

8.2 AUGUST 2023 FINANCIAL PERFORMANCE REPORT

File No: Council Meetings

Author: Coordinator Financial Services
Business Performance Group

Attachments: Att 1 - August 2023 Financial Performance Report (to be provided)
Att 2 - Capital Grant Funded Project Report August 2023 (to be Provided)

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 2023 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 30 June 2024

	Original Budget \$000
Total Operating Revenue	590,615
Total Operating Expenses	566,003
Operating Result	24,612

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "August 2023 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 2023 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *Our outstanding organisation*

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

Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, E Hungerford

Internal Consultation

This report has been written in conjunction with advice from:

- Acting 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 2023/24 Investment Policy and
Sunshine Coast Council's 2023/24 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 22 June 2023 (SM23/2)

That Council:

1. STATEMENT OF ESTIMATED FINANCIAL POSITION

receive and note Appendix A, pursuant to section 205 of the Local Government Regulation 2012, the statement of the financial operations and financial position of the Council in respect to the 2022/23 financial year

2. ADOPTION OF BUDGET

adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2023/24 financial year incorporating:

- the statement of income and expenditure*
- the statement of financial position*

- iii. the statement 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 25 May 2023)*
- viii. the Revenue Policy (adopted by Council resolution on 25 May 2023)*
- 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 2023/24 Capital Works Program, endorse the indicative four-year program for the period 2025 to 2028, and note the five-year program for the period 2029 to 2033*
- xii. the rates and charges to be levied for the 2023/24 financial year and other matters as detailed below in clauses 3 to 10*
- xiii. the 2023/24 Minor Capital Works Program*
- xiv. the Strategic Environment Levy Policy*
- xv. the Strategic Arts and Heritage Levy Policy*
- xvi. the Strategic Transport Levy Policy and*
- xvii. the Derivatives Policy*

Related Documentation

2023/24 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

2023-24 BUDGET

Financial Performance Report

July 2023



Statement of Income and Expenses



Council has a positive operating result of \$176 million, which is \$5 million above current budget as at 31 July 2023.

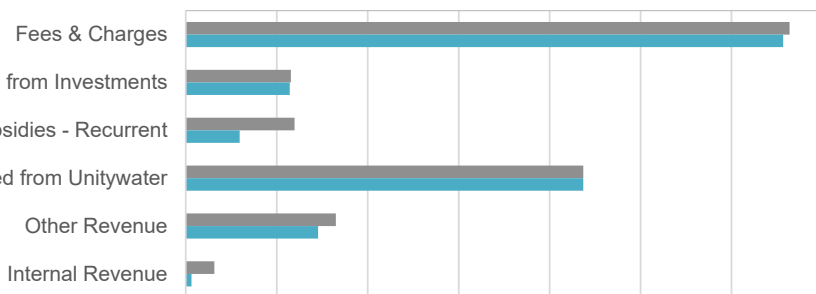
Statement of Income & Expenses							
	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Revenue							
Net Rates and Utility Charges	405,349	405,349	200,528	202,206	1,678	0.8%	405,349
Fees and Charges	82,335	82,335	6,638	6,567	(71)	(1.1%)	82,335
Interest Received from Investments	13,850	13,850	1,154	1,143	(12)	(1.0%)	13,850
Operating Grants and Subsidies	14,977	14,977	1,195	591	(603)	(50.5%)	14,977
Operating Contributions	320	320	4	2	(1)	(34.6%)	320
Unitywater Participation	52,438	52,438	4,370	4,370	-	-	52,438
Other Revenue	17,787	17,787	1,650	1,455	(195)	(11.8%)	17,787
Internal Sales/Recoveries	3,560	3,560	315	62	(253)	(80.4%)	3,560
Total Operating Revenue	590,615	590,615	215,853	216,396	543	0.3%	590,615
Operating Expenses							
Employee Costs	176,203	176,203	11,598	9,988	(1,609)	(13.9%)	176,203
Materials and Services	235,600	235,600	16,745	14,183	(2,562)	(15.3%)	235,600
Finance Costs	13,137	13,137	1,159	1,027	(132)	(11.4%)	13,137
Company Contributions	4,657	4,657	4,587	4,586	(0)	(0.0%)	4,657
Depreciation Expense	105,674	105,674	8,848	8,848	-	-	105,674
Other Expenses	26,732	26,732	1,781	1,617	(164)	(9.2%)	26,732
Recurrent Capital Expenses	4,000	4,000	261	261	(0)	(0.0%)	4,000
Total Operating Expenses	566,003	566,003	44,978	40,510	(4,468)	(9.9%)	566,003
Operating Result	24,612	24,612	170,875	175,885	5,010	2.9%	24,612
Capital Revenue							
Capital Grants and Subsidies	70,837	70,837	3,765	3,765	(0)	(0.0%)	70,837
Capital Contributions - Cash	32,384	32,384	490	490	(0)	(0.0%)	32,384
Capital Contributions - Fixed Assets	82,820	82,820	932	932	0	0.0%	82,820
Total Capital Revenue	186,041	186,041	5,187	5,187	(0)	(0.0%)	186,041
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & impairment	-	-	-	-	-	-	-
Movements in landfill and quarry provisions	3,070	3,070	248	248	-	-	3,070
Assets Transferred to Third Parties	-	-	-	-	-	-	-
Total Non-recurrent Expenses	3,070	3,070	248	248	-	-	3,070
Net Result	207,583	207,583	175,814	180,824	5,010	2.8%	207,583

Operating Result – July 2023

Operating Revenue

\$ Millions

1 2 3 4 5 6 7



■ YTD Budget ■ YTD Actuals

Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	590,615	590,615	215,853	216,396	543	0.3%
Operating Expenses	562,003	562,003	44,717	40,249	(4,468)	(9.9%)
Recurrent Capital Expenses	4,000	4,000	261	261	(0)	(0.0%)
Operating Result	24,612	24,612	170,875	175,885	5,010	2.9%
Capital Revenue	186,041	186,041	5,187	5,187	(0)	(0.0%)
Non-recurrent Expenses	3,070	3,070	248	248	-	-
Net Result	207,583	207,583	175,814	180,824	5,010	2.8%

As at 31 July 2023, \$216 million operating revenue had been achieved which is \$543,000 more than budget.

Significant revenue variances:

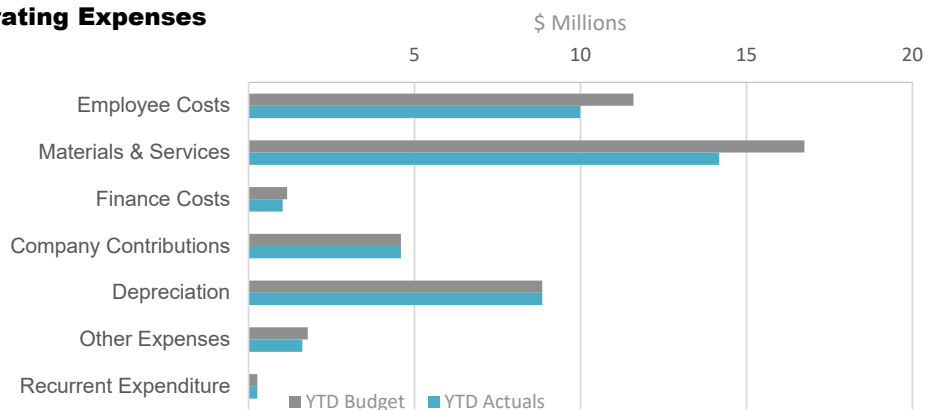
- **Net Rates and Utility Charges** – General rates and levies have been issued to all rateable properties in July. Waste Commercial and Domestic rubbish collection are ahead of the expected budget
- **Operating Grants and Subsidies** – Council has received a \$300,000 Cascading Climate Risk grant during July

Substantial Revenue Variance for the Period Ending July 2023

	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	405,349	405,349	200,528	202,206	1,678	0.8%	405,349
Operating Grants and Subsidies	14,977	14,977	1,195	591	(603)	(50.5%)	14,977

Operating Result – July 2023 (continued)

Operating Expenses



Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	590,615	590,615	215,853	216,396	543	0.3%
Operating Expenses	562,003	562,003	44,717	40,249	(4,468)	(9.9%)
Recurrent Capital Expenses	4,000	4,000	261	261	(0)	(0.0%)
Operating Result	24,612	24,612	170,875	175,885	5,010	2.9%
Capital Revenue	186,041	186,041	5,187	5,187	(0)	(0.0%)
Non-recurrent Expenses	3,070	3,070	248	248	-	-
Net Result	207,583	207,583	175,814	180,824	5,010	2.8%

As at 31 July 2023, \$176 million had been expended resulting in a variance of \$4.5 million (9.9%) lower than budget.

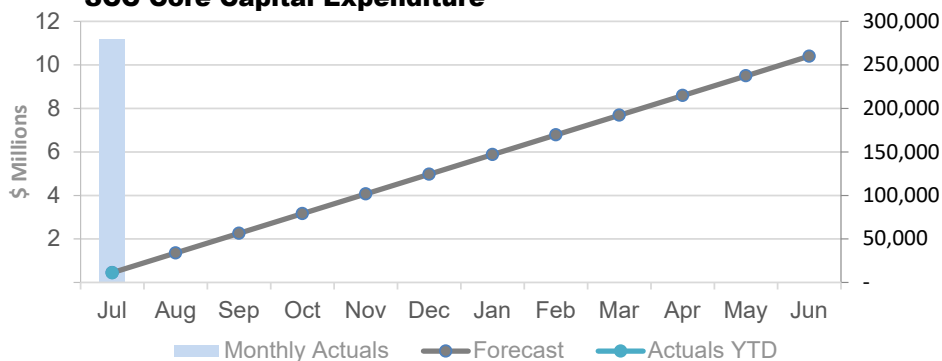
- Employee costs are below budget for the current financial year due to vacancies throughout the organisation.
- Quarry Services, Corporate Building Maintenance, Gravel Roads maintenance under budget

Substantial Expenditure Variance for the Period Ending July 2023

	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Expenses							
Employee Costs	176,203	176,203	11,598	9,988	(1,609)	(13.9%)	176,203
Materials and Services	235,600	235,600	16,745	14,183	(2,562)	(15.3%)	235,600

Capital Expenditure - July 2023

SCC Core Capital Expenditure

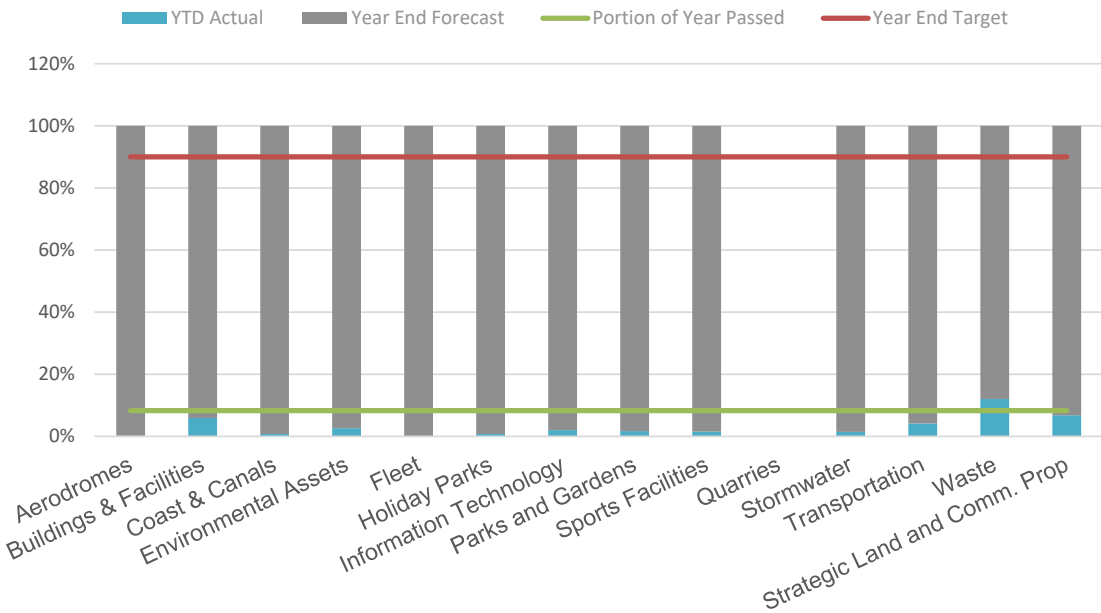


- As at 31 July 2023, \$13.9 million (4.2%) of Council's \$331 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 4.3% of budget, an actual spend of \$11.2 million.
- Corporate Major Projects progressed 0.4%

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
Core Capital Works Program						
Aerodromes	845	845	1	0.2%	845	-
Buildings and Facilities	32,269	32,269	1,916	5.9%	32,269	-
Coast and Canals	7,677	7,677	62	0.8%	7,677	-
Environmental Assets	4,695	4,695	123	2.6%	4,695	-
Minor Works	5,205	5,205	107	2.1%	5,205	-
Fleet	5,242	5,242	-	-	5,242	-
Holiday Parks	2,556	2,556	20	0.8%	2,556	-
Information Technology	10,000	10,000	205	2.0%	10,000	-
Parks and Gardens	12,176	12,176	210	1.7%	12,176	-
Sports Facilities	19,438	19,438	301	1.6%	19,438	-
Quarries	-	-	41	-	41	41
Stormwater	17,845	17,845	261	1.5%	17,845	-
Transportation	116,910	116,910	4,914	4.2%	116,910	-
Waste	25,203	25,203	3,048	12.1%	25,203	-
Total SCC Core Capital Program	260,062	260,062	11,210	4.3%	260,102	41
Corporate Major Projects	32,975	32,975	147	0.4%	32,975	-
Strategic Land and Commercial Properties	37,680	37,680	2,576	6.8%	37,680	-
Maroochydore City Centre	-	-	3	-	-	-
Sunshine Coast Airport Runway	-	-	-	-	-	-
Total Other Capital Program	70,655	70,655	2,726	3.9%	70,655	-
TOTAL	330,716	330,716	13,936	4.2%	330,757	41

Capital Expenditure - July 2023 (continued)

SCC Core % YTD spent compared to profiled budget by Program



Buildings and Facilities

- \$2.9 million budget for Caloundra Indoor Sports Stadium progressed 31% with a spend of \$883,000

Fleet

- \$3.8 million of orders have been placed for delivery in the 2023-24 financial year.

Holiday Parks

- Construction has commenced for the replacement of the camp kitchen at the Cotton Tree Holiday Park

Stormwater

- Council's \$2.5 million stormwater pipe relining program has commenced planning and will commence delivery in August 2023

Strategic Land and Commercial Properties

- Negotiations for land acquisitions associated with Council's trunk road infrastructure and open space requirements will continue through the new financial year

Transportation

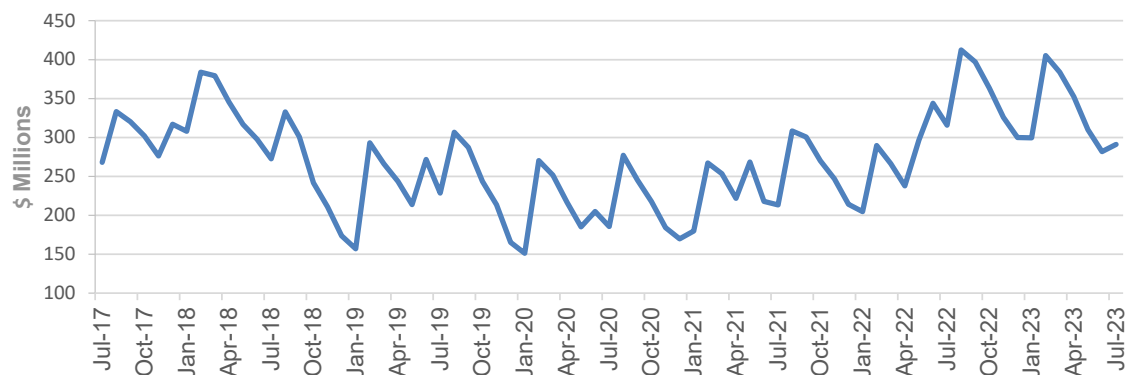
- Council's \$24.5 million road resurfacing and rehabilitation program has progressed 11% with a spend of \$2.7 million
- Council's \$7.4 million Unsealed Road Upgrades program has progressed 16% with a spend of \$1.2 million
- Council's \$660,000 bus stop program has progressed 18% with a spend of \$121,000

Waste

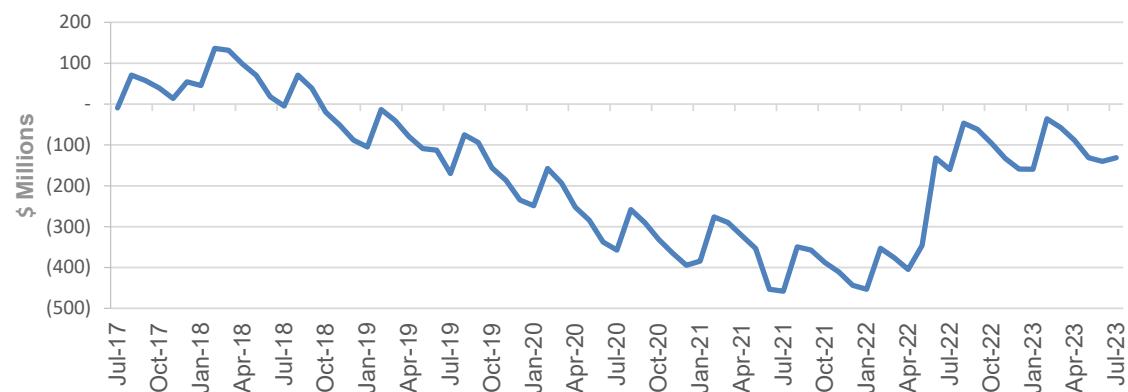
- Design and construction is progressing for the new material resource facility at the Nambour resource recovery centre with \$2.2 million expensed during July

Cash Flows and Balance Sheet

Cash Balance



Net Cash



Cash and Balance Sheet - July 2023	
	Original Budget \$000s
CASH FLOWS	
Opening Cash	289,721
Net Cash Inflow/(Outflows) from:	
Operating Activities	83,314
Investing Activities	(170,353)
Financing Activities	4,457
Net Increase/(decrease) in Cash Held	(82,581)
Cash at year end	207,140
BALANCE SHEET	
Current Assets	264,955
Non Current Assets	7,297,361
Total Assets	7,562,316
Current Liabilities	191,950
Non Current Liabilities	527,570
Total Liabilities	719,520
Net Community Assets/Total Community Equity	6,842,797

- Council's cash at 31 July 2023 is \$291 million
- Council's debt at 31 July 2023 is \$442 million

Debt

Sunshine Coast Council's debt program is governed by the 2023/24 Debt Policy, which was adopted with the Original Budget adoption on 22 June 2023.

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.

Council's anticipated borrowings for the 2023-24 financial year are forecast at \$28.5 million and relate to:

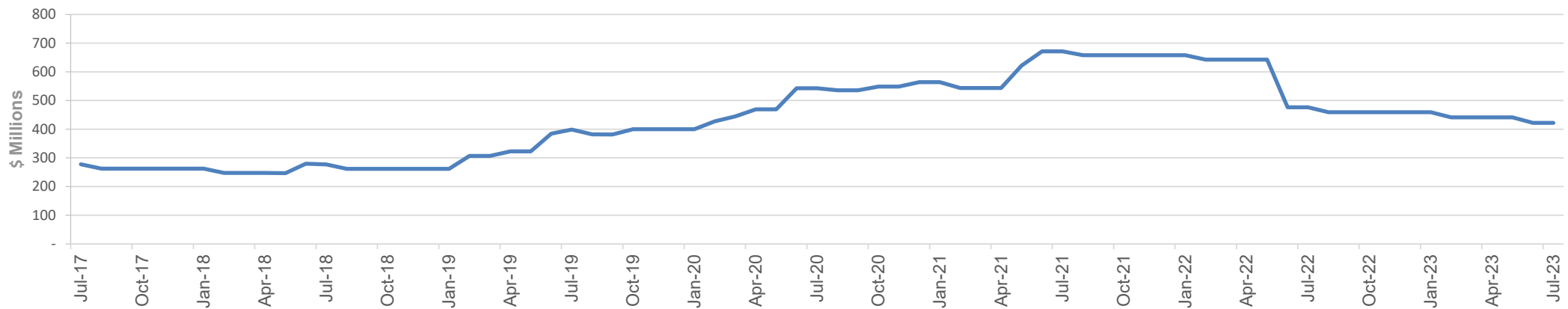
- \$23.6 million for Waste
- \$1.9 million for Holiday Parks
- \$3 million for Sunshine Coast Stadium Upgrade

Council's current debt balance at 31 July 2023 is \$442 million.

Debt - 2023/24				
	Opening Balance	Debt Redemption	New Borrowings	Closing Balance
	\$000	\$000	\$000	\$000
Sunshine Coast Council Core	335,286	18,103	28,542	345,724
Maroochydore City Centre	106,481	6,042	-	100,439
Total	441,767	24,145	28,542	446,164

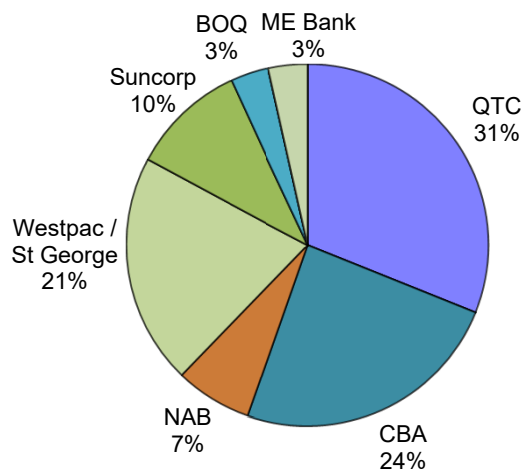
Table 1: 2023/24 Final Debt Balance

Debt Balance

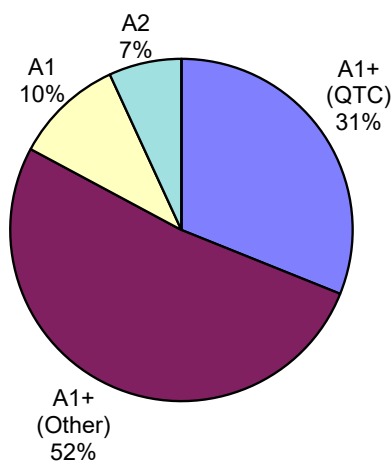


Investment Performance

Investment per financial institution (%)



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



Investment Performance - July 2023			
Liquidity as at:		31/07/2023	
		\$'000's	
At-call accounts			
QTC + CBA (excl. trust)	139,831	48.02%	
Maturities within 7 days	-	0.00%	
Total at-call	139,831	48.02%	
Investment Policy Target		10.00%	
Term deposits maturing:		\$'000's	Count
within 30 days		5	50,000
30-59 days		2	20,000
60-89 days		2	20,000
90-179 days		2	20,000
180-364 days		2	30,000
1 year - 3 years		-	-
Total		13	140,000

INVESTMENT SUMMARY (including Trust) as at:				Investment Policy				
	31/07/2023	30/04/2023	31/07/2022	Individual Limit	Group Limits			
A1+ (QTC)	90,524	31%	129,283	36.5%	266,469	84.3%	100%	100%
A1+ (Other)	150,685	52%	175,184	49.4%	39,555	12.5%	40%	100%
A1	30,000	10%	30,000	8.5%	-	0.0%	30%	50%
A2	20,000	7%	20,000	5.6%	10,000	3.2%	30%	45%
A3	-	0%	-	0.0%	-	0.0%	5%	10%
Total Funds	291,209		354,467		316,024			
FUND SUMMARY								
General Funds	279,831		342,580		305,460			
Trust Funds	11,378		11,888		10,564			
Total Funds	291,209		354,467		316,024			

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2023 Council had \$280 million cash (excluding Trust Fund), with an average interest rate of 4.86%, being 0.21% above benchmark. This is compared to the same period last year with \$305 million cash (excluding Trust Fund) with an average interest rate of 1.6%, being 0.01% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).



2023/24 Financial Year Grant Funding

	Description	Division	Suburb	Estimated Construction Start Month	Construction Completed Month	TOTAL Grant Revenue \$'000	Project Expenditure to date \$'000
Federal Government						(\$4,473)	\$2
1	Roads to Recovery Program					(\$3,644)	
Local Road and Community Infrastructure Grant Funding - Round 3 - Agreement end date 30 June 2023						(\$370)	\$1
2	H5465 - LRCIP3 Lake Weyba Foreshore Trail Upgrade	Division 09	Doonan			(\$370)	\$1
Black Summer Bushfire Recover Grants Program						(\$459)	\$1
3	K3402 - Nambour Showgrounds PA System	Division 10	Nambour			(\$459)	\$1
State Government						(\$40,364)	\$937
4	Disaster Recovery Funding Arrangements					(\$31,657)	
2022-24 Local Government Grants and Subsidies Program						(\$800)	\$3
5	H5637 - Caloundra Headland Coastal Pathway	Division 02	Kings Beach	May 2023	December 2023	(\$800)	\$3
Queensland Transport Cycle Network Program						(\$2,110)	\$1
6	H3839 - LGIP Stringybark Rd Footbridge-Pathway	Division 07	Sippy Downs	September 2023	December 2023	(\$2,100)	\$1
7	H4617 - Mooloolaba School Precinct	Division 04	Mooloolaba			(\$10)	\$0
Community Recreational Assets Recovery Resilience Program						(\$750)	
8	H1977 - CRARRP - Maroochy Multi-Sports Development	Division 07	Maroochydhore			(\$297)	\$0
9	K4238 - CRARRP - Maroochydhore Regional Football	Division 07	Kunda Park			(\$40)	\$0
10	K4240 - CRARRP - Suncoast Hinterland BMX Club	Division 05	Landsborough			(\$81)	\$0
11	K4243 - CRARRP - Sugar Bag Eastern Trail Repairs	Division 02	Caloundra West			(\$279)	\$0
12	K4244 - CRARRP - Parklands Conservation Park Tra	Division 09	Bli Bli			(\$52)	\$0
13	Passenger Transport Accessible Infrastructure Program					(\$330)	
Transport Infrastructure Development Scheme						(\$1,954)	\$24
14	H4615 - Sippy Downs School Precinct	Division 06	Sippy Downs			(\$500)	\$5
15	H4613 - Cotton Tree Precinct Improvements	Division 04	Maroochydhore			(\$190)	\$0
16	H8416 - Emu Mountain Road Pathway Construction	Division 09	Coolum Beach			(\$120)	\$6
17	K2723 - Camp Flat Road Upgrade Stage 4	Division 09	Bli Bli	August 2023		(\$1,144)	\$13
South East Queensland Community Stimulus Program - Agreement end date 30 June 2024						(\$2,462)	\$908
18	H1670 - SEQCSP First Avenue Streetscape	Division 04	Maroochydhore	October 2022	November 2023	(\$910)	\$1
19	K1618 - SEQCSP Caloundra Indoor Sports Stadium - Roof Replacement	Division 02	Caloundra	June 2023	September 2023	(\$357)	\$884
20	K1647 - SEQCSP Outrigger Park - Public Amenity	Division 04	Minyama		September 2023	(\$178)	\$4
21	H7863 - SEQCSP Coolum Sports Complex intersection	Division 09	Coolum Beach	September 2023	January 2024	(\$647)	\$2
22	H4605 - SEQCSP Eumundi Town Centre Placemaking	Division 10	Eumundi	July 2023	March 2024	(\$170)	\$5
23	K1308 - SEQCSP Ocean Street Placemaking Renewal	Division 08	Maroochydhore	May 2023	June 2024	(\$200)	\$13
Qcoast 2100						(\$300)	\$0
24	K4295 - Esplanade Golden Beach Foreshore Rehabilitation	Division 02	Golden Beach			(\$300)	\$0
Project Complete							