

### 7.1.3 SEPTEMBER 2013 FINANCIAL PERFORMANCE REPORT

**File No:** Financial Reports  
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Finance & Business Department  
**Attachments:** Att 1 - September 2013 Financial Performance Report

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#### PURPOSE

To meet council's legislative obligations, a monthly report is to be presented to council on its financial performance and investments.

#### EXECUTIVE SUMMARY

The monthly financial performance report provides council with a summary of performance against budget at the end of each month in terms of the operating result and delivery of the capital program.

This report includes budgets adjusted from Budget Review 1 2013/2014, adopted by council on 19 September 2013.

The operational result at 30 September 2013 shows a positive variance of \$2.4 million compared to the forecast position.

This operating result variation is made up of higher than expected revenue of \$870,000 (0.5%) and lower than anticipated operating expenses of \$1.6 million (1.5%). Further detail is provided in the proposal section of this report.

As at 30 September 2013, \$31.4 million (17.7%) of council's \$177.7 million 2013/14 Capital Works Program was financially expended.

Council's investment portfolio remains within the guidelines established under the Investment Policy.

#### OFFICER RECOMMENDATION

**That Council receive and note the report titled "September 2013 Financial Performance Report".**

#### FINANCE AND RESOURCING

There are no financing and resourcing implications as this is an information only report.

#### CORPORATE PLAN

**Corporate Plan Theme:** *Great governance*  
**Emerging Priority:** 8.1 - Ethical, accountable and transparent decision-making  
**Strategy:** 8.1.2 - Ensure legislative compliance and awareness

**Corporate Plan Theme:** *Great governance*  
**Emerging Priority:** 8.3 - Strong financial management  
**Strategy:** 8.3.1 - Develop long term financial plans and indicators to achieve optimum use of resources and alignment to strategic priorities

**Corporate Plan Theme:** *Great governance*

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<b>Emerging Priority:</b>	8.3 - Strong financial management
<b>Strategy:</b>	8.3.2 - Ensure council's financial performance is well managed and leads to a strong financial position

## **CONSULTATION**

### **Internal Consultation**

All departments or branches participated in the formation of the recommendations associated with this report.

### **External Consultation**

No external consultation is required for this report.

### **Community Engagement**

No community engagement is required for this report.

## **PROPOSAL**

The operational result at 30 September 2013 shows a positive variance of \$2.4 million compared to the forecast position.

This operating result variation is made up of higher than expected revenue of \$870,000 and lower than anticipated operating expenses of \$1.6 million.

Previous monthly financial reports for July 2013 and August 2013 stated an outstanding dividend from Unitywater of approximately \$8.8 million. Funds were received in September 2013 and this is no longer an outstanding matter.

The external audit of council's 2012/2013 financial statements continues into October 2013, which may result in further end of financial year adjustments.

### **Operating Revenue**

#### **Fees and Charges**

The main variation relates to development applications of \$850,000, with the volume being approximately 15% higher in 2013/2014 than compared to same time in 2012/2013.

#### **Interest received from Investments**

The unfavourable variation of \$240,000 is a result of lower interest rates than anticipated.

#### **Grants and Subsidies**

The favourable variation of \$210,000 is a result of various grants, namely Get Ready Qld state government grant (\$85,000), Flood Mapping Hazard (\$57,000) and Creative Collective Skills (\$42,000).

#### **Other Revenue**

A favourable variation of \$550,000 is a result of a refund from Office of State Revenue of \$382,000 for over-charged payroll tax; sale of recyclables at waste facilities of \$115,000; main roads contract \$200,000. However, this is offset by not yet charged 2012/2013 water/sewer charges to community groups of \$154,000. This relates to Unitywater invoices previously paid by council but are yet to be dispersed to community groups. The main issue is where there is one invoice for a site however multiple community groups use that site, therefore the proportioning of charges is problematic. During October 2013 approximately \$90,000 will be charged to community groups.

**Internal Revenues**

An unfavourable variation of \$480,000 mainly relates to Quarries internal sales of \$415,000 where asphalt sales were lower than anticipated of \$353,000.

**Operating Expense****Materials and Services**

The favourable variance of \$1.6 million is largely due to variations of:

- \$3.3 million favourable variance relating to contracts of:
  - \$1.5 million relates to a several branches within Infrastructure Services Department, of which:
    - \$900,000 for Waste business – where contractor invoices are yet to be received
    - \$380,000 for Environmental Operations and Parks and Gardens – delay in timing of new street sweeping contract starting and old one finishing, also waterways Caring for Our Country Grant yet to be completed
    - \$170,000 for Transport and Engineering Services – underspend in contract traffic light signals
    - \$130,000 Building and Facilities – delay in timing of maintenance works.
  - \$700,000 relates to economic development where anticipated expenditure has not occurred, budgets profile will be adjusted during October 2013
  - \$630,000 for Community Services Department due to timing of events where no costs have been charged against anticipated budgets, with main areas being Community Facilities of \$270,000; Community Response of \$160,000; the remainder spread across operations
- Grants and Partnerships unfavourable variation of \$1.7 million relates to quarter two payment for Sunshine Coast Destination Ltd with the associated budget profiled against October 2013
- Telecommunications charges favourable variance of \$540,000 relates to reimbursement from overcharges in prior invoices and
- Offset by unfavourable variance of \$940,000 for appeal court costs.

**Finance Costs**

A favourable variation of \$305,000 in part relates to miscoded budget for Councillor divisional operational minor works of \$200,000 which should be allocated against Other Expenses - donations and contributions, however the original budget is within Materials and Services. This will be corrected for the October 2013 report.

Also, there is \$100,000 variation that relates to interest costs however there was a cost adjustment for August 2013 that was not processed.

**Other Expenses**

An unfavourable variance of \$209,000 in other expenses is made up of:

- timing differences in contributions to community groups (\$69,000)
- a change in the vehicle leasing agreement with Surf Lifesaving Queensland (\$60,000) from council leased vehicles to SLQ leased vehicles
- A movement in councillor divisional operational works budget from materials and services to other expenses (\$165,000)

Realigning these costs and associated budget will be proposed as part of Budget Review 2 2013/2014.

**Capital Expenditure**

As at 30 September 2013, \$31.4 million of council's \$177.7 million 2013/2014 Capital Works Program was financially expended. Detail by Capital Program is outlined below:

Program	Original Budget \$000	Current Budget \$000	Year to Date Actual \$000	% of Annual Current Budget Spent
Buildings and Facilities	6,548	7,666	1,813	23.7%
Coast and Canals	1,949	2,388	216	9.0%
Divisional Allocations	3,100	4,948	874	17.7%
Environmental Assets	1,238	1,276	75	5.9%
Fleet	1,000	1,000	688	68.8%
Parks and Gardens	10,317	11,580	1,638	14.1%
Stormwater	4,161	4,309	1,170	27.1%
Transportation	52,952	62,411	12,858	20.6%
Information Communication Technology	3,927	4,687	807	17.2%
Strategic Land and Commercial Properties	9,422	48,967	7,172	14.6%
Aerodromes	0	107	0	0.5%
Sunshine Coast Airport	3,400	7,992	2,528	31.6%
Holiday Parks	1,455	3,093	199	6.4%
Quarries	150	637	259	40.7%
Waste	9,651	16,596	1,113	6.7%
<b>Total Council</b>	<b>109,270</b>	<b>177,657</b>	<b>31,410</b>	<b>17.7%</b>

**Investment Performance**

For the quarter ending 30 September 2013 all investment parameters remained within the guidelines established under the Investment Policy.

Investment performance is lower than anticipated due to decrease in August 2013 of the official cash rate from 2.75% to 2.50%, which impacted returns offered by the financial market.

Council has maintained a strong return in the current market conditions with \$317.0 million cash (excluding Trust Fund) as at 30 September 2013 with an average interest rate of 3.89%, being 1.29% above benchmark. This is compared to 30 September 2012 with \$291 million cash (excluding Trust Fund) where the average interest rate was 5.05%, being 1.17% above benchmark.

The benchmark used to measure performance of cash funds is the UBS Bank Bill Index, whereas the Bank Bill Swap Rate (BBSW) is applied against term deposits. These rates fluctuate daily and the conditions prevailing as at the date of the original investment decision may be significantly different to the position as at the reporting date.

As mentioned above under the heading Interest Received from Investments, there is a \$240,000 unfavourable variance.

### **Legal**

This report ensures that council complies with its legislative obligations, with respect to financial reporting in accordance with Section 204 of the *Local Government Regulation 2012*.

Investment of funds is in accordance with the provisions of the *Statutory Bodies Financial Arrangements Act 1982* and the associated Regulations and the *Local Government Act 2009*.

### **Policy**

Council's Investment Policy.

### **Risk**

The current risks associated with the operating result are as follows:

1. the expected full year growth in rateable properties is less than forecast, with lower revenue than budgeted of \$1.0 million
2. in June 2013 the Federal Government pre-paid half of the 2013/2014 Financial Assistance Grant of \$6.3 million. Since half of the grant was pre-paid into 2012/2013 there is a potential shortfall of \$2.1 million in the current budget
3. there is \$4.7 million net savings for the Organisational Review loaded into the budget
4. the achievement of de-amalgamation reductions in Materials & Services budget after separation occurs 1 January 2014 and
5. there is \$4.4 million employee vacancy savings loaded into the budget which may be difficult to achieve along with the Organisational Review.

### **Previous Council Resolution**

On 25 June 2013, council adopted the 2013/2014 budget.

On 19 September 2013, council adopted the 2013/2014 Budget Review 1 2013/2014.

### **Related Documentation**

There is no related documentation for this report.

### **Critical Dates**

The 2012/2013 financial statements remain under external audit review and may not be signed off until 31 December 2013.

### **Implementation**

There are no implementation details to include in this report.

Sunshine Coast  
Council

# FINANCIAL PERFORMANCE REPORT

## September 2013



**FINANCIAL PERFORMANCE REPORT**

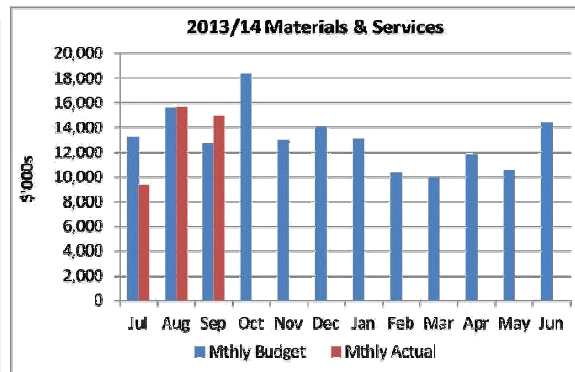
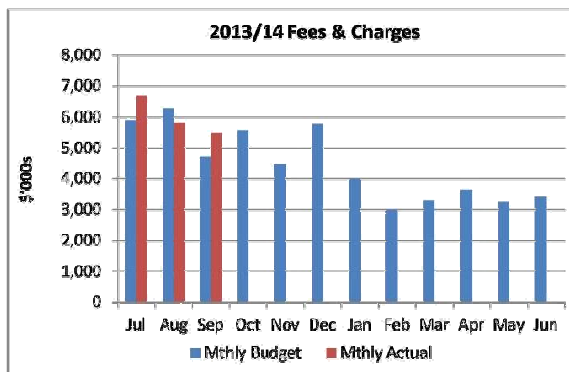
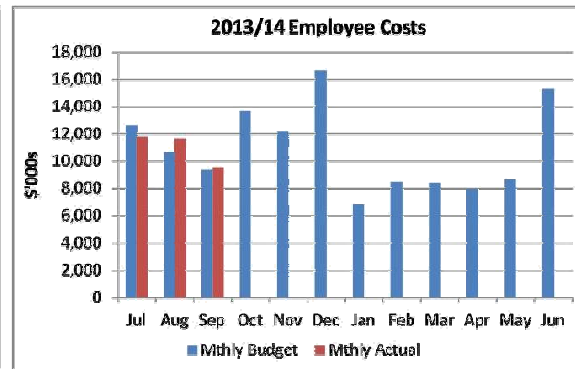
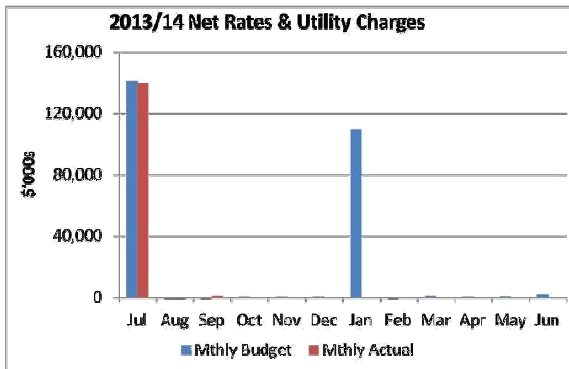
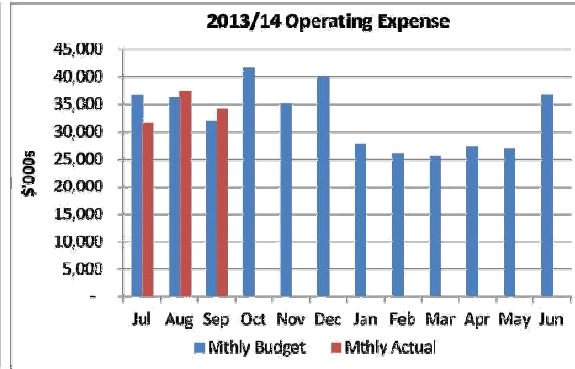
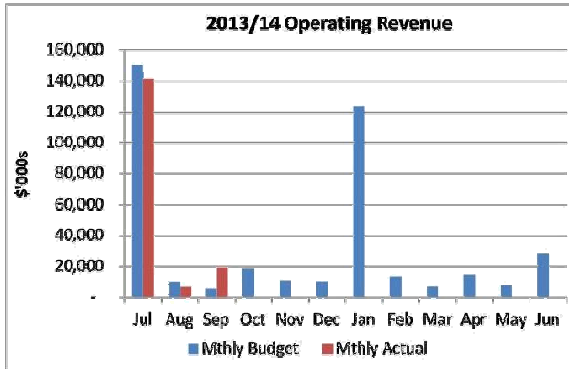
September 2013

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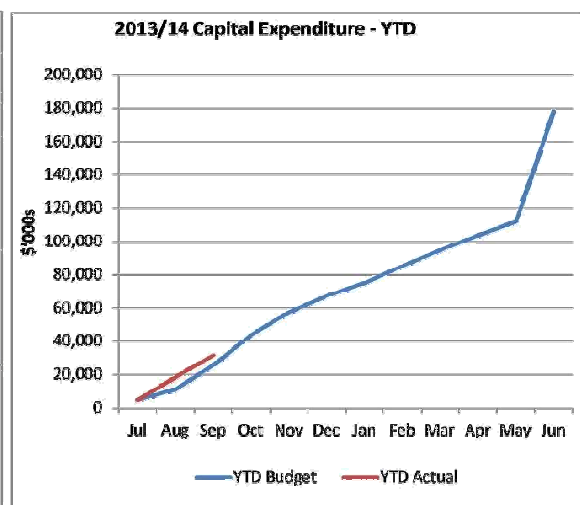
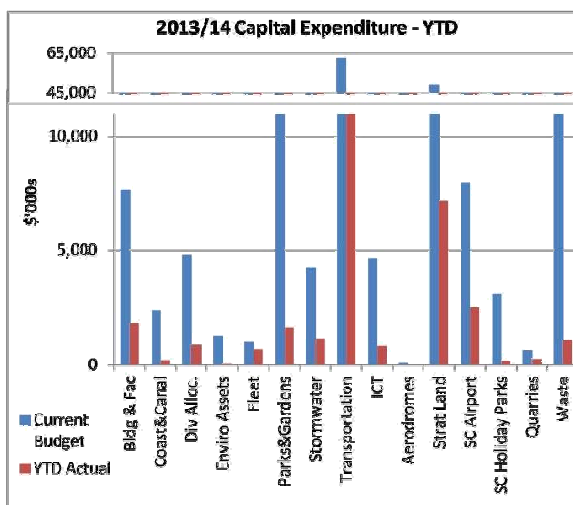
**FINANCIAL PERFORMANCE REPORT** September 2013  
**HEADLINE - OPERATING**

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	400,295	400,295	166,414	167,287	873	0.5%
Operating Expenses	387,582	392,314	104,860	103,300	(1,560)	(1.5%)
<b>Operating Result</b>	<b>12,713</b>	<b>7,981</b>	<b>61,553</b>	<b>63,987</b>	<b>2,433</b>	<b>4.0%</b>
<b>NET Result</b>	<b>54,287</b>	<b>54,169</b>	<b>73,970</b>	<b>73,684</b>	<b>(286)</b>	<b>(0.4%)</b>

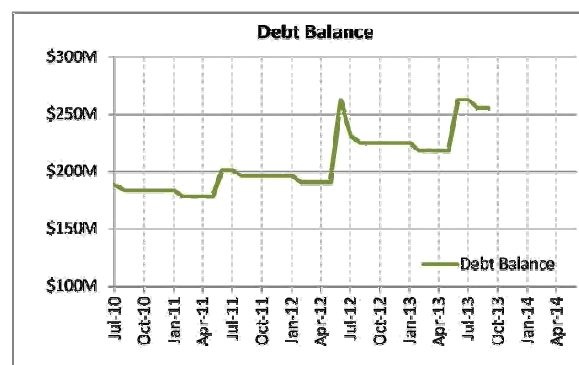
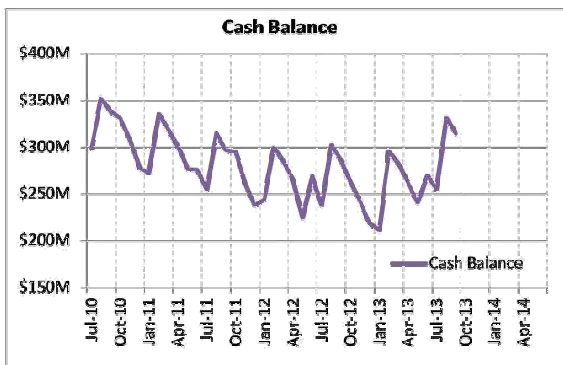
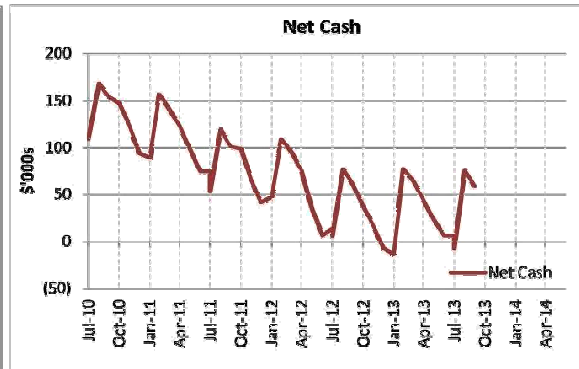
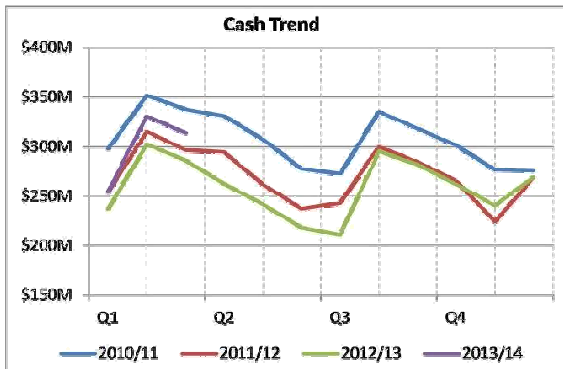




FINANCIAL PERFORMANCE REPORT							September 2013
HEADLINE - CAPITAL							
	Annual		YTD				
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	
Capital Revenues (included in NET Result)	37,101	41,715	12,417	9,697	(2,719)		
Other Capital Revenues	86,410	86,389	20,148	20,760	612		
<b>Total Capital Revenues</b>	<b>123,511</b>	<b>128,104</b>	<b>32,565</b>	<b>30,457</b>	<b>(2,108)</b>		
Capital Works Expenditure	109,270	177,658	25,486	31,410	5,924	23.2%	
Other capital Expenditure	41,150	41,150	15,185	10,065	(5,120)		
<b>Total Capital Expenditure</b>	<b>150,420</b>	<b>218,808</b>	<b>40,671</b>	<b>41,475</b>	<b>804</b>		
Funds from General Revenue	26,909	90,704	8,106	11,017	2,912		



FINANCIAL PERFORMANCE REPORT				September 2013	
HEADLINE - CASH & BALANCE SHEET					
	Annual		YTD		
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s		
<b>CASH FLOWS</b>					
Opening Cash	196,241	264,747	261,336		
Net Cash Inflow/(Outflows) from:					
Operating Activities	48,186	43,454	79,905		
Investing Activities	(93,697)	(157,471)	(23,231)		
Financing Activities	476	476	(3,147)		
<b>Net Increase/(decrease) in Cash Held</b>	<b>(45,035)</b>	<b>(113,541)</b>	<b>53,527</b>		
<b>Cash at year end</b>	<b>151,206</b>	<b>151,206</b>	<b>314,863</b>		
<b>BALANCE SHEET</b>					
Total Current Assets	216,289	216,289	372,141		
Total Non Current Assets	4,511,393	4,511,393	5,302,655		
<b>Total Assets</b>	<b>4,727,682</b>	<b>4,727,682</b>	<b>5,674,796</b>		
Total Current Liabilities	70,183	70,183	81,680		
Total Non Current Liabilities	240,480	240,480	279,358		
<b>Total Liabilities</b>	<b>310,663</b>	<b>310,663</b>	<b>361,038</b>		
<b>Net Community Assets/ Total Community Equity</b>	<b>4,417,019</b>	<b>4,417,019</b>	<b>5,313,758</b>		



## FINANCIAL PERFORMANCE REPORT

September 2013

## HEADLINE - COMMENTARY

**Income & Expense Statement**

Council's financial results at September 2013 shows the organisation with a \$2.4 million higher than forecasted operating position against the year to date budget. This operating result variation is made up of operating revenue being \$870,000 higher than the year to date budget, along with operating expenses being \$1.6 million lower than the year to date budget.

**Operating Revenues**

The favourable revenue variance of \$870,000 mainly relates to Fees and Charges of \$1.1 million.

Fees and Charges variation relates to Development applications, of \$850,000, with the volume being approximately 15% higher than comparative 2012/13.

**Operating Expenses**

The favourable variance in operating expenses of \$1.6 million relates to Materials & Services.

Materials and Services variation relates to contracts of \$3.3 million favourable, grants and donations \$1.7 million unfavourable

**Capital Expenditure**

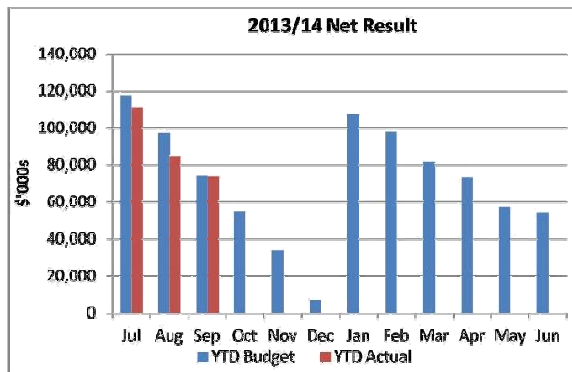
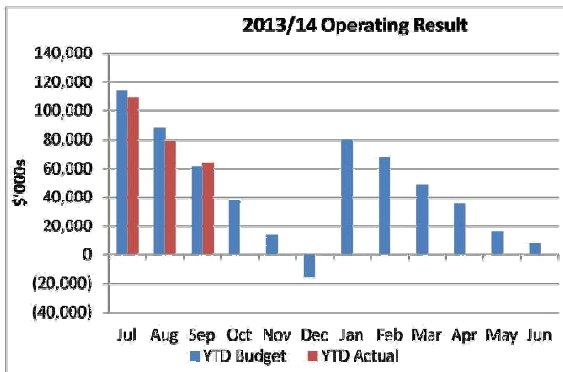
As at month end September 2013, \$31.4 million (17.7%) of council's \$177.7 million 2013/14 Capital Works Program was financially expended.

## HEADLINE - RISKS

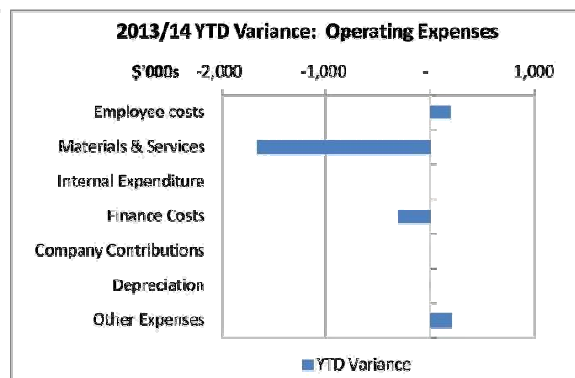
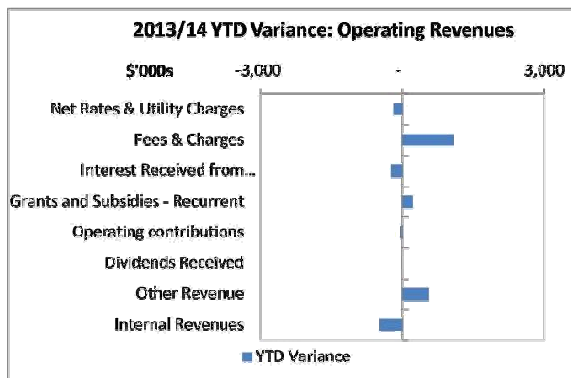
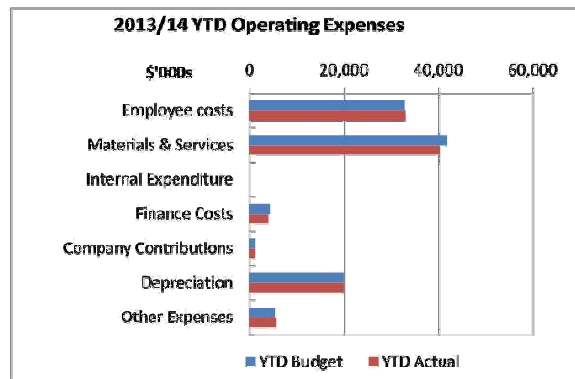
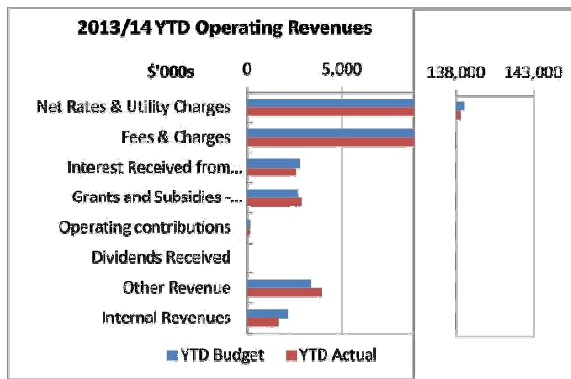
**Income & Expense Statement**

1. General Rates growth - lower than anticipated growth of ratcable properties of 1.0% against forecast of 1.5%. This approximately equates to lower revenue than budgeted of \$1.0 million.
2. Financial Assistance Grant - during 2012/13 more than one half of the grant (\$6.3 million) was paid early into June 2012. This prepayment has created a budget impact of \$2.1 million in the current 2012/13 budget.
3. Organisation Review - \$4.7 million net savings loaded into the budget.
4. De-amalgamation - risk that not all costs associated with the de-amalgamation are being charged to Noosa Shire Council.
5. Employee Vacancy Factor - \$4.4 million loaded in the budget. May be difficult to achieve this saving along with Organisation Review.

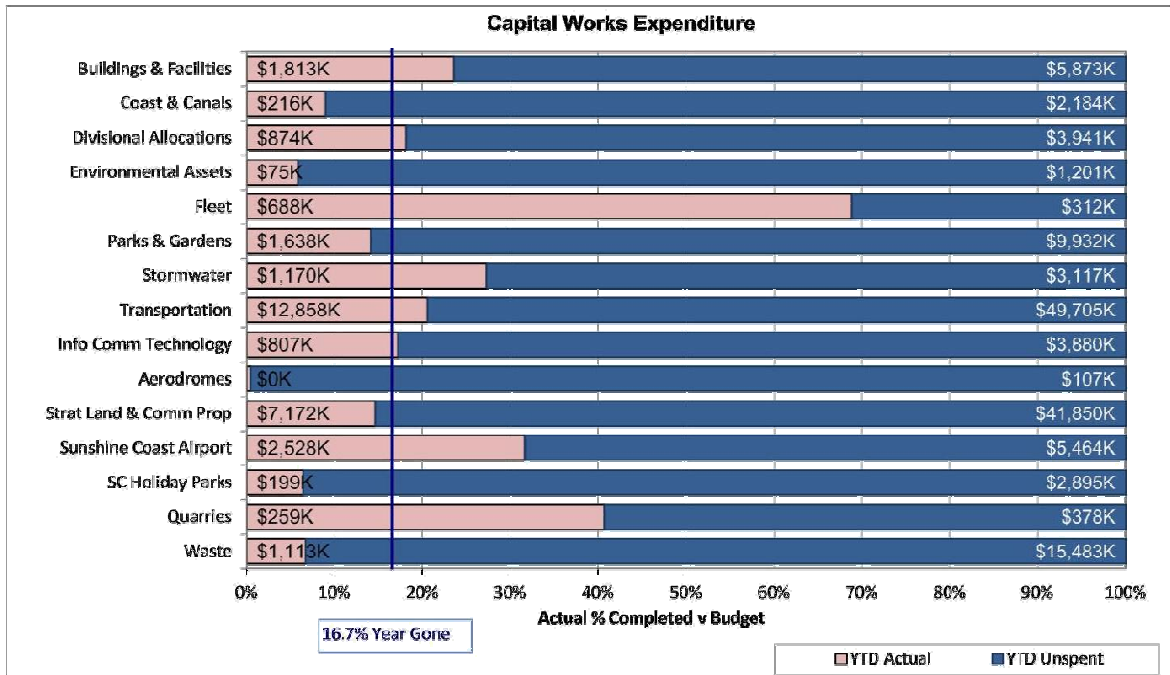
FINANCIAL PERFORMANCE REPORT							September 2013
STATEMENT OF INCOME & EXPENSES							
	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
<b>Operating Revenue</b>							
Gross Rates & Utility Charges	262,411	262,411	143,822	143,779	(43)	54.8%	262,411
Interest from Rates & Utilities	2,053	2,053	918	916	(2)	44.6%	2,053
Less Discounts, Pensioner Remissions	(11,374)	(11,374)	(6,283)	(6,433)	(150)	56.6%	(11,374)
Net Rates & Utility Charges	253,090	253,090	138,457	138,262	(194)	54.6%	253,090
Fees & Charges	53,274	53,274	16,897	17,970	1,073	33.7%	53,274
Interest Received from Investments	8,512	8,512	2,793	2,550	(243)	30.0%	8,512
Grants and Subsidies - Recurrent	10,780	10,780	2,668	2,877	209	26.7%	10,780
Operating contributions	570	570	157	120	(37)	21.1%	570
Interest received from Unitywater	26,205	26,205	0	0	0	0.0%	26,205
Dividends Received	27,001	27,001	0	(7)	(7)	0.0%	27,001
Other Revenue	13,249	13,249	3,330	3,883	553	29.3%	13,249
Internal Revenues	7,614	7,614	2,112	1,631	(480)	21.4%	7,614
Community Service Obligations	0	0	0	0	0	0.0%	0
<b>Total Operating Revenue</b>	<b>400,295</b>	<b>400,295</b>	<b>166,414</b>	<b>167,287</b>	<b>873</b>	<b>41.8%</b>	<b>400,295</b>
<b>Operating Expenses</b>							
Employee costs	130,879	131,340	32,755	32,947	192	25.1%	131,340
Materials & Services	152,860	157,081	41,707	40,050	(1,657)	25.5%	157,250
Internal Expenditure	0	0	0	0	0	0.0%	0
Finance Costs	14,197	14,197	4,084	3,779	(305)	26.6%	14,197
Company Contributions	1,152	1,152	1,152	1,152	0	100.0%	1,152
Depreciation	70,510	70,510	19,898	19,898	(0)	28.2%	70,510
Other Expenses	17,984	18,034	5,264	5,473	209	30.3%	18,034
Competitive Neutrality Adjustments	0	0	(0)	0	0	0.0%	0
<b>Total Operating Expenses</b>	<b>387,582</b>	<b>392,314</b>	<b>104,860</b>	<b>103,300</b>	<b>(1,560)</b>	<b>26.3%</b>	<b>392,483</b>
<b>Operating Result</b>	<b>12,713</b>	<b>7,981</b>	<b>61,553</b>	<b>63,987</b>	<b>2,433</b>	<b>801.7%</b>	<b>7,813</b>
<b>Capital Revenue</b>							
Capital Grants and Subsidies	2,900	7,514	2,900	4,845	1,945	64.5%	7,514
Capital Contributions	7,201	7,201	2,017	2,472	455	34.3%	7,201
Contributed Assets	27,000	27,000	7,500	2,380	(5,120)	8.8%	27,000
Other Capital Revenue	4,472	4,472	0	0	0	0.0%	4,472
<b>Total Capital Revenue</b>	<b>41,573</b>	<b>46,187</b>	<b>12,417</b>	<b>9,697</b>	<b>(2,719)</b>	<b>107.6%</b>	<b>46,187</b>
<b>Net Result</b>	<b>54,287</b>	<b>54,169</b>	<b>73,970</b>	<b>73,684</b>	<b>(286)</b>	<b>136.0%</b>	<b>54,000</b>



**FINANCIAL PERFORMANCE REPORT** September 2013  
**STATEMENT OF INCOME & EXPENSES**



FINANCIAL PERFORMANCE REPORT						September 2013
CAPITAL EXPENDITURE						
Capital Works Program	Annual		YTD		Annual	Forecast Budget \$'000s
	Original Budget \$'000s	Current Budget \$'000s	Budget \$'000s	Actual \$'000s	% of Annual Budget Spent	
Buildings and Facilities	6,548	7,666	1,767	1,813	23.7%	7,686
Coast and Canals	1,949	2,388	372	216	9.0%	2,399
Divisional Allocations	3,100	4,948	665	874	17.7%	4,536
Environmental Assets	1,238	1,276	130	75	5.9%	1,276
Fleet	1,000	1,000	451	688	68.8%	1,000
Parks and Gardens	10,317	11,580	1,782	1,638	14.1%	11,680
Stormwater	4,161	4,309	621	1,170	27.1%	4,286
Transportation	52,952	62,411	11,447	12,858	20.6%	62,563
Information Communication Technology	3,927	4,687	753	807	17.2%	4,687
Strategic Land & Comm Properties	9,422	48,967	3,832	7,172	14.6%	49,022
Aerodromes	-	107	-	0	0.5%	107
Sunshine Coast Airport	3,400	7,992	2,425	2,528	31.6%	7,992
SC Holiday Parks	1,455	3,093	222	199	6.4%	3,093
Quarries	150	637	183	259	40.7%	637
Waste	9,651	16,596	837	1,113	6.7%	16,596
<b>TOTAL</b>	<b>109,270</b>	<b>177,658</b>	<b>25,486</b>	<b>31,410</b>	<b>17.7%</b>	<b>177,561</b>

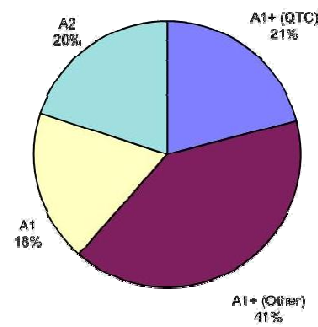
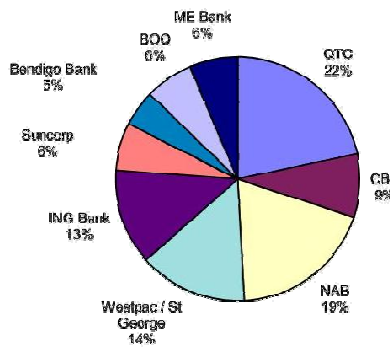


**FINANCIAL PERFORMANCE REPORT** September 2013  
**INVESTMENT PERFORMANCE**

Liquidity as at:		30/09/2013	
		S'000's	
<b>At-call accounts</b>			
QTC + CBA (exc trust)	\$68,165	21.00%	
<b>Investments Maturing within 7 days</b>			
BOQ (02/10/13)	\$10,000	3.08%	
<b>Total at-call</b>	<b>\$78,165</b>	<b>24.08%</b>	
Investment Policy Target		10.00%	

	INVESTMENT SUMMARY AS AT			Investment Policy				
	30/09/2013		31/08/2013		30/09/2012		Individual Limit	Group Limits
A1+ (QTC)	\$68,165	21.0%	\$72,792	22.0%	\$10,771	3.6%	100%	100%
A1+ (Other)	\$131,475	40.5%	\$162,970	49.3%	\$257,512	86.3%	35%	100%
A1	\$60,000	18.5%	\$30,000	9.1%	\$20,000	6.7%	30%	30%
A2	\$65,000	20.0%	\$65,000	19.7%	\$10,000	3.4%	10%	30%
<b>TOTAL</b>	<b>\$324,640</b>		<b>\$330,763</b>		<b>\$298,283</b>			

**Investment Portfolio**



**Investment Performance**

