

FINANCIAL PERFORMANCE REPORT



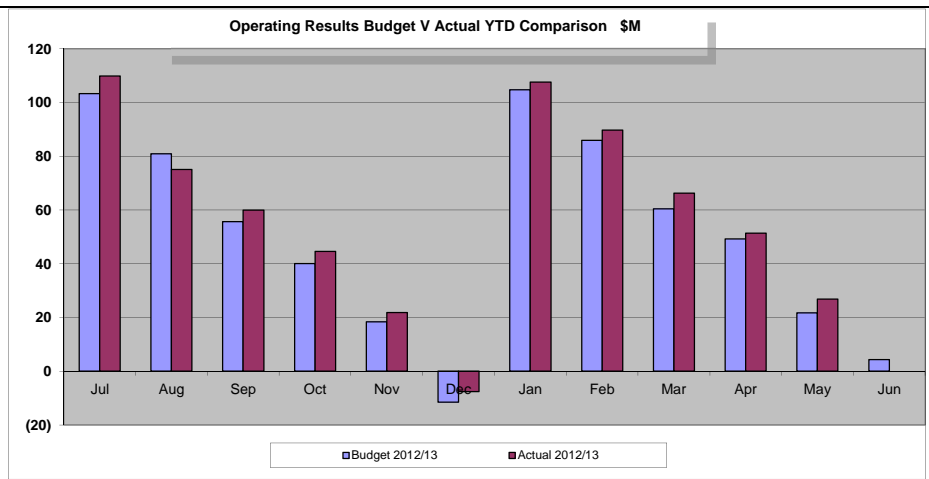
May 2013



Contents

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

SUMMARY OPERATING STATEMENT							
For the Period Ending 31 May 2013							
	Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %	Annual Forecast Budget \$000s
Operating Revenue	424,650	428,294	397,178	403,259	6,081	1.5%	428,294
Less Operating Expenses	330,213	337,143	296,360	297,241	881	0.3%	337,402
Less Interest Expense	14,261	14,261	12,651	12,557	(94)	(0.7%)	14,261
Less Depreciation	72,496	72,495	66,444	66,609	(165)	0.2%	72,496
Operating Surplus/(Deficit)	7,680	4,394	21,723	26,851	5,128	4.7%	4,135
Transfer from Reserves	7,973	15,591	15,591	15,591	0	0.0%	15,834
Transfer to Reserves	(2,876)	(3,716)	(3,716)	(3,716)	0	0.0%	(3,716)
Operating Contribution/(Shortfall)	12,778	16,269	33,599	38,727	5,128	15.3%	16,254



Operating Net Result

Council's financial results at 31 May 2013 show the organisation with a \$5.1 million higher than forecasted operating position against the year to date budget.

This operating surplus variation is made up of operating revenue being \$6.1 million higher than the year to date budget, along with operating expenses being \$952,000 higher than the year to date budget.

Operating Revenue

The favourable revenue variance of \$6.1 million is largely the result of a number of items being higher than the year to date budget. These variances include Fees & Charges of \$2 million, Other Revenue of \$1.9 million, Interest Received from Investments of \$1.4 million, and Net Rates & Utility Charges of \$1.2 million.

Operating Expenses

The unfavourable variance in operating expenses of \$952,000 is due to Employee Costs and Other Expenses being higher than the year to date budget by \$2.2 million and \$1 million respectively, offset by Materials & Services being lower than the year to date budget by \$2.7 million.

Value and Success Target (VAST) Status

\$4.5 million	Original Target
\$4.0 million	Achieved to Date (90%)
\$438,000	Balance to Achieve (10%)

Of the \$4.0 million savings achieved to date, \$2.8 million are permanent savings.
Of the \$2.8 million permanent savings, \$612,000 relate to employee costs.

Operating Revenue

As at 31 May 2013 operating revenues are favourable to budget by \$6.1 million or 1.5%.

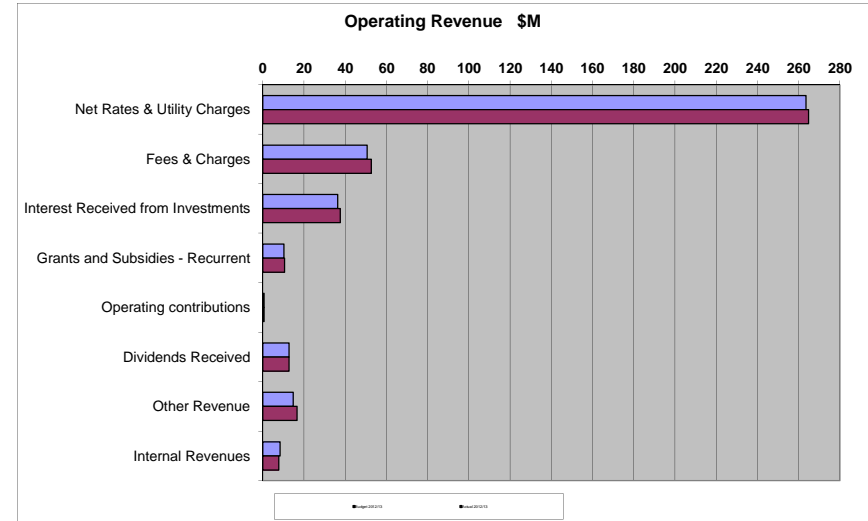
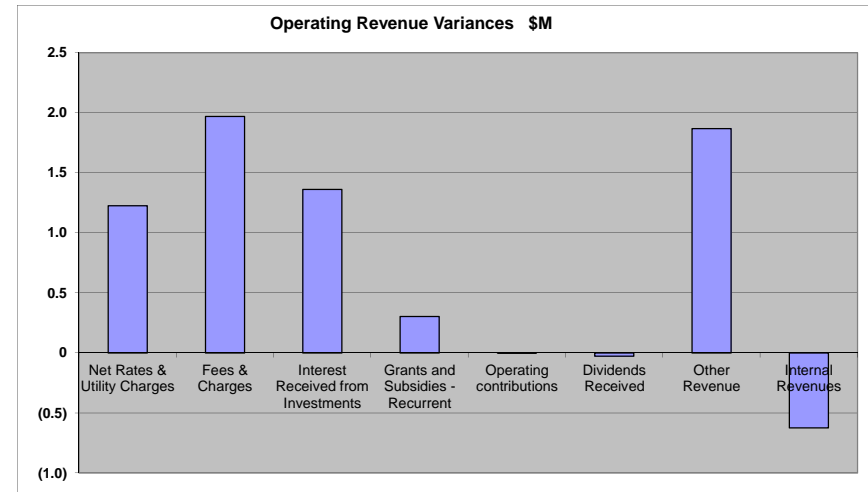
The favourable revenue variance of \$6.1 million is largely the result of a number of items being higher than the year to date budget. These include Fees & Charges of \$2.0 million, Other Revenue of \$1.9 million, Interest Received from Investments of \$1.4 million, and Net Rates & Utility Charges of \$1.2 million.

Within the Fees and Charges category, items running higher than forecast include Development Applications, Material Change of Use and Search fees. Volumes still remain below last year to date although there was some improvement in Quarter 3 application numbers. Other favourable variances exist in Aquatic and Leisure Centres (including Quad Park), Cemeteries, Response Services, and Health Licences. These are offset by lower than forecast Airline Service Fees.

The favourable variance in Other Revenue mainly sits with Infrastructure Services Department (favourable variance of \$1.5 million) with the majority relating to Road Maintenance Performance Contract revenue being higher than budget along with increased sale of recyclables at Waste & Resource Management retail facilities. Much of this revenue will have incurred offsetting expenditure.

Interest Received from Investments is higher than budget partly due to slightly higher than forecast cash balances along with higher than forecast investment rates for the first half of the year. The average investment rate is expected to be lower in the second half of the year. This item will continue to be monitored but there is no change to the year end forecast at this point.

The January 2013 rate run had 153,443 rateable properties compared to 151,818 this time last year. Growth in that time was 1.1% which is less than the budgeted 1.5%. Although General Rates have an unfavourable variance of \$3.0 million, this is compensated by Prepaid Rates of \$4.4 million, resulting in the favourable variance in Net Rates and Utility Charges of \$1.2 million. History shows Prepaid Rates can be expected to continue to increase and maintain this positive variance in Net Rates and Utility Charges through to the end of the financial year.



Operating Expenses

The unfavourable variance in operating expenses of \$952,000 is due to Employee Costs and Other Expenses being higher than the year to date budget by \$2.2 million and \$1 million respectively, offset by Materials & Services being lower than the year to date budget by \$2.7 million.

The unfavourable variance in Employee Costs relates to less than expected labour spend on capital works and Value & Success Targets yet to be achieved.

The Other Expenses variance mainly relates to vehicle leases and software maintenance being higher than the year to date budget.

The favourable variance in Materials & Services mainly relates to less than planned spend on levy and economic development projects, legal expenses associated with development appeals and an underspend in Civil Works Services offsetting higher than budgeted employee costs. Quarry expenses are over budget however this is offset by internal sales.

Risks:

(a) The budget includes the achievement of the **\$4.46 million savings target**.

Value and Success Target (VAST) Status

\$4.5 million	Original Target
\$4.0 million	Achieved to Date (90%)
\$438,000	Balance to Achieve (10%)

Of the \$4.0 million savings achieved to date, \$2.8 million are permanent savings. Of the \$2.8 million permanent savings, \$612,000 relate to employee costs.

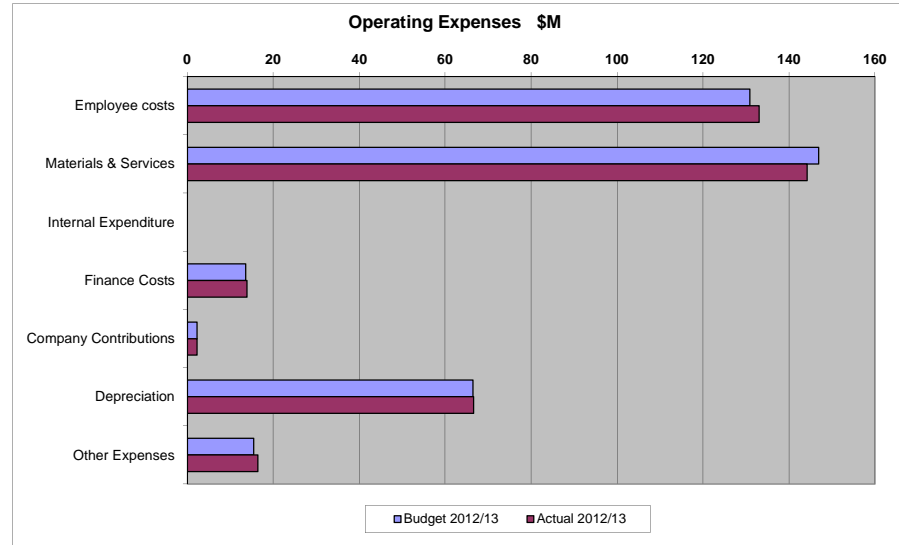
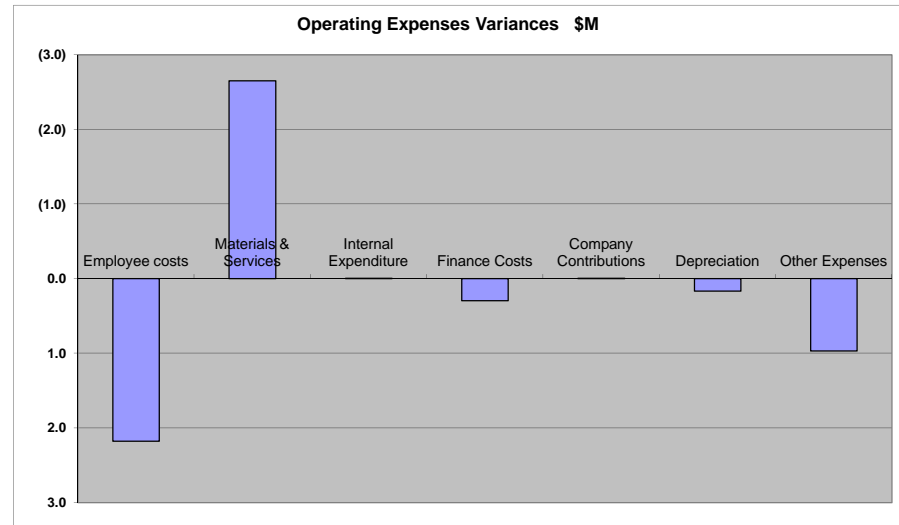
There are a number of reviews and initiatives that are underway to achieve the balance of this target.

(b) Repair costs in relation to extreme weather events to date are as follows:-

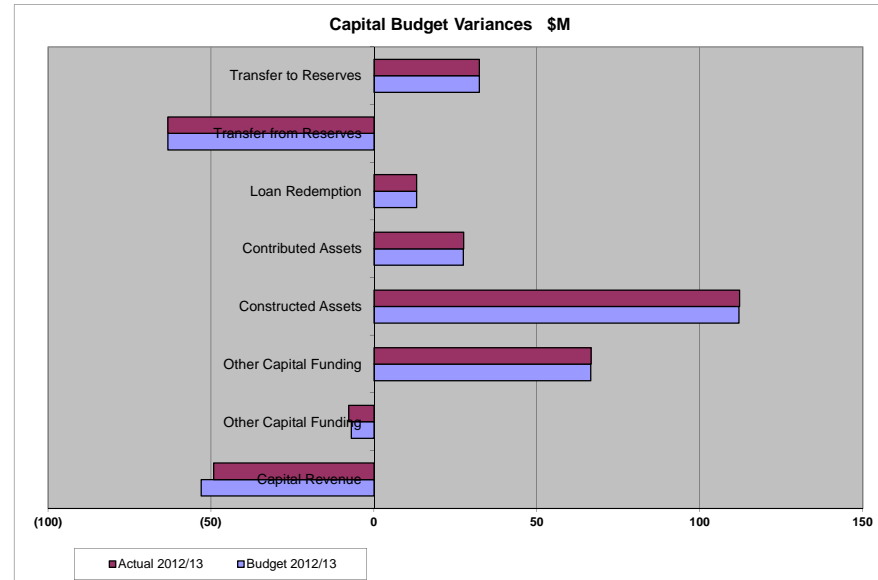
Ex Tropical Cyclone Oswald \$2.68 million (\$952,000 is labour costs) of which only \$1.4 million maximum can be expected to be funded by Natural Disaster Relief and Recovery Arrangements (NDRRA).

East Coast Low \$127,000 (\$51,000 is labour costs) of which only \$65,000 maximum can be expected to be funded by Natural Disaster Relief and Recovery Arrangements (NDRRA).

East Coast Trough \$177,000 (\$96,000 is labour costs) of which only \$69,000 maximum can be expected to be funded by Natural Disaster Relief and Recovery Arrangements (NDRRA).



SUMMARY CAPITAL STATEMENT							
For the Period Ending 31 May 2013							
Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %	Annual Forecast Budget \$000s	
Operating Contribution / (Shortfall)	12,778	16,269	33,599	38,727	5,128	15.3%	16,254
Capital Revenue	51,182	64,789	53,061	49,226	(3,835)	(7.2%)	64,789
Other Capital Funding	117,646	124,359	73,477	74,346	869	1.2%	124,359
Less Constructed Assets	145,770	195,323	111,945	112,126	180	0.2%	195,308
Less Contributed Assets	28,500	28,500	27,375	27,450	75	0.3%	28,500
Less Loan Redemptions	13,023	13,023	13,023	13,023	0	0.0%	13,023
Net Capital Result	(5,687)	(31,429)	7,794	9,700	1,906	24.5%	(31,429)
Transfer from Reserves	21,658	63,768	63,290	63,290	0	0.0%	63,768
Transfer to Reserves	(15,971)	(32,341)	(32,341)	(32,341)	0	0.0%	(32,341)
Balance	0	(1)	38,744	40,650	1,906	4.9%	(1)



Capital Net Result

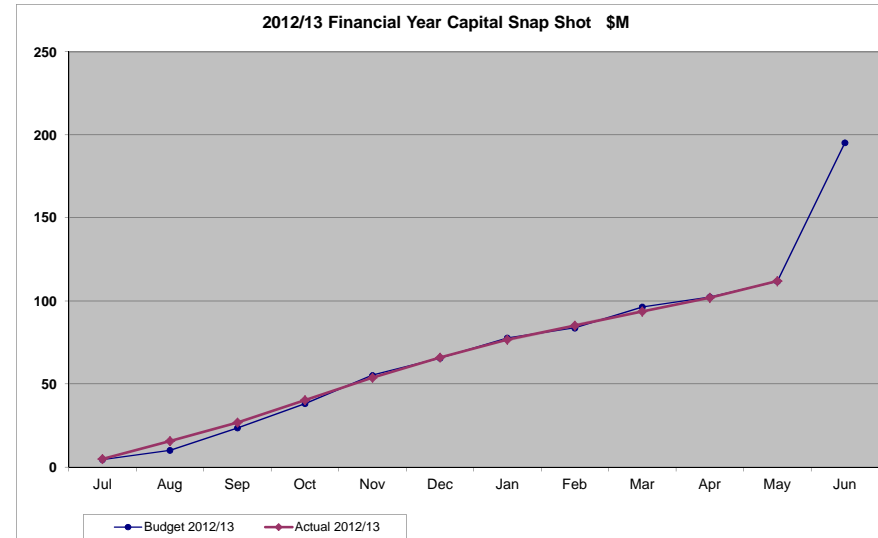
Council's capital result at 31 May 2013, shows the organisation ahead of the year to date budget by \$1.9 million.

In relation to capital expenditure, at the end of the month, \$112 million (57%) of council's \$195.3 million 2012/13 Capital Works Program was financially expended.

The unfavourable variance in Capital Revenue of \$3.8 million mainly relates to Capital (Developer) Contributions being \$4.4 million less than the year to date budget.

Risks:

(c) **Capital (Developer) Contributions** - budget is \$12.9 million with actuals to May 2013 being \$6.6 million. This is due to the downturn in development.

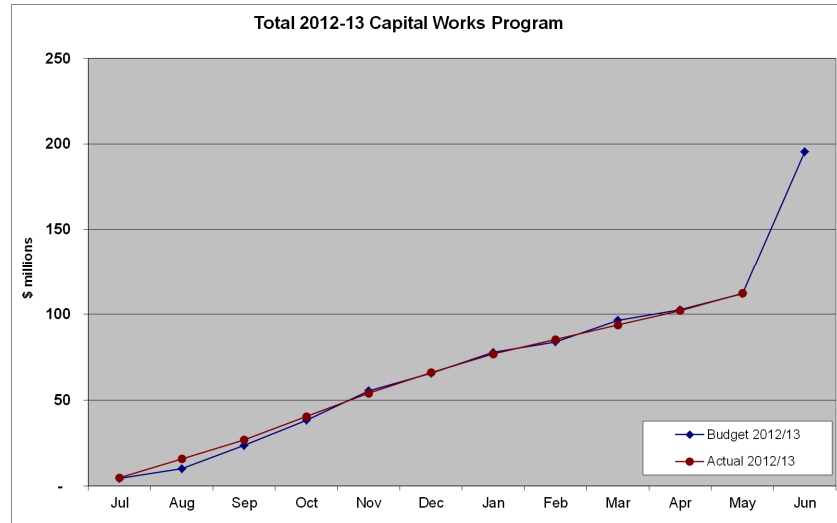


Capital Expenditure

At 31 May 2013, \$112 million or 57% of council's \$195.3 million 2012/13 Capital Works Program was financially expended.

On a year to date basis, capital expenditure is \$180,000 ahead of budget - a 0.2% variance.

Program	Original Budget \$000s	Current Budget \$000s	Year to Date Actual \$000s	% of Annual Budget Spent
Buildings and Facilities	9,609	9,192	7,132	77.6%
Coast and Canals	1,218	2,543	1,628	64.0%
Divisional Allocations	3,145	3,525	1,658	47.0%
Environmental Assets	290	431	323	74.9%
Fleet	2,000	2,700	423	15.7%
Parks and Gardens	9,644	11,305	8,440	74.7%
Stormwater	4,526	4,576	3,148	68.8%
Transportation	53,997	65,229	49,164	75.4%
Information Technology	4,566	7,155	5,365	75.0%
Strategic Land & Comm Properties	31,674	52,967	14,288	27.0%
Sunshine Coast Airport	7,705	12,298	8,139	66.2%
Aerodromes	0	154	46	30.1%
SC Holiday Parks	1,555	2,862	1,144	40.0%
Quarries	655	2,004	1,490	74.3%
Waste	15,186	18,382	9,738	53.0%
TOTAL	145,770	195,323	112,125	57.4%



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

31-May-2013

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Buildings and Facilities	Community Facilities	Nambour Aquatic Centre - Sand change for	28	303	276	Funding to commence the project was identified in 2012/13 financial year with the majority of works and residual funding to be provided in 2013/14 financial year. However the pool's filtration system has since failed and had to be replaced to ensure continued operations and health guidelines are met. Funds within overall Buildings and Facilities program will be used to balance project budget.
Stormwater	Stormwater Management	Reserve St Pomona – Culvert Upgrade	0	186	186	Two project numbers exist for the same job, and will be consolidated into one - B1594 Reserve Street Drainage Works. A budget of \$200,000 is held for these works, with costs to date of \$55,000.
Stormwater	Stormwater Quality Management	Regional Water Quality Devices	50	108	58	Cost variance incurred due to laying of fibre optic cable and delays related to adverse weather conditions.
Stormwater	Stormwater Management	McAnally Drive Drainage Works	75	223	148	Due to unforeseen soil conditions, shoring for the project was required for safety of the works crews.
Stormwater	Stormwater Management	Machinery Drive, Stormwater Management	267	389	122	Project scope was adjusted during detailed design to achieve a better long term solution to this drainage problem, both in terms of road flooding and through the property to the discharge point.
Strategic Land and Commercial Properties	Corporate Real Estate	Land Acq - Mill Lane and Mitchell Street	0	574	574	Purchase of land as per council resolution.
Strategic Land and Commercial Properties	PIP Social Land	Land Acq - 26 William Street	2,250	2,385	135	Purchase of land at Moffat Beach which is being funded from both Open Space developer contributions and Strategic Land restricted cash.
Sunshine Coast Airport	Sunshine Coast Airport - Landside	SCA Terminal Mods Internat Passengers	104	166	61	Additional works required for Customs and Immigration offices, commencing in June 2013. This budget shortfall will be offset by savings in the Site S project.
Sunshine Coast Airport	Sunshine Coast Airport - Landside	SC Aerospace Precinct Stage 1	1,147	1,500	352	Due to timing of projects and the availability of resources, the works to finalise stage 1 of the landside component of Sunshine Coast Airport was bought forward to ensure the site is available for potential aviation tenants. The budget variance will be offset against the timing in the Air-conditioning project budget.
Transportation	Natural Disaster Transportation	Old Landsborough Rd Rep Pavement - Seal	0	346	346	Works required as a result of 2011 weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Reseals and Rehabilitation	Pelican Waters Blvd Rep Pavement - Seal	0	73	73	Works required as a result of recent weather events, and project to be transferred to Natural Disaster Transportation sub-program. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Gravel Road Network	Browns Creek Rd - Resheeting	0	83	83	Works required as a result of recent weather events, and project to be transferred to Natural Disaster Transportation sub-program. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Natural Disaster Transportation	Wegners Road Slip	0	109	109	Works required as a result of recent weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.

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

31-May-2013

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Transportation	Reseals and Rehabilitation	Reseal Old Gympie Road	0	288	288	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Natural Disaster Transportation	Walli Mtn Road - Slip	0	158	158	Works required as a result of 2013 extreme flooding events in the Mary River Catchment. In principal approval has been obtained for this to be part funded under the Natural Disaster Relief and Recovery Arrangements (NDRRA) Scheme and emergency works actioned to protect Walli Mountain Road before it was lost to river bank erosion. Estimate of cost is approximately \$1 million.
Transportation	Strategic Pathway & On Road Cycle Networks	David Low Way On Road Cycle	0	103	103	This project is a result of a successful 2nd Round State Govt Cycle Network funding grant announced in April 2013, with budget yet to be loaded. The grant for approximately \$160, 000 was leveraged off council's reseal funding already allocated to this road (reseal / rehab sub-program). Work is now complete and under budget.
Transportation	Reseals and Rehabilitation	Emperor Avenue Reseal	0	52	52	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Reseals and Rehabilitation	Moondarra Crescent Reseal	0	52	52	This project was placed on hold at the beginning of the 2012/13 financial year to fund essential Natural Disaster Relief and Recovery Arrangements (NDRRA) works. It was recently reinstated due to savings within other projects under the Reseal and Rehab sub-program.
Transportation	Natural Disaster Transportation	Obi Obi Road Slip	0	51	51	Works required as a result of recent weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme.
Transportation	Reseals and Rehabilitation	Wattle Street to Maple Street	50	273	223	Scope of works changed as this is now the bypass road through Cooroy town.
Transportation	Reseals and Rehabilitation	Thomas Street - Reseal	50	101	51	Additional funds were available for redistribution within the Noosa area due to successful State Government bicycle grants, forcing several projects to be postponed until 2013/14. As a result, works on Thomas Street were extended to include the badly cracked roundabout and to provide continuity of works between the Thomas Street and Mary Street works.
Transportation	Reseals and Rehabilitation	COMMISSIONERS FLAT ROAD 5223_107	60	118	58	Works required as a result of recent weather events. A proportion of this will be claimed under the Natural Disaster Relief and Recovery Arrangements (NDRRA) grant scheme and part to be covered from Selected Road Network.
Transportation	Reseals and Rehabilitation	Syd Lingard Drive Buderim 4146_102	61	188	126	Scope of works increased to include sealing of additional car parks.
Transportation	Reseals and Rehabilitation	Tanah Street Mount Coolool 4182_102	75	129	53	The original asphalt mix and thickness used at the preliminary estimating stage were upgraded following further investigation and resultant increased costs will be funded from savings within the Reseal and Rehabilitation program.

Program	Sub-Program	Account Description	Current Budget Full Year \$'000	Actual YTD \$'000	Variance \$'000	Comments
Transportation	Reseals and Rehabilitation	Wises Road	98	200	102	Works undertaken at night, with materials supplied by the Contractor (Image Flat Quarry unable to supply required mix). Weather conditions also necessitated additional reworking and asphalt.
Transportation	Reseals and Rehabilitation	Mary Street Noosaville 2611_203	123	214	90	Further pavement failures were evident at the time of construction and required repair. Increased profiling of the full extent of works was also required due to substantial cracking which had grown since preliminary estimating. Additional asphalt was used to widen the road in sections and provide increased safety for cyclists. Resultant increased costs will be funded from savings within the Reseal and Rehabilitation program.
Transportation	Reseals and Rehabilitation	Glenview Road	155	215	60	The preliminary estimate was completed using a nominal granular pavement design as detailed design was not available at the time of budgeting. Additional pavement material was subsequently required, with additional drainage works and unsuitable sub-grade conditions requiring substantial backfilling works. Resultant increased costs will be funded from savings within the Reseal and Rehabilitation program.
Transportation	Carparks	Coochin Street Dicky Beach - Carpark	200	264	64	Very poor ground conditions were experienced following pavement excavation. Resultant extra costs to stabilise the subgrade with geotextile and rock will be covered from savings in the overall Transportation capital program.