

8.2.1 AUGUST 2014 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
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Corporate Services Department
Attachments: Att 1 - August 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 31 August 2014 shows a positive variance of \$4.2 million compared to the forecast position.

The operating result variation is made up of higher than expected revenue of \$2.3 million (1.8%) and lower than expected operating expenses of \$1.9 million (3.1%). Further detail is provided in the proposal section of this report.

As at 31 August 2014, \$13.6 million (11.9%) of council's \$114.3 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 "August 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 31 August 2014 shows a positive variance of \$4.2 million compared to the forecast position.

This operating result variation is made up of higher than expected revenue of \$2.3 million and lower than expected operating expenses of \$1.9 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.

For the July 2014 Rate run, approximately 85% of ratepayers took advantage of the early payment discount. There were 125,989 rateable properties for the July 2014 rate production, with more than 106,000 discount transactions allowed up to due date of 22 August 2014. As a result there were approximately 14,000 reminder notices issued in September, totalling \$14.4 million.

Overall council's outstanding rate balance as at 31 August 2014 totalled \$23.4 million, or 7.2%. The difference between overall outstanding and reminder notices issued relate to ratepayers that have, for example, an arrangement to pay, or have entered a payment plan.

Fees and Charges

The \$361,000 favourable variance in fees and charges mainly relates to development application revenue which is higher than budget by \$482,000. This is offset by tip fees being less than the year to date budget.

Operating Expenses

Employee Cost

As at 31 August 2014, employee costs were below budget by \$866,000. Some vacancies are in the process of being filled.

Materials and Services

As at 31 August 2014, Materials and Services costs were below budget by \$901,000 or 3.9%.

The bulk of this variance relates to waste, fuel and materials costs being less than the year to date budget, offset by corporate subscriptions being higher than budget.

Capital Expenditure

As at 31 August 2014, \$13.6 million (11.9%) of council's \$114.3 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	4,997	199	4.0%
Coasts and Canals	2,070	2,070	199	9.6%
Divisional Allocations	3,335	2,748	258	9.4%
Environmental Assets	926	946	82	8.7%
Fleet	1,290	1,290	17	1.3%
Parks and Gardens	9,027	9,349	1,947	20.8%
Stormwater	6,202	6,202	251	4.0%
Transportation	47,286	47,531	5,823	12.3%
Information Technology	2,768	2,768	414	15.0%
Strategic Land & Commercial Properties	18,751	19,201	2,235	11.6%
Aerodromes	581	581	19	3.2%
Sunshine Coast Airport	5,148	5,148	405	7.9%
Holiday Parks	1,158	1,158	196	16.9%
Quarries	1,950	1,950	0	0.0%
Waste	8,403	8,403	1,507	17.9%
TOTAL COUNCIL	113,892	114,342	13,594	11.9%

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 August 2014 council had \$270 million cash (excluding Trust Fund) with an average interest rate of 3.43%, being 0.74% above benchmark. This is compared to the same period last year with \$323 million cash (excluding Trust Fund) where the average interest rate was 3.93%, being 1.17% 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. This claim has been sent to the Minister who has initiated an independent process to determine the validity. An additional \$22.8 million in cash transfer would be shown as a loss on disposal and decrease the Sunshine Coast cash balance.
2. Unitywater is raising its tariffs across a range of council land and facilities. The amount has now been quantified at \$13,000 for 2014/2015 and will no longer be reported as a risk.
3. 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

August 2014

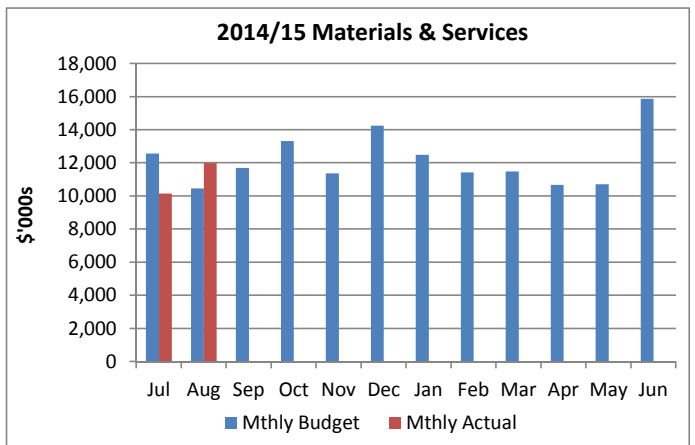
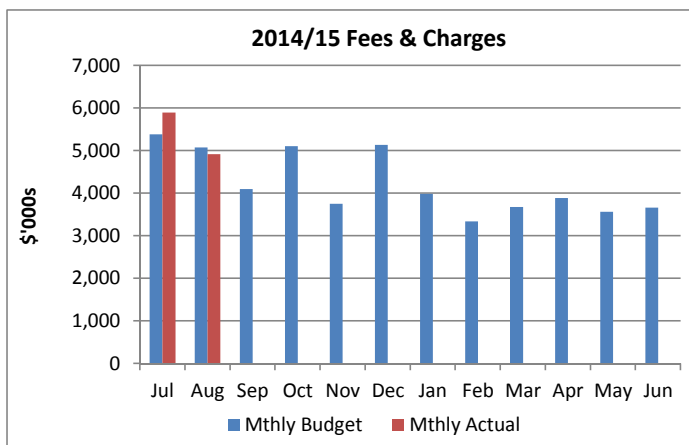
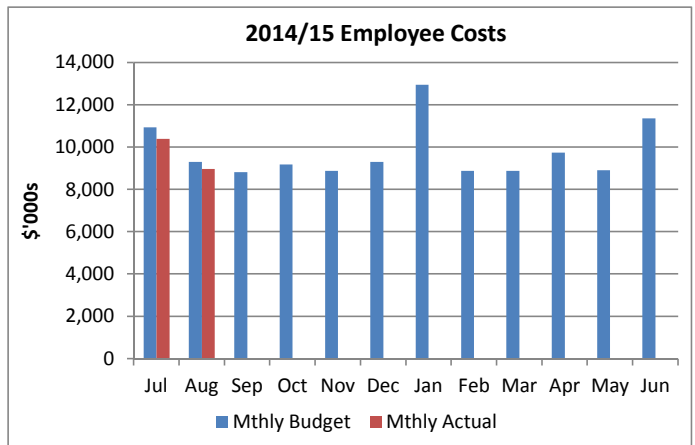
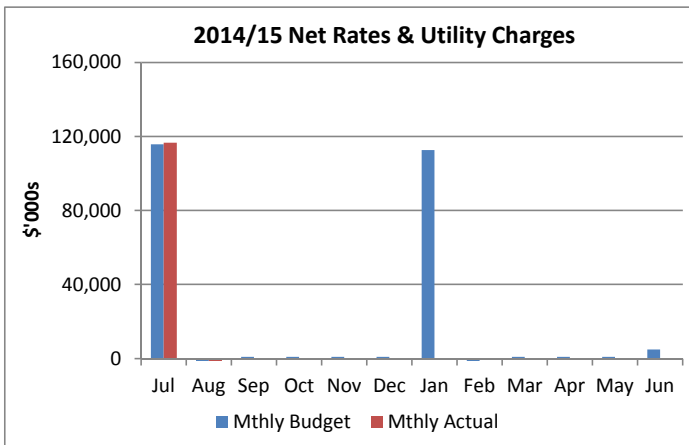
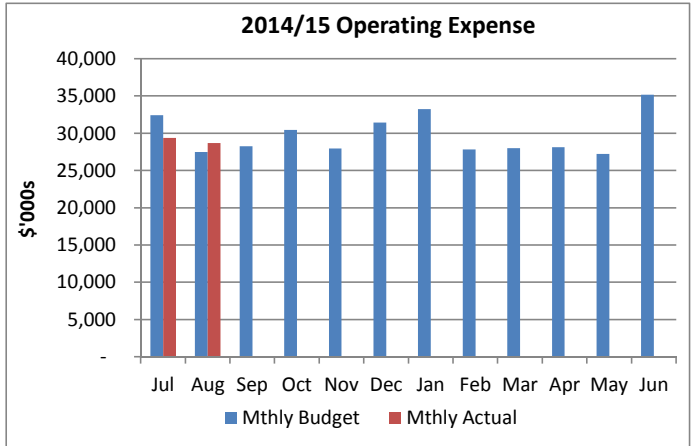
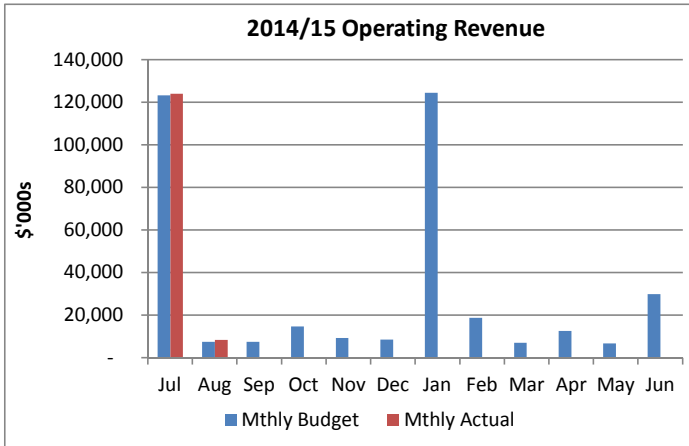


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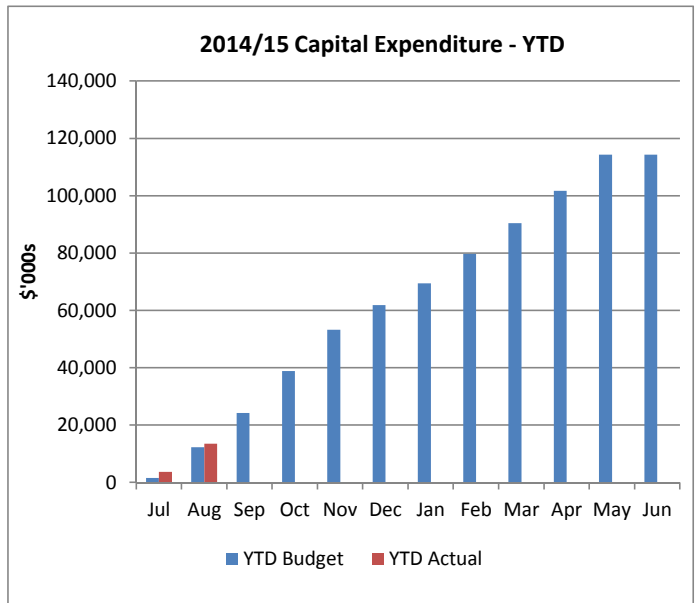
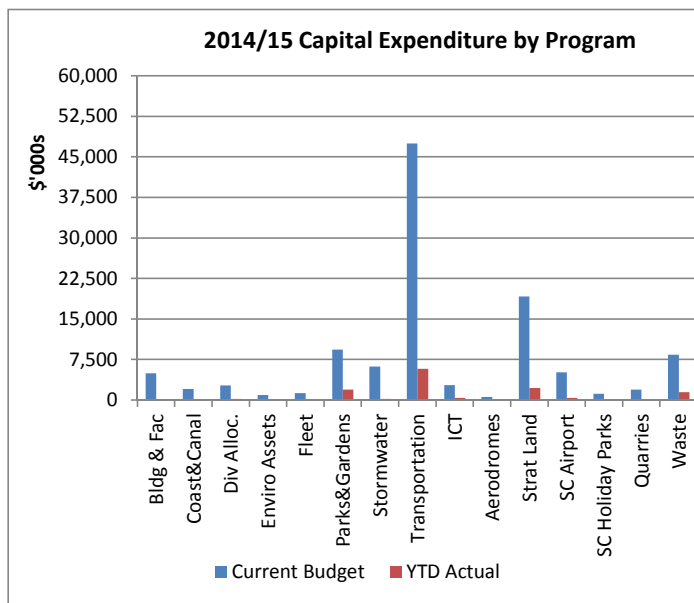
HEADLINE - OPERATING

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	370,949	370,949	130,901	133,241	2,340	1.8%
Operating Expenses	357,872	357,872	59,955	58,104	(1,851)	(3.1%)
Operating Result	13,077	13,077	70,946	75,137	4,191	5.9%
NET Result	51,580	51,580	76,566	78,509	1,943	2.5%



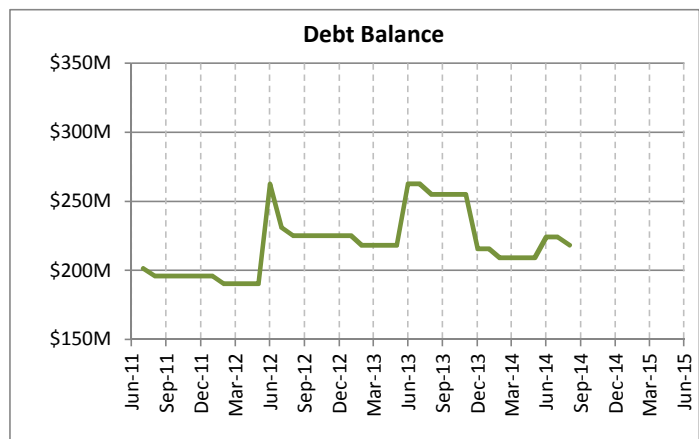
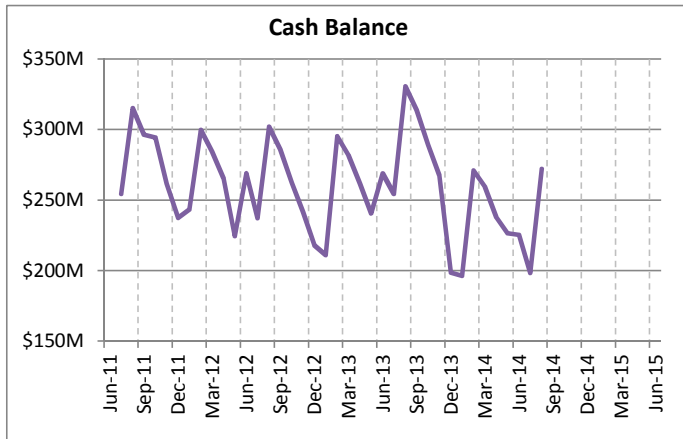
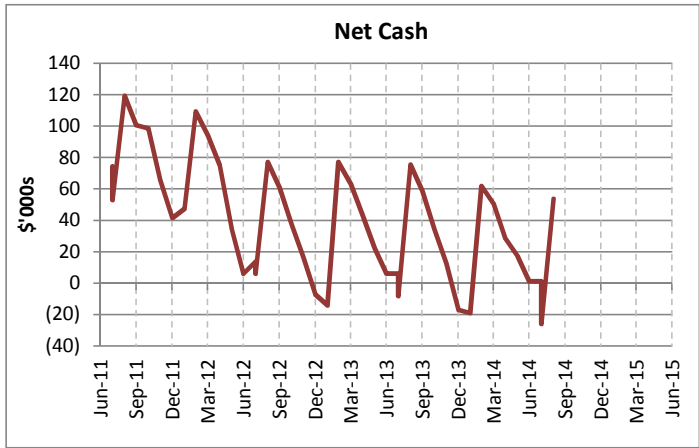
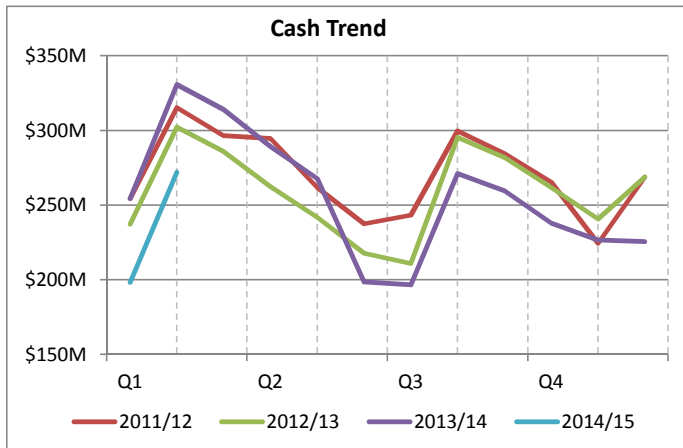
HEADLINE - CAPITAL

	Annual		YTD			
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %
Capital Revenues (included in NET Result)	33,720	33,720	5,620	3,372	(2,248)	
Other Capital Revenues	83,486	83,485	13,114	10,752	(2,362)	
Total Capital Revenues	117,206	117,205	18,734	14,124	(4,610)	
Capital Works Expenditure	113,892	114,342	12,280	13,594	1,314	10.7%
Other Capital Expenditure	9,995	38,005	11,002	5,843	(5,160)	
Total Capital Expenditure	123,887	152,347	23,282	19,437	(3,846)	
Funds from General Revenue	6,681	35,142	4,548	5,313	765	



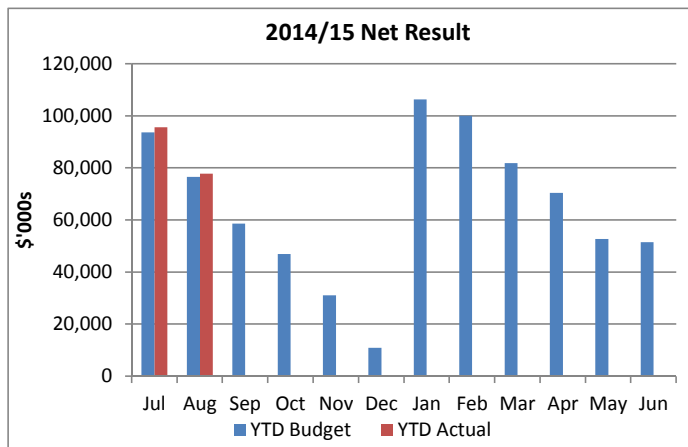
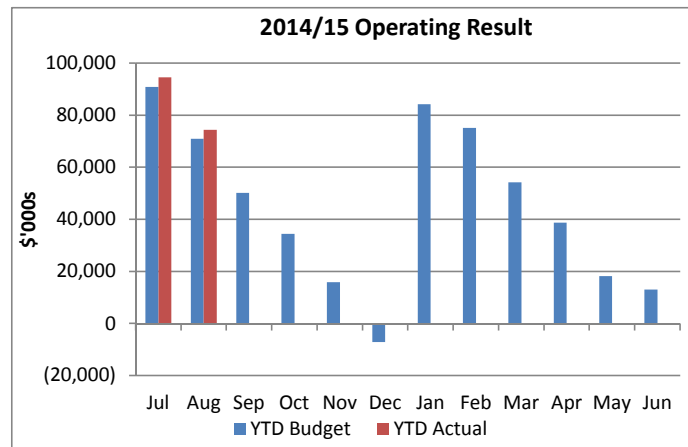
HEADLINE - CASH & BALANCE SHEET

	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	966,138
Investing Activities	(94,598)	(95,048)	(910,168)
Financing Activities	1,306	1,306	(3,542)
Net Increase/(decrease) in Cash Held	(14,187)	(14,637)	52,429
Cash at year end	155,689	155,239	273,853
BALANCE SHEET			
Total Current Assets	204,627	204,177	330,799
Total Non Current Assets	4,566,635	4,567,085	4,160,123
Total Assets	4,771,262	4,771,262	4,490,923
Total Current Liabilities	70,488	70,488	46,844
Total Non Current Liabilities	238,841	238,841	262,915
Total Liabilities	309,329	309,329	309,758
Net Community Assets/ Total Community Equity	4,461,933	4,461,933	4,181,164

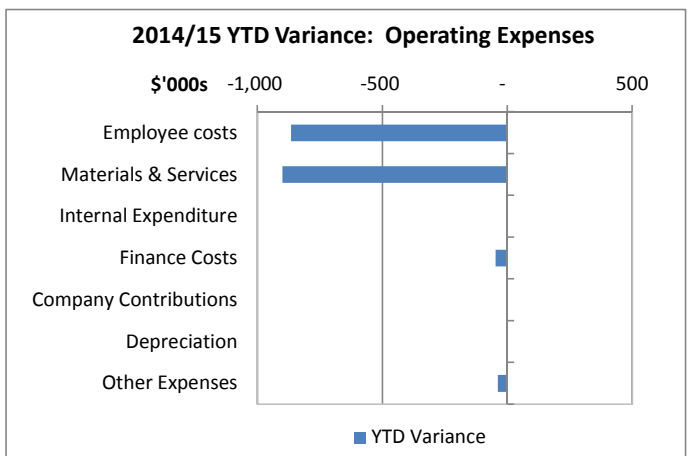
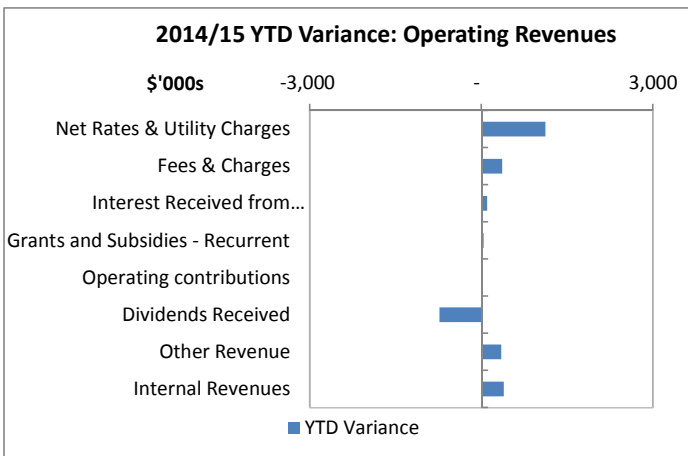
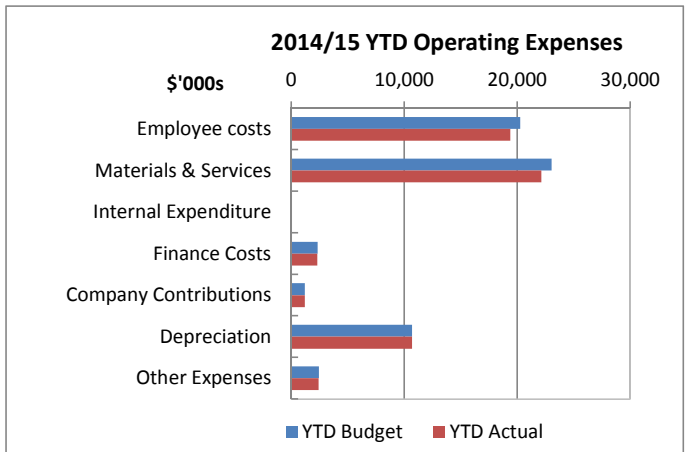
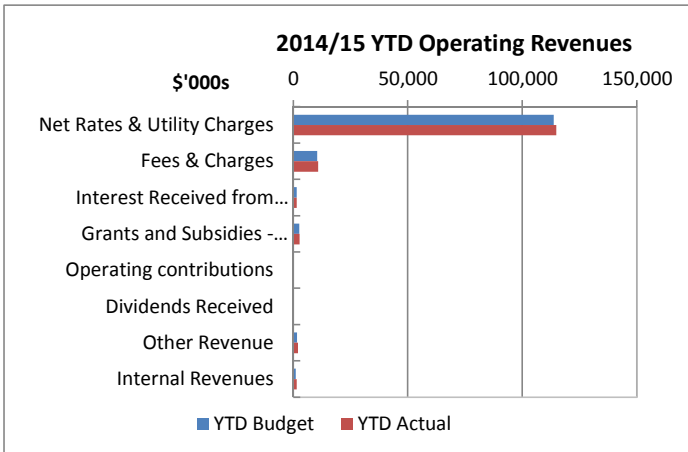


STATEMENT OF INCOME & EXPENSES

	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	118,955	119,931	975	0.8%	245,558
Interest from Rates & Utilities	1,527	1,527	254	270	16	6.3%	1,527
Less Discounts, Pensioner Remissions	(11,265)	(11,265)	(5,565)	(5,441)	124	-2.2%	(11,265)
Net Rates & Utility Charges	235,819	235,819	113,645	114,760	1,116	1.0%	235,819
Fees & Charges	50,668	50,668	10,455	10,816	361	3.5%	50,767
Interest Received from Investments	7,336	7,336	1,423	1,524	101	7.1%	7,336
Grants and Subsidies - Recurrent	9,569	9,569	2,615	2,650	35	1.3%	11,770
Operating contributions	541	541	90	82	(8)	-9.4%	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	10,085	1,609	1,955	346	21.5%	9,855
Internal Revenues	6,835	6,835	1,064	1,453	389	36.6%	6,970
Community Service Obligations	0	0	0	0	0	0.0%	0
Total Operating Revenue	370,949	370,949	130,901	133,241	2,340	1.8%	373,019
Operating Expenses							
Employee costs	117,212	117,212	20,251	19,386	(866)	-4.3%	117,261
Materials & Services	146,431	146,338	23,043	22,142	(901)	-3.9%	149,962
Internal Expenditure	(0)	(0)	(0)	(0)	0	-62.2%	(0)
Finance Costs	13,406	13,406	2,339	2,292	(47)	-2.0%	13,406
Company Contributions	1,187	1,187	1,187	1,187	0	0.0%	1,187
Depreciation	64,186	64,186	10,698	10,698	0	0.0%	64,186
Other Expenses	15,450	15,543	2,437	2,399	(38)	-1.6%	15,727
Competitive Neutrality Adjustments	0	0	0	0	0	0.0%	0
Total Operating Expenses	357,872	357,872	59,955	58,104	(1,851)	-3.1%	361,728
Operating Result	13,077	13,077	70,946	75,137	4,191	5.9%	11,291
Capital Revenue							
Capital Grants and Subsidies	2,320	2,320	387	1,214	827	213.9%	4,184
Capital Contributions	7,400	7,400	1,233	2,158	925	75.0%	7,585
Contributed Assets	24,000	24,000	4,000	0	(4,000)	-100.0%	24,000
Other Capital Revenue	4,783	4,783	0	0	0	0.0%	4,783
Total Capital Revenue	38,503	38,503	5,620	3,372	(2,248)	-40.0%	40,552
Net Result	51,580	51,580	76,566	78,509	1,943	2.5%	51,843



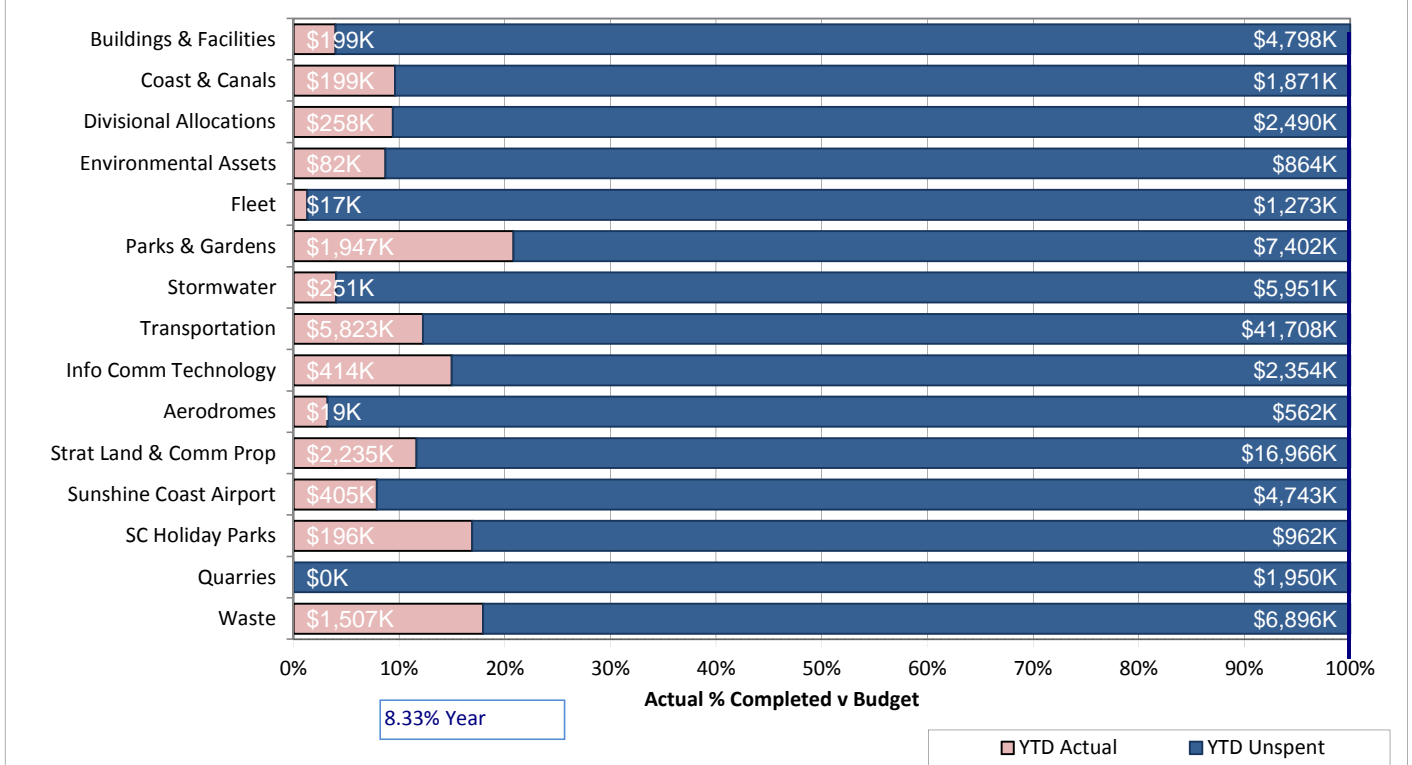
STATEMENT OF INCOME & EXPENSES



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	4,997	234	199	4.0%	7,855
Coast and Canals	2,070	2,070	194	199	9.6%	2,651
Divisional Allocations	2,888	2,888	473	258	8.9%	3,723
Environmental Assets	946	946	66	82	8.7%	1,141
Fleet	1,290	1,290	215	17	1.3%	1,290
Parks and Gardens	9,349	9,349	1,616	1,947	20.8%	12,958
Stormwater	6,202	6,202	63	251	4.0%	6,599
Transportation	47,391	47,391	6,315	5,823	12.3%	55,683
Information Communication Technology	2,768	2,768	344	414	15.0%	3,884
Strategic Land & Comm Properties	18,751	19,201	1,269	2,235	11.6%	29,150
Aerodromes	581	581	-	19	3.2%	912
Sunshine Coast Airport	5,148	5,148	308	405	7.9%	5,741
SC Holiday Parks	1,158	1,158	225	196	16.9%	2,119
Quarries	1,950	1,950	325	-	0.0%	2,204
Waste	8,403	8,403	633	1,507	17.9%	13,727
TOTAL	113,892	114,342	12,280	13,594	11.9%	149,637

Capital Works Expenditure



INVESTMENT PERFORMANCE

Liquidity as at:		31/08/2014	
		\$'000's	
At-call accounts			
QTC + CBA (excl. trust)	\$95,655	34.82%	
Maturities within 7 days	\$10,000	3.64%	
Total at-call	\$105,655	38.46%	
Investment Policy Target		10.00%	

	INVESTMENT SUMMARY AS AT (including Trust)			Investment Policy				
	31/08/2014		31/07/2014		31/08/2013		Individual Limit	Group Limits
A1+ (QTC)	\$64,376	23.4%	\$75,746	36.5%	\$72,792	22.0%	100%	100%
A1+ (Other)	\$150,359	54.7%	\$91,729	44.2%	\$162,970	49.3%	35%	100%
A1	\$30,000	10.9%	\$0	0.0%	\$30,000	9.1%	30%	40%
A2	\$30,000	10.9%	\$40,000	19.3%	\$65,000	19.7%	15%	35%
TOTAL	\$274,735		\$207,475		\$330,763			

Investment Portfolio

