

# Late Item 8.4.3

## Ordinary Meeting

**Thursday, 22 February 2018**

**commencing at 9:00am**

**Council Chambers, Corner Currie and Bury Streets, Nambour**



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**8 REPORTS DIRECT TO COUNCIL****8.4 BUSINESS PERFORMANCE****8.4.3 BUDGET REVIEW 2 2017/18**

<b>File No:</b>	<b>Council meetings</b>	
<b>Author:</b>	<b>Coordinator Financial Services Business Performance Group</b>	
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**PURPOSE**

To amend the 2017/18 budget to reflect Council's anticipated revenue and expenditure forecasts to 30 June 2018 following the second budget review.

**EXECUTIVE SUMMARY**

Section 170 of the *Local Government Regulation 2012* allows council to amend its budget by resolution at any time before the end of the financial year. Major budget reviews are undertaken on a periodic basis to reflect management's best estimate of its financial position at the end of a financial year.

The result of this budget review will decrease the 2017/18 operating result by \$7.0 million, from \$19.6 million to \$12.5 million. Capital revenues have increased by \$86.4 million from \$101.3 million to \$187.6 million, including \$85 million for contributed assets. Expenditure under the Capital Program decreased by \$4.1 million, from \$272.7 million to \$268.7 million.

The amendments in this budget review will increase the 2017/18 forecast closing cash balance by \$3.3 million to \$218.9 million as at 30 June 2018.

**OFFICER RECOMMENDATION**

**That Council:**

- (a) receive and note the report titled "Budget Review 2 2017/18" and**
- (b) adopt the amended 2017/18 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A)**

**FINANCE AND RESOURCING**

Adoption of the recommendation of this report will formally amend the 2017/18 Budget.

The amendments in this budget review will result in an increase in the cash position of \$3.3 million.

Restricted cash is increasing by \$15.5 million, predominantly due to deferred expenditure on the Sunshine Coast Airport Expansion project from June 2017 to July 2017.

Unrestricted cash is decreasing by \$12.1 million, due to:

- operating adjustments net impact of \$1.3 million
- capital adjustments of \$10.9 million

Maintaining cash was a key principle for development of the 2017/18 budget.

## CORPORATE PLAN

<b>Corporate Plan Goal:</b>	<b><i>An outstanding organisation</i></b>
<b>Outcome:</b>	5.3 - A financially sustainable organisation
<b>Operational Activity:</b>	5.3.7 - Sustainable financial position maintained.

## CONSULTATION

### Portfolio Councillor Consultation

The Portfolio Councillor, Cr Tim Dwyer was consulted in advance of the review undertaken by Council.

### Internal Consultation

All departments of council were consulted in the course of the review.  
A budget review workshop was held with Councillors on 8 February 2017.

### External Consultation

No external consultation is required for this report.

### Community Engagement

No community engagement is required for this report.

## PROPOSAL

Section 170 of *the Local Government Regulation 2012* allows council to amend its budget by resolution at any time before the end of the financial year.

Budget reviews are undertaken on a periodic basis to reflect management's best estimate of its financial position at the end of a financial year. Prudent financial management also requires council to amend its budget if there are material changes to expected revenue or expenses for the year.

A budget review has been undertaken during January 2018 to make recommended amendments to the 2017/18 operating and capital budget to reflect anticipated revenues and expenses for the 2017/18 financial year.

The recommended amendments of this review will:

- decrease the operating result by \$7.0 million, from \$19.6 million to \$12.5 million,
- increase the capital revenues by \$86.4 million from \$101.3 million to \$187.6 million,
- decrease capital program expenditure by \$4.1 million, from \$272.7 million to \$268.7 million.

Of the \$86.4 million increase to capital revenues, \$85 million is coming from increases in contributed assets, which has no cash impact on the overall Council result.

The revised capital program of \$268.7 million includes estimates for recurrent expenditure of \$7.9 million and non-recurrent expenditure of \$12.6 million. These costs have been funded within the capital program, however the recurrent expenditure of \$7.9 million will impact Council's operating result and are brought to account in this report.

**Table 1: Summary of Budget Review 2  
(Details contained in Attachments 1 & 2)**

	TOTAL SCC Current Budget \$'000	BR2 Adjustments \$'000	TOTAL SCC Revised Budget \$'000
Operating Revenue	437,209	(913)	436,296
Operating Expenditure	413,698	2,168	415,866
Recurrent Capital Expenditure	3,956	3,941	7,897
<b>Operating Result</b>	<b>19,555</b>	<b>(7,022)</b>	<b>12,533</b>
Capital Revenue Cash	41,257	1,365	42,622
Contributed Assets	60,000	85,000	145,000
Non-Recurrent Expenses	2,829	12,648	15,477
Capital Expenses	272,748	(4,088)	268,660
<b>Cash - Closing</b>	<b>215,592</b>	<b>3,329</b>	<b>218,921</b>

The amendments in this budget review will result in an increase in the cash position of \$3.3 million.

### Legal

The report complies with council's legislative obligations to amend its budget in accordance with Section 170 of the *Local Government Regulation 2012*.

### Policy

There are no policy implications associated with this report.

### Risk

There are no risks associated with this report.

### Previous Council Resolution

#### Ordinary Meeting 9 November 2017 (OM17/211)

*That Council*

- (a) *receive and note the report titled "September 2017 Financial Performance Report" and*
- (b) *adopt the amended 2017/18 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

#### Budget Review 1, 14 September 2017 (OM17/175)

*That Council:*

- (a) *receive and note the report titled "Budget Review 1 2017/18" and*
- (b) *adopt the amended 2017/18 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A)*

**Special Meeting Budget 15 June 2017 (SM17/34)**

*That Council:*

- (a) *receive and note the report titled "Adoption of the 2017/18 Budget and Forward Estimates for the 2018/19 to 2026/27 Financial Years"*
- (b) *adopt the 2017/18 Budget Schedules (Appendix A) including Forward Estimates and*
- (c) *adopt the 2017/18 Capital Works Program, endorse the indicative four-year program for the period 2018/19 to 2021/22, and note the five-year program for the period 2022/23 to 2026/27 (Appendix B).*

**Related Documentation**

2017/18 Adopted Budget.

**Critical Dates**

Following adoption of this report, the proceeding month's financial reports will reflect the amendments in the current budget. The revised 2017/18 forecast position will be used to develop the 2018/19 Core Budget in March 2018.

**Implementation**

Council's budget will be formally adjusted following the council resolution and included in future monthly reports.



**STATEMENT OF INCOME AND EXPENSES**

For the period ending 30 June 2018

SUNSHINE COAST COUNCIL TOTAL

	Original Budget 2017/18 \$000	Current Budget 2017/18 \$000	Revised Budget 2017/18 \$000	Forward Estimate									
				2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	
<b>Operating Revenue</b>													
Gross Rates & Utility Charges	287,118	289,965	290,265	299,468	312,350	327,401	343,177	359,711	377,040	395,202	414,238	434,850	
Interest from Rates & Utilities	1,408	670	670	1,415	1,422	1,429	1,436	1,443	1,450	1,458	1,465	1,472	
Less Discounts, Pensioner Remissions	(13,336)	(13,336)	(13,336)	(13,843)	(14,424)	(15,032)	(15,667)	(16,332)	(17,028)	(17,755)	(18,514)	(19,305)	
Net Rates & Utility Charges	275,190	277,299	277,599	287,040	299,348	313,799	328,946	344,822	361,463	378,905	397,189	417,017	
Fees & Charges	57,183	58,222	55,030	53,310	54,829	56,721	58,678	60,702	62,796	64,963	67,204	69,522	
Interest Received from Investments	9,374	8,874	8,470	9,101	9,503	9,964	10,344	10,842	11,745	12,655	13,565	14,515	
Grants and Subsidies - Recurrent	12,007	6,844	7,937	12,007	12,007	12,007	12,007	12,007	12,007	12,007	12,007	12,007	
Operating contributions	1,301	1,301	701	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,301	
Interest Received from Unitywater	23,933	23,933	23,933	23,933	23,933	23,933	23,933	23,933	23,933	23,933	23,933	23,933	
Dividends Received	26,162	26,162	26,162	26,162	26,162	26,162	26,162	26,162	26,162	26,162	26,162	26,162	
Other Revenue	28,381	28,763	30,653	20,836	42,579	32,712	49,931	57,189	21,700	29,101	31,710	17,305	
Internal Revenues	5,812	5,812	5,812	5,978	6,148	6,360	6,579	6,806	7,041	7,284	7,535	7,795	
Community Service Obligations	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Operating Revenue</b>	<b>439,342</b>	<b>437,209</b>	<b>436,296</b>	<b>439,667</b>	<b>475,809</b>	<b>482,958</b>	<b>517,881</b>	<b>543,763</b>	<b>528,148</b>	<b>556,310</b>	<b>580,607</b>	<b>589,558</b>	
<b>Operating Expenses</b>													
Employee costs	135,509	135,894	137,443	136,310	138,138	142,904	147,834	152,934	158,210	163,668	169,315	175,156	
Materials & Services	175,003	179,728	182,114	173,823	188,077	191,750	206,446	216,428	212,305	225,483	235,578	240,428	
Internal Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	
Finance Costs	9,410	9,410	10,196	9,383	9,187	14,632	14,244	7,940	7,271	6,891	6,204	5,443	
Company Contributions	1,464	1,464	1,464	1,492	1,520	1,558	1,597	1,637	1,678	1,720	1,763	1,807	
Depreciation	71,643	71,643	72,343	74,356	77,154	79,087	80,033	82,224	84,388	85,661	86,738	87,829	
Other Expenses	21,451	22,344	20,204	21,705	22,118	22,671	23,238	23,818	24,414	25,024	25,650	26,291	
Competitive Neutrality Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Operating Expenses</b>	<b>414,480</b>	<b>420,483</b>	<b>423,764</b>	<b>417,069</b>	<b>436,194</b>	<b>452,603</b>	<b>473,391</b>	<b>484,982</b>	<b>488,266</b>	<b>508,448</b>	<b>525,248</b>	<b>536,956</b>	
<b>Operating Result</b>	<b>24,862</b>	<b>16,726</b>	<b>12,532</b>	<b>22,598</b>	<b>39,615</b>	<b>30,355</b>	<b>44,489</b>	<b>58,781</b>	<b>39,882</b>	<b>47,862</b>	<b>55,359</b>	<b>52,602</b>	
<b>Capital Revenue</b>													
Capital Grants and Subsidies	4,912	8,858	10,223	7,505	7,648	7,839	8,035	8,236	8,442	8,653	8,869	9,091	
Capital Contributions	32,274	32,399	32,399	32,274	32,274	29,074	30,153	30,153	30,153	30,153	30,153	24,000	
Contributed Assets	60,000	60,000	145,000	60,000	55,000	50,000	45,000	46,125	47,278	48,460	49,672	50,913	
Non-Recurrent Capital Expenses	-	-	(15,477)	-	-	-	-	-	-	-	-	-	
<b>Net Result</b>	<b>122,048</b>	<b>117,983</b>	<b>184,677</b>	<b>122,377</b>	<b>134,537</b>	<b>117,268</b>	<b>127,677</b>	<b>143,295</b>	<b>125,755</b>	<b>135,127</b>	<b>144,052</b>	<b>136,606</b>	

**STATEMENT OF FINANCIAL POSITION**

For the period ending 30 June 2018

	Original Budget 2017/18 \$000	Current Budget 2017/18 \$000	Revised Budget 2017/18 \$000	Forward Estimate									
				2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	
<b>CURRENT ASSETS</b>													
Cash & Investments	209,242	215,592	218,921	189,248	205,561	203,886	306,287	321,347	322,902	319,722	313,417	269,227	
Trade and other receivables	15,599	14,591	14,572	15,488	17,301	17,398	19,085	20,230	18,951	20,175	21,160	21,233	
Inventories	19,490	19,490	19,490	22,032	16,846	17,122	11,286	5,783	7,337	5,726	9,786	19,611	
Other Financial Assets	26,424	26,424	26,424	26,926	27,438	28,124	28,827	29,548	30,286	31,044	31,820	32,615	
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	1	
	270,756	276,097	279,407	253,694	267,146	266,530	365,485	376,909	379,477	376,666	376,183	342,687	
<b>NON CURRENT ASSETS</b>													
Trade and other receivables	449,394	449,394	449,394	449,394	449,394	449,394	434,394	434,394	434,394	434,394	434,394	434,395	
Property, plant & equipment	4,103,360	4,105,491	4,168,176	4,485,443	4,837,283	5,058,303	4,983,351	5,213,932	5,443,622	5,686,893	5,944,057	6,225,167	
Investment in associates	538,713	538,713	538,713	538,713	538,713	538,713	538,713	538,713	538,713	538,713	538,713	538,713	
Capital works in progress	86,931	86,931	86,931	87,467	85,201	84,928	82,128	79,469	80,619	78,552	76,653	76,276	
Intangible assets	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	16,491	
	5,194,889	5,197,020	5,259,705	5,577,508	5,927,081	6,147,829	6,055,077	6,282,999	6,513,839	6,755,043	7,010,307	7,291,042	
<b>TOTAL ASSETS</b>	<b>5,465,644</b>	<b>5,473,118</b>	<b>5,539,111</b>	<b>5,831,202</b>	<b>6,194,228</b>	<b>6,414,359</b>	<b>6,420,561</b>	<b>6,659,907</b>	<b>6,893,316</b>	<b>7,131,708</b>	<b>7,386,490</b>	<b>7,633,729</b>	
<b>CURRENT LIABILITIES</b>													
Trade and other payables	58,261	59,305	59,116	58,832	60,420	62,749	65,176	67,704	70,338	73,082	75,941	78,922	
Borrowings	17,833	17,833	17,833	20,008	21,997	24,210	26,172	28,074	30,773	33,181	35,991	38,804	
Provisions	15,172	15,172	15,172	15,604	16,049	16,603	17,176	17,768	18,381	19,015	19,671	20,350	
Other	20,469	20,469	20,469	20,858	21,255	21,786	22,331	22,889	23,461	24,048	24,649	25,265	
	111,736	112,779	112,590	115,302	119,720	125,348	130,854	136,435	142,953	149,326	156,252	163,341	
<b>NON CURRENT LIABILITIES</b>													
Borrowings	278,177	278,177	278,177	353,949	483,608	482,845	256,344	241,783	234,006	217,815	204,433	186,178	
Provisions	33,213	33,213	33,213	34,159	35,133	36,345	37,599	38,896	40,238	41,626	43,062	44,548	
	311,390	311,390	311,390	388,109	518,741	519,190	293,943	280,679	274,244	259,442	247,496	230,727	
<b>TOTAL LIABILITIES</b>	<b>423,125</b>	<b>424,168</b>	<b>423,980</b>	<b>503,411</b>	<b>638,461</b>	<b>644,538</b>	<b>424,797</b>	<b>417,114</b>	<b>417,197</b>	<b>408,768</b>	<b>403,748</b>	<b>394,067</b>	
<b>NET COMMUNITY ASSETS</b>	<b>5,042,519</b>	<b>5,048,949</b>	<b>5,115,132</b>	<b>5,327,790</b>	<b>5,555,766</b>	<b>5,769,821</b>	<b>5,995,764</b>	<b>6,242,794</b>	<b>6,476,119</b>	<b>6,722,941</b>	<b>6,982,742</b>	<b>7,239,662</b>	
<b>COMMUNITY EQUITY</b>													
Asset revaluation surplus	1,050,816	1,050,816	1,050,798	1,145,990	1,244,406	1,346,262	1,449,688	1,558,669	1,671,564	1,788,654	1,909,860	2,035,681	
Retained Earnings	589,378	595,808	662,202	779,667	909,229	1,021,427	1,143,944	1,281,993	1,402,423	1,532,155	1,670,750	1,801,849	
Capital	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	
<b>TOTAL COMMUNITY EQUITY</b>	<b>5,042,520</b>	<b>5,048,950</b>	<b>5,115,326</b>	<b>5,327,984</b>	<b>5,555,961</b>	<b>5,770,015</b>	<b>5,995,958</b>	<b>6,242,989</b>	<b>6,476,314</b>	<b>6,723,135</b>	<b>6,982,936</b>	<b>7,239,856</b>	

**STATEMENT OF CHANGES IN EQUITY**

For the period ending 30 June 2018

	Original Budget 2017/18 \$000	Current Budget 2017/18 \$000	Revised Budget 2017/18 \$000	Forward Estimate								
				2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000
<b>Capital Accounts</b>												
Balance at beginning of period	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327	3,402,327
Transfers to capital, reserves and shareholdings	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>	<b>3,402,327</b>
<b>Asset Revaluation Reserve</b>												
Balance at beginning of period	990,718	990,718	990,718	1,050,798	1,145,990	1,244,406	1,346,262	1,449,688	1,558,669	1,671,564	1,788,654	1,909,860
Asset revaluation adjustments	60,097	60,097	60,080	95,192	98,415	101,856	103,427	108,981	112,895	117,090	121,206	125,821
<b>Balance at end of period</b>	<b>1,050,816</b>	<b>1,050,816</b>	<b>1,050,798</b>	<b>1,145,990</b>	<b>1,244,406</b>	<b>1,346,262</b>	<b>1,449,688</b>	<b>1,558,669</b>	<b>1,671,564</b>	<b>1,788,654</b>	<b>1,909,860</b>	<b>2,035,681</b>
<b>Retained Earnings</b>												
Balance at beginning of period	472,172	482,172	482,172	662,202	779,667	909,229	1,021,427	1,143,944	1,281,993	1,402,423	1,532,155	1,670,750
Net result for the period	122,048	117,983	184,677	122,377	134,537	117,268	127,677	143,295	125,755	135,127	144,052	136,606
Transfers from capital, reserves and shareholdings	(4,842)	(4,347)	(4,648)	(4,912)	(4,975)	(5,070)	(5,161)	(5,246)	(5,324)	(5,396)	(5,458)	(5,507)
<b>Balance at end of period</b>	<b>589,378</b>	<b>595,808</b>	<b>662,202</b>	<b>779,667</b>	<b>909,229</b>	<b>1,021,427</b>	<b>1,143,944</b>	<b>1,281,993</b>	<b>1,402,423</b>	<b>1,532,155</b>	<b>1,670,750</b>	<b>1,801,849</b>
<b>TOTAL</b>												
Balance at beginning of period	4,865,217	4,875,217	4,875,217	5,115,326	5,327,984	5,555,961	5,770,015	5,995,958	6,242,989	6,476,314	6,723,135	6,982,936
Net result for the period	122,048	117,983	184,677	122,377	134,537	117,268	127,677	143,295	125,755	135,127	144,052	136,606
Transfers to capital, reserves and shareholdings	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from capital, reserves and shareholdings	(4,842)	(4,347)	(4,648)	(4,912)	(4,975)	(5,070)	(5,161)	(5,246)	(5,324)	(5,396)	(5,458)	(5,508)
Asset revaluation adjustments	60,097	60,097	60,080	95,192	98,415	101,856	103,427	108,981	112,895	117,090	121,206	125,821
<b>Balance at end of period</b>	<b>5,042,520</b>	<b>5,048,950</b>	<b>5,115,326</b>	<b>5,327,984</b>	<b>5,555,961</b>	<b>5,770,015</b>	<b>5,995,958</b>	<b>6,242,989</b>	<b>6,476,314</b>	<b>6,723,135</b>	<b>6,982,936</b>	<b>7,239,855</b>

**STATEMENT OF CASH FLOWS**

For the period ending 30 June 2018

	Original Budget 2017/18 \$000	Current Budget 2017/18 \$000	Revised Budget 2017/18 \$000	Forward Estimate								
				2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000
<b>Cash flows from operating activities</b>												
Receipts from customers	372,041	372,649	371,665	371,171	407,510	413,685	447,951	473,050	456,234	483,180	506,249	513,895
Payments to suppliers and employees	(328,670)	(333,630)	(338,146)	(334,051)	(340,158)	(353,822)	(367,102)	(382,807)	(392,780)	(408,318)	(430,163)	(447,636)
Interest and dividends received	60,877	59,639	59,235	60,611	61,020	61,488	61,875	62,380	63,290	64,208	65,125	66,082
Finance costs	(10,753)	(10,753)	(11,539)	(10,615)	(10,267)	(15,633)	(15,061)	(8,547)	(7,876)	(7,424)	(6,734)	(6,026)
<b>Net cash inflow (outflow) from operating activities</b>	<b>93,495</b>	<b>87,905</b>	<b>81,215</b>	<b>87,116</b>	<b>118,105</b>	<b>105,717</b>	<b>127,663</b>	<b>144,075</b>	<b>118,869</b>	<b>131,646</b>	<b>134,478</b>	<b>126,316</b>
<b>Cash flows from investing activities</b>												
Payments for property, plant and equipment	(235,182)	(266,132)	(257,478)	(235,582)	(274,534)	(147,045)	(145,330)	(156,306)	(152,547)	(161,738)	(171,309)	(190,440)
Proceeds from disposal non current assets	67,969	67,969	67,969	1,066	1,173	1,290	306,419	1,561	1,717	1,889	2,077	2,285
Capital grants, subsidies, contributions, donations	37,186	41,257	42,622	39,779	39,922	36,913	38,188	38,389	38,595	38,806	39,022	33,091
Finance Costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash inflow (outflow) from investing activities</b>	<b>(130,027)</b>	<b>(156,906)</b>	<b>(146,887)</b>	<b>(194,736)</b>	<b>(233,439)</b>	<b>(108,842)</b>	<b>199,277</b>	<b>(116,356)</b>	<b>(112,236)</b>	<b>(121,044)</b>	<b>(130,210)</b>	<b>(155,064)</b>
<b>Cash flows from financing activities</b>												
Proceeds from borrowings	18,130	18,130	18,130	95,780	151,655	23,447	15,699	13,513	22,996	16,990	22,608	20,549
Repayment of borrowing	(15,912)	(15,912)	(15,912)	(17,833)	(20,008)	(21,997)	(240,239)	(26,172)	(28,074)	(30,773)	(33,181)	(35,991)
<b>Net cash inflow (outflow) from financing activities</b>	<b>2,218</b>	<b>2,218</b>	<b>2,218</b>	<b>77,948</b>	<b>131,648</b>	<b>1,450</b>	<b>(224,539)</b>	<b>(12,659)</b>	<b>(5,078)</b>	<b>(13,783)</b>	<b>(10,573)</b>	<b>(15,442)</b>
<b>Net increase (decrease) in cash held</b>	<b>(34,314)</b>	<b>(66,783)</b>	<b>(63,454)</b>	<b>(29,673)</b>	<b>16,314</b>	<b>(1,675)</b>	<b>102,401</b>	<b>15,060</b>	<b>1,555</b>	<b>(3,181)</b>	<b>(6,305)</b>	<b>(44,190)</b>
Cash at beginning of reporting period	243,557	282,375	282,375	218,921	189,248	205,561	203,886	306,287	321,347	322,902	319,722	313,417
<b>Cash at end of reporting period</b>	<b>209,242</b>	<b>215,592</b>	<b>218,921</b>	<b>189,248</b>	<b>205,561</b>	<b>203,886</b>	<b>306,287</b>	<b>321,347</b>	<b>322,902</b>	<b>319,722</b>	<b>313,417</b>	<b>269,227</b>

**MEASURES OF FINANCIAL SUSTAINABILITY**

For the period ending 30 June 2018

SUNSHINE COAST COUNCIL TOTAL

	Original Budget 2017/18 \$000	Revised Budget 2017/18 \$000	Forward Estimate									
			2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	2024/25 \$000	2025/26 \$000	2026/27 \$000	
<b>Operating Performance</b>												
Operating Surplus Ratio (%)	5.7%	2.9%	5.1%	8.3%	6.3%	8.6%	10.8%	7.6%	8.6%	9.5%	8.9%	
<b>Fiscal Flexibility</b>												
Council controlled revenue (%)	75.7%	76.2%	77.4%	74.4%	76.7%	74.8%	74.6%	80.3%	79.8%	80.0%	82.5%	
Total debt service cover ratio (times)	4.0	3.6	4.0	4.4	3.9	4.2	4.5	3.8	3.8	3.8	3.6	
Net Financial Liabilities Ratio (%)	34.7%	33.1%	56.8%	78.0%	78.3%	11.5%	7.4%	7.1%	5.8%	4.7%	8.7%	
<b>Liquidity</b>												
Cash expense cover ratio (months)	7.5	7.7	6.8	7.0	6.7	9.5	9.7	9.7	9.2	8.7	7.3	
<b>Asset Sustainability</b>												
Asset Sustainability Ratio (%)	83.0%	83.0%	79.4%	73.6%	79.9%	72.6%	74.9%	69.8%	73.6%	73.1%	77.0%	

**Operating Surplus Ratio**

Measures the extent to which operating revenues raised cover operational expenses only or are available for capital funding purposes or other purposes.

Calculation: Operating Result (excluding capital items) as a percentage of operating revenue.

Target: between 0% and 10%

**Council Controlled Revenue Ratio**

Indicates the degree of reliance on external funding sources such as operating subsidies, donations and contributions. Council's financial flexibility improves the higher the level of its own source revenue.

Calculation: Net rates, levies and charges & fees and charges / total operating revenue.

Target: Greater than 60%

**Total Debt Service Cover Ratio**

Indicates the ability to repay loan funds. A low cover indicates constrained financial flexibility and limited capacity to manage unforeseen financial shocks.

Calculation: (Operating result (excluding capital items) + depreciation and amortisation + gross interest expense) / (gross interest expense + prior year current interest bearing liabilities)

Target: Greater than 2 times

Debt service cover ratio adjusted in 2021/22 to account for one year impact of settling the Sunshine Coast Airport Runway Debt

**Net Financial Liabilities Ratio**

Measures the extent to which the net financial liabilities of Council can be repaid from operating revenues.

Calculation: (Total liabilities - current assets) / total operating revenue (excluding capital items)

Target: not greater than 60%.

**Cash Expense Cover Ratio**

Indicates the number of months council can continue paying its immediate expenses without additional cash loans.

Calculation: (Current year's cash and cash equivalents balance / (total operating expenses - depreciation and amortisation - finance costs charged by QTC - interest paid on overdraft) \* 12

Target: Greater than 3 months.

**Asset Sustainability Ratio**

This ratio reflects the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.

Calculation: Capital expenditure on replacement assets (renewals) / depreciation expense

Target: greater than 90%.

<b>CAPITAL WORKS PROGRAM</b>			
<b>For the period ending 30 June 2018</b>			
	<b>Current Budget 2017/18 \$000</b>	<b>BR2 Request 2017/18 \$000</b>	<b>Revised Budget 2017/18 \$000</b>
<b>Sunshine Coast Council Core Capital Program</b>			
Aerodromes	497	(82)	415
Buidlings & Facilities	13,048	(595)	12,453
Coast & Canals	2,363	-	2,363
Divisional Allocations	6,219	(810)	5,409
Environmental Assets	670	170	840
Fleet	3,000	-	3,000
Holiday Parks	1,433	(144)	1,289
Information Communication Technology	6,508	(422)	6,086
Parks & Gardens	15,458	(161)	15,297
Quarries	608	(148)	460
Stormwater	7,549	(612)	6,938
Strategic Land & Commercial Properties	12,797	17,365	30,161
Sunshine Coast Airport	1,123	235	1,358
Transportation	59,323	4,063	63,386
Waste	17,152	(7,825)	9,327
<b>Total Sunshine Coast Council Core Capital Program</b>	<b>147,747</b>	<b>11,034</b>	<b>158,781</b>
<b>Corporate Major Projects Capital Program</b>			
Corporate Major Projects	10,338	851	11,189
<b>Total Corporate Major Projects Capital Program</b>	<b>10,338</b>	<b>851</b>	<b>11,189</b>
<b>Region Making Capital Program</b>			
Maroochydore City Centre	47,162	1,047	48,209
Sunshine Coast Airport Runway Project	67,501	(17,019)	50,481
<b>Total Region Making Capital Program</b>	<b>114,662</b>	<b>(15,973)</b>	<b>98,690</b>
<b>SCC Total Capital Works Program</b>	<b>272,748</b>	<b>(4,088)</b>	<b>268,660</b>

The capital works program includes recurrent and non-recurrent expenses that will be incurred in delivering the program

Recurrent capital expenses	3,956	3,941	7,897
Non-Recurrent capital expenses	-	12,648	12,648

An annual allocation of \$10m for Environment and LGIP land acquisitions has been allowed for in the forecast balance sheet and cash flow. Expenditure will be reflected in the capital schedule when known. Currently \$1.93 million is included in the capital schedule, \$470,000 recognised in this review.

2017/18 Budget Review 2 Operating Request Summary						
Group	Part A \$'000	Part B \$'000	Part C \$'000	Part D \$'000	Part E \$'000	Total \$'000
<b>Core</b>						
Built Infrastructure	(862)	-	495	(242)	-	(609)
Business Performance	(286)	-	2,993	(25)	(171)	2,511
Customer Engagement and Planning Services	(3,603)	-	600	(20)	-	(3,023)
Economic and Community Development	151	100	2,018	(20)	-	2,249
Liveability and Natural Assets	2	-	443	-	-	445
Office of the Mayor and CEO	-	-	308	-	-	308
<b>Sub-Total Core Adjustment Requests</b>	<b>(4,598)</b>	<b>100</b>	<b>6,857</b>	<b>(307)</b>	<b>(171)</b>	<b>1,881</b>
Recurrent Capital Expenses				1,318		1,318
<b>Total Core Adjustment Requests</b>	<b>(4,598)</b>	<b>100</b>	<b>6,857</b>	<b>1,011</b>	<b>(171)</b>	<b>3,199</b>
<b>Other &amp; Region Making Projects</b>						
Economic and Community Development	1,200	-	-	-	-	1,200
Recurrent Capital Expenses	-	-	-	2,623	-	2,623
<b>Net Adjustment Requests</b>	<b>(3,398)</b>	<b>100</b>	<b>6,857</b>	<b>3,634</b>	<b>(171)</b>	<b>7,022</b>
Transfer to/(from) Restricted Cash	(1,329)	-	-	-	-	(1,329)
<b>Total General Funds Requested</b>	<b>(4,727)</b>	<b>100</b>	<b>6,857</b>	<b>3,634</b>	<b>(171)</b>	<b>5,693</b>

**Notes:**

**PART\_A Additional request with associated funding**  
 Additional requests with associated funding (revenue, restricted cash, savings), Additional unrestricted revenue or expenditure savings, cancelled projects

**PART\_B Council Resolution**  
 Projects where a council resolution requires a budget increase

**PART\_C Additional Requests - Unfunded**  
 Additional requests or increases to existing budgets with no funding source, Items requiring an expenditure increase or revenue decrease in the current financial year.

**PART\_D Change in reporting lines/Transfers to or from Capital**  
 Operating to/from capital, Operating - between reporting lines (eg Materials to Employee Costs), Internal charge and recovery offsets

**PART\_E Movements between Financial Years**  
 Defer a project to the following financial year OR bring forward funds endorsed in a later year of the long term forecasts

**Operating Position**  
 In the adjustment listing, a negative amount will improve the operating result, a positive amount will reduce the result





2017/18 Budget Review 2							
Capital Project Requests Summary By Program							
Program	Part A Funded Request \$'000	Part B Council Resolutio \$'000	Part C Unfunded Request \$'000	Part D Transfers \$'000	Part E Deferral/ Bring \$'000	Additional Revenue \$'000	Net Budget Request \$'000
Aerodromes	(47)	-	-	(20)	(15)	-	(82)
Buildings and Facilities	22	-	80	53	(852)	-	(697)
Environmental Assets	150	-	-	20	-	(150)	20
Holiday Parks	-	-	-	-	(144)	-	(144)
Information Technology	150	-	30	125	(727)	(150)	(572)
Parks and Gardens	412	-	260	2	(1,052)	(412)	(790)
Quarries	-	-	-	-	(148)	-	(148)
Stormwater	(311)	-	275	(106)	(500)	-	(642)
Strategic Land	2,938	14,747	-	20	(340)	-	17,365
Sunshine Coast Airport	-	-	235	-	-	-	235
Transportation	579	200	1,353	213	1,256	(653)	2,949
Waste	-	-	-	-	(7,825)	-	(7,825)
	-	-	-	-	-	-	-
<b>Sub Total Core Capital</b>	<b>3,892</b>	<b>14,947</b>	<b>2,233</b>	<b>307</b>	<b>(10,346)</b>	<b>(1,365)</b>	<b>9,669</b>
Corporate Major Projects	(4,475)	5,000	926	-	(600)	-	851
Region Making Projects	1,202	-	-	-	(17,175)	-	(15,973)
<b>Total Council</b>	<b>619</b>	<b>19,947</b>	<b>3,159</b>	<b>307</b>	<b>(28,121)</b>	<b>(1,365)</b>	<b>(5,453)</b>
<i>The following items are included in project expenditure and funded as part of the Capital Works Program</i>							
Recurrent Expenses to Operating	-	-	-	(3,941)	-	-	(3,941)
Non-Recurrent Expenses to Operating	-	-	-	(12,648)	-	-	(12,648)

**Notes:**

**PART\_A Additional request with associated funding**  
 Additional requests with associated funding (revenue, restricted cash, savings), Additional unrestricted revenue or expenditure savings, cancelled projects

**PART\_B Council Resolution**  
 Projects where a council resolution requires a budget increase

**PART\_C Additional Requests - Unfunded**  
 Additional requests or increases to existing budgets with no funding source

**PART\_D Change in reporting lines/Transfers to or from Capital**  
 Transfers to/from operating. Recognition of expenditure components of capital projects

**PART\_E Movements between Financial Years**  
 Defer a project to the following financial year OR bring forward funds endorsed in a later year of the long term forecasts