

### 8.3 DECEMBER 2020 FINANCIAL PERFORMANCE REPORT

|                     |   |
|---------------------|---|
| <b>File No:</b>     | <b>Financial Reports</b>  |
| <b>Author:</b>      | <b>Coordinator Financial Services<br/>Business Performance Group</b>  |
| <b>Attachments:</b> | <b>Att 1 - December 2020 Financial Performance Report<br/>Att 2 - Additional Information<br/>Att 3 - Further Additional Information (<i>Additional Information</i>)</b> |

#### 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 December 2020 in terms of the operating result and delivery of the capital program.

#### Operating Performance

**Table 1: Operating Budget as at December 2020**

|                          | <b>Original<br/>Budget<br/>\$000</b> | <b>Current<br/>Budget<br/>\$000</b> |
|--------------------------|--------------------------------------|-------------------------------------|
| Total Operating Revenue  | 465,069                              | 467,015                             |
| Total Operating Expenses | 460,733                              | 464,544                             |
| <b>Operating Result</b>  | <b>4,336</b>                         | <b>2,471</b>                        |

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

#### OFFICER RECOMMENDATION

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

#### FINANCE AND RESOURCING

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

#### CORPORATE PLAN

|                              |  |
|------------------------------|--|
| <b>Corporate Plan Goal:</b>  | <b><i>An outstanding organisation</i></b>  |
| <b>Outcome:</b>              | 5.7 - A financially sustainable organisation                                     |
| <b>Operational Activity:</b> | 5.7.1 - Develop and monitor Council's budget, including legislated requirements. |

#### 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:

- 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.

**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****Ordinary Meeting 10 December 2020 (OM20/132)**

*That Council:*

- (a) *receive and note the report titled "**Budget Review 2 2020/21**"*
- (b) *adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2020/21 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*
- (c) *note the following documentation applies as adopted 25 June 2020*
  - (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, and*

- (iii) *the Revenue Statement and the rates and charges to be levied for the 2020/21 financial year and other matters as adopted 25 June 2020*
- (d) *endorse the Minor Capital Works Program (Appendix B) as amended.*

### **Ordinary Meeting 17 September 2020 (OM20/103)**

*That Council:*

- (a) *receive and note the report titled “**Budget Review 1 2020/21**”*
- (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 2020/21 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*
- (c) *note the following documentation applies as adopted 25 June 2020*
  - (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 2020/21 financial year and other matters as adopted 25 June 2020.*
- (d) *endorse the Minor Capital Works Program (Appendix B) as amended.*

### **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:

- 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 (adopted by Council resolution on 11 June 2020)*
- viii. the Revenue Policy (adopted by Council resolution on 11 June 2020)*
- 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 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.

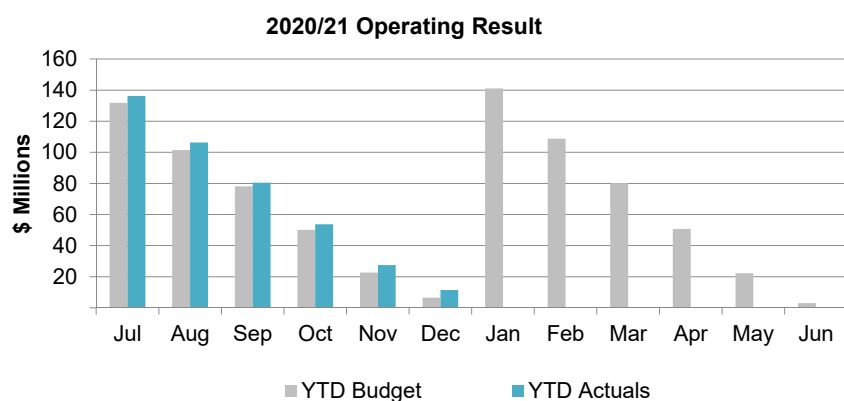
# Financial Performance Report

December 2020



Our region.  
**Healthy.**  
**Smart.**  
**Creative.**

# Statement of Income and Expenses December 2020



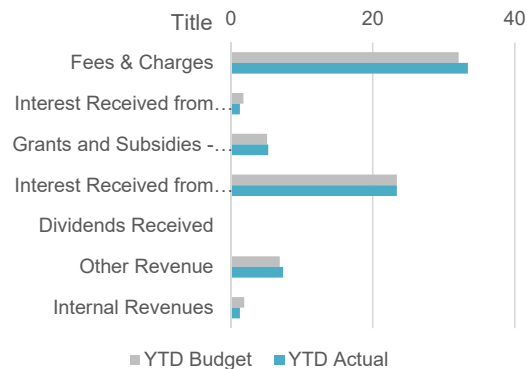
- Council has a positive operating result of \$11.4 million, which is \$4.99 million above the current budget as at 31 December 2020.



| Statement of Income & Expenses 31 December 2020   |                       |                      |                      |                |                |               |                       |
|---|-----------------------|----------------------|----------------------|----------------|----------------|---------------|-----------------------|
|   | Annual                |                      | YTD                  |                |                |               | Annual                |
|   | Original Budget \$000 | Current Budget \$000 | Current Budget \$000 | Actuals \$000  | Variance \$000 | Variance %    | Forecast Budget \$000 |
| <b>Operating Revenue</b>                          |                       |                      |                      |                |                |               |                       |
| Net Rates and Utility Charges                     | 316,806               | 316,806              | 156,325              | 156,368        | 43             | 0.0%          | 316,806               |
| Fees and Charges                                  | 57,125                | 58,213               | 32,096               | 33,411         | 1,315          | 4.1%          | 58,213                |
| Interest Received from Investments                | 3,611                 | 3,611                | 1,806                | 1,313          | (493)          | (27.3%)       | 3,611                 |
| Operating Grants and Subsidies                    | 12,224                | 13,332               | 5,142                | 5,286          | 144            | 2.8%          | 13,332                |
| Operating Contributions                           | 287                   | 287                  | 154                  | 155            | 1              | 0.8%          | 287                   |
| Unitywater Participation                          | 49,838                | 49,838               | 23,397               | 23,397         | -              | -             | 49,838                |
| Other Revenue                                     | 21,040                | 20,805               | 6,919                | 7,381          | 462            | 6.7%          | 20,804                |
| Internal Sales/Recoveries                         | 4,138                 | 4,124                | 1,910                | 1,307          | (603)          | (31.6%)       | 4,152                 |
| <b>Total Operating Revenue</b>                    | <b>465,069</b>        | <b>467,015</b>       | <b>227,748</b>       | <b>228,617</b> | <b>869</b>     | <b>0.4%</b>   | <b>467,043</b>        |
| <b>Operating Expenses</b>                         |                       |                      |                      |                |                |               |                       |
| Employee Costs                                    | 147,973               | 149,263              | 72,230               | 72,245         | 15             | 0.0%          | 149,262               |
| Materials and Services                            | 184,678               | 186,127              | 84,059               | 79,911         | (4,147)        | (4.9%)        | 186,128               |
| Finance Costs                                     | 12,080                | 12,080               | 6,071                | 6,032          | (39)           | (0.6%)        | 12,080                |
| Company Contributions                             | 1,554                 | 1,554                | 1,554                | 1,562          | 8              | 0.5%          | 1,554                 |
| Depreciation Expense                              | 88,276                | 88,276               | 44,219               | 44,219         | 1              | 0.0%          | 88,276                |
| Other Expenses                                    | 22,255                | 22,387               | 10,748               | 10,779         | 31             | 0.3%          | 22,386                |
| Recurrent Capital Expenses                        | 3,917                 | 4,857                | 2,415                | 2,422          | 7              | 0.3%          | 4,354                 |
| <b>Total Operating Expenses</b>                   | <b>460,733</b>        | <b>464,544</b>       | <b>221,296</b>       | <b>217,171</b> | <b>(4,125)</b> | <b>(1.9%)</b> | <b>464,041</b>        |
| <b>Operating Result</b>                           | <b>4,336</b>          | <b>2,471</b>         | <b>6,452</b>         | <b>11,446</b>  | <b>4,994</b>   | <b>77.4%</b>  | <b>3,002</b>          |
| <b>Capital Revenue</b>                            |                       |                      |                      |                |                |               |                       |
| Capital Grants and Subsidies                      | 10,060                | 48,002               | 13,117               | 13,235         | 118            | 0.9%          | 48,002                |
| Capital Contributions - Cash                      | 31,599                | 31,599               | 16,311               | 18,350         | 2,039          | 12.5%         | 31,599                |
| Capital Contributions - Fixed Assets              | 60,000                | 60,000               | -                    | 43             | 43             | -             | 60,000                |
| <b>Total Capital Revenue</b>                      | <b>101,659</b>        | <b>139,601</b>       | <b>29,428</b>        | <b>31,629</b>  | <b>2,200</b>   | <b>7.5%</b>   | <b>139,601</b>        |
| <b>Non-recurrent Expenses</b>                     |                       |                      |                      |                |                |               |                       |
| Profit/Loss on disposal, revaluation & impairment | -                     | -                    | -                    | 324            | 324            | -             | -                     |
| Movements in landfill and quarry provisions       | 5,583                 | 5,583                | 2,792                | 2,792          | -              | -             | 5,583                 |
| Assets Transferred to Third Parties               | -                     | -                    | -                    | 12             | 12             | -             | -                     |
| <b>Total Non-recurrent Expenses</b>               | <b>5,583</b>          | <b>5,583</b>         | <b>2,792</b>         | <b>3,128</b>   | <b>336</b>     | <b>12.0%</b>  | <b>5,583</b>          |
| <b>Net Result</b>                                 | <b>100,412</b>        | <b>136,489</b>       | <b>33,089</b>        | <b>39,947</b>  | <b>6,858</b>   | <b>20.7%</b>  | <b>137,020</b>        |

# Operating Result – December 2020

## Operating Revenues



## Operating Summary - December 2020

|                            | Annual                 |                       | YTD                   |                |                 |              |
|----------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|--------------|
|                            | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance %   |
| Operating Revenue          | 465,069                | 467,015               | 227,748               | 228,617        | 869             | 0.4%         |
| Operating Expenses         | 456,816                | 459,687               | 218,881               | 214,749        | (4,132)         | (1.9%)       |
| Recurrent Capital Expenses | 3,917                  | 4,857                 | 2,415                 | 2,422          | 7               | 0.3%         |
| <b>Operating Result</b>    | <b>4,336</b>           | <b>2,471</b>          | <b>6,452</b>          | <b>11,447</b>  | <b>4,994</b>    | <b>77.4%</b> |
| Capital Revenue            | 101,659                | 139,601               | 29,428                | 31,629         | 2,200           | 7.5%         |
| Non-recurrent Expenses     | 5,583                  | 5,583                 | 2,792                 | 3,128          | 336             | 12.0%        |
| <b>Net Result</b>          | <b>100,412</b>         | <b>136,489</b>        | <b>33,089</b>         | <b>39,948</b>  | <b>6,858</b>    | <b>20.7%</b> |

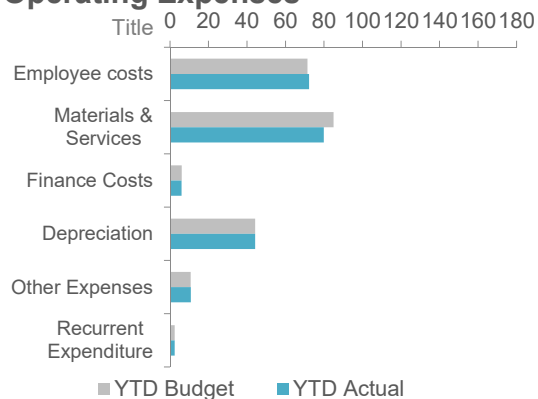
## Substantial Revenue Variance for the Period Ending 31 Dec 2020

| \$'000                             | Annual                |                      | YTD                  |               |                |            |
|------------------------------------|-----------------------|----------------------|----------------------|---------------|----------------|------------|
|                                    | Original Budget \$000 | Current Budget \$000 | Current Budget \$000 | Actuals \$000 | Variance \$000 | Variance % |
| <b>Operating Revenue</b>           |                       |                      |                      |               |                |            |
| Fees and Charges                   | 57,125                | 56,309               | 32,096               | 33,411        | 1,315          | 4.1%       |
| Interest Received from Investments | 3,611                 | 3,611                | 1,806                | 1,313         | (493)          | (27.3%)    |
| Other Revenue                      | 21,040                | 20,877               | 6,919                | 7,381         | 462            | 6.7%       |
| Internal Sales/Recoveries          | 4,138                 | 4,124                | 1,910                | 1,307         | (603)          | (31.6%)    |

- As at 31 December 2020 \$228.6 million operating revenue had been achieved which is \$0.9 million more than current budget for the same period.
- This is largely due to:
  - Fees and Charges** – Fees relating to Council's Caravan Parks are currently \$859,000 above budget. Development Services Fees and Tip Fees are also above budget by \$604,000 and \$480,000 respectively while fees relating to parking infringements are below budget by \$1.14 million.
  - Interest Received from Investments** - The reduced RBA cash rate has had an impact on Council's investment revenue.
  - Other Revenue** – The positive variance in Other revenue is due to \$201,000 received in Sponsorship and Container Deposit Scheme above budget \$106,000.
  - Internal Sales** – Internal Quarry Sales are currently below budget \$595,000

# Operating Result – December 2020 (continued)

## Operating Expenses



## Operating Summary - December 2020

|                            | Annual                 |                       | YTD                   |                |                 |              |
|----------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|--------------|
|                            | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance %   |
| Operating Revenue          | 465,069                | 467,015               | 227,748               | 228,617        | 869             | 0.4%         |
| Operating Expenses         | 456,816                | 459,687               | 218,881               | 214,749        | (4,132)         | (1.9%)       |
| Recurrent Capital Expenses | 3,917                  | 4,857                 | 2,415                 | 2,422          | 7               | 0.3%         |
| <b>Operating Result</b>    | <b>4,336</b>           | <b>2,471</b>          | <b>6,452</b>          | <b>11,447</b>  | <b>4,994</b>    | <b>77.4%</b> |
| Capital Revenue            | 101,659                | 139,601               | 29,428                | 31,629         | 2,200           | 7.5%         |
| Non-recurrent Expenses     | 5,583                  | 5,583                 | 2,792                 | 3,128          | 336             | 12.0%        |
| <b>Net Result</b>          | <b>100,412</b>         | <b>136,489</b>        | <b>33,089</b>         | <b>39,948</b>  | <b>6,858</b>    | <b>20.7%</b> |

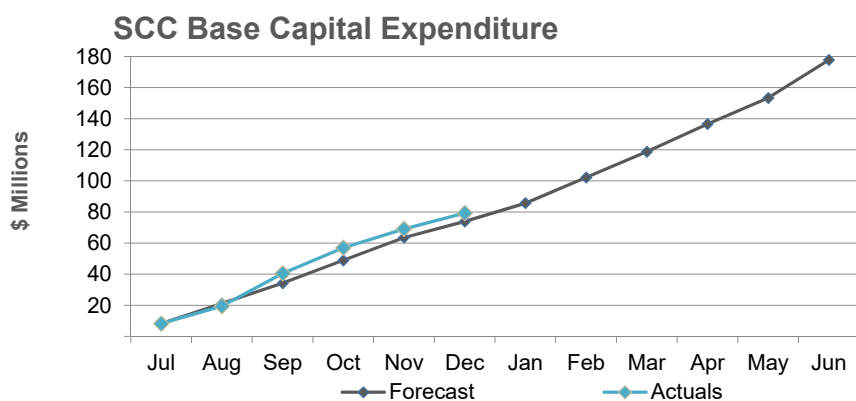
## Substantial Expenditure Variance for the Period Ending 31 Dec 2020

| \$'000                    | Annual                |                      | YTD                  |               |                |            |
|---------------------------|-----------------------|----------------------|----------------------|---------------|----------------|------------|
|                           | Original Budget \$000 | Current Budget \$000 | Current Budget \$000 | Actuals \$000 | Variance \$000 | Variance % |
| <b>Operating Expenses</b> |                       |                      |                      |               |                |            |
| Materials and Services    | 184,678               | 186,127              | 84,059               | 79,911        | (4,147)        | (4.9%)     |

- As at 31 December 2020, \$217.2 million of the \$221.3 million budget year to date had been expended which resulted in an underspend of \$4.1 million or 1.9%
- Materials and Services: the underspend in materials and services is due to timing of contract works for the Waste service delivery contract as well as sealed road maintenance. The reduction in sales for the quarries has resulted in reduced product material on site.



# Capital Expenditure - December 2020



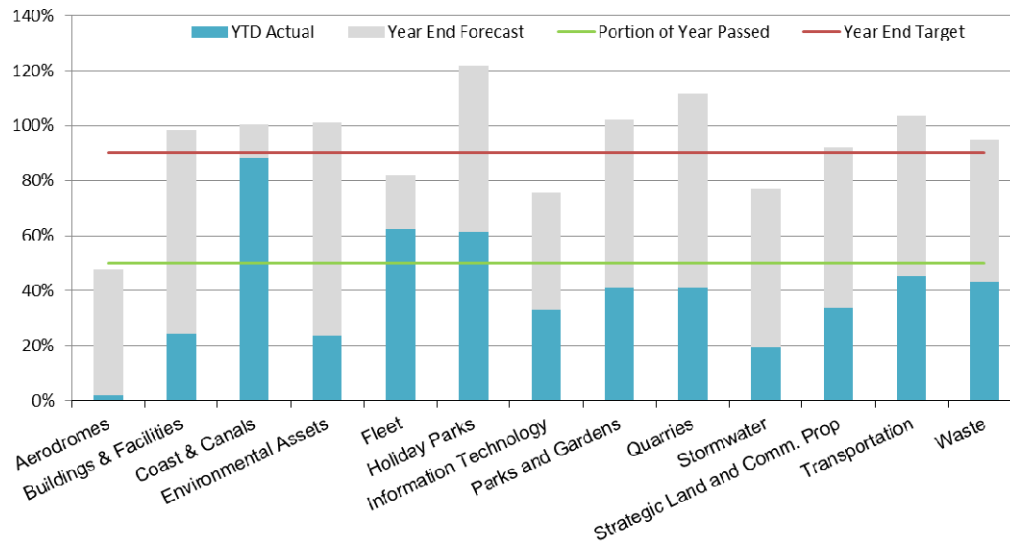
- As at 31 December 2020 \$129.7 million of Council's \$287.3 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 37.7% of budget, an actual spend of \$79 million.
- Corporate Major Projects progressed 74% and The Sunshine Coast Airport Runway Project progressed 68.9% of their respective annual budgets.



| Capital Expenditure - December 2020  |                        |                       |                |                      |                          |                                      |
|--|------------------------|-----------------------|----------------|----------------------|--------------------------|--------------------------------------|
|  | 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                   | 4              | 1.7%                 | 119                      | (131)                                |
| Buildings and Facilities   | 45,717                 | 38,395                | 9,250          | 24.1%                | 37,835                   | (560)                                |
| Coast and Canals   | 2,830                  | 3,458                 | 3,048          | 88.1%                | 3,468                    | 10                                   |
| Minor Works  | 4,620                  | 4,921                 | 178            | 3.6%                 | 4,921                    | -                                    |
| Environmental Assets   | 1,375                  | 3,195                 | 748            | 23.4%                | 3,225                    | 30                                   |
| Fleet  | 2,000                  | 2,037                 | 1,273          | 62.5%                | 1,669                    | (368)                                |
| Holiday Parks  | 1,255                  | 992                   | 609            | 61.4%                | 1,209                    | 217                                  |
| Information Technology   | 6,275                  | 7,579                 | 2,516          | 33.2%                | 5,755                    | (1,824)                              |
| Parks and Gardens  | 15,141                 | 19,025                | 7,804          | 41.0%                | 19,445                   | 420                                  |
| Quarries   | 480                    | 480                   | 197            | 41.1%                | 535                      | 55                                   |
| Stormwater   | 6,772                  | 6,601                 | 1,302          | 19.7%                | 5,095                    | (1,506)                              |
| Strategic Land and Commercial Properties   | 9,949                  | 26,788                | 9,080          | 33.9%                | 24,746                   | (2,042)                              |
| Transportation   | 65,588                 | 83,030                | 37,525         | 45.2%                | 86,088                   | 3,059                                |
| Waste  | 14,723                 | 13,683                | 5,901          | 43.1%                | 12,988                   | (695)                                |
| <b>Total SCC Core Capital Program</b>  | <b>177,075</b>         | <b>210,433</b>        | <b>79,435</b>  | <b>37.7%</b>         | <b>207,098</b>           | <b>(3,335)</b>                       |
| Corporate Major Projects   | 16,733                 | 18,375                | 13,663         | 74.4%                | 17,388                   | (987)                                |
| Maroochydore City Centre   | 11,879                 | 14,156                | 6,049          | 42.7%                | 14,025                   | (131)                                |
| Submarine Cable IBN  | -                      | -                     | 2              | -                    | 2                        | 2                                    |
| Sunshine Coast Airport Runway  | 36,718                 | 44,288                | 30,512         | 68.9%                | 39,224                   | (5,064)                              |
| <b>Total Other Capital Program</b>   | <b>65,330</b>          | <b>76,819</b>         | <b>50,226</b>  | <b>65.4%</b>         | <b>70,639</b>            | <b>(6,180)</b>                       |
| <b>TOTAL</b>   | <b>242,405</b>         | <b>287,252</b>        | <b>129,662</b> | <b>45.1%</b>         | <b>277,737</b>           | <b>(9,515)</b>                       |
| The above program of works includes recurrent and non-recurrent expenditure, as reporting in the operating statement |                        |                       |                |                      |                          |                                      |
| Recurrent Expenses   |                        |                       | 2,422          | -                    |                          |                                      |
| Non-Recurrent Expenses   |                        |                       | 3,128          | -                    |                          |                                      |

# Capital Expenditure – December 2020 (continued)

**SCC Core % YTD spent compared to profiled budget by Program**



## Aerodromes

- Delivery of the runway lighting replacement project for Caloundra Aerodrome is scheduled for construction in the second half of the 2020/21 Financial year.

## Buildings and Facilities

- The Sunshine Coast City Hall commenced construction in late August 2020 with the majority of this years construction program scheduled to be expended in early 2021.

## Environmental Assets

- Design of the \$1.3million trails hub at Sugar Bag Road has progressed with construction scheduled to begin in early 2021.

## Parks and Gardens

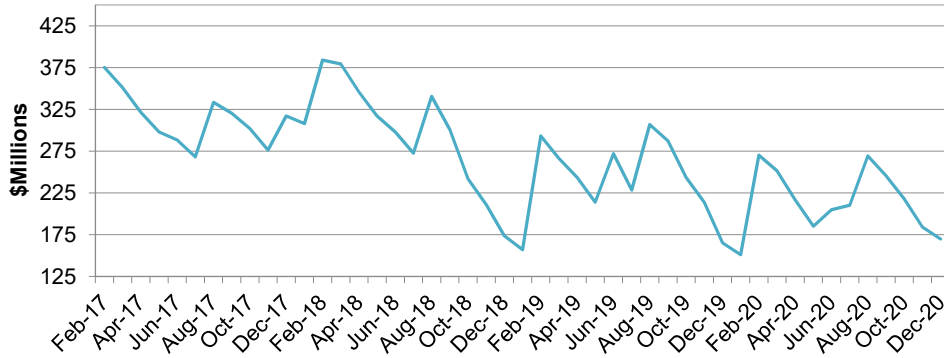
- The contract has been awarded for the design and construction of new clubhouse and change rooms at the Palmwoods cricket club. Construction is scheduled to begin early in 2021.

## Stormwater

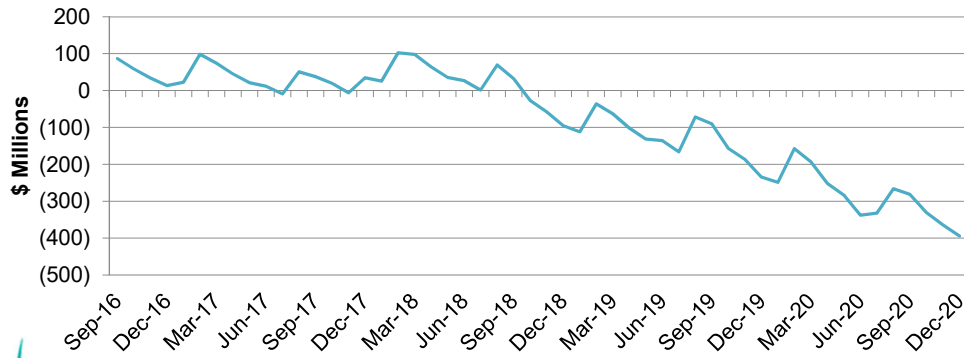
- The Procurement of the civil contractor for the \$1.2m project for the relining of damaged stormwater pipes has been finalised with the program of works beginning in November.

# Cash Flows and Balance Sheet

Cash Balance



Net Cash

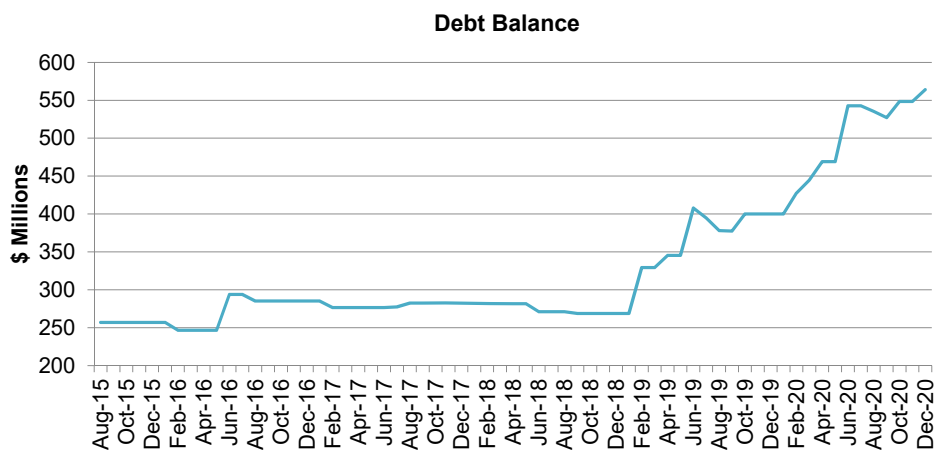


Cash and Balance Sheet - December 2020

|  | Original Budget \$000s | Current Budget \$000s |
|--|------------------------|-----------------------|
| <b>CASH FLOWS</b>                                  |                        |                       |
| <b>Opening Cash</b>                                | 229,139                | 197,632               |
| Net Cash Inflow/(Outflows) from:                   |                        |                       |
| Operating Activities                               | 48,942                 | 42,452                |
| Investing Activities                               | (149,603)              | (153,246)             |
| Financing Activities                               | 90,433                 | 97,884                |
| <b>Net Increase/(decrease) in Cash Held</b>        | <b>(10,229)</b>        | <b>(12,910)</b>       |
| <b>Cash at year end</b>                            | <b>218,910</b>         | <b>184,722</b>        |
| <b>BALANCE SHEET</b>                               |                        |                       |
| Current Assets                                     | 272,962                | 238,609               |
| Non Current Assets                                 | 6,173,956              | 6,188,169             |
| <b>Total Assets</b>                                | <b>6,446,918</b>       | <b>6,426,778</b>      |
| Current Liabilities                                | 408,307                | 398,329               |
| Non Current Liabilities                            | 410,419                | 422,473               |
| <b>Total Liabilities</b>                           | <b>818,726</b>         | <b>820,802</b>        |
| <b>Net Community Assets/Total Community Equity</b> | <b>5,628,192</b>       | <b>5,605,976</b>      |

- Council's cash at 31 December 2020 is \$159.7 million excluding trust accounts
- Council's debt at 31 December 2020 is \$564 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 1 and adopted by Council at the September 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.

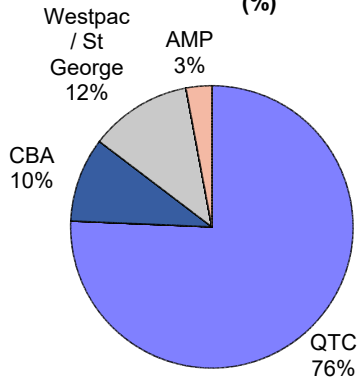
The below table contains Sunshine Coast Council's adopted debt balance for 2020/21

## Debt - 2020/21

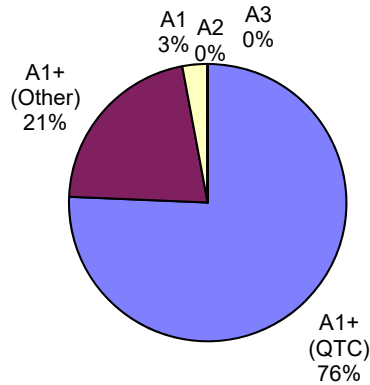
|  | Opening Balance | Debt Redemptions | New Borrowings | Closing Balance |
|--|-----------------|------------------|----------------|-----------------|
|  | \$000           | \$000            | \$000          | \$000           |
| Sunshine Coast Council Core                    | 190,864         | 12,292           | 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 - December 2020

| Liquidity as at:         |                | 31/12/2020    |  | Term deposits maturing: |               | Count    |
|--------------------------|----------------|---------------|--|-------------------------|---------------|----------|
|                          |                | '\$000        |  | '\$000                  |               |          |
| <b>At-call accounts</b>  |                |               |  |                         |               |          |
| QTC + CBA (excl. trust)  | 134,692        | 79.00%        |  | within 30 days          | 20,000        | 2        |
| Maturities within 7 days | -              | 0.00%         |  | 30-59 days              | 5,000         | 1        |
| <b>Total at-call</b>     | <b>134,692</b> | <b>79.00%</b> |  | 60-89 days              | -             | -        |
| Investment Policy Target |                | 10.00%        |  | 90-179 days             | -             | -        |
|                          |                |               |  | 180-364 days            | -             | -        |
|                          |                |               |  | 1 year - 3 years        | -             | -        |
|                          |                |               |  | <b>Total</b>            | <b>25,000</b> | <b>3</b> |

| INVESTMENT SUMMARY (including Trust) as at: |                |     |                |       |                | Investment Policy |              |
|---|----------------|-----|----------------|-------|----------------|-------------------|--------------|
| \$'000                                      | 31/12/2020     |     | 30/09/2020     |       | 31/12/2019     | Individual Limit  | Group Limits |
| A1+ (QTC)                                   | 129,008        | 76% | 147,438        | 58.4% | 121,346        | 72.8%             | 100%         |
| A1+ (Other)                                 | 36,492         | 21% | 99,979         | 39.6% | 45,238         | 27.2%             | 100%         |
| A1  | 5,000          | 3%  | 5,000          | 2.0%  | -              | 0.0%              | 50%          |
| A2  | -              | 0%  | -              | 0.0%  | -              | 0.0%              | 45%          |
| A3  | -              | 0%  | -              | 0.0%  | -              | 0.0%              | 10%          |
| <b>Total Funds</b>                          | <b>170,501</b> |     | <b>252,418</b> |       | <b>166,584</b> |                   |              |
| <b>FUND SUMMARY</b>                         |                |     |                |       |                |                   |              |
| General Funds                               | 159,692        |     | 244,376        |       | 158,797        |                   |              |
| Trust Funds                                 | 10,809         |     | 8,042          |       | 7,787          |                   |              |
| <b>Total Funds</b>                          | <b>170,501</b> |     | <b>252,418</b> |       | <b>166,584</b> |                   |              |

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 December 2020 Council had \$159.7 million cash (excluding Trust Fund) with an average interest rate of 0.71%, being 0.68% above benchmark. This is compared to the same period last year with \$159 million cash (excluding Trust Fund) with an average interest rate of 2.06%, being 1.2% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).



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## Related Report / Additional Information Request

|                               |   |                              |  |
|-------------------------------|---|------------------------------|--|
| <b>Meeting:</b>               | <b>Ordinary Meeting</b>                 | <b>Date:</b>                 | <b>28 January 2020</b>                             |
| <b>Requesting Councillor:</b> | <b>Councillor W Johnston</b>            |                              |  |
| <b>Item:</b>                  | <b>8.3 Financial Performance Report</b> |                              |  |
| <b>Circulation</b>            | <b>25 January 2020</b>                  |                              |  |
| <b>Officer (title):</b>       | <b>Acting Chief Financial Officer</b>   | <b>Approving GE (title):</b> | <b>Acting Group Executive Business Performance</b> |

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In response to a question raised by Councillor W Johnston, please note the following additional information for your consideration.

**Question:**

Please provide Cr Johnston with advice as to whether the last lot of COVID Grant Projects have been approved by the Federal Government.

**Response:**

Council has been allocated \$11,069,177 under Phase 2 of the Commonwealth Government’s Local Roads and Community Infrastructure Program Extension. Earlier this month, in line with the terms of the Program Funding Agreement and Guidelines, Council submitted a Works Schedule to the Department of Infrastructure, Transport, Regional Development and Communications identifying a number of projects which officers consider are eligible for funding under the allocation received for this program. It is anticipated the Department will advise Council in the near future whether the Works Schedule has been approved, following which approved projects can be announced and commenced.

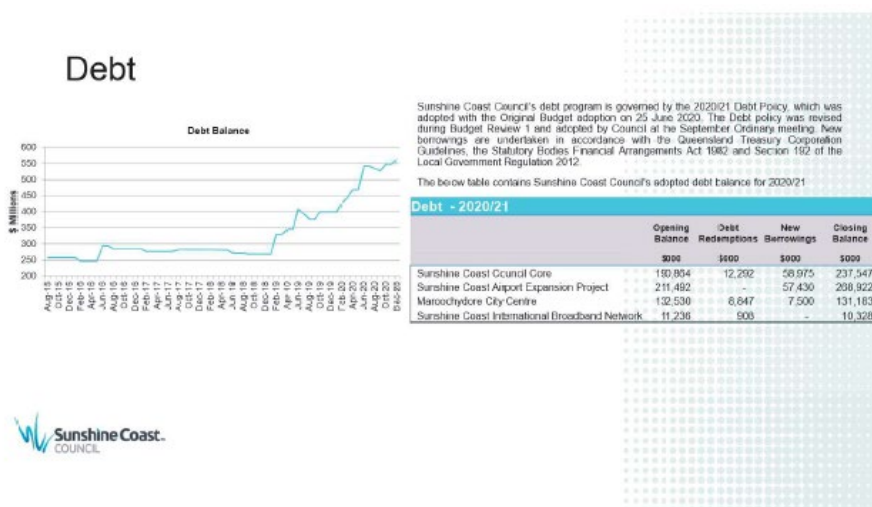
## Related Report / Additional Information Request

|                               |   |                              |  |
|-------------------------------|---|------------------------------|--|
| <b>Meeting:</b>               | <b>Ordinary Meeting</b>                 | <b>Date:</b>                 | <b>28 January 2020</b>                             |
| <b>Requesting Councillor:</b> | <b>Councillor J Natoli</b>              |                              |  |
| <b>Item:</b>                  | <b>8.3 Financial Performance Report</b> |                              |  |
| <b>Circulation</b>            | <b>27 January 2020</b>                  |                              |  |
| <b>Officer (title):</b>       | <b>Acting Chief Financial Officer</b>   | <b>Approving GE (title):</b> | <b>Acting Group Executive Business Performance</b> |

In response to a question raised by Councillor J Natoli, please note the following additional information for your consideration.

### Question:

- The chart shows a rapid increase in debt. Is a debt approaching 0.6 billion sustainable even given record low-interest rates?
- How well has the council planned for servicing debt once interest rates start increasing as they will?
- What does SCRC Core include? Even if you know, it would be nice to have it itemised at the meeting.
- Why the additional borrowings in relation to the airport? Why have additional borrowings been required?
- When does the airport debt reduce (ie once the Palisade payment occurs)? Has COVID had any impact on the repayment quantum or timeframe?
- Why are debt redemptions for the Broadband Network so low?





**Response:**

**Q1: The chart shows a rapid increase in debt. Is a debt approaching 0.6 billion sustainable even given record low-interest rates?**

A: Council's adopted budget and budget reviews include the adoption of 10 year long term financial statements. Included in the budget documentation are separate 10 year long term financial statements for Council's Region Shaping Projects. The long term financial statements include forecasts for Council's debt. Council's debt application includes the long term financial statements which are reviewed by Queensland Treasury Corporation (QTC). QTC provide a recommendation to the State Government in regards to Council's debt application and long term financial statements prior to approval of debt drawdown.

Council's total debt level peaks at June 2021.

**Q2: How well has the council planned for servicing debt once interest rates start increasing as they will?**

A: Council's debt borrowings are for a fixed term and fixed interest rate. The interest rate provided for the loan is based on the available rate at the time of the loan draw down. This provides certainty to the repayment schedule of loans and reduces the impact of fluctuating interest rates. An increase to interest rates in the future will only impact new borrowings.

**Q3: What does SCRC Core include? Even if you know, it would be nice to have it itemised at the meeting.**

A: Council's core debt contains a combination of debt funding for Council business units and other key projects. Note that Council operates a central treasury model and as such does not generally provide debt funding for specific projects or assets but rather uses debt funding to finance Council's balance sheet, with the exception being for strategic projects.

**Q4: Why the additional borrowings in relation to the airport? Why have additional borrowings been required?**

A: The airport expansion project is funded through borrowings from QTC. The drawdown of debt occurs several months after expenditure due to the debt agreement with QTC. The final draw down for the airport expansion project is likely to occur in March 2021 following completion of the project in December 2020. There are no additional loans associated with the airport expansion project outside of what was planned in the 2020/21 budget.

**Q5: When does the airport debt reduce (ie once the Palisade payment occurs)? Has COVID had any impact on the repayment quantum or timeframe?**

A: The agreement with Palisades requires payment to the value of \$290 million on the 30 June 2022. Council will also receive a \$15 million deferred lease premium, including applicable interest. The loans associated with the airport expansion project will be settled once payment has been received. There have been no discussions with Palisades in regards to altering the payment date or value.

**Q6: Why are debt redemptions for the Broadband Network so low?**

A: The Sunshine Coast International Broadband Network was funded through a combination of Council cash, State Government grant funds and debt. The total debt for the project was \$12 million, with drawdowns occurring over 2 years based on the required expenditure. The debt accounts are for a term of 12 years with a weighted average interest rate of 1.68%. The redemption payment for these loans are lower due to the lower total debt.