

8.6 JUNE 2021 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - June 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 30 June 2021 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 30 June 2021

| | Original Budget \$000 |
|--------------------------|-----------------------------|
| Total Operating Revenue | 465,069 |
| Total Operating Expenses | 460,733 |
| Operating Result | 4,336 |

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

OFFICER RECOMMENDATION

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

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 30 June 2021 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

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 2020/21 Investment Policy and
Sunshine Coast Council's 2020/21 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 25 June 2020 (SM20/16)

That Council adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2020/21 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*
- the Debt Policy (adopted by Council resolution on 11 June 2020)*
- the Revenue Policy (adopted by Council resolution on 11 June 2020)*
- 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 2020/21 Capital Works Program, endorse the indicative four-year program for the period 2022 to 2025, and note the five-year program for the period 2026 to 2030*
- xii. *the rates and charges to be levied for the 2020/21 financial year and other matters as detailed below in clauses 3 to 12 and*
- xiii. *endorse the full time equivalent establishment as per the Sunshine Coast Council Establishment 2020/2021 report.*

Related Documentation

2020/21 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

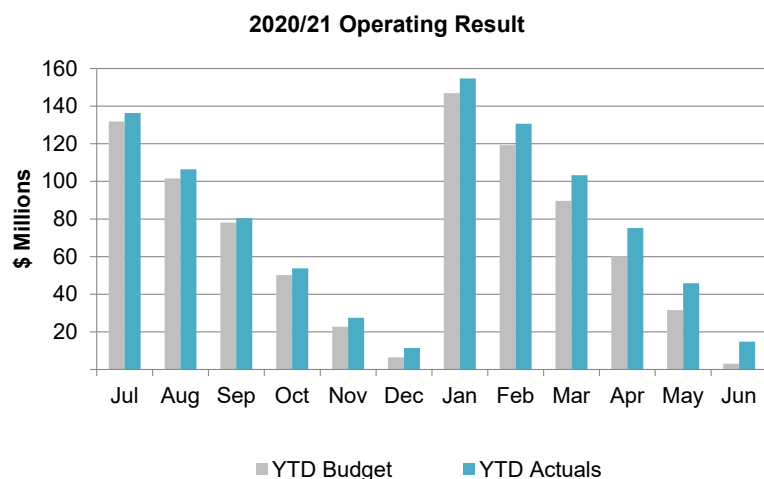
Financial Performance Report

June 2021



Our region.
Healthy.
Smart.
Creative.

Statement of Income and Expenses June 2021



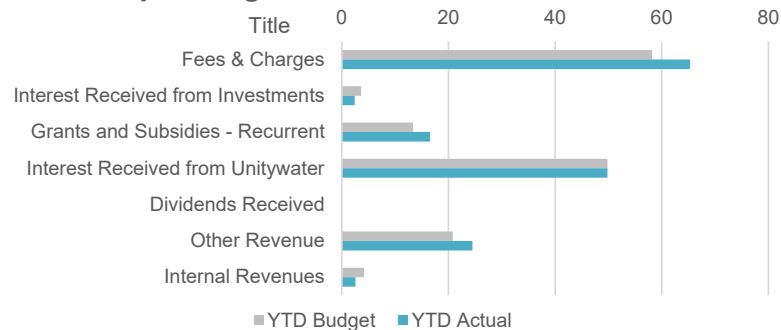
- Council has a positive operating result of \$10.9 million, which is \$7.9 million above the current budget as at 30 June 2021.



| Statement of Income & Expenses - INTERIM June | | | | | | |
|---|-----------------------|----------------------|----------------------|----------------|-----------------|----------------|
| | Annual | | YTD | | | |
| | Original Budget \$000 | Current Budget \$000 | Current Budget \$000 | Actuals \$000 | Variance \$000 | Variance % |
| Operating Revenue | | | | | | |
| Net Rates and Utility Charges | 316,806 | 316,806 | 316,806 | 319,569 | 2,763 | 0.9% |
| Fees and Charges | 57,125 | 56,309 | 58,213 | 65,286 | 7,073 | 12.2% |
| Interest Received from Investments | 3,611 | 3,611 | 3,611 | 2,403 | (1,208) | (33.5%) |
| Operating Grants and Subsidies | 12,224 | 12,532 | 13,332 | 16,537 | 3,205 | 24.0% |
| Operating Contributions | 287 | 287 | 287 | 179 | (108) | (37.7%) |
| Unitywater Participation | 49,838 | 49,838 | 49,838 | 49,838 | - | - |
| Other Revenue | 21,040 | 20,877 | 20,804 | 19,640 | (1,164) | (5.6%) |
| Internal Sales/Recoveries | 4,138 | 4,138 | 4,152 | 2,554 | (1,599) | (38.5%) |
| Total Operating Revenue | 465,069 | 464,398 | 467,043 | 476,005 | 8,963 | 1.9% |
| Operating Expenses | | | | | | |
| Employee Costs | 147,973 | 148,358 | 149,262 | 147,051 | (2,211) | (1.5%) |
| Materials and Services | 184,678 | 184,996 | 186,128 | 185,511 | (617) | (0.3%) |
| Finance Costs | 12,080 | 12,080 | 12,080 | 12,303 | 223 | 1.8% |
| Company Contributions | 1,554 | 1,554 | 1,554 | 1,562 | 8 | 0.5% |
| Depreciation Expense | 88,276 | 88,276 | 88,276 | 90,782 | 2,506 | 2.8% |
| Other Expenses | 22,255 | 22,505 | 22,384 | 23,089 | 705 | 3.2% |
| Recurrent Capital Expenses | 3,917 | 3,917 | 4,354 | 4,769 | 415 | 9.5% |
| Total Operating Expenses | 460,733 | 461,686 | 464,039 | 465,066 | 1,027 | 0.2% |
| Operating Result | 4,336 | 2,712 | 3,004 | 10,939 | 7,935 | 264.1% |
| Capital Revenue | | | | | | |
| Capital Grants and Subsidies | 10,060 | 48,002 | 48,002 | 34,558 | (13,444) | (28.0%) |
| Capital Contributions - Cash | 31,599 | 31,599 | 31,599 | 45,198 | 13,599 | 43.0% |
| Capital Contributions - Fixed Assets | 60,000 | 60,000 | 60,000 | 24,577 | (35,423) | (59.0%) |
| Total Capital Revenue | 101,659 | 139,601 | 139,601 | 104,333 | (35,268) | (25.3%) |
| Non-recurrent Expenses | | | | | | |
| Profit/Loss on disposal, revaluation & impairment | - | - | - | 1,046 | 1,046 | - |
| Movements in landfill and quarry provisions | 5,583 | 5,583 | 5,583 | 5,583 | - | - |
| Assets Transferred to Third Parties | - | - | - | 17 | 17 | - |
| Total Non-recurrent Expenses | 5,583 | 5,583 | 5,583 | 6,647 | 1,064 | 19.1% |
| Net Result | 100,412 | 136,730 | 137,022 | 108,625 | (28,397) | (20.7%) |

Operating Result – June 2021

Operating Revenues



Operating Summary - INTERIM June 2021

| | Annual | | YTD | | | |
|----------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|----------------|
| | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance % |
| Operating Revenue | 465,069 | 464,398 | 467,043 | 476,005 | 8,963 | 1.9% |
| Operating Expenses | 456,816 | 457,769 | 459,685 | 460,297 | 612 | 0.1% |
| Recurrent Capital Expenses | 3,917 | 3,917 | 4,354 | 4,769 | 415 | 9.5% |
| Operating Result | 4,336 | 2,712 | 3,004 | 10,939 | 7,935 | 264.2% |
| Capital Revenue | 101,659 | 139,601 | 139,601 | 104,333 | (35,268) | (25.3%) |
| Non-recurrent Expenses | 5,583 | 5,583 | 5,583 | 6,647 | 1,064 | 19.1% |
| Net Result | 100,412 | 136,730 | 137,022 | 108,625 | (28,396) | (20.7%) |

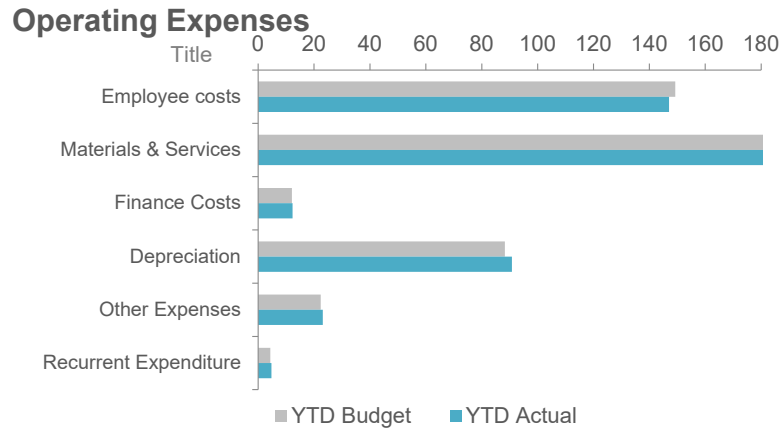
Substantial Revenue Variance for the Period Ending 30 June 2021

| | Annual | | YTD | | | |
|------------------------------------|-----------------------|----------------------|----------------------|---------------|----------------|------------|
| | Original Budget \$000 | Current Budget \$000 | Current Budget \$000 | Actuals \$000 | Variance \$000 | Variance % |
| Operating Revenue | | | | | | |
| Net Rates and Utility Charges | 316,806 | 316,806 | 316,806 | 319,569 | 2,763 | 0.9% |
| Fees and Charges | 57,125 | 56,309 | 58,213 | 65,286 | 7,073 | 12.2% |
| Interest Received from Investments | 3,611 | 3,611 | 3,611 | 2,403 | (1,208) | (33.5%) |
| Internal Sales/Recoveries | 4,138 | 4,138 | 4,152 | 2,554 | (1,599) | (38.5%) |

As at 30 June 2021 \$476 million operating revenue had been achieved which is \$8.9 million more than current budget for the same period.

- This is largely due to:
 - Net Rates and Utility Charges** – An increase in waste collection services has led to a 2.7% increase in cleansing charges on 2019/20 result and higher than the increase in service level anticipated in the 2020/21 budget.
 - Fees and Charges** – Fees relating to Council's Caravan Parks and Sunshine Coast Stadium are currently \$3.1m and \$1.3m above budget respectively. Tip Fees and Development Services Fees are also above budget by \$1.1m and \$3.1m.
 - Interest Received from Investments** - The reduced RBA cash rate has had an impact on Council's investment revenue.
 - Internal Sales** – Internal Quarry Sales are currently below budget by \$1.5m

Operating Result – June 2021(continued)



Substantial Expenditure Variance for the Period Ending 30 June 2021

| | Annual | | YTD | | | |
|------------------------|-----------------------|----------------------|----------------------|---------------|----------------|------------|
| | Original Budget \$000 | Current Budget \$000 | Current Budget \$000 | Actuals \$000 | Variance \$000 | Variance % |
| Employee Costs | 147,973 | 148,358 | 149,262 | 147,051 | (2,211) | (1.5%) |
| Materials and Services | 184,678 | 184,996 | 186,128 | 185,511 | (617) | (0.3%) |
| Depreciation Expense | 88,276 | 88,276 | 88,276 | 90,782 | 2,506 | 2.8% |

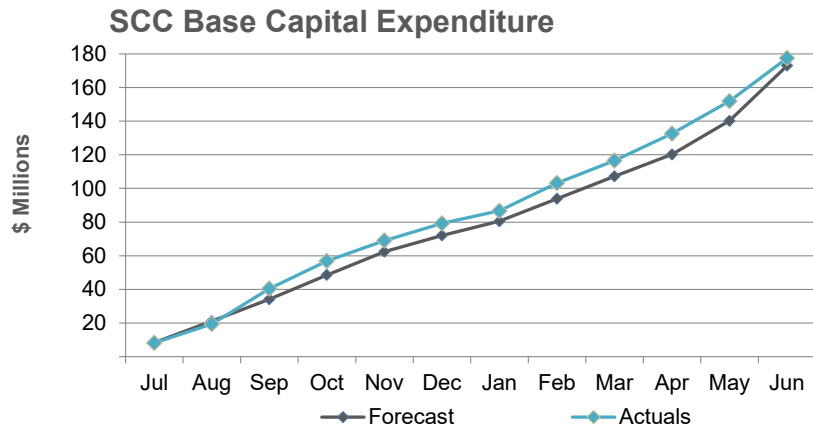
Operating Summary - INTERIM June 2021

| | Annual | | YTD | | | |
|----------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|----------------|
| | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance % |
| Operating Revenue | 465,069 | 464,398 | 467,043 | 476,005 | 8,963 | 1.9% |
| Operating Expenses | 456,816 | 457,769 | 459,685 | 460,297 | 612 | 0.1% |
| Recurrent Capital Expenses | 3,917 | 3,917 | 4,354 | 4,769 | 415 | 9.5% |
| Operating Result | 4,336 | 2,712 | 3,004 | 10,939 | 7,935 | 264.2% |
| Capital Revenue | 101,659 | 139,601 | 139,601 | 104,333 | (35,268) | (25.3%) |
| Non-recurrent Expenses | 5,583 | 5,583 | 5,583 | 6,647 | 1,064 | 19.1% |
| Net Result | 100,412 | 136,730 | 137,022 | 108,625 | (28,396) | (20.7%) |

As at 30 June 2021 \$460 million of the \$459.7 million budget year to date had been expended which resulted in an overspend of \$0.6 million or 0.1%

- Across whole of Council there has been savings in corporate materials and services of \$2 million, largely due to water and sewerage \$856,000, fuel \$758,000 and electricity \$733,000.
- Depreciation end of year adjustment \$2.5 million

Capital Expenditure – June 2021



- As at 30 June 2021 \$245.9 million of Council's \$287.3 million Capital Works Program was financially expended.
- End of Year Accruals of approximately \$6 million will reduce the variance underspend of \$41 million
- The Core Capital Program has progressed 84% of budget, an actual spend of \$154 million.
- Corporate Major Projects progressed 96% and The Sunshine Coast Airport Runway Project progressed 81% of their respective annual budgets.

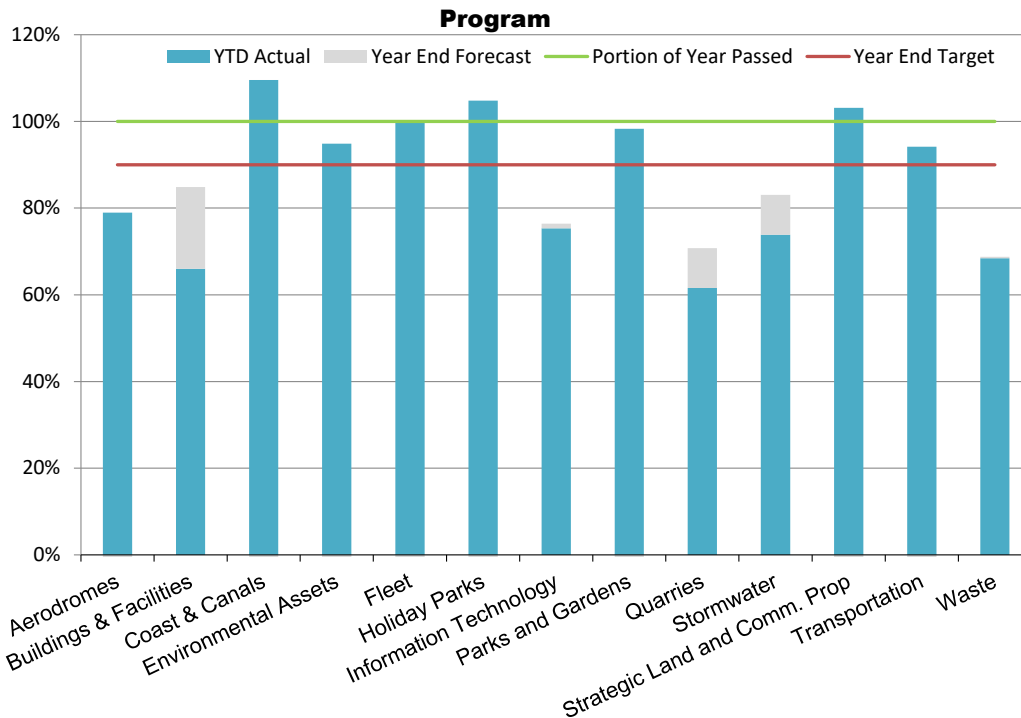


Capital Expenditure - INTERIM June 2021

| | 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 | 350 | 250 | 197 | 79.0% | 197 | (53) |
| Buildings and Facilities | 45,717 | 38,395 | 25,347 | 66.0% | 25,347 | (13,048) |
| Coast and Canals | 2,830 | 3,458 | 3,788 | 109.5% | 3,788 | 330 |
| Environmental Assets | 1,375 | 3,195 | 3,030 | 94.8% | 3,030 | (165) |
| Minor Works | 4,620 | 4,921 | 1,933 | 39.3% | 1,933 | (2,988) |
| Fleet | 2,000 | 2,037 | 2,042 | 100.2% | 2,042 | 5 |
| Holiday Parks | 1,255 | 992 | 1,039 | 104.8% | 1,039 | 47 |
| Information Technology | 6,275 | 7,579 | 5,712 | 75.4% | 5,712 | (1,867) |
| Parks and Gardens | 15,141 | 19,025 | 18,701 | 98.3% | 18,701 | (324) |
| Quarries | 480 | 480 | 296 | 61.6% | 296 | (184) |
| Stormwater | 6,772 | 6,601 | 4,878 | 73.9% | 4,878 | (1,723) |
| Transportation | 65,588 | 83,030 | 78,191 | 94.2% | 78,191 | (4,839) |
| Waste | 14,723 | 13,683 | 9,367 | 68.5% | 9,367 | (4,316) |
| Total SCC Core Capital Program | 167,126 | 183,646 | 154,521 | 84.1% | 154,521 | (29,124) |
| Corporate Major Projects | 16,733 | 18,375 | 17,674 | 96.2% | 17,674 | (701) |
| Strategic Land and Commercial Properties | 9,949 | 26,788 | 27,625 | 103.1% | 27,625 | 838 |
| Maroochydore City Centre | 11,879 | 14,156 | 10,041 | 70.9% | 10,041 | (4,115) |
| Submarine Cable IBN | - | - | 6 | - | 6 | 6 |
| Sunshine Coast Airport Runway | 36,718 | 44,288 | 36,035 | 81.4% | 36,035 | (8,253) |
| Total Other Capital Program | 75,279 | 103,607 | 91,382 | 88.2% | 91,382 | (12,225) |
| TOTAL | 242,405 | 287,252 | 245,903 | 85.6% | 245,903 | (41,349) |

Capital Expenditure – June 2021(continued)

SCC Core % YTD spent compared to profiled budget by Program



Buildings and Facilities

- The Sunshine Coast City Hall commenced construction in late August 2020. \$16 million of the current financial year budget will be carried over into next financial year to align with the expected contract payment cash flows. The construction program remains on track for completion in June 2022.

Maroochydore City Centre

- The original budget allocation for the Maroochydore City Centre project included \$3.3 million to design and construct stage 6A(1). The awarding of the Development Agreement with Walker Corporation removed the requirement for Council to fund the infrastructure component. An allocation of \$300,000 is to be utilised to fund a construction worker carpark located on precinct 2 to mitigate community safety, environment and traffic management risks.

Parks and Gardens

- Delay in the delivery of the Coastal Pathway program due to delay in State Government design sign off.

Stormwater

- The \$1.2 million relining of damaged stormwater pipe program is currently 100% complete.

Transport

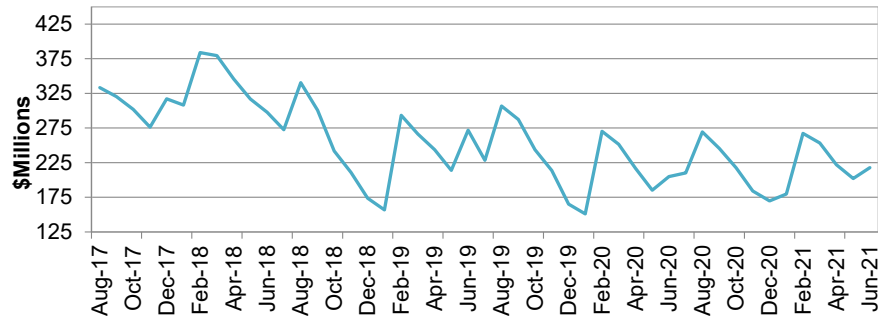
- Delays have been experienced in the Mooloolaba Foreshore Project due to the impact of weather events.
- Council's \$18.4 million Road Resurfacing and Rehabilitation program has progressed to 100% completion. Alongside the reseal program, the \$2.4 million bus stop replacement and installation program has also progressed 100%.

Waste

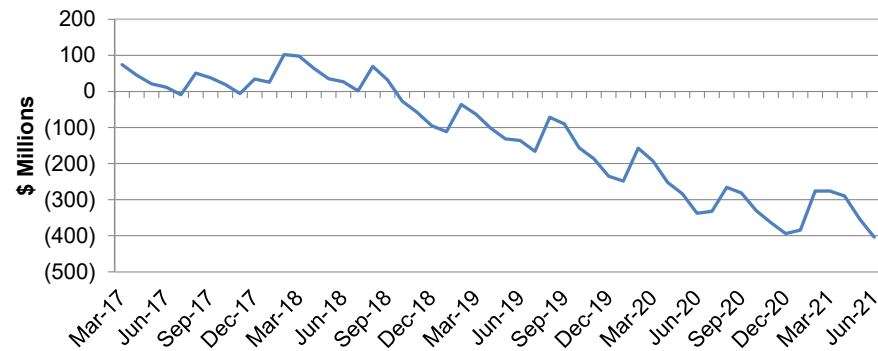
- An extended timeframe for the evaluation of tenders for the new Materials Recycling Facility will result in the carryover of funds to next financial year.

Cash Flows and Balance Sheet

Cash Balance



Net Cash

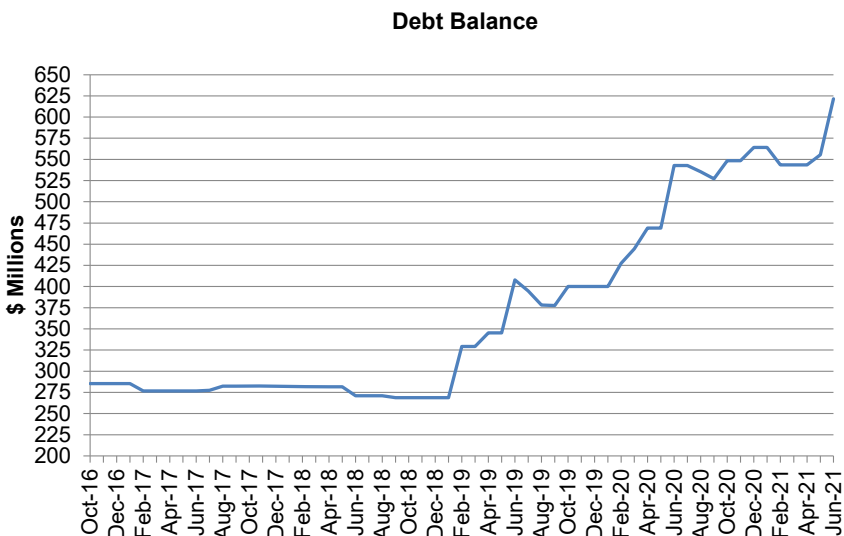


Cash and Balance Sheet - June 2021

| | Original Budget \$000s | Current Budget \$000s |
|--|---------------------------|--------------------------|
| CASH FLOWS | | |
| Opening Cash | 229,139 | 197,632 |
| Net Cash Inflow/(Outflows) from: | | |
| Operating Activities | 48,942 | 42,253 |
| Investing Activities | (149,603) | (145,196) |
| Financing Activities | 90,433 | 98,104 |
| Net Increase/(decrease) in Cash Held | (10,229) | (4,839) |
| Cash at year end | 218,910 | 192,793 |
| BALANCE SHEET | | |
| Current Assets | 272,962 | 246,571 |
| Non Current Assets | 6,173,956 | 6,174,143 |
| Total Assets | 6,446,918 | 6,420,714 |
| Current Liabilities | 408,307 | 397,781 |
| Non Current Liabilities | 410,419 | 422,676 |
| Total Liabilities | 818,726 | 820,457 |
| Net Community Assets/Total Community Equity | 5,628,192 | 5,600,257 |

- Council's cash at 30 June 2021 is \$206 million excluding trust accounts
- Council's debt at 30 June 2021 is \$648 million

Debt



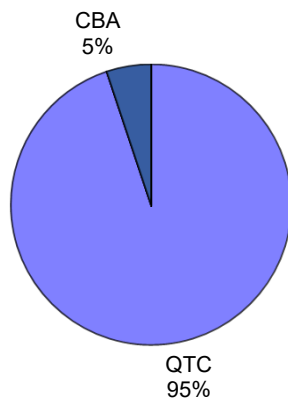
Sunshine Coast Council's debt program is governed by the 2020/21 Debt Policy, which was adopted with the Original Budget adoption on 25 June 2020. The Debt policy was revised during Budget Review 2 and adopted by Council at the December Ordinary meeting. New borrowings are undertaken in accordance with the Queensland Treasury Corporation Guidelines, the Statutory Bodies Financial Arrangements Act 1982 and Section 192 of the Local Government Regulation 2012.

The below table contains Sunshine Coast Council's adopted debt balance for 2020/21

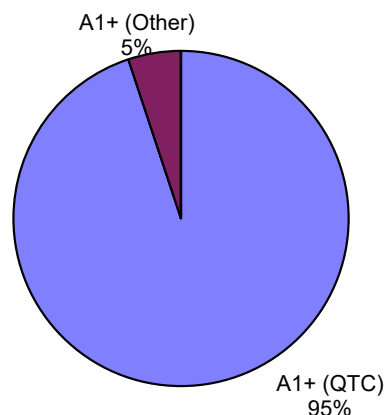
| Debt - 2020/21 | | | | |
|--|------------------------|-------------------------|-----------------------|------------------------|
| | Opening Balance | Debt Redemptions | New Borrowings | Closing Balance |
| | \$000 | \$000 | \$000 | \$000 |
| Sunshine Coast Council Core | 190,864 | 12,292 | 58,975 | 237,547 |
| Sunshine Coast Airport Expansion Project | 211,492 | - | 57,430 | 268,922 |
| Maroochydore City Centre | 132,530 | 8,847 | 7,500 | 131,183 |
| Sunshine Coast International Broadband Network | 11,236 | 908 | - | 10,328 |

Investment Performance

Investment per financial institution (%)



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



Investment Performance - June 2021

| Liquidity as at: | | 30/06/2021 | | Term deposits maturing: | | \$'000 | Count |
|--------------------------|--|----------------|---------------|-------------------------|--|--------|-------|
| | | \$'000 | | | | | |
| At-call accounts | | | | within 30 days | | - | - |
| QTC + CBA (excl. trust) | | 206,121 | 94.66% | 30-59 days | | - | - |
| | | | | 60-89 days | | - | - |
| Maturities within 7 days | | - | 0.00% | 90-179 days | | - | - |
| Total at-call | | 206,121 | 94.66% | 180-364 days | | - | - |
| Investment Policy Target | | | 10.00% | 1 year - 3 years | | - | - |
| | | | | Total | | - | - |

| INVESTMENT SUMMARY (including Trust) as at: | | | | | | | Investment Policy | |
|---|----------------|-----|----------------|-------|----------------|-------|-------------------|--------------|
| \$'000 | 30/06/2021 | | 30/03/2021 | | 30/06/2020 | | Individual Limit | Group Limits |
| A1+ (QTC) | 206,666 | 95% | 248,411 | 97.9% | 144,493 | 70.5% | 100% | 100% |
| A1+ (Other) | 11,080 | 5% | 5,341 | 2.1% | 10,361 | 5.1% | 40% | 100% |
| A1 | - | 0% | - | 0.0% | 10,000 | 4.9% | 30% | 50% |
| A2 | - | 0% | - | 0.0% | 40,000 | 19.5% | 30% | 45% |
| A3 | - | 0% | - | 0.0% | - | 0.0% | 5% | 10% |
| Total Funds | 217,746 | | 253,751 | | 204,854 | | | |
| FUND SUMMARY | | | | | | | | |
| General Funds | 206,121 | | 242,202 | | 198,135 | | | |
| Trust Funds | 11,625 | | 11,550 | | 6,719 | | | |
| Total Funds | 217,746 | | 253,751 | | 204,854 | | | |

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 June 2021 Council had \$206 million cash (excluding Trust Fund) with an average interest rate of 0.60%, being 0.58% above benchmark. This is compared to the same period last year with \$198 million cash (excluding Trust Fund) with an average interest rate of 1.73%, being 1.63% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).



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