

## 8.2 JULY 2020 FINANCIAL PERFORMANCE REPORT

<b>File No:</b>	<b>Financial Reports</b>
<b>Author:</b>	<b>Acting Chief Financial Officer Business Performance Group</b>
<b>Appendices:</b>	<b>App A - Capital Minor Works Program (<i>Under Separate Cover</i>)</b>
<b>Attachments:</b>	<b>Att 1 - July 2020 Financial Performance Report (<i>Under Separate Cover</i>) Att 2 - Additional Information (<i>Additional Information</i>)</b>

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

#### Operating Performance

**Table 1: Operating Budget as at 31 July 2020**

	<b>Original Budget \$000</b>
Total Operating Revenue	465,069
Total Operating Expenses	460,733
<b>Operating Result</b>	<b>4,336</b>

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

### OFFICER RECOMMENDATION

**That Council**

- (a) **receive and note the report titled "July 2020 Financial Performance Report" and**
- (b) **endorse the Minor Capital Works Program (Appendix A).**

### FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 July 2020 and meets Council's legislative reporting requirements.

### CORPORATE PLAN

<b>Corporate Plan Goal:</b>	<b><i>An outstanding organisation</i></b>
<b>Outcome:</b>	5.7 - A financially sustainable organisation
<b>Operational Activity:</b>	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

### **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**

#### **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:*

- the statement of income and expenditure*
- the statement of financial position*
- the statements of changes in equity*
- the statement of cash flow*
- the relevant measures of financial sustainability*
- the long term financial forecast*
- the Debt Policy (adopted by Council resolution on 11 June 2020)*
- the Revenue Policy (adopted by Council resolution on 11 June 2020)*
- 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.

## APPENDIX A

This appendix outlines allocations within Council's 2020/21 Minor Works Program for Council's consideration.

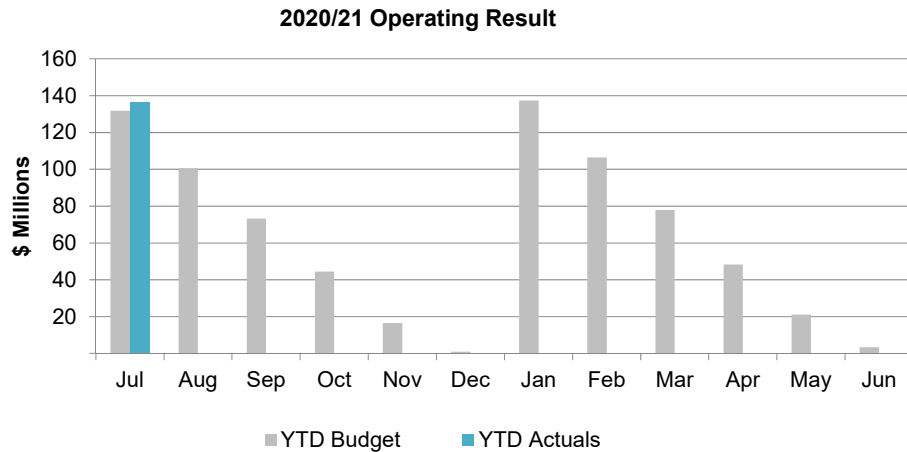
Project Number	Project Name	Suburb	Budget Allocation
TBA	<i>Meridan College, "Stop, Drop, and GO" area modifications, Parklands Boulevard</i>	<i>Meridan Plains</i>	<i>\$10,000</i>
TBA	<i>Kawana Forest Park - Installation Park Seat, including slab</i>	<i>Meridan Plains</i>	<i>\$6,500</i>
H8672	<i>Maroochydore Swans - Change Rooms and Amenities Contribution</i>	<i>Maroochydore</i>	<i>\$43,000</i>
H8920	<i>Fairview House Contribution to Works</i>	<i>North Maleny</i>	<i>\$30,000</i>
B3326	<i>Montville Streetscape Contribution to Works</i>	<i>Montville</i>	<i>\$66,000</i>
H9610	<i>Mount Gul-Um Park - Interpretive Signage</i>	<i>Mount Coolum</i>	<i>\$6,500</i>
TBA	<i>Beach Access 124, Mudjimba - Beach Shower Design</i>	<i>Mudjimba</i>	<i>\$20,000</i>

# Financial Performance Report

July 2020



# Statement of Income and Expenses July 2020



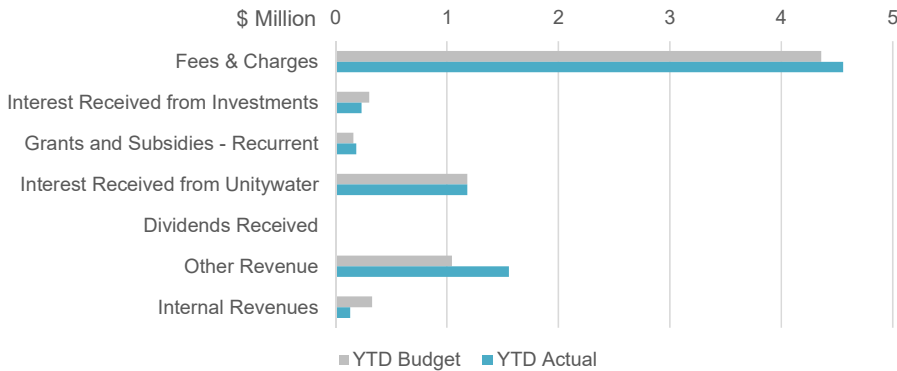
- Council has a positive operating result of \$136.3 million, which is \$4.5 million above the current budget year to date.

Statement of Income & Expenses for the Period Ending 31 July 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	159,294	159,469	175	0.1%	316,806
Fees and Charges	57,125	57,125	4,358	4,555	198	4.5%	57,125
Interest Received from Investment	3,611	3,611	301	234	(67)	(22.4%)	3,611
Operating Grants and Subsidies	12,224	12,224	159	186	27	17.0%	12,224
Operating Contributions	287	287	24	153	129	541.1%	287
Unitywater Participation	49,838	49,838	1,181	1,181	-	-	49,838
Other Revenue	21,040	21,040	1,044	1,556	512	49.0%	21,040
Internal Sales/Recoveries	4,138	4,138	329	132	(197)	(59.9%)	4,058
<b>Total Operating Revenue</b>	<b>465,069</b>	<b>465,069</b>	<b>166,690</b>	<b>167,466</b>	<b>776</b>	<b>0.5%</b>	<b>464,989</b>
<b>Operating Expenses</b>							
Employee Costs	147,973	147,973	10,306	10,161	(145)	(1.4%)	147,941
Materials and Services	184,678	184,678	13,024	9,690	(3,335)	(25.6%)	184,586
Finance Costs	12,080	12,080	987	995	8	0.8%	12,080
Company Contributions	1,554	1,554	1,554	1,562	8	0.5%	1,554
Depreciation Expense	88,276	88,276	7,435	7,435	-	-	89,261
Other Expenses	22,255	22,255	1,569	1,259	(311)	(19.8%)	22,330
Recurrent Capital Expenses	3,917	3,917	-	46	46	-	3,917
<b>Total Operating Expenses</b>	<b>460,733</b>	<b>460,733</b>	<b>34,876</b>	<b>31,147</b>	<b>(3,729)</b>	<b>(10.7%)</b>	<b>461,669</b>
<b>Operating Result</b>	<b>4,336</b>	<b>4,336</b>	<b>131,815</b>	<b>136,320</b>	<b>4,505</b>	<b>3.4%</b>	<b>3,320</b>
<b>Capital Revenue</b>							
Capital Grants and Subsidies	10,060	10,060	-	2,675	2,675	-	10,061
Capital Contributions - Cash	31,599	31,599	-	2,489	2,489	-	-
Capital Contributions - Fixed Assets	60,000	60,000	-	-	-	-	-
<b>Total Capital Revenue</b>	<b>101,659</b>	<b>101,659</b>	<b>-</b>	<b>5,164</b>	<b>5,164</b>	<b>-</b>	<b>10,061</b>
<b>Non-recurrent Expenses</b>							
Profit/Loss on disposal, revaluation & impairment	-	-	-	-	-	-	-
Movements in landfill and quarry provisions	5,583	5,583	465	465	-	-	5,583
Assets Transferred to Third Parties	-	-	-	-	-	-	-
<b>Total Non-recurrent Expenses</b>	<b>5,583</b>	<b>5,583</b>	<b>465</b>	<b>465</b>	<b>-</b>	<b>-</b>	<b>5,583</b>
<b>Net Result</b>	<b>100,412</b>	<b>100,412</b>	<b>131,350</b>	<b>141,019</b>	<b>9,669</b>	<b>7.4%</b>	<b>7,797</b>



# Operating Result - 31 July 2020

## Operating Revenues



## Substantial Revenue Variances for the Period Ending 31 July 2020

\$'000	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
<b>Operating Revenue</b>						
Net Rates and Utility Charges	316,806	316,806	159,294	159,469	175	0.1%
Fees and Charges	57,125	57,125	4,358	4,555	198	4.5%
Other Revenue	21,040	21,040	1,044	1,556	512	49.0%

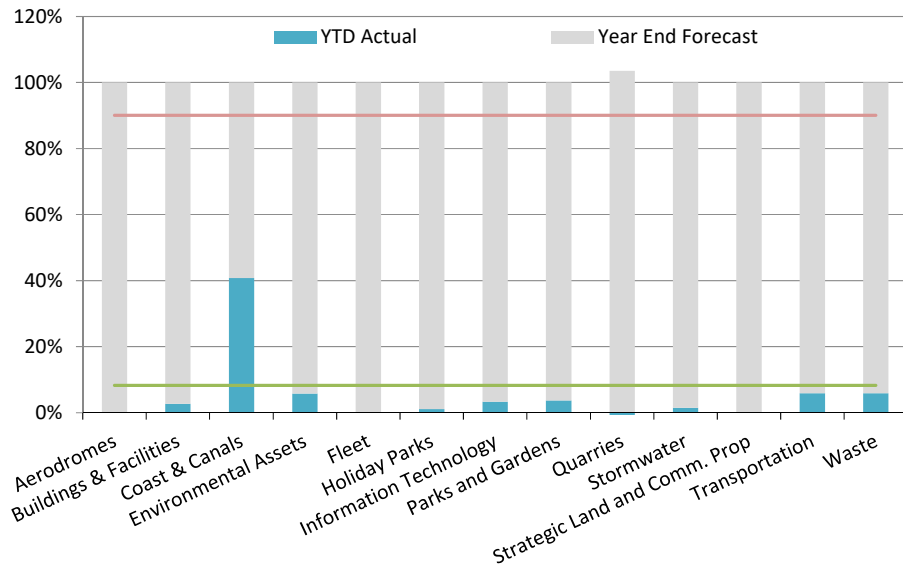
## Operating Summary - July 2020

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	465,069	465,069	166,723	167,466	744	0.4%
Operating Expenses	456,816	456,816	34,876	31,101	(3,775)	(10.8%)
Recurrent Capital Expenses	3,917	3,917	-	46	46	-
<b>Operating Result</b>	<b>4,336</b>	<b>4,336</b>	<b>131,847</b>	<b>136,320</b>	<b>4,473</b>	<b>3.4%</b>
Capital Revenue	101,659	101,659	-	5,164	5,164	-
Non-recurrent Expenses	5,583	5,583	465	465	-	-
<b>Net Result</b>	<b>100,412</b>	<b>100,412</b>	<b>131,382</b>	<b>141,019</b>	<b>9,637</b>	<b>7.3%</b>

- As at July 2020, \$167.5m in operating revenue had been achieved which is \$744,000 higher than current budget for the same period.
- This is largely due to:
  - Net Rates and Utility Charges** – The rate run was processed in July 2020 which led \$159.5m in Rates and Utility Charges being achieved which is \$175,000 higher than the Budgeted amount of \$159.3m.
  - Fees and Charges** – The relaxation of social distancing regulations has allowed Council's holiday parks to open earlier than anticipated. This has provided additional revenue over the reduced budget.
  - Other Revenue** – Other Revenue received for Council's Resource Recovery Centres is higher than budget by \$63,000. Also, Council has received additional funds for Biodiversity Offset works valued at \$412,000.
- Operating Expenditure as at July 2020 was \$31.1m which is \$3.8m or 10.8% less than the Current Budget amount of \$34.9m. This is largely due to an underspend in Materials and Services due to the time of year.

# Capital Expenditure – July 2020

SCC Core % YTD spent compared to profiled budget by Program



- As at July 2020 \$20.1m of Council's \$242.4m Capital Works Program was financially expended.
- The Core Capital Program has progressed 4.6% of budget, an actual spend of \$8.2m.
- The Sunshine Coast Airport Runway Project progressed 16.2% of the annual budget.

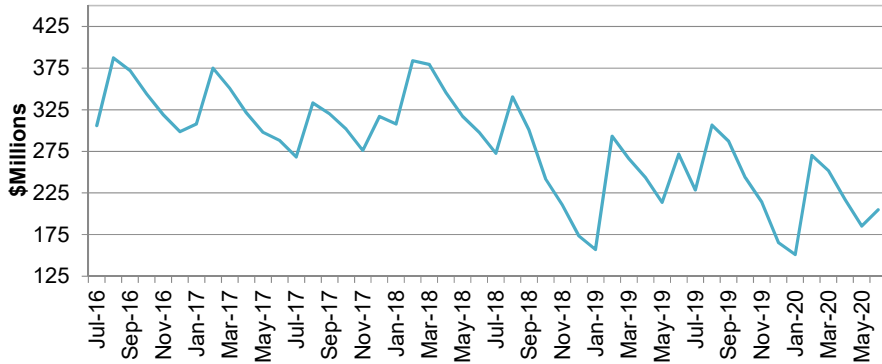
Capital Expenditure - July 2020

	Annual		YTD		Year End	
	Original Budget	Current Budget	Actuals	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
<b>\$'000</b>						
<b>Capital Works Program</b>						
Aerodromes	350	350	-	-	350	-
Buildings and Facilities	45,717	45,717	1,253	2.7%	45,717	-
Coast and Canals	2,830	2,830	1,155	40.8%	2,830	-
Minor Works	4,620	4,620	32	0.7%	4,620	-
Environmental Assets	1,375	1,375	80	5.8%	1,375	-
Fleet	2,000	2,000	-	-	2,000	-
Holiday Parks	1,255	1,255	14	1.1%	1,255	-
Information Technology	6,275	6,275	212	3.4%	6,275	-
Parks and Gardens	15,141	15,141	572	3.8%	15,141	-
Quarries	480	480	-	-	480	-
Stormwater	6,772	6,772	100	1.5%	6,772	-
Strategic Land and Commercial Properties	9,949	9,949	4	0.0%	9,949	-
Transportation	65,588	65,588	3,891	5.9%	65,588	-
Waste	14,723	14,723	866	5.9%	14,723	-
<b>Total SCC Core Capital Program</b>	<b>177,075</b>	<b>177,075</b>	<b>8,178</b>	<b>4.6%</b>	<b>177,075</b>	-
Corporate Major Projects	16,733	16,733	3,699	22.1%	16,733	-
Maroochydore City Centre	11,879	11,879	2,266	19.1%	11,879	-
Submarine Cable IBN	-	-	18	-	-	-
Sunshine Coast Airport Runway	36,718	36,718	5,943	16.2%	36,718	-
<b>Total Other Capital Program</b>	<b>65,330</b>	<b>65,330</b>	<b>11,926</b>	<b>18.3%</b>	<b>65,330</b>	-
<b>TOTAL</b>	<b>242,405</b>	<b>242,405</b>	<b>20,103</b>	<b>8.3%</b>	<b>242,405</b>	-
The above program of works includes recurrent and non-recurrent expenditure, as reporting in the operating statement						
Recurrent Expenses			46	-		
Non-Recurrent Expenses			465	-		

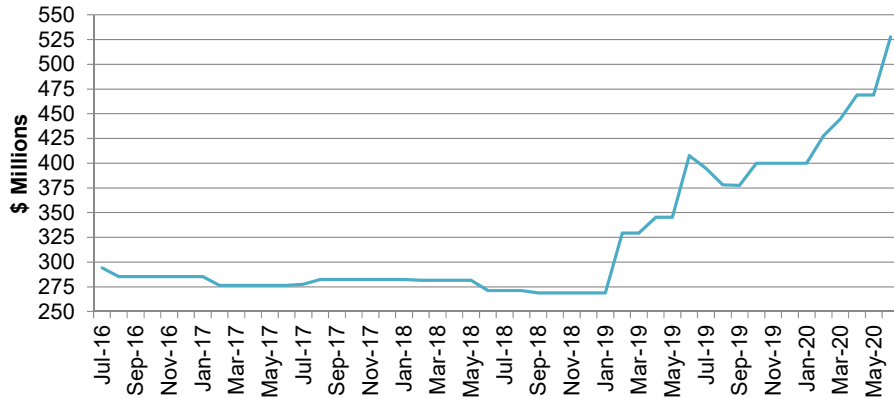


# Cash Flows and Balance Sheet

**Cash Balance**



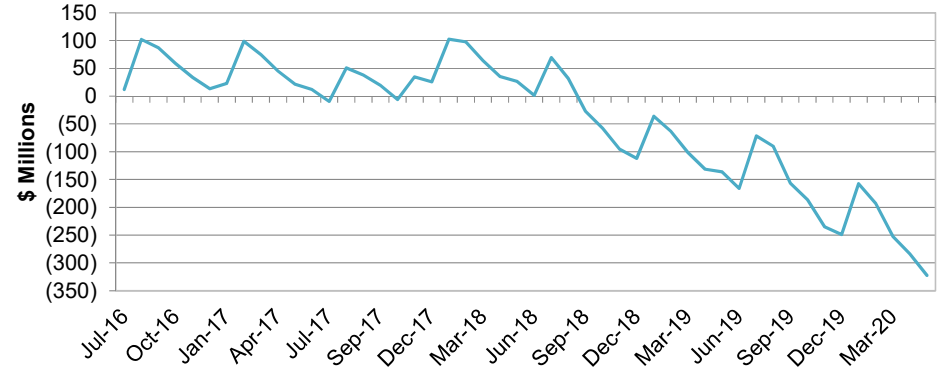
**Debt Balance**



**Cash and Balance Sheet - July 2020**

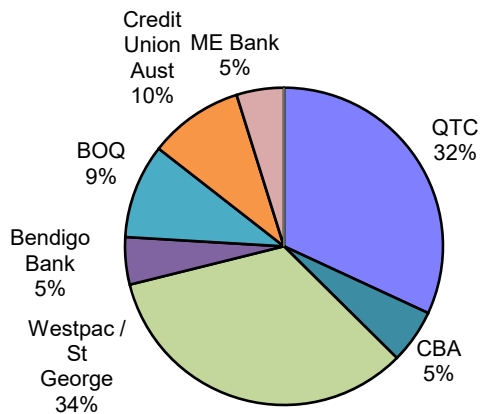
	Original Budget \$000s
<b>CASH FLOWS</b>	
<b>Opening Cash</b>	229,139
Net Cash Inflow/(Outflows) from:	
Operating Activities	48,942
Investing Activities	(149,603)
Financing Activities	90,433
<b>Net Increase/(decrease) in Cash Held</b>	<b>(10,229)</b>
<b>Cash at year end</b>	<b>218,910</b>
<b>BALANCE SHEET</b>	
Current Assets	272,962
Non Current Assets	6,173,956
<b>Total Assets</b>	<b>6,446,918</b>
Current Liabilities	408,307
Non Current Liabilities	410,419
<b>Total Liabilities</b>	<b>818,726</b>
<b>Net Community Assets/Total Community Equity</b>	<b>5,628,192</b>

**Net Cash**

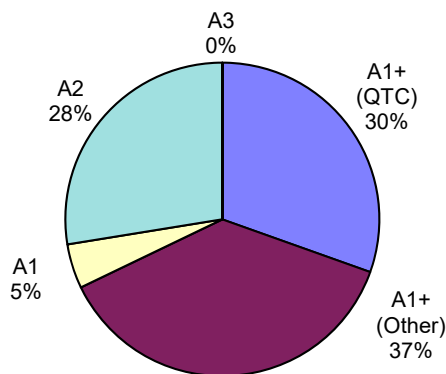


# Investment Performance

Investment per financial institution (%)



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



## Investment Performance - July 2020

Liquidity as at:	31/07/2020		Term deposits maturing:	
	\$'000		\$'000	Count
<b>At-call accounts</b>				
QTC + CBA (excl. trust)	70,251	32.26%	within 30 days	20,000
			30-59 days	40,000
			60-89 days	40,000
			90-179 days	40,000
			180-364 days	-
			1 year - 3 years	-
<b>Total at-call</b>	<b>70,251</b>	<b>32.26%</b>	<b>Total</b>	<b>140,000</b>
Investment Policy Target		10.00%		<b>15</b>

\$'000	INVESTMENT SUMMARY (including Trust) as at:			Investment Policy					
	31/07/2020	30/04/2020	31/07/2019	Individual Limit	Group Limits				
A1+ (QTC)	66,320	30%	115,128	75.8%	105,405	43.2%	100.0%	100.0%	
A1+ (Other)	81,448	37%	36,702	24.2%	88,831	36.4%	40.0%	100.0%	
A1	10,000	5%	-	0.0%	30,000	12.3%	30.0%	50.0%	
A2	60,000	28%	-	0.0%	20,000	8.2%	30.0%	45.0%	
A3	-	0%	-	0.0%	-	0.0%	5.0%	10.0%	
<b>Total Funds</b>	<b>217,768</b>		<b>151,830</b>		<b>244,237</b>				
<b>FUND SUMMARY</b>									
General Funds	210,251		144,646		235,838				
Trust Funds	7,517		7,184		8,398				
<b>Total Funds</b>	<b>217,768</b>		<b>151,830</b>		<b>244,237</b>				

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2020 Council had \$210.3m cash (excluding Trust Fund) with an average interest rate of 1.68%, being 1.11% above benchmark. This is compared to the same period last year with \$235.8m cash (excluding Trust Fund) with an average interest rate of 2.76%, being 0.79% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).

## Additional Information

Meeting:	Ordinary Meeting	Date:	20 August 2020
Councillor:	Cr Law		
Item:	8.2		

In response to discussion held at the Councillor Information Session on 13 August 2020, please note the following additional information for your consideration

### Question:

How many people get their rate notices electronically?

### Response:

Currently as at 14 August 2020, **27,337** or **18%** of rate notices are issued by email. Council issued 150,127 notices in July 2020.

The Local Government Regulations require consent to be provided before a rate notice is given electronically. Below is an extract from the Local Government Regulation.

#### 108 Electronic issue of rate notice and rating category statement

- (1) A rate notice may be given electronically to a person if—
- the person has given consent to the notice being given electronically; and
  - at the time the notice was given, it was reasonable for the local government to expect the notice would be readily accessible so as to be useable for subsequent reference by the person.
- (2) If a rate notice is given to a person electronically under subsection (1), a rating category statement that must or may accompany, or be contained in, the rate notice under [section 88\(2\)](#) or (3) may be given electronically to the person—
- with the rate notice; or
  - by including the rating category statement in the notice; or
  - by giving the person electronic access to the rating category statement.
- Example for paragraph (c)—*  
providing the person a message stating that the statement is available to read by opening a stated hyperlink
- (3) Subsection (2)(c) applies despite [section 88\(2\)](#) or (3).

Since 2018 the Finance branch has run three 'Win your rate' competitions to encourage the switch to electronic rate notices. There has been 12,000 properties switch to electronic rate notices since the first competition, an increase of 65% in two years. This competition has been included in the brochures issued with the rate notices as well as in media releases and on Council's website.