

MAY 2009 FINANCIALS – BRIEF NOTES

1	<u>Net Rates & Utility Charges</u>	YTD Actual \$310.935 m	YTD Budget \$313.684 m	Unfavourable (\$2.749) m (0.88%)	Original Budget \$320.455 m	Current Budget \$320.593 m
<p>This variance arises primarily in general rates and water consumption charges, which are \$2.219m and \$1.097m respectively behind budget. A positive variance of \$0.400m for sewerage rates partially offsets this.</p>						
2	<u>Fees & Charges</u>	YTD Actual \$63.885 m	YTD Budget \$66.479 m	Unfavourable (\$2.594) m (3.90%)	Original Budget \$73.512 m	Current Budget \$71.992 m
<p>The variance in this category is dominated by the Waste business, accounting for some \$1.688m of the underrun. This is occurring for both recyclables sales and tip fees. The balance of the variance is spread right across Council, with the most notable single factor being Development Assessment fees, which continue to deteriorate and are now \$0.432m behind budget.</p>						
3	<u>Interest Received from Investments</u>	YTD Actual \$15.700 m	YTD Budget \$15.265 m	Favourable \$0.435 m 2.85%	Original Budget \$14.620 m	Current Budget \$16.620 m
<p>Council's cash balances are higher than forecast due largely to the lag in delivery of the capital works programme; as the delivery of the programme accelerates, this together with lower interest rates is causing the gradual elimination of this positive variance.</p>						
4	<u>Other Revenue</u>	YTD Actual \$14.806 m	YTD Budget \$13.508 m	Favourable \$1.298 m 9.61%	Original Budget \$7.321 m	Current Budget \$14.370 m
<p>This variance is principally due to approximately \$0.8m of revenue under the Service Level Agreement with the Bulk Water Supply Authority.</p>						
5	<u>Employee Costs</u>	YTD Actual \$148.660 m	YTD Budget \$153.136 m	Favourable (\$4.475) m (2.92%)	Original Budget \$167.093 m	Current Budget \$170.931 m
<p>When the \$4.307m variance from lower charges to capital is taken into account, employee costs are within 0.1% of budget.</p>						

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6	<u>Capitalised Employee Costs</u>	YTD Actual (\$10.756) m	YTD Budget (\$15.063) m	Unfavourable \$4.307 m (28.59%)	Original Budget (\$13.913) m	Current Budget (\$16.664) m
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The variance here is driven by the pace of the capital works programme, discussed further below.

7	<u>Materials & Services</u>	YTD Actual \$188.598 m	YTD Budget \$214.319 m	Favourable (\$25.721) m (12.00%)	Original Budget \$222.860 m	Current Budget \$239.983 m
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This variance has been mainly impacted by the pace of the capital works programme, with the bulk of the variance arising in the main works delivery departments of Infrastructure Services and Sunshine Coast Water, which together have 74% of the year to date budget and 83% of the variance. Planning and other operating projects are also proceeding more slowly than anticipated.

8	<u>Capitalised Materials & Services</u>	YTD Actual (\$35.659) m	YTD Budget (\$57.776) m	Unfavourable \$22.117 m (38.28%)	Original Budget (\$57.960) m	Current Budget (\$62.968) m
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The variance here is driven by the pace of the capital works programme, discussed further below.

9	<u>Finance Costs</u>	YTD Actual \$8.152 m	YTD Budget \$7.379 m	Unfavourable \$0.773 m 10.48%	Original Budget \$8.213 m	Current Budget \$8.310 m
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A recasting of Council's loan portfolio has yet to be implemented. Actuals reflect the revised structure, whilst the budget has not yet been aligned with this.

10	<u>Capital Grants and Subsidies</u>	YTD Actual \$19.748 m	YTD Budget \$25.367 m	Unfavourable (\$5.619) m (22.15%)	Original Budget \$19.151 m	Current Budget \$32.542 m
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The budget shortfall in this area is a reflection of the pace of the capital programme delivery, discussed below.

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11	<u>Capital Contributions</u>	YTD Actual	YTD Budget	Favourable		Original Budget	\$31.151 m
		\$32.736 m	\$29.691 m	\$3.045 m	10.26%	Current Budget	\$31.788 m
<p>Developers' contributions have accelerated ahead of anticipated levels in the last few months. Developments include Blackall Range Road Woombye and Bundilla Lakes.</p>							
12	<u>Contributed Assets</u>	YTD Actual	YTD Budget	Favourable		Original Budget	\$43.880 m
		\$66.873 m	\$60.000 m	\$6.873 m	11.46%	Current Budget	\$74.550 m
<p>Budgeting and profiling this line item is challenging due to its dependency on the timing of developments. Even after adjustment was made in the last budget review, the pace of incoming assets has continued to exceed expectations. The significantly higher contribution of assets has no immediate financial impact on Council, however the implications in terms of future costs for depreciation and maintenance are considerable.</p>							
13	<u>Loans Utilised</u>	YTD Actual	YTD Budget	Unfavourable		Original Budget	\$49.431 m
		\$1.919 m	\$21.274 m	(\$19.355) m	(90.98%)	Current Budget	\$55.505 m
<p>Current loan treatments vary by previous Council. For Central, loans are budgeted to be drawn down in June, whilst at North and South this line represents both new loans and the utilisation of loans from previous years as the capital programme progresses. The variance thus mainly reflects delays in capital expenditure.</p>							
14	<u>Depreciation Utilised</u>	YTD Actual	YTD Budget	Unfavourable		Original Budget	\$83.144 m
		\$68.089 m	\$76.834 m	(\$8.745) m	(11.38%)	Current Budget	\$83.821 m
<p>The utilisation of depreciation is a funding source for the capital programme and so this variance is a reflection of the delays to the programme.</p>							

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15	<u>Constructed Assets</u>	YTD Actual \$114.204 m	YTD Budget \$159.160 m	Unfavourable (\$44.956) m (28.25%)	Original Budget Current Budget	\$163.116 m \$197.124 m
<p>With 92% of the year passed, 58% of the full year budget has been expended. A number of measures are being introduced to accelerate the pace of delivery, but despite this a substantial roll-over of budgets into 2009-10 will be unavoidable.</p>						

16	<u>Contributed Assets</u>	YTD Actual \$67.430 m	YTD Budget \$62.242 m	Favourable \$5.187 m 8.33%	Original Budget Current Budget	\$43.880 m \$74.550 m
<p>Budgeting and profiling this line item is challenging due to its dependency on the timing of developments. Even after adjustment was made in the last budget review, the pace of incoming assets has continued to exceed expectations. The significantly higher contribution of assets has no immediate financial impact on Council, however the implications in terms of future costs for depreciation and maintenance are considerable.</p>						

17	<u>Loan redemptions</u>	YTD Actual \$101.510 m	YTD Budget \$112.168 m	Favourable (\$10.658) m (9.50%)	Original Budget Current Budget	\$25.150 m \$116.002 m
<p>A recasting of Council's loan portfolio has yet to be implemented. Actuals reflect the revised structure, whilst the budget has not yet been aligned with this.</p>						

CORPORATE SUMMARY

The financial position to date continues to be dominated by the differences between actual and budgeted capital works delivery. On the operating side, despite the underspends on operating projects and other materials and services yielding a substantial variance for expenses, the underperformance for rates and income from the Waste business have ensured a current result that is \$0.157m behind budget.