

FINANCIAL PERFORMANCE REPORT



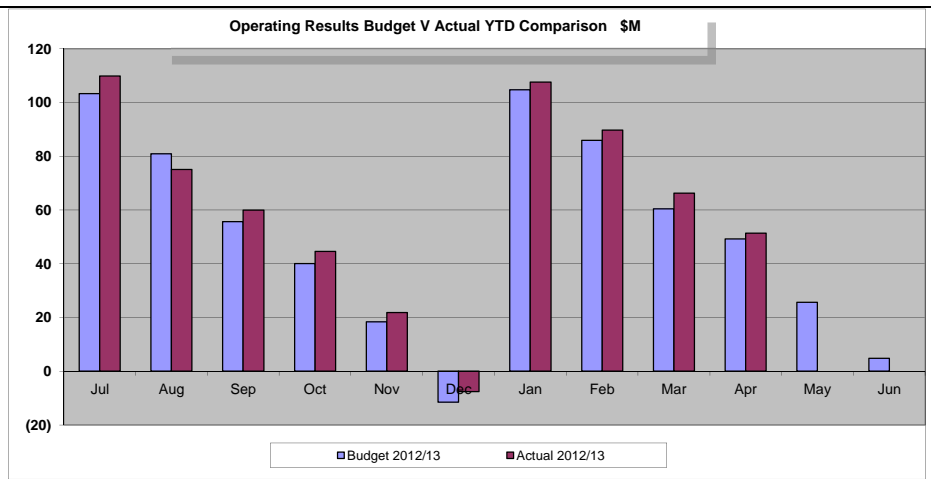
April 2013



Contents

Table of Contents	
Summary Operating Statement	3
Operating Revenue	4
Operating Expenses	5
Summary Capital Statement	6
Capital Expenditure by Program	7
Capital Expenditure - Expenditure Variations of \$50,000	8

SUMMARY OPERATING STATEMENT							
For the Period Ending 30 April 2013							
	Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %	Annual Forecast Budget \$000s
Operating Revenue	424,650	427,286	391,733	393,059	1,326	0.3%	428,294
Less Operating Expenses	330,213	335,719	270,613	269,764	(849)	(0.3%)	336,554
Less Interest Expense	14,261	14,261	11,513	11,428	(85)	(0.7%)	14,261
Less Depreciation	72,496	72,495	60,392	60,546	(154)	0.3%	72,496
Operating Surplus/(Deficit)	7,680	4,811	49,214	51,320	2,106	4.7%	4,982
Transfer from Reserves	7,973	14,353	14,353	14,353	0	0.0%	15,041
Transfer to Reserves	(2,876)	(3,612)	(3,612)	(3,612)	0	0.0%	(3,716)
Operating Contribution/(Shortfall)	12,778	15,552	59,955	62,061	2,106	3.5%	16,308



Operating Net Result

Council's financial results at 30 April 2013 show the organisation with a \$2.1 million higher than forecasted operating position against the year to date budget.

This operating surplus variation is made up of operating revenue being \$1.3 million higher than the year to date budget along with operating expenses being \$780,000 lower than the year to date budget.

Operating Revenue

The favourable revenue variance of \$1.3 million is largely the result of a number of items being higher than the year to date budget. These variances include Other Revenue of \$1.9 million, Fees & Charges of \$1.6 million, Interest Received from Investments of \$1.1 million, and Net Rates & Utility Charges of \$1 million. This is offset by Dividends Received being \$4.2 million lower than the year to date budget.

Operating Expenses

The favourable variance in operating expenses of \$780,000 is due to Materials & Services being lower than the year to date budget by \$3.6 million, offset by Employee Costs and Other Expenses being higher than the year to date budget by \$1.9 million and \$844,000 respectively.

Value and Success Target (VAST) Status

\$4.5 million	Original Target
\$3.6 million	Achieved to Date (80%)
\$883,000	Balance to Achieve (20%)

Of the \$3.6 million savings achieved to date, \$2.7 million are permanent savings.

Of the \$2.7 million permanent savings, \$612,000 relate to employee costs.

Operating Revenue

As at 30 April 2013 operating revenues are favourable to budget by \$1.3 million or 0.3%.

The favourable revenue variance of \$1.3 million is largely the result of a number of items being higher than profiled. These include Other Revenue of \$1.9 million, Fees & Charges of \$1.6 million, Interest Received from Investments of \$1.1 million, and Net Rates & Utility Charges of \$1 million. This is offset by an unfavourable variance in Dividends Received of \$4.2 million.

The favourable variance in Other Revenue mainly sits with Infrastructure Services Department and relates to the following items being higher than forecast - road maintenance performance contract revenue, fleet auction proceeds & rebates and revegetation offset agreement with Energex. Most of these items will have offsetting expenditure. In addition, Airport income is lower than profiled.

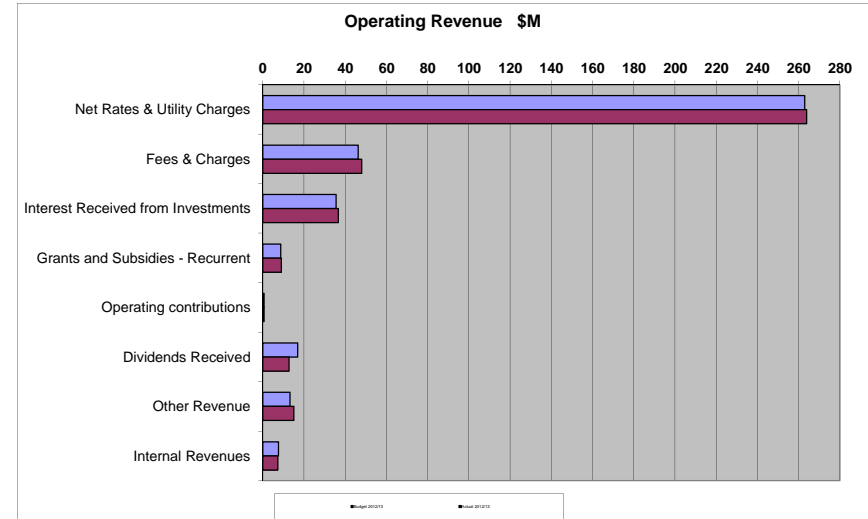
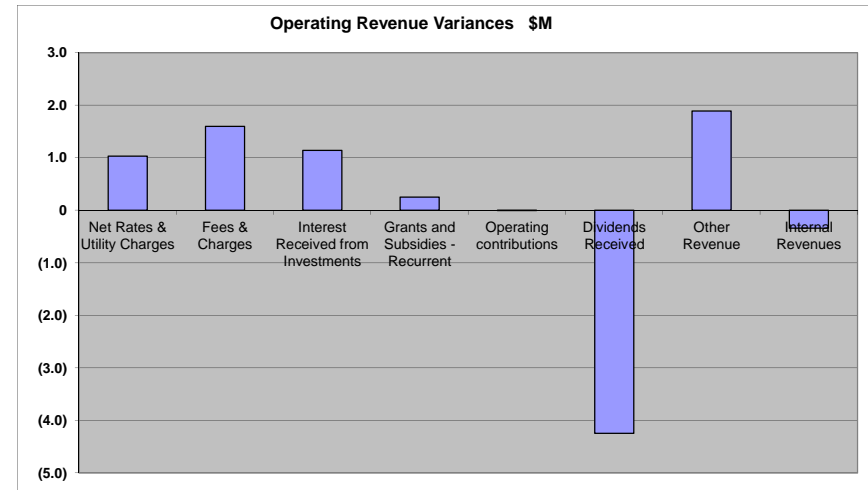
Within the Fees and Charges category, items running higher than forecast include Development Applications, Material Change of Use and Search fees. Volumes still remain below last year to date although there was some improvement in Quarter 3 application numbers. Other favourable variances exist in Aquatic and Leisure Centres, Cemeteries, Response Services and Health licences. These are offset by lower than forecast Airport fees.

Interest Received from Investments is higher than budget partly due to slightly higher than forecast cash balances along with higher than forecast investment rates for the first half of the year. The average investment rate is expected to be lower in the second half of the year. This item will continue to be monitored but there is no change to the year end forecast at this point.

The January 2013 rate run had 153,443 rateable properties compared to 151,818 this time last year. Growth in that time was 1.1% which is less than the budgeted 1.5%. Although General Rates have an unfavourable variance of \$3.0 million, this is compensated by Prepaid Rates of \$3.7 million along with various other positive variances, resulting in the favourable variance in Net Rates and Utility Charges of \$1 million. History shows Prepaid Rates can be expected to continue to increase and maintain this positive variance in Net Rates and Utility Charges through to the end of the financial year.

The unfavourable variance in Dividends Received relates to timing of Unity Water Dividends. In the past, quarterly payments were received however these are now expected half yearly. The budget has now been adjusted to reflect this timing.

A risk has been reported in the past few financial performance reports regarding the timing of receipt of the Federal Government Financial Assistance Grant. Advice has now been received and council will receive 50% of the 2013/14 Financial Assistance Grant in June 2013. This will result in this revenue item being \$6 million over budget at year end.



Operating Expenses

The favourable variance in operating expenses of \$780,000 is due to Materials & Services being lower than profiled by \$3.6 million, offset by Employee Costs and Other Expenses being higher than profiled by \$1.9 million and \$844,000 respectively.

The favourable variance in Materials & Services mainly relates to less than profiled spend on levy and economic development projects as well as legal expenses associated with development appeals. Quarry expenses are over budget however this is offset by internal sales.

The unfavourable variance in Employee Costs relates to less than expected labour spend on capital works, Value & Success Targets yet to be achieved and overtime associated with emergent works (of which a portion is recoverable under Natural Disaster Relief and Recovery Arrangements (NDRRA)).

The Other Expenses variance mainly relates to vehicle leases and software maintenance being higher than profiled.

Risks:

(a) The budget includes the achievement of the **\$4.46 million savings target**.

Value and Success Target (VAST) Status

\$4.5 million	Original Target
\$3.6 million	Achieved to Date (80%)
\$883,000	Balance to Achieve (20%)

Of the \$3.6 million savings achieved to date, \$2.7 million are permanent savings.

Of the \$2.7 million permanent savings, \$612,000 relate to employee costs.

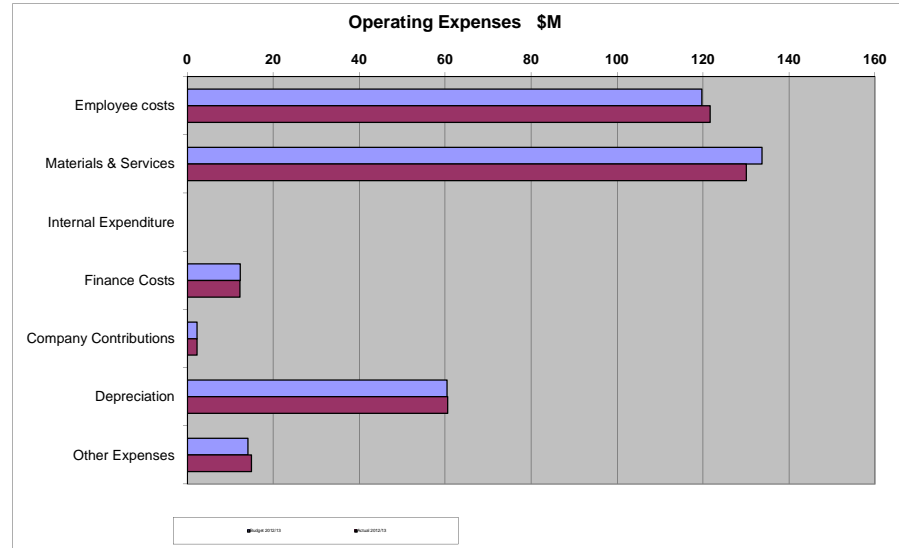
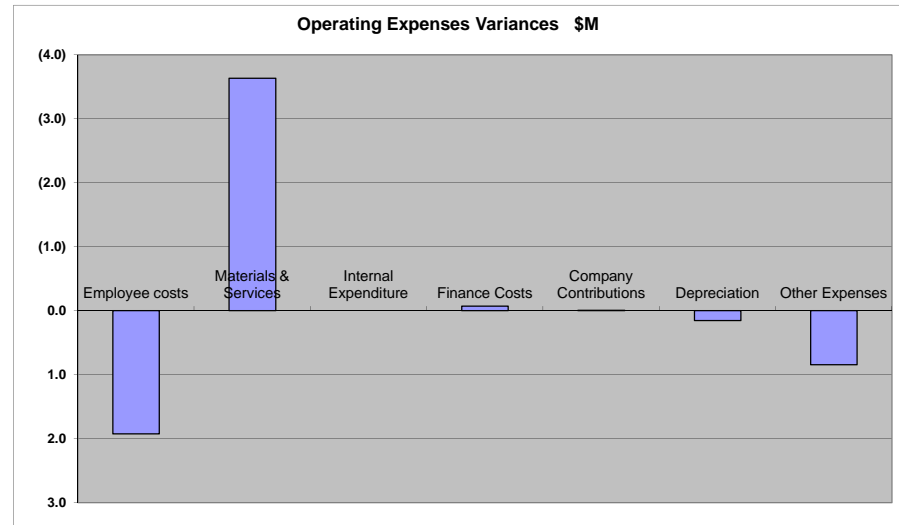
There are a number of reviews and initiatives that are underway to achieve the balance of this target.

(b) Repair costs in relation to extreme weather events to date are as follows:-

Ex Tropical Cyclone Oswald \$2.6 million (\$948,000 is labour costs) of which only \$1.4 million maximum can be expected to be funded by Natural Disaster Relief and Recovery Arrangements (NDRRA).

East Coast Low \$119,000 (\$51,000 is labour costs) of which only \$51,000 maximum can be expected to be funded by Natural Disaster Relief and Recovery Arrangements (NDRRA).

East Coast Trough \$177,000 (\$96,000 is labour costs) of which only \$61,000 maximum can be expected to be funded by Natural Disaster Relief and Recovery Arrangements (NDRRA).



SUMMARY CAPITAL STATEMENT							
For the Period Ending 30 April 2013							
Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %	Annual Forecast Budget \$000s	
Operating Contribution / (Shortfall)	12,778	15,552	59,955	62,061	2,106	3.5%	16,308
Capital Revenue	51,182	64,753	49,937	46,813	(3,124)	(6.3%)	64,789
Other Capital Funding	117,646	124,359	67,295	67,887	592	0.9%	124,359
Less Constructed Assets	145,770	192,578	102,488	101,990	(498)	(0.5%)	187,846
Less Contributed Assets	28,500	28,500	27,375	27,450	75	0.3%	28,500
Less Loan Redemptions	13,023	13,023	13,023	13,023	0	0.0%	13,023
Net Capital Result	(5,687)	(29,437)	34,301	34,298	(3)	(0.0%)	(23,913)
Transfer from Reserves	21,658	61,777	61,299	61,299	0	0.0%	63,068
Transfer to Reserves	(15,971)	(32,341)	(32,341)	(32,341)	0	0.0%	(39,156)
Balance	0	(1)	63,259	63,256	(3)	(0.0%)	(1)

Capital Net Result

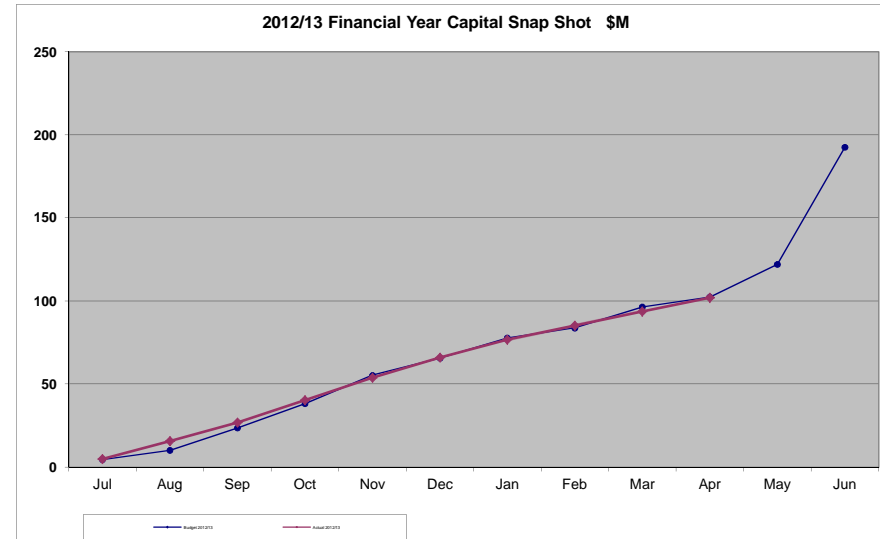
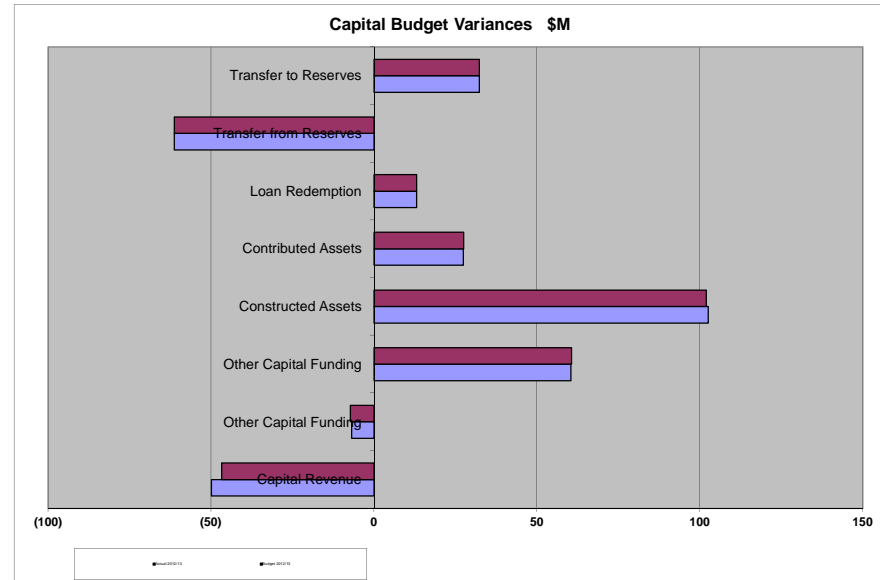
Council's capital result at 30 April 2013, shows the organisation practically on track with a \$3,000 lower than expected result.

In relation to capital expenditure, at the end of the month, \$102 million (53%) of council's \$192.6 million 2012/13 Capital Works Program was financially expended.

The unfavourable variance in Capital Revenue of \$3.1 million mainly relates to Infrastructure Charges being \$3.6 million less than the year to date budget.

Risks:

(c) **Capital (Developer) Contributions** - budget is \$12.9 million with actuals to April 2013 being \$6.4 million. This is due to the downturn in development.



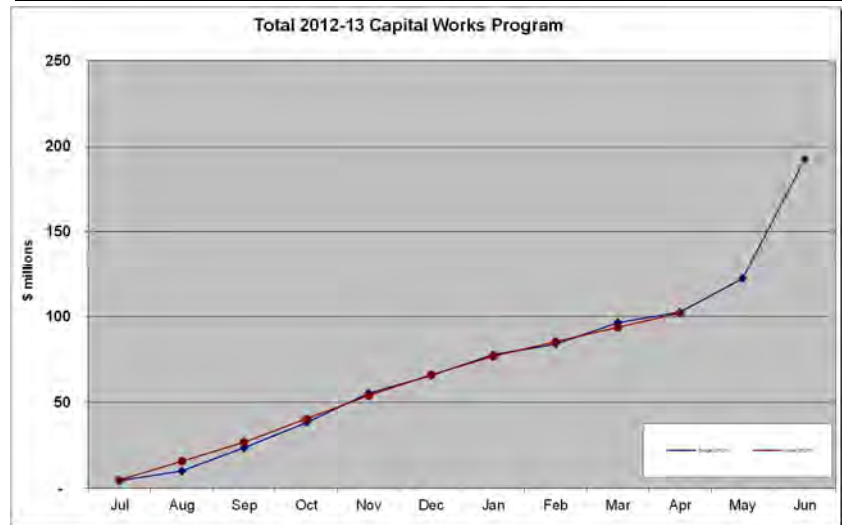
Capital Expenditure

At 30 April 2013, \$102 million or 53% of council's \$192.6 million 2012/13 Capital Works Program was financially expended.

On a year to date basis, capital expenditure is \$498,000 behind budget - a 0.5% variance.

Expenditure relating to the Maroochydore Principal Activity Centre is less than current budgets. The timing of future payments is the subject of a future report to Council.

Program	Original Budget \$000s	Current Budget \$000s	Year to Date Actual \$000s	% of Annual Budget Spent
Buildings and Facilities	9,609	9,118	5,913	64.9%
Coast and Canals	1,218	1,843	1,242	67.4%
Divisional Allocations	3,145	3,591	1,292	36.0%
Environmental Assets	290	431	324	75.2%
Fleet	2,000	2,700	400	14.8%
Parks and Gardens	9,644	11,199	7,937	70.9%
Stormwater	4,526	4,051	2,630	64.9%
Transportation	53,997	64,982	44,793	68.9%
Information Technology	4,566	6,451	5,003	77.6%
Strategic Land & Comm Properties	31,674	52,515	13,191	25.1%
Sunshine Coast Airport	7,705	12,298	7,620	62.0%
Aerodromes	0	154	46	30.1%
SC Holiday Parks	1,555	2,894	1,104	38.2%
Quarries	655	2,004	1,328	66.2%
Waste	15,186	18,347	9,165	50.0%
TOTAL	145,770	192,578	101,990	53.0%



Capital Projects Expense with a Budget Variation > \$50,000

30-April-2013

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Transportation	Natural Disaster Transportation	Old Landsborough Rd Rep Pavement - Seal	0	327	327	Works required as a result of 2011 weather events. A proportion of this will be claimed under the NDRRA grant scheme.
Transportation	Sealed Road Network	Pelican Waters Blvd Rep Pavement - Seal	0	73	73	Works required as a result of recent weather events, and project to be transferred to Natural Disaster Transportation sub-program. A proportion of this will be claimed under the NDRRA grant scheme.
Transportation	Reseals and Rehabilitation	Reseal Old Gympie Road	0	98	98	This project was placed on hold at the beginning of the 2012/13 FY to fund essential NDRRA works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Stormwater	Stormwater Management	Reserve St Pomona – Culvert Upgrade	0	72	72	Two project numbers exist for the same job, and should be viewed in conjunction with each other. The second project number is B1594 Reserve Street Drainage Works and holds a budget of \$200,000 for these works, with additional costs to date of \$55,000.
Transportation	Pedestrian & Cyclist Enabling Facilities	Yungar St Greenoaks Dr Path	0	74	74	This project will be fully funded by the \$400k umbrella project of B0788 for Coolum School precinct pedestrian and cyclist improvements project.
Transportation	Reseals and Rehabilitation	Emperor Avenue Reseal	0	51	51	This project was placed on hold at the beginning of the 2012/13 FY to fund essential NDRRA works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Reseals and Rehabilitation	Moondarra Crescent Reseal	0	52	52	This project was placed on hold at the beginning of the 2012/13 FY to fund essential NDRRA works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Reseals and Rehabilitation	Wattle Street to Maple Street	50	132	82	Scope of works changed as this is now the bypass road through Cooroy town.
Stormwater	Stormwater Quality Management	Regional Water Quality Devices	50	108	58	Cost variance incurred due to laying of fibre optic cable and delays related to adverse weather conditions.
Transportation	Reseals and Rehabilitation	Thomas Street - Reseal	50	101	51	Scope of works increased.
Transportation	Reseals and Rehabilitation	Syd Lingard Drive Buderim 4146_102	61	188	126	Scope of works increased to include sealing of additional car parks.
Coast and Canals	Coast, Canals and Waterways	Alex to M'dore Beach Renourishment	62	137	75	This project should be viewed in conjunction with A7977 Alex to M'dore Beach Renourishment as both accounts cover the whole scope of works. \$500k Budget had been placed into reserves pending Council's decision on the longer term treatment for Maroochydoore beach.
Stormwater	Stormwater Management	McAnally Drive Drainage Works	75	164	89	Due to unforeseen soil conditions, shoring for the project was required for safety of the works crews.
Transportation	Reseals and Rehabilitation	Tanah Street Mount Coolum 4182_102	75	129	53	Scope of works changed.
Sunshine Coast Airport	Sunshine Coast Airport - Landside	SCA Terminal Mods Internat Passengers	104	154	50	Additional works required for Customs and Immigration offices, commencing in June 2013. This budget shortfall will be offset by savings in the Site S project.
Transportation	Reseals and Rehabilitation	Mary Street Noosaville 2611_203	123	212	88	Scope of works increased.
Transportation	Reseals and Rehabilitation	Glenview Road	155	215	60	Project scope was adjusted during detailed design. Additional costs to be funded from savings within the Reseal and Rehab sub-program.
Transportation	Carparks	Coochin Street Dicky Beach - Carpark	200	250	50	Very poor ground conditions were experienced following pavement excavation. Resultant extra costs to stabilise the subgrade with geotextile and rock will be covered from savings in the overall Transportation capital program.
Transportation	Carparks	Park St, Carpark - Near Bowls Club	208	302	93	Additional works required to allow traffic to flow to community centre via bowls club following closure of traffic movements on David Low Way for safety reasons. Funds to be balanced as part of the overall Coolum Streetscape project.
Transportation	Reseals and Rehabilitation	Cooyar Street Noosa Heads 936_101	265	418	153	Scope of works increased.

Capital Projects Expense with a Budget Variation > \$50,000

30-April-2013

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Stormwater	Stormwater Management	Machinery Drive, Stormwater Management	267	387	120	Project scope was adjusted during detailed design to achieve a better long term solution to this drainage problem, both in terms of road flooding and through the property to the discharge point.
Transportation	Sealed Road Network	North Maleny Rd Maleny Intersect Upgrade	387	451	65	Funds from this project were utilised on a different project which had been fast tracked, and will be transferred back to balance both projects at end of year.
Transportation	Gravel Road Network	Doonan Bridge East Rd - Gravel Road Seal	802	879	77	Substandard quarry material supplied for cement stabilised pavement had to be removed and replaced. This cost currently charged to the project should be credited and redirected to the quarry as per work improvement notice (WIN).
Sunshine Coast Airport	Sunshine Coast Airport - Landside	SC Aerospace Precinct Stage 1	1,147	1,248	101	Due to timing of projects and the availability of resources, the works to finalise stage 1 of the landside component of SCAP was bought forward to ensure the site is available for potential aviation tenants. The budget variance will be offset against the timing in the Airconditioning project budget.
Strategic Land and Commercial Properties	PIP Social Land	Land Acq - Caloundra	2,250	2,383	133	Purchase of land at Moffat Beach which is being funded from both Open Space developer contributions and Strategic Land reserves. The site was purchased for the endorsed amount however stamp duty and other convenencing costs plus development costs to on-sell a portion of it has extended beyond the budget. This is expected to be offset against the disposal of part of the site once the required work is to be completed.
Transportation	PIP Transportation	Brisbane Rd Mooloolaba-Stg 2 Construct	2,650	2,724	74	Costs incurred to ensure completion prior to Christmas 2012.
Transportation	PIP Transportation	Sippy Downs Dve Tanawha-Stringybark Rd	3,095	3,259	164	Additional costs charged for land acquisitions settled after finalisation of construction and revegetation costs as part of a state vegetation clearing approval, will be covered from savings in the overall Transportation capital program.
Waste	Waste Disposal	Noosa Landfill Construct Cell 2.2	3,285	3,409	124	Latent site conditions and impacts of continuing wet weather events over the construction period have expanded the scope of works including rectification of additional areas and resulted in increased costs. Funds within overall Waste Resources Management budgets (2012/13) will be used to balance project overspend.