

Sunshine Coast
Council

FINANCIAL PERFORMANCE REPORT



September 2012



Contents

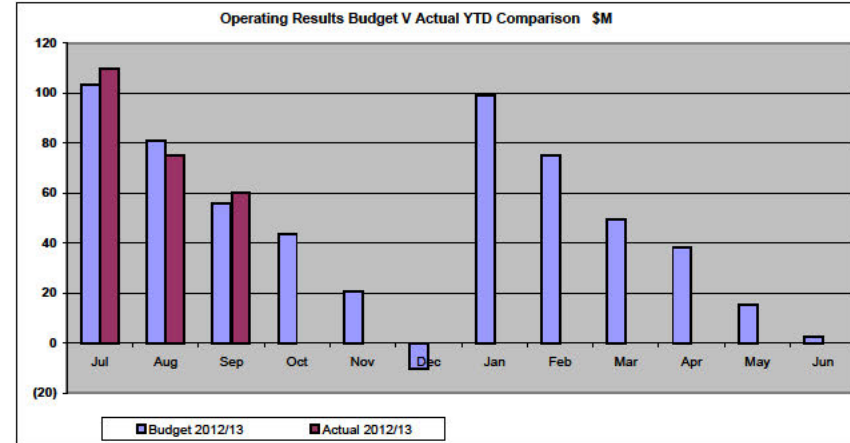
Table of Contents	
Summary Operating Statement	3
Operating Revenue	4
Operating Expenses	5
Summary Capital Statement	6
Capital Expenditure by Program	7
Operating Budget Adjustments	8
Capital Budget Adjustments	9
Capital Expenditure - Expenditure Variations over \$50,000	11

Summary Operating Statement

30 September 2012

SUMMARY OPERATING STATEMENT						
For the Period Ending 30 September 2012						
	Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %

Operating Revenue	425,130	424,170	154,930	157,093	2,164	1.4%
Operating Expenses	330,693	334,711	77,542	75,535	(2,007)	(2.6%)
Interest Expense	14,261	14,261	3,553	3,514	39	(1.1%)
Depreciation	72,496	72,495	18,124	18,124	(0)	0.0%
Operating Surplus/(Deficit)	7,680	2,704	55,711	59,920	4,210	4.7%
Transfer from Reserves	7,973	12,950	12,950	12,950	0	0.0%
Transfer to Reserves	(2,876)	(2,876)	(2,876)	(2,876)	0	0.0%
Balance	12,778	12,778	65,786	69,995	4,210	6.4%



Operating Net Result

Council's financial results at 30 September 2012 shows the organisation with a \$4.2 million higher than forecasted operating position against the year to date budget. This operating surplus variation is partly made up of higher than profiled revenue of \$2.2 million and lower than profiled operating expenses of \$2.0 million.

It should be noted that during September 2012, council approved the adjustments in Budget Review #1. These adjustments have been incorporated into the 2012/13 budget. Hence, the Operating surplus/deficit has decreased from \$7.7 million to \$2.7 million, and the transfer to reserve has increased. Resulting in the Balance being the same \$12.8 million.

Operating Revenue

The favourable revenue variance of \$2.2 million is a result of a number of items being higher than forecast. Such as interest revenue of \$600,000, other revenue of \$700,000 and \$200,000 to both fees and charges, and operating grants and subsidies. Other revenue variance is made up of private works for Infrastructure Services Department, however this will also correspondingly increase the expenditure in materials and services.

Operating Expenses

The favourable variance in operating expenses of \$2.0 million which is largely due to materials and services expense variance relating to contract services. This is offset by unfavourable employee costs.

In relation to contract services there is \$3.3 million favourable variance. As reported last month there is a prior year accrual of \$1.3 million for election costs. The invoice for this service has not yet been received by council and staff have contacted the Electoral Commission on a number of occasions requesting invoice for payment. The remaining \$2.0 million relates to several branches that individually have a variance of \$200,000 - \$400,000. Example being a \$400,000 timing difference for Caloundra Music Festival artists paid in October not September, due to the festival being held in last weekend of September.

Employee costs have an unfavourable variance of \$1.1 million. There are misaligned budget and actuals where the expense is recorded against employee costs and the available budget is within materials and services, e.g. agency staff costs. There is also a small part for budget timing differences where leave is being accrued however staff yet to take. This will be self-corrected in the later part of the year.

Operating Revenue

30 September 2012

Operating Revenue

As at 30 September 2012 operating revenues are favourable to budget by \$2.2 million or 1.4%.

The favourable revenue variance is a result of a number of items being higher than forecast. Such as interest revenue of \$600,000, other revenue of \$700,000 and \$200,000 to both fees and charges, and operating grants and subsidies. Other revenue variance is made up of private works for Infrastructure Service Department, however this also correspondingly increases the expenditure in materials and services.

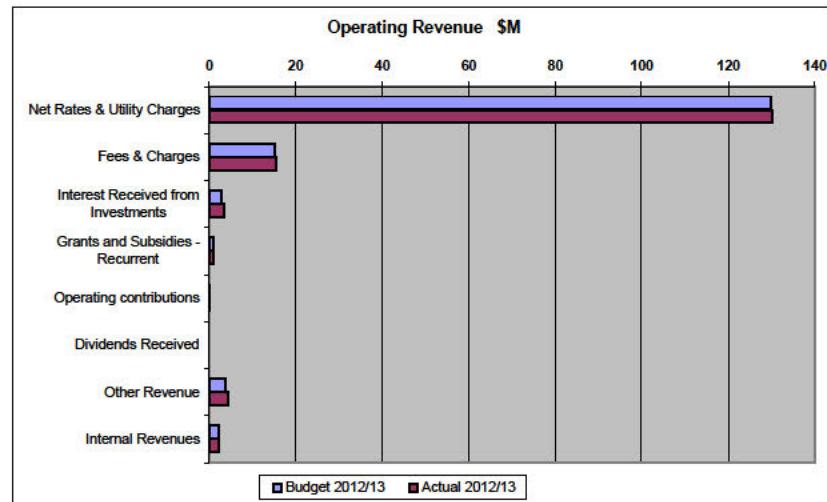
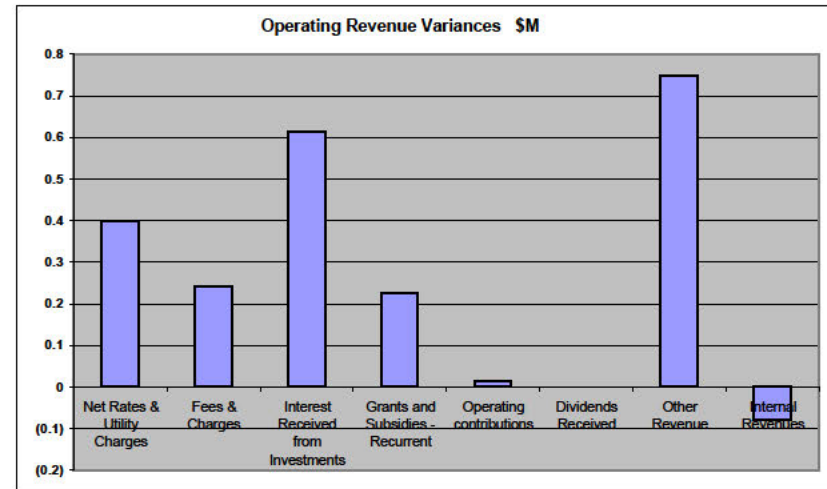
It should be noted that during September 2012, council approved the adjustments in budget review #1. These adjustments have been incorporated into the 2012/13 budget.

Last month it was reported there was outstanding revenues for dividend and tax equivalents from Unitywater of \$8.3 million, relating to 2011/12. Receipt of these funds occurred during September.

Risk: There remains a risk on:

1. General Rates - lower than anticipated growth of rateable properties of 0.9% against forecast of 1.5%. This approximately equates to lower revenue than budgeted of \$1.5 million
2. Federal Assistance Grant - during 2011/12 more than one half of the grant was paid early into June 2012. This prepayment has created a budget impact of \$3.2 million in the current 2012/13 budget.

There are no other operating revenue issues to report.



Operating Expenses

30 September 2012

Operating Expenses

At 30 September 2012, operating expenses were \$2.0 million or 2.6% under budget due to materials and services expense variance relating to contract services. This is offset by unfavourable employee costs.

In relation to contract services, there is a \$3.3 million favourable variance. As reported last month there is a prior year accrual of \$1.3 million for election costs. The invoice for this service has been received and paid in October 2012. The remaining \$2.0 million is spread across several branches that individually have a variance of \$200,000 - \$400,000. Example being a \$400,000 timing difference for Caloundra Music Festival artists paid in October not September, due to the festival being held in the last weekend of September.

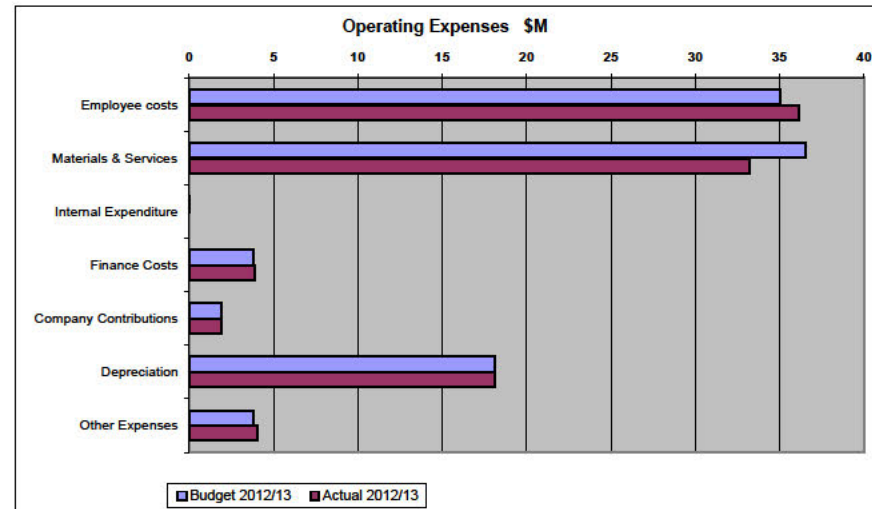
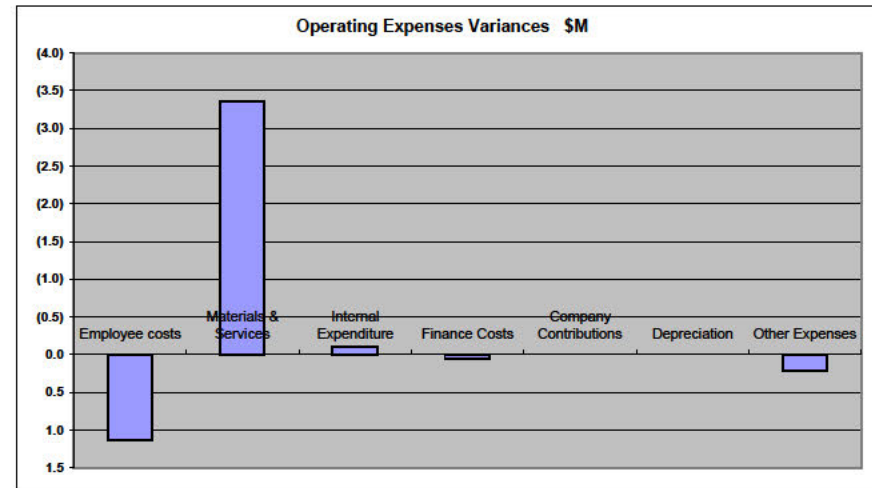
Employee costs have an unfavourable variance of \$1.1 million. This in part relates to costs recorded under Employee expenses and the budget recorded under Materials and Expenses.

It should be noted that during September 2012, council approved the adjustments in budget review # 1. These adjustments have been incorporated into the 2012/13 budget.

Risk:

The budget includes the achievement of the \$5 million savings target. There are a number of reviews and initiatives that are underway however the above issues will make the achievement of the savings target more difficult.

There are no other operating expenditure issues to report.



Summary Capital Statement

30 September 2012

SUMMARY CAPITAL STATEMENT For the Period Ending 30 September 2012						
	Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %

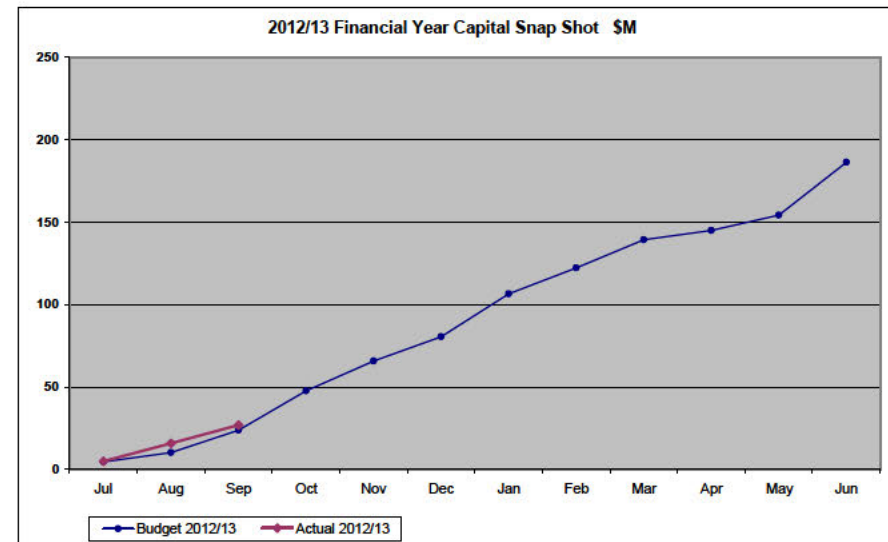
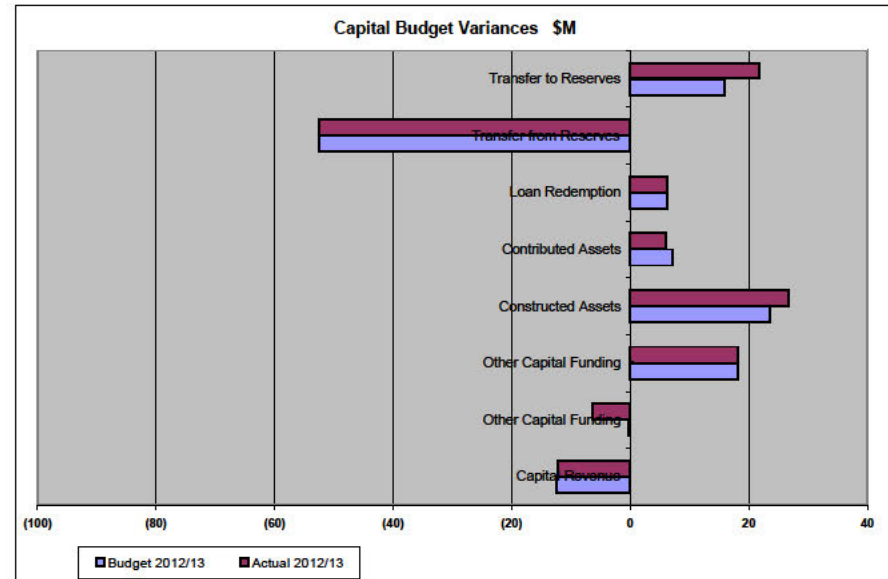
Operating Contribution / Shortfall	12,778	12,778	65,786	69,995	4,210	6.4%
Capital Revenue	(51,182)	(59,290)	(12,524)	(12,141)	383	(3.1%)
Other Capital Funding	(117,646)	(118,557)	(18,395)	(24,501)	(6,105)	33.2%
Constructed Assets	145,770	186,290	23,635	26,846	3,211	13.6%
Contributed Assets	28,500	28,500	7,125	6,052	(1,073)	(15.1%)
Loan Redemptions	13,023	13,023	6,187	6,188	1	0.0%
Net Capital Result	5,687	37,187	(59,758)	(67,551)	(7,793)	13.0%
Transfer from Reserves	(21,658)	(53,158)	(52,562)	(52,562)	0	0.0%
Transfer to Reserves	15,971	15,971	15,971	21,774	5,803	36.3%
Balance	(0)	(0)	(96,349)	(98,339)	(1,990)	0.0%

Capital Net Result

Council's capital result at 30 September 2012, shows the organisation with a \$7.8 million better than anticipated result, with revenues above budget by \$5.7 million. In relation to capital expenditure, at the end of September 2012, \$26.8 million of council's \$186.3 million 2012/13 Capital Works Program was financially expended.

It should be noted that during September 2012, council approved the adjustments in budget review #1. These adjustments have been incorporated into the 2012/13 budget.

The favourable variance for capital revenues of \$6.1 million relates to a parcel of land sold during August 2012, totalling \$5.8 million, that has been transferred to the Strategic Land Reserve. The budget will be adjusted during the budget review 2 process, anticipated to be reported at December 2012 Ordinary Meeting.



Capital Works Program **30 September 2012**

Capital Expenditure

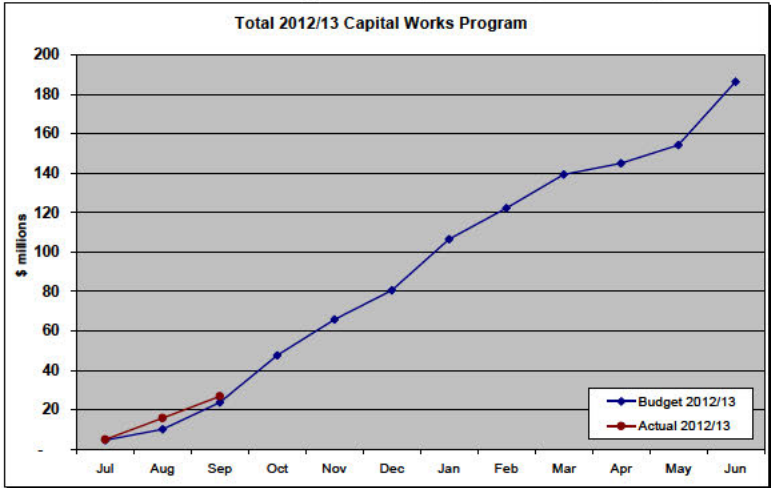
At 30 September 2012, \$26.8 million or 14.4% of council's \$186.3 million 2012/13 Capital Works Program was financially expended.

It should be noted that during September 2012, council approved the adjustments in budget review # 1. These adjustments have been incorporated into the 2012/13 budget.

As a result of the carryover adjustments there are no major YTD variations to comment.

There are no other capital expenditure issues to report.

Program	Original Budget \$000s	Current Budget \$000s	Year to Date Actual \$000s	% of Annual Budget Spent
Buildings and Facilities	9,609	11,314	1,394	12.3%
Coast and Canals	1,218	1,736	372	21.4%
Divisional Allocations	3,145	3,747	168	4.5%
Environmental Assets	290	424	117	27.6%
Fleet	2,000	2,000	0	0.0%
Parks and Gardens	9,644	10,999	2,671	24.3%
Stormwater	4,526	4,772	276	5.8%
Transportation	53,997	63,269	12,797	20.2%
Information Technology	4,566	5,307	1,183	22.3%
Strategic Land & Comm Properties	31,674	48,738	1,633	3.4%
Aerodrome	0	46	4	8.7%
Sunshine Coast Airport	7,705	12,298	1,498	12.2%
SC Holiday Parks	1,555	2,894	841	29.1%
Quarries	655	1,924	700	36.4%
Waste	15,186	16,823	3,192	19.0%
TOTAL	145,770	186,290	26,846	14.4%



Monthly Budget Amendments - Operating

30-September-2012

Branch	Operation	Description	Income & Expense Statement Line	Amount Dr/(Cr)
				\$000
REALLOCATIONS				
18 - Parks and Gardens	Various	Sportsgrounds Common Areas - Remove Internal Charging	Internal Revenue	132
35 - Community Facilities	37151 - Sports Grounds Maintenance	Sportsgrounds Common Areas - Remove Internal Charging	Internal Expenditure	(132)
36 - Community Development	37732 - Healthy Communities Initiatives	Adjust budgets to reflect forecast	Employee Costs	4
36 - Community Development	37732 - Healthy Communities Initiatives	Adjust budgets to reflect forecast	Materials & Services	(4)
36 - Community Development	37732 - Healthy Communities Initiatives	Adjust budgets to reflect forecast	Operating Grants & Subsidies	118
36 - Community Development	37732 - Healthy Communities Initiatives	Adjust budgets to reflect forecast	Materials & Services	(118)
35 - Community Facilities	37070 - Kawana Aquatic Centre	Transfer Depn budgets to property	Depreciation	(15)
35 - Community Facilities	37070 - Kawana Aquatic Centre	Transfer Depn budgets to property	Depreciation	(39)
35 - Community Facilities	37070 - Kawana Aquatic Centre	Transfer Depn budgets to property	Depreciation	(70)
48 - Property & Business	57164 - Kawana Aquatic Centre	Transfer Depn budgets to property	Depreciation	15
48 - Property & Business	57164 - Kawana Aquatic Centre	Transfer Depn budgets to property	Depreciation	39
48 - Property & Business	57164 - Kawana Aquatic Centre	Transfer Depn budgets to property	Depreciation	70
35 - Community Facilities	37634 - Meridan Sports Complex	Transfer from Lease rev to Venue hire	Other Revenue	5
35 - Community Facilities	37634 - Meridan Sports Complex	Transfer from Lease rev to Venue hire	Fees and Charges	(5)
35 - Community Facilities	35202 - Maroochy Multi sports	Transfer from Lease rev to Venue hire	Other Revenue	20
35 - Community Facilities	35202 - Maroochy Multi sports	Transfer from Lease rev to Venue hire	Fees and Charges	(20)
35 - Community Facilities	37084 - Landsborough Rec	Transfer from venue hire to sundry recoup	Fees and Charges	5
35 - Community Facilities	37084 - Landsborough Rec	Transfer from venue hire to sundry recoup	Other Revenue	(5)
35 - Community Facilities	37209 - Aquatic Centres Coordination	Move ISP to Operations Manager	Internal Sales/Recoveries	(12)
Building and Facility Services	11745 - Aquatic Centres Ops Budget	Move ISP to Operations Manager	Internal Sales/Recoveries	12
33 - Human Resources	32600 - Organisational Development	Transfer to Staff Incentives for Corporate Recognition & Award	Employee Costs	50
33 - Human Resources	32600 - Organisational Development	Transfer to Staff Incentives for Corporate Recognition & Award	Materials & Services	(50)
27 - Exec Dir - Finance & Business	56169 - Reform Projects	Transfer part budget to RS&P project	Materials & Services	(65)
45 - Strategic Land Use Planning	45185 - Caloundra South PS Amend	Transfer part budget from Fin & Business project	Materials & Services	65
33 - Human Resources	37744 - Skilling Queenslanders 2011-12	No longer receiving state grant	Materials & Services	(14)
33 - Human Resources	37744 - Skilling Queenslanders 2011-12	No longer receiving state grant	Operating Grants & Subsidies	14
<i>Subtotal</i>				0
TRANSFERS TO OR FROM CAPITAL				
48 - Property & Business	57978 - Maroochy PAC (Principal Activity Centre)	Transfer budget to Capital Job B1296	Consultancy Fees	(405)
48 - Property & Business	57978 - Maroochy PAC (Principal Activity Centre)	Transfer budget to Capital Job B1296	ISP Development Services	(300)
29 - Engineering and Environment Assessment	45078 - Development Construction Unit	Increased Internal Revenue from B1296	ISP Development Services	(50)
<i>Subtotal</i>				(755)
Total Increase / Decrease to Operating Program for Period				(755)

Monthly Budget Amendments - Capital

30-September-2012

PROGRAM	SUB-PROGRAM	JOB NUMBER	JOB NUMBER DESCRIPTION	Amount
				\$'000
PROGRAM REALLOCATIONS				
Transportation	Sealed Road Network	B0838	Sealed Road Network - Balance of Funding to be Distributed	(100)
Transportation	Strategic Pathway & On Road Cycle Networks	B0828	Parkyn Parade Mooloolaba Spit Pathway	100
Transportation	Strategic Pathway & On Road Cycle Networks	A9876	WOR On Road Cycle Lanes - Various Roads	(50)
Transportation	Strategic Pathway & On Road Cycle Networks	B1406	WOR Reseal & Overlay Cycle Lane Markings	50
Stormwater	Stormwater Quality Management	A9442	WOR - Regional Canal Outlets	(22)
Stormwater	Stormwater Quality Management	B1385	Teewah Beach Rd Stormwater Upgrade	22
Stormwater	Stormwater Management	A9427	Regional Overland Flows	(3)
Stormwater	Stormwater Management	B1390	Ocean View Ave - Overland Flow Rehab	3
Transportation	Strategic Pathway & On Road Cycle Networks	A6721	Tanawha Tourist Drive B keway On-Road	(345)
Transportation	Strategic Pathway & On Road Cycle Networks	B1352	Tanawha Tourist Dr East Construct Stage2	345
Transportation	Streetscapes - Major Centres	A9504	Noosa Junction - Streetscape	(6)
Transportation	Streetscapes - Major Centres	A9988	Noosa Junction Stage 2	6
Transportation	Bridges	A9474	WOR - Forward design for 13/14 Bridges	(100)
Transportation	Bridges	B1391	Image Flat Road Bridge	20
Transportation	Bridges	B1392	Eumundi Range Road,Bridges	20
Transportation	Bridges	B1393	Tablelands Road, Bridge Number 1	20
Transportation	Bridges	B1394	Myla Road,Bridges	20
Transportation	Bridges	B1381	Brewers Road, Bridges	20
Building and Facilities	Corporate Buildings	A9280	WOR Implementation of Depot Master Plans	(400)
Building and Facilities	Corporate Buildings	B1371	Noosaville Depot Waste / Recycle Area	20
Building and Facilities	Corporate Buildings	B1281	Caloundra Depot - Electrical Upgrade	25
Building and Facilities	Corporate Buildings	B0548	Noosaville Depot Inst New Chem Stge Unit	20
Building and Facilities	Corporate Buildings	B1283	Maroochy Depot-Amen Upgrade	15
Building and Facilities	Corporate Buildings	B1284	Maroochy Depot-Redesign Depot	50
Building and Facilities	Corporate Buildings	B0934	Bu k Emulsion Storage Tank	30
Building and Facilities	Corporate Buildings	B0545	Nambour Depot External Meeting Area	100
Building and Facilities	Corporate Buildings	B1372	Nambour Depot Waste/recycle Area	20
Building and Facilities	Corporate Buildings	B0546	Wises Road External Meeting Area	100
Building and Facilities	Corporate Buildings	B1373	Wises Rd Depot Relocation Waste Oil Fac	20
Building and Facilities	Community Facilities	A9265	WOR Community Facilities Public Toilets	(170)
Building and Facilities	Community Facilities	B1285	King George IV Park Public Amenities	170
Building and Facilities	Community Facilities	A9265	WOR Community Facilities Public Toilets	(1,520)
Building and Facilities	Community Facilities	B0399	Charles Clarke Park Refurb Amenity Block	50
Building and Facilities	Community Facilities	B0400	Eumundi Memorial Dr Refurb Amenity block	130
Building and Facilities	Community Facilities	B0401	Buderim St Public Amenity Partial Rehab	10
Building and Facilities	Community Facilities	B0402	Alexander Parade Pub Amenity Replacement	350
Building and Facilities	Community Facilities	B0403	Moss Day Park Refurb Amenity Block	20
Building and Facilities	Community Facilities	B0405	Neisler Park - Refurb Amenity Block	145

Monthly Budget Amendments - Capital

30-September-2012

PROGRAM	SUB-PROGRAM	JOB NUMBER	JOB NUMBER DESCRIPTION	Amount
				\$'000
Building and Facilities	Community Facilities	B0406	Muller Park - Refurb Amenity Block	140
Building and Facilities	Community Facilities	B0407	Power Memorial Park Amenities	275
Building and Facilities	Community Facilities	B0408	Happy Valley Amenity Block	400
Transportation	Bridges	A9675	Replace Pickering Bridge Moy Pocket Rd	3,000
Parks and Gardens	Recreation Park and Landscape Amenity	B1361	Maroochy Air Crash Memorial M'dore SLSC	23
Transportation	Streetscapes - Corridors	A6757	Mrchydore CBD Gateway Entry Improvements	200
<i>Sub-Total</i>				3,223
REVENUE				
Transportation	Bridges	A9675	Replace Pickering Bridge Moy Pocket Rd	(3,000)
Parks and Gardens	Recreation Park and Landscape Amenity	B1361	Maroochy Air Crash Memorial M'dore SLSC	(23)
Transportation	Streetscapes - Corridors	A6757	Mrchydore CBD Gateway Entry Improvements	(200)
<i>Sub-Total</i>				(3,223)
COUNCILLOR REALLOCATIONS				
Divisional Allocations	Minor Emergent Works	A0716	11/12 Councillor Minor OP Works - Div 3	(5)
Divisional Allocations	Local Parks	B1398	Graeme Stuart Pk Currimundi - shelter	5
Divisional Allocations	Minor Emergent Works	A0816	11/12 Councillor Emerg Capital - Div 3	(11)
Divisional Allocations	Local Parks	B1398	Graeme Stuart Pk Currimundi - shelter	11
Divisional Allocations	Local Parks	A0839	11/12 Local Parks Allocation - Div 7	(4)
Parks & Gardens	PIP Recreation Parks	B0684	Lions Park Fishermans Rd Stg Design & Implementation	4
Divisional Allocations	Local Parks	D1033	12/13 Local Parks Allocations - Div 7	(21)
Parks & Gardens	PIP Recreation Parks	B0684	Lions Park Fishermans Rd Stg Design & Implementation	21
Divisional Allocations	Minor Emergent Works	A0795	11/12 Councillor Emerg Capital - Div 8	(6)
Divisional Allocations	Local Parks	B1408	Cotton Tree Park Maroochydore - signage	6
Divisional Allocations	Minor Emergent Works	A0795	11/12 Councillor Emerg Capital - Div 8	(1)
Divisional Allocations	Local Parks	B1409	Picnic Point Maroochydore - pathway	1
<i>Sub-Total</i>				0
TRANSFERS TO OR FROM OPERATING				
Strategic Land and Commercial Properties	Strategic Land, Economic Development & Innovation	B1296	PAC - Master Planning	405
Strategic Land and Commercial Properties	Strategic Land, Economic Development & Innovation	B1296	PAC - Master Planning	300
Strategic Land and Commercial Properties	Strategic Land, Economic Development & Innovation	B1296	PAC - Master Planning	50
<i>Sub-Total</i>				755
Total Increase /(Decrease) to Capital Program for Period				755

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

30-September-2012

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Buildings and Facilities	Community Facilities	B0400 - Eumundi Memorial Dr Refurb Amenity block	(10)	94	104	Given the dilapidated condition and the iconic location of this public amenity at the Eumundi Markets, it was considered necessary to undertake a full refurbishment of the facility, including rectification of ongoing sewerage maintenance issues and substantial access improvements for people with a disability. This project is funded from the Whole of Region Public Amenity allocation and re-distribution of this will occur in October accounts to fund the difference.
Buildings and Facilities	Community Facilities	A7863 - Tewantin Wading Pool - Site Remediation	0	59	59	This project was initially approved for the 2010/11 FY and continued into the 2011/12 FY due to ongoing problems with the surface to the spray park that ultimately resulted in an improved surface being installed, and as a consequence resulted in an over-expenditure which will be addressed through the unders/overs balancing process at budget review.
Buildings and Facilities	Community Facilities	B0348 - Noosa Leisure Centre	35	87	52	During the project works a number of potentially dangerous fire safety deficiencies were discovered and rectified. Funding for the shortfall will occur through the unders/overs balancing process at budget review.
Buildings and Facilities	Corporate Buildings	A9741 - National PkRd Nambour Depot-demolish shed	102	172	69	This project was combined with another project at the Nambour Depot due to the complexity and proximity of the projects. The over-expenditure was primarily due to latent site conditions that required remediation due to their potential environmental impact if left unattended. This project is funded from the Whole of Region Depot allocation and the shortfall will be addressed in October accounts.
Coast and Canals	Coast, Canals and Waterways	A7989 - Commeal Ck Design & Construct Rock Wall	78	171	94	Project at practical completion, awaiting final charging of day labour to financially complete. Sufficient funds are held in reserves to cover cost to completion and will be drawn down in October accounts.
Strategic Land and Commercial Properties	Strategic Land, Economic Development & Innovation	B1296 - PAC - Master Planning	175	356	181	This variance will be corrected as part of the budget transfers from operating to capital, which are being proposed in this month's financial report.
Transportation	Gravel Road Network	A8903 - Wilson Rd Ilkley-Gravel Rd Seal	175	237	62	Additional expenditure was required to realign the temporary diversion track that was put in for the construction of a major water main valve pit. Moving the road back onto the correct alignment at this location significantly improved the safety of the road at this location. Project account to be balanced during next budget review.
Transportation	Public Transport Infrastructure	A9698 - Edwin Ct, Landsborough	15	92	77	Additional works undertaken. Additional bus stop and shelter installed. Funds to be balanced at next budget review.
Transportation	Reseals and Rehabilitation	B0021 - FURNESS DRIVE 1532_103	13	131	118	Pavement and subgrade saturated during construction which required reworking and placement of additional pavement gravel prior to sealing. Balance of funding to be adjusted at next budget review.
Transportation	Sealed Road Network	A8923 - Cootharaba Rd Landslide	0	84	84	Works required as a result of early 2012 weather events. A proportion of this will be claimed under the NDRRA grant scheme, with required balance of funding to be adjusted at next budget review.
Transportation	Sealed Road Network	A9121 - Commissioners Flat Rd Inundation	0	132	132	Repairs in response to the early 2012 flood event. A proportion of this will be claimed under the NDRRA grant scheme, with required balance of funding to be adjusted at next budget review.
Transportation	Sealed Road Network	A9164 - Mons Road, Widening	75	129	54	Additional construction works were carried out due to safety. Funds to be balanced at next budget review.
Transportation	Sealed Road Network	A8093 - North Maleny Rd Maleny Intersect Upgrade	196	356	160	Funds from this project were utilised on a different project which had been fast tracked, and will be transferred back to balance both projects in October accounts.