

# FINANCIAL PERFORMANCE REPORT

## July 2013

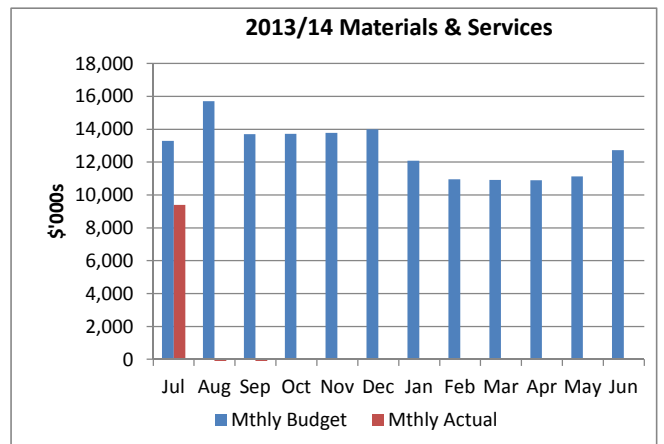
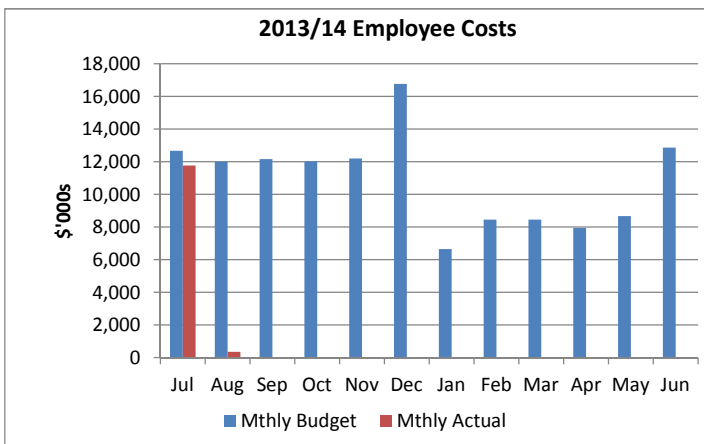
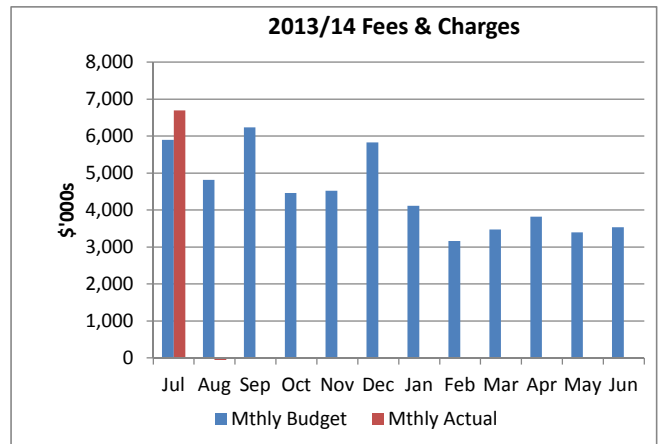
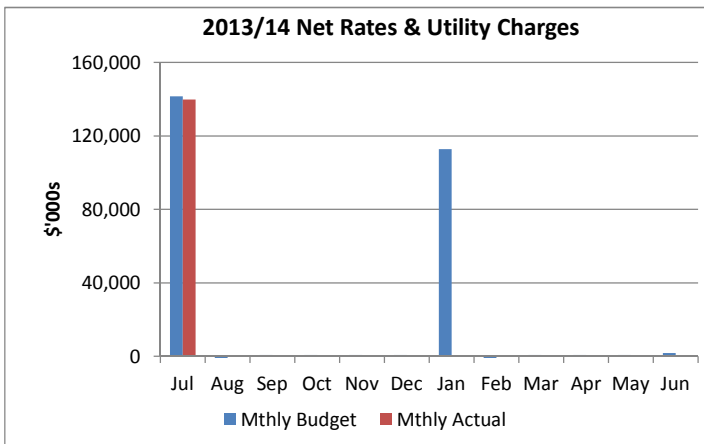
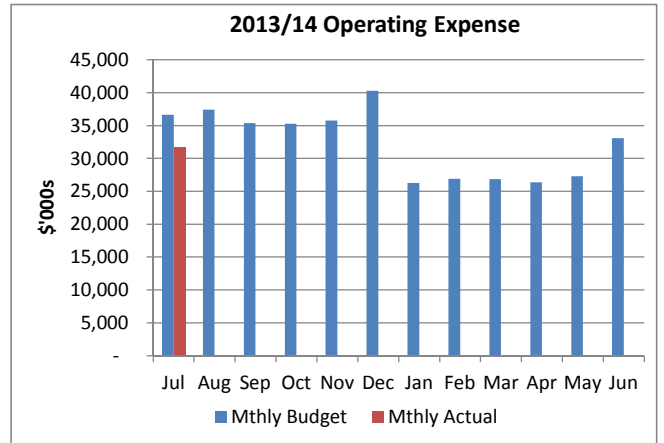
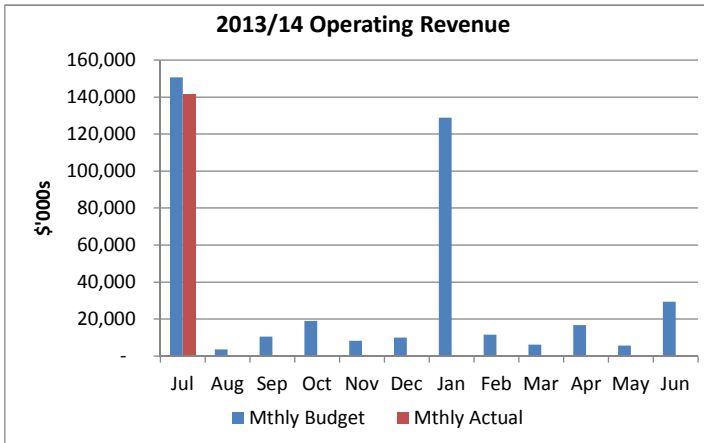


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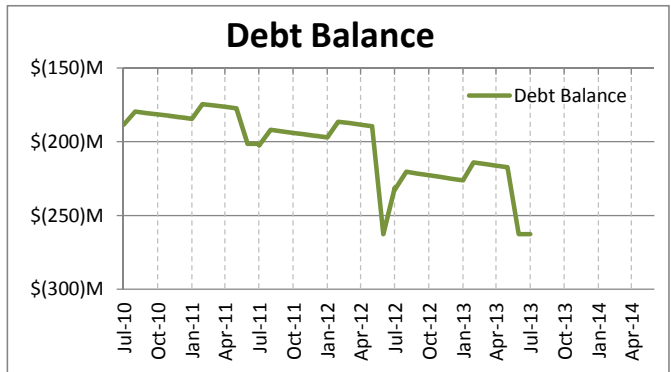
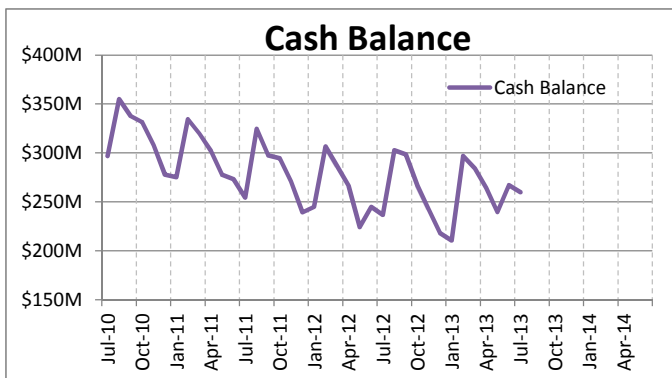
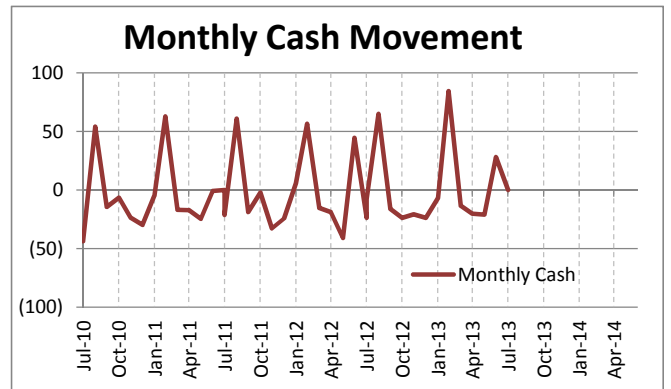
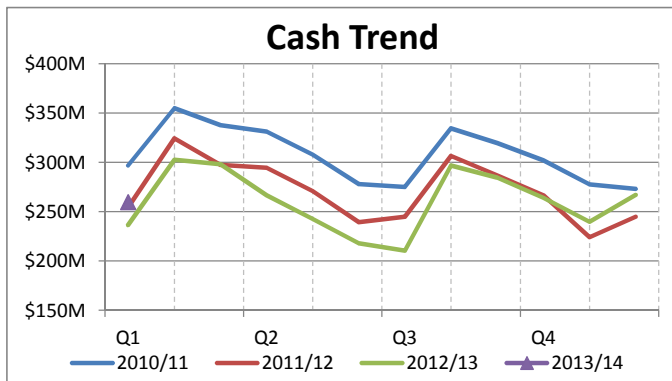
HEADLINE - OPERATING

|                         | Annual                 |                       | YTD                   |                |                 |               |
|-------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|---------------|
|                         | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance %    |
| Operating Revenue       | 400,295                | 400,295               | 150,786               | 141,393        | (9,394)         | (6.2%)        |
| Operating Expenses      | 387,582                | 387,582               | 36,653                | 31,618         | (5,034)         | (13.7%)       |
| <b>Operating Result</b> | <b>12,713</b>          | <b>12,713</b>         | <b>114,133</b>        | <b>109,774</b> | <b>(4,359)</b>  | <b>(3.8%)</b> |
| <b>NET Result</b>       | <b>54,287</b>          | <b>54,287</b>         | <b>117,547</b>        | <b>110,971</b> | <b>(6,576)</b>  | <b>(5.6%)</b> |



HEADLINE - CASH & BALANCE SHEET

|                                                         | Annual                 |                       | YTD              |
|---------------------------------------------------------|------------------------|-----------------------|------------------|
|                                                         | Original Budget \$000s | Current Budget \$000s | Actuals \$000s   |
| <b>CASH FLOWS</b>                                       |                        |                       |                  |
| Opening Cash                                            | 196,241                | 261,336               | 261,336          |
| Net Cash Inflow/(Outflows) from:                        |                        |                       |                  |
| Operating Activities                                    | 68,186                 | 97,808                | (12,071)         |
| Investing Activities                                    | (93,697)               | (81,582)              | (3,421)          |
| Financing Activities                                    | 476                    | 16,220                | 1,115            |
| <b>Net Increase/(decrease) in Cash Held</b>             | <b>(25,035)</b>        | <b>32,446</b>         | <b>(14,377)</b>  |
| Cash at year end                                        | 171,206                | 293,782               | 246,959          |
| <b>BALANCE SHEET</b>                                    |                        |                       |                  |
| Total Current Assets                                    | 313,579                | 313,579               | 428,844          |
| Total Non Current Assets                                | 5,318,687              | 5,318,687             | 5,251,813        |
| <b>Total Assets</b>                                     | <b>5,632,267</b>       | <b>5,632,267</b>      | <b>5,680,657</b> |
| Total Current Liabilities                               | 130,890                | 130,890               | 119,294          |
| Total Non Current Liabilities                           | 254,452                | 254,452               | 253,282          |
| <b>Total Liabilities</b>                                | <b>385,343</b>         | <b>385,343</b>        | <b>372,576</b>   |
| <b>Net Community Assets/<br/>Total Community Equity</b> | <b>5,246,924</b>       | <b>5,246,924</b>      | <b>5,308,080</b> |



**HEADLINE - COMMENTARY****Income & Expense Statement**

Council's financial results at 31 July 2013 show the organisation with a \$4.4 million lower than forecasted operating position against the full year budget. This operating result variation is made up of operating revenue being \$9.4 million lower than the full year budget, along with operating expenses being \$5.0 million lower than the full year budget.

It should be noted that it is difficult to compare year to date budgets and actual results with any degree of certainty until:

- 1) 2012/13 carry-over works are loaded into the 2013/14 Budget as part of Budget Review 1;
- 2) the impact of accruals from June 2013 are matched to physical payments; and
- 3) 2013/14 budget profiling is finalised.

**Operating Revenues**

The unfavourable revenue variance of \$9.4 million is largely a result of outstanding dividend from Unitywater of \$8.8 million from 2012/13. Receipt of these funds will not occur until after Unitywater present their annual financial statements to the State Government, around September/October.

Net Rates and Utility Charges has an unfavourable variance of \$1.5 million. General rates has an unfavourable variance of \$5.4 million, which is due to pre-paid rates of \$5.3 million being applied, that is, cash was received in 2012/13. Also there is a further \$1.7 million pre-paid rates that offsets the Net variance. Discounts and Pensioner Remissions favourable variance of \$1.5 million. Overall the main risk is there was lower general rate growth than anticipated, that is, 1.0% growth against 1.5% budget. This equates to \$1.0 million financial risk.

**Operating Expenses**

The favourable variance in operating expenses of \$5.0 million is due to Materials & Services of \$3.4 million and Employee Costs of \$900,000.

The favourable variance in Materials & Services can be largely due to profiling and attributed to:-

- \$2.3 million relating to contracts, mainly \$1.4 million projects (Infrastructure Services profiling); \$400,000 lifeguard contract; \$600,00 due to a slow start for the new Levy Programs and lower than average spend on DA Appeals.
- \$350,000 timing of community grants payments.
- \$318,000 timing of payment for Water & Sewerage charges.

The favourable variance in Employee Costs relates to mainly to profiling around the organisation review.

**Capital Program**

At 31 July 2013, \$4.2 million or 4.2% of council's \$109.3 million Capital Works Program was financially expended.

It should be noted that it is difficult to compare year to date budgets and actual results with any degree of certainty until:

- 1) 2012/13 carry-over works are loaded into the 2013/14 Budget as part of Budget Review 1;
- 2) the impact of accruals from June 2013 are matched to physical payments; and
- 3) 2013/14 budget profiling is finalised.

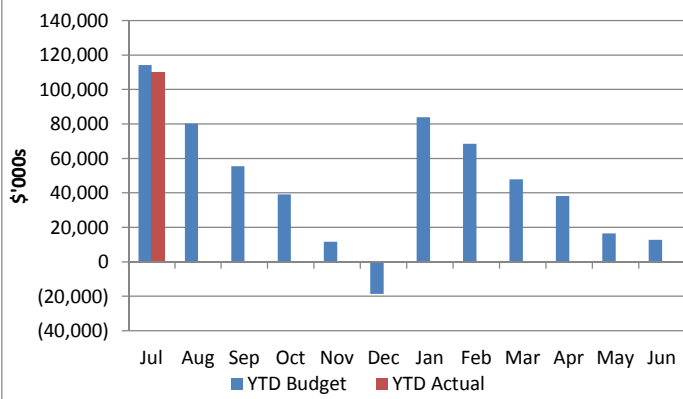
**HEADLINE - RISKS****Income & Expense Statement**

1. General Rates growth - lower than anticipated growth of rateable properties of 1.0% against forecast of 1.5%. This approximately equates to lower revenue than budgeted of \$1.0 million.
2. Financial Assistance Grant - during 2012/13 more than one half of the grant (\$6.3 million) was paid early into June 2012. This prepayment has created a budget impact of \$2.1 million in the current 2012/13 budget.
3. Organisation Review - \$4.7 million savings loaded into the budget.
4. De-amalgamation - risk that not all costs associated with the de-amalgamation are being charged to Noosa Shire Council.

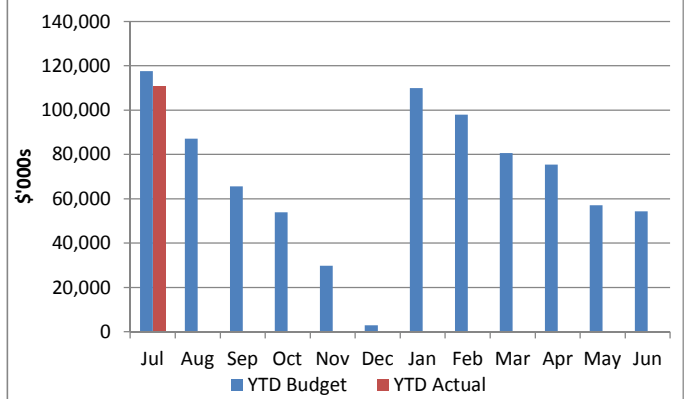
STATEMENT OF INCOME & EXPENSES

|                                      | Annual                 |                       | YTD                   |                |                 |               | Annual                 |
|--------------------------------------|------------------------|-----------------------|-----------------------|----------------|-----------------|---------------|------------------------|
|                                      | Original Budget \$000s | Current Budget \$000s | Current Budget \$000s | Actuals \$000s | Variance \$000s | Variance %    | Forecast Budget \$000s |
| <b>Operating Revenue</b>             |                        |                       |                       |                |                 |               |                        |
| Gross Rates & Utility Charges        | 262,411                | 262,411               | 142,428               | 142,294        | (134)           | 54.2%         | 262,411                |
| Interest from Rates & Utilities      | 2,053                  | 2,053                 | 191                   | 322            | 131             | 15.7%         | 2,053                  |
| Less Discounts, Pensioner Remissions | (11,374)               | (11,374)              | (1,142)               | (2,715)        | (1,573)         | 23.9%         | (11,374)               |
| Net Rates & Utility Charges          | 253,090                | 253,090               | 141,477               | 139,900        | (1,577)         | 55.3%         | 253,090                |
| Fees & Charges                       | 53,274                 | 53,274                | 5,898                 | 6,691          | 793             | 12.6%         | 53,274                 |
| Interest Received from Investments   | 8,512                  | 8,512                 | 815                   | 752            | (63)            | 8.8%          | 8,512                  |
| Grants and Subsidies - Recurrent     | 10,780                 | 10,780                | 658                   | 823            | 164             | 7.6%          | 10,780                 |
| Operating contributions              | 570                    | 570                   | 52                    | 40             | (13)            | 7.0%          | 570                    |
| Interest received from Unitywater    | 26,205                 | 26,205                | 0                     | 0              | 0               | 0.0%          | 26,205                 |
| Dividends Received                   | 27,001                 | 27,001                | 0                     | (8,749)        | (8,749)         | -32.4%        | 27,001                 |
| Other Revenue                        | 13,249                 | 13,249                | 1,181                 | 1,561          | 379             | 11.8%         | 13,249                 |
| Internal Revenues                    | 7,614                  | 7,614                 | 704                   | 375            | (329)           | 4.9%          | 7,614                  |
| Community Service Obligations        | 0                      | 0                     | 0                     | 0              | 0               | 0.0%          | 0                      |
| <b>Total Operating Revenue</b>       | <b>400,295</b>         | <b>400,295</b>        | <b>150,786</b>        | <b>141,393</b> | <b>(9,394)</b>  | <b>35.3%</b>  | <b>400,295</b>         |
| <b>Operating Expenses</b>            |                        |                       |                       |                |                 |               |                        |
| Employee costs                       | 130,879                | 130,879               | 12,676                | 11,768         | (908)           | 9.0%          | 131,306                |
| Materials & Services                 | 152,860                | 152,860               | 13,292                | 9,399          | (3,893)         | 6.1%          | 152,433                |
| Internal Expenditure                 | 0                      | 0                     | 0                     | 0              | 0               | 0.0%          | 0                      |
| Finance Costs                        | 14,197                 | 14,197                | 1,293                 | 1,153          | (139)           | 8.1%          | 14,197                 |
| Company Contributions                | 1,152                  | 1,152                 | 1,152                 | 1,152          | 0               | 100.0%        | 1,152                  |
| Depreciation                         | 70,510                 | 70,510                | 6,633                 | 6,633          | 0               | 9.4%          | 70,510                 |
| Other Expenses                       | 17,984                 | 17,984                | 1,608                 | 1,513          | (95)            | 8.4%          | 17,984                 |
| Competitive Neutrality Adjustments   | 0                      | 0                     | (0)                   | 0              | 0               | 0.0%          | 0                      |
| <b>Total Operating Expenses</b>      | <b>387,582</b>         | <b>387,582</b>        | <b>36,653</b>         | <b>31,618</b>  | <b>(5,034)</b>  | <b>8.2%</b>   | <b>387,582</b>         |
| <b>Operating Result</b>              | <b>12,713</b>          | <b>12,713</b>         | <b>114,133</b>        | <b>109,774</b> | <b>(4,359)</b>  | <b>863.4%</b> | <b>12,713</b>          |
| <b>Capital Revenue</b>               |                        |                       |                       |                |                 |               |                        |
| Capital Grants and Subsidies         | 2,900                  | 2,900                 | 242                   | 711            | 469             | 24.5%         | 2,900                  |
| Capital Contributions                | 7,201                  | 7,201                 | 672                   | 486            | (186)           | 6.8%          | 7,201                  |
| Contributed Assets.                  | 27,000                 | 27,000                | 2,500                 | 0              | (2,500)         | 0.0%          | 27,000                 |
| Other Capital Revenue                | 4,472                  | 4,472                 | 0                     | 0              | 0               | 0.0%          | 4,472                  |
| <b>Total Capital Revenue</b>         | <b>41,573</b>          | <b>41,573</b>         | <b>3,414</b>          | <b>1,197</b>   | <b>(2,217)</b>  | <b>31.3%</b>  | <b>41,573</b>          |
| <b>Net Result</b>                    | <b>54,287</b>          | <b>54,287</b>         | <b>117,547</b>        | <b>110,971</b> | <b>(6,576)</b>  | <b>204.4%</b> | <b>54,287</b>          |

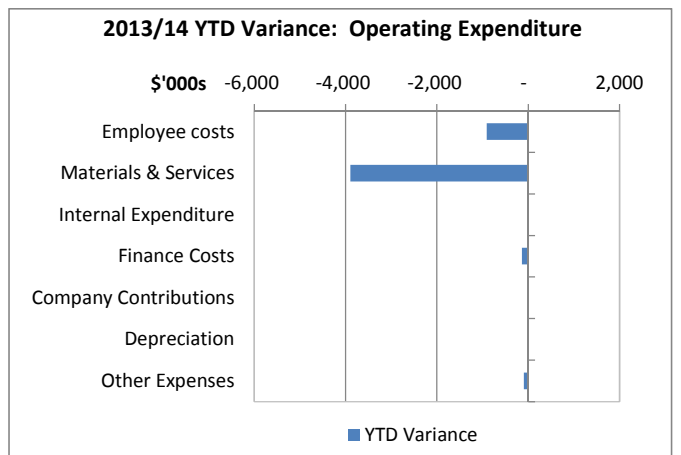
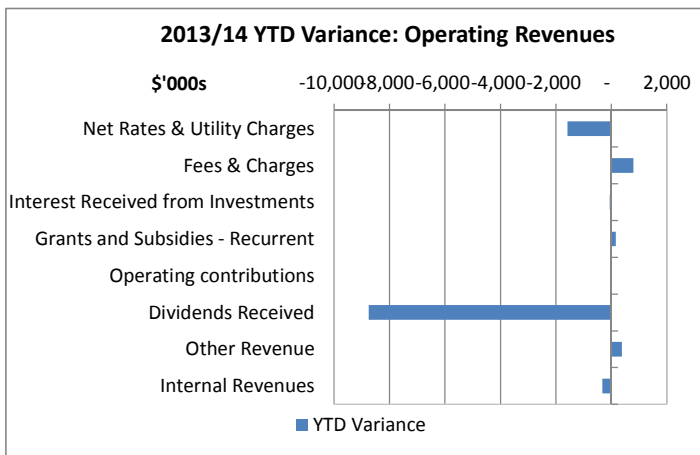
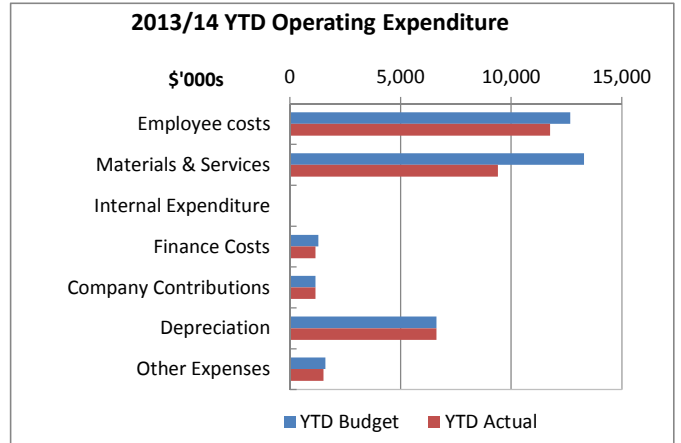
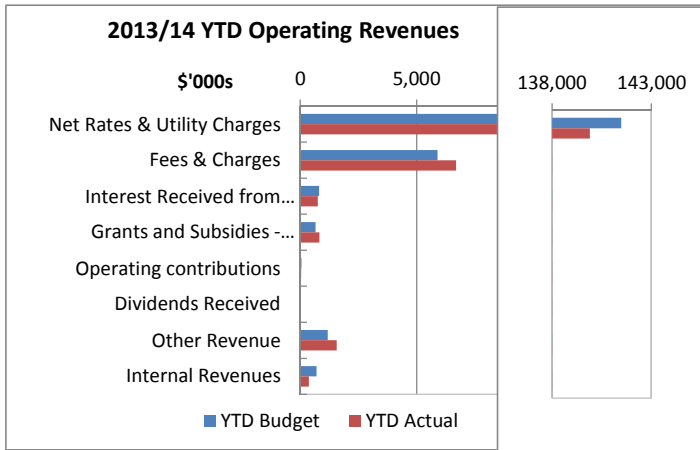
2013/14 Operating Result



2013/14 Net Result



STATEMENT OF INCOME & EXPENSES



CAPITAL EXPENDITURE

| Capital Works Program                | Annual Original Budget \$000s | Annual Current Budget \$000s | YTD Budget \$'000s | YTD Actual \$000s | % of Annual Budget Spent | Annual Forecast Budget \$000s |
|--------------------------------------|-------------------------------|------------------------------|--------------------|-------------------|--------------------------|-------------------------------|
| Buildings and Facilities             | 6,548                         | 6,548                        | 562                | 275               | 4.2%                     | 6,548                         |
| Coast and Canals                     | 1,949                         | 1,949                        | 100                | (41)              | -2.1%                    | 1,949                         |
| Divisional Allocations               | 3,100                         | 3,100                        | 4                  | 72                | 2.3%                     | 3,100                         |
| Environmental Assets                 | 1,238                         | 1,238                        | 18                 | 7                 | 0.6%                     | 1,238                         |
| Fleet                                | 1,000                         | 1,000                        | -                  | -                 | 0.0%                     | 1,000                         |
| Parks and Gardens                    | 10,317                        | 10,317                       | 425                | 201               | 2.0%                     | 10,317                        |
| Stormwater                           | 4,161                         | 4,161                        | 430                | 380               | 9.1%                     | 4,161                         |
| Transportation                       | 52,952                        | 52,952                       | 2,756              | 2,164             | 4.1%                     | 52,952                        |
| Information Communication Technology | 3,927                         | 3,927                        | 275                | 193               | 4.9%                     | 3,927                         |
| Strategic Land & Comm Properties     | 9,422                         | 9,422                        | -                  | 719               | 7.6%                     | 9,422                         |
| Sunshine Coast Airport               | 3,400                         | 3,400                        | 157                | 188               | 5.5%                     | 3,400                         |
| SC Holiday Parks                     | 1,455                         | 1,455                        | 8                  | 23                | 1.6%                     | 1,455                         |
| Quarries                             | 150                           | 150                          | -                  | 171               | 113.7%                   | 150                           |
| Waste                                | 9,651                         | 9,651                        | 10                 | 233               | 2.4%                     | 9,651                         |
| <b>TOTAL</b>                         | <b>109,270</b>                | <b>109,270</b>               | <b>4,744</b>       | <b>4,586</b>      | <b>4.2%</b>              | <b>109,270</b>                |

