

8.3.1 MARCH 2015 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
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Corporate Services Department
Attachments: Att 1 - March 2015 Financial Performance Report

PURPOSE

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

EXECUTIVE SUMMARY

The monthly financial performance report provides Council with a summary of performance against budget at the end of each month in terms of the operating result and delivery of the capital program.

The operating result at 31 March 2015 shows a positive variance of \$10.4 million compared to the forecast position.

A significant proportion of this positive result is due to timing of expenditure, with current forecasts suggesting Council is on track to achieve the full year budgeted operating result. Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

The operating result variation is made up of higher than expected revenue of \$1.1 million (less than 1%), and lower than expected operating expenses of \$9.3 million (3.5%). Further detail is provided in the proposal section of this report.

As at 31 March 2015, \$78.5 million (52.9%) of Council's \$148.3 million 2014/2015 Capital Works Program was financially expended.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "March 2015 Financial Performance Report".

FINANCE AND RESOURCING

There are no finance and resourcing implications from this report.

CORPORATE PLAN

Corporate Plan Goal: *A public sector leader*
Outcome: 5.2 - A financially sustainable organisation
Operational Activity: 5.2.2 - Ensure council's finances are well managed and systems are in place to analyse performance, generate revenue and reduce costs and manage contracts and contract performance

CONSULTATION

Internal Consultation

All departments or branches participated in the formation of the recommendations associated with this report.

External Consultation

No external consultation is required for this report.

Community Engagement

No community engagement is required for this report.

PROPOSAL

The operating result at 31 March 2015 shows a positive variance of \$10.4 million compared to the forecast position.

A significant proportion of this positive result is due to timing of expenditure, with current forecasts suggesting Council is on track to achieve the full year budgeted operating result. Achievement of the full year budgeted operating result will allow Council to meet its debt repayments and capital expenditure commitments.

This operating result variation is made up of higher than expected revenue of \$1.1 million and lower than expected operating expenses of \$9.3 million.

Operating Revenue

Net Rates and Utility Charges

The favourable variance of \$499,000 is mainly due to:

- Prepaid Rates of \$528,000 which will be allocated to appropriate rating components at the July rate run
- Discount Allowed being less than the year to date budget by \$192,000
- offset by Interest from Rates & Utilities being less than the year to date budget by \$332,000.

Fees and Charges

The \$1.4 million favourable variance in fees and charges is due to the following items being higher than the year to date budget by the amounts shown:

- Development application revenue \$1.2 million
- Cemetery Fees \$168,000
- Court fines and Infringements (animals) \$100,000
- Change of Ownership/Search Fees \$97,000
- Sunshine Coast Holiday Park revenue \$94,000
- Health Licences \$92,000.

Unfavourable fees and charges variances include:

- Airport Fees \$203,000
- Community Land Permits \$115,000
- Sporting Venues \$92,000.

Interest from Investments

Interest from investments has exceeded the year to date budget by \$604,000 due to higher than budgeted cash balances.

The effects of the increased cash were marginally offset by lower than budgeted interest on overdue rates.

Other Revenue

Other revenue has exceeded the year to date budget by \$656,000 and is mainly due to the following positive variances:

- Receipt of Doonan Creek Department of Transport and Main Roads (DTMR) Koala Offset \$294,000 (no budget)
- Sale of recoverable materials \$169,000
- Recoverable works \$117,000.

Operating Expenses

Employee Costs

As at 31 March 2015, employee costs were below budget by \$2.3 million (2.7%).

The budget allows for a Certified Agreement increase but the actuals do not include this increase. A new Certified Agreement has not yet been finalised however a 1.5% interim pay increase has been applied from 1 July 2014. This increase will be paid from the last pay in April 2015.

Materials and Services

As at 31 March 2015, materials and services costs were below budget by \$7.7 million or 7.2%.

Most year to date variances relate to timing or reactive budgets. Year to date favourable variance amounts and details below:

- \$1.4 million reduced materials spend at Quarries offset by lower revenues (mainly internal)
- \$949,000 timing of materials spend in Civil Asset Management;
- \$501,000 utilities including:
 - fuel \$299,000,
 - electricity \$202,000;
- \$470,000 maintenance of Council properties
- \$354,000 legal fees and court costs
- \$344,000 timing of environmental works including the Environment Levy program
- \$296,000 Waste costs
- \$248,000 timing of operating projects related to information technology
- \$209,000 timing of community grants and partnerships
- \$158,000 timing of Heritage Levy projects
- \$142,000 insurance claim expense and
- \$129,000 timing of library resource purchases.

Capital Revenue

Capital revenues, at \$45.3 million, are higher than the year to date budget by \$13.0 million or 40.3%. This is mainly due to the following items exceeding the year to date budget:

- Capital Contributions, at \$14.0 million, have exceeded the year to date budget by \$3.0 million
- Contributed assets, at \$26.6 million, have exceeded the year to date budget by \$8.6 million.

Capital Expenditure

As at 31 March 2015, \$78.5 million (52.9%) of Council's \$148.3 million 2014/2015 Capital Works Program was financially expended.

Detail by Capital Works Program is outlined below:

Program	Original Budget \$000	Current Budget \$000	YTD Actuals \$000	% of Annual Budget Spent	Commitments \$000
Buildings and Facilities	4,997	7,505	3,142	41.9	2,552
Coasts and Canals	2,070	2,671	1,206	45.2	276
Divisional Allocations	3,335	3,232	1,276	39.5	367
Environmental Assets	926	1,254	470	37.4	387
Fleet	1,290	1,290	207	16.1	621
Parks and Gardens	9,026	13,992	9,718	69.5	1,059
Stormwater	6,202	6,743	3,933	58.3	833
Transportation	47,286	52,304	28,791	55.0	9,226
Information Technology	2,768	4,487	1,692	37.7	844
Strategic Land & Commercial Properties	18,751	28,109	14,338	51.0	3,650
Aerodromes	581	912	413	45.3	82
Sunshine Coast Airport	5,148	5,741	1,969	34.3	438
Holiday Parks	1,158	1,762	1,061	60.3	69
Quarries	1,950	1,634	371	22.7	52
Waste	8,403	16,628	9,883	59.4	2,537
TOTAL COUNCIL	113,892	148,264	78,472	52.9	22,993

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 31 March 2015 Council had \$286 million cash (excluding Trust Fund) with an average interest rate of 3.18%, being 0.75% above benchmark. This is compared to the same period last year with \$257 million cash (excluding Trust Fund) where the average interest rate was 3.63%, being 1.03% above benchmark.
- The benchmark used to measure performance of cash funds is the UBS Bank Bill Index 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 2014/2015 Investment Policy.

Risk

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

Previous Council Resolution**Special Meeting Budget 26 June 2014, Council adopted the 2014/2015 budget (Council Resolution SM14/24)**

That Council:

- (a) receive and note the report titled "Adoption of the 2014/2015 Budget and Forward Estimates for the 2015/2016 to 2023/2024 Financial Years"*
- (b) adopt the 2014/2015 Capital Works Program, endorse the indicative four-year program for the period 2015/2016 to 2018/2019, and note the five-year program for the period 2019/2020 to 2023/2024 (Appendix A) and*
- (c) adopt the 2014/2015 Budget Schedules (Appendix A) including Forward Estimates.*

Ordinary Meeting 24 July 2014 - Council Resolution OM 14/100

That Council:

- (a) receive and note the report titled "May 2014 Financial Performance Report" and*
- (b) amend the 2014/2015 Budget by increasing the Strategic Land Capital Program by the amount of \$450,000 to accommodate the requirements of the Council resolution OM14/82.*

Ordinary Meeting 18 September 2014, Council adopted the Budget Review 1 2014/2015 – Council Resolution OM 14/131

That Council:

- (a) receive and note the report titled "Budget Review 1 2014/15" and*
- (b) adopt the amended 2014/15 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 11 December 2014, Council adopted Budget Review 2 2014/2015 Council Resolution OM 14/173

That Council:

- (a) receive and note the report titled "Budget Review 2 2014/2015" and*
- (b) adopt the amended 2014/2015 Budget Financial Statements to include the identified operating and capital budget adjustments (Appendix A).*

Ordinary Meeting 29 January 2015, Council Resolution (OM15/2)

That Council:

- (a) receive and note the report titled "November 2014 Financial Performance Report" and*
- (b) write-off unrecoverable income of \$172,711 GST exclusive (\$189,982.14 GST inclusive) in relation to Australian Aviation Career Services (AACCS).*

Ordinary Meeting 26 February 2015, Council Resolution (OM15/4)

That Council receive and note the report titled "December 2014 Financial Performance Report".

Related Documentation

There is no related documentation for this report.

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.



Financial Performance Report

March 2015



FINANCIAL PERFORMANCE REPORT

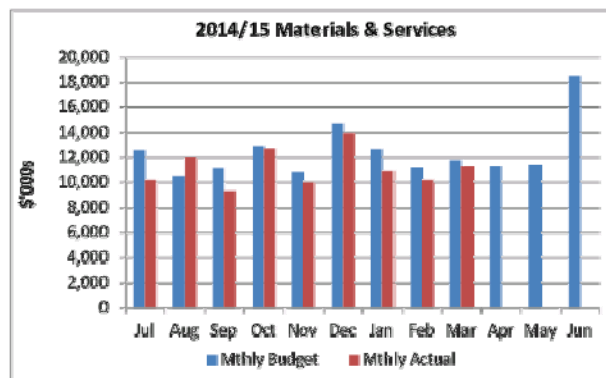
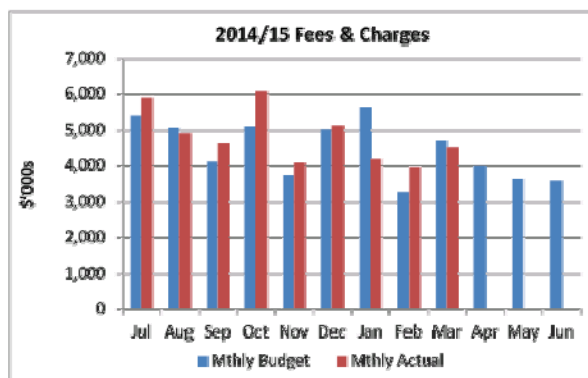
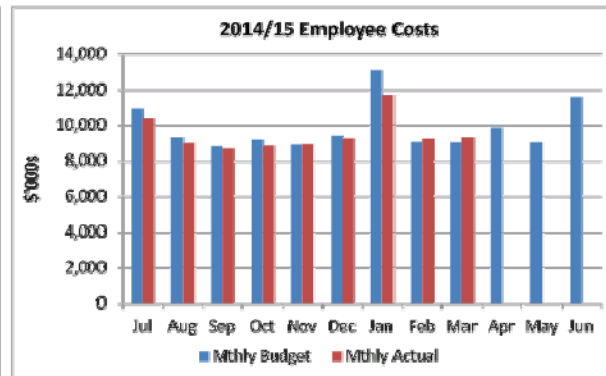
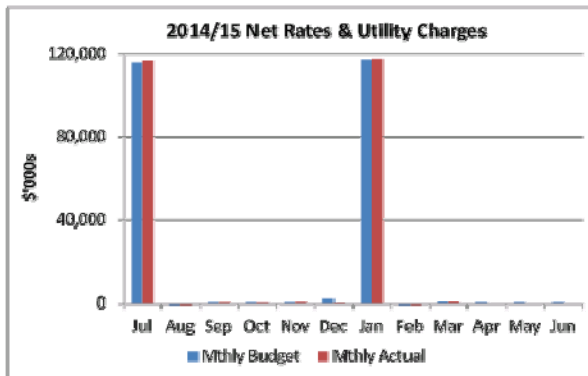
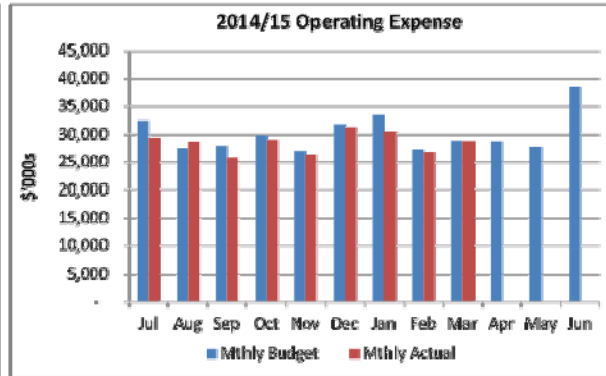
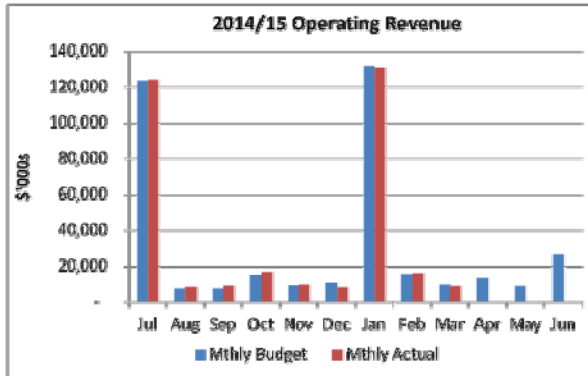
March 2015

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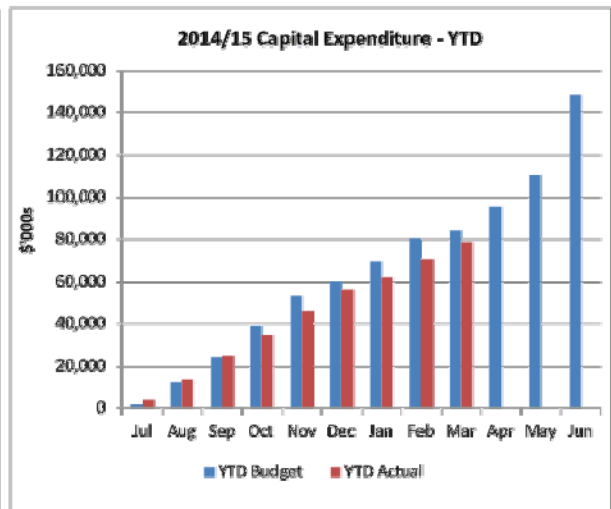
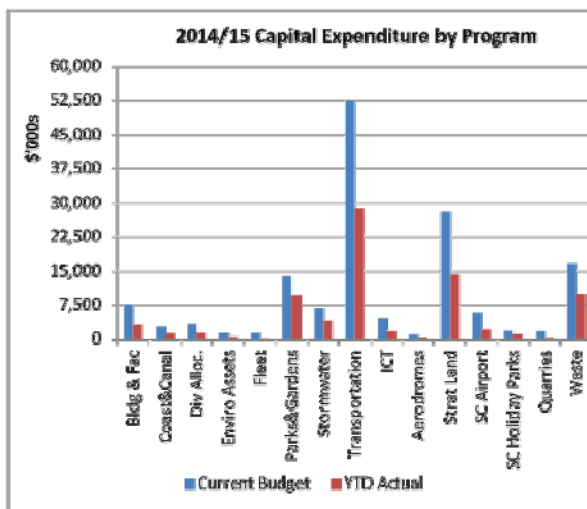
FINANCIAL PERFORMANCE REPORT March 2015
HEADLINE - OPERATING

	Annual		YTD			
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %
Operating Revenue	370,949	380,099	331,309	332,436	1,127	0.3%
Operating Expenses	357,872	361,059	266,136	256,830	(9,307)	(3.5%)
Operating Result	13,077	19,041	65,173	75,606	10,434	16.0%
NET Result	51,580	70,902	98,269	121,724	23,454	23.9%



FINANCIAL PERFORMANCE REPORT March 2015

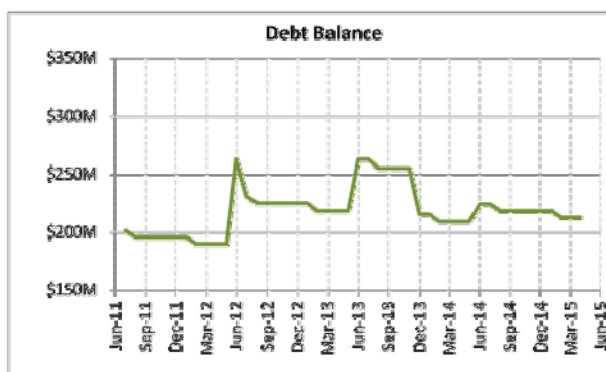
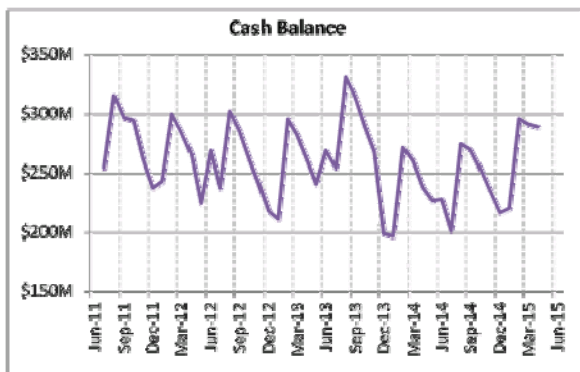
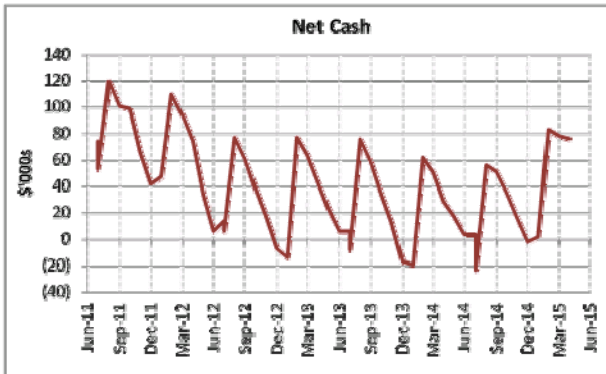
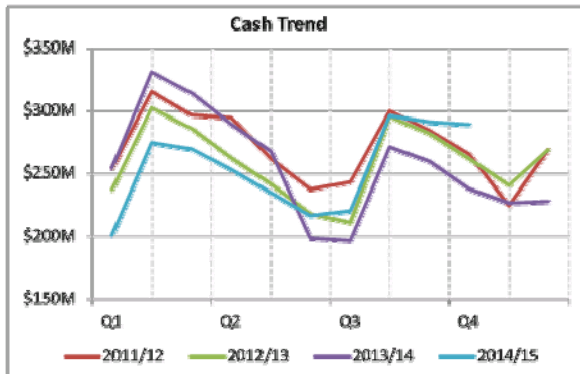
HEADLINE - CAPITAL	Annual		YTD			
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %
	Capital Revenues (included in NET Result)	33,720	47,078	32,307	45,328	13,021
Other Capital Revenues	83,486	83,486	50,339	51,007	667	
Total Capital Revenues	117,206	130,564	82,646	96,335	13,688	
Capital Works Expenditure	113,892	148,264	84,199	78,472	(5,727)	(6.8%)
Other Capital Expenditure	38,005	35,380	29,390	37,991	8,601	
Total Capital Expenditure	151,897	183,644	113,589	116,463	2,874	
Funds from General Revenue	34,691	53,080	30,943	20,129	(10,815)	



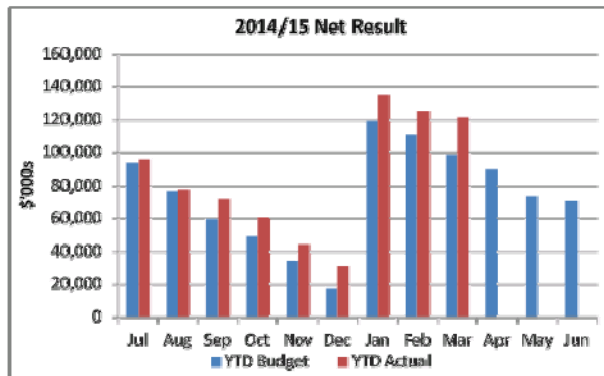
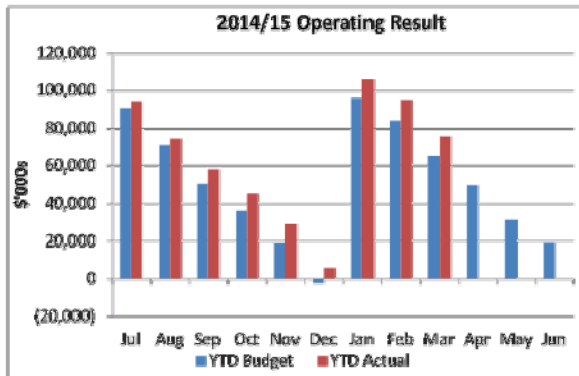
FINANCIAL PERFORMANCE REPORT March 2015

HEADLINE - CASH & BALANCE SHEET

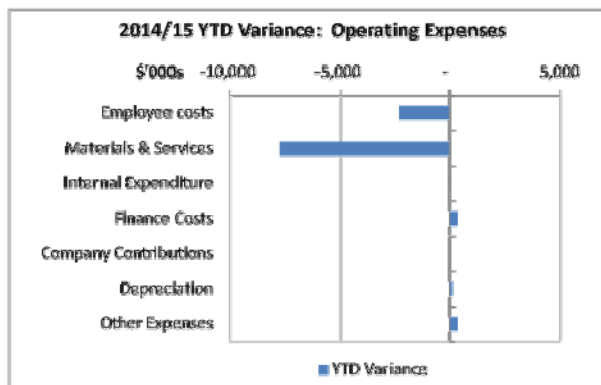
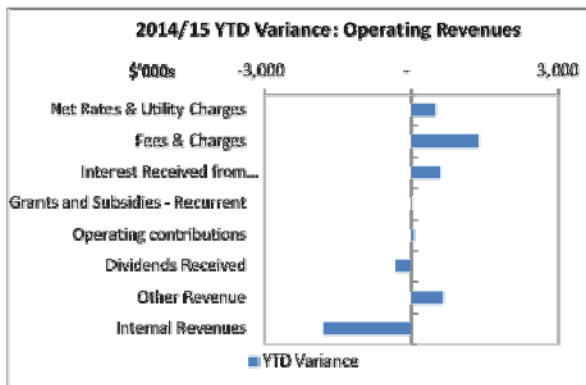
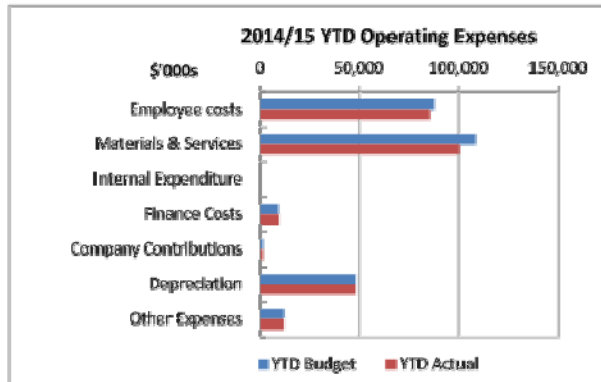
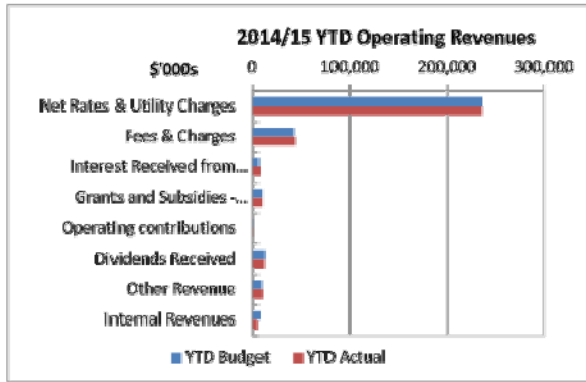
	Annual		YTD
	Original Budget \$000s	Current Budget \$000s	Actuals \$000s
CASH FLOWS			
Opening Cash	169,876	224,409	230,953
Net Cash Inflow/(Outflows) from:			
Operating Activities	79,105	125,490	132,437
Investing Activities	(94,598)	(120,448)	(54,722)
Financing Activities	1,306	3,120	(2,432)
Net Increase/(decrease) in Cash Held	(14,187)	8,162	75,283
Cash at year end	155,689	232,571	306,236
BALANCE SHEET			
Total Current Assets	204,627	276,824	430,562
Total Non Current Assets	4,566,635	4,371,514	4,190,338
Total Assets	4,771,262	4,648,338	4,620,900
Total Current Liabilities	70,488	66,479	70,624
Total Non Current Liabilities	238,841	244,207	239,448
Total Liabilities	309,329	310,686	310,072
Net Community Assets/ Total Community Equity	4,461,933	4,337,652	4,310,828



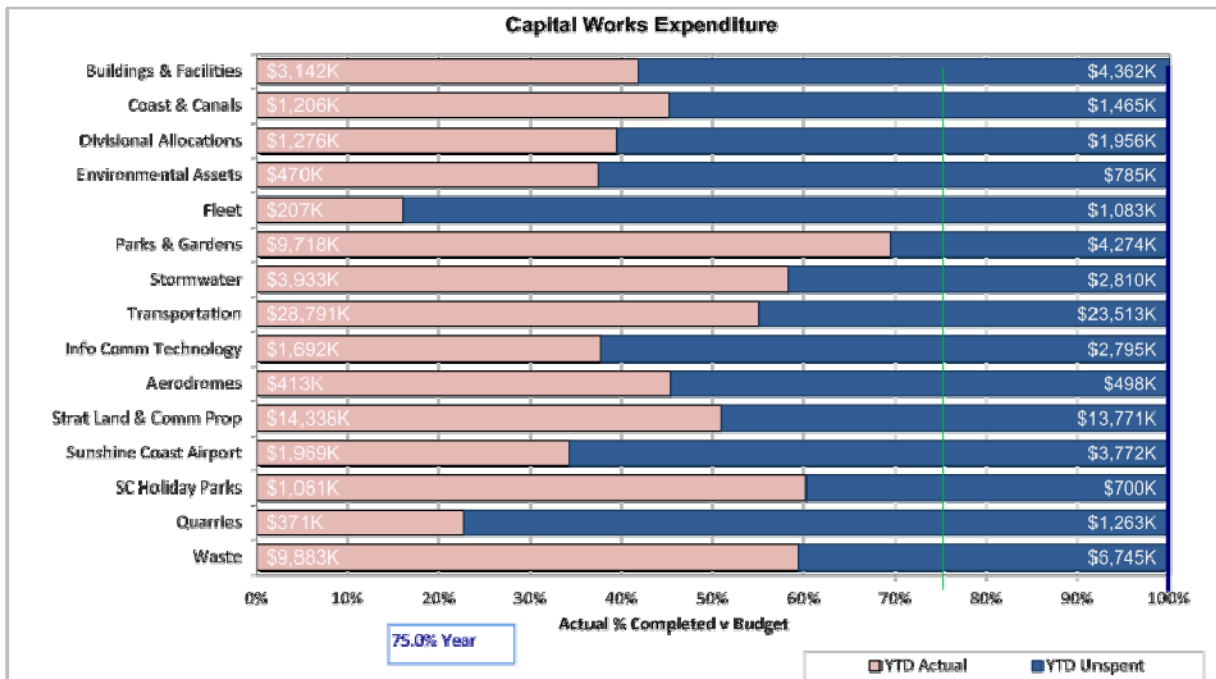
FINANCIAL PERFORMANCE REPORT							March 2015
STATEMENT OF INCOME & EXPENSES							
	Annual		YTD			Annual	
	Original Budget \$000s	Current Budget \$000s	Current Budget \$000s	Actuals \$000s	Variance \$000s	Variance %	Forecast Budget \$000s
Operating Revenue							
Gross Rates & Utility Charges	245,558	247,295	244,760	245,380	620	0.3%	247,295
Interest from Rates & Utilities	1,527	1,527	1,145	813	(332)	-29.0%	1,527
Less Discounts, Pensioner Remissions	(11,265)	(11,265)	(11,265)	(11,054)	211	-1.9%	(11,265)
Net Rates & Utility Charges	235,819	237,556	234,640	235,139	499	0.2%	237,556
Fees & Charges	50,668	53,252	42,069	43,438	1,369	3.3%	53,252
Interest Received from Investments	7,336	7,636	6,002	6,606	604	10.1%	7,636
Grants and Subsidies - Recurrent	9,569	12,263	9,349	9,363	14	0.2%	12,263
Operating contributions	541	706	605	651	46	7.6%	706
Interest received from Unitywater	23,933	23,933	12,006	12,024	18	0.1%	23,933
Dividends Received	26,162	26,162	11,516	11,208	(307)	-2.7%	26,162
Other Revenue	10,085	10,655	8,515	9,170	656	7.7%	10,655
Internal Revenues	6,835	7,935	6,609	4,837	(1,771)	-26.8%	7,935
Community Service Obligations	0	0	0	0	0	0.0%	0
Total Operating Revenue	370,949	380,099	331,309	332,436	1,127	0.3%	380,099
Operating Expenses							
Employee costs	117,212	118,138	87,659	85,320	(2,339)	-2.7%	118,138
Materials & Services	146,431	149,242	108,133	100,384	(7,749)	-7.2%	149,242
Internal Expenditure	(0)	(0)	(0)	0	0	-111.5%	(0)
Finance Costs	13,406	11,966	9,194	9,527	332	3.6%	11,966
Company Contributions	1,187	1,187	1,187	1,187	0	0.0%	1,187
Depreciation	64,186	64,186	48,139	48,260	121	0.3%	64,186
Other Expenses	15,450	16,340	11,824	12,153	328	2.8%	16,340
Competitive Neutrality Adjustments	0	0	0	0	0	0.0%	0
Total Operating Expenses	357,872	361,059	266,136	256,830	(9,307)	-3.5%	361,059
Operating Result	13,077	19,041	65,173	75,606	10,434	16.0%	19,041
Capital Revenue							
Capital Grants and Subsidies	2,320	8,409	3,294	4,751	1,457	44.2%	8,409
Capital Contributions	7,400	14,669	11,012	13,966	2,954	26.8%	14,669
Contributed Assets	24,000	24,000	18,000	26,611	8,611	47.8%	24,000
Other Capital Revenue	4,783	4,783	790	790	0	0.0%	4,783
Total Capital Revenue	38,503	51,861	33,097	46,118	13,021	39.3%	51,861
Net Result	51,580	70,902	98,269	121,724	23,454	23.9%	70,902



FINANCIAL PERFORMANCE REPORT March 2015
STATEMENT OF INCOME & EXPENSES



FINANCIAL PERFORMANCE REPORT						March 2015
CAPITAL EXPENDITURE						
Capital Works Program	Annual		YTD			Annual
	Original Budget \$000s	Current Budget \$000s	Budget \$'000s	Actual \$000s	% of Annual Budget Spent	Forecast Budget \$000s
Buildings and Facilities	4,997	7,505	3,270	3,142	41.9%	7,505
Coast and Canals	2,070	2,671	1,210	1,206	45.2%	2,671
Divisional Allocations	2,888	3,232	1,388	1,276	39.5%	3,232
Environmental Assets	946	1,254	513	470	37.4%	1,254
Fleet	1,290	1,290	968	207	16.1%	1,290
Parks and Gardens	9,349	13,992	9,940	9,718	69.5%	13,992
Stormwater	6,202	6,743	3,846	3,933	58.3%	6,743
Transportation	47,391	52,304	29,551	28,791	55.0%	52,304
Information Communication Technology	2,768	4,487	1,831	1,692	37.7%	4,487
Strategic Land & Comm Properties	18,751	28,109	16,477	14,338	51.0%	28,109
Aerodromes	581	912	424	413	45.3%	912
Sunshine Coast Airport	5,148	5,741	1,809	1,969	34.3%	5,741
SC Holiday Parks	1,158	1,762	1,125	1,061	60.3%	1,762
Quarries	1,950	1,634	1,421	371	22.7%	1,634
Waste	8,403	16,628	10,427	9,883	59.4%	16,628
TOTAL	113,892	148,264	84,199	78,472	52.9%	148,264



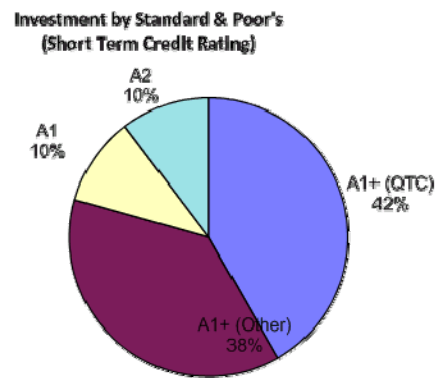
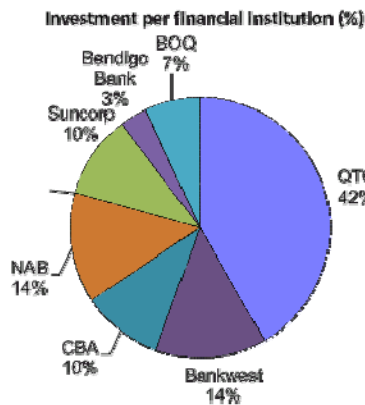
FINANCIAL PERFORMANCE REPORT March 2015
INVESTMENT PERFORMANCE

Liquidity as at: 31/03/2015 \$'000's		
At-call accounts		
QTC + CBA (excl. trust)	\$146,408	50.38%
Maturities within 7 days		
	\$20,000	6.88%
Total at-call	\$166,408	57.26%
Investment Policy Target		10.00%

Term deposits maturing:		
	\$'000's	Count
within 30 days	\$70,000	7
30-59 days	\$20,000	2
60-89 days	\$40,000	4
90-179 days	\$10,000	2
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$140,000	15

	INVESTMENT SUMMARY (including Trust) as at:			Investment Policy				
	31/03/2015		28/02/2015		31/03/2014		Individual Limit	Group Limits
A1+ (QTC)	\$121,290	41.7%	\$132,541	43.1%	\$82,789	31.6%	100%	100%
A1+ (Other)	\$109,313	37.6%	\$105,082	34.2%	\$149,434	57.0%	35%	100%
A1	\$30,000	10.3%	\$30,000	9.8%	\$0	0.0%	30%	40%
A2	\$30,000	10.3%	\$40,000	13.0%	\$30,000	11.4%	15%	35%
Total Funds	\$290,603		\$307,622		\$262,223			
FUND SUMMARY								
General Funds	\$286,408		\$303,414		\$257,133			
Trust Funds	\$4,195		\$4,209		\$5,090			
Total Funds	\$290,603		\$307,622		\$262,223			

Investment Portfolio



Investment Performance

