

8.10 JUNE 2020 INTERIM FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - June 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 30 June 2020 in terms of the operating result and delivery of the capital program.

Operating Performance**Table 1: Operating Result as at 30 June 2020**

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	447,074	447,074	457,471	10,398	2.3%
Total Operating Expenses	446,489	446,489	450,433	3,943	1.6%
Operating Result	585	585	7,039	6,454	-

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

As at June 2020, \$327.7 million of Council's \$355 million 2019.20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 91.7% of budget, an actual spend of \$160 million.

Council has a closing cash balance of \$197.6 million at 30 June 2020.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "June 2020 Interim 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 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
- Acting Chief Financial Officer

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 30 June 2020 in terms of the operating result and delivery of the capital program.

The operating result at 30 June 2020 shows a favorable variance of \$3.4 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 30 June 2020 of \$457.4 million is higher than the expected budget profile by \$10.4 million.

Table 2: Substantial Revenue variances as at 30 June 2020

	Current Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Fees and Charges	52,199	53,439	1,240	2.4%
Operating Grants and Subsidies	9,379	15,317	5,938	63.3%
Other Revenue	13,789	16,508	2,720	19.7%

Fees and Charges

The relaxation of social distancing regulations has allowed Council's holiday parks to open earlier than anticipated. This has provided additional revenue over the reduced budget of \$1.5 million.

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.

Other Revenue

Revenue received for certificate revenue relating to the Solar Farm is higher than budget by \$276,000.

Council has received additional funds for revegetation offset works valued at \$461,000. The revenue received will be utilised to manage vegetation around various asset sites general not owned by Council.

Operating Expenses

Year to date expenditure as at 30 May 2020 of \$450.4 million shows a variance over budget of \$3.9 million.

Depreciation Expense

Final depreciation expense for the year is calculated in June following completion of the asset write on process. This has resulted in a variation of \$4 million above budget, largely due to discovered assets from the implementation of Council's asset management system as well as a review of useful lives for the road network.

Recurrent Capital Expenditure

\$7.6 million in operating expenditure has been incurred to 30 June 2019 in association with the capital program delivery. This results in a \$1 million unfavourable budget variation, however there is no cash impact as the costs are fully funded as part of the capital program.

Capital Expenditure

As at 30 June 2020, \$327.7 million (92.3%) of Council's \$355 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 91.7% of budget, an actual spend of \$160 million. The Actual Year to Date (YTD) includes all works that have been goods receipted and accrued as at 30 June 2020.

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

- Aerodromes – The replacement of the runway lighting will be completed in the 2020/21 financial year.
- Fleet – There are currently 3 large fleet items on order which have been delayed due to COVID-19. These items are expected to be received early in the 2020/21 financial year.
- Quarries – The quarry business had expected to replace the several components of the asphalt plant in 2019/20. Due to the closure of the asphalt plant, these replacement are no longer required.
- Strategic Land Acquisitions – Land acquisitions relating to transport corridors are still under negotiations and will be deferred to the 2020/21 financial year.

Table 3: Capital Expenditure by Program at 30 June 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	50	22.4%	50	(175)
Buildings and Facilities	19,103	18,657	15,612	83.7%	15,612	(3,045)
Coast and Canals	2,080	2,080	2,668	128.3%	2,668	588
Environmental Assets	1,300	1,450	1,460	100.7%	1,460	10
Fleet	2,900	2,786	448	16.1%	448	(2,338)
Holiday Parks	4,302	5,073	5,023	99.0%	5,023	(50)
Information Technology	5,830	7,615	6,859	90.1%	6,859	(756)
Parks and Gardens	15,966	21,089	21,456	101.7%	21,456	367
Quarries	1,311	1,234	870	70.5%	870	(364)
Stormwater	7,014	5,174	4,076	78.8%	4,076	(1,098)
Strategic Land and Commercial Properties	14,563	21,958	16,728	76.2%	16,728	(5,230)
Transportation	69,115	67,237	64,089	95.3%	64,089	(3,148)
Waste	20,622	19,956	20,669	103.6%	20,669	713
Total SCC Core Capital Program	164,556	174,534	160,009	91.7%	160,009	(14,524)
Corporate Major Projects	14,968	9,918	9,869	99.5%	9,869	(49)
Divisional Allocations	5,336	5,364	3,528	65.8%	3,528	(1,836)
Maroochydore City Centre	16,579	19,546	16,298	83.4%	16,298	(3,248)
Submarine Cable IBN	14,390	15,774	16,332	103.5%	16,332	558
Sunshine Coast Airport Runway	104,836	129,884	121,725	93.7%	121,725	(8,160)
Total Other Capital Program	156,109	180,486	167,752	92.9%	167,752	(12,734)
TOTAL	320,666	355,020	327,761	92.3%	327,761	(27,259)

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 June 2020 Council had \$197.6 million cash (excluding Trust Fund) with an average interest rate of 1.73%, being 1.63% above benchmark. This is compared to the same period last year with \$271.9 million cash (excluding Trust Fund) with an average interest rate of 2.28%, being 0.66% 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

June 2020



FINANCIAL PERFORMANCE REPORT

June 2020

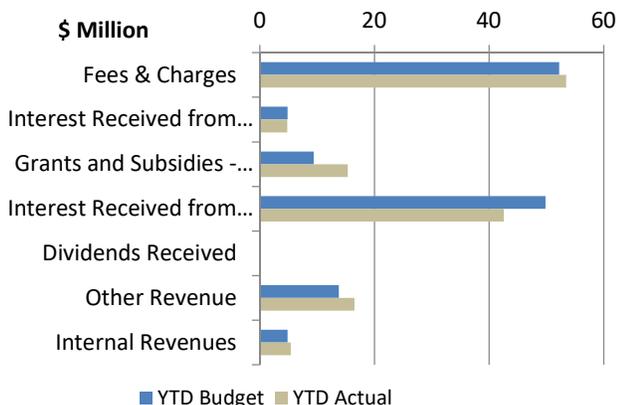
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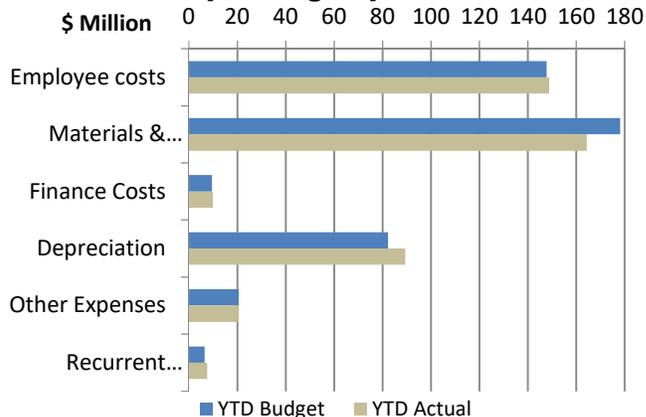
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	483,788	447,074	447,074	457,471	10,398	2.3%
Operating Expenses	448,925	439,956	439,956	442,807	2,850	0.6%
Recurrent Capital Expenses	5,240	6,532	6,532	7,626	1,094	16.7%
Operating Result	29,622	585	585	7,039	6,454	1102.5%
Capital Revenue	104,244	118,038	118,038	79,950	(38,088)	-32.3%
Non-recurrent Expenses	4,592	4,592	4,592	6,513	1,921	41.8%
Net Result	129,274	114,031	114,031	80,476	(33,555)	-29.4%

Operating Revenues



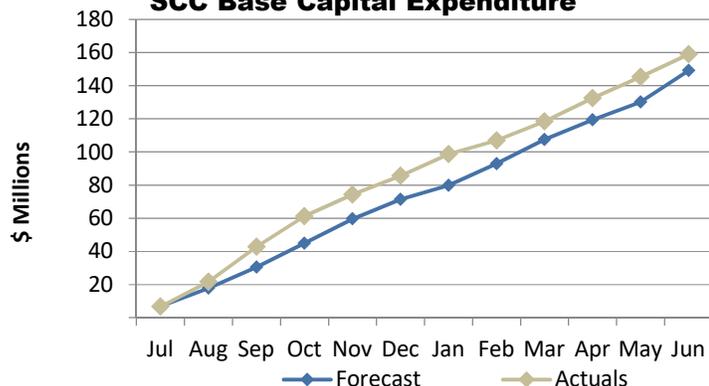
Operating Expenses



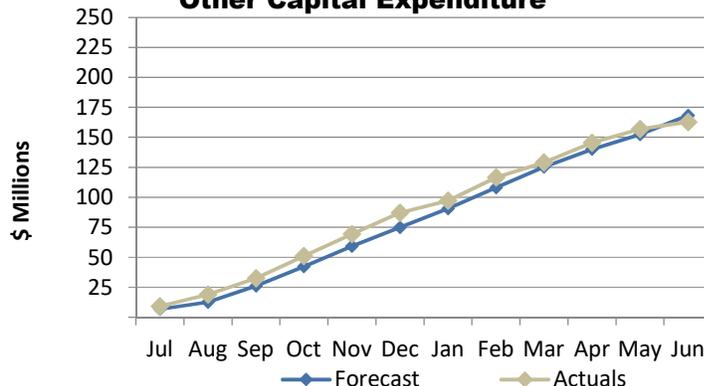
Headline - Capital

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Depreciation	79,076	79,076	82,276	89,353	7,077	8.6%
Total Capital Revenues	79,076	79,076	82,276	89,353	7,077	8.6%
Capital Works Expenditure	322,676	356,788	348,901	319,881	(29,020)	-8.3%
Total Capital Expenditure	322,676	356,788	348,901	319,881	(29,020)	-8.3%
Funds from General Reserve	243,600	277,712	266,625	230,528	(36,096)	-13.5%

SCC Base Capital Expenditure



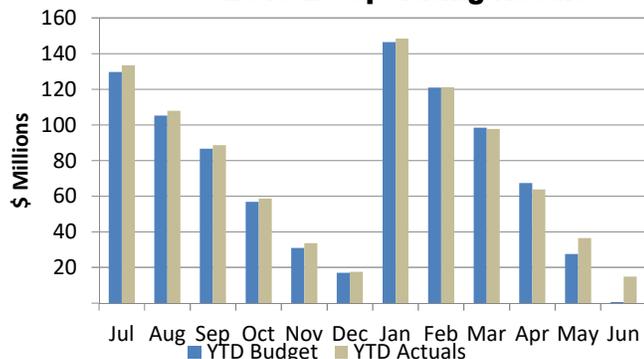
Other Capital Expenditure



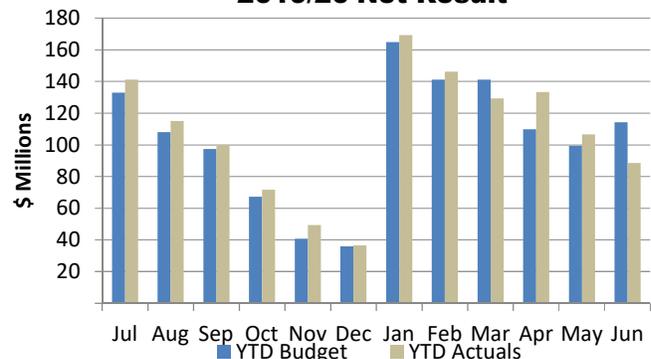
Statement of Income & Expenses

	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	311,993	126	0.0%	311,867
Fees and Charges	57,857	52,199	52,199	53,439	1,240	2.4%	52,199
Interest Received from Investments	8,838	4,838	4,838	4,741	(97)	-2.0%	4,838
Operating Grants and Subsidies	12,329	9,379	9,379	15,317	5,938	63.3%	9,379
Operating Contributions	319	319	319	273	(46)	-14.3%	319
Unitywater Participation	49,838	49,838	49,838	49,838	0	0.0%	49,838
Other Revenue	25,016	13,789	13,789	16,508	2,720	19.7%	13,789
Internal Sales/Recoveries	8,101	4,845	4,845	5,362	516	10.7%	4,845
Total Operating Revenue	483,788	447,074	447,074	457,471	10,398	2.3%	447,074
Operating Expenses							
Employee Costs	145,197	147,829	147,829	148,814	986	0.7%	147,829
Materials and Services	191,895	177,102	177,102	175,406	(1,696)	-1.0%	178,198
Finance Costs	10,025	9,522	9,522	9,999	477	5.0%	9,523
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	82,276	82,276	86,353	4,077	5.0%	82,276
Other Expenses	21,206	21,702	21,702	20,708	(994)	-4.6%	20,605
Recurrent Capital Expenses	5,240	6,532	6,532	7,626	1,094	16.7%	6,477
Total Operating Expenses	454,165	446,489	446,489	450,433	3,943	0.9%	446,434
Operating Result	29,622	585	585	7,039	6,454	1104.0%	640
Capital Revenue							
Capital Grants and Subsidies	12,245	26,439	26,439	11,631	(14,808)	-56.0%	26,439
Capital Contributions - Cash	31,999	31,599	31,599	28,466	(3,133)	-9.9%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	60,000	39,853	(20,147)	-33.6%	60,000
Total Capital Revenue	104,244	118,038	118,038	79,950	(38,088)	-32.3%	118,038
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	1,716	1,716	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	4,592	4,592	0	0.0%	4,592
	0	0	0	204	204	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	4,592	6,513	1,921	41.8%	4,592
Net Result	129,274	114,030	114,030	80,476	(33,554)	-29.4%	114,086

2019/20 Operating Result



2019/20 Net Result



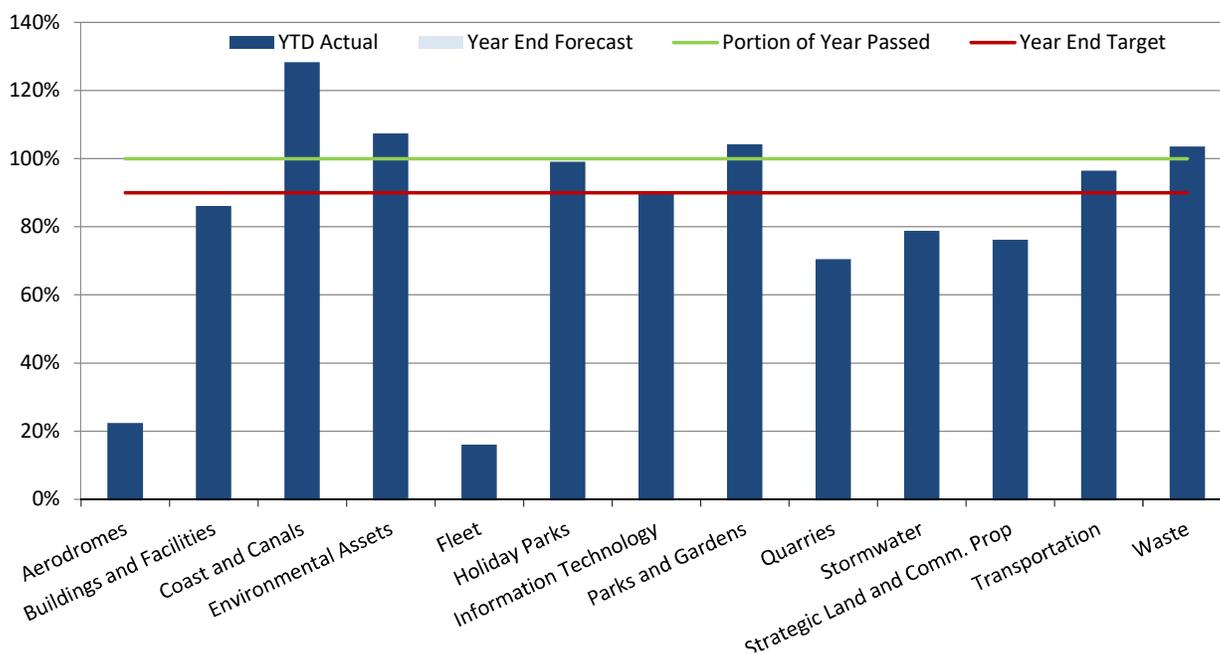
Capital Expenditure

	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	50	22.4%	50	(175)
Buildings and Facilities	19,103	18,657	15,612	83.7%	15,612	(3,045)
Coast and Canals	2,080	2,080	2,668	128.3%	2,668	588
Environmental Assets	1,300	1,450	1,460	100.7%	1,460	10
Fleet	2,900	2,786	448	16.1%	448	(2,338)
Holiday Parks	4,302	5,073	5,023	99.0%	5,023	(50)
Information Technology	5,830	7,615	6,859	90.1%	6,859	(756)
Parks and Gardens	15,966	21,089	21,456	101.7%	21,456	367
Quarries	1,311	1,234	870	70.5%	870	(364)
Stormwater	7,014	5,174	4,076	78.8%	4,076	(1,098)
Strategic Land and Commercial Properties	14,563	21,958	16,728	76.2%	16,728	(5,230)
Transportation	69,115	67,237	64,089	95.3%	64,089	(3,148)
Waste	20,622	19,956	20,669	103.6%	20,669	713
Total SCC Core Capital Program	164,556	174,534	160,009	91.7%	160,009	(14,524)
Corporate Major Projects	14,968	9,918	9,869	99.5%	9,869	(49)
Divisional Allocations	5,336	5,364	3,528	65.8%	3,528	(1,836)
Maroochydore City Centre	16,579	19,546	16,298	83.4%	16,298	(3,248)
Submarine Cable IBN	14,390	15,774	16,332	103.5%	16,332	558
Sunshine Coast Airport Runway	104,836	129,884	121,725	93.7%	121,725	(8,160)
Total Other Capital Program	156,109	180,486	167,752	92.9%	167,752	(12,734)
TOTAL	320,666	355,020	327,761	92.3%	327,761	(27,259)

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

Recurrent Expenses			7,626	0.0%
Non-Recurrent Expenses			6,513	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

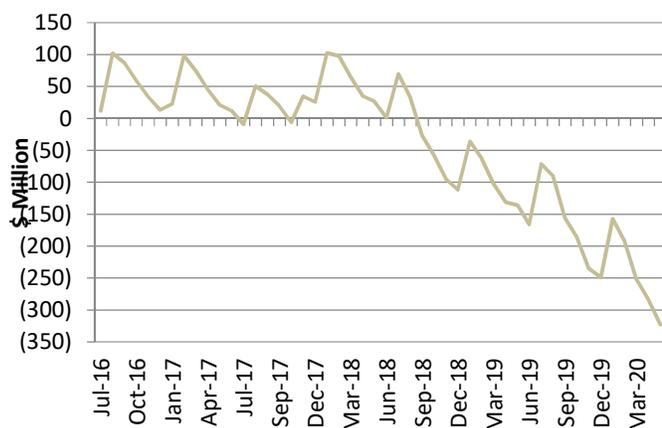
CASH FLOWS

	201,182	263,421	263,421
Opening Cash			
Net Cash Inflow/(Outflows) from:			
Operating Activities	66,248	38,374	45,905
Investing Activities	(216,950)	(234,661)	(240,873)
Financing Activities	157,963	162,006	129,160
Net Increase/(decrease) in Cash Held	7,261	(34,281)	(65,808)
Cash at year end	208,443	229,140	197,613

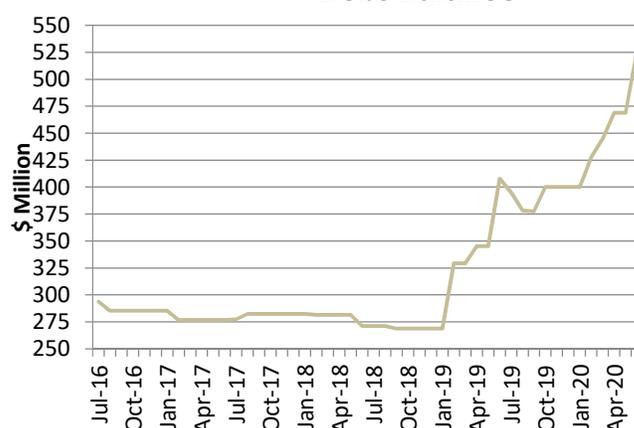
BALANCE SHEET

Current Assets	267,703	282,278	260,277
Non Current Assets	5,840,644	5,890,397	5,792,207
Total Assets	6,108,347	6,172,675	6,052,484
Current Liabilities	136,326	164,508	152,451
Non Current Liabilities	589,563	593,967	539,967
Total Liabilities	725,889	758,475	692,418
Net Community Assets/Total Community Equity	5,382,458	5,414,200	5,360,066

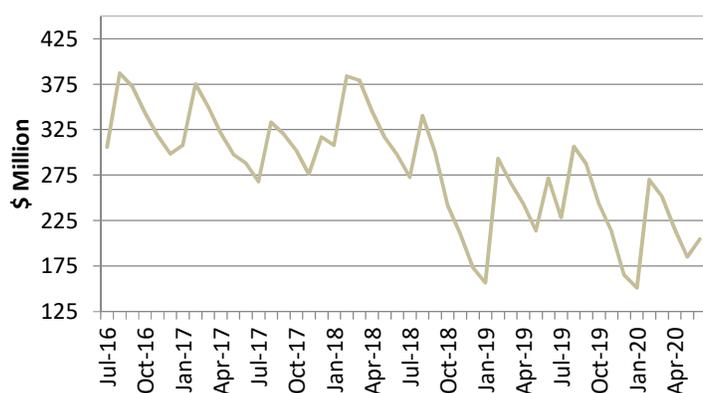
Net Cash



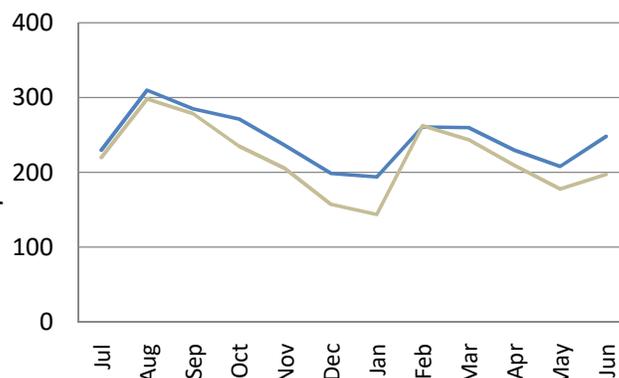
Debt Balance



Cash Balance



Forecast Cash Balance



Investment Performance

June 2020

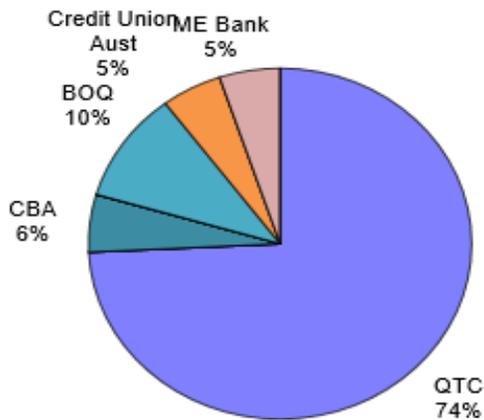
Liquidity as at:	30/06/2020	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$148,135	72.29%
Maturities within 7 days	\$0	0.00%
Total at-call	\$148,135	72.29%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$20,000	2
30-59 days	\$20,000	3
60-89 days	\$10,000	1
90-179 days	\$0	0
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$50,000	6

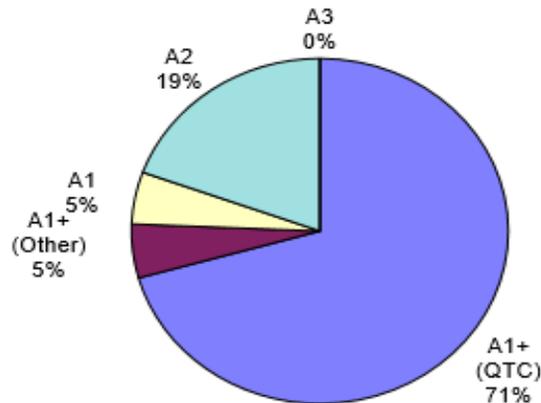
INVESTMENT SUMMARY (including Trust) as at:	30/06/2020			30/03/2020			30/06/2019			Investment Policy	
									Individual Limit	Group Limits	
A1+ (QTC)	\$144,557	70.6%	\$99,919	39.6%	\$116,073	42.7%	100%	100%			
A1+ (Other)	\$10,361	5.0%	\$82,320	32.6%	\$115,899	42.6%	40%	100%			
A1	\$10,000	4.9%	\$10,000	4.0%	\$20,000	7.4%	30%	50%			
A2	\$40,000	19.5%	\$60,000	23.8%	\$20,000	7.4%	30%	45%			
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%			
Total Funds	\$204,918		\$252,239		\$271,972						
FUND SUMMARY											
General Funds	\$197,613		\$244,660		\$263,740						
Trust Funds	\$7,305		\$7,579		\$8,231						
Total Funds	\$204,918		\$252,239		\$271,972						

Investment Portfolio

Investment per financial institution (%)

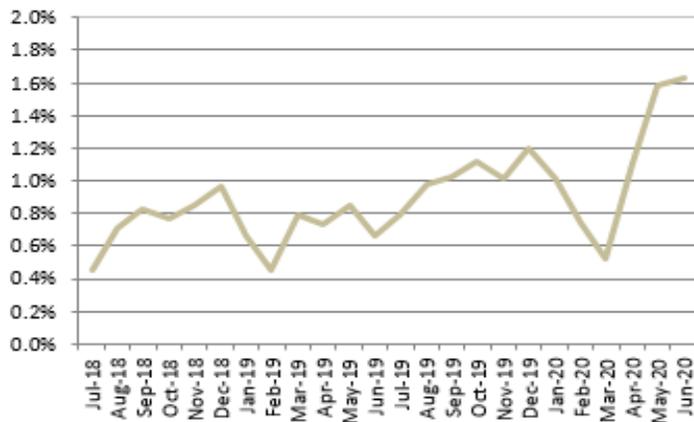


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

