amortisation  | 7 | 16,973          | 15,920         |
| Impairment of receivables and bad debts written off                                |   | 1               | 6              |
| Interest expense capitalised in QTC loans  |   | 2,319           | 2,267          |
|  |   | <u>19,294</u>   | <u>18,199</u>  |
| <b>Losses/(Gains) recognised on fair value re-measurements through the P&amp;L</b> |   |                 |                |
| Investment properties  |   | (319)           | (604)          |
| Unwinding of Discount Rates on Reinstatement Provisions                            |   | 850             | 78             |
|  |   | <u>531</u>      | <u>(526)</u>   |
| <b>Investing and development activities</b>  |   |                 |                |
| Loss on write-off and disposal of assets   |   | 1,203           | 901            |
| Non cash capital grants and contributions  | 4 | (7,696)         | (6,279)        |
| Share of net (profits)/losses of Associates  |   | (5,793)         | -              |
| Net equity income from investments   |   | -               | (3,195)        |
|  |   | <u>(12,286)</u> | <u>(8,573)</u> |
| <b>Changes in operating assets and liabilities:</b>                                |   |                 |                |
| (Increase)/Decrease in receivables   |   | (45)            | (191)          |
| (Increase)/Decrease in inventories   |   | (52)            | (1)            |
| Increase/(Decrease) in payables and accruals                                       |   | 88              | 758            |
| Increase/(Decrease) in other liabilities   |   | (481)           | 339            |
| Increase/(Decrease) in Employee Leave Entitlements                                 |   | 252             | -              |
| Increase/(Decrease) in other provisions  |   | -               | (344)          |
|  |   | <u>(238)</u>    | <u>561</u>     |
| <b>Net cash inflow from Operating Activities</b>                                   |   | <u>24,326</u>   | <u>27,490</u>  |

## Noosa Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2016

#### Note 25. Events Occurring After Balance Sheet Date

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There were no material financial adjusting events after balance date.

#### Note 26. Financial Instruments

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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 2016

#### Note 26. Financial Instruments (continued)

|  | Notes | 2016<br>\$'000 | 2015<br>\$'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: |       |                |                |
| <b>Financial Assets</b>  |       |                |                |
| Cash and Cash Equivalents  | 8     | 52,586         | 50,891         |
| Receivables - Rates  | 9     | 4,337          | 4,166          |
| Receivables - Other  | 9     | 50,824         | 50,482         |
| Equity Investments   | 22    | 69,141         | 65,212         |
|  |       | <u>176,888</u> | <u>170,751</u> |
| <b>Other Credit Exposures</b>  |       |                |                |
| Guarantee  | 19    | 387            | 290            |
|  |       | <u>387</u>     | <u>290</u>     |
| <b>Total</b>   |       | <u>177,275</u> | <u>171,041</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 2016

## Note 26. Financial Instruments (continued)

|  | Notes | 2016<br>\$'000 | 2015<br>\$'000 |
|--|-------|----------------|----------------|
| Ageing of past due receivables and the amount of any impairment is disclosed in the following table: |       |                |                |
| <b>Receivables</b>   |       |                |                |
| Fully Performing   |       | 1,003          | 938            |
| Past due:  |       |                |                |
| - Less than 30 days overdue  |       | -              | -              |
| - 31 to 60 days overdue  |       | 149            | 61             |
| - 61 to 90 days overdue  |       | 19             | 25             |
| - Greater than 90 days overdue   |       | 4,696          | 4,411          |
| - Loans and Advances to Controlled Entities and Associates   |       | 49,218         | 49,218         |
| - Impaired   |       | (7)            | (6)            |
| <b>Total</b>   | 9     | <u>55,078</u>  | <u>54,647</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  | Over 5 years  | Total<br>Contractual<br>Cash Flows | Carrying<br>Amount |
|--------------------------|---------------|---------------|---------------|------------------------------------|--------------------|
|                          |               | \$'000        | \$'000        | \$'000                             | \$'000             |
| <b>2016</b>              |               |               |               |                                    |                    |
| 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>      |
| <b>2015</b>              |               |               |               |                                    |                    |
| Trade and Other Payables | 5,338         | -             | -             | 5,338                              | 5,338              |
| Loans - QTC              | 4,942         | 19,755        | 28,458        | 53,155                             | 39,381             |
|                          | <u>10,280</u> | <u>19,755</u> | <u>28,458</u> | <u>58,493</u>                      | <u>44,719</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 2016

#### Note 26. 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<br>\$'000 | 1% increase<br>\$'000 | 1% decrease<br>\$'000 | 1% increase<br>\$'000 | 1% decrease<br>\$'000 |
| <b>2016</b>       |                  |                       |                       |                       |                       |
| 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                   |
| <b>Net Total</b>  | <b>349</b>       | <b>1</b>              | <b>(1)</b>            | <b>1</b>              | <b>(1)</b>            |
| <b>2015</b>       |                  |                       |                       |                       |                       |
| QTC Cash Fund     | 27,742           | 277                   | (277)                 | 277                   | (277)                 |
| Other Investments | 6,974            | 70                    | (70)                  | 70                    | (70)                  |
| Loans - QTC       | (39,381)         | (394)                 | 394                   | (394)                 | 394                   |
| <b>Net Total</b>  | <b>(4,665)</b>   | <b>(47)</b>           | <b>47</b>             | <b>(47)</b>           | <b>47</b>             |

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 2016

#### Note 26. Financial Instruments (continued)

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##### 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 2016

#### Note 27. 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<br>Mgt<br>2016<br>\$'000 | Holiday<br>Parks<br>2016<br>\$'000 |
|---|--------------------------------|------------------------------------|
| Revenue for services provided to the Council      | 228                            | -                                  |
| Revenue for services provided to external clients | 13,802                         | 3,152                              |
| Community service obligations                     | 82                             | -                                  |
|   | <u>14,112</u>                  | <u>3,152</u>                       |
| Less : Expenditure                                | (11,089)                       | (2,262)                            |
| Surplus/(Deficit)                                 | <u>3,023</u>                   | <u>890</u>                         |

##### Description of CSO's provided to business activities:

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

# Noosa Shire Council

## General Purpose Financial Statements for the year ended 30 June 2016

### Management Certificate for the year ended 30 June 2016

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 1 to 43, 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**

21 October 2016



Brett de Chastel

**CHIEF EXECUTIVE OFFICER**

21 October 2016



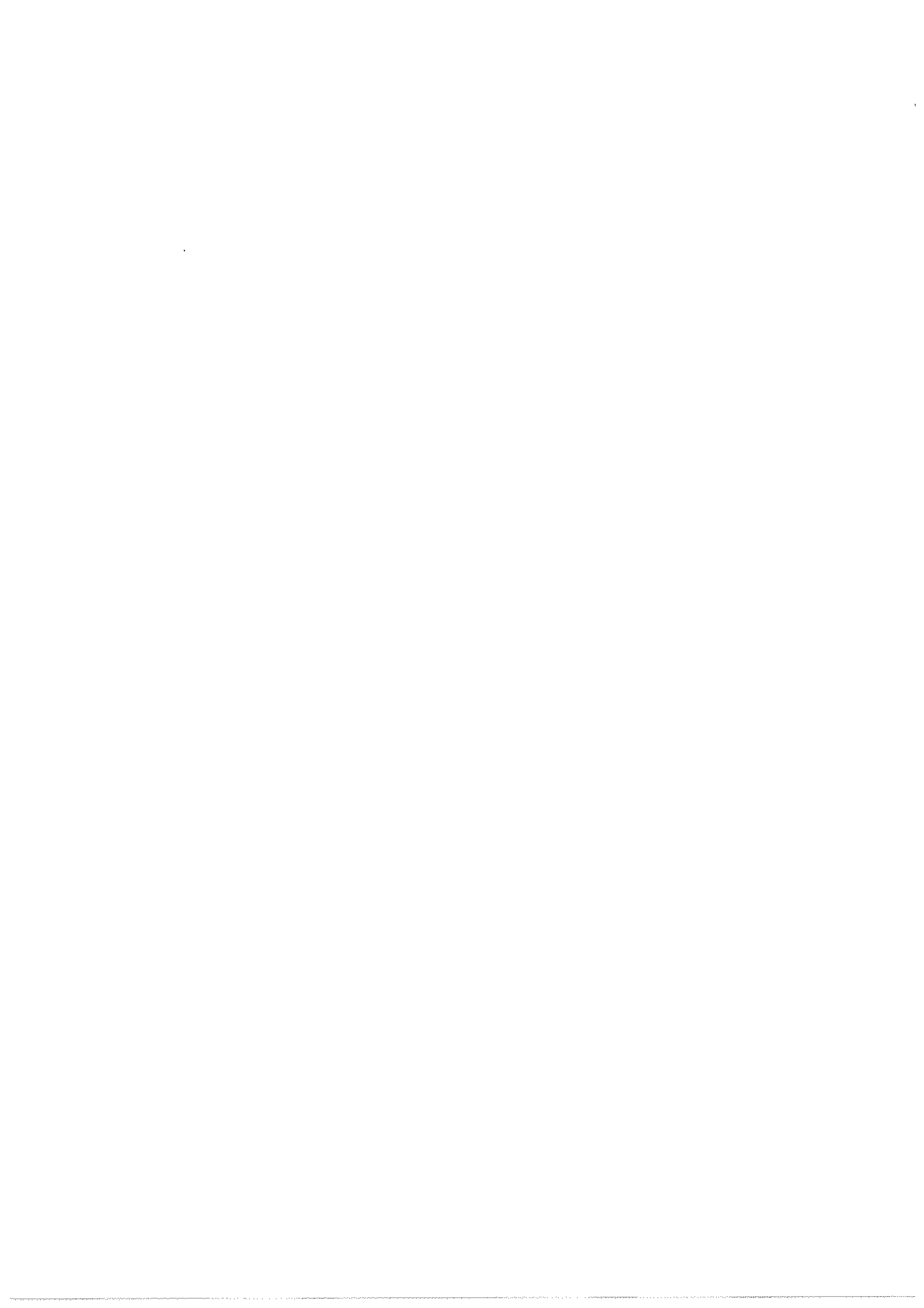
Noosa Shire Council

General Purpose Financial Statements  
for the year ended 30 June 2016

**Audit Report**  
for the year ended 30 June 2016

Insert Audit Report here.





Noosa Shire Council

General Purpose Financial Statements  
for the year ended 30 June 2016

**Audit Report**  
for the year ended 30 June 2016

Insert Audit Report here.



## Noosa Shire Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2016

|  | Actual<br>2016 | Target<br>2016 |
|--|----------------|----------------|
|--|----------------|----------------|

#### Measures of Financial Sustainability

Council's performance at 30 June 2016 against key financial ratios and targets.

#### Performance Indicators

##### 1. Operating Surplus Ratio

|  |       |         |
|--|-------|---------|
| Net Result (excluding capital items) <sup>(1)</sup>              | 5.01% | 0 - 10% |
| Total Operating Revenue (excluding capital items) <sup>(2)</sup> |       |         |

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) | 88.36% | more than<br>90% |
| Depreciation Expense  |        |                  |

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                            | -1.54% | less than<br>60% |
| Total Operating Revenue (excluding capital items) <sup>(2)</sup> |        |                  |

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 2016.

## Noosa Shire Council

Current Year Financial Sustainability Statement (continued)  
for the year ended 30 June 2016

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**Notes**

- <sup>(1)</sup> 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.
- <sup>(2)</sup> 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.

Noosa Shire Council

Current Year Financial Sustainability Statement  
for the year ended 30 June 2016

Certificate of Accuracy  
for the year ended 30 June 2016

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

21 October 2016



Brett de Chastel

CHIEF EXECUTIVE OFFICER

21 October 2016



## Noosa Shire Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2016

### Audit Report for the year ended 30 June 2016

Insert Audit Report here.





## Noosa Shire Council

### Current Year Financial Sustainability Statement for the year ended 30 June 2016

### Audit Report for the year ended 30 June 2016

Insert Audit Report here.



## Noosa Shire Council

### Long-Term Financial Sustainability Statement

prepared as at 30 June 2015

|  | Target |      | Actual |      | Forecast |      |      |      |      |      |      |      |
|--|--------|------|--------|------|----------|------|------|------|------|------|------|------|
|  | 2016   | 2016 | 2016   | 2017 | 2018     | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |

#### Measures of Financial Sustainability

Council's performance at 30 June 2016 against key financial ratios and targets.

#### Performance Indicators

##### 1. Operating Surplus Ratio

Net Result (excluding capital items) <sup>(1)</sup>

Total Operating Revenue (excluding capital items) <sup>(2)</sup>

|         |       |       |       |       |       |       |       |       |       |       |       |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 0 - 10% | 5.01% | 0.36% | 0.52% | 1.16% | 1.55% | 1.78% | 1.70% | 2.01% | 2.18% | 2.66% | 2.51% |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

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% | 88.36% | 110.99% | 99.22% | 98.43% | 98.46% | 97.16% | 96.53% | 97.65% | 100.71% | 104.48% | 100.60% |
|-------|--------|---------|--------|--------|--------|--------|--------|--------|---------|---------|---------|

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) <sup>(2)</sup>

|       |        |        |       |       |       |       |        |        |        |         |         |
|-------|--------|--------|-------|-------|-------|-------|--------|--------|--------|---------|---------|
| < 60% | -1.54% | 11.96% | 9.90% | 8.76% | 5.07% | 1.70% | -2.08% | -5.79% | -8.91% | -11.51% | -14.67% |
|-------|--------|--------|-------|-------|-------|-------|--------|--------|--------|---------|---------|

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

prepared as at 30 June 2015

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#### 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.

Noosa Shire Council

Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2016

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

21 October 2016



Brett de Chastel

CHIEF EXECUTIVE OFFICER

21 October 2016

