

APRIL 2009 FINANCIALS – BRIEF NOTES

1	<u>Net Rates & Utility Charges</u>	YTD Actual \$310.274 m	YTD Budget \$313.184 m	Unfavourable (\$2.910) m (0.93%)	Original Budget \$320.455 m	Current Budget \$320.593 m
<p>This variance arises primarily in general rates and water consumption charges, which are \$2.281m and \$1.090 respectively behind budget. A positive variance of \$0.366m for sewerage rates partially offsets this.</p>						
2	<u>Fees & Charges</u>	YTD Actual \$58.596 m	YTD Budget \$60.787 m	Unfavourable (\$2.191) m (3.60%)	Original Budget \$73.512 m	Current Budget \$71.992 m
<p>The budget review recently adopted by Council took account of the serious deterioration in development assessment fees, so that the variance in this category is now dominated by the Waste business, accounting for some \$2.1m of the underrun. Water recoverable works (\$0.5m) and connections (\$0.15m) are also behind, with all of this being offset elsewhere and mainly by Community Services (animal registrations, and on-site sewerage facility fees in South).</p>						
3	<u>Interest Received from Investments</u>	YTD Actual \$14.852 m	YTD Budget \$13.875 m	Favourable \$0.977 m 7.04%	Original Budget \$14.620 m	Current Budget \$16.620 m
<p>Council's cash balances are higher than forecast due largely to the lag in delivery of the capital works programme; as the delivery of the programme accelerates, this together with lower interest rates should see the gradual elimination of this positive variance.</p>						
4	<u>Grants and Subsidies - Recurrent</u>	YTD Actual \$17.431 m	YTD Budget \$15.990 m	Favourable \$1.441 m 9.01%	Original Budget \$16.206 m	Current Budget \$18.464 m
<p>The Financial Assistance grants from Commonwealth Government are ahead of budget by \$1.464m, partly as a result of early payment of the 4th quarter instalment, and partly because the level of grant is higher than budgeted.</p>						
5	<u>Other Revenue</u>	YTD Actual \$13.946 m	YTD Budget \$12.916 m	Favourable \$1.030 m 7.97%	Original Budget \$7.321 m	Current Budget \$14.370 m
<p>This variance is principally due to approximately \$0.8m of revenue under the Service Level Agreement with the Bulk Water Supply Authority.</p>						

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6	<u>Employee Costs</u>	YTD Actual \$134.168 m	YTD Budget \$138.807 m	Favourable (\$4.639) m (3.34%)	Original Budget \$167.093 m	Current Budget \$170.901 m
<p>When the \$4.014m variance from reduced charges to capital is taken into account, employee costs are within 0.5% of budget, and will continue to be closely managed to the end of the year.</p>						
7	<u>Capitalised Employee Costs</u>	YTD Actual (\$9.756) m	YTD Budget (\$13.770) m	Unfavourable \$4.014 m (29.15%)	Original Budget (\$13.913) m	Current Budget (\$16.634) m
<p>The variance here is driven by the pace of the capital works programme, discussed further below.</p>						
8	<u>Materials & Services</u>	YTD Actual \$169.937 m	YTD Budget \$194.628 m	Favourable (\$24.691) m (12.69%)	Original Budget \$222.860 m	Current Budget \$240.013 m
<p>This variance has been mainly impacted by the pace of the capital works programme, with the bulk of the variance arising in the main works delivery departments of Infrastructure Services and Sunshine Coast Water, which have 73% of the year to date budget and 82% of the variance. Planning and other operating projects are also proceeding more slowly than anticipated.</p>						
9	<u>Capitalised Materials & Services</u>	YTD Actual (\$32.590) m	YTD Budget (\$51.631) m	Unfavourable \$19.040 m (36.88%)	Original Budget (\$57.960) m	Current Budget (\$62.998) m
<p>The variance here is driven by the pace of the capital works programme, discussed further below.</p>						
10	<u>Finance Costs</u>	YTD Actual \$7.495 m	YTD Budget \$6.700 m	Unfavourable \$0.795 m 11.87%	Original Budget \$8.213 m	Current Budget \$8.310 m
<p>A recasting of Council's loan portfolio will have an unfavourable impact on this line during the current financial year. Actuals now reflect the revised structure, whilst the budget has not yet been aligned with this.</p>						

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11	<u>Capital Grants and Subsidies</u>	YTD Actual \$16.758 m	YTD Budget \$22.991 m	Unfavourable (\$6.233) m (27.11%)	Original Budget Current Budget	\$19.151 m \$32.542 m
The budget shortfall in this area is a reflection of the pace of the capital programme delivery, discussed below.						
12	<u>Capital Contributions</u>	YTD Actual \$29.781 m	YTD Budget \$27.092 m	Favourable \$2.689 m 9.93%	Original Budget Current Budget	\$31.151 m \$31.788 m
Developers' contributions have accelerated ahead of anticipated levels in the last couple of months. Developments include Blackall Range Road Woombye and Bundilla Lakes.						
13	<u>Contributed Assets</u>	YTD Actual \$66.873 m	YTD Budget \$59.009 m	Favourable \$7.865 m 13.33%	Original Budget Current Budget	\$43.880 m \$74.550 m
Budgeting and profiling this line item is challenging due to its dependency on the timing of developments. Even after adjustment was made in the budget review just completed, the pace of incoming assets continues to exceed expectations. The significantly higher contribution of assets has no immediate financial impact on Council however the implications in terms of future costs for depreciation and maintenance are considerable.						
14	<u>Loans Utilised</u>	YTD Actual \$2.125 m	YTD Budget \$18.798 m	Unfavourable (\$16.673) m (88.70%)	Original Budget Current Budget	\$49.431 m \$55.505 m
Current loan treatments vary by previous Council. For Central, loans are budgeted to be drawn down in June, whilst at North and South this line represents both new loans and the utilisation of loans from previous years as the capital programme progresses. The variance thus mainly reflects delays in capital expenditure.						

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15	<u>Depreciation Utilised</u>	YTD Actual \$62.405 m	YTD Budget \$69.677 m	Unfavourable (\$7.272) m (10.44%)	Original Budget Current Budget	\$83.144 m \$83.821 m
<p>The utilisation of depreciation is a funding source for the capital programme and so this variance is a reflection of the delays to the capital works programme.</p>						
16	<u>Constructed Assets</u>	YTD Actual \$103.954 m	YTD Budget \$144.449 m	Unfavourable (\$40.494) m (28.03%)	Original Budget Current Budget	\$163.116 m \$192.792 m
<p>With 83% of the year passed, 54% of the full year budget has been expended. Despite unseasonably wet weather at the start of the month, capital spend has managed to keep pace with the budget for the period.</p>						
17	<u>Contributed Assets</u>	YTD Actual \$67.430 m	YTD Budget \$61.251 m	Favourable \$6.179 m 10.09%	Original Budget Current Budget	\$43.880 m \$74.550 m
<p>Budgeting and profiling this line item is challenging due to its dependency on the timing of developments. Even after adjustment was made in the budget review just completed, the pace of incoming assets continues to exceed expectations. The significantly higher contribution of assets has no immediate financial impact on Council however the implications in terms of future costs for depreciation and maintenance are considerable.</p>						
18	<u>Loan redemptions</u>	YTD Actual \$101.510 m	YTD Budget \$110.458 m	Favourable (\$8.948) m (8.10%)	Original Budget Current Budget	\$25.150 m \$116.002 m
<p>A recasting of Council's loan portfolio will have a favourable impact on this line during the current financial year. Actuals now reflect the revised structure, whilst the budget has not yet been aligned with this.</p>						

CORPORATE SUMMARY

The financial position to date continues to be dominated by the differences between actual and budgeted capital works delivery. On the operating side the underspends on operating projects and other materials and services have yielded a substantial variance for expenses, whilst for revenue the underruns for rates and income from the Waste business are partly balanced by strong interest and grant revenues.