

8.6 SEPTEMBER 2019 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - September 2019 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 September 2019 in terms of the operating result and delivery of the capital program.

The operating result at 30 September 2019 shows a favourable variance of \$1.9 million compared to the budgeted position. The variation is mainly attributable to higher than expected revenue and lower than budgeted expense. Further detail is provided in the proposal section of this report.

Operating Performance**Table 1: Operating Result as at 30 September 2019**

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	470,347	191,987	192,603	616	0.3%
Total Operating Expenses	450,315	105,319	103,990	(1,329)	-1.3%
Operating Result	20,032	86,668	88,613	1,945	2.2%

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

As at 30 September 2019, \$75.4 million (21.1%) of Council's \$357.4 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 25.0% of budget, an actual spend of \$42.6 million.

Council's closing cash balance at 30 September 2019 of \$271.6 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "September 2019 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 30 September 2019 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 Councilor Consultation

Consultation has been undertaken with the Portfolio Councillor, Councillor T Dwyer.

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer
- Coordinator Financial Services

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

This monthly financial performance report provides Council with a summary of performance against budget as at 30 September 2019 in terms of the operating result and delivery of the capital program.

The operating result at 30 September 2019 shows a favorable variance of \$1.9 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 30 September 2019 of \$192.6 million shows a favorable variance of \$616,000.

Table 2: Substantial Revenue variances as at 30 September 2019

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Interest Received from Investments	2,210	1,537	(672)	-30.4%
Other Revenue	3,789	4,832	1,034	27.3%

Interest Received from Investments

Interest rates available for term deposits continue to decline. This has resulted in a decline in interest received.

Other Revenue

Council has received additional revenue for recoverable works within the Parks and Gardens and Environmental Operations areas. These works were predominantly generated from the Department of Transport and Main Roads and the expenditure has occurred in the previous financial year. Council has also received a quarterly payment for the State Government's container deposit scheme which has generated revenue in excess of the expected budget.

Operating Expenses

Year to date expenditure as at 30 September 2019 of \$103.9 million shows a variance under budget of \$1.3 million.

Employee Costs

The current budget profile takes into consideration employee leave trends from previous financial years. Analysis of the current leave balances for the first quarter indicate that fewer staff have taken leave in comparison to previous financial years. An adjustment to the budget profile has been actioned to acknowledge the change in employee leave balance with an expected increase to occur later in the year.

Materials and Services

Materials and services are under budget as at 30 September 2019 by \$1.4 million. \$331,000 relates to an underspend in Council's levy programs, with the remaining \$1.1m in contract services across all Groups.

Capital Expenditure

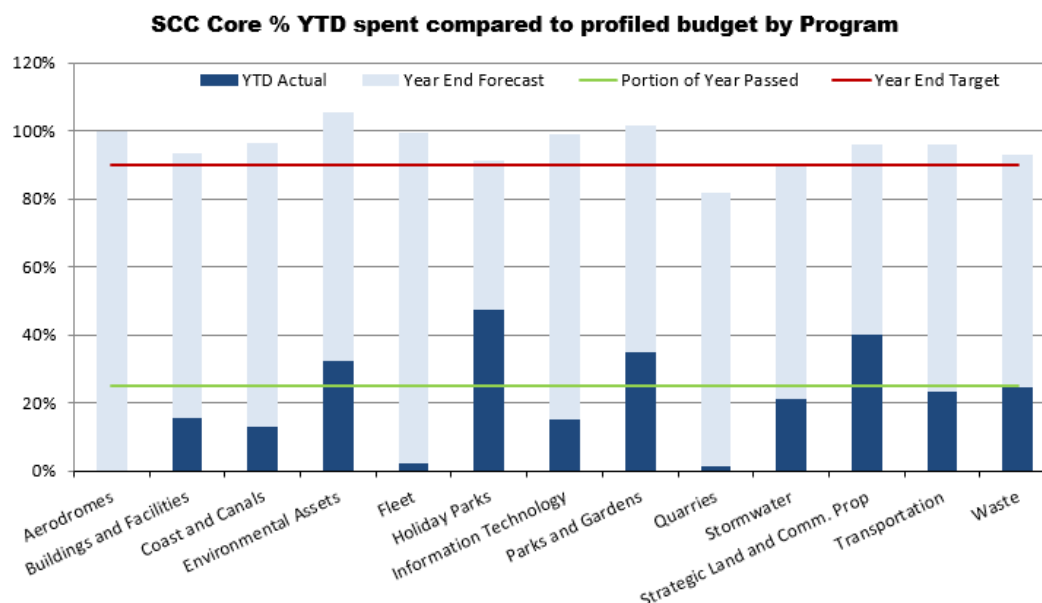
As at 30 September 2019, \$75.4 million (21.1%) of Council's \$357.4 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 25.0% of budget, an actual spend of \$42.6. The Actual YTD includes all works that have been goods receipted and accrued as at 30 September 2019.

Table 4: Capital Expenditure by Program at 30 September 2019

	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	450	0	0.0%	450	0
Buildings and Facilities	19,103	21,782	3,340	15.3%	20,051	(1,731)
Coast and Canals	2,080	2,080	267	12.8%	2,002	(78)
Environmental Assets	1,300	1,375	440	32.0%	1,433	58
Fleet	2,900	2,879	60	2.1%	2,863	(16)
Holiday Parks	4,302	4,756	2,248	47.3%	4,348	(408)
Information Technology	5,830	8,179	1,245	15.2%	8,111	(68)
Parks and Gardens	15,966	19,952	6,921	34.7%	20,100	148
Quarries	1,311	1,234	17	1.4%	1,013	(221)
Stormwater	7,014	5,628	1,199	21.3%	5,063	(565)
Strategic Land and Commercial Properties	14,563	16,785	6,762	40.3%	16,097	(689)
Transportation	69,115	65,500	15,203	23.2%	62,634	(2,866)
Waste	20,622	20,156	4,933	24.5%	18,759	(1,397)
Total SCC Core Capital Program	164,556	170,755	42,635	25.0%	162,923	(7,832)
Corporate Major Projects	14,968	13,744	763	5.6%	10,298	(3,446)
Divisional Allocations	5,336	6,613	885	13.4%	2,900	(3,713)
Maroochydore City Centre	16,579	20,657	7,123	34.5%	20,418	(239)
Submarine Cable IBN	14,390	15,774	4,986	31.6%	15,392	(382)
Sunshine Coast Airport Runway	104,836	129,884	18,977	14.6%	129,019	(865)
Total Other Capital Program	156,109	186,672	32,733	17.5%	178,027	(8,646)
TOTAL	320,666	357,428	75,368	21.1%	340,950	(16,477)

The following graph shows the Core Capital Programs progress to date and forecast.



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

- Aerodromes – Replacement of the runway lighting and heavy helicopter pads at the Caloundra Aerodrome are in the early procurement phase of delivery. Construction is scheduled to occur in the latter half of the financial year.
- Buildings and Facilities – Construction of the Beerwah Aquatic Centre has been scheduled for delivery within winter and is currently underway. The replacement of the netball club house at Victory Park is also underway and due for completion in October.
- Coast and Canals – Procurement of the Maroochy groynes replacement project is to begin shortly with construction to begin late in the financial year.
- Fleet – Council's fleet replacement program requires a significant portion of the financial year for procurement of heavy plant. This procurement works is underway and the majority of replacements are scheduled to occur in May 2020.
- Information Technology - Delays in the implementation of Council's corporate asset management and human resource systems have caused an underspend for the financial year. Both projects continue to move through the implementation phase and will be finalised later this financial year.
- Transportation – Construction continues for Council's significant road upgrade projects at Stringybark Road, Sippy Downs and Naroo Court Mooloolaba. Both projects remain on schedule and budget. Council's \$20 million road reseal program has progressed 18% completion in September.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 September 2019 Council had \$271.6 million cash (excluding Trust Fund) with an average interest rate of 2.17%, being 1.02% above benchmark. This is compared to the same period last year with \$292.9 million cash (excluding Trust Fund) with an average interest rate of 2.76%, being 0.82% 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

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

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

September 2019



FINANCIAL PERFORMANCE REPORT

September 2019

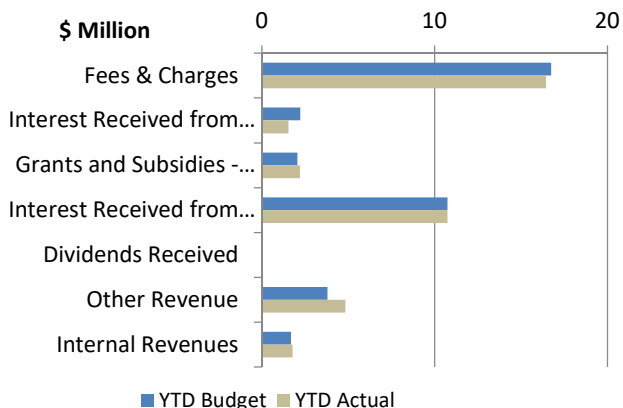
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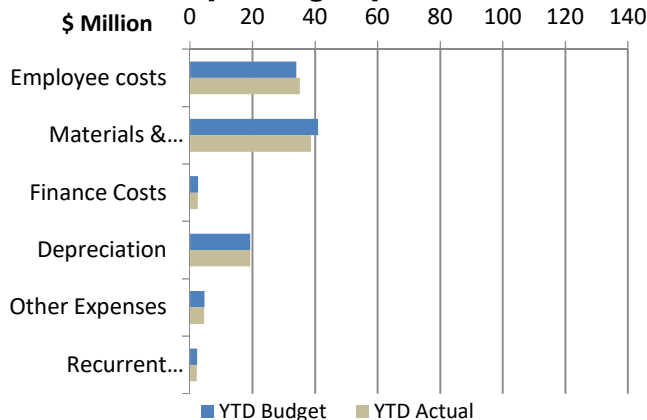
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	487,063	470,347	191,987	192,603	616	0.3%
Operating Expenses	452,200	442,442	103,045	101,820	(1,225)	-1.2%
Recurrent Capital Expenses	5,240	7,890	2,275	2,170	(104)	-4.6%
Operating Result	29,622	20,015	86,668	88,613	1,945	2.2%
Capital Revenue	104,244	115,878	11,828	12,241	413	3.5%
Non-recurrent Expenses	4,592	4,592	1,148	1,148	0	0.0%
Net Result	129,274	131,300	97,348	99,706	2,358	2.4%

Operating Revenues



Operating Expenses

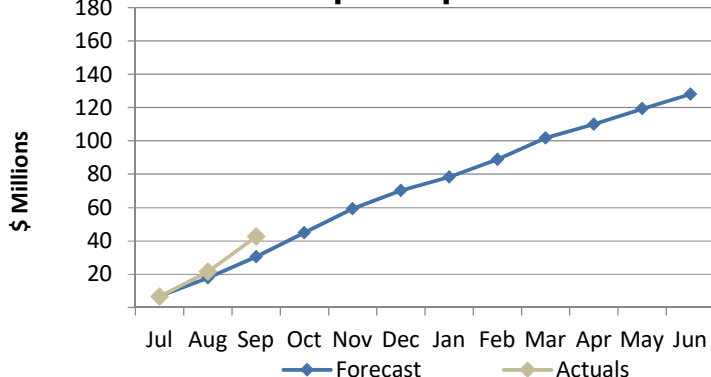


Headline - Capital

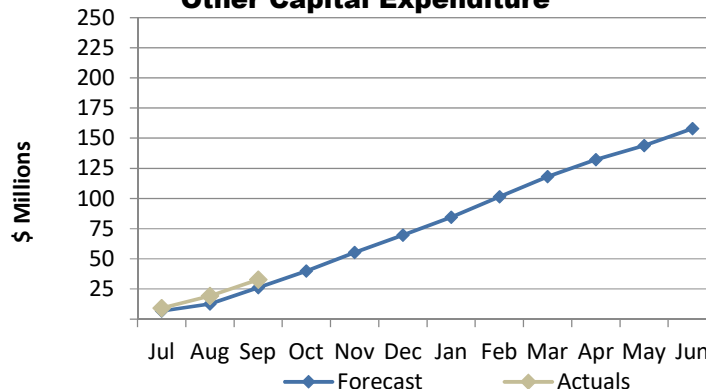
	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Capital Revenue (included in Net R	104,244	115,878	11,828	12,241	413	3.5%
Other Capital Revenue	79,076	79,076	19,322	19,341	18	0.1%
Total Capital Revenues	183,320	194,954	31,151	31,582	431	1.4%
Capital Works Expenditure	322,676	356,788	89,734	86,809	(2,925)	-3.3%
Total Capital Expenditure	322,676	356,788	89,734	86,809	(2,925)	-3.3%

Funds from General Reserve	139,355	161,834	58,583	55,227	(3,356)	-5.7%
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SCC Base Capital Expenditure



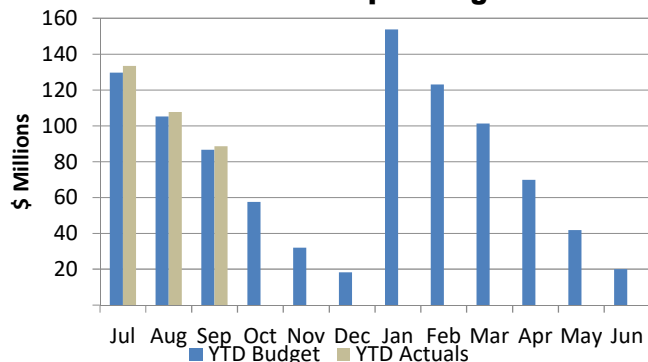
Other Capital Expenditure



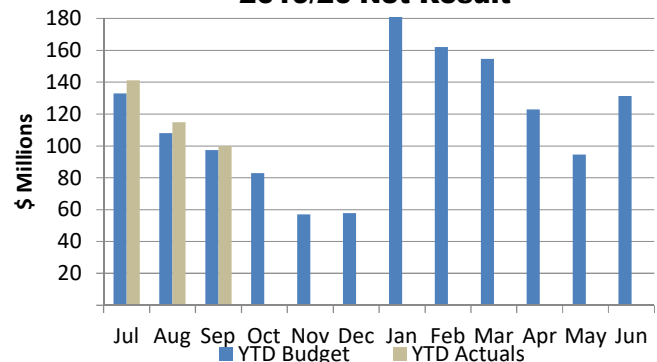
Statement of Income & Expenses

	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	312,502	154,620	154,923	302	0.2%	312,502
Fees and Charges	57,857	57,857	16,742	16,449	(292)	-1.7%	57,857
Interest Received from Investments	8,838	8,838	2,210	1,537	(672)	-30.4%	8,838
Operating Grants and Subsidies	12,329	7,796	2,046	2,197	151	7.4%	7,796
Operating Contributions	319	319	161	161	(0)	0.0%	319
Unitywater Participation	49,838	49,838	10,746	10,746	0	0.0%	49,838
Other Revenue	25,016	25,095	3,789	4,823	1,034	27.3%	25,095
Internal Sales/Recoveries	8,101	8,101	1,673	1,767	94	5.6%	8,101
Total Operating Revenue	483,788	470,347	191,987	192,603	616	0.3%	470,347
Operating Expenses							
Employee Costs	145,197	146,478	34,787	35,102	315	0.9%	146,478
Materials and Services	191,895	183,944	40,157	38,760	(1,397)	-3.5%	183,944
Finance Costs	10,025	10,025	2,563	2,518	(45)	-1.8%	10,025
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	79,076	19,322	19,323	1	0.0%	79,076
Other Expenses	21,206	21,378	4,688	4,590	(98)	-2.1%	21,378
Recurrent Capital Expenses	5,250	7,887	2,275	2,170	(104)	-4.6%	7,887
Total Operating Expenses	454,175	450,315	105,319	103,990	(1,329)	-1.3%	450,315
Operating Result	29,612	20,032	86,668	88,613	1,945	2.2%	20,032
Capital Revenue							
Capital Grants and Subsidies	12,245	23,879	1,772	1,620	(153)	-8.6%	23,879
Capital Contributions - Cash	31,599	31,599	10,056	10,622	566	5.6%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	0	0	0	0.0%	60,000
Total Capital Revenue	103,844	115,478	11,828	12,241	413	3.5%	115,478
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	0	0	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	1,148	1,148	0	0.0%	4,592
	0	0	0	0	0	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	1,148	1,148	0	0.0%	4,592
Net Result	128,864	130,917	97,348	99,706	2,358	2.4%	130,917

2019/20 Operating Result



2019/20 Net Result



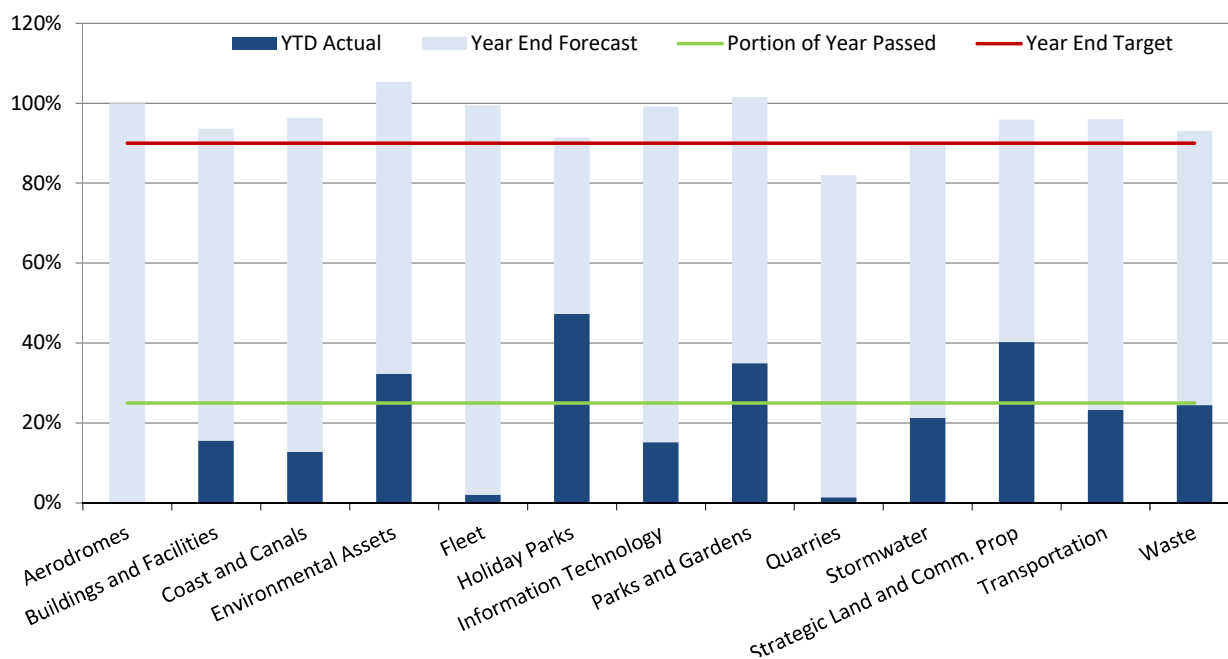
Capital Expenditure

	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	450	0	0.0%	450	0
Buildings and Facilities	19,103	21,782	3,340	15.3%	20,051	(1,731)
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TOTAL	320,666	357,428	75,368	21.1%	340,950	(16,477)

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

Recurrent Expenses	5,240	7,890	2,170	27.5%
Non-Recurrent Expenses	4,592	4,592	1,148	25.0%

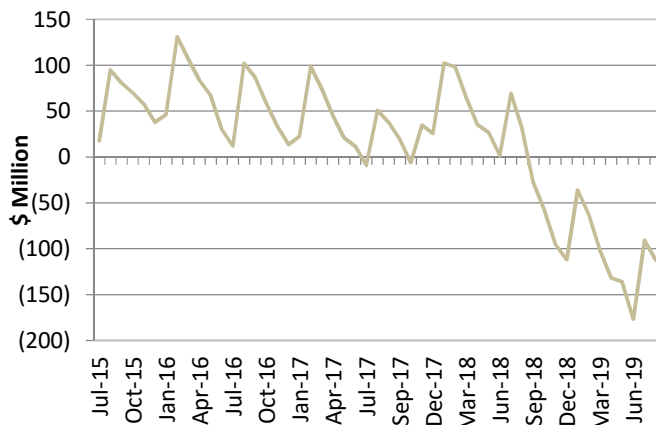
SCC Core % YTD spent compared to profiled budget by Program



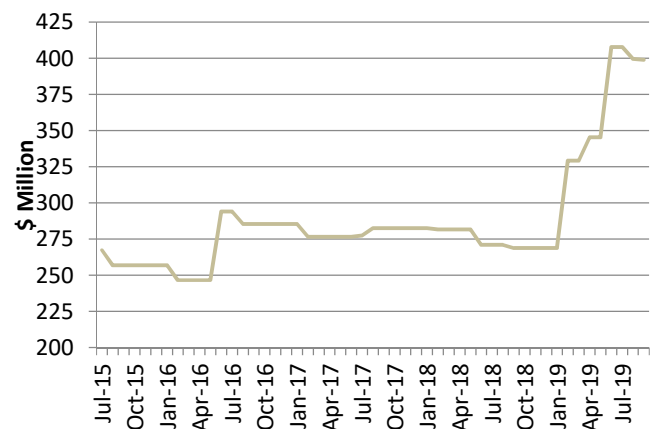
Cash and Balance Sheet

	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	201,182	263,421	263,421
Net Cash Inflow/(Outflows) from:			
Operating Activities	66,248	49,949	75,082
Investing Activities	(216,950)	(238,756)	(41,898)
Financing Activities	157,963	170,906	(16,583)
Net Increase/(decrease) in Cash Held	7,261	(17,901)	16,601
Cash at year end	208,443	245,520	280,022
BALANCE SHEET			
Current Assets	267,703	304,243	258,612
Non Current Assets	5,840,644	5,895,535	5,458,357
Total Assets	6,108,347	6,199,778	5,716,969
Current Liabilities	136,326	185,889	131,299
Non Current Liabilities	589,563	604,812	434,676
Total Liabilities	725,889	790,701	565,975
Net Community Assets/ Total Community Equity	5,382,458	5,409,077	5,150,994

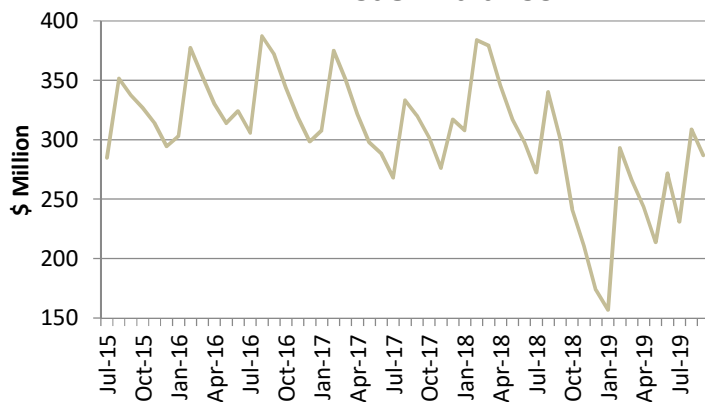
Net Cash



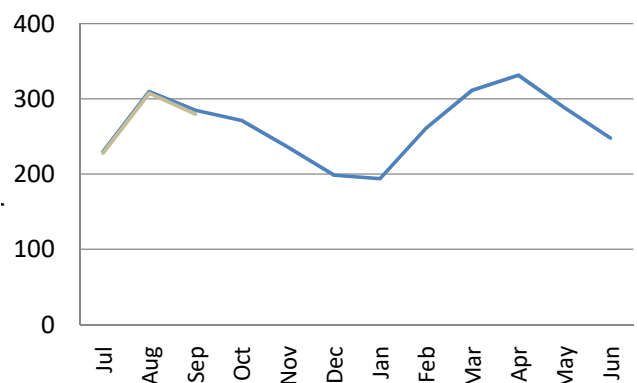
Debt Balance



Cash Balance



Forecast Cash Balance



FINANCIAL PERFORMANCE REPORT

Investment Performance

September 2019

Liquidity as at:	30/09/2019	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$111,666	39.88%
Maturities within 7 days	\$0	0.00%
Total at-call	\$111,666	39.88%
Investment Policy Target		10.00%

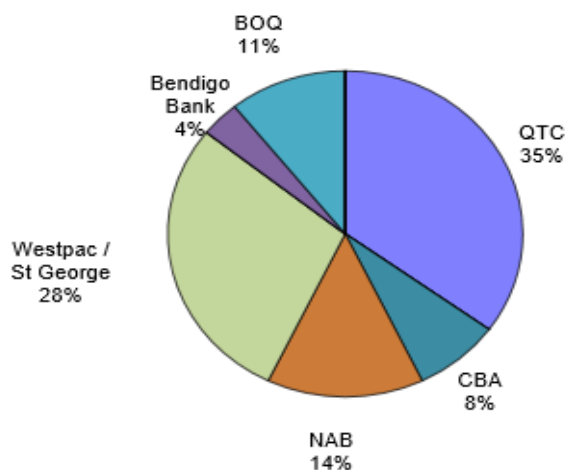
Term deposits maturing:	\$'000's	Count
within 30 days	\$40,000	4
30-59 days	\$40,000	4
60-89 days	\$40,000	4
90-179 days	\$40,000	4
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$160,000	16

	INVESTMENT SUMMARY (including Trust) as at:			Investment Policy				
	30/09/2019		30/06/2019	30/09/2018	Individual Limit	Group Limits		
A1+ (QTC)	\$97,942	35.0%	\$116,073	42.7%	\$54,582	18.1%	100%	100%
A1+ (Other)	\$142,081	50.7%	\$115,899	42.6%	\$116,174	38.6%	40%	100%
A1	\$0	0.0%	\$20,000	7.4%	\$50,000	16.6%	30%	50%
A2	\$40,000	14.3%	\$20,000	7.4%	\$80,000	26.6%	30%	45%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$280,023		\$271,972		\$300,756			
FUND SUMMARY								
General Funds	\$271,666		\$263,740		\$292,987			
Trust Funds	\$8,357		\$8,231		\$7,769			
Total Funds	\$280,023		\$271,972		\$300,756			

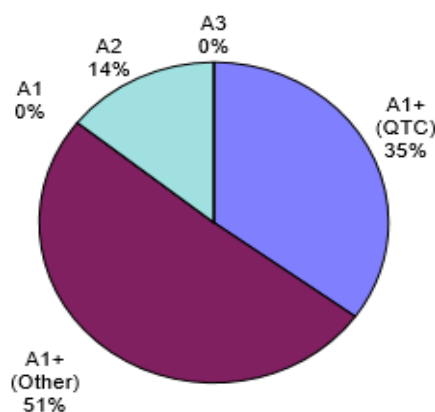
Investment Portfolio

Investment Portfolio

Investment per financial institution (%)

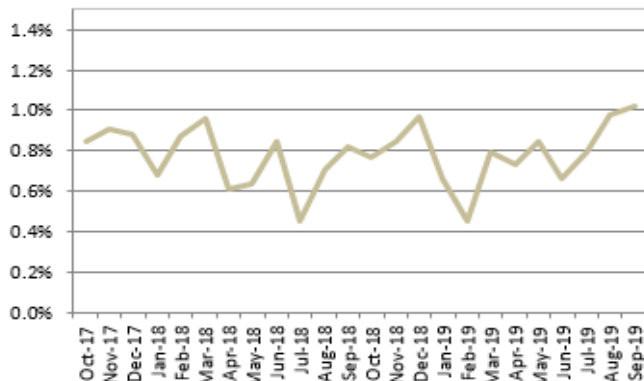


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

