

## 8.7 SEPTEMBER 2020 FINANCIAL PERFORMANCE REPORT

**File No:** Financial Reports  
**Author:** Acting Chief Financial Officer  
 Business Performance Group  
**Attachments:** Att 1 - September 2020 Financial Performance Report (*Under Separate Cover*)

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

#### Operating Performance

**Table 1: Operating Budget as at 30 September 2020**

	<b>Original Budget \$000</b>	<b>Current Budget \$000</b>
Total Operating Revenue	465,069	464,398
Total Operating Expenses	460,733	461,686
<b>Operating Result</b>	<b>4,336</b>	<b>2,712</b>

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

### OFFICER RECOMMENDATION

**That Council receive and note the report titled "September 2020 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 2020 and meets Council's legislative reporting requirements.

### CORPORATE PLAN

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

### CONSULTATION

#### Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, E Hungerford.

**Internal Consultation**

This report has been written in conjunction with advice from:

- Acting Group Executive Business Performance
- Acting 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.

**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 17 September 2020 (OM/20/102)**

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

**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.

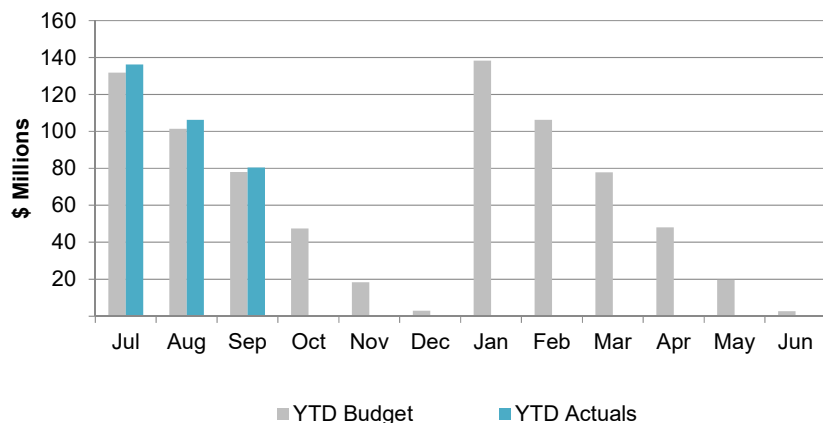
# Financial Performance Report

September 2020



# Statement of Income and Expenses September 2020

2020/21 Operating Result



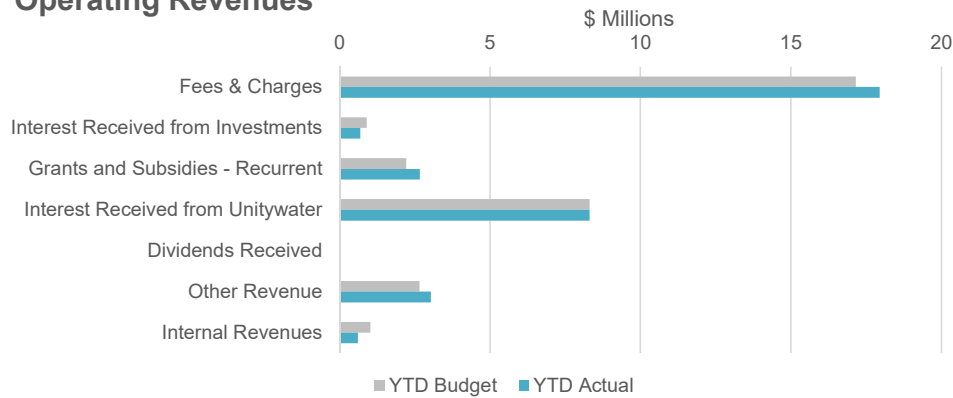
- Council has a positive operating result of \$80.4 million, which is \$2.3 million above the current budget year to date.
- Operating expenditure as at 30 September 2020 was \$108.5 million which is \$1.5 million or 1.4% less than the Current Budget amount of \$110 million.

## Statement of Income & Expenses for the Period Ending 30 September 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	155,782	155,612	(170)	(0.1%)	316,806
Fees and Charges	57,125	56,309	17,160	17,945	786	4.6%	56,309
Interest Received from Investments	3,611	3,611	903	696	(207)	(22.9%)	3,611
Operating Grants and Subsidies	12,224	12,532	2,224	2,666	442	19.9%	12,532
Operating Contributions	287	287	152	153	1	0.5%	287
Unitywater Participation	49,838	49,838	8,309	8,309	0	0.0%	49,838
Other Revenue	21,040	20,877	2,660	3,039	379	14.3%	20,877
Internal Sales/Recoveries	4,138	4,138	1,029	613	(416)	(40.5%)	4,138
<b>Total Operating Revenue</b>	<b>465,069</b>	<b>464,398</b>	<b>188,219</b>	<b>189,033</b>	<b>814</b>	<b>0.4%</b>	<b>464,397</b>
<b>Operating Expenses</b>							
Employee Costs	147,973	148,358	37,518	37,641	123	0.3%	148,357
Materials and Services	184,678	184,996	40,282	37,663	(2,618)	(6.5%)	184,997
Finance Costs	12,080	12,080	3,036	3,155	120	3.9%	12,080
Company Contributions	1,554	1,554	1,554	1,562	8	0.5%	1,554
Depreciation Expense	88,276	88,276	22,208	22,208	-	-	88,276
Other Expenses	22,255	22,505	5,010	5,204	194	3.9%	22,504
Recurrent Capital Expenses	3,917	3,917	512	1,134	622	121.5%	3,917
<b>Total Operating Expenses</b>	<b>460,733</b>	<b>461,686</b>	<b>110,119</b>	<b>108,566</b>	<b>(1,552)</b>	<b>(1.4%)</b>	<b>461,685</b>
<b>Operating Result</b>	<b>4,336</b>	<b>2,712</b>	<b>78,100</b>	<b>80,467</b>	<b>2,366</b>	<b>3.0%</b>	<b>2,712</b>
<b>Capital Revenue</b>							
Capital Grants and Subsidies	10,060	42,042	-	10,879	10,879	-	42,042
Capital Contributions - Cash	31,599	31,599	8,811	7,557	(1,254)	(14.2%)	31,599
Capital Contributions - Fixed Assets	60,000	60,000	-	-	-	-	60,000
<b>Total Capital Revenue</b>	<b>101,659</b>	<b>133,641</b>	<b>8,811</b>	<b>18,436</b>	<b>9,625</b>	<b>109.2%</b>	<b>133,641</b>
<b>Non-recurrent Expenses</b>							
Profit/Loss on disposal, revaluation & impairment	-	-	-	42	42	-	-
Movements in landfill and quarry provisions	5,583	5,583	1,396	1,396	-	-	5,583
Assets Transferred to Third Parties	-	-	-	-	-	-	-
<b>Total Non-recurrent Expenses</b>	<b>5,583</b>	<b>5,583</b>	<b>1,396</b>	<b>1,438</b>	<b>42</b>	<b>3.0%</b>	<b>5,583</b>
<b>Net Result</b>	<b>100,412</b>	<b>130,770</b>	<b>85,516</b>	<b>97,465</b>	<b>11,949</b>	<b>14.0%</b>	<b>130,770</b>

# Operating Result – 30 September 2020

## Operating Revenues



## Operating Summary - September 2020

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	465,069	464,398	188,219	189,033	814	0.4%
Operating Expenses	456,816	457,769	109,607	107,432	(2,174)	(2.0%)
Recurrent Capital Expenses	3,917	3,917	512	1,134	622	121.5%
<b>Operating Result</b>	<b>4,336</b>	<b>2,712</b>	<b>78,100</b>	<b>80,467</b>	<b>2,366</b>	<b>3.0%</b>
Capital Revenue	101,659	133,641	8,811	18,436	9,625	109.2%
Non-recurrent Expenses	5,583	5,583	1,396	1,438	42	3.0%
<b>Net Result</b>	<b>100,412</b>	<b>130,770</b>	<b>85,516</b>	<b>97,465</b>	<b>11,949</b>	<b>14.0%</b>

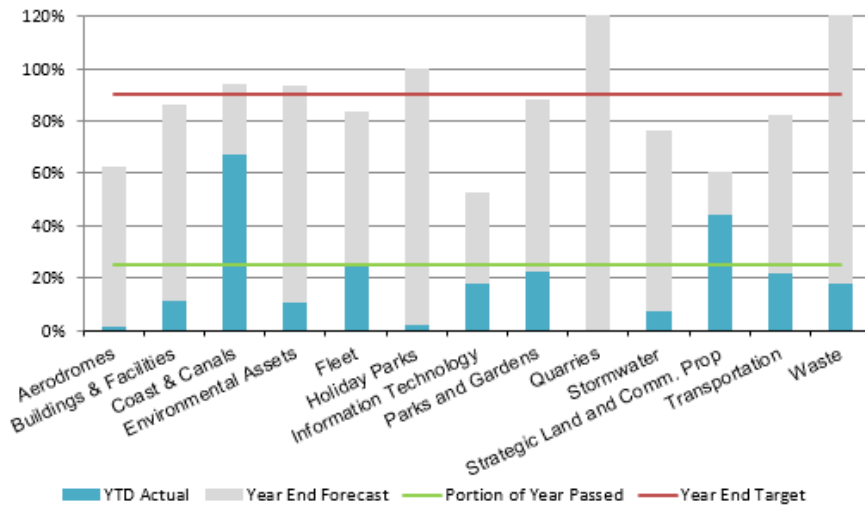
## Substantial Variances for 30 September 2020

	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	17,160	17,945	786	4.6%
Interest Received from Investments	3,611	3,611	903	696	(207)	(22.9%)
Operating Grants and Subsidies	12,224	12,532	2,224	2,666	442	19.9%
Other Revenue	21,040	20,877	2,660	3,039	379	14.3%

- As at September 2020, an \$80 million operating result had been achieved which is \$2.4 million more than current budget for the same period.
- This is largely due to:
  - Fees and Charges** – Parking infringements are below budget by \$859,000 which has been offset by Licensing and Permits which is above budget \$292,000. Ticket Sales are above budget by \$182,000 due to the Sunshine Coast Stadium hosting the Melbourne Storm home games.
  - Operating Grants and Subsidies** – The receipt of the State Government Grants for the Coastal Hazard Adaptation Strategy \$270,000 and the Blue Carbon Trial \$210,000 were the main contributors to the positive variance.
  - Other Revenue** – The positive variance in Other revenue is due to the recoupment of legal fees of \$108,000, certificate revenue from the solar farm \$161,000 and supporting sales at Sunshine Coast Stadium \$64,000.

# Capital Expenditure – September 2020

SCC Core % YTD spent compared to profiled budget by Program



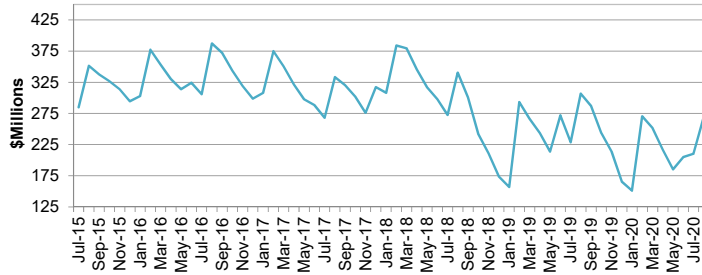
- As at September 2020 \$73 million of Council's \$272 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 20.6% of budget, an actual spend of \$40.5 million.
- Corporate Major Projects progressed 50.2% and The Sunshine Coast Airport Runway Project progressed 46.2% of their respective annual budgets.

Capital Expenditure - September 2020

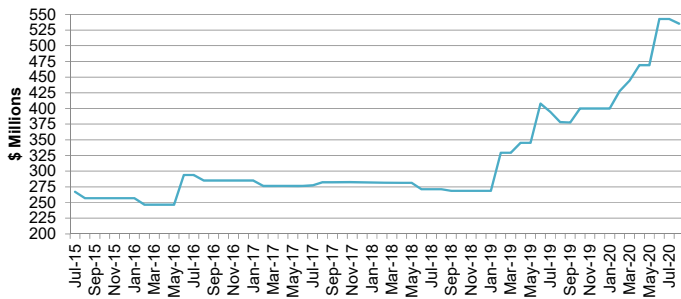
	Annual		YTD		Year End	
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Aerodromes	350	350	4	1.2%	220	(130)
Buildings and Facilities	45,717	37,385	4,139	11.1%	32,217	(5,168)
Coast and Canals	2,830	2,728	1,828	67.0%	2,560	(168)
Minor Works	4,620	5,425	193	3.6%	286	(5,139)
Environmental Assets	1,375	2,695	283	10.5%	2,516	(179)
Fleet	2,000	2,000	507	25.4%	1,667	(333)
Holiday Parks	1,255	1,212	28	2.3%	1,209	(3)
Information Technology	6,275	7,216	1,271	17.6%	3,818	(3,398)
Parks and Gardens	15,141	18,886	4,233	22.4%	16,630	(2,256)
Quarries	480	480	2	0.4%	604	124
Stormwater	6,772	6,712	486	7.2%	5,112	(1,600)
Strategic Land and Commercial Properties	9,949	16,326	7,187	44.0%	9,949	(6,377)
Transportation	65,588	81,813	17,868	21.8%	67,217	(14,596)
Waste	14,723	13,683	2,445	17.9%	17,538	3,855
<b>Total SCC Core Capital Program</b>	<b>177,075</b>	<b>196,911</b>	<b>40,475</b>	<b>20.6%</b>	<b>161,543</b>	<b>(35,368)</b>
Corporate Major Projects	16,733	16,898	8,478	50.2%	15,649	(1,249)
Maroochydhore City Centre	11,879	14,156	3,767	26.6%	11,879	(2,277)
Submarine Cable IBN	-	-	-	-	18	18
Sunshine Coast Airport Runway	36,718	44,338	20,466	46.2%	38,601	(5,737)
<b>Total Other Capital Program</b>	<b>65,330</b>	<b>75,392</b>	<b>32,711</b>	<b>43.4%</b>	<b>66,147</b>	<b>(9,245)</b>
<b>TOTAL</b>	<b>242,405</b>	<b>272,303</b>	<b>73,186</b>	<b>26.9%</b>	<b>227,690</b>	<b>(44,613)</b>

# Cash Flows and Balance Sheet

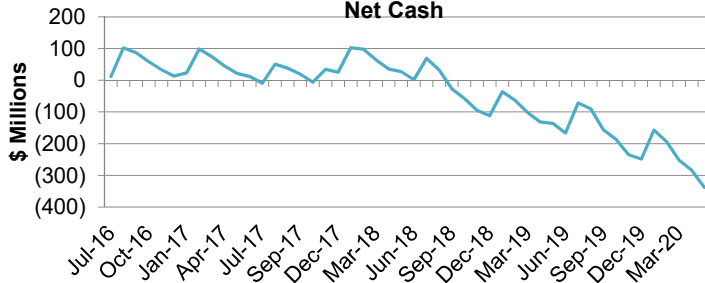
Cash Balance



Debt Balance



Net Cash



Sunshine Coast Council

Cash and Balance Sheet - September 2020

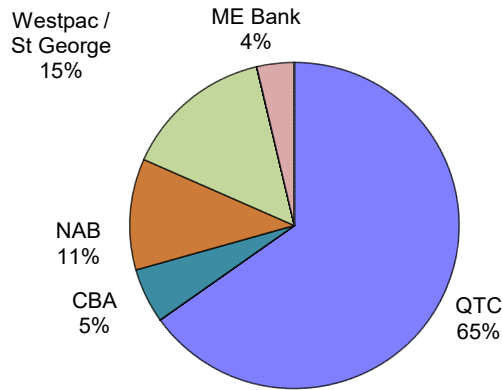
	Original Budget \$000s	Current Budget \$000s
<b>CASH FLOWS</b>		
Opening Cash	229,139	197,632
Net Cash Inflow/(Outflows) from:		
Operating Activities	48,942	42,253
Investing Activities	(149,603)	(145,196)
Financing Activities	90,433	98,104
<b>Net Increase/(decrease) in Cash Held</b>	<b>(10,229)</b>	<b>(4,839)</b>
<b>Cash at year end</b>	<b>218,910</b>	<b>192,793</b>
<b>BALANCE SHEET</b>		
Current Assets	272,962	246,571
Non Current Assets	6,173,956	6,174,143
<b>Total Assets</b>	<b>6,446,918</b>	<b>6,420,714</b>
Current Liabilities	408,307	397,781
Non Current Liabilities	410,419	422,676
<b>Total Liabilities</b>	<b>818,726</b>	<b>820,457</b>
<b>Net Community Assets/Total Community Equity</b>	<b>5,628,192</b>	<b>5,600,257</b>

- Council's cash at 30 September is \$244 million
- Council's debt at 30 September 2020 is \$527 million
- Council's 2020/21 budget forecasts debt to increase to \$655 million by 30 June 2021, predominantly due to the Sunshine Coast Airport Expansion Project. Payment to be received following the completion of the runway in June 2022 will reduce Council's debt by \$267 million.

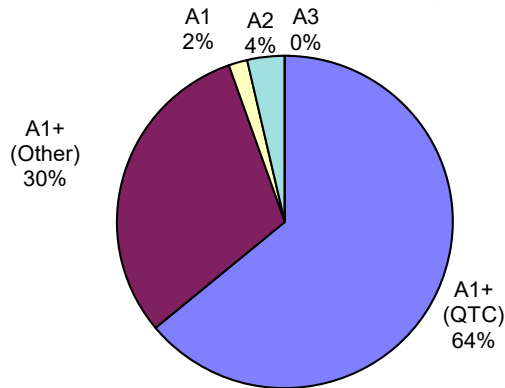


# Investment Performance

Investment per financial institution (%)



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



## Investment Performance - September 2020

Liquidity as at:		30/09/2020		Term deposits maturing:	
		\$'000		\$'000	Count
<b>At-call accounts</b>					
QTC + CBA (excl. trust)	169,376	67.10%			
Maturities within 7 days	-	0.00%			
<b>Total at-call</b>	<b>169,376</b>	<b>67.10%</b>			
Investment Policy Target			10.00%		
				10,000	1
				30,000	3
				45,000	5
				-	-
				-	-
				-	-
<b>Total</b>				<b>85,000</b>	<b>9</b>

\$'000	INVESTMENT SUMMARY (including Trust) as at:						Investment Policy	
	30/09/2020		30/06/2020		30/09/2019		Individual Limit	Group Limits
A1+ (QTC)	147,442	58%	144,493	70.5%	97,942	36.3%	100.0%	100%
A1+ (Other)	99,979	40%	10,361	5.1%	132,081	48.9%	40.0%	100%
A1	5,000	2%	10,000	4.9%	-	0.0%	30.0%	50%
A2	-	0%	40,000	19.5%	40,000	14.8%	30.0%	45%
A3	-	0%	-	0.0%	-	0.0%	5.0%	10%
<b>Total Funds</b>	<b>252,421</b>		<b>204,854</b>		<b>270,023</b>			
<b>FUND SUMMARY</b>								
General Funds	244,376		198,135		261,666			
Trust Funds	8,045		6,719		8,357			
<b>Total Funds</b>	<b>252,421</b>		<b>204,854</b>		<b>270,023</b>			

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 September 2020 Council had \$244.4 million cash (excluding Trust Fund) with an average interest rate of 0.81%, being 0.70% above benchmark. This is compared to the same period last year with \$270 million cash (excluding Trust Fund) with an average interest rate of 2.17%, being 1.02% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).