



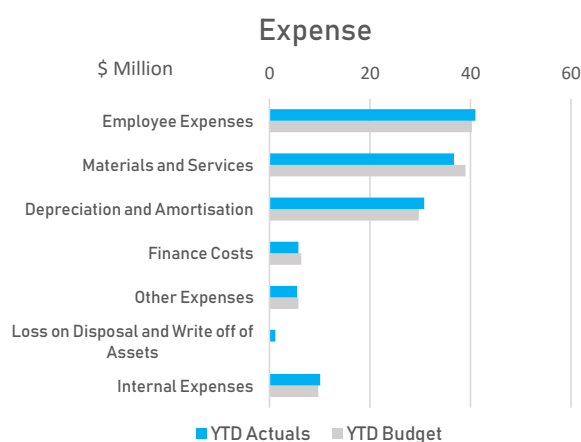
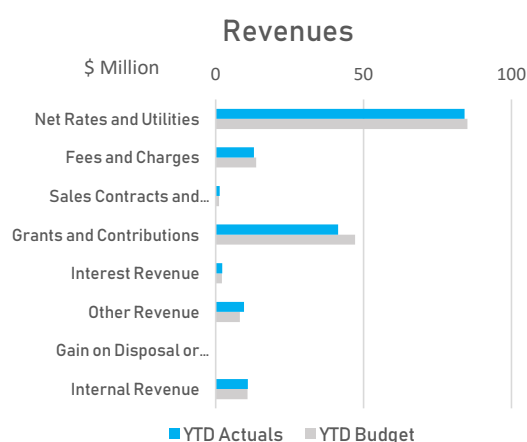
Ipswich City Council

Performance Report

NOVEMBER 2019

	Annual		YTD				Trend from OCT 2019
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Operating Revenue	322,435	322,435	124,599	124,888	289	0.2%	▲
Operating Expense	319,336	319,336	130,711	130,884	(173)	(0.1%)	▼
Operating Surplus/(Deficit)	3,099	3,099	(6,112)	(5,996)	116	(1.9%)	▼
Capital Revenue	104,398	104,398	43,884	38,107	(5,777)	(13.2%)	▼
Net Result	107,497	107,497	37,772	32,111	(5,661)	(15.0%)	▼

Construction Program and Asset Purchase	131,008	131,008	38,861	33,121	5,740	14.8%	▲
CBD	111,608	111,608	16,152	21,166	(5,014)	(31.0%)	▼
Donated Assets	69,732	69,732	29,045	24,823	4,222	14.5%	▲
Total Capital Expenditure	312,348	312,348	84,058	79,110	4,948	5.9%	▲



### Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 30 November 2019 is \$32.1m compared to the YTD budget of \$37.8m. Council's operating deficit (excluding capital revenue) is approximately \$6m compared to the YTD budget deficit of \$6.1m.

### Operating revenue is \$289k above the YTD Budget

The \$289k variance is made up of: rates and utilities revenue \$949k under budget which is impacted by growth and price, fees and charges \$729k under budget in town planning fees as a result of a downturn in the development industry, other revenue \$1.4 million over budget, Sales Contracts and Recoverable Works \$224k over budget and internal revenue \$78k over budget.

### Operating expenses is \$173k above the YTD Budget as a result of:

The \$173k variance is made up of: employee expenses including labour contracts \$637k over budget, as a result to changes in the payroll system calculation method, and other expenses \$1.4 million due to depreciation and loss on disposal of assets. This is partially offset by materials and services \$2.3m under budget primarily due to drier than expected weather conditions. These items are discussed further in this report.

### Capital Expenditure

Capital expenditure including CBD as at 30 November is \$4.9m below the YTD budget. Approximately \$79.1m has been expended to 30 November compared to the current YTD capital expenditure budget of \$84.1m.

- The Infrastructure Program is approx. \$4.9 million under the YTD Budget. Actual costs are \$27.6 million compared to the current YTD budget of \$32.5 million.
- Community, Cultural and Economic Department is \$458k under budget. Actual costs are \$189k compared to the YTD budget of \$647k. This primarily relates to delays in commencing work in the Community Safety and Innovation Branch.
- CBD over budget approx. \$5 million. Actual costs are \$21.2 million compared to the YTD budget of \$16.2 million. Overspend relates to works being ahead of schedule as well as approved scope changes. A Budget Amendment will be processed in December for additional capital expenditure of \$43.6 million (\$20.1 million in 2019-20) relating to the CBD retail precincts.
- CP over budget approx. \$1.1 million. Actual costs are \$2.3 million compared to the YTD budget of \$1.2 million. Overspend relates to a timing variance with the budget.

	Annual		YTD				Trend from OCT 2019	Note	Variance \$'000s by Department					
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %			CP	CS	CE	IE	IWS	PR
Revenue														
Net rates and utilities charges	208,482	208,482	85,134	84,185	<div><div></div></div> (949)	(1.1%)	<div><div></div></div>	1	N/A	<div><div></div></div> (298)	N/A	<div><div></div></div> (3)	<div><div></div></div> (588)	<div><div></div></div> (59)
Fees and charges	32,563	32,563	13,750	13,021	<div><div></div></div> (729)	(5.3%)	<div><div></div></div>	2	N/A	<div><div></div></div> (32)	<div><div></div></div> 39	<div><div></div></div> 14	<div><div></div></div> (132)	<div><div></div></div> (617)
Gov't grants and subsidies	18,260	18,260	6,737	6,772	<div><div></div></div> 35	0.5%	<div><div></div></div>	3	N/A	<div><div></div></div> 6	<div><div></div></div> (62)	<div><div></div></div> 166	N/A	<div><div></div></div> (76)
Internal revenue	25,613	25,613	10,828	10,906	<div><div></div></div> 78	0.7%	<div><div></div></div>	4	N/A	<div><div></div></div> (113)	<div><div></div></div> 69	<div><div></div></div> (80)	202	<div><div></div></div> 0
Other revenue (incl Donated Assets & Cash Contributions)	141,915	141,915	52,032	48,110	<div><div></div></div> (3,922)	(7.5%)	<div><div></div></div>	5	<div><div></div></div> 592	<div><div></div></div> 984	<div><div></div></div> (1,362)	<div><div></div></div> (4,134)	<div><div></div></div> (100)	<div><div></div></div> 99
Total Revenue	426,833	426,833	168,481	162,994	(5,487)	(3.3%)	<div><div></div></div>		592	547	(1,316)	(4,037)	(618)	(653)
Expense														
Employee expenses	97,438	97,438	39,399	39,056	<div><div></div></div> 343	0.9%	<div><div></div></div>	6	<div><div></div></div> (107)	<div><div></div></div> 43	<div><div></div></div> (39)	<div><div></div></div> 446	<div><div></div></div> 65	<div><div></div></div> (63)
Labour contracts	2,070	2,070	899	1,915	<div><div></div></div> (1,016)	(113.0%)	<div><div></div></div>	6	<div><div></div></div> (61)	<div><div></div></div> (278)	<div><div></div></div> 278	<div><div></div></div> (413)	<div><div></div></div> (417)	<div><div></div></div> (126)
Materials and services	97,302	97,302	38,988	36,715	<div><div></div></div> 2,273	5.8%	<div><div></div></div>	7	<div><div></div></div> 201	<div><div></div></div> 161	<div><div></div></div> 170	<div><div></div></div> 1,525	<div><div></div></div> (105)	<div><div></div></div> 321
Internal expense	22,963	22,963	9,661	10,081	<div><div></div></div> (420)	(4.3%)	<div><div></div></div>	8	<div><div></div></div> 2	<div><div></div></div> 21	<div><div></div></div> (44)	<div><div></div></div> (392)	<div><div></div></div> (9)	<div><div></div></div> 2
Other expenses	99,563	99,563	41,764	43,116	<div><div></div></div> (1,352)	(3.2%)	<div><div></div></div>	9	<div><div></div></div> 41	<div><div></div></div> 502	<div><div></div></div> (134)	<div><div></div></div> (1,953)	<div><div></div></div> 199	<div><div></div></div> (7)
Total Expenses	319,336	319,336	130,711	130,883	(172)	(0.1%)	<div><div></div></div>		76	449	231	(787)	(267)	127
Net Result	107,497	107,497	37,770	32,111	(5,659)	(15.0%)	<div><div></div></div>		668	996	(1,085)	(4,824)	(885)	(526)

**Revenue**

1. The net rates variance continues to be impacted by growth and waste charges as discussed previously. \$949k variance includes a timing variance of \$150k due to early payment patterns and is expected to clear by the end of the quarter. The remaining balance is made up of the following:

- Estimated impact of reduced growth for general rates and utilities is approximately \$250k YTD plus delays in the provision of new valuations from the Valuer General (estimated \$230k)
- Waste charges pricing impact \$470k YTD
- As a result of valuation reductions Council has been required to make significant one-off prior period adjustments of \$340k YTD (including \$140k on a single property in October)

We will continue to monitor growth however, based on current patterns Council is unlikely to recover full budget by year end. A budget amendment to realign the budget with expected actuals will be processed in December.

2. Fees and charges under budget \$729k which includes \$1 million in town planning and development fees due to a slight downturn in the development industry. P&R Department have reviewed the results and expect traditionally higher applications in December however, have indicated the reduced revenue may not be fully recovered by year end. This is partially offset by higher than expected animal registrations, food business licences and parking infringements.

3. Grants revenue on budget overall with variance in IE relating to unbudgeted funds received offset by funding delay within other Departments.

4. Internal revenue over budget in IWS relates to SLA recovery for domestic services carried out by the commercial trucks.

5. Also previously stated, based on the Queensland Urban Utilities Corporate Plan an additional \$3.9m of Dividend revenue is likely to be received during 2019-20 and will need to be considered in a future budget amendment.

**Expenses**

6. Employee expenses including Labour contracts over budget \$673k or 1.7% YTD. This result is primarily caused by recalculation of leave provisions due to EBA rate increases which, prior to eHub implementation, were calculated in June (approx. \$300k) as well as long service leave entitlement hours error which is being investigated (approx. \$280k). This also includes approximately 36 net budgeted FTEs being vacant year to date which is partially offset by contractual termination payments and higher costs of labour contracts.

7. Materials and services (excluding labour contracts) under budget \$2.3 million primarily in service contracts. The variance of \$1.5 million in IE relates to; drier conditions, works not commencing as expected and lower than expected maintenance costs. YTD results were impacted by the repensing of openspace budget (\$700k) in October to reflect better anticipated spend profiles. If current weather conditions continue there is the risk of a significant underspend in service contracts. \$321k underspend in PR includes an underspend YTD of consultants not yet engaged to review the new Planning Scheme, advertising and promotion activities not yet commenced and an underspend in cemetery garden maintenance.

8. Internal trading expense variance relates to fleet cost recovery and indicates a lower utilisation of assets compared to budgeted expectations.

9. Other expenses over budget in IE primarily relates to depreciation (\$1.1m) and the loss on disposal of assets (also \$1.1m). This is partially offset by lower than forecast QTC Finance Costs and waste levy expenditure in IWS.

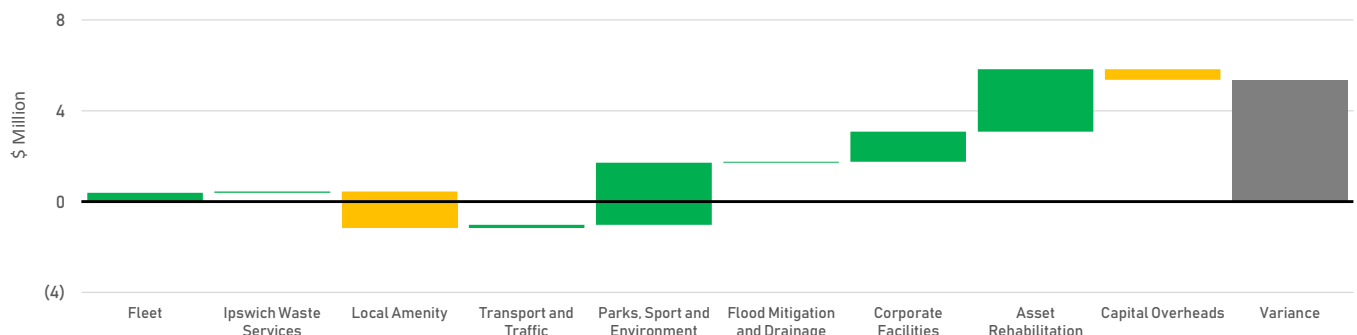
# FINANCIAL EXECUTIVE SUMMARY

NOVEMBER 2019

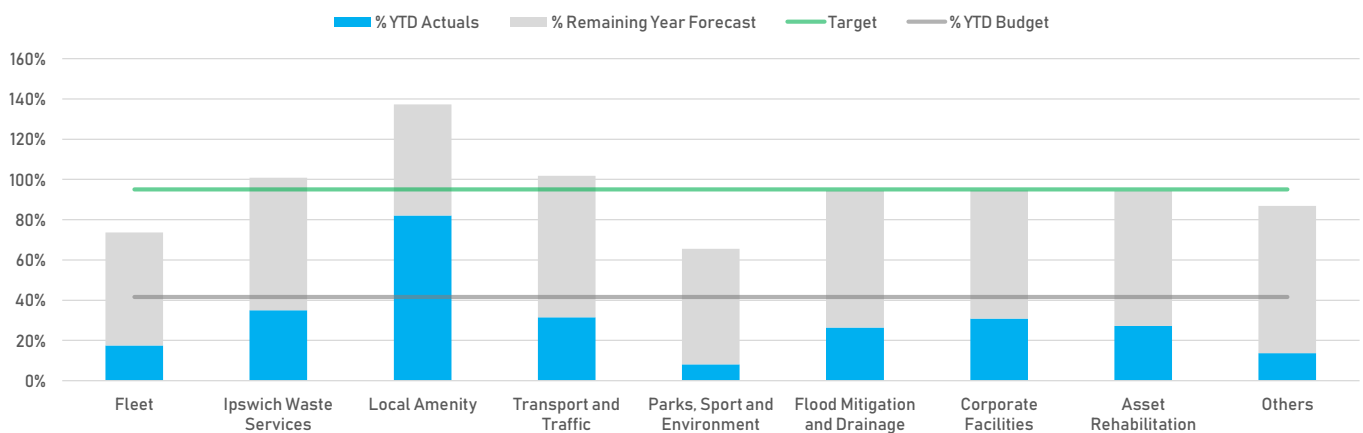
## Capital

	Annual		YTD				Trend from OCT 2019
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Coordination and Performance	111,608	116,358	17,387	23,501	(6,114)	(35.2%)	▼
Corporate Services	17,255	17,255	2,448	1,458	991	40.5%	▲
Community, Cultural and Economic Development	5,067	5,067	647	189	458	70.8%	▲
Infrastructure and Environment	108,156	103,406	34,531	29,139	5,392	15.6%	▲
Planning and Regulatory Services	530	530	0	0	(0)	N/A	▲
<b>Net Result</b>	<b>242,616</b>	<b>242,616</b>	<b>55,013</b>	<b>54,287</b>	<b>726</b>	<b>1.3%</b>	<b>▲</b>

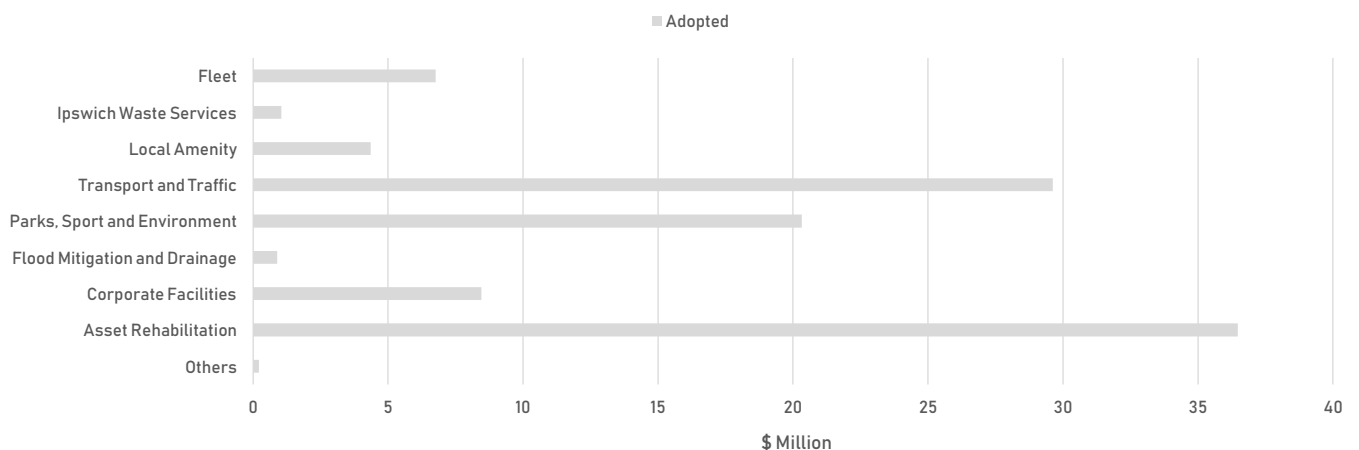
YTD Variance by Construction Program (Excluding CBD)



Capital Program (Excluding CBD)  
Actual and Forecast % of FY Budget



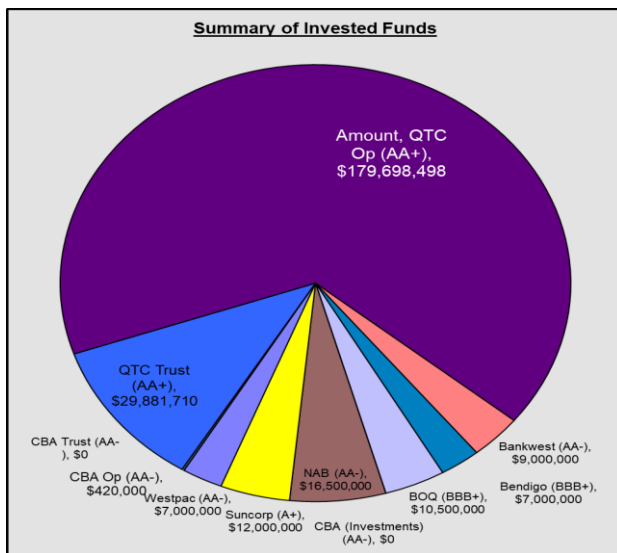
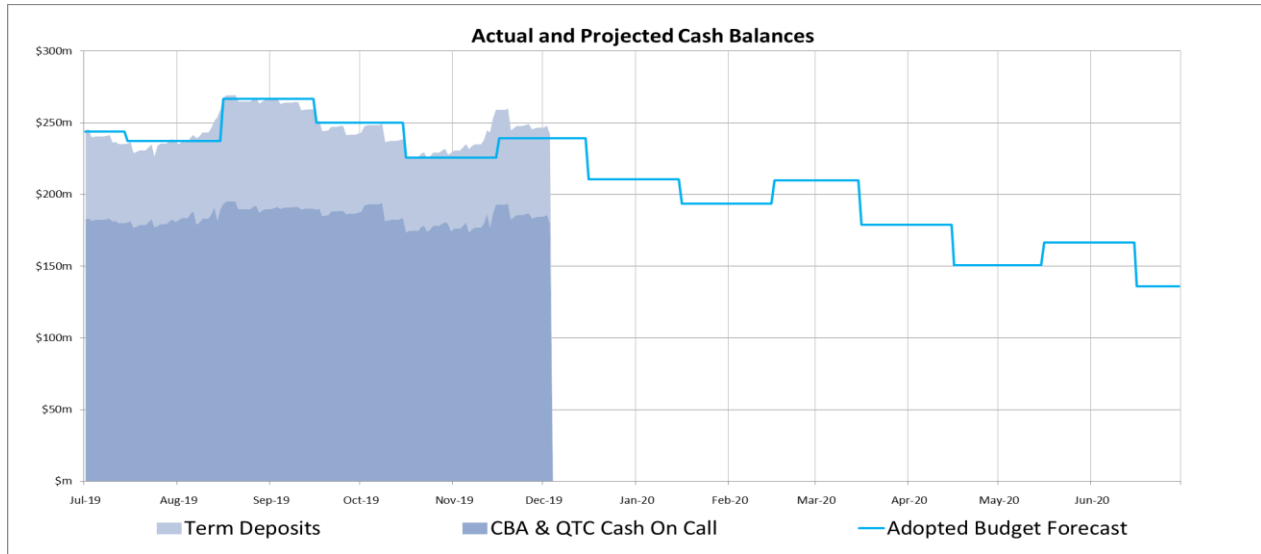
Capital Program (Excluding CBD)  
Budget Version Comparison



## CAPITAL SUMMARY AS AT NOVEMBER 2019

	MTD Actual \$'000s	MTD Budget \$'000s	MTD Variance \$'000s	YTD Actual \$'000s	YTD Budget \$'000s	YTD Variance \$'000s	Full Year Budget \$'000s	EOY Forecast \$'000s	Comments
<b>Whole of Council</b>									
Construction Program and Asset Purchase	14,324	15,317	992	54,287	55,013	726	242,616	241,265	
Donated Assets	2,842	5,809	2,967	24,823	29,045	4,222	69,732	69,732	
<b>Total Capital Expenditure</b>	<b>17,166</b>	<b>21,126</b>	<b>3,960</b>	<b>79,110</b>	<b>84,058</b>	<b>4,948</b>	<b>312,348</b>	<b>310,997</b>	
<b>Coordination and Performance</b>									
Construction Program and Asset Purchase	1,600	500	(1,100)	2,335	1,235	(1,100)	4,750	4,750	CP - Overspend relates to timing variance.
CBD Development	7,391	5,154	(2,238)	21,166	16,152	(5,014)	111,608	111,608	CBD - Overspend relates to works being ahead of schedule. A budget amendment and phasing adjustment has been completed in December to better align the budget to expected actual expenditure.
<b>Total Capital Expenditure</b>	<b>8,991</b>	<b>5,654</b>	<b>(3,338)</b>	<b>23,501</b>	<b>17,387</b>	<b>(6,114)</b>	<b>116,358</b>	<b>116,358</b>	
<b>Corporate Services</b>									
Construction Program and Asset Purchase	260	1,288	1,028	1,458	2,448	991	17,255	17,255	ICT - Under budget due to delays in timing of projects. A review of the delivery of ICT projects in 2019-20 is currently being completed.
<b>Total Capital Expenditure</b>	<b>260</b>	<b>1,288</b>	<b>1,028</b>	<b>1,458</b>	<b>2,448</b>	<b>991</b>	<b>17,255</b>	<b>17,255</b>	
<b>Community, Cultural and Economic Development</b>									
Construction Program and Asset Purchase	91	245	154	189	647	458	5,067	5,067	Library - No issues.  Civic Centre - Under budget approximately \$50k relates to timing issues. Audio desk tender documentation has been completed and is expected to go to tender in January.  Art Gallery - No issues.  Community Safety and Innovation - Under budget due to delays in completing a number of projects including CCTV camera upgrades at the Civic Centre (\$82k) and the Administration Building (\$48k). These projects are likely to be completed in December.
<b>Total Capital Expenditure</b>	<b>91</b>	<b>245</b>	<b>154</b>	<b>189</b>	<b>647</b>	<b>458</b>	<b>5,067</b>	<b>5,067</b>	
<b>Infrastructure and Environment</b>									
Infrastructure Program	4,724	7,597	2,873	27,555	32,482	4,927	95,371	94,412	IE - Under budget \$4.9 million in Infrastructure Program. Under budget in asset rehabilitation (\$2.8 million) due to delays in the sealed road, parks and sports facility rehabilitation sub-programs. Under budget in parks, sport and environment (\$2.7 million) due to the potential deferral of projects in the strategic parks and sports and Enviroplan sub-programs. This is partially offset by over budget in Local Amenities (\$1.6 million) due to 2018-19 expenditure on Kerb and Channel and Streetscape improvements occurring in the current financial year.
Equipment	(4)	0	4	30	55	25	220	211	
Waste	71	83	12	368	429	61	1,050	1,162	
Fleet	191	450	259	1,186	1,565	379	6,765	6,269	Fleet - Under budget \$379k in Fleet primarily relates to delays in delivery of trucks and plant and equipment until later in the financial year.
<b>Total Capital Expenditure</b>	<b>4,992</b>	<b>8,130</b>	<b>3,138</b>	<b>29,139</b>	<b>34,531</b>	<b>5,392</b>	<b>103,406</b>	<b>102,055</b>	
<b>Planning and Regulatory Services</b>									
Construction Program and Asset Purchase	(0)	0	0	0	0	(0)	530	530	Cemeteries - No issues.
<b>Total Capital Expenditure</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>530</b>	<b>530</b>	
<b>Donated Assets</b>									
Coordination and Performance	0	0	0	0	0	0	0	0	
Corporate Services	0	0	0	0	0	0	0	0	
Community, Cultural and Economic Development	(3)	0	3	128	0	(128)	28	28	
Infrastructure and Environment	2,845	5,809	2,964	24,696	29,045	4,349	69,704	69,704	
Planning and Regulatory Services	0	0	0	0	0	0	0	0	
<b>Total Donated Assets</b>	<b>2,842</b>	<b>5,809</b>	<b>2,967</b>	<b>24,823</b>	<b>29,045</b>	<b>4,222</b>	<b>69,732</b>	<b>69,732</b>	

## Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.004	1.25%	\$420,000
Term Deposit Investments	0.008	1.69%	\$62,000,000
QTC Trust Fund Account	0.008	1.66%	\$29,881,710
QTC Operating Account - CBD	0.008	1.66%	\$58,603,720
QTC Operating Account - General	0.008	1.66%	\$121,094,778
<b>QTC Operating Account - Total</b>	0.008	1.66%	<b>\$179,698,498</b>
Total Invested funds (W.Avg return)	0.008	1.67%	\$272,000,208
<b>Total Operating Funds (Ex Trust)</b>	0.008	1.67%	<b>\$242,118,498</b>

**Cashflow**

Council's cash and cash equivalents balance as at 30 November 2019 was \$242.1m. The end of period cash holdings includes \$59 million of carried forward unspent loan funds invested with QTC. Council's investments are made in accordance with Council's Investment Policy (adopted as part of the annual budget) with an average return percentage of 1.67%.