

8.11 DECEMBER 2019 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - December 2019 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 31 December 2019 in terms of the operating result and delivery of the capital program.

The operating result at 31 December 2019 shows a favourable variance of \$1 million compared to the budgeted position. The variation is mainly attributable to lower than expected revenue and lower than budgeted expense. Further detail is provided in the proposal section of this report.

Operating Performance**Table 1: Operating Result as at 31 December 2019**

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	470,449	235,372	234,103	(1,269)	-0.5%
Total Operating Expenses	450,320	218,917	216,627	(2,290)	-1.0%
Operating Result	20,130	16,455	17,476	1,021	6.2%

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

As at 31 December 2019, \$172.8 million (48.6%) of Council's \$355.6 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 49.3% of budget, an actual spend of \$85.7 million.

Council's closing cash balance at 31 December 2019 of \$158.8 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "December 2019 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 December 2019 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*
Outcome: 5.7 - A financially sustainable organisation
Operational Activity: 5.7.1 - Develop and monitor Council's budget, including legislated requirements.

CONSULTATION

Portfolio Councilor Consultation

Consultation has been undertaken with the Portfolio Councillor, Councillor T Dwyer.

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer
- Coordinator Financial Services

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

This monthly financial performance report provides Council with a summary of performance against budget as at 31 December 2019 in terms of the operating result and delivery of the capital program.

The operating result at 31 December 2019 shows a favorable variance of \$1 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 31 December 2019 of \$234.1 million shows an unfavorable variance of \$1.3 million.

Table 2: Substantial Revenue variances as at 31 December 2019

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Interest Received from Investments	4,419	2,827	(1,592)	-36.6%
Other Revenue	7,914	9,861	1,947	24.6%
Internal Sales/Recoveries	5,325	3,702	(1,622)	-30.5%

Interest Received from Investments

Interest rates available for term deposits continue to decline. This has resulted in a decline in interest received.

Other Revenue

Council has received additional revenue for recoverable works within the Parks and Gardens and Environmental Operations areas. These works were predominantly generated from the Department of Transport and Main Roads and the expenditure has occurred in the previous financial year.

Council has also received a second quarterly payment for the State Government's container deposit scheme which has generated revenue in excess of the expected budget. Unbudgeted sponsorship payments have also been received for various events undertaken by Council.

Operating Expenses

Year to date expenditure as at 31 December 2019 of \$181.4 million shows a variance under budget of \$2.3 million.

Materials and Services

Materials and services account for the majority of the expenditure variance as at 31 December 2019, having underspent budget by \$3.1 million.

\$150,000 of the favourable variance relates to the delivery of operating projects and is partially offset by higher employee costs and other expenses associated with resourcing projects. Total Project expenditure was 36% of full year budget as at 31 December 2019.

Timing of contract payments have cause underspends in Council's core works for Waste and Resource management as well as Civil Asset Management.

Council's expenses remain within 1% of budget as at 31 December 2019 while delivering on the 2019/20 operational plan.

Capital Expenditure

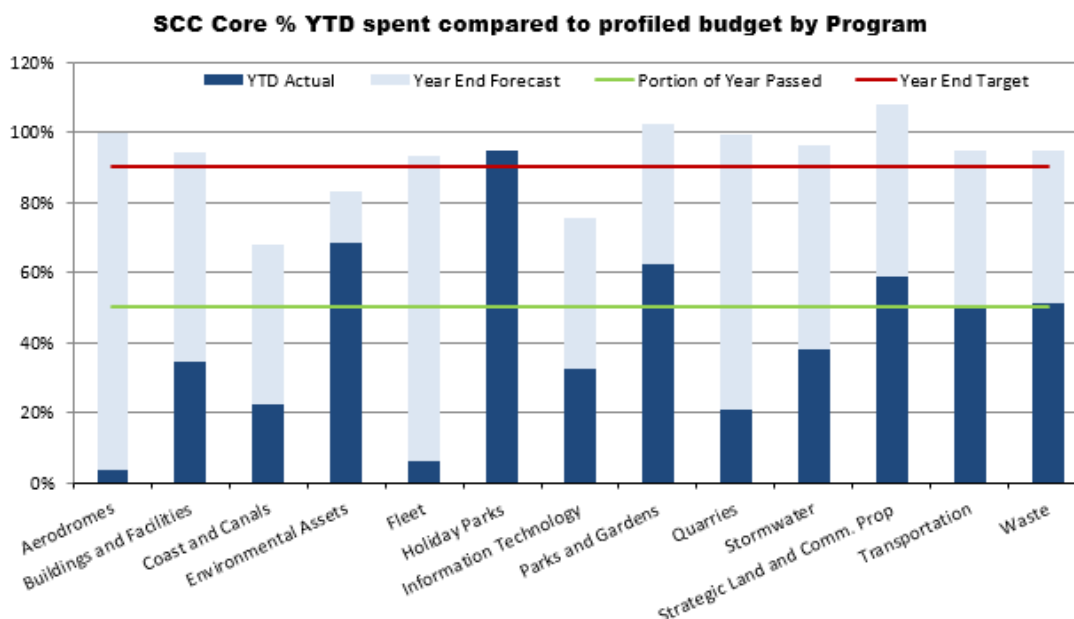
As at 31 December 2019, \$172.8 million (48.6%) of Council's \$355.6 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 49.3% of budget, an actual spend of \$85.7m. The Actual YTD includes all works that have been goods receipted and accrued as at 31 December 2019.

Table 3: Capital Expenditure by Program at 31 December 2019

	Annual		YTD		Forecast	
	Original Budget \$000s	Current Budget \$000s	YTD Actual \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Capital Works Program						
Aerodromes	450	275	10	3.7%	275	0
Buildings and Facilities	19,103	17,568	5,850	33.3%	16,070	(1,498)
Coast and Canals	2,080	2,080	465	22.4%	1,409	(671)
Environmental Assets	1,300	1,450	930	64.1%	1,131	(319)
Fleet	2,900	2,772	176	6.4%	2,587	(185)
Holiday Parks	4,302	4,718	4,476	94.9%	4,414	(304)
Information Technology	5,830	8,906	2,898	32.5%	6,728	(2,178)
Parks and Gardens	15,966	20,981	12,855	61.3%	21,041	60
Quarries	1,311	1,234	258	20.9%	1,227	(7)
Stormwater	7,014	5,174	1,964	38.0%	4,991	(183)
Strategic Land and Commercial Properties	14,563	21,958	12,896	58.7%	23,643	1,685
Transportation	69,115	66,736	32,649	48.9%	62,407	(4,329)
Waste	20,622	19,956	10,246	51.3%	18,874	(1,082)
Total SCC Core Capital Program	164,556	173,808	85,671	49.3%	164,797	(9,011)
Corporate Major Projects	14,968	9,918	2,979	30.0%	9,093	(825)
Divisional Allocations	5,336	5,547	1,776	32.0%	3,477	(2,070)
Maroochydore City Centre	16,579	20,657	10,364	50.2%	20,154	(504)
Submarine Cable IBN	14,390	15,774	10,379	65.8%	15,029	(745)
Sunshine Coast Airport Runway	104,836	129,884	61,685	47.5%	136,852	6,967
Total Other Capital Program	156,109	181,780	87,184	48.0%	184,604	2,823
TOTAL	320,666	355,588	172,855	48.6%	349,401	(6,188)

The following graph shows the Core Capital Programs progress to date and forecast.



The following program updates are provided in relation to programs reporting lower expenditure to date:

- Buildings and Facilities – The design and construction contract for Sunshine Coast City Hall was finalised in December 2019. Design is scheduled to begin shortly and proceed through to the following financial year. The supply and installation of tiered seating at the Caloundra Indoor Stadium has been procured and is due for installation in the New Year.
- Coast and Canals – Procurement of the Maroochy groynes replacement project is to begin shortly with construction to begin late in the financial year.
- Fleet – Council's fleet replacement program requires a significant portion of the financial year for procurement of heavy plant. This procurement works is underway and the majority of replacements are scheduled to occur in May 2020.
- Information Technology - Delays in the implementation of Council's corporate asset management and customer response systems have caused an underspend for the financial year. Both projects continue to move through the implementation phase throughout this financial year.
- Transportation – Construction continues for Council's significant road upgrade project at Parklands Boulevard, Little Mountain. Detailed design continues for Brisbane Road Mooloolaba with construction schedule to progress later this financial year. Council's \$20 million road reseal program has progressed 46% completion in December. Alongside the reseal program, the bus stop replacement and installation program has progressed to 44% completion of the \$2.4 million program.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 December 2019 Council had \$158.8 million cash (excluding Trust Fund) with an average interest rate of 2.06%, being 1.2% above benchmark. This is compared to the same period last year with \$166.2 million cash (excluding Trust Fund) with an average interest rate of 2.77%, being 0.66% 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

Sunshine Coast Council's 2019/20 Investment Policy and
Sunshine Coast Council's 2019/20 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**Ordinary Meeting 12 December 2019, Budget Review 2 2019/20 (OM19/194)**

That Council:

- (a) *receive and note the report titled "**Budget Review 2 2019/20**"*
- (b) *adopt Appendix A as tabled, pursuant to section 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2019/20 financial year incorporating:*
 - (i) *the statement of income and expenditure*
 - (ii) *the statement of financial position*
 - (iii) *the statements of changes in equity*
 - (iv) *the statement of cash flow*
 - (v) *the relevant measures of financial sustainability*
 - (vi) *the long term financial forecast*
 - (vii) *the Debt Policy and*
- (c) *note the following documentation applies as adopted 20 June 2019*
 - (i) *the Revenue Policy*
 - (ii) *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*
 - (iii) *the Revenue Statement and the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

Ordinary Meeting 19 September 2019, Budget Review 1 2019/20 (OM19/148)

That Council:

- (a) *receive and note the report titled "**Budget Review 1 2019/20**"*
- (b) *adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2019/20 financial year incorporating:*
 - (i) *the statement of income and expenditure*
 - (ii) *the statement of financial position*
 - (iii) *the statements of changes in equity*
 - (iv) *the statement of cash flow*
 - (v) *the relevant measures of financial sustainability*
 - (vi) *the long term financial forecast*
 - (vii) *the Debt Policy and*
- (c) *note the following documentation applies as adopted 20 June 2019*
 - (i) *the Revenue Policy*
 - (ii) *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*
 - (iii) *the Revenue Statement and*

- (iv) *the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

Special Meeting Budget 20 June 2019 (SM19/13)

That Council:

adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2019/20 financial year incorporating:

- i. the statement of income and expenditure*
- ii. the statement of financial position*
- iii. the statements of changes in equity*
- iv. the statement of cash flow*
- v. the relevant measures of financial sustainability*
- vi. the long term financial forecast*
- vii. the Debt Policy*
- viii. the Revenue Policy (adopted by Council resolution on 23 May 2019)*
- ix. 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 2019/20 Capital Works Program, endorse the indicative four-year program for the period 2021 to 2024, and note the five-year program for the period 2025 to 2029*
- xii. the rates and charges to be levied for the 2019/20 financial year and other matters as detailed below in clauses 3 to 11 and*
- xiii. endorse the full time equivalent establishment as per the Sunshine Coast Council Establishment 2019/2020 report.*

Related Documentation

2019/20 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

December 2019



FINANCIAL PERFORMANCE REPORT

December 2019

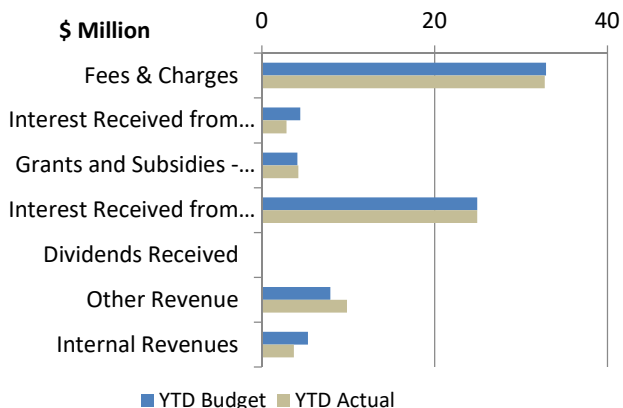
Table of Contents

Headline - Operating & Capital	2
Headline - Cash & Balance Sheet	3
Statement Of Income & Expenses	4
Capital Expenditure	5
Investment Performance	7

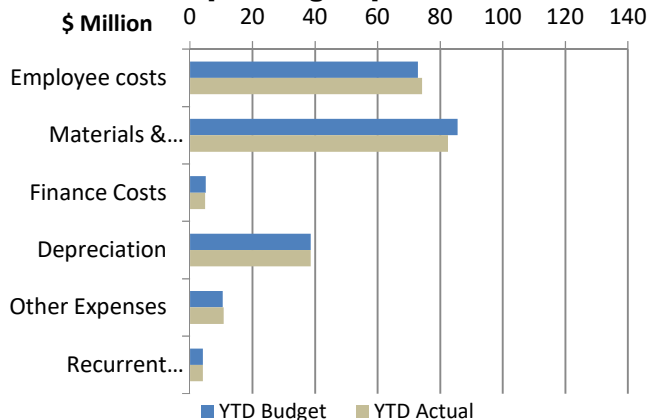
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	483,788	470,449	235,372	234,103	(1,269)	-0.5%
Operating Expenses	448,925	442,491	214,146	212,457	(1,689)	-0.8%
Recurrent Capital Expenses	5,240	7,829	4,172	4,171	(1)	0.0%
Operating Result	29,622	20,130	17,055	17,476	421	2.5%
Capital Revenue	104,244	116,772	21,054	21,715	661	3.1%
Non-recurrent Expenses	4,592	4,592	2,296	3,209	913	39.8%
Net Result	129,274	132,309	35,813	35,981	168	0.5%

Operating Revenues



Operating Expenses

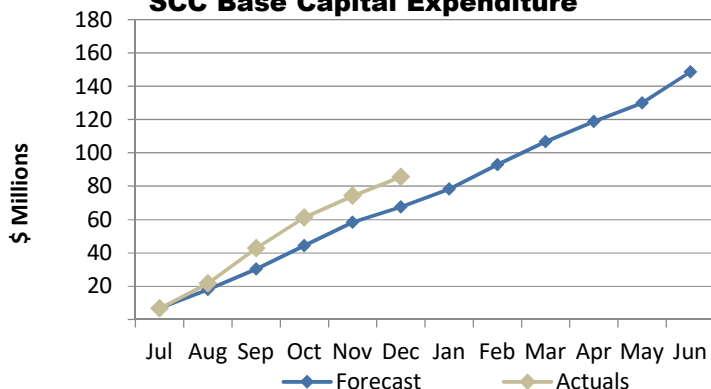


Headline - Capital

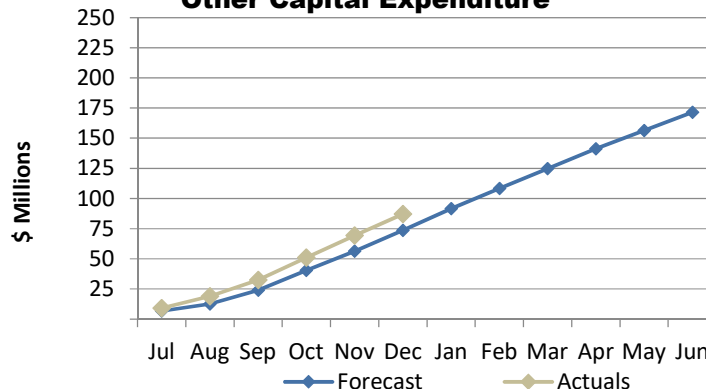
	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Capital Revenue (included in Net R	104,244	116,772	21,054	21,715	661	3.1%
Other Capital Revenue	79,076	79,076	38,645	38,651	6	0.0%
Total Capital Revenues	183,320	195,848	59,699	60,366	666	1.1%
Capital Works Expenditure	322,676	356,788	167,256	168,624	1,368	0.8%
Total Capital Expenditure	322,676	356,788	167,256	168,624	1,368	0.8%

Funds from General Reserve	139,355	160,940	107,557	108,258	701	0.7%
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SCC Base Capital Expenditure



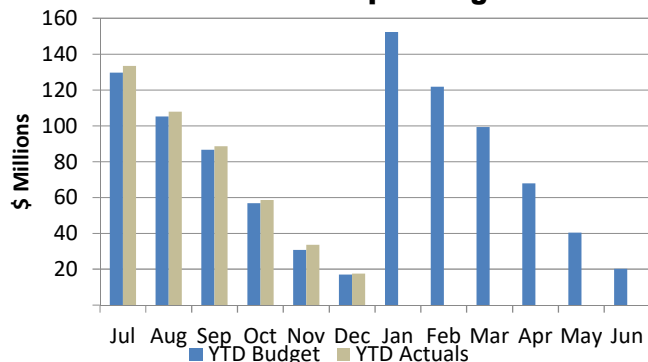
Other Capital Expenditure



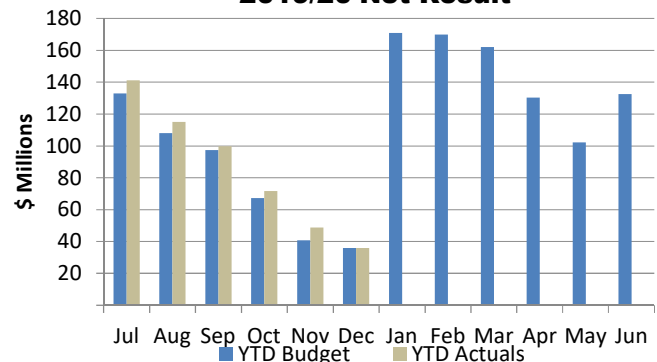
Statement of Income & Expenses

	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Revenue							
Net Rates and Utility Charges	321,489	312,502	155,641	155,665	24	0.0%	312,502
Fees and Charges	57,857	57,857	32,879	32,743	(136)	-0.4%	57,857
Interest Received from Investments	8,838	8,838	4,419	2,827	(1,592)	-36.0%	8,838
Operating Grants and Subsidies	12,329	7,796	4,103	4,221	119	2.9%	7,796
Operating Contributions	319	319	173	164	(8)	-4.8%	319
Unitywater Participation	49,838	49,838	24,919	24,919	(0)	0.0%	49,838
Other Revenue	25,016	25,198	7,914	9,861	1,947	24.6%	25,198
Internal Sales/Recoveries	8,101	8,101	5,325	3,702	(1,622)	-30.5%	8,101
Total Operating Revenue	483,788	470,449	235,372	234,103	(1,269)	-0.5%	470,449
Operating Expenses							
Employee Costs	145,197	147,021	73,472	74,204	732	1.0%	147,021
Materials and Services	191,895	183,464	85,585	82,481	(3,104)	-3.6%	183,456
Finance Costs	10,025	10,025	5,023	4,832	(191)	-3.8%	10,025
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	79,076	38,645	38,651	6	0.0%	79,076
Other Expenses	21,206	21,378	10,495	10,763	268	2.6%	21,378
Recurrent Capital Expenses	5,240	7,829	4,172	4,171	(1)	0.0%	7,832
Total Operating Expenses	454,165	450,320	218,917	216,627	(2,290)	-1.0%	450,315
Operating Result	29,622	20,130	16,455	17,476	1,021	6.2%	20,134
Capital Revenue							
Capital Grants and Subsidies	12,245	25,173	5,498	6,094	595	10.8%	25,173
Capital Contributions - Cash	31,999	31,599	15,556	15,622	66	0.4%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	0	0	0	0.0%	60,000
Total Capital Revenue	104,244	116,772	21,054	21,715	661	3.1%	116,772
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	895	895	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	2,296	2,296	0	0.0%	4,592
	0	0	0	18	18	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	2,296	3,209	913	39.8%	4,592
Net Result	129,274	132,309	35,213	35,981	768	2.2%	132,314

2019/20 Operating Result



2019/20 Net Result



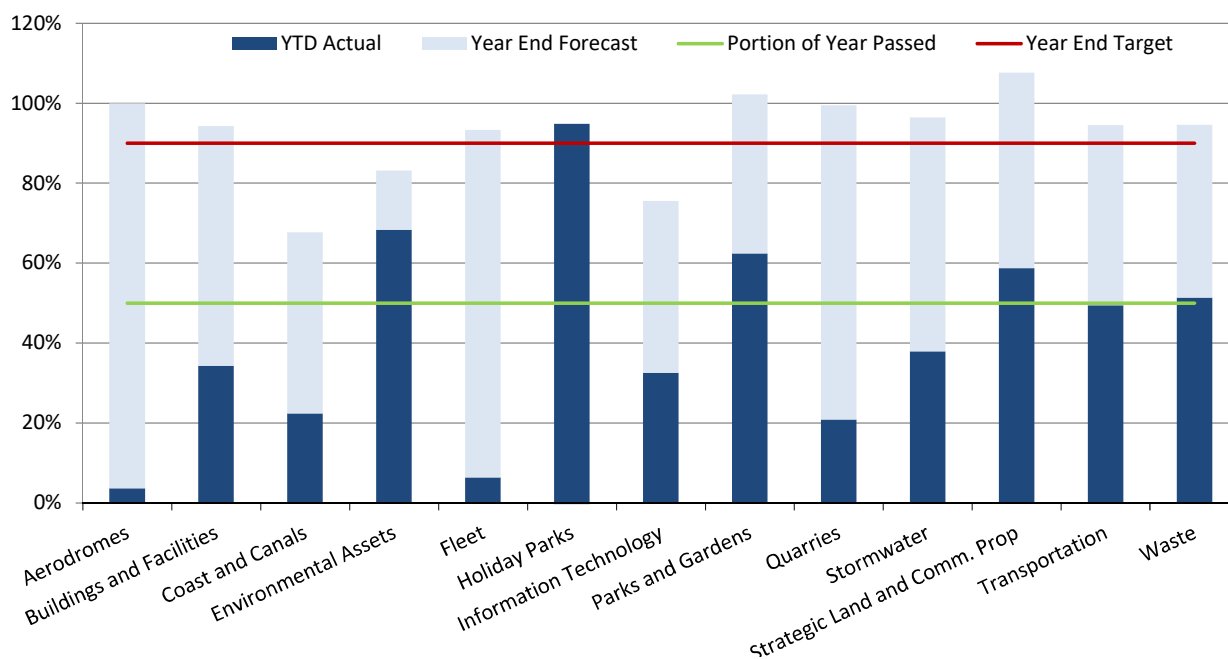
Capital Expenditure

	Annual		YTD		Year End	
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Capital Works Program						
Aerodromes	450	275	10	3.7%	275	0
Buildings and Facilities	19,103	17,568	5,850	33.3%	16,070	(1,498)
Coast and Canals	2,080	2,080	465	22.4%	1,409	(671)
Environmental Assets	1,300	1,450	930	64.1%	1,131	(319)
Fleet	2,900	2,772	176	6.4%	2,587	(185)
Holiday Parks	4,302	4,718	4,476	94.9%	4,414	(304)
Information Technology	5,830	8,906	2,898	32.5%	6,728	(2,178)
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Strategic Land and Commercial Properties	14,563	21,958	12,896	58.7%	23,643	1,685
Transportation	69,115	66,736	32,649	48.9%	62,407	(4,329)
Waste	20,622	19,956	10,246	51.3%	18,874	(1,082)
Total SCC Core Capital Program	164,556	173,808	85,671	49.3%	164,797	(9,011)
Corporate Major Projects	14,968	9,918	2,979	30.0%	9,093	(825)
Divisional Allocations	5,336	5,547	1,776	32.0%	3,477	(2,070)
Maroochydore City Centre	16,579	20,657	10,364	50.2%	20,154	(504)
Submarine Cable IBN	14,390	15,774	10,379	65.8%	15,029	(745)
Sunshine Coast Airport Runway	104,836	129,884	61,685	47.5%	136,852	6,967
Total Other Capital Program	156,109	181,780	87,184	48.0%	184,604	2,823
TOTAL	320,666	355,588	172,855	48.6%	349,401	(6,188)

The above program of works includes recurrent and non-recurrent expenditure, as reporting in the operating statement

Recurrent Expenses			4,171	0.0%
Non-Recurrent Expenses			3,209	0.0%

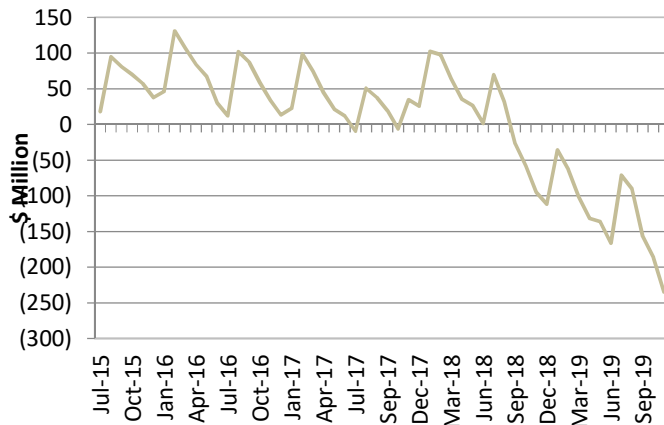
SCC Core % YTD spent compared to profiled budget by Program



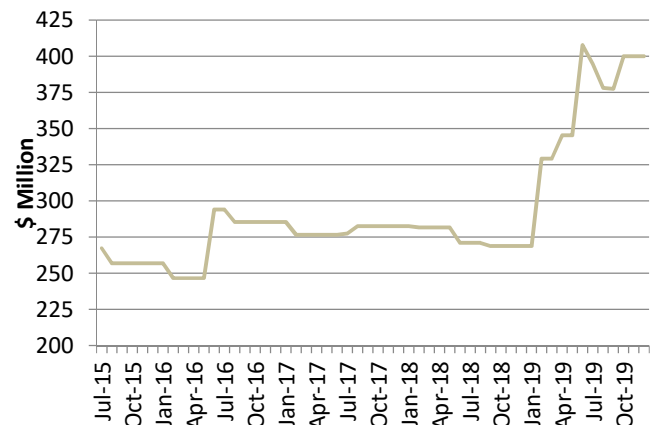
Cash and Balance Sheet

	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	201,182	263,421	263,421
Net Cash Inflow/(Outflows) from:			
Operating Activities	66,248	49,949	42,832
Investing Activities	(216,950)	(238,756)	(150,866)
Financing Activities	157,963	170,906	3,410
Net Increase/(decrease) in Cash Held	7,261	(17,901)	(104,624)
Cash at year end	208,443	245,520	158,797
BALANCE SHEET			
Current Assets	267,703	310,143	224,895
Non Current Assets	5,840,644	5,889,365	5,639,812
Total Assets	6,108,347	6,199,778	5,864,707
Current Liabilities	136,326	185,889	125,067
Non Current Liabilities	589,563	596,576	415,058
Total Liabilities	725,889	782,466	540,125
Net Community Assets/ Total Community Equity	5,382,458	5,417,312	5,324,582

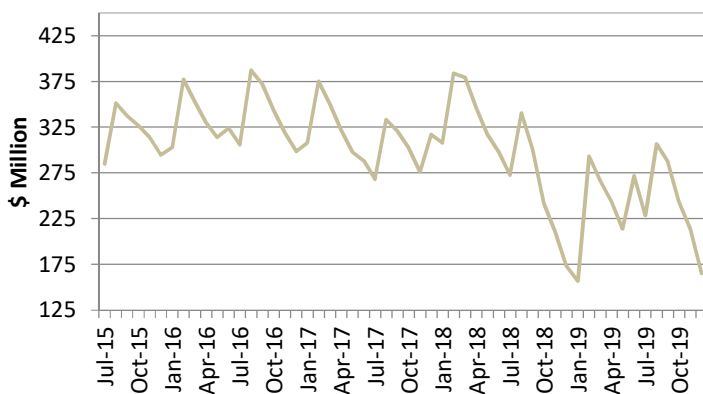
Net Cash



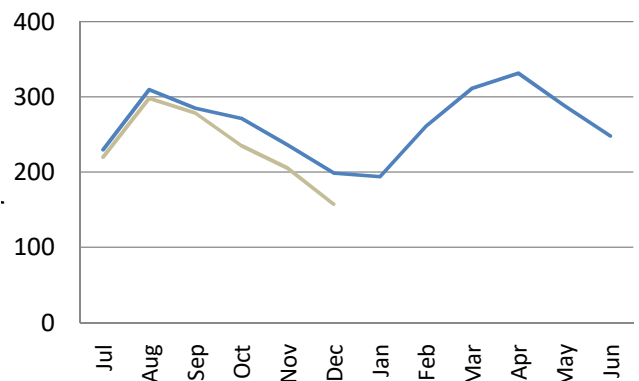
Debt Balance



Cash Balance



Forecast Cash Balance



Investment Performance

December 2019

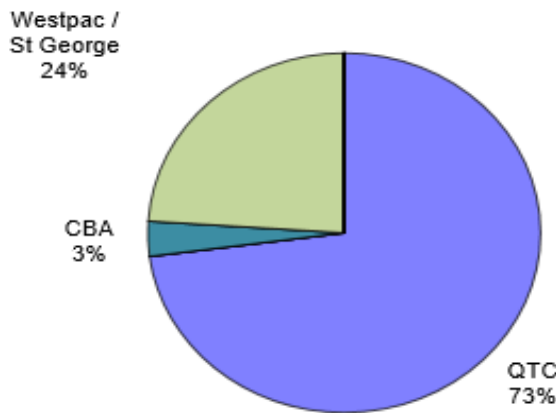
Liquidity as at:	31/12/2019	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$118,797	71.14%
Maturities within 7 days	\$0	0.00%
Total at-call	\$118,797	71.14%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$30,000	3
30-59 days	\$10,000	1
60-89 days	\$0	0
90-179 days	\$0	0
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$40,000	4

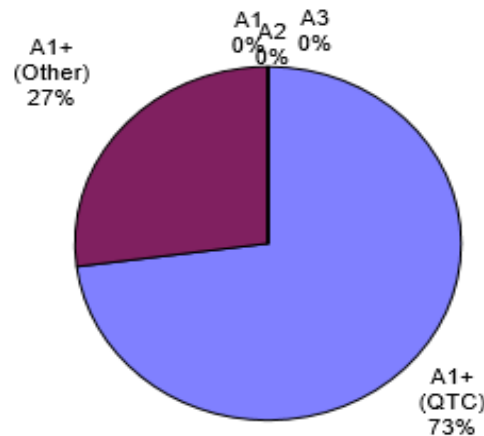
INVESTMENT SUMMARY (including Trust) as at:						Investment Policy		
	31/12/2019		30/09/2019		31/12/2018		Individual Limit	Group Limits
A1+ (QTC)	\$121,757	72.9%	\$97,942	36.3%	\$40,336	23.2%	100%	100%
A1+ (Other)	\$45,238	27.1%	\$132,081	48.9%	\$43,739	25.1%	40%	100%
A1	\$0	0.0%	\$0	0.0%	\$30,000	17.2%	30%	50%
A2	\$0	0.0%	\$40,000	14.8%	\$60,000	34.5%	30%	45%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$166,996		\$270,023		\$174,075			
FUND SUMMARY								
General Funds	\$158,797		\$261,666		\$166,215			
Trust Funds	\$8,198		\$8,357		\$7,860			
Total Funds	\$166,996		\$270,023		\$174,075			

Investment Portfolio

Investment per financial institution (%)

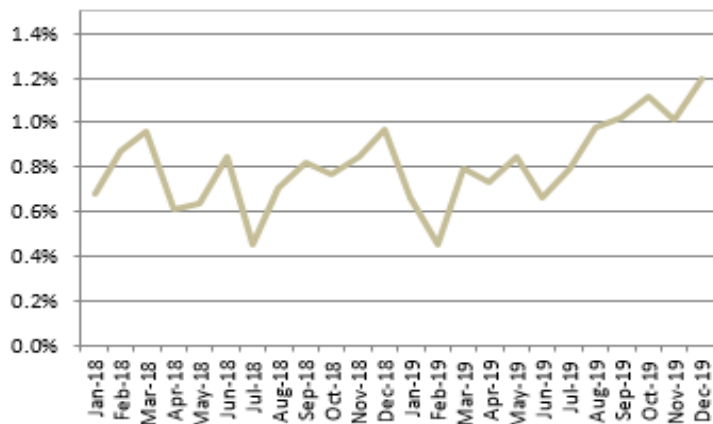


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

