

FEBRUARY 2020 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - February 2020 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 29 February 2020 in terms of the operating result and delivery of the capital program.

The operating result at 29 February 2020 shows a favourable variance of \$274,000 compared to the budgeted position. The variation is attributable to lower than budgeted revenue and expenses. Further detail is provided in the proposal section of this report.

Operating Performance

Table 1: Operating Result as at 29 February 2020

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	470,449	407,148	405,894	(1,254)	-0.3%
Total Operating Expenses	450,320	286,328	284,799	(1,529)	-0.5%
Operating Result	20,130	120,820	121,094	274	0.2%

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

As at 29 February 2020, \$223.6 million (62.9%) of Council's \$355.6 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 61.6% of budget, an actual spend of \$107 million.

Council's closing cash balance at 29 February 2020 of \$263 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "February 2020 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 29 February 2020 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:

- Acting Group Executive Business Performance
- 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 29 February 2020 in terms of the operating result and delivery of the capital program.

The operating result at 29 February 2020 shows a favorable variance of \$274,000 compared to the budgeted position.

Operating Revenue

Year to date revenue as at 29 February 2020 of \$405.9 million is in below the expected budget profile.

Table 2: Substantial Revenue variances as at 29 February 2020

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Interest Received from Investments	5,892	3,406	(2,486)	-42.2%
Operating Grants and Subsidies	5,916	7,115	1,199	20.3%
Other Revenue	9,335	11,097	1,762	18.9%
Internal Sales/Recoveries	6,698	4,137	(2,561)	-38.2%

Interest Received from Investments

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

Operating Grants and Subsidies

Council has received a grant from the Federal Government of \$1 million relating to recent bushfire disaster recovery. A program of works is being developed to determine the correct usage of these funds.

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 second quarterly payment for the State Government's container deposit scheme which has generated revenue in excess of the expected budget. Unbudgeted sponsorship payments have also been received for various events undertaken by Council.

Operating Expenses

Year to date expenditure as at 29 February 2020 of \$284.8 million shows a variance under budget of \$1.5 million.

Materials and Services

Materials and services account for the majority of the expenditure variance as at 29 February 2020, having underspent budget by \$3.4 million.

Council's operating projects remain on track year to date and have progressed 43% of full year budget as at 29 February 2020.

Timing of contract payments has caused underspends in Council's core works for Waste and Resource management.

Council's expenses remain within 1% of budget as at 29 February 2020 while delivering on the 2019/20 operational plan.

Capital Expenditure

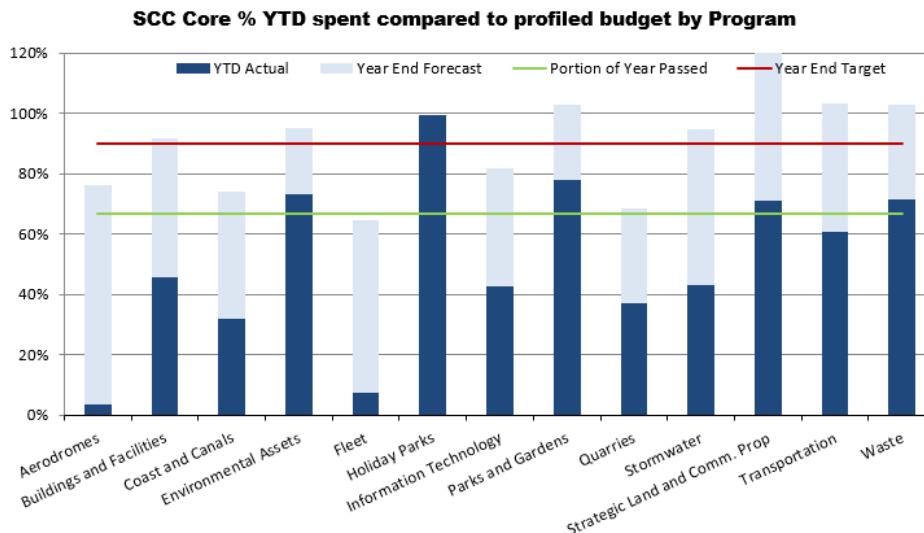
As at 29 February 2020, \$223.7 million (62.9%) of Council's \$355.6 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 64.1% of budget, an actual spend of \$107 million. The Actual YTD includes all works that have been goods receipted and accrued as at 29 February 2020.

Table 3: Capital Expenditure by Program at 29 February 2020

	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	275	10	3.7%	210	(65)
Buildings and Facilities	19,103	17,568	7,818	44.5%	15,657	(1,911)
Coast and Canals	2,080	2,080	664	31.9%	1,543	(537)
Environmental Assets	1,300	1,450	996	68.7%	1,293	(157)
Fleet	2,900	2,772	205	7.4%	1,797	(975)
Holiday Parks	4,302	4,718	4,695	99.5%	4,683	(35)
Information Technology	5,830	8,906	3,815	42.8%	7,300	(1,606)
Parks and Gardens	15,966	20,981	16,041	76.5%	21,195	214
Quarries	1,311	1,234	458	37.1%	843	(391)
Stormwater	7,014	5,174	2,240	43.3%	4,909	(265)
Strategic Land and Commercial Properties	14,563	21,958	15,632	71.2%	25,771	3,813
Transportation	69,115	66,736	40,160	60.2%	68,192	1,456
Waste	20,622	19,956	14,309	71.7%	20,531	575
Total SCC Core Capital Program	164,556	173,808	107,044	61.6%	173,924	116
Corporate Major Projects	14,968	9,918	3,892	39.2%	9,154	(764)
Divisional Allocations	5,336	5,547	2,209	39.8%	3,615	(1,932)
Maroochydore City Centre	16,579	20,657	11,314	54.8%	18,416	(2,241)
Submarine Cable IBN	14,390	15,774	12,135	76.9%	16,103	329
Sunshine Coast Airport Runway	104,836	129,884	87,053	67.0%	128,079	(1,805)
Total Other Capital Program	156,109	181,780	116,603	64.1%	175,367	(6,413)
TOTAL	320,666	355,588	223,647	62.9%	349,291	(6,297)

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 – The design and construction contract for Sunshine Coast City Hall was finalised in December 2019. Design has begun with construction to begin early in the following financial year.
- Coast and Canals – Procurement of the Maroochy groynes replacement project has been finalised with construction to begin shortly.
- 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.
- Transportation – Construction continues for Council's significant road upgrade project at Parklands Boulevard, Little Mountain. 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 68% completion in February. Alongside the reseal program, the bus stop replacement and installation program has progressed to 58% completion of the \$2.4 million program.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 29 February 2020 Council had \$263 million cash (excluding Trust Fund) with an average interest rate of 1.71%, being 0.92% above benchmark. This is compared to the same period last year with \$293.2 million cash (excluding Trust Fund) with an average interest rate of 2.75%, being 0.45% 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 12 December 2019, Budget Review 2 2019/20 (OM19/194)

That Council:

- receive and note the report titled "**Budget Review 2 2019/20**"*
- adopt Appendix A as tabled, pursuant to section 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 the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

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

February 2020



FINANCIAL PERFORMANCE REPORT

February 2020

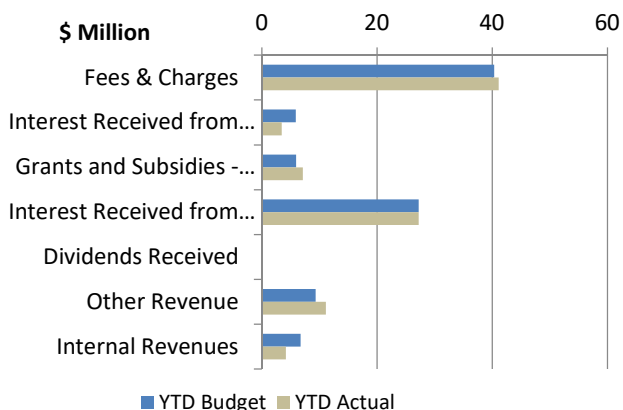
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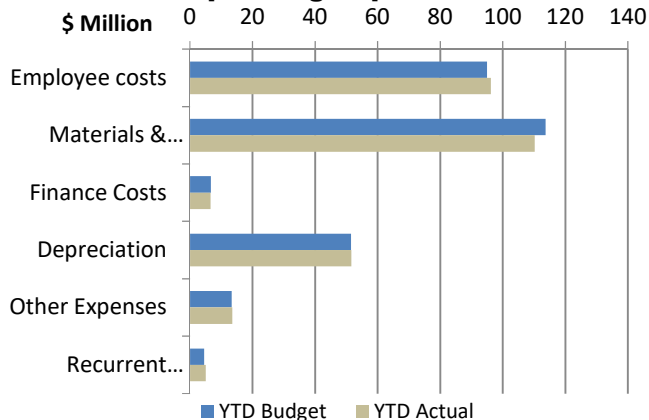
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	483,788	470,449	407,148	405,894	(1,254)	-0.3%
Operating Expenses	448,925	442,491	281,793	279,727	(2,066)	-0.7%
Recurrent Capital Expenses	5,240	7,829	4,535	5,073	538	11.9%
Operating Result	29,622	20,130	120,820	121,094	274	0.2%
Capital Revenue	104,244	115,478	23,294	28,722	5,428	23.3%
Non-recurrent Expenses	4,592	4,592	3,062	4,412	1,350	44.1%
Net Result	129,274	131,015	141,053	145,404	4,352	3.1%

Operating Revenues



Operating Expenses

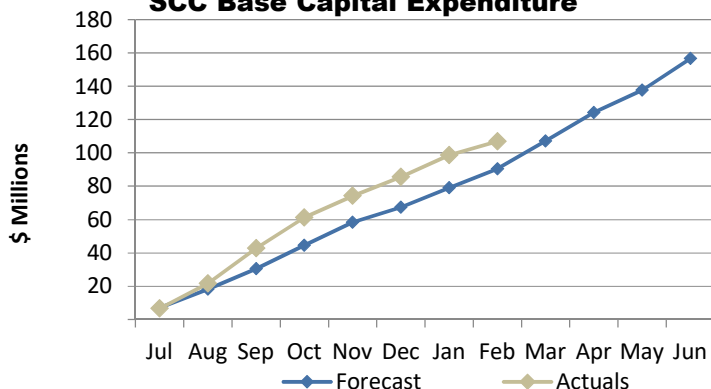


Headline - Capital

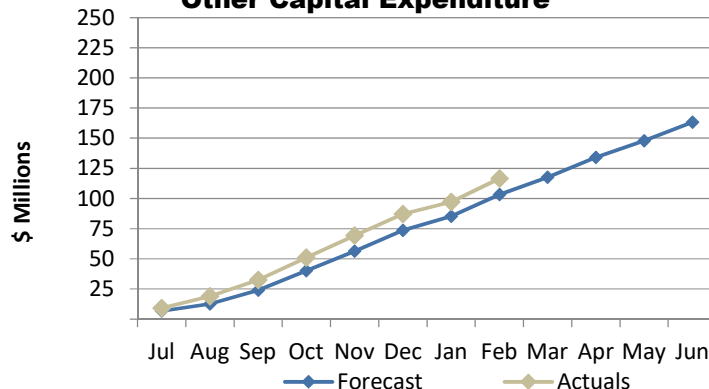
	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Capital Revenue (included in Net R	104,244	115,478	23,294	27,338	4,043	17.4%
Other Capital Revenue	79,076	79,076	52,167	51,527	(640)	-1.2%
Total Capital Revenues	183,320	194,554	75,461	78,865	3,404	4.5%
Capital Works Expenditure	322,676	356,788	220,584	218,328	(2,256)	-1.0%
Total Capital Expenditure	322,676	356,788	220,584	218,328	(2,256)	-1.0%

Funds from General Reserve	139,355	162,234	145,123	139,463	(5,660)	-3.9%
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SCC Base Capital Expenditure



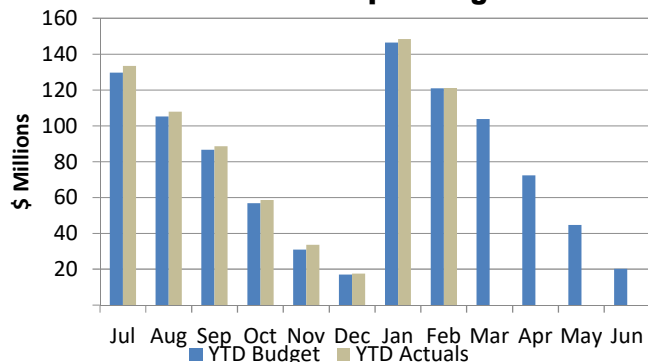
Other Capital Expenditure



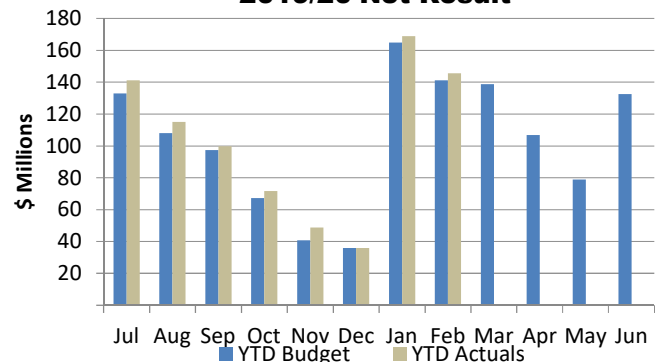
Statement of Income & Expenses

	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	311,472	311,568	95	0.0%	312,917
Fees and Charges	57,857	57,857	40,307	41,076	769	1.9%	59,045
Interest Received from Investments	8,838	8,838	5,892	3,406	(2,486)	-42.2%	6,838
Operating Grants and Subsidies	12,329	7,796	5,916	7,115	1,199	20.3%	9,379
Operating Contributions	319	319	304	271	(33)	-10.7%	319
Unitywater Participation	49,838	49,838	27,223	27,223	0	0.0%	49,838
Other Revenue	25,016	25,198	9,335	11,097	1,762	18.9%	14,688
Internal Sales/Recoveries	8,101	8,101	6,698	4,137	(2,561)	-38.2%	4,845
Total Operating Revenue	483,788	470,449	407,148	405,894	(1,254)	-0.3%	457,869
Operating Expenses							
Employee Costs	145,197	147,021	95,006	96,222	1,216	1.3%	148,080
Materials and Services	191,895	183,464	113,674	110,233	(3,442)	-3.0%	179,843
Finance Costs	10,025	10,025	6,700	6,554	(147)	-2.2%	9,602
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	79,076	51,527	51,650	124	0.2%	82,276
Other Expenses	21,206	21,378	13,359	13,541	182	1.4%	21,518
Recurrent Capital Expenses	5,240	7,829	4,535	5,073	538	11.9%	7,076
Total Operating Expenses	454,165	450,320	286,328	284,799	(1,529)	-0.5%	449,922
Operating Result	29,622	20,130	120,820	121,094	274	0.2%	7,947
Capital Revenue							
Capital Grants and Subsidies	12,245	23,879	5,498	6,608	1,110	20.2%	25,177
Capital Contributions - Cash	31,999	31,599	15,556	19,874	4,318	27.8%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	2,240	2,240	0	0.0%	60,000
Total Capital Revenue	104,244	115,478	23,294	28,722	5,428	23.3%	116,776
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	1,146	1,146	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	3,062	3,062	0	0.0%	4,592
	0	0	0	204	204	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	3,062	4,412	1,350	44.1%	4,592
Net Result	129,274	131,015	141,053	145,404	4,352	3.1%	120,130

2019/20 Operating Result



2019/20 Net Result



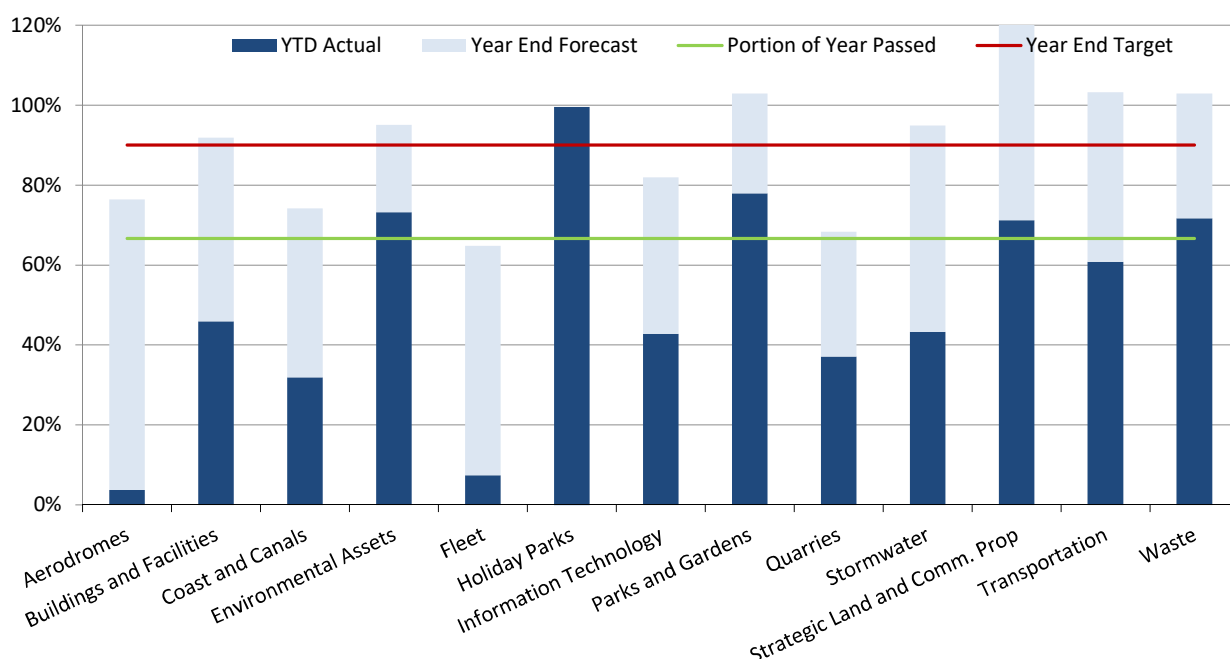
Capital Expenditure

	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	275	10	3.7%	210	(65)
Buildings and Facilities	19,103	17,568	7,818	44.5%	15,657	(1,911)
Coast and Canals	2,080	2,080	664	31.9%	1,543	(537)
Environmental Assets	1,300	1,450	996	68.7%	1,293	(157)
Fleet	2,900	2,772	205	7.4%	1,797	(975)
Holiday Parks	4,302	4,718	4,695	99.5%	4,683	(35)
Information Technology	5,830	8,906	3,815	42.8%	7,300	(1,606)
Parks and Gardens	15,966	20,981	16,041	76.5%	21,195	214
Quarries	1,311	1,234	458	37.1%	843	(391)
Stormwater	7,014	5,174	2,240	43.3%	4,909	(265)
Strategic Land and Commercial Properties	14,563	21,958	15,632	71.2%	25,771	3,813
Transportation	69,115	66,736	40,160	60.2%	68,192	1,456
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Total SCC Core Capital Program	164,556	173,808	107,044	61.6%	173,924	116
Corporate Major Projects	14,968	9,918	3,892	39.2%	9,154	(764)
Divisional Allocations	5,336	5,547	2,209	39.8%	3,615	(1,932)
Maroochydore City Centre	16,579	20,657	11,314	54.8%	18,416	(2,241)
Submarine Cable IBN	14,390	15,774	12,135	76.9%	16,103	329
Sunshine Coast Airport Runway	104,836	129,884	87,053	67.0%	128,079	(1,805)
Total Other Capital Program	156,109	181,780	116,603	64.1%	175,367	(6,413)
TOTAL	320,666	355,588	223,647	62.9%	349,291	(6,297)

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

Recurrent Expenses			5,073	0.0%
Non-Recurrent Expenses			4,412	0.0%

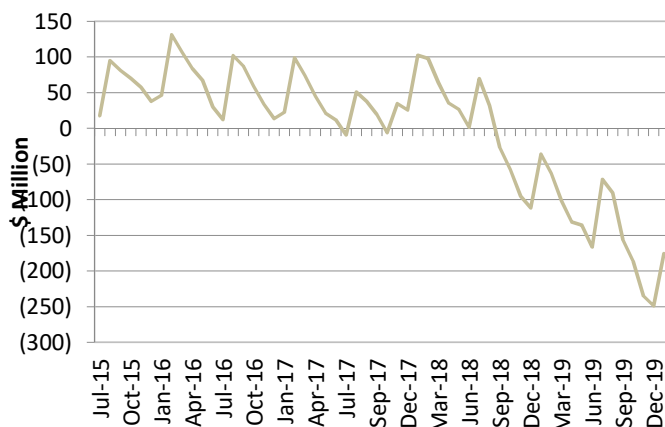
SCC Core % YTD spent compared to profiled budget by Program



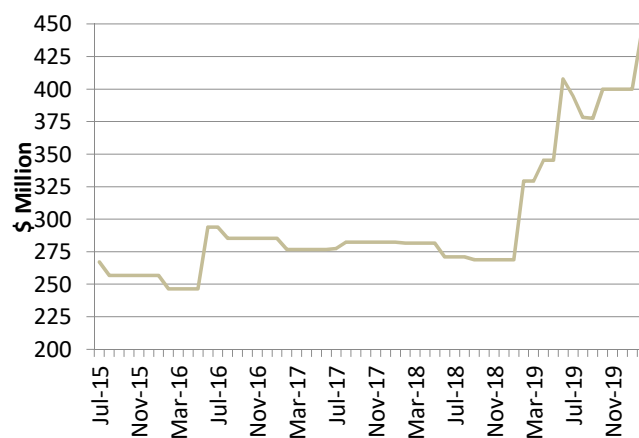
Cash and Balance Sheet

	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	176,442
Investing Activities	(216,950)	(238,756)	(198,524)
Financing Activities	157,963	170,906	28,984
Net Increase/(decrease) in Cash Held	7,261	(17,901)	6,902
Cash at year end	208,443	245,520	270,323
BALANCE SHEET			
Current Assets	267,703	310,143	337,020
Non Current Assets	5,840,644	5,889,365	5,684,750
Total Assets	6,108,347	6,199,778	6,021,770
Current Liabilities	136,326	185,889	108,610
Non Current Liabilities	589,563	596,576	415,441
Total Liabilities	725,889	782,466	524,050
Net Community Assets/ Total Community Equity	5,382,458	5,417,312	5,497,719

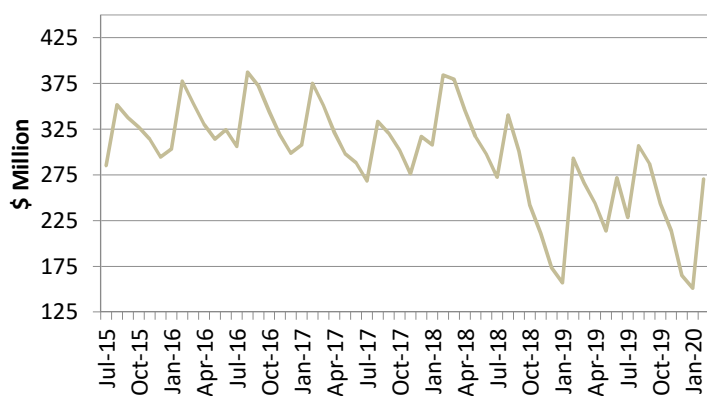
Net Cash



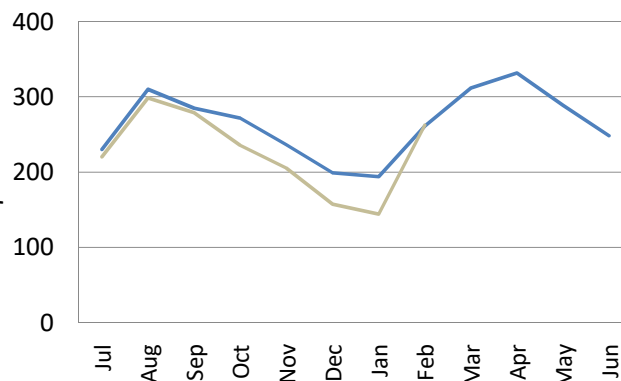
Debt Balance



Cash Balance



Forecast Cash Balance



Investment Performance

February 2020

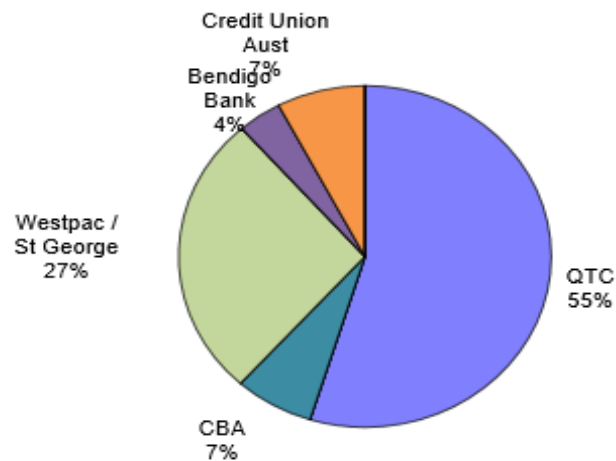
Liquidity as at:	29/02/2020	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$153,026	56.51%
Maturities within 7 days	\$0	0.00%
Total at-call	\$153,026	56.51%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$0	0
30-59 days	\$0	0
60-89 days	\$40,000	4
90-179 days	\$70,000	8
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$110,000	12

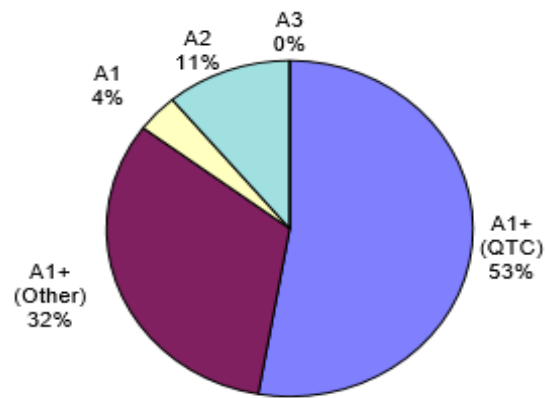
INVESTMENT SUMMARY (including Trust) as at:	29/02/2020			29/11/2019			28/02/2019			Investment Policy	
									Individual Limit	Group Limits	
A1+ (QTC)	\$142,841	52.7%	\$121,187	56.4%	\$125,285	42.7%	100%	100%			
A1+ (Other)	\$87,959	32.5%	\$73,722	34.3%	\$77,913	26.6%	40%	100%			
A1	\$10,000	3.7%	\$0	0.0%	\$40,000	13.6%	30%	50%			
A2	\$30,000	11.1%	\$20,000	9.3%	\$50,000	17.1%	30%	45%			
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%			
Total Funds	\$270,800		\$214,909		\$293,198						
FUND SUMMARY											
General Funds	\$263,026		\$206,710		\$284,957						
Trust Funds	\$7,773		\$8,198		\$8,241						
Total Funds	\$270,800		\$214,909		\$293,198						

Investment Portfolio

Investment per financial institution (%)

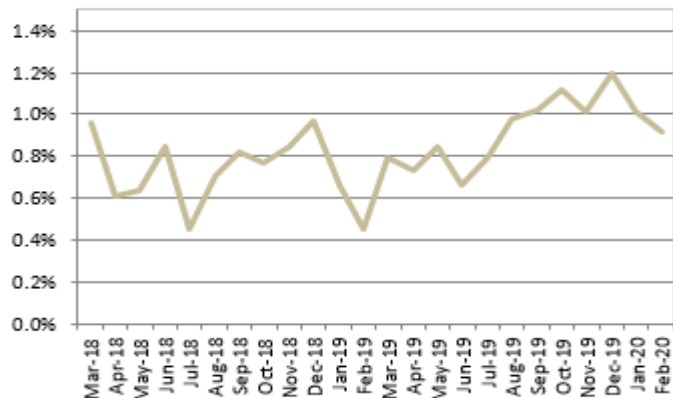


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

