

## 7.1.2 NOVEMBER 2013 FINANCIAL PERFORMANCE REPORT

**File No:** Statutory Meetings  
**Author:** Coordinator Financial Services  
Corporate Services Department  
**Attachments:** Att 1 - November 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.

The operational result at 30 November 2013 shows a positive variance of \$4.4 million compared to the forecast position.

This operating result variation is made up of higher than expected revenue of \$3.4 million (1.8%) and lower than expected operating expenses of \$940,000 (0.5%). Further detail is provided in the proposal section of this report.

As at 30 November 2013, \$60.9 million (34.3%) of council's \$177.7 million 2013/2014 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 "November 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

## **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 November 2013 shows a positive variance of \$4.4 million compared to the forecast position.

This operating result variation is made up of higher than expected revenue of \$3.4 million and lower than expected operating expenses of \$940,000.

### **Operating Revenue**

#### **Fees and Charges**

The \$1.3 million favourable variance in fees and charges, relates to development applications revenue. The volume of applications continues the previous months trend of a 13% increase on 2012/2013 volumes.

#### **Grants and Subsidies**

The favourable variation of \$375,000 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). The additional revenue has all been recognised as part of the Budget Review 2 2013/2014 requests.

#### **Other Revenue**

Of the \$1.3 million favourable variance in other revenue, \$800,000 relates to a refund from the Office of State Revenue for over charged payroll tax. \$170,000 relates to the Roads Maintenance Performance Contract program being ahead of budget and \$150,000 relates to higher than anticipated sales of recyclable materials.

### **Operating Expense**

#### **Materials and Services**

As at November month end, materials and services spend is in line with budget with a favourable variance of \$468,000.

This variance is made up of an overspend on legal costs of \$1.4 million. This overspend is a consequence of unbudgeted expenditure on the Settler's Cove case of \$2.01 million.

This overspend has been offset by an underspend across all departments, including:

- A telecommunication reimbursement from overcharges in previous invoices of \$540,000
- \$565,000 for the Environmental Operations Branch, which relates to levy and grant projects currently underspent
- \$369,000 for the Waste Branch, where contractor invoices are yet to be received

**Capital Expenditure**

As at 30 November 2013, \$60.9 million (34.3%) 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	YTD Actual \$000	% of Annual Budget Spent
Buildings and Facilities	6,548	7,666	4,102	54%
Coast and Canals	1,949	2,388	452	19%
Divisional Allocations	3,100	4,948	1,876	38%
Environmental Assets	1,238	1,276	139	11%
Fleet	1,000	1,000	703	70%
Parks and Gardens	10,317	11,580	2,935	25%
Stormwater	4,161	4,309	2,040	47%
Transportation	52,952	62,411	22,423	36%
Information Communication Technology	3,927	4,687	1,372	29%
Strategic Land & Comm Properties	9,422	48,967	16,099	33%
Aerodromes	-	107	8	7%
Sunshine Coast Airport	3,400	7,992	4,334	54%
SC Holiday Parks	1,455	3,093	291	9%
Quarries	150	637	384	60%
Waste	9,651	16,596	3,778	23%
<b>TOTAL COUNCIL</b>	<b>109,270</b>	<b>177,658</b>	<b>60,934</b>	<b>34%</b>

**Investment Performance**

All investment parameters remain within the guidelines established by the Investment Policy.

Council has maintained a fairly strong return in the current market conditions with \$268 million cash (excluding Trust Fund) as at 30 November 2013 with an average interest rate of 3.71%, being 1.09% above benchmark. This is compared to 30 November 2012 with \$235 million cash (excluding Trust Fund) where the average interest rate was 4.90%, being 1.76% above benchmark.

The benchmark used to measure performance of cash funds is the UBS Bank Bill Index.

The Reserve Bank of Australia (RBA) again kept the cash rate unchanged at 2.5%.

Short-term interest rates are likely to remain relatively stable over the coming months, with the RBA sitting firmly on the sidelines.

**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
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 occurs after separation from 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 Budget Review 1 2013/2014.

**Related Documentation**

There is no related documentation for this report.

**Critical Dates**

There are no critical dates for this report.

**Implementation**

There are no implementation details to include in this report.

Sunshine Coast  
Council

## FINANCIAL PERFORMANCE REPORT

November 2013

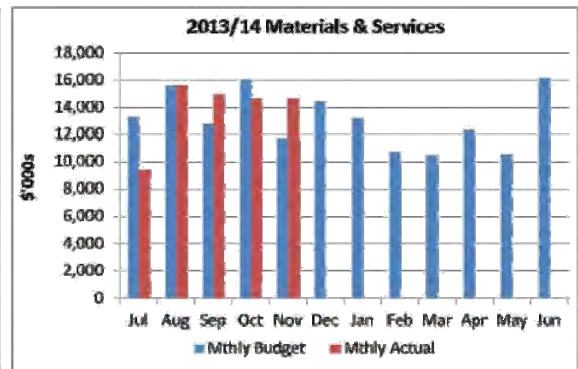
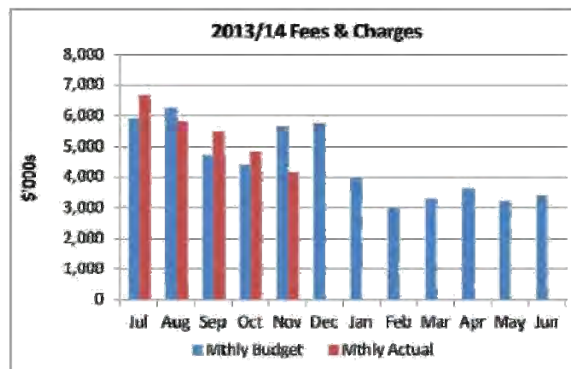
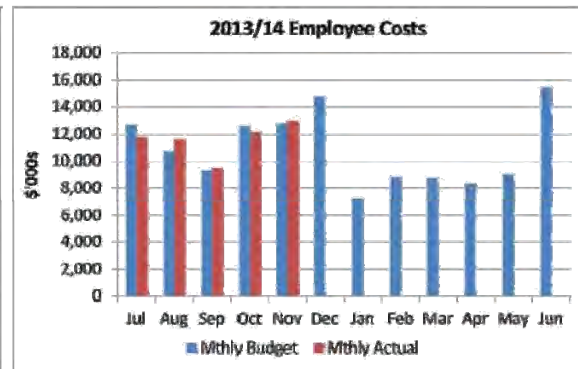
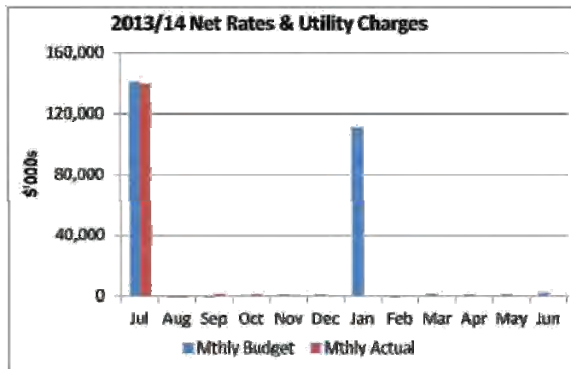
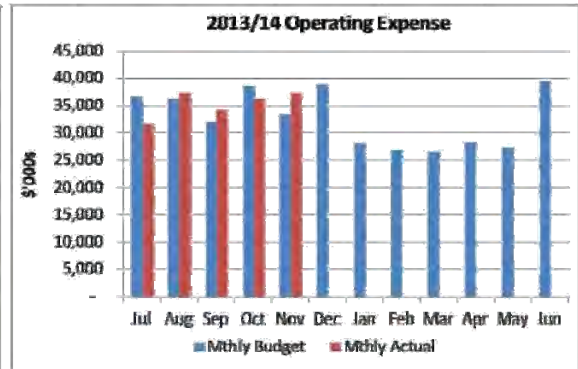
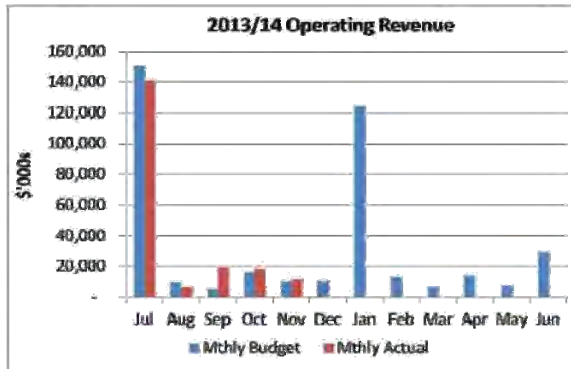


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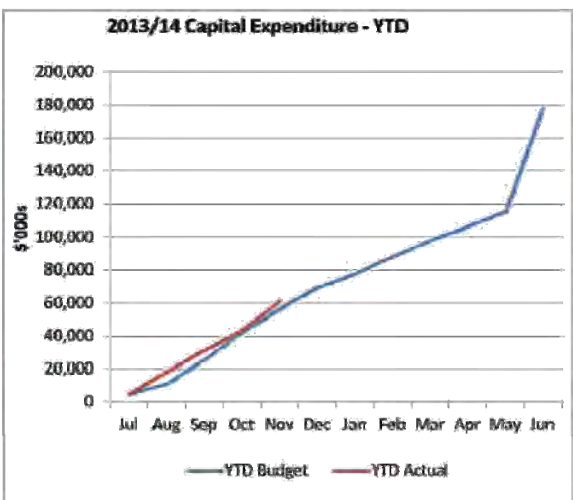
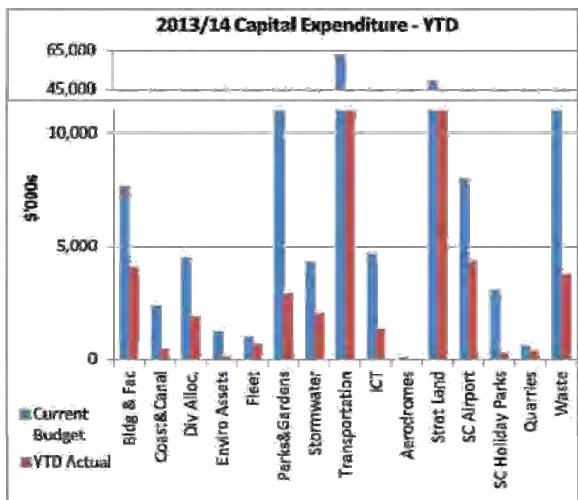
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**FINANCIAL PERFORMANCE REPORT** November 2013  
**HEADLINE - OPERATING**

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	400,295	400,285	193,373	196,787	3,414	1.8%
Operating Expenses	387,582	392,529	176,838	175,898	(940)	(0.5%)
<b>Operating Result</b>	<b>12,713</b>	<b>7,756</b>	<b>16,535</b>	<b>20,889</b>	<b>4,354</b>	<b>26.3%</b>
<b>NET Result</b>	<b>54,287</b>	<b>46,343</b>	<b>31,059</b>	<b>33,206</b>	<b>2,147</b>	<b>6.9%</b>

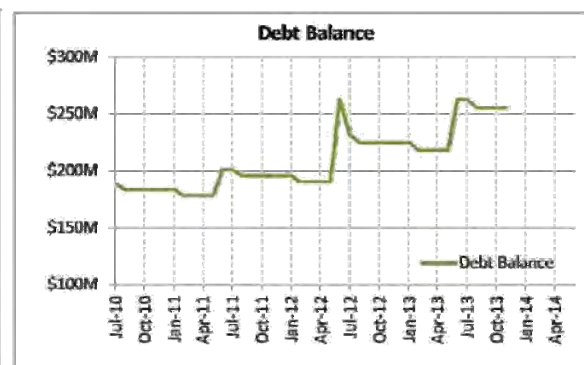
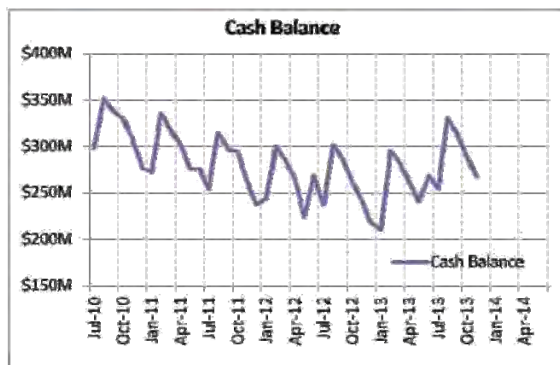
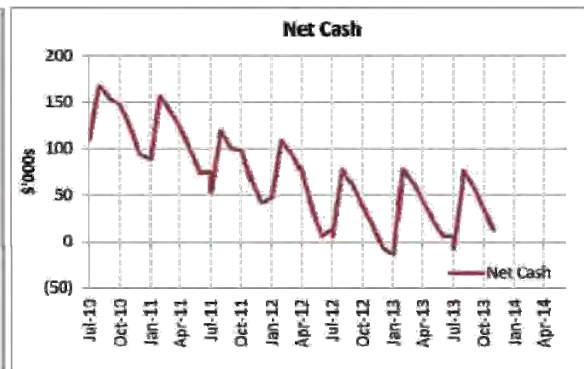
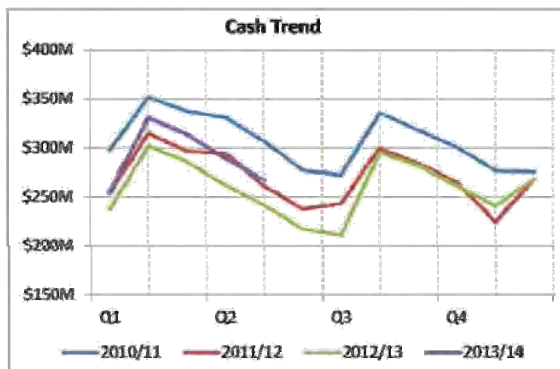


FINANCIAL PERFORMANCE REPORT							November 2013
HEADLINE - CAPITAL							
	Annual		YTD				
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	
Capital Revenues (included in NET Result)	37,101	34,115	13,434	11,227	(2,207)		
Other Capital Revenues	86,410	86,409	33,581	35,255	1,675		
<b>Total Capital Revenues</b>	<b>123,511</b>	<b>120,525</b>	<b>47,014</b>	<b>46,482</b>	<b>(532)</b>		
Capital Works Expenditure	109,270	177,658	56,187	60,934	4,747	8.4%	
Other capital Expenditure	41,150	33,550	12,585	7,685	(4,900)		
<b>Total Capital Expenditure</b>	<b>150,420</b>	<b>211,208</b>	<b>68,772</b>	<b>68,619</b>	<b>(153)</b>		
<b>Funds from General Revenue</b>	<b>26,909</b>	<b>90,684</b>	<b>21,758</b>	<b>22,137</b>	<b>379</b>		





FINANCIAL PERFORMANCE REPORT				November 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	54,780	
Investing Activities	(93,697)	(157,471)	(47,552)	
Financing Activities	476	476	416	
<b>Net Increase/(decrease) in Cash Held</b>	<b>(45,035)</b>	<b>(113,541)</b>	<b>7,644</b>	
Cash at year end	151,206	151,206	268,980	
<b>BALANCE SHEET</b>				
Total Current Assets	216,289	216,289	306,251	
Total Non Current Assets	4,511,393	4,511,393	5,280,830	
<b>Total Assets</b>	<b>4,727,682</b>	<b>4,727,682</b>	<b>5,587,082</b>	
Total Current Liabilities	70,183	70,183	70,917	
Total Non Current Liabilities	240,480	240,480	279,068	
<b>Total Liabilities</b>	<b>310,663</b>	<b>310,663</b>	<b>349,985</b>	
<b>Net Community Assets/ Total Community Equity</b>	<b>4,417,019</b>	<b>4,417,019</b>	<b>5,237,097</b>	



## FINANCIAL PERFORMANCE REPORT

November 2013

## HEADLINE - COMMENTARY

**Income & Expense Statement**

Council's financial results at 30 November 2013 shows the organisation with a \$4.4 million higher than forecasted operating position against the year to date budget. This operating result variation is made up of operating revenue being \$3.4 million higher than the year to date budget, along with operating expenses being \$940,000 lower than the year to date budget.

**Operating Revenues**

The \$1.3 million favourable variance in fees and charges relates to development applications, with the volume being approximately 13% higher in 2013/2014 than compared to same time in 2012/2013.

Of the \$1.3 favourable variance in other revenue, \$800,000 relates to a refund from the Office of State Revenue for over charged payroll tax.

**Operating Expenses**

The favourable variance in operating expenses of \$940,000 million relates to Materials & Services (\$508,000) and Employee Costs (\$468,000).

Materials and Services relates to underspends in the following branches: ICTS (\$540,000), Environmental Operations (\$565,000) and Waste (\$369,000)

**Capital Expenditure**

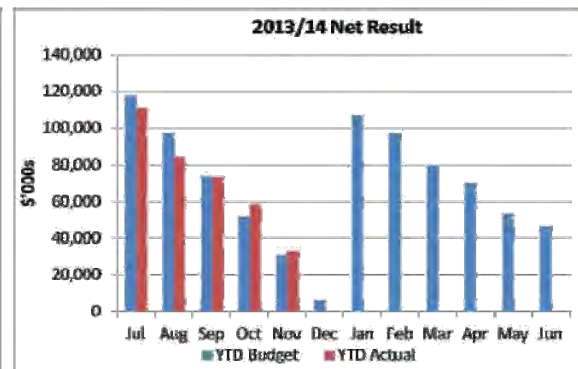
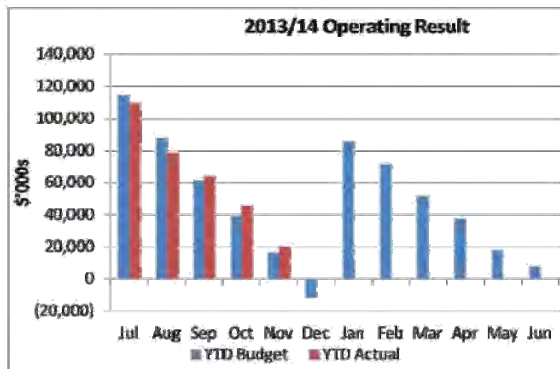
As at 30 November 2013, \$60.9 million (34.3%) of council's \$177.7 million 2013/2014 Capital Works Program was financially expended.

## HEADLINE - RISKS

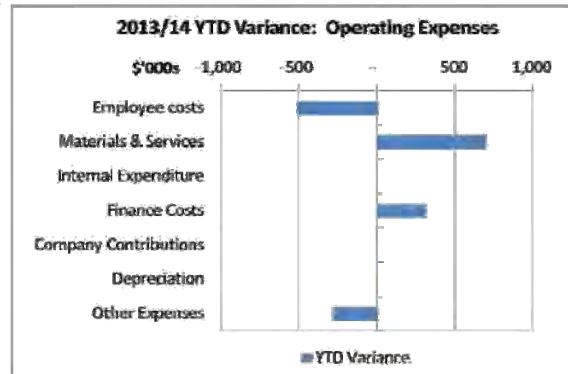
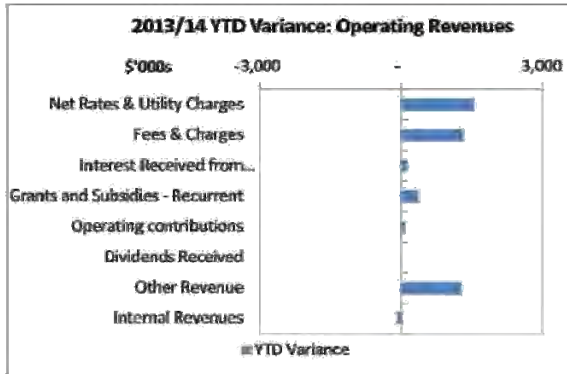
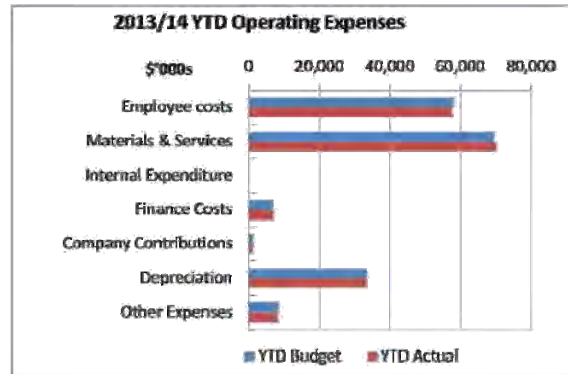
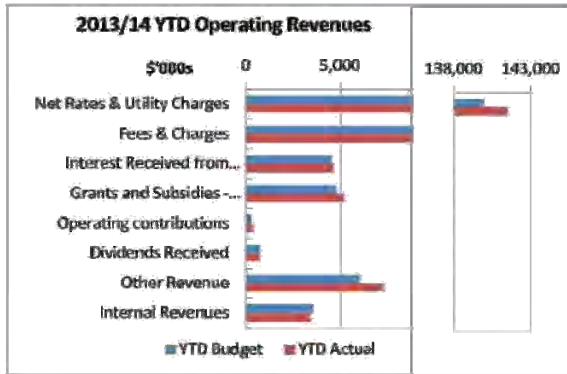
**Income & Expense Statement**

1. General Rates growth - lower than anticipated growth of rateable properties of 1.0% against forecast of 1.5%. This approximately equates to lower revenue than budgeted.
2. Financial Assistance Grant - during 2012/2013 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 2013/2014 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.

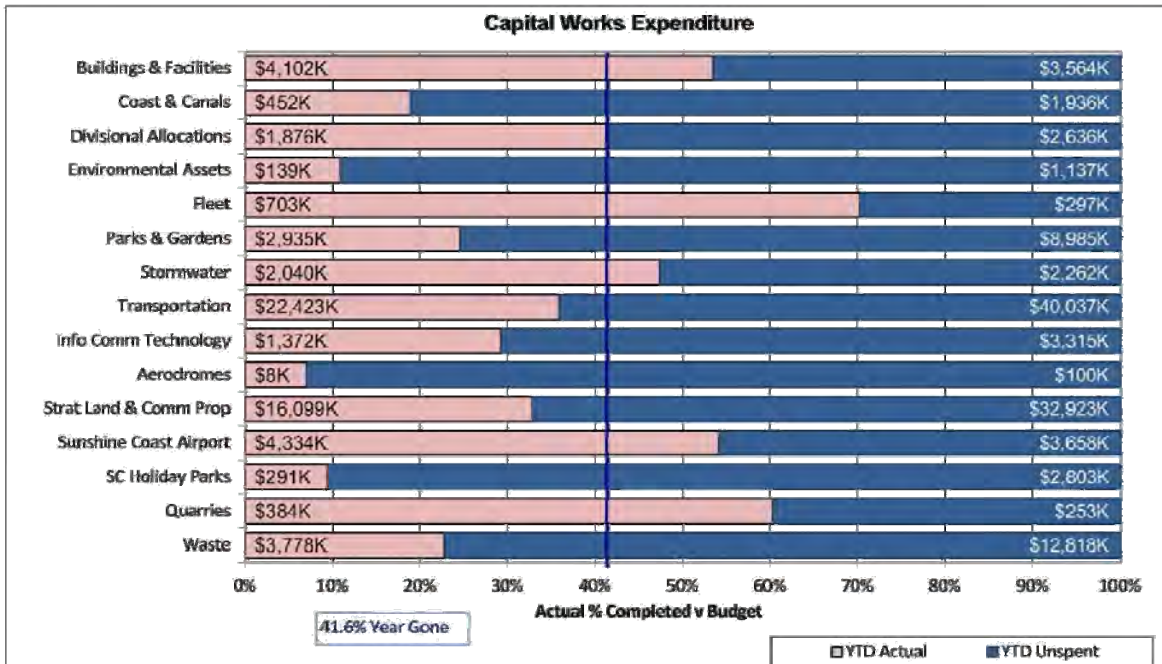
FINANCIAL PERFORMANCE REPORT							November 2013
STATEMENT OF INCOME & EXPENSES							
	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
<b>Operating Revenue</b>							
Gross Rates & Utility Charges	262,411	262,411	145,087	146,776	1,689	1.2%	262,480
Interest from Rates & Utilities	2,053	2,053	1,109	1,132	24	2.1%	2,053
Less Discounts, Pensioner Remissions & Legal	(11,374)	(11,374)	(6,283)	(7,630)	(1,347)	21.4%	(11,374)
Net Rates & Utility Charges	253,090	253,090	139,912	140,278	366	0.3%	253,159
Fees & Charges	53,274	53,274	26,970	28,290	1,320	4.9%	51,841
Interest Received from Investments	8,512	8,512	4,529	4,644	115	2.5%	8,512
Grants and Subsidies - Recurrent	10,780	10,780	4,781	5,156	375	7.8%	11,091
Operating contributions	570	570	262	335	73	27.8%	570
Interest received from Unitywater	26,205	26,205	6,662	6,662	(1)	0.0%	26,205
Dividends Received	27,001	27,001	735	735	0	0.0%	27,001
Other Revenue	13,249	13,249	6,016	7,275	1,259	20.9%	13,485
Internal Revenues	7,614	7,603	3,506	3,412	(94)	-2.7%	7,603
Community Service Obligations	0	0	0	0	0	0.0%	0
<b>Total Operating Revenue</b>	<b>400,295</b>	<b>400,285</b>	<b>193,373</b>	<b>196,787</b>	<b>3,414</b>	<b>1.8%</b>	<b>399,466</b>
<b>Operating Expenses</b>							
Employee costs	130,879	131,340	58,206	57,698	(508)	-0.9%	130,166
Materials & Services	152,860	157,081	69,471	69,003	(468)	-0.7%	157,442
Internal Expenditure	0	0	0	0	0	0.0%	0
Finance Costs	14,197	14,197	6,485	6,799	314	4.8%	14,197
Company Contributions	1,152	1,152	1,152	1,152	0	0.0%	1,152
Depreciation	70,510	70,510	33,164	33,165	1	0.0%	70,510
Other Expenses	17,984	18,250	8,360	8,081	(279)	-3.3%	18,499
Competitive Neutrality Adjustments	0	0	(0)	0	0	-100.0%	0
<b>Total Operating Expenses</b>	<b>387,582</b>	<b>392,529</b>	<b>176,838</b>	<b>175,898</b>	<b>(940)</b>	<b>-0.5%</b>	<b>391,966</b>
<b>Operating Result</b>	<b>12,713</b>	<b>7,756</b>	<b>16,535</b>	<b>20,889</b>	<b>4,354</b>	<b>26.3%</b>	<b>7,500</b>
<b>Capital Revenue</b>							
Capital Grants and Subsidies	2,900	7,509	5,173	5,974	801	15.5%	12,042
Capital Contributions	7,201	7,206	3,361	5,254	1,893	56.3%	7,206
Contributed Assets	27,000	19,400	4,900	0	(4,900)	-100.0%	19,400
Other Capital Revenue	4,472	4,472	1,090	1,090	0	0.0%	4,472
<b>Total Capital Revenue</b>	<b>41,573</b>	<b>38,587</b>	<b>14,524</b>	<b>12,317</b>	<b>(2,207)</b>	<b>-15.2%</b>	<b>43,120</b>
<b>Net Result</b>	<b>54,287</b>	<b>46,343</b>	<b>31,059</b>	<b>33,206</b>	<b>2,147</b>	<b>6.9%</b>	<b>50,621</b>



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



FINANCIAL PERFORMANCE REPORT							November 2013
CAPITAL EXPENDITURE							
Capital Works Program	Annual		YTD			Annual	
	Original Budget \$'000s	Current Budget \$'000s	Budget \$'000s	Actual \$'000s	% of Annual Budget Spent	Forecast Budget \$'000s	
Buildings and Facilities	6,548	7,666	4,742	4,102	53.5%	7,324	
Coast and Carrals	1,949	2,388	793	452	18.9%	2,388	
Divisional Allocations	3,100	4,948	1,779	1,876	37.9%	4,651	
Environmental Assets	1,238	1,276	163	139	10.9%	1,276	
Fleet	1,000	1,000	686	703	70.3%	1,000	
Parks and Gardens	10,317	11,580	3,675	2,935	25.3%	12,117	
Stormwater	4,161	4,309	1,692	2,040	47.3%	4,241	
Transportation	52,952	62,411	24,445	22,423	35.9%	65,632	
Information Communication Technology	3,927	4,687	1,899	1,372	29.3%	4,871	
Strategic Land & Comm Properties	9,422	48,967	7,316	16,099	32.9%	50,034	
Aerodromes	-	107	2	8	7.1%	399	
Sunshine Coast Airport	3,400	7,992	4,408	4,334	54.2%	8,237	
SC Holiday Parks	1,455	3,093	491	291	9.4%	3,093	
Quarries	150	637	183	384	60.3%	637	
Waste	9,651	16,596	3,913	3,778	22.8%	19,103	
<b>TOTAL</b>	<b>199,270</b>	<b>177,658</b>	<b>56,187</b>	<b>60,934</b>	<b>34.3%</b>	<b>185,803</b>	



**FINANCIAL PERFORMANCE REPORT** November 2013  
**INVESTMENT PERFORMANCE**

Liquidity as at:		30/11/2013	
		\$'000's	
<b>At-call accounts</b>			
QTC + CBA (exc trust)	\$66,262	24.71%	
Investments Maturing within 7 days	\$20,000	7.46%	
<b>Total at-call</b>	<b>\$86,262</b>	<b>32.16%</b>	
Investment Policy Target		10.00%	

	INVESTMENT SUMMARY AS AT				Investment Policy			
	30/11/2013		31/10/2013		30/11/2012		Individual Limit	Group Limits
A1+ (QTC)	\$66,262	24.7%	\$63,896	22.0%	\$21,475	8.9%	100%	100%
A1+ (Other)	\$96,943	36.1%	\$140,955	48.6%	\$161,090	66.4%	35%	100%
A1	\$60,000	22.4%	\$30,000	10.4%	\$30,000	12.4%	30%	30%
A2	\$45,000	16.8%	\$55,000	19.0%	\$30,000	12.4%	10%	30%
<b>TOTAL</b>	<b>\$268,205</b>		<b>\$289,852</b>		<b>\$242,565</b>			

**Investment Portfolio**

