

8.4.3 APRIL 2017 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Corporate Services Department
Attachments: Att 1 - April Financial Performance Report

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 April 2017 in terms of the operating result and delivery of the capital program.

The April results incorporate budget amendments made through Budget Review 3.

The operating result at 30 April 2017 shows a positive variance of \$5.0 million compared to the forecast position.

Operating Performance**Table 1: Operating Result as at 30 April 2017**

April 2017	Current Budget \$000	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Operating Revenue	418,101	377,466	383,333	5,867	1.6
Operating Expenses	395,282	315,447	316,351	903	0.3
Operating Result	22,819	62,019	66,983	4,963	8.0

Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

As at 30 April 2017, \$153.9 million (67.7%) of Council's \$227.4 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program has progressed 68.6% of budget, an actual spend of \$99.2 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "April 2017 Financial Performance Report".

FINANCE AND RESOURCING

There are no finance and resourcing implications from this report.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*
Outcome: 5.3 - A financially sustainable organisation
Operational Activity: 5.3.7 - Sustainable financial position maintained.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor.

Internal Consultation

All departments and 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

Achievement of the full year budgeted operating result of \$22.8 million will allow Council to meet its debt repayments and capital expenditure commitments.

The operating result at 30 April 2017 shows a positive variance of \$5 million compared to the forecast position.

Operating Revenue

Year to date revenues as at 30 April 2017 of \$383.3 million shows a positive variance of \$5.9 million.

Table 2: Substantial Revenue variances as at 30 April 2017

Operating Revenue Large Variances	YTD Current Budget \$000	YTD Actual \$000	YTD Variance \$000	Variance %
Fees and Charges	56,222	58,191	1,970	3.5
Other Revenue	10,330	11,365	1,035	10.0
Internal Sales/Recoveries	5,241	6,657	1,416	27.0

Fees and Charges

Fees and charges revenue of \$58.2 million, is \$2 million ahead of year to date budget. Significant variances include:

- \$581,000 relates to increased revenues at the Sunshine Coast Holiday Parks with some associated increased expenditure. Revenues continue to exceed expectations following Budget Review 3 and the April result is indicative of the year end position based on prior year trends.
- \$448,000 across the Community Response Branch, predominantly relating to infringements. This variance is partially offset by higher employee costs.

- \$272,000 is attributable to development service revenue being ahead of budget and equates to 2% of the year to date budget. This relates to market driven volumes continuing above expectation following budget review 3.
- \$230,000 relates to increased revenue at Council's refuse tip centres.

Other Revenue

Other revenue has exceeded the year to date budget by \$1 million, this is made up of:

- Higher sales of recoverable materials at the Waste facilities by \$278,000
- \$196,000 across the organisation for recoupment of expenditure
- \$151,000 associated with Road Maintenance Levies
- \$148,000 in higher Lease Revenue

Internal Sales/Recoveries

The variance to budget as at 30 April 2017 predominantly relates to higher recoveries from capital for the sale of Quarry products of \$1 million. Associated increased expenditure has also been incurred to generate product and manage stock piling.

Operating Expenses

Year to date expenditure as at 30 April 2017 of \$316.4 million shows a variance over budget of \$903,000.

Employee Costs

As at 30 April 2017 employee costs were above budget by \$766,000. Employee expenditure to deliver projects across capital, operating and region making is above budget by \$637,000, whereby funding is balanced at project level.

Core employee costs were above budget by \$129,000 or 0.1%.

Materials and Services

As at 30 April 2017, materials and services costs were below budget by \$781,000 or 0.6%.

Projects are predominantly underspent and offset by higher costs associated with timing issues in Region Making Projects. Core materials expenditure is also under budget across all departments.

Finance Costs

Finance costs are ahead of budget by \$690,000 as a result of interest associated with Region Making Projects being expensed to operating.

Capital Revenue

Contributed assets account for most of the year to date variance in Capital Revenue of \$50.4 million at 30 April 2017. Cash contributions are also ahead of budget at 30 April 2017 accounting for \$4 million of the variance.

Capital Expenditure

As at 30 April 2017, \$153.9 million (67.7%) of Council's \$227.4 million 2016/17 Capital Works Program was financially expended.

The core Council Capital Program has progressed with an actual spend of \$99.2 million, which is 68.6% of the \$144.6 million program.

Table 4: Capital expenditure variances by program as at 30 April 2017

Capital Works Program	Forecast Budget \$000	YTD Forecast Budget \$000	YTD Actual \$000	YTD Variance	% Variance on YTD budget
Aerodromes	212	130	148	18	13.4
Buildings and Facilities	11,457	7,624	7,527	(98)	(1.3)
Coast and Canals	1,620	1,242	1,319	77	6.2
Divisional Allocations	3,765	1,297	1,384	87	6.7
Environmental Assets	4,971	4,830	4,866	36	0.7
Fleet	3,066	1,807	1,703	(104)	(5.7)
Holiday Parks	3,121	2,639	2,676	37	1.4
Information Technology	2,524	1,333	1,893	560	42.0
Parks and Gardens	16,495	12,600	13,060	459	3.6
Quarries	459	109	185	76	69.1
Stormwater	4,737	2,123	2,223	100	4.7
Strategic Land and Commercial Properties	19,157	10,345	10,430	85	0.8
Sunshine Coast Airport	4,726	2,521	2,633	112	4.4
Transportation	57,632	39,982	40,984	1,002	2.5
Waste	10,653	8,352	8,127	(225)	(2.7)
Total SCC Core Capital Program	144,595	96,936	99,158	2,223	2.3
Corporate Major Projects	9,542	4,993	4,529	(464)	(9.3)
Maroochydore City Centre	24,485	12,439	12,191	(248)	(2.0)
Solar Farm	34,495	32,688	32,687	(0)	(0.0)
Sunshine Coast Airport Runway	14,331	5,471	5,363	(108)	(2.0)
Total Other Capital Program	82,852	55,591	54,771	(820)	(1.5)
TOTAL	227,447	152,526	153,929	1,402	0.9

Table 5: Projects by status (SCC Base Only)

Project summary by Job status	Number of Capital Jobs	%	Current Budget \$000	%
Not Started	29	2.6	1,988	1.4
Works in Progress	484	43.3	82,297	56.9
Complete	556	49.7	59,507	41.2
On Hold/Cancelled	49	4.4	802	0.6
Total	1,118		144,595	

The targeted capital completion rate for 2016/17 is 81.3%. This is due to a number of multi-year projects and whole of region accounts.

During April, 74 jobs progressed to completed status with 484 jobs in progress. This equates to 56.9% of the core capital budget. The following chart shows the phase these projects have progressed to.

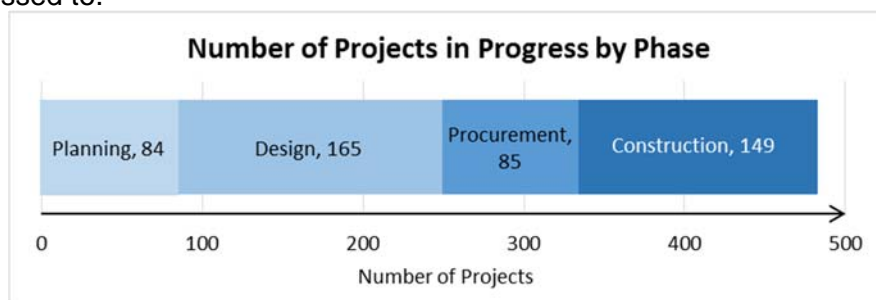
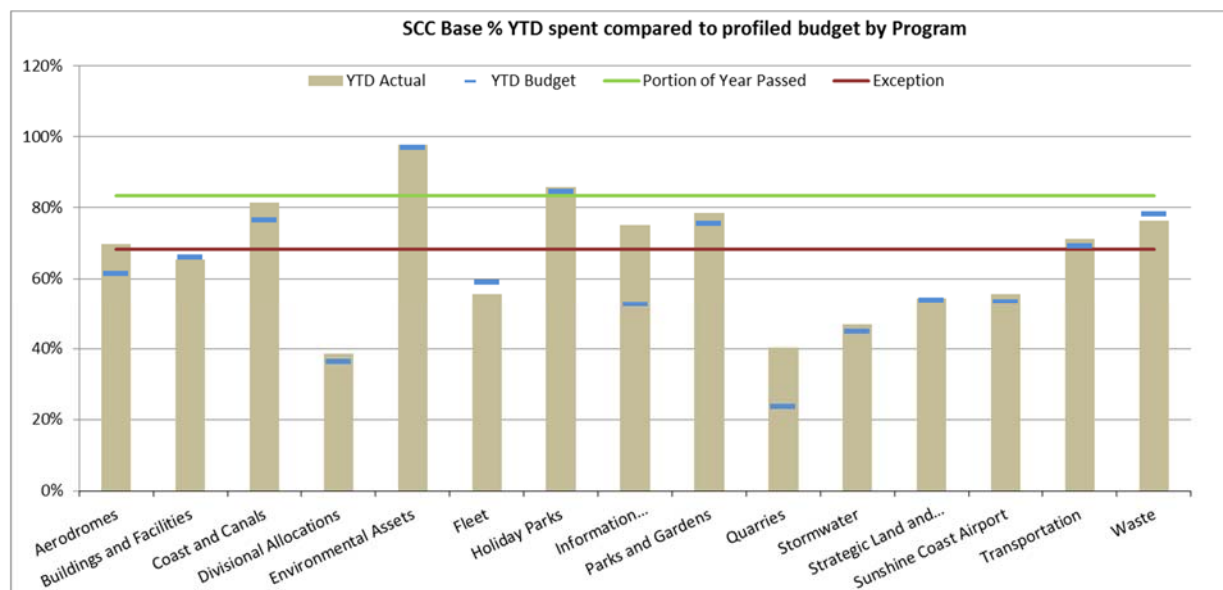


Table 6: Capital Exceptions Graph



Buildings and Facilities

Construction on half of the \$11.5 million program has been completed, with construction in progress on a further \$2.1 million and procurement being finalised on projects budgeted at \$1.2 million.

Fleet

56% of the \$3.1 million Fleet program has been delivered to date following expenditure in March of \$588,000. Further commitments have been raised equating to 33% of the program. This is due to the long lead time required to procure plant and indicates that the 2016/17 program will be finalised by the end of the financial year.

Stormwater

Of the \$4.7 million program 30% of the Stormwater projects are either under construction or finalised. Two major projects make up a further 30% and are currently progressing through procurement, with relining of damaged stormwater and First Ave, Maroochydore drainage works to be delivered during May/June.

Strategic Land and Commercial Properties

Budget Review 3 recognised significant increases in land acquisitions, all of which are expected to settle by 30 June 2017.

Sunshine Coast Airport

The \$4.7 million program has progressed with 55.7% expended as at 30 April 2017. All projects have commenced and 20% completed.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 April 2017 Council had \$316 million cash (excluding Trust Fund) with an average interest rate of 2.72%, being 0.91% above benchmark. This is compared to the same period last year with \$324 million cash (excluding Trust Fund) where the average interest rate was 2.92%, being 0.71% above benchmark.

- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill Index (BAUBIL) 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 2016/17 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 16 June 2016 (SM16/16)

That Council:

- receive and note the report titled "Adoption of the 2016/2017 Budget and Forward Estimates for the 2017/2018 to 2025/2026 Financial Years"*
- adopt the 2016/2017 Budget Schedules (Appendix A) including Forward Estimates and*
- adopt the 2016/2017 Capital Works Program, endorse the indicative four-year program for the period 2017/2018 to 2020/2021, and note the five-year program for the period 2021/2022 to 2025/2026 (Appendix B).*

Ordinary Meeting Budget 15 September 2016 (OM16/163)

That Council:

- receive and note the report titled "Budget Review 1 2016/17 "* and
- adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 8 December 2016 (OM16/221)

That Council:

- receive and note the report titled "Budget Review 2 2016/17"*
- adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A) and*
- in addition to (b), amend the 2016/17 budget to include the additional sum of \$50,000 for the Maroochy Basketball Extension.*

Ordinary Meeting 20 April 2017 (OM17/59)

That Council:

- receive and note the report titled "Budget Review 3 2016/17" and*
- adopt the amended 2016/17 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 18 May 2017 (OM17/74)

That Council:

- (a) receive and note the report titled "March 2017 Financial Performance Report"*
- (b) amend the 2016/17 budget to include the additional sum of \$2.85 million for the Solar Farm Project*
- (c) amend the 2016/17 budget to include the additional sum of \$970,000 for the acquisition of land and*
- (d) amend the 2016/17 budget to reflect gross proceeds from the sale of land of \$1.2 million.*

Related Documentation

2016/17 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

April 2017



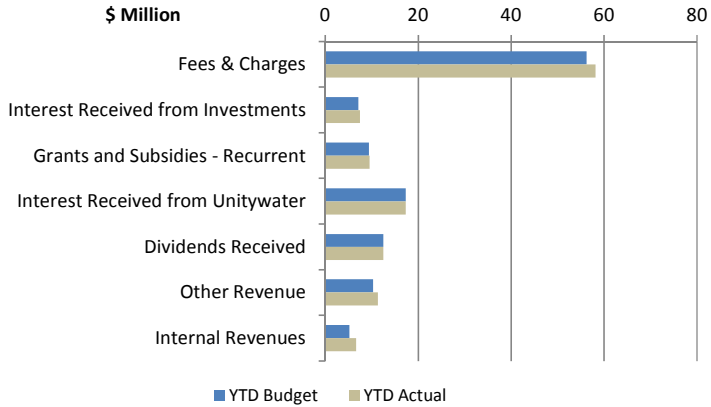
HEADLINE - OPERATING

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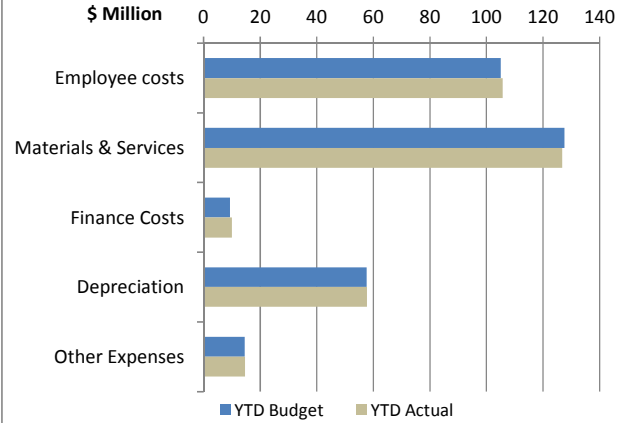
HEADLINE - OPERATING

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	418,965	418,101	377,466	383,333	5,867	1.6%
Operating Expenses	388,041	395,282	315,447	316,351	903	0.3%
Operating Result	30,924	22,819	62,019	66,983	4,963	8.0%
NET Result	125,449	150,285	158,988	215,286	56,299	35.4%

2016/17 YTD Operating Revenues



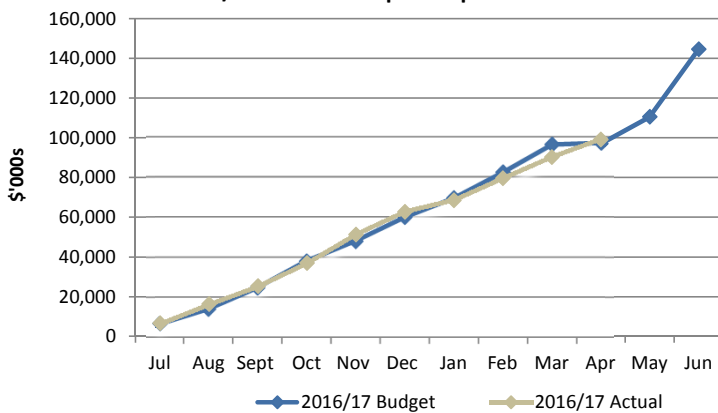
2016/17 YTD Operating Expenses



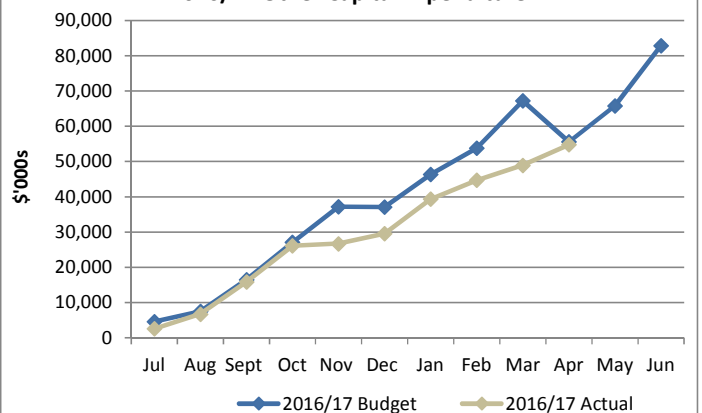
HEADLINE - CAPITAL

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Capital Revenue	94,525	127,996	96,968	147,395	(50,427)	
Other Capital Revenues	68,920	69,763	57,666	60,002	(2,336)	
Total Capital Revenues	163,445	197,759	154,634	207,397	(52,763)	
Capital Works Expenditure	252,677	227,447	152,526	153,810	(1,284)	0.84%
Other Capital Expenditure	60,000	80,000	59,993	137,425	(77,432)	
Total Capital Expenditure	312,677	307,447	212,519	291,235	(78,716)	
Funds from General Reserve	149,232	109,688	57,885	83,838	(25,953)	

2016/17 SCC Base Capital Expenditure

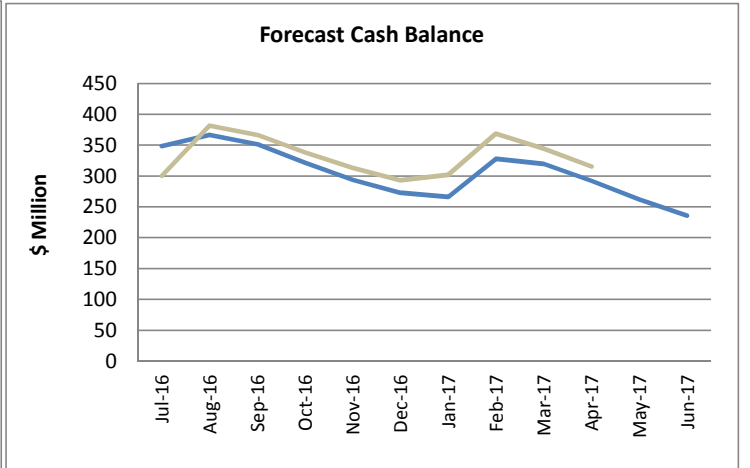
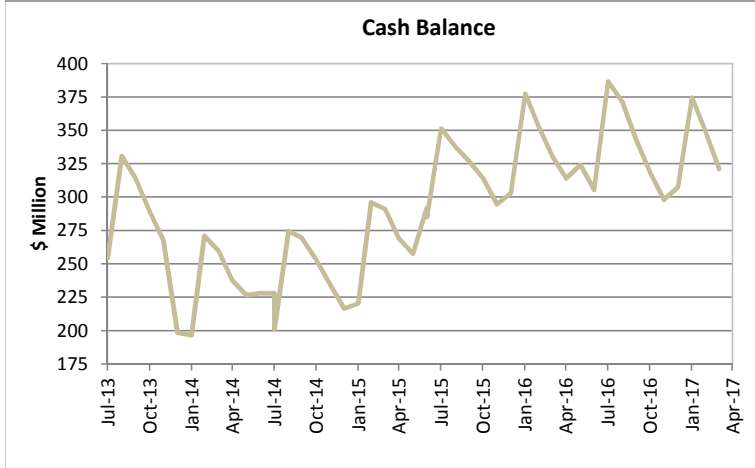
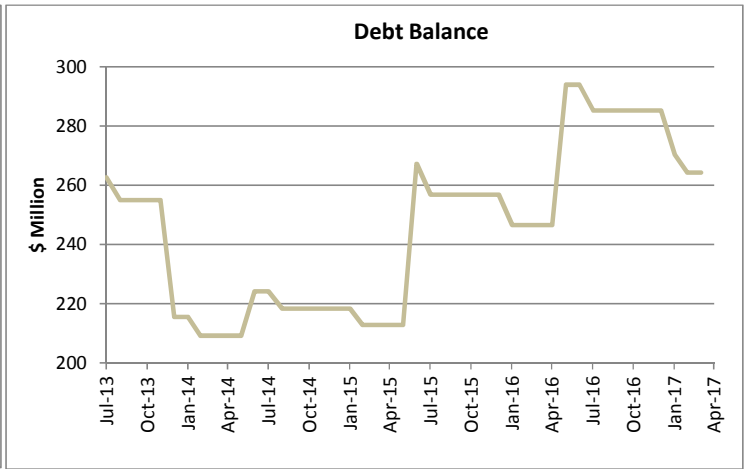
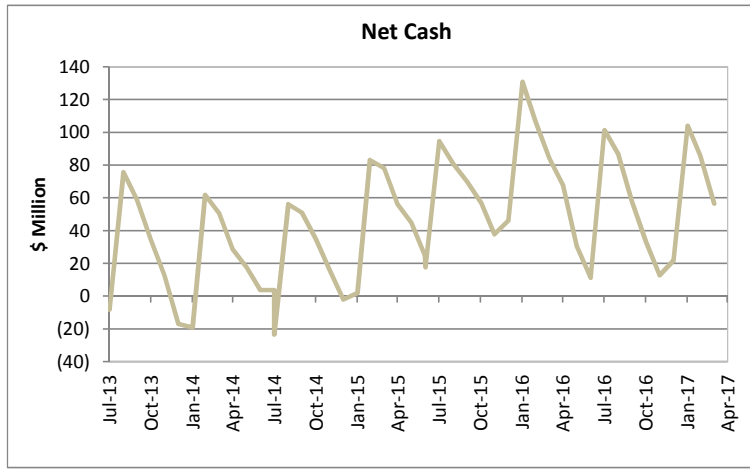


2016/17 Other Capital Expenditure



HEADLINE - CASH AND BALANCE SHEET

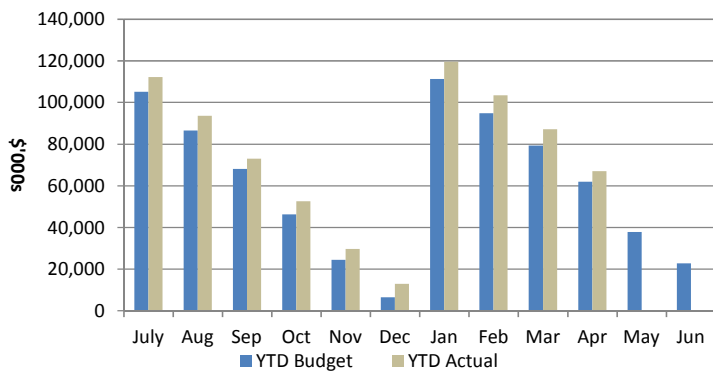
	Annual		YTD		
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	Forecast Budget \$000s	Variance \$000s
CASH FLOWS					
Opening Cash	295,509	318,565	318,565	318,565	0
Net Cash Inflow/(Outflows) from:					
Operating Activities	90,790	85,719	118,973	106,042	12,931
Investing Activities	(212,119)	(170,993)	(104,498)	(116,953)	12,455
Financing Activities	44,869	44,867	(17,693)	(16,169)	(1,524)
Net Increase/(decrease) in Cash Held	(76,460)	(40,407)	(3,218)	(27,080)	23,862
Cash at year end	219,049	278,158	315,347	291,485	23,862
BALANCE SHEET					
Current Assets	275,784	337,016	347,096		
Non Current Assets	5,119,828	4,979,477	4,873,497		
Total Assets	5,395,612	5,316,493	5,220,594		
Current Liabilities	100,614	103,095	65,992		
Non Current Liabilities	344,682	353,382	306,719		
Total Liabilities	445,296	456,476	372,712		
Net Community Assets/ Total Community Equity	4,950,316	4,860,017	4,847,882		



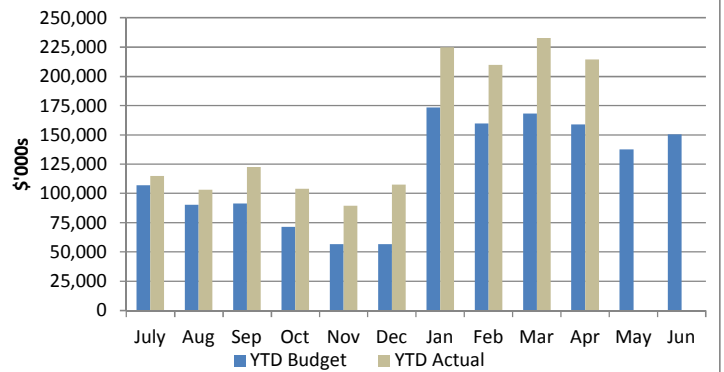
STATEMENT OF INCOME & EXPENSES

	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Net Rates and Utility Charges	259,339	260,948	258,287	259,096	809	0.3%	260,948
Fees and Charges	62,787	66,166	56,222	58,191	1,970	3.5%	66,166
Interest Received from Investments	8,603	8,603	7,169	7,462	293	4.1%	8,603
Operating Grants and Subsidies	12,077	12,418	9,428	9,570	142	1.5%	12,418
Operating Contributions	706	1,077	916	1,119	203	22.1%	1,077
Interest Received from Unity Water	23,933	23,933	17,366	17,366	(0)	(0.0%)	23,933
Dividends Received	26,162	26,162	12,509	12,509	0	0.0%	26,162
Other Revenue	19,189	13,086	10,330	11,365	1,035	10.0%	13,086
Internal Sales/Recoveries	6,170	5,710	5,241	6,657	1,416	27.0%	5,710
Total Operating Revenue	418,965	418,101	377,466	383,333	5,867	1.6%	418,101
Operating Expenses							
Employee Costs	128,393	130,066	105,001	105,767	766	0.7%	130,066
Materials and Services	161,701	162,804	127,556	126,775	(781)	(0.6%)	162,794
Finance Costs	9,684	11,084	9,286	9,976	690	7.4%	11,084
Company Contributions	1,421	1,400	1,400	1,400	0	0.0%	1,400
Depreciation Expense	68,920	69,233	57,666	57,792	126	0.2%	69,233
Other Expenses	17,924	20,696	14,539	14,640	102	0.7%	20,706
Total Operating Expenses	388,041	395,282	315,447	316,351	903	0.3%	395,282
Operating Result	30,924	22,819	62,019	66,983	4,963	8.0%	22,819
Capital Revenue							
Capital Grants and Subsidies	12,525	20,996	15,169	14,680	(490)	(3.2%)	19,487
Capital Contributions - Cash	22,000	27,000	21,806	25,834	4,027	18.5%	27,979
Capital Contributions - Fixed Assets	60,000	80,000	59,993	107,790	47,798	79.7%	80,000
Profit/Loss on Disposal of Assets	0	0	0	(908)	(908)	0.0%	0
Total Capital Revenue	94,525	127,996	96,968	147,395	50,427	52.0%	127,466
Net Result	125,449	150,816	158,988	214,378	55,390	34.8%	150,285

2016/17 Operating Result



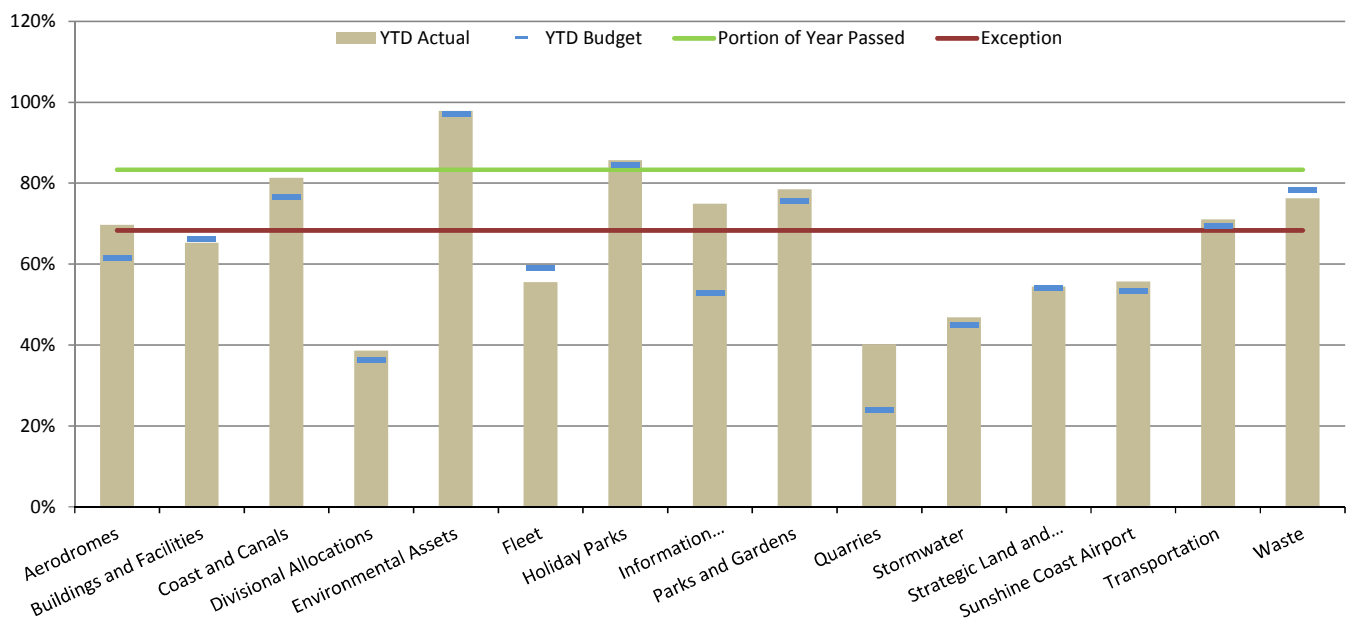
2016/17 Net Result



CAPITAL EXPENDITURE

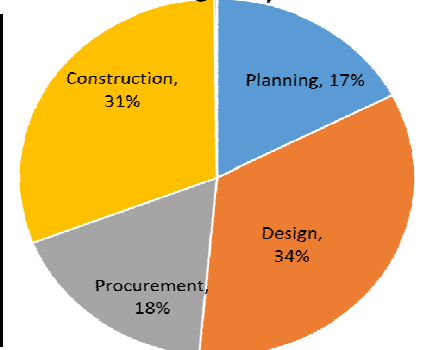
Capital Works Program	Annual		YTD			% of FY budget spent	YTD Variance \$000s
	Original Budget \$000s	Current Budget \$000s	Budget \$000s	Actuals \$000s	Variance on YTD budget		
Aerodromes	175	212	130	148	13.4%	69.8%	18
Buildings and Facilities	9,156	11,457	7,624	7,527	-1.3%	65.7%	(98)
Coast and Canals	1,220	1,620	1,242	1,319	6.2%	81.4%	77
Divisional Allocations	4,424	3,765	1,297	1,384	6.7%	36.8%	87
Environmental Assets	4,837	4,971	4,830	4,866	0.7%	97.9%	36
Fleet	3,000	3,066	1,807	1,703	-5.7%	55.6%	(104)
Holiday Parks	2,254	3,121	2,639	2,676	1.4%	85.8%	37
Information Technology	2,827	2,524	1,333	1,893	42.0%	75.0%	560
Parks and Gardens	12,814	16,495	12,600	13,060	3.6%	79.2%	459
Quarries	580	459	109	185	69.1%	40.2%	76
Stormwater	4,697	4,737	2,123	2,223	4.7%	46.9%	100
Strategic Land and Commercial Properties	5,431	19,157	10,345	10,430	0.8%	54.4%	85
Sunshine Coast Airport	3,198	4,726	2,521	2,633	4.4%	55.7%	112
Transportation	54,179	57,632	39,982	40,984	2.5%	71.1%	1,002
Waste	12,793	10,653	8,352	8,127	-2.7%	76.3%	(225)
Total SCC Base Capital Program	121,584	144,595	96,936	99,158	2.3%	68.6%	2,223
Corporate Major Projects	21,271	9,542	4,993	4,529	-9.3%	47.5%	(464)
Maroochydhore City Centre	53,083	24,485	12,439	12,191	-2.0%	49.8%	(248)
Solar Farm	30,915	34,495	32,688	32,687	0.0%	94.8%	(0)
Sunshine Coast Airport Runway	25,825	14,331	5,471	5,363	-2.0%	37.4%	(108)
Total Region Making Capital Program	131,093	82,852	55,591	54,771	-1.5%	66.1%	(820)
TOTAL	252,677	227,447	152,526	153,929	0.9%	67.7%	1,402

SCC Base % YTD spent compared to profiled budget by Program



Project summary by Job status (SCC Base only)	Number of Capital Jobs	%	Current Budget \$000	%
Not Started	29	2.6	1,988	1.4
Works in Progress	484	43.3	82,297	56.9
Complete	556	49.7	59,507	41.2
On Hold	49	4.4	802	0.6
Total	1,118		144,595	

Work In Progress by Phase



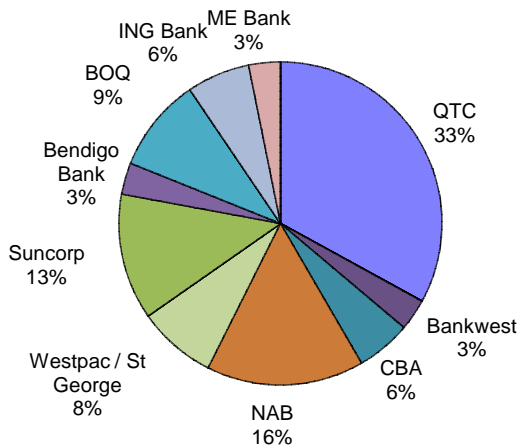
Liquidity as at:	30/04/2017 \$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$115,623	35.91%
Maturities within 7 days	\$10,000	3.11%
Total at-call	\$125,623	39.02%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$70,000	8
30-59 days	\$45,000	5
60-89 days	\$30,000	3
90-179 days	\$55,000	5
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$200,000	21

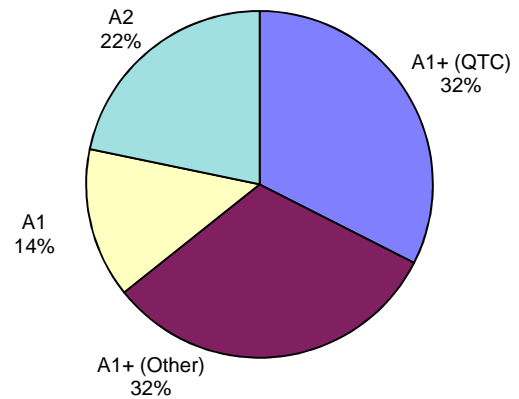
INVESTMENT SUMMARY (including Trust) as at:	Investment Policy							
	30/04/2017		31/01/2017		30/04/2016		Individual Limit	Group Limits
A1+ (QTC)	\$104,579	32.5%	\$103,060	33.5%	\$67,075	20.3%	100%	100%
A1+ (Other)	\$102,359	31.8%	\$104,724	34.0%	\$137,696	41.8%	35%	100%
A1	\$45,000	14.0%	\$30,000	9.7%	\$60,000	18.2%	30%	40%
A2	\$70,000	21.7%	\$70,000	22.7%	\$65,000	19.7%	15%	35%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$321,937		\$307,784		\$329,770			
FUND SUMMARY								
General Funds	\$315,623		\$301,900		\$324,148			
Trust Funds	\$6,315		\$5,884		\$5,622			
Total Funds	\$321,937		\$307,784		\$329,770			

Investment Portfolio

Investment per financial institution (%)

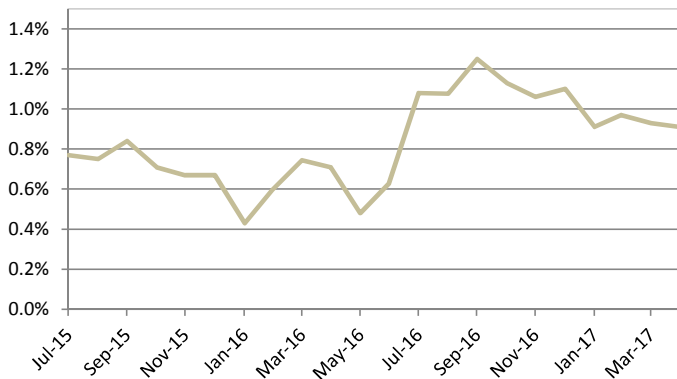


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

