

ORDINARY MEETING 1 MAY 2024	6
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FINANCIAL PERFORMANCE REPORT FOR THE PERIOD ENDED 29 MARCH 2024

63/17/2-01 | #7375361

RECOMMENDATION:

That Council notes the financial performance report for the period ended 29 March 2024.

INTERESTED PARTIES:

Not applicable

EXECUTIVE SUMMARY:

This report contains the financial performance report for the period ended 29 March 2024.

MARCH FINANCIALS AT A GLANCE				
Comprehensive Income	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Total operating revenue	291,636	281,694	9,942	377,916
Total operating expenses	(291,868)	(281,617)	(10,251)	(377,666)
Net Operating Result	(232)	77	(309)	250
Capital revenue	1,277	15,860	(14,583)	42,319
Net Result	1,045	15,937	(14,892)	42,569
Treasury Performance	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	Full Year Budget \$000
Operating result - (ex depreciation)	80,040	79,147	893	106,239
Infrastructure charges revenue	7,834	11,400	(3,566)	15,200
Grants & other capital revenue	5,993	17,312	(11,319)	20,536
Net Capital Funding	93,867	107,859	(13,992)	141,975
Capital expenditure	(94,034)	(113,234)	19,200	(166,209)
Net Funding Surplus/(Deficit)	(167)	(5,375)	5,208	(24,234)

The year to date operating result is unfavourable to budget by \$309K. Included in this is an unbudgeted net cost of \$3.4M related to TC Jasper recovery works (\$13.7M in expenses offset by \$10.3M in funding). In addition, miscellaneous revenue (\$1.5M) and interest revenue (\$1.3M) are greater than anticipated which has been slightly offset by lower than anticipated net rates and utility charges (\$1.9M) and higher depreciation (\$1.2M).

The net capital funding available is \$93.9M which is \$14.0M unfavourable to budget. This is due to a combination of unfavourable grants and other capital revenue (\$11.3M), and infrastructure charges revenue (\$3.6M).

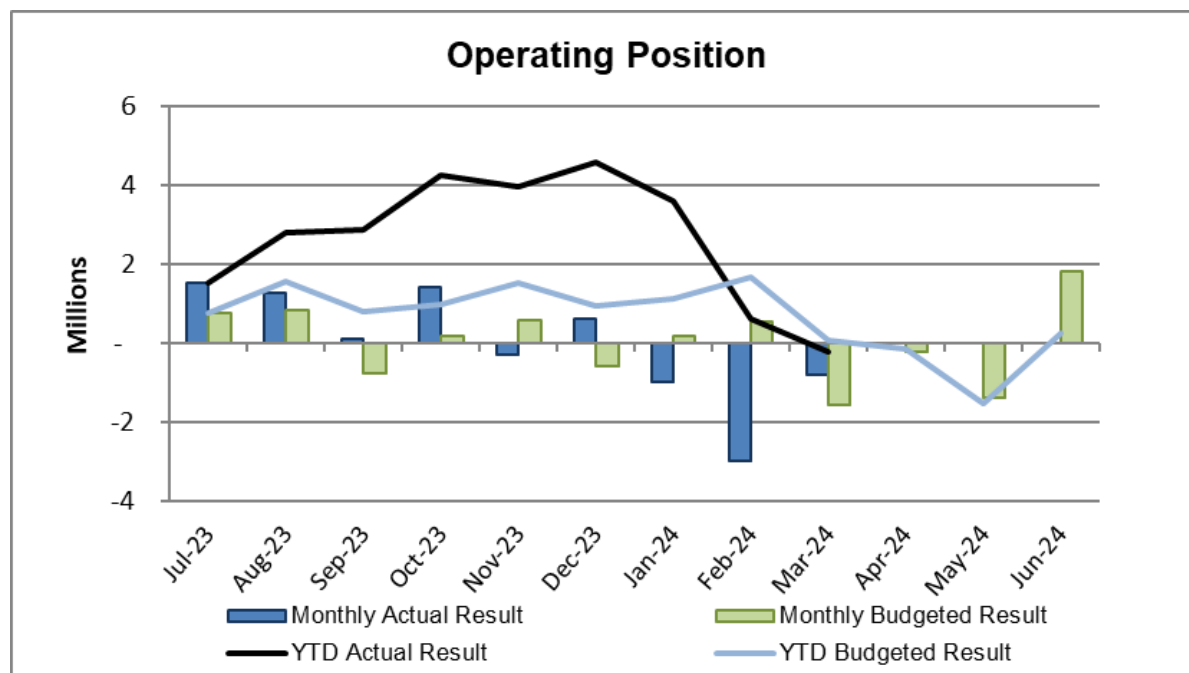
Capital expenditure is \$93.6M resulting in a \$18.6M timing variance to budget.

The full impact of the Cyclone Jasper Flood Emergency on Council’s financial position is still being worked through, with the remediation works expected to exceed \$100M. Whilst funding programs such as DRFA (Disaster Recovery Funding Arrangements), particularly the REPA (Reconstruction of Public Assets) portion, are expected to cover elements of these costs there is still expected to be a significant portion that is not externally funded. To date, approximately \$13.7M of recovery related expenditure has been recognised in Council’s operating expenses, \$10.3M of which is expected to be recoverable through external funding streams.

COMMENT:

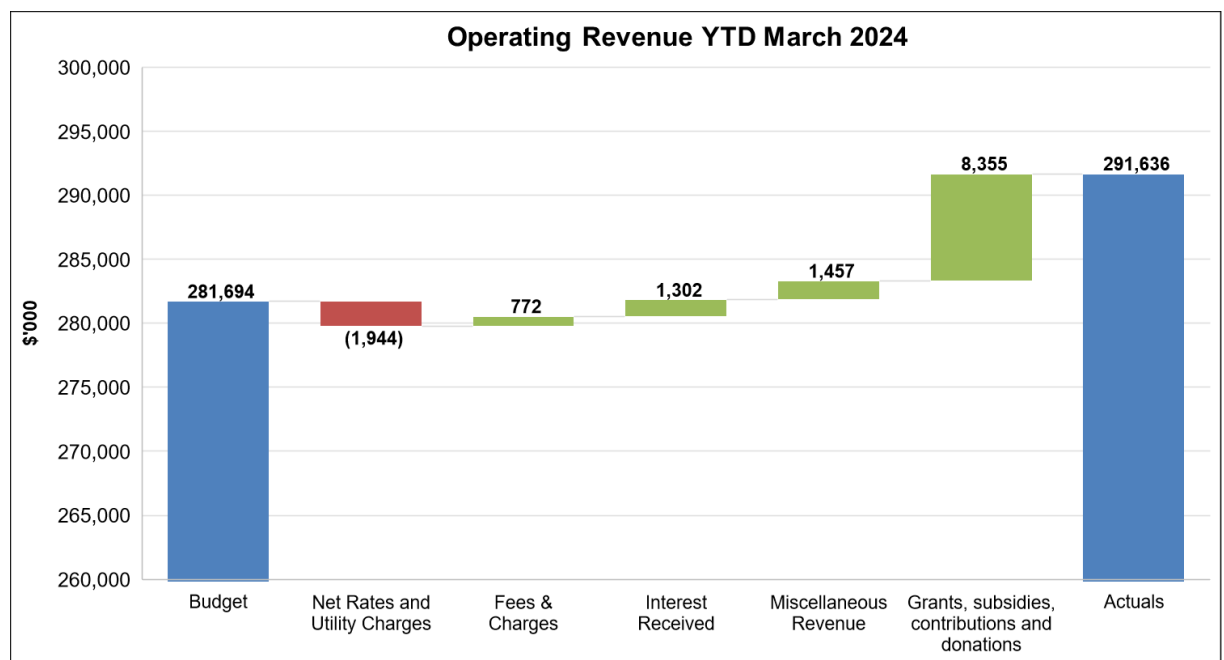
Each month, year to date financial statements are prepared in order to monitor actual performance against budget. Attached are the financial statements for the period ended 29 March 2024. Actual amounts are compared against year to date Budget 2023/24 figures. See Appendix one for detailed financial statements and Appendix two for statements of comprehensive income by directorate.

OPERATING POSITION



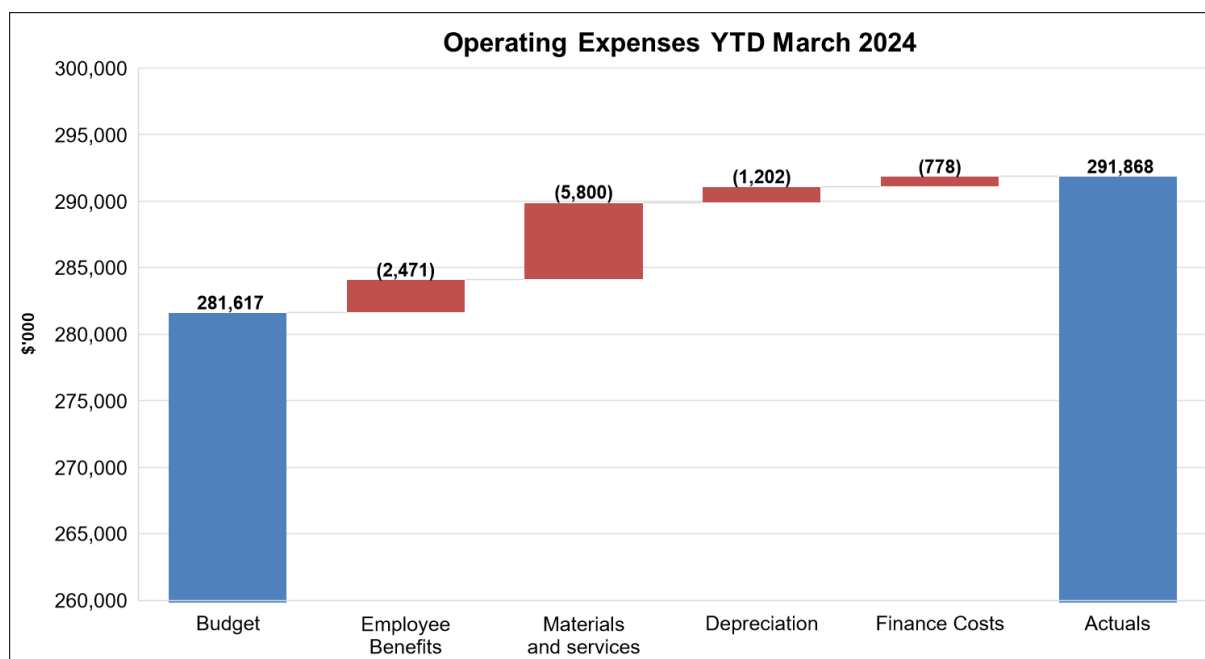
Council’s operating position at the end of March was a deficit of \$232K, \$309K unfavourable to budget. This result is mainly due to unfavourable variances in materials and services and employee benefits due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency (\$13.7M). Also contributing to the variance is lower than anticipated net rates and utility charges (\$1.9M) and higher than anticipated depreciation (\$1.2M). Offsetting the unfavourable variances is the unbudgeted grant funds for the Cyclone Jasper Flood Emergency (\$10.3M) as well as higher than anticipated miscellaneous revenue (\$1.5M) and interest revenue (\$1.3M).

OPERATING REVENUE



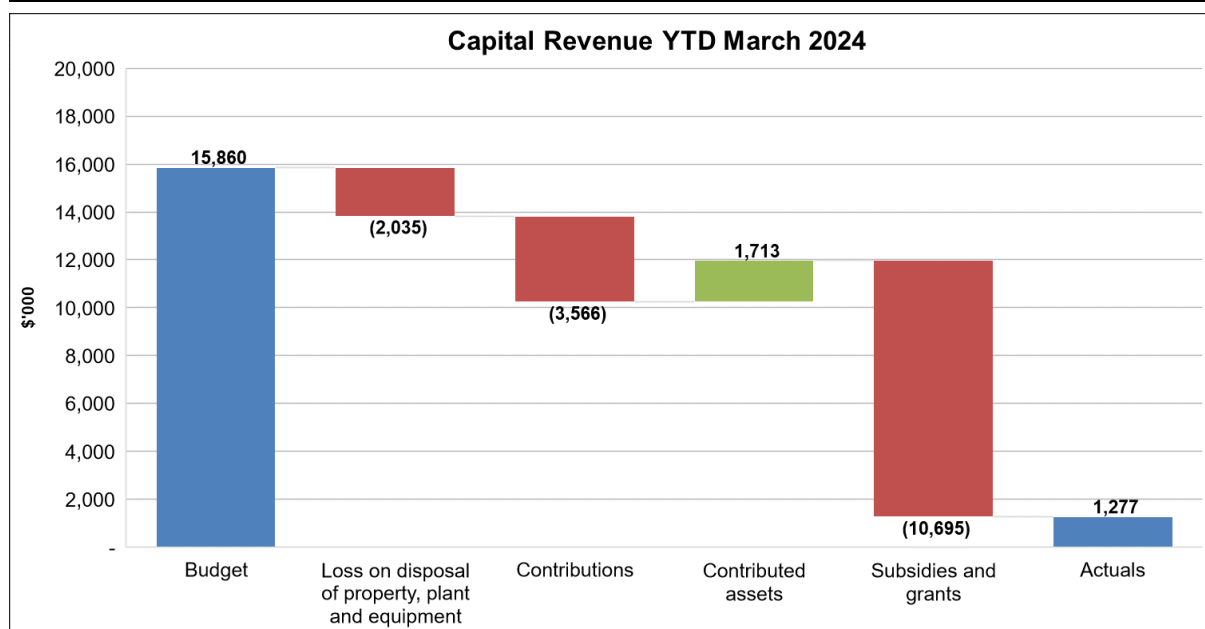
Operating revenue is favourable to budget by \$9.9M driven by greater than anticipated grants, subsidies, contributions and donations (\$8.4M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency of (\$10.3M), as well as higher miscellaneous revenue (\$1.5M) and interest received (\$1.3M). This has been slightly offset by less than anticipated net rates and utility charges (\$1.9M).

OPERATING EXPENDITURE



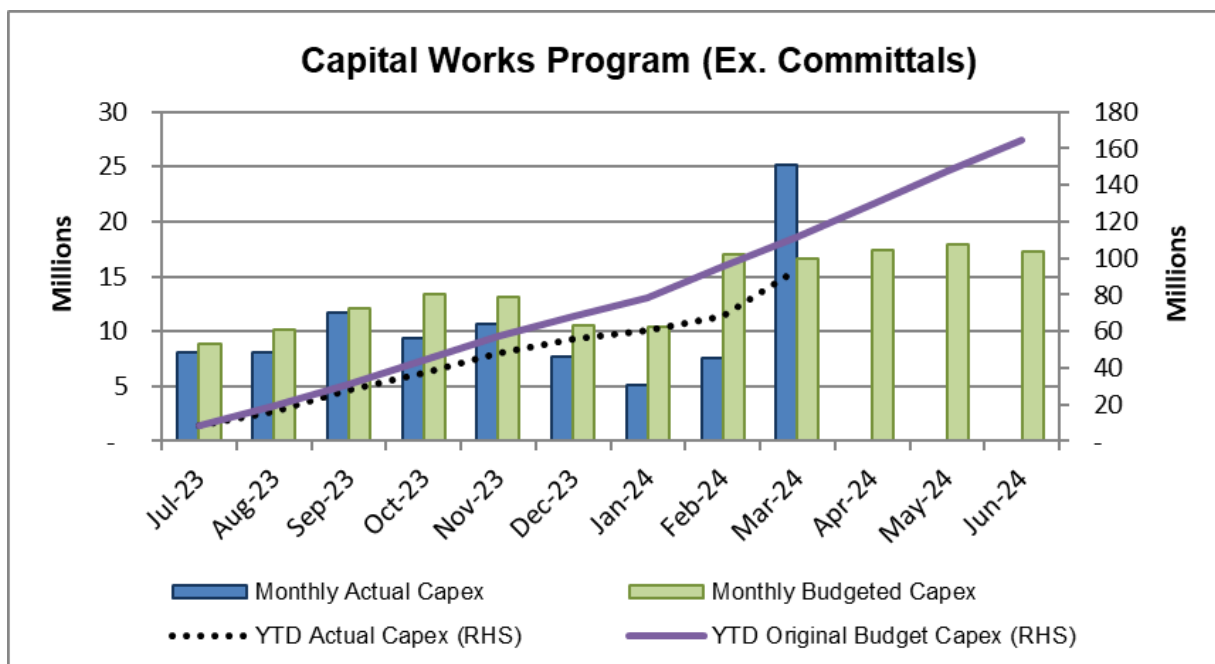
Operating expenditure is \$10.3M unfavourable to budget. This is largely driven by greater than anticipated materials and services (\$5.8M) and employee benefits (\$2.5M) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$1.2M).

CAPITAL REVENUE



Capital revenue is \$14.6M unfavourable to budget mainly due to less than anticipated subsidies and grants, due to timing (\$10.7M), contributions (\$3.6M) and greater than anticipated loss on disposal of property, plant and equipment (\$2.0M). The unfavourable capital grant revenue is due largely to the timing of the capital works program as revenue is recognised in line with expenditure.

CAPITAL EXPENDITURE



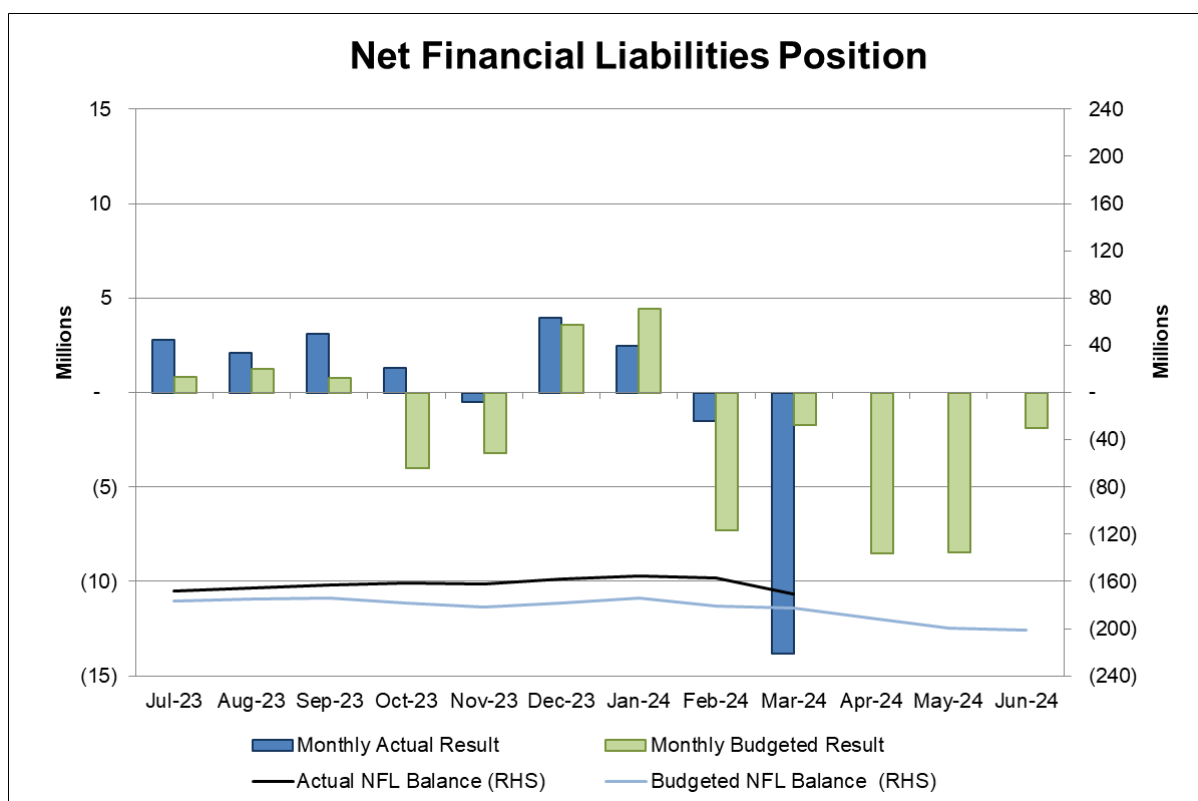
Actual capital works expenditure year to date is \$93.6M, compared to a budget of \$112.2M. The following table illustrates year to date 2023/24 capital works program against the full year budget.

Directorate	Year to Date Actual \$000	Year to Date Budget \$000	Year to Date Variance \$000	Full Year Budget \$000
Finance & Business Services	400	1,450	1,050	2,950
Lifestyle & Community	23,241	29,770	6,529	38,867
CIA – Engineering Services	20,286	16,751	(3,535)	27,898
CIA – Service Delivery	49,638	64,200	14,562	95,077
CAPITAL WORKS TOTAL	93,565	112,171	18,606	164,792
Capitalised Interest	469	1,063	594	1,417
CAPITAL EXPENDITURE	94,034	113,234	19,200	166,209

YTD actual expenditure	\$ 93,565	
Unspent capital expenditure	\$ 71,227	
Full year budget capital expenditure	\$ 164,792	

TREASURY PERFORMANCE

The following graph has been developed to provide an indication of Council's net financial liabilities monthly variance to budget.



Net financial liabilities (NFL) is a broader measure of indebtedness than the level of borrowings. It includes items such as trade payables, employee long-service leave entitlements and other amounts payable as well as taking account of Council's cash holdings. An increase in net financial liabilities will increase interest associated with borrowings and will impact negatively on Council's operating result.

As at the end of March, Council's NFL is \$11.8M favourable to budget. This is driven by a favourable \$6.6M carry forward position from the previous financial year combined with a \$5.2M favourable net funding year to date variance.

Net Funding Result – Year to Date

Financial Items	Actuals YTD \$'000	Budget YTD \$'000	Variance YTD \$'000	Budget Full Year \$'000
Operating Revenue	291,636	281,694	9,942	377,916
Operating Expenses (ex Dep)	(211,596)	(202,547)	(9,049)	(271,677)
Capital Revenue - Infra Charges	7,834	11,400	(3,566)	15,200
Capital Revenue - Grants & Other	5,993	17,312	(11,319)	20,536
Net Capital Funding	93,867	107,859	(13,992)	141,975
Capital Expenditure	(94,034)	(113,234)	19,200	(166,209)
Net Funding Surplus/(Deficit)	(167)	(5,375)	5,208	(24,234)

Year to date net capital funding totals \$93.9M which is \$14.0M unfavourable to budget, mainly due to less than anticipated grants and other capital revenue (\$11.3M) and net rates and utility charges (\$1.9M) as well as greater than anticipated materials and services (\$5.8M) and employee benefits (\$2.5M). This has been slightly offset by favourable grants, subsidies, contributions and donations revenue (\$8.4M).

Capital expenditure at the end of March is \$19.2M favourable to budget. Combined with an unfavourable net capital funding variance (\$14.0M), this results in a favourable \$5.2M net funding surplus year to date.

LIQUIDITY

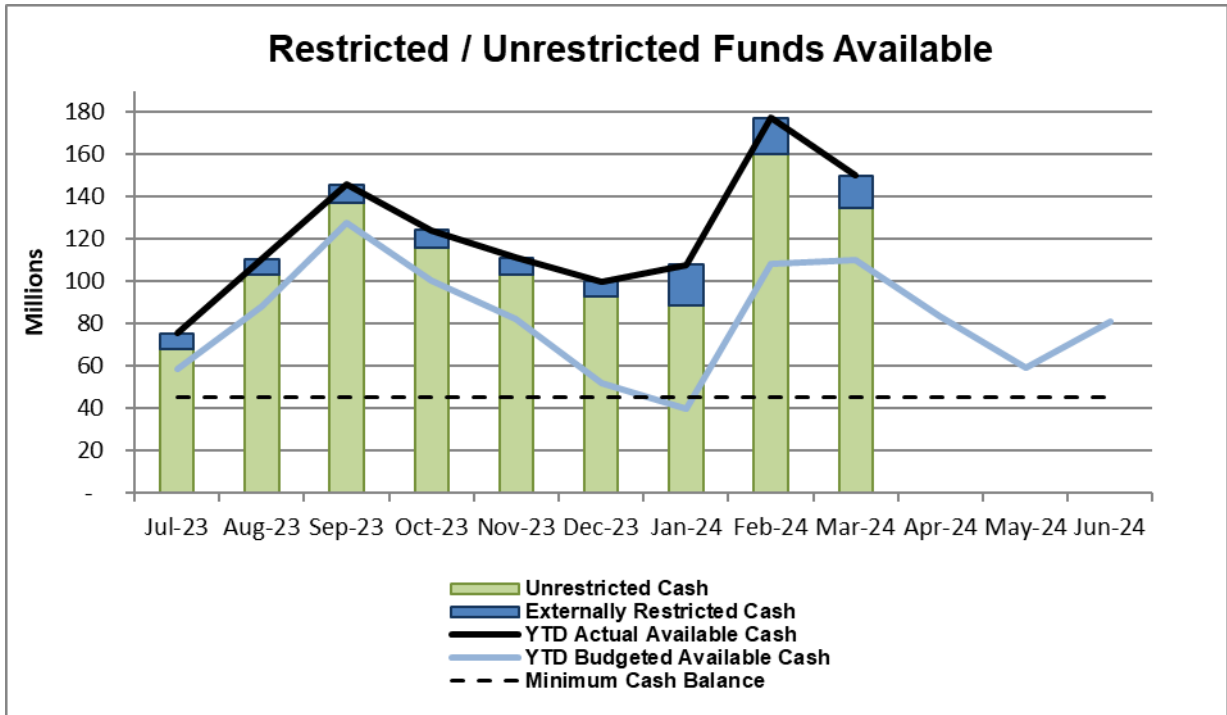
	Actual \$000	Budget \$000	Variance \$000
Cash and cash equivalents	89,900	50,253	39,647
Working capital facility	-	-	-
Long term loans	(136,006)	(135,828)	(178)
NET DEBT POSITION	(46,106)	(85,575)	39,469

Council's net debt position is \$39.5M favourable to budget due to the favourable \$13.5M position carried forward from the 2022/23 financial year and the favourable year to date net funding surplus position of \$5.2M. Due largely to the progress on the capital works program.

Also contributing is an unfavourable variance in trade and other payables due to higher than anticipated capital expenditure and accruals recognised during the month (\$8.7M) as well as the unspent portion of funds from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency sitting within other current liabilities (\$9.7M).

UNRESTRICTED FUNDS POSITION

Restricted cash represents cash and cash equivalents that are subject to a number of external restrictions that limit amounts available for discretionary or future use. It is comprised of unspent government grants and developer contributions set aside for specific capital works. A summary of Council’s restricted funds position is provided below.



Including the working capital facility, the total funds available is \$149.9M. Excluding funds subject to external restrictions of \$15.4M, the unconstrained funds available to meet ongoing operational expenses is \$134.5M.

DEPARTMENT OF HOUSING, LOCAL GOVERNMENT, PLANNING AND PUBLIC WORKS (DHLGPPW) FINANCIAL SUSTAINABILITY RATIOS

In accordance with s169 (6) of the *Local Government Regulation 2012*, the DHLGPPW financial sustainability ratios have been provided. The ratios are designed to provide an indication of the performance of Council against key financial sustainability criteria which must be met to ensure the prudent management of financial risks.

As the information required for the leverage ratio and asset sustainability ratio is based on full year results, it is not feasible to report these ratios on a monthly basis. These ratios will be provided in the budget and annual financial statements as regulated.

Type	Measure	Rationale	Actual Result	Benchmark	Within limits	FY Budget
Operating Performance	Operating Surplus Ratio	Holistic overview of Council operating performance	(0.1%)	> 0%	<input type="checkbox"/>	0.4%
Operating Performance	Operating Cash Ratio	Cash operating performance (less depreciation and other non-cash items)	28.5%	> 0%	<input checked="" type="checkbox"/>	29.4%
Liquidity	Unrestricted Cash Expense Cover Ratio	Unconstrained liquidity available to Council	6.0	> 2 months	<input checked="" type="checkbox"/>	4.7
Debt Servicing Capacity	Leverage Ratio	Ability to repay existing debt	N/A	0 - 4 times	N/A	1.6
Asset Management	Asset Sustainability Ratio	Capital renewals program performance	N/A	> 60%	N/A	68.4%
	Asset Consumption Ratio	Extent to which assets are being consumed	68.0%	> 60%	<input checked="" type="checkbox"/>	68.1%
	Asset Renewal Funding Ratio	Asset replacement program performance	Contextual purposes only and not audited by QAO.			
Financial Capacity	Council Controlled Revenue	Capacity to generate revenue internally	Contextual purposes only and not audited by QAO.			
	Population Growth	Population growth/decline pressures on Council	Contextual purposes only and not audited by QAO.			

CONSIDERATIONS:**Risk Management:**

Financial statements report on a historical basis, therefore there are no financial implications or risk on decisions or options. DHLGPPW ratios are submitted with financial statements which provide an indication of the performance of Council to ensure prudent management of financial risks.

In terms of financial performance and risk, the approach taken sees the Finance Team working with the various business directorates to understand and report on financial outcomes whilst also considering what those outcomes indicate for the future, particularly the requirement to deliver within budget. It is expected this forward-looking approach will allow the management team to implement timely rectification actions to emerging trends.

ATTACHMENTS:

Attachment 1: Financial Statements

Attachment 2: Directorate Reports

Attachment 3: Explanation of Financial Statement Items



Jason Ritchie
Executive Manager Finance



Lisa Whitton
Director Finance & Business Services

Attachment 1: Financial Statements

Attached are the financial statements for the period ended 29 March 2024. Actual amounts are compared against the year-to-date Budget figures.

Financial statements included:

- **Statement of Comprehensive Income** – Displays Council's year to date profit and loss up to the period end.
- **Statement of Financial Position** – Displays the Assets (what we own), Liabilities (what we owe) and Community Equity (our net worth).
- **Statement of Cash Flows** – Reports how income received, and expenses paid impacts on Council's cash balances.

Statement of Comprehensive Income For the Period Ended 29 March 2024			
	Actual	Original Budget	Variance
	\$000	\$000	\$000
Income			
Revenue			
Operating Revenue			
Net rates and utility charges	237,296	239,240	(1,944)
Fees and charges	22,375	21,603	772
Interest received	4,717	3,415	1,302
Miscellaneous Revenue	15,135	13,678	1,457
Grants, subsidies, contributions and donations	12,113	3,758	8,355
Total Operating revenue	291,636	281,694	9,942
Expenses			
Operating Expenses			
Employee benefits	99,075	96,604	(2,471)
Materials and services	109,318	103,518	(5,800)
Depreciation	80,272	79,070	(1,202)
Finance costs	3,203	2,425	(778)
Total Operating Expenses	291,868	281,617	(10,251)
Capital Revenue			
Loss on disposal of property, plant and equipment	(13,762)	(11,727)	(2,035)
Contributions	7,834	11,400	(3,566)
Contributed assets	1,713	-	1,713
Subsidies and grants	5,492	16,187	(10,695)
Net Capital Revenue	1,277	15,860	(14,583)
Net result attributable to Council in period	1,045	15,937	(14,892)
Council's net result for March 2024 is a surplus of \$1.0M, \$14.9M less than budgeted.			
Operating revenue is \$9.9M favourable to budget driven mainly by greater than anticipated grants, subsidies, contributions and donations (\$8.4M) due to the unbudgeted receipt of funding for the Cyclone Jasper Flood Emergency (\$10.3M) as well as higher miscellaneous revenue (\$1.5M) and interest received (\$1.3M). This has been slightly offset by less than anticipated net rates and utility charges (\$1.9M).			
Operating expenses are \$10.3M unfavourable to budget due to greater than anticipated materials and services (\$5.8M) and employee benefits (\$2.5M) mainly due to unbudgeted expenditure relating to the Cyclone Jasper Flood Emergency, as well as higher depreciation (\$1.2M).			
Capital revenue is \$14.6M unfavourable to budget mainly due to less than anticipated subsidies and grants (\$10.7M) as a result of timing and contributions (\$3.6M) and greater than anticipated loss on disposal of property, plant and equipment (\$2.0M). This has been slightly offset by greater than anticipated contributed assets (\$1.7M).			

Statement of Financial Position				
For the Period Ended 29 March 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Assets				
Current Assets				
Cash and cash equivalents	1	89,900	50,253	39,647
Receivables		70,872	73,271	(2,399)
Inventories		4,764	3,566	1,198
		165,536	127,090	38,446
Non-Current Assets				
Property, plant and equipment	2	4,667,555	4,703,887	(36,332)
		4,667,555	4,703,887	(36,332)
Total Assets		4,833,091	4,830,977	2,114
Liabilities				
Current Liabilities				
Trade and other payables	3	61,537	52,841	(8,696)
Borrowings		23,503	20,889	(2,614)
Provisions	4	15,625	11,459	(4,166)
Other liabilities	1	103,896	94,032	(9,864)
		204,561	179,221	(25,340)
Non-Current Liabilities				
Borrowings		112,503	114,939	2,436
Provisions		13,354	13,852	498
Other liabilities	5	5,944	1,747	(4,197)
		131,801	130,538	(1,263)
Total Liabilities		336,362	309,759	(26,603)
NET COMMUNITY ASSETS		4,496,729	4,521,218	(24,489)
Community Equity				
Retained surplus/deficit		2,731,296	2,755,961	(24,665)
Asset revaluation surplus		1,765,433	1,765,257	176
TOTAL COMMUNITY EQUITY		4,496,729	4,521,218	(24,489)
<p>1 The cash and cash equivalents variance is largely due the favourable opening cash balance as at 1 July. Also contributing is the unbudgeted prepayment from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency, of which \$9.7M is unspent. This has resulted in a corresponding unfavourable variance in other current liabilities.</p> <p>2 Property, plant and equipment is unfavourable to budget due to lower than anticipated capital additions in 2022/23 and 2023/24.</p> <p>3 Trade and other payables is unfavourable to budget due to higher than anticipated capital expenditure and accruals recognised during the month.</p> <p>4 Current provisions are unfavourable to budget due to a higher than anticipated provision for developer contribution credits, which is dependant upon development activity.</p> <p>5 Other non-current liabilities are unfavourable to budget due to Council's lease liabilities being brought to account in 2022/23 which has resulted in a \$4.2M variance to budget.</p>				

Statement of Cash Flows				
For the Period Ended 29 March 2024				
	Note	Actual	Original Budget	Variance
		\$000	\$000	\$000
Cash Flows from Operating Activities:				
Receipts from customers	1	333,958	346,599	(12,641)
Payments to suppliers and employees	2	(203,414)	(210,662)	7,248
Interest received		4,717	1,880	2,837
Borrowing costs		(1,754)	(2,353)	599
Net cash inflow (outflow) from operating activities		133,507	135,464	(1,957)
Cash Flows from Investing Activities				
Grants, subsidies and contributions for capital acquisitions	3	25,796	20,306	5,490
Proceeds from disposal of property, plant and equipment		541	1,125	(584)
Payments for property, plant, equipment and CWIP	4	(85,372)	(114,974)	29,602
Net cash inflow (outflow) from investing activities		(59,035)	(93,543)	34,508
Cash Flows from Financing Activities:				
Repayment of borrowings		(20,395)	(22,763)	2,368
Repayment of working capital facility		-	1,536	(1,536)
Net cash inflow (outflow) from financing activities		(20,395)	(21,227)	832
NET INCREASE/(DECREASE) IN CASH HELD		54,077	20,694	33,383
Cash at beginning of year		35,823	29,559	6,264
CASH AT END OF PERIOD		89,900	50,253	39,647
<p>1 The unfavourable variance in receipts from customers is largely due to timing and is expected to reduce over the remainder of the year.</p> <p>2 Timing of expenditure and a higher than anticipated balance in trade and other payables has resulted in lower than anticipated payments to suppliers and employees.</p> <p>3 Grants, subsidies and contributions for capital acquisitions is favourable to budget due to the unbudgeted prepayment from the QLD Reconstruction Authority for future grant applications associated with the Cyclone Jasper Flood Emergency (\$9.7M).</p> <p>4 The timing of delivery of the capital works program has caused lower than anticipated payments for property, plant and equipment.</p>				

Attachment 2: Directorate Reports

Directorate operating statements provide information on the performance of each directorate for the period ended 29 March 2024.

The following are the directorate operating statements included in this report (in order):

Appendix:

- A. Office of the CEO
- B. Finance & Business Services
- C. People & Organisational Performance
- D. Planning, Growth & Sustainability
- E. Lifestyle & Community
- F. Cairns Infrastructure and Assets – Engineering Services
- G. Cairns Infrastructure and Assets – Service Delivery
- H. Economic Development & Advocacy

Appendix A – Office of the CEO

Operating Statement				
For the Period Ended 29 March 2024				
Office of the CEO				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Other income	622	583	39	7 %
Total Operating Revenue	622	583	39	7 %
Operating Expenditure				
Employee Benefits	2,399	2,373	(26)	(1)%
Materials and services	372	459	87	19 %
Total Expenses	2,771	2,832	61	2 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(2,149)	(2,249)	100	4 %
Office of the CEO is \$100K favourable to budget YTD, due to timing of materials and services expenditure.				

Appendix B – Finance & Business Services

Operating Statement				
For the Period Ended 29 March 2024				
Finance & Business Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	101,418	101,807	(389)	(0) %
Fees and charges	449	505	(56)	(11) %
Interest	3,509	2,324	1,185	51 %
Other income	268	226	42	19 %
Grants, Subsidies and Contributions	206	2,258	(2,052)	(91) %
Total Operating Revenue	105,850	107,120	(1,270)	(1) %
Operating Expenditure				
Employee benefits	14,331	15,391	1,060	7 %
Materials and services	587	2,332	1,745	75 %
Depreciation and amortisation expenses	2,420	2,503	83	3 %
Finance Costs	2,216	1,928	(288)	(15) %
Total Expenses	19,554	22,154	2,600	12 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	86,296	84,966	1,330	2 %
<p>The Finance & Business Services directorate is \$1.3M favourable to budget with favourable variances in employee benefits and materials and services offsetting unfavourable grant revenue which is due to the early bring forward of the Financial Assistance Grant in 2022/23.</p>				

Appendix C – People & Organisational Performance

Operating Statement For the Period Ended 29 March 2024				
People & Organisational Performance				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	1	3	(2)	(67) %
Other income	35	6	29	483 %
Grants, Subsidies and Contributions	236	379	(143)	(38) %
Total Operating Revenue	272	388	(116)	(30) %
Operating Expenditure				
Employee benefits	6,789	6,704	(85)	(1) %
Materials and services	4,498	5,312	814	15 %
Total Expenses	11,287	12,016	729	6 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(11,015)	(11,628)	613	5 %
The People & Organisational Performance directorate is \$613K favourable to budget largely across various materials and service expenses.				

Appendix D – Planning, Growth & Sustainability

Operating Statement				
For the Period Ended 29 March 2024				
Planning, Growth & Sustainability				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	3,373	3,545	(172)	(5) %
Other income	579	485	94	19 %
Grants, subsidies, contributions and donations	196	28	168	600 %
Total Operating Revenue	4,148	4,058	90	2 %
Operating Expenditure				
Employee Benefits	6,341	6,709	368	5 %
Materials and services	1,969	3,167	1,198	38 %
Finance Costs	60	29	(31)	(107) %
Total Expenses	8,370	9,905	1,535	15 %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(4,222)	(5,847)	1,625	28 %
Planning, Growth and Sustainability is \$1.6M favourable to budget due to lower than budgeted materials and services and employee vacancies.				

Appendix E – Lifestyle & Community

Operating Statement				
For the Period Ended 29 March 2024				
Lifestyle & Community				
	Actual	Budget	Variance	Variance
	▶ \$000	▶ \$000	▶ \$000	%
Operating Revenue				
Fees and charges	11,196	10,234	962	9 %
Other income	4,128	4,403	(275)	(6) %
Grants, subsidies, contributions and donations	2,337	985	1,352	137 %
Total Operating Revenue	17,661	15,622	2,039	13 %
Operating Expenditure				
Employee benefits	26,697	25,177	(1,520)	(6) %
Materials and services	31,077	30,803	(274)	(1) %
Depreciation and amortisation expenses	10,365	10,333	(32)	(0) %
Finance Costs	910	468	(442)	(94) %
Total Expenses	69,049	66,781	(2,268)	(3) %
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(51,388)	(51,159)	(229)	(0) %
<p>Lifestyle & Community is \$229K unfavourable to budget. Fees & charges revenue is favourable due to animal management, parking and CPAC venue hires all exceeding expectations - this is partially offset by an increase in finance costs and reduced other income. Grants revenue is favourable due to disaster funding which is offset by employee costs and material & services.</p>				

Appendix F – Cairns Infrastructure and Assets – Engineering Services

Operating Statement				
For the Period Ended 29 March 2024				
Cairns Infrastructure and Assets - Engineering Services				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Fees and charges	84	39	45	115 %
Other income	77	-	77	0 %
Grants, Subsidies and Contributions	21	15	6	40 %
Total Operating Revenue	182	54	128	237 %
Operating Expenditure				
Employee benefits	7,343	7,309	(34)	(0)%
Materials and services	2,146	2,416	270	11 %
Depreciation and amortisation expenses	29,344	28,856	(488)	(2)%
Total Expenses	38,833	38,581	(252)	(1)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(38,651)	(38,527)	(124)	(0)%
Engineering Services is \$124K unfavourable to budget due to depreciation, offset by lower than budgeted external services.				

Appendix G – Cairns Infrastructure and Assets – Service Delivery

Operating Statement				
For the Period Ended 29 March 2024				
Cairns Infrastructure and Assets - Service Delivery				
	Actual	Budget	Variance	Variance
	\$000	\$000	\$000	%
Operating Revenue				
Net rates and utility charges	135,878	137,433	(1,555)	(1) %
Fees and charges	7,272	7,277	(5)	(0)%
Interest revenue	1,207	1,091	116	11 %
Other income	9,426	7,975	1,451	18 %
Grants, Subsidies and Contributions	9,118	94	9,024	9,600 %
Total Operating Revenue	162,901	153,870	9,031	6 %
Operating Expenditure				
Employee benefits	34,353	32,040	(2,313)	(7)%
Materials and services	64,851	54,495	(10,356)	(19)%
Depreciation and amortisation expenses	38,143	37,378	(765)	(2)%
Finance costs	17	-	(17)	(100)%
Total Expenses	137,364	123,913	(13,451)	(11)%
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	25,537	29,957	(4,420)	(15)%
<p>Service Delivery is unfavourable to budget. Below budget water usage unfavourably impacts rates. Disaster Recovery works are offset by grant funding and below budget maintenance works as resources were diverted to recovery. Disaster recovery works that are ineligible for funding are partially offset by favourable stock adjustments.</p>				

Appendix H – Economic Development & Advocacy

Operating Statement					
For the Period Ended 29 March 2024					
Economic Development & Advocacy					
	Actual	Budget	Variance	Variance	
	▼ \$000	▼ \$000	▼ \$000	%	
Operating Revenue					
Other income	-	-	-	0 %	
Total Operating Revenue	-	-	-	0 %	
Operating Expenditure					
Employee benefits	822	902	80	9 %	
Materials and services	3,817	4,533	716	16 %	
Total Expenses	4,639	5,435	796	15 %	
OPERATING CAPABILITIES BEFORE CAPITAL ITEMS	(4,639)	(5,435)	796	15 %	
The Economic Development & Advocacy directorate is \$796K favourable to budget, due to the timing of consultancies and events.					

Attachment 3: Explanation of Financial Statement Items

This appendix is a general explanation of Council's revenues, costs, assets and liabilities to aid in understanding the budget to actual comparison in the monthly financial report.

STATEMENT OF COMPREHENSIVE INCOME	
OPERATING REVENUE	
Net Rates and Utility Charges	Rates are the taxes levied on ratepayers within Council. Whilst the rates notices are mainly issued in July and January, revenue is accounted for on an accrual basis throughout the year.
Fees and Charges	Revenue includes a mixture of regulated fees and user fees. Regulated fees are levied by Council and the amount of the fee or fine is often set externally and the payment is compulsory. User fees are charged for the use of goods and services and are entered into at the election of the user. The pattern of revenue for fees and charges reflects a mixture of billing cycles and seasonal variations.
Interest Received	Interest is earned on surplus cash fund balances and is also charged on overdue rates. The interest earned fluctuates throughout the year due to the timing of rates collections.
Miscellaneous Revenue	Miscellaneous revenue comprises of items that don't meet the definition for other categories. It includes reimbursements and recoveries, rentals and external contract works.
Grants, Subsidies, Contributions & Donations	Council receives support to fund and assist in the delivery of services. Financial assistance grants are federally funded and allocated via state and territory-based Grant Commissions, whilst tiered grants are generally linked to the delivery of specific programs.
OPERATING EXPENSES	
Employee Benefits	Represents the total cost of staff employed in the delivery of Council services. Costs include wages, superannuation, employee leave entitlements and other on costs. They will not include the costs of engaging contractors providing services to the Council on an outsourced basis.
Materials and Services	Costs incurred in the purchase of material or other services necessary to deliver Council services.
Depreciation	Represents the consumption of property, plant and equipment and the reduction of the future value of the assets is recognised as a cost to Council. While this is a significant cost, it does not represent a cash outflow to Council.
Finance Costs	Interest on loans, bank charges and doubtful debts expense.
CAPITAL ITEMS	
Loss on Disposal of Property, Plant and Equipment	Loss on disposal of property, plant and equipment represents the accounting value of an asset when it is retired. As it is an accounting entry only, it does not have a cash impact for Council.
Contributions	Contributions are comprised of both cash and offset infrastructure charges which are to be used for the construction of trunk community assets.
Subsidies and Grants	Capital subsidies and grants are used by Council for the construction of specific assets and are recognised over time in line with completion of the construction works.
Contributed Assets	Assets acquired by Council at nominal or no cost usually by way of agreement with property developers or other government entities. They are valued at their estimated cost of construction utilising appropriate valuation unit rates.

TREASURY PERFORMANCE	
Net Capital Funding	Net capital funding represents the cash available to fund Council's capital works program. The funding available is represented by the net result from the statement of comprehensive income adjusted for non-cash items including depreciation, contributed assets and loss on disposal.
Capital Expenditure	Capital expenditure reflects the money spent on the capital works program to maintain, improve and expand Council's community assets.
Net Funding Surplus/(Deficit)	The net funding result impacts Council's net financial liabilities which is also a measure of indebtedness. A surplus will improve Council's net financial liabilities position whilst a deficit will deteriorate the financial position and likely result in additional long-term loan borrowings.
Net Financial Liabilities	Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee long-service leave entitlements and other amounts payable in future as well as taking account of Council's cash holdings and invested monies. An increase in indebtedness will increase interest associated with borrowings and will impact negatively on Council's operating result.
STATEMENT OF FINANCIAL POSITION	
Current Assets	Cash and other assets, like trade receivables, that are easily converted into cash. The actual cash balance will vary significantly throughout the year as rate receipts, loans and major payments are processed. Cash investment is managed by Council's Treasury Section.
Non-Current Assets	The value of property, plant and equipment and infrastructure assets including land, transport, drainage, water and sewerage infrastructure after depreciation, renewals, new capital works, contributed assets and revaluations are accounted for.
Current Liabilities	Obligations that Council has to make payments for within the next financial year. This includes accounts payable and provisions for employee entitlements to annual and long service leave. It also includes the expected loan payment due in the next financial year.
Non-Current Liabilities	The financial obligations relating to provisions for employee entitlements and debt that is not required to be paid within the next financial year.
Community Equity	Equity includes accumulated retained surpluses and asset revaluation reserves which record the valuation adjustments to Council's existing non-current assets.