

**From:** [REDACTED]  
**To:** [Economics and Governance Committee](#)  
**Subject:** Electoral and Other Legislation Amendment Bill 2019  
**Date:** Thursday, 23 May 2019 6:44:23 AM

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Committee Secretary  
Economics and Governance Committee,

Dear Secretary,

Please consider the following submission on behalf of Coolum Residents Association Inc. (CRA). CRA is a non-profit, non-partisan volunteer organisation representing the views and opinions of a majority cross-section of the Coolum community.

Please now refer to CRA's submission to the Committee dated 23 March 2018 and its appendices "A" to "G".

CRA again requests inclusion of a provision in Local Government Regulation 2012 of the Local Government Act permitting relaxation of restrictions set out in Section 53.1 of the Queensland Audit Act to apply when performing external auditing of a local government's commercial business enterprises.

CRA believes this to be mandatory in order to advance the application of Local Government Regulation 2012 to ensure that budget and financial performance transparency information provided to ratepayers relating to commercial business entities is consistent with that required by National Competition Policy provisions.

Attached as Appendix 1 is copy of a paper dated 15 June 2017 entitled Business Activity Identification tabled at an open meeting of the Sunshine Coast Regional Council (SCRC). Please note Item 1 entitled *Current Statutory Requirements*, and Items 6, 7, 8, and 9.

Despite statutory obligations SCRC has failed to engage the Coolum community in the manner required by its approved community engagement policy (attached as Appendix 2) by provision of community benefit assessments for the Valdora solar farm and the Sunshine Coast Airport runway expansion projects. These projects meet the definitions set out in Item 2 of page 2 of Appendix 1, yet continue to be undeclared by Council as commercial business entities, and lack the statutory financial reporting transparency.

Financial reporting performance transparency gained by comparing actual annual financial performance against original budget projects and variance analysis continues to be withheld. Ratepayers are deprived the assurance of adequate and effective financial governance. SCRC ratepayers are financial stakeholders in their local government and have the right to obtain such information.

Please now note that SCRC's Long-Term Financial Sustainability Statements attached as Appendix 3 for 2016/17 and 2017/18) are **\*unaudited\***. Despite the unaudited status of two Statements, the Mayor and CEO have signed the Certificate of Accuracy. This constitutes a most serious audit qualification as the Office of the Mayor is responsible to ratepayers for the provision of audited Statements and also confirms that internal audit processes are ineffective.

Advancing the intent of Local Government Regulation 2012 includes provision of adequate financial transparency regarding the financial sustainability of the solar farm, and airport expansion project. It is mandated under the Sustainable Planning Act (2009). The Mayor and CEO must jointly sign off on Council's financial statements included in the Annual Report.

According to QAO's Independent Auditor's Report for 2014/15, the Office of the Mayor (Mayor and CEO) are also responsible for SCRC's internal audit controls and the Internal Audit Committee, and that financial statements give a true and fair view and are free from material misstatement.

Former statutory provisions of the Local Government Act legislation ensured the Minister Local Government and Department had approval authority for a council's annual budgets. This safeguard no longer exists due to past delegations designed to reduce "red tape". Sunshine Coast

Council's ratepayers have lost such oversight safeguards of appropriate monitoring and intervention in cases of internal governance failures and ongoing absence of financial reporting transparency for strategic commercial business activities in Annual Reports.

Balance sheets for the Sunshine Coast Airport and SCRC's declared commercial business entities have not been issued by Council since 2000/01.

For the last two financial years **\*unaudited\*** Financial Sustainability Plans are the consequence.

Yours sincerely

Peter M Brown  
Secretary

idents Association Inc.



Attachments:

\_Appendix 1 Business Activity Identification paper dated 15 June 2017

\_Appendix 2 SCC Community Engagement Policy.

\_Appendix 3 SCRC Financial Sustainability Plans 2015/16, 2016/17 and 2017/18.

## ATTACHMENT 2

### BUSINESS ACTIVITY IDENTIFICATION

#### 1. Current Statutory Requirements

The following issues continue to be relevant under legislation for councils when applying National Competition Policy to business activities:

1. Annual identification of business activities (including significant business activities) via a review of expenditure against the relevant thresholds. Refer to the flowchart in section 3 below for the process for business activity identification.
2. Undertake Public Benefit Assessments for newly identified (financially) significant business activities and apply appropriate competitive neutrality and structural reforms. Financially significant business activities do not include road construction and maintenance and library services, but may include water and sewerage services, cleansing services, off-street parking, and cultural, sporting and recreational facilities.
3. Councils are now responsible for formulating and carrying out their own benefit assessment process under section 46 of the Local Government Act 2009. The process was formerly prescribed by regulation to the extent of requiring it to comply with the 'Local Government Competitive Neutrality Public Benefit Assessment Guidelines 1997', made by the Department.
4. Continue to apply competitive neutrality and structural reforms to (financially) significant business activities.
5. The mandatory application of the Code of Competitive Conduct to roads business activities and building certification business activities, irrespective of the level of expenditure of the activities.
6. The voluntary recognition of business activities deemed to be in competition with, or potentially in competition with, the private sector, and the resulting application of a code of competitive conduct to those identified activities. Such activities may be identified if they feature more than \$328,000 in annual expenditure (including operating costs, administration/overhead costs, cost of resources and depreciation charges). Competitive activities do not include library services.
7. The application of competitive neutrality principles (including full cost pricing) to significant business activities and other activities. Full cost pricing in simple terms means that, on average, prices should fully recover all the relevant costs of supplying a product or service and total revenue received by the business should equal the sum of:
  - a. Efficient operating expenses;
  - b. A return of capital (i.e. depreciation expense); and
  - c. A return on capital (i.e. cost of debt plus return on equity invested in the business).Full cost pricing is achieved if the total expected revenue from all sources, including subsidies and customer service obligations, is sufficient to meet expected total costs as defined above.
8. The revenue requirement for:
  - a. significant business activities must cover the projected total costs of conducting the activity each financial year.
  - b. code of competitive conduct business activities must cover the projected total costs of conducting the activity over a period of up to five years.Refer to **Attachment 3** for business activity full cost pricing performance for 2015-2016.
9. Meet minimum reporting guidelines for business activities.

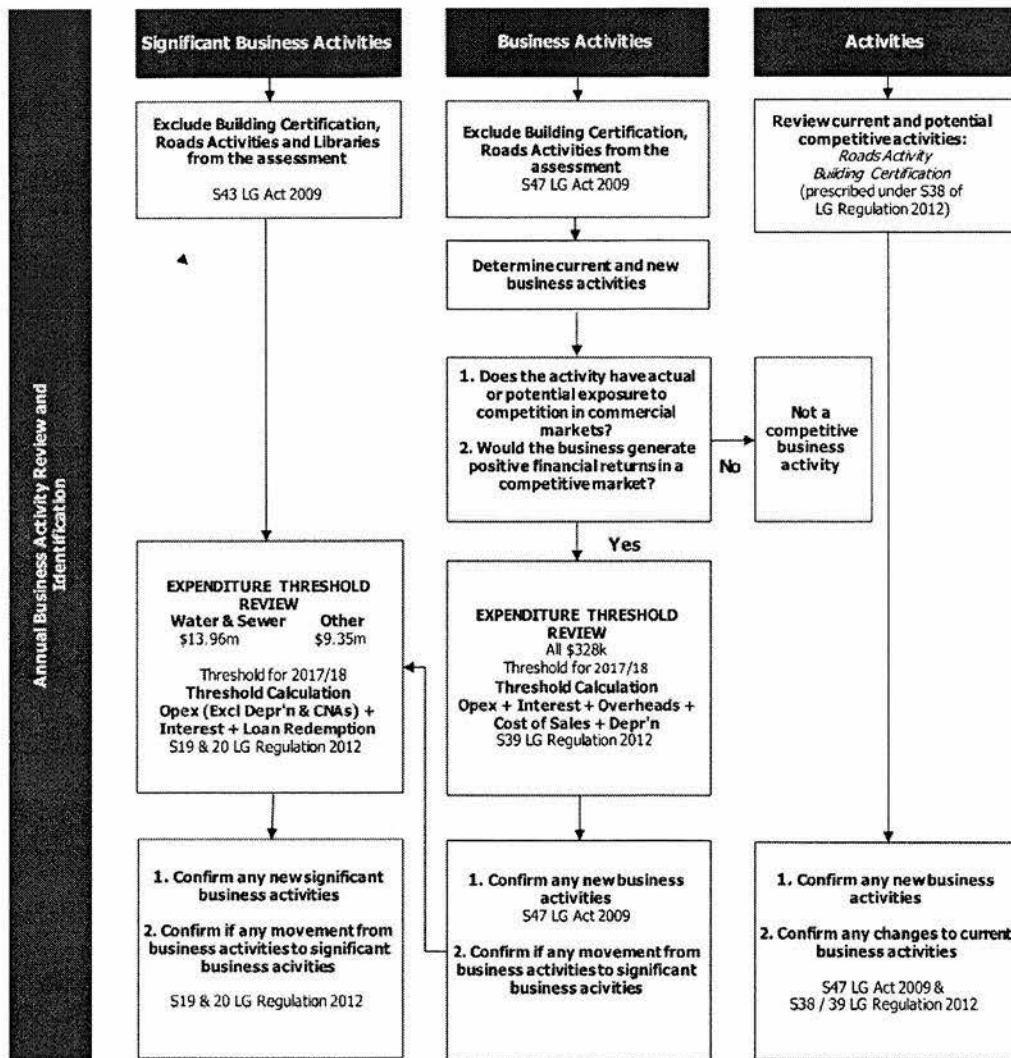


- 10. The implementation of a competitive neutrality complaints process for all identified business activities.
- 11. The disclosure of community service obligations and cross subsidies in service provision.

**2. Annual Review and Identification of Business Activities**

In accordance with the *Local Government Act 2009* and regulations, Council is required each year to identify any new 'financially significant' business activities, and also to identify its competitive business activities. Council must also resolve whether to apply the Code of Competitive Conduct to its identified business activities and the reason for non-application of the Code if relevant.

To simplify the review and identification process, the following flowchart has been developed:





## Strategic policy

### Community Engagement Policy

Corporate Plan reference:	<b>Service Excellence</b>  <i>Positive experiences for our customers, great services to our community</i>  <ul style="list-style-type: none"> <li>- Respecting and valuing our customers</li> <li>- Regular and relevant engagement with our community</li> </ul>
Endorsed by Council on:	6 August 2009 (OM 09/227)
Manager responsible for policy:	Manager Community Planning & Development, Economic & Community Development Group

### Policy purpose

To provide direction for Council's community engagement activities.

### Definition

Council defines community engagement as:

*an ongoing dialogue with our community to identify civic issues and opportunities, assist with planning and inform decision making.*

### Policy outcome

Communities partnering with council to improve services and create a sustainable region.

### Policy scope

This policy applies to all facets of Council's operations including council's corporate, land use and financial planning and our day to day business activities.

It defines the principles underpinning Council's engagement activities, the role of councillors and staff in engaging with the community, and the mechanisms which council will use to engage the community

### Engagement Principles

Council has decided to take a principle based approach to its community engagement activities. This approach provides consistency, cohesion and facilitates the alignment of our performance reporting requirements under the new Queensland Local Government Bill (2009). Each principle seeks to clarify the purpose of why Council engages with the community and guide how that engagement occurs.

These principles are:-

- **timeliness:** council will engage with its community in ways that are timely, open to all, easily understood and not overly bureaucratic or resource intensive.
- **information and feedback:** the community has the right to be well informed on issues and receive feedback from council on how its input has been used to inform council decisions.
- **mutual respect:** council's goal is one of inclusive involvement. All voices matter, all opinions are valued and considered.
- **action learning:** council is committed to the development of innovative engagement approaches, learning from each engagement experience, and using such learning to improve our approaches to engagement.
- **foresight:** council engages with its community not only to learn about and respond to present needs, but also to gain a better understanding of our communities' perspective on emerging issues that may affect our preferred future.

## Engagement Context

In broad terms Council's engagement activities will be subdivided into four categories:

### 1. Statutory Compliance

Under the new Queensland Local Government Act (2009) Council has a statutory obligation to develop both a long term community plan and a five year corporate plan. Similarly the new Sustainable Planning Bill (2009) will require Council to engage with the community in the development of its statutory land use plan.

Council will meet its statutory obligations by ensuring that citizens have the opportunity to:

- a. participate in developing a vision for the region's future
- b. assist in developing and monitoring priorities for action in the community and corporate plans; and
- c. comment on the development of, and changes to the statutory land use plan

### 2. Engagement around strategic issues

By their very nature these engagements will concern regional issues. On these issues Council and Portfolio Councillors will involve the community through the establishment of advisory panels and taskforces or through special one off conferences or other appropriate engagement activities designed to generate dialogue and ideas. *Local councillors will be consulted to determine the nature and type of their involvement in the strategic issue*

### 3. Engagement concerning local or divisional issues

Council will take a flexible approach on how it engages with the community on local issues with the divisional councillor playing a pivotal role. Engagement activities will provide an opportunity to give and receive information and may include the establishment of working or project groups, divisional forums or community meetings. Such activities will be action focussed and will often involve council staff.

### 4. Engagement linked to day to day council business

Council staff in consultation with the local councillor will identify and manage community engagement activities associated with council's core business and projects approved in Council's budget. The responsible group will establish the most appropriate engagement



technique at the project planning stage and will then be responsible for providing information to the community on the issue and facilitating the community involvement.

### Engagement Activities

Council recognises the full spectrum of engagement activities from informing through consulting and involving to collaboration and empowerment as advocated by the International Association of Public Participation (IAP2)

Council will use different community engagement techniques and communication mechanisms depending upon the issue or project, its particular circumstance and the audience it needs to target.

The need for, and type of community engagement to be undertaken will be determined at the project planning stage following an analysis of the desired project outcomes. The project plan will also identify the most appropriate communication tool to ensure that the particular target group(s) are well informed of both the issue and related engagement opportunities.

At the planning stage the project team will also consider whether or not it can obtain the community information it requires from another source, or previous engagement activity in order to maximise the use of limited resources and minimise the likelihood of consultation fatigue developing within the community.

### Partnerships

As an integral part of this policy council will facilitate the establishment of a range of partnerships between all levels of government, business and community organisations These partnerships will:

- provide a flexible vehicle to respond to economic , environmental and community issues;
- advocate to other levels of Government on issues of regional importance;
- attract external funding to the region; and
- undertake specific projects or activities of mutual benefit to the region and its communities.

### Roles and responsibilities

Councillors and staff play complementary roles in engaging with the community.

Council will decide the high level strategic issues on which it will engage the community. These issues will be linked to an identified corporate plan priority, or a significant emerging regional issue.

Councillors have responsibility for engaging with their local and divisional communities; and council staff have responsibility for engaging the community in their day to day business activities and on agreed projects and place making activities. In doing so staff will consult with the local councillor(s) in order to establish the engagement technique(s) that will be used.

### Developing Engagement Capacity

In order to develop a culture of engagement across the organisation Council will:

- provide community engagement training for councillors and staff
- establish a network of community engagement practitioners to share information and experiences.
- modify its report format to include a section titled 'community engagement' which details the proposed engagement strategy to be undertaken within the context of the report
- establish performance indicators to measure engagement outcomes
- identify new and emerging information, communication, and knowledge management technologies and explore how they could be used to better engage the community.

### Community Engagement Register

Council will establish a community engagement register to record its engagement activities. This will assist in developing a system of governance that mitigates the risks of duplication and over consultation, records activities undertaken, and allows the community to see at any time what consultation is being planned or is actually occurring. The register will also contain a record of the membership and the minutes of all council taskforces and advisory panels.

Establishment of the community engagement register will assist Council meet its reporting obligations to State Government..

### Taskforces and Advisory Panels

From time to time Council may establish taskforces and advisory panels that will:

- be established by Council resolution;
- have a specific terms of reference;
- *explore a major strategic or regional issue;*
- have a defined timeframe;
- report at least once every six months to Council;
- be chaired by a suitably qualified external person or councillor (with no councillor chairing more than two panels or taskforces);
- *identify staff resources to act as project officer and secretary to the taskforce or panel*

## SUPPORTING DOCUMENTS

### Sunshine Coast Regional Council Corporate plan 2018-2022

Community engagement is identified as a priority in Council's corporate plan under Service Excellence.

Our goal for *positive experiences for our customers, great service to our community* identifies two key strategies which aim to improve council's community engagement approach and better align council's business activities with community expectations. These strategies are:

- Respecting and valuing our customers
- Regular and relevant engagement with our community

### Sunshine Coast Regional Council Community engagement toolkit

In order to provide guidance for staff a community engagement toolkit has been developed as a technical manual. The manual provides assistance in the planning, undertaking and evaluation of community engagement activities.

## Related Policies and Legislation

Queensland Local Government Act 1993  
 Queensland Integrated Planning Act 1997  
 Queensland Local Government Financial Standard 2005  
 Queensland Local Government Act 2009  
 Queensland Sustainable Planning Bill 2009



## Review of the Policy

### Establishment of a cross group team

In order to ensure that the actions detailed within this policy are undertaken, information is coordinated and new opportunities grasped as they emerge council will establish a cross group project team charged with monitoring and reporting on the implementation of this policy. This team will be coordinated by the Project Director Partnerships and Engagement and will meet quarterly or as required.

### Formal review

Council will formally review this community engagement policy after 2 years of operation.

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	Created new		Council	06/08/09
1.1	Updated department names	N	Corporate Governance	04/01/17

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## 6. UNAUDITED LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT

### Long-Term Financial Sustainability Statement Sunshine Coast Regional Council For the year ended 30 June 2018

Measures of Financial Sustainability Council	Measure	Target	Actuals at 30 June 2018	Forward Estimates								
				30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	30 June 2027
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	1.2%	5.4%	7.9%	7.6%	11.9%	11.5%	11.8%	9.4%	8.5%	13.3%
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	70.3%	75.6%	65.7%	67.3%	67.6%	67.3%	68.5%	67.1%	64.9%	66.2%
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	23.9%	76.1%	89.6%	93.9%	24.4%	25.6%	21.9%	17.6%	11.5%	6.1%

#### Sunshine Coast Regional Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about 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.

The above table shows whether Sunshine Coast Regional Council is performing within accepted target ranges. It clearly indicates that Council is achieving or out-performing the identified benchmarks in both of the key liquidity measures apart from the years 2018/19 to 2020/21 for the Net Financial Liabilities Ratio.

The Net Financial Liabilities Ratio reflects the extent to which the net financial liabilities of Council can be repaid from operating revenue. The 10 year capital works program requires significant borrowings for the Sunshine Coast Airport Runway Project which is to be repaid on completion of the runway in 2022. Consultation with Queensland Treasury Corporation (QTC) was undertaken for the financial assessment of this project, particularly Council's ability to manage the Net Financial Liabilities Ratio.

The Department of Local Government, Racing and Multicultural Affairs Financial Management (Sustainability) Guideline 2013 states "high average Net Financial Liabilities ratio projections over the long-term are typically indicative of a local government that is undertaking/has undertaken significant infrastructure projects. Whilst some local governments may not achieve the recommended target for Net Financial Liabilities Ratio on average over the long-term, this does not necessarily indicate that a local government is likely to be unsustainable over the long-term. In such cases, well-managed local governments with robust financial management systems and the ability to service current and projected debt levels, can maintain long-term sustainability and average Net Financial Liabilities ratio projections over the long-term that exceed the recommended target."

For the Asset Sustainability ratio, there is an ongoing review of asset management plans that will confirm the desired level of expenditure on the renewal and refurbishment of council assets. This will enable a review of the capital program to ensure an appropriate level of work is scheduled for existing assets.

#### Certificate of Accuracy

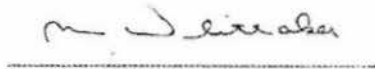
For the year ended 30 June 2018

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 current-year financial sustainability statement has been accurately calculated.*

  
Cr Mack Jamieson  
Mayor  
Sunshine Coast Regional Council

Dated ..... 8 October 2018

  
Michael Whittaker  
Chief Executive Officer  
Sunshine Coast Regional Council

Dated ..... 8 October 2018



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**6. UNAUDITED LONG-TERM FINANCIAL SUSTAINABILITY STATEMENT**

Certificate of Accuracy – for the Long Term Financial Sustainability Statement

**Long-Term Financial Sustainability Statement  
Sunshine Coast Regional Council  
For the year ended 30 June 2017**

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2017	Forward Estimates									
				30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025	30 June 2026	
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	5.5%	5.7%	5.1%	8.3%	6.3%	8.6%	10.8%	7.6%	8.6%	9.5%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	83.0%	83.0%	79.4%	73.6%	79.9%	72.6%	74.9%	69.8%	73.6%	73.1%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	-0.3%	34.7%	54.7%	76.1%	76.4%	9.7%	5.7%	5.4%	4.1%	3.2%	

**Sunshine Coast Regional Council's Financial Management Strategy**

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about 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.

The above table shows whether Sunshine Coast Regional Council is performing within accepted target ranges. It clearly indicates that council is achieving or out-performing the identified benchmarks in both of the key liquidity measures apart from the years 2019/20 to 2020/21 for the Net Financial Liabilities Ratio.

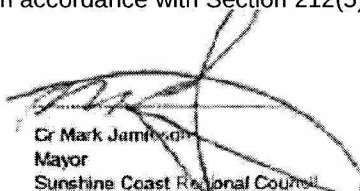
Consultation with Queensland Treasury Corporation (QTC) was undertaken for the financial assessment of the Sunshine Coast Airport Runway Project, particularly Council's ability to manage the Net Financial Liabilities ratio. QTC have stated their acceptance of Council exceeding the target Net Financial Liabilities ratio range for years 2019 to 2021, subject to further review of the Sunshine Coast Runway Project business case.


For the Asset Sustainability ratio, there is an ongoing review of asset management plans that will confirm the desired level of expenditure on the renewal and refurbishment of council assets. This will enable a review of the capital program to ensure an appropriate level of work is scheduled for existing assets.

**Certificate of Accuracy****For the year ended 30 June 2017**

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

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

  
Cr Mark Jamieson  
Mayor  
Sunshine Coast Regional Council  
Dated 5 October 2017

  
Michael Whittaker  
Chief Executive Officer  
Sunshine Coast Regional Council  
Dated 5 October 2017



## Independent Auditor's Report

**Long-Term Financial Sustainability Statement**  
**Sunshine Coast Regional Council**  
 For the year ended 30 June 2016

Measures of Financial Sustainability	Measure	Target	Actuals at 30 June 2016	Forward Estimates									
				30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2024	
Council													
Operating surplus ratio	Net result (excluding capital items) divided by total operating revenue (excluding capital items)	Between 0% and 10%	6.5%	7.4%	7.7%	7.8%	9.5%	9.2%	6.7%	8.3%	8.9%	9.5%	
Asset sustainability ratio	Capital expenditure on the replacement of assets (renewals) divided by depreciation expense.	greater than 90%	88.0%	85.5%	76.3%	76.5%	73.6%	76.2%	75.6%	77.5%	72.9%	74.5%	
Net financial liabilities ratio	Total liabilities less current assets divided by total operating revenue (excluding capital items)	not greater than 60%	9.7%	40.5%	51.9%	65.2%	92.7%	93.3%	16.9%	13.0%	8.7%	5.8%	

### Sunshine Coast Regional Council's Financial Management Strategy

Council measures revenue and expenditure trends over time as a guide to future requirements and to make decisions about 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.

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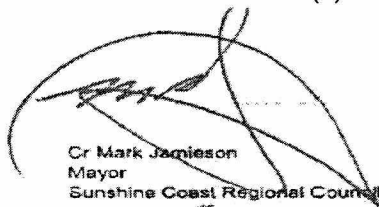
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 Cr Mark Jamieson  
 Mayor  
 Sunshine Coast Regional Council  
 Dated 10<sup>th</sup> October 2016

  
 Michael Whittaker  
 Chief Executive Officer  
 Sunshine Coast Regional Council  
 Dated 10<sup>th</sup> October 2016