

DECEMBER 2009 FINANCIALS – BRIEF NOTES

1	<u>Net Rates & Utility Charges</u>	YTD Actual \$166.200 m	YTD Budget \$166.302 m	Unfavourable (\$0.102) m (0.06%)	Original Budget \$353.353 m Current Budget \$353.136 m
<p>General and pre-paid rates are under budget by \$350k with waste charges also under budget by \$425k, these are partially offset by increased trade waste charges of \$326k and sewerage rates of \$174k. The variance in general and pre-paid rates should reduce as the year progresses, with no further changes to the budget forecast required at this point in time. Waste discounts are currently under budget by \$625k, being partially offset by higher than anticipated general rate discounts of \$560k. A clearer picture of the year end position will be available after the January 2010 rate run.</p>					
2	<u>Fees & Charges</u>	YTD Actual \$37.085 m	YTD Budget \$35.125 m	Favourable \$1.960 m 5.58%	Original Budget \$67.701 m Current Budget \$67.992 m
<p>Sunshine Cost Water fees are \$624k over budget due to higher than anticipated water and sewer connections and standpipe hire fees. Development services revenue is also above budget by \$1.1m due largely to a significant material charge of use fee received in November. Licences fees from the environmental health function are also tracking ahead of budget. Search fees are currently under budget due to the downturn in property market activity.</p>					
3	<u>Interest Received from Investments</u>	YTD Actual \$6.125 m	YTD Budget \$6.437 m	Unfavourable (\$0.311) m (4.84%)	Original Budget \$13.487 m Current Budget \$13.495 m
<p>Continued lower than anticipated interest rates on Council's investment portfolio. Investment returns will increase as official interest rates rise. No budget adjustment is required at this stage of the year. See separate report on investments for more detail.</p>					
4	<u>Grants & Subsidies - Recurrent</u>	YTD Actual \$7.077 m	YTD Budget \$6.763 m	Favourable \$0.314 m 4.64%	Original Budget \$17.129 m Current Budget \$15.675 m
<p>Higher than anticipated recurrent grants and subsidies mainly for employment generation, partially offset by delays to the payment of the Kin Kin floods disaster grant.</p>					
5	<u>Other Revenue</u>	YTD Actual \$6.173 m	YTD Budget \$5.425 m	Favourable \$0.749 m 13.80%	Original Budget \$8.229 m Current Budget \$10.051 m
<p>Mainly due to a \$442k timing issue associated with commercial property rentals (no adjustment to the year end forecast is envisaged) together with unbudgeted sponsorships received for community events and costs recouped from Brisbane City Council for the customer contact contract.</p>					

DECEMBER 2009 FINANCIALS – BRIEF NOTES

6	<u>Employee Costs</u>	YTD Actual \$89.362 m	YTD Budget \$88.810 m	Unfavourable \$0.552 m 0.62%	Original Budget Current Budget	\$174.122 m \$177.433 m
<p>A higher than anticipated level of employee costs is currently being incurred within operating, with the variances in Infrastructure Services and Organisational Performance departments being \$1,238k and \$988k respectively over budget. The reasons for the variance in Infrastructure Services are being investigated. As identified in the November budget review the original budget for overtime was understated and will add to the variance between now and the end of the financial year. This will be offset as the current delay in the capitalisation of labour is eliminated. Approximately half of the amount within the Organisational Performance department is due to the level of expenses being capitalised within the T&C Project.</p> <p>These overruns are currently being partially offset by underruns within the departments of Community Services \$844k, Sunshine Coast Water \$704k and Regional Strategy and Planning \$206k.</p>						
7	<u>Capitalised Employee Costs</u>	YTD Actual (\$6.861) m	YTD Budget (\$9.999) m	Unfavourable \$3.138 m (31.38%)	Original Budget Current Budget	(\$19.286) m (\$19.767) m
<p>The variance here is largely driven by the pace or completion rate of the capital works programme. The combination of employee costs being over budget and the lower than expected amounts being spent on capital works is of concern and being closely monitored. A number of processes with a particular emphasis on Infrastructure Services are currently being reviewed to ensure that all appropriate costs are being capitalised.</p>						
8	<u>Materials & Services</u>	YTD Actual \$92.629 m	YTD Budget \$106.935 m	Favourable (\$14.305) m (13.38%)	Original Budget Current Budget	\$209.565 m \$220.038 m
<p>This variance has been mainly impacted by the pace of the capital works programme, with the bulk of the variance arising in Infrastructure Services Department \$13.8m.</p>						
9	<u>Capitalised Materials & Services</u>	YTD Actual (\$10.337) m	YTD Budget (\$16.452) m	Unfavourable \$6.115 m (37.17%)	Original Budget Current Budget	(\$32.905) m (\$32.905) m
<p>The variance here is driven by the pace of the capital works programme.</p>						
10	<u>Other Expenses</u>	YTD Actual \$6.445 m	YTD Budget \$6.920 m	Favourable (\$0.475) m (6.86%)	Original Budget Current Budget	\$14.083 m \$13.969 m
<p>Leasing payments for motor vehicles, equipment and buildings are slightly under budget.</p>						

DECEMBER 2009 FINANCIALS – BRIEF NOTES

11	<u>Capital Grants and Subsidies</u>	YTD Actual \$8.842 m	YTD Budget \$6.548 m	Favourable \$2.295 m 35.04%	Original Budget \$24.889 m Current Budget \$30.087 m
<p>Due mainly to timing variances for the Cooroy Library, Bullock Beach Boardwalk Refurbishment (Stage 1) and Hub of the Hinterland Projects totalling \$1.7m together with unbudgeted receipts for Dixon Road East, Land Acquisitions - Bio Diversity, Bli Bli Reservoir, Murdering Creek Road Bus Route and Webya Road Bus Shelter.</p>					
12	<u>Capital Contributions</u>	YTD Actual \$16.674 m	YTD Budget \$11.810 m	Favourable \$4.864 m 41.19%	Original Budget \$23.250 m Current Budget \$23.850 m
<p>Currently above budget; however this line item is very difficult to forecast due to strong linkages with development processes.</p>					
13	<u>Contributed Assets</u>	YTD Actual \$25.787 m	YTD Budget \$13.164 m	Unfavourable \$12.623 m 95.89%	Original Budget \$26.328 m Current Budget \$26.328 m
<p>Due to transitional works associated with the alignment of Council's financial processes, the actual result is an estimate based upon discounted prior year actual results supplied by Asset Accounting.</p>					
14	<u>Asset Sale Proceeds</u>	YTD Actual \$0.593 m	YTD Budget \$0.022 m	Favourable \$0.571 m 2596.54%	Original Budget \$2.800 m Current Budget \$3.050 m
<p>Mainly due to a timing issue around plant sales of \$568k.</p>					
15	<u>Constructed Assets</u>	YTD Actual \$90.864 m	YTD Budget \$137.874 m	Unfavourable (\$47.010) m (34.10%)	Original Budget \$250.958 m Current Budget \$306.396 m
<p>2008-09 carry-over works have now been profiled and after six months or 50.0% of the financial year, the spend is 29.7% of the full year budget. A number of processes with a particular emphasis on Infrastructure Services are currently being reviewed to ensure that all appropriate costs are being capitalised.</p>					

DECEMBER 2009 FINANCIALS – BRIEF NOTES

16

<u>Contributed Assets</u>	YTD Actual	YTD Budget	Unfavourable	Original Budget	\$26.328 m
	\$25.647 m	\$13.164 m	\$12.483 m 94.82%	Current Budget	\$26.328 m

Due to transitional works associated with the alignment of Council's financial processes, the actual result is an estimate based upon discounted prior year actual results supplied by Asset Accounting.

17

<u>Loan Redemptions</u>	YTD Actual	YTD Budget	Favourable	Original Budget	\$12.316 m
	\$3.651 m	\$7.263 m	(\$3.612) m (49.73%)	Current Budget	\$12.316 m

Debt Service Payment due in February 2010. Variance is currently affected by timing issues around Council's financial processes. This will be corrected after the February 2010 Debt Service Payment.

CORPORATE SUMMARY

The overall operating position is a surplus against budget of \$7.4m. Total revenue of \$223.3m is slightly ahead of budget by \$2.5m; employee costs (net of capital) are tracking ahead of budget by \$3.7m, but this overrun is currently being off-set by an underspending in materials and services (net of capital) of \$8.2m. The capital programme has been reprofiled to accommodate 2008-09 carry-over works. The capital program has a financial spend of 29.7% against a benchmark target of 50.0%. Further analysis is currently being undertaken on the capitalisation of items such as design office costs.