

8.2 JULY 2022 FINANCIAL PERFORMANCE REPORT

File No: Council meetings
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - July 2022 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 July 2022 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Budget as at 31 July 2022

	Original Budget \$000
Total Operating Revenue	535,020
Total Operating Expenses	503,237
Operating Result	31,783

Details of the monthly financial report are contained in Attachment 1.

OFFICER RECOMMENDATION

That Council receive and note the report titled "July 2022 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 July 2022 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *Our outstanding organisation*
Outcome: We serve our community by providing this great service.
Operational Activity: S28 - Financial and procurement services – financial and procurement management and governance, ensuring effective business management and legislative compliance, coordination and development of Council's budget process, administration of financial systems, sundry debtors, accounts payable, financial and asset accounting, treasury, procurement, contract and supply functions.

CONSULTATION

Portfolio Councillor Consultation

Consultation has been undertaken with the Portfolio Councillor, E Hungerford.

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

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 2022/23 Investment Policy and
Sunshine Coast Council's 2022/23 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

Special Meeting Budget 23 June 2022 (SM22/2)

That Council adopt Appendix A as tabled, pursuant to sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2022/23 financial year incorporating:

- the statement of income and expenditure*
- the statement of financial position*
- the statements of changes in equity*
- the statement of cash flow*
- the relevant measures of financial sustainability*
- the long term financial forecast*
- the Debt Policy (adopted by Council resolution on 26 May 2022)*
- the Revenue Policy (adopted by Council resolution on 26 May 2022)*
- 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 2022/23 Capital Works Program, endorse the indicative four-year program for the period 2024 to 2027, and note the five-year program for the period 2028 to 2032*
- xii. *the rates and charges to be levied for the 2022/23 financial year and other matters as detailed below in clauses 3 to 12*
- xiii. *endorse the 2022/23 Minor Capital Works Program*
- xiv. *the Strategic Environment Levy Policy*
- xv. *the Strategic Arts and Heritage Levy Policy and*
- xvi. *the Strategic Transport Levy Policy*

Related Documentation

2022/23 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

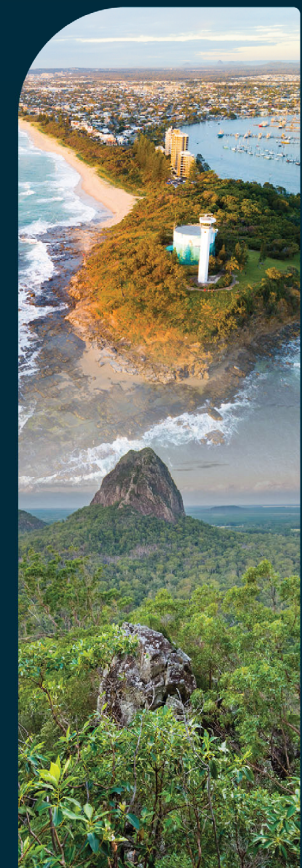
2022-23 BUDGET



Financial Performance Report

July 2022

Stronger.
Better.
Sustainable.



Statement of Income and Expenses



- Council has a positive operating result of \$154.7 million, which is \$2.7 million above the current budget as at 31 July 2022.

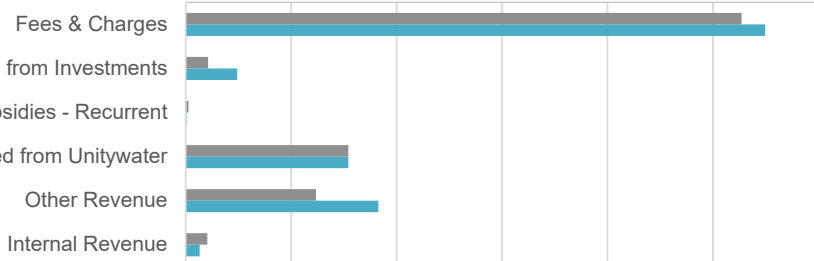
Statement of Income & Expenses							
	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Revenue							
Net Rates and Utility Charges	369,957	369,957	182,455	182,912	457	0.3%	369,957
Fees and Charges	70,045	70,045	5,271	5,495	223	4.2%	70,045
Interest Received from Investments	3,000	3,000	211	486	275	129.9%	3,000
Operating Grants and Subsidies	12,804	12,804	25	6	(19)	(74.5%)	12,804
Operating Contributions	320	320	4	-	(4)	(100.0%)	320
Unitywater Participation	52,438	52,438	1,542	1,542	-	-	52,438
Other Revenue	23,824	23,824	1,235	1,827	591	47.9%	23,824
Internal Sales/Recoveries	2,632	2,632	204	131	(73)	(35.8%)	2,632
Total Operating Revenue	535,020	535,020	190,948	192,399	1,451	0.8%	535,020
Operating Expenses							
Employee Costs	163,519	163,519	10,016	10,042	26	0.3%	163,519
Materials and Services	200,548	200,548	13,589	12,589	(1,000)	(7.4%)	200,548
Finance Costs	12,771	12,771	1,174	1,169	(5)	(0.5%)	12,771
Company Contributions	4,413	4,413	4,414	4,414	0	0.0%	4,413
Depreciation Expense	95,499	95,499	7,958	7,958	-	-	95,499
Other Expenses	23,292	23,292	1,536	1,283	(253)	(16.5%)	23,292
Recurrent Capital Expenses	3,195	3,195	239	245	6	2.3%	3,195
Total Operating Expenses	503,237	503,237	38,927	37,699	(1,227)	(3.2%)	503,237
Operating Result	31,783	31,783	152,021	154,700	2,679	1.8%	31,783
Capital Revenue							
Capital Grants and Subsidies	18,186	18,186	72	72	(0)	(0.0%)	18,186
Capital Contributions - Cash	32,000	32,000	366	366	(0)	(0.0%)	32,000
Capital Contributions - Fixed Assets	50,417	50,417	(0)	-	0	(100.0%)	50,417
Total Capital Revenue	100,602	100,602	438	438	(0)	(0.0%)	100,602
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & impairment	-	-	-	-	-	-	-
Movements in landfill and quarry provisions	3,010	3,010	251	251	-	-	3,010
Assets Transferred to Third Parties	-	-	-	-	-	-	-
Total Non-recurrent Expenses	3,010	3,010	251	251	-	-	3,010
Net Result	129,375	129,375	152,209	154,887	2,679	1.8%	129,375

Operating Result – July 2022

Operating Revenue

\$ Millions

1 2 3 4 5 6



■ YTD Budget ■ YTD Actuals

Operating Summary

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	535,020	535,020	190,948	192,399	1,451	0.8%
Operating Expenses	500,042	500,042	38,687	37,454	(1,233)	(3.2%)
Recurrent Capital Expenses	3,195	3,195	239	245	6	2.3%
Operating Result	31,783	31,783	152,021	154,700	2,679	1.8%
Capital Revenue	100,602	100,602	438	438	(0)	(0.0%)
Non-recurrent Expenses	3,010	3,010	251	251	-	-
Net Result	129,375	129,375	152,209	154,887	2,679	1.8%

Substantial Revenue Variance for the Period Ending 31 July 2022

	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	369,957	369,957	182,455	182,912	457	0.3%	369,957
Other Revenue	23,824	23,824	1,235	1,827	591	47.9%	23,824

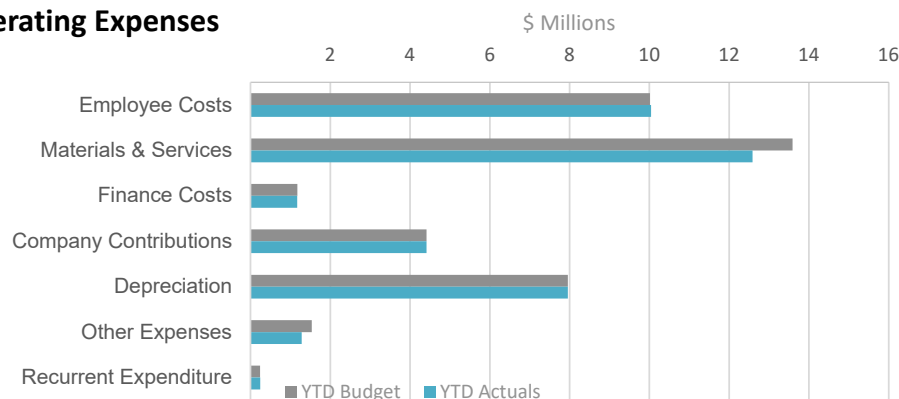
As at 31 July 2022, \$192.4 million operating revenue had been achieved which is \$1.5 million more than current budget.

Significant revenue variances:

- **Fees and Charges** – Council's holiday parks are currently ahead of the expected budget for July
- **Interest Received** – Council's returns on investments are increasing due to the change in interest rate market conditions

Operating Result – July 2022 (continued)

Operating Expenses



Operating Summary						
	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	535,020	535,020	190,948	192,399	1,451	0.8%
Operating Expenses	500,042	500,042	38,687	37,454	(1,233)	(3.2%)
Recurrent Capital Expenses	3,195	3,195	239	245	6	2.3%
Operating Result	31,783	31,783	152,021	154,700	2,679	1.8%
Capital Revenue	100,602	100,602	438	438	(0)	(0.0%)
Non-recurrent Expenses	3,010	3,010	251	251	-	-
Net Result	129,375	129,375	152,209	154,887	2,679	1.8%

Substantial Expenditure Variance for the Period Ending 31 July 2022

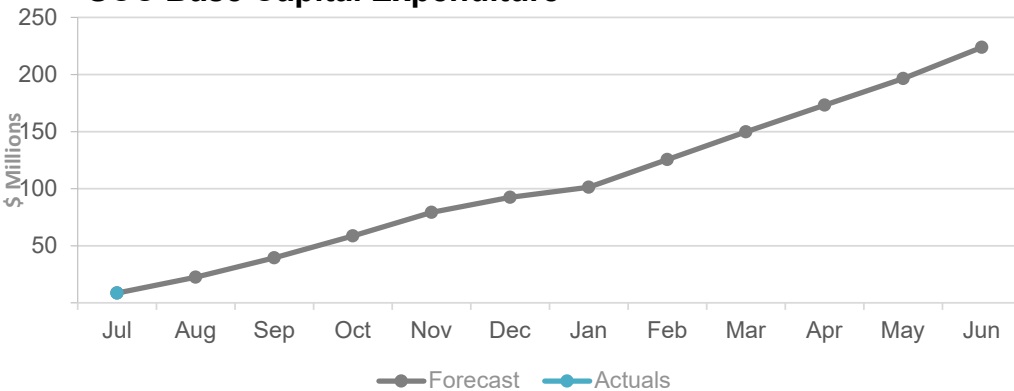
	Annual		YTD				Annual Forecast Budget \$000
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	
Operating Expenses							
Materials and Services	200,548	200,548	13,589	12,589	(1,000)	(7.4%)	200,548
Other Expenses	23,292	23,292	1,536	1,283	(253)	(16.5%)	23,292

As at 31 July 2022, \$37.7 million of the \$503 million operating budget had been expended resulting in a variance of \$1.2 million

- Employee expenses are within budget for July
- Materials and services are below budget due to the progression of levy and operating projects

Capital Expenditure - July 2022

SCC Base Capital Expenditure

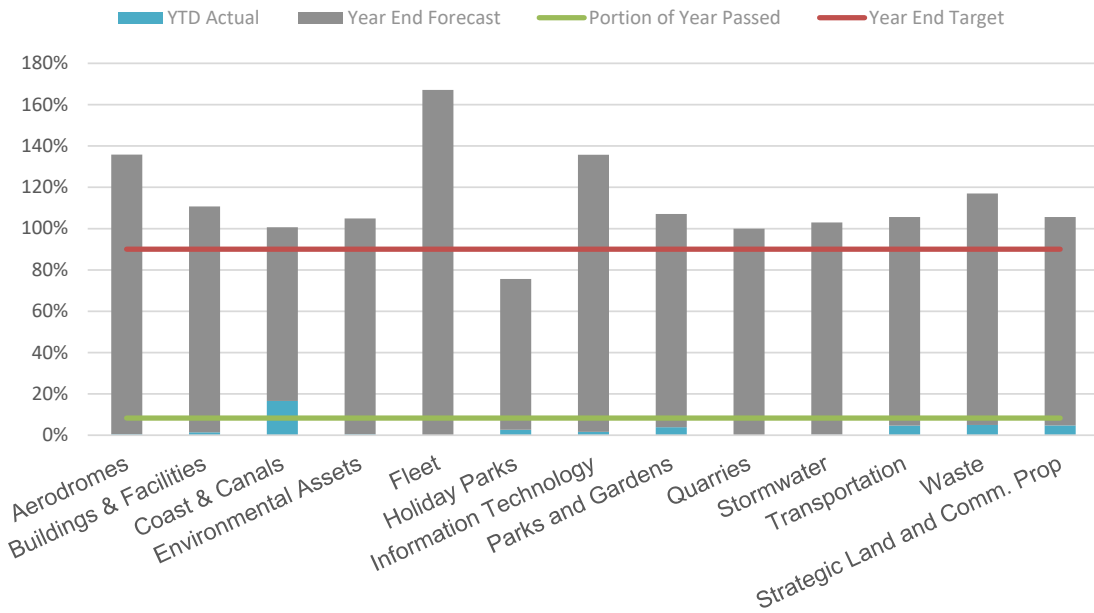


- As at 31 July 2022, \$13.7 million (5%) of Council's \$273 million Capital Works Program was financially expended.
- The Core Capital Program has progressed 4.1% of budget, an actual spend of \$8.5 million.
- Corporate Major Projects progressed 9%

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
Core Capital Works Program						
Aerodromes	530	530	3	0.5%	720	190
Buildings and Facilities	21,764	21,764	313	1.4%	24,099	2,335
Coast and Canals	4,440	4,440	738	16.6%	4,470	30
Environmental Assets	3,840	3,840	18	0.5%	4,028	188
Minor Works	4,850	4,850	302	6.2%	7,373	2,523
Fleet	4,000	4,000	-	-	6,686	2,686
Holiday Parks	4,095	4,095	110	2.7%	3,099	(996)
Information Technology	7,059	7,059	119	1.7%	9,582	2,523
Parks and Gardens	18,380	18,380	715	3.9%	19,687	1,307
Quarries	610	610	0	0.0%	610	-
Stormwater	9,141	9,141	27	0.3%	9,414	273
Transportation	75,526	75,526	3,555	4.7%	79,797	4,271
Waste	52,546	52,546	2,626	5.0%	61,475	8,929
Total SCC Core Capital Program	206,781	206,781	8,526	4.1%	231,040	24,259
Corporate Major Projects	44,031	44,031	3,964	9.0%	48,998	4,967
Strategic Land and Commercial Properties	21,697	21,697	1,037	4.8%	22,918	1,221
Maroochydore City Centre	700	700	36	5.2%	700	-
Sunshine Coast Airport Runway	-	-	131	-	1,722	1,722
Total Other Capital Program	66,428	66,428	5,168	7.8%	74,338	7,910
TOTAL	273,210	273,210	13,695	5.0%	305,379	32,169

Capital Expenditure - July 2022 (continued)

SCC Core % YTD spent compared to profiled budget by Program



Buildings and Facilities

- Detailed design is progressing for of a new library and community centre at Sippy Downs as well as the upgrade of the Kawana Waters regional aquatic centre.
- Procurement is underway for the replacement/refurbishment of 11 public amenity buildings throughout the region

Fleet

- \$3.2 million of orders have been placed with delivery expected throughout the 2022/23 financial year.

Holiday Parks

- Construction for the replacement of amenities at the Coolum Beach and Mudjimba holiday park are currently scheduled for completion in September.

Parks and Gardens

- Works will begin shortly on the recreational park upgrade to Quota Memorial Park Nambour
- Construction is underway for significant recreational park upgrades at Forest Park West Sippy Downs. Construction is scheduled for completion in November

Stormwater

- Council's \$3.6 million stormwater pipe relining program is due to begin in September

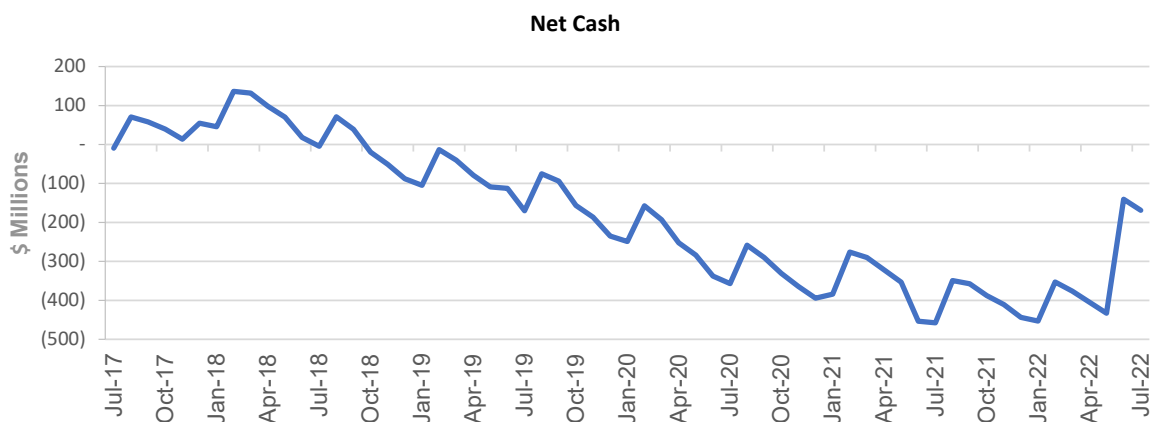
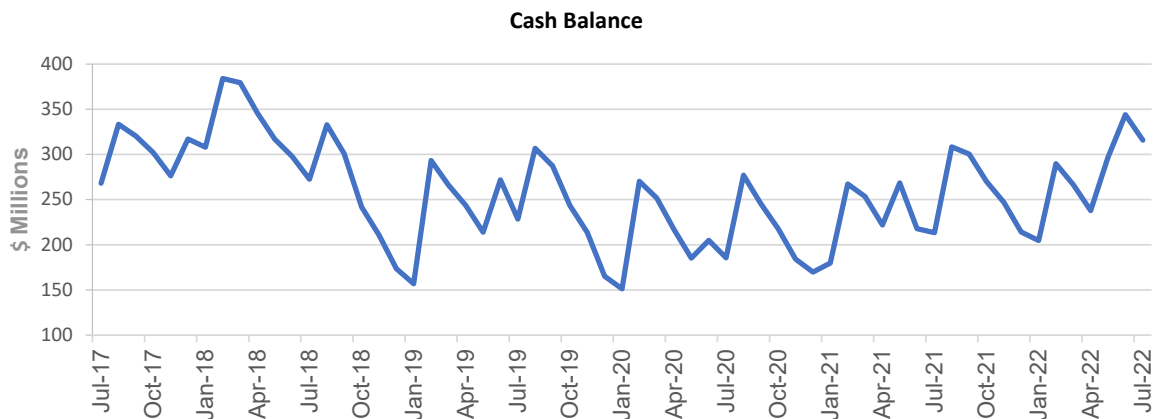
Transportation

- Council's \$23.5 million road resurfacing and rehabilitation program has progressed 3% with a total expenditure of \$793,000.
- Council's \$860,000 bus stop program has progressed 27% with a total expenditure of \$233,000.
- Construction continues for Council's major transport corridor upgrade at Brisbane Road Mooloolaba

Waste

- Design and construction is progressing for the new material resource facility at the Nambour resource recovery centre.

Cash Flows and Balance Sheet



Cash and Balance Sheet - July 2022	
	Original Budget \$000s
CASH FLOWS	
Opening Cash	289,721
Net Cash Inflow/(Outflows) from:	
Operating Activities	78,211
Investing Activities	(177,162)
Financing Activities	19,509
Net Increase/(decrease) in Cash Held	(79,442)
Cash at year end	210,279
BALANCE SHEET	
Current Assets	269,810
Non Current Assets	6,319,144
Total Assets	6,588,954
Current Liabilities	136,038
Non Current Liabilities	541,261
Total Liabilities	677,299
Net Community Assets/Total Community Equity	5,911,655

- Council's cash at 31 July 2022 is \$305 million
- Council's debt at 31 July 2022 is \$484 million

Debt

Sunshine Coast Council's debt program is governed by the 2022/23 Debt Policy, which was adopted with the Original Budget adoption on 23 June 2022.

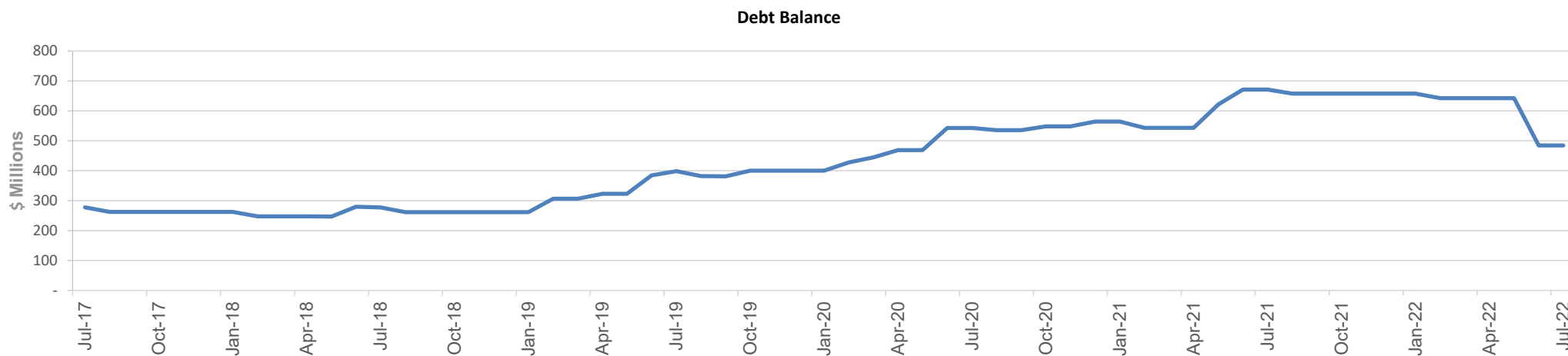
New borrowings are undertaken in accordance with the Queensland Treasury Corporation Guidelines, the Statutory Bodies Financial Arrangements Act 1982 and Section 192 of the Local Government Regulation 2012.

Table 1 includes Sunshine Coast Council's budgeted debt balance for 2022/23.

Council's debt as at 31 July 2022 is \$484 million

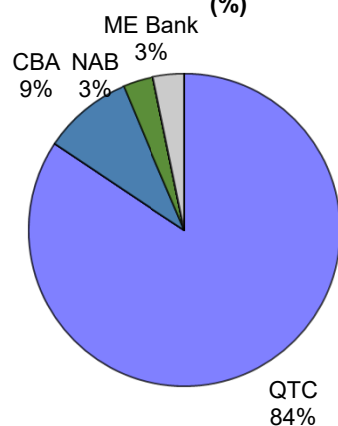
Debt - 2022/23				
	Opening Balance	Debt Redemption	New Borrowings	Closing Balance
	\$000	\$000	\$000	\$000
Sunshine Coast Council Core	345,766	16,680	44,430	373,516
Maroochydore City Centre	138,717	6,879	-	131,837
Total	484,483	23,559	44,430	505,354

Table 1: 2022/23 Adopted Debt Balance

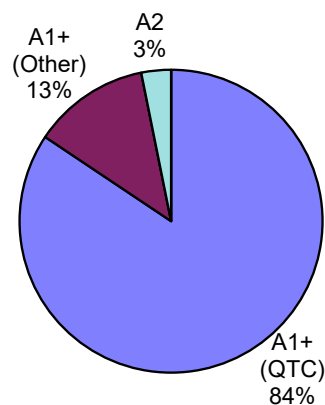


Investment Performance

Investment per financial institution (%)

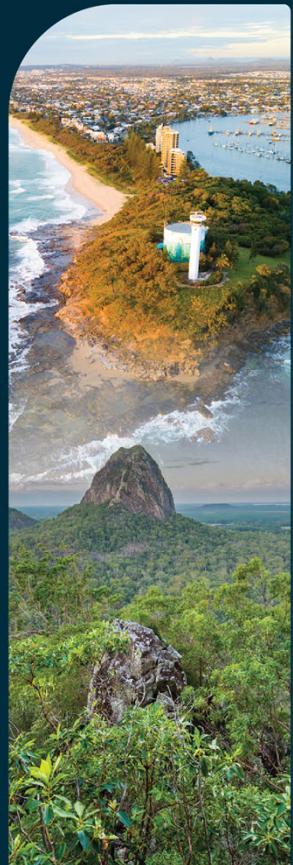


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance - July 2022									
Liquidity as at:			31/07/2022						
			\$'000's			Term deposits maturing:		Count	
At-call accounts							\$'000's		
QTC + CBA (excl. trust)		285,460		90.02%		within 30 days	-	-	
						30-59 days	-	-	
						60-89 days	-	-	
Maturities within 7 days		-		0.00%		90-179 days	20,000	2	
Total at-call		285,460		90.02%		180-364 days	-	-	
Investment Policy Target				10.00%		1 year - 3 years	-	-	
						Total	20,000	2	
INVESTMENT SUMMARY (including Trust) as at:									
		31/07/2022		30/04/2022		31/07/2021		Investment Policy	
								Individual Limit	Group Limits
A1+ (QTC)	267,538	84%	202,185	83.3%	191,499	88.5%		100%	100%
A1+ (Other)	39,555	12%	30,601	12.6%	24,830	11.5%		40%	100%
A1	-	0%	-	0.0%	-	0.0%		30%	50%
A2	10,000	3%	10,000	4.1%	-	0.0%		30%	45%
A3	-	0%	-	0.0%	-	0.0%		5%	10%
Total Funds	317,094		242,786		216,329				
FUND SUMMARY									
General Funds	305,460		232,414		204,687				
Trust Funds	11,634		10,371		11,642				
Total Funds	317,094		242,786		216,329				

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2022 Council had \$305 million cash (excluding Trust Fund) with an average interest rate of 1.6%, being 0.01% above benchmark. This is compared to the same period last year with \$205 million cash (excluding Trust Fund) with an average interest rate of 0.50%, being 0.48% above benchmark.
- The benchmark used to measure performance of cash funds is Bloomberg AusBond Bank Bill index (BAUBIL).



 **Sunshine Coast**[™]
COUNCIL

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