



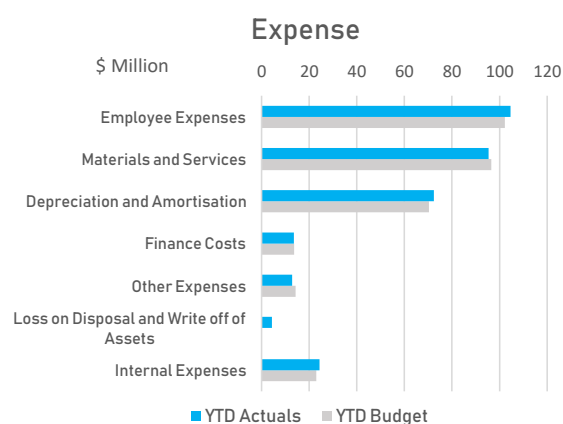
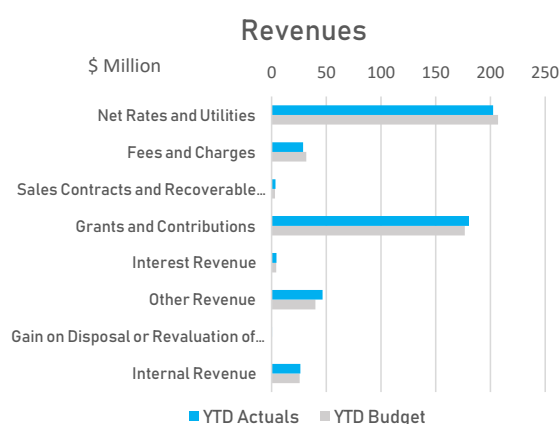
Ipswich City Council

Performance Report

JUNE 2020

	Annual		YTD				Trend from MAY 2020
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Operating Revenue	322,494	323,251	323,251	325,278	2,027	0.6%	▼
Operating Expense	319,336	319,970	319,970	323,265	(3,295)	(1.0%)	▼
Operating Surplus/(Deficit)	3,158	3,281	3,281	2,013	(1,268)	(38.6%)	▼
Capital Revenue	104,339	164,926	164,926	167,590	2,664	1.6%	▲
Other Capital Income (Asset disposals)	0	0	0	138	138	N/A	▼
Capital Loss (Asset write-off)	0	0	0	4,148	(4,148)	N/A	▼
Net Result	107,497	168,207	168,207	165,593	(2,614)	(1.6%)	▲

Construction Program and Asset Purchase	131,008	101,807	101,807	98,383	3,424	3.4%	▼
CBD	111,608	84,948	84,948	84,910	38	0.0%	▼
Donated Assets	69,732	129,732	129,732	138,575	(8,843)	(6.8%)	▼
Total Capital Expenditure	312,348	316,487	316,487	321,868	(5,381)	(1.7%)	▼



Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 30 June 2020 is \$165.6 million compared to the full year budget of \$168.2 million. Council's operating surplus (excluding capital revenue) is approximately \$2 million (prior to a QUU tax adjustment of \$1.5m) compared to the full year budget deficit of \$3.3 million.

As noted in the report; QUU tax payments (revenue to ICC) was accrued based on monthly averages however after month end QUU advised they will be due a refund. This will impact the result by \$1.5m when preparing the statutory financial statements.

Operating revenue is \$2 million above the Full Year Budget

The \$2 million variance is made up of: rates and utilities revenue \$4.5 million under budget, fees and charges \$2.9 million under budget, operational grant revenue \$1.1 million over budget, other revenue \$6.5 million over budget, Sales Contracts and Recoverable Works \$622k over budget, interest revenue \$363k over budget and internal revenue \$800k over budget. These items are discussed further in this report.

Operating expenses is \$3.3 million above the Full Year Budget

The \$3.3 million variance is made up of: employee expenses including labour contracts \$2.4 million over budget, depreciation over budget by \$2m, materials and services under budget \$1.1 million due to event delays in CCED which is partially offset by additional expenditure incurred in IE for June, other expenses \$1.4m under budget and \$1.4 million over budget in internal expenses relating to IWS due to lower utilisation of assets. These items are discussed further in this report.

Capital Expenditure

Capital expenditure including the CDB redevelopment as at 30 June is \$3.4 million below the full year budget of \$186.7m (1.9%). Donated assets received are \$8.8m above the forecast full year budget.

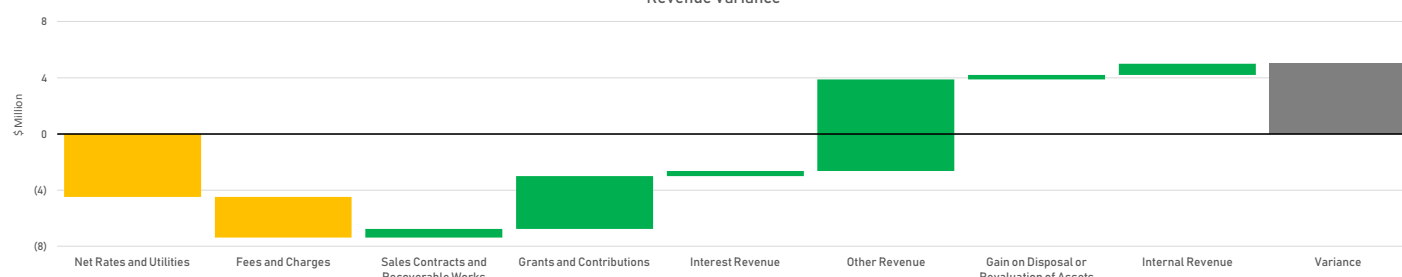
- The Infrastructure Program actual June expenditure was \$10.3 million and is approximately \$1.1 million under the full year Budget. Actual costs are \$82.1 million compared to the full year budget of \$83.1 million.
- Corporate Services Department is \$1.8 million under budget. Actual costs are \$7.4 million compared to the full year budget of \$9.3 million.
- CBD Development on target for the year. Actual costs are \$84.9 million for the year.

FINANCIAL EXECUTIVE SUMMARY

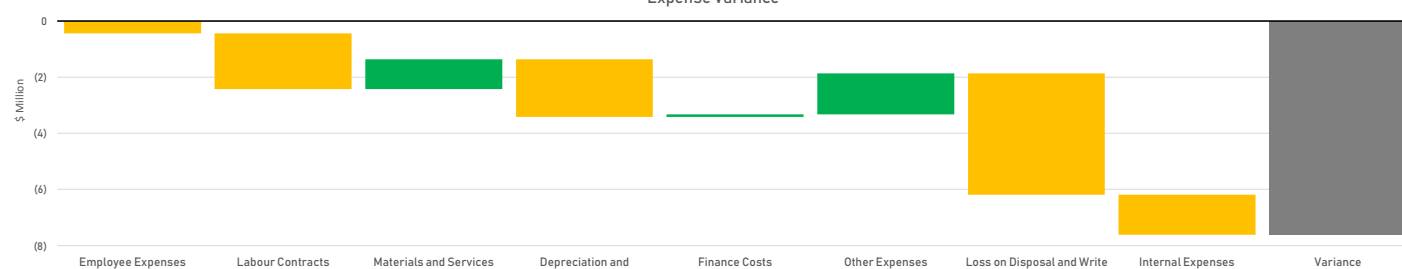
JUNE 2020

	Annual		YTD				Variance \$'000s by Department							
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	Trend from MAY 2020	Note	CP	CS	CE	IE	IWS	PR
Revenue														
Net rates and utilities charges	208,482	206,882	206,882	202,407	(4,475)	(2.2%)	▼	1	N/A	(3,916)	N/A	(67)	(321)	(172)
Fees and charges	32,563	31,764	31,764	28,861	(2,903)	(9.1%)	▼	2	N/A	(206)	(99)	(212)	(384)	(2,002)
Gov't grants and subsidies	18,260	19,468	19,468	19,910	442	2.3%	▼	3	N/A	358	(353)	(444)	N/A	27
Internal revenue	25,613	25,613	25,613	26,413	800	3.1%	▲	4	N/A	0	110	(87)	778	0
Other revenue (incl Donated Assets & Cash Contributions)	141,915	204,451	204,451	215,584	11,133	5.4%	▲	5	10	7,260	(2,781)	7,174	(289)	(243)
Total Revenue	426,833	488,178	488,178	493,175	4,997	1.0%	▲		10	3,496	(3,123)	6,364	(216)	(2,390)
Expense														
Employee expenses	97,438	99,204	99,204	99,647	(443)	(0.4%)	▼	6	(79)	243	(183)	(176)	13	(264)
Labour contracts	2,070	2,979	2,979	4,961	(1,982)	(66.5%)	▼	6	6	(610)	331	(776)	(755)	(177)
Materials and services	97,302	96,478	96,478	95,417	1,061	1.1%	▼	7	142	(2,112)	3,360	59	(356)	(33)
Internal expense	22,963	22,963	22,963	24,388	(1,425)	(6.2%)	▼	8	(34)	13	(31)	(894)	(517)	35
Other expenses	99,563	98,345	98,345	103,168	(4,823)	(4.9%)	▼	9	167	(331)	309	(5,633)	662	5
Total Expenses	319,336	319,969	319,969	327,581	(7,612)	(2.4%)	▼		202	(2,797)	3,786	(7,420)	(953)	(434)
Net Result	107,497	168,209	168,209	165,594	(2,615)	(1.6%)	▲		212	699	663	(1,056)	(1,169)	(2,824)

Revenue Variance



Expense Variance



Revenue

- Under budget in rates revenue relates to a recent court decision regarding categorisation. Rates revenue has also been impacted by growth as discussed during the year and some further provision of discounts based on Council extending the due date for payment as part of its COVID relief.
- Fees and charges variance is primarily in PR relating to planning and development and regulatory fees. June actual revenue for the Department was under budget \$830k including \$610k relating to the extension granted for animal registrations until 1 August 2020. CS fees and charges are below budget by \$200k relating to change of ownership fees. Also under budget \$384k in IWS relating to the rating price structure and lower than expected growth.
- Operational grants revenue over budget approximately \$1 million and capital grants revenue under budget approximately \$600k. Variance primarily relates to Financial Assistance Grant in CS and various grants in IED received that were not budgeted for and capital grants budgeted for but not received, these grants are expected to be received in 2020-21.
- Internal revenue over budget in IWS relates to SLA recovery for domestic services carried out by the commercial trucks and CE relating to increased demand for the Civic Centre. This is partially offset in CS due to lower than expected tax equivalents revenue.
- Other revenue over budget \$11 million primarily relates to Donated Assets \$8.8m higher, offset by \$6.1m lower cash developer contributions; higher than expected QUU dividends received (\$2.2m), QUU Tax payments and Coal Royalties (\$3m). Interest revenue is \$299k over budget.

Expenses

- Employee expenses including Labour contracts over budget \$2.4 million or 2.4% at the end of June. This included approx \$400k restructure costs in June. As mentioned in previous months, weekly employee costs have exceeded budget (including overtime, allowances and leave entitlements).
- Materials and services (excluding labour contracts) are under budget \$1.1 million for the full year. As part of the February budget amendment the materials and services budget was rephased, moving some of the previous months underspend to June to reflect forecast expenditure patterns. A \$3.3 million underspend in CE primarily relates to delayed and cancelled events, and closure of facilities, due to the COVID-19 Pandemic and is partially offset by the efficiency target in CS of \$1.79 million. Additional accruals as part of year end close were processed in June and whilst IED is on budget for the full year, June expenditure was above the monthly budget and forecast due to additional maintenance works undertaken in the month.
- Internal trading expense variance relates to fleet cost recovery and indicates a lower utilisation of assets compared to budgeted expectations.
- Other expenses over budget in IE primarily relates to depreciation (\$1.4 million) and the loss on disposal of assets (\$4.1m). In February a loss on write off of assets of \$952k was recorded for lighting assets that were not owned by Council.

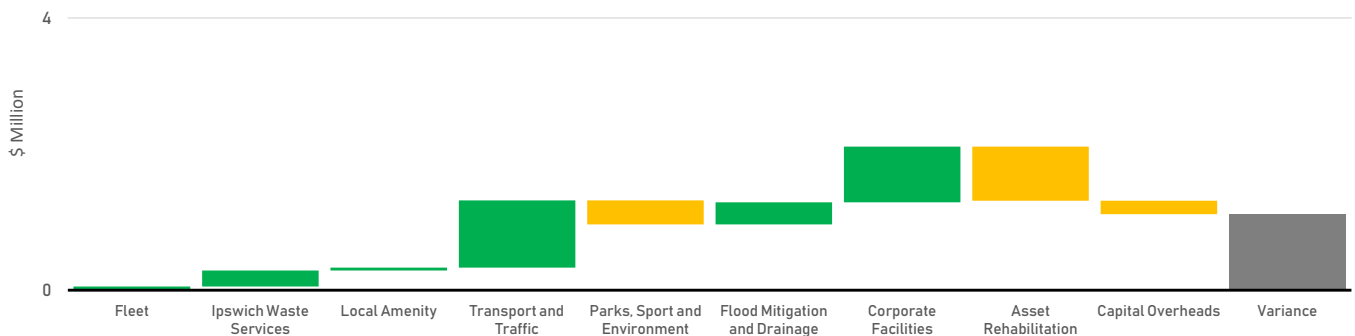
FINANCIAL EXECUTIVE SUMMARY

JUNE 2020

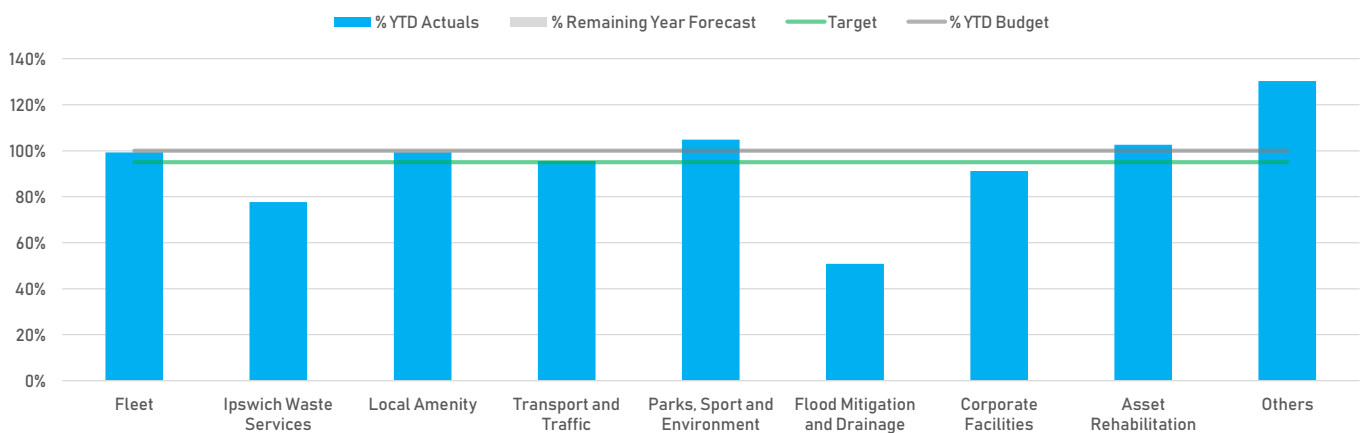
Capital

	Annual		YTD				Trend from MAY 2020
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Coordination and Performance	111,608	89,698	89,698	91,287	(1,588)	(1.8%)	▼
Corporate Services	17,255	9,255	9,255	7,430	1,825	19.7%	▼
Community, Cultural and Economic Development	5,067	4,567	4,567	2,343	2,224	48.7%	▲
Infrastructure and Environment	108,156	83,147	83,147	82,096	1,052	1.3%	▼
Planning and Regulatory Services	530	87	87	137	(49)	(56.6%)	▼
Net Result	242,616	186,755	186,755	183,293	3,462	1.9%	▼

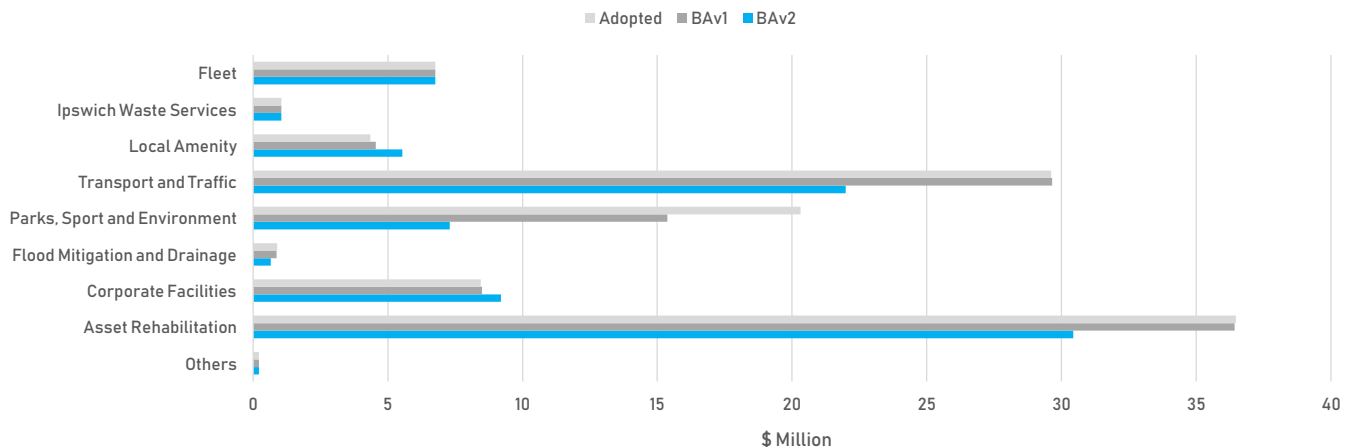
YTD Variance by Construction Program (Excluding CBD)



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



Capital Program (Excluding CBD) Budget Version Comparison



CAPITAL SUMMARY AS AT JUNE 2020

	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
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Whole of Council

Construction Program and Asset Purchase	27,146	16,397	(10,749)	183,293	186,755	3,462	186,755	185,703	
Donated Assets	35,030	25,819	(9,211)	138,575	129,732	(8,843)	129,732	129,732	
Total Capital Expenditure	62,176	42,216	(19,960)	321,868	316,487	(5,381)	316,487	315,435	

Coordination and Performance

Construction Program and Asset Purchase	163	0	(163)	6,377	4,750	(1,627)	4,750	4,750	CBD - An increase in expenditure in June has resulted in the CBD Development being on budget for the year. Despite delays due to the effects of inclement weather, Hutchinson Builders are targeting earlier completion dates, meaning an expected accelerated construction program for the remainder of the Project.
CBD Development	12,475	10,184	(2,291)	84,910	84,948	38	84,948	84,948	

Total Capital Expenditure	12,638	10,184	(2,455)	91,287	89,698	(1,589)	89,698	89,698	
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Corporate Services

Construction Program and Asset Purchase	3,160	1,656	(1,504)	7,430	9,255	1,825	9,255	9,255	ICT - A reduction of \$8 million was approved as part of BAv2. Under budget by approximately \$2.8 million for the year primarily relating to the Platform of the Future (\$1.5 million).
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Total Capital Expenditure	3,160	1,656	(1,504)	7,430	9,255	1,825	9,255	9,255	
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Community, Cultural and Economic Development

Construction Program and Asset Purchase	659	1,246	587	2,343	4,567	2,224	4,567	4,567	Library - Under budget \$651k due to not proceeding with the expansion of the Logistics Hub at Redbank Plains project.
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Civic Centre - Under budget \$350k due to the tender for the audio desk being delayed.

Art Gallery - Under budget \$114k. Art Gallery upgrades were not completed before the end of the year.

Community Safety and Innovation - Under budget approximately \$1.1 million relating to \$121k delays in access control, \$320k relating to fibre infrastructure, \$430k relating to the Key System Upgrade and \$250k relating to other projects. Some works, including the key system upgrade will be undertaken in 2020-21.

Total Capital Expenditure	659	1,246	587	2,343	4,567	2,224	4,567	4,567	
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Infrastructure and Environment

Infrastructure Program	8,546	2,966	(5,580)	74,283	75,112	830	75,112	74,283	IE - Under budget by \$1.1 million at EOFY primarily relating to Corporate Facilities (\$818k) and Transport and Traffic (\$986k). This underspend relates to underspends in some projects and delays with some projects extending into the 2020-21 financial year.
Equipment	65	55	(10)	287	220	(67)	220	287	

Waste	59	96	37	816	1,050	234	1,050	816	
Fleet	1,959	185	(1,774)	6,711	6,765	54	6,765	6,711	

Total Capital Expenditure	10,630	3,302	(7,328)	82,096	83,147	1,052	83,147	82,096	
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Planning and Regulatory Services

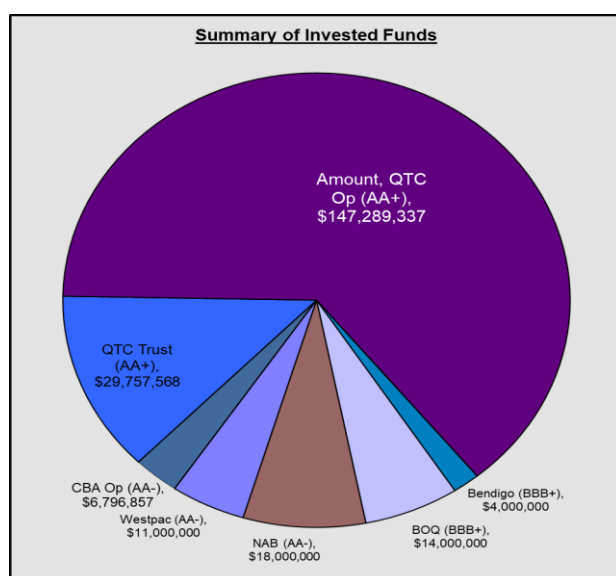
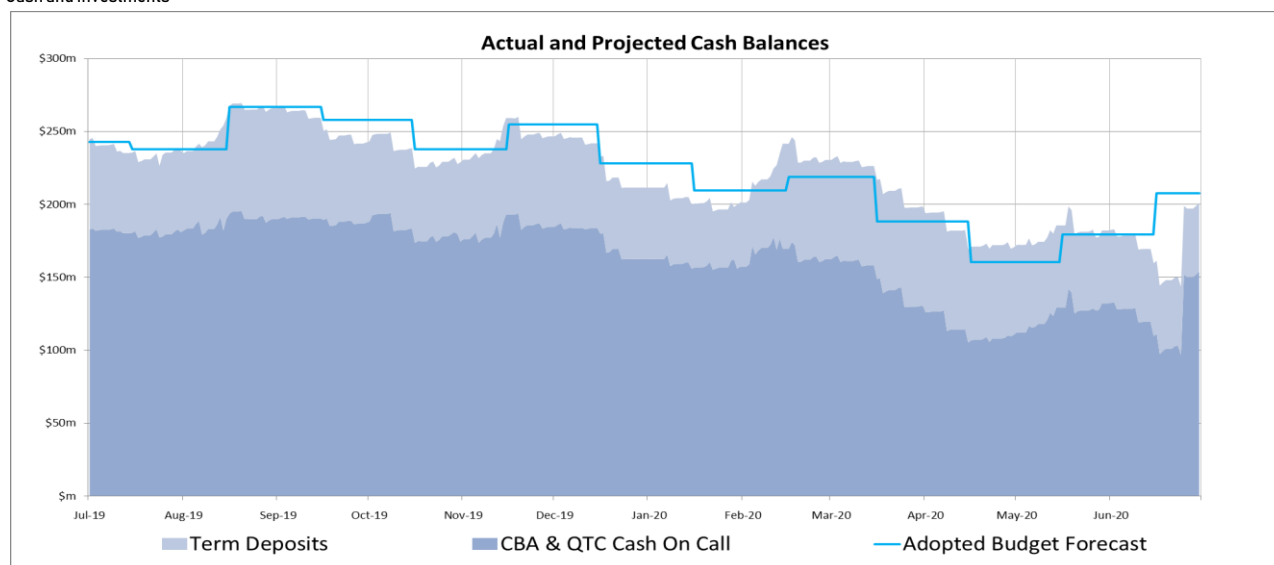
Construction Program and Asset Purchase	59	9	(50)	137	87	(49)	87	87	Cemeteries - No issues, minor works completed in June 2020 have resulted capital expenditure over budget for the year.
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Total Capital Expenditure	59	9	(50)	137	87	(49)	87	87	
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Donated Assets

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	0	14	14	295	28	(267)	28	28	
Infrastructure and Environment	35,030	25,805	(9,225)	138,280	129,704	(8,576)	129,704	129,704	
Planning and Regulatory Services	0	0	0	0	0	0	0	0	
Total Donated Assets	35,030	25,819	(9,211)	138,575	129,732	(8,843)	129,732	129,732	

Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.006	0.75%	\$6,796,857
Term Deposit Investments	0.014	1.55%	\$47,000,000
QTC Trust Fund Account	0.013	1.45%	\$29,757,568
QTC Operating Account - CBD	0.013	1.45%	\$6,240,584
QTC Operating Account - General	0.013	1.45%	\$141,048,754
QTC Operating Account - Total	0.013	1.45%	\$147,289,337
Total Invested funds (W.Avg return)	0.013	1.45%	\$230,843,763
Total Operating Funds (Ex Trust)	0.013	1.45%	\$201,086,194

Cashflow

Council's cash and cash equivalents balance as at 30 June 2020 was \$201.1 million. The end of period cash holdings includes \$6 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 1.45%.