

8.14 AUGUST 2019 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - August 2019 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 2019 in terms of the operating result and delivery of the capital program.

The operating result at 31 August 2019 shows a favourable variance of \$2.9 million compared to the budgeted position. The variation is mainly attributable to higher than expected revenue and lower than budgeted expense. Further detail is provided in the proposal section of this report.

Operating Performance**Table 1: Operating Result as at 31 August 2019**

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	483,788	175,060	175,705	646	0.4%
Total Operating Expenses	454,165	70,109	67,881	(2,229)	-3.2%
Operating Result	29,622	104,950	133,430	2,874	2.7%

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

As at 31 August 2019, \$40.7 million (12.7%) of Council's \$320.7 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 13.0% of budget, an actual spend of \$21.4 million.

Council's closing cash balance at 31 August 2019 of \$316.4 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "August 2019 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 August 2019 and meets Council's legislative reporting requirements.

Council is undertaking a review of the 2019/20 adopted budget based on the end of 2018/19 financial results. Any adjustments to budget that occur through budget review 1 will be reflected in the September 2019 Financial Performance Report.

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:

- Group Executive Business Performance
- Chief Financial Officer
- 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 31 August 2019 in terms of the operating result and delivery of the capital program.

The operating result at 31 August 2019 shows a favorable variance of \$2.9 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 31 August 2019 of \$164.9 million shows a favorable variance of \$646,000.

Table 2: Substantial Revenue variances as at 31 August 2019

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Interest Received from Investments	1,473	941	(532)	-36.1%
Other Revenue	2,802	3,217	415	14.8%

Interest Received from Investments

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

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.

Operating Expenses

Year to date expenditure as at 31 August 2019 of \$67.8 million shows a variance under budget of \$2.2 million.

Materials and Services

Materials and services are under budget as at 31 August 2019 by \$1.5 million. This is due to timing as there has been minimal expenditure in core budgets and projects. The variance is in line with the usual trend for the early part of the financial year.

Capital Expenditure

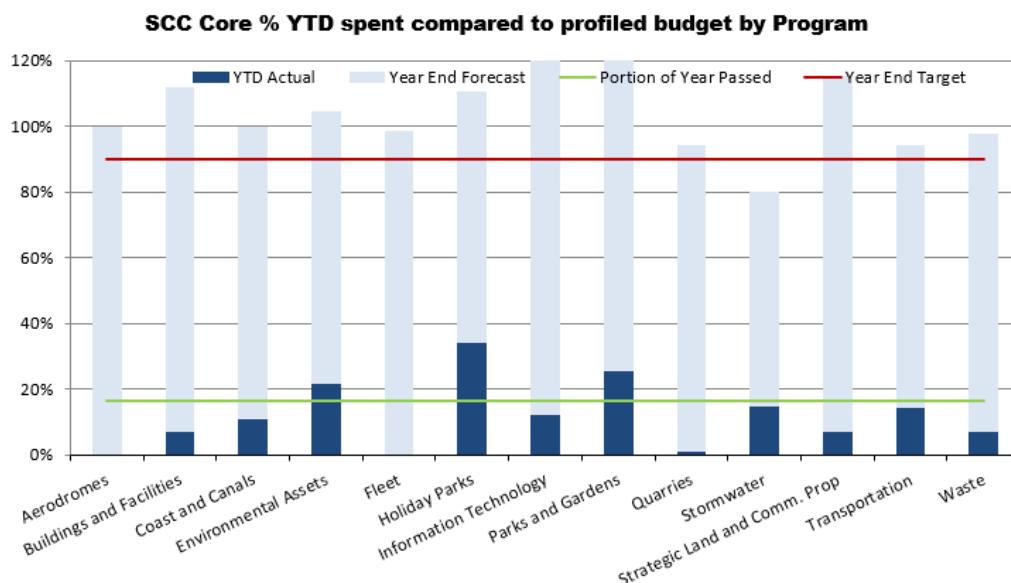
As at 31 August 2019, \$40.7 million (12.7%) of Council's \$320.7 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 13.0% of budget, an actual spend of \$21.4. The Actual YTD includes all works that have been goods receipted and accrued as at 31 August 2019.

Table 4: Capital Expenditure by Program at 31 August 2019

	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	450	0	0.0%	450	0
Buildings and Facilities	19,103	19,103	1,336	7.0%	21,409	2,307
Coast and Canals	2,080	2,080	225	10.8%	2,080	0
Environmental Assets	1,315	1,315	281	21.4%	1,360	46
Fleet	2,900	2,900	0	0.0%	2,865	(35)
Holiday Parks	4,302	4,302	1,465	34.1%	4,756	454
Information Technology	5,830	5,830	720	12.3%	8,317	2,487
Parks and Gardens	16,096	16,096	4,069	25.3%	19,802	3,706
Quarries	1,311	1,311	13	1.0%	1,234	(77)
Stormwater	7,014	7,014	1,032	14.7%	5,628	(1,386)
Strategic Land and Commercial Properties	14,563	14,563	997	6.8%	16,785	2,222
Transportation	69,165	69,165	9,846	14.2%	65,200	(3,965)
Waste	20,622	20,622	1,474	7.1%	20,156	(466)
Total SCC Core Capital Program	164,751	164,751	21,457	13.0%	170,042	5,291
Corporate Major Projects	14,968	14,968	501	3.3%	13,607	(1,361)
Divisional Allocations	5,141	5,141	617	12.0%	1,485	(3,656)
Maroochydore City Centre	16,579	16,579	4,908	29.6%	20,657	4,078
Submarine Cable IBN	14,390	14,390	1,892	13.1%	15,774	1,384
Sunshine Coast Airport Runway	104,836	104,836	11,306	10.8%	129,884	25,048
Total Other Capital Program	155,914	155,914	19,224	12.3%	181,407	25,493
TOTAL	320,666	320,666	40,681	12.7%	351,449	30,783

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:

- Aerodromes – Replacement of the runway lighting and heavy helicopter pads at the Caloundra Aerodrome are in the early procurement phase of delivery. Construction is scheduled to occur in the latter half of the financial year.
- Buildings and Facilities – Construction of the Beerwah Aquatic Centre has been scheduled for delivery within winter and is currently underway. The replacement of the netball club house at Victory Park is also underway and due for completion in October.
- 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.
- Holiday Parks – The redevelopment of the Mooloolaba Holiday Park has begun construction and makes up 80% of the total program budget. Conversion of sites to include electricity at the Dicky Beach Holiday Park has also been awarded.
- Information Technology - Delays in the implementation of Council's corporate asset management and human resource systems have caused an underspend for the financial year. Both projects continue to move through the implementation phase and will be finalised later this financial year.
- Strategic Land and Commercial Property – The purchase of properties along Council's approved transport corridors will continue as opportunity arises.
- Transportation – Construction continues for Council's significant road upgrade projects at Stringybark Road, Sippy Downs and Naroo Court Mooloolaba. Both projects remain on schedule and budget. Council's \$20 million road reseal program has progressed 12% completion in August.
- Waste – Significant progress has occurred on the Automatic Waste Collection station within the Maroochydore PDA. Construction is scheduled to complete in December with commissioning to occur in 2020.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 August 2019 Council had \$316.4 million cash (excluding Trust Fund) with an average interest rate of 2.18%, being 0.98% above benchmark. This is compared to the same period last year with \$327.9 million cash (excluding Trust Fund) with an average interest rate of 2.71%, being 0.71% 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**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

August 2019



FINANCIAL PERFORMANCE REPORT

August 2019

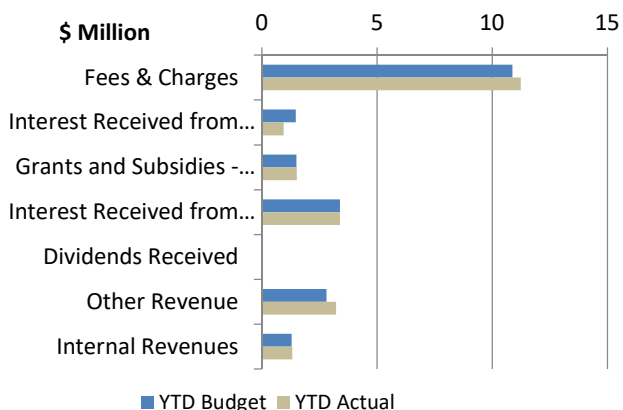
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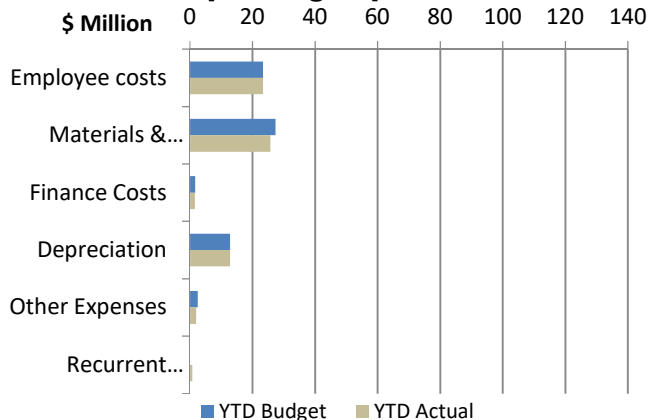
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	487,063	483,788	175,060	175,705	646	0.4%
Operating Expenses	452,200	448,925	69,305	67,110	(2,195)	-3.2%
Recurrent Capital Expenses	5,240	5,240	804	770	(34)	-4.2%
Operating Result	29,622	29,622	104,950	107,824	2,874	2.7%
Capital Revenue	97,384	97,384	4,805	7,838	3,033	63.1%
Non-recurrent Expenses	4,592	4,592	765	765	0	0.0%
Net Result	122,414	122,414	108,990	114,897	5,907	5.4%

Operating Revenues



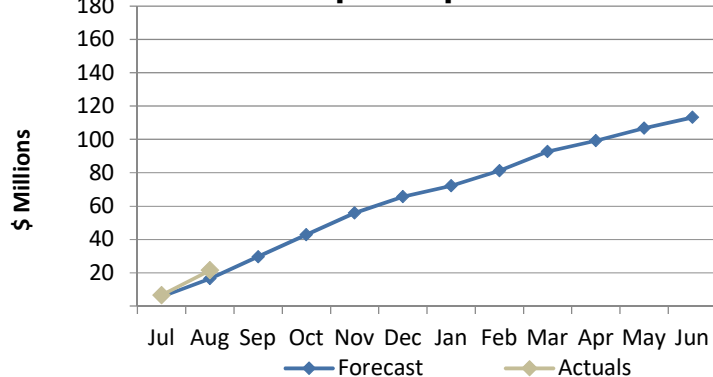
Operating Expenses



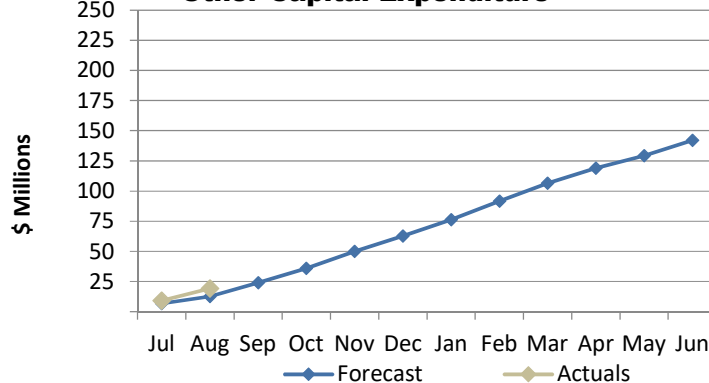
Headline - Capital

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Capital Revenue (included in Net R	97,384	97,384	3,600	7,838	4,238	117.7%
Other Capital Revenue	79,076	79,076	12,882	12,900	18	0.1%
Total Capital Revenues	176,460	176,460	16,482	20,738	4,256	25.8%
Capital Works Expenditure	322,676	322,676	40,521	39,912	(609)	-1.5%
Other Capital Expenditure	0	0	0	14,807	14,807	0.0%
Total Capital Expenditure	322,676	322,676	40,521	54,719	14,198	35.0%
Funds from General Reserve	146,215	146,215	24,039	33,981	9,942	41.4%

SCC Base Capital Expenditure



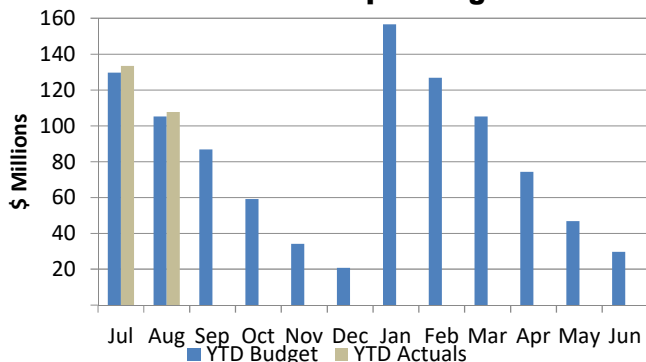
Other Capital Expenditure



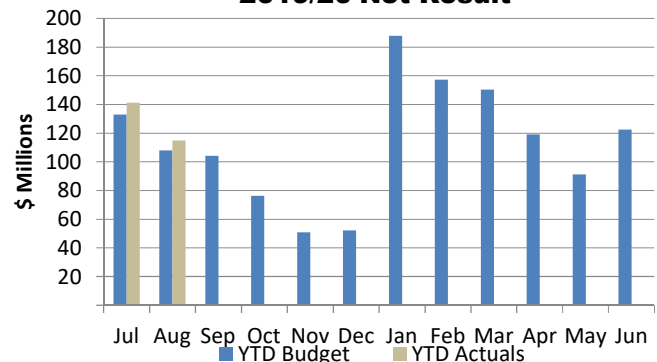
Statement of Income & Expenses

	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	321,489	153,702	153,969	266	0.2%	321,489
Fees and Charges	57,857	57,857	10,872	11,229	357	3.3%	57,857
Interest Received from Investments	8,838	8,838	1,473	941	(532)	-36.1%	8,838
Operating Grants and Subsidies	12,329	12,329	1,489	1,509	20	1.3%	12,329
Operating Contributions	319	319	51	146	95	187.9%	319
Unitywater Participation	49,838	49,838	3,381	3,381	0	0.0%	49,838
Other Revenue	25,016	25,016	2,802	3,217	415	14.8%	25,016
Internal Sales/Recoveries	8,101	8,101	1,290	1,314	24	1.9%	8,101
Total Operating Revenue	483,788	483,788	175,060	175,705	646	0.4%	483,788
Operating Expenses							
Employee Costs	145,197	145,197	23,383	23,349	(33)	-0.1%	145,197
Materials and Services	191,895	191,895	27,315	25,754	(1,561)	-5.7%	191,895
Finance Costs	10,025	10,032	1,681	1,611	(70)	-4.1%	10,032
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	79,076	12,882	12,883	1	0.0%	79,076
Other Expenses	21,206	21,199	2,519	1,987	(532)	-21.1%	21,199
Recurrent Capital Expenses	5,250	5,250	804	770	(34)	-4.2%	5,240
Total Operating Expenses	454,175	454,175	70,109	67,881	(2,229)	-3.2%	454,165
Operating Result	29,613	29,613	104,950	107,824	2,874	2.7%	29,622
Capital Revenue							
Capital Grants and Subsidies	12,245	12,245	1,205	922	(283)	-23.5%	5,385
Capital Contributions - Cash	31,599	31,599	3,600	6,916	3,316	92.1%	31,999
Capital Contributions - Fixed Assets	60,000	60,000	0	0	0	0.0%	60,000
Total Capital Revenue	103,844	103,844	4,805	7,838	3,033	63.1%	97,384
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	0	0	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	765	765	0	0.0%	4,592
	0	0	0	0	0	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	765	765	0	0.0%	4,592
Net Result	128,864	128,864	108,990	114,897	5,907	5.4%	122,414

2019/20 Operating Result



2019/20 Net Result



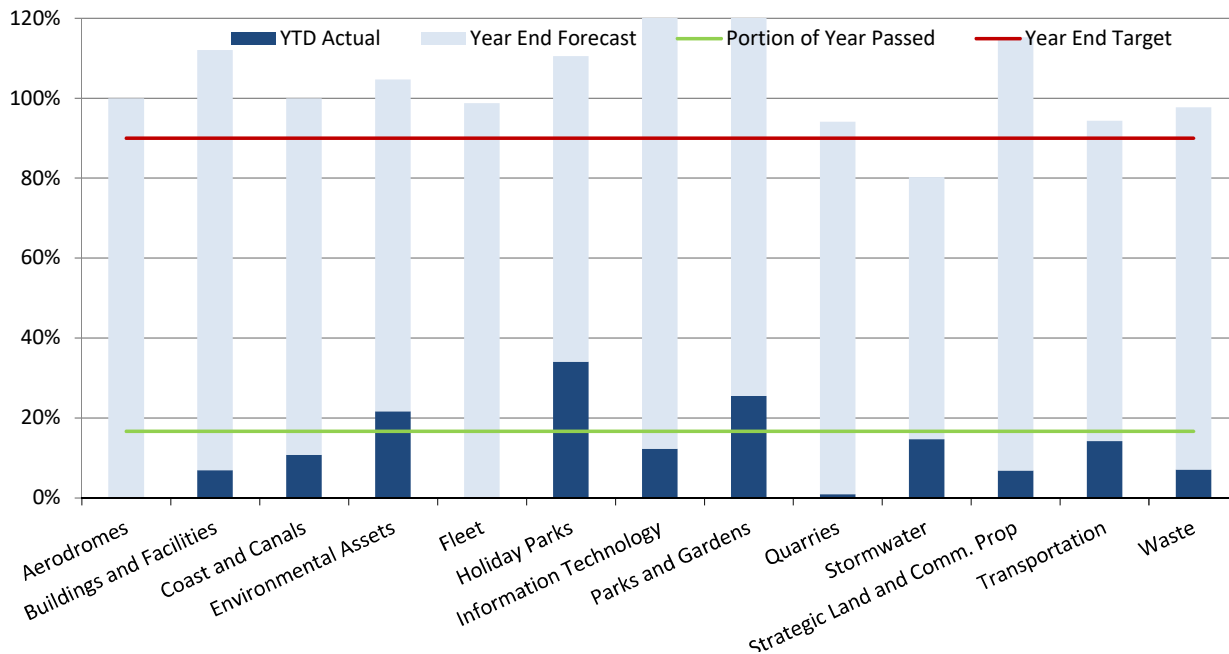
Capital Expenditure

	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	450	0	0.0%	450	0
Buildings and Facilities	19,103	19,103	1,336	7.0%	21,409	2,307
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Environmental Assets	1,300	1,315	281	21.4%	1,360	46
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Total SCC Core Capital Program	164,556	164,751	21,457	13.0%	170,042	5,291
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Total Other Capital Program	156,109	155,914	19,224	12.3%	181,407	25,493
TOTAL	320,666	320,666	40,681	12.7%	351,449	30,783

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

Recurrent Expenses	5,240	5,240	770	14.7%
Non-Recurrent Expenses	4,592	4,592	765	16.7%

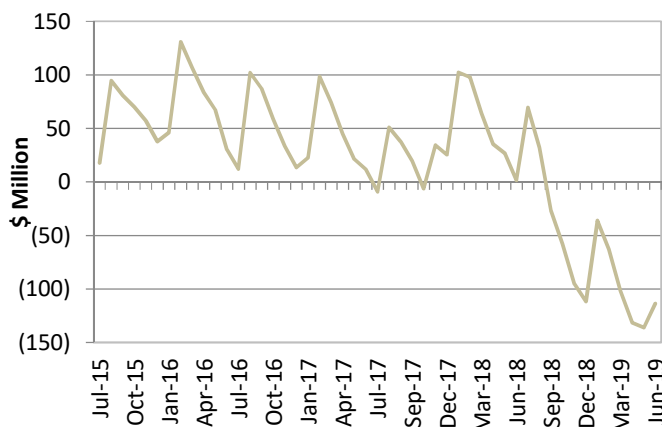
SCC Core % YTD spent compared to profiled budget by Program



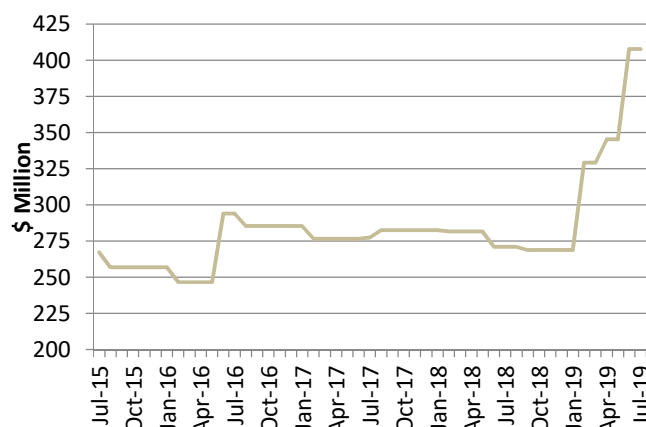
Cash and Balance Sheet

	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	201,182	201,182	282,377
Net Cash Inflow/(Outflows) from:			
Operating Activities	66,248	66,248	92,485
Investing Activities	(216,950)	(216,950)	(41,898)
Financing Activities	157,963	157,963	(16,583)
Net Increase/(decrease) in Cash Held	7,261	7,261	34,004
Cash at year end	208,443	208,443	316,381
BALANCE SHEET			
Current Assets	267,703	267,703	258,612
Non Current Assets	5,840,644	5,840,644	5,458,357
Total Assets	6,108,347	6,108,347	5,716,969
Current Liabilities	136,326	136,326	131,299
Non Current Liabilities	589,563	589,563	434,676
Total Liabilities	725,889	725,889	565,975
Net Community Assets/ Total Community Equity	5,382,458	5,382,458	5,150,994

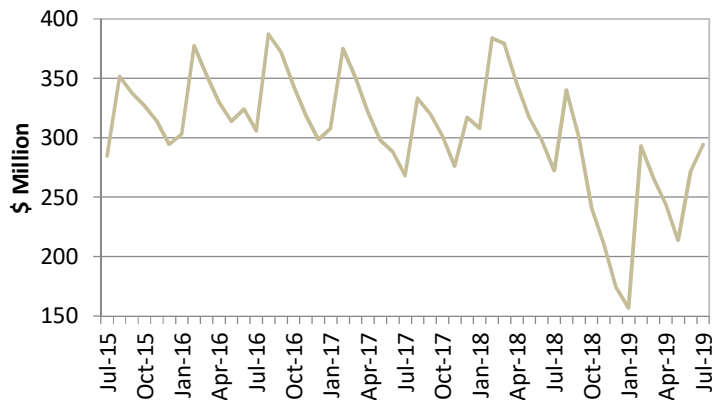
Net Cash



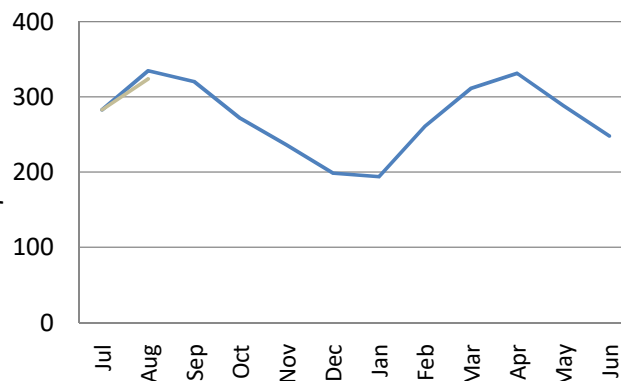
Debt Balance



Cash Balance



Forecast Cash Balance



FINANCIAL PERFORMANCE REPORT

Investment Performance

August 2019

Liquidity as at:	31/08/2019	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$146,381	45.08%
Maturities within 7 days	\$10,000	3.08%
Total at-call	\$156,381	48.16%
Investment Policy Target		10.00%

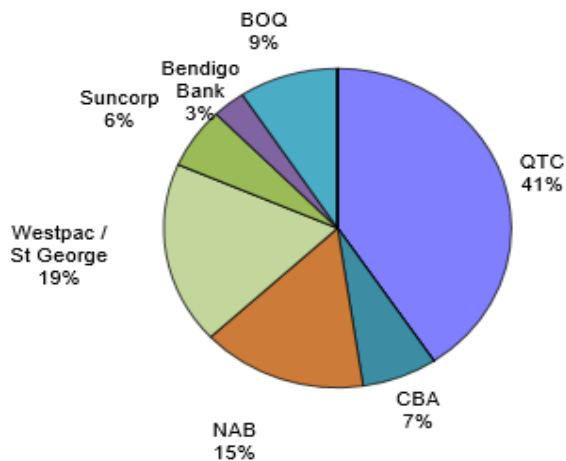
Term deposits maturing:	\$'000's	Count
within 30 days	\$40,000	4
30-59 days	\$40,000	4
60-89 days	\$40,000	4
90-179 days	\$50,000	5
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$170,000	17

	INVESTMENT SUMMARY (including Trust) as at:			Investment Policy				
	31/08/2019		31/05/2019		31/08/2018	Individual Limit	Group Limits	
A1+ (QTC)	\$131,999	40.6%	\$125,634	58.7%	\$54,461	16.2%	100%	100%
A1+ (Other)	\$132,742	40.9%	\$58,525	27.3%	\$141,045	42.0%	40%	100%
A1	\$20,000	6.2%	\$20,000	9.3%	\$50,000	14.9%	30%	50%
A2	\$40,000	12.3%	\$10,000	4.7%	\$90,000	26.8%	30%	45%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$324,741		\$214,159		\$335,507			
FUND SUMMARY								
General Funds	\$316,381		\$205,801		\$327,930			
Trust Funds	\$8,360		\$8,358		\$7,576			
Total Funds	\$324,741		\$214,159		\$335,507			

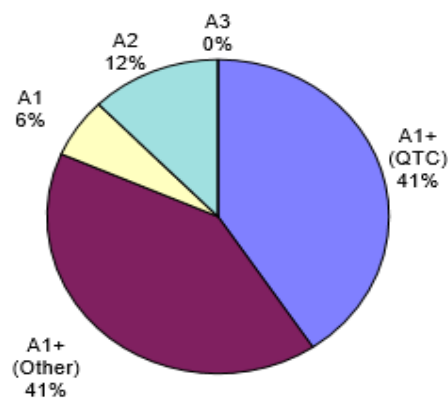
Investment Portfolio

Investment Portfolio

Investment per financial institution (%)

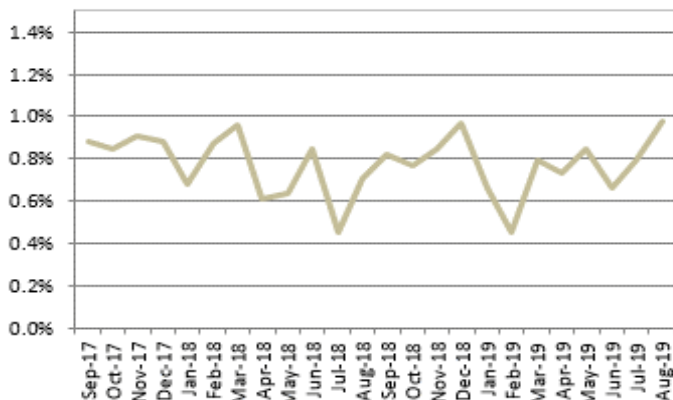


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

