

8.4.2 JANUARY 2017 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Corporate Services Department
Attachments: Att 1 - January 2017 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 January 2017 in terms of the operating result and delivery of the capital program.

The operating result at 31 January 2017 shows a positive variance of \$7.6 million compared to the forecast position.

Operating Performance

Table 1: Operating Result as at 31 January 2017

January 2017	Current Budget \$000	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Operating Revenue	419,648	334,542	341,689	7,146	2.1
Operating Expenses	394,723	223,223	222,778	(446)	0.2
Operating Result	24,925	111,319	118,911	7,592	6.8

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

As at 31 January 2017, \$108 million (40%) of Council's \$267.2 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program has progressed 50% of budget, an actual spend of \$68.5 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "January 2017 Financial Performance Report".

FINANCE AND RESOURCING

There are no finance and resourcing implications from this report.

CORPORATE PLAN

Corporate Plan Goal:	<i>An outstanding organisation</i>
Outcome:	5.2 - A financially sustainable organisation
Operational Activity:	5.2.2.1 - Ensure Council's finances are well managed and systems are in place to analyse performance, generate revenue and reduce costs

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor

Internal Consultation

All departments and branches participated in the formation of the recommendations associated with this report.

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

Achievement of the full year budgeted operating result of \$25 million will allow Council to meet its debt repayments and capital expenditure commitments.

The operating result at 31 January 2017 shows a positive variance of \$7.6 million compared to the forecast position.

Operating Revenue

Year to date revenues as at 31 January 2017 of \$342 million shows a positive variance of \$7.1 million.

Table 2: Substantial Revenue variances as at 31 January 2017

Operating Revenue Large Variances	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Fees and Charges	40,469	43,480	3,011	7.4
Net Rates and Utility Charges	256,265	258,659	2,394	0.9
Other Revenue	6,910	7,960	1,051	15.2

Fees and Charges

Fees and charges revenue of \$43.5 million, is \$3 million ahead of year to date budget.

Significant variances include:

- \$651,000 relates to increased revenues at the Sunshine Coast Holiday Parks with some associated increased expenditure. These net to an operating result which is \$378,000 favourable to budget.
- \$735,000 is attributable to development service revenue being ahead of budget. This relates to market driven volumes being above expectation and compensating for the adjustment for superseded planning scheme applications last financial year.
- \$807,000 across the Community Response Branch, predominantly relating to infringements. Some of this fee revenue will cover slightly higher employee costs.

Net Rates and Utility Charges

The January 2017 rate run has resulted in a favourable variance of \$2.4 million. This is mainly attributable to 2.6% growth which is higher than forecast by 0.7%.

Other Revenue

Other revenue has exceeded the year to date budget by \$1.1 million this is made up of:

- Increase in the sale of recoverable materials at the Waste facilities of \$245,000.
- \$198,000 across the organisation for recoupment of expenditure
- \$174,000 associated with fleet operations and the sale of minor, non-capital equipment.

Operating Expenses

Year to date expenditure as at 31 January 2017 of \$222.8 million shows a variance over budget of \$446,000.

Employee Costs

As at 31 January 2017 employee costs were above budget by \$186,000. Employee expenditure to deliver projects across capital, operating and region making is above budget by \$569,000, whereby funding is balanced at project level.

This is offset by core employee costs below budget by \$383,000, or less than 1%. Following on from December, January also experienced an increased instance of leave taken which reduced the expenditure in employee costs.

Materials and Services

As at 31 January 2017, materials and services costs were below budget by \$1.3 million.

Project materials expenditure is under budget by \$866,000 which is partially offset by project employee expenditure as explained above.

Waste management have incurred contract expenses below budget year to date due to contract rises below expectations. Some operational and general site improvements have also resulted in savings for budgeted contingent activities. Additional costs will however be incurred later in the year for legal advice on legislative changes and revisions to concrete crushing contracts.

Finance Costs

Finance costs are ahead of budget by \$702,000 as a result of further interest associated with Region Making Projects being expensed to operating. This will be addressed at the next budget review and will still be funded from project budgets, through a transfer from capital.

Capital Revenue

Capital revenue is currently 88% of the full year budget as at 31 January 2017. Contributed assets account for a large portion of this with \$76.4 million recognised to date against a full year forecast budget of \$75 million.

Capital Expenditure

As at 31 January 2017, \$107.9 million (40.4%) of Council's \$267.2 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program is progressing well with an actual spend of \$68.6 million, which is 49.6% of the \$138.1 million program.

The Maroochydore City Centre Project has incurred some delays for the period to January, which will be reforecast and likely result in deferrals during budget review 3. Construction

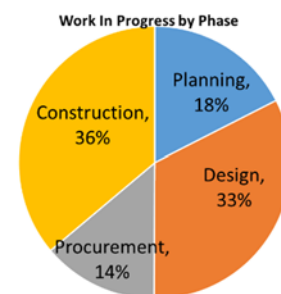
work for the Solar Farm has recommenced and delivery caught up to previous forecasts. Corporate Major Projects will also recognise deferrals in the upcoming budget review.

Table 4: Capital expenditure variances by program as at 31 January 2017

Capital Works Program	Forecast Budget \$000	YTD Forecast Budget \$000	YTD Actual \$000	YTD Variance	% Variance on YTD budget
Aerodromes	372	81	72	(9)	(10.6)
Buildings and Facilities	10,916	5,509	5,452	(57)	(1.0)
Coast and Canals	1,590	737	745	8	1.1
Divisional Allocations	3,765	978	869	(109)	(11.1)
Environmental Assets	4,905	4,034	4,539	505	12.5
Fleet	3,000	737	877	139	18.9
Holiday Parks	2,576	1,556	1,685	130	8.3
Information Technology	3,144	1,092	1,223	131	12.0
Parks and Gardens	16,180	11,225	10,730	(494)	(4.4)
Quarries	674	95	147	52	55.5
Stormwater	4,623	1,981	1,413	(568)	(28.7)
Strategic Land and Commercial Properties	10,093	5,416	7,507	2,092	38.6
Sunshine Coast Airport	4,746	1,864	1,678	(186)	(10.0)
Transportation	58,840	27,493	26,570	(923)	(3.4)
Waste	12,680	6,581	5,041	(1,541)	(23.4)
Total SCC Core Capital Program	138,106	69,377	68,550	(827)	(1.2)
Corporate Major Projects	18,461	120	62	(58)	(48.1)
Maroochydoore City Centre	52,808	14,962	7,997	(6,965)	(46.6)
Solar Farm	31,645	28,426	28,746	321	1.1
Sunshine Coast Airport Runway	26,223	2,799	2,542	(257)	(9.2)
Total Other Capital Program	129,136	46,307	39,347	(6,960)	(15.0)
TOTAL	267,242	115,684	107,897	(7,787)	(6.7)

Table 5: Projects by status (SCC Base Only)

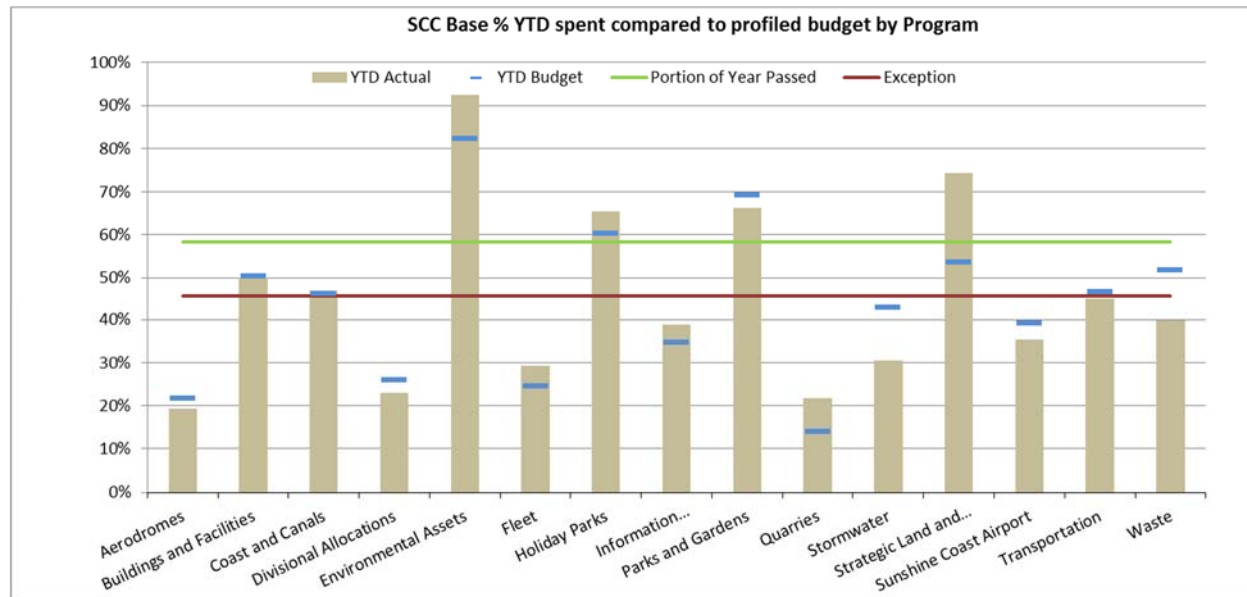
Project summary by Job status (SCC Base only)	Number of Capital Jobs	%	Current Budget \$000	%
Not Started	59	5.4	2,331	1.7
Works in Progress	617	56.5	101,132	73.2
Complete	383	35.0	33,480	24.2
On Hold/Cancelled	34	3.1	1,163	0.8
Total	1,093		138,106	



The targeted capital completion rate for 2016/17 is 81.3%. This is due to a number of multi-year projects and whole of region accounts.

At the end of January 617 jobs were in progress equating to 73.2% of the core capital budget. The additional chart above indicates the phase these projects have progressed to. An additional 96 projects were completed during the month.

Table 6: Capital Exceptions Graph



Aerodromes

The aerodromes program is scheduled for works to occur in the second half of the year. Procurement activities completed to date have identified savings on some project that will be recognised during Budget Review 3.

Environmental Assets

Significant budget allocation for the program relates to Mary Caincross which has been substantially completed. The program is expected to deliver to budget for the year

Fleet

Fleet is progressing ahead of schedule with the first major acquisitions occurring in December. Significant commitments have been raised indicating that the 2016/17 program will be finalised by the end of the financial year.

Information Technology

The information technology program has suffered some delays during the scoping and tender phases while seeking better understanding of costs and timeframes for delivery. Whilst some minor deferrals are anticipated during the next Budget Review the majority of the program is on schedule for full year delivery.

Quarries

Expenditure to date reflects the completion of projects commenced in 2015/16. Replacement of the weight bridge software is one of the larger projects for 2016/17 and is currently progressing through procurement with implementation anticipated in April/May. Resource modelling and drilling is also scheduled for May.

Stormwater

Some savings have been identified within the stormwater program that are required for reallocation during Budget Review 3 to address emergent works before the end of financial year. The most significant project for relining of damaged stormwater is currently progressing through procurement for the second phase of these works.

Waste

There are four major projects which make up the majority of the waste program for 2016/17. The Caloundra Landfill Cell 10 and Nambour Landfill Cell 5.3 are progressing well to forecast. Significant commitments were raised for Nambour Landfill Sewer Connection in January following the finalisation of procurement and construction is scheduled to commence in February. Design is completed on the Maroochydore City Centre Underground Waste project however some deferral will be recognised during Budget Review 3 to meet delivery schedule for the wider project site.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 January 2017 Council had \$301.9 million cash (excluding Trust Fund) with an average interest rate of 2.74%, being 0.91% above benchmark. This is compared to the same period last year with \$296.6 million cash (excluding Trust Fund) where the average interest rate was 3.42%, being 0.67% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill Index (BAUBIL) and the Bank Bill Swap Rate (BBSW) for term deposits.

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

Council's 2016/17 Investment 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 16 June 2016, Council adopted the 2016/2017 budget - Council Resolution (SM16/16)

That Council:

- receive and note the report titled "Adoption of the 2016/2017 Budget and Forward Estimates for the 2017/2018 to 2025/2026 Financial Years"*
- adopt the 2016/2017 Budget Schedules (Appendix A) including Forward Estimates and*
- adopt the 2016/2017 Capital Works Program, endorse the indicative four-year program for the period 2017/2018 to 2020/2021, and note the five-year program for the period 2021/2022 to 2025/2026 (Appendix B).*

Ordinary Meeting Budget 15 September 2016, Council adopted the Budget Review 1 2016/2017 (OM16/163)

That Council:

- receive and note the report titled "Budget Review 1 2016/17 " and*

- (b) *adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting Budget 8 December 2016, Council adopted the Budget Review 2 2016/2017 (OM16/221)

That Council:

- (a) *receive and note the report titled "Budget Review 2 2016/17"*
(b) *adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A) and*
(c) *in addition to (b), amend the 2016/17 budget to include the additional sum of \$50,000 for the Maroochy Basketball Extension.*

Related Documentation

2016/17 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

January 2017

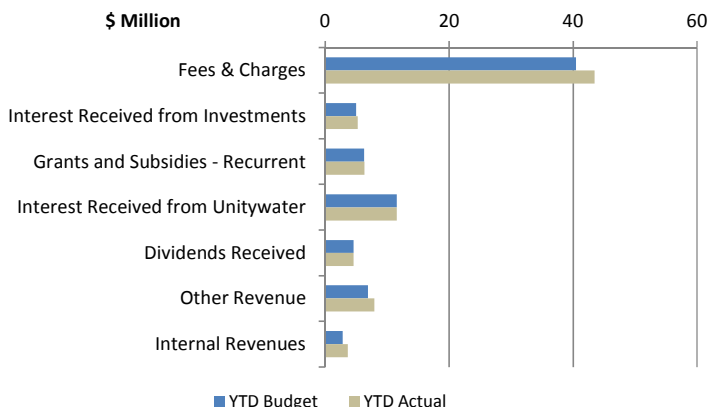


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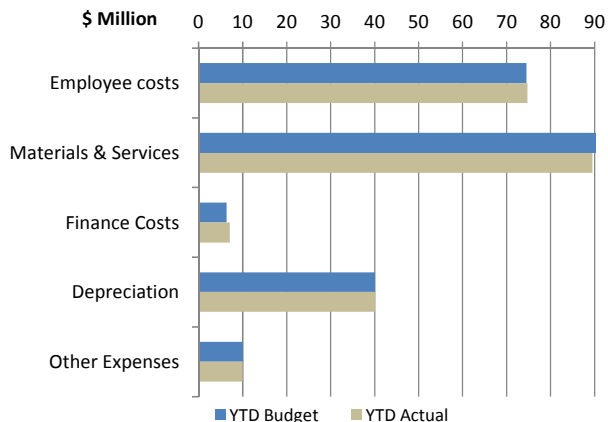
HEADLINE - OPERATING

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	418,965	419,648	334,542	341,689	7,146	2.1%
Operating Expenses	388,041	394,723	223,223	222,778	(446)	(0.2%)
Operating Result	30,924	24,925	111,319	118,911	7,592	6.8%
NET Result	125,449	145,449	173,244	224,816	51,572	29.8%

2016/17 YTD Operating Revenues



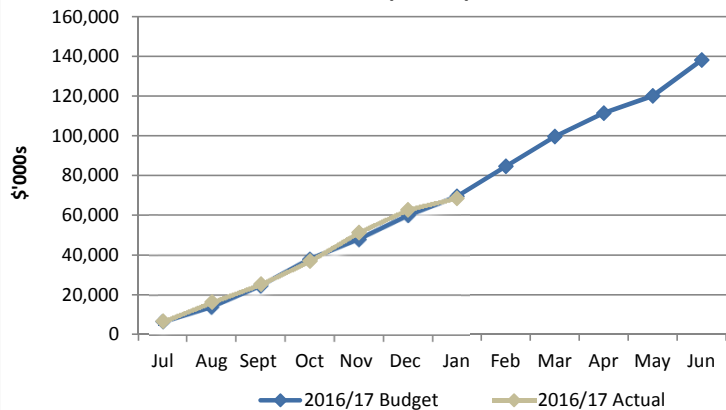
2016/17 YTD Operating Expenses



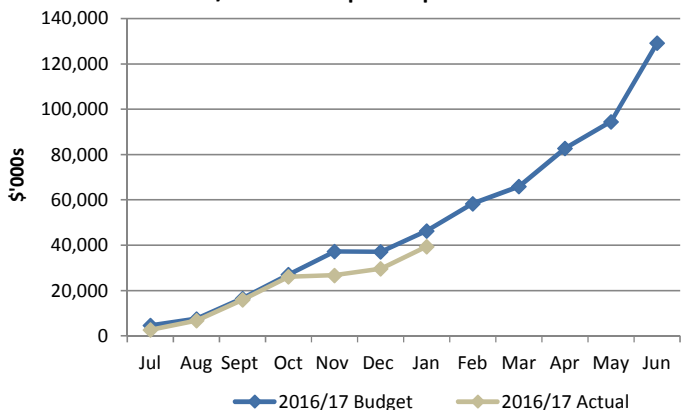
HEADLINE - CAPITAL

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Capital Revenue	94,525	120,523	61,925	105,905	(43,980)	
Other Capital Revenues	68,920	69,317	40,071	42,341	(2,270)	
Total Capital Revenues	163,445	189,841	101,996	148,246	(46,250)	
Capital Works Expenditure	252,677	267,242	115,684	107,897	7,787	(6.73%)
Other Capital Expenditure	60,000	75,000	37,500	85,122	(47,622)	
Total Capital Expenditure	312,677	342,242	153,184	193,019	(39,835)	
Funds from General Reserve	149,232	152,401	51,188	44,773	6,415	

2016/17 SCC Base Capital Expenditure

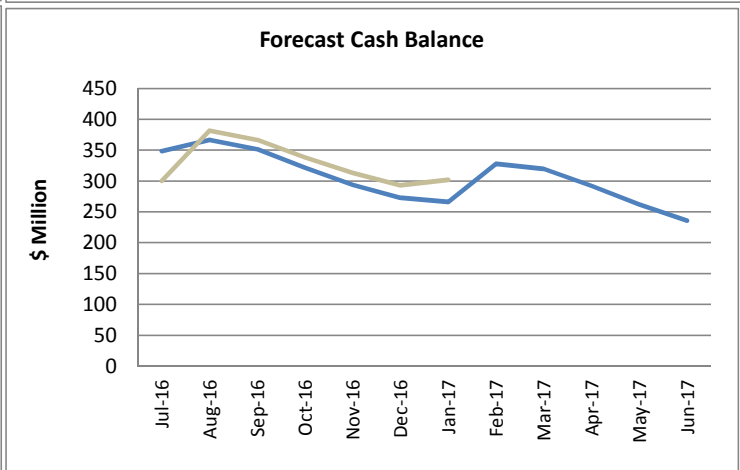
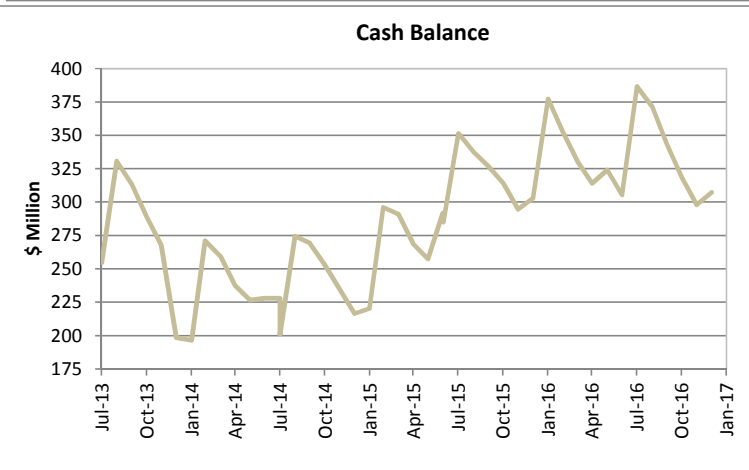
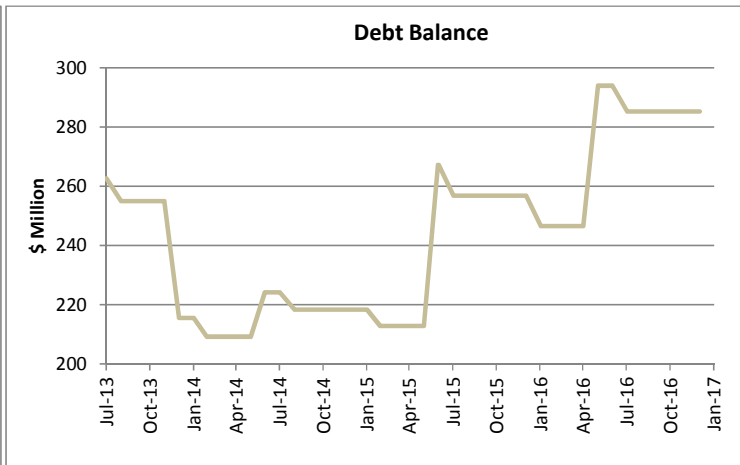
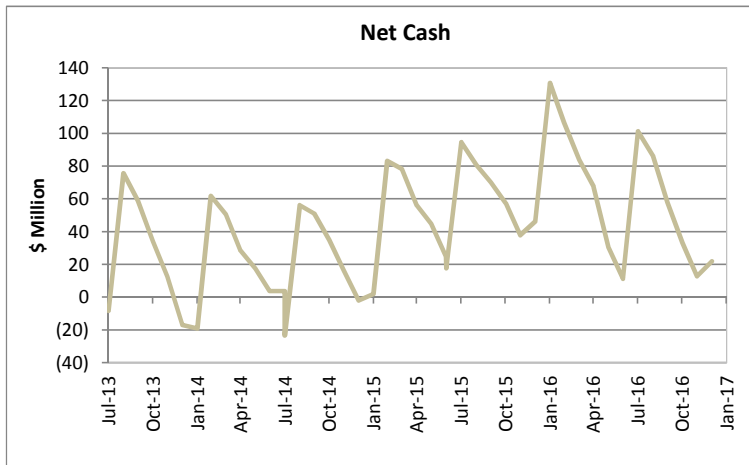


2016/17 Other Capital Expenditure



HEADLINE - CASH AND BALANCE SHEET

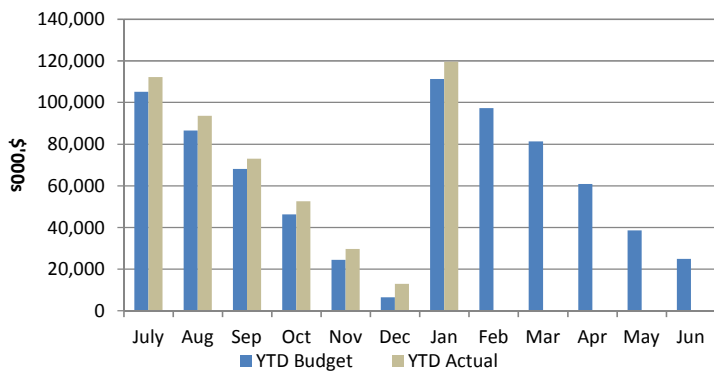
	Annual		YTD		
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	Current Budget \$000s	Variance \$000s
CASH FLOWS					
Opening Cash	295,509	318,556	318,556	318,556	0
Net Cash Inflow/(Outflows) from:					
Operating Activities	90,790	79,476	68,389	14,424	53,965
Investing Activities	(212,119)	(206,634)	(76,126)	(103,737)	27,611
Financing Activities	44,869	44,867	(8,677)	(8,084)	(593)
Net Increase/(decrease) in Cash Held	(76,460)	(82,290)	(16,414)	(97,397)	80,983
Cash at year end	219,049	236,266	302,142	221,159	80,983
BALANCE SHEET					
Current Assets	275,784	303,244	451,624		
Non Current Assets	5,119,828	5,004,787	4,814,061		
Total Assets	5,395,612	5,308,031	5,265,686		
Current Liabilities	100,614	111,333	100,689		
Non Current Liabilities	344,682	353,382	306,478		
Total Liabilities	445,296	464,715	407,167		
Net Community Assets/ Total Community Equity	4,950,316	4,843,316	4,858,519		



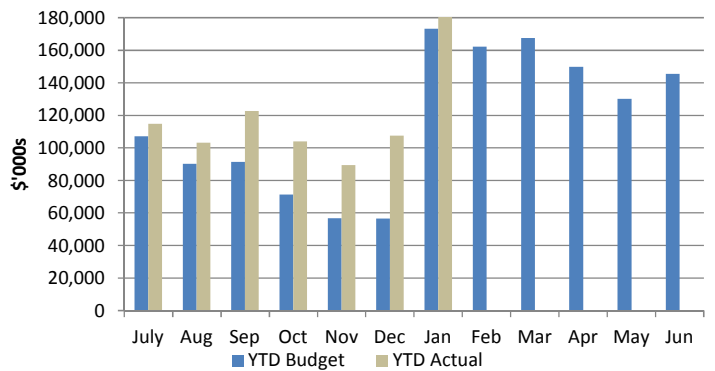
STATEMENT OF INCOME & EXPENSES

	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Net Rates and Utility Charges	259,339	259,339	256,265	258,659	2,394	0.9%	259,339
Fees and Charges	62,787	63,404	40,469	43,480	3,011	7.4%	63,404
Interest Received from Investments	8,603	8,603	5,018	5,249	231	4.6%	8,603
Operating Grants and Subsidies	12,077	12,385	6,307	6,320	14	0.2%	12,385
Operating Contributions	706	906	564	801	236	41.9%	906
Interest Received from Unity Water	23,933	23,933	11,577	11,577	0	0.0%	23,933
Dividends Received	26,162	26,162	4,592	4,592	0	0.0%	26,162
Other Revenue	19,189	19,207	6,910	7,960	1,051	15.2%	19,207
Internal Sales/Recoveries	6,170	5,710	2,841	3,678	838	29.5%	5,710
Profit/Loss on Disposal of Assets	0	0	0	(628)	(628)	0.0%	0
Total Operating Revenue	418,965	419,648	334,542	341,689	7,146	2.1%	419,648
Operating Expenses							
Employee Costs	128,393	129,728	74,521	74,707	186	0.2%	129,728
Materials and Services	161,701	164,241	90,821	89,472	(1,349)	(1.5%)	164,230
Finance Costs	9,684	10,447	6,368	7,070	702	11.0%	10,447
Company Contributions	1,421	1,400	1,400	1,400	0	0.0%	1,400
Depreciation Expense	68,920	68,787	40,071	40,125	54	0.1%	68,787
Other Expenses	17,924	20,120	10,042	10,004	(38)	(0.4%)	20,130
Total Operating Expenses	388,041	394,723	223,223	222,778	(446)	(0.2%)	394,723
Operating Result	30,924	24,925	111,319	118,911	7,592	6.8%	24,925
Capital Revenue							
Capital Grants and Subsidies	12,525	18,523	10,558	10,846	287	2.7%	18,523
Capital Contributions - Cash	22,000	27,000	13,867	18,614	4,747	34.2%	27,000
Capital Contributions - Fixed Assets	60,000	75,000	37,500	76,445	38,945	103.9%	75,000
Total Capital Revenue	94,525	120,523	61,925	105,905	43,980	71.0%	120,523
Net Result	125,449	145,449	173,244	224,816	51,572	29.8%	145,449

2016/17 Operating Result



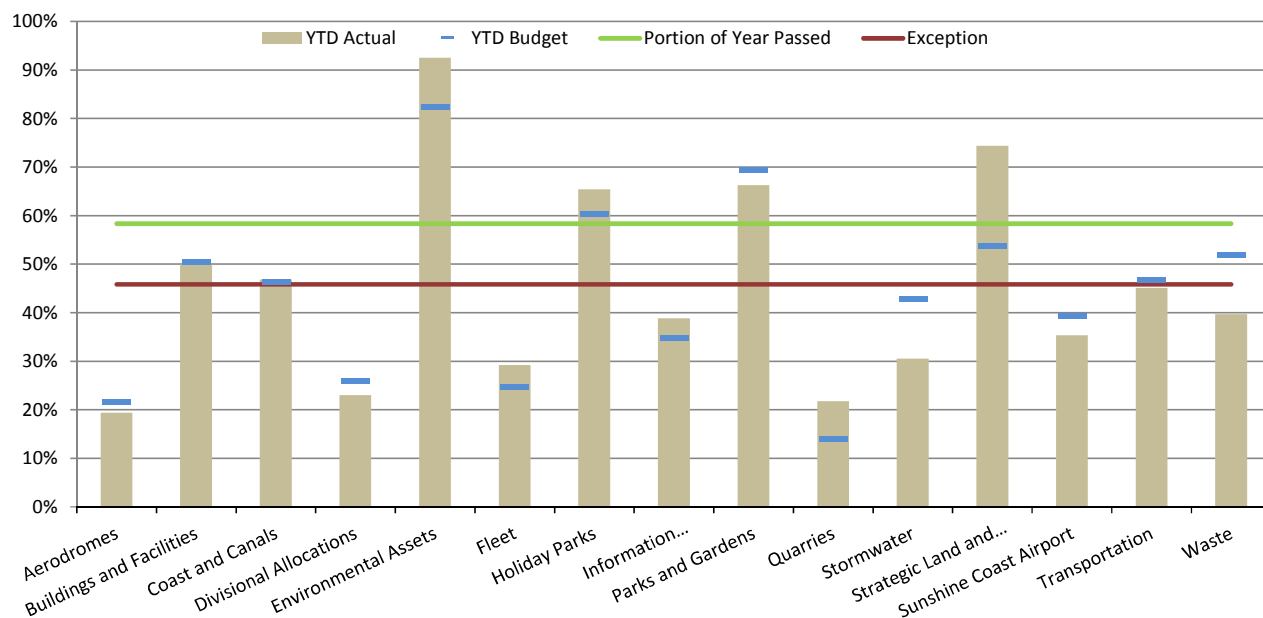
2016/17 Net Result



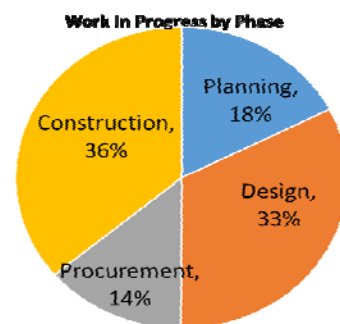
CAPITAL EXPENDITURE

Capital Works Program	Annual		YTD			% of FY budget spent	YTD Variance \$000s
	Original Budget \$000s	Current Budget \$000s	Budget \$000s	Actuals \$000s	Variance on YTD budget		
Aerodromes	175	372	81	72	-10.6%	19.4%	(9)
Buildings and Facilities	9,156	10,916	5,509	5,452	-1.0%	49.9%	(57)
Coast and Canals	1,220	1,590	737	745	1.1%	46.9%	8
Divisional Allocations	4,424	3,765	978	869	-11.1%	23.1%	(109)
Environmental Assets	4,837	4,905	4,034	4,539	12.5%	92.5%	505
Fleet	3,000	3,000	737	877	18.9%	29.2%	139
Holiday Parks	2,254	2,576	1,556	1,685	8.3%	65.4%	130
Information Technology	2,827	3,144	1,092	1,223	12.0%	38.9%	131
Parks and Gardens	12,814	16,180	11,225	10,730	-4.4%	66.3%	(494)
Quarries	580	674	95	147	55.5%	21.8%	52
Stormwater	4,697	4,623	1,981	1,413	-28.7%	30.6%	(568)
Strategic Land and Commercial Properties	5,431	10,093	5,416	7,507	38.6%	74.4%	2,092
Sunshine Coast Airport	3,198	4,746	1,864	1,678	-10.0%	35.4%	(186)
Transportation	54,179	58,840	27,493	26,570	-3.4%	45.2%	(923)
Waste	12,793	12,680	6,581	5,041	-23.4%	39.8%	(1,541)
Total SCC Base Capital Program	121,584	138,106	69,377	68,550	-1.2%	49.6%	(827)
Corporate Major Projects	21,271	18,461	120	62	-48.1%	0.3%	(58)
Maroochydore City Centre	53,083	52,808	14,962	7,997	-46.6%	15.1%	(6,965)
Solar Farm	30,915	31,645	28,426	28,746	1.1%	90.8%	321
Sunshine Coast Airport Runway	25,825	26,223	2,799	2,542	-9.2%	9.7%	(257)
Total Region Making Capital Program	131,093	129,136	46,307	39,347	-15.0%	30.5%	(6,960)
TOTAL	252,677	267,242	115,684	107,897	-6.7%	40.4%	(7,787)

SCC Base % YTD spent compared to profiled budget by Program



Project summary by Job status (SCC Base only)	Number of Capital Jobs	%	Current Budget \$000	%
Not Started	59	5.4	2,331	1.7
Works in Progress	617	56.5	101,132	73.2
Complete	383	35.0	33,480	24.2
On Hold	34	3.1	1,163	0.8
Total	1,093		138,106	



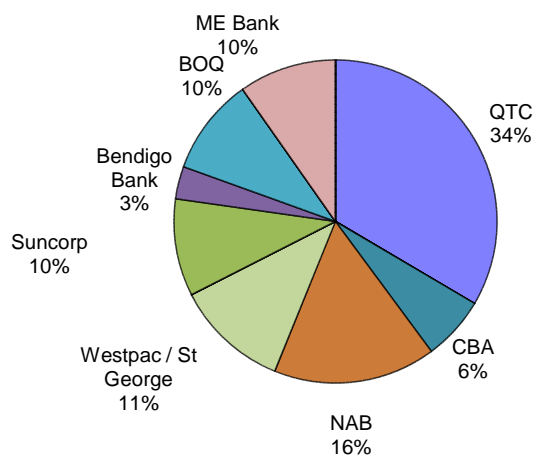
Liquidity as at:		31/01/2017	
		\$'000's	
At-call accounts			
QTC + CBA (excl. trust)	\$116,900	37.98%	
Maturities within 7 days	\$0	0.00%	
Total at-call	\$116,900	37.98%	
Investment Policy Target		10.00%	

Term deposits maturing:		
	\$'000's	Count
within 30 days	\$0	0
30-59 days	\$0	0
60-89 days	\$40,000	4
90-179 days	\$135,000	14
180-364 days	\$10,000	1
1 year - 3 years	\$0	0
Total	\$185,000	19

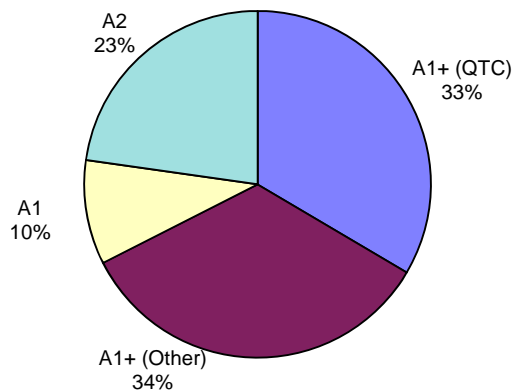
INVESTMENT SUMMARY (including Trust) as at:							Investment Policy	
	31/01/2017		31/10/2016		31/01/2016		Individual Limit	Group Limits
A1+ (QTC)	\$103,060	33.5%	\$196,404	56.8%	\$54,417	18.0%	100%	100%
A1+ (Other)	\$104,724	34.0%	\$119,101	34.5%	\$167,628	55.5%	35%	100%
A1	\$30,000	9.7%	\$20,000	5.8%	\$30,000	9.9%	30%	40%
A2	\$70,000	22.7%	\$10,000	2.9%	\$50,000	16.6%	15%	35%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$307,784		\$345,506		\$302,045			
FUND SUMMARY								
General Funds	\$301,900		\$339,867		\$296,662			
Trust Funds	\$5,884		\$5,638		\$5,382			
Total Funds	\$307,784		\$345,506		\$302,045			

Investment Portfolio

Investment per financial institution (%)

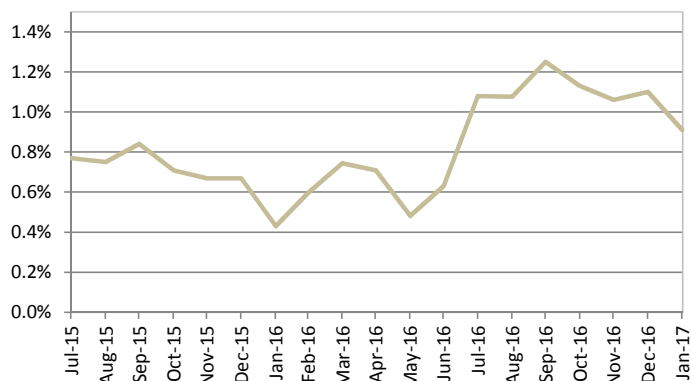


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

