

Related Documentation

Ordinary Meeting

Thursday, 26 September 2024

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Item 8.2 Queensland Audit Office Second Interim Management Report for the financial year ended 30 June 2024

Item 8.2
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26 September 2024

Queensland Audit Office

Second Interim Management Report for the financial year ended 30 June 2024

Audit Schedule

- Planning (December 2023)
- 1st Interim (March 2024)
- 2nd Interim (May/June 2024)
 - Includes testing of asset revaluations and systems audit
- Final audit of financial statements (September 2024)

Legislative Requirements

- Statutory obligation to prepare General Purpose Financial Statements subject to audit by the Queensland Auditor General (or representative)
- Audit reports are first presented to Council's Audit Committee
- Section 213(3) of the *Local Government Regulation 2012* requires that the report be presented at the next Ordinary Meeting of Council

Results of Queensland Audit Office Second Interim Audit 2024

This audit assessed the design and implementation of Council's internal controls relevant to the financial report, and whether they are operating effectively.

The Queensland Audit Office assessed the key controls they intend to rely on in auditing Council's financial statements.

Based on the results of audit testing completed to date and the resolution of some of the prior year issues, **Queensland Audit Office have determined Council's internal control environment does support an audit strategy where they can rely on Council's controls.**

Results of Queensland Audit Office Second Interim Audit 2024

Item	Details
1. Significant deficiencies	1 current year and 1 prior year both resolved pending audit clearance
2. Deficiencies	2 current year in progress 4 prior year in progress 1 prior year partially resolved pending audit clearance 1 prior year resolved pending audit clearance
3. Areas of audit focus	Mostly on track; processing of comprehensive asset revaluations on track for week 2 of the final audit
4. Milestones	As above
5. Audit fees	Possible increase due to Item 3 above

Queensland Audit Office

Second Interim Management Report for the financial year ended 30 June 2024

Critical Dates

- 2 – 27 September 2024: Final Audit
- 14 October 2024: Council certification of the 2023-24 financial statements and current year financial sustainability statement prior to the statutory deadline of 31 October 2024
- 21 November 2024: Council adoption of the 2023-24 audited financial statements

Implementation

All identified issues will be stored in Council's Corporate Reporting System with implementation of recommendations to be monitored by the Audit Committee

Officer Recommendation

That Council receive and note the report titled "Queensland Audit Office Second Interim Management Report for the financial year ended 30 June 2024"

Thanks for your time



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Financial Performance Report

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August 2024 Operating Result

- Council's operating result at the end of August 2024 of \$153.4 million is above the current budget by \$5.1 million.
- The variance consists of:
 - Revenue above budget by \$4.0 million
 - Expenses below budget by \$1.1 million

August 2024 Operating Result

Revenue

Waste Cleansing Charges above year to date budget

Holiday Parks Fees & Charges above year to date budget

Expenditure

Contract expenses are **below budget** for Parks and Gardens, Transport Network Operations and Environmental Operations

August 2024 Capital Program Result

Capital Works Program has progressed 14.3%

- **\$40.4 million** of Council's \$283 million Capital Works Program has been financially expended.
- **\$21.3 million** of the \$193.6 million Core Capital Program has been spent which is 11.0% of the budget

Cash Flows and Balance Sheet

Council Cash

- Council's cash at 31 August is **\$255.6 million**

Council Debt

- Council's debt at 31 August is **\$433.8 million**
 - *Debt repayment during August \$12.6 million*
- Anticipated new borrowings for 2024-25 are **\$20.3 million**

Investment Performance

Investments

- Council currently has 7 term deposits totalling \$80 million
- Term deposits mature between 0 – 179 days
- Weighted average interest rate return of 4.96%

Financial Performance Report

Risk

- The 2024-25 budget has been developed with a focus on the long-term financial sustainability for Council.
- A key element to long term financial sustainability is achieving the 2024/25 operating result which includes savings initiatives of \$14.7 million.
- Failure to achieve the budgeted operating result will negatively impact Council's financial sustainability both in the short term and long term.
- Continued monitoring of the delivery of the capital works program is another area of focus.



Officer Recommendation

That Council receive and note the report titled “August 2024 Financial Performance Report”

Thanks for your time



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2024-25 Budget Review 1

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Budget Review 1



Section 170 of the Local Government Regulation 2012 allows Council to amend its budget by resolution at any time before the end of the financial year.

Major budget reviews are undertaken on a periodic basis to reflect management's best estimate of its financial position at the end of a financial year.

Budget reviews are governed by the following Budget Principles endorsed during Budget Development Process:

- Service levels set by Council and aligned to the Corporate Plan
- Maintain cash levels
- Maintain or decrease debt levels
- Achieve an operating result to fund debt redemptions and capital expenditure

Budget Review 1 - Summary



SCC TOTAL	2024/25	2024/25	Variation
	Original Budget	Budget Review 1	
	\$'000	\$'000	
Operating Revenue	610,085	611,533	1,448
Operating Expenditure	587,086	589,838	2,752
Operating Result	22,999	21,696	(1,304)
Capital Revenue	133,167	151,405	18,238
Capital Expenditure - SCC Core	193,624	143,458	(50,166)
Capital Expenditure – Other Capital Program	89,694	101,456	11,762
Total Capital Expenditure	283,318	244,914	(38,404)

Budget Review 1 - Operating



Operating Position – Adjustments

Continuation of Projects from 2023/24	\$1.4 million
New grant funding (net impact)	\$188,000

Budget Review 1 - Capital



Capital Works Program – Significant Adjustments

Carry Over projects from 2023/24	\$48.4 million
Deferred projects	\$34.5 million
Deferred projects to be included for Budget Review 2	\$53.0 million

Budget Review 1 - Capital



Minor Works Program

Appendix B contains a list of projects for Council's consideration under the Minor Works Program.

Budget Review 1 - Risk



While this report focuses on the estimated financial position at the end of the current financial year, it is important to acknowledge that significant work is still required for both the capital and operating budgets to ensure there is no impact to Council's financial sustainability both short term and long term.

The following items need continued attention:

- The achievement of revenue targets
- The delivery of the \$14.7 million in savings initiatives included in the operating result
- Confirmation of Budget Review 2 capital works deferrals
- Timing of payments for land acquisitions accrued as at 30 June 2024.

This work will need to be addressed during the next budget review process (Budget Review 2) and in the development of the 2025-26 Capital Works Program and the 2025-26 Operating Budget.

Budget Review 1



Officer Recommendation

As tabled in the report.

Thanks for your time



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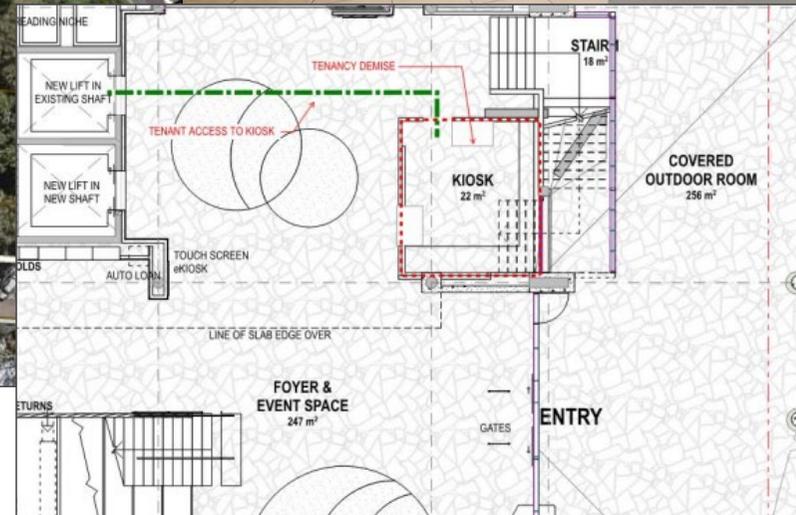
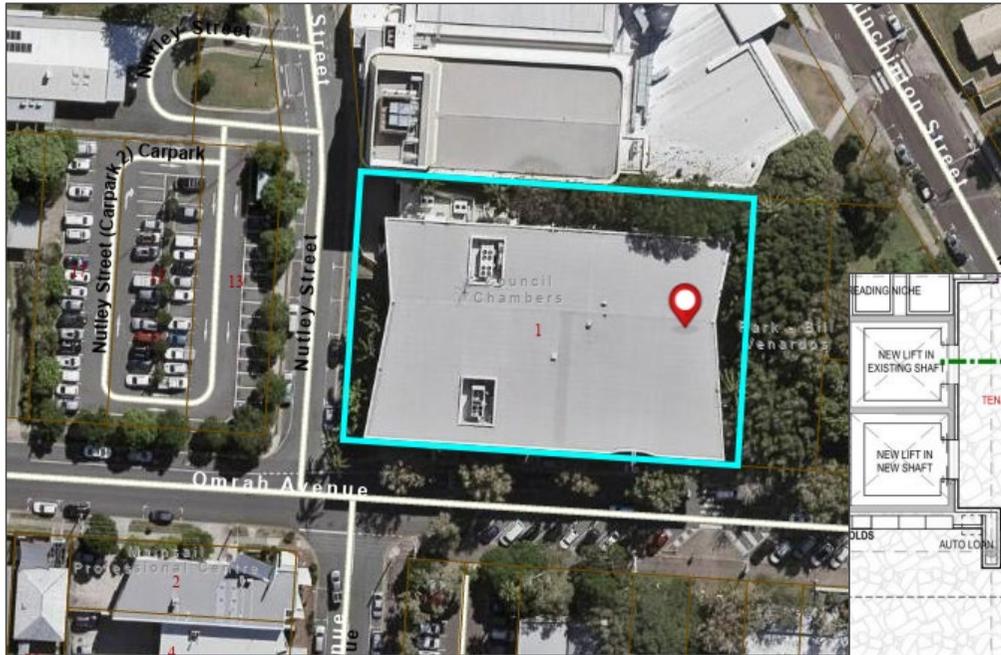
Disposal (Lease) of Commercial Tenancy at Caloundra Library+ 1 Omrah Avenue Caloundra

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Overview

- Council are due to complete the base building works of the Caloundra Library+ in Mid 2025.
- The existing Caloundra Administration Building is being transformed into a new district library, community meeting space, customer contact centre and Council administration offices.
- The commercial tenancy space located on the ground floor provide opportunities to support the economic development of the region as well as service the building and surrounding area.
- The commercial tenancy space comprises of a lettable area of 22m² and occupies a space in the lobby of the building with the main service area within the lobby and an external service window accessible from the open park and passing foot traffic.

Sunshine Coast Caloundra Library+ 1 Omrah Avenue Caloundra Aerial Map, Tenancy Drawings and Layout



Tender Release

- Council through procurement released the commercial space via public tender which closed on 20 August 2024.
- The tender sought tenants to lease and operate the commercial tenancy.
- No submissions were received via the tender process.
- As the tender result was unsuccessful the opportunity is to be released on the open market via Council's appointed commercial real estate and marketing agent
- To allow Council to enter into a lease via private treaty, Council is required to grant an exception under the *Local Government Regulation 2012* to allow Tenancy 2 to be leased via the same arrangement.

Officer Recommendation

That Council:

- (a) **receive and note the report titled “Disposal (Lease) of Commercial Tenancy at Caloundra Library+ 1 Omrah Avenue Caloundra” and**
- (b) **resolve that, under section 236 (1)(e) of the Local Government Regulation 2012, Council may dispose of a valuable non-current asset other than by tender or auction, this being the disposal by way of the grant of a lease of an interest in land for the Tenancy at Caloundra Library+ at 1 Omrah Avenue Caloundra legally described as Lot 22 RP883293, on the basis that:**
 - (i) **the lease has previously been offered to the market by public tender, and**
 - (ii) **a lease has not been entered into or secured via public tender as no tender was received.**

Thanks for your time



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Systematic Inspection Program Regulated Dogs

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What is a regulated dog?

The *Animal Management (Cats and Dogs) Act 2008* defines a regulated dog as any dog declared dangerous or menacing under the Act.

- A dog may be regulated where it has seriously attacked a person or another animal causing harm
- Response Services investigate reported attacks and regulate dogs in accordance with the Act
- Last financial year, Council received 702 requests to investigate attacks or menacing behaviours related to a dog



Legislative Changes

In 2024, there were significant changes to the *Animal Management (Cats & Dogs) Act 2008* including:

- Prohibition of certain breeds banned under the *Customs Act 1901*
- Increased penalties for:
 - dog attacks
 - non-compliance with regulated dog requirements
 - dog off leash offences
- Addition of:
 - custodial sentences for serious attacks on people
 - mandatory destruction orders where a regulated dog seriously attacks another person or animal



Mandatory Conditions

The *Animal Management (Cats and Dogs) Act 2008* sets out the mandatory conditions to keep a regulated dog including:

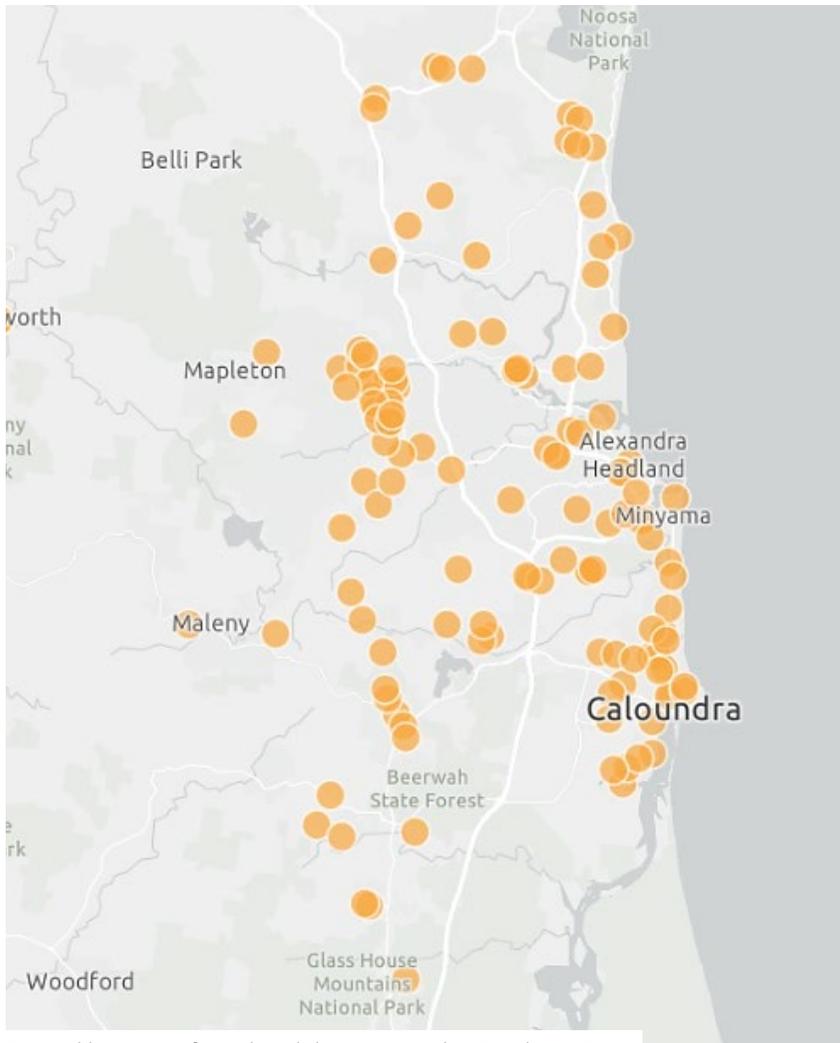
- signage at the property entry
- identifying the dog with a special tag and collar
- strict containment rules
- notifying Council of relocation
- mandatory desexing of dangerous dogs
- mandatory muzzling of dogs in public



Program Summary

The systematic inspection program will:

- run from 14 November 2024 to 13 November 2025
- be funded by the registration fees for regulated dogs
- include all 143 properties where a regulated dog resides
- manage non-compliance in accordance with the *Animal Management (Cats and Dogs) Act 2008* and Council's Compliance and Enforcement Policy



Officer recommendation

That Council:

- (a) receive and note the report titled "Systematic Inspection Program - Regulated Dogs" and
- (b) approve the following systematic inspection program for the Sunshine Coast Council area in accordance with the *Animal Management (Cats and Dogs) Act 2008, section 113* (Approval of an inspection program authorising entry):
 - (i) to undertake a compliance inspection of the premises within the Sunshine Coast local government area where Council's Regulated Dog Register indicates a regulated dog is being kept, and
 - (ii) to undertake the program from 14 November 2024 to 13 November 2025.

Thank you



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