OCTOBER 2009 FINANCIALS – BRIEF NOTES

1

Net Rates & Utility Charges		**YTD Actual**	**YTD Budget**	**Unfavourable**		**Original Budget**	**$353.353 m**
		$166.541 m	$166.902 m	($0.361) m	(0.22%)	**Current Budget**	**$353.353 m**

General and pre-paid rates are under budget by $941k with waste charges also under budget by $429k, these are partially offset by increased water base and consumption revenue of $614k, trade waste charges of $208k and sewerage rates of $138k. The variance in general and pre-paid rates should reduce as the year progresses, with no change to the budget forecast required at this point in time.

2

Fees & Charges		**YTD Actual**	**YTD Budget**	**Favourable**		**Original Budget**	**$67.701 m**
		$24.908 m	$23.541 m	$1.367 m	5.81%	**Current Budget**	**$67.695 m**

Generally, fees and charges are tracking ahead of budget across Council with application fees $489k, water service connection fees $483k plumbing inspection and design fees $431, recoverable works $218, ticket sales $212k and licensing fees $206k above budget. These are partially offset by lower than anticipated material change of use application fees $787k, airline service fees for Virgin Blue $308k, preliminary approval fees $265k and refuse tip fees $230k.

3

Interest Received from Investments		**YTD Actual**	**YTD Budget**	**Unfavourable**		**Original Budget**	**$13.487 m**
		$3.790 m	$4.392 m	($0.601) m	(13.69%)	**Current Budget**	**$13.487 m**

Continued lower than anticipated interest rates on Council's investment portfolio. Investment returns will increase with a number of term deposits being placed throughout October. No budget adjustment is required at this stage of the year.

4

Grants & Subsidies - Recurrent		**YTD Actual**	**YTD Budget**	**Favourable**		**Original Budget**	**$17.129 m**
		$3.766 m	$3.288 m	$0.479 m	14.56%	**Current Budget**	**$17.076 m**

Recurrent grants & subsidies are $452k ahead of budget due to the receipt of Mooloolaba Beach Nourishment and Coastal Care Future Oil Spill Prevention monies.

5

Other Revenue		**YTD Actual**	**YTD Budget**	**Favourable**		**Original Budget**	**$8.229 m**
		$3.154 m	$2.671 m	$0.483 m	18.08%	**Current Budget**	**$8.349 m**

Other revenue is tracking ahead of budget due to higher than anticipated property lease and rental income.

OCTOBER 2009 FINANCIALS – BRIEF NOTES

6

Employee Costs		YTD Actual	YTD Budget	Unfavourable		Original Budget	$174.122 m
		$55.262 m	$53.833 m	$1.428 m	2.65%	Current Budget	$174.508 m

A higher than anticipated level of employee costs is currently being incurred within operating with the Infrastructure Services and Organisational Performance departments being $1.6m and $0.6m respectively over budget. These overruns are currently being partially offset by underruns within the Community services department of $0.6m. The overrun within the Infrastructure Services department is mainly due to a budget omission in relation to overtime and the impacts of the employee cost efficiency dividend. With the Organisational Performance department the overrun is due to the impacts of the T&C Project $251k, over expenditure in the Records Unit $187k and the impacts of the employee costs efficiency dividend $162k.

7

Capitalised Employee Costs		YTD Actual	YTD Budget	Unfavourable		Original Budget	($19.286) m
		($4.756) m	($5.934) m	$1.178 m	(19.85%)	Current Budget	($19.286) m

The variance here is largely a result of being in the implementation stages of the capital works programme ($303m) to be undertaken. The combination of employee costs being over budget and the lower than expected amounts being spent on capital works is of concern and being closely monitored. A number of processes with a particular emphasis on Infrastructure Services are currently being reviewed to ensure that all appropriate costs are being capitalised. Initial investigations indicate that YTD, an additional $1.2m of employee costs may be eligible for capitalisation.

8

Materials & Services		YTD Actual	YTD Budget	Favourable		Original Budget	$209.565 m
		$58.042 m	$68.898 m	($10.855) m	(15.76%)	Current Budget	$216.844 m

This variance has been mainly impacted by the pace of the capital works programme, with the bulk of the variance arising in Infrastructure Services Department $9.5m, partially off-set by $5.4 in under-capitalisation.

9

Capitalised Materials & Services		YTD Actual	YTD Budget	Unfavourable		Original Budget	($32.905) m
		($6.384) m	($10.968) m	$4.584 m	(41.80%)	Current Budget	($32.905) m

The variance here is driven by the pace of the capital works programme.

10

Finance Costs		YTD Actual	YTD Budget	Unfavourable		Original Budget	$7.023 m
		$3.087 m	$2.460 m	$0.627 m	25.49%	Current Budget	$7.023 m

QTC interest is over budget by $699k; however, this is a timing issue with no change required to Council's end of year forecast.

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11	**Other Expenses**	YTD Actual	YTD Budget	Favourable		Original Budget	$14.083 m
		$4.214 m	$4.590 m	($0.376) m	(8.18%)	Current Budget	$14.071 m

Contributions and donations ($184k) and leasing of motor vehicles, equipment and buildings ($245k) are slightly behind budget.

12	**Capital Grants and Subsidies**	YTD Actual	YTD Budget	Favourable		Original Budget	$24.889 m
		$5.459 m	$2.635 m	$2.824 m	107.21%	Current Budget	$27.597 m

Due to timing variances, capital grants and subsidies are ahead of budget, therefore no budget adjustment is needed.

13	**Capital Contributions**	YTD Actual	YTD Budget	Favourable		Original Budget	$23.250 m
		$8.982 m	$7.967 m	$1.015 m	12.74%	Current Budget	$23.674 m

Currently above budget; however this line item is very difficult to forecast due to strong linkages with development processes.

14	**Constructed Assets**	YTD Actual	YTD Budget	Unfavourable		Original Budget	$250.958 m
		$57.864 m	$94.894 m	($37.030) m	(39.02%)	Current Budget	$303.580 m

2008-09 carry-over works have now been profiled and after four months or 33.3% of the financial year, the spend is 19.1% of the full year budget. A number of processes with a particular emphasis on Infrastructure Services are currently being reviewed to ensure that all appropriate costs are being capitalised.

15	**Contributed Assets**	YTD Actual	YTD Budget	Favourable		Original Budget	$26.328 m
		$12.346 m	$6.582 m	$5.764 m	87.57%	Current Budget	$26.328 m

Due to end of year financial processes, the actual result is an based upon estimates from Asset Accounting.

CORPORATE SUMMARY

The overall operating position is a surplus of $4.6m. Total revenue of $202.5m is slightly ahead of budget by $1.2m; employee costs (net of capital) are tracking ahead of budget by $2.6m, but this overrun is currently being off-set by an underspend in materials and services. The capital programme has been reprofiled to accommodate 2008-09 carry-over works. The capital program has a financial spend of 19.1% against a benchmark target of 33.3%. Further analysis is currently being undertaken on the capitalisation of items such as design office costs.