

**APRIL 2015 FINANCIAL PERFORMANCE REPORT**

**File No:** Financial Reports  
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Corporate Services Department  
**Attachments:** Att 1 - April 2015 Financial Performance Report

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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**

The monthly financial performance report provides Council with a summary of performance against budget at the end of each month in terms of the operating result and delivery of the capital program.

The operating result at 30 April 2015 shows a positive variance of \$12.1 million compared to the forecast position.

A significant proportion of this positive result is due to timing of expenditure, with current forecasts suggesting Council is on track to achieve the full year budgeted operating result. Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

The operating result variation is made up of higher than expected revenue of \$2.9 million (less than 1%), and lower than expected operating expenses of \$9.2 million (3.1%). Further detail is provided in the proposal section of this report.

As at 30 April 2015, \$85.9 million (57.9%) of Council's \$148.3 million 2014/2015 Capital Works Program was financially expended.

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

**OFFICER RECOMMENDATION**

**That Council receive and note the report titled "April 2015 Financial Performance Report".**

**FINANCE AND RESOURCING**

There are no finance and resourcing implications from this report.

**CORPORATE PLAN**

**Corporate Plan Goal:** *A public sector leader*  
**Outcome:** 5.2 - A financially sustainable organisation  
**Operational Activity:** 5.2.2 - Ensure council's finances are well managed and systems are in place to analyse performance, generate revenue and reduce costs and manage contracts and contract performance

## **CONSULTATION**

### **Internal Consultation**

All departments or 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**

The operating result at 30 April 2015 shows a positive variance of \$12.1 million compared to the forecast position.

A significant proportion of this positive result is due to timing of expenditure, with current forecasts suggesting Council is on track to achieve the full year budgeted operating result. Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

This operating result variation is made up of higher than expected revenue of \$2.9 million and lower than expected operating expenses of \$9.2 million.

### **Operating Revenue**

#### **Net Rates and Utility Charges**

The favourable variance of \$954,000 is mainly due to Prepaid Rates which will be allocated to appropriate rating components at the July rate run.

#### **Fees and Charges**

The \$2.0 million favourable variance in fees and charges is due to the following items being higher than the year to date budget by the amounts shown:

- Development application revenue \$1.3 million
- Sunshine Coast Holiday Park revenue \$380,000 offset by additional Commission paid of \$65,000
- Waste fees \$192,000
- Cemetery Fees \$186,000
- Change of Ownership/Search Fees \$119,000
- Court fines and Infringements (animals) \$101,000
- Health licences \$112,000
- Sunshine Coast Stadium \$93,000.

Unfavourable fees and charges variances include:

- Airport Fees \$191,000
- Nambour Civic Centre and Lake Kawana Community Centre \$169,000
- Community Land Permits \$125,000 (mainly weddings and footpath dining).

#### **Interest from Investments**

Interest from investments has exceeded the year to date budget by \$844,000 due to higher than budgeted cash balances.

The effects of the increased cash were marginally offset by lower than budgeted interest on overdue rates.

**Other Revenue**

Other revenue has exceeded the year to date budget by \$999,000 and is mainly due to the following:

Unbudgeted items

- \$294,000 Revegetation Offsets received
- \$100,000 Payroll Tax refunds

Items higher than the year to date budget

- \$190,000 recoverable works
- \$62,000 Fleet disposals of light plant and \$40,000 diesel fuel rebates.

**Operating Expenses****Employee Costs**

As at 30 April 2015, employee costs were below budget by \$1.7 million (1.7%).

The budget allows for a Certified Agreement increase. A new Certified Agreement has not yet been finalised however a 1.5% interim pay increase has been applied from 1 July 2014 and paid from the last pay in April 2015.

The actuals as at 30 April 2015 reflect this payment.

**Materials and Services**

As at 30 April 2015, materials and services costs were below budget by \$8.3 million or 6.9%.

Most year to date variances relate to timing or reactive budgets. Year to date favourable variance amounts and details below:

- \$1.0 million reduced materials spend at Quarries offset by lower revenues (mainly internal)
- \$764,000 utilities including:
  - fuel \$331,000
  - electricity \$250,000
  - water and sewerage \$183,000
- \$709,000 timing of levy projects including
  - \$310,000 Environment
  - \$231,000 Heritage
  - \$168,000 Transport
- \$652,000 legal fees and court costs
- \$605,000 maintenance of Council properties
- \$572,000 timing of materials spend in Civil Asset Management;
- \$502,000 Waste costs
- \$369,000 Airport costs
- \$281,000 Parks – turf maintenance
- \$270,000 timing of community grants and partnerships
- \$258,000 pest management
- \$244,000 timing of operating projects related to information technology
- \$195,000 training costs
- \$156,000 insurance claim expense and
- \$131,000 timing of library resource purchases.

**Capital Revenue**

Capital revenues, at \$48.5 million, are higher than the year to date budget by \$12.8 million and have exceeded the full year budget by \$1.5 million or 3.1%. This is mainly due to the following items:

- Capital Contributions, at \$16.7 million, have exceeded the year to date budget by \$4.9 million and the full year budget by \$2.0 million
- Contributed assets, at \$26.6 million, have exceeded the year to date budget by \$6.6 million and the full year budget by 2.6 million.

### **Capital Expenditure**

As at 30 April 2015, \$85.9 million (57.9%) of Council's \$148.3 million 2014/15 Capital Works Program was financially expended.

Detail by Capital Works Program is outlined below:

<b>Program</b>	<b>Original Budget \$000</b>	<b>Current Budget \$000</b>	<b>YTD Actuals \$000</b>	<b>% of Annual Budget Spent</b>	<b>Commitments \$000</b>
Buildings and Facilities	4,997	7,505	3,670	48.9	2,757
Coasts and Canals	2,070	2,671	1,298	48.6	309
Divisional Allocations	3,335	3,202	1,504	47.0	464
Environmental Assets	926	1,254	547	43.6	326
Fleet	1,290	1,290	207	16.1	664
Parks and Gardens	9,026	14,022	10,552	75.3	1,205
Stormwater	6,202	6,743	4,256	63.1	1,281
Transportation	47,286	52,304	31,548	60.3	9,565
Information Technology	2,768	4,487	2,110	47.0	708
Strategic Land & Commercial Properties	18,751	28,109	14,989	53.3	3,165
Aerodromes	581	912	423	46.4	67
Sunshine Coast Airport	5,148	5,741	2,369	41.3	715
Holiday Parks	1,158	1,762	1,116	63.4	191
Quarries	1,950	1,634	371	22.7	52
Waste	8,403	16,628	10,932	65.7	2,512
<b>TOTAL COUNCIL</b>	<b>113,892</b>	<b>148,264</b>	<b>85,894</b>	<b>57.9</b>	<b>23,981</b>

### **Investment Performance**

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 April 2015 Council had \$265 million cash (excluding Trust Fund) with an average interest rate of 2.92%, being 0.71% above benchmark. This is compared to the same period last year with \$237 million cash (excluding Trust Fund) where the average interest rate was 3.59%, being 0.89% above benchmark.
- The benchmark used to measure performance of cash funds is the UBS Bank Bill Index 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 2014/2015 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 26 June 2014, Council adopted the 2014/2015 budget (Council Resolution SM14/24)**

*That Council:*

- (a) receive and note the report titled "Adoption of the 2014/2015 Budget and Forward Estimates for the 2015/2016 to 2023/2024 Financial Years"*
- (b) adopt the 2014/2015 Capital Works Program, endorse the indicative four-year program for the period 2015/2016 to 2018/2019, and note the five-year program for the period 2019/2020 to 2023/2024 (Appendix A) and*
- (c) adopt the 2014/2015 Budget Schedules (Appendix A) including Forward Estimates.*

#### **Ordinary Meeting 24 July 2014 - Council Resolution OM 14/100**

*That Council:*

- (a) receive and note the report titled "May 2014 Financial Performance Report" and*
- (b) amend the 2014/2015 Budget by increasing the Strategic Land Capital Program by the amount of \$450,000 to accommodate the requirements of the Council resolution OM14/82.*

#### **Ordinary Meeting 18 September 2014, Council adopted the Budget Review 1 2014/2015 – Council Resolution OM 14/131**

*That Council:*

- (a) receive and note the report titled "Budget Review 1 2014/15" and*
- (b) adopt the amended 2014/15 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

#### **Ordinary Meeting 11 December 2014, Council adopted Budget Review 2 2014/2015 Council Resolution OM 14/173**

*That Council:*

- (a) receive and note the report titled "Budget Review 2 2014/2015" and*
- (b) adopt the amended 2014/2015 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

#### **Ordinary Meeting 29 January 2015, Council Resolution (OM15/2)**

*That Council:*

- (a) receive and note the report titled "November 2014 Financial Performance Report" and*
- (b) write-off unrecoverable income of \$172,711 GST exclusive (\$189,982.14 GST inclusive) in relation to Australian Aviation Career Services (AACCS).*

#### **Ordinary Meeting 26 February 2015, Council Resolution (OM15/4)**

*That Council receive and note the report titled “December 2014 Financial Performance Report”.*

**Ordinary Meeting 26 March 2015, Council Resolution (OM15/33)**

*That council receive and note the report titled “January 2015 Financial Performance Report”.*

**Ordinary Meeting 26 March 2015, Council Resolution (OM15/34)**

*That Council:*

- (a) receive and note the report titled “**Budget Review 3 2014/2015**” and*
- (b) adopt the amended 2014/2015 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

**Related Documentation**

There is no related documentation for this report.

**Critical Dates**

There are no critical dates for this report.

**Implementation**

There are no implementation details to include in this report.