

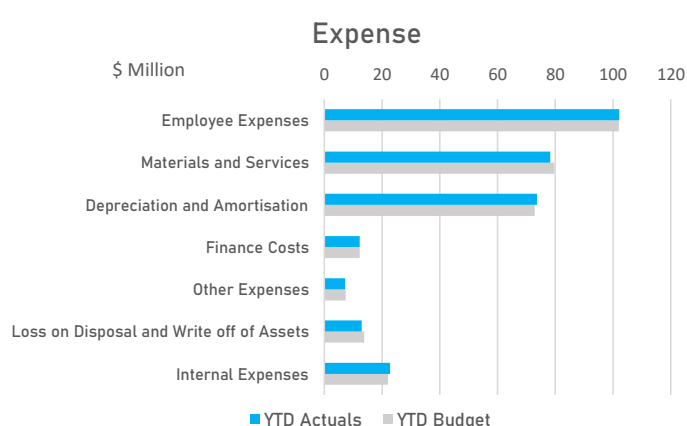
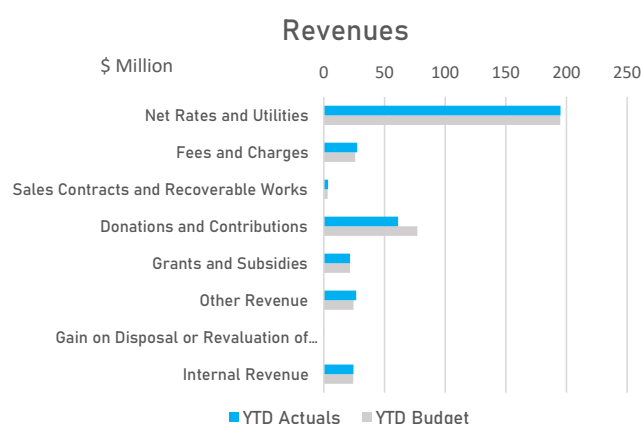


Ipswich City Council

Performance Report

MAY 2021

	YTD				Annual	
	Actuals	Current Budget	Variance	Variance	Current Budget	Trend from APR 2021
	\$'000s	\$'000s	\$'000s	%	\$'000s	
Operating Revenue	285,399	280,900	4,499	1.6%	321,647	▲
Operating Expense	296,267	296,167	(100)	(0.0%)	332,104	▼
Operating Surplus/(Deficit)	(10,868)	(15,267)	4,399	(28.8%)	(10,457)	▼
Capital Revenue	74,581	90,335	(15,754)	(17.4%)	101,995	▼
Other Capital Income (Asset disposals)	(50)	0	(50)	N/A	0	▼
Capital Loss (Asset write-off)	12,755	13,800	1,045	7.6%	14,300	▲
Net Result	50,908	61,268	(10,360)	(16.9%)	77,238	▼
Construction Program and Asset Purchase	67,772	76,692	8,921	11.6%	88,903	▼
CBD	75,669	97,437	21,768	22.3%	104,841	▲
Donated Assets	46,160	62,040	15,880	25.6%	67,685	▲
Total Capital Expenditure	189,601	236,169	46,568	19.7%	261,429	▲



Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 31 May 2021 is \$50.9 million compared to the YTD budget of \$61.3 million. Council's operating deficit (excluding capital revenue) is approximately \$10.9 million compared to the YTD budget deficit of \$15.3 million.

Operating revenue is \$4.5 million above the YTD Budget

The \$4.5 million variance is made up of: net rates and utilities \$362k over budget, fees and charges \$1.6 million over budget, operational grant revenue \$210k under budget, other revenue \$2.2 million over budget, sales contracts and recoverable works \$253k over budget, interest revenue \$31k over budget and internal revenue \$279k over budget. These items are discussed further in this report.

Operating expenses is \$0.1 million above the YTD Budget

The \$0.1 million variance is made up of: employee expenses including labour contracts \$183k over budget, materials and services under budget \$1.4 million, other expenses \$151k under budget, depreciation and amortisation \$771k over budget, finance costs \$2k over budget and \$677k over budget in internal expenses. These items are discussed further in this report.

Capital Expenditure

Capital expenditure including CBD as at 31 May is \$31 million below the YTD budget. Approximately \$143.1 million has been expended to 31 May compared to the YTD capital expenditure budget of \$174.1 million.

- The Infrastructure Program actual expenditure was above the May forecast by approximately \$900k bringing the YTD variance to \$6 million under budget. Actual YTD costs are \$53.8 million compared to the current YTD budget of \$59.8 million.
- CBD Development is approximately \$21.8 million under budget. Actual YTD costs are \$75.7 million compared to the current YTD budget of \$97.4 million.

Asset donations as at 31 May is \$15.9 million under the YTD budget. Approximately \$46.2 million has been recognised to 31 May compared to the YTD donated assets budget of \$62 million.

	YTD				Annual			Variance \$'000s by Department						
	Actuals	Current	Variance	Variance	Current	Trend	Note	CP	CS	CE	IE	IWS	PR	
	\$'000s	\$'000s	\$'000s	%	Budget \$'000s	from APR 2021								
Revenue														
Net rates and utilities charges	195,176	194,814	<div></div> 362	0.2%	213,789	<div></div>	1	N/A	<div></div> 306	N/A	<div></div> 22	<div></div> 69	<div></div> (35)	
Fees and charges	27,473	25,879	<div></div> 1,594	6.2%	29,614	<div></div>	2	N/A	<div></div> 139	<div></div> (89)	<div></div> (32)	<div></div> 393	<div></div> 1,183	
Government grants and subsidies	21,579	21,663	<div></div> (84)	(0.4%)	28,406	<div></div>	3	N/A	<div></div> (1)	<div></div> (92)	<div></div> (36)	<div></div> 0	<div></div> 43	
Internal revenue	24,444	24,165	<div></div> 279	1.2%	26,472	<div></div>	4	N/A	<div></div> (375)	<div></div> 121	<div></div> (14)	<div></div> 548	<div></div> 0	
Other revenue	30,272	27,688	<div></div> 2,584	9.3%	39,072	<div></div>	5	<div></div> 147	<div></div> 1,394	<div></div> 128	<div></div> 956	<div></div> (114)	<div></div> 74	
Donations and contributions	61,174	77,026	<div></div> (15,852)	(20.6%)	86,289	<div></div>	6	<div></div> 0	N/A	<div></div> (671)	<div></div> (15,181)	N/A	N/A	
Total Revenue	360,118	371,235	(11,117)	(3.0%)	423,642	<div></div>		147	1,463	(603)	(14,285)	896	1,265	
Expense														
Employee expenses	98,337	98,713	<div></div> 376	0.4%	108,770	<div></div>	7	<div></div> 122	<div></div> 33	<div></div> (12)	<div></div> 570	<div></div> (350)	<div></div> 13	
Labour contracts	3,807	3,248	<div></div> (559)	(17.2%)	3,408	<div></div>	7	<div></div> 58	<div></div> (240)	<div></div> 339	<div></div> (559)	<div></div> (79)	<div></div> (79)	
Materials and services	78,248	79,630	<div></div> 1,382	1.7%	91,074	<div></div>	8	<div></div> 10	<div></div> 869	<div></div> 430	<div></div> 1,057	<div></div> 384	<div></div> (1,367)	
Internal expenses	22,794	22,115	<div></div> (679)	(3.1%)	24,202	<div></div>	9	<div></div> (98)	<div></div> (9)	<div></div> 20	<div></div> (578)	<div></div> (52)	<div></div> 38	
Other expenses	32,390	33,397	<div></div> 1,007	3.0%	39,808	<div></div>	10	<div></div> 69	<div></div> 277	<div></div> 405	<div></div> 500	<div></div> (249)	<div></div> 4	
Depreciation & amortisation	73,636	72,865	<div></div> (771)	(1.1%)	79,143	<div></div>	11	<div></div> (15)	<div></div> 104	<div></div> (156)	<div></div> (657)	<div></div> (55)	<div></div> 10	
Total Expenses	309,212	309,968	756	0.2%	346,405	<div></div>		146	1,034	1,026	333	(401)	(1,381)	
Net Result	50,906	61,267	(10,361)	(16.9%)	77,237	<div></div>		293	2,497	423	(13,952)	495	(116)	

**Revenue**

1. Satisfactory result, rates and utilities slightly over budget.
2. Fees and charges over budget relates to PRS planning and development fees \$1 million relating to a number of applications and a general increase in planning revenue. Also over budget \$393k in Resource Recovery across most services.
3. Grant revenue slightly under budget in CCED and IED. Grant revenue expected to be over budget by year end due to excess Waste Levy Rebate.
4. Internal revenue over budget in Resource Recovery relating to internal SLA recovery for various services. This is partially under budget in CS relating to lower than expected tax equivalents revenue payments.
5. Other revenue over budget primarily relates to the higher than expected UU Tax Revenue in CS and is subject to UU's revenue and tax position throughout the year. Also over budget in IED relating to unbudgeted revenue received from Energex for tree replacements, gain on disposal of assets and higher than expected Veolia contribution.
6. Donations and contributions under budget which relate to lower than expected donated asset revenue. In addition, a prior period error of \$4.1 million was identified during the month which has been recognised as negative revenue in May, but will be transferred into the prior financial year in June 2021.

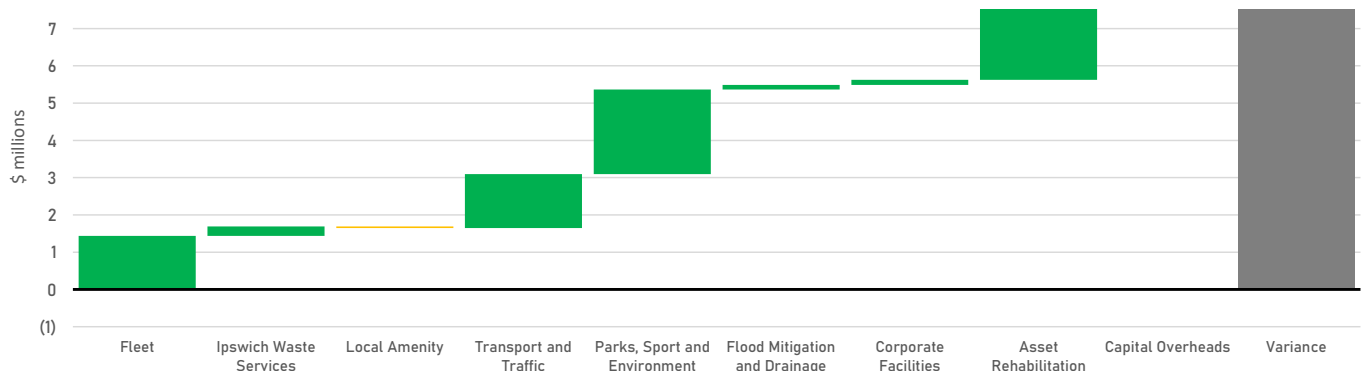
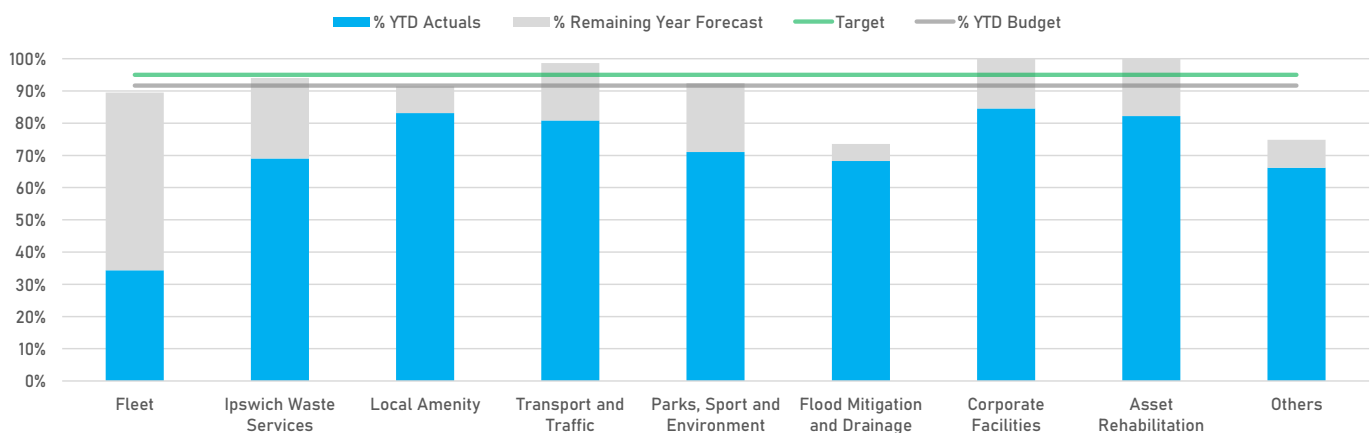
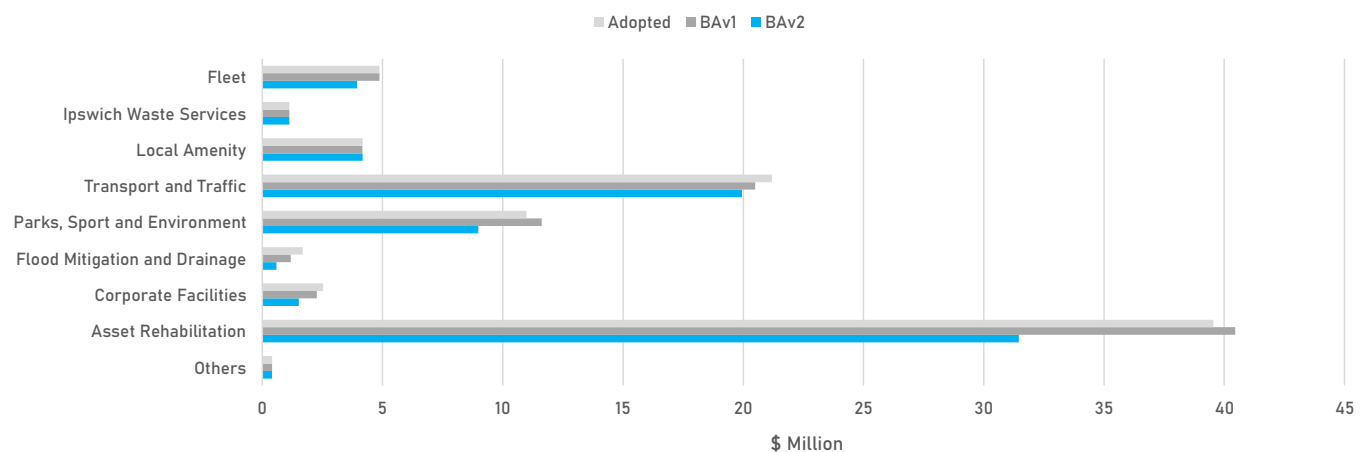
Expenses

7. Employee expenses including labour contracts over budget \$183k or 0.18% at the end of May. A small number of redundancies were paid in May with additional payments to be incurred in June. Analysis on weekly employee costs continues to be undertaken and is expected to be over budget by year end.
8. Materials and services (excluding labour contracts) under budget \$1.4 million YTD. \$1.1 million relates to IED primarily in Environment and Sustainability as a result of a timing difference in local environment improvements, fuel reduction and disaster and emergency activities not undertaken and the Waste Infrastructure Project. \$869k under in CS relating to efficiencies in the ICT Branch due to contract renegotiations, partially offset by the Procurement efficiency savings target. The current underspend will be utilised to offset to cost of redesigning the ICT Operating model. \$430k under in CCED primarily in the Libraries and Customer Service Branch and Marketing and Promotion Branch. \$384k under in Resource Recovery relating to under spends across the sections. This is partially offset by \$1.4 million over budget in PRS relating to major legal appeals.
9. Internal trading expense variance relates to fleet cost recovery and indicates a lower utilisation of assets compared to budgeted expectations.
10. Other expenses under budget in CCED relating to fewer requests for grants than expected and other minor underspends across the department. Under budget in IED primarily relates to lower than budget write off of assets. This is partially offset by over budget in Resource Recovery relating to waste levy fees.
11. Depreciation over budget approximately \$771k YTD primarily in IED relating to buildings and structures and plant and equipment accounts. May depreciation was reduced by an extension of the useful life and updated salvage values for Fleet.

Capital

	YTD				Annual	Trend from APR 2021
	Actuals	Current Budget	Variance	Variance	Current Budget	
	\$'000s	\$'000s	\$'000s	%	\$'000s	
Coordination and Performance	78,322	96,930	18,608	19.2%	106,009	▲
Corporate Services	6,872	9,717	2,845	29.3%	11,916	▲
Community, Cultural and Economic Development	1,987	3,491	1,504	43.1%	3,521	▼
Infrastructure and Environment	56,237	63,991	7,755	12.1%	72,133	▼
Planning and Regulatory Services	23	0	(23)	N/A	165	-
Net Result	143,441	174,129	30,688	17.6%	193,744	▼

YTD Variance by Construction Program (Excluding CBD)

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

CAPITAL SUMMARY AS AT MAY 2021

	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	13,747	19,824	6,077	143,441	174,129	30,688	193,744	192,617	
Donated Assets	(2,088)	5,640	7,728	46,160	62,040	15,880	67,685	67,685	

Coordination and Performance

Construction Program and Asset Purchase	171	0	(171)	5,286	5,150	(136)	8,330	8,330	CBD - Variance is primarily related to the delay of the Metro B works due to the move-out date for QLD Health and the financial impairment applied to the Commonwealth Hotel.
CBD Development	1,507	6,560	5,053	73,035	91,780	18,744	97,679	97,679	

Total Capital Expenditure	1,678	6,560	4,882	78,322	96,930	18,608	106,009	106,009	
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Corporate Services

Construction Program and Asset Purchase	664	516	(149)	4,238	4,060	(178)	4,754	4,754	ICT - Satisfactory results.
CBD Development - ICT Component	202	1,593	1,391	2,634	5,657	3,023	7,162	7,162	CBD component on track, efficiencies and re-purposing of equipment had reduced the cost. An underspend is projected for this project.

Total Capital Expenditure	866	2,109	1,243	6,872	9,717	2,845	11,916	11,916	
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Community, Cultural and Economic Development

Construction Program and Asset Purchase	260	94	(167)	1,987	3,491	1,504	3,521	3,521	Library - No Issues Civic Centre - Under budget relates to the Terrace roofing and planter box relate and theatre lighting fixtures. Art Gallery - No issues Community Safety and Innovation - Under budget relates to the Key System Upgrade, camera upgrades and access control upgrades.
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Total Capital Expenditure	260	94	(167)	1,987	3,491	1,504	3,521	3,521	
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Infrastructure and Environment

Infrastructure Program	10,365	9,432	(933)	53,840	59,792	5,952	66,661	66,117	Infrastructure Program - The Infrastructure program remains under budget due to project delays in Asset Rehabilitation, Parks, Sports and Environment, and Transport and Traffic programs. Works are expected to carry into 2021-22.
Equipment	1	20	19	267	380	112	404	302	Equipment - Satisfactory results.
Waste	87	99	12	775	1,025	250	1,122	1,055	Waste - Bins replaced as required and according to city growth.
Fleet	490	1,511	1,022	1,355	2,794	1,439	3,946	3,531	Fleet - Currently under YTD budget due to delivery delays with vehicle replacement and minor & major plant replacement due to COVID-19 impacts and sourcing and customisation issues.

Total Capital Expenditure	10,943	11,062	120	56,237	63,991	7,755	72,133	71,006	
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Planning and Regulatory Services

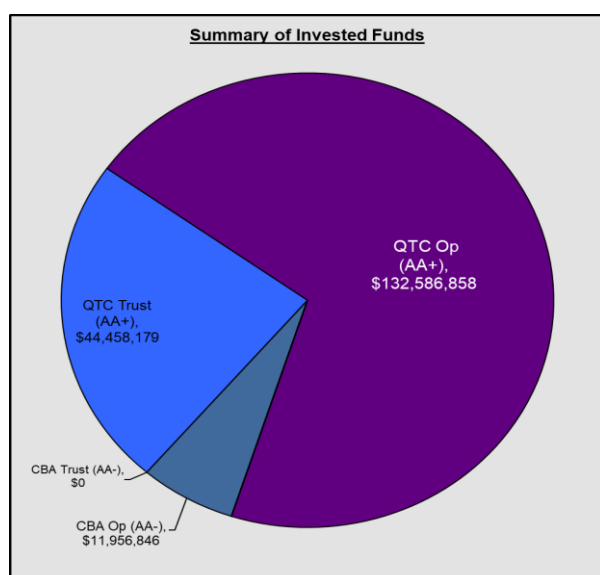
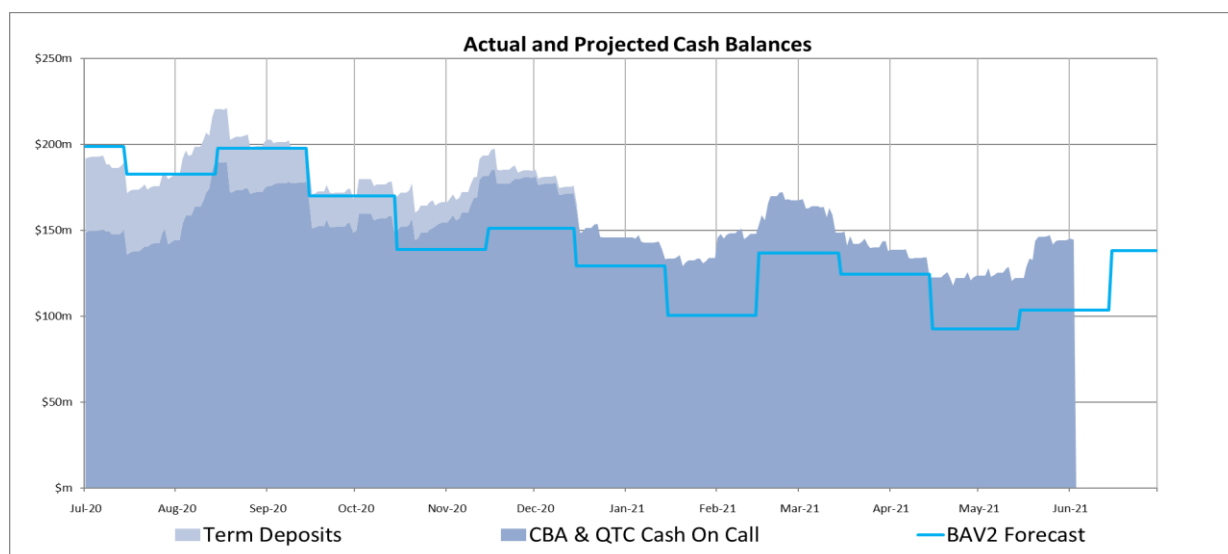
Construction Program and Asset Purchase	0	0	0	23	0	(23)	165	165	Cemeteries - No issues
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Total Capital Expenditure	0	0	0	23	0	(23)	165	165	
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Donated Assets

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	2	2	9	22	13	28	28	
Infrastructure and Environment	(2,088)	5,638	7,726	46,151	62,018	15,867	67,657	67,657	
Planning and Regulatory Services	0	0	0	0	0	0	0	0	
Total Donated Assets	(2,088)	5,640	7,728	46,160	62,040	15,880	67,685	67,685	

Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.006	0.60%	\$11,956,846
Term Deposit Investments	- 0.000		
QTC Trust Fund Account	0.006	0.65%	\$44,458,179
QTC Operating Account - CBD	0.006	0.65%	\$9,490,453
QTC Operating Account - General	0.006	0.65%	\$123,096,405
QTC Operating Account - Total	0.006	0.65%	\$132,586,858
Total Invested funds (W.Avg return)	0.006	0.65%	\$189,001,883
Total Operating Funds (Ex Trust)	0.006	0.65%	\$144,543,704

Cashflow

Council's cash and cash equivalents balance as at 31 May 2021 was \$144.5 million. The end of period cash holdings includes \$9.5 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 0.65%.