

8.6 MAY 2020 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - May 2020 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 May 2020 in terms of the operating result and delivery of the capital program. The results contained in this report reflect the latest amended budget presented at the Special Meeting on 11 June 2020.

Operating Performance

Table 1: Operating Result as at 31 May 2020

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	447,074	429,148	436,495	7,347	1.7%
Total Operating Expenses	446,489	399,307	399,945	639	0.2%
Operating Result	585	29,842	36,550	6,708	22.5%

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

As at 31 May 2020, \$302.3 million (85.2%) of Council's \$355 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 83.3% of budget, an actual spend of \$145.4 million.

Council's closing cash balance at 31 May 2020 of \$185.2 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "May 2020 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 May 2020 and meets Council's legislative reporting requirements.

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 Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, Councillor E Hungerford.

Internal Consultation

This report has been written in conjunction with advice from:

- Acting Group Executive Business Performance
- 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 May 2020 in terms of the operating result and delivery of the capital program.

The operating result at 31 May 2020 shows a favorable variance of \$6.7 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 31 May 2020 of \$436.5 million is higher than the expected budget profile by \$7.3 million.

Table 2: Substantial Revenue variances as at 31 May 2020

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Operating Grants and Subsidies	8,874	15,052	6,178	69.9%

Operating Grants and Subsidies

Council has received an early payment of the 2020/21 Federal Assistant Grant from the Federal Government. The \$6 million was part of the Federal Governments bring forward of grant funds as a response to the COVID-19 economic crisis. The remaining 2020/21 allocation of the Federal Assistance Grant will be determined in early 2020/21.

Operating Expenses

Year to date expenditure as at 31 May 2020 of \$399.9 million shows a variance over budget of \$639,000.

Materials and services account for the majority of the expenditure variance as at 31 May 2020, having underspent budget by \$3.9 million.

Council's operating projects have progressed 70% of full year budget as at 31 May 2020.

The underspend in materials and services can be partially attributed to the reduction in Sunshine Coast events due to the current social distancing restrictions. Underspends to lifeguard services at Council's beaches as well as sporting venues and Sunshine Coast Stadium are also occurring.

Council's expenses remain within 1% of budget as at 31 May 2020 while delivering on the 2019/20 operational plan.

Capital Expenditure

As at 31 May 2020, \$302.3 million (85.2%) of Council's \$355 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 83.3% of budget, an actual spend of \$145.4 million. The Actual Year to Date (YTD) includes all works that have been goods received and accrued as at 31 May 2020.

The following program updates are provided in relation to programs reporting lower expenditure to date:

- Building and Facilities – Council has brought forward renewal works various facilities to take advantage of the current forced closures. Work will be procured and begin in the following months on several aquatic centres, Kings Beach pool, Millwell Road community centre and Caloundra Indoor Stadium.
- 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.
- Information Technology – Council will defer a selection of non-critical IT capital works as it focuses on current working from home requirements.
- Transportation – Construction continues for Council's significant road upgrade projects at Parklands Boulevard, Little Mountain and Stage 1B of the Mooloolaba transport corridor upgrade project. Council's \$20 million road reseal program has progressed 89% completion in May. Alongside the reseal program, the bus stop replacement and installation program has progressed to 87% completion of the \$2.4 million program.

Table 3: Capital Expenditure by Program at 31 May 2020

	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	225	26	11.5%	31	(194)
Buildings and Facilities	19,103	18,657	13,288	71.2%	16,725	(1,932)
Coast and Canals	2,080	2,080	1,961	94.3%	1,866	(214)
Environmental Assets	1,300	1,450	1,222	84.3%	1,434	(16)
Fleet	2,900	2,786	448	16.1%	2,357	(429)
Holiday Parks	4,302	5,073	4,794	94.5%	5,067	(6)
Information Technology	5,830	7,615	5,824	76.5%	7,000	(615)
Parks and Gardens	15,966	21,089	19,946	94.6%	21,584	495
Quarries	1,311	1,234	647	52.4%	729	(504)
Stormwater	7,014	5,174	3,656	70.7%	5,022	(152)
Strategic Land and Commercial Properties	14,563	21,958	16,677	75.9%	22,350	392
Transportation	69,115	67,237	57,774	85.9%	65,778	(1,459)
Waste	20,622	19,956	19,158	96.0%	21,442	1,486
Total SCC Core Capital Program	164,556	174,534	145,422	83.3%	171,387	(3,147)
Corporate Major Projects	14,968	9,918	8,786	88.6%	9,532	(386)
Divisional Allocations	5,336	5,364	3,051	56.9%	3,918	(1,446)
Maroochydore City Centre	16,579	19,546	14,150	72.4%	16,066	(3,480)
Submarine Cable IBN	14,390	15,774	15,733	99.7%	15,160	(613)
Sunshine Coast Airport Runway	104,836	129,884	115,178	88.7%	125,013	(4,871)
Total Other Capital Program	156,109	180,486	156,898	86.9%	169,690	(10,796)
TOTAL	320,666	355,020	302,321	85.2%	341,076	(13,944)

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 May 2020 Council had \$178.2 million cash (excluding Trust Fund) with an average interest rate of 1.68%, being 1.58% above benchmark. This is compared to the same period last year with \$205.8 million cash (excluding Trust Fund) with an average interest rate of 2.61%, being 0.85% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill Index (BAUBIL).

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 11 June 2020, Budget Review 3 2019/20**

That Council:

- (a) *receive and note the report titled "**Budget Review 3 2019/20**"*
- (b) *adopt Appendix A as tabled, pursuant to section 169 and 170 of the Local Government Regulation 2012, Council's amended 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 and*
- (c) *note the following documentation applies as adopted 20 June 2019*
 - (i) *the Revenue Policy*
 - (ii) *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*
 - (iii) *the Revenue Statement and the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

Ordinary Meeting 19 March 2020, Application of Fees and Charges in Response to National Declared Emergency for COVID-19 (OM20/40)

That Council:

- (a) *receive and note the report titled "**Application of Fees and Charges in Response to National Declared Emergency for COVID-19**"*
- (b) *authorise the Chief Executive Officer to exercise discretion where considered reasonable and appropriate with regards to the application of all commercial and cost recovery fees including any fees associated with an approval issued under Council's Local Laws during the National declared emergency related to the COVID-19 pandemic.*

Ordinary Meeting 12 December 2019, Budget Review 2 2019/20 (OM19/194)

That Council:

- (a) *receive and note the report titled "**Budget Review 2 2019/20**"*
- (b) *adopt Appendix A as tabled, pursuant to section 169 and 170 of the Local Government Regulation 2012, Council's amended 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 and*
- (c) *note the following documentation applies as adopted 20 June 2019*
- (i) *the Revenue Policy*
 - (ii) *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*
 - (iii) *the Revenue Statement and the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

Ordinary Meeting 19 September 2019, Budget Review 1 2019/20 (OM19/148)

That Council:

- (a) *receive and note the report titled “**Budget Review 1 2019/20**”*
- (b) *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 amended 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 and*
- (c) *note the following documentation applies as adopted 20 June 2019*
- (i) *the Revenue Policy*
 - (ii) *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*
 - (iii) *the Revenue Statement and*
 - (iv) *the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

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

May 2020



FINANCIAL PERFORMANCE REPORT

May 2020

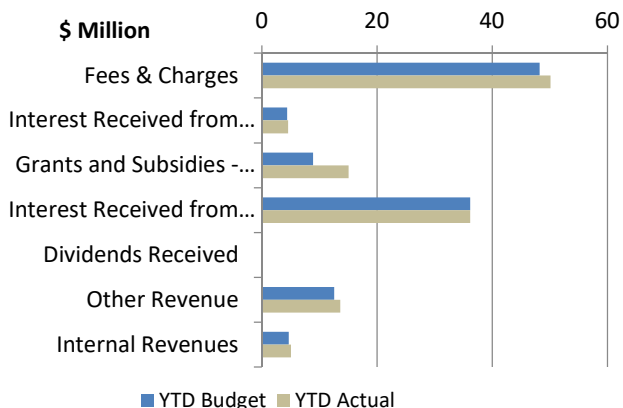
Table of Contents

Headline - Operating & Capital	2
Headline - Cash & Balance Sheet	3
Statement Of Income & Expenses	4
Capital Expenditure	5
Investment Performance	7

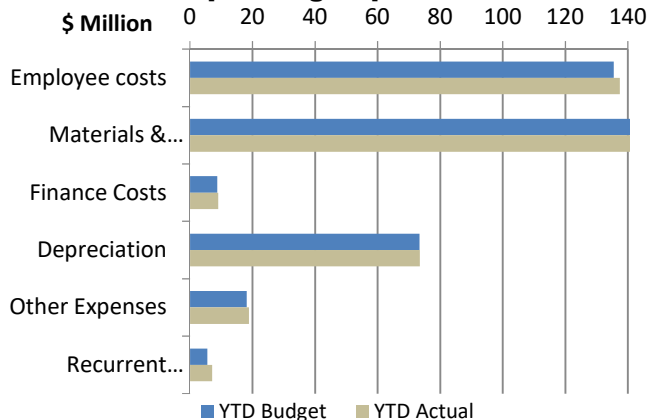
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	483,788	447,074	429,148	436,495	7,347	1.7%
Operating Expenses	448,925	439,957	393,711	392,829	(882)	-0.2%
Recurrent Capital Expenses	5,240	6,532	5,596	7,116	1,520	27.2%
Operating Result	29,622	585	29,842	36,550	6,708	22.5%
Capital Revenue	104,244	118,038	75,817	76,305	488	0.6%
Non-recurrent Expenses	4,592	4,592	4,210	6,248	2,038	48.4%
Net Result	129,274	114,030	101,450	106,607	5,157	5.1%

Operating Revenues



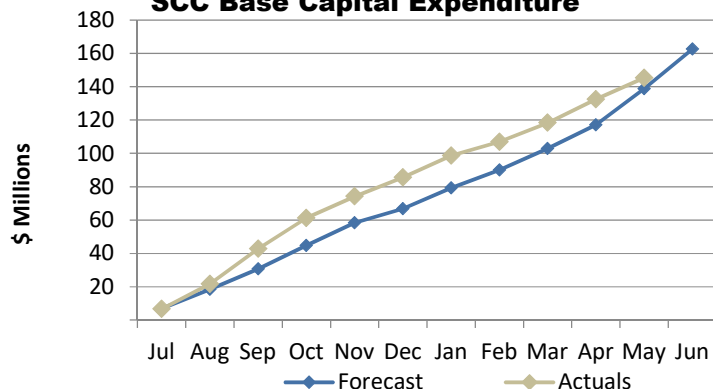
Operating Expenses



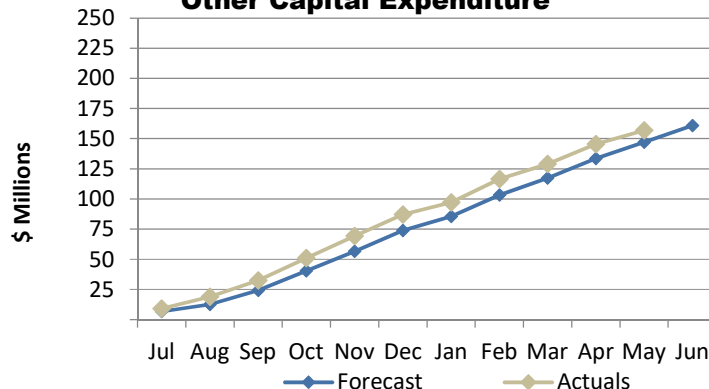
Headline - Capital

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Depreciation	79,076	79,076	73,409	73,484	75	0.1%
Total Capital Revenues	79,076	79,076	73,409	73,484	75	0.1%
Capital Works Expenditure	322,676	356,788	293,482	294,969	1,487	0.5%
Total Capital Expenditure	322,676	356,788	293,482	294,969	1,487	0.5%
Funds from General Reserve	243,600	277,712	220,073	221,485	1,412	0.6%

SCC Base Capital Expenditure



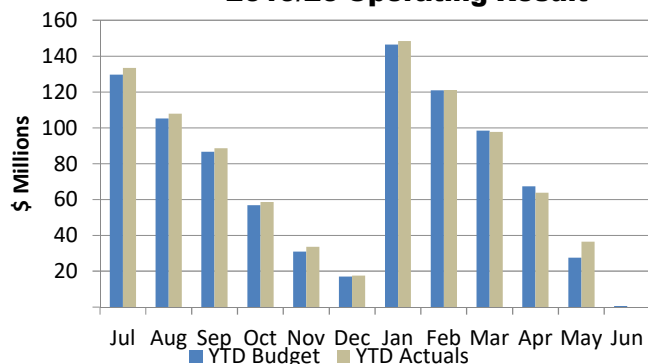
Other Capital Expenditure



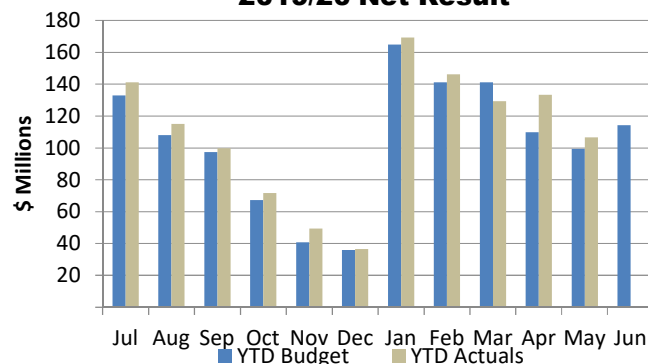
Statement of Income & Expenses

	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	311,867	311,867	311,791	(76)	0.0%	311,867
Fees and Charges	57,857	52,199	49,976	50,084	108	0.2%	52,199
Interest Received from Investments	8,838	4,838	4,352	4,517	165	3.8%	4,838
Operating Grants and Subsidies	12,329	9,379	8,874	15,052	6,178	69.6%	9,379
Operating Contributions	319	319	311	273	(38)	-12.3%	319
Unitywater Participation	49,838	49,838	36,130	36,130	0	0.0%	49,838
Other Revenue	25,016	13,789	12,984	13,592	608	4.7%	13,789
Internal Sales/Recoveries	8,101	4,845	4,655	5,057	401	8.6%	4,845
Total Operating Revenue	483,788	447,074	429,148	436,495	7,347	1.7%	447,074
Operating Expenses							
Employee Costs	145,197	147,829	135,488	137,439	1,951	1.4%	147,829
Materials and Services	191,895	177,102	156,390	152,511	(3,880)	-2.5%	177,102
Finance Costs	10,025	9,522	8,790	9,001	211	2.4%	9,522
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	82,276	73,409	73,484	75	0.1%	82,276
Other Expenses	21,206	21,702	18,107	18,869	761	4.2%	21,702
Recurrent Capital Expenses	5,240	6,532	5,596	7,116	1,520	27.2%	6,532
Total Operating Expenses	454,165	446,489	399,307	399,945	639	0.2%	446,489
Operating Result	29,622	585	29,842	36,550	6,708	22.5%	585
Capital Revenue							
Capital Grants and Subsidies	12,245	26,439	9,785	10,636	851	8.7%	26,439
Capital Contributions - Cash	31,999	31,599	25,792	25,815	23	0.1%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	40,240	39,853	(387)	-1.0%	60,000
Total Capital Revenue	104,244	118,038	75,817	76,305	488	0.6%	118,038
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	1,834	1,834	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	4,210	4,210	0	0.0%	4,592
	0	0	0	204	204	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	4,210	6,248	2,038	48.4%	4,592
Net Result	129,274	114,030	101,450	106,607	5,157	5.1%	114,030

2019/20 Operating Result



2019/20 Net Result



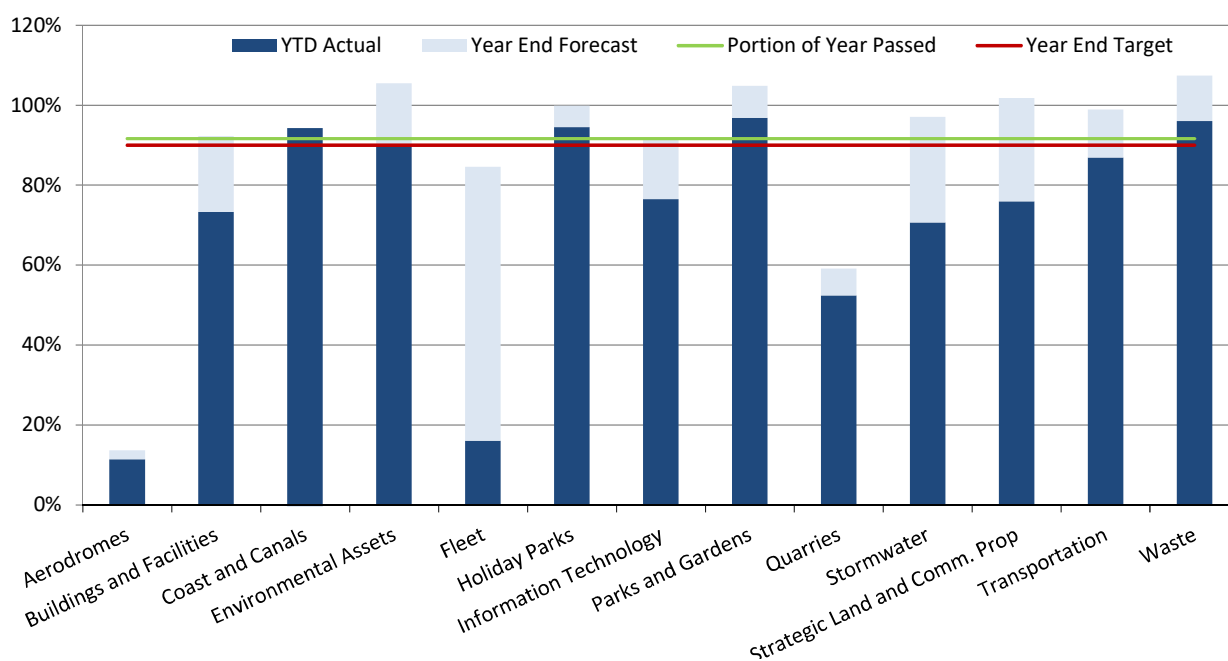
Capital Expenditure

	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	225	26	11.5%	31	(194)
Buildings and Facilities	19,103	18,657	13,288	71.2%	16,725	(1,932)
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Total Other Capital Program	156,109	180,486	156,898	86.9%	169,690	(10,796)
TOTAL	320,666	355,020	302,321	85.2%	341,076	(13,944)

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

Recurrent Expenses			7,116	0.0%
Non-Recurrent Expenses			6,248	0.0%

SCC Core % YTD spent compared to profiled budget by Program



Cash and Balance Sheet

	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s

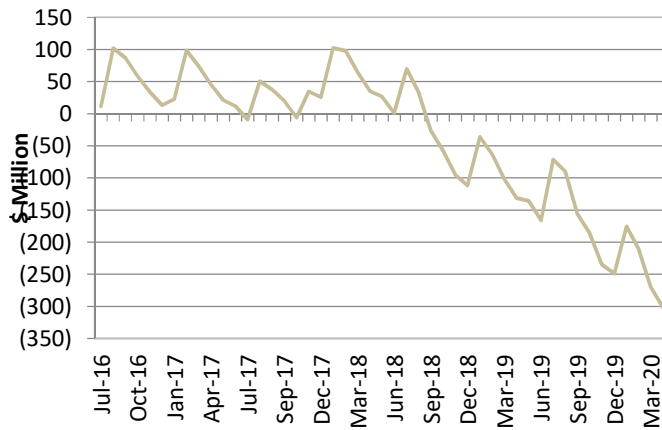
CASH FLOWS

	201,182	263,421	263,421
Opening Cash			
Net Cash Inflow/(Outflows) from:			
Operating Activities	66,248	38,374	98,551
Investing Activities	(216,950)	(234,661)	(247,254)
Financing Activities	157,963	162,006	70,446
Net Increase/(decrease) in Cash Held	7,261	(34,281)	(78,257)
Cash at year end	208,443	229,140	185,164

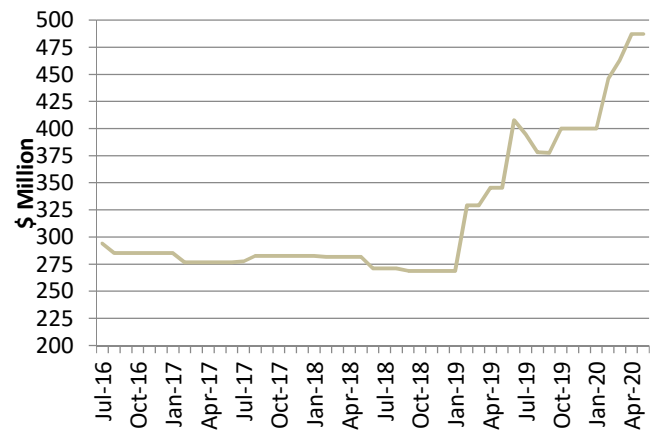
BALANCE SHEET

Current Assets	267,703	310,143	236,366
Non Current Assets	5,840,644	5,889,365	6,018,173
Total Assets	6,108,347	6,199,778	6,254,539
Current Liabilities	136,326	185,889	98,920
Non Current Liabilities	589,563	596,576	416,968
Total Liabilities	725,889	782,466	515,888
Net Community Assets/ Total Community Equity	5,382,458	5,417,312	5,738,651

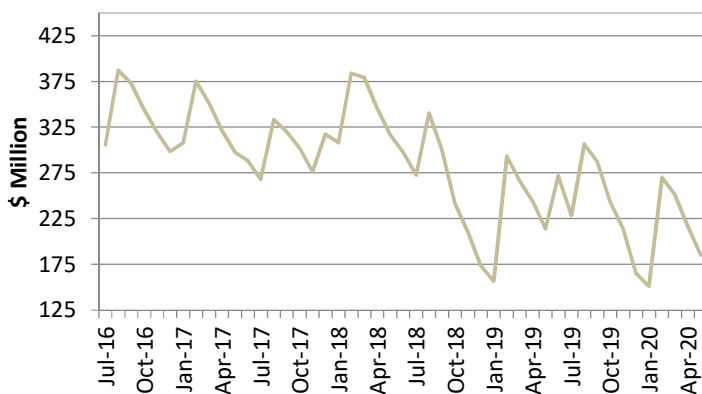
Net Cash



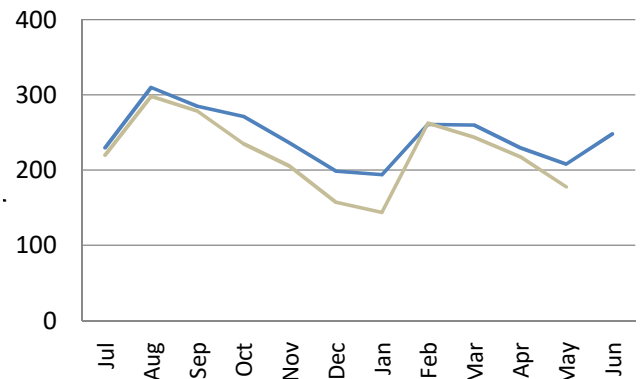
Debt Balance



Cash Balance



Forecast Cash Balance



Investment Performance

May 2020

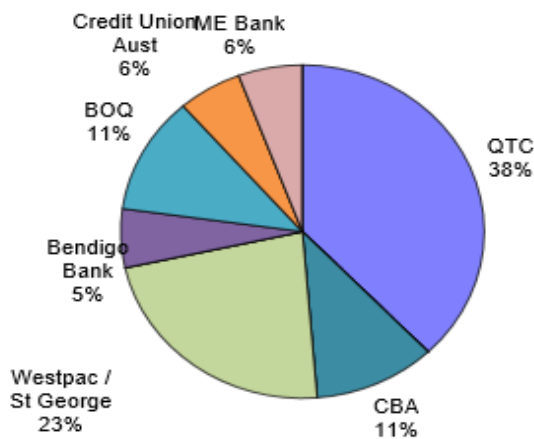
Liquidity as at:	31/05/2020	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$78,213	42.17%
Maturities within 7 days	\$10,000	5.39%
Total at-call	\$88,213	47.56%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$50,000	5
30-59 days	\$20,000	2
60-89 days	\$10,000	3
90-179 days	\$0	1
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$80,000	11

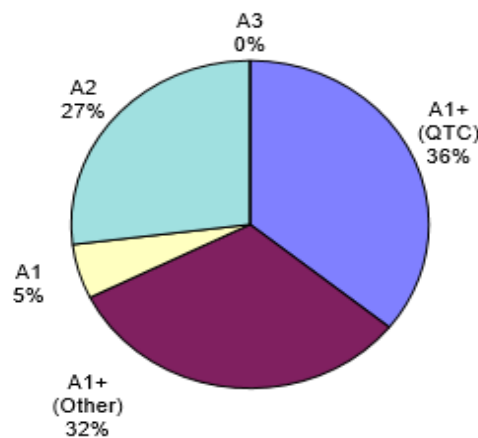
INVESTMENT SUMMARY (including Trust) as at:					Investment Policy			
	31/05/2020		29/02/2020		31/05/2019		Individual Limit	Group Limits
A1+ (QTC)	\$66,392	35.8%	\$142,841	52.7%	\$125,634	58.7%	100%	100%
A1+ (Other)	\$59,088	31.9%	\$87,959	32.5%	\$58,525	27.3%	40%	100%
A1	\$10,000	5.4%	\$10,000	3.7%	\$20,000	9.3%	30%	50%
A2	\$50,000	27.0%	\$30,000	11.1%	\$10,000	4.7%	30%	45%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$185,480		\$270,800		\$214,159			
FUND SUMMARY								
General Funds	\$178,213		\$263,026		\$205,801			
Trust Funds	\$7,267		\$7,773		\$8,358			
Total Funds	\$185,480		\$270,800		\$214,159			

Investment Portfolio

Investment per financial institution (%)

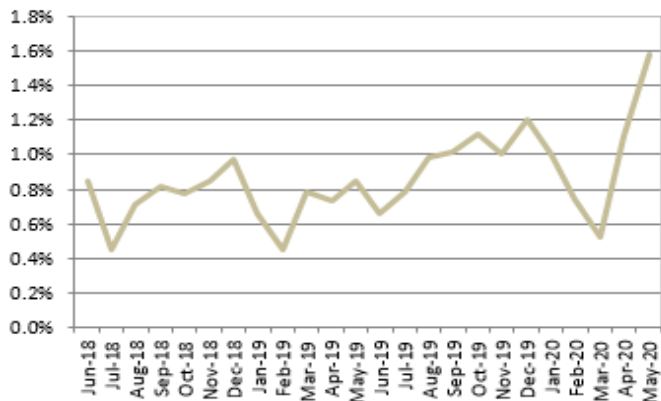


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

