

8.7 OCTOBER 2021 FINANCIAL PERFORMANCE REPORT

File No:	D2021/829150
Author:	Coordinator Financial Services Business Performance Group
Attachments:	Att 1 - October Financial Performance Report 2021 (<i>Under Separate Cover</i>) Att 2 - 2021/22 Capital Grant Funded Project Report October 2021 (<i>Under Separate Cover</i>)

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 31 October 2021 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 31 October 2021

	Original Budget \$000	Current Budget \$000
Total Operating Revenue	498,433	498,628
Total Operating Expenses	479,602	484,168
Operating Result	18,832	14,460

Details of the monthly financial report are contained in Attachment 1.

OFFICER RECOMMENDATION

That Council receive and note the report titled "October 2021 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 October 2021 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal:	<i>Our outstanding organisation</i>
Outcome:	We serve our community by providing this great service
Operational Activity:	S28 - Financial and procurement services – financial and procurement management and governance, ensuring effective business management and legislative compliance, coordination and development of Council's budget process, administration of financial systems, sundry debtors, accounts payable, financial and

asset accounting, treasury, procurement, contract and supply functions.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, E Hungerford.

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

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 2021/22 Investment Policy and
Sunshine Coast Council's 2021/22 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 16 September 2021 (OM21/87)

That Council:

- receive and note the report titled "**Budget Review 1 2021/22**"*
- adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2021/22 financial year incorporating:*
 - the statement of income and expenditure*
 - the statement of financial position*
 - the statements of changes in equity*
 - the statement of cash flow*
 - the relevant measures of financial sustainability*
 - the long term financial forecast*

- (vii) the Debt Policy*
- (c) note the following documentation applies as adopted 24 June 2021*
 - (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 2021/22 financial year and other matters as adopted 24 June 2021 and*
- (d) endorse the Minor Capital Works Program (Appendix B).*

Special Meeting Budget 24 June 2021 (SM21/3)

That Council adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2021/22 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 (adopted by Council resolution on 27 May 2021)*
- viii. the Revenue Policy (adopted by Council resolution on 27 May 2021)*
- 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 2021/22 Capital Works Program, endorse the indicative four-year program for the period 2023 to 2026, and note the five-year program for the period 2027 to 2031*
- xii. the rates and charges to be levied for the 2021/22 financial year and other matters as detailed below in clauses 3 to 12*
- xiii. endorse the 2021/22 Minor Capital Works Program*
- xiv. establish a \$5 million internally restricted Disaster Rehabilitation Reserve.*

Related Documentation

2021/22 Adopted Budget

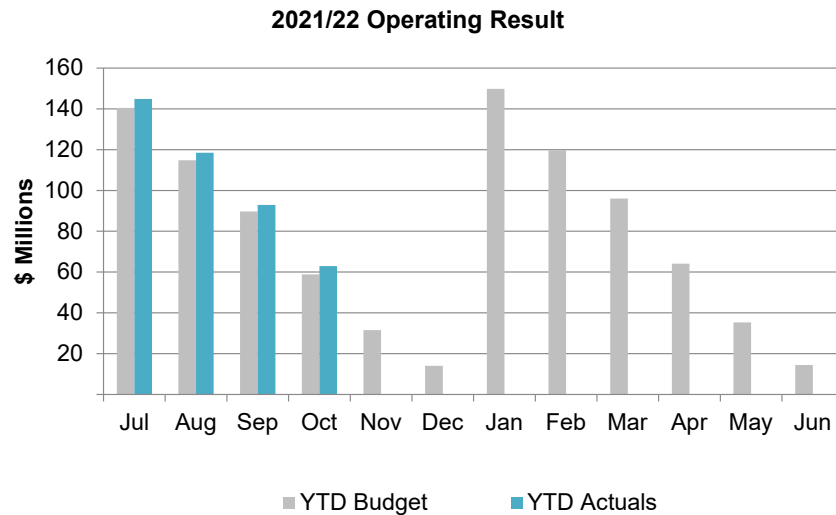
Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

Statement of Income and Expenses



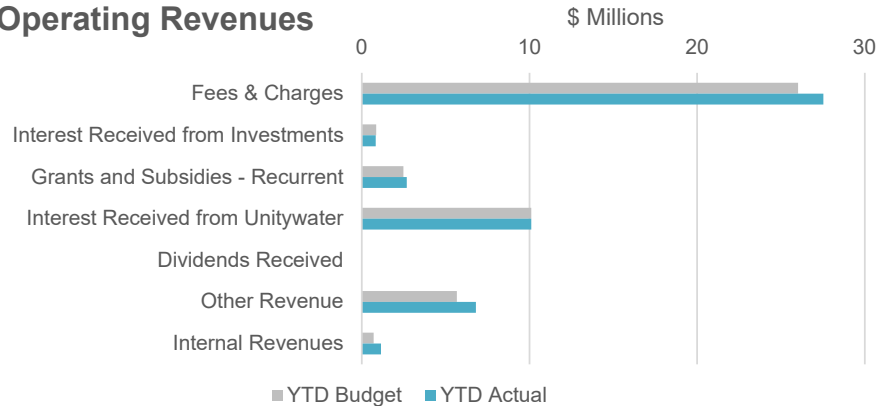
- Council has a positive operating result of \$62.9 million, which is \$4 million above the current budget as at 31 October 2021.



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	343,342	343,342	169,812	170,114	302	0.2%	343,342
Fees and Charges	65,577	65,587	26,020	27,524	1,504	5.8%	65,587
Interest Received from Investments	2,550	2,550	850	821	(29)	(3.4%)	2,550
Operating Grants and Subsidies	15,218	15,397	2,480	2,673	193	7.8%	15,397
Operating Contributions	302	302	272	284	12	4.3%	302
Unitywater Participation	49,838	49,838	10,108	10,108	0	0.0%	49,838
Other Revenue	19,853	19,878	5,665	6,797	1,132	20.0%	19,878
Internal Sales/Recoveries	1,749	1,749	702	1,023	322	45.8%	1,749
Total Operating Revenue	498,429	498,643	215,909	219,344	3,435	1.6%	498,643
Operating Expenses							
Employee Costs	156,262	156,889	51,508	51,066	(442)	(0.9%)	156,889
Materials and Services	187,704	190,905	57,783	56,389	(1,394)	(2.4%)	190,905
Finance Costs	12,244	12,244	4,149	4,593	445	10.7%	12,244
Company Contributions	3,615	3,615	3,615	3,615	(0)	(0.0%)	3,615
Depreciation Expense	95,097	95,097	31,699	31,699	(0)	(0.0%)	95,097
Other Expenses	21,884	22,004	6,585	7,357	772	11.7%	22,004
Recurrent Capital Expenses	3,444	3,444	1,700	1,700	0	0.0%	3,444
Total Operating Expenses	480,250	484,199	157,038	156,420	(619)	(0.4%)	484,199
Operating Result	18,179	14,445	58,870	62,925	4,054	6.9%	14,445
Capital Revenue							
Capital Grants and Subsidies	19,368	25,804	3,824	6,627	2,804	73.3%	25,804
Capital Contributions - Cash	28,631	29,141	9,794	14,386	4,592	46.9%	29,141
Capital Contributions - Fixed Assets	55,000	55,000	-	-	-	-	55,000
Total Capital Revenue	102,999	109,945	13,617	21,013	7,396	54.3%	109,945
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & impairment	7,048	-	-	128	128	-	-
Movements in landfill and quarry provisions	4,964	5,583	1,861	1,861	-	-	5,583
Assets Transferred to Third Parties	-	-	-	-	-	-	-
Total Non-recurrent Expenses	12,012	5,583	1,861	1,989	128	6.9%	5,583
Net Result	109,166	118,807	70,627	81,948	11,322	16.0%	118,807

Operating Result – October 2021

Operating Revenues



Operating Summary

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	498,429	498,643	215,909	219,344	3,435	1.6%
Operating Expenses	476,806	480,755	155,338	154,705	(633)	(0.4%)
Recurrent Capital Expenses	3,444	3,444	1,700	1,700	0	0.0%
Operating Result	18,179	14,445	58,870	62,939	4,068	6.9%
Capital Revenue	102,999	109,945	13,617	21,013	7,396	54.3%
Non-recurrent Expenses	12,012	5,583	1,861	1,989	128	6.9%
Net Result	109,166	118,807	70,627	81,963	11,336	16.1%

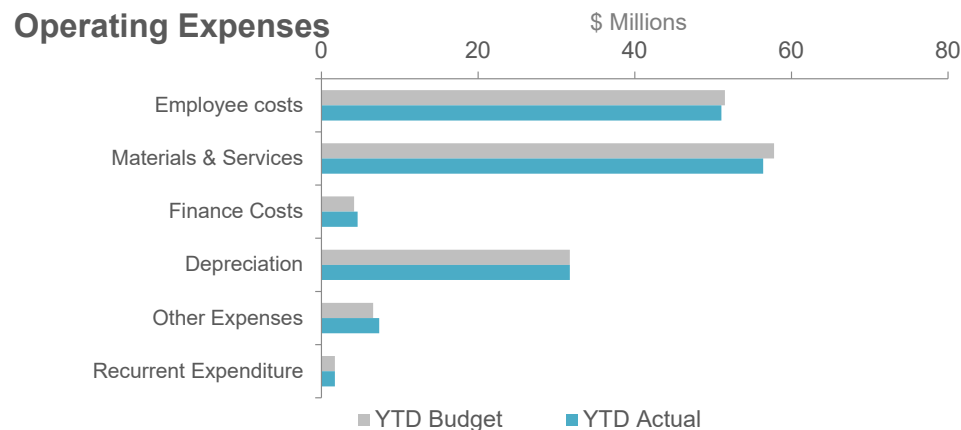
- As at 31 October 2021, \$219.3 million operating revenue had been achieved which is \$3.4 million more than current budget.

Substantial Revenue Variance for the Period Ending 31 October 2021

	Annual		YTD				Annual Forecast Budget \$000
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	
Operating Revenue							
Fees and Charges	65,577	65,587	26,020	27,524	1,504	5.8%	65,587
Other Revenue	19,853	19,878	5,665	6,797	1,132	20.0%	19,878

- Significant revenue variances:
 - Fees and Charges** – Development services applications and material change of use fees are above budget by \$805,000. Council's holiday parks are below budget by \$240,000, while Sunshine Coast Stadium has achieved revenue of \$1 million above budget due to additional NRL games.
 - Other Revenue** – Additional revenue of \$510,000 has been received above budget for the sale of recycled metal materials at Council's resource recovery centres. An environmental offset payment of \$420,000 has also been received from the Department of Transport and Main Roads.

Operating Result – October 2021 (continued)



Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	498,429	498,643	215,909	219,344	3,435	1.6%
Operating Expenses	476,806	480,755	155,338	154,705	(633)	(0.4%)
Recurrent Capital Expenses	3,444	3,444	1,700	1,700	0	0.0%
Operating Result	18,179	14,445	58,870	62,939	4,068	6.9%
Capital Revenue	102,999	109,945	13,617	21,013	7,396	54.3%
Non-recurrent Expenses	12,012	5,583	1,861	1,989	128	6.9%
Net Result	109,166	118,807	70,627	81,963	11,336	16.1%

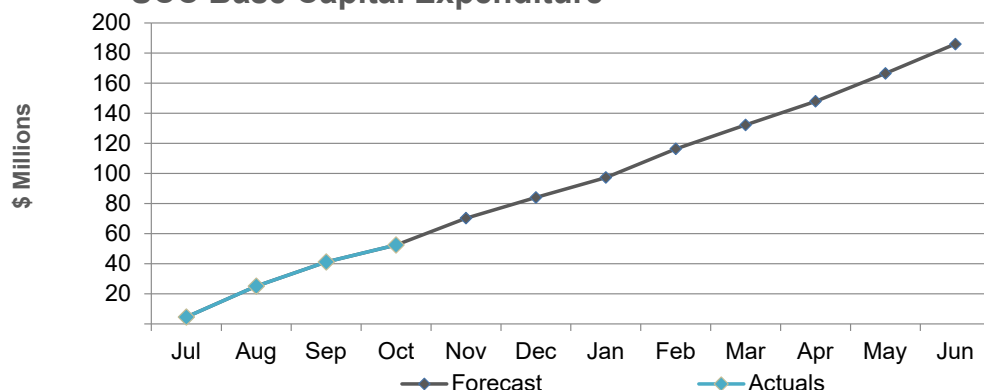
Substantial Expenditure Variance for the Period Ending 31 October 2021							
	Annual		YTD				Annual Forecast Budget \$000
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	
Materials and Services	187,704	190,905	57,783	56,389	(1,394)	(2.4%)	190,905
Other Expenses	21,884	22,004	6,585	7,357	772	11.7%	22,004

As at 31 October 2021, \$156.4 million of the \$157 million budget year to date had been expended which resulted in an underspend of \$619,000

- Employee expenses remain below budget for October with an underspend of \$406,000.
- Materials and services are also below budget for October, this predominantly relates to the timing of contractor payments for external services provided.

Capital Expenditure - October 2021

SCC Base Capital Expenditure



- As at 31 October 2021, \$70.3 million of Council's \$315.2 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 21% of budget, an actual spend of \$41.5 million.
- Corporate Major Projects progressed 21.9%

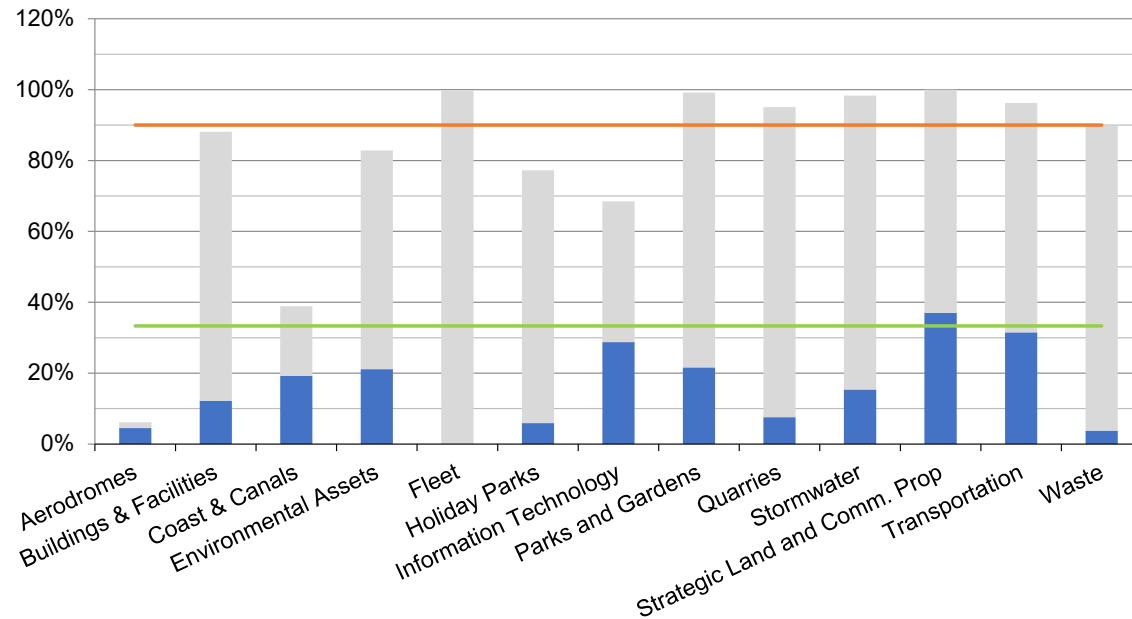
Capital Expenditure

	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
Aerodromes	200	225	10	4.5%	14	(211)
Buildings and Facilities	12,663	13,060	1,599	12.2%	11,510	(1,550)
Coast and Canals	3,125	3,545	683	19.3%	1,378	(2,167)
Environmental Assets	1,800	1,579	333	21.1%	1,308	(271)
Minor Works	4,585	4,571	909	19.9%	4,032	(539)
Fleet	3,250	3,250	-	-	3,240	(10)
Holiday Parks	2,540	2,544	150	5.9%	1,964	(579)
Information Technology	6,620	8,522	2,452	28.8%	5,834	(2,688)
Parks and Gardens	17,607	19,114	4,136	21.6%	18,956	(158)
Quarries	635	657	50	7.6%	625	(32)
Stormwater	8,201	7,525	1,159	15.4%	7,400	(125)
Transportation	86,848	90,130	28,405	31.5%	86,759	(3,371)
Waste	40,641	42,952	1,623	3.8%	38,567	(4,385)
Total SCC Core Capital Program	188,714	197,674	41,511	21.0%	181,586	(16,088)
Corporate Major Projects	60,425	72,661	15,939	21.9%	56,470	(16,191)
Strategic Land and Commercial Properties	19,383	31,900	11,806	37.0%	31,900	-
Maroochydore City Centre	553	1,470	457	31.1%	319	(1,151)
Sunshine Coast Airport Runway	-	11,460	557	4.9%	5,936	(5,524)
Total Other Capital Program	80,361	117,492	28,759	24.5%	94,626	(22,866)
TOTAL	269,075	315,166	70,270	22.3%	276,212	(38,953)

Capital Expenditure - October 2021 (continued)

SCC Core % YTD spent compared to profiled budget by Program

■ YTD Actual ■ Year End Forecast — Portion of Year Passed — Year End Target



Buildings and Facilities

- Council's public amenities upgrade and renewals program is underway with works progressing in Sir Francis Nicklin Park Palmwoods, Jack Morgan Park Coolum Beach, Gardners Falls Maleny and Dorothy Anderson Park Wurtulla.

Holiday Parks

- Design is currently underway for the replacement of amenities for Mudjimba and Coolum Beach holiday parks.

Stormwater

- The procurement of the civil contractor for the \$2.8 million project for the stormwater pipe relining program has been finalised with the program of works scheduled to begin in November.

Transportation

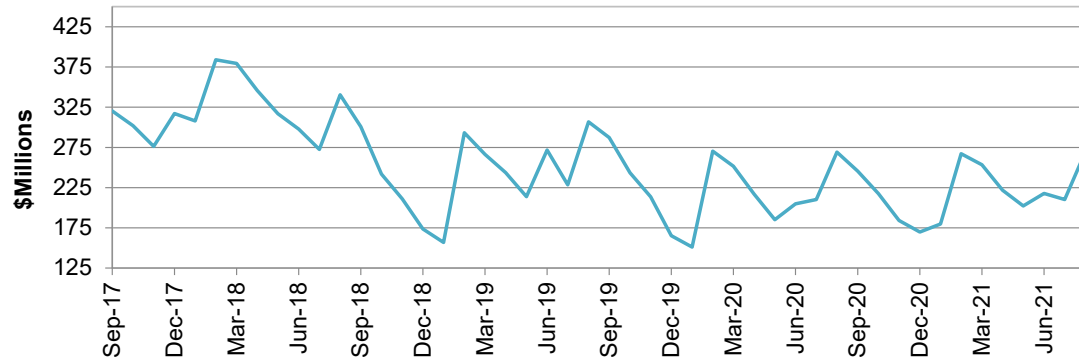
- Council's \$23.1 million road resurfacing and rehabilitation program has progressed 38% for October with a total expenditure of \$8.9 million.
- Council's \$1.9 million bus stop program has progressed 30% for October with a total expenditure of \$615,000
- Construction continues for Council's major transport corridor upgrade at Brisbane Road Mooloolaba

Waste

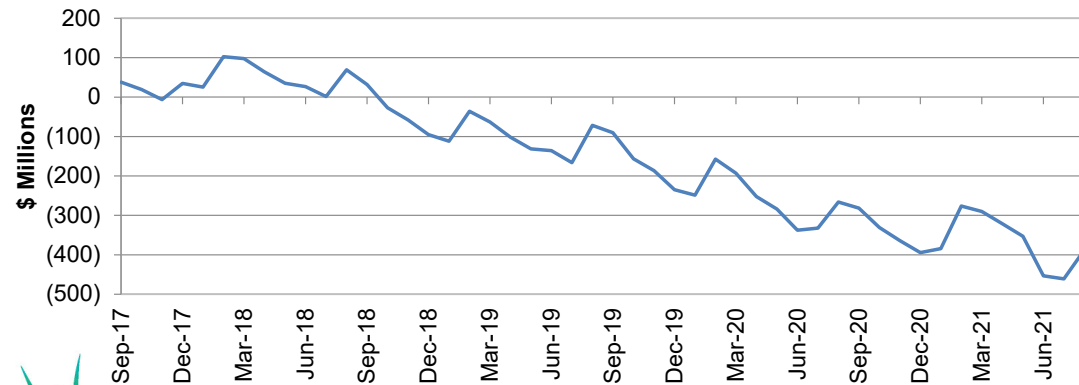
- Council has entered into \$20 million contract in October for the design and construction of a new material resource facility at the Nambour resource recovery centre.

Cash Flows and Balance Sheet

Cash Balance



Net Cash



Cash and Balance Sheet - August 2021

	Original Budget \$000s
CASH FLOWS	
Opening Cash	186,095
Net Cash Inflow/(Outflows) from:	
Operating Activities	66,159
Investing Activities	126,453
Financing Activities	(187,393)
Net Increase/(decrease) in Cash Held	5,219
Cash at year end	191,314
BALANCE SHEET	
Current Assets	246,160
Non Current Assets	6,290,967
Total Assets	6,537,127
Current Liabilities	120,894
Non Current Liabilities	537,476
Total Liabilities	658,370
Net Community Assets/Total Community Equity	5,878,757

- Council's cash at 31 October 2021 is \$257.6 million
- Council's debt at 31 October 2021 is \$657 million

Debt

Sunshine Coast Council's debt program is governed by the 2021/22 Debt Policy, which was adopted with the Original Budget adoption on 24 June 2021 and revised at the 16 September 2021 Ordinary Meeting.

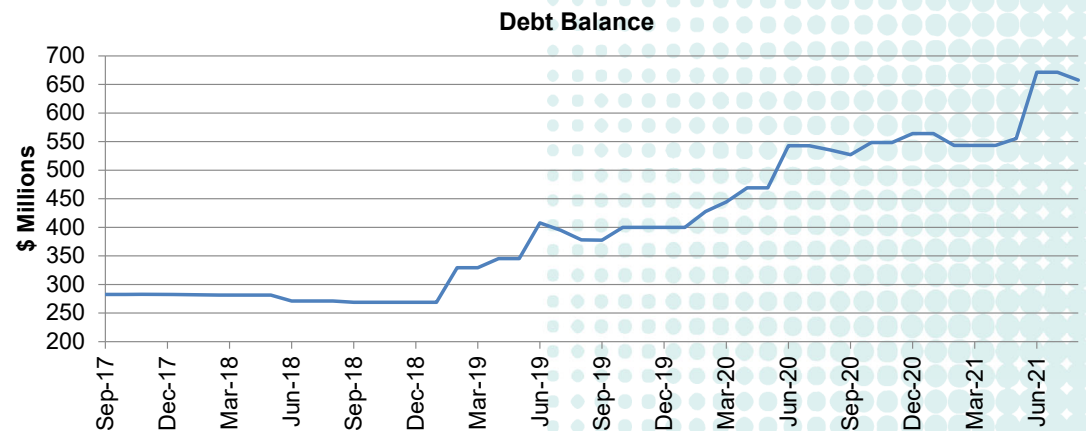
New borrowings are undertaken in accordance with the Queensland Treasury Corporation Guidelines, the Statutory Bodies Financial Arrangements Act 1982 and Section 192 of the Local Government Regulation 2012.

Table 1 includes Sunshine Coast Council's budgeted debt balance for 2021/22 following Budget Review 1 adoption in September 2021.

Debt - 2021/22

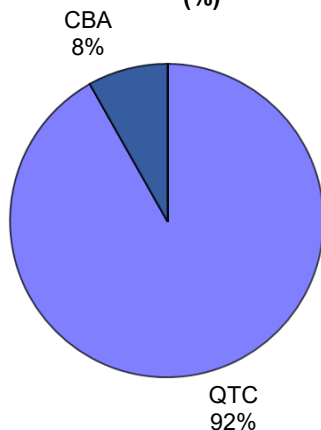
	Opening Balance	Debt Redemptions	New Borrowings	Closing Balance
	\$000	\$000	\$000	\$000
Sunshine Coast Council Core	257,375	11,672	96,461	342,164
Sunshine Coast Airport Expansion Project	265,004	265,004	-	-
Maroochydore City Centre	144,034	6,701	-	137,333
Sunshine Coast International Broadband Network	10,328	922	-	9,406

Table 1: 2021/22 Adopted Debt Balance

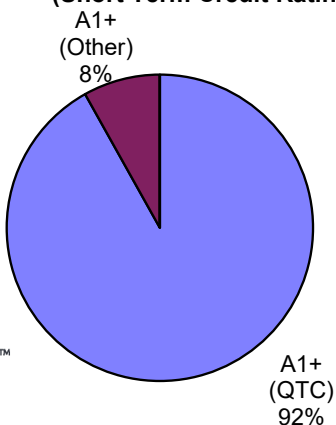


Investment Performance

Investment per financial institution (%)



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



Investment Performance - October 2021								
Liquidity as at:			31/10/2021		Term deposits maturing:			
			\$'000's				\$'000's	Count
At-call accounts					within 30 days		-	-
QTC + CBA (excl. trust)			257,649	95.20%	30-59 days		-	-
					60-89 days		-	-
Maturities within 7 days			-	0.00%	90-179 days		-	-
Total at-call			257,649	95.20%	180-364 days		-	-
Investment Policy Target				10.00%	1 year - 3 years		-	-
					Total		-	-
INVESTMENT SUMMARY (including Trust) as at:							Investment Policy	
	31/10/2021		31/07/2021		31/10/2020		Individual Limit	Group Limits
A1+ (QTC)	248,690	92%	191,499	88.5%	75,421	34.6%	100%	100%
A1+ (Other)	21,948	8%	24,830	11.5%	137,361	63.1%	40%	100%
A1	-	0%	-	0.0%	5,000	2.3%	30%	50%
A2	-	0%	-	0.0%	-	0.0%	30%	45%
A3	-	0%	-	0.0%	-	0.0%	5%	10%
Total Funds	270,638		216,329		217,782			
FUND SUMMARY								
General Funds	257,649		204,687		209,052			
Trust Funds	12,989		11,642		8,731			
Total Funds	270,638		216,329		217,782			

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 October 2021 Council had \$257.6 million cash (excluding Trust Fund) with an average interest rate of 0.67%, being 0.64% above benchmark. This is compared to the same period last year with \$217.7 million cash (excluding Trust Fund) with an average interest rate of 0.78%, being 0.67% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).

**List of Approved Capital Works Projects Including Grant Funding from State and Federal Government
2021/22 Financial Year**

	Description	Division	Suburb	Estimated Construction Start Month	Estimated Construction Completed Month	TOTAL Grant Revenue \$'000	Project Expenditure YTD \$'000
Federal Government						(\$13,590)	\$3,201
1	Roads to Recovery Program					(\$4,800)	
	Blackspot Funding					(\$1,009)	\$15
2	K2394 - BlackSpot Wust Road DOONAN - East of Regency Road - Stage 2	Division 09	Doonan	On Hold	On Hold	(\$560)	\$0
3	K2081 - BlackSpot Blackall Range Road West Woombye	Division 05	West Woombye	April 2022	June 2022	(\$157)	\$3
4	K2085 - BlackSpot Edmund St and William St Intersection Shelly Beach	Division 02	Shelly Beach	April 2022	June 2022	(\$143)	\$11
5	K2083 - BlackSpot Wust Road DOONAN - East of Regency Road - Stage 1	Division 09	Doonan	On Hold	On Hold	(\$149)	\$1
	Local Road and Community Infrastructure Grant Funding - Round 2					(\$7,781)	\$3,186
6	H3790 - LRCIP2 - Citrus Road Gravel Road Upgrade	Division 05	Palmwoods	July 2021	December 2021	(\$2,100)	\$657
7	H3799 - LRCIP2 - Zgrajewski Road Gravel Road Upgrade	Division 09	Yandina Creek	July 2021	December 2021	(\$2,200)	\$78
8	H3800 - LRCIP2 - Cupania Street East Stage 2 Kerb and Channel	Division 08	Mudjimba	May 2021	November 2021	(\$475)	\$779
9	H3941 - LRCIP2 - Crosby Hill Road Pathway	Division 07	Buderim	May 2021	September 2021	(\$709)	\$404
10	H4223 - LRCIP2 - Scholars Drive to Columbia Street - Road Link	Division 06	Sippy Downs	June 2021	December 2021	(\$450)	\$53
11	H4592 - LRCIP2 - Lees Road Western Section Gravel Road Upgrade	Division 10	Bridges	August 2021	February 2022	(\$650)	\$398
12	H9360 - LRCIP2 - Railway Street Service Road	Division 01	Landsborough	July 2021	August 2021	(\$130)	\$151
13	K1484 - LRCIP2 - Meridan Way Lighting	Division 03	Meridan Plains	June 2021	September 2021	(\$250)	\$111
14	K1492 - LRCIP2 Spray Seal - Old Gympie Road Resurfacing	Division 01	Glass House Mountains	November 2021	November 2021	(\$168)	\$0
15	K1493 - LRCIP2 Spray Seal - Bald Knob Road	Division 05	Peacheater	November 2021	November 2021	(\$186)	\$0
16	K1495 - LRCIP2 Asphalt - Mountain View Road	Division 05	Maleny	October 2021	October 2021	(\$462)	\$556
State Government						(\$12,501)	\$8,021
	Queensland Transport and Roads Investment Program					(\$8,000)	\$4,720
17	H3747 - Mooloolaba Transport Corridor - D and C	Division 04	Mooloolaba		November 2023	(\$8,000)	\$4,720
	Unite and Recover Stimulus Package					(\$1,675)	\$3,207
18	B4741 - Place Making Mooloolaba Master Plan	Division 04	Mooloolaba	February 2021	August 2021	(\$1,600)	\$3,190
19	H9821 - Albany Lakes Park Sippy Downs Play Space Precinct Upgrade	Division 06	Sippy Downs	April 2021	July 2021	(\$75)	\$17
20	Bus Stop Shelter Program					(\$247)	
21	Passenger Transport Accessible Infrastructure Program					(\$679)	
22	Passenger Transport Infrastructure Investment Program					(\$145)	
	Transport Infrastructure Development Scheme					(\$210)	
23	K1314 - Bli Bli State School Precinct Active TIIP	Division 09	Bli Bli	April 2022	May 2022	(\$200)	
24	K2436 - TIDS Talara School Precinct - Active TIIP	Division 03	Currimundi	July 2021	July 2021	(\$10)	
	South East Queensland Community Stimulus Program					(\$1,545)	\$94
25	B4741 - Place Making Mooloolaba Master Plan	Division 04	Alexandra Headland		December 2021	(\$100)	\$0
26	H0956 - SEQCSP Mooloolaba to Alex Bluff Recreation	Division 04	Alexandra Headland			(\$100)	\$0
27	H1246 - SEQCSP Landsborough Place Making Masterplan	Division 01	Landsborough	April 2022	October 2023	(\$250)	\$47
28	H9957 - SEQCSP Buderim Village Park Buderim Stage 9	Division 07	Buderim	December 2021	December 2021	(\$150)	\$0
29	K1618 - SEQCSP Caloundra Indoor Sports Stadium - Roof Replacement	Division 02	Caloundra	January 2022	June 2022	(\$350)	\$13
30	K1898 - SEQCSP Parkyn Parade Pedestrian Facilities	Division 04	Mooloolaba	December 2021	December 2021	(\$145)	\$16
31	K2259 - SEQCSP Albany Lakes Park Play Upgrade Stage 2	Division 06	Sippy Downs	August 2021		(\$250)	\$16
32	K2406 - SEQCSP Turner Park Beerwah Activation Stage 2	Division 01	Beerwah	February 2022	March 2022	(\$100)	\$2
33	K2449 - SEQCSP North Shore Multi-Sports Complex	Division 08	Pacific Paradise		April 2022	(\$50)	\$0
34	K2478 - SEQCSP Palmwoods Warriors Football Club	Division 05	Palmwoods	February 2022	March 2022	(\$50)	\$0