

8.10 NOVEMBER 2019 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - November 2019 Financial Performance Report

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 30 November 2019 in terms of the operating result and delivery of the capital program.

The operating result at 30 November 2019 shows a favourable variance of \$2.6 million compared to the budgeted position. The variation is mainly attributable to higher than expected revenue and lower than budgeted expense. Further detail is provided in the proposal section of this report.

Operating Performance**Table 1: Operating Result as at 30 November 2019**

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	470,347	214,100	215,045	945	0.4%
Total Operating Expenses	450,315	183,039	181,428	(1,610)	-0.9%
Operating Result	20,032	31,061	33,617	2,556	8.2%

Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

As at 30 November 2019, \$143.7 million (40.2%) of Council's \$357.4 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 43.3% of budget, an actual spend of \$74.2 million.

Council's closing cash balance at 30 November 2019 of \$206.7 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "November 2019 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 30 November 2019 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*
Outcome: 5.7 - A financially sustainable organisation
Operational Activity: 5.7.1 - Develop and monitor Council's budget, including legislated requirements.

CONSULTATION

Portfolio Councilor Consultation

Consultation has been undertaken with the Portfolio Councillor, Councillor T Dwyer.

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer
- Coordinator Financial Services

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

This monthly financial performance report provides Council with a summary of performance against budget as at 30 November 2019 in terms of the operating result and delivery of the capital program.

The operating result at 30 November 2019 shows a favorable variance of \$2.6 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 30 November 2019 of \$215 million shows a favorable variance of \$945,000.

Table 2: Substantial Revenue variances as at 30 November 2019

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Interest Received from Investments	3,683	2,445	(1,238)	-33.6%
Other Revenue	6,812	9,767	2,955	43.4%

Interest Received from Investments

Interest rates available for term deposits continue to decline. This has resulted in a decline in interest received.

Other Revenue

Council has received additional revenue for recoverable works within the Parks and Gardens and Environmental Operations areas. These works were predominantly generated from the Department of Transport and Main Roads and the expenditure has occurred in the previous financial year.

Council has also received a quarterly payment for the State Government's container deposit scheme which has generated revenue in excess of the expected budget.

Operating Expenses

Year to date expenditure as at 30 November 2019 of \$181.4 million shows a variance under budget of \$1.6 million.

Materials and Services

Materials and services account for the majority of the expenditure variance as at 30 November 2019, having underspent budget by \$2.4 million.

\$150,000 of the favourable variance relates to the delivery of operating projects and is partially offset by higher employee costs and other expenses associated with resourcing projects. Total Project expenditure was 29% of full year budget as at 30 November 2019.

Council's expenses remain within 1% of budget as at 30 November 2019 while delivering on the 2019/20 operational plan.

Capital Expenditure

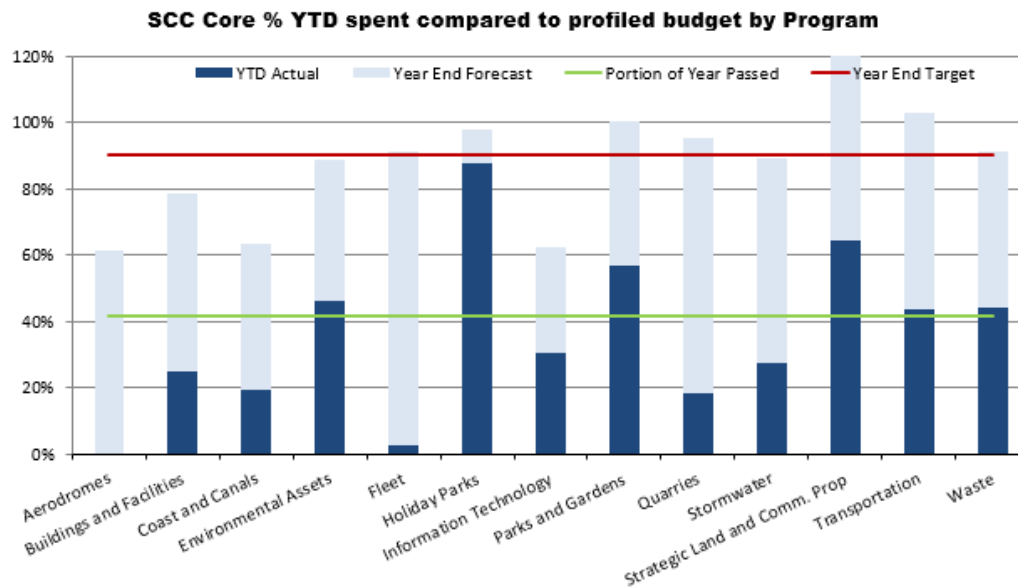
As at 30 November 2019, \$143.7 million (40.2%) of Council's \$357.4 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 43.3% of budget, an actual spend of \$74.2m. The Actual YTD includes all works that have been goods receipted and accrued as at 30 November 2019.

Table 4: Capital Expenditure by Program at 30 November 2019

	Annual		YTD		Forecast	
	Original Budget \$000s	Current Budget \$000s	YTD Actual \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Capital Works Program						
Aerodromes	450	450	0	0.0%	275	(175)
Buildings and Facilities	19,103	21,937	5,307	24.2%	16,810	(5,127)
Coast and Canals	2,080	2,080	404	19.4%	1,312	(768)
Environmental Assets	1,300	1,450	625	43.1%	1,208	(242)
Fleet	2,900	2,879	73	2.5%	2,621	(258)
Holiday Parks	4,302	4,756	4,179	87.9%	4,647	(109)
Information Technology	5,830	8,179	2,470	30.2%	5,081	(3,099)
Parks and Gardens	15,966	20,194	11,270	55.8%	19,974	(220)
Quarries	1,311	1,234	223	18.0%	1,178	(56)
Stormwater	7,014	5,628	1,540	27.4%	5,012	(615)
Strategic Land and Commercial Properties	14,563	16,785	10,767	64.1%	21,958	5,173
Transportation	69,115	65,858	28,442	43.2%	67,096	1,238
Waste	20,622	20,156	8,930	44.3%	18,353	(1,803)
Total SCC Core Capital Program	164,556	171,587	74,229	43.3%	165,524	(6,062)
Corporate Major Projects	14,968	13,744	2,332	17.0%	8,850	(4,894)
Divisional Allocations	5,336	5,781	1,448	25.0%	3,404	(2,377)
Maroochydore City Centre	16,579	20,657	9,513	46.1%	20,839	182
Submarine Cable IBN	14,390	15,774	9,329	59.1%	15,913	139
Sunshine Coast Airport Runway	104,836	129,884	46,883	36.1%	133,829	3,944
Total Other Capital Program	156,109	185,841	69,506	37.4%	182,835	(3,006)
TOTAL	320,666	357,428	143,735	40.2%	348,359	(9,068)

The following graph shows the Core Capital Programs progress to date and forecast.



The following program updates are provided in relation to programs reporting lower expenditure to date:

- Buildings and Facilities – Construction of the Beerwah Aquatic Centre has been scheduled for delivery within winter and is close to completion. The replacement of the netball club house at Victory Park is also underway and due for completion in December. The supply and installation of tiered seating at the Caloundra Indoor Stadium has been procured and is due for installation in the New Year.
- Coast and Canals – Procurement of the Maroochy groynes replacement project is to begin shortly with construction to begin late in the financial year.
- Fleet – Council's fleet replacement program requires a significant portion of the financial year for procurement of heavy plant. This procurement works is underway and the majority of replacements are scheduled to occur in May 2020.
- Information Technology - Delays in the implementation of Council's corporate asset management and customer response systems have caused an underspend for the financial year. Both projects continue to move through the implementation phase and throughout this financial year.
- Transportation – Construction continues for Council's significant road upgrade projects at Sippy Downs Drive, Sippy Downs and Parklands Boulevard, Little Mountain. Both projects remain on schedule and budget. Detailed design continues for Brisbane Road Mooloolaba with construction schedule to progress later this financial year. Council's \$20 million road reseal program has progressed 32% completion in November.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 November 2019 Council had \$206.7 million cash (excluding Trust Fund) with an average interest rate of 2.03%, being 1% above benchmark. This is compared to the same period last year with \$203 million cash (excluding Trust Fund) with an average interest rate of 2.77%, being 0.85% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill Index (BAUBIL) and the Bank Bill Swap Rate (BBSW) for term deposits.

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 2019/20 Investment Policy and
Sunshine Coast Council's 2019/20 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

Ordinary Meeting 19 September 2019, Budget Review 1 2019/20 (OM19/148)

That Council:

- (a) *receive and note the report titled “**Budget Review 1 2019/20**”*
- (b) *adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council’s amended budget for 2019/20 financial year incorporating:*
 - (i) *the statement of income and expenditure*
 - (ii) *the statement of financial position*
 - (iii) *the statements 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 and*
- (c) *note the following documentation applies as adopted 20 June 2019*
 - (i) *the Revenue Policy*
 - (ii) *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*
 - (iii) *the Revenue Statement and*
 - (iv) *the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

Special Meeting Budget 20 June 2019 (SM19/13)

That Council:

adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council’s budget for 2019/20 financial year incorporating:

- i. the statement of income and expenditure*
- ii. the statement of financial position*
- iii. the statements 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*
- viii. the Revenue Policy (adopted by Council resolution on 23 May 2019)*
- 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 2019/20 Capital Works Program, endorse the indicative four-year program for the period 2021 to 2024, and note the five-year program for the period 2025 to 2029*
- xii. the rates and charges to be levied for the 2019/20 financial year and other matters as detailed below in clauses 3 to 11 and*

- xiii. *endorse the full time equivalent establishment as per the Sunshine Coast Council Establishment 2019/2020 report.*

Related Documentation

2019/20 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

Financial Performance Report

November 2019



FINANCIAL PERFORMANCE REPORT

November 2019

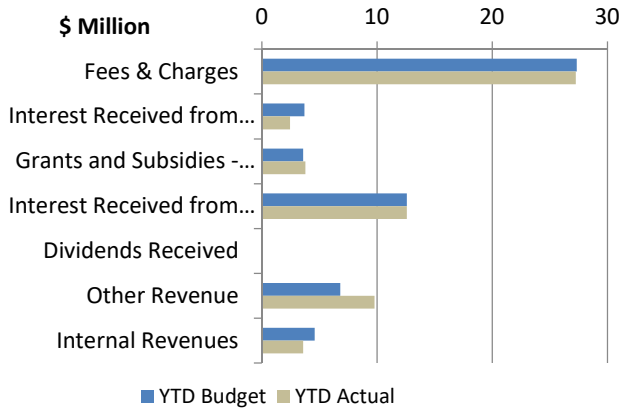
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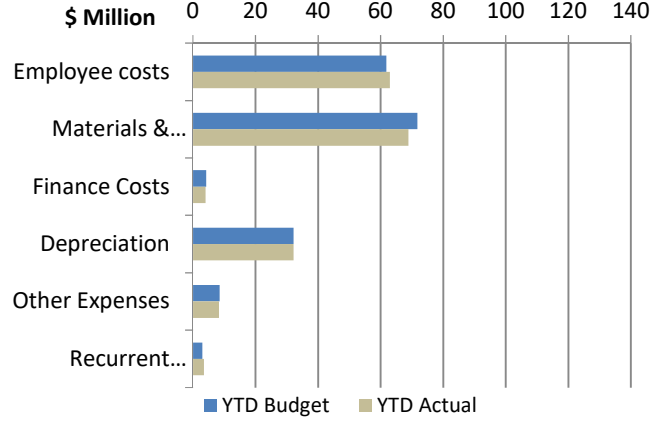
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	483,788	470,347	214,148	215,045	897	0.4%
Operating Expenses	448,925	442,428	180,328	177,951	(2,377)	-1.3%
Recurrent Capital Expenses	5,240	7,887	2,999	3,477	479	16.0%
Operating Result	29,622	20,031	30,822	33,617	2,795	9.1%
Capital Revenue	104,244	115,478	11,828	17,939	6,111	51.7%
Non-recurrent Expenses	4,592	4,592	1,914	2,772	858	44.8%
Net Result	129,274	130,917	40,736	48,785	8,048	19.8%

Operating Revenues



Operating Expenses

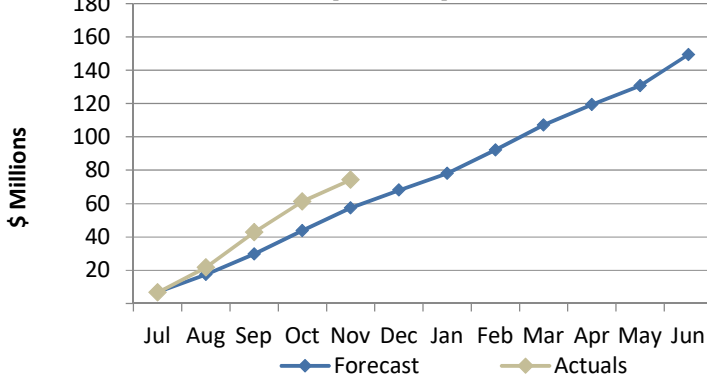


Headline - Capital

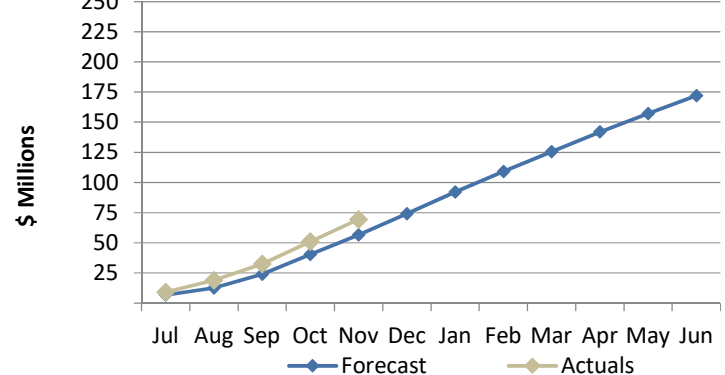
	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Capital Revenue (included in Net R	104,244	115,478	11,828	17,939	6,111	51.7%
Other Capital Revenue	79,076	79,076	32,204	32,210	6	0.0%
Total Capital Revenues	183,320	194,554	44,032	50,149	6,117	13.9%
Capital Works Expenditure	322,676	356,788	138,546	140,254	1,708	1.2%
Total Capital Expenditure	322,676	356,788	138,546	140,254	1,708	1.2%

Funds from General Reserve	139,355	162,234	94,514	90,105	(4,409)	-4.7%
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SCC Base Capital Expenditure



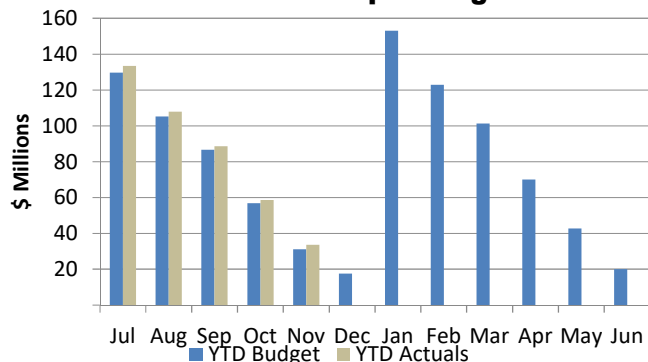
Other Capital Expenditure



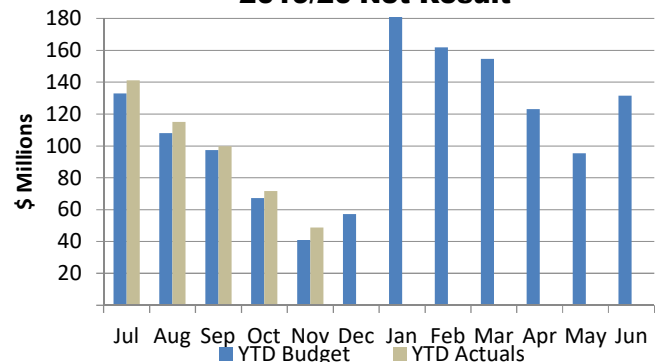
Statement of Income & Expenses

	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	321,489	312,502	155,383	155,504	121	0.1%	312,502
Fees and Charges	57,857	57,857	27,330	27,237	(93)	-0.3%	57,857
Interest Received from Investments	8,838	8,838	3,683	2,445	(1,238)	-33.6%	8,838
Operating Grants and Subsidies	12,329	7,796	3,582	3,779	196	5.5%	7,796
Operating Contributions	319	319	172	164	(7)	-4.3%	319
Unitywater Participation	49,838	49,838	12,574	12,574	0	0.0%	49,838
Other Revenue	25,016	25,095	6,812	9,767	2,955	43.4%	25,095
Internal Sales/Recoveries	8,101	8,101	4,565	3,575	(990)	-21.7%	8,101
Total Operating Revenue	483,788	470,347	214,100	215,045	945	0.4%	470,347
Operating Expenses							
Employee Costs	145,197	146,478	61,880	62,515	635	1.0%	146,478
Materials and Services	191,895	183,944	71,716	69,301	(2,416)	-3.4%	183,944
Finance Costs	10,025	10,025	4,206	4,072	(134)	-3.2%	10,025
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	79,076	32,204	32,210	6	0.0%	79,076
Other Expenses	21,206	21,378	8,507	8,327	(181)	-2.1%	21,378
Recurrent Capital Expenses	5,240	7,887	2,999	3,477	479	16.0%	7,887
Total Operating Expenses	454,165	450,315	183,039	181,428	(1,610)	-0.9%	450,315
Operating Result	29,622	20,031	31,061	33,617	2,556	8.2%	20,031
Capital Revenue							
Capital Grants and Subsidies	12,245	23,879	1,772	4,109	2,337	131.9%	25,177
Capital Contributions - Cash	31,999	31,599	10,056	13,830	3,774	37.5%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	0	0	0	0.0%	60,000
Total Capital Revenue	104,244	115,478	11,828	17,939	6,111	51.7%	116,776
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	840	840	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	1,914	1,914	0	0.0%	4,592
	0	0	0	18	18	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	1,914	2,772	858	44.8%	4,592
Net Result	129,274	130,917	40,976	48,785	7,809	19.1%	132,215

2019/20 Operating Result



2019/20 Net Result



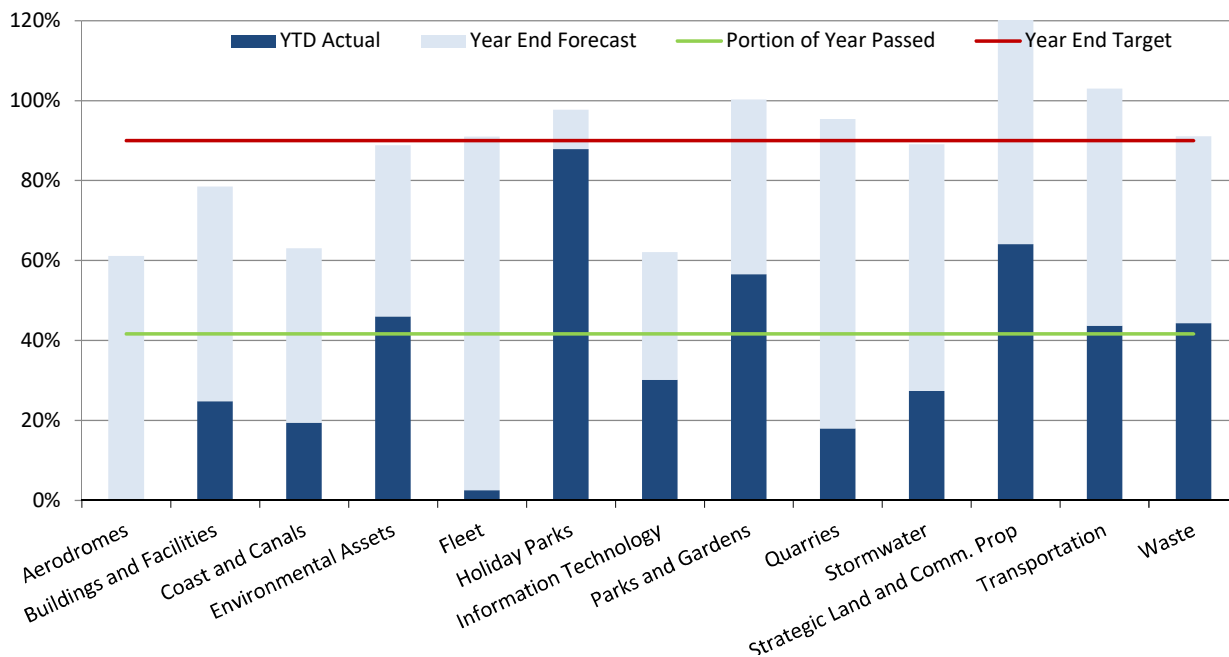
Capital Expenditure

	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
Capital Works Program						
Aerodromes	450	450	0	0.0%	275	(175)
Buildings and Facilities	19,103	21,937	5,307	24.2%	16,810	(5,127)
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Transportation	69,115	65,858	28,442	43.2%	67,096	1,238
Waste	20,622	20,156	8,930	44.3%	18,353	(1,803)
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Corporate Major Projects	14,968	13,744	2,332	17.0%	8,850	(4,894)
Divisional Allocations	5,336	5,781	1,448	25.0%	3,404	(2,377)
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Sunshine Coast Airport Runway	104,836	129,884	46,883	36.1%	133,829	3,944
Total Other Capital Program	156,109	185,841	69,506	37.4%	182,835	(3,006)
TOTAL	320,666	357,428	143,735	40.2%	348,359	(9,068)

The above program of works includes recurrent and non-recurrent expenditure, as reporting in the operating statement

Recurrent Expenses			3,477	0.0%
Non-Recurrent Expenses			2,772	0.0%

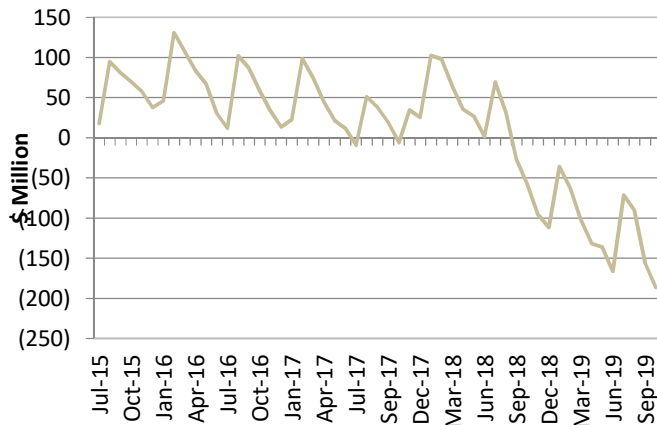
SCC Core % YTD spent compared to profiled budget by Program



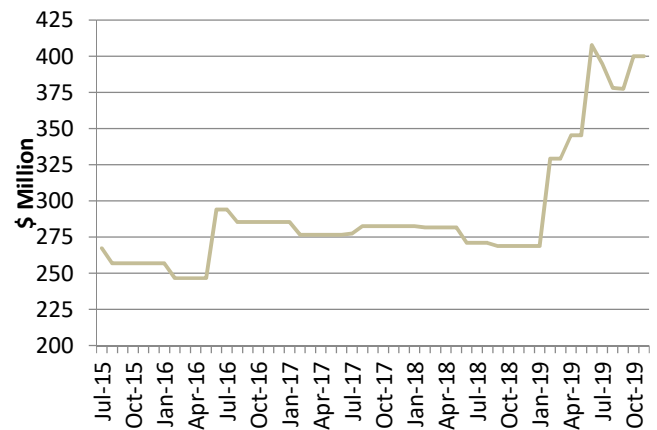
Cash and Balance Sheet

	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	201,182	263,421	263,421
Net Cash Inflow/(Outflows) from:			
Operating Activities	66,248	49,949	51,103
Investing Activities	(216,950)	(238,756)	(110,725)
Financing Activities	157,963	170,906	2,915
Net Increase/(decrease) in Cash Held	7,261	(17,901)	(56,707)
Cash at year end	208,443	245,520	206,714
BALANCE SHEET			
Current Assets	267,703	304,243	266,604
Non Current Assets	5,840,644	5,895,535	5,617,950
Total Assets	6,108,347	6,199,778	5,884,554
Current Liabilities	136,326	185,889	125,067
Non Current Liabilities	589,563	604,812	414,675
Total Liabilities	725,889	790,701	539,742
Net Community Assets/ Total Community Equity	5,382,458	5,409,077	5,344,812

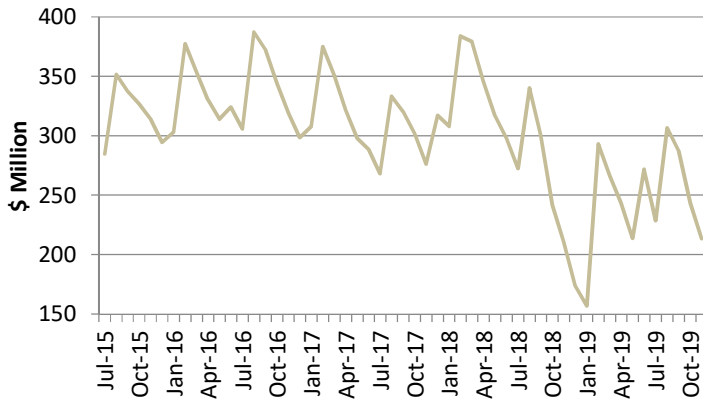
Net Cash



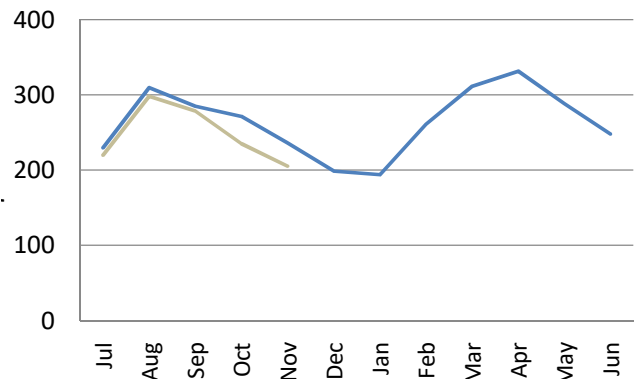
Debt Balance



Cash Balance



Forecast Cash Balance



Investment Performance

November 2019

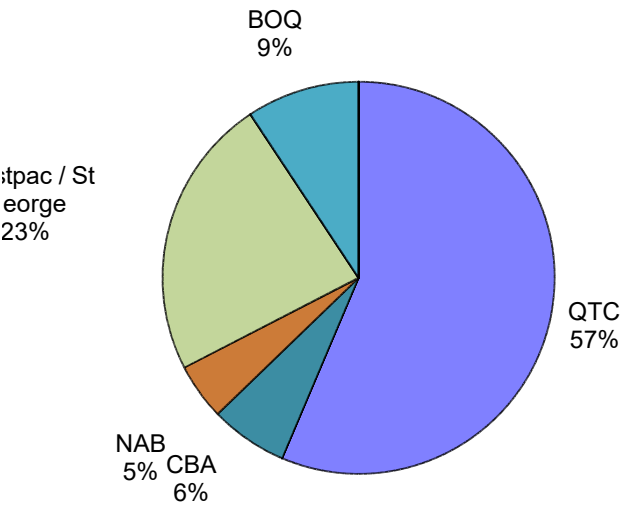
Liquidity as at:	30/11/2019	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$126,710	58.96%
Maturities within 7 days	\$10,000	4.65%
Total at-call	\$136,710	63.61%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$40,000	4
30-59 days	\$30,000	3
60-89 days	\$10,000	1
90-179 days	\$0	0
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$80,000	8

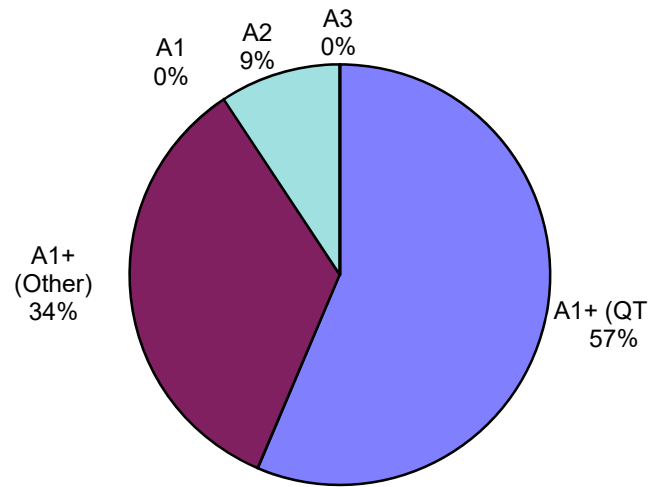
INVESTMENT SUMMARY (including Trust) as at:						Investment Policy		
	30/11/2019		30/08/2019		30/11/2018		Individual Limit	Group Limits
A1+ (QTC)	\$121,187	56.4%	\$114,777	37.3%	\$40,253	19.1%	100%	100%
A1+ (Other)	\$73,722	34.3%	\$132,742	43.2%	\$70,630	33.5%	40%	100%
A1	\$0	0.0%	\$20,000	6.5%	\$30,000	14.2%	30%	50%
A2	\$20,000	9.3%	\$40,000	13.0%	\$70,000	33.2%	30%	45%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$214,909		\$307,519		\$210,883			
FUND SUMMARY								
General Funds	\$206,710		\$299,159		\$203,006			
Trust Funds	\$8,198		\$8,360		\$7,877			
Total Funds	\$214,909		\$307,519		\$210,883			

Investment Portfolio

Investment per financial institution (%)

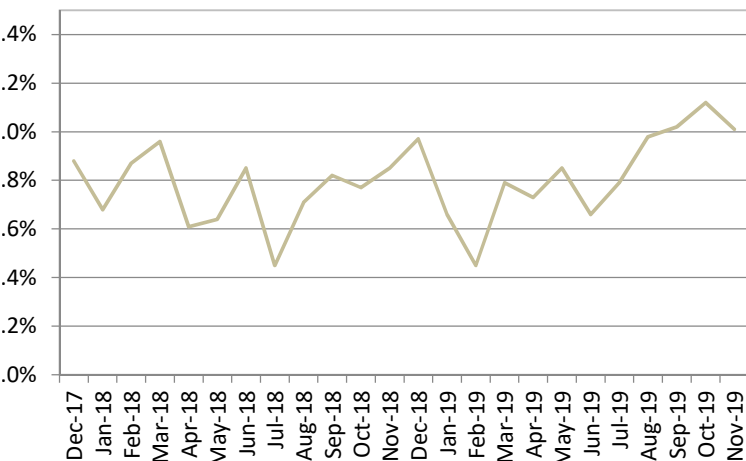


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

