

8.3.2 SEPTEMBER 2014 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
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Corporate Services Department
Attachments: Att 1 - September 2014 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

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 September 2014 shows a positive variance of \$7.0 million compared to the forecast position.

The operating result variation is made up of higher than expected revenue of \$3.0 million (2.2%) and lower than expected operating expenses of \$3.9 million (4.5%). Further detail is provided in the proposal section of this report.

As at 30 September 2014, \$24.9 million (16.7%) of council's \$149.6 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 "September 2014 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 September 2014 shows a positive variance of \$7.0 million compared to the forecast position.

This operating result variation is made up of higher than expected revenue of \$3.0 million and lower than expected operating expenses of \$3.9 million.

Operating Revenue

Net Rates and Utility Charges

The favourable variance of \$1.1 million is mainly due to budget estimates for cleansing charges that differ to actuals as follows:

- The mix between internal and external revenue
- Estimates around the number of services lost due to de-amalgamation
- New services identified due to data cleansing.

Fees and Charges

The \$872,000 favourable variance in fees and charges mainly relates to development application revenue which is higher than budget by \$1 million. This is offset by tip fees being less than the year to date budget.

Other Revenue

The \$633,000 favourable variance in other revenue is mainly due to:

- \$200,000 from waste collection contractors, as per contract arrangements, to support the Waste & Resource Management Education Centre programs. This is offset by expenditure
- \$113,000 London Creek Revegetation Offset revenue not budgeted
- \$50,000 Mooloolaba dredging contribution from State Government

as well as favourable year to date variances in recoverable works, road maintenance levy and rent/lease revenue.

Operating Expenses

Employee Costs

As at 30 September 2014, employee costs were below budget by \$984,000 or 3.4%.

The budget allows for a Certified Agreement increase but the actuals do not reflect this. A new Certified Agreement has not yet been finalised and it may contain a retrospective pay increase.

Materials and Services

As at 30 September 2014, Materials and Services costs were below budget by \$2.7 million or 7.8%.

A range of items are less than the year to date budget including waste costs, projects, utilities and reactive budgets.

Capital Revenue

Capital Revenues, at \$14.3 million, are higher than the year to date budget by \$5.5 million or 62%. This is made up of unbudgeted grants and subsidies, as well as developer contributions at \$3.1 million and contributed assets at \$8 million being higher than the year to date budget.

The unbudgeted grants and subsidies will be included in Budget Review 2 and are as follows:

- \$1.1 million received for Cycle Network Local Government Grants Program
- \$934,000 NDRRA (Natural Disaster Relief & Recovery Arrangements)
- \$300,000 for Central Park, Arthur Street and
- \$19,000 Energy Efficiency Grant funding for solar hot water pumps at the Holiday Parks.

Capital Expenditure

As at 30 September 2014, \$24.9 million (16.7%) of council's \$149.6 million 2014/2015 Capital Works Program was financially expended.

Detail by Capital Works Program is outlined below:

Program	Original Budget \$000	Current Budget \$000	YTD Actual \$000	% of Annual Budget Spent
Buildings and Facilities	4,997	7,885	445	5.7%
Coasts and Canals	2,070	2,651	455	17.2%
Divisional Allocations	3,335	3,623	395	10.9%
Environmental Assets	926	1,141	124	10.9%
Fleet	1,290	1,290	105	8.2%
Parks and Gardens	9,027	13,058	3,066	23.5%
Stormwater	6,202	6,599	547	8.3%
Transportation	47,286	55,683	9,654	17.3%
Information Technology	2,768	3,884	670	17.3%
Strategic Land & Commercial Properties	18,751	29,150	3,642	12.5%
Aerodromes	581	912	27	3.0%
Sunshine Coast Airport	5,148	5,741	691	12.0%
Holiday Parks	1,158	2,119	313	14.8%
Quarries	1,950	2,204	50	2.3%
Waste	8,403	13,727	4,702	34.3%
TOTAL COUNCIL	113,892	149,637	24,929	16.7%

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.

- For the month ending 30 September 2014 council had \$273 million cash (excluding Trust Fund) with an average interest rate of 3.41%, being 0.81% above benchmark. This is compared to the same period last year with \$317 million cash (excluding Trust Fund) where the average interest rate was 3.89%, being 1.29% 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 Investment Policy.

Risk

The current risks associated with the operating result are as follows:

1. There is a claim for an additional \$22.8 million in cash transfer from Noosa Shire Council. The Minister has initiated an independent process to determine the validity of the Noosa Shire Council claim. An additional \$22.8 million in cash transfer would be shown as a loss on disposal and decrease the Sunshine Coast cash balance.
2. Due to the State Government Award Modernisation process, council has been unable to finalise a new Certified Agreement with staff and the unions. A new Certified Agreement may contain a retrospective pay increase.

Previous Council Resolution

At the Special Meeting Budget 26 June 2014, council adopted the 2014/2015 budget.

At the Ordinary Meeting 24 July 2014, council made the following resolution (OM 14/100).

"That council amend the 2014/2015 Budget by increasing the Strategic Land Capital Program by the amount of \$450,000 to accommodate the requirements on the Council resolution OM14/82."

At the Ordinary Meeting 18 September 2014, council adopted the Budget Review 1 2014/2015.

At the Ordinary Meeting 18 September 2014, council made the following resolution (OM 14/132)

"That Council receive and note the report titled "July 2014 Financial Performance Report".

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.

Financial Performance Report

September 2014

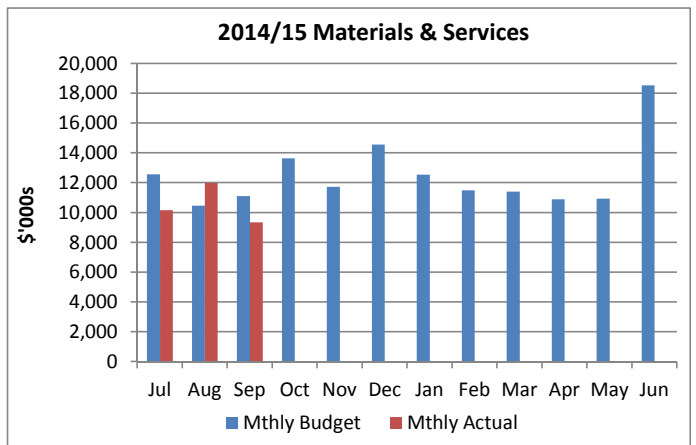
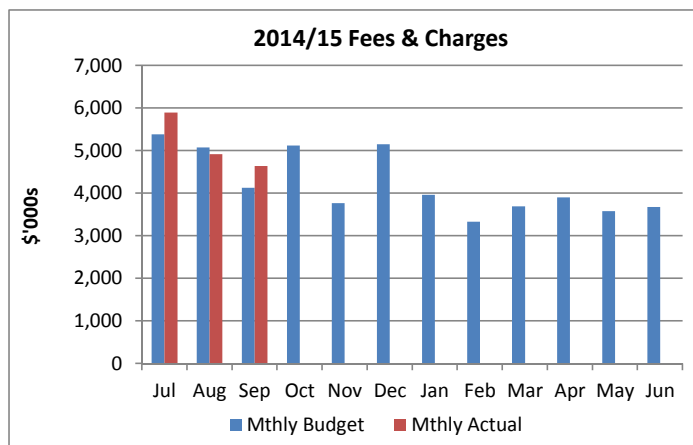
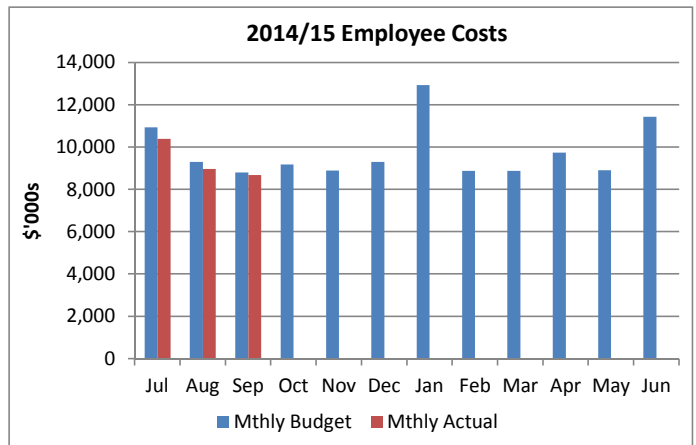
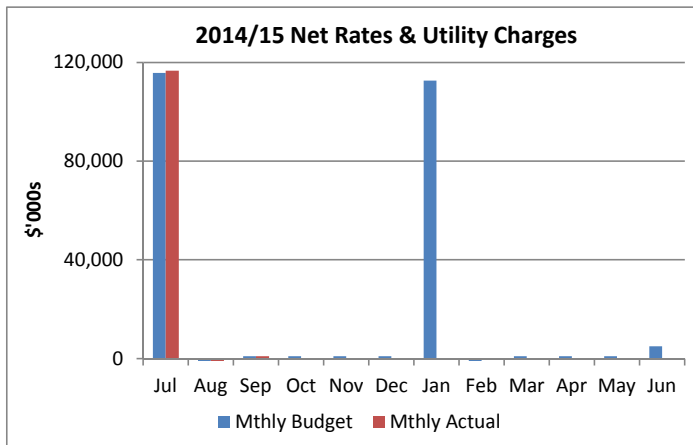
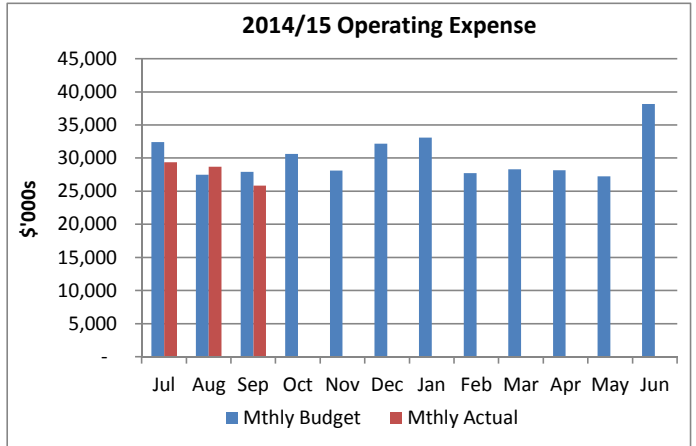
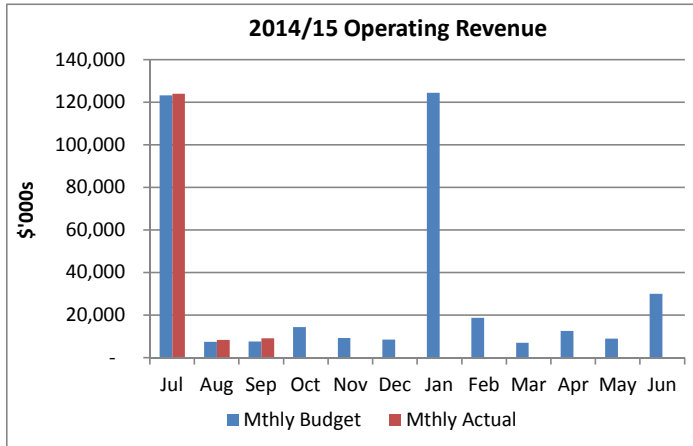


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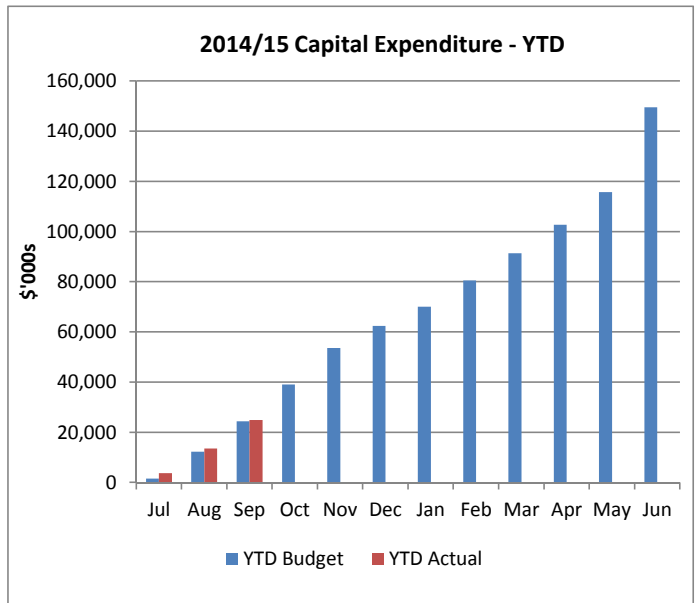
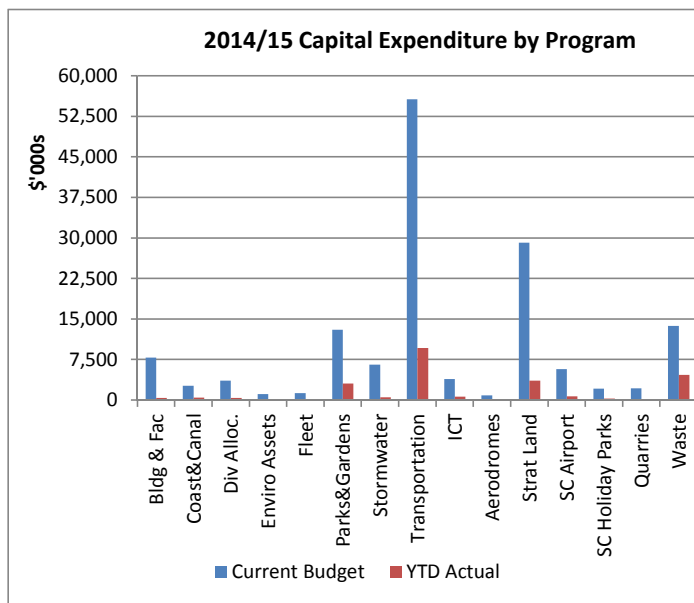
HEADLINE - OPERATING

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	370,949	373,019	138,631	141,661	3,030	2.2%
Operating Expenses	357,872	361,728	87,883	83,957	(3,926)	(4.5%)
Operating Result	13,077	11,291	50,748	57,703	6,956	13.7%
NET Result	51,580	51,843	59,523	71,960	12,437	20.9%



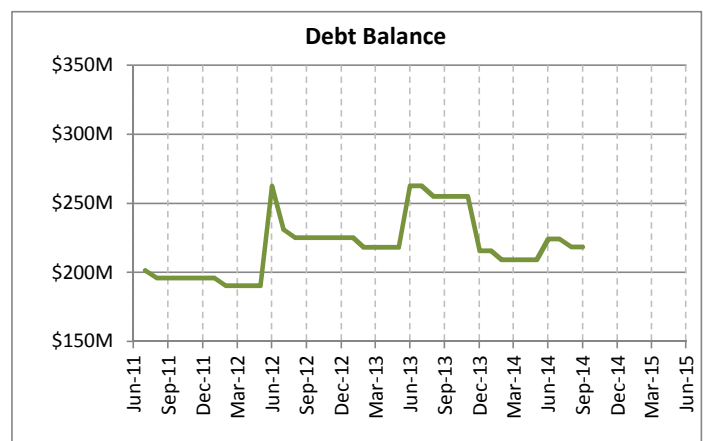
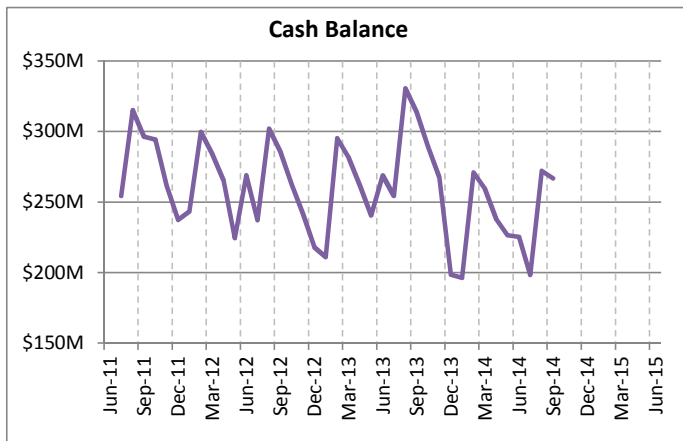
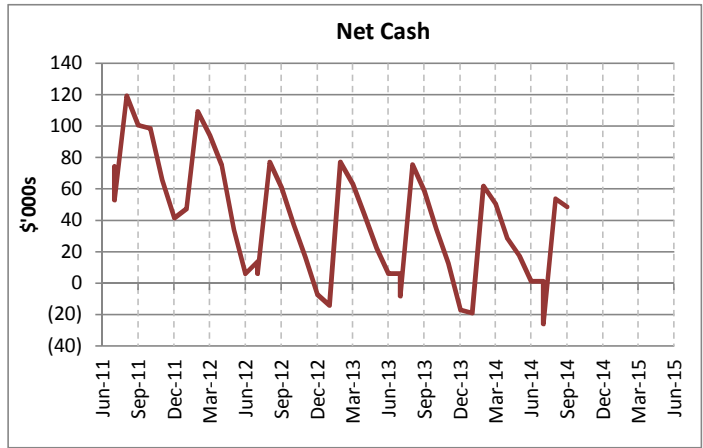
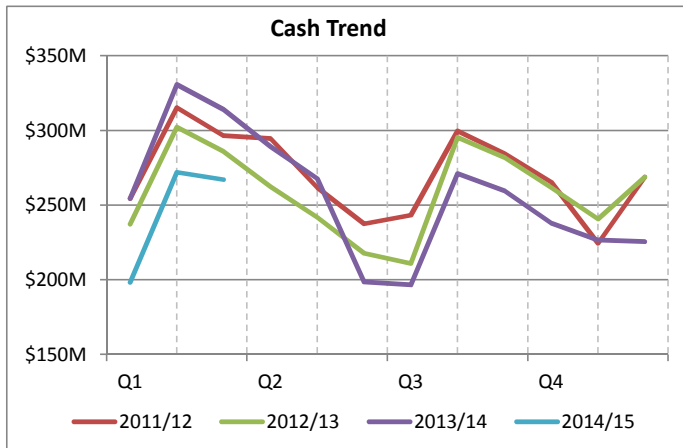
HEADLINE - CAPITAL

	Annual		YTD			
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %
Capital Revenues (included in NET Result)	33,720	35,769	8,775	14,257	5,481	
Other Capital Revenues	83,486	83,486	19,671	18,266	(1,406)	
Total Capital Revenues	117,206	119,255	28,447	32,522	4,075	
Capital Works Expenditure	113,892	149,637	24,409	24,929	519	2.1%
Other Capital Expenditure	38,005	38,005	13,002	13,843	840	
Total Capital Expenditure	151,897	187,642	37,412	38,771	1,360	
Funds from General Revenue	34,691	68,387	8,965	6,249	(2,716)	



HEADLINE - CASH & BALANCE SHEET

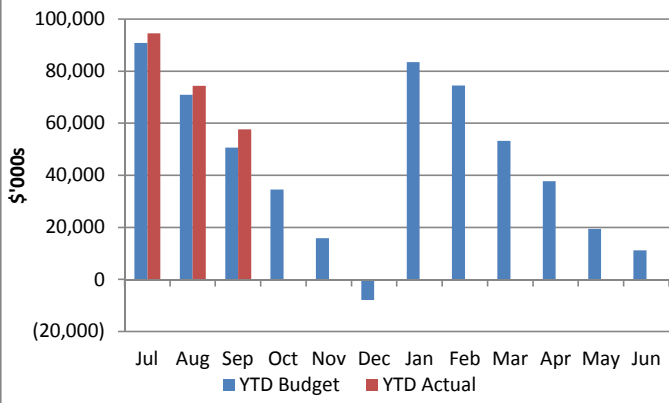
	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	169,876	169,876	221,423
Net Cash Inflow/(Outflows) from:			
Operating Activities	79,105	79,105	966,333
Investing Activities	(94,598)	(95,048)	(916,454)
Financing Activities	1,306	1,306	(2,551)
Net Increase/(decrease) in Cash Held	(14,187)	(14,637)	47,328
Cash at year end	155,689	155,239	268,751
BALANCE SHEET			
Total Current Assets	204,627	204,177	316,170
Total Non Current Assets	4,566,635	4,567,085	4,171,946
Total Assets	4,771,262	4,771,262	4,488,116
Total Current Liabilities	70,488	70,488	75,546
Total Non Current Liabilities	238,841	238,841	236,982
Total Liabilities	309,329	309,329	312,528
Net Community Assets/ Total Community Equity	4,461,933	4,461,933	4,175,587



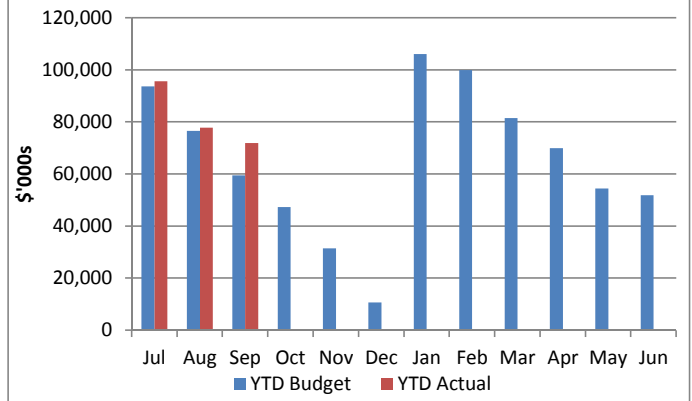
STATEMENT OF INCOME & EXPENSES

	Annual		YTD				Annual
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Gross Rates & Utility Charges	245,558	245,558	119,795	120,820	1,025	0.9%	245,558
Interest from Rates & Utilities	1,527	1,527	382	367	(14)	-3.7%	1,527
Less Discounts, Pensioner Remissions	(11,265)	(11,265)	(5,565)	(5,467)	98	-1.8%	(11,265)
Net Rates & Utility Charges	235,819	235,819	114,612	115,720	1,109	1.0%	235,819
Fees & Charges	50,668	50,767	14,581	15,453	872	6.0%	50,767
Interest Received from Investments	7,336	7,336	2,284	2,302	18	0.8%	7,336
Grants and Subsidies - Recurrent	9,569	11,770	2,935	3,085	150	5.1%	11,770
Operating contributions	541	406	102	197	95	94.0%	406
Interest received from Unitywater	23,933	23,933	0	0	0	0.0%	23,933
Dividends Received	26,162	26,162	0	0	0	0.0%	26,162
Other Revenue	10,085	9,855	2,374	3,008	633	26.7%	9,855
Internal Revenues	6,835	6,970	1,743	1,896	153	8.8%	6,970
Community Service Obligations	0	0	0	0	0	0.0%	0
Total Operating Revenue	370,949	373,019	138,631	141,661	3,030	2.2%	373,019
Operating Expenses							
Employee costs	117,212	117,261	29,055	28,071	(984)	-3.4%	117,261
Materials & Services	146,431	149,918	34,157	31,481	(2,676)	-7.8%	149,918
Internal Expenditure	(0)	(0)	(0)	(0)	0	-80.0%	(0)
Finance Costs	13,406	13,406	3,605	3,505	(100)	-2.8%	13,406
Company Contributions	1,187	1,187	1,187	1,187	0	0.0%	1,187
Depreciation	64,186	64,186	16,046	16,046	0	0.0%	64,186
Other Expenses	15,450	15,771	3,833	3,668	(166)	-4.3%	15,771
Competitive Neutrality Adjustments	0	0	0	0	0	0.0%	0
Total Operating Expenses	357,872	361,728	87,883	83,957	(3,926)	-4.5%	361,728
Operating Result	13,077	11,291	50,748	57,703	6,956	13.7%	11,291
Capital Revenue							
Capital Grants and Subsidies	2,320	4,184	858	3,169	2,311	269.4%	4,184
Capital Contributions	7,400	7,585	1,918	3,087	1,170	61.0%	7,585
Contributed Assets	24,000	24,000	6,000	8,000	2,000	33.3%	24,000
Other Capital Revenue	4,783	4,783	0	0	0	0.0%	4,783
Total Capital Revenue	38,503	40,552	8,775	14,257	5,481	62.5%	40,552
Net Result	51,580	51,843	59,523	71,960	12,437	20.9%	51,843

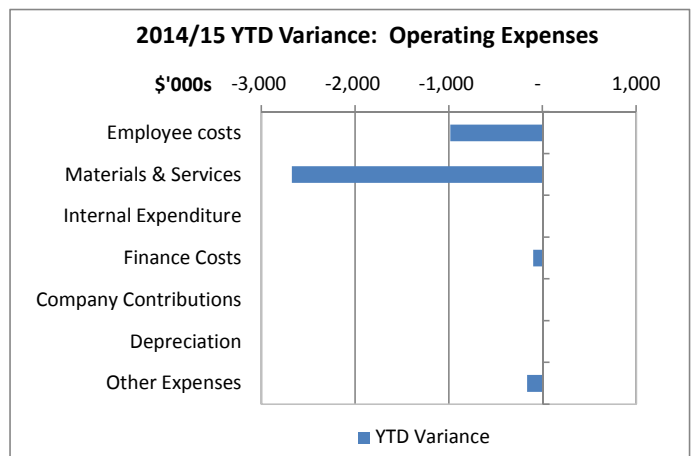
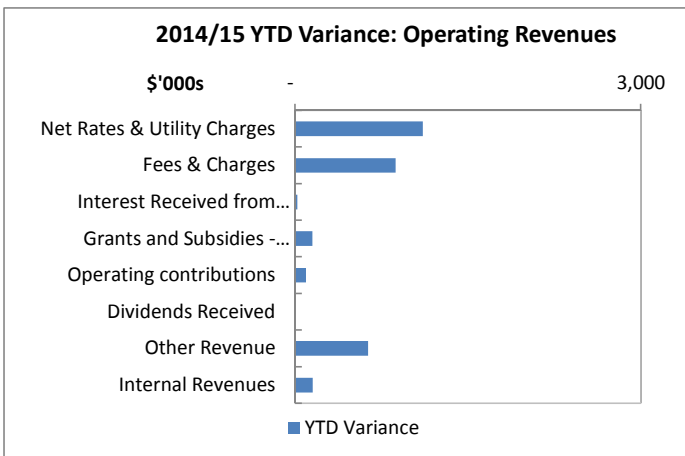
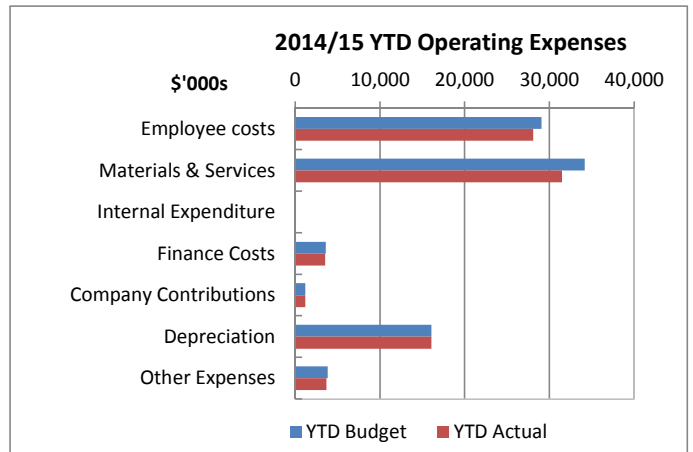
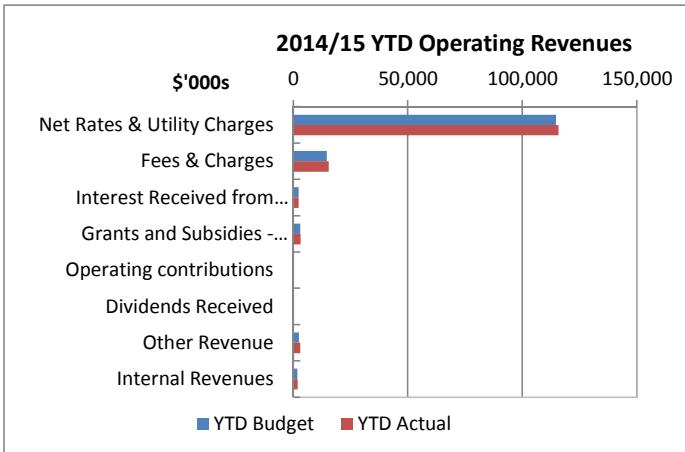
2014/15 Operating Result



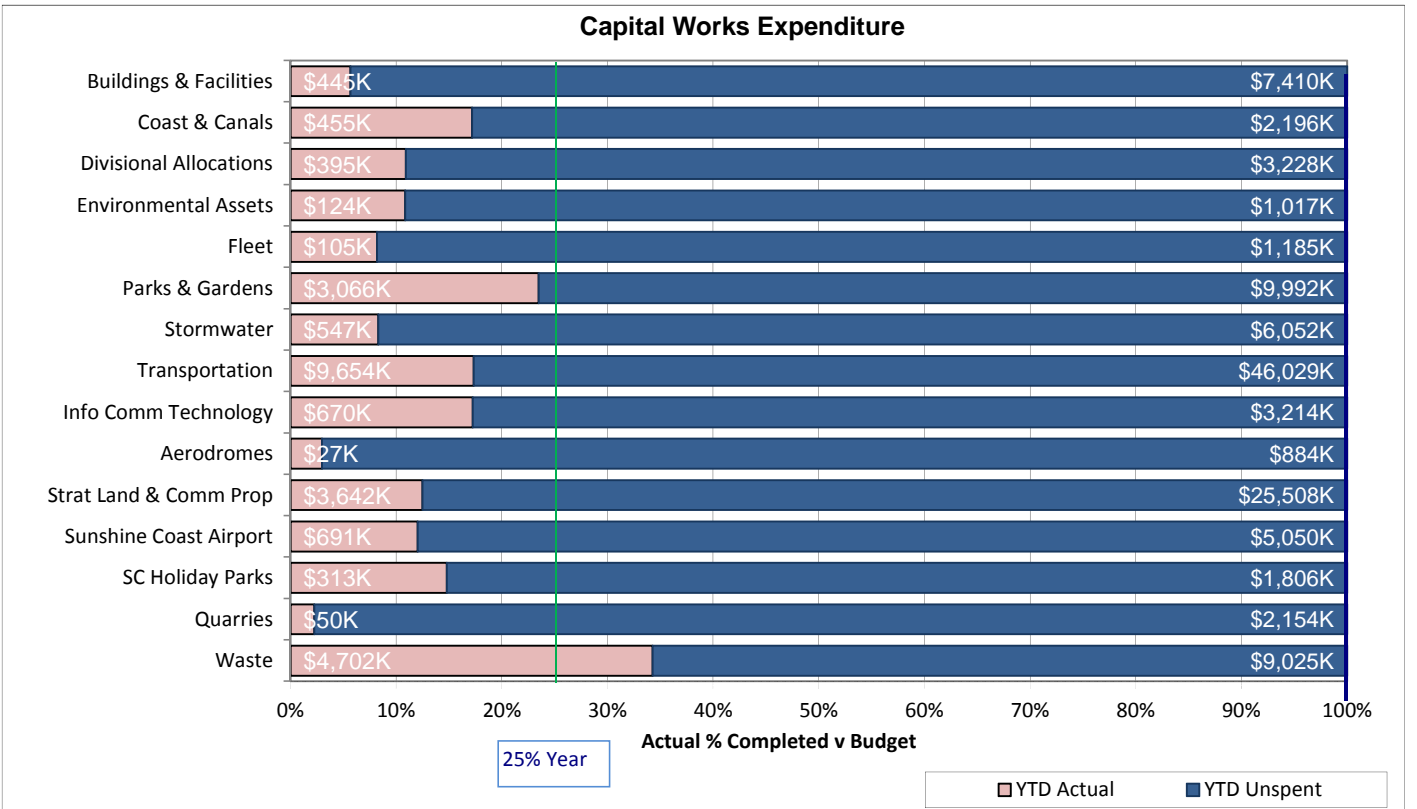
2014/15 Net Result



STATEMENT OF INCOME & EXPENSES



CAPITAL EXPENDITURE						
Capital Works Program	Annual		YTD			Annual
	Original Budget \$000s	Current Budget \$000s	Budget \$'000s	Actual \$000s	% of Annual Budget Spent	Forecast Budget \$000s
Buildings and Facilities	4,997	7,855	597	445	5.7%	7,855
Coast and Canals	2,070	2,651	711	455	17.2%	2,651
Divisional Allocations	2,888	3,623	737	395	10.9%	3,623
Environmental Assets	946	1,141	98	124	10.9%	1,141
Fleet	1,290	1,290	323	105	8.2%	1,290
Parks and Gardens	9,349	13,058	2,689	3,066	23.5%	13,058
Stormwater	6,202	6,599	538	547	8.3%	6,599
Transportation	47,391	55,683	12,573	9,654	17.3%	55,683
Information Communication Technology	2,768	3,884	609	670	17.3%	3,884
Strategic Land & Comm Properties	18,751	29,150	2,569	3,642	12.5%	29,150
Aerodromes	581	912	23	27	3.0%	912
Sunshine Coast Airport	5,148	5,741	512	691	12.0%	5,741
SC Holiday Parks	1,158	2,119	443	313	14.8%	2,119
Quarries	1,950	2,204	487	50	2.3%	2,204
Waste	8,403	13,727	1,498	4,702	34.3%	13,727
TOTAL	113,892	149,637	24,409	24,929	16.7%	149,637



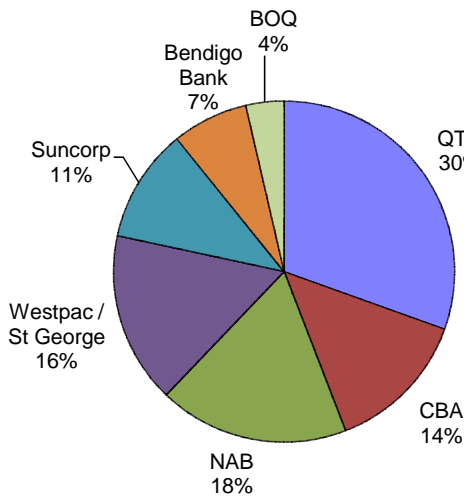
INVESTMENT PERFORMANCE

Liquidity as at:		30/09/2014	
		\$'000's	
At-call accounts			
QTC + CBA (excl. trust)	\$118,369	42.66%	
Maturities within 7 days	\$0	0.00%	
Total at-call	\$118,369	42.66%	
Investment Policy Target		10.00%	

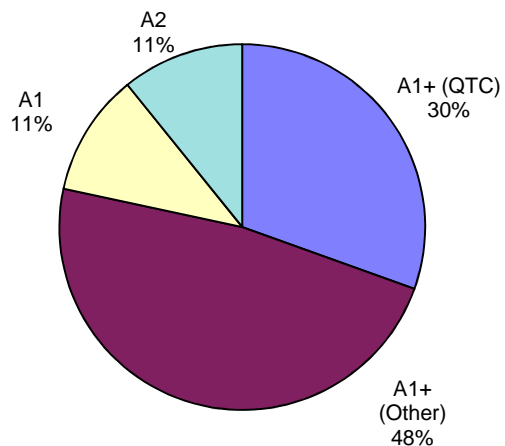
INVESTMENT SUMMARY AS AT (including Trust)							Investment Policy	
	30/09/2014		31/08/2014		30/09/2013		Individual Limit	Group Limits
A1+ (QTC)	\$84,584	30.5%	\$64,376	23.4%	\$68,165	21.0%	100%	100%
A1+ (Other)	\$132,874	47.9%	\$150,359	54.7%	\$171,475	52.8%	35%	100%
A1	\$30,000	10.8%	\$30,000	10.9%	\$20,000	6.2%	30%	40%
A2	\$30,000	10.8%	\$30,000	10.9%	\$65,000	20.0%	15%	35%
TOTAL	\$277,458		\$274,735		\$324,640			

Investment Portfolio

% Invested per financial institution



% invested by Standard & Poor's Short Term Credit Rating



Investment Performance

