

FEBRUARY 2009 FINANCIALS – BRIEF NOTES

1	<u>Net Rates & Utility Charges</u>	YTD Actual \$308.859 m	YTD Budget \$311.894 m	Unfavourable (\$3.035) m (0.97%)	Original Budget \$320.455 m	Current Budget \$319.743 m
<p>General rates are \$3.988m behind budget before discounts, partially offset by water charges, where a \$1.059m adverse variance for consumption income is more than countered by base charges being \$1.768m ahead.</p>						
2	<u>Fees & Charges</u>	YTD Actual \$48.998 m	YTD Budget \$52.416 m	Unfavourable (\$3.418) m (6.52%)	Original Budget \$73.512 m	Current Budget \$75.845 m
<p>\$3.181m of this variance occurs in Regional Strategy & Planning department, overwhelmingly as a result of a slowdown in the rate of new development applications. The current budget review proposes a reduction of some \$4.6m in the full year budget.</p>						
3	<u>Interest Received from Investments</u>	YTD Actual \$12.448 m	YTD Budget \$10.898 m	Favourable \$1.551 m 14.23%	Original Budget \$14.620 m	Current Budget \$16.620 m
<p>Council's cash balances are higher than forecast due largely to the lag in delivery of the capital works programme; as the delivery of the programme accelerates, this together with lower interest rates should see the gradual elimination of this positive variance.</p>						
4	<u>Grants and Subsidies - Recurrent</u>	YTD Actual \$16.384 m	YTD Budget \$14.454 m	Favourable \$1.931 m 13.36%	Original Budget \$16.206 m	Current Budget \$17.952 m
<p>The Financial Assistance grants from Commonwealth Government are ahead of budget by \$1.848m, partly as a result of early payment of the 4th quarter instalment, and partly because the level of grant is higher than budgeted.</p>						
5	<u>Other Revenue</u>	YTD Actual \$12.704 m	YTD Budget \$10.906 m	Favourable \$1.799 m 16.49%	Original Budget \$7.321 m	Current Budget \$13.625 m
<p>This variance is principally due to approximately \$0.8m of revenue under the Service Level Agreement with the Bulk Water Supply Authority. The balance is mainly attributable to a \$0.508m payment from the Council of Mayors and \$0.120m in Airport lease revenue, with a variety of other areas contributing the remainder of the variance.</p>						

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6	<u>Employee Costs</u>	YTD Actual \$108.244 m	YTD Budget \$111.804 m	Favourable (\$3.560) m (3.18%)	Original Budget \$167.093 m Current Budget \$170.579 m
<p>When the \$3.438m variance from reduced charges to capital is taken into account, employee costs are running very close to budget, and will continue to be closely managed to the end of the year.</p>					
7	<u>Capitalised Employee Costs</u>	YTD Actual (\$7.886) m	YTD Budget (\$11.325) m	Unfavourable \$3.438 m (30.36%)	Original Budget (\$13.913) m Current Budget (\$17.046) m
<p>The variance here is driven by the pace of the capital works programme, discussed further below.</p>					
8	<u>Materials & Services</u>	YTD Actual \$134.055 m	YTD Budget \$161.094 m	Favourable (\$27.039) m (16.78%)	Original Budget \$222.860 m Current Budget \$248.520 m
<p>This variance has been mainly impacted by the pace of the capital works programme, with the bulk of the variance arising in the main works delivery departments of Infrastructure Services and Sunshine Coast Water, who have 73% of the year to date budget and 80% of the variance. Planning and other operating projects are also proceeding more slowly than predicted by budget profiling.</p>					
9	<u>Capitalised Materials & Services</u>	YTD Actual (\$23.750) m	YTD Budget (\$44.765) m	Unfavourable \$21.015 m (46.95%)	Original Budget (\$57.960) m Current Budget (\$66.965) m
<p>The variance here is driven by the pace of the capital works programme, discussed further below.</p>					
10	<u>Finance Costs</u>	YTD Actual \$5.909 m	YTD Budget \$5.097 m	Unfavourable \$0.812 m 15.92%	Original Budget \$8.213 m Current Budget \$8.321 m
<p>A proposed recasting of Council's loan portfolio will have an unfavourable impact on this line during the current financial year. Actuals now reflect the revised structure, with the budget planned to be changed in a future budget review.</p>					

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11	<u>Capital Grants and Subsidies</u>	YTD Actual \$9.075 m	YTD Budget \$12.496 m	Unfavourable (\$3.421) m (27.37%)	Original Budget \$19.151 m	Current Budget \$26.901 m
<p>The timing of the capital works programme has been the biggest driver of this variance. \$2.365m is in Infrastructure Services department, with a further \$0.619m in Water and \$0.614m in Community Services (Cooroy Library).</p>						
12	<u>Contributed Assets</u>	YTD Actual \$48.074 m	YTD Budget \$23.922 m	Favourable \$24.152 m 100.96%	Original Budget \$43.880 m	Current Budget \$43.880 m
<p>Budgeting and profiling this line item is challenging due to its dependency on the timing of developments. The significantly higher contribution of assets has no immediate financial impact on Council however the implications in terms of future costs for depreciation and maintenance will be considerable.</p>						
13	<u>Loans Utilised</u>	YTD Actual \$1.603 m	YTD Budget \$19.038 m	Unfavourable (\$17.435) m (91.58%)	Original Budget \$49.431 m	Current Budget \$59.954 m
<p>Current loan treatments vary by previous Council. For Central, loans are budgeted to be drawn down in June, whilst at North and South this line represents both new loans and the utilisation of loans from previous years as the capital programme progresses. The variance thus mainly reflects delays in capital expenditure.</p>						
14	<u>Asset Sale Proceeds</u>	YTD Actual \$87.479 m	YTD Budget \$91.545 m	Unfavourable (\$4.066) m (4.44%)	Original Budget \$8.202 m	Current Budget \$94.503 m
<p>There is a \$4.143m variance relating to land sales in the Tewantin budget, which are now expected to occur in 2009-10. The budget is proposed for removal in the current review.</p>						
15	<u>Depreciation Utilised</u>	YTD Actual \$47.469 m	YTD Budget \$56.605 m	Unfavourable (\$9.135) m (16.14%)	Original Budget \$83.144 m	Current Budget \$84.891 m
<p>The utilisation of depreciation is a funding source for the capital programme and so this variance is a reflection of the delays to the capital works programme.</p>						

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16	<u>Constructed Assets</u>	YTD Actual \$82.221 m	YTD Budget \$122.254 m	Unfavourable (\$40.033) m (32.75%)	Original Budget \$163.116 m	Current Budget \$214.746 m
<p>With 66.7% of the year passed, 38.3% of the full year budget has been expended. The capital programme is being reviewed as part of the current budget review.</p>						
17	<u>Loan redemptions</u>	YTD Actual \$97.355 m	YTD Budget \$106.207 m	Favourable (\$8.852) m (8.33%)	Original Budget \$25.150 m	Current Budget \$116.002 m
<p>A proposed recasting of Council's loan portfolio will have a favourable impact on this line during the current financial year. Actuals now reflect the revised structure, with the budget planned to be changed in a future budget review.</p>						
18	<u>Contributed Assets</u>	YTD Actual \$48.630 m	YTD Budget \$23.967 m	Unfavourable \$24.663 m 102.90%	Original Budget \$43.880 m	Current Budget \$45.126 m
<p>This line item is difficult to budget and profile due to its reliance upon the timing of developments. The year to date variance is largely attributable to the Peregian Springs and Park Lakes developments.</p>						

CORPORATE SUMMARY

The financial position to date continues to be dominated by the differences between actual and budgeted capital works delivery. The current and future budget reviews will address this issue as far as financials are concerned, and a renewed focus on delivery in this area is underway. On the operating side the underspends on operating projects and other materials and services have yielded a substantial variance for expenses, whilst for revenue the underruns for rates and development fees are partly balanced by strong interest and grant revenues. The higher level of contributed assets will put additional pressure on Councils operating position in future years.