

8 REPORTS DIRECT TO COUNCIL**8.14 APRIL 2019 FINANCIAL PERFORMANCE REPORT**

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|---------------------|--|
| File No: | Financial Reports |
| Author: | Coordinator Financial Services Business Performance Group |
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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 30 April 2019 in terms of the operating result and delivery of the capital program.

The operating result at 30 April 2019 shows a favourable variance of \$2.9 million compared to the budgeted position. The variation is due to lower than profiled operating expenses which are offset by lower than profiled 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 30 April 2019**

| | Current Budget \$000 | YTD Budget \$000 | YTD Actuals \$000 | YTD Variance \$000 | YTD Variance % |
|--------------------------|-------------------------------------|---------------------------------|----------------------------------|-----------------------------------|-------------------------------|
| Total Operating Revenue | 446,648 | 400,888 | 399,439 | (1,448) | -0.4% |
| Total Operating Expenses | 435,323 | 347,938 | 342,851 | (5,087) | -1.5% |
| Operating Result | 11,326 | 52,950 | 56,588 | 3,638 | 6.9% |

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

As at 30 April 2019, \$251.2 million (69.9%) of Council's \$359.4 million 2018/19 Capital Works Program was financially expended.

The core Council Capital Program has progressed 71.2% of budget, an actual spend of \$120.6 million.

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

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled “April 2019 Financial Performance Report” and
- (b) adopt Appendix A as tabled, pursuant to section 170A of the Local Government Act 2009 and sections 129 and 170 of the Local Government Regulation 2012, Council’s amended budget for 2018/19 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 and the Debt Policy.

FINANCE AND RESOURCING

This report sets out the details of Council’s financial performance and investments for the month ending 30 April 2019 and meets Council’s legislative reporting requirements.

A number of operating and capital budget adjustments are proposed in this report to inform Council of the latest year end forecast operating result and capital program. The budget adjustments will result in:

- \$3.1 million decrease in the operating result from \$14.4 million to \$11.3m
- \$18.1 million decrease in the capital program from \$377.6 million to \$359.5
- \$20.5 million decrease in closing cash balance at 30 June 2019, to \$202.8 million
- \$40.0 million decrease in new loans for the Sunshine Coast Airport Expansion project

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*

Outcome: 5.6 - Information, systems and process underpin quality decisions and enhance customer experience

Operational Activity: 5.6.5 - Manage Councils budget in alignment with sustainability ratios to ensure a sustainable financial position is maintained.

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 30 April 2019 in terms of the operating result and delivery of the capital program.

The operating result at 30 April 2019 shows a favorable variance of \$3.6 million compared to the budgeted position.

Operating Revenue

Year to date revenues as at 30 April 2019 of \$399.4 million shows an unfavorable variance of \$1.5 million.

Table 2: Substantial Revenue variances as at 30 April 2019

| | YTD Budget \$000 | YTD Actuals \$000 | YTD Variance \$000 | YTD Variance % |
|------------------------------------|------------------------|-------------------------|--------------------------|----------------------|
| Fees and Charges | 48,500 | 47,448 | (1,052) | -2.2% |
| Interest Received from Investments | 6,690 | 6,192 | (498) | -7.4% |

Fees and Charges

Fees and charges revenue of \$47.4 million is \$1.1 million (2.2%) lower than the year to date budget. Council has seen an increase in development application fees in recent months and is in line to reach quantities achieved in the same period of the previous financial year.

Interest Received from Investments

Council's cash available for investment has decreased compared to the expected budget. This has resulted in a decline in interest received.

Revenue Budget Adjustments

Council's forecasted revenue to 30 June 2019 has been adjusted due to the below items:

- Increase of \$398,000 to recognise the use of a bond for completion of a Road at Perigian Springs.
- Recognition of \$225,000 received for revegetation offsets.
- Deferral of certificate revenue sales to 2019/20 due to adverse market conditions. This has resulted in a reduction to budget of \$1.8 million.
- Reduction of internal sales at Council owned quarry to the value of \$1 million.

Operating Expenses

Year to date expenditure as at 30 April 2019 of \$342.9 million shows a variance under budget of \$5.1 million.

Employee Costs

As at 30 April 2019 employee costs were above budget by \$1.6 million or 1.3%. This unfavourable variance relates to utilisation of internal employees to deliver operating and levy funded projects which is offset by underspends in materials and services.

Council budgets a vacancy rate of 3% across the organisation including core maintenance areas. An overspend has been realised against the budget year to date due to the nature of maintenance delivery. Underspends have been sought within materials and services to align Council's operating result.

Materials and Services

Materials and services account for the majority of the expenditure variance as at 30 April 2019, with all groups underspent budget by a total of \$6.6 million.

\$1.4 million of the favourable variance relates to the delivery of operating projects and is partially offset by higher employee costs and other expenses associated with resourcing projects. Total project expenditure was 65.9% of full year budget as at 30 April 2019.

Built Infrastructure are reporting an underspend mainly attributable to Civil Asset Management, Transport and Infrastructure Planning and Transport Infrastructure Management. A significant portion of this underspend can be attributed to the expected vacancy rate which is offset in higher employee costs.

Business Performance are reporting an underspend largely due to an increase in planned maintenance for Council's community facilities resulting in decreased costs. Council's data line charges for telecommunications are also trending below budget year to date.

Expense Budget Adjustments

Council's forecasted expenses to 30 June 2019 has been adjusted due to the below items –

- Increase of \$398,000 to recognise the use of a bond for completion of a Road at Perigian Springs
- Draw from restricted cash of \$385,000 for the Investment Incentive Scheme

Capital Expenditure

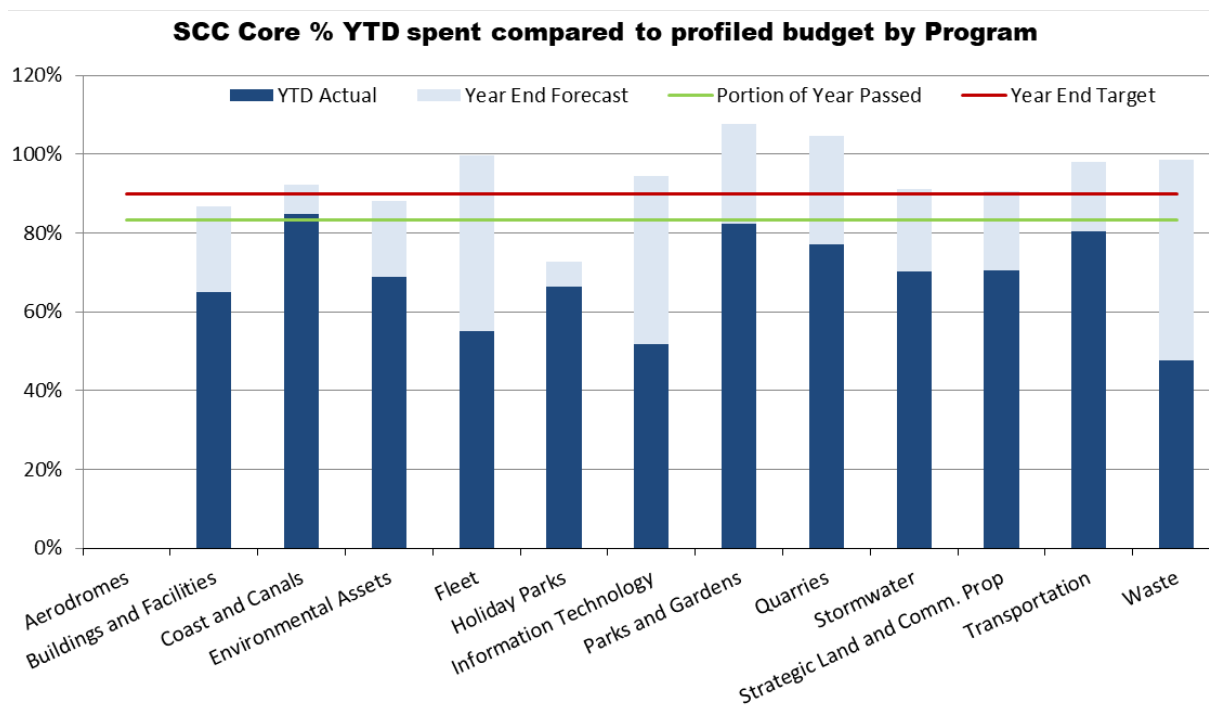
As at 30 April 2019, \$251.2 million (69.9%) of Council's \$359.4 million 2018/19 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 71.2% of budget, an actual spend of \$120.6 million. The Actual YTD includes all works that have been goods receipted and accrued as at 30 April 2019.

Table 3: Capital Expenditure by Program at 30 April 2019

| | Current Budget \$000s | YTD Actual \$000s | % of FY Budget Spent | Forecast Year End Actual |
|--|--------------------------|----------------------|----------------------|--------------------------|
| Capital Works Program | | | | |
| Aerodromes | 0 | 1 | 0.0% | 7 |
| Buildings and Facilities | 18,070 | 12,663 | 70.1% | 16,871 |
| Coast and Canals | 2,284 | 1,937 | 84.8% | 2,111 |
| Environmental Assets | 1,196 | 823 | 68.9% | 1,054 |
| Fleet | 3,000 | 1,654 | 55.1% | 2,994 |
| Holiday Parks | 1,875 | 1,245 | 66.4% | 1,365 |
| Information Technology | 8,738 | 4,515 | 51.7% | 8,263 |
| Parks and Gardens | 17,061 | 14,194 | 83.2% | 18,577 |
| Quarries | 486 | 374 | 77.1% | 509 |
| Stormwater | 9,637 | 7,394 | 76.7% | 9,606 |
| Strategic Land and Commercial Properties | 31,770 | 17,141 | 54.0% | 29,536 |
| Transportation | 62,954 | 52,056 | 82.7% | 63,542 |
| Waste | 12,273 | 6,612 | 53.9% | 13,645 |
| Total SCC Core Capital Program | 169,345 | 120,610 | 71.2% | 168,079 |
| Corporate Major Projects | 4,333 | 3,667 | 84.6% | 3,412 |
| Divisional Allocations | 7,125 | 3,060 | 42.9% | 3,483 |
| Maroochydore City Centre | 30,413 | 21,279 | 70.0% | 29,370 |
| Submarine Cable IBN | 20,610 | 7,096 | 34.4% | 9,674 |
| Sunshine Coast Airport Runway | 127,638 | 95,494 | 74.8% | 126,531 |
| Total Other Capital Program | 190,120 | 130,595 | 68.7% | 172,470 |
| TOTAL | 359,465 | 251,204 | 69.9% | 340,550 |

The following graph shows the Core Capital Programs progress to date and year end forecast. Currently the Core Capital Program is forecasting \$340.6 million delivery at year end.

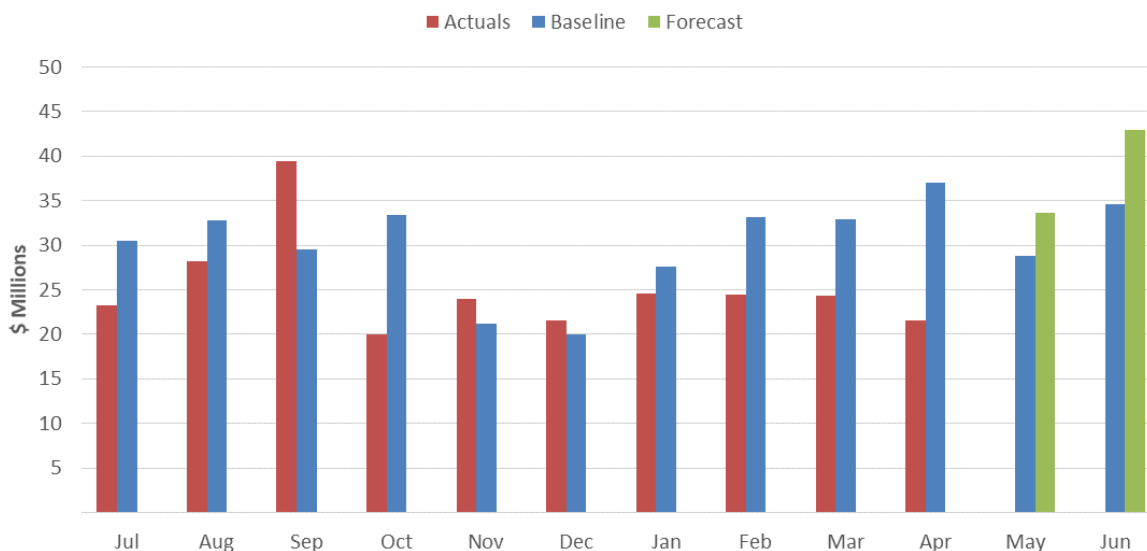


The following program updates are provided in relation to programs reporting lower expenditure to date:

- **Buildings and Facilities** – The Events Centre redevelopment is due to finalise and complete in May 2019. \$1.5 million of renewal and upgrade works to Council’s aquatic centres has progressed at Beerwah, Kawana and Kings Beach. Architectural design for Sunshine Coast City Hall is progressing as scheduled.
- **Environmental Assets** – Council’s tracks and trails program is progressing as planned, with the final stages of the Glass House Mountains Regional trail being delivered in the coming months.
- **Fleet** - Significant orders in place and plant builds underway for delivery in April, a number of quotes underway to see all fleet delivered by May/June 2019.
- **Holiday Parks** – The major expenditure for the year relates to the replacement of the amenities at the Cotton Tree Caravan Park. A contractor has been appointed and construction has started and has been finalised. Other significant expenditure relates to land acquisitions for future sites and is reliant on current purchase negotiations. A contractor has been appointed for the refurbishment of the internal road at Dicky Beach Holiday Park with works to progress in July.
- **Information Technology** – Expenditure to date on corporate systems implementations for customer relations management are reflective of the project continuing through the procurement phase. Council’s asset management and human resource implementation is expected to incur expenditure in the second half of the financial year as the projects progress towards the implementation phase.
- **Waste** – The contract for the AWCS collection centre was awarded in October with construction progressing late into 2019. Construction of the Caloundra Landfill Cell 12 has commenced, with deferrals expected in future financial reporting due to weather delays.
- **Stormwater Program** – Significant projects at Mooloolaba, Buderim, Meridan Plains and Maroochydore have started construction. Project savings have been identified in several stormwater projects.

The following graph displays a baseline forecast for the Total Capital Works Program which was captured at the end of September, to include the impacts of Budget Review 1. The graph compares the actual to date and the most recent forecast for the remaining periods, against this baseline. The forecasts are prepared by project managers on each project to reflect their latest estimate of project expenditure up to June 2019.

2018/19 Total Capital Works Progress Report



SCC Core Capital Budget Adjustments

Attachment 3 contains the list of capital budget adjustments for 2018/19. Total deferrals of \$6.1 million have been recognised due to inclement weather, change in designs or delays in procurement of equipment. Subsequent bring forwards of \$1 million has also been recognised due to accelerated works.

Region Making Budget Adjustments

The Sunshine Coast Airport Expansion project has deferred expenditure of \$19.5 million into 2019/20. This is due to significant wet weather in recent months as well as the treatment of groundwater causing delays.

Borrowings

Council's total expected borrowings for 2018/19 has been reduced due to a timing change in the expected receipt of funds for the Sunshine Coast Airport Expansion. Borrowings of \$40 million are now expected to be received in the 2019/20 financial year.

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 April 2019 Council had \$235.8 million cash (excluding Trust Fund) with an average interest rate of 2.76% being 0.73% above benchmark. This is compared to the same period last year with \$338 million cash (excluding Trust Fund) with an average interest rate of 2.65%, being 0.61% 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

Council's 2018/19 Investment Policy; 2018/19 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**Ordinary Meeting 30 April 2019, March 2019 Financial Performance Report (OM19/55)**

That Council:

- (a) receive and note the report titled "**March 2019 Financial Performance Report**" and
- (b) adopt the amended 2018/19 Budget Financial Statements to include identified operating and capital budget adjustments (Appendix A).

Ordinary Meeting 28 February 2019, Budget Review 2 2018/19 (OM19/26)

That Council:

- (c) receive and note the report titled "**Budget Review 2 2018/19**" and
- (d) adopt Appendix A as tabled, pursuant to section 170A of the *Local Government Act 2009* and sections 169 and 170 of the *Local Government Regulation 2012*, Council's amended budget for 2018/19 financial year incorporating:
 - vii. the statement of income and expenditure
 - viii. the statement of financial position
 - ix. the statements of changes in equity
 - x. the statement of cash flow
 - xi. the relevant measures of financial sustainability
 - xii. the long term financial forecast and the Debt Policy.

Ordinary Meeting 13 September 2018 (OM18/155)

That Council:

- (a) receive and note the report titled "**Budget Review 1 2018/19**" and
- (b) adopt Appendix A as tabled, pursuant to section 170A of the *Local Government Act 2009* and sections 169 and 170 of the *Local Government Regulation 2012*, Council's amended budget for 2018/19 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*
- (c) *note the following documentation applies as adopted 21 June 2018*
- i. *the Revenue Policy*
 - ii. *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*
 - iii. *the Revenue Statement*
 - iv. *the rates and charges to be levied for the 2018/19 financial year and other matters as adopted 21 June 2018.*

Special Meeting Budget 21 June 2018 (SM18/8)

That Council:

- (a) *adopt Appendix A as tabled, pursuant to section 170A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council's budget for 2018/19 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*
 - 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 2018/19 Capital Works Program, endorse the indicative four-year program for the period 2020 to 2023, and note the five-year program for the period 2024 to 2028 and*
 - xii. *the rates and charges to be levied for the 2018/19 financial year and other matters as detailed below in clauses 3 to 11.*

Related Documentation

2018/19 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.



**Sunshine Coast Council - Total
 Statement of Income and Expense (i)**

For Period Ending 30 June

| | Revised Budget | Forecast | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2020 \$'000 | 2021 \$'000 | 2022 \$'000 | 2023 \$'000 | 2024 \$'000 | 2025 \$'000 | 2026 \$'000 | 2027 \$'000 | 2028 \$'000 | 2029 \$'000 |
| Operating Revenue | | | | | | | | | | | |
| Gross Rates & Utility Charges | 305,882 | 335,690 | 349,387 | 363,670 | 379,060 | 396,521 | 414,818 | 433,991 | 454,084 | 475,139 | 497,203 |
| Interest from Rates & Utilities | 670 | 670 | 699 | 730 | 762 | 800 | 839 | 880 | 923 | 968 | 1,016 |
| Less Discounts, Pensioner Remissions | (13,414) | (14,871) | (15,525) | (16,208) | (16,922) | (17,751) | (18,621) | (19,533) | (20,490) | (21,494) | (22,547) |
| Net Rates & Utility Charges | 293,138 | 321,489 | 334,562 | 348,192 | 362,901 | 379,570 | 397,036 | 415,338 | 434,517 | 454,613 | 475,672 |
| Fees & Charges | 56,754 | 57,857 | 59,506 | 61,202 | 63,313 | 65,498 | 67,757 | 70,095 | 72,513 | 75,015 | 77,603 |
| Interest Received from Investments | 8,768 | 8,838 | 8,838 | 8,838 | 8,838 | 8,838 | 8,838 | 8,838 | 8,838 | 8,838 | 8,838 |
| Grants and Subsidies - Recurrent | 8,176 | 12,329 | 12,329 | 12,329 | 12,329 | 12,329 | 12,329 | 12,329 | 12,329 | 12,329 | 12,329 |
| Operating contributions | 303 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 | 319 |
| Unitywater Participation | 50,095 | 49,838 | 49,838 | 49,838 | 49,838 | 49,838 | 49,838 | 49,838 | 49,838 | 49,838 | 49,838 |
| Other Revenue | 23,997 | 25,016 | 42,065 | 62,401 | 33,333 | 40,233 | 21,110 | 21,132 | 42,360 | 45,804 | 39,832 |
| Internal Revenues | 5,711 | 8,101 | 8,332 | 8,569 | 8,865 | 9,171 | 9,487 | 9,815 | 10,153 | 10,503 | 10,866 |
| Total Operating Revenue | 446,943 | 483,788 | 515,789 | 551,688 | 539,736 | 565,795 | 566,714 | 587,704 | 630,868 | 657,259 | 675,297 |
| Operating Expenses | | | | | | | | | | | |
| Employee costs | 140,389 | 145,196 | 150,205 | 155,387 | 160,748 | 166,294 | 172,031 | 177,966 | 184,106 | 190,458 | 197,029 |
| Materials & Services | 174,323 | 191,695 | 204,505 | 224,158 | 213,870 | 225,760 | 228,886 | 237,320 | 254,244 | 264,609 | 269,806 |
| Finance Costs | 9,824 | 10,025 | 13,175 | 16,263 | 11,457 | 10,938 | 9,970 | 8,910 | 7,576 | 6,484 | 5,163 |
| Company Contributions | 1,495 | 1,527 | 1,556 | 1,586 | 1,625 | 1,666 | 1,707 | 1,750 | 1,794 | 1,839 | 1,885 |
| Depreciation | 75,355 | 79,076 | 81,429 | 84,011 | 87,151 | 90,056 | 93,452 | 96,740 | 100,198 | 103,619 | 107,232 |
| Other Expenses | 21,975 | 21,206 | 21,810 | 22,432 | 23,206 | 24,006 | 24,835 | 25,691 | 26,578 | 27,495 | 28,443 |
| Recurrent Capital Expenses | 12,257 | 5,250 | 3,732 | 4,279 | 2,967 | 3,155 | 2,658 | 2,667 | 2,958 | 2,973 | 2,658 |
| Total Operating Expenses | 435,619 | 453,975 | 476,413 | 508,116 | 501,024 | 521,876 | 533,540 | 551,045 | 577,454 | 597,476 | 612,216 |
| Operating Result | 11,325 | 29,813 | 39,376 | 43,572 | 38,712 | 43,919 | 33,174 | 36,659 | 53,414 | 59,783 | 63,081 |
| Non-recurrent Revenue & Expenses | | | | | | | | | | | |
| Capital Revenue | | | | | | | | | | | |
| Capital Grants and Subsidies | 18,544 | 12,245 | 5,385 | 5,385 | 5,385 | 5,385 | 5,385 | 5,385 | 5,385 | 5,385 | 5,385 |
| Capital Contributions | 31,599 | 31,599 | 31,631 | 28,631 | 29,642 | 29,483 | 29,403 | 29,403 | 29,403 | 23,634 | 23,634 |
| Contributed Assets | 60,000 | 60,000 | 55,000 | 50,000 | 45,000 | 46,125 | 47,278 | 48,460 | 49,672 | 50,913 | 52,186 |
| Total Capital Revenue | 110,143 | 103,844 | 92,016 | 84,016 | 80,028 | 80,993 | 82,067 | 83,249 | 84,460 | 79,933 | 81,206 |
| Non-recurrent Expenses | | | | | | | | | | | |
| Profit/Loss on disposal, revaluation & impairment | - | - | - | (29,047) | - | - | - | - | - | - | - |
| Movements in landfill and quarry provisions | (2,654) | (2,654) | (2,704) | (2,756) | (2,824) | (2,895) | (2,967) | (3,042) | (3,118) | (3,196) | (3,275) |
| Assets transferred to third parties | (11,285) | - | - | - | - | - | - | - | - | - | - |
| NET RESULT | 107,377 | 131,004 | 128,688 | 95,786 | 115,915 | 122,018 | 112,273 | 116,866 | 134,756 | 136,521 | 141,011 |

Sunshine Coast Council - Total

Statement of Financial Position (ii)

For Period Ending 30 June

| | Revised Budget | Forecast | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2019 \$'000 | 2020 \$'000 | 2021 \$'000 | 2022 \$'000 | 2023 \$'000 | 2024 \$'000 | 2025 \$'000 | 2026 \$'000 | 2027 \$'000 | 2028 \$'000 | 2029 \$'000 |
| Current Assets | | | | | | | | | | | |
| Cash & Investments | 201,182 | 209,032 | 194,081 | 256,194 | 249,504 | 243,451 | 238,742 | 242,239 | 243,111 | 235,066 | 277,564 |
| Trade and other receivables | 15,241 | 16,621 | 17,240 | 17,885 | 18,594 | 19,388 | 20,218 | 21,086 | 21,995 | 22,945 | 23,939 |
| Inventories | 17,889 | 17,877 | 17,181 | 13,620 | 12,924 | 13,074 | 13,942 | 15,058 | 13,950 | 12,874 | 12,812 |
| Other Financial Assets | 24,299 | 24,761 | 25,232 | 25,862 | 26,509 | 27,172 | 27,851 | 28,547 | 29,261 | 29,992 | 30,742 |
| Non-current assets classified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Assets | 258,612 | 268,291 | 253,735 | 313,562 | 307,532 | 303,086 | 300,754 | 306,931 | 308,317 | 300,877 | 345,058 |
| Non-Current Assets | | | | | | | | | | | |
| Trade and other receivables | 460,958 | 460,958 | 460,958 | 445,958 | 445,958 | 445,958 | 445,958 | 445,958 | 445,958 | 445,958 | 445,958 |
| Property, plant & equipment | 4,408,212 | 4,789,572 | 5,103,925 | 5,048,126 | 5,285,684 | 5,517,875 | 5,753,304 | 5,995,881 | 6,251,182 | 6,509,054 | 6,580,006 |
| Investment in associates | 538,213 | 538,213 | 538,213 | 538,213 | 538,213 | 538,213 | 538,213 | 538,213 | 538,213 | 538,213 | 538,213 |
| Long Term Inventories | 36,560 | 36,009 | 33,028 | 19,730 | 16,555 | 16,356 | 18,680 | 21,862 | 17,155 | 12,539 | 11,496 |
| Intangible assets | 14,571 | 14,571 | 14,571 | 14,571 | 14,571 | 14,571 | 14,571 | 14,571 | 14,571 | 14,571 | 14,571 |
| Total Non-Current Assets | 5,458,514 | 5,839,322 | 6,150,694 | 6,066,598 | 6,300,981 | 6,532,972 | 6,770,726 | 7,016,484 | 7,267,079 | 7,520,335 | 7,590,243 |
| TOTAL ASSETS | 5,717,126 | 6,107,614 | 6,404,428 | 6,380,160 | 6,608,512 | 6,836,058 | 7,071,480 | 7,323,415 | 7,575,397 | 7,821,212 | 7,935,301 |
| Current Liabilities | | | | | | | | | | | |
| Trade and other payables | 60,933 | 64,122 | 66,000 | 68,152 | 70,580 | 73,594 | 76,314 | 79,049 | 81,889 | 84,841 | 87,909 |
| Short Term Borrowings | 22,085 | 22,774 | 26,800 | 32,652 | 37,114 | 40,310 | 43,713 | 48,049 | 50,602 | 52,200 | 37,611 |
| Provisions | 20,594 | 21,181 | 21,785 | 22,537 | 23,314 | 24,118 | 24,950 | 25,811 | 26,702 | 27,623 | 28,314 |
| Other | 27,687 | 28,213 | 28,749 | 29,468 | 30,204 | 30,959 | 31,733 | 32,527 | 33,340 | 34,173 | 35,028 |
| Total Current Liabilities | 131,299 | 136,291 | 143,334 | 152,808 | 161,212 | 168,982 | 176,711 | 185,436 | 192,533 | 198,838 | 188,862 |
| Non-Current Liabilities | | | | | | | | | | | |
| Long Term Borrowings | 396,649 | 549,554 | 605,694 | 367,120 | 349,453 | 318,861 | 299,781 | 286,256 | 249,580 | 218,354 | 188,605 |
| Long Term Provisions | 38,027 | 39,110 | 40,225 | 41,613 | 43,049 | 44,534 | 46,070 | 47,660 | 49,304 | 51,005 | 52,280 |
| Total Non-Current Liabilities | 434,676 | 588,665 | 645,919 | 408,733 | 392,502 | 363,395 | 345,851 | 333,915 | 298,884 | 269,359 | 240,885 |
| TOTAL LIABILITIES | 565,975 | 724,955 | 789,252 | 561,541 | 553,714 | 532,377 | 522,562 | 519,351 | 491,417 | 468,197 | 429,747 |
| NET COMMUNITY ASSETS | 5,151,150 | 5,382,658 | 5,615,176 | 5,818,619 | 6,054,799 | 6,303,681 | 6,548,918 | 6,804,064 | 7,083,980 | 7,353,015 | 7,505,554 |
| Community Equity | | | | | | | | | | | |
| Asset revaluation surplus | 1,001,467 | 1,102,128 | 1,205,958 | 1,313,615 | 1,433,879 | 1,560,744 | 1,693,707 | 1,831,987 | 1,977,146 | 2,109,661 | 2,121,189 |
| Retained Earnings | 4,149,526 | 4,280,530 | 4,409,219 | 4,505,005 | 4,620,920 | 4,742,937 | 4,855,211 | 4,972,077 | 5,106,833 | 5,243,354 | 5,384,366 |
| TOTAL COMMUNITY EQUITY | 5,150,993 | 5,382,659 | 5,615,176 | 5,818,619 | 6,054,799 | 6,303,681 | 6,548,918 | 6,804,064 | 7,083,980 | 7,353,015 | 7,505,554 |

Sunshine Coast Council - Total
Statement of Changes in Equity (iii)

For Period Ending 30 June

| | Revised Budget | Forecast | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2019 \$'000 | 2020 \$'000 | 2021 \$'000 | 2022 \$'000 | 2023 \$'000 | 2024 \$'000 | 2025 \$'000 | 2026 \$'000 | 2027 \$'000 | 2028 \$'000 | 2029 \$'000 |
| Capital Accounts | | | | | | | | | | | |
| Asset Revaluation Reserve | | | | | | | | | | | |
| Balance at beginning of period | 904,819 | 1,001,467 | 1,102,128 | 1,205,958 | 1,313,615 | 1,433,879 | 1,560,744 | 1,693,707 | 1,831,987 | 1,977,146 | 2,109,661 |
| Asset revaluation adjustments | 96,648 | 100,661 | 103,829 | 107,657 | 120,264 | 126,865 | 132,964 | 138,280 | 145,159 | 132,514 | 11,528 |
| Transfers to capital, reserves and shareholdings | - | - | - | - | - | - | - | - | - | - | - |
| Balance at end of period | 1,001,467 | 1,102,128 | 1,205,958 | 1,313,615 | 1,433,879 | 1,560,744 | 1,693,707 | 1,831,987 | 1,977,146 | 2,109,661 | 2,121,189 |
| Retained Earnings | | | | | | | | | | | |
| Balance at beginning of period | 4,042,150 | 4,149,526 | 4,280,530 | 4,409,219 | 4,505,005 | 4,620,920 | 4,742,937 | 4,855,211 | 4,972,077 | 5,106,833 | 5,243,354 |
| Net result for the period | 107,377 | 131,004 | 128,688 | 95,786 | 115,915 | 122,018 | 112,273 | 116,866 | 134,756 | 136,521 | 141,011 |
| Transfers to capital, reserves and shareholdings | - | - | - | - | - | - | - | - | - | - | - |
| Transfers from capital, reserves and shareholdings | - | - | - | - | - | - | - | - | - | - | - |
| Asset revaluation adjustments | - | - | - | - | - | - | - | - | - | - | - |
| Balance at end of period | 4,149,526 | 4,280,530 | 4,409,219 | 4,505,005 | 4,620,920 | 4,742,937 | 4,855,211 | 4,972,077 | 5,106,833 | 5,243,354 | 5,384,366 |
| Total | | | | | | | | | | | |
| Balance at beginning of period | 4,946,968 | 5,150,993 | 5,382,659 | 5,615,176 | 5,818,619 | 6,054,799 | 6,303,681 | 6,548,918 | 6,804,064 | 7,083,980 | 7,353,015 |
| Net result for the period | 107,377 | 131,004 | 128,688 | 95,786 | 115,915 | 122,018 | 112,273 | 116,866 | 134,756 | 136,521 | 141,011 |
| Transfers to capital, reserves and shareholdings | - | - | - | - | - | - | - | - | - | - | - |
| Transfers from capital, reserves and shareholdings | - | - | - | - | - | - | - | - | - | - | - |
| Asset revaluation adjustments | 96,648 | 100,661 | 103,829 | 107,657 | 120,264 | 126,865 | 132,964 | 138,280 | 145,159 | 132,514 | 11,528 |
| Balance at end of period | 5,150,993 | 5,382,659 | 5,615,176 | 5,818,619 | 6,054,799 | 6,303,681 | 6,548,918 | 6,804,064 | 7,083,980 | 7,353,015 | 7,505,554 |

**Sunshine Coast Council - Total
 Statement of Cash Flow (iv)**

For Period Ending 30 June

| | Revised Budget | Forecast | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2019 \$'000 | 2020 \$'000 | 2021 \$'000 | 2022 \$'000 | 2023 \$'000 | 2024 \$'000 | 2025 \$'000 | 2026 \$'000 | 2027 \$'000 | 2028 \$'000 | 2029 \$'000 |
| Cash flows from operating activities | | | | | | | | | | | |
| Operating Result | 11,173 | 29,813 | 39,376 | 43,572 | 38,712 | 43,919 | 33,174 | 36,659 | 53,414 | 59,783 | 63,081 |
| Adjustments for: | | | | | | | | | | | |
| Depreciation | 75,355 | 79,076 | 81,429 | 84,011 | 87,151 | 90,056 | 93,452 | 96,740 | 100,198 | 103,619 | 107,232 |
| Interest and dividends received | (58,863) | (58,676) | (58,676) | (58,676) | (58,676) | (58,676) | (58,676) | (58,676) | (58,676) | (58,676) | (58,676) |
| Landfill Quarry Provision | (2,654) | (2,654) | (2,704) | (2,756) | (2,824) | (2,895) | (2,967) | (3,042) | (3,118) | (3,196) | (3,275) |
| Finance Costs | 9,824 | 10,025 | 13,175 | 16,263 | 11,457 | 10,938 | 9,970 | 8,910 | 7,576 | 6,484 | 5,163 |
| Change in Working Capital | (7,118) | 8,828 | 6,719 | 35,593 | 7,892 | 4,652 | 1,161 | 117 | 10,381 | 10,419 | 5,250 |
| Change in Receivables | 1,824 | (1,842) | (1,090) | 13,725 | (1,356) | (1,456) | (1,509) | (1,565) | (1,622) | (1,682) | (1,744) |
| Change in Inventories | 2,260 | 5,284 | 3,677 | 16,859 | 3,870 | 50 | (3,192) | (4,297) | 5,814 | 5,693 | 1,105 |
| Change in Payables | (11,202) | 5,386 | 4,132 | 5,010 | 5,378 | 6,059 | 5,862 | 5,978 | 6,189 | 6,408 | 5,888 |
| Net cash inflow (outflow) from operating activities | 27,717 | 66,413 | 79,319 | 118,008 | 83,712 | 87,994 | 76,114 | 80,709 | 109,775 | 118,433 | 118,774 |
| Cash flows from investing activities | | | | | | | | | | | |
| Payments for property, plant and equipment | (342,263) | (308,123) | (238,934) | (188,192) | (158,159) | (148,651) | (148,732) | (152,301) | (161,466) | (159,945) | (128,267) |
| Proceeds from disposal non current assets | - | - | - | 290,000 | - | - | - | - | - | - | - |
| Capital grants, subsidies, contributions, donations | 50,143 | 43,844 | 37,016 | 34,016 | 35,028 | 34,868 | 34,789 | 34,789 | 34,789 | 29,020 | 29,020 |
| Interest and dividends received | 58,863 | 58,676 | 58,676 | 58,676 | 58,676 | 58,676 | 58,676 | 58,676 | 58,676 | 58,676 | 58,676 |
| Finance Costs | (9,824) | (10,025) | (13,175) | (16,263) | (11,457) | (10,938) | (9,970) | (8,910) | (7,576) | (6,484) | (5,163) |
| Net cash inflow (outflow) from investing activities | (243,081) | (215,628) | (156,416) | 178,237 | (75,912) | (66,045) | (65,238) | (67,746) | (75,577) | (78,733) | (45,734) |
| Cash flows from financing activities | | | | | | | | | | | |
| Proceeds from borrowings | 145,189 | 178,658 | 88,493 | 42,904 | 22,204 | 11,870 | 26,877 | 36,491 | 16,691 | 5,621 | 6,305 |
| Repayment of borrowing | (18,846) | (21,593) | (26,346) | (277,036) | (36,695) | (39,871) | (42,461) | (45,957) | (50,016) | (53,367) | (36,847) |
| Net cash inflow (outflow) from financing activities | 126,343 | 157,065 | 62,147 | (234,132) | (14,491) | (28,002) | (15,584) | (9,466) | (33,325) | (47,746) | (30,541) |
| Net increase (decrease) in cash held | (89,020) | 7,850 | (14,951) | 62,113 | (6,691) | (6,052) | (4,709) | 3,496 | 872 | (8,045) | 42,498 |
| Cash at beginning of reporting period | 290,203 | 201,182 | 209,032 | 194,081 | 256,194 | 249,504 | 243,451 | 238,742 | 242,239 | 243,111 | 235,066 |
| Cash at end of reporting period | 201,182 | 209,032 | 194,081 | 256,194 | 249,504 | 243,451 | 238,742 | 242,239 | 243,111 | 235,066 | 277,564 |

Sunshine Coast Council - Total Measures of Financial Sustainability (v)

For Period Ending 30 June

| | Revised Budget | Forward Estimate | | | | | | | | | |
|--|----------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2020 \$'000 | 2021 \$'000 | 2022 \$'000 | 2023 \$'000 | 2024 \$'000 | 2025 \$'000 | 2026 \$'000 | 2027 \$'000 | 2028 \$'000 | 2029 \$'000 |
| Operating Performance | | | | | | | | | | | |
| Operating Performance Ratio (%) | 2.5% | 6.2% | 7.6% | 7.9% | 7.2% | 7.8% | 5.9% | 6.2% | 8.5% | 9.1% | 9.3% |
| Fiscal Flexibility | | | | | | | | | | | |
| Council controlled revenue (%) | 78.3% | 78.4% | 76.4% | 74.2% | 79.0% | 78.7% | 82.0% | 82.6% | 80.4% | 80.6% | 81.9% |
| Total debt service cover ratio (times) | 2.9 x | 3.2 x | 2.9 x | 3.3 x | 2.8 x | 2.7 x | 2.5 x | 2.5 x | 2.6 x | 2.7 x | 2.8 x |
| Net Financial Liabilities Ratio (%) | 68.8% | 94.4% | 103.8% | 44.9% | 45.6% | 40.5% | 39.1% | 36.1% | 29.0% | 25.5% | 12.5% |
| Liquidity | | | | | | | | | | | |
| Cash expense cover ratio (months) | 7.0 | 6.9 | 6.1 | 7.5 | 7.6 | 7.0 | 6.7 | 6.6 | 6.3 | 5.8 | 6.7 |
| Asset Sustainability | | | | | | | | | | | |
| Asset Sustainability Ratio (%) | 75.6% | 63.5% | 69.0% | 66.9% | 69.8% | 66.8% | 63.9% | 62.9% | 62.3% | 59.4% | 63.3% |

Operating Performance 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

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 (excl. 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%.



Strategic Policy

2018/19 Debt Policy

| | | |
|---------------------------------|--|---------------------------|
| Corporate Plan reference: | 5.6 Information, systems and process underpin quality decisions and enhance customer relationships 5.6.19 – Sustainable financial position maintained | |
| Endorsed by Council on: | 17 May 2018 | Reference Number: OM18/65 |
| Manager responsible for policy: | Chief Financial Officer, Business Performance Group | |

Policy purpose

The purpose of this policy is to ensure the sound management of Council's existing and future debt.

Policy outcome

The policy will provide clear guidance for staff in the management of Council's debt portfolio and maintenance of appropriate debt and debt service levels.

Policy scope

This policy applies to all Councillors and council staff and extends to all borrowing activities of Council and any controlled entities.

Policy statement

New borrowings will only be made to fund capital expenditure, for a period less than or equal to the estimated useful life of the asset(s) and for no more than 20 years.

New borrowings will be undertaken in accordance with the Queensland Treasury Corporation Guidelines, the *Statutory Bodies Financial Arrangements Act 1982* and Section 192 of the *Local Government Regulation 2012*.

Borrowing Purposes

- Council will not utilise loan funding to finance operating activities or recurrent expenditure.
- Council undertakes full analysis of all funding options as outlined in the Long Term Financial Forecast, including a forward program of capital works, to determine loan funding requirements.
- Council recognises that infrastructure demands placed upon Council can often only be met through borrowings, but will always be mindful of the additional cost incurred by the community when assets are acquired through borrowings, as this increases the cost of providing capital infrastructure.
- Council will endeavour to fund all capital renewal projects from operating cash flows and borrow only for new or upgrade capital projects, having regard to sound financial management principles and giving consideration to inter-generational equity for the funding of long term infrastructure projects.

- Where capital expenditure is deferred from one year to the next, the drawdown of approved loan funds will be reviewed to minimise interest expenses.
- Borrowings for infrastructure that provides a return on assets will take priority over borrowing for other assets.

Debt Term

Where capital projects are financed through borrowings, Council will repay the loans within a term not exceeding the life of those assets, and over a term that optimises cash flow efficiency. Loans undertaken for core Sunshine Coast capital investment are planned to be repaid within a twelve (12) year period. Loans undertaken for Region Making projects may have a term of greater than twelve years.

- If surplus funds become available, and where it is advantageous to Council, one-off loan repayments will be made to reduce the term of existing loans.
- In an environment of fluctuating interest rates, and where there is a distinct economic advantage to Council, consideration will be given to renegotiating any outstanding loans to obtain the best long-term benefit to Council.

Repayment Ability

Council will maintain close scrutiny of debt levels to ensure that relative sustainability indicators will not exceed target parameters recommended by Queensland Treasury Corporation and *Local Government Regulation 2012*.

Borrowing Sources

Council will raise all external borrowings at the most competitive rates available and from sources available as defined by legislation. Consideration will be given to provision of loans to business units from surplus cash reserves held by Council by way of an internal loan.

Proposed Borrowings

Proposed Borrowings planned for the current financial year and the next nine financial years are outlined in Appendix A, in accordance with Section 192 *Local Government Regulation 2012*.

Internal Loans

The provision and approval of an internal loan will depend on the availability of surplus funds at the time of application and the capacity of the business unit or operational activity to repay the loan.

- All applications for internal loans will be made by reference to the Finance Branch for consideration in accordance with the Long Term Financial Forecast.
- The term of the loan will be appropriate to the life of the asset being financed.
- In all cases, where business units are subject to the provisions of the National Competition Policy, the cost to the business unit will be no less than what would apply to an equivalent private sector business. The interest rate will be the sum of:
 - (a) the equivalent QTC borrowing rate for the proposed term;
 - (b) the QTC administration charge; and
 - (c) an additional margin above the QTC borrowing rate.
- The interest rate applicable to internal loans relating to operational activities of Council will be the actual borrowing cost from QTC including administrative charges.

Council may, upon reasonable notice being given, require repayment of part or all of the balance of the loan at any time, which would require the business unit to convert the outstanding balance of the loan to an external facility.

- Provision for the repayment of the loan will be included in the annual budget for the business unit.

Guiding principles

The purpose of establishing this policy is to:

- Provide a comprehensive view of Council's long term debt position and the capacity to fund infrastructure growth for the region;
- Increase awareness of issues concerning debt management;
- Enhance the understanding between Councillors, community groups and council staff by documenting policies and guidelines;
- Demonstrate to government and lending institutions that Council has a disciplined approach to borrowing.

Roles and responsibilities

Pursuant to Section 192 *Local Government Regulation 2012*, Council must prepare a debt policy each year that states the new borrowings planned for the current financial year and the next nine financial years.

The Finance Branch will review the cash flow requirements prior to loan proceeds being drawn down to minimise interest expenses.

Measurement of success

Financial sustainability indicators remain within target ranges and the provision of necessary infrastructure is not constrained through the lack of capital funding.

Details of outstanding loans will be reported annually in Council's Financial Statements and Annual Report.

Definitions

Business unit – A business activity within Council structure subject to the application of full cost pricing principles as defined under the National Competition Policy.

Inter-generational equity – This relates to the fairness of the distribution of the costs and benefits of a policy when costs and benefits are borne by different generations (i.e. the principle whereby those who derive a direct benefit from the service or infrastructure provided actually pay for that service).

QTC – Queensland Treasury Corporation.

Related policies and legislation

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Statutory Bodies Financial Arrangements Act 1982*
- *Statutory Bodies Financial Arrangements Regulation 2007*

Version control:

| Version | Reason/ Trigger | Change (Y/N) | Endorsed/ Reviewed by | Date |
|---------|-----------------|--------------|-----------------------|------------------|
| 1.0 | Adopted | | | 2 June 2015 |
| 1.1 | Annual Review | Y | | 19 February 2016 |
| | Endorsement | | Council | 16 June 2016 |
| 1.2 | Annual Review | Y | | |
| | Endorsement | | Council | 15 June 2017 |
| 1.3 | Annual Review | Y | | |
| | Endorsement | | Council | 17 May 2018 |

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Appendix A

Schedule of proposed external borrowings:

| \$'000 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|--|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|---------|---------|
| SCC Business Units | \$15,003 | \$39,381 | \$66,046 | \$42,904 | \$22,204 | \$11,870 | \$11,877 | \$6,491 | \$16,691 | \$5,621 | \$1,305 |
| Maroochydore City Centre Project | \$26,686 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$15,000 | \$30,000 | \$0 | \$0 | \$5,000 |
| Sunshine Coast Airport Runway | \$95,000 | \$126,675 | \$22,447 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sunshine Coast International Broadband Network | \$8,500 | \$2,602 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$145,189 | \$178,658 | \$88,493 | \$42,904 | \$22,204 | \$11,870 | \$26,877 | \$36,491 | \$16,691 | \$5,621 | \$6,305 |

Note that Council operates a central treasury model and as such does not generally provide debt funding for specific projects or assets but rather uses debt funding to finance Council's balance sheet, with the exception being for strategic projects.



Financial Performance Report

April 2019



FINANCIAL PERFORMANCE REPORT

April 2019

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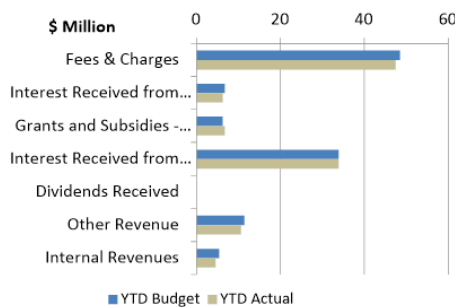
FINANCIAL PERFORMANCE REPORT

April 2019

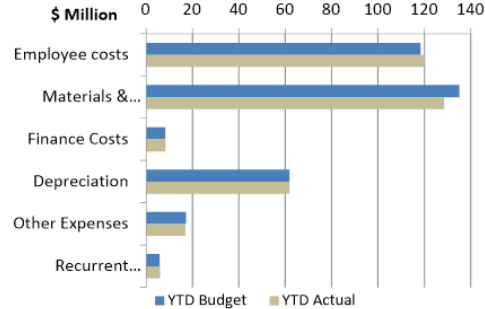
Headline - Operating

| | Annual | | YTD | | | |
|----------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|--------------|
| | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance % |
| Operating Revenue | 454,705 | 446,648 | 402,467 | 399,439 | (3,028) | -0.8% |
| Operating Expenses | 420,888 | 423,066 | 342,159 | 336,882 | (5,277) | -1.5% |
| Recurrent Capital Expenses | 9,178 | 12,257 | 5,779 | 5,969 | 190 | 3.3% |
| Operating Result | 24,639 | 11,326 | 54,529 | 56,588 | 2,059 | 3.8% |
| Capital Revenue | 98,855 | 110,544 | 92,023 | 88,467 | (3,556) | -3.9% |
| Non-recurrent Expenses | 2,654 | 13,939 | 2,211 | 2,277 | 65 | 3.0% |
| Net Result | 120,841 | 107,930 | 144,341 | 142,778 | (1,563) | -1.1% |

Operating Revenues



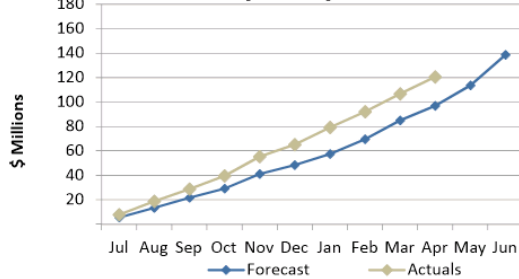
Operating Expenses



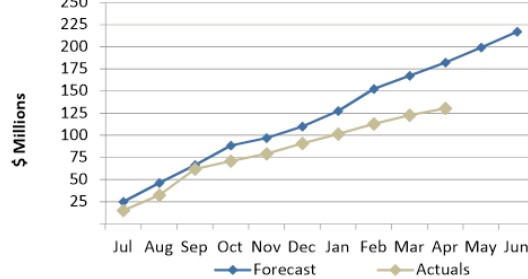
Headline - Capital

| | Annual | | YTD | | | |
|------------------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|--------------|
| | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance % |
| Capital Revenue (included in Net R | 98,855 | 110,544 | 92,023 | 88,467 | (3,556) | -3.9% |
| Other Capital Revenue | 266,214 | 220,544 | 141,838 | 140,776 | (1,061) | -0.7% |
| Total Capital Revenues | 365,069 | 331,088 | 233,860 | 229,243 | (4,617) | -2.0% |
| Capital Works Expenditure | 361,043 | 334,525 | 244,201 | 245,206 | 1,005 | 0.4% |
| Other Capital Expenditure | 60,000 | 60,000 | 60,000 | 97,095 | 37,095 | 61.8% |
| Total Capital Expenditure | 421,043 | 394,525 | 304,201 | 342,301 | 38,100 | 12.5% |
| Funds from General Reserve | 55,974 | 63,437 | 70,341 | 113,058 | 42,717 | 60.7% |

SCC Base Capital Expenditure



Other Capital Expenditure

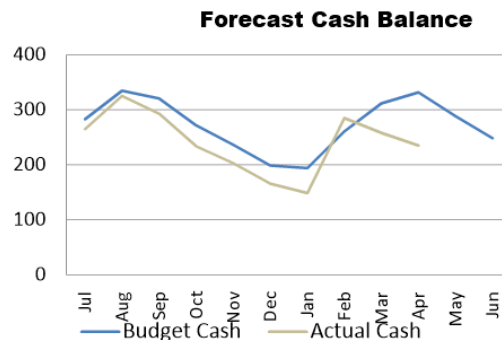
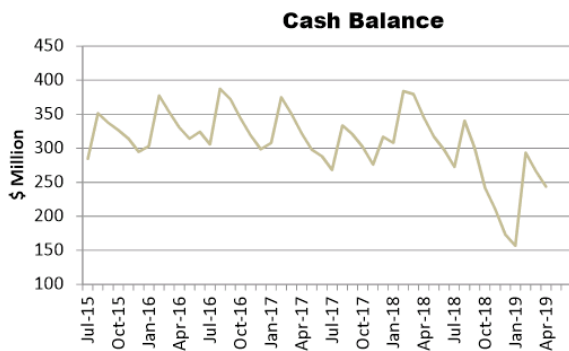
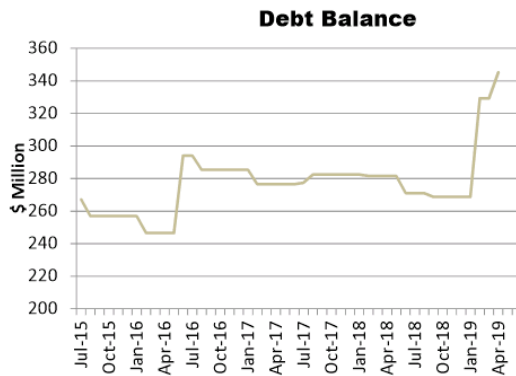
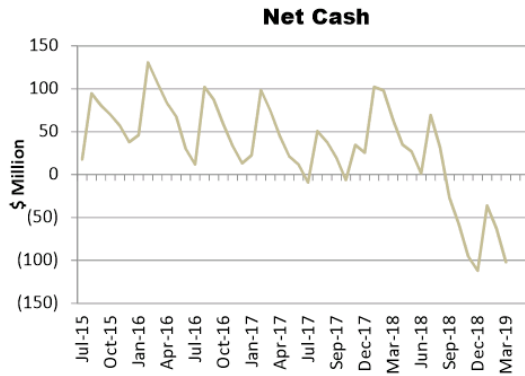


FINANCIAL PERFORMANCE REPORT

April 2019

Cash and Balance Sheet

| | Annual | | YTD | | |
|---|---------------------------|--------------------------|-------------------|---------------------------|--------------------|
| | Original Budget \$000s | Current Budget \$000s | Actuals \$000s | Forecast Budget \$000s | Variance \$000s |
| CASH FLOWS | | | | | |
| Opening Cash | 249,355 | 290,202 | 297,759 | 290,202 | 7,557 |
| Net Cash Inflow/(Outflows) from: | | | | | |
| Operating Activities | 97,119 | 81,974 | 131,787 | 178,676 | (46,889) |
| Investing Activities | (317,582) | (297,338) | (154,147) | (201,205) | 47,058 |
| Financing Activities | 173,013 | 126,343 | (31,163) | 43,154 | (74,317) |
| Net Increase/(decrease) in Cash Held | (47,450) | (89,021) | (53,522) | 20,626 | (74,148) |
| Cash at year end | 201,905 | 201,181 | 244,237 | 310,828 | (66,591) |
| BALANCE SHEET | | | | | |
| Current Assets | 256,005 | 280,450 | 301,480 | | |
| Non Current Assets | 5,626,158 | 5,480,112 | 5,129,588 | | |
| Total Assets | 5,882,163 | 5,760,562 | 5,431,068 | | |
| Current Liabilities | 124,436 | 131,200 | 103,257 | | |
| Non Current Liabilities | 477,597 | 475,081 | 294,302 | | |
| Total Liabilities | 602,033 | 606,281 | 397,559 | | |
| Net Community Assets/ Total Community Equity | 5,280,130 | 5,154,281 | 5,033,509 | | |

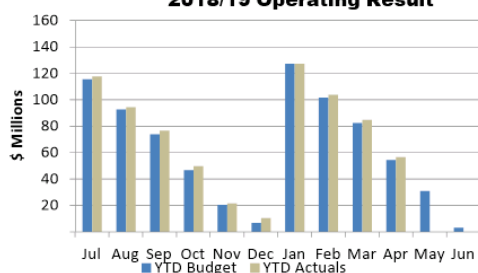


FINANCIAL PERFORMANCE REPORT
Statement of Income & Expenses

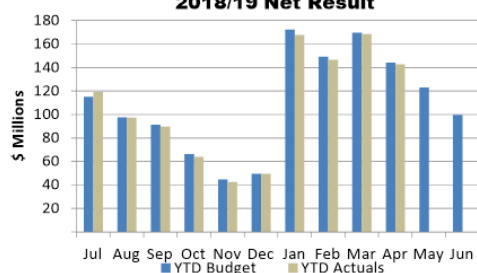
April 2019

| | 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 | 292,225 | 293,138 | 290,203 | 289,841 | (362) | -0.1% | 293,138 |
| Fees and Charges | 58,109 | 56,754 | 48,500 | 47,448 | (1,052) | -2.2% | 56,754 |
| Interest Received from Investments | 8,470 | 8,768 | 6,690 | 6,192 | (498) | -7.4% | 8,768 |
| Operating Grants and Subsidies | 11,854 | 8,176 | 6,185 | 6,709 | 523 | 8.5% | 8,176 |
| Operating Contributions | 303 | 303 | 298 | 257 | (41) | -13.7% | 303 |
| Unitywater Participation | 50,095 | 50,095 | 33,862 | 33,862 | 0 | 0.0% | 50,095 |
| Other Revenue | 27,182 | 23,998 | 10,600 | 10,581 | (19) | -0.2% | 25,223 |
| Internal Sales/Recoveries | 6,466 | 5,416 | 4,549 | 4,549 | 0 | 0.0% | 6,466 |
| Community Service Obligations | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 |
| Total Operating Revenue | 454,705 | 446,648 | 400,888 | 399,439 | (1,448) | -0.4% | 448,923 |
| Operating Expenses | | | | | | | |
| Employee Costs | 140,243 | 140,389 | 118,323 | 119,882 | 1,559 | 1.3% | 140,389 |
| Materials and Services | 174,772 | 174,028 | 135,082 | 128,495 | (6,587) | -4.9% | 173,630 |
| Internal Materials and Services | 0 | 0 | 0 | (13) | (13) | 0.0% | 0 |
| Finance Costs | 9,678 | 9,824 | 8,287 | 8,343 | 56 | 0.7% | 9,824 |
| Company Contributions | 1,495 | 1,495 | 1,495 | 1,495 | (0) | 0.0% | 1,495 |
| Depreciation Expense | 74,355 | 75,355 | 61,838 | 61,846 | 9 | 0.0% | 75,355 |
| Other Expenses | 20,345 | 21,974 | 17,133 | 16,833 | (300) | -1.8% | 21,589 |
| Competitive Neutrality Adjustments | 0 | 0 | (0) | 0 | 0 | -100.0% | 0 |
| Recurrent Capital Expenses | 9,178 | 12,257 | 5,779 | 5,969 | 190 | 3.3% | 12,257 |
| Total Operating Expenses | 430,066 | 435,323 | 347,938 | 342,851 | (5,087) | -1.5% | 434,540 |
| Operating Result | 24,639 | 11,326 | 52,950 | 56,588 | 3,638 | 6.9% | 14,384 |
| Capital Revenue | | | | | | | |
| Capital Grants and Subsidies | 6,856 | 18,545 | 5,357 | 7,940 | 2,583 | 48.2% | 18,545 |
| Capital Contributions - Cash | 31,999 | 31,999 | 26,666 | 20,937 | (5,729) | -21.5% | 31,999 |
| Capital Contributions - Fixed Assets | 60,000 | 60,000 | 60,000 | 59,590 | (410) | -0.7% | 60,000 |
| Total Capital Revenue | 98,855 | 110,544 | 92,023 | 88,467 | (3,556) | -3.9% | 110,544 |
| Non-recurrent Expenses | | | | | | | |
| Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov | 0 | 0 | 0 | 39 | 39 | 0.0% | 0 |
| Assets Transferred to Third Parties | 2,654 | 2,654 | 2,211 | 2,211 | 0 | 0.0% | 2,654 |
| Assets Transferred to Third Parties | 0 | 11,285 | 0 | 27 | 27 | 0.0% | 11,285 |
| Total Non-recurrent Expenses | 2,654 | 13,939 | 2,211 | 2,277 | 65 | 3.0% | 13,939 |
| Net Result | 120,841 | 107,930 | 142,761 | 142,778 | 17 | 0.0% | 110,988 |

2018/19 Operating Result



2018/19 Net Result



FINANCIAL PERFORMANCE REPORT
Capital Expenditure

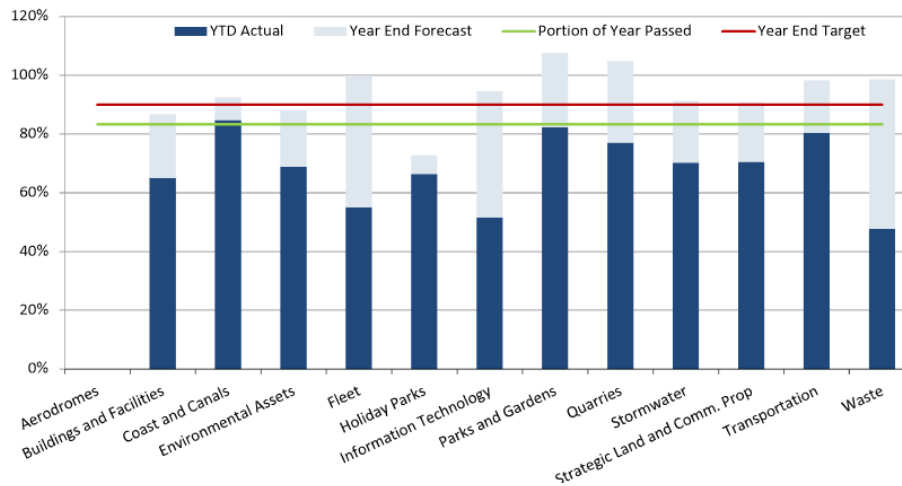
April 2019

| | 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 | 240 | 0 | 1 | 0.0% | 7 | 7 |
| Buildings and Facilities | 16,196 | 18,070 | 12,663 | 70.1% | 16,871 | (1,199) |
| Coast and Canals | 2,397 | 2,284 | 1,937 | 84.8% | 2,111 | (173) |
| Environmental Assets | 970 | 1,196 | 823 | 68.9% | 1,054 | (142) |
| Fleet | 3,000 | 3,000 | 1,654 | 55.1% | 2,994 | (6) |
| Holiday Parks | 1,929 | 1,875 | 1,245 | 66.4% | 1,365 | (511) |
| Information Technology | 8,766 | 8,738 | 4,515 | 51.7% | 8,263 | (475) |
| Parks and Gardens | 16,790 | 17,061 | 14,194 | 83.2% | 18,577 | 1,515 |
| Quarries | 1,175 | 486 | 374 | 77.1% | 509 | 23 |
| Stormwater | 10,536 | 9,637 | 7,394 | 76.7% | 9,606 | (31) |
| Strategic Land and Commercial Properties | 10,030 | 31,770 | 17,141 | 54.0% | 29,536 | (2,235) |
| Transportation | 62,970 | 62,954 | 52,056 | 82.7% | 63,542 | 589 |
| Waste | 23,180 | 12,273 | 6,612 | 53.9% | 13,645 | 1,372 |
| Total SCC Core Capital Program | 158,178 | 169,345 | 120,610 | 71.2% | 168,079 | (1,266) |
| Corporate Major Projects | 22,239 | 4,333 | 3,667 | 84.6% | 3,412 | (921) |
| Divisional Allocations | 5,325 | 7,125 | 3,060 | 42.9% | 3,483 | (3,642) |
| Maroochydore City Centre | 33,133 | 30,413 | 21,279 | 70.0% | 29,370 | (1,043) |
| Submarine Cable IBN | 0 | 20,610 | 7,096 | 34.4% | 9,674 | (10,936) |
| Sunshine Coast Airport Runway | 151,345 | 127,638 | 95,494 | 74.8% | 126,531 | (1,107) |
| Total Other Capital Program | 212,043 | 190,120 | 130,595 | 68.7% | 172,470 | (17,649) |
| TOTAL | 370,221 | 359,465 | 251,204 | 69.9% | 340,550 | (18,915) |

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

| | | | | |
|------------------------|-------|--------|-------|-------|
| Recurrent Expenses | 9,178 | 12,257 | 5,969 | 48.7% |
| Non-Recurrent Expenses | 2,654 | 13,939 | 2,277 | 16.3% |

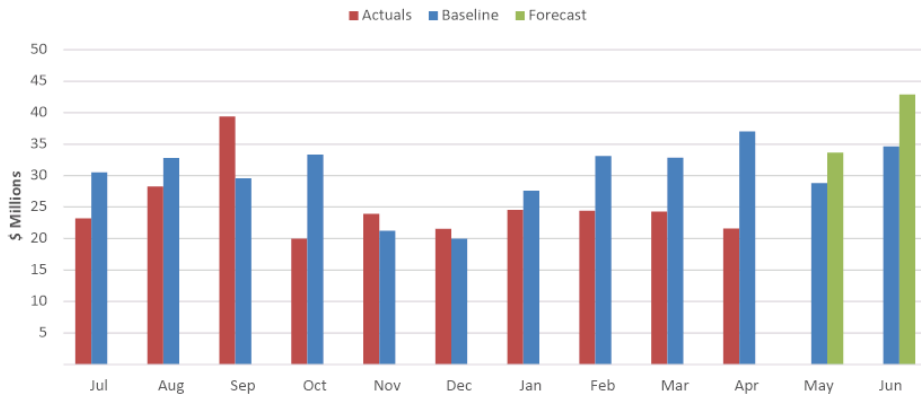
SCC Core % YTD spent compared to profiled budget by Program



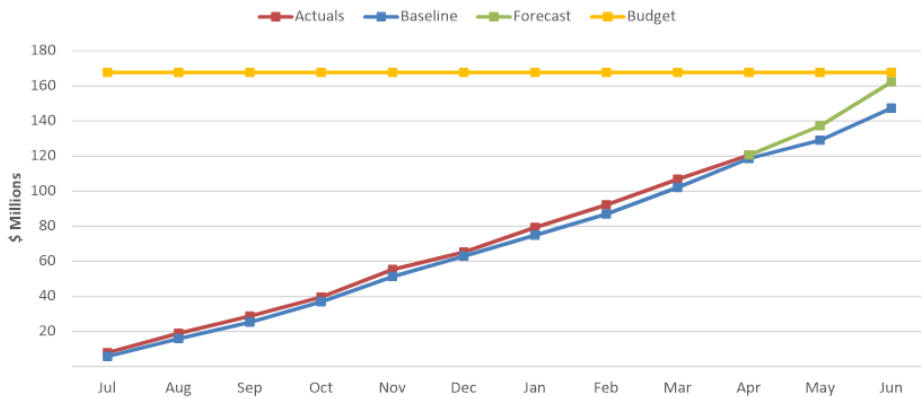
FINANCIAL PERFORMANCE REPORT
Capital Expenditure

April 2019

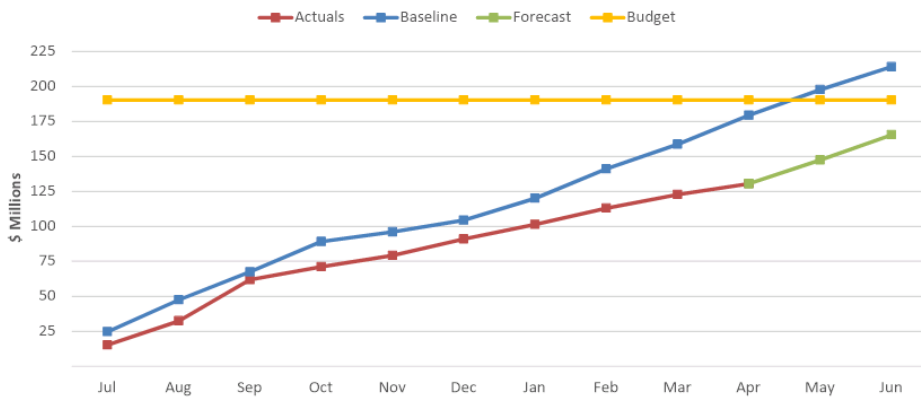
2018/19 Total Capital Works Progress Report



2018/19 Core Capital Works Progress Report



2018/19 Other Capital Works Progress Report



Investment Performance

April 2019

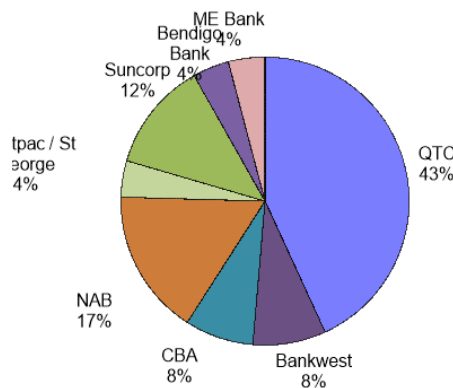
| Liquidity as at: | 30/04/2019 | |
|--------------------------|------------------|---------------|
| | \$'000's | |
| At-call accounts | | |
| QTC + CBA (excl. trust) | \$115,838 | 47.43% |
| Maturities within 7 days | \$10,000 | 4.09% |
| Total at-call | \$125,838 | 51.52% |
| Investment Policy Target | | 10.00% |

| Term deposits maturing: | \$'000's | Count |
|-------------------------|------------------|-----------|
| within 30 days | \$60,000 | 6 |
| 30-59 days | \$40,000 | 4 |
| 60-89 days | \$20,000 | 2 |
| 90-179 days | \$0 | 0 |
| 180-364 days | \$0 | 0 |
| 1 year - 3 years | \$0 | 0 |
| Total | \$120,000 | 12 |

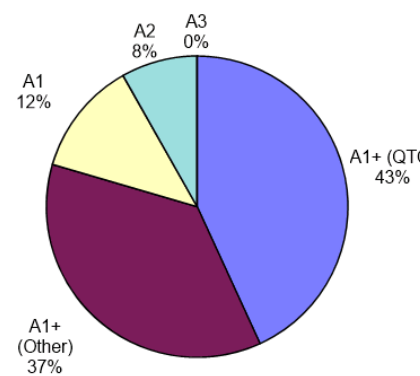
| INVESTMENT SUMMARY (including Trust) as at: | 30/04/2019 | | 30/01/2019 | | 30/04/2018 | | Investment Policy | |
|---|------------------|-------|------------------|-------|------------------|-------|-------------------|--------------|
| | | | | | | | Individual Limit | Group Limits |
| A1+ (QTC) | \$105,405 | 43.2% | \$30,864 | 19.7% | \$65,784 | 19.0% | 100% | 100% |
| A1+ (Other) | \$88,831 | 36.4% | \$25,937 | 16.5% | \$110,670 | 31.9% | 40% | 100% |
| A1 | \$30,000 | 12.3% | \$30,000 | 19.1% | \$30,000 | 8.7% | 30% | 50% |
| A2 | \$20,000 | 8.2% | \$70,000 | 44.6% | \$140,000 | 40.4% | 30% | 45% |
| A3 | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% | 5% | 10% |
| Total Funds | \$244,237 | | \$156,802 | | \$346,454 | | | |
| FUND SUMMARY | | | | | | | | |
| General Funds | \$235,838 | | \$148,669 | | \$338,917 | | | |
| Trust Funds | \$8,398 | | \$8,133 | | \$7,536 | | | |
| Total Funds | \$244,237 | | \$156,802 | | \$346,454 | | | |

Investment Portfolio

Investment per financial institution (%)

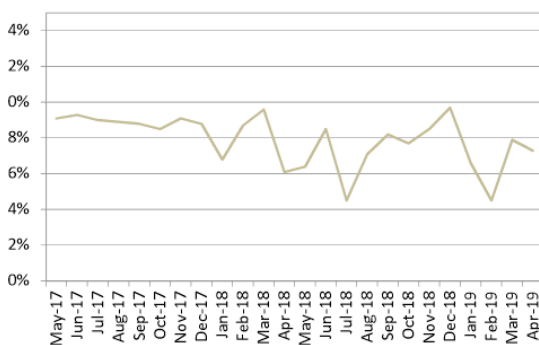


Investment by Standard & Poor's (Short Term Credit Rating)

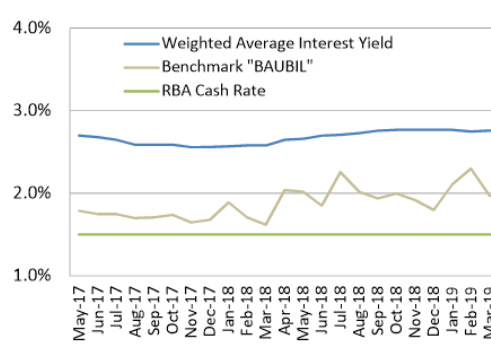


Investment Performance

Margin Above Benchmark



Investment Performance



Attachment 2 - Proposed Operating Budget Adjustments

| Proposed Budget Adjustment | Current Budget \$'000 | Proposed Adjustment \$'000 | Revised Budget \$'000 |
|---|------------------------------|-----------------------------------|------------------------------|
| <u>Other Revenue</u> - Bond call up for completion of road at Peregian Springs | 0 | 398 | 398 |
| <u>Other Revenue</u> - Reduction in Certificate Revenue due to changed market conditions. | 2,248 | -1,848 | 400 |
| <u>Other Revenue</u> - Recognition of revenue to restricted cash for revegetation offsets | 0 | 225 | 225 |
| <u>Internal Sales/Recoveries</u> - Reduction in internal sales at Council owned quarries | 6,090 | -1,050 | 5,040 |
| Total Revenue Adjustment | | -2,275 | |
| <u>Materials and Services</u> - Payment for the completion of road at Yarran Rd, Peregian Springs | 0 | 398 | 398 |
| <u>Other Expenses</u> - Investment Incentive Scheme Payment transfer from restricted cash. | 1,715 | 385 | 2,100 |
| Total Expense Adjustment | | 783 | |
| NET ADJUSTMENT TO OPERATING RESULT | 14,382 | -3,058 | 11,324 |

Attachment 3 - Proposed Capital Budget Adjustments

| Proposed Budget Adjustment | Current Budget \$'000 | Proposed Adjustment \$'000 | Revised Budget \$'000 |
|---|-----------------------|----------------------------|-----------------------|
| Building and Facilities | | | |
| Kawana Sports Precinct Demountables - Change in scope due to successful State Government funding. Construction to begin in June 2019. | 559 | -250 | 256 |
| Victory Park Netball Club House - Principle contractor awarded in May with works to be completed by July 2019. | 465 | -200 | 265 |
| Beerwah Aquatic Centre Staged Project - Delay to construction start of project due to grant funding consultations with State Government. | 459 | -350 | 109 |
| Consolidation of Council Depots - Council endorsed the implementation of the depot plans in April 2019. | 600 | -400 | 200 |
| Landsborough Depot Site Remediation - Assessment of existing ground conditions delayed pending a concept design for the State Government rail duplication. | 280 | -200 | 80 |
| Divisional Allocations | | | |
| Whistler Street feasibility study DASSI - Initial design & construction tender was ceased to allow partnership funding to be actively sought through grant programs. | 250 | -200 | 50 |
| Parks and Gardens | | | |
| Turner Park Playground Staged Improvements - 18-week lead time for delivery of playground equipment | 350 | -200 | 150 |
| Stormwater | | | |
| SWC16-003 LGIP Toral Drive MDS Stage 2B - Construction tenders received in April, indicating savings to the project. | 420 | -295 | 125 |
| SWC16-004 LGIP Toral Drive MDS Stage 2C - Construction tenders received in April, indicating savings to the project. | 400 | -200 | 200 |
| Caloundra - LGIP GPT SWQ15 005 - Recent construction tenders indicate lower construction cost than expected. Project to be delivered in full this financial year with savings. | 608 | -203 | 405 |
| Fishermans Rd Roundabout GPT - Recent construction tenders indicate lower construction cost than expected. Project to be delivered in full this financial year with savings. | 600 | -345 | 255 |
| Tilapia Court Mountain Creek Feasibility - Accelerated delivery requires a bring forward of 2019/20 funds, which still achieves an overall project saving. | 160 | 145 | 305 |
| Strategic Land and Commercial Property | | | |
| Deed of Grant - Caloundra Aerodrome | 0 | 6,262 | 6,262 |
| Land Acquisition Maud St and Oval Av | 0 | 1,215 | 1,215 |
| Transportation | | | |
| Image Flat Road Bridge No4 - Multi-funded year project intended to commence delivery in June to optimise delivery around weather events. Cultural Heritage negotiations are underway and are time critical for the project to commence in June. | 500 | -200 | 300 |
| McGilchrist Rd Stg1 - Gravel Road Upgrade - Accelerated delivery requires a bring forward of 19/20 funds, which still achieves an overall project saving. | 2,597 | 220 | 2,817 |
| Sippy Downs Dve Link - Land Acquisition process and Energex works have resulted in re-staging of works, causing lower expenditure than anticipated this financial year with large amounts of wet weather over March and April resulting in slower production than planned. | 5,966 | -712 | 5,254 |
| Burke Street Extension - Excess spoil now cleared of contamination resulting in cost reduction for disposal. | 2,827 | -450 | 2,377 |

| Proposed Budget Adjustment | Current Budget \$'000 | Proposed Adjustment \$'000 | Revised Budget \$'000 |
|---|-----------------------|----------------------------|-----------------------|
| Roys Road PIP Transportation - Multi-funded year project with endangered frog species discovered within the work zone impacting earthworks and caused re-staging of the project. Large amounts of wet weather over March and April have resulted in slower production than planned. | 1,206 | -275 | 931 |
| Rehab - Esplanade Bulcock Beach 2 - Restaging of works to align with delivery on Maloja Avenue due to the high impact on traffic, residents, tourists and businesses. | 142 | 175 | 317 |
| Reseal - Coonowrin Road - Project funded from EOT Restricted Cash. Upon detailed inspection of the site the patching quantity has increased since original scoping, requiring additional funds to complete. | 556 | 299 | 855 |
| Bli Bli Streetscapes Local Centre - Streetscape works have been deferred due to other adjacent works from private development that impact access to the site. | 1,366 | -501 | 865 |
| Bulcock Street Catenary Lighting - Previous contract not able to proceed, now requires a new Design and Construct contract to be issued. This has caused delay, and subsequent changes to procurement and delivery of the project. | 400 | -350 | 50 |
| Waste | | | |
| Maroochy PDA Underground Pipe Install - Multiple year delivery with site works progress forecast to exceed 2018/19 budget. | 1,000 | 200 | 1,200 |
| New RRC Site for Beerwah - Site investigations currently underway, project on hold. | 200 | -200 | 0 |
| Buderim Hardstand Construction - Requires highly specific clay materials as part of landfill capping which has not been sourced / available locally. Compliant materials have been sourced from Brisbane which incurs additional haulage expense. | 514 | 200 | 714 |
| Caloundra Landfill Cell 12 - Joint design project with rising main piggy back. Delays due to weather and potential operational alternatives. | 2,800 | -500 | 2,300 |
| Cal LF Rising Main Piggy Back to Cell 12 - Joint design project with rising main piggy back. Delays due to weather and potential operational alternatives. | 750 | -300 | 450 |
| Nambour Landfill Expansion Investigation - Multiple year delivery. Some site works progressed however 18/19 progress slower than expected (final vegetation management plan approvals with knock on effects on programmed work sequence). Partial deferral to 19/20 and transfer within 18/19. | 1,237 | -675 | 562 |
| Buderim RRC Upgrade Design - Multiple year delivery. Site works commenced however 18/19 progress delayed due to latent condition (discovery of contaminated material within earthworks). | 1,000 | -300 | 700 |
| Corporate Major Projects | | | |
| MCC - Network WiFi and SCIP Solutions - Accelerated delivery of Smart City Components requires a bring forward of 19/20 funds, which still achieves an overall project saving. | 552 | 187 | 739 |
| Brisbane Road Carpark Development - Multiple year delivery with scope changed in late 2018 to alternative split block site redevelopment with standalone design and construct of multi-storey carpark. | 1,500 | -200 | 1,300 |
| Sunshine Coast Airport Runway Expansion | | | |
| SCA Expansion Project - Deferral of contractor expenses due to inclement weather | 147,138 | -19,500 | 127,638 |
| TOTAL CAPITAL ADJUSTMENTS | 377,569 | -18,104 | 359,465 |