

APRIL 2020 FINANCIAL PERFORMANCE REPORT

File No: Financial Reports
Author: Coordinator Financial Services
 Business Performance Group
Attachments: Att 1 - April 2020 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

This monthly financial performance report provides Council with a summary of performance against budget as at 30 April 2020 in terms of the operating result and delivery of the capital program.

Operating Performance

Table 1: Operating Result as at 30 April 2020

	Current Budget \$000	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Total Operating Revenue	470,449	428,546	424,007	(4,539)	-1.1%
Total Operating Expenses	450,320	362,138	360,297	(1,840)	-0.5%
Operating Result	20,130	66,408	63,710	(2,698)	-4.1%

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

As at 30 April 2020, \$278.1 million (78.2%) of Council's \$355.6 million 2019/20 Capital Works Program was financially expended.

The core Council Capital Program has progressed 76.3% of budget, an actual spend of \$132.6 million.

Council's closing cash balance at 30 April 2020 of \$210.3 million.

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

OFFICER RECOMMENDATION

That Council receive and note the report titled "April 2020 Financial Performance Report".

FINANCE AND RESOURCING

This report sets out the details of Council's financial performance and investments for the month ending 30 April 2020 and meets Council's legislative reporting requirements.

CORPORATE PLAN

Corporate Plan Goal: *An outstanding organisation*

Outcome: 5.7 - A financially sustainable organisation
Operational Activity: 5.7.1 - Develop and monitor Council's budget, including legislated requirements.

CONSULTATION

Portfolio Councilor Consultation

Consultation has been undertaken with the Portfolio Councillor, Councillor E Hungerford.

Internal Consultation

This report has been written in conjunction with advice from:

- Acting Group Executive Business Performance
- 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 2020 in terms of the operating result and delivery of the capital program.

The operating result at 30 April 2020 shows an unfavorable variance of \$2.7 million compared to the budgeted position.

Operating Revenue

Year to date revenue as at 30 April 2020 of \$428.5 million is in below the expected budget profile.

Table 2: Substantial Revenue variances as at 30 April 2020

	YTD Budget \$000	YTD Actuals \$000	YTD Variance \$000	YTD Variance %
Fees and Charges	49,159	47,486	(1,673)	-3.4%
Interest Received from Investments	7,365	4,233	(2,760)	-42.5%
Operating Grants and Subsidies	6,174	7,588	1,415	22.9%
Other Revenue	10,974	12,966	1,992	18.2%
Internal Sales/Recoveries	7,563	4,770	(2,793)	-36.9%

Fees and Charges

Council has currently forgone \$1 million of expected revenue up to 30 April 2020 due to the partial and full closure of holiday parks in March 2020. Council's community venues, including Sunshine Coast Stadium have also forgone revenue up to \$426,000.

Interest Received from Investments

Interest rates available for term deposits continue to decline with the Reserve Bank Australia (RBA) reducing the cash rate by a further 0.5 basis points in March. This has resulted in a

decline in interest received from investments. Council's year end forecast for investment revenue will be approximately \$4 million below the current budget.

Operating Grants and Subsidies

Council has received a grant from the Federal Government of \$1.2 million relating to recent bushfire disaster recovery. A multi-year program of works has been developed and endorsed by Council and will form part of the 2020/21 budget process.

Other Revenue

Council has received additional revenue for recoverable works within the Parks and Gardens and Environmental Operations areas. These works were predominantly generated from the Department of Transport and Main Roads and the expenditure has occurred in the previous financial year.

Council has also received a third quarterly payment for the State Government's container deposit scheme which has generated revenue in excess of the expected budget.

Unbudgeted sponsorship payments have also been received for various events undertaken by Council.

Operating Expenses

Year to date expenditure as at 30 April 2020 of \$360.3 million shows a variance under budget of \$1.8 million.

Materials and services account for the majority of the expenditure variance as at 30 April 2020, having underspent budget by \$4.5 million.

Council's operating projects have progressed 49% of full year budget as at 30 April 2020.

The underspend in materials and services can be partially attributed to the deferral of major events sponsorship due to the current social distancing restrictions. Several projects relating to the heritage levy will also be deferred into next financial year.

Council's expenses remain within 1% of budget as at 30 April 2020 while delivering on the 2019/20 operational plan.

Capital Expenditure

As at 30 April 2020, \$278.1 million (78.2%) of Council's \$355.6 million 2019/20 Capital Works Program was financially expended.

The Core Council Capital Program has progressed 76.3% of budget, an actual spend of \$132.6 million. The Actual Year to Date (YTD) includes all works that have been goods receipted and accrued as at 30 April 2020.

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

- Building and Facilities – Council has brought forward renewal works various facilities to take advantage of the current forced closures. Work will be procured and begin in the following months on several aquatic centres, Kings Beach pool, Millwell Road community centre and Caloundra Indoor Stadium.
- Fleet – Council's fleet replacement program requires a significant portion of the financial year for procurement of heavy plant. This procurement works is underway and the majority of replacements are scheduled to occur in May 2020.
- Information Technology – Council will defer a selection of non-critical IT capital works as it focuses on current working from home requirements.
- Transportation – Construction continues for Council's significant road upgrade project at Parklands Boulevard, Little Mountain. Council's \$20 million road reseal program has progressed 84% completion in April. Alongside the reseal program, the bus stop

replacement and installation program has progressed to 81% completion of the \$2.4 million program.

Table 3: Capital Expenditure by Program at 30 April 2020

	Annual		YTD		Forecast	
	Original Budget \$000s	Current Budget \$000s	YTD Actual \$000s	% of FY Budget Spent	Forecast Year End Actual	Forecast Year End Variance to Budget
Capital Works Program						
Aerodromes	450	275	26	9.4%	226	(49)
Buildings and Facilities	19,103	17,568	10,778	61.4%	16,725	(843)
Coast and Canals	2,080	2,080	1,575	75.7%	1,854	(226)
Environmental Assets	1,300	1,450	1,108	76.4%	1,389	(61)
Fleet	2,900	2,772	448	16.2%	804	(1,968)
Holiday Parks	4,302	4,718	4,732	100.3%	5,057	339
Information Technology	5,830	8,906	5,302	59.5%	7,370	(1,536)
Parks and Gardens	15,966	20,981	18,201	86.7%	21,335	354
Quarries	1,311	1,234	531	43.1%	823	(411)
Stormwater	7,014	5,174	3,271	63.2%	4,540	(634)
Strategic Land and Commercial Properties	14,563	21,958	16,652	75.8%	22,350	392
Transportation	69,115	66,736	52,209	78.2%	63,966	(2,770)
Waste	20,622	19,956	17,766	89.0%	21,601	1,645
Total SCC Core Capital Program	164,556	173,808	132,599	76.3%	168,039	(5,768)
Corporate Major Projects	14,968	9,918	7,280	73.4%	10,186	268
Divisional Allocations	5,336	5,547	2,762	49.8%	3,834	(1,713)
Maroochydore City Centre	16,579	20,657	13,126	63.5%	20,065	(592)
Submarine Cable IBN	14,390	15,774	15,650	99.2%	15,160	(613)
Sunshine Coast Airport Runway	104,836	129,884	106,715	82.2%	129,146	(739)
Total Other Capital Program	156,109	181,780	145,533	80.1%	178,391	(3,389)
TOTAL	320,666	355,588	278,132	78.2%	346,431	(9,157)

Investment Performance

- All investment parameters remain within the guidelines established by the Investment Policy.
- For the month ending 30 April 2020 Council had \$210.3 million cash (excluding Trust Fund) with an average interest rate of 1.68%, being 1.11% above benchmark. This is compared to the same period last year with \$244.2 million cash (excluding Trust Fund) with an average interest rate of 2.76%, being 0.73% 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

Sunshine Coast Council's 2019/20 Investment Policy and
Sunshine Coast Council's 2019/20 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 19 March 2020, Application of Fees and Charges in Response to National Declared Emergency for COVID-19 (OM20/40)**

That Council:

- (a) *receive and note the report titled “Application of Fees and Charges in Response to National Declared Emergency for COVID-19”*
- (b) *authorise the Chief Executive Officer to exercise discretion where considered reasonable and appropriate with regards to the application of all commercial and cost recovery fees including any fees associated with an approval issued under Council's Local Laws during the National declared emergency related to the COVID-19 pandemic.*

Ordinary Meeting 12 December 2019, Budget Review 2 2019/20 (OM19/194)

That Council:

- (a) *receive and note the report titled “Budget Review 2 2019/20”*
- (b) *adopt Appendix A as tabled, pursuant to section 169 and 170 of the Local Government Regulation 2012, Council's amended budget for 2019/20 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 and*
- (c) *note the following documentation applies as adopted 20 June 2019*
 - (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 and the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

Ordinary Meeting 19 September 2019, Budget Review 1 2019/20 (OM19/148)

That Council:

- (a) *receive and note the report titled “**Budget Review 1 2019/20**”*
- (b) *adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council’s amended budget for 2019/20 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 and*
- (c) *note the following documentation applies as adopted 20 June 2019*
 - (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 and*
 - (iv) *the rates and charges to be levied for the 2019/20 financial year and other matters as adopted 20 June 2019.*

Special Meeting Budget 20 June 2019 (SM19/13)

That Council adopt Appendix A as tabled, pursuant to section 107A of the Local Government Act 2009 and sections 169 and 170 of the Local Government Regulation 2012, Council’s budget for 2019/20 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 (adopted by Council resolution on 23 May 2019)*
- 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 2019/20 Capital Works Program, endorse the indicative four-year program for the period 2021 to 2024, and note the five-year program for the period 2025 to 2029*

- xii. the rates and charges to be levied for the 2019/20 financial year and other matters as detailed below in clauses 3 to 11 and*
- xiii. endorse the full time equivalent establishment as per the Sunshine Coast Council Establishment 2019/2020 report.*

Related Documentation

2019/20 Adopted Budget

Critical Dates

There are no critical dates for this report.

Implementation

There are no implementation details to include in this report.

Financial Performance Report

April 2020



FINANCIAL PERFORMANCE REPORT

April 2020

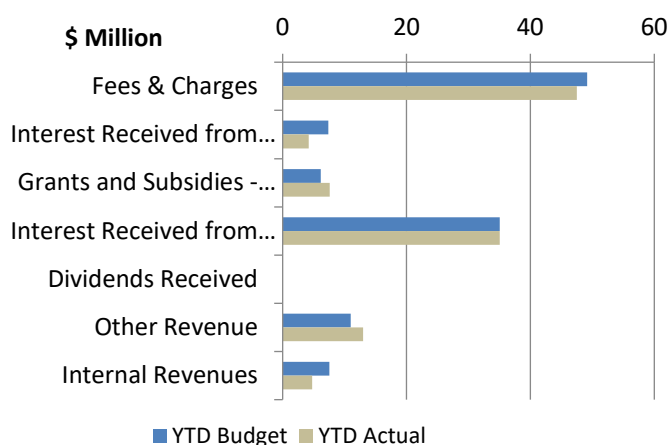
Table of Contents

Headline - Operating & Capital	2
Statement Of Income & Expenses	3
Capital Expenditure	4
Cash and Balance Sheet	5
Investment Performance	6

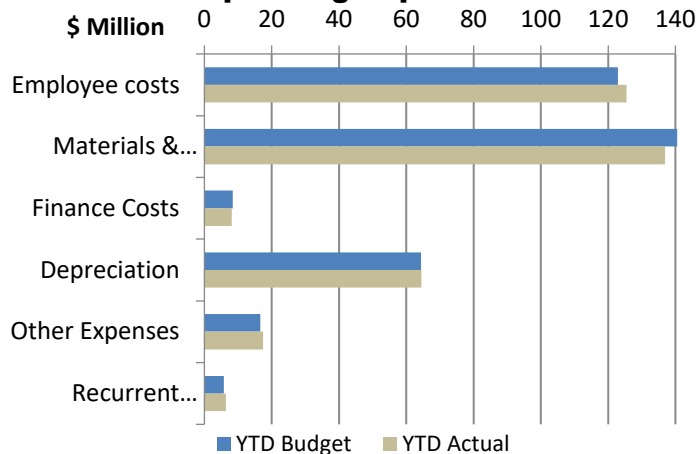
Headline - Operating

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Operating Revenue	483,788	470,347	428,546	424,007	(4,539)	-1.1%
Operating Expenses	448,925	442,428	355,296	353,864	(1,432)	-0.4%
Recurrent Capital Expenses	5,240	7,887	6,842	6,433	(409)	-6.0%
Operating Result	29,622	20,031	66,408	63,710	(2,698)	-4.1%
Capital Revenue	104,244	115,478	75,875	75,120	(755)	-1.0%
Non-recurrent Expenses	4,592	4,592	3,827	5,554	1,727	45.1%
Net Result	129,274	130,917	138,456	133,275	(5,181)	-3.7%

Operating Revenues



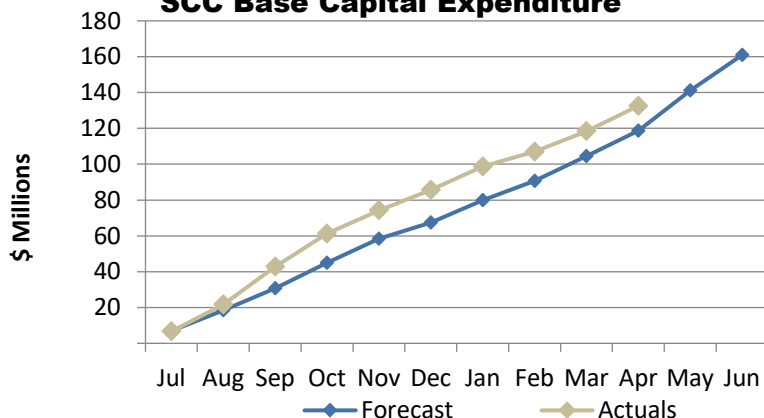
Operating Expenses



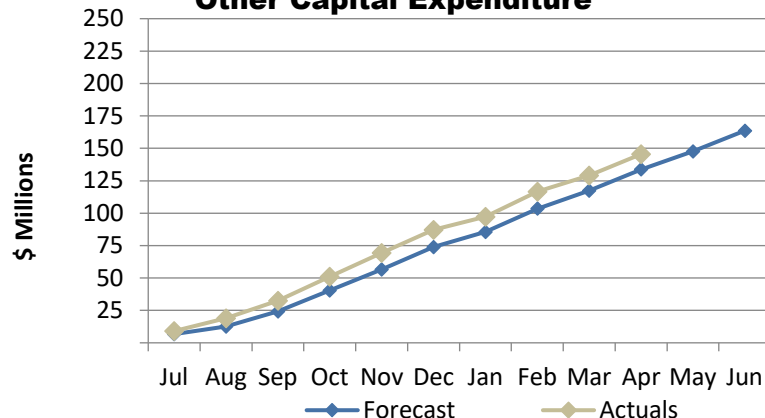
Headline - Capital

	Annual		YTD			
	Original Budget	Current Budget	Current Budget	Actuals	Variance	Variance
	\$000s	\$000s	\$000s	\$000s	\$000s	%
Other Capital Revenue	79,076	79,076	66,328	64,470	(1,858)	-2.8%
Total Capital Revenues	79,076	79,076	66,328	64,470	(1,858)	-2.8%
Capital Works Expenditure	322,676	356,788	274,854	271,452	(3,402)	-1.2%
Total Capital Expenditure	322,676	356,788	274,854	271,452	(3,402)	-1.2%
Funds from General Reserve	243,600	277,712	208,526	206,982	(1,544)	-0.7%

SCC Base Capital Expenditure



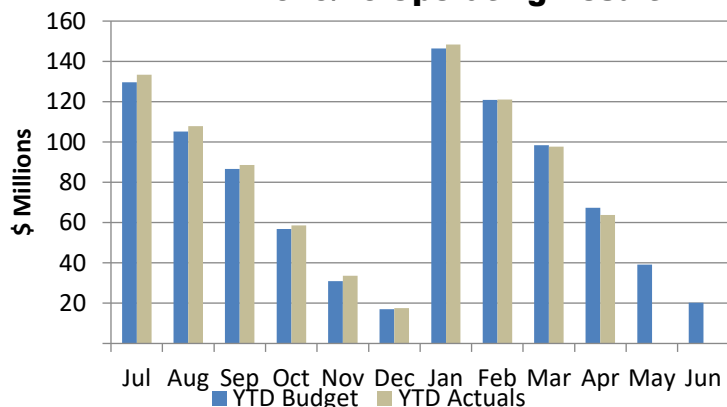
Other Capital Expenditure



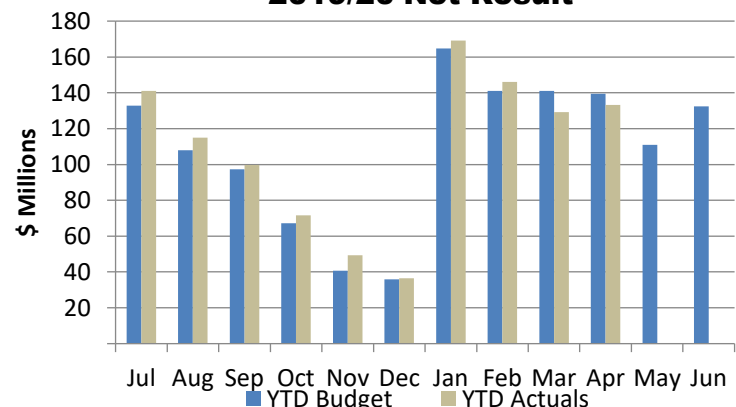
Statement of Income & Expenses

	Annual		YTD				Annual
	Original Budget \$000	Current Budget \$000	Current Budget \$000	Actuals \$000	Variance \$000	Variance %	Forecast Budget \$000
Operating Revenue							
Net Rates and Utility Charges	321,489	312,502	311,946	311,636	(310)	-0.1%	312,917
Fees and Charges	57,857	57,857	49,159	47,486	(1,673)	-3.4%	59,045
Interest Received from Investments	8,838	8,838	7,365	4,233	(3,132)	-42.5%	6,838
Operating Grants and Subsidies	12,329	7,796	6,174	7,588	1,415	22.9%	9,379
Operating Contributions	319	319	311	273	(38)	-12.2%	319
Unitywater Participation	49,838	49,838	35,054	35,054	0	0.0%	49,838
Other Revenue	25,016	25,198	10,974	12,966	1,992	18.2%	14,688
Internal Sales/Recoveries	8,101	8,101	7,563	4,770	(2,793)	-36.9%	4,845
Total Operating Revenue	483,788	470,449	428,546	424,007	(4,539)	-1.1%	457,869
Operating Expenses							
Employee Costs	145,197	147,021	122,925	125,423	2,498	2.0%	148,080
Materials and Services	191,895	183,464	141,400	136,898	(4,502)	-3.2%	179,843
Finance Costs	10,025	10,025	8,413	8,156	(257)	-3.1%	9,602
Company Contributions	1,527	1,527	1,527	1,527	0	0.0%	1,527
Depreciation Expense	79,076	79,076	64,408	64,470	62	0.1%	82,276
Other Expenses	21,206	21,378	16,622	17,390	769	4.6%	21,518
Recurrent Capital Expenses	5,240	7,829	6,842	6,433	(409)	-6.0%	7,018
Total Operating Expenses	454,165	450,320	362,138	360,297	(1,840)	-0.5%	449,863
Operating Result	29,622	20,130	66,408	63,710	(2,698)	-4.1%	8,005
Capital Revenue							
Capital Grants and Subsidies	12,245	23,879	10,583	10,636	53	0.5%	25,542
Capital Contributions - Cash	31,999	31,599	20,292	24,630	4,338	21.4%	31,599
Capital Contributions - Fixed Assets	60,000	60,000	45,000	39,853	(5,147)	-11.4%	60,000
Total Capital Revenue	104,244	115,478	75,875	75,120	(755)	-1.0%	117,141
Non-recurrent Expenses							
Profit/Loss on disposal, revaluation & Movements in landfill and quarry prov	0	0	0	1,523	1,523	0.0%	0
Assets Transferred to Third Parties	4,592	4,592	3,827	3,827	0	0.0%	4,592
	0	0	0	204	204	0.0%	0
Total Non-recurrent Expenses	4,592	4,592	3,827	5,554	1,727	45.1%	4,592
Net Result	129,274	131,015	138,456	133,275	(5,181)	-3.7%	120,554

2019/20 Operating Result



2019/20 Net Result



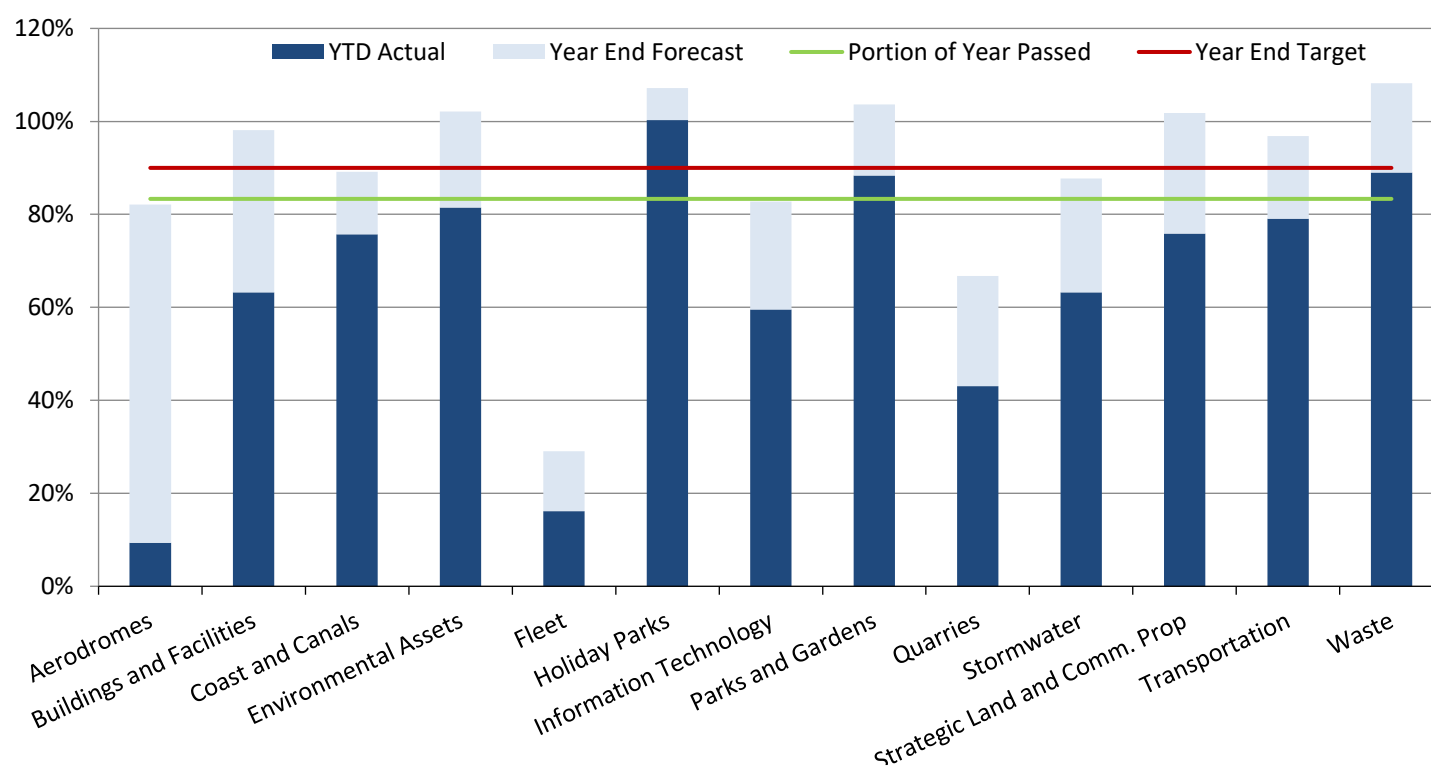
Capital Expenditure

	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	450	275	26	9.4%	226	(49)
Buildings and Facilities	19,103	17,568	10,778	61.4%	16,725	(843)
Coast and Canals	2,080	2,080	1,575	75.7%	1,854	(226)
Environmental Assets	1,300	1,450	1,108	76.4%	1,389	(61)
Fleet	2,900	2,772	448	16.2%	804	(1,968)
Holiday Parks	4,302	4,718	4,732	100.3%	5,057	339
Information Technology	5,830	8,906	5,302	59.5%	7,370	(1,536)
Parks and Gardens	15,966	20,981	18,201	86.7%	21,335	354
Quarries	1,311	1,234	531	43.1%	823	(411)
Stormwater	7,014	5,174	3,271	63.2%	4,540	(634)
Strategic Land and Commercial Properties	14,563	21,958	16,652	75.8%	22,350	392
Transportation	69,115	66,736	52,209	78.2%	63,966	(2,770)
Waste	20,622	19,956	17,766	89.0%	21,601	1,645
Total SCC Core Capital Program	164,556	173,808	132,599	76.3%	168,039	(5,768)
Corporate Major Projects	14,968	9,918	7,280	73.4%	10,186	268
Divisional Allocations	5,336	5,547	2,762	49.8%	3,834	(1,713)
Maroochydore City Centre	16,579	20,657	13,126	63.5%	20,065	(592)
Submarine Cable IBN	14,390	15,774	15,650	99.2%	15,160	(613)
Sunshine Coast Airport Runway	104,836	129,884	106,715	82.2%	129,146	(739)
Total Other Capital Program	156,109	181,780	145,533	80.1%	178,391	(3,389)
TOTAL	320,666	355,588	278,132	78.2%	346,431	(9,157)

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

Recurrent Expenses			6,433	0.0%	
Non-Recurrent Expenses			5,554	0.0%	

SCC Core % YTD spent compared to profiled budget by Program



Cash and Balance Sheet

Annual		YTD
Original Budget	Current Budget	Actuals
\$000s	\$000s	\$000s

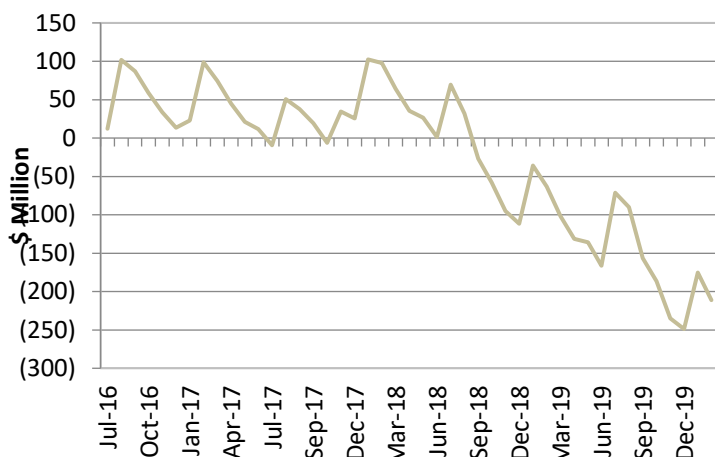
CASH FLOWS

Opening Cash	201,182	263,421	263,421
Net Cash Inflow/(Outflows) from:			
Operating Activities	66,248	49,949	108,789
Investing Activities	(216,950)	(238,756)	(224,888)
Financing Activities	157,963	170,906	70,446
Net Increase/(decrease) in Cash Held	7,261	(17,901)	(45,653)
Cash at year end	208,443	245,520	217,768

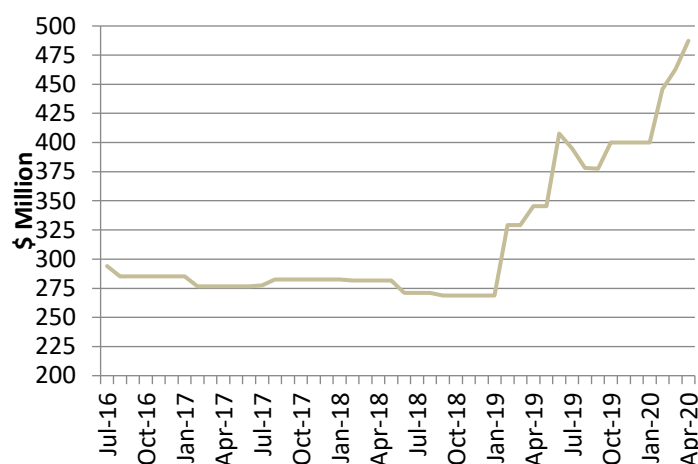
BALANCE SHEET

Current Assets	267,703	310,143	268,308
Non Current Assets	5,840,644	5,889,365	5,768,696
Total Assets	6,108,347	6,199,778	6,037,004
Current Liabilities	136,326	185,889	98,920
Non Current Liabilities	589,563	596,576	416,585
Total Liabilities	725,889	782,466	524,050
Net Community Assets/ Total Community Equity	5,382,458	5,417,312	5,512,954

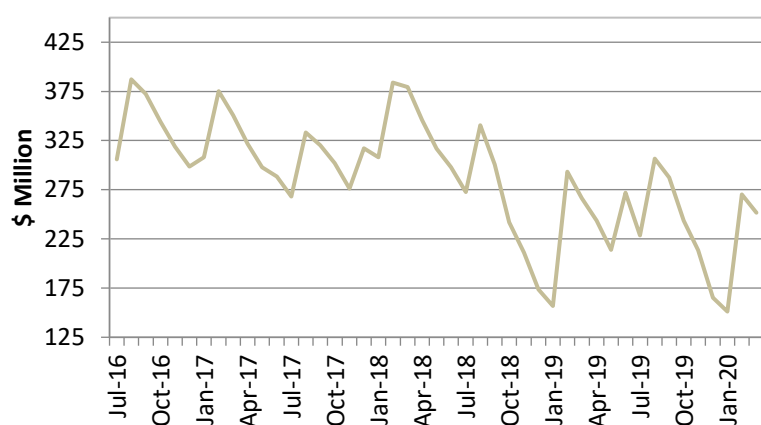
Net Cash



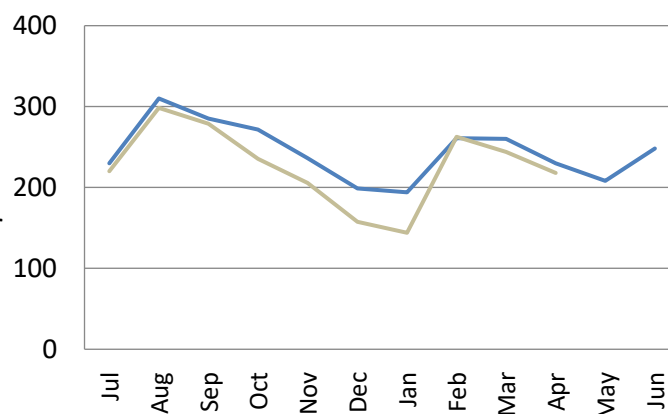
Debt Balance



Cash Balance



Forecast Cash Balance



Investment Performance

April 2020

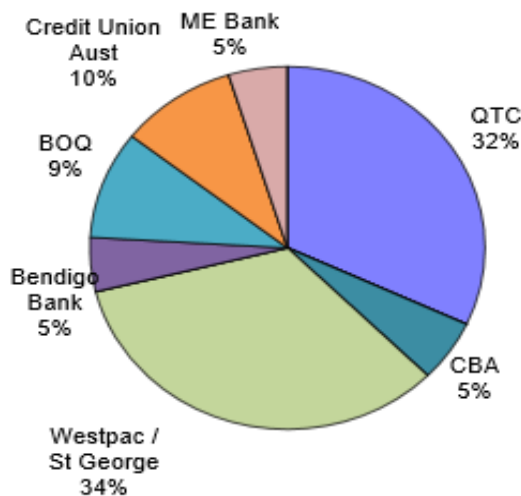
Liquidity as at:	30/04/2020	
	\$'000's	
At-call accounts		
QTC + CBA (excl. trust)	\$70,251	32.26%
Maturities within 7 days	\$0	0.00%
Total at-call	\$70,251	32.26%
Investment Policy Target		10.00%

Term deposits maturing:	\$'000's	Count
within 30 days	\$20,000	2
30-59 days	\$40,000	4
60-89 days	\$40,000	4
90-179 days	\$40,000	5
180-364 days	\$0	0
1 year - 3 years	\$0	0
Total	\$140,000	15

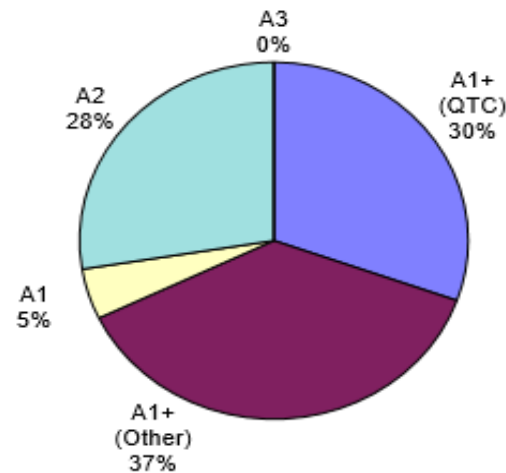
INVESTMENT SUMMARY (including Trust) as at:	30/04/2020		30/01/2020		30/04/2019		Investment Policy	
							Individual Limit	Group Limits
A1+ (QTC)	\$66,320	30.5%	\$115,128	75.8%	\$105,405	43.2%	100%	100%
A1+ (Other)	\$81,448	37.4%	\$36,702	24.2%	\$88,831	36.4%	40%	100%
A1	\$10,000	4.6%	\$0	0.0%	\$30,000	12.3%	30%	50%
A2	\$60,000	27.6%	\$0	0.0%	\$20,000	8.2%	30%	45%
A3	\$0	0.0%	\$0	0.0%	\$0	0.0%	5%	10%
Total Funds	\$217,768		\$151,830		\$244,237			
FUND SUMMARY								
General Funds	\$210,251		\$144,646		\$235,838			
Trust Funds	\$7,517		\$7,184		\$8,398			
Total Funds	\$217,768		\$151,830		\$244,237			

Investment Portfolio

Investment per financial institution (%)

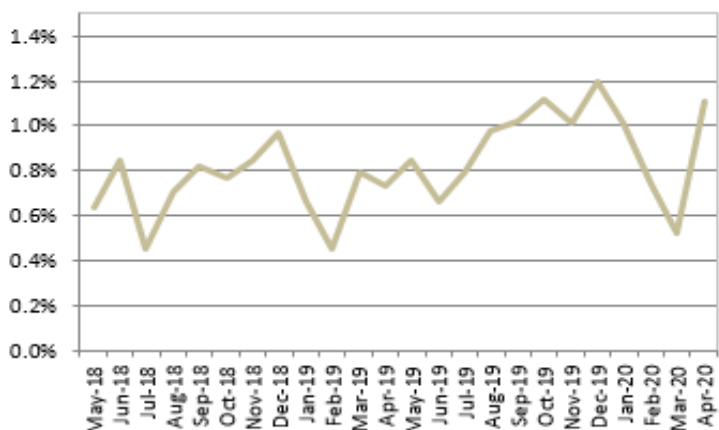


Investment by Standard & Poor's (Short Term Credit Rating)



Investment Performance

Margin Above Benchmark



Investment Performance

