

8.6 AUGUST 2023 FINANCIAL PERFORMANCE REPORT

File No:	Council Meetings
Author:	Coordinator Financial Services Business Performance Group
Attachments:	Att 1 - August 2023 Financial Performance Report Att 2 - Capital Grant Funded Project Report August 2023

PURPOSE

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

EXECUTIVE SUMMARY

This monthly financial performance report provides Council with a summary of performance against budget as at 31 August 2023 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 30 June 2024

	Original Budget \$000
Total Operating Revenue	590,615
Total Operating Expenses	566,003
Operating Result	24,612

Details of the monthly financial report are contained in Attachment 1.

OFFICER RECOMMENDATION

That Council receive and note the report titled "August 2023 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 August 2023 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal:	<i>Our outstanding organisation</i>
Outcome:	We serve our community by providing this great service
Operational Activity:	S28 Financial and procurement services – financial and procurement management and governance, ensuring effective business management and legislative compliance, coordination and development of Council's budget process, administration of financial systems, sundry debtors, accounts payable, financial and asset accounting, treasury, procurement, contract and supply functions.

CONSULTATION

Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, E Hungerford

Internal Consultation

This report has been written in conjunction with advice from:

- Acting Group Executive Business Performance
- Chief Financial Officer

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

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

Sunshine Coast Council's 2023/24 Investment Policy and
Sunshine Coast Council's 2023/24 Debt Policy.

Risk

Failure to achieve the budgeted operating result will negatively impact Council's capacity to complete its capital expenditure program.

Previous Council Resolution

Special Meeting 22 June 2023 (SM23/2)

That Council:

1. *STATEMENT OF ESTIMATED FINANCIAL POSITION*

receive and note Appendix A, pursuant to section 205 of the Local Government Regulation 2012, the statement of the financial operations and financial position of the Council in respect to the 2022/23 financial year

2. *ADOPTION OF BUDGET*

adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2023/24 financial year incorporating:

- i. the statement of income and expenditure*
- ii. the statement of financial position*
- iii. the statement of changes in equity*
- iv. the statement of cash flow*

- v. *the relevant measures of financial sustainability*
- vi. *the long-term financial forecast*
- vii. *the Debt Policy (adopted by Council resolution on 25 May 2023)*
- viii. *the Revenue Policy (adopted by Council resolution on 25 May 2023)*
- ix. *the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget*
- x. *the Revenue Statement*
- xi. *Council's 2023/24 Capital Works Program, endorse the indicative four-year program for the period 2025 to 2028, and note the five-year program for the period 2029 to 2033*
- xii. *the rates and charges to be levied for the 2023/24 financial year and other matters as detailed below in clauses 3 to 10*
- xiii. *the 2023/24 Minor Capital Works Program*
- xiv. *the Strategic Environment Levy Policy*
- xv. *the Strategic Arts and Heritage Levy Policy*
- xvi. *the Strategic Transport Levy Policy and*
- xvii. *the Derivatives Policy*

Related Documentation

2023/24 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

2023-24 BUDGET

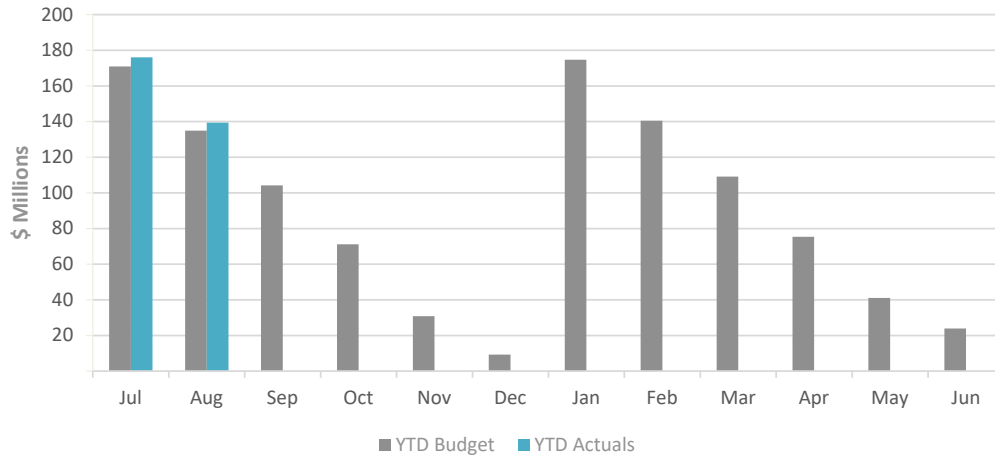
Financial Performance Report

August 2023



Statement of Income and Expenses

2023/24 Operating Result

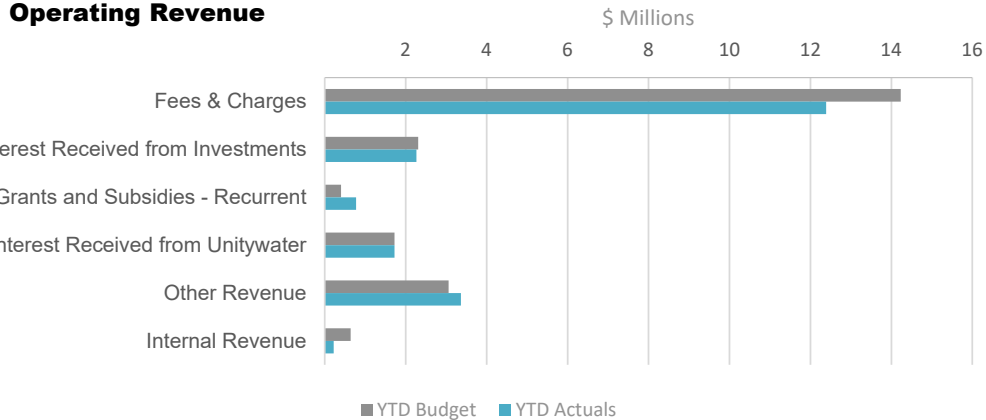


Council has a positive operating result of \$139 million, which is \$4 million above current budget as at 31 August 2023.

Statement of Income & Expenses							
	Annual		YTD				Annual
	Original Budget \$'000	Current Budget \$'000	Current Budget \$'000	Actuals \$'000	Variance \$'000	Variance %	Forecast Budget \$'000
Operating Revenue							
Net Rates and Utility Charges	405,349	405,349	200,808	200,558	(251)	(0.1%)	405,349
Fees and Charges	82,335	82,335	14,231	12,387	(1,844)	(13.0%)	82,335
Interest Received from Investments	13,850	13,850	2,308	2,264	(45)	(1.9%)	13,850
Operating Grants and Subsidies	14,977	14,977	399	771	371	93.0%	14,977
Operating Contributions	320	320	7	2	(5)	(67.3%)	320
Unitywater Participation	52,438	52,438	1,723	1,723	-	-	52,438
Other Revenue	17,787	17,787	3,061	3,363	303	9.9%	18,588
Internal Sales/Recoveries	3,560	3,560	637	217	(420)	(65.9%)	3,554
Total Operating Revenue	590,615	590,615	223,175	221,284	(1,890)	(0.8%)	591,411
Operating Expenses							
Employee Costs	176,203	176,203	25,213	23,250	(1,962)	(7.8%)	176,580
Materials and Services	235,600	235,600	34,320	30,286	(4,034)	(11.8%)	236,095
Finance Costs	13,137	13,137	2,311	2,102	(210)	(9.1%)	13,137
Company Contributions	4,657	4,657	4,657	4,656	(0)	(0.0%)	4,657
Depreciation Expense	105,674	105,674	17,696	17,696	-	-	106,176
Other Expenses	26,732	26,732	3,131	3,336	205	6.6%	26,817
Recurrent Capital Expenses	4,000	4,000	557	557	-	-	4,000
Total Operating Expenses	566,003	566,003	87,885	81,883	(6,001)	(6.8%)	567,463
Operating Result	24,612	24,612	135,290	139,401	4,111	3.0%	23,948
Capital Revenue							
Capital Grants and Subsidies	70,836	70,836	6,674	6,674	-	-	70,837
Capital Contributions - Cash	32,384	32,384	2,107	2,107	-	-	32,384
Capital Contributions - Fixed Assets	82,820	82,820	908	908	-	-	82,820
Total Capital Revenue	186,040	186,040	9,689	9,689	-	-	186,041
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & impairment	-	-	-	404	404	-	-
Movements in landfill and quarry provisions	2,982	2,982	497	497	-	-	2,982
Assets Transferred to Third Parties	-	-	-	-	-	-	-
Total Non-recurrent Expenses	2,982	2,982	497	901	404	81.4%	2,982
Net Result	207,671	207,671	144,483	148,189	3,707	2.6%	207,008

Operating Result – August 2023

Operating Revenue



Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	590,615	590,615	223,175	221,284	(1,890)	(0.8%)
Operating Expenses	562,003	562,003	87,328	81,326	(6,001)	(6.9%)
Recurrent Capital Expenses	4,000	4,000	557	557	-	-
Operating Result	24,612	24,612	135,290	139,401	4,111	3.0%
Capital Revenue	186,040	186,040	9,689	9,689	-	-
Non-recurrent Expenses	2,982	2,982	497	901	404	81.4%
Net Result	207,671	207,671	144,483	148,189	3,707	2.6%

As at 31 August 2023, \$221 million operating revenue had been achieved which is \$1.9 less than budget.

Significant revenue variances:

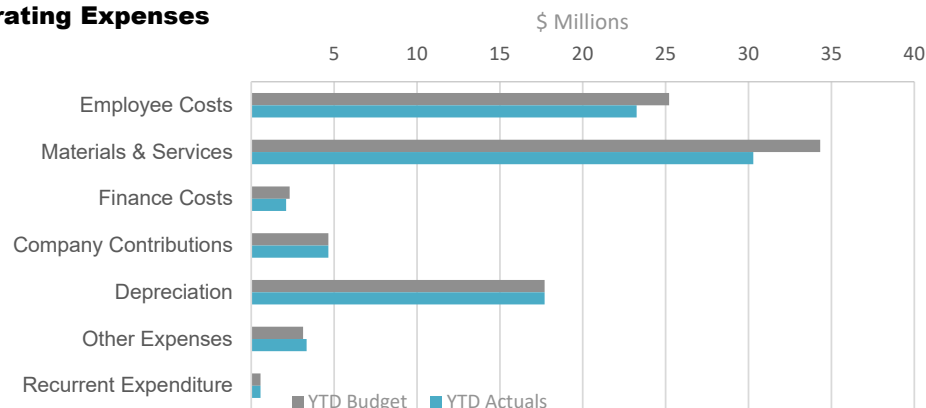
- **Fees and Charges** – Council’s holiday park revenue remains on budget for August while quarry services and plumbing application relating to development services are below budget
- **Operating Grants and Subsidies** – Council received a \$300,000 Cascading Climate Risk grant during July

Substantial Revenue Variance for the Period Ending August 2023

	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Revenue							
Fees and Charges	82,335	82,335	14,231	12,387	(1,844)	(13.0%)	82,335
Operating Grants and Subsidies	14,977	14,977	399	771	371	93.0%	14,977

Operating Result – August 2023 (continued)

Operating Expenses



Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	590,615	590,615	223,175	221,284	(1,890)	(0.8%)
Operating Expenses	562,003	562,003	87,328	81,326	(6,001)	(6.9%)
Recurrent Capital Expenses	4,000	4,000	557	557	-	-
Operating Result	24,612	24,612	135,290	139,401	4,111	3.0%
Capital Revenue	186,040	186,040	9,689	9,689	-	-
Non-recurrent Expenses	2,982	2,982	497	901	404	81.4%
Net Result	207,671	207,671	144,483	148,189	3,707	2.6%

Substantial Expenditure Variance for the Period Ending August 2023

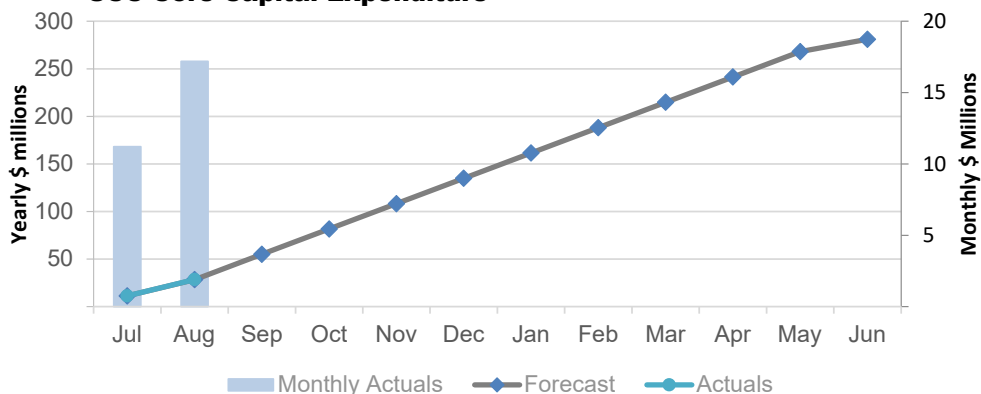
	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Expenses							
Employee Costs	176,203	176,203	25,213	23,250	(1,962)	(7.8%)	176,580
Materials and Services	235,600	235,600	34,320	30,286	(4,034)	(11.8%)	236,095

As at 31 August 2023, \$82 million had been expended resulting in a variance of \$6 million (6.9%) lower than budget.

- Employee costs are below budget for the current financial year due to vacancies throughout the organisation. The annual certified agreement increase has also not been received by all staff as at the end of August 2023.
- Materials and Services – Lower than expected contractor expenses have been realised throughout various areas in Council including quarry services, waste management and road maintenance services.

Capital Expenditure - August 2023

SCC Core Capital Expenditure

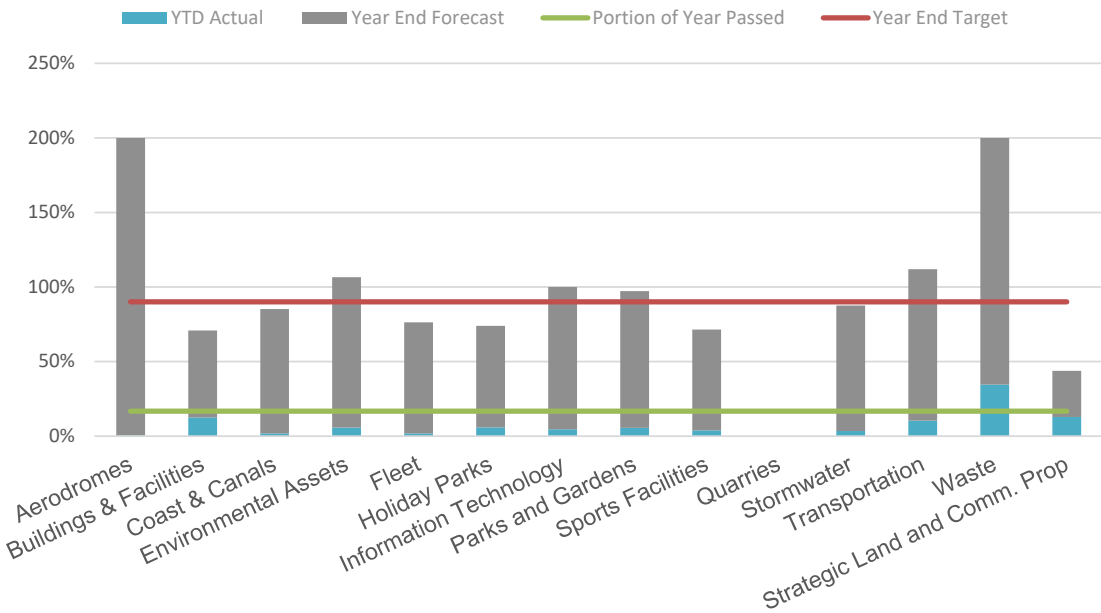


- As at 31 August 2023, \$38 million (11.6%) of Council's \$331 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 10.9% of budget, an actual spend of \$28 million.
- Corporate Major Projects progressed 15%

Capital Expenditure						
	Annual		YTD		Year End	
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Core Capital Works Program						
Aerodromes	845	845	4	0.5%	1,691	846
Buildings and Facilities	32,269	32,269	4,026	12.5%	22,857	(9,412)
Coast and Canals	7,677	7,677	139	1.8%	6,543	(1,134)
Environmental Assets	4,695	4,695	271	5.8%	5,006	311
Minor Works	5,205	5,205	308	5.9%	6,315	1,110
Fleet	5,242	5,242	93	1.8%	4,000	(1,242)
Holiday Parks	2,556	2,556	149	5.8%	1,891	(665)
Information Technology	10,000	10,000	458	4.6%	10,000	-
Parks and Gardens	12,176	12,176	670	5.5%	11,839	(337)
Sports Facilities	19,438	19,438	752	3.9%	13,886	(5,552)
Quarries	-	-	41	-	41	41
Stormwater	17,845	17,845	606	3.4%	15,637	(2,208)
Transportation	116,910	116,910	12,174	10.4%	130,896	13,986
Waste	25,203	25,203	8,709	34.6%	50,397	25,194
Total SCC Core Capital Program	260,062	260,062	28,400	10.9%	280,999	20,937
Corporate Major Projects	32,975	32,975	4,950	15.0%	34,257	1,282
Strategic Land and Commercial Properties	37,680	37,680	4,852	12.9%	16,505	(21,175)
Maroochydore City Centre	-	-	9	-	275	275
Sunshine Coast Airport Runway	-	-	1	-	1	1
Total Other Capital Program	70,655	70,655	9,811	13.9%	51,038	(19,617)
TOTAL	330,716	330,716	38,211	11.6%	332,036	1,320

Capital Expenditure - August 2023 (continued)

SCC Core % YTD spent compared to profiled budget by Program



Buildings and Facilities

- \$2.9 million budget for Caloundra Indoor Sports Stadium progressed 60% with a spend of \$1.7 million
- \$9 million budget for Kawana Waters Regional Aquatic Centre progressed 8% with a spend of \$760,000

Fleet

- \$3.4 million of orders have been placed for delivery in the 2023-24 financial year with \$93,000 of items received.

Holiday Parks

- Cotton Tree Holiday Park new camp kitchen has progressed 13% with construction scheduled for completion in September 2023

Stormwater

- Council's \$3.5 million stormwater pipe relining program has progressed 6%

Strategic Land and Commercial Properties

- Negotiations for land acquisitions associated with Council's trunk road infrastructure and open space requirements will continue through the new financial year

Transportation

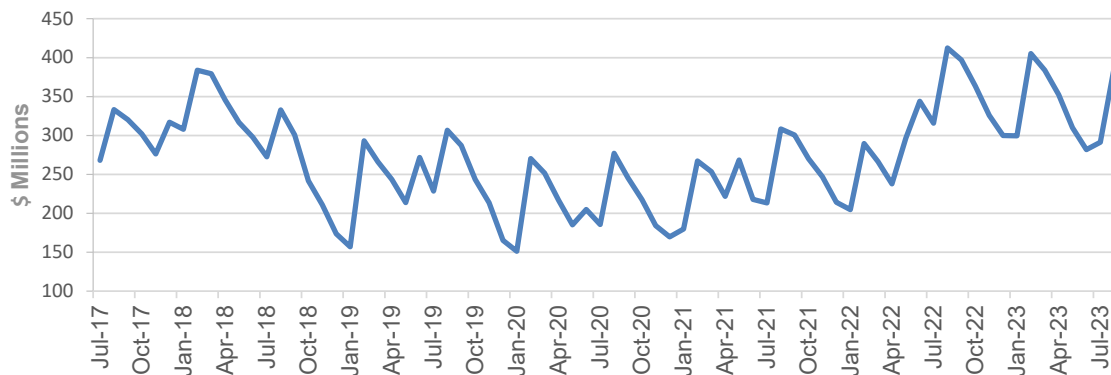
- Council's \$24.5 million road resurfacing and rehabilitation program has progressed 20% with a spend of \$5 million
- Council's \$7.4 million Unsealed Road Upgrades program has progressed 33% with a spend of \$2.5 million
- Council's \$660,000 bus stop program has progressed 34% with a spend of \$222,000
- Pedestrian and Cycling Enabling Facilities has progressed 29% with a spend of \$760,000

Waste

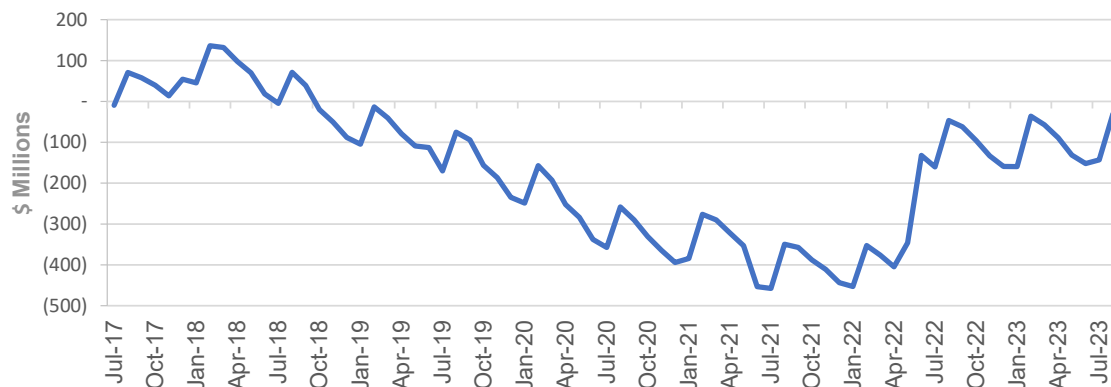
- Construction and fitout is progressing for the new material resource facility at the Nambour resource recovery centre

Cash Flows and Balance Sheet

Cash Balance



Net Cash



Cash and Balance Sheet - August 2023	
	Original Budget \$000s
CASH FLOWS	
Opening Cash	289,721
Net Cash Inflow/(Outflows) from:	
Operating Activities	83,314
Investing Activities	(170,353)
Financing Activities	4,457
Net Increase/(decrease) in Cash Held	(82,581)
Cash at year end	207,140
BALANCE SHEET	
Current Assets	264,955
Non Current Assets	7,297,361
Total Assets	7,562,316
Current Liabilities	191,950
Non Current Liabilities	527,570
Total Liabilities	719,520
Net Community Assets/Total Community Equity	6,842,797

- Council's cash at 31 August 2023 is \$381 million
- Council's debt at 31 August 2023 is \$425 million

Debt

Sunshine Coast Council's debt program is governed by the 2023/24 Debt Policy, which was adopted with the Original Budget adoption on 22 June 2023.

New borrowings are undertaken in accordance with the Queensland Treasury Corporation Guidelines, the Statutory Bodies Financial Arrangements Act 1982 and Section 192 of the Local Government Regulation 2012.

Council's anticipated borrowings for the 2023-24 financial year are forecast at \$28.5 million and relate to:

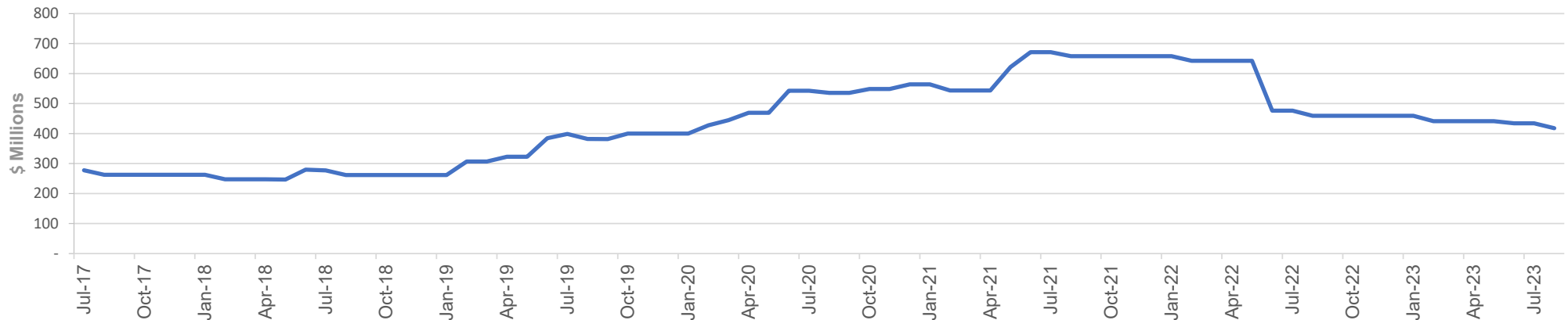
- \$23.6 million for Waste
- \$1.9 million for Holiday Parks
- \$3 million for Sunshine Coast Stadium Upgrade

Council's current debt balance at 31 August 2023 has been reduced to \$425 million with a \$17 million scheduled debt payment processed during the month

Debt - 2023/24				
	Opening Balance	Debt Redemption	New Borrowings	Closing Balance
	\$000	\$000	\$000	\$000
Sunshine Coast Council Core	335,286	18,103	28,542	345,724
Maroochydore City Centre	106,481	6,042	-	100,439
Total	441,767	24,145	28,542	446,164

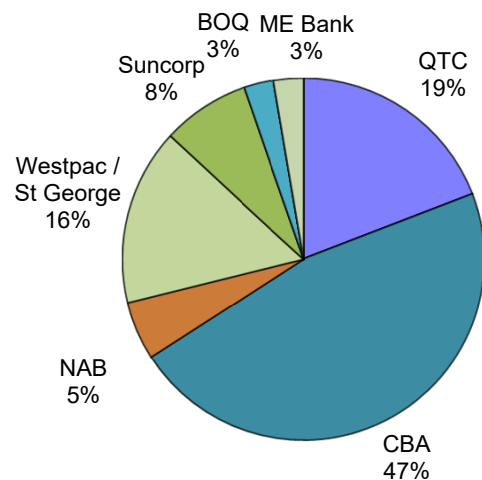
Table 1: 2023/24 Adopted Debt Balance

Debt Balance

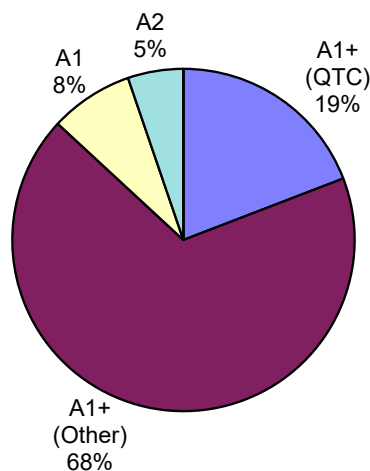


Investment Performance

Investment per financial institution (%)



Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance - August 2023			
Liquidity as at:		31/08/2023	
		\$'000's	
At-call accounts			
QTC + CBA (excl. trust)	200,414	52.58%	
Maturities within 7 days	-	0.00%	
Total at-call	200,414	52.58%	
Investment Policy Target		10.00%	

Term deposits maturing:		
	\$'000's	Count
within 30 days	20,000	2
30-59 days	20,000	2
60-89 days	40,000	4
90-179 days	90,000	8
180-364 days	-	-
1 year - 3 years	-	-
Total	170,000	16

INVESTMENT SUMMARY (including Trust) as at:	31/08/2023		31/05/2023		31/08/2022		Investment Policy	
							Individual Limit	Group Limits
A1+ (QTC)	73,045	19%	129,710	40.5%	250,743	59.0%	100%	100%
A1+ (Other)	258,141	68%	140,634	43.9%	153,931	36.2%	40%	100%
A1	30,000	8%	30,000	9.4%	10,000	2.4%	30%	50%
A2	20,000	5%	20,000	6.2%	10,000	2.4%	30%	45%
A3	-	0%	-	0.0%	-	0.0%	5%	10%
Total Funds	381,186		320,343		424,675			
FUND SUMMARY								
General Funds	370,414		308,504		414,111			
Trust Funds	10,772		11,839		10,564			
Total Funds	381,186		320,343		424,675			

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 August 2023 Council had \$370 million cash (excluding Trust Fund), with an average interest rate of 4.67%, being 0.19% above benchmark. This is compared to the same period last year with \$414 million cash (excluding Trust Fund) with an average interest rate of 2.49%, being 0.78% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).



2023/24 Financial Year Grant Funding

	Description	Division	Suburb	Estimated Construction Start Month	Construction Completed Month	TOTAL Grant Revenue \$'000	Project Expenditure to date \$'000
Federal Government						(\$4,473)	\$19
1	Roads to Recovery Program					(\$3,644)	
Local Road and Community Infrastructure Grant Funding - Round 3 - Agreement end date 30 June 2023						(\$370)	\$13
2	H5465 - LRCIP3 Lake Weyba Foreshore Trail Upgrade	Division 09	Weyba Downs			(\$370)	\$13
Black Summer Bushfire Recover Grants Program						(\$459)	\$6
3	K3402 - Nambour Showgrounds PA System	Division 10	Nambour			(\$459)	\$6
State Government						(\$45,436)	\$1,975
4	Disaster Recovery Funding Arrangements					(\$31,657)	
2022-24 Local Government Grants and Subsidies Program						(\$800)	\$22
5	H5637 - Caloundra Headland Coastal Pathway	Division 02	Kings Beach	May 2023	December 2023	(\$800)	\$22
Queensland Transport Cycle Network Program						(\$2,110)	\$10
6	H3839 - LGIP Stringybark Rd Footbridge-Pathway	Division 07	Sippy Downs			(\$2,100)	\$10
7	H4617 - Mooloolaba School Precinct	Division 04	Mooloolaba			(\$10)	\$0
Community Recreational Assets Recovery Resilience Program						(\$750)	
8	H1977 - CRARRP - Maroochy Multi-Sports Development	Division 07	Maroochydore			(\$297)	\$0
9	K4238 - CRARRP - Maroochydore Regional Football	Division 07	Kunda Park			(\$40)	\$0
10	K4240 - CRARRP - Suncoast Hinterland BMX Club	Division 05	Landsborough			(\$81)	\$1
11	K4243 - CRARRP - Sugar Bag Eastern Trail Repairs	Division 02	Caloundra West			(\$279)	\$0
12	K4244 - CRARRP - Parklands Conservation Park Tra	Division 09	Bli Bli			(\$52)	\$0
13	Passenger Transport Accessible Infrastructure Program					(\$330)	
Transport Infrastructure Development Scheme						(\$1,954)	\$66
14	H4615 - Sippy Downs School Precinct	Division 06	Sippy Downs			(\$500)	\$21
15	H4613 - Cotton Tree Precinct Improvements	Division 04	Maroochydore			(\$190)	\$0
16	H8416 - Emu Mountain Road Pathway Construction	Division 09	Coolum Beach			(\$120)	\$24
17	K2723 - Camp Flat Road Upgrade Stage 4	Division 09	Bli Bli	August 2023		(\$1,144)	\$20
South East Queensland Community Stimulus Program - Agreement end date 30 June 2024						(\$2,462)	\$1,847
18	H1670 - SEQCSP First Avenue Streetscape	Division 04	Maroochydore			(\$910)	\$11
19	K1618 - SEQCSP Caloundra Indoor Sports Stadium - Roof Replacement	Division 02	Caloundra	June 2023	September 2023	(\$357)	\$1,731
20	K1647 - SEQCSP Outrigger Park - Public Amenity	Division 04	Minyama			(\$178)	\$4
21	H7863 - SEQCSP Coolum Sports Complex intersection	Division 09	Coolum Beach			(\$647)	\$20
22	H4605 - SEQCSP Eumundi Town Centre Placemaking	Division 10	Eumundi	July 2023	March 2024	(\$170)	\$58
23	K1308 - SEQCSP Ocean Street Placemaking Renewal	Division 08	Maroochydore	May 2023	June 2024	(\$200)	\$23
Qcoast 2100						(\$300)	\$29
24	K4295 - Esplanade Golden Beach Foreshore Rehabilitation	Division 02	Golden Beach			(\$300)	\$29
25	Queensland Recycling Modernisation Fund					(\$5,072)	

Project Complete