

MARCH 2012 FINANCIAL PERFORMANCE REPORT

File No: ECM

Author: Financial Services Manager,
Finance and Business

Appendix: [App A - March 2012 Financial Performance Report](#)

PURPOSE

To meet council's legislative obligations, a monthly report is to be presented to council on its financial performance. Being the last financial report in the current council term a high level budget review has also been undertaken.

EXECUTIVE SUMMARY

Council's financial results at 31 March 2012 show the organisation with a \$10.7 million better than forecasted operating position against the year to date budget.

The 31 March 2012 operating surplus variation of \$10.7 million is made up of higher than expected revenue of \$4.1 million (1.1%) and lower than anticipated operating expenses of \$6.6 million (2.7%).

At 31 March 2012, \$109.3 million or 53.1% of council's \$205.7 million 2011/2012 capital works program was financially complete.

During March, the 2011/2012 Operating Budgets were adjusted to accommodate reallocations between budget categories or line items. Details are set out in Appendix A.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "March 2012 Financial Performance Report"; and
- (b) approve the budget amendments for operating as outlined in the March 2012 Financial Performance Report (Appendix A).

FINANCE AND RESOURCING

This report incorporates reallocations within the 2011/2012 operating budgets. There has been no change to the operating result as a result of these allocations.

CORPORATE PLAN

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.1 Ethical, accountable and transparent decision-making
Strategy: 8.1.2 Ensure legislative compliance and awareness

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.2 Effective business management
Strategy: 8.2.1 Develop indicators and measure the performance of council and the success in achieving its vision

Corporate Plan Theme: *Great Governance*

Emerging Priority: 8.3 Strong financial management
Strategy: 8.3.2 Ensure council's financial performance is well managed and leads to a strong financial position

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

February 2012 finance performance

Council's financial results at 31 March 2012 show the organisation with a \$10.7 million better than forecasted operating position against the year to date budget.

The 31 March 2012 operating surplus variation of \$10.7 million is made up of higher than expected revenue of \$4.1 million and lower than anticipated operating expenses of \$6.6 million.

As at 31 March 2012 operating revenues are favourable to budget by \$4.1 million or 1.1%.

With the budget adjustments made in February, interest received and development application fees are now on track.

The favourable revenue variance of \$4.1 million is made up of favourable variances in net rates and utilities of \$1.2m, grants & subsidies of \$729,000, other revenue of \$709,000 and internal revenues of \$600,000.

The favourable variance in net rates and utilities is made up of \$500,000 in interest on arrears, \$400,000 in discounts and \$300,000 in waste utilities. It is expected that these timing issues will be reduced by financial year end.

The favourable variance in grants & subsidies relates to funding received for trainees, which is offset by higher employee costs.

At 31 March 2012, operating expenses were \$6.6 million or 2.7% under budget due to an underspend in materials and services of \$6.7 million.

The year to date labour variance is showing an unfavourable variance of \$658,000.

The underspend on materials and services continues, with a year to date favourable variance of \$6.7 million. This favourable variance is across two departments with favourable variances of \$3.6 million for Infrastructure Services and \$3 million for Finance and Business.

Of the \$6.7 million underspend at \$1.9 million relates to under spend on levies (which will be transferred to reserves at the end of the year if not spent) and \$900,000 relates to under spend on operating projects.

The year to date Value and Success Target for 2012/2013 is \$7.2 million. The main focus for achieving the target is close monitoring of expenditure and where possible making adjustments to respond to reductions in revenue. The favourable variance to budget at the end of March means that council is currently achieving the savings targets that have been set. As of 31 March 2012, \$4.3 million or 60% has been identified as specific savings by the various departments.

The end of year forecast \$8.1 million deficit is predominately the result of \$8.9 million of operating projects carried over from the last financial year. Therefore the deficit was funded by the previous financial year, which makes it a timing difference. The results at the end of March see council's operating position being a favourable variance of \$10.7 million to budget, which places council in a good position to deliver a better result than the current \$7.3 million deficit at 30 June 2012.

Efficiency gains are being captured by each department and once it is confirmed that council will realise a financial gain, the project is being recognised against the value and success target. Currently 147 projects have been recognised, of which 64 have contributed to the \$4.3 million in recognised savings.

As at 31 March 2012, \$109.3 million or 53.1% of council's \$205.7 million 2011/2012 Capital Works Program was financially complete. Infrastructure Services remain confident that the 90% completion rate will be met by 30 June 2012, however the continuing wet weather is starting to cause some delays to the capital works program.

Within the 2011/2012 Capital Works Program, \$31 million has been allocated to the Horton Park land acquisition which has now been finalised. Actual expenditure of \$4.2 million has been spent against this program. Excluding the remaining Horton Park land acquisition, the year to date expenditure of \$109.3 million can be compared to a reduced Capital Works Program of \$178.9 million and a financial completion rate of 61%.

Budget reallocations

During March, the 2011/2012 Operating Budgets were adjusted to accommodate reallocations between budget categories or line items. Details are included in Appendix A.

Legal

There are no legal implications to this report.

Policy

There are no policy implications associated with this report.

Risk

At a corporate level the actual performance is tracking close to budget. Individual variances to budget are identified and being closely monitored.

The two most concerning issues are the reductions in the growth of rateable properties and the lower development related fees. While they are covered in the current year's budget the lower starting positions will negatively impact of future years' budgets.

Previous Council Resolution

On 7 December 2011 council adopted a revised budget (Budget Review 2). The changes in that review are reflected in the attached reports.

Related Documentation

There is no related documentation for this report.

Critical Dates

There are no critical dates that relate to this report.

Implementation

There are no implementation details to include in this report.

Sunshine Coast
Council

FINANCIAL PERFORMANCE REPORT



March 2012



Contents

Table of Contents	
Summary Operating Statement	3
Operating Revenue	4
Operating Expenses	5
Summary Capital Statement	6
Capital Expenditure by Program	7
Capital Expenditure - Expenditure Variations of +\$50k	8
Operating Budget Adjustments	9
Capital budget Adjustments	10

Delegation Decisions App B March 2012 Financial

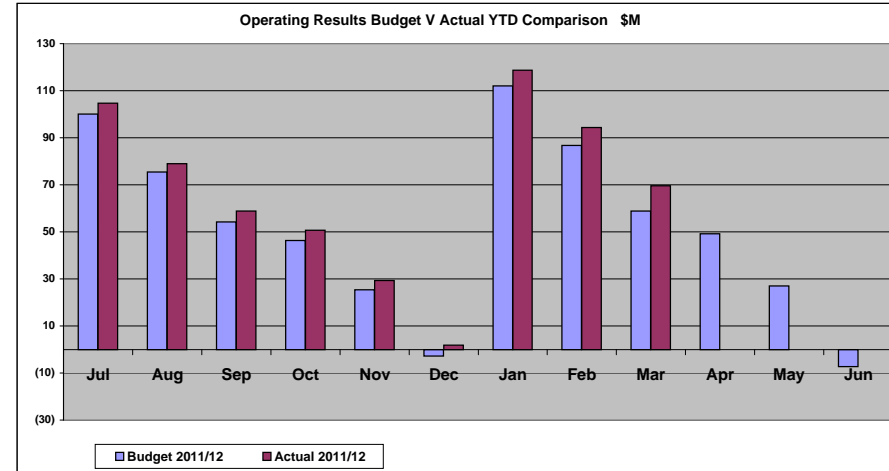
FINANCIAL REPORT - APP A MARCH 2012 FINANCIAL PERFORMANCE REPORT

Summary Operating Statement

31 March 2012

SUMMARY OPERATING STATEMENT					
For the Period Ending 31 March 2012					
Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %

Operating Revenue	418,968	416,140	362,326	366,419	4,093	1.1%
Operating Expenses	335,519	342,266	242,510	235,884	(6,626)	(2.7%)
Interest Expense	12,495	12,495	9,443	9,435	8	(0.1%)
Depreciation	68,620	68,620	51,465	51,466	(1)	0.0%
Operating Surplus/(Deficit)	2,334	(7,241)	58,907	69,634	10,726	4.7%
Transfer from Reserves	18	11,127	11,127	11,127	0	0.0%
Transfer to Reserves	(352)	(1,640)	(1,640)	(1,640)	0	0.0%
Balance	2,000	2,246	68,394	79,121	10,726	15.7%



Operating Net Result

Council's financial results at 31 March 2012 shows the organisation with a \$10.7 million better than forecasted operating position against the year to date budget.

The 31 March 2012 operating surplus variation of \$10.7 million is made up of higher than expected revenue of \$4.1 million and lower than anticipated operating expenses of \$6.6 million.

Operating Revenue

The favourable revenue variance of \$4.1 million is made up of favourable variances in net rates and utilities of \$1.2m, grants & subsidies of \$729,000, other revenue of \$709,000 and internal revenues of \$600,000.

Operating Expenses

The favourable variance in operating expenses of \$6.6 million is made up a lower than budgeted spend on material & services of \$6.7 million. Of the \$6.7 million underspend at \$1.9 million relates to under spend on levies, and \$900,000 relates to under spend on projects, both of which will be transferred to reserves at the end of the year if not spent.

Delegation Decisions App B March 2012 Financial

FINANCIAL REPORT - APP A MARCH 2012 FINANCIAL PERFORMANCE REPORT

Operating Revenue

31 March 2012

Operating Revenue

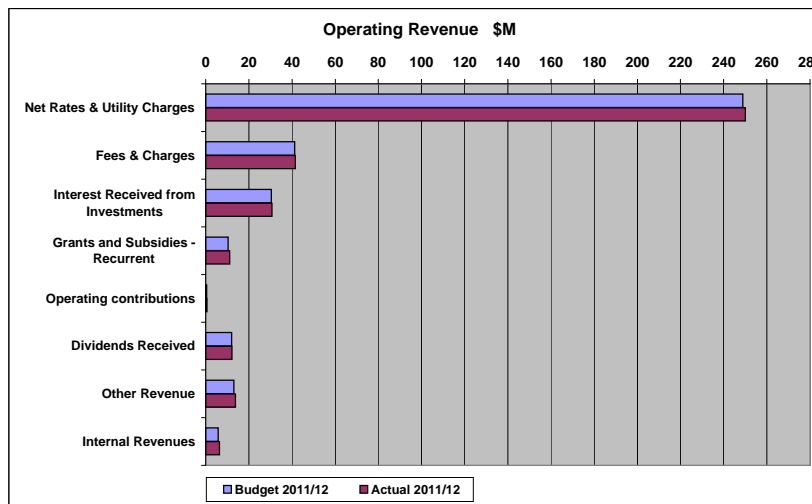
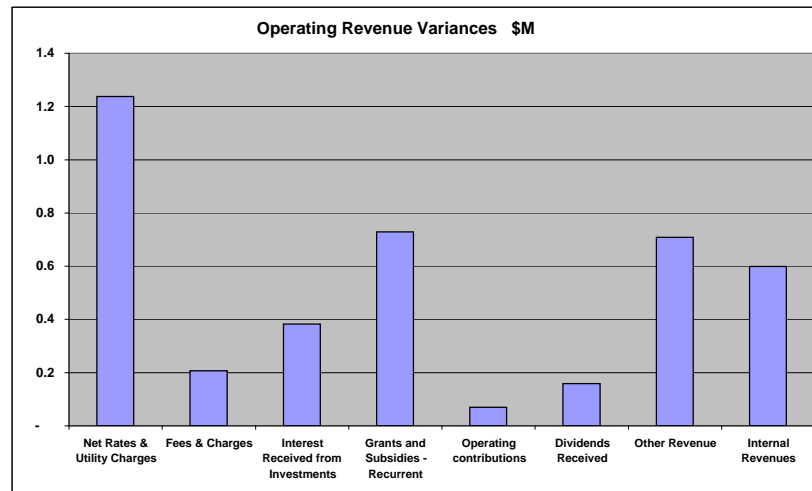
As at 31 March 2012 operating revenues are favourable to budget by \$4.1 million or 1.1%.

With the budget adjustments made in February, interest received and development application fees are now on track.

The favourable revenue variance of \$4.1 million is made up of favourable variances in net rates and utilities of \$1.2m, grants & subsidies of \$729,000, other revenue of \$709,000 and internal revenues of \$600,000.

The favourable variance in rates and utilities of \$1.2 million is due to timing differences in interest on arrears of \$500,000, Discounts of \$400,000 and Waste Utilities \$300,000.

The favourable variance in grants & subsidies relates to funding received for trainees, which is offset by higher employee costs.



Delegation Decisions App B March 2012 Financial

FINANCIAL REPORT - APP A MARCH 2012 FINANCIAL PERFORMANCE REPORT

Operating Expenses 31 March 2012

Operating Expenses

At 31 March 2012, operating expenses were \$6.6 million or 2.7% under budget due to an underspend in materials and services of \$6.7 million.

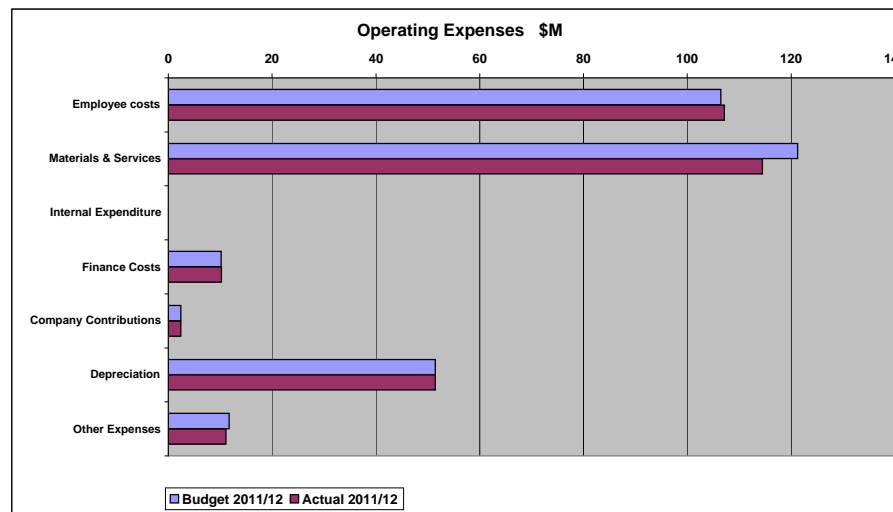
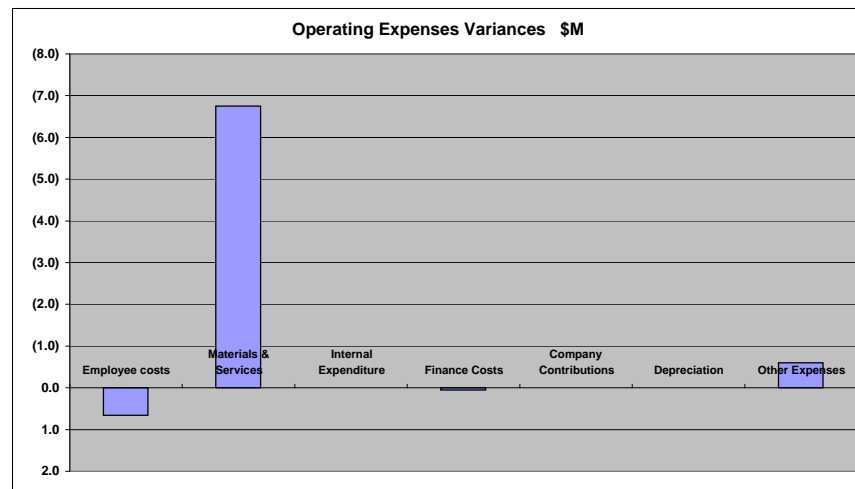
The year to date labour variance is showing an unfavourable variance of \$658,000.

The underspend on materials and services continues, with a year to date favourable variance of \$6.7 million. This favourable variance is across 2 departments with favourable variances of \$3.6 million for Infrastructure Services and \$3 million for Finance and Business.

Of the \$6.7 million underspend at \$1.9 million relates to under spend on levies (which will be transferred to reserves at the end of the year if not spent.), and \$900,000 relates to under spend on operating projects.

As at 31 March 2012 \$4.3 million worth of savings have been identified against the value and success targets.

There are no other operating expenditure issues at 31 March 2012.



Delegation Decisions App B March 2012 Financial

FINANCIAL REPORT - APP A MARCH 2012 FINANCIAL PERFORMANCE REPORT

Summary Capital Statement

31 March 2012

SUMMARY CAPITAL STATEMENT						
For the Period Ending 31 March 2012						
	Annual Original Budget \$000s	Annual Current Budget \$000s	YTD Current Budget \$000s	YTD Actuals \$000s	Variance \$000s	Variance %

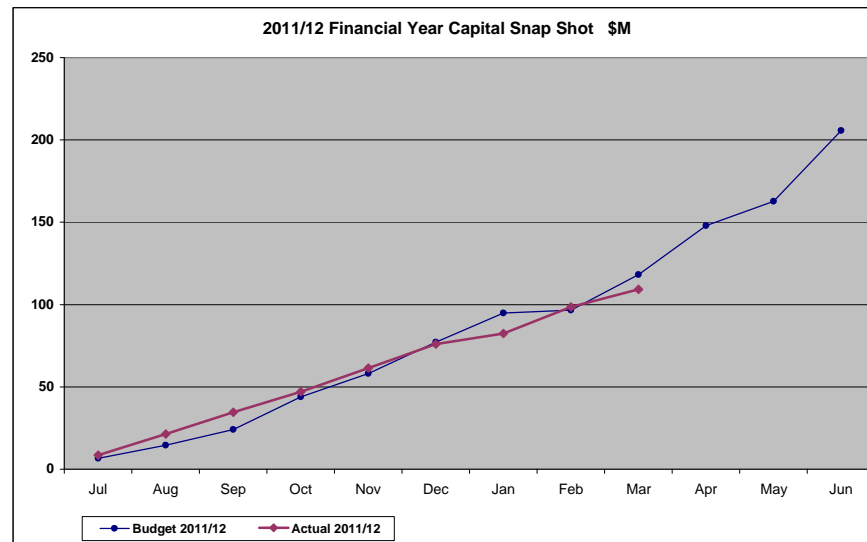
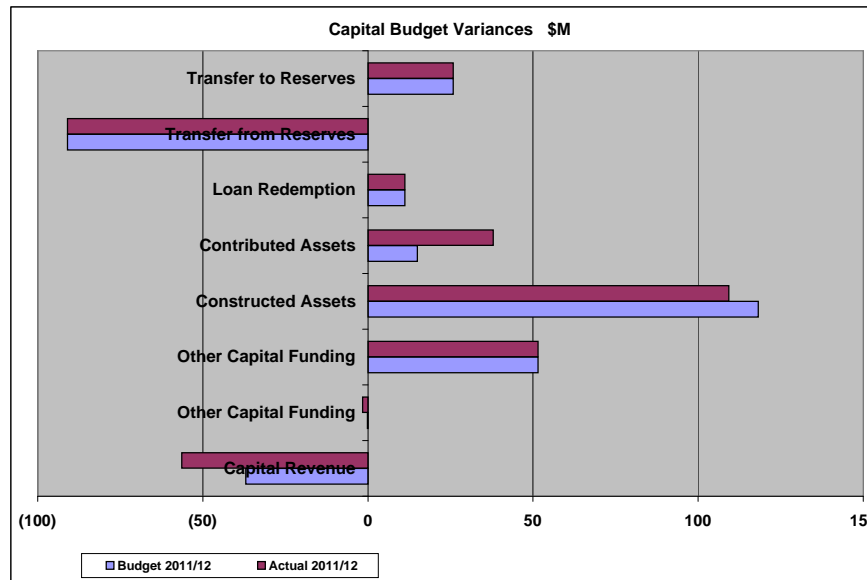
Operating Contribution / Shortfall	2,000	2,246	68,394	79,121	10,726	15.7%
Capital Revenue	(45,646)	(58,120)	(37,019)	(56,396)	(19,377)	52.3%
Other Capital Funding	(110,508)	(111,419)	(51,665)	(53,121)	(1,455)	2.8%
Constructed Assets	189,732	205,761	118,200	109,303	(8,897)	(7.5%)
Contributed Assets	20,000	20,000	15,000	37,947	22,947	153.0%
Loan Redemptions	11,473	11,473	11,189	11,189	0	0.0%
Net Capital Result	63,051	65,448	(12,690)	(30,199)	(17,509)	138.0%
Transfer from Reserves	(78,130)	(90,978)	(90,978)	(90,978)	0	0.0%
Transfer to Reserves	15,079	25,840	25,840	25,840	0	0.0%
Balance	(0)	311	(77,827)	(95,336)	(17,509)	0.0%

Capital Net Result

At 31 March 2012, \$109.3 million or 53.1% of council's \$205.7 million 2011/2012 capital works program was financially complete.

Capital project spend is currently tracking \$8.9 million behind the year to date budget.

Infrastructure services remain confident that the 90% completion rate will be met by 30 June 2012, however the continuing wet weather is starting to cause some delays to the capital works program.



Delegation Decisions App B March 2012 Financial

FINANCIAL REPORT - APP A MARCH 2012 FINANCIAL PERFORMANCE REPORT



Capital Works by Program - March 2012

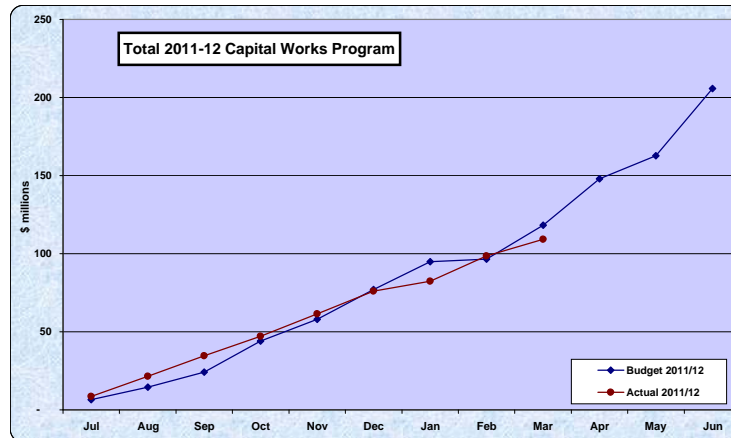
Capital Expenditure

At 31 March 2012, \$109.3 million or 53.1% of council's \$205.7 million 2011/2012 capital works program was financially complete.

Within the 2011/12 Capital Works Program, \$31 million has been allocated to the Horton Park land acquisition. \$4.2 million has been spent against this program, however at this stage the remaining \$26.8 million is not expected to be spent this financial year.

Excluding the remaining Horton Park land acquisition, the year to date spend of \$109.3 million can be compared to a reduced Capital Works Program of \$178.9 million, and a financial completion rate of 61%.

Program	Original Budget \$000s	Current Budget \$000s	Year to Date Actual \$000s	% of Annual Budget Spent
Transportation	63,797	70,068	49,700	70.9%
Strategic Land & Comm Properties	43,942	46,324	12,706	27.4%
Buildings and Facilities	15,329	13,005	5,845	44.9%
Parks and Gardens	14,346	16,006	10,606	66.3%
Coast and Canals	5,720	5,616	3,032	54.0%
Stormwater	5,697	6,145	5,723	93.1%
Information Technology	5,455	7,044	4,729	67.1%
Fleet	3,900	3,201	2,077	64.9%
Divisional Allocations	3,169	3,702	2,275	61.5%
Environmental Assets	1,274	1,525	949	62.2%
Aerodromes	450	450	0	0.1%
Waste	13,272	16,335	8,301	50.8%
Sunshine Coast Airport	7,211	9,713	1,650	17.0%
Quarries	3,565	2,770	297	10.7%
SC Holiday Parks	2,605	3,810	1,412	37.1%
TOTAL	189,732	205,714	109,303	53.1%



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

31-March-2012

Description	Account #	Program	Sub-Program	Budget Full Year	Actual YTD Feb	Variance To Budget Full Year \$	Comments
A6064 - Noosa Junction Transit Centre	A6064	Transportation	Public Transport Infrastructure	789,348	979,551	190,203	Credit notes for \$200k are due to be received from Roadtek to rectify incorrect charges received in prior months.
B0193 - WILSON ROAD 4630_101	B0193	Transportation	Reseals and Rehabilitation	121,500	264,865	143,365	Total budget for Wilson Road is \$207k across multiple job numbers. An incorrect charge of \$74k has been allocated to this project, which will be corrected in March accounts. The remaining overrun of \$57k was caused by increased project scope to provide for the condition of the adjoining seal area, and will be adjusted from overall subprogram budget at next budget review.
B0069 - WESTERN AVENUE 4567_102	B0069	Transportation	Reseals and Rehabilitation	78,294	205,770	127,476	Extensive failures repairs and the unbudgeted provision of a SAMI to protect the asset. Overrun will be adjusted from overall subprogram budget at next budget review.
B0111 - JONES ROAD 2056_101	B0111	Transportation	Reseals and Rehabilitation	267,239	364,599	97,360	Project cost overrun due to necessity for night working, adverse weather conditions and improving the treatment on the roundabout. Overrun will be adjusted from overall subprogram budget at next budget review.
B0101 - GOLD CREEK ROAD 1630_101	B0101	Transportation	Reseals and Rehabilitation	80,570	172,848	92,278	Total budget for Gold Creek Road is \$151k across multiple job numbers but all expenditure has been charged to this account. Project actually overspent by approximately \$30k which will be adjusted from overall subprogram budget at next budget review.
A6758 - Marcoola Streetscape	A6758	Transportation	Streetscapes - Corridors	996,216	1,061,554	65,338	Project overrun due to multiple variations including the redesign and additional construction costs of bus shelter footing associated due to cyclone zone, and inability to match existing pavers and unplanned cost for stormwater upgrade along site of works. The overrun will be adjusted from overall subprogram budget at next budget review.
B0176 - TANAWHA TOURIST DRIVE 4184_101	B0176	Transportation	Reseals and Rehabilitation	149,810	211,995	62,185	Additional preparation work required and additional width necessary to incorporate bikelanes . Overrun will be adjusted from overall subprogram budget at next budget review.
A7165 - eMap Replacement	A7165	Information Technology	Information Technology	79,925	139,125	59,200	Costs totalling \$67k have been charged incorrectly to this project. These will be correct in April which would bring the YTD spend back to \$72k.
B0130 - LAKE WEYBA DRIVE 2300_101	B0130	Transportation	Reseals and Rehabilitation	102,620	158,121	55,501	Additional surfacing works required in this location to preserve the assets. Overrun will be adjusted from overall subprogram budget at next budget review.
B0273 - COORA CRESCENT 5256_103	B0273	Transportation	Reseals and Rehabilitation	223,063	275,119	52,056	Additional cost incurred due to heavy rainfall after the project had commenced resulting in significant reworking to dry and recompact materials. Overrun will be adjusted from overall subprogram budget at next budget review
B0529 - Pine Grove Road, Rectification of Land Slip	B0529	Transportation	Sealed Road Network	32,500	84,172	51,672	The current budget allocation was only a preliminary estimate for these emergent works. Greater traffic control costs, wet weather delays and increased scope of works has required more labour and materials than initially planned. Overrun will be adjusted from overall subprogram budget at next budget review.

Delegation Decisions App B March 2012 Financial
FINANCIAL REPORT - APP A MARCH 2012 FINANCIAL PERFORMANCE REPORT

Monthly Budget Amendments - Operating

31-March-2012

Reference	Branch	Operation/Job number & Name	Description	Income & Expense Stmt Line	Amount Dr/(Cr)
					\$000
CS0901	Community Facilities	37148.0000.643006	Noosa Aquatic Ctre - Leases Other	138 - Other Expenses	(40)
CS0901	Exec Dir - Community Services	30110.0000.630100	Exec Dir - CS Dept - Materials & Services Savings Target	112 - Goods and services	40
CS0902	Community Facilities	37634.0000.631800	Meridan Sports Complex - Materials & Services	112 - Goods and services	(111)
CS0902	Community Facilities	37634.0000.678600	Meridan Sports Complex - Internal Goods and Services	115 - Internal Goods and Services	111
IS0901	Parks & Gardens	13979.0000.631800	Meridan Sportsground - Materials and Services	112 - Goods and services	111
IS0901	Parks & Gardens	13979.0000.878600	Meridan Sportsground - Internal Sales / Recoveries	109 - Internal sales/recoveries	(111)
CS0903	Library & Gallery Services	37195.0000.631800	Unit Management, Contract Services	112 - Goods and services	(20)
CS0903	Library & Gallery Services	37050.0000.611101	Caloundra Gallery, Employee Costs	111 - Employee costs	20
IS0902	Fleet	11410.0000.6707xx	Branch Elimination Budget Correction to match Elimination routine	115 - Internal Goods and Services	(91)
IS0902	Fleet	11410.0000.8707xx	Branch Elimination Budget Correction to match Elimination routine	109 - Internal sales/recoveries	91
CS0904	Community Development	37135.0000.7554.03	Increase Grant for one off extra funding	104 - Operating grants and subsidies	(50)
CS0904	Community Development	37135.0000.6318.00	Increase Expenditure for one off extra funding	112 - Goods and services	50
EX0901	Executive Office	85001.0000.6111.01	Transfer contingency budget to F&B VAST	111 - Employee costs	(660)
EX0901	Exec Dir - Finance & Business	50067.0000.6101.00	Transfer contingency budget from Exec Office	111 - Employee costs	660
Total Increase / Decrease to Operating Program for Period					0

Delegation Decisions App B March 2012 Financial
 FINANCIAL REPORT - APP A MARCH 2012 FINANCIAL PERFORMANCE REPORT

Monthly Budget Amendments - Capital

31-March-2012

Reference	PROGRAM	SUB-PROGRAM	JOB NUMBER	JOB NUMBER DESCRIPTION	Amount Dr/(Cr) \$'000
PROGRAM REALLOCATIONS					
<i>Sub-Total</i>					0
BUDGET EXPENSE RELATED TO REVENUE ADJUSTMENTS					
<i>Sub-Total</i>					0
RESERVE TRANSFERS					
<i>Sub-Total</i>					0
COUNCILLOR ALLOCATIONS (Budget under Sealed Road Network with Projects belonging in other Sub-Programs)					
<i>Sub-Total</i>					0
Total Increase /(Decrease) to Capital Program for Period					0