

**8.2.1 AUGUST 2016 FINANCIAL PERFORMANCE REPORT**

**File No:** Financial Reports  
**Author:** Coordinator Financial Services  
 Corporate Services Department  
**Attachments:** Att 1 - August 2016 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 31 August 2016 in terms of the operating result and delivery of the capital program.

Budget Review 1 was adopted at the September 2016 Ordinary Meeting. Therefore this financial report to 31 August 2016 does not include the operating revenue and cost outcomes of BR1.

Note that Capital Expenditure graphs and tables have been updated to reflect Forecast Budget, which does include the impacts of BR1.

The adoption of Budget Review 1 will decrease the 2016/17 operating result by \$4.0 million, from \$30.9 million to \$26.9 million. Budgeted capital revenues will increase by \$5.8 million from \$94.5 million to \$100.3 million. Capital expenditure increases by \$11 million, from \$252.7 million to \$263.7 million.

The operating result at 31 August 2016 shows a positive variance of \$7.6 million compared to the forecast position.

**Operating Performance****Table 1: Operating Result as at 31 August 2016**

August 2016	Current Budget \$000	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Operating Revenue	418,965	149,268	154,231	4,963	3.3
Operating Expenses	388,041	63,297	60,628	(2,669)	4.2
<b>Operating Result</b>	<b>30,924</b>	<b>85,971</b>	<b>93,603</b>	<b>7,632</b>	<b>8.9</b>

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

As at 31 August 2016, \$23.0 million (8.7%) of Council's \$263.7 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program was increased to \$131.6 million during Budget Review 1 2016/17, with actual expenditure of \$16.3 million at the end of August (12.4%). This result is \$2.3 million ahead of forecast YTD budget.

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

## OFFICER RECOMMENDATION

That Council receive and note the report titled “August 2016 Financial Performance Report”.

## FINANCE AND RESOURCING

There are no finance and resourcing implications from this report.

## CORPORATE PLAN

**Corporate Plan Goal:** *A public sector leader*  
**Outcome:** 5.2 - A financially sustainable organisation  
**Operational Activity:** 5.2.2 - Ensure council's finances are well managed and systems are in place to analyse performance, generate revenue and reduce costs and manage contracts and contract performance

## 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

Budget Review 1 was adopted at the September 2016 Ordinary Meeting. Therefore this financial report to 31 August 2016 does not include the operating revenue and cost outcomes of BR1.

Note that Capital Expenditure graphs and tables have been updated to reflect Forecast Budget, which does include the impacts of BR1.

The adoption of Budget Review 1 will decrease the 2016/17 operating result by \$4.0 million, from \$30.9 million to \$26.9 million. Budgeted capital revenues will increase by \$5.8 million from \$94.5 million to \$100.3 million. Capital expenditure increases by \$11 million, from \$252.7 million to \$263.7 million.

The operating result at 31 August 2016 shows a positive variance of \$7.6 million compared to the forecast position.

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

### Operating Revenue

Year to date revenues as at 31 August 2016 of \$154.2 million shows a positive variance of \$5.0 million.

### **Table 2: Substantial Revenue variances as at 31 August 2016**

Operating Revenue Large Variances	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Net Rates and Utility Charges	128,831	131,826	2,995	2.3
Fees and Charges	12,534	13,153	618	4.9
Other Revenue	1,786	2,571	785	44.0
Dividends Received	985	1,628	642	65.2

### Net Rates and Utility Charges

The favourable variance of \$3 million is mainly due to higher than anticipated prepaid rates, work will be completed during September to determine if this favourable variance will continue throughout the remainder of the year.

### Fees and Charges

Fees and charges revenue of \$13.2 million, is \$618,000 ahead of year to date budget. Of this favourable variance \$414,000 relates to increased revenues at the Sunshine Coast Holiday Parks. A further \$179,000 relates to development service revenue ahead of budget.

### Other Revenue

Other revenue has exceeded the year to date budget by \$785,000, this is made up of:

- Revegetation offset received for London Creek of \$190,000, which was recognised during Budget Review 1, 2016/17
- Royalty payments for the sale of carbon credits and increase in the sale of recoverable materials at the Waste facilities of \$140,000
- Fleet rebates and asset sales of \$97,000

### Dividends Received

The favourable variance of \$642,000 is a timing variance and will be rectified in September.

### Operating Expenses

Year to date expenditure as at 31 August 2016 of \$60.6 million shows a positive variance of \$2.7 million.

**Table 3: Substantial Expenditure variances as at 30 August 2016**

Operating Expenditure Large Variances	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Materials and Services	25,707	22,372	(3,335)	(13.0)
Finance Costs	1,636	1,969	333	20.4
Employee Costs	20,423	20,786	363	1.8

### Materials and Services

As at 31 August 2016, materials and services costs were below budget by \$3.3 million. This is due to timing as there has been minimal expenditure in reactive budgets and projects. The variance is in line with the usual trend for the early part of the financial year.

### Employee Costs

As at 31 August 2016 employee costs were above budget by \$363,000 or 1.8%. This variance will continue to be monitored. Budget Review 1 will increase employee costs by \$334,000

### Finance Costs

A full review of the capitalisation of interest for Region Making projects is currently being undertaken with Queensland Audit Office. The results of this review will be brought to Budget Review 2 if there are significant impacts to the operating finance costs.

### Capital Revenue

Capital revenues are \$5.9 million favourable to the year to date current budget. Additional capital grants of \$5.4 million will be introduced once Budget Review 1 is adopted.

**Table 4: Capital revenue variances as at 31 August 2016**

Capital Revenue	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Capital Grants and Subsidies	-	2,169	2,169	-
Capital Contributions - Cash	3,667	7,352	3,685	100.5

### Capital Expenditure

As at 31 August 2016, \$23.0 million (8.7%) of Council's \$263.7 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program was increased to \$131.6 million during Budget Review 1 2016/17, with actual expenditure of \$16.3 million at the end of August (12.4%). This result is \$2.3 million ahead of forecast YTD budget.

**Table 5: Capital expenditure variances by program as at 31 August 2016**

Capital Works Program	Forecast Budget \$000	YTD Forecast Budget \$000	YTD Actual \$000	YTD Variance	% Variance on YTD budget
Aerodromes	372	5	24	19	396.6
Buildings and Facilities	10,072	1,337	1,184	(153)	(11.4)
Coast and Canals	1,375	120	198	78	65.3
Divisional Allocations	4,795	76	201	125	164.5
Environmental Assets	4,628	37	395	358	972.5
Fleet	3,000	10	3	(7)	(65.2)
Holiday Parks	2,279	506	530	24	4.8
Information Technology	3,007	279	226	(53)	(19.1)
Parks and Gardens	13,642	2,614	3,220	606	23.2
Quarries	674	-	57	57	-
Stormwater	4,927	486	594	107	22.0
Strategic Land and Commercial Properties	7,867	2,418	2,748	330	13.7
Sunshine Coast Airport	5,746	429	855	426	99.2
Transportation	56,508	4,900	4,771	(129)	(2.6)
Waste	12,680	787	1,286	499	63.5
<b>Total SCC Core Capital Program</b>	<b>131,571</b>	<b>14,003</b>	<b>16,292</b>	<b>2,289</b>	<b>16.3</b>
Corporate Major Projects	21,646	700	8	(692)	(98.9)
Maroochydore City Centre - Council delivery	11,519	2,846	3,049	203	7.1
Maroochydore City Centre - SunCentral delivery	41,289	6,954	19	(6,935)	(99.7)
Solar Farm	32,408	3,851	3,476	(376)	(9.8)
Sunshine Coast Airport Runway	25,223	60	142	82	137.0
<b>Total Other Capital Program</b>	<b>132,084</b>	<b>14,411</b>	<b>6,693</b>	<b>(7,718)</b>	<b>(53.6)</b>
<b>TOTAL</b>	<b>263,655</b>	<b>28,414</b>	<b>22,985</b>	<b>(5,429)</b>	<b>(19.1)</b>

As it is early in the financial year there are currently no exceptions being reported. Full profiling of budgets will not be finalised until budget Review 1 2016/17 is adopted.

### Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 August 2016 Council had \$385.2 million cash (excluding Trust Fund) with an average interest rate of 3.05%, being 1.08% above benchmark. This is compared to the same period last year with \$346.7 million cash (excluding Trust Fund) where the average interest rate was 3.44%, being 0.75% 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

Council's 2016/17 Investment Policy.

### Risk

Failure to achieve the budgeted operating result will negatively impact Council's capacity to complete its capital expenditure program.

### Previous Council Resolution

#### **Special Meeting Budget 16 June 2016, Council adopted the 2016/2017 budget - Council Resolution (SM16/16)**

*That Council:*

- receive and note the report titled "Adoption of the 2016/2017 Budget and Forward Estimates for the 2017/2018 to 2025/2026 Financial Years"*
- adopt the 2016/2017 Budget Schedules (Appendix A) including Forward Estimates and*
- adopt the 2016/2017 Capital Works Program, endorse the indicative four-year program for the period 2017/2018 to 2020/2021, and note the five-year program for the period 2021/2022 to 2025/2026 (Appendix B).*

### Related Documentation

There is no related documentation for this report.

### Critical Dates

There are no critical dates for this report.

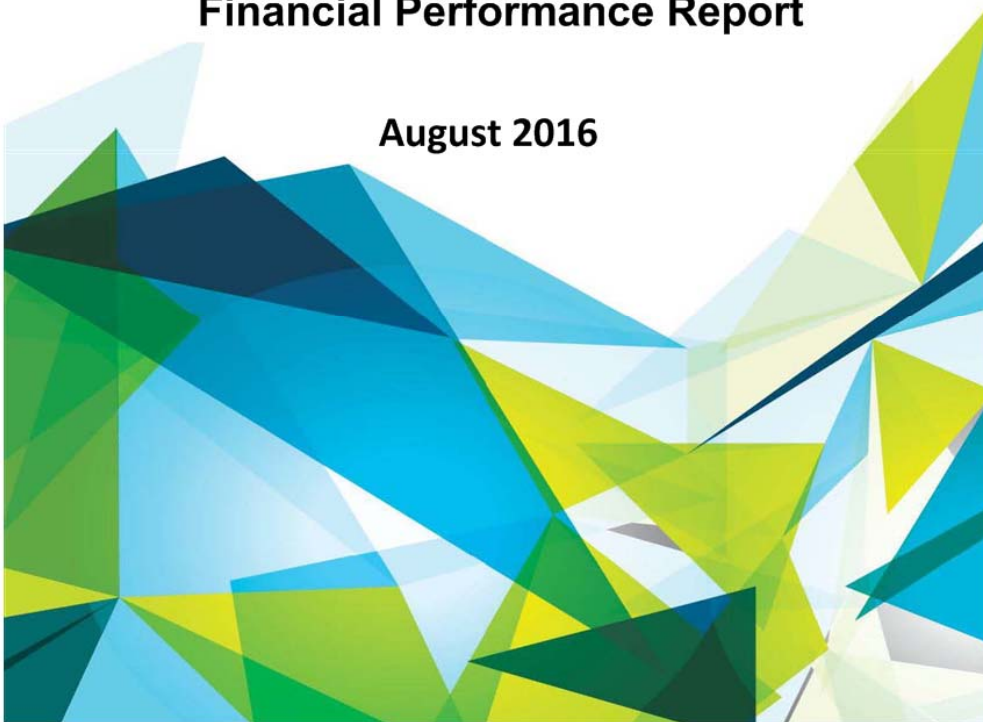
### Implementation

There are no implementation details to include in this report.



# Financial Performance Report

August 2016



**Item 8.2.1 August 2016 Financial Performance Report**  
**August 2016 Financial Performance Report**

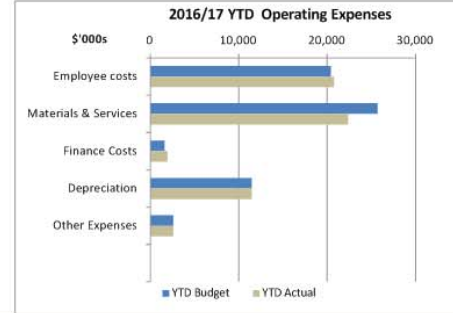
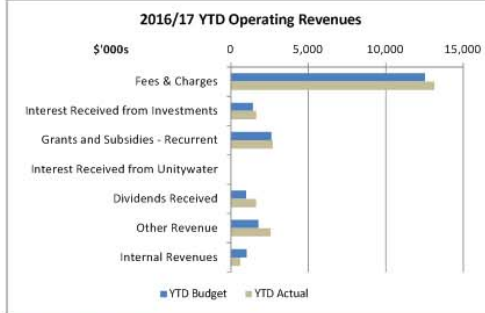
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**FINANCIAL PERFORMANCE REPORT** August 2016  
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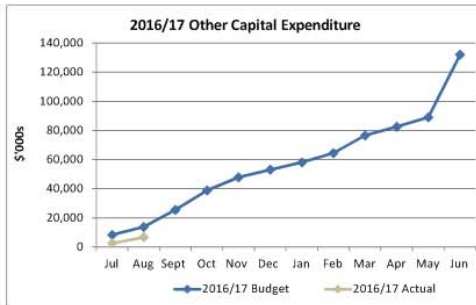
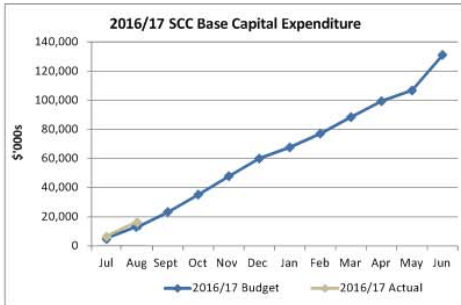
**FINANCIAL PERFORMANCE REPORT** August 2016  
**HEADLINE - OPERATING**

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	418,965	418,965	149,268	154,231	4,963	3.3%
Operating Expenses	388,041	388,041	63,297	60,628	(2,669)	(4.2%)
<b>Operating Result</b>	<b>30,924</b>	<b>30,924</b>	<b>85,971</b>	<b>93,603</b>	<b>7,632</b>	<b>8.9%</b>
<b>NET Result</b>	<b>125,449</b>	<b>125,449</b>	<b>89,638</b>	<b>103,124</b>	<b>13,486</b>	<b>15.0%</b>



**HEADLINE - CAPITAL**

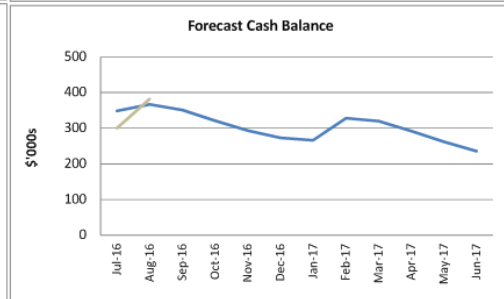
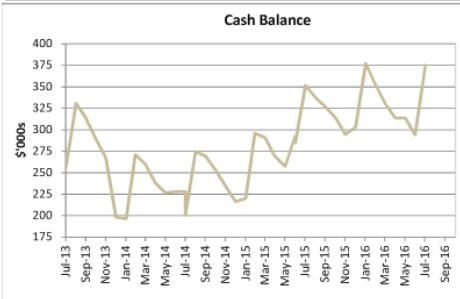
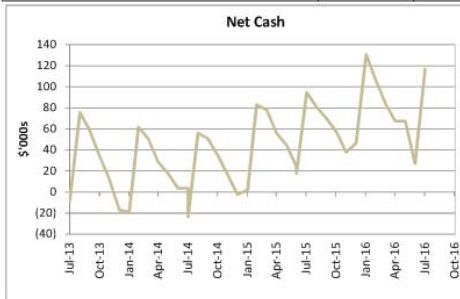
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Forecast Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Capital Revenue	94,525	94,525	3,667	9,521	(5,854)	
Other Capital Revenues	68,920	68,920	11,487	12,614	(1,128)	
<b>Total Capital Revenues</b>	<b>163,445</b>	<b>163,445</b>	<b>15,153</b>	<b>22,135</b>	<b>(6,981)</b>	
Capital Works Expenditure	252,677	252,677	28,414	22,985	5,429	(19.11%)
Other Capital Expenditure	60,000	60,000	0	8,677	(8,677)	
<b>Total Capital Expenditure</b>	<b>312,677</b>	<b>312,677</b>	<b>28,414</b>	<b>31,662</b>	<b>(3,248)</b>	
Funds from General Reserve	149,232	149,232	13,261	9,527	3,734	





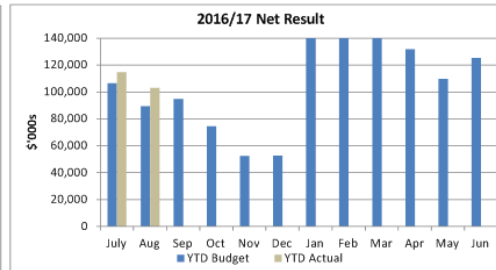
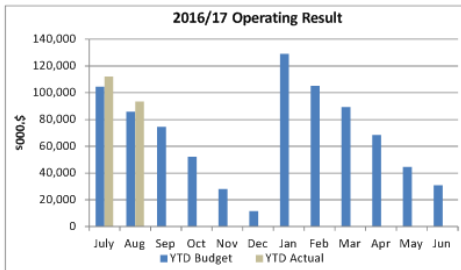
**FINANCIAL PERFORMANCE REPORT** August 2016  
**HEADLINE - CASH AND BALANCE SHEET**

	Annual		YTD		
	Original Budget \$000s	Forecast Budget \$000s	Actuals \$000s	Forecast Budget \$000s	Variance \$000s
<b>CASH FLOWS</b>					
Opening Cash	295,509	318,556	318,556	318,556	0
Net Cash Inflow/(Outflows) from:					
Operating Activities	90,790	80,652	102,265	96,881	5,384
Investing Activities	(212,119)	(208,276)	(30,477)	(40,042)	9,565
Financing Activities	44,869	44,867	(8,677)	(8,677)	0
<b>Net Increase/(decrease) in Cash Held</b>	<b>(76,460)</b>	<b>(82,757)</b>	<b>63,111</b>	<b>48,162</b>	<b>14,949</b>
Cash at year end	219,049	235,799	381,667	366,718	14,949
<b>BALANCE SHEET</b>					
Current Assets	275,784	302,382	448,309		
Non Current Assets	5,119,828	4,997,332	4,682,765		
<b>Total Assets</b>	<b>5,395,612</b>	<b>5,299,714</b>	<b>5,131,074</b>		
Current Liabilities	100,614	115,129	87,827		
Non Current Liabilities	344,682	351,895	306,254		
<b>Total Liabilities</b>	<b>445,296</b>	<b>467,024</b>	<b>394,081</b>		
<b>Net Community Assets/</b>					
<b>Total Community Equity</b>	<b>4,950,316</b>	<b>4,832,690</b>	<b>4,736,993</b>		

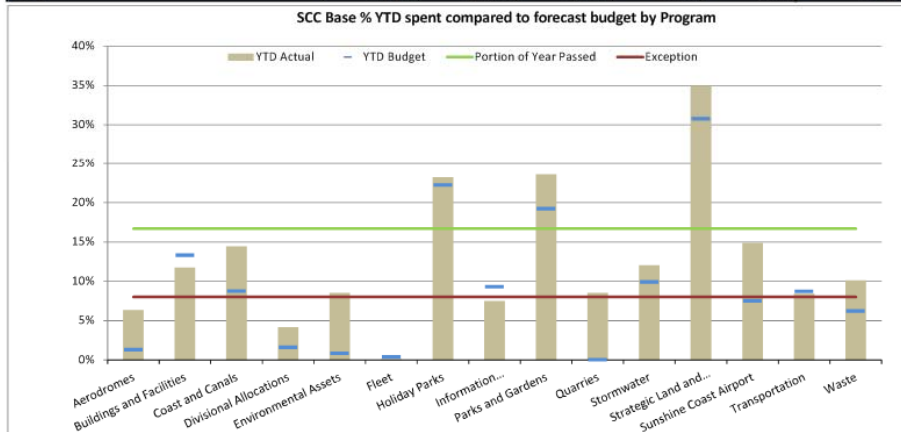


**Item 8.2.1 August 2016 Financial Performance Report**  
**August 2016 Financial Performance Report**

FINANCIAL PERFORMANCE REPORT							August 2016
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>							
Net Rates and Utility Charges	259,339	259,339	128,831	131,826	2,995	2.3%	259,339
Fees and Charges	62,787	62,787	12,534	13,153	618	4.9%	62,787
Interest Received from Investments	8,603	8,603	1,434	1,645	211	14.7%	8,603
Operating Grants and Subsidies	12,077	12,077	2,612	2,705	93	3.6%	12,154
Operating Contributions	706	706	63	113	50	80.0%	906
Interest Received from Unity Water	23,933	23,933	-	-	-	0.0%	23,933
Dividends Received	26,162	26,162	985	1,628	642	65.2%	26,162
Other Revenue	19,189	19,189	1,786	2,571	785	44.0%	18,840
Internal Sales/Recoveries	6,170	6,170	1,023	590	(432)	(42.3%)	5,710
Community Service Obligations	0	0	0	-	0	(100.0%)	0
<b>Total Operating Revenue</b>	<b>418,965</b>	<b>418,965</b>	<b>149,268</b>	<b>154,231</b>	<b>4,963</b>	<b>3.3%</b>	<b>418,433</b>
<b>Operating Expenses</b>							
Employee Costs	128,393	128,393	20,423	20,786	363	1.8%	128,734
Materials and Services	161,701	161,588	25,707	22,372	(3,335)	(13.0%)	163,601
Internal Materials and Services	-	-	-	-	-	0.0%	0
Finance Costs	9,684	9,684	1,636	1,969	333	20.4%	9,684
Company Contributions	1,421	1,421	1,421	1,400	(21)	(1.5%)	1,400
Depreciation Expense	68,920	68,920	11,487	11,487	-	0.0%	68,787
Other Expenses	17,924	18,037	2,624	2,614	(10)	(0.4%)	19,287
Competitive Neutrality Adjustments	(0)	(0)	0	0	(0)	(100.0%)	(0)
<b>Total Operating Expenses</b>	<b>388,041</b>	<b>388,041</b>	<b>63,297</b>	<b>60,628</b>	<b>(2,669)</b>	<b>(4.2%)</b>	<b>391,493</b>
<b>Operating Result</b>	<b>30,924</b>	<b>30,924</b>	<b>85,971</b>	<b>93,603</b>	<b>7,632</b>	<b>8.9%</b>	<b>26,940</b>
<b>Capital Revenue</b>							
Capital Grants and Subsidies	12,525	12,525	-	2,169	2,169	0.0%	17,885
Capital Contributions - Cash	22,000	22,000	3,667	7,352	3,685	100.5%	22,460
Capital Contributions - Fixed Assets	60,000	60,000	-	-	-	0.0%	60,000
<b>Total Capital Revenue</b>	<b>94,525</b>	<b>94,525</b>	<b>3,667</b>	<b>9,521</b>	<b>5,854</b>	<b>159.7%</b>	<b>100,345</b>
<b>Net Result</b>	<b>125,449</b>	<b>125,449</b>	<b>89,638</b>	<b>103,124</b>	<b>13,486</b>	<b>15.0%</b>	<b>127,285</b>



FINANCIAL PERFORMANCE REPORT						August 2016	
CAPITAL EXPENDITURE							
Capital Works Program	Annual		YTD			% of FY budget spent	YTD Variance \$000s
	Original Budget \$000s	Forecast Budget \$000s	Original Budget \$000s	Actuals \$000s	Variance on YTD budget		
Aerodromes	175	372	5	24	396.6%	6.4%	19
Buildings and Facilities	9,156	10,072	1,337	1,184	-11.4%	11.8%	(153)
Coast and Canals	1,220	1,375	120	198	65.3%	14.4%	78
Divisional Allocations	4,424	4,795	76	201	164.5%	4.2%	125
Environmental Assets	4,837	4,628	37	395	972.5%	8.5%	358
Fleet	3,000	3,000	10	3	-65.2%	0.1%	(7)
Holiday Parks	2,254	2,279	506	530	4.8%	23.2%	24
Information Technology	2,827	3,007	279	226	-19.1%	7.5%	(53)
Parks and Gardens	12,814	13,642	2,614	3,220	23.2%	23.6%	606
Quarries	580	674	-	57	0.0%	8.5%	57
Stormwater	4,697	4,927	486	594	22.0%	12.0%	107
Strategic Land and Commercial Properties	5,431	7,867	2,418	2,748	13.7%	34.9%	330
Sunshine Coast Airport	4,133	5,746	429	855	99.2%	14.9%	426
Transportation	54,179	56,508	4,900	4,771	-2.6%	8.4%	(129)
Waste	12,793	12,680	787	1,286	63.5%	10.1%	499
<b>Total SCC Base Capital Program</b>	<b>122,519</b>	<b>131,571</b>	<b>14,003</b>	<b>16,292</b>	<b>16.3%</b>	<b>12.4%</b>	<b>2,289</b>
Corporate Major Projects	21,271	21,646	700	8	-98.9%	0.0%	(692)
Maroochydhore City Centre - Council Delivery	11,012	11,519	2,846	3,049	7.1%	26.5%	203
Maroochydhore City Centre - Suncentral Delivery	42,071	41,289	6,954	19	-99.7%	0.0%	(6,935)
Solar Farm	30,915	32,408	3,851	3,476	-9.8%	10.7%	(376)
Sunshine Coast Airport Runway	24,890	25,223	60	142	137.0%	0.6%	82
<b>Total Other Capital Program</b>	<b>130,158</b>	<b>132,084</b>	<b>14,411</b>	<b>6,693</b>	<b>-53.6%</b>	<b>5.1%</b>	<b>(7,718)</b>
<b>TOTAL</b>	<b>252,677</b>	<b>263,655</b>	<b>28,414</b>	<b>22,985</b>	<b>-19.1%</b>	<b>8.7%</b>	<b>(5,429)</b>



Project summary by Job status (SCC Base only)	Number of Capital Jobs	%	Forecast Budget \$000	%
Not Started	428	45.5%	32,712	24.9%
Works in Progress	471	50.1%	96,534	73.4%
Complete	37	3.9%	2,161	1.6%
On Hold	4	0.4%	165	0.1%
<b>Total</b>	<b>940</b>		<b>131,571</b>	

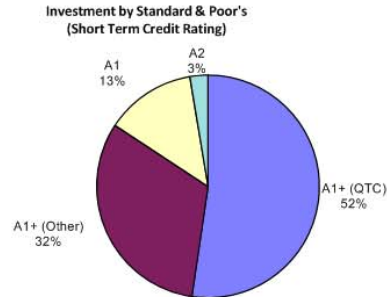
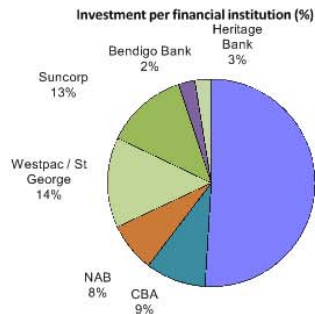
**FINANCIAL PERFORMANCE REPORT** August 2016  
**INVESTMENT PERFORMANCE**

Liquidity as at:	31/08/2016 \$'000's	
<b>At-call accounts</b>		
QTC + CBA (excl. trust)	230,222	58.88%
Maturities within 7 days	\$0	0.00%
<b>Total at-call</b>	<b>\$230,222</b>	<b>58.88%</b>
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$55,000	6
30-59 days	\$30,000	3
60-89 days	\$30,000	3
90-179 days	\$30,000	2
180-364 days	\$10,000	1
1 year - 3 years	\$0	0
<b>Total</b>	<b>\$155,000</b>	<b>15</b>

INVESTMENT SUMMARY (including Trust) as at:	31/08/2016			31/08/2015			31/08/2015		Investment Policy	
								Individual Limit	Group Limits	
A1+ (QTC)	\$199,347	51.0%	\$77,263	24.6%	\$122,035	34.8%	100%	100%		
A1+ (Other)	\$121,637	31.1%	\$101,291	32.3%	\$169,074	48.2%	35%	100%		
A1	\$50,000	12.8%	\$70,000	22.3%	\$20,000	5.7%	30%	40%		
A2	\$10,000	2.6%	\$55,000	17.5%	\$40,000	11.4%	15%	35%		
A3	\$10,000	2.6%	\$10,000	3.2%	\$0	0.0%	5%	10%		
<b>Total Funds</b>	<b>\$390,985</b>		<b>\$313,554</b>		<b>\$351,109</b>					
<b>FUND SUMMARY</b>										
General Funds	\$385,222		\$307,891		\$346,663					
Trust Funds	\$5,762		\$5,663		\$4,447					
<b>Total Funds</b>	<b>\$390,985</b>		<b>\$313,554</b>		<b>\$351,109</b>					

**Investment Portfolio**



**Investment Performance**

