

FINANCIAL PERFORMANCE REPORT



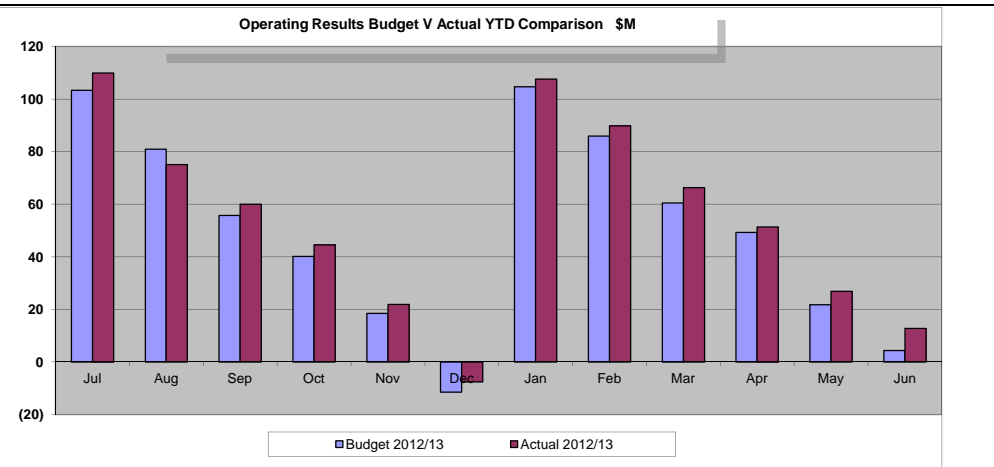
June 2013



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SUMMARY OPERATING STATEMENT							
For the Period Ending 30 June 2013							
	Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %	Annual Forecast Budget \$000s
Operating Revenue	424,650	428,294	428,294	436,282	7,988	1.9%	428,294
Less Operating Expenses	330,213	337,255	337,255	336,876	(379)	(0.1%)	337,479
Less Interest Expense	14,261	14,261	14,261	13,731	(530)	(3.7%)	14,261
Less Depreciation	72,496	72,495	72,496	72,922	427	0.6%	72,496
Operating Surplus/(Deficit)	7,680	4,282	4,282	12,752	8,471	197.8%	4,058
Transfer from Reserves	7,973	15,591	15,591	15,591	0	0.0%	15,834
Transfer to Reserves	(2,876)	(3,716)	(3,716)	(3,716)	0	0.0%	(3,716)
Operating Contribution/(Shortfall)	12,778	16,157	16,157	24,628	8,471	52.4%	16,177



Operating Net Result

Council's financial results at 30 June 2013 show the organisation with a \$8.4 million higher than forecasted operating position against the full year budget.

This operating surplus variation is made up of operating revenue being \$8.0 million higher than the full year budget, along with operating expenses being \$482,000 lower than the full year budget.

(Note: Final year end processing completion is planned for 9th August. Prior to then, further invoices relating to 2012/13 are expected to be received and processed.)

Operating Revenue

The favourable revenue variance of \$8.0 million is due to the following items exceeding the full year budget:- Grants and Subsidies of \$3.5 million, Other Revenue of \$2.9 million, Interest Received from Investments of \$1.6 million, Net Rates & Utility Charges of \$1.6 million and Fees & Charges of \$0.5 million, offset by \$0.9 million lower Unitywater Tax equivalent receipts.

Operating Expenses

The favourable variance in operating expenses of \$482,000 is due to Materials & Services being less than full year budget by \$4.6 million offset by Employee Costs and Other Expenses exceeding the full year budget by \$2.2 million and \$1.3 million respectively. As mentioned above, final year end processing is yet to be completed and this is expected to reduce the favourable variance in Materials & Services.

Value and Success Target (VAST) Status

\$4.5 million Original Target
 \$4.0 million Achieved to Date (90%)
 \$438,000 Balance to Achieve (10%)

Of the \$4.0 million savings achieved to date, \$2.8 million are permanent savings.

Of the \$2.8 million permanent savings, \$612,000 relate to employee costs.

Operating Revenue

As at 30 June 2013 operating revenues are favourable to budget by \$8.0 million or 1.9%.

The favourable revenue variance of \$8.0 million is due to the following items exceeding the full year budget:- Grants and Subsidies of \$3.5 million, Other Revenue of \$2.9 million, Interest Received from Investments of \$1.6 million, Net Rates & Utility Charges of \$1.6 million and Fees & Charges of \$0.5 million, offset by \$0.9 million lower Unitywater Tax equivalent receipts.

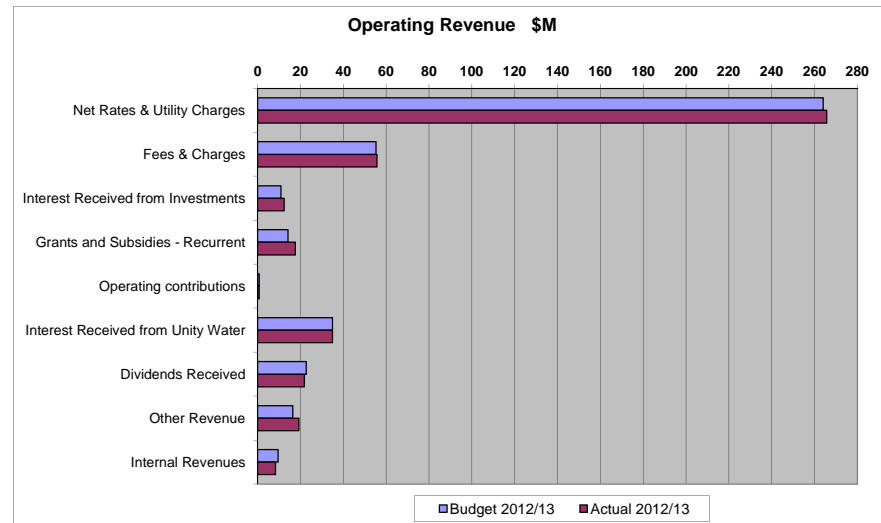
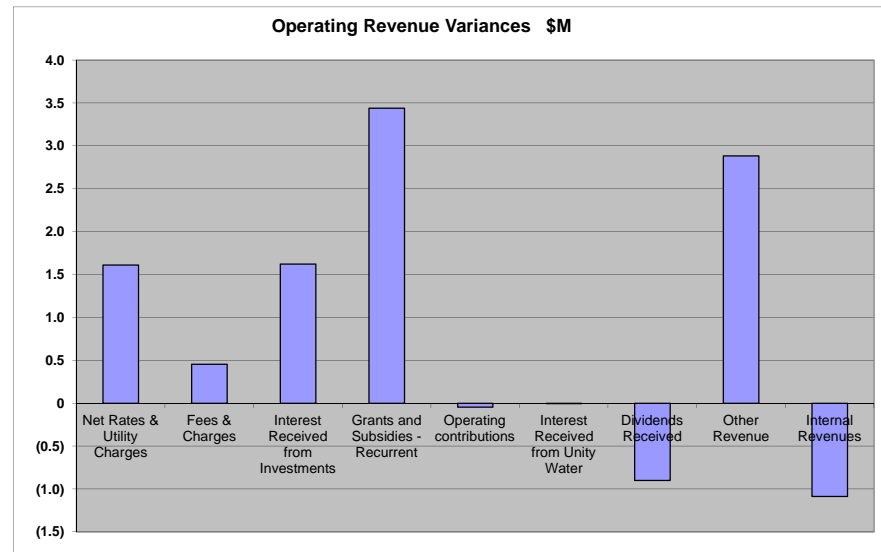
Early payment of 50% of the 2013/14 Financial Assistance Grant accounts for most of the \$3.5 million favourable variance in Grants and Subsidies.

The favourable variance in Other Revenue mainly sits with Infrastructure Services (\$2.2 million) and Community Services (\$939,000). Within Infrastructure Services, the majority of the revenue relates to the Road Maintenance Performance Contract which includes reimbursement for Main Roads Natural Disaster Relief and Recovery Arrangements (NDRRA). Much of this revenue will have incurred offsetting expenditure. Sale of recyclables and carbon credits have also exceeded budget again with offsetting expenditure. In Community Services, the favourable variance mainly relates to recoupment of Unity Water charges from community groups.

Interest Received from Investments ended the year with a higher than expected result. The cash balance as at 30 June 2013 was \$267 million which is significantly higher than forecast. Consequently interest revenue for the year was \$12.4 million against a forecast of \$10.8 million. The average annual return was 4.80% compared to 5.85% from last year.

Although General Rates have an unfavourable variance of \$4.3 million due to lower than forecast growth, Net Rates and Utility Charges have exceeded budget thanks to Prepaid Rates of \$5.3 million, higher than expected Tourism and Environment Levy income of \$59,000 and \$52,000 respectively, and lower than expected discounts and pensioner remissions.

The favourable variance in Fees and Charges is mainly due to material change of use and planning applications finishing the year higher than budget by \$1.5 million. Volumes remained below 2011/12 although there was some improvement in the third quarter of 2012/13. However, this is offset by airline fees and Caloundra Music Festival ticket sales being lower than budget by \$1.1 million and \$114,000 respectively.



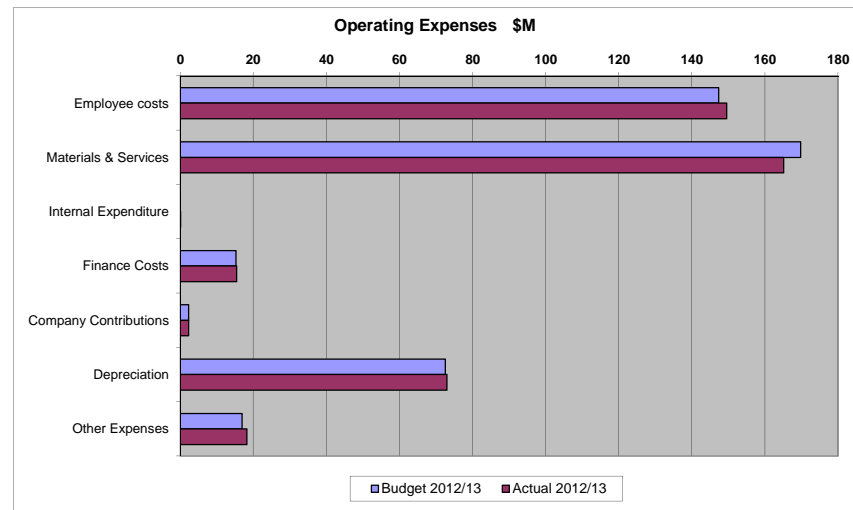
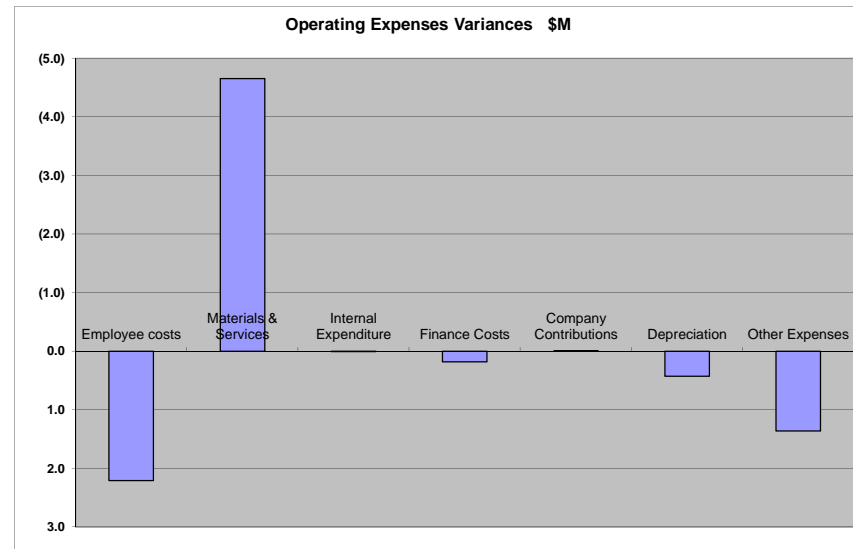
Operating Expenses

The favourable variance in operating expenses of \$482,000 is due to Materials & Services being less than full year budget by \$4.6 million offset by Employee Costs and Other Expenses exceeding the full year budget by \$2.2 million and \$1.3 million respectively. As mentioned previously, final year end processing is yet to be completed and this is expected to reduce the favourable variance in Materials & Services.

The favourable variance in Materials & Services can be attributed to various core operational underspends across the organisation, along with the following:-
 \$2.7 million in levy projects - these funds will be either carried over or transferred to Restricted Cash;
 \$1.6 million in Waste projects with some carryovers to be requested;
 \$700,000 Water & Sewerage Funding Program (\$231,000 committed).

The unfavourable variance in Employee Costs relates to less than expected labour spend on capital works, termination payments and Value & Success Targets yet to be achieved.

The Other Expenses variance mainly relates software maintenance, vehicle lease and additional maintenance, office equipment and building leases.



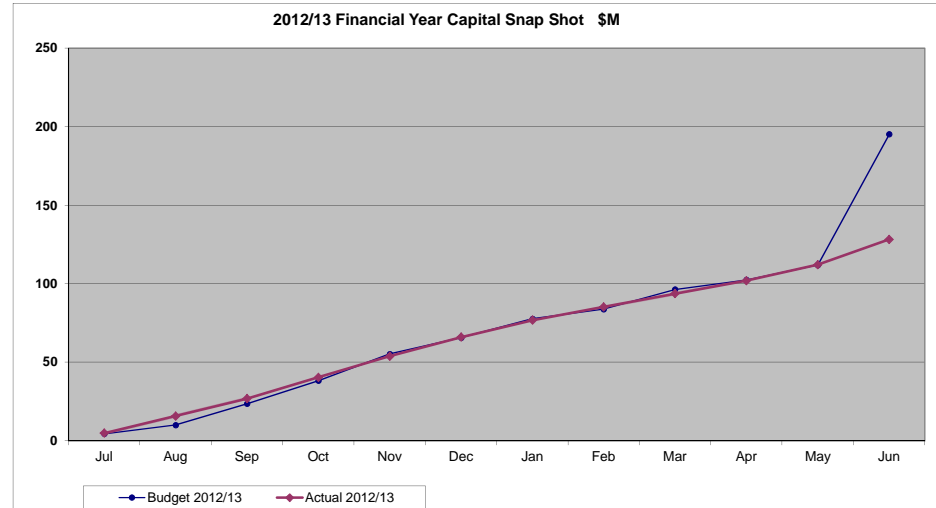
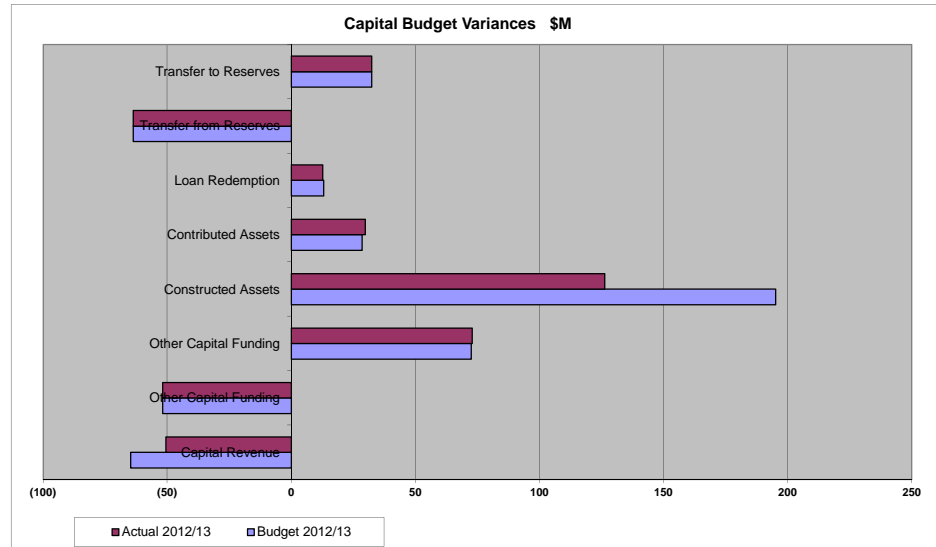
SUMMARY CAPITAL STATEMENT							
For the Period Ending 30 June 2013							
	Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %	Annual Forecast Budget \$000s
Operating Contribution / (Shortfall)	12,778	16,157	16,157	24,628	8,471	52.4%	16,177
Capital Revenue	51,182	64,789	64,789	50,529	(14,259)	(22.0%)	64,789
Other Capital Funding	117,646	124,359	124,359	124,768	409	0.3%	124,359
Less Constructed Assets	145,770	195,211	195,211	126,265	(68,946)	(35.3%)	195,230
Less Contributed Assets	28,500	28,500	28,500	29,831	1,331	4.7%	28,500
Less Loan Redemptions	13,023	13,023	13,023	12,619	(404)	(3.1%)	13,023
Net Capital Result	(5,687)	(31,429)	(31,429)	31,211	62,640	(199.3%)	(31,429)
Transfer from Reserves	21,658	63,768	63,768	63,768	0	0.0%	63,768
Transfer to Reserves	(15,971)	(32,341)	(32,341)	(32,341)	0	0.0%	(32,341)
Balance	0	(1)	(1)	62,639	62,640	0.0%	(1)

Capital Net Result

Council's capital result at 30 June 2013 shows the organisation ahead of the full year date budget by \$68.5 million.

In relation to capital expenditure, at the end of the month, \$126.3 million (64.7%) of council's \$195.2 million 2012/13 Capital Works Program was financially expended. This figure is expected to increase once year end processing is complete.

The unfavourable variance in Capital Revenue of \$14.3 million relates to Capital Grants & Subsidies being less than budget by \$6.8 million along with Capital (Developer) Contributions being \$5 million less than the year to date budget.



Capital Works Program

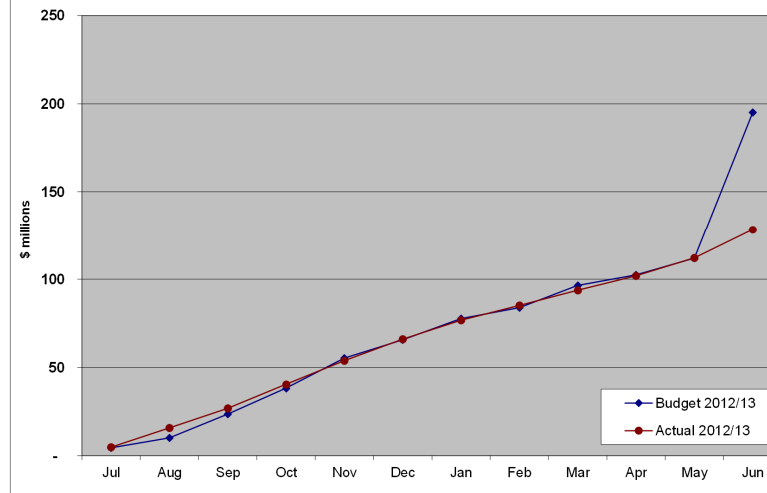
30 June 2013

Capital Expenditure

At 30 June 2013, \$126.3 million or 64.7% of council's \$195.2 million 2012/13 Capital Works Program was financially expended.

Program	Original Budget \$000s	Current Budget \$000s	Year to Date Actual \$000s	% of Annual Budget Spent
Buildings and Facilities	9,609	9,178	7,591	82.7%
Coast and Canals	1,218	2,543	1,843	72.5%
Divisional Allocations	3,145	3,539	1,992	56.3%
Environmental Assets	290	431	303	70.2%
Fleet	2,000	2,700	2,552	94.5%
Parks and Gardens	9,644	11,305	9,178	81.2%
Stormwater	4,526	4,576	3,951	86.3%
Transportation	53,997	65,117	55,611	85.4%
Information Technology	4,566	7,155	5,814	81.3%
Strategic Land & Comm Properties	31,674	52,967	14,579	27.5%
Sunshine Coast Airport	7,705	12,298	9,363	76.1%
Aerodromes	0	154	47	30.4%
SC Holiday Parks	1,555	2,862	1,141	39.9%
Quarries	655	2,004	1,657	82.7%
Waste	15,186	18,382	10,642	57.9%
TOTAL	145,770	195,211	126,264	64.7%

Total 2012-13 Capital Works Program



Capital Projects Expense with a Budget Variation > \$50,000

30-June-2013

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Transportation	Natural Disaster Transportation	Aherns Rd Saturated Pavement Repl Seal	0	54	54	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Natural Disaster Transportation	Harpers Ck Rd Replace Causeway Washout	0	67	67	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Natural Disaster Transportation	Old Landsborough Rd Rep Pavement - Seal	0	346	346	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Reseals and Rehabilitation	Pelican Waters Blvd Rep Pavement - Seal	0	74	74	Works required as a result of recent weather events, and project to be transferred to Natural Disaster Transportation sub-program. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Natural Disaster Transportation	Beerburum Woodford Rd Replace Rd P'ment	0	75	75	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Gravel Road Network	Browns Creek Rd - Resheeting	0	87	87	Works required as a result of recent weather events, and project to be transferred to Natural Disaster Transportation sub-program. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Natural Disaster Transportation	Wegners Road Slip	0	132	132	Works required as a result of recent weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Reseals and Rehabilitation	Reseal Old Gympie Road	0	457	457	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Reseals and Rehabilitation	Reseal Point Cartwright Drive	0	597	597	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Reseals and Rehabilitation	Solway Drive Rehabilitation	0	112	112	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Stormwater	Stormwater Management	Reserve St Pomona – Culvert Upgrade	0	222	222	Two project numbers exist for the same job, and will be consolidated into one - B1594 Reserve Street Drainage Works. A budget of \$200,000 is held for these works, with costs to date of \$55,000.
Transportation	Natural Disaster Transportation	Walli Mtn Road - Slip	0	481	481	Works required as a result of 2013 extreme flooding events in the Mary River Catchment. In principal approval has been obtained for this to be part funded under the Natural Disaster Relief and Recovery Arrangements (NDRRA) Scheme and emergency works actioned to protect Walli Mountain Road before it was lost to river bank erosion. Estimate of cost is approximately \$1 million.
Transportation	Natural Disaster Transportation	Lawsville Rd - Slip and Pavement repairs	0	127	127	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.

Capital Projects Expense with a Budget Variation > \$50,000

30-June-2013

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Transportation	Strategic Pathway & On Road Cycle Networks	David Low Way On Road Cycle	0	115	115	This project is a result of a successful 2nd Round State Govt Cycle Network funding grant announced in April 2013, with budget yet to be loaded. The grant for approximately \$160, 000 was leveraged off council's reseal funding already allocated to this road (reseal / rehab sub-program). Work is now complete and under budget.
Buildings and Facilities	Corporate Buildings	Utility Scale PV Plant	0	55	55	Monthly Rental costs for Valdora Solar Farm. Project budget yet to be approved by council
Transportation	Reseals and Rehabilitation	Emperor Avenue Reseal	0	52	52	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Reseals and Rehabilitation	Moondarra Crescent Reseal	0	52	52	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Strategic Land and Commercial Properties	Corporate Real Estate	Land Acq - Mill Lane and Mitchell Street	0	576	576	Purchase of land as per council resolution.
Transportation	Natural Disaster Transportation	Obi Obi Road Slip	0	59	59	Works required as a result of recent weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Natural Disaster Transportation	Anderson Rd landslip	0	72	72	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Reseals and Rehabilitation	King Road - Reseal	0	229	229	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Reseals and Rehabilitation	Solway Drive - Reseal	0	74	74	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Natural Disaster Transportation	Duke Road Slip	11	202	191	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Buildings and Facilities	Community Facilities	Nambour Aquatic Centre - Sand change for	28	353	325	Funding to commence the project was identified in 2012/13 financial year with the majority of works and residual funding to be provided in 2013/14 financial year. However the pool's filtration system has since failed and had to be replaced to ensure continued operations and health guidelines are met. Funds within overall Buildings and Facilities program will be used to balance project budget.
Transportation	Reseals and Rehabilitation	Wattle Street to Maple Street	50	284	234	Scope of works changed as this is now the bypass road through Cooroy town.
Stormwater	Stormwater Management	Regional Inlet/Outlet Structures	50	117	67	Regional Inlet/Outlet Structures - Cost variance incurred on multiple projects due to rain delays, unforeseen soil conditions and safety issues with water levels and traffic.
Stormwater	Stormwater Quality Management	Regional Water Quality Devices	50	108	58	Cost variance incurred due to laying of fibre optic cable and delays related to adverse weather conditions.

Capital Projects Expense with a Budget Variation > \$50,000

30-June-2013

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Transportation	Reseals and Rehabilitation	Thomas Street - Reseal	50	101	51	Additional funds were available for redistribution within the Noosa area due to successful State Government bicycle grants, forcing several projects to be postponed until 2013/14. As a result, works on Thomas Street were extended to include the badly cracked roundabout and to provide continuity of works between the Thomas Street and Mary Street works.