

JANUARY 2009 FINANCIALS – BRIEF NOTES

1	<u>Net Rates & Utility Charges</u>	YTD Actual \$314.193 m	YTD Budget \$315.876 m	Unfavourable (\$1.683) m (0.53%)	Original Budget \$320.455 m	Current Budget \$319.743 m
<p>General rates are \$4.020m behind budget before discounts, with water charges also behind budget by \$0.462m. These items are partially offset by a positive variance against budget for discounts and pensioner remissions of \$2.312m. The variance in general rates should reduce by approximately \$2m by year end.</p>						
2	<u>Fees & Charges</u>	YTD Actual \$44.558 m	YTD Budget \$46.181 m	Favourable (\$1.623) m (3.51%)	Original Budget \$73.512 m	Current Budget \$75.845 m
<p>Mainly development associated fees <\$2.191m>, recyclables <\$.453m and search fees \$.352m>, partially offset by private works \$.508m, airline service fees \$.231m, fines and penalties \$.186m and cemetery fees \$.153m.</p>						
3	<u>Interest Received from Investments</u>	YTD Actual \$11.918 m	YTD Budget \$9.916 m	Favourable \$2.002 m 20.19%	Original Budget \$14.620 m	Current Budget \$16.620 m
<p>Council's cash balances are higher than forecast due largely to the lag in delivery of the capital works programme; if the delivery of the programme accelerates, this together with lower interest rates should see the gradual elimination of this positive variance.</p>						
4	<u>Other Revenue</u>	YTD Actual \$12.038 m	YTD Budget \$10.184 m	Favourable \$1.854 m 18.21%	Original Budget \$7.321 m	Current Budget \$13.625 m
<p>This variance is principally due to approximately \$0.9m of revenue under the Service Level Agreement with the Bulk Water Supply Authority. The balance is mainly attributable to a \$0.5m payment from the Council of Mayors, with a variety of other areas contributing the remainder of the variance.</p>						
5	<u>Employee Costs</u>	YTD Actual \$95.067 m	YTD Budget \$97.964 m	Favourable (\$2.897) m (2.96%)	Original Budget \$167.093 m	Current Budget \$170.578 m
<p>All departments are running behind budget with the exception of Organisation Development. The major underrun is within the Infrastructure Services department and is linked to capital programme delivery.</p>						
6	<u>Capitalised Employee Costs</u>	YTD Actual (\$6.881) m	YTD Budget (\$9.936) m	Unfavourable \$3.056 m (30.75%)	Original Budget (\$13.913) m	Current Budget (\$17.046) m
<p>The variance here is driven by the pace of the capital works programme, discussed further below.</p>						
7	<u>Materials & Services</u>	YTD Actual \$116.104 m	YTD Budget \$141.482 m	Favourable (\$25.378) m (17.94%)	Original Budget \$222.860 m	Current Budget \$248.519 m
<p>This variance has been mainly impacted by the pace of the capital works programme, with the bulk of the variance in the main works delivery departments of Infrastructure Services and Sunshine Coast Water, who have 73% of the year to date budget and 77% of the variance. Planning projects are also proceeding more slowly than implied in budget profiling, and in fact each department is underspent by at least 8%.</p>						

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8	Capitalised Materials & Services	YTD Actual	YTD Budget	Unfavourable	Original Budget	(\$57.960) m
		(\$21.041) m	(\$38.809) m	\$17.768 m (45.78%)	Current Budget	(\$66.965) m

The variance here is driven by the pace of the capital works programme, discussed further below.

9	Finance Costs	YTD Actual	YTD Budget	Unfavourable	Original Budget	\$8.213 m
		\$5.218 m	\$4.625 m	\$0.593 m 12.82%	Current Budget	\$8.321 m

A recasting of Council's loan portfolio will have an unfavourable impact on this line during the current financial year. Actuals now reflect the revised structure, with the budget planned to be changed in a future budget review.

10	Capital Grants and Subsidies	YTD Actual	YTD Budget	Unfavourable	Original Budget	\$19.151 m
		\$6.606 m	\$8.999 m	(\$2.394) m (26.60%)	Current Budget	\$26.901 m

This variance is mainly due to the timing of the capital works programme. Projects include the Cooroy Library, the Noosa Heads Visitor Information Centre & Surf Club Toilets and Bulcock Beach boardwalk rehabilitation.

11	Capital Contributions	YTD Actual	YTD Budget	Favourable	Original Budget	\$31.151 m
		\$21.488 m	\$18.812 m	\$2.676 m 14.23%	Current Budget	\$32.201 m

Given potential time lags in the development approval process, capital contributions have proven very difficult to budget and profile. The above variance is mainly due to contributions received for Bellflower Stages 3 & 4.

12	Loans Utilised	YTD Actual	YTD Budget	Favourable	Original Budget	\$49.431 m
		\$1.406 m	\$16.933 m	(\$15.527) m (91.70%)	Current Budget	\$59.954 m

Current loan treatments vary at a regional level. For Central, loans are budgeted to be drawn down in June 2009. At North and South, this line represents the utilisation of loans from previous financial years and the variance thus reflects delays to the capital program.

13	Depreciation Utilised	YTD Actual	YTD Budget	Favourable	Original Budget	\$83.144 m
		\$42.780 m	\$49.529 m	(\$6.749) m (13.63%)	Current Budget	\$84.891 m

The utilisation of depreciation is a funding source for the capital program and thus this line item variance reflects delays to the capital program.

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Constructed Assets	YTD Actual	YTD Budget	Unfavourable	Original Budget	\$163.116 m
	\$73.216 m	\$104.106 m	(\$30.890) m (29.67%)	Current Budget	\$214.745 m

34.1% of the full year budget has been expended with 58.3% of the year gone. The capital program is now being reviewed as part of the March/April Budget Review

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Contributed Assets	YTD Actual	YTD Budget	Unfavourable	Original Budget	\$43.880 m
	\$44.554 m	\$22.976 m	\$21.578 m 93.92%	Current Budget	\$45.126 m

This line item is difficult to budget and profile due to its reliance upon the timing of developments. The year to date variance is largely attributable to the Peregian Springs and Park Lakes developments.

CORPORATE SUMMARY

The financial position to date continues to be dominated by the differences between actual and budgeted capital works delivery. The budget will continue to be updated through future reviews, and a renewed focus on delivery in this area is underway. On the operating side the underspends on operating projects and other materials and services have yielded a substantial variance for expenses, whilst for revenue the underrun for rates is balanced by strong interest and other revenues.