

Item 8.10

Ordinary Meeting

Thursday, 22 August 2019

commencing at 9:00am

Council Chambers, Corner Currie and Bury Streets, Nambour

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8 REPORTS DIRECT TO COUNCIL**8.10 JULY 2019 FINANCIAL PERFORMANCE REPORT**

File No:	Financial Reports
Author:	Coordinator Financial Services Business Performance Group
Attachments:	Att 1 - July 2019 Financial Performance Report 13

PURPOSE

To meet Council's legislative obligations, a monthly report is to be presented to Council on its financial performance and investments.

EXECUTIVE SUMMARY

This monthly financial performance report provides Council with a summary of performance against budget as at 31 July 2019 in terms of the operating result and delivery of the capital program.

The operating result at 31 July 2019 shows a favourable variance of \$4.3 million compared to the budgeted position. The variation is mainly attributable to higher than expected revenue as shown in the table below. Further detail is provided in the proposal section of this report.

Operating Performance**Table 1: Operating Result as at 31 July 2019**

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	483,788	163,356	164,880	1,524	0.9%
Total Operating Expenses	454,175	34,193	31,405	(2,743)	-8.0%
Operating Result	29,613	129,163	133,430	4,267	3.3%

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

As at 31 July 2019, \$15.7 million (4.9%) of Council's \$320.7 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 4.0% of budget, an actual spend of \$6.6 million.

Council's closing cash balance at 31 July 2019 of \$228.2 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "July 2019 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 31 July 2019 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*

Outcome: 5.7 - A financially sustainable organisation

Operational Activity: 5.7.1 - Develop and monitor Council's budget, including legislated requirements.

CONSULTATION

Portfolio Councilor Consultation

Consultation has been undertaken with the Portfolio Councillor, Councillor T Dwyer.

Internal Consultation

This report has been written in conjunction with advice from:

- Group Executive Business Performance
- Chief Financial Officer
- Coordinator Financial Services

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

This monthly financial performance report provides Council with a summary of performance against budget as at 31 July 2019 in terms of the operating result and delivery of the capital program.

The operating result at 31 July 2019 shows a favorable variance of \$4.3 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 31 July 2019 of \$164.9 million shows a favorable variance of \$1.5 million.

Table 2: Substantial Revenue variances as at 31 July 2019

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Net Rates and Utility Charges	154,100	155,243	1,143	0.7%
Interest Received from Investments	737	516	(220)	-29.9%
Other Revenue	1,025	1,487	462	45.1%

Net Rates and Utility Charges

Council has issued the first rates notices for the 2019/20 financial year in July. This has resulted in revenue of \$155.3 million.

Interest Received from Investments

Interest rates available for term deposits continue to decline. This has resulted in a decline in interest received.

Other Revenue

Council has received additional revenue for recoverable works within the Parks and Gardens and Environmental Operations areas. These works were predominantly generated from the Department of Transport and Main Roads and the expenditure has occurred in the previous financial year.

Operating Expenses

Year to date expenditure as at 31 July 2019 of \$31.5 million shows a variance under budget of \$2.7 million.

Materials and Services

Materials and services are under budget as at 31 July 2019 by \$2.7 million. This is due to timing as there has been minimal expenditure in core budgets and projects. The variance is in line with the usual trend for the early part of the financial year.

Capital Expenditure

As at 31 July 2019, \$15.7 million (4.9%) of Council's \$320.6 million 2019/20 Capital Works Program was financially expended.

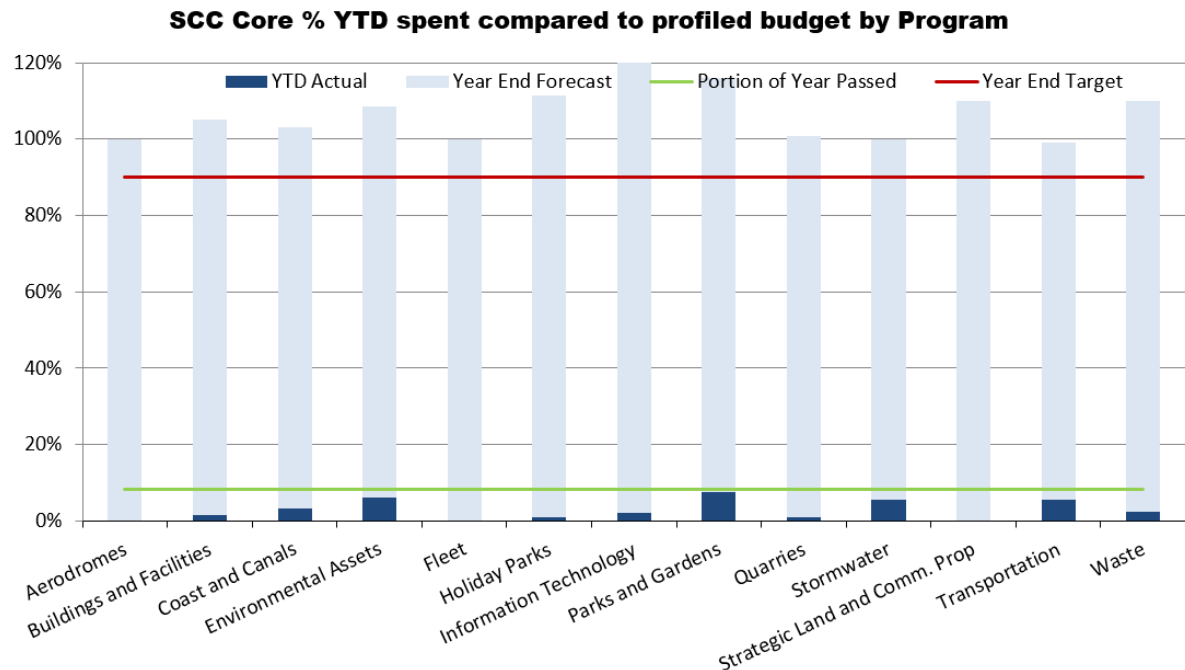
The Core Council Capital Program has progressed 4.0% of budget, an actual spend of \$6.5 million. The Actual YTD includes all works that have been goods receipted and accrued as at 31 July 2019.

Other Capital Works Program has progress to 5.9% of budget, an actual spend of \$9.1 million.

Table 3: Capital Expenditure by Program at 31 July 2019

	Annual		YTD		Forecast	
	Original Budget \$000s	Current Budget \$000s	YTD Actual \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Capital Works Program						
Aerodromes	450	450	0	0.0%	450	0
Buildings and Facilities	19,103	19,103	287	1.5%	19,810	707
Coast and Canals	2,080	2,080	66	3.2%	2,080	0
Environmental Assets	1,315	1,315	78	6.0%	1,332	17
Fleet	2,900	2,900	0	0.0%	2,900	0
Holiday Parks	4,302	4,302	36	0.8%	4,756	454
Information Technology	5,830	5,830	118	2.0%	8,186	2,356
Parks and Gardens	16,096	16,096	1,186	7.4%	17,347	1,251
Quarries	1,311	1,311	11	0.9%	1,311	0
Stormwater	7,014	7,014	390	5.6%	6,628	(386)
Strategic Land and Commercial Properties	14,563	14,563	27	0.2%	15,990	1,427
Transportation	69,165	69,165	3,841	5.6%	64,692	(4,473)
Waste	20,622	20,622	517	2.5%	22,156	1,534
Total SCC Core Capital Program	164,751	164,751	6,557	4.0%	167,638	2,887
Corporate Major Projects	14,968	14,968	135	0.9%	13,718	(1,250)
Divisional Allocations	5,141	5,141	242	4.7%	6,961	1,820
Maroochydore City Centre	16,579	16,579	2,973	17.9%	20,657	4,078
Submarine Cable IBN	14,390	14,390	71	0.5%	14,390	0
Sunshine Coast Airport Runway	104,836	104,836	5,708	5.4%	113,107	8,271
Total Other Capital Program	155,914	155,914	9,129	5.9%	168,833	12,919
TOTAL	320,666	320,666	15,685	4.9%	336,471	15,805

The following graph shows the Core Capital Programs progress to date and forecast.



The following program updates are provided in relation to programs reporting lower expenditure to date:

- Aerodromes – Replacement of the runway lighting and heavy helicopter pads at the Caloundra Aerodrome are in the early procurement phase of delivery. Construction is scheduled to occur in the later half of the financial year.
- Buildings and Facilities – Construction of the Beerwah Aquatic Centre has been scheduled for delivery within winter and is currently underway. The replacement of the netball club house at Victory Park is also underway and due for completion in October.
- Fleet – Council's fleet replacement program requires a significant portion of the financial year for procurement of heavy plant. This procurement works is underway and the majority of replacements are scheduled to occur in May 2020.
- Holiday Parks – The redevelopment of the Mooloolaba Holiday Park has begun construction and makes up 80% of the total program budget. Conversion of sites to include electricity at the Dicky Beach Holiday Park has also been awarded.
- Information Technology - Delays in the implementation of Council's corporate asset management and human resource systems have caused an underspend for the financial year. Both projects continue to move through the implementation phase and will be finalised in the new financial year.
- Strategic Land and Commercial Property – The purchase of properties along Council's approved transport corridors will continue as opportunity arises.
- Transportation – Construction continues for Council's significant road upgrade projects at Stringybark Road, Sippy Downs and Naroo Court Mooloolaba. Both projects remain on schedule and budget. Council's \$20 million road reseal program has progressed 5% completion in July.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 July 2019 Council had \$219.7 million cash (excluding Trust Fund) with an average interest rate of 2.20%, being 0.79% above benchmark. This is

compared to the same period last year with \$265.4 million cash (excluding Trust Fund) with an average interest rate of 2.71%, being 0.45% 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.

Legal

This report ensures that Council complies with its legislative obligations with respect to financial reporting in accordance with Section 204 of the *Local Government Regulation 2012*.

Investment of funds is in accordance with the provisions of the *Statutory Bodies Financial Arrangements Act 1982* and the associated Regulations and the *Local Government Act 2009*.

Policy

Sunshine Coast Council's 2019/20 Investment Policy and
Sunshine Coast Council's 2019/20 Debt Policy.

Risk

Failure to achieve the budgeted operating result will negatively impact Council's capacity to complete its capital expenditure program.

Previous Council Resolution

Special Meeting Budget 20 June 2019 (SM19/13)

That Council:

adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2019/20 financial year incorporating:

- i. the statement of income and expenditure;*
- ii. the statement of financial position;*
- iii. the statements of changes in equity;*
- iv. the statement of cash flow;*
- v. the relevant measures of financial sustainability;*
- vi. the long term financial forecast;*
- vii. the Debt Policy;*
- viii. the Revenue Policy (adopted by Council resolution on 23 May 2019);*
- ix. the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the previous budget;*
- x. the Revenue Statement;*
- xi. Council's 2019/20 Capital Works Program, endorse the indicative four-year program for the period 2021 to 2024, and note the five-year program for the period 2025 to 2029; and*
- xii. the rates and charges to be levied for the 2019/20 financial year and other matters as detailed below in clauses 3 to 11.*
- xiii. endorse the full time equivalent establishment as per the Sunshine Coast Council Establishment 2019/2020 report.*

Related Documentation

2019/20 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.



Financial Performance Report

July 2019



FINANCIAL PERFORMANCE REPORT

July 2019

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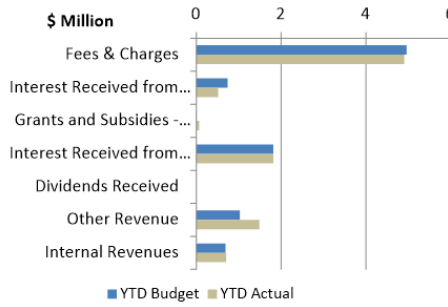
FINANCIAL PERFORMANCE REPORT

July 2019

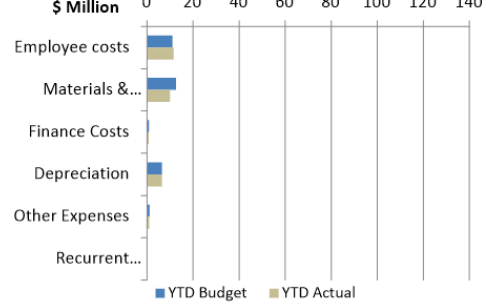
Headline - Operating

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	483,788	483,788	163,356	164,880	1,524	0.9%
Operating Expenses	448,925	448,925	33,693	31,274	(2,419)	-7.2%
Recurrent Capital Expenses	5,250	5,250	0	176	176	0.0%
Operating Result	29,612	29,612	129,663	133,430	3,767	2.9%
Capital Revenue	97,384	97,384	3,600	8,004	4,404	122.3%
Non-recurrent Expenses	4,592	4,592	383	383	0	0.0%
Net Result	122,404	122,404	132,880	141,051	8,171	6.1%

Operating Revenues



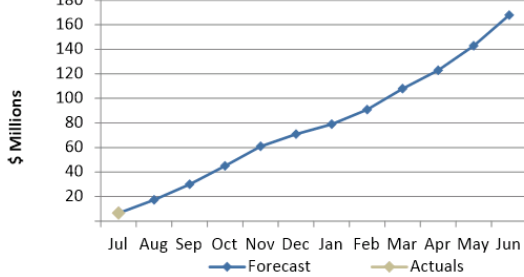
Operating Expenses



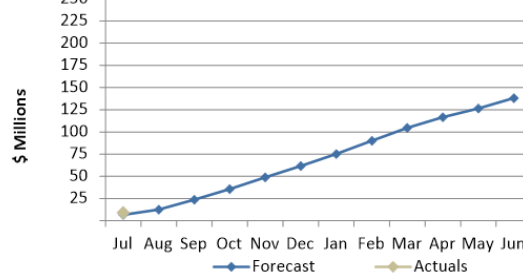
Headline - Capital

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Capital Revenue (included in Net R)	97,384	97,384	3,600	8,004	4,404	122.3%
Other Capital Revenue	79,076	79,076	6,441	6,457	16	0.3%
Total Capital Revenues	176,460	176,460	10,041	14,461	4,420	44.0%
Capital Works Expenditure	322,676	322,676	15,248	15,511	263	1.7%
Total Capital Expenditure	322,676	322,676	15,248	15,511	263	1.7%
Funds from General Reserve	146,215	146,215	5,207	1,049	(4,158)	-79.8%

SCC Base Capital Expenditure



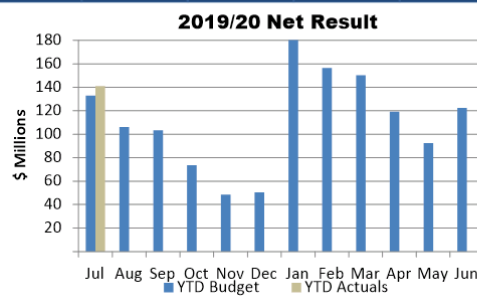
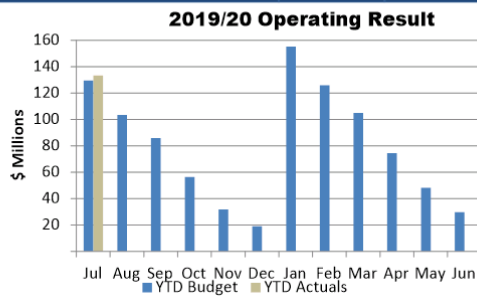
Other Capital Expenditure



FINANCIAL PERFORMANCE REPORT
Statement of Income & Expenses

July 2019

	Annual		YTD			Variance %	Annual Forecast Budget \$000
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000		
Operating Revenue							
Net Rates and Utility Charges	321,489	321,489	154,100	155,243	1,143	0.7%	321,489
Fees and Charges	57,857	57,857	4,962	4,903	(59)	-1.2%	57,857
Interest Received from Investments	8,838	8,838	737	516	(220)	-29.9%	8,838
Operating Grants and Subsidies	12,329	12,329	3	63	60	1772.0%	12,329
Operating Contributions	319	319	24	146	122	512.2%	319
Unitywater Participation	49,838	49,838	1,817	1,817	0	0.0%	49,838
Other Revenue	25,016	25,016	1,025	1,487	462	45.1%	25,016
Internal Sales/Recoveries	8,101	8,101	689	704	16	2.3%	8,101
Total Operating Revenue	483,788	483,788	163,356	164,880	1,524	0.9%	483,788
Operating Expenses							
Employee Costs	145,197	145,197	11,606	11,639	33	0.3%	145,197
Materials and Services	191,895	191,895	12,594	9,922	(2,672)	-21.2%	191,895
Finance Costs	10,025	10,025	835	797	(38)	-4.6%	10,025
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	79,076	6,441	6,441	0	0.0%	79,076
Other Expenses	21,206	21,206	1,190	949	(242)	-20.3%	21,206
Recurrent Capital Expenses	5,250	5,250	0	176	176	0.0%	5,240
Total Operating Expenses	454,175	454,175	34,193	31,450	(2,743)	-8.0%	454,165
Operating Result	29,613	29,613	129,163	133,430	4,267	3.3%	29,622
Capital Revenue							
Capital Grants and Subsidies	12,245	12,245	0	542	542	0.0%	5,385
Capital Contributions - Cash	31,599	31,599	3,600	7,462	3,862	107.3%	31,999
Capital Contributions - Fixed Assets	60,000	60,000	0	0	0	0.0%	60,000
Total Capital Revenue	103,844	103,844	3,600	8,004	4,404	122.3%	97,384
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	0	0	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	383	383	0	0.0%	4,592
Total Non-recurrent Expenses	4,592	4,592	383	383	0	0.0%	4,592
Net Result	128,864	128,864	132,380	141,051	8,671	6.6%	122,414



FINANCIAL PERFORMANCE REPORT
Capital Expenditure

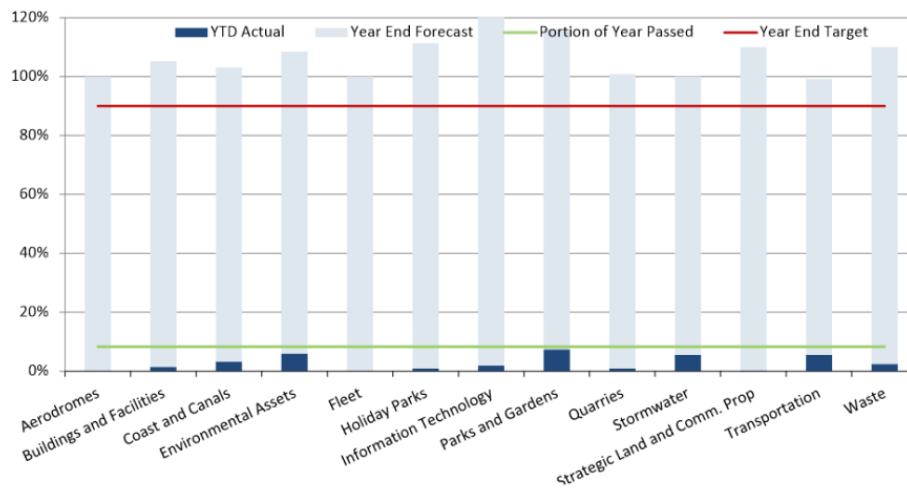
July 2019

	Annual		YTD		Year End	
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Capital Works Program						
Aerodromes	450	450	0	0.0%	450	0
Buildings and Facilities	19,103	19,103	287	1.5%	19,810	707
Coast and Canals	2,080	2,080	66	3.2%	2,080	0
Environmental Assets	1,300	1,315	78	6.0%	1,332	17
Fleet	2,900	2,900	0	0.0%	2,900	0
Holiday Parks	4,302	4,302	36	0.8%	4,756	454
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Parks and Gardens	15,966	16,096	1,186	7.4%	17,347	1,251
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Total SCC Core Capital Program	164,556	164,751	6,557	4.0%	167,638	2,887
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Divisional Allocations	5,336	5,141	242	4.7%	6,961	1,820
Maroochydore City Centre	16,579	16,579	2,973	17.9%	20,657	4,078
Submarine Cable IBN	14,390	14,390	71	0.5%	14,390	0
Sunshine Coast Airport Runway	104,836	104,836	5,708	5.4%	113,107	8,271
Total Other Capital Program	156,109	155,914	9,129	5.9%	168,833	12,919
TOTAL	320,666	320,666	15,685	4.9%	336,471	15,805

The above program of works includes recurrent and non-recurrent expenditure, as reporting in the operating statement

Recurrent Expenses	5,240	5,240	176	3.4%
Non-Recurrent Expenses	4,592	4,592	383	8.3%

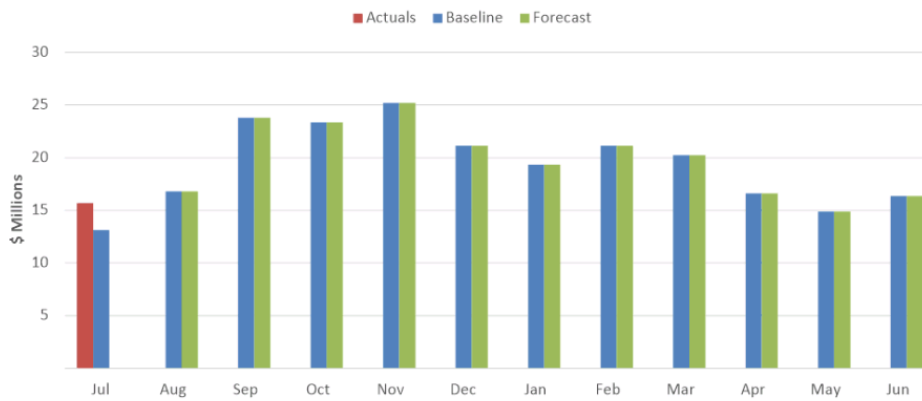
SCC Core % YTD spent compared to profiled budget by Program



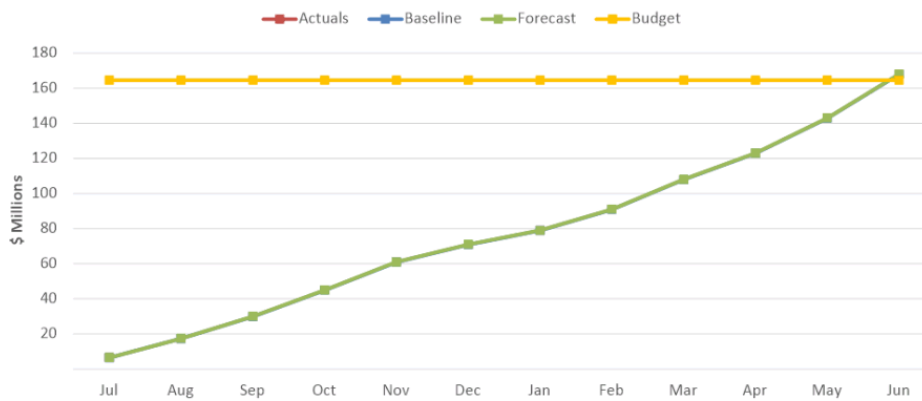
FINANCIAL PERFORMANCE REPORT
Capital Expenditure

July 2019

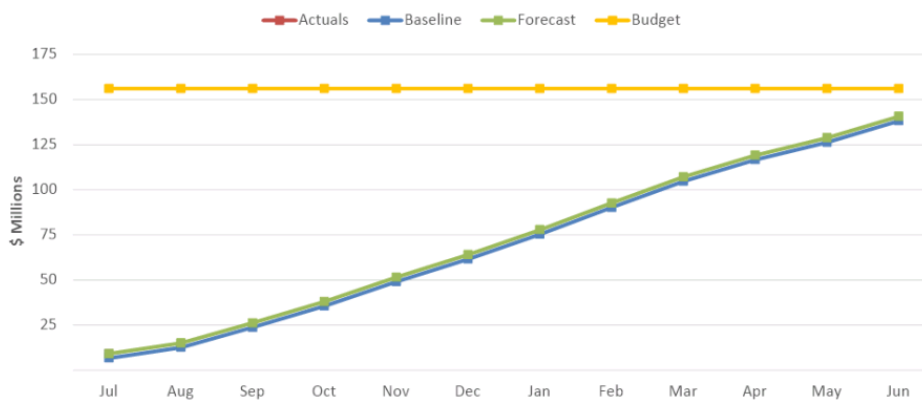
2019/20 Total Capital Works Progress Report



2019/20 Core Capital Works Progress Report



2019/20 Other Capital Works Progress Report

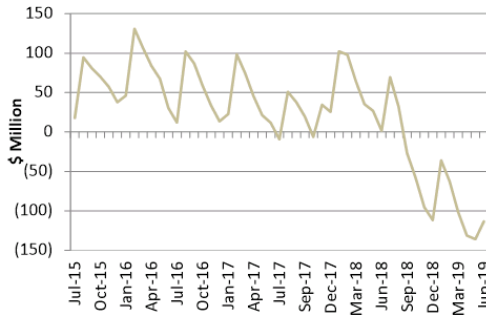


FINANCIAL PERFORMANCE REPORT
Cash and Balance Sheet

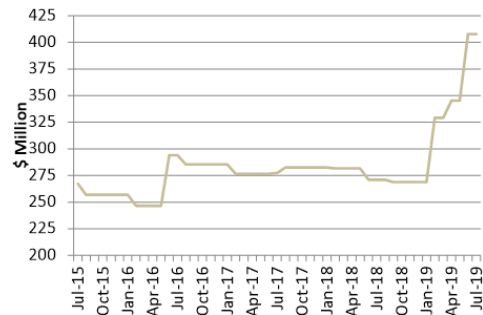
July 2019

	Annual	
	Original Budget \$000s	Current Budget \$000s
CASH FLOWS		
Opening Cash	201,182	201,182
Net Cash Inflow/(Outflows) from:		
Operating Activities	66,248	66,248
Investing Activities	(216,950)	(216,950)
Financing Activities	157,963	157,963
Net Increase/(decrease) in Cash Held	7,261	7,261
Cash at year end	208,443	208,443
BALANCE SHEET		
Current Assets	267,703	267,703
Non Current Assets	5,840,644	5,840,644
Total Assets	6,108,347	6,108,347
Current Liabilities	136,326	136,326
Non Current Liabilities	589,563	589,563
Total Liabilities	725,889	725,889
Net Community Assets/ Total Community Equity	5,382,458	5,382,458

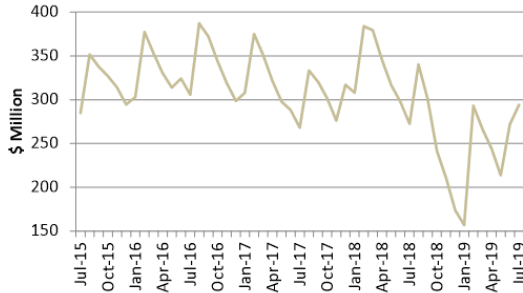
Net Cash



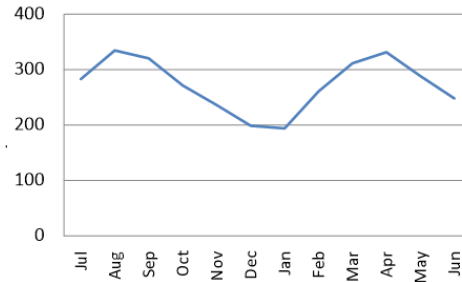
Debt Balance



Cash Balance



Forecast Cash Balance



FINANCIAL PERFORMANCE REPORT

Investment Performance

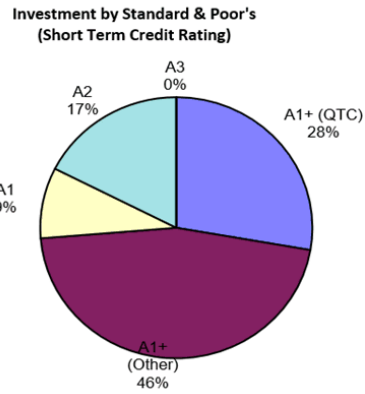
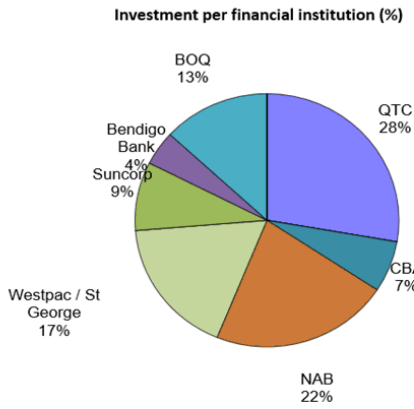
July 2019

Liquidity as at:	31/07/2019	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$69,779	30.58%
Maturities within 7 days	\$10,000	4.38%
Total at-call	\$79,779	34.96%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$20,000	2
30-59 days	\$0	0
60-89 days	\$40,000	4
90-179 days	\$80,000	8
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$140,000	14

INVESTMENT SUMMARY (including Trust) as at:	31/07/2019				30/04/2019		31/07/2018		Investment Policy	
									Individual Limit	Group Limits
A1+ (QTC)	\$63,287	27.7%	\$105,405	43.2%	\$49,792	18.2%	\$103,137	37.8%	100%	100%
A1+ (Other)	\$104,934	46.0%	\$88,831	36.4%	\$30,000	11.0%	\$30,000	11.0%	40%	100%
A1	\$20,000	8.8%	\$30,000	12.3%	\$90,000	33.0%	\$90,000	33.0%	30%	50%
A2	\$40,000	17.5%	\$20,000	8.2%	\$0	0.0%	\$0	0.0%	30%	45%
A3	\$0	0.0%	\$0	0.0%					5%	10%
Total Funds	\$228,222		\$244,237		\$272,928					
FUND SUMMARY										
General Funds	\$219,779		\$235,838		\$265,371					
Trust Funds	\$8,442		\$8,398		\$7,557					
Total Funds	\$228,222		\$244,237		\$272,928					

Investment Portfolio



Investment Performance

