

8.2 DECEMBER 2021 FINANCIAL PERFORMANCE REPORT

File No: Council meetings
Author: Coordinator Financial Services
 Business Performance Group

Attachments: Att 1 - December 2021 Financial Performance Report
 Att 2 - 2021/22 Capital Grant Funded Project Report December 2021
 Att 3 - Presentation (*Additional Information*)

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 31 December 2021 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 31 December 2021

	Original Budget \$000	Current Budget \$000
Total Operating Revenue	498,433	498,628
Total Operating Expenses	479,602	484,168
Operating Result	18,832	14,460

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "December 2021 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 December 2021 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *Our outstanding organisation*
Outcome: We serve our community by providing this great service
Operational Activity: S28 - Financial and procurement services – financial and procurement management and governance, ensuring effective business management and legislative compliance, coordination and development of Council's budget process, administration of financial systems, sundry debtors, accounts payable, financial and

asset accounting, treasury, procurement, contract and supply functions.

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:

- Group Executive Business Performance
- 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 2021/22 Investment Policy and
Sunshine Coast Council's 2021/22 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 16 September 2021 (OM21/87)

That Council:

- (a) *receive and note the report titled "**Budget Review 1 2021/22**"*
- (b) *adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2021/22 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 24 June 2021*
 - (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 2021/22 financial year and other matters as adopted 24 June 2021 and*
- (d) *endorse the Minor Capital Works Program (Appendix B).*

Special Meeting Budget 24 June 2021 (SM21/3)

That Council adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2021/22 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 27 May 2021)*
- viii. the Revenue Policy (adopted by Council resolution on 27 May 2021)*
- 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 2021/22 Capital Works Program, endorse the indicative four-year program for the period 2023 to 2026, and note the five-year program for the period 2027 to 2031*
- xii. the rates and charges to be levied for the 2021/22 financial year and other matters as detailed below in clauses 3 to 12*
- xiii. endorse the 2021/22 Minor Capital Works Program*
- xiv. establish a \$5 million internally restricted Disaster Rehabilitation Reserve.*

Related Documentation

2021/22 Adopted Budget

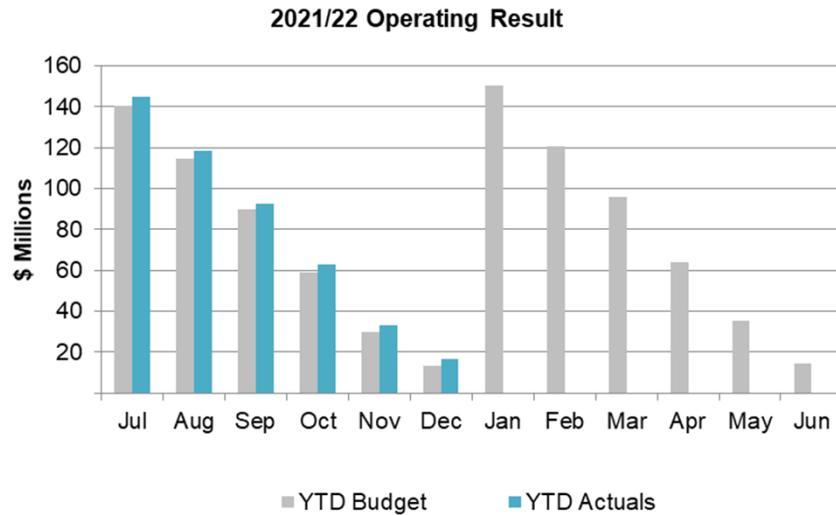
Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

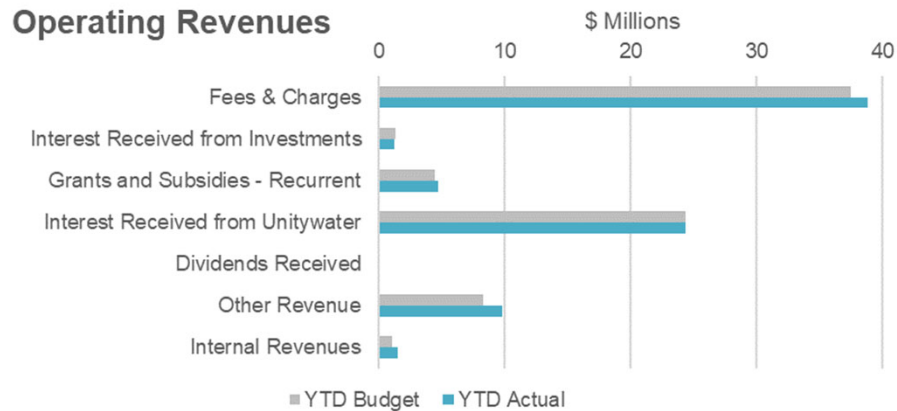
Statement of Income and Expenses



- Council has a positive operating result of \$16.6 million, which is \$3.1 million above the current budget as at 31 December 2021.

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	343,342	343,342	171,038	171,451	413	0.2%	343,342
Fees and Charges	65,577	65,587	37,500	38,839	1,339	3.6%	65,587
Interest Received from Investments	2,550	2,550	1,275	1,179	(96)	(7.5%)	2,550
Operating Grants and Subsidies	15,218	15,397	4,460	4,729	269	6.0%	15,397
Operating Contributions	302	302	274	286	13	4.7%	302
Unitywater Participation	49,838	49,838	24,327	24,327	-	-	49,838
Other Revenue	19,853	19,878	8,264	9,775	1,511	18.3%	19,878
Internal Sales/Recoveries	1,749	1,749	1,017	1,463	446	43.9%	1,749
Total Operating Revenue	498,429	498,643	248,155	252,050	3,896	1.6%	498,643
Operating Expenses							
Employee Costs	156,262	156,889	75,131	74,717	(414)	(0.6%)	156,889
Materials and Services	187,704	190,905	87,815	88,102	287	0.3%	190,905
Finance Costs	12,244	12,244	6,663	6,747	84	1.3%	12,244
Company Contributions	3,615	3,615	3,615	3,615	(0)	(0.0%)	3,615
Depreciation Expense	95,097	95,097	47,548	47,548	(0)	(0.0%)	95,097
Other Expenses	21,884	22,004	10,491	11,275	785	7.5%	22,004
Recurrent Capital Expenses	3,444	3,444	3,392	3,426	33	1.0%	3,444
Total Operating Expenses	480,250	484,199	234,656	235,429	774	0.3%	484,199
Operating Result	18,179	14,445	13,499	16,621	3,122	23.1%	14,445
Capital Revenue							
Capital Grants and Subsidies	19,368	25,804	10,543	10,543	(0)	(0.0%)	25,804
Capital Contributions - Cash	28,631	29,141	19,267	19,268	0	0.0%	29,141
Capital Contributions - Fixed Assets	55,000	55,000	-	-	-	-	55,000
Total Capital Revenue	102,999	109,945	29,811	29,811	(0)	(0.0%)	109,945
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & impairment	7,048	-	-	2,012	2,012	-	-
Movements in landfill and quarry provisions	4,964	5,583	2,792	2,792	-	-	5,583
Assets Transferred to Third Parties	-	-	-	11	11	-	-
Total Non-recurrent Expenses	12,012	5,583	2,792	4,815	2,023	72.5%	5,583
Net Result	109,166	118,807	40,518	41,617	1,099	2.7%	118,807

Operating Result – December 2021



Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	498,429	498,643	248,155	252,050	3,896	1.6%
Operating Expenses	476,806	480,755	231,263	232,004	741	0.3%
Recurrent Capital Expenses	3,444	3,444	3,392	3,426	33	1.0%
Operating Result	18,179	14,445	13,499	16,621	3,122	23.1%
Capital Revenue	102,999	109,945	29,811	29,811	(0)	(0.0%)
Non-recurrent Expenses	12,012	5,583	2,792	4,815	2,023	72.5%
Net Result	109,166	118,807	40,518	41,617	1,099	2.7%

As at 31 December 2021, \$252 million operating revenue had been achieved which is \$3.9 million more than current budget.

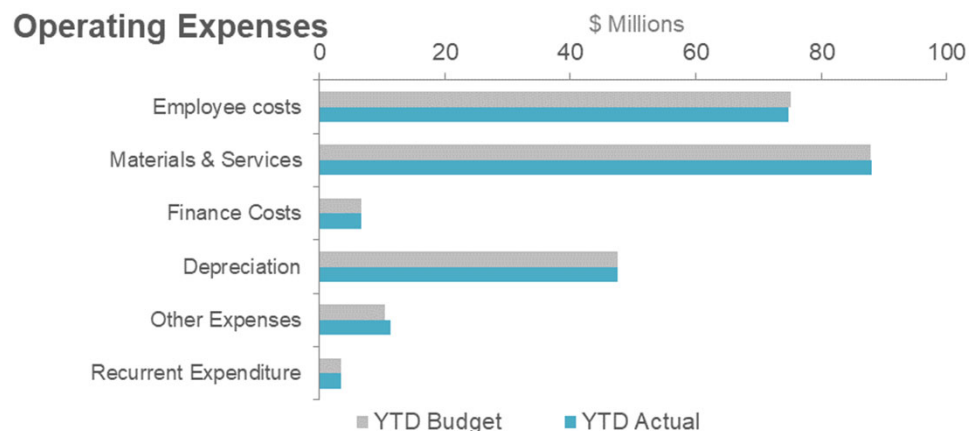
Significant revenue variances:

- **Fees and Charges** – Sunshine Coast Stadium Events revenue is above budget by \$869,000.
- **Other Revenue** – Additional revenue of \$843,000 has been received above budget for the sale of recycled metal materials at Council's resource recovery centres. An environmental offset payment of \$420,000 has also been received from the Department of Transport and Main Roads.

Substantial Revenue Variance for the Period Ending 31 December 2021

	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Revenue							
Fees and Charges	65,577	65,587	37,500	38,839	1,339	3.6%	65,587
Other Revenue	19,853	19,878	8,264	9,775	1,511	18.3%	19,878

Operating Result – December 2021 (continued)



Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	498,429	498,643	248,155	252,050	3,896	1.6%
Operating Expenses	476,806	480,755	231,263	232,004	741	0.3%
Recurrent Capital Expenses	3,444	3,444	3,392	3,426	33	1.0%
Operating Result	18,179	14,445	13,499	16,621	3,122	23.1%
Capital Revenue	102,999	109,945	29,811	29,811	(0)	(0.0%)
Non-recurrent Expenses	12,012	5,583	2,792	4,815	2,023	72.5%
Net Result	109,166	118,807	40,518	41,617	1,099	2.7%

Substantial Expenditure Variance for the Period Ending 31 December 2021

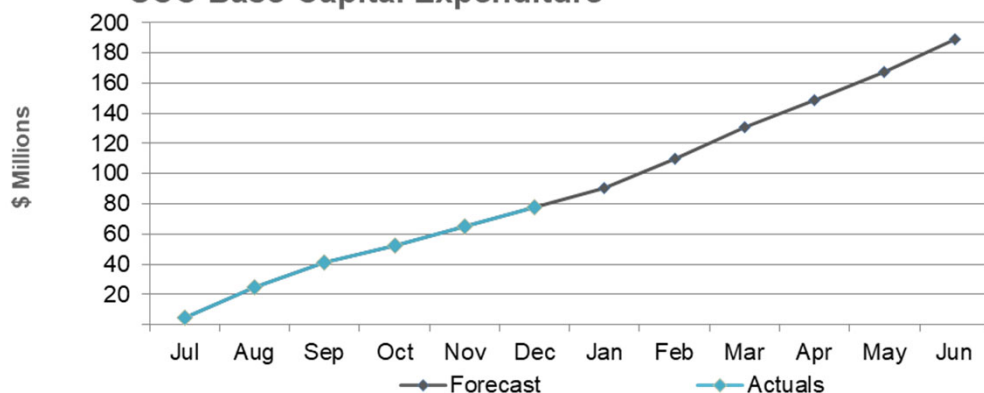
	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Materials and Services	187,704	190,905	87,815	88,102	287	0.3%	190,905
Other Expenses	21,884	22,004	10,491	11,275	785	7.5%	22,004

As at 31 December 2021, \$235.4 million of the \$234.7 million budget year to date had been expended which resulted in an overspend of \$774,000

- Employee expenses remain below budget for December with an underspend of \$414,000.
- Council's operational expenditure remains within 1% of the budget year to date

Capital Expenditure - December 2021

SCC Base Capital Expenditure

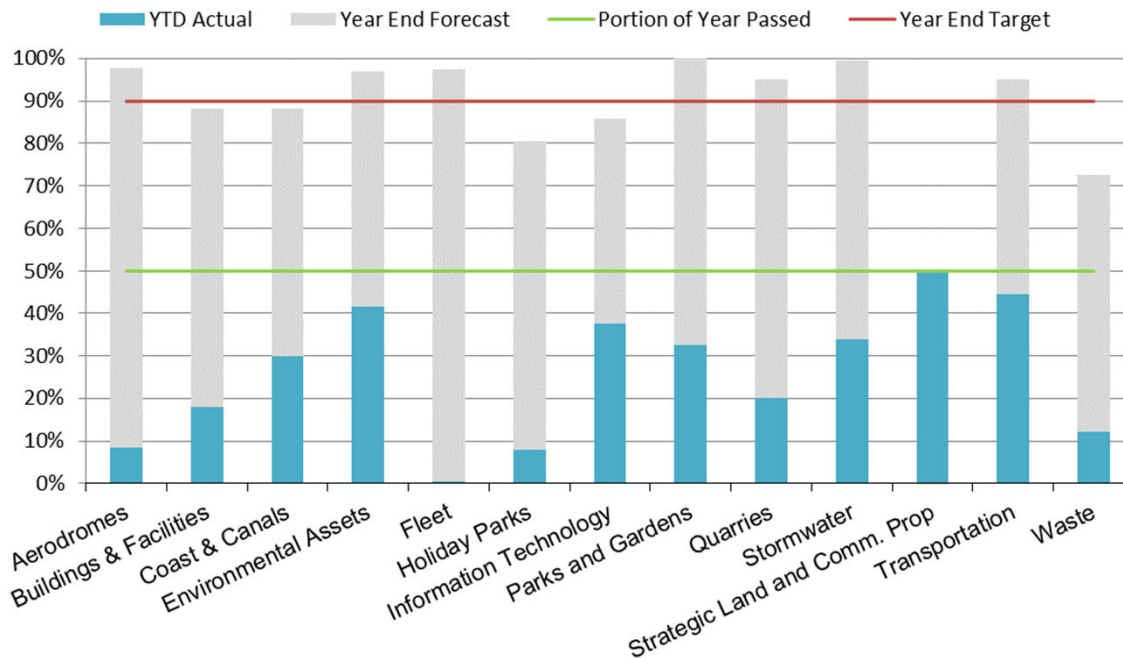


- As at 31 December 2021, \$107.2 million of Council's \$315.2 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 32% of budget, an actual spend of \$63.3 million.
- Corporate Major Projects progressed 36.7%

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
Aerodromes	200	225	19	8.5%	220	(5)
Buildings and Facilities	12,663	13,045	2,338	17.9%	11,492	(1,553)
Coast and Canals	3,125	3,545	1,061	29.9%	3,127	(418)
Environmental Assets	1,800	1,579	655	41.5%	1,531	(48)
Minor Works	4,495	4,089	1,414	34.6%	3,689	(401)
Fleet	3,250	3,250	15	0.5%	3,163	(87)
Holiday Parks	2,540	2,544	202	7.9%	2,050	(494)
Information Technology	6,620	8,522	3,201	37.6%	7,313	(1,209)
Parks and Gardens	17,697	19,611	6,342	32.3%	19,738	126
Quarries	635	657	132	20.1%	625	(32)
Stormwater	8,201	7,525	2,536	33.7%	7,485	(40)
Transportation	86,848	90,130	40,178	44.6%	85,639	(4,491)
Waste	40,641	42,952	5,211	12.1%	31,220	(11,732)
Total SCC Core Capital Program	188,714	197,674	63,304	32.0%	177,291	(20,383)
Corporate Major Projects	60,425	72,661	26,663	36.7%	65,775	(6,886)
Strategic Land and Commercial Properties	19,383	31,900	16,042	50.3%	12,695	(19,205)
Maroochydore City Centre	553	1,470	477	32.4%	477	(93)
Sunshine Coast Airport Runway	-	11,460	754	6.6%	5,262	(6,198)
Total Other Capital Program	80,361	117,492	43,936	37.4%	84,208	(33,283)
TOTAL	269,075	315,166	107,240	34.0%	261,500	(53,666)

Capital Expenditure - December 2021 (continued)

SCC Core % YTD spent compared to profiled budget by Program



Buildings and Facilities

- A contract has been awarded for the detailed design of a new library and community centre at Sippy Downs

Fleet

- Delays are being experienced in the procurement of heavy plant equipment.

Holiday Parks

- Council has entered into a \$1.4 million contract for the replacement of amenities at the Coolool Beach holiday park.

Stormwater

- Council's \$1.5 million stormwater pipe relining program has progressed 38% complete

Transportation

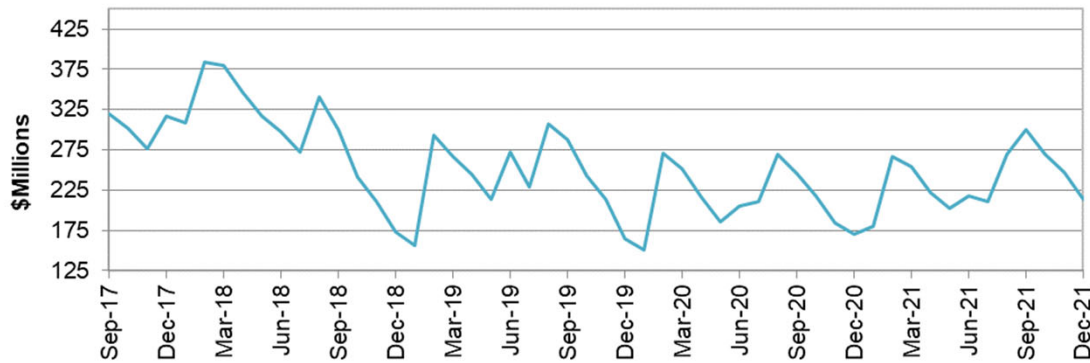
- Council's \$23.1 million road resurfacing and rehabilitation program has progressed 50% for November with a total expenditure of \$11.7 million.
- Council's \$1.9 million bus stop program has progressed 56% for November with a total expenditure of \$1.1 million.
- Construction continues for Council's major transport corridor upgrade at Brisbane Road Mooloolaba, while community consultation is underway for the Caloundra Transport Corridor Upgrade

Waste

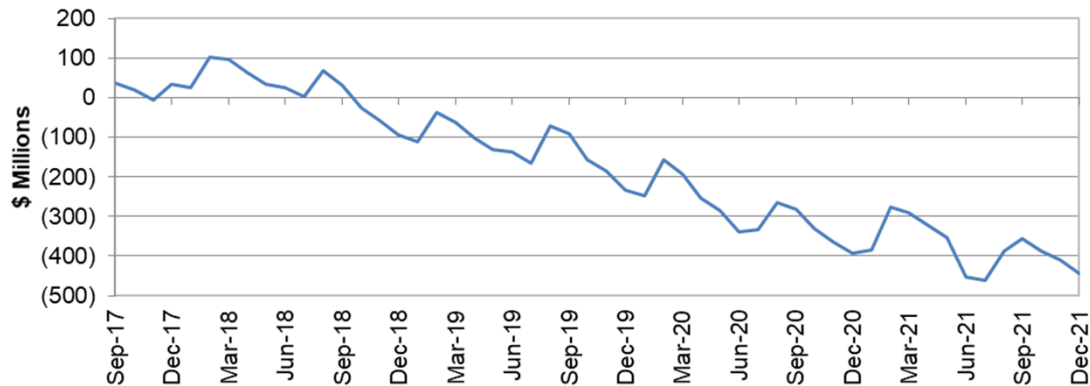
- Council has entered into \$20 million contract in October for the design and construction of a new material resource facility at the Nambour resource recovery centre.

Cash Flows and Balance Sheet

Cash Balance



Net Cash



Cash and Balance Sheet - December 2021

	Original Budget \$000s
CASH FLOWS	
Opening Cash	186,095
Net Cash Inflow/(Outflows) from:	
Operating Activities	66,159
Investing Activities	126,453
Financing Activities	(187,393)
Net Increase/(decrease) in Cash Held	5,219
Cash at year end	191,314
BALANCE SHEET	
Current Assets	246,160
Non Current Assets	6,290,967
Total Assets	6,537,127
Current Liabilities	120,894
Non Current Liabilities	537,476
Total Liabilities	658,370
Net Community Assets/Total Community Equity	5,878,757

- Council's cash at 31 December 2021 is \$214 million
- Council's debt at 31 December 2021 is \$657 million

Debt

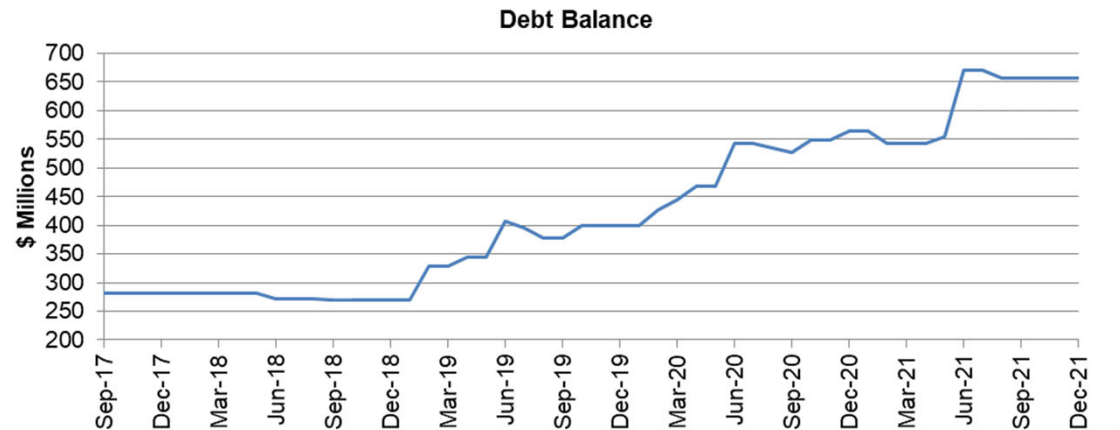
Sunshine Coast Council's debt program is governed by the 2021/22 Debt Policy, which was adopted with the Original Budget adoption on 24 June 2021 and revised at the 16 September 2021 Ordinary Meeting.

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.

Table 1 includes Sunshine Coast Council's budgeted debt balance for 2021/22 following Budget Review 1 adoption in September 2021.

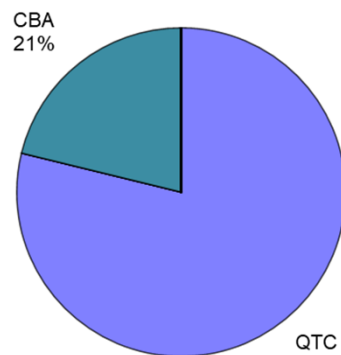
Debt - 2021/22				
	Opening Balance	Debt Redemptions	New Borrowings	Closing Balance
	\$000	\$000	\$000	\$000
Sunshine Coast Council Core	257,375	11,672	96,461	342,164
Sunshine Coast Airport Expansion Project	265,004	265,004	-	-
Maroochydore City Centre	144,034	6,701	-	137,333
Sunshine Coast International Broadband Network	10,328	922	-	9,406

Table 1: 2021/22 Adopted Debt Balance

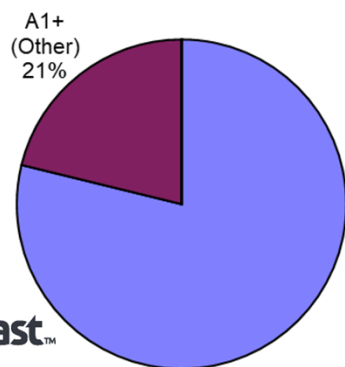


Investment Performance

Investment per financial institution (%)



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



A1+ (QTC)
79%

Investment Performance - December 2021								
Liquidity as at:			31/12/2021		Term deposits maturing:			
			(\$'000's)		(\$'000's)		Count	
At-call accounts					within 30 days	-	-	
QTC + CBA (excl. trust)			203,585	95.10%	30-59 days	-	-	
Maturities within 7 days			-	0.00%	60-89 days	-	-	
Total at-call			203,585	95.10%	90-179 days	-	-	
Investment Policy Target				10.00%	180-364 days	-	-	
					1 year - 3 years	-	-	
					Total	-	-	
INVESTMENT SUMMARY (including Trust) as at:							Investment Policy	
	31/12/2021		30/09/2021		31/12/2020		Individual Limit	Group Limits
A1+ (QTC)	168,743	79%	284,140	94.6%	129,008	75.7%	100%	100%
A1+ (Other)	45,340	21%	16,277	5.4%	36,492	21.4%	40%	100%
A1	-	0%	-	0.0%	5,000	2.9%	30%	50%
A2	-	0%	-	0.0%	-	0.0%	30%	45%
A3	-	0%	-	0.0%	-	0.0%	5%	10%
Total Funds	214,083		300,417		170,501			
FUND SUMMARY								
General Funds	203,585		288,170		159,692			
Trust Funds	10,498		12,246		10,809			
Total Funds	214,083		300,417		170,501			

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 December 2021 Council had \$203.6 million cash (excluding Trust Fund) with an average interest rate of 0.53%, being 0.48% above benchmark. This is compared to the same period last year with \$159 million cash (excluding Trust Fund) with an average interest rate of 0.71%, being 0.68% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).



2021/22 Financial Year Grant Funding

	Description	Division	Suburb	Estimated Construction Start Month	Construction Completed Month	TOTAL Grant Revenue \$'000	Project Expenditure to date \$'000
Federal Government						(\$13,590)	\$5,238
1	Roads to Recovery Program	Agreement end date 30 June 2022				(\$4,800)	
	Blackspot Funding	Agreement end date 30 June 2022				(\$1,009)	\$17
2	K2081 - BlackSpot Blackall Range Road West Woombye	Division 05	West Woombye	April 2022	June 2022	(\$157)	\$4
3	K2083 - BlackSpot Wust Road DOONAN - East of Regency Road - Stage 1	Division 09	Doonan	On Hold	On Hold	(\$149)	\$1
4	K2085 - BlackSpot Edmund St and William St Intersection Shelly Beach	Division 02	Shelly Beach	April 2022	June 2022	(\$143)	\$12
5	K2394 - BlackSpot Wust Road DOONAN - East of Regency Road - Stage 2	Division 09	Doonan	On Hold	On Hold	(\$560)	\$0
	Local Road and Community Infrastructure Grant Funding - Round 2	Agreement end date 30 June 2022				(\$7,781)	\$5,221
6	H3790 - LRCIP2 - Citrus Road Gravel Road Upgrade	Division 05	Palmwoods	August 2021	February 2022	(\$2,100)	\$1,694
7	H3799 - LRCIP2 - Zgrajewski Road Gravel Road Upgrade	Division 09	Yandina Creek	January 2022	May 2022	(\$2,200)	\$82
8	H3800 - LRCIP2 - Cupania Street East Stage 2 Kerb and Channel	Division 08	Mudjimba	May 2021	November 2021	(\$475)	\$785
9	H3941 - LRCIP2 - Crosby Hill Road Pathway	Division 07	Buderim	July 2021	December 2021	(\$709)	\$564
10	H4223 - LRCIP2 - Scholars Drive to Columbia Street - Road Link	Division 06	Sippy Downs	February 2022	April 2022	(\$450)	\$78
11	H4592 - LRCIP2 - Lees Road Western Section Gravel Road Upgrade	Division 10	Bridges	August 2021	December 2022	(\$650)	\$886
12	H9360 - LRCIP2 - Railway Street Service Road	Division 01	Landsborough	July 2021	August 2021	(\$130)	\$152
13	K1484 - LRCIP2 - Meridan Way Lighting	Division 03	Meridan Plains	November 2021	November 2021	(\$250)	\$217
14	K1492 - LRCIP2 Spray Seal - Old Gympie Road Resurfacing	Division 01	Glass House Mountains	October 2021	October 2021	(\$168)	\$88
15	K1493 - LRCIP2 Spray Seal - Bald Knob Road	Division 05	Peachester	October 2021	October 2021	(\$186)	\$90
16	K1495 - LRCIP2 Asphalt - Mountain View Road	Division 05	Maleny	October 2021	October 2021	(\$462)	\$586
State Government						(\$12,501)	\$10,698
	Queensland Transport and Roads Investment Program	Agreement end date 30 June 2022				(\$8,000)	\$5,947
17	H3747 - Mooloolaba Transport Corridor - D and C	Division 04	Mooloolaba		November 2023	(\$8,000)	\$5,947
	Unite and Recover Stimulus Package	Agreement end date 30 June 2021				(\$1,675)	\$4,612
18	B4741 - Place Making Mooloolaba Master Plan	Division 04	Mooloolaba	February 2021	August 2021	(\$1,600)	\$4,584
19	H9821 - Albany Lakes Park Sippy Downs Play Space Precinct Upgrade	Division 06	Sippy Downs	April 2021	July 2021	(\$75)	\$28
20	Bus Stop Shelter Program	Agreement end date 30 June 2022				(\$247)	
21	Passenger Transport Accessible Infrastructure Program	Agreement end date 30 June 2022				(\$679)	
22	Passenger Transport Infrastructure Investment Program	Agreement end date 30 June 2022				(\$145)	
	Transport Infrastructure Development Scheme	Agreement end date 30 June 2022				(\$210)	\$0
23	K1314 - Bli Bli State School Precinct Active TIIP	Division 09	Bli Bli	April 2022	May 2022	(\$200)	\$0
24	K2436 - TIDS Talara School Precinct - Active TIIP	Division 03	Currimundi	July 2021	July 2021	(\$10)	\$0
	South East Queensland Community Stimulus Program	Agreement end date 30 June 2024				(\$1,545)	\$140
25	H1670 - First Avenue Streetscape	Division 04	Maroochydore		November 2023	(\$100)	(\$5)
26	H0956 - SEQCSP Mooloolaba to Alex Bluff Recreation	Division 04	Alexandra Headland			(\$100)	\$0
27	H9957 - SEQCSP Buderim Village Park Buderim Stage 9	Division 07	Buderim			(\$150)	\$27
28	K1618 - SEQCSP Caloundra Indoor Sports Stadium - Roof Replacement	Division 02	Caloundra	January 2022	June 2022	(\$350)	\$19
29	K1898 - SEQCSP Parkyn Parade Pedestrian Facilities	Division 04	Mooloolaba	December 2021		(\$145)	\$25
30	K2259 - SEQCSP Albany Lakes Park Play Upgrade Stage 2	Division 06	Sippy Downs	August 2021		(\$250)	\$39
31	K2406 - SEQCSP Turner Park Beerwah Activation Stage 2	Division 01	Beerwah	February 2022	March 2022	(\$100)	\$4
32	K2449 - SEQCSP North Shore Multi-Sports Complex	Division 08	Pacific Paradise		April 2022	(\$50)	\$3
33	K2478 - SEQCSP Palmwoods Warriors Football Club	Division 05	Palmwoods	February 2022	March 2022	(\$50)	\$3
34	K2843 - SEQCSP Landsborough Streetscape - Stage 2	Division 01	Landsborough	April 2022	October 2023	(\$250)	\$24