Financial Statements 2019-20

Noosa Shire Council

General Purpose Financial Statements
for the year ended 30 June 2020

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Noosa Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Income			
Revenue			
Recurrent Revenue			
Rates, Levies and Charges	3a	69,237	66,453
Fees and Charges	3b	6,444	7,059
Sales Revenue	3c	8,486	9,726
Grants, Subsidies, Contributions and Donations	3d	5,446	5,447
Total Recurrent Revenue		89,613	88,685
Capital Revenue			
Grants, Subsidies, Contributions and Donations	3d	8,400	8,696
Total Capital Revenue		8,400	8,696
Other Income			
Rental Income	18	1,003	1,281
Interest and Investment Revenue	4b	3,937	4,763
Equity share of profit (loss) in Associate through Participation Rights	12	6,094	6,452
Other Income	4a	2,691	2,698
Total Other Income		13,725	15,194
Total income		111,738	112,575
Expenses			
Recurrent Expenses			
Employee Benefits	5	32,996	31,962
Materials and Services	6	42,394	38,893
Finance Costs	7	4,688	5,146
Depreciation and Amortisation:			
- Property, Plant and Equipment	14	16,063	15,489
- Intangible Assets	16	404	316
- Right of Use Assets	18	54	-
Total Recurrent Expenses		96,599	91,806
Other Expenses			
Capital Expenses	8	4,151	3,284
Total Other Expenses		4,151	3,284
Total Expenses		100,750	95,090
Net Result		10,988	17,485
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Increase/(Decrease) in Asset Revaluation Surplus	14	35,715	9,070
Total Other Comprehensive Income		**35,715**	**9,070**
Total Comprehensive Income for the year		46,703	26,555

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	57,024	55,981
Receivables	10	8,883	8,752
Inventories		181	198
Contract Assets	17	27	-
Other Assets	11	2,885	2,455
Total Current Assets		**69,000**	**67,386**
Non-Current Assets			
Receivables	10	49,593	49,718
Equity Investments	12	88,040	83,342
Investment Property	13	3,000	3,300
Property, Plant and Equipment	14	929,355	885,912
Right of Use Assets	18	161	-
Intangible Assets	16	7,636	5,953
Total Non-Current Assets		**1,077,785**	**1,028,225**
TOTAL ASSETS		1,146,785	1,095,611
LIABILITIES			
Current Liabilities			
Payables	19	7,692	7,051
Contract Liabilities	17	1,568	-
Borrowings	20	3,023	3,112
Lease Liabilities	18	54	-
Provisions	21	7,582	7,461
Other Liabilities	22	3,158	2,768
Total Current Liabilities		**23,077**	**20,392**
Non-Current Liabilities			
Borrowings	20	18,493	21,120
Lease Liabilities	18	110	-
Provisions	21	15,307	11,523
Total Non-Current Liabilities		**33,910**	**32,643**
TOTAL LIABILITIES		56,987	53,035
Net Community Assets		**1,089,798**	**1,042,576**
COMMUNITY EQUITY			
Asset Revaluation Surplus	23	86,524	50,809
Retained Surplus/(Deficiency)		1,003,274	991,767
Total Community Equity		**1,089,798**	**1,042,576**

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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

Noosa Shire Council

Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	Asset Revaluation Surplus $'000	Retained Surplus $'000	Total Equity $'000
2020				
Balance as at 1 July 2019		50,809	991,767	**1,042,576**
Correction of prior period errors		-	3,019	**3,019**
Adjustment on initial application of AASB 15 / AASB 1058		-	(2,500)	**(2,500)**
Restated Balance as at 1 July 2019		**50,809**	**992,286**	**1,043,095**
Net Result for the Year		**-**	10,988	**10,988**
Other Comprehensive Income for the year				
- Increase/(Decrease) in Asset Revaluation Surplus	14	35,715	-	**35,715**
Other Comprehensive Income		**35,715**	**-**	**35,715**
Total Comprehensive Income for the year		**35,715**	**10,988**	**46,703**
Balance as at 30 June 2020		**86,524**	**1,003,274**	**1,089,798**

	Notes	Asset Revaluation Surplus $'000	Retained Surplus $'000	Total Equity $'000
2019				
Balance as at 1 July 2018		41,739	974,285	**1,016,024**
Adjustment on initial application of AASB 9		-	(3)	**(3)**
Restated Balance at 1 July 2018		**41,739**	**974,282**	**1,016,021**
Net Result for the Year		-	17,485	**17,485**
Other Comprehensive Income				
- Increase/(Decrease) in Asset Revaluation Surplus	14	9,070	-	**9,070**
Other Comprehensive Income		**9,070**	**-**	**9,070**
Total Comprehensive Income for the year		**9,070**	**17,485**	**26,555**
Balance as at 30 June 2019		**50,809**	**991,767**	**1,042,576**

The comparatives have not been restated on adoption of AASB 15 / 1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

Noosa Shire Council

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Receipts from Customers		91,168	92,597
Payments to Suppliers and Employees		(82,671)	(78,821)
		8,497	13,776
Receipts:			
Interest and Investment Revenue Received		3,937	4,763
Rental Income		1,003	1,281
Non Capital Grants and Contributions		5,315	5,447
Income Tax Equivalent Received		1,857	1,754
Income from Equity Investment		1,396	1,487
Payments:			
Interest Expense		(143)	(133)
Net Cash Inflows/(Outflows) from Operating Activities	27	21,862	28,375
Cash Flows from Investing Activities			
Receipts:			
Proceeds of Sale of Property, Plant and Equipment		284	383
Grants, Subsidies, Contributions and Donations		8,640	5,140
Payments:			
Payments for Property, Plant and Equipment		(23,830)	(24,848)
Payments for Intangible Assets		(2,088)	(1,347)
Net movement in Loans and Advances		125	(625)
Net Cash Inflows/(Outflows) from Investing Activities		(16,869)	(21,297)
Cash flows from Financing Activities			
Payments:			
Repayment of Borrowings		(3,950)	(15,290)
Net Cash Inflows/(Outflows) from Financing Activities		(3,950)	(15,290)
Net Increase/(Decrease) in Cash and Cash Equivalents held		1,043	(8,212)
Cash and Cash Equivalents at the beginning of the financial year		55,981	64,193
Cash and Cash Equivalents at the end of the financial year	9	**57,024**	**55,981**

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

Note 1. Summary of Significant Accounting Policies

(1.a) Basis of preparation

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

These general purpose financial statements are for the period 1 July 2019 to 30 June 2020. They are prepared in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

These financial statements comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). Council is a not-for-profit entity for financial reporting purposes and complies with Australian Accounting Standards as applicable to not-for-profit entities.

These financial statements have been prepared under the historical cost convention except for the revaluation of certain classes of property, plant and equipment and investment property.

(1.b) New and revised Accounting Standards adopted during the year

Noosa Shire Council adopted all Australian Accounting Standards which became mandatorily effective for annual reporting periods beginning on 1 July 2019. The standards which had an impact on reported position, performance and cash flows were those relating to revenue and leases.

Refer to the change in accounting policy Note 28 for transition disclosures for AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of NFP Entities and AASB 16 Leases.

(1.c) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2020, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements that could be applicable to Councils.

Effective for NFP annual reporting periods beginning on or after 1 January 2020

- AASB 1059 Service Concession Arrangements: Grantors

- AASB 2018-6 Amendments to Australia Accounting Standards – Definition of a Business

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

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

- AASB 17 Insurance Contracts

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- AASB 2014-10 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)

(1.d) Estimates and Judgements

Councils make a number of judgements, estimates and assumptions in preparing these financial statements. These are based on the best information available to Council at the time, however due to the passage of time, these assumptions may change and therefore the recorded balances may not reflect the final outcomes. The significant judgements, estimates and assumptions relate to the following items and specific information is provided in the relevant note:

- Investment Property - Note 13
- Valuation and depreciation of Property, Plant & Equipment - Note 14
- Impairment of Property, Plant and Equipment - Note 8

Note 1. Summary of Significant Accounting Policies (continued)

- Provisions - Note 21
- Contingent Liabilities - Note 25
- Financial instruments and financial assets – Note 30
- Revenue - Note 3

During the 2019/20 financial year, Council commenced a project to stocktake and align asset data between financial, asset management and spatial systems for buildings and stormwater asset classes. This work aligned to the comprehensive revaluation of buildings and stormwater also undertaken during the 2019/20 financial year.

The stocktake identified various assets to be derecognised, initially recognised and valuations amended due to the following:

- Derecognised buildings in prior periods which resulted in not accounting for asset disposals. ($0.139m decrease)

- Initial recognition of buildings that should have been included in previous years financial statements. ($3.159m increase)

- Improved attribute information for stormwater assets resulted in a change in valuation estimates. ($7.915m increase)

The net impact of these adjustments is not considered material.

(1.e) Rounding and Comparatives

The financial statements are in Australian dollars and have been rounded to the nearest $1,000.

Comparative information is generally restated for reclassifications, errors and changes in accounting policies unless permitted otherwise by transition rules in a new Accounting Standard.

(1.f) Volunteer Services

Council currently utilises volunteer resources at Noosa Community Support Centre, Noosaville & Cooroy Libraries, Noosa Botanic Gardens, Noosa Bushland Care and Noosa Gallery.

Council has not recognised the value of volunteer services in these financial statements as the value donated cannot be reliably measured at this time. Further, if these volunteer services had not been donated they would not have been procured.

(1.g) Taxation

Council is exempt from income tax, however Council is subject to Fringe Benefits Tax, Goods and Services Tax (‘GST’) and payroll tax on certain activities. The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

(1.h) COVID -19

The COVID-19 pandemic has impacted on Council’s operations and this is expected to continue into 2020-21. In line with the State Government directives implemented as a result of the pandemic the following Council facilities were closed; Holiday Parks, Libraries, Leisure Centre, Aquatic Centre, The J and the Digital Hub. These closures directly impacted the revenue streams from these operations.

Council also provided a business support package which included rent abatement periods for some its commercial tenants and the waiving of various fees and permits to impacted businesses.

Council also amended it supplier payments terms from 30 days to seven days to assist local business with cashflow.

Impacts of COVID-19 on asset revaluations undertaken during the current year were assessed, however it was determined that there was not a significant impact and Council's assets as presented in the financial statement are at fair value.

The overall financial impact on Council attributed to the COVID-19 pandemic in the 2019/20 financial year was not material.

Note 2(a). Council functions - Component Descriptions

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

CEO OFFICE

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

COMMUNITY SERVICES

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

INFRASTRUCTURE SERVICES

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

EXECUTIVE SERVICES

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

CORPORATE SERVICES

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

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

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

Notes to the Financial Statements
for the year ended 30 June 2020

Note 2(b). Analysis of Results by Function

Functions	Gross Program Income Recurring Grants	Gross Program Income Recurring Other	Elimination of Inter-function Transactions	Total Income	Gross Program Expenses Recurring	Elimination of Inter-function Transactions	Total Expenses	Net Result	Total Assets
2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
CEO Office	-	44	(44)	-	(2,046)	267	(1,779)	(1,779)	-
Community Services	2,843	24,293	(1,517)	25,619	(37,170)	7,105	(30,065)	(4,446)	(105)
Infrastructure Services	4,473	6,956	(3,273)	8,156	(40,033)	7,869	(32,164)	(24,008)	158
Executive Services	4	3,633	(3,631)	6	(4,512)	773	(3,739)	(3,733)	371
Corporate Services	2,378	70,187	(10,893)	61,672	(22,768)	1,423	(21,345)	40,327	1,118,079
Environment and Sustainable Development	907	10,893	(213)	11,587	(13,794)	2,136	(11,658)	(71)	1,220
Total Council	**10,605**	**116,006**	**(19,571)**	**107,040**	**(120,323)**	**19,573**	**(100,750)**	**6,290**	**1,119,723**
Controlled Entity Net of Eliminations	**-**	**4,698**	**-**	**4,698**	**-**	**-**	**-**	**4,698**	**27,062**
Total	**10,605**	**120,704**	**(19,571)**	**111,738**	**(120,323)**	**19,573**	**(100,750)**	**10,988**	**1,146,785**

Functions	Gross Program Income Recurring Grants	Gross Program Income Recurring Other	Elimination of Inter-function Transactions	Total Income	Gross Program Expenses Recurring	Elimination of Inter-function Transactions	Total Expenses	Net Result	Total Assets
2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
CEO Office	-	43	-	43	(1,741)	227	(1,514)	(1,471)	5
Community Services	3,581	24,192	(1,528)	26,245	(35,150)	7,081	(28,069)	(1,824)	1,203
Infrastructure Services	2,372	8,537	(3,127)	7,782	(38,612)	7,232	(31,380)	(23,598)	140
Executive Services	15	3,469	(3,464)	20	(4,359)	813	(3,546)	(3,526)	339
Corporate Services	2,322	72,668	(11,910)	63,080	(23,081)	2,735	(20,346)	42,734	1,070,321
Environment and Sustainable Development	34	10,630	(224)	10,440	(12,399)	2,164	(10,235)	205	1,239
Total Council	**8,324**	**119,539**	**(20,253)**	**107,610**	**(115,342)**	**20,252**	**(95,090)**	**12,520**	**1,073,247**
Controlled Entity Net of Eliminations	**-**	**4,965**	**-**	**4,965**	**-**	**-**	**-**	**4,965**	**22,364**
Total	**8,324**	**124,504**	**(20,253)**	**112,575**	**(115,342)**	**20,252**	**(95,090)**	**17,485**	**1,095,611**

Notes to the Financial Statements
for the year ended 30 June 2020

Note 3. Revenue

	Notes	AASB 15 2020 $'000	AASB 1058 2020 $'000
Revenue recognised at a point in time			
Rates, Levies and Charges (excluding those related to services)	3a	-	69,237
Fees and Charges	3b	6,229	-
Sale of Goods and Services	3c	8,486	-
Grants, Subsidies, Donations and Contributions	3d	-	6,677
		14,715	75,914
Revenue recognised over time			
Fees and Charges	3b	215	-
Grants and Subsidies	3d	2,423	4,746
		2,638	4,746
Total Revenue		17,353	80,660

(a). Rates, Levies and Charges

2020 accounting policy

Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

The COVID-19 pandemic has impacted Council rates, levies and charges revenue for the 2019/20 financial year due to a reduction in demand for waste collection services from commercial businesses.

2019 accounting policy

Rates are recognised as revenue at the start of the rating period. If a ratepayer pays their rates before the start of the rating period, they are recognised as revenue when they are received.

General Rates	51,150	49,740
Separate Rates	6,154	5,691
Special Rates	2,037	1,553
Waste Utility Charges	12,838	12,368
Total Rates and Utility Charge Revenue	72,179	69,352
Less: Discounts	(2,148)	(2,112)
Less: Pensioner Remissions	(794)	(787)
TOTAL RATES, LEVIES AND CHARGES	69,237	66,453

Note 3. Revenue (continued)

	Notes	2020 $'000	2019 $'000

(b). Fees and Charges

2020 accounting policy
Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival, for example caravan parks. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringment notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

2019 accounting policy
Fees and charges are recognised when council is unconditionally entitled to those funds. Generally this is upon lodgement of the relevant applications or documents, issuing of the infringement notice or when the service is provided.

	Notes	2020 $'000	2019 $'000
Building and Development Fees		2,919	3,216
Permits and Licences		846	944
Fines and Penalties		242	233
Registration Fees		401	381
Parking Penalties		799	1,007
User Fees and Charges		727	777
Other Statutory Fees		510	501
TOTAL FEES AND CHARGES		6,444	7,059

(c). Sales Revenue

Sale of goods revenue is recognised when the customer has taken delivery of the goods. Revenue from services is recognised when the service is rendered.

Revenue from contracts and recoverable works generally comprises a recoupment of material costs together with an hourly charge for use of equipment and employees. This revenue and the associated costs are recognised by reference to the stage of completion of the contract activity, based on costs incurred at the reporting date. Where consideration is received for the service in advance it is included in other liabilities and is recognised as revenue in the period when the service is performed.

The COVID-19 pandemic has impacted Council sales revenue for the 2019/20 financial year due to the closure of key community facilities between March and June 2020. thse closures included holiday parks, aquatic centre and leisure centre facilities.

Note 3. Revenue (continued)

(c). Sales Revenue (continued)

	Notes	2020 $'000	2019 $'000
Sale of services			
Contract and Recoverable Works		24	26
Waste Management Charges		3,297	2,492
Venue Hire		311	403
Holiday Parks Fees and Charges		2,153	3,093
Learn to Swim		398	655
Admission Fees		875	1,260
Total Sale of Services		7,058	7,929
Sale of Goods			
Sale of Recyclables		988	1,129
Retail Shop Sales		440	668
Total Sale of Goods		1,428	1,797
TOTAL SALES REVENUE		8,486	9,726

(d) Grants, Subsidies, Contributions and Donations

2020 accounting policy

Grant income under AASB 15
Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include respite and care service hours completed; events, workshops and exhibitions held; programs developed and traineeships offered and completed. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058
Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised, then income is recognised for any remaining asset value at the time that the asset is received.

Note 3. Revenue (continued)

	Notes	2020 $'000	2019 $'000

(d) Grants, Subsidies, Contributions and Donations (continued)

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

2019 accounting policy

Grants, subsidies, donations and contributions that are non-reciprocal in nature are recognised as revenue when recognised as revenue when Council obtains control over them, which is usually upon receipt of funds. Where grants are received that are reciprocal in nature, revenue is recognised as the various performance obligations under the funding agreement are fulfilled. In 2019, Council did not have any reciprocal grants.

Physical assets contributed to Council by developers in the form of road works, stormwater, water and wastewater infrastructure and park equipment are recognised as revenue when the development becomes "on maintenance" (i.e. the Council obtains control of the assets and becomes liable for any ongoing maintenance) and there is sufficient data in the form of drawings and plans to determine the approximate specifications and values of such assets. Non-cash contributions with a value in excess of the recognition thresholds are recognised as non-current assets. Those below the thresholds are recorded as expenses.

Developers also pay cash trunk infrastructure charges to contribute to the provision of trunk infrastructure, such as roads, bridges and stormwater. These contributions fall within the scope of AASB 1058. Where there is an enforceable agreement which ties these funds to a specific performance obligation, then revenue will be met when the obligations are met. The majority of Council's infrastructure charges do not have enforceable performance obligations and are therefore recognised as revenue when received.

(i) Recurrent

	2020	2019
General Purpose Grants	2,329	2,269
State Government Subsidies and Grants	949	742
Commonwealth Government Subsidies and Grants	2,085	2,398
Donations	70	28
Contributions	13	3
Other Non-government Subsidies	-	7
TOTAL RECURRENT GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS	5,446	5,447

Note 3. Revenue (continued)

	Notes	2020 $'000	2019 $'000

(d) Grants, Subsidies, Contributions and Donations (continued)

(ii) Capital

Capital revenue includes grants and subsidies received which are tied to specific projects for the replacement or upgrade of existing non-current assets and/or investment in new assets. It also includes non-cash contributions which are usually infrastructure assets received from developers.

	2020 $'000	2019 $'000
State Government Subsidies and Grants	1,878	1,437
Commonwealth Government Subsidies and Grants	3,364	1,468
Contributions	2,058	2,235
Non-monetary Developer Assets Contributed by Developers at Fair Value	1,100	3,556
	8,400	8,696
TOTAL CAPITAL GRANTS, SUBSIDIES, CONTRIBUTIONS AND DONATIONS	8,400	8,696

Note 4. Interest and Other Income

(a). Other Income

	2020 $'000	2019 $'000
Unitywater Income Tax Equivalent Received	1,857	1,754
Other	834	944
TOTAL OTHER INCOME	2,691	2,698

(b). Interest and Investment Revenue

	2020 $'000	2019 $'000
Investments	1,038	1,781
Interest from overdue Rates and Utility Charges	507	511
Loan to Unitywater	2,392	2,471
TOTAL INTEREST AND INVESTMENT REVENUE	3,937	4,763

Note 5. Employee Benefits

	Notes	2020 $'000	2019 $'000
Wages and Salaries		26,336	24,940
Councillors Remuneration		540	548
Annual, Sick and Long Service Leave Entitlements		4,329	4,303
Superannuation	26	3,426	3,275
		34,631	33,066
Other Employee Related Expenses		1,344	1,491
		35,975	34,557
Less: Capitalised Employee Expenses		(2,979)	(2,595)
TOTAL EMPLOYEE BENEFITS		32,996	31,962

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

Additional information:

Total Council employees at the reporting date:

	2020	2019
Administration Staff	286	282
Depot and Outdoors Staff	93	93
Total Full Time Equivalent Employees	379	375
Total Elected Members	7	7

Note 6. Materials and Services

	2020	2019
Administration Supplies and Consumables	634	724
Audit Services *	211	147
Communications and IT	758	828
Consultancy Services	1,182	1,117
Contract Services	20,279	19,314
Commission Paid	768	954
Donations, Contributions and Prizes	3,711	3,295
Electricity	1,594	1,695
Fleet Operating Costs	2,038	1,639
Grants Paid to Community Organisations	1,308	893
Insurance	563	509
Legal Expenses	1,432	1,158
Operating Leases - Rentals	195	135
Software and Maintenance	2,041	1,809
Water and Sewerage Costs	845	967
Other Materials and Services	5,075	3,960
Less: Capitalised Internal Expenses	(240)	(251)
TOTAL MATERIALS AND SERVICES	42,394	38,893

* Total audit fees quoted by the Queensland Audit Office relating to the 2019/20 financial statements were $138,000 (2019: $134,800).

Notes to the Financial Statements
for the year ended 30 June 2020

Note 7. Finance Costs

	Notes	2020 $'000	2019 $'000
Finance Costs - Queensland Treasury Corporation		1,234	3,382
Bank Charges		130	131
Impairment of Receivables		12	1
Interest on Leases		5	-
Landfill Restoration		3,307	1,632
TOTAL FINANCE COSTS		4,688	5,146

Note 8. Capital Expenses

(a) Revaluation Decrement

	Notes	2020 $'000	2019 $'000
Downwards Revaluation of Investment Property	13	300	867
		300	867

(b) Other Capital Expenses

	Notes	2020 $'000	2019 $'000
Loss on Write-off of Assets		3,851	2,417
		3,851	2,417
TOTAL CAPITAL EXPENSES		4,151	3,284

Note 9. Cash and Cash Equivalents

	Notes	2020 $'000	2019 $'000

Cash and cash equivalents in the statement of cash flows include 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 cash and which are subject to an insignificant risk of changes in value.

Cash and Cash Equivalents

	2020	2019
Cash at Bank and On Hand	258	209
Deposits at Call	56,766	39,772
Term Deposits	-	16,000
Total Cash and Cash Equivalents	57,024	55,981
TOTAL CASH AND CASH EQUIVALENTS	57,024	55,981

Restricted Cash and Cash Equivalents

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

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

	2020	2019
Unspent Government Grants and Subsidies	2,624	97
Unspent Levy Funds	6,696	5,595
Unspent Developer Contributions	768	980
Unspent Carbon Tax	502	502
Total External Restrictions	10,590	7,174
Internally imposed expenditure restrictions at the reporting date:		
Future Asset Replacement	840	-
Natural Disaster Rehabilitation	2,558	2,487
Waste Management	1,328	3,714
Specific Purpose Recurrent	1,489	1,482
Total Internal Restrictions	6,215	7,683
Total Unspent Restricted Cash	16,805	14,857

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 0.77% and 2.70%.

Investments

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

Note 10. Receivables

	Notes	2020 $'000	2019 $'000

Receivables, loans and advances are amounts owed to council at year end. They are recognised at the amount due at the time of sale or service delivery or advance. Settlement of receivables is required within 30 days after invoice is issued. Terms for loans and advances are usually a maximum of five years with interest charged at non-commercial rates. Security is not normally obtained.

Debts are regularly assessed for collectability and allowance is made, where appropriate, for impairment. All known bad debts were written-off at 30 June. If an amount is recovered in a subsequent period it is recognised as revenue.

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.

Subsequent recoveries of amounts previously written off in the same period are recognised as finance costs in the Statement of Comprehensive Income.

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 rate receivables.

Current

	2020 $'000	2019 $'000
Rates and Charges	5,007	4,461
Other Debtors	12	4
GST Recoverable	688	632
Accrued Revenues	1,846	2,087
Fees and Charges	1,221	1,447
Loans and Advances to Community Organisations	125	125
Total	8,899	8,756
less: Provision for Impairment		
Fees and Charges	(16)	(4)
Total Provision for Impairment - Receivables	(16)	(4)
TOTAL CURRENT RECEIVABLES	8,883	8,752

Non-Current

	2020 $'000	2019 $'000
Loans and Advances to Associates	49,218	49,218
Loans and Advances to Community Organisations	375	500
TOTAL NON-CURRENT RECEIVABLES	49,593	49,718

Note 10. Receivables (continued)

	Notes	2020 $'000	2019 $'000

Refer also to Note 30 for further information about credit risk.

Interest is charged on outstanding rates (9.83% per annum from 1 July 2019, previously 11% per annum). No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

A loan agreement for the subordinated debt was executed on the 21 June 2013. The interest only loan structure terminates on the 30 June 2033 with the interest rate set by QTC annually. Applicable interest rate for 2020 was 4.86% (2019: 5.02%).

Note 11. Other Assets

Current

	2020	2019
Prepayments	2,885	2,455
TOTAL CURRENT OTHER ASSETS	2,885	2,455

Note 12. Equity Investments

Accounting recognition:

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

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

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

	Council's Share of Net Income		Council's Share of Net Assets	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Unitywater	6,094	6,452	91,639	86,569
Total	**6,094**	**6,452**	**91,639**	**86,569**

Associates

Council has incorporated the following Associates into it's Financial Statements.

(a) Net Carrying Amounts - Council's Share

Name of Entity	Nature of Relationship	Measurement Method	2020	2019
Unitywater	Associate	Equity	88,040	83,342
Total Carrying Amounts			**88,040**	**83,342**

(b) Details

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

(c) Relevant Interests and Fair Values

Name of Entity	Participation Portion 2020	Participation Portion 2019
Unitywater	4.25%	4.25%

Note 12. Equity Investments (continued)

(d) Summarised financial information for Associates

	Notes	2020 $'000	2019 $'000
Summarised Statement of Financial Position - Councils Share		**Unitywater**	
Assets		172,223	165,843
Total Assets		**172,223**	**165,843**
Liabilities		80,584	79,274
Total Liabilities		**80,584**	**79,274**
Net Assets		**91,639**	**86,569**
Reconciliation of the Carrying Amount			
Opening Net Assets (1 July)		83,342	78,377
Profit/(Loss) for the period		6,094	6,452
Dividends Payable		(1,396)	(1,487)
Closing Participation Rights		**88,040**	**83,342**
Council's share in %		4.25%	4.25%
Council's share in $		91,639	86,569
Summarised Statement of Comprehensive Income		**Unitywater**	
Income		31,027	31,050
Income Tax Expense		(2,607)	(2,757)
Other Expenses		(22,326)	(21,841)
Profit/(Loss) for period		6,094	6,452
Total Comprehensive Income		**6,094**	**6,452**
Dividends received by Council		1,396	1,487

Note 13. Investment Property

	Notes	2020 $'000	2019 $'000

Investment property is property held for the primary purpose of earning rentals and/or capital appreciation. This includes land held by Council for a currently undetermined future use. Investment property does not include community housing or other property held to provide a social service.

Investment property is initially recognised at cost (including transaction costs) and subsequently at fair value. Where investment property is acquired for significantly below fair value it is recorded at fair value on initial recognition.

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.

Owned Investment Property

	Notes	2020 $'000	2019 $'000
Fair Value at Beginning of Financial Year		3,300	4,167
Revaluation Decrement		(300)	(867)
TOTAL INVESTMENT PROPERTY		3,000	3,300

Operating expenses in respect of investment property are reported in Note 6 and 18.

Note 14. Property, Plant and Equipment

Recognition

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

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

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, engineering design fees and all other establishment costs.

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

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

Valuation

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

Note 14. Property, Plant and Equipment (continued)

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

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

Capital work in progress

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

Depreciation

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

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

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

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

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

Noosa Shire Council

Notes to the Financial Statements
for the year ended 30 June 2020

Note 14. Property, Plant and Equipment

30 June 2020	Note	Capital Work in Progress	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	**Total**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Measurement basis	Note	Cost	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	
Opening Gross Balance - at Cost		39,706	-	-	13,903	-	-	-	**53,609**
Opening Gross Balance - at Fair Value		-	151,708	84,166	-	571,183	180,313	92,447	**1,079,817**
Opening Gross Balance as at 1 July 2019		39,706	151,708	84,166	13,903	571,183	180,313	92,447	**1,133,426**
Correction to Opening Balances		-	-	4,479	-	-	-	-	**4,479**
Additions *		24,283	-	-	-	-	-	-	**24,283**
Contributed assets		-	-	-	-	666	397	36	**1,099**
Disposals		-	-	(2,316)	(630)	(4,102)	(615)	(608)	**(8,271)**
Write-offs		(271)	-	-	-	-	-	-	**(271)**
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	23	-	-	(736)	-	21,945	4,162	-	**25,371**
Work in Progress Transfers		(26,290)	-	3,465	808	17,472	3,577	968	**-**
Transfers from/(to) intangible assets	16	(456)	-	-	-	-	-	-	**(456)**
Internal Transfers to / from other Asset Classes		-	(2)	1,154	72	27	-	(1,251)	**-**
Total Gross Value of Property, Plant and Equipment - at Cost as at 30 June 2020		**36,972**	**-**	**-**	**14,153**	**-**	**-**	**-**	**51,125**
Total Gross Value of Property, Plant and Equipment - at Fair Value as at 30 June 2020		**-**	**151,706**	**90,212**	**-**	**607,191**	**187,834**	**91,592**	**1,128,535**
Total Gross Value of Property, Plant and Equipment as at 30 June 2020		**36,972**	**151,706**	**90,212**	**14,153**	**607,191**	**187,834**	**91,592**	**1,179,660**
Opening Accumulated Depreciation as at 1 July 2019		-	-	22,087	4,388	119,637	60,487	40,915	**247,514**
Correction to Opening Balances		-	-	1,320	-	-	-	-	**1,320**
Depreciation Provided in the Period		-	-	1,481	1,206	7,896	2,302	3,178	**16,063**
Depreciation on Write-offs		-	-	(1,050)	(258)	(2,227)	(220)	(493)	**(4,248)**
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	23	-	-	2,585	-	4,744	(17,673)	-	**(10,344)**
Adjustments and Other Rransfers		-	-	315	18	2	-	(335)	**-**
Total Accumulated Depreciation of Property, Plant and Equipment		**-**	**-**	**26,738**	**5,354**	**130,052**	**44,896**	**43,265**	**250,305**
Consolidated Book Value as at 30 June 2020		**36,972**	**151,706**	**63,474**	**8,799**	**477,139**	**142,938**	**48,327**	**929,355**
Other Information									
Range of Estimated Useful Life (years)		-	-	0 - 100	1 - 50	0 - 120	10 - 100	2 - 120	
*Asset Additions Comprise									
Asset Renewals		-	-	1,245	796	12,217	1,640	2,181	**18,079**
Other Additions		-	-	1,233	47	1,131	37	3,756	**6,204**
Total Asset Additions		**-**	**-**	**2,478**	**843**	**13,348**	**1,677**	**5,937**	**24,283**

Note 14. Property, Plant and Equipment

30 June 2019	Note	Capital Work in Progress	Land	Buildings	Plant and Equipment	Road and Bridge Network	Storm Water	Other Infrastructure Assets	**Total**
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Measurement basis	Note	Cost	Fair value	Fair value	Cost	Fair value	Fair value	Fair value	
Opening Gross Balance - at Cost		39,687	-	-	12,679	-	-	-	**52,366**
Opening Gross Balance - at Fair Value		-	141,746	80,852	-	555,935	178,393	92,063	**1,048,989**
Opening Gross Balance as at 1 July 2018		39,687	141,746	80,852	12,679	555,935	178,393	92,063	**1,101,355**
Additions *		24,848	-	-	-	-	-	-	**24,848**
Contributed assets		-	481	-	-	1,160	1,723	192	**3,556**
Disposals		-	-	(73)	(706)	-	-	-	**(779)**
Write-offs		(521)	-	-	-	(3,766)	(13)	(324)	**(4,624)**
Revaluation Decrements to P/L	8	-	-	-	-	-	-	-	**-**
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	23	-	9,070	-	-	-	-	-	**9,070**
Work in Progress Transfers		(24,308)	411	3,387	1,930	17,854	210	516	**-**
Internal Transfers to / from other Asset Classes		-	-	-	-	-	-	-	**-**
Total Gross Value of Property, Plant and Equipment - at Cost as at 30 June 2019		**39,706**	**-**	**-**	**13,903**	**-**	**-**	**-**	**53,609**
Total Gross Value of Property, Plant and Equipment - at Fair Value as at 30 June 2019		**-**	**151,708**	**84,166**	**-**	**571,183**	**180,313**	**92,447**	**1,079,817**
Total Gross Value of Property, Plant and Equipment as at 30 June 2019		**39,706**	**151,708**	**84,166**	**13,903**	**571,183**	**180,313**	**92,447**	**1,133,426**
Opening Accumulated Depreciation as at 1 July 2018		-	-	20,645	3,459	114,440	58,251	37,955	**234,750**
Depreciation Provided in the Period		-	-	1,478	1,165	7,402	2,236	3,208	**15,489**
Depreciation on Disposals		-	-	-	-	-	-	-	**-**
Depreciation on Write-offs		-	-	(36)	(236)	(2,205)	-	(248)	**(2,725)**
Revaluation Decrements to P/L	8	-	-	-	-	-	-	-	**-**
Revaluation Adjustment to Other Comprehensive Income (Asset Revaluation Surplus)	23	-	-	-	-	-	-	-	**-**
Total Accumulated Depreciation of Property, Plant and Equipment		**-**	**-**	**22,087**	**4,388**	**119,637**	**60,487**	**40,915**	**247,514**
Consolidated Book Value as at 30 June 2019		**39,706**	**151,708**	**62,079**	**9,515**	**451,546**	**119,826**	**51,532**	**885,912**
Other Information									
Range of Estimated Useful Life (years)		-	-	3 - 120	1 - 50	3-120	17 - 100	-	
*Asset Additions Comprise									
Asset Renewals		-	-	2,393	2,102	14,414	418	1,362	**20,689**
Other Additions		-	608	576	166	2,271	35	503	**4,159**
Total Asset Additions		**-**	**608**	**2,969**	**2,268**	**16,685**	**453**	**1,865**	**24,848**

Note 15. Fair Value Measurement

Regonised fair value measurement

Council measures and recognises the following assets at fair value on a recurring basis:
- Investment Property
- Land
- Buildings
- Road and Bridge Network
- Storm Water
- Other Infrastructure Assets

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

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

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

The fair value of borrowings disclosed in Note 20 is provided by the Queensland Treasury Corporation (QTC) and represents the market value to extinguish the debt at balance date. This information was provided by QTC and represents the contractual undiscounted cash flows at balance date. Liquidity risk information on Council's borrowings is also disclosed in Note 30.

In accordance with AASB 13 Fair Value Measurements are categorised on the following basis:
- Level 1 - Fair value based on quoted prices in active markets for the asset or liability
- Level 2 - Fair value based on inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - Fair value based on unobservable inputs for the asset and liability.

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

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

Note 15. Fair Value Measurement (continued)

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

	Date of latest valuation	Fair Value Measurement using: Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
2020		$'000	$'000	$'000
Property, Plant and Equipment				
- Land	31/03/18	7,228	144,478	151,706
- Buildings	30/06/20	-	63,474	63,474
- Road and bridge network	31/03/18	-	477,139	477,139
- Storm water	30/06/20	-	142,938	142,938
- Other infrastructure assets	30/06/16	-	48,327	48,327
- Investment Property	30/06/20	3,000	-	3,000
Total Property, Plant and Equipment		**10,228**	**876,356**	**886,584**
2019				
Property, Plant and Equipment				
- Land	31/03/18	7,228	144,480	151,708
- Buildings	30/06/15	-	62,079	62,079
- Road and bridge network	31/03/18	-	451,546	451,546
- Storm water	30/06/15	-	119,826	119,826
- Other infrastructure assets	30/06/16	-	51,532	51,532
- Investment Property	30/06/19	3,300	-	3,300
Total Property, Plant and Equipment		**10,528**	**829,463**	**839,991**

(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.

(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:

Note 15. Fair Value Measurement (continued)

Infrastructure, Property, Plant and Equipment

Land (Level 2 and 3)
The fair value of land was last comprehensively valued at 31 March 2018 by independent valuers AssetVal Pty Ltd.

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

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

The direct comparison method which is considered a Level 2 input on the fair value hierarchy, involves the analysis of sales evidence and comparisons with the subject land taking into account matters such as area, location and other general site characteristics. Direct Comparison approach was utilised in the assessment for all Council land assets, however, the fair value measurement has been either a Level 2 or 3, depending on the assumptions as to:
- Whether the land is subject to restrictions as to use and/or sale;
- Whether there is no active market.

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

Council applied an index rate to the value of land assets for the period to 31 March 2019. Index for the period from 1 April 2019 to 30 June 2020 shows no significant material changes and therfore the values are considered still at fair value. As a result, no indexation has been applied to this class for 2019/20.

Buildings (Level 3)
The fair value of Buildings were comprehensively valued at 30 June 2020 by independent registered valuers Australis Asset Advisory Group. The results of the valuation are a $3.3 million decrement to the fair value of building assets.

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

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

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

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

Note 15. Fair Value Measurement (continued)

Other Infrastructure Assets (Level 3)
The fair value of Other Infrastructure was last comprehensively valued as at 30 June 2016 by Aurecon Australia Pty Ltd.

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

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

Council applied an index rate to the value of Other Infrastructure for the period to 31 March 2018. Index rates for the period from 1 April 2018 to 30 June 2020 shows no significant material changes and therefore the values are considered still at fair value. As a result of this, no indexation has been applied to this class for 2019/20.

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.

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

Roads (Level 3)
The fair value of Roads and Bridges was last comprehensively valued at 31 March 2018 by independent valuers AssetVal Pty Ltd.

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

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

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

Note 15. Fair Value Measurement (continued)

Council applied an index rate of 3.8% to the value of roads assets for the period from 1 April 2018 to 30 June 2020. This resulted in an increase to the value of roads assets of $17.2 million.

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

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

Council applied an index rate of 3.8% to the value of bridge assets for the period from 1 April 2018 to 30 June 2020. This resulted in an increase to the value of roads assets of $4.52 million.

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

Stormwater (Level 3)
A comprehensive valuation of stormwater infrastructure was undertaken by independent valuers Jones Lang LaSalle effective 30 June 2020. As there is a significant level of professional judgement used in determining the valuation due to the level of unobservable data, the valuation of drainage assets has been determined as Level 3.

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

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

Investment Property
Investment Property was valued at fair value by AEC Group Limited, an independent professionally qualified valuation firm, as at 30 June 2020.

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

Note 16. Intangible Assets

	Notes	2020 $'000	2019 $'000
Intangible assets are as follows;			
Opening Gross Carrying Value		3,087	3,087
Acquired at Cost		645	-
Work in Progress		5,797	4,355
Closing Gross Carrying value		9,529	7,442
Opening Accumulated Amortisation and Impairment		(1,489)	(1,173)
Amortisation in the period		(404)	(316)
Closing Accumulated Amortisation and Impairment		(1,893)	(1,489)
TOTAL INTANGIBLE ASSETS - NET BOOK VALUE		7,636	5,953

Software assets have a finite life estimated at 10 years. Town planning scheme assets are amortised over the term of the plan. Straight line amortisation has been used with no residual value.

Note 17. Contract Balances

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

(a) Contract Assets

	2020 $'000	2019 $'000
Contract Assets	27	
TOTAL CONTRACT ASSETS	27	
Classified as:		
Current Contract Assets	27	
Non-current Contract Assets	-	
Total contract assets	**27**	
Contracts with Customers	-	
Contracts to Construct Councils Own Assets	27	

Note 17. Contract Balances (continued)

	Notes	2020 $'000	2019 $'000
(b) Contract Liabilities			
Funds received upfront to construct Council controlled assets		1,568	
TOTAL CONTRACT LIABILITIES		1,568	
Classified as:			
Current Contract Liabilities		1,568	
Non-current Contract Liabilities		-	
Total contract liabilities		**1,568**	

Revenue recognised that was included in the Contract Liability balance at the beginning of the year

		2020 $'000	2019 $'000
Funds to construct Council controlled assets		69	
Total Revenue included in the Contract Liability		69	

(c) Significant changes in Contract Balances

The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the Statement of Financial Position.

Note 18. Leases

Council as a lessee

Council has leases in place over property and various IT and Office equipment. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Note 18. Leases (continued)

	Notes	2020 $'000	2019 $'000

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Terms and conditions of leases

Buildings
Council leases a building which is used as office space. The lease is for a two year term with the option of a further two, 1 year extensions. This lease includes a fixed annual increase and no market review date. It is reasonably certain that Council will exercise one of the 1 year extensions.

Land
Council leases a parcel of land which is currently being utilised as a commercial slipway. The term of the lease was for 20 years and will expire in 2025, there are no extension provisions contained in the lease. Rent is calculated based on a 3 years average rental value at 6% and is payable for the term of the lease.

IT and Office Equipment
Council leases a number of items of equipment, many of these assets are considered low value and are therefore nc subject to lease accounting. The more significant items have lease terms of 3 years and fixed payments for the term of the lease

Right of Use Assets

	Buildings $'000	Land $'000	IT and Office Equipment $'000	Total $'000
2020				
Adoption of AASB 16 at 1 July 2019	63	124	13	200
Additions to Right-of-Use Assets	-	-	15	15
Depreciation charge	(23)	(22)	(9)	(54)
Balance at 30 June 2020	40	102	19	161

Lease Liabilities

	2020 $'000	2019 $'000
Classified as:		
Current Lease Liability	54	-
Non-current Lease Liability	110	-
Total Lease Liabilities	**164**	**-**

Note 18. Leases (continued)

	Notes	2020 $'000	2019 $'000

The table below shows the maturity analysis of the Lease Liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the Statement of Financial Position.

	< 1 year $'000	1 to 5 years $'000	> 5 years $'000	Total $'000	Total per Statement of Financial Position $'000
2020					
Buildings	23	18	-	41	41
Land	23	87	-	110	104
IT & Office Equipment	10	10	-	20	19
	56	115	-	171	163

Future Cash Outflows not reflected in the measurement of Lease Liabilities

The lease liability relating to building includes all annual fixed rate increases for the term of the lease plus one x 1 year extention. It does not include any provision for outgoings, make good costs or an allowance for the remaining one x 1 year extension option.

The slipway lease liability has been calulcated based on the current 3 years average rental value at 6%, no adjustment has been included for movement in the rental value over the remainder of the lease term. No allowance has been included for restoration costs that may be incurred at the end of the lease. The lease also contains various restrictions and conditions about what the site can be used for.

IT and Office equipment lease payments are generally fixed for the term of the arrangement and are not subject to any residual values at the end of the lease.

Amounts included in the Statement of Comprehensive Income related to Leases

The following amounts have been recognised in the Statement of Comprehensive Income for Leases where Council is the lessee.

	2020 $'000
Income	
Sub-leasing Right-of-Use Assets	-
Expenses	
Depreciation of Right-of-Use Assets	54
Interest Expense on Lease Liabilites	5
Expenses relating to Low-value Assets	212
Net Expense relating to Leases	271
Total Cash Inflows/(Outflows) for Leases	268

Note 18. Leases (continued)

Council as a lessor

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with *AASB 15 Revenue from Contracts with Customers* .

The lease income is recognised on a straight-line basis over the lease term.

The COVID-19 pandemic has impacted lease revenue for the 2019/20 financial year through the provision of rent abatements to community and business lessees between March and June 2020.

Operating leases

Where Council retains the risks and rewards relating to a lease, they are classified as operating leases and relate to the investment property in the statement of financial position.

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

The minimum lease receipts are as follows:

Not later than one year	219	227
Later than one year and not later than 5 years	474	299
Later than 5 years	-	-
Total lease receipts	693	526

Rental income from investment property recognised in the operating result is $194,808 (2019: $281,457).

Direct operating expenses primarily for repairs and maintenance on property that did not generate rental income for the period were $4,662 (2019: $13,149). Direct operating expenses primarily for repairs and maintenance on property that did generate rental income for the period were $32,636 (2019: $39,449).

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

Note 19. Payables

	Notes	2020 $'000	2019 $'000

Trade creditors
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.

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

Current

	2020 $'000	2019 $'000
Employee Entitlements	90	85
ATO - net GST payable	124	106
Trade Creditors	1,367	2,332
Accruals	4,583	3,279
Employee Related Accruals	1,528	1,249
TOTAL CURRENT PAYABLES	7,692	7,051

Note 20. Borrowings

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

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

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

Council adopts an annual debt policy that sets out council's management of existing and future debt. Council's current policy is to only borrow for capital projects and for a term no longer than the expected life of the asset. Council also aims to comply with the Queensland Treasury Corporation's borrowing guidelines and ensure that sustainability indicators remain within acceptable levels at all times.

Current

	2020 $'000	2019 $'000
Loans - Queensland Treasury Corporation	3,023	3,112
TOTAL CURRENT BORROWINGS	3,023	3,112

Non-current

	2020 $'000	2019 $'000
Loans - Queensland Treasury Corporation	18,493	21,120
TOTAL NON-CURRENT BORROWINGS	18,493	21,120

Note 20. Borrowings (continued)

	Notes	2020 $'000	2019 $'000
Reconciliation of Loan Movements for the year			
Loans - Queensland Treasury Corporation			
Opening Balance at beginning of financial year		24,232	36,141
Loan Interest Capitalised in period		1,234	3,382
Principal Repayments		(3,950)	(15,291)
Book value at end of financial year		21,516	24,232

The QTC loan market value at the reporting date was $24,772,274 (2019: $27,668,386). This represents the value of the debt if Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts. No assets have been pledged as security by the council for any liabilities.

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

Note 21. Provisions

Annual Leave Provision

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 futures wage and salary levels and related employee on-costs, and are discounted to present values. This liability represents an accrued expense. As Council does not have an unconditional right to defer this liability beyond 12 months annual leave is classified as a current liability.

Long Service Leave Provision

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

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

Restoration Provisions

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

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.

Note 21. Provisions (continued)

	Notes	2020 $'000	2019 $'000

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

Quarry Sites

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

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

Current

	2020	2019
Annual Leave	2,952	2,543
Long Service Leave	4,630	4,630
Landfill Sites	-	288
TOTAL CURRENT PROVISIONS	7,582	7,461

Non-Current

	2020	2019
Long Service Leave	965	776
Quarry Rehabilitation	50	50
Landfill Sites	14,292	10,697
TOTAL NON-CURRENT PROVISIONS	15,307	11,523

Details of movements in provisions:

	2020	2019
Quarry Rehabilitation		
Balance at beginning of financial year	50	50
Balance at end of financial year	50	50
Landfill Sites		
Balance at beginning of financial year	10,985	9,353
Increase in provision due to unwinding of discount	221	251
Increase/(decrease) in provision due to change in discount rate	3,086	1,381
Balance at end of financial year	14,292	10,985

Note 22. Other Liabilities

	Notes	2020 $'000	2019 $'000
Current			
Waste Levy Refund received in advance		-	1,941
Unearned Revenue		1,561	827
Prepaid Rates Liability		1,597	-
TOTAL CURRENT OTHER LIABILITIES		3,158	2,768

The State Government made an advance payment to Council in June 2019 to mitigate the impacts on households for 2019/20 of the State Waste Levy, which took effect from 1 July 2019. The Council is liable to the State for payment of the Levy on most forms of commercial and household waste delivered to its disposal sites from 1 July 2019.

The State is required to make an annual payment to the Council that essentially refunds the Council for the portion of the Levy that relates to households. Council will fund the portion of the Levy that relates to commercial waste through charges to commercial users of disposal sites. As at 30 June 2020, Council had not received an advanced payment in respect to the 2020/21 Waste Levy and accordingly no liability was recognised.

Note 23. Asset Revaluation Surplus

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

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

	Balance at beginning of year $'000	Movements $'000	Balance at end of year $'000
Movements in the Asset Revaluation Surplus:			
2020			
Land	23,020	-	23,020
Buildings	9,348	(3,321)	6,027
Stormwater	13,818	21,835	35,653
Roads and Bridges	-	17,201	17,201
Other Infrastructure Assets	4,623	-	4,623
	50,809	35,715	86,524
2019			
Land	13,950	9,070	23,020
Buildings	9,348	-	9,348
Stormwater	13,818	-	13,818
Other Infrastructure Assets	4,623	-	4,623
	41,739	9,070	50,809

Note 24. Commitments for Expenditure

	Notes	2020 $'000	2019 $'000

(a) Operating Leases (2019 only)

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

		2020	2019
Within one year			237
One to five years			683
Later than five years			17
			937

2019: IT equipment lease payments are generally fixed, but with inflation clauses on which future rentals are determined.

Refer to note 18 for information on leases for 2020.

(b) Operational Contractual Commitments

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

		2020	2019
Within one year		12,528	14,260
One to five years		30,633	38,909
Later than five years		943	3,158
		44,104	56,327

(c) Capital Commitments (exclusive of GST)

Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities:

		2020	2019
Property, Plant and Equipment			
Roads, Bridges and Stormwater		3,393	130
Pathways		-	25
Other		-	915
Total Commitments		3,393	1,070
These expenditures are payable as follows:			
Within the next year		3,393	1,070
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
Total Payable		3,393	1,070

Note 25. Contingent Liabilities

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

Local Government Mutual

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

As at 30 June 2020 the financial statements reported an accumulated surplus and it is not anticipated any liability will arise.

Local Government Workcare

The 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 $940,516 (2019: $800,535).

Note 26. Superannuation

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

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

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

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

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

No changes have been made to prescribed employer contributions which remain at 12% of employee assets and there are no known requirements to change the rate of contributions.

The next triennial actuarial review is not due until 1 July 2021.

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

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

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

	Notes	2020 $'000	2019 $'000
Superannuation contributions made to the Regional Defined Benefits Fund		201	213
Other superannuation contributions for employees		3,225	3,062
Total superannuation contributions paid by Council for employees	5	3,426	3,275

Notes to the Financial Statements
for the year ended 30 June 2020

Note 27. Reconciliation of Net Result for the year to Net Cash Inflow/(Outflow) from Operating Activities

	Notes	2020 $'000	2019 $'000
Net Operating Result from Income Statement		10,988	17,485
Non-cash items			
Depreciation and Amortisation		16,521	15,805
Changes in Accounting Policy		(3,869)	-
		12,652	15,805
Losses/(Gains) recognised on fair value re-measurements through the Income Statement			
Investment Properties		300	867
Unwinding of discount rates on reinstatement provisions		3,307	1,632
		3,607	2,499
Investing and Development Activities			
Net (Profit)/Loss on Disposal of Assets		3,851	2,417
Non cash Capital Grants and Contributions		(8,400)	(8,696)
Share of Net (Profits)/Losses of Associates		(6,094)	(6,452)
Impairment of Receivables and Bad Debts written off		1	1
Interest Expense capitalised in QTC loans		1,234	3,382
		(9,408)	(9,348)
Changes in Operating Assets and Liabilities:			
(Increase)/Decrease in Receivables		(572)	(94)
Increase/(Decrease) in Provision for Doubtful Debts		12	-
(Increase)/Decrease in Inventories		17	27
(Increase)/Decrease in Contract Assets		(27)	-
(Increase)/Decrease in other Assets		1,396	1,487
Increase/(Decrease) in Payables		339	(2,287)
Increase/(Decrease) in Contract Liabilities		1,568	-
Increase/(Decrease) in Employee Leave Entitlements		598	424
Increase/(Decrease) in Other Provisions		0	(1)
Increase/(Decrease) in Other Liabilities		692	2,378
		4,023	1,934
Net Cash provided from/(used in) Operating activities from the Statement of Cash Flows		21,862	28,375

Note 28. Changes in Accounting Policy

Changes in Accounting Policies

During the year ended 30 June 2020, the Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of NFP Entities* and *AASB 16 Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with *AASB 111 Construction Contracts*, *AASB 117 Leases*, *AASB 118 Revenue*, *AASB 1004 Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15, AASB 1058 and AASB 16 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

Revenue standards - AASB 15 and AASB 1058

The following options have been applied on transition to AASB 15 and AASB 1058:
- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements.
- Council has not retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Changes in accounting policy on adoption of AASB 15 and AASB 1058

	Balance at 1-Jul-19 $'000
Opening Contract Balances on transition at 1 July 2019	
Contract Assets	
Under AASB 15	2
Under AASB 1058	-
Total Contract Assets	2
Contract Liabilities	
Under AASB 15	82
Under AASB 1058	69
Total Contract Liabilities	151

Note 28. Changes in Accounting Policy (continued)

	Notes	Carrying amount per Statement of Financial Position Dr / (Cr) $'000	Adjustments Dr / (Cr) $'000	Carrying amount if previous Standards had been applied Dr / (Cr) $'000

Comparison of affected Financial Statement lines between AASB 15/1058 and previous revenue

The following table shows the amout by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

Statement of Comprehensive Income for the year ended 30 June 2020

Revenue			
Operating Grants	(5,446)	(50)	(5,496)
Fees and Charges	(6,444)	(3)	(6,447)
Capital Revenue	(8,400)	(1,339)	(9,739)
Rates, Levies and Charges	(69,237)	1,872	(67,365)
Net Revenue	**(89,527)**	**480**	**(89,047)**

Statement of Financial Position at 30 June 2020

Contract Assets	27	(27)	-
Contract Liabilities	(1,568)	1,568	-
Other Liabilities	(3,158)	480	(2,678)
Retained Earnings	(1,003,274)	(2,021)	(1,005,295)
	(1,007,973)	**-**	**(1,007,973)**

The adjustments above relate to the recognition of Contract Assets and Contract Liabilities for revenue streams where the revenue is recognised over time rather than on receipt of funding under AASB 1004.

Statement of Cash Flows for the year ended 30 June 2020

The adoption of AASB 15 and AASB 1058 has not caused a material change to the Statement of Cash Flows for the year ended 30 June 2020.

Note 28. Changes in Accounting Policy (continued)

Lease standard - AASB 16

Council as a lessee

Under the previous lease accounting standard, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the Statement of Financial Position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Statement of Comprehensive Income on a straight- line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of adopting AASB 16 at 1 July 2019

Council has recognised right-of-use assets and lease liabilities of $199,719 at 1 July 2019 for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 2.31%.

	$'000
Leases Opening Balance Reconciliation	
Operating Lease Commitment at 30 June 2019 per Council Financial Statements	937
Discounted using the incremental borrowing rate at 1 July 2019	922
Add:	
Extension options reasonably certain to be exercised not included in the commitments note	23
Less:	
Leases for low-value assets included in commitments note	(745)
Lease Liabilities recognised at 1 July 2019	**200**

Note 29. Events after the Reporting Period

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 30. Financial Instruments and Financial Risk Management

Noosa Shire Council has exposure to the following risks arising from financial instruments; (i) interest rate 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.

Council has reviewed its exposure to financial risk as a result of the COVID-19 pandemic, and at present does not anticipate likelihood of increased financial risk through either the decline in credit rating of financial institutions or increased levels of default in receivables.

Financial Risk Management

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

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

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

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

Council does not enter into derivatives.

Credit Risk Exposure

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

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

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

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

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

Note 30. Financial Instruments and Financial Risk Management (continued)

	Notes	2020 $'000	2019 $'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:

	Notes	2020 $'000	2019 $'000
Financial Assets			
Cash and Cash Equivalents	9	57,024	55,981
Receivables - Rates	10	5,007	4,461
Receivables - Other	10	51,623	51,922
Equity Investments	12	88,040	83,342
		201,694	195,706
Other Credit Exposures			
Guarantee	25	941	801
		941	801
Total		202,635	196,506

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).

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

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

Note 30. Financial Instruments and Financial Risk Management (continued)

	2020 $'000	2019 $'000
At 30 June 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:		
Community Organisations	500	625
Property Charges	5,096	4,582
Fees and Charges	1,116	1,294
GST Recoverable	688	632
Associates	49,218	49,218
Other	12	32
Total	56,630	56,383

	2020 Not credit-impaired $'000	2020 Credit-impaired $'000	2019 $'000
A summary of the Council's exposure to credit risk for trade receivables is as follows:			
Not Past Due	1,030	-	1,282
Past Due 31-60 Days	48	-	133
Past Due 61-90 Days	43	-	57
More than 90 Days	5,806	(10)	5,072
Loans to Community Organisations	500	-	625
Loans and Advances to Associates	49,218	-	49,218
Loss Allowance	(5)	-	(4)
Total	56,640	(10)	56,383

Refer to Note 10 for further details.

Accounting policies

Accounting policy - Receivables
Receivables are measured at amortised cost which approximates fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Accounting policy - Grouping
When Council has no reasonable expectation of recovering an amount owned by a debtor, and has ceased enforcement activity, the debt is written-off by directly reducing the receivable against the loss allowance.
If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impirment loss.

Accounting for impairment losses is dependent upon the individual group of receivables subject to impairment. The loss allowance for grouped receivables reflects lifetime expected credit losses (ECL) and incorporates reasonable and supportable forward-looking information. Economic changes impacting debtors, and relevant industry data form part of the impairment assessment.

Council has identified 3 distinctive groupings of its receivables: rates and charges, statutory charges and other debtors.

Note 30. Financial Instruments and Financial Risk Management (continued)

Rates and charges: Council is empowered under the provisions of the *Local Government Act 2009* to sell an owner's property to recover outstanding rate debts and therefore the expected credit loss is immaterial. Impairment of rates and charges will occur only if arrears are deemed to be greater than the proceeds Council would receive from the sale of the respective property.

Statutory charges: In some limited circumstances Council may write off impaired statutory charges, on this basis Council calculates an ECL for statutory charges (non-rates and utility charges). Although not material, disclosure is being made for the purposes of public interest and transparency.

Other debtors: Council identifies other debtors as receivables which are not rates and charges or statutory charges. This includes, but is not limited to, grants, property leases, respite services, venue hire, commercial waste charges and grants.

Disclosure - credit risk exposure and impairment of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security.

Council uses a provision matrix to measure the expected credit losses on statutory charges and other debtors. Loss rates are calculated separately for groupings with similar loss patterns. The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions from the last 6 years for each group. Loss rates are based on actual credit loss experience over the past 6 years, current conditions and the Council's view of economic conditions over the expected lives of the receivables. Council has determined there are three material groupings for measuring expected credit losses based on a combination of their statutory status, Council's policies and procedures, sale of services and goods, and risk default profiles of these revenue streams.

After reviewing macro economic conditions, Council reached the conclusion that forward looking conditions indicate that as a result of the COVID-19 pandemic there is minimal potential for deviations from historically calculated ratios, and accordingly no forward looking adjustments were made. Any potential impact is expected to be immaterial given the type and nature of Council receivables.

Expected credit loss assessment

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

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

Note 30. Financial Instruments and Financial Risk Management (continued)

Write offs throughout the year and end of period expected credit losses for receivables

All amounts that were written off during the reporting period and are no longer subject to enforcement activity.

Ageing	2020 Closing balance $'000	2020 Historical probability of default %	2020 Loss given default %	2020 Lifetime expected credit loss $'000
Rates and Charges	5,006	0.00%	100.00%	-
Statutory Charges and Other Debtors				
Current	1,030	0.05%	100.00%	1
1-30 days	48	0.01%	100.00%	0
31-60 days	43	0.88%	100.00%	0
61-90 days	(796)	-0.48%	100.00%	4
90+ days	-	0.00%	100.00%	-
Total	5,331			5

Ageing	2019 Closing balance $'000	2019 Historical probability of default %	2019 Loss given default %	2019 Lifetime expected credit loss $'000
Rates and Charges	4,427	0.00%	100.00%	-
Statutory Charges and Other Debtors				
Current	1,176	0.16%	100.00%	2
1-30 days	133	0.64%	100.00%	1
31-60 days	57	1.61%	100.00%	1
61-90 days	645	0.00%	100.00%	-
90+ days	-	0.00%	100.00%	-
Total	6,438			4

Refer to Note 10 for the movement in the allowance for impairment for receivables during the year.

Note 30. Financial Instruments and Financial Risk Management (continued)

Liquidity risk

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

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

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

The Council manages its exposure to liquidity risk by maintaining sufficient cash deposits and undrawn facilities, both short and long term, to cater for unexpected volatility in cash flows. These facilities are disclosed in Note 20.

The following table sets out the liquidity risk in relation to financial liabilities (excluding lease liabilities for 2020) 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 contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
2020					
Payables	7,599	-	-	7,599	7,602
Loans - QTC	3,762	15,048	7,038	25,848	21,516
	11,361	15,048	7,038	33,447	29,118
2019					
Payables	6,966	-	-	6,966	6,966
Loans - QTC	3,950	15,048	10,800	29,798	24,232
	10,916	15,048	10,800	36,764	31,198

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

Market risk

Market risk is the risk that changes in market indices, 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 Council does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or Loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

	Net carrying amount $'000	Net result % increase $'000	Net result 1% decrease $'000	Equity 1% increase $'000	Equity 1% decrease $'000
2020					
QTC cash fund	54,627	546	(546)	546	(546)
Other investments	2,139	21	(21)	21	(21)
Loans - QTC	(21,517)	(215)	215	(215)	215
Net	35,249	352	(352)	352	(352)
2019					
QTC cash fund	37,630	376	(376)	376	(376)
Other investments	2,142	21	(21)	21	(21)
Loans - QTC	(24,233)	(242)	242	(242)	242
Net	15,539	155	(155)	155	(155)

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.

Note 30. Financial Instruments and Financial Risk Management (continued)

(b) 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 20.

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.

Note 31. National Competition Policy

Business activities to which the code of competitive conduct is applied

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

Waste management
Holiday parks

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

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

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

	Waste Mgt $'000	Holiday Parks $'000
Revenue for services provided to the Council	292	-
Revenue for services provided to external clients	17,666	2,155
Community service obligations	110	-
	18,068	2,155
Less: Expenditure	(17,246)	(1,838)
Surplus/(Deficit)	822	317

Description of CSO's provided to business activities:

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

Note 32. Trust Funds

	2020 $'000	2019 $'000
Trust funds held for outstide parties		
Monies collected or held on behalf of other entities yet to be paid out to or on behalf of those entities	4,000	3,615
	4,000	**3,615**

Noosa Hire 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 33. Transactions with Related Parties

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

Council has no interest in any Subsidiaries.

(b) Associates

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

Transactions with Unitywater

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

	Additional Information	2020 $'000	2019 $'000
Revenue			
Interest on loans	4(b)	2,392	2,471
Taxation Equivalents	4(a)	1,859	1,754
Dividends	12(d)	1,396	1,487
Amounts Receivable			
Interest		598	618
Dividends		750	817
Taxation equivalents		220	87
Loans			
Loans	10	49,218	49,218

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

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

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

Further detail regarding Unitywater is contained in Note 12 Equity Investments.

(c) Joint ventures

Council has no interest in any joint ventures.

Note 33. Transactions with Related Parties (continued)

(d) Other Related Parties

Transactions with Other Related Parties

Details of Transactions	2020 $'000	2019 $'000
Employee expenses with close family members of key management personnel	87	82
Total	87	82

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

Number of staff	1	1

(e) Key Management Personnel

Transactions with Key Management Personel

Councillors

Cr Clare Stewart (Mayor)
Cr Tony Wellington (former Mayor)
Cr Frank Wilkie
Cr Karen Finzel
Cr Joe Jurisevic
Cr Amelia Lorentson
Cr Brian Stockwell
Cr Tom Wegener
Cr Jess Glasgow (former Councillor)
Cr Ingrid Jackson (former Councillor)
Cr Frank Pardon (former Councillor)

Executive Leadership Team

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

The compensation paid to key management personnel for comprises:

	2020 $000	2019 $000
Short-term Employee Benefits	1,824	1,930
Post-employment Benefits	197	216
Long-term Benefits	30	34
Termination Benefits	-	-
Total	2,051	2,180

Note 33. Transactions with Related Parties (continued)

(g) Loans and gurarantees to/from related parties

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

(h) Commitments to/from other related parties

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

(i) Transactions with related parties that have not been disclosed

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

Noosa Shire Council

General Purpose Financial Statements
for the year ended 30 June 2020

Management Certificate
for the year ended 30 June 2020

These general purpose financial statements have been prepared pursuant to sections 176 and 177 of the *Local Government Regulation 2012* (the Regulations) and other prescribed requirements.

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

(i) the prescribed requirements of the *Local Government Act 2009* and *Local Government Regulations 2012* for the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the general purpose financial statements, as set out on pages 2 to 58, 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.

Clare Stewart	Brett de Chastel
MAYOR	**CHIEF EXECUTIVE OFFICER**
23 October 2020	23 October 2020

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Noosa Shire Council

Report on the audit of the financial report

Opinion

I have audited the financial report of Noosa Shire Council (the council).

In my opinion, the financial report:

a) gives a true and fair view of the council's financial position as at 30 June 2020, and of its financial performance and cash flows for the year then ended

b) complies with the *Local Government Act 2009*, the Local Government Regulation 2012 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificate given by the Mayor and Chief Executive Officer.

Basis for opinion

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

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

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

Other information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Noosa Shire Council's annual report for the year ended 30 June 2020 was the current year financial sustainability statement and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Conclude on the appropriateness of the council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

C. G. Strickland

26 October 2020

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Noosa Shire Council

Current Year Financial Sustainability Statement
for the year ended 30 June 2020

	Actual 2020	Target 2020

Measures of Financial Sustainability

Council's performance at 30 June 2020 against key financial ratios and targets.

Performance indicators

	Actual 2020	Target 2020
1. Operating Surplus Ratio Net Result (excluding capital items) (1) Total Operating Revenue (excluding capital items) (2) An indicator of which the extent to which revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.	**6.52%**	**0 - 10%**
2. Asset Sustainability Ratio Capital Expenditure on the Replacement of Infrastructure Assets (renewals) (3) Depreciation Expense for Infrastructure Assets An approximation of the extent to which the infrastructure assets managed are being replaced as these reach the end of their useful lives.	**121.68%**	**more than 90%**
3. Net Financial Liabilities Ratio Total Liabilities less Current Assets Total Operating Revenue (excluding capital items) (2) An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.	**-11.62%**	**less than 60%**

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 2020.

Current Year Financial Sustainability Statement
for the year ended 30 June 2020

Notes

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

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

(3) Infrastructure Assets refer to Council's significant long-life assets that provide ratepayers with access to social and economic facilities and services. It excludes land, and equipment, motor vehicles heritage collecitons and artwork. Renewals is defined as expenditure on existing infrastructure to return the infrastructure to their original service potential or useful life.

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

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

Noosa Shire Council

Current Year Financial Sustainability Statement
for the year ended 30 June 2020

Certificate of Accuracy
for the year ended 30 June 2020

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.

Clare Stewart

MAYOR

23 October 2020

Brett de Chastel

CHIEF EXECUTIVE OFFICER

23 October 2020

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INDEPENDENT AUDITOR'S REPORT

To the Councillors of Noosa Shire Council

Report on the current year financial sustainability statement

Opinion

I have audited the accompanying current year financial sustainability statement of Noosa Shire Council for the year ended 30 June 2020, comprising the statement, explanatory notes, and the certificate of accuracy given by the Mayor and the Chief Executive Officer.

In accordance with section 212 of the Local Government Regulation 2012, in my opinion, in all material respects, the current year financial sustainability statement of Noosa Shire Council for the year ended 30 June 2020 has been accurately calculated.

Basis of opinion

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

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

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

Emphasis of matter – basis of accounting

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

Other Information

Other information comprises financial and non-financial information (other than the audited financial report) in an entity's annual report.

At the date of this auditor's report, the available other information in Noosa Shire Council's annual report for the year ended 30 June 2020 was the general purpose financial statements and long-term financial sustainability statement.

The councillors are responsible for the other information.

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

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

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

Responsibilities of the councillors for the current year financial sustainability statement

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

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

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

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

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

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

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- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

C. G. Strickland

26 October 2020

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Noosa Shire Council

Unaudited Long-Term Financial Sustainability Statement
prepared as at 30 June 2020

Measures of Financial Sustainability

Council's performance at 30 June 2020 against key financial ratios and targets.

Performance Indicators

	Target 2020	Actual 2020	Forecast 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1. Operating Surplus Ratio Net Result (excluding capital items) [1] / Total Operating Revenue (excluding capital items) [2]	0 - 10%	6.52%	-2.29%	-0.63%	0.02%	0.20%	0.33%	0.21%	0.15%	0.07%	0.18%	0.16%
2. Asset Sustainability Ratio Capital Expenditure on the Replacement of Assets (renewals) [3] / Depreciation Expense	> 90%	121.68%	100.16%	106.87%	122.86%	121.36%	93.22%	92.12%	99.78%	95.97%	93.89%	94.92%
3. Net Financial Liabilities Ratio Total Liabilities less Current Assets / Total Operating Revenue (excluding capital items) [2]	< 60%	-11.62%	-6.35%	-7.53%	-6.52%	-5.61%	-9.42%	-13.15%	-14.79%	-17.26%	-19.87%	-21.49%

1. Operating Surplus Ratio: 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: 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: An indicator of the extent to which the net financial liabilities can be serviced by its operating revenue.

Noosa Shire Council Financial Management Strategy

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

Notes

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

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

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

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

Noosa Shire Council

Unaudited Long-Term Financial Sustainability Statement

Certificate of Accuracy

for the long-term financial sustainability statement prepared as at 30 June 2020

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.

Clare Stewart

MAYOR

23 October 2020

Brett de Chastel

CHIEF EXECUTIVE OFFICER

23 October 2020