

Late Agenda

Ordinary Meeting

Thursday, 18 August 2016

commencing at 9:00am

Council Chambers, Corner Currie and Bury Streets, Nambour

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8 REPORTS DIRECT TO COUNCIL**8.3 CORPORATE SERVICES****8.3.1 JUNE 2016 FINANCIAL PERFORMANCE REPORT**

File No: Financial Reporting

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Corporate Services Department

Attachments: Att 1 - June 2016 Financial Performance Report 17

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.

Operating Performance**Table 1: Operating Result as at 30 June 2016**

| June 2016 Adjusted for Accounting treatments | Current Budget \$000 | YTD Actual \$000 | YTD Variance \$000 | Variance % |
|---|----------------------------|---------------------|--------------------------|---------------|
| Operating Revenue | 395,974 | 402,338 | 6,364 | 1.6 |
| Operating Expenses | 371,661 | 365,190 | (6,471) | 1.7 |
| Operating Result | 24,313 | 37,148 | 12,834 | 52.8 |

The unadjusted (period 12) operating result at 30 June 2016 of \$37.1 million shows a favourable variance of \$12.8 million compared to the full year current budget. The variation to the budgeted operating result is consistent with previous monthly Financial Performance Reports.

A number of accounting adjustments which have no impact on cash, were made at year end (Period 13), which have resulted in an actual Operating result of \$26.6 million. These adjustments all impact the operating expenses of Council and include:

- \$9 million of capital project costs identified as operating in nature, \$4.8 million from 2015/16 and \$4.2 million relating to projects completed in the 2014/15 financial year, which were not reviewed and written on in 2014/15. Through improved processes from Gate 6 (capital gateway process) and additional resources allocated to the capital write on process in 2015/16, the back log from previous financial years has been reduced. This has resulted in higher than usual transfer of capital costs to operating.
- \$1.5 million interest on Region Making projects, budgeted in capital but identified as operating

Table 2: Operating Result as at 30 June 2016 including all accounting adjustments

| June 2016 | Current Budget \$000 | YTD Actual \$000 | YTD Variance \$000 | Variance % |
|-------------------------|-------------------------|---------------------|-----------------------|------------|
| Operating Revenue | 395,974 | 402,338 | 6,364 | 1.6 |
| Operating Expenses | 371,661 | 375,690 | 4,029 | 1.1 |
| Operating Result | 24,313 | 26,648 | 2,334 | 9.6 |

Capital Performance

As at 30 June 2016, \$152.6 million (96.1%) of Council's \$158.8 million 2015/16 Capital Works Program was financially expended (including region making projects and costs identified as operating).

The core Capital program has actual spend of \$127.6 million against a target of \$131.8 million, with a 96.9% financial completion rate.

Investment Performance & Cash holdings

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

For the month ending 30 June 2016 Council had \$318.2 million in investment cash (excluding Trust Fund) with an average interest rate of 3.09%, being 1.06% above benchmark.

OFFICER RECOMMENDATION

That Council receive and note the report titled "June 2016 Financial Performance Report".

FINANCE AND RESOURCING

There are no financing implications as a result of 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, reduce costs and manage contracts

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 unadjusted (period 12) operating result at 30 June 2016 of \$37.1 million shows a favourable variance of \$12.8 million compared to the full year current budget. The variation to the budgeted operating result is consistent with previous monthly Financial Performance Reports.

A number of accounting adjustments which have no impact on cash, were made at year end (Period 13), which have resulted in an actual Operating result of \$26.6 million. These adjustments all impact the operating expenses of Council and include:

- \$9 million of capital project costs identified as operating in nature, \$4.8 million from 2015/16 and \$4.2 million relating to projects completed in the 2014/15 financial year, which were not reviewed and written on in 2014/15. Through improved processes from Gate 6 (capital gateway process) and additional resources allocated to the capital write on process in 2015/16, the back log from previous financial years has been reduced. This has resulted in higher than usual transfer of capital costs to operating.
- \$1.5 million interest on Region Making projects, budgeted in capital but identified as operating

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

Operating Revenue

Full year revenues as at 30 June 2016 of \$402.3 million shows a positive variance of \$6.4 million.

Table 3: Substantial Revenue variances as at 30 June 2016

| Operating Revenue Large Variances | YTD Current Budget \$000 | YTD Actual \$000 | YTD Variance \$000 | Variance % |
|------------------------------------|-----------------------------|---------------------|-----------------------|---------------|
| Net Rates and Utility Charges | 244,090 | 244,898 | 808 | 0.3 |
| Fees and Charges | 59,878 | 63,934 | 4,055 | 6.8 |
| Other Revenue | 13,673 | 15,653 | 1,980 | 14.5 |
| Interest Received from Investments | 8,530 | 9,344 | 814 | 9.5 |

Net Rates & Utilities Charges

Higher than anticipated growth resulted in an \$808,000 favourable variance, or 0.3%

Fees & Charges

The yearend results showing a favourable variance of \$4.1 million which relates to:

- \$1.7 million for development services fees and charges, with actual revenue 18.2% up on the previous year
- \$1.2 million for increased Holiday park fees (mainly Coolum, Maroochydore & Cotton Tree), overall the Holiday Parks are \$957,000 favourable to budget, of which \$250,000 is to be used to fund an overspend in the Mudjimba Park Expansion Capital Job.
- \$710,000 favourable revenue across the community services department including \$550,000 for increased response services income
- \$485,000 favourable variance in waste tip fees due to the higher development activity in the region

Other Revenue

The favourable variance of \$2 million relates to:

- \$920,000 across Infrastructure Services, including \$130,000 for a bond call up and \$498,000 favourable variance due to increased rebates in Fleet and Recoverable Civil Works.
- Sundry Recoupment across all major venues has exceeded budget by \$480,000.

Interest Received from Investments

The favourable variance of \$814,000 is due to higher than anticipated cash levels.

The RBA cash rate decreased in the month of May, however due to previous investments it will take a couple of months before this reduction will impact on Council's investment performance.

Operating Expenses

Full year actual expenditure as at 30 June 2016 of \$379.1 million shows an unfavourable variance of \$7.4 million. This includes \$11.5 million in accounting treatment adjustments, which have no impact on Council's cash balance.

Table 4: Substantial Expenditure variances as at 30 June 2016

| Operating Expenditure Large Variances | YTD Actual \$000 | YTD Variance \$000 | Variance % |
|---------------------------------------|---------------------|--------------------------|---------------|
| Employee Costs | 124,413 | 1,149 | 0.9 |
| Materials and Services | 154,593 | 2,586 | 1.7 |
| Other Expenses | 17,002 | (1,778) | (9.5) |
| Finance Costs | 11,385 | 1,767 | 18.4 |

Employee Costs

Full year employee costs exceeded budget by \$1.1 million of 0.9%, major variances include:

- It should be noted that a target vacancy rate of 3% or \$3.6 million was loaded for the 2015/16 financial year. An unfavourable variance in employee costs is an indication that some business areas did not achieve that vacancy rate, potentially through lower than anticipated turnover of staff, lower annual leave taken or higher levels of backfilling vacant positions.
- Community relations \$265,000 including library services and community program, which was offset by a decreased expenditure in Materials and Services of \$500,000.
- Community response overspent on labour by \$170,000, which resulted in additional income of \$550,000
- \$350,000 in new positions were approved during Budget Review 2 2015/16, with no increase in budget

Materials and Services

Materials and Services ended the year \$2.6 million over budget, which includes \$9 million in costs that were budgeted in capital, but identified as operating from an accounting treatment. Excluding these capital transfers, materials and services would have ended the financial year \$6.4 million favourable to budget.

- \$1.4 million favourable variances in the Levy programs, which will either be requested for carry over at Budget Review 1 2016/17 or transferred to restricted cash, including:
 - Transport Levy \$640,000
 - Environment levy \$550,000
 - Heritage Levy \$110,000

- \$2.6 million underspend on operating projects including:
 - Lower than anticipated election costs from ECQ of \$600,000
 - Best Start Grant funded project \$500,000 to be carried over at Budget Review 1 2016/17
 - Shaping our future project \$160,000
- \$950,000 in reduced material purchases at the Quarry, due to lower than anticipated internal sales of asphalt
- Lower than anticipated infrastructure charges discounts \$380,000
- \$344,000 favourable variance on planning appeals
- Lower prices of fuel have resulted in a favourable variance of \$233,000

Other Expenses

The full year operating expenses of \$17 million were \$1.8 million favourable to budget. This favourable variance was due to the investment attraction program, where \$21,000 was spent against a budget of \$1.1 million.

Finance Costs

The unfavourable variance of \$1.8 million in finance costs is made up of:

- \$1.6 million in interest expense, due to lower capitalisation of interest than budgeted. Note that this does not impact on the total interest paid to QTC.
- \$75,000 for stamp duty paid, with no budget
- Higher than budgeted bank and merchant fees and \$50,000.

Capital Revenue

Capital revenues, at \$134 million, are favourable \$32.1 million to the full year current budget. Cash grants and cash contributions are ahead of budget by \$9.5 million. Constructed assets ended the year at \$90 million, \$22.5 million ahead of the anticipated position.

Table 5: Capital revenue variances as at 30 June 2016

| Capital Revenue | YTD Actual \$000 | YTD Variance \$000 | Variance % |
|------------------------------|---------------------|--------------------------|---------------|
| Capital Grants and Subsidies | 12,798 | 1,455 | 12.8 |
| Capital Contributions - Cash | 31,018 | 8,017 | 34.9 |
| Contributed Assets | 90,207 | 22,583 | 33.4 |

Capital Expenditure

As at 30 June 2016, \$152.6 million (96.1%) of Council's \$158.8 million 2015/16 Capital Works Program was financially expended (including region making projects and costs identified as operating).

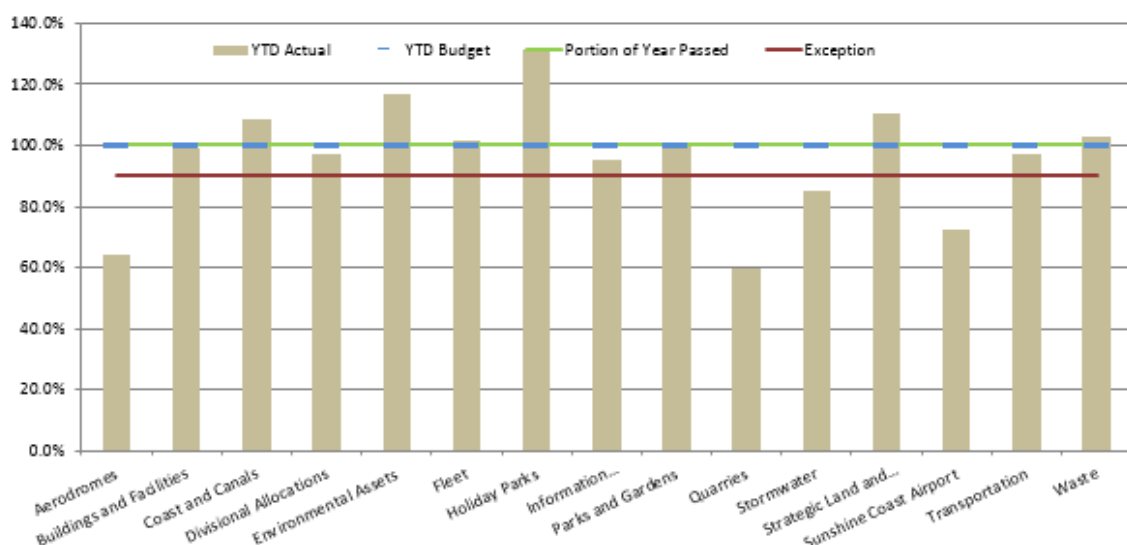
The core Capital program has actual spend of \$127.8 million against a target of \$131.8 million, with a 96.9% financial completion rate (including costs identified as operating of \$9.0 million).

Table 6: Capital expenditure variances by program as at 30 June 2016

| Capital Works Program | Full Year Budget \$000 | YTD Actual \$000 | YTD Variance | % Budget Spent |
|--|------------------------|------------------|----------------|----------------|
| Aerodromes | 548 | 351 | (197) | 64.0 |
| Buildings and Facilities | 8,746 | 8,637 | (109) | 98.7 |
| Coast and Canals | 2,042 | 2,219 | 177 | 108.6 |
| Divisional Allocations | 3,478 | 2,893 | (584) | 83.2 |
| Environmental Assets | 1,677 | 1,956 | 279 | 116.6 |
| Fleet | 3,935 | 3,997 | 62 | 101.6 |
| Holiday Parks | 792 | 1,041 | 250 | 131.5 |
| Information Technology | 5,032 | 4,798 | (235) | 95.3 |
| Parks and Gardens | 15,519 | 15,627 | 108 | 100.7 |
| Quarries | 496 | 295 | (201) | 59.4 |
| Stormwater | 6,604 | 5,599 | (1,005) | 84.8 |
| Strategic Land and Commercial Properties | 6,658 | 7,343 | 685 | 110.3 |
| Sunshine Coast Airport | 5,792 | 4,206 | (1,586) | 72.6 |
| Transportation | 62,677 | 60,753 | (1,924) | 96.9 |
| Waste | 7,818 | 8,040 | 223 | 102.8 |
| Total SCC Core Capital Program | 131,814 | 127,755 | (4,059) | 96.9 |
| Corporate Major Projects | 100 | 70 | (30) | 70.0 |
| Maroochydore City Centre - Council delivery | 8,044 | 7,495 | (549) | 93.2 |
| Maroochydore City Centre - SunCentral delivery | 7,754 | 6,414 | (1,340) | 82.7 |
| Solar Farm | 9,866 | 10,018 | 153 | 101.5 |
| Sunshine Coast Airport Runway | 1,225 | 892 | (333) | 72.8 |
| Total Other Capital Program | 26,990 | 24,890 | (2,100) | 92.2 |
| TOTAL | 158,804 | 152,645 | (6,159) | 96.1 |

All programs have a summary of the performance for the year, any significant variances or savings, as well as an indication of potential carry over requests.

SCC Base % YTD spent compared to profiled budget by Program



Aerodromes

The aerodromes achieved a financial completion of 64.0%, with \$80,000 in savings identified and the remaining funds to be requested to be carried over into 2016/17 to perform common area improvements. The Airside sub program was fully delivered in 2015/16.

Buildings & Facilities

This program achieved a financial completion rate of 98.7% for the year, with major highlights including:

- the construction of the Sippy Creek Animal Pound/ Refuge (\$1.8 million) remains on budget for whole of project costs, with the team delivering more than anticipated in 2015/16. Predominately most of the buildings are now under full construction.
- various works for The Events Centre, totalling \$1.1million were physically completed in the 2015/16 financial year, with some projects going over budget. These overruns could all be funded from within the program.
- the \$850,000 Aquatic Facilities capital program is 100% financially complete. Majority of the program was completed on schedule in 2015/16, with some minor works completed in July, to be funded from savings in other projects.

Coast and Canals

The Coast & Canals Program ended the year with a financial completion of 108.6%. This program received approval throughout the year for 2 emergency projects for Black Swan Park wall construction at Maroochydore and Gregory Street groyne replacement at Golden Beach, which were funded by a combination of coastal capital savings in 2015/16, support from the stormwater capital program and bringing forward funding from the 2016/17 coastal capital budget.

Environmental assets

The Environmental Assets Program ended the year with a financial completion of 116.6%. This works associated with the building renewal project at Mary Cairncross progressed ahead of the original schedule resulting in works brought forward from next year. This has resulted in this overspend in 2015/16 and will result in bringing forward funding from 2016/17. There is potential for additional project funds to be requested as part of budget review process.

Fleet

Fleet delivered more than originally planned, which resulted in a financial completion rate of 101.6%. Full year budget will still be required in 2016/17.

Holiday Parks

The holiday Parks program is ahead of schedule, as well as over budget for the Mudjimba Park Expansion Project, finishing the year with a 131.5% financial completion rate. The overspend of \$250,000 in the 2015/16 financial year is being funded from the operating surplus achieved for the financial year. All other projects were completed on schedule and on budget, with no carry overs being requested.

Information Technology

Information Technology program achieved a financial completion of 95.3%. As anticipated a carry over for \$130,000 will be requested for the Events Management Solution Project, due to delays in signing the contract. It is anticipated full delivery of this project will occur in October. A further \$30,000 will also be requested to be carried over for the Bush Fire Hazard Modelling Project due to delays with State Government releasing the hazard map.

Parks and Gardens

Overall the parks and gardens program achieved a financial completion of 100.7%, predominately the excess spend in 2015/16 is due to bringing work forward on major projects, which should result in a reduction to the 2016/17 capital program. Some highlights for this program include:

- Maroochydore Junior Rugby League remains on budget, with the project ahead of schedule. The grandstand will be ready for opening at the Grand Final.
- Maroochydore Clippers Basketball Stadium is on budget and on schedule, with the main structure walls and roof having been installed.
- Bradman Avenue revetment walls completed on schedule, and have featured in the top 10 Facebook “likes” for Council’s Facebook page.
- Coolum Sports Complex opened in June and features the new smart city lighting. This allows the lights to be remotely operated by teams, and enables smart billing for the actual times the lights are used. This technology also reduces the chance for wasted electricity, with the lights being able to be turned off remotely if accidentally left on.
- All actions identified through the Nambour Showgrounds Master plan have been delivered on time and on budget.
- A number of fantastic renewals including the Maleny precinct upgrade, Glass house Mountains District Park, Grahame Stuart Park, Woombye light horse memorial, Buderim Lions Park sculpture, Maroochydore SLSC viewing platform, Jack Morgan Park and Dick Caplick Park.

Quarries

The \$500,000 Quarry Program finished at 59.4% financially complete. The computer system upgrade and the gate project will be requested to be carried over as part of 2016/17 Budget Review 1. The balance of the program will be recognised as savings, with remaining works to be funded from the 2016/17 Capital Works Program.

Strategic Land & Commercial Properties

The Strategic Land Program ended the year with a financial completion of 110.3%. Due to the accounting treatment of a land swap transaction, \$1.3 million for the cost of land has been recognised in the capital works delivery. This cost is offset by the revenue recognised for the land that was swapped, and therefore has no impact to the cash balance of Council.

The Strategic Land Program will request the unspent portion of land purchases of approximately \$850,000, which were not settled in 2015/16, as a carryover in 2016/17 Budget Review 1.

Sunshine Coast Airport

At the end of financial year the Sunshine Coast Airport achieved a 72.6% financial completion rate against their anticipated 83%. It is expected all funds will be requested to be carried over as part of Budget Review 1, with all physical works to be completed by mid-August.

The shortfall in the 2015/16 financial completion was due to delays with the \$500,000 project for checked baggage screening, which took longer to get through procurement than anticipated. The machine has been ordered, with delivery and installation scheduled for early August. The Apron overlays works are also still to be completed.

Two highlights for the airport for 2015/16 are:

- the completion of the project to duplicate the screening point, doubling the capacity of the screening process. This project has increased the capacity to get people through airport screening and has significantly reducing waiting times for passengers.
- Environmental Impact Study being approved by the State Government, allowing the Airport Runway Expansion Project to proceed to the next stage of approval.

Transportation & Stormwater

These programs finished the year with a 96.9% financial completion for transportation and 84.8% for Stormwater.

The reseal and rehabilitation program was delivered in full, and on budget. Additional roads were completed with savings achieved throughout the 2015/16 financial year.

Some highlights for this program include:

- Maleny footbridge on budget and on schedule.
- Evans road on schedule, with savings achieved due to favourable conditions resulting in limited contingencies required.
- Bulcock Street Streetscapes are progress, with significant challenges being managed by the team (fuel tanks discovered underground).
- Bus stop program was majority completed.

Savings were achieved within the Stormwater program for:

- Relining of damaged stormwater pipes due to project consolidation.
- Harpers Creek road replace culverts.

A carry over within the Stormwater program will be requested for forward design works not fully completed in 2015/16.

Waste

The Waste program ended the year with a financial completion of 102.8%. This result is in part due to construction of Cell 10 at the Caloundra Landfill being brought forward into the 2015/16 financial year to achieve procurement synergies. This overspend will be offset by a reduction of the 2016/17 Capital Works Program.

Other highlights for the Waste business include the completion of the wheel washes at both Caloundra and Nambour Landfills.

Physical Completion

Of the jobs anticipated to be completed in 2015/16, 292 or 20.7% remain in a WIP status. This results in a 79.3% physical completion rate. Of the jobs remaining in a WIP status, the actual expenditure was on average 93.8% financial complete, indicating that these jobs have minimal work remaining. Majority of the program managers have indicated that works will be completed in July, with some projects being finalised in August 2016.

Table 6: Capital job quantities and budgeted value by status as at 30 June 2016 (excluding region making projects):

| Project summary by Job status (SCC Base only) | Number of Capital Jobs | % | Current Budget \$000 | % | YTD Actual \$000 | % |
|---|------------------------|-------|----------------------|-------|------------------|--------|
| Not Started | 35 | 2.5% | 716 | 0.5% | 10 | 1.4% |
| Works in Progress - Multi Year | 37 | 2.6% | 19,434 | 14.7% | 14,879 | 76.6% |
| Works in Progress - 2015/16 projects | 292 | 20.7% | 30,453 | 23.1% | 28,558 | 93.8% |
| Complete | 982 | 69.5% | 78,784 | 59.8% | 80,582 | 102.3% |
| On Hold | 67 | 4.7% | 2,428 | 1.8% | 811 | 33.4% |
| Total | 1,413 | | 131,814 | | 124,840 | |

Investment Performance & Cash Holdings

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

For the month ending 30 June 2016 Council had \$318.2 million in investment cash (excluding Trust Fund) with an average interest rate of 3.09%, being 1.06% above benchmark.

Comparing these results to the same period last year, Council held \$287.1 million in cash (excluding Trust Fund) and the average interest rate was 2.8%, being 0.63% 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.

Table 8: Cash Flow variances as at 30 June 2016

| Net Cash Flows | YTD Current Budget \$000 | YTD Actual \$000 | YTD Variance \$000 | Variance % |
|-----------------------------|--------------------------------|---------------------|--------------------------|---------------|
| Operating Activities | 100,195 | 101,319 | 1,124 | 0.0 |
| Investing Activities | (123,661) | (96,826) | 26,835 | (0.2) |
| Financing Activities | 27,488 | 26,677 | (811) | (0.0) |
| Closing Cash Balance | 291,408 | 318,556 | 27,148 | 0.1 |

Council ended the year with \$318.6 million in cash, which was \$27.1 million ahead of budget. This higher cash balance is made up of:

- Higher revenues of \$6.3 million
- Lower operating expenses of \$6.2 million (adjusted for capital transfers to operating)
- Lower capital expenditure of \$6.2 million (adjusted for capital transfers to operating)
- Higher capital cash contributions \$9.5 million

Balance Sheet

Overall Council's balance sheet at the end of the financial year were in line with budget, with some movements worth identifying:

- Capital works in progress finished the year at \$75.3 million, against an expected balance of \$125 million. \$117 million in assets were written on during the 2015/16 financial year. This result has been achieved through the Gate 6 process improvements and additional resources being allocated.
- Trade receivables were \$15 million, \$3.8 million below budget. This indicates our customers are paying us on time, and debt recovery is being well managed.
- Property plant and equipment ended the year at \$3.6 billion, which was \$18 million or 0.5% behind budget.

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 2015/16 Investment Policy, 2015/16 Debt Policy, 2015/16 Revenue Policy and Revenue Statement.

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 25 June 2015, Council adopted the 2015/2016 Budget - Council Resolution (SM15/20)**

That Council:

- (a) *receive and note the report titled "Adoption of the 2015/2016 Budget and Forward Estimates for the 2016/2017 to 2024/2025 Financial Years"*
- (b) *adopt the 2015/2016 Capital Works Program, endorse the indicative four-year program for the period 2016/2017 to 2019/2020, and note the five-year program for the period 2020/2021 to 2024/2025 (Appendix A) and*
- (c) *adopt the 2015/2016 Budget Schedules (Appendix B) including Forward Estimates.*

Ordinary Meeting 17 September 2015, Council adopted the Budget Review 1 2015/16 (OM15/151)

That Council:

- (a) *receive and note the report titled "Budget Review 1 2015/16"*
- (b) *adopt the amended 2015/16 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A)*
- (c) *establish a Natural Disaster Restricted Cash Component of \$5 million, funded from the 2014/15 operating result and*
- (d) *in addition to (b) and (c), amend the budget to include the sum of \$90,000 in 2015/16 budget for Caloundra Skate Park as part of the Aquatic Centre complex.*

Ordinary Meeting 28 January 2016, Council adopted the Budget Review 2 2015/16 (OM16/3)

That Council:

- (a) *receive and note the report titled "Budget Review 2 2015/16" and*
- (b) *adopt the amended 2014/15 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 21 May 2016, February 2016 Financial Performance Report (OM16/51)

That Council:

- (a) *receive and note the report titled "February 2016 Financial Performance Report" and*
- (b) *adopt the amended 2015/16 Capital Program to include the identified capital budget adjustments (Appendix A).*

Ordinary Meeting 19 May 2016, March 2016 Financial Performance Report (OM16/71)

That Council:

- (a) *receive and note the report titled "March 2016 Financial Performance Report" and*
- (b) *adopt the amended 2015/16 Capital Program to include the identified capital budget adjustments (Appendix A).*

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

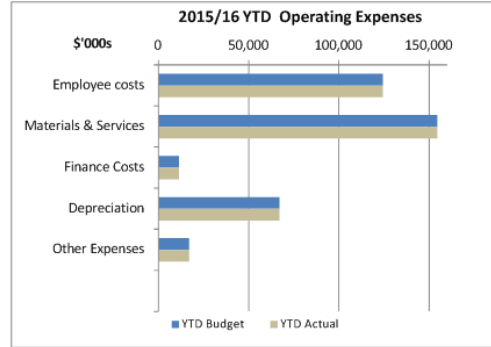
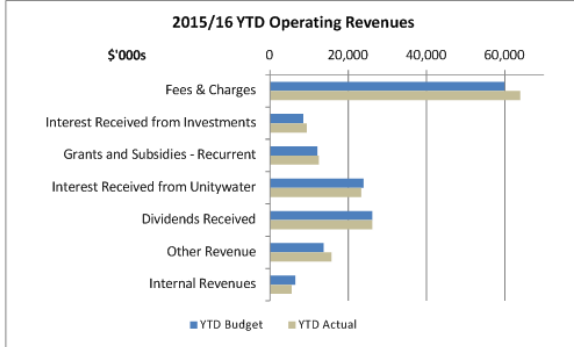
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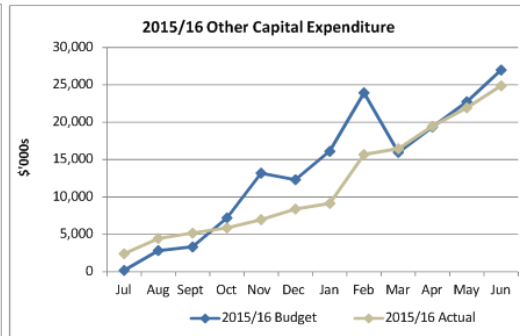
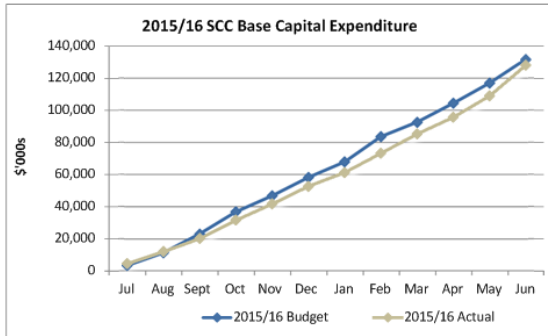
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|-------------------------------------|-----------|
| FINANCIAL PERFORMANCE REPORT | June 2016 |
| HEADLINE - OPERATING | |

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| Capital Expenditure | 6 |
| Investment Performance | 7 |

| FINANCIAL PERFORMANCE REPORT | | | | | | June 2016 |
|------------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|--------------|
| HEADLINE - OPERATING | | | | | | |
| | Annual | | YTD | | | |
| | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance % |
| Operating Revenue | 386,107 | 395,974 | 395,974 | 402,338 | 6,364 | 1.6% |
| Operating Expenses | 364,650 | 371,661 | 371,661 | 375,690 | 4,029 | 1.1% |
| Operating Result | 21,457 | 24,313 | 24,313 | 26,648 | 2,334 | 9.6% |
| NET Result | 62,975 | 126,281 | 126,281 | 160,670 | 34,389 | 27.2% |



| HEADLINE - CAPITAL | | | | | | |
|----------------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|------------|
| | Annual | | YTD | | | |
| | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance % |
| Capital Revenue | 41,518 | 101,968 | 101,968 | 134,023 | (32,055) | |
| Other Capital Revenues | 111,768 | 111,903 | 111,903 | 73,966 | 37,937 | |
| Total Capital Revenues | 153,286 | 213,871 | 213,871 | 207,989 | 5,882 | |
| Capital Works Expenditure | 183,368 | 158,804 | 158,804 | 144,072 | 14,732 | (9.28%) |
| Other Capital Expenditure | 40,156 | 83,156 | 83,156 | 90,207 | (7,052) | |
| Total Capital Expenditure | 223,524 | 241,960 | 241,960 | 234,279 | 7,681 | |
| Funds from General Reserve | 70,238 | 28,089 | 28,089 | 26,291 | 1,798 | |



| FINANCIAL PERFORMANCE REPORT | | | | | | June 2016 |
|---|------------------------|-----------------------|------------------|------------------------|-----------------|-----------|
| HEADLINE - CASH AND BALANCE SHEET | | | | | | |
| | Annual | | YTD | | | |
| | Original Budget \$000s | Current Budget \$000s | Actuals \$000s | Forecast Budget \$000s | Variance \$000s | |
| CASH FLOWS | | | | | | |
| Opening Cash | 229,692 | 287,386 | 287,386 | 287,386 | 0 | |
| Net Cash Inflow/(Outflows) from: | | | | | | |
| Operating Activities | 82,091 | 100,195 | 101,319 | 100,195 | 1,124 | |
| Investing Activities | (141,850) | (123,661) | (96,826) | (123,661) | 26,835 | |
| Financing Activities | 29,179 | 27,488 | 26,677 | 27,488 | (811) | |
| Net Increase/(decrease) in Cash Held | (30,581) | 4,022 | 31,170 | 4,022 | 27,148 | |
| Cash at year end | 199,111 | 291,408 | 318,556 | 291,408 | 27,148 | |
| BALANCE SHEET | | | | | | |
| Current Assets | 223,040 | 346,475 | 347,715 | | | |
| Non Current Assets | 4,471,353 | 4,777,975 | 4,682,512 | | | |
| Total Assets | 4,694,394 | 5,124,450 | 5,030,227 | | | |
| Current Liabilities | 92,112 | 94,765 | 92,688 | | | |
| Non Current Liabilities | 311,641 | 305,091 | 307,669 | | | |
| Total Liabilities | 403,753 | 399,856 | 400,357 | | | |
| Net Community Assets/ Total Community Equity | 4,290,641 | 4,724,594 | 4,629,870 | | | |

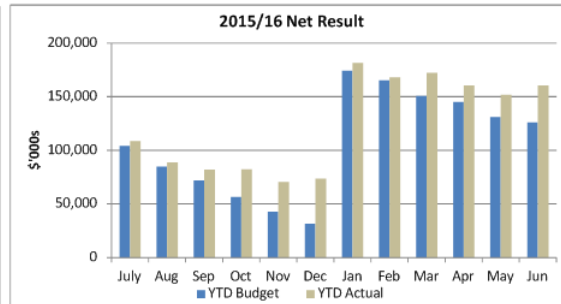
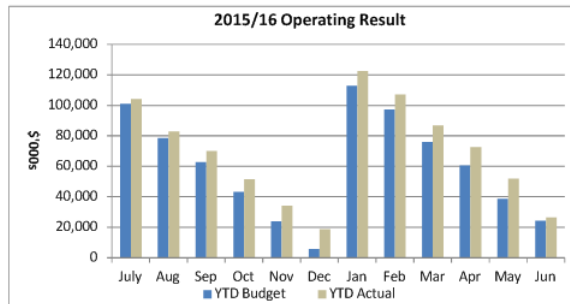
Net Cash

Debt Balance

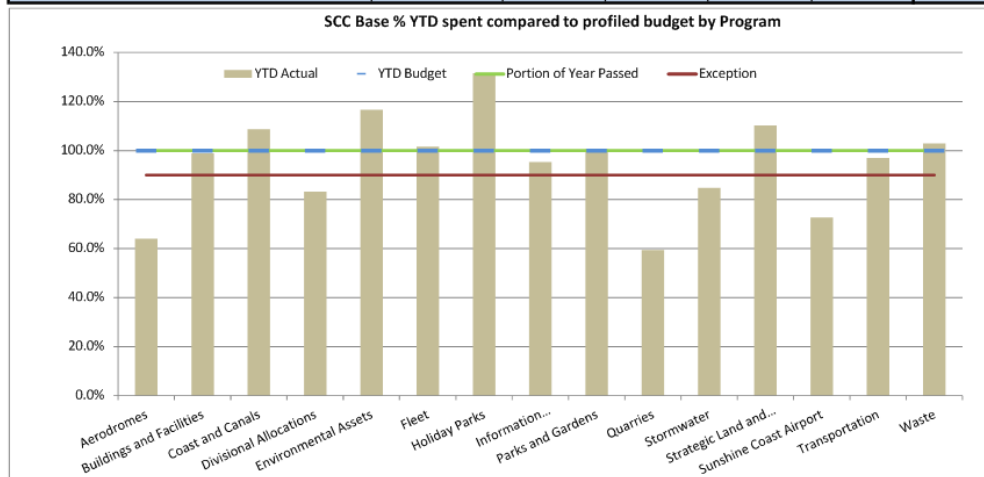
Cash Balance

Forecast Cash Balance

| FINANCIAL PERFORMANCE REPORT | | | | | | | June 2016 |
|--------------------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|--------------|------------------------|
| 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 | | | | | | | |
| Net Rates and Utility Charges | 243,381 | 244,090 | 244,090 | 244,898 | 808 | 0.3% | 244,090 |
| Fees and Charges | 54,733 | 59,878 | 59,878 | 63,934 | 4,055 | 6.8% | 59,878 |
| Interest Received from Investments | 7,700 | 8,530 | 8,530 | 9,344 | 814 | 9.5% | 8,530 |
| Operating Grants and Subsidies | 11,946 | 12,115 | 12,115 | 12,480 | 365 | 3.0% | 12,115 |
| Operating Contributions | 696 | 1,136 | 1,136 | 1,025 | (111) | (9.8%) | 1,136 |
| Interest Received from Unity Water | 23,933 | 23,933 | 23,933 | 23,284 | (649) | (2.7%) | 23,933 |
| Dividends Received | 26,162 | 26,162 | 26,162 | 26,162 | 0 | 0.0% | 26,162 |
| Other Revenue | 11,132 | 13,673 | 13,673 | 15,653 | 1,980 | 14.5% | 13,673 |
| Internal Sales/Recoveries | 6,424 | 6,458 | 6,458 | 5,558 | (900) | (13.9%) | 6,458 |
| Community Service Obligations | (0) | (0) | (0) | 0 | 0 | (100.0%) | (0) |
| Total Operating Revenue | 386,107 | 395,974 | 395,974 | 402,338 | 6,364 | 1.6% | 395,974 |
| Operating Expenses | | | | | | | |
| Employee Costs | 121,667 | 123,264 | 123,264 | 124,413 | 1,149 | 0.9% | 123,264 |
| Materials and Services | 148,334 | 152,007 | 152,007 | 154,593 | 2,586 | 1.7% | 152,007 |
| Internal Materials and Services | (0) | 0 | 0 | 0 | 0 | 0.0% | 0 |
| Finance Costs | 9,505 | 9,618 | 9,618 | 11,385 | 1,767 | 18.4% | 9,618 |
| Company Contributions | 1,218 | 1,218 | 1,218 | 1,218 | 0 | 0.0% | 1,218 |
| Depreciation Expense | 67,058 | 66,773 | 66,773 | 67,080 | 307 | 0.5% | 66,773 |
| Other Expenses | 16,868 | 18,780 | 18,780 | 17,002 | (1,778) | (9.5%) | 18,780 |
| Competitive Neutrality Adjustments | 0 | 0 | 0 | 0 | (0) | (100.0%) | 0 |
| Total Operating Expenses | 364,650 | 371,661 | 371,661 | 375,690 | 4,029 | 1.1% | 371,661 |
| Operating Result | 21,457 | 24,313 | 24,313 | 26,648 | 2,334 | 9.6% | 24,313 |
| Capital Revenue | | | | | | | |
| Capital Grants and Subsidies | 4,894 | 11,343 | 11,343 | 12,798 | 1,455 | 12.8% | 11,343 |
| Capital Contributions - Cash | 12,000 | 23,000 | 23,000 | 31,018 | 8,017 | 34.9% | 23,000 |
| Capital Contributions - Fixed Assets | 24,624 | 67,624 | 67,624 | 90,207 | 22,583 | 33.4% | 67,624 |
| Total Capital Revenue | 41,518 | 101,968 | 101,968 | 134,023 | 32,055 | 31.4% | 101,968 |
| Net Result | 62,975 | 126,281 | 126,281 | 160,670 | 34,389 | 27.2% | 126,281 |



| FINANCIAL PERFORMANCE REPORT | | | | | | | June 2016 |
|---|------------------------|-----------------------|----------------|----------------|------------------------|----------------------|---------------------|
| CAPITAL EXPENDITURE | | | | | | | |
| Capital Works Program (including operating costs) | Annual | | YTD | | | % of FY budget spent | YTD Variance \$000s |
| | Original Budget \$000s | Current Budget \$000s | Budget \$000s | Actuals \$000s | Variance on YTD budget | | |
| Aerodromes | 215 | 548 | 548 | 351 | -36.0% | 64.0% | (197) |
| Buildings and Facilities | 6,422 | 8,746 | 8,746 | 8,637 | -1.3% | 98.7% | (109) |
| Coast and Canals | 1,900 | 2,042 | 2,042 | 2,219 | 8.6% | 108.6% | 177 |
| Divisional Allocations | 3,590 | 3,478 | 3,478 | 2,893 | -16.8% | 83.2% | (584) |
| Environmental Assets | 975 | 1,677 | 1,677 | 1,956 | 16.6% | 116.6% | 279 |
| Fleet | 3,118 | 3,935 | 3,935 | 3,997 | 1.6% | 101.6% | 62 |
| Holiday Parks | 770 | 792 | 792 | 1,041 | 31.5% | 131.5% | 250 |
| Information Technology | 3,620 | 5,032 | 5,032 | 4,798 | -4.7% | 95.3% | (235) |
| Parks and Gardens | 9,975 | 15,519 | 15,519 | 15,627 | 0.7% | 100.7% | 108 |
| Quarries | 630 | 496 | 496 | 295 | -40.6% | 59.4% | (201) |
| Stormwater | 5,972 | 6,604 | 6,604 | 5,599 | -15.2% | 84.8% | (1,005) |
| Strategic Land and Commercial Properties | 1,350 | 6,658 | 6,658 | 7,343 | 10.3% | 110.3% | 685 |
| Sunshine Coast Airport | 5,056 | 5,792 | 5,792 | 4,206 | -27.4% | 72.6% | (1,586) |
| Transportation | 45,200 | 62,677 | 62,677 | 60,753 | -3.1% | 96.9% | (1,924) |
| Waste | 4,387 | 7,818 | 7,818 | 8,040 | 2.8% | 102.8% | 223 |
| Total SCC Base Capital Program | 93,180 | 131,814 | 131,814 | 127,755 | -3.1% | 96.9% | (4,059) |
| Corporate Major Projects | 9,300 | 100 | 100 | 70 | -30.0% | 70.0% | (30) |
| Maroochydore City Centre - Council delivery | 9,904 | 8,044 | 8,044 | 7,495 | -6.8% | 93.2% | (549) |
| Maroochydore City Centre - SunCentral delivery | 24,156 | 7,754 | 7,754 | 6,414 | -17.3% | 82.7% | (1,340) |
| Solar Farm | 49,228 | 9,866 | 9,866 | 10,018 | 1.5% | 101.5% | 153 |
| Sunshine Coast Airport Runway | 0 | 1,225 | 1,225 | 892 | -27.2% | 72.8% | (333) |
| Total Region Making Capital Program | 92,588 | 26,990 | 26,990 | 24,890 | -7.8% | 92.2% | (2,100) |
| TOTAL | 185,768 | 158,804 | 158,804 | 152,645 | -3.9% | 96.1% | (6,159) |



| Project summary by Job status (SCC Base only) | Number of Capital Jobs | % | Current Budget \$000 | % | YTD Actual \$000 | % |
|---|------------------------|-------|----------------------|-------|------------------|--------|
| Not Started | 35 | 2.5% | 716 | 0.5% | 10 | 1.4% |
| Works in Progress - Multi Year | 37 | 2.6% | 19,434 | 14.7% | 14,879 | 76.6% |
| Works in Progress - 2015/16 projects | 292 | 20.7% | 30,453 | 23.1% | 28,558 | 93.8% |
| Complete | 982 | 69.5% | 78,784 | 59.8% | 80,582 | 102.3% |
| On Hold | 67 | 4.7% | 2,428 | 1.8% | 811 | 33.4% |
| Total | 1,413 | | 131,814 | | 124,840 | |

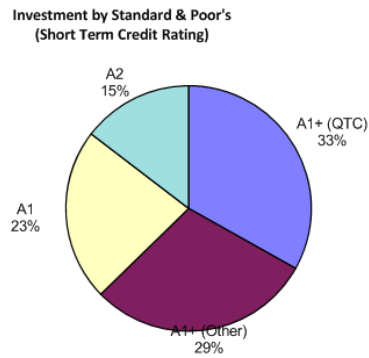
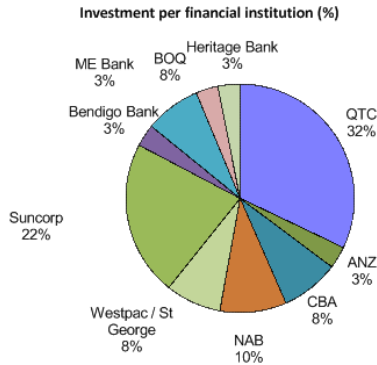
FINANCIAL PERFORMANCE REPORT June 2016
INVESTMENT PERFORMANCE

| Liquidity as at: | 30/06/2016 \$'000's | |
|--------------------------|------------------------|---------------|
| At-call accounts | | |
| QTC + CBA (excl. trust) | 128,244,241 | 39.58% |
| Maturities within 7 days | \$0 | 0.00% |
| Total at-call | \$128,244,241 | 39.58% |
| Investment Policy Target | | 10.00% |

| Term deposits maturing: | \$'000's | Count |
|-------------------------|------------------|-----------|
| within 30 days | \$30,000 | 3 |
| 30-59 days | \$55,000 | 6 |
| 60-89 days | \$55,000 | 6 |
| 90-179 days | \$50,000 | 5 |
| 180-364 days | \$0 | 0 |
| 1 year - 3 years | \$0 | 0 |
| Total | \$190,000 | 20 |

| INVESTMENT SUMMARY (including Trust) as at: | | | | Investment Policy | |
|---|------------------|------------------|------------------|-------------------|--------------|
| | 30/06/2016 | 31/03/2016 | 30/06/2015 | Individual Limit | Group Limits |
| A1+ (QTC) | \$102,082 | \$100,855 | \$148,889 | 100% | 100% |
| A1+ (Other) | \$91,162 | \$181,597 | \$88,184 | 35% | 100% |
| A1 | \$70,000 | \$40,000 | \$10,000 | 30% | 40% |
| A2 | \$45,000 | \$55,000 | \$40,000 | 15% | 35% |
| A3 | \$10,000 | \$0 | \$0 | | |
| Total Funds | \$318,244 | \$377,453 | \$287,073 | | |
| FUND SUMMARY | | | | | |
| General Funds | \$318,244 | \$377,453 | \$287,073 | | |
| Trust Funds | \$5,802 | \$5,042 | \$4,190 | | |
| Total Funds | \$324,047 | \$382,495 | \$291,262 | | |

Investment Portfolio



Investment Performance

