



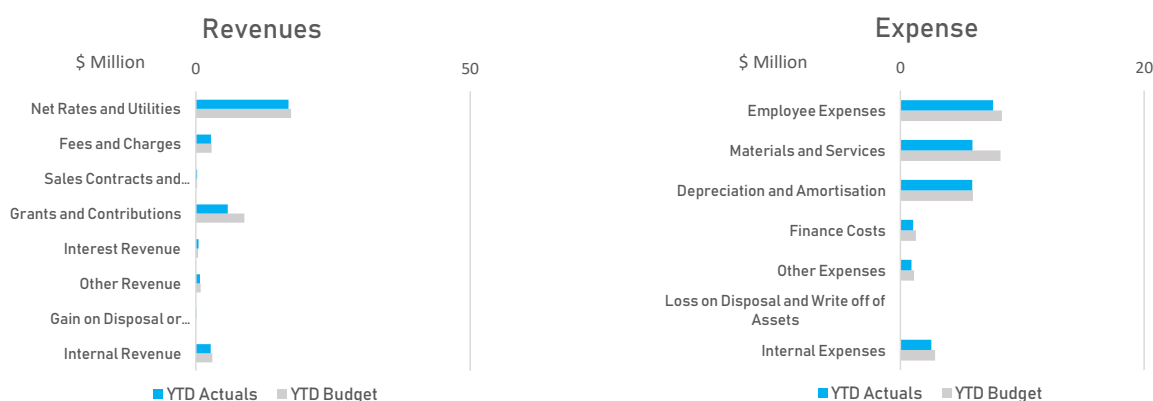
Ipswich City Council

Performance Report

July 2019

	Annual		YTD			
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %
Operating Revenue	322,435	322,435	25,481	24,479	(1,002)	(3.9%)
Operating Expense	319,336	319,336	27,734	23,940	3,794	13.7%
Operating Surplus/(Deficit)	3,099	3,099	(2,253)	539	2,792	(123.9%)
Capital Revenue	104,398	104,398	8,107	5,164	(2,943)	(36.3%)
Net Result	107,497	107,497	5,854	5,703	(151)	(2.6%)

Construction Program and Asset Purchase	242,616	242,616	8,568	5,228	3,340	39.0%
Donated Assets	69,732	69,732	5,809	3,489	2,320	39.9%
Total Capital Expenditure	312,348	312,348	14,377	8,717	5,660	39.4%



Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 31 July 2019 is \$5.7m compared to the YTD budget of \$5.9m. Council's operating surplus (excluding capital revenue) is approximately \$539k compared to the YTD budget of a \$2.3m deficit.

Capital Expenditure

Capital expenditure as at 31 July is \$3.3m below the YTD budget. Approximately \$5.2m has been expended to 31 July compared to the current YTD capital expenditure budget of \$8.6m.

- The Infrastructure Program is approx. \$1.8m under the YTD Budget. Actual costs are \$3.9m compared to the current YTD budget of \$5.7m. \$6.7m has been proposed to carry over from 2018-19.
- CBD under budget \$1.2m. Actual costs are \$524k compared to the YTD budget of \$1.7m. Underspend relates to receipts related to July not being processed until August.

Operating revenue is \$1m below the YTD Budget

The \$1m unfavourable variance is made up of: Rates revenue \$480k, Fees and charges \$120k and \$300k Internal revenue which is offset by reduced Internal expenses.











- The net rates variance includes \$80k timing variance on the rural fire levy, \$150k timing variances on discounts, approximately \$130k from lower than forecast growth in quarter 4 2018-19 and a \$90k budget error for waste charges.
- Growth in quarter 4 2018-19 was 330 dwelling units less than the forecast growth of 750 dwelling units. This represents a risk to forecast rates revenue if this shortfall in growth is not balanced by additional growth (greater than forecast for the remaining 3 quarters) and achieved early in the 2019-20 year.
- The adopted budget for waste utility charges included an increase of \$10 per service which was removed in the later stages of the budget deliberations. Subject to growth risks outlined above the full year revenue budget for waste utility charges is potentially overstated.
- The full impact of the first quarter rate levies will be better assessed at YTD September.
- Forecast growth for 2019-20 was estimated on a conservative basis below the levels observed for the previous two years. Growth will need to be closely monitored and subject to forecast growth being achieved in 2019-20 the current unfavourable variance for July may be absorbed in subsequent periods.

- 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 an upcoming budget amendment.

Operating expenses is \$3.8m below the YTD Budget as a result of:

- Employee expenses combined with Labour Contracts is under budget \$722k or 9% YTD. These results were caused by approximately 54 net budgeted FTEs being vacant in July.
- Materials and services (excluding labour contracts) under budget \$2.3 million primarily in service contracts. Service contracts within IE (\$1 million) related to land management, swim centre operations and city cleaning. Service contracts within CS (\$604k) related to a timing difference for the annual land valuations.
- Other expenses under budget \$476k includes \$230k in QTC finance costs due to the variance in the 2018-19 accrual estimate and actuals, and \$120k in IWS relating to the waste levy.

FINANCIAL EXECUTIVE SUMMARY

	Annual		YTD				Note
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Revenue							
Net rates and utilities charges	208,482	208,482	17,354	16,868	 (486)	(2.8%)	1
Fees and charges	32,563	32,563	2,859	2,735	 (124)	(4.3%)	2
Gov't grants and subsidies	18,260	18,260	738	800	 62	8.4%	
Internal revenue	25,613	25,613	3,021	2,713	 (308)	(10.2%)	3
Other revenue	141,915	141,915	9,615	6,528	 (3,087)	(32.1%)	4
Total Revenue	426,833	426,833	33,587	29,644	(3,943)	(11.7%)	
Expense							
Employee expenses	97,438	97,438	8,132	7,194	 938	11.5%	5
Labour contracts	2,070	2,070	198	414	 (216)	(109.1%)	5
Materials and services	97,302	97,302	8,210	5,920	 2,290	27.9%	6
Internal expense	22,963	22,963	2,851	2,540	 311	10.9%	7
Other expenses	99,563	99,563	8,345	7,869	 476	5.7%	8
Total Expenses	319,336	319,336	27,736	23,937	3,799	13.7%	
Net Result	107,497	107,497	5,851	5,707	(144)	(2.5%)	

FINANCIAL EXECUTIVE SUMMARY



Revenue

1. IWS under budget due to the adopted budget for waste utility charges including an increase of \$10 per service which was removed in the later stages of the budget deliberations. The full year budget for waste utility charges is potentially overstated \$800k to \$1m. IE under budget in rural fire levy payments due to a timing variance.
2. Under budget in PR town planning and development fees due to a slight downturn in the development industry. This is partially offset by higher than expected animal registrations, food businesses licences and parking infringements.
3. Under budget in tax equivalents revenue, this is offset by a reduction in internal expenses.
4. Under budget in donated assets and cash contributions (\$3.1 million) which are developer driven and will be monitored closely.

Expenses

5. Employee expenses including Labour contracts under budget \$722k or 9% YTD. These results were caused by approximately 54 net budgeted FTEs being vacant in July.
6. Materials and services under budget \$1 million in IE primarily relates to service contracts, for land management, swim centre operations and city cleaning. Under budget \$604k in CS relates to a timing difference for the annual land valuations.
7. Under budget primarily in tax equivalents expenditure, this is offset by reduced internal revenue.
8. Under budget in IWS relating to the waste levy (\$120k). Under budget in QTC finance costs due to lower loan balances (\$230k).

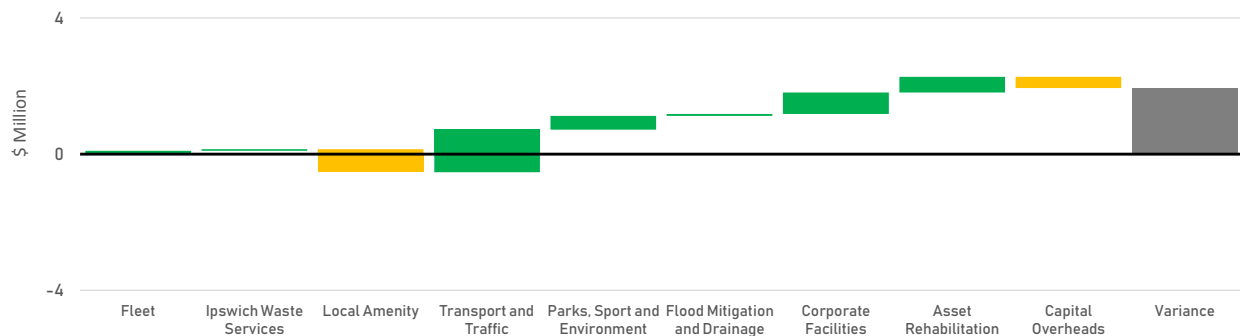
FINANCIAL EXECUTIVE SUMMARY

July 2019

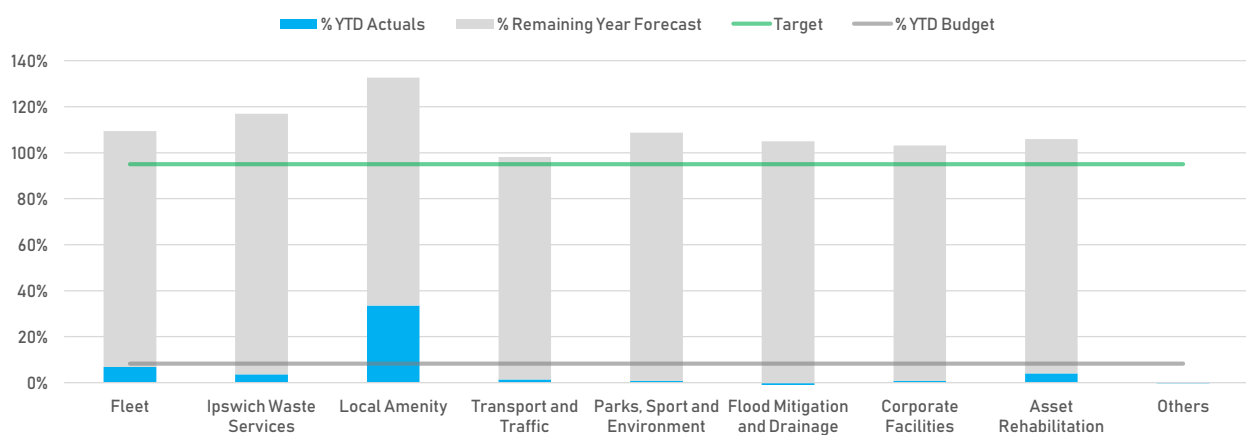
Capital

	Annual		YTD			
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %
Coordination and Performance	111,608	111,608	1,745	524	1,221	70.0%
Corporate Services	17,255	17,255	440	262	178	40.5%
Community, Cultural and Economic Development	2,359	2,359	0	21	(21)	N/A
Infrastructure and Environment	108,156	108,156	6,384	4,418	1,966	30.8%
Planning and Regulatory Services	3,238	3,238	0	3	(3)	N/A
Net Result	242,616	242,616	8,568	5,228	3,340	39.0%

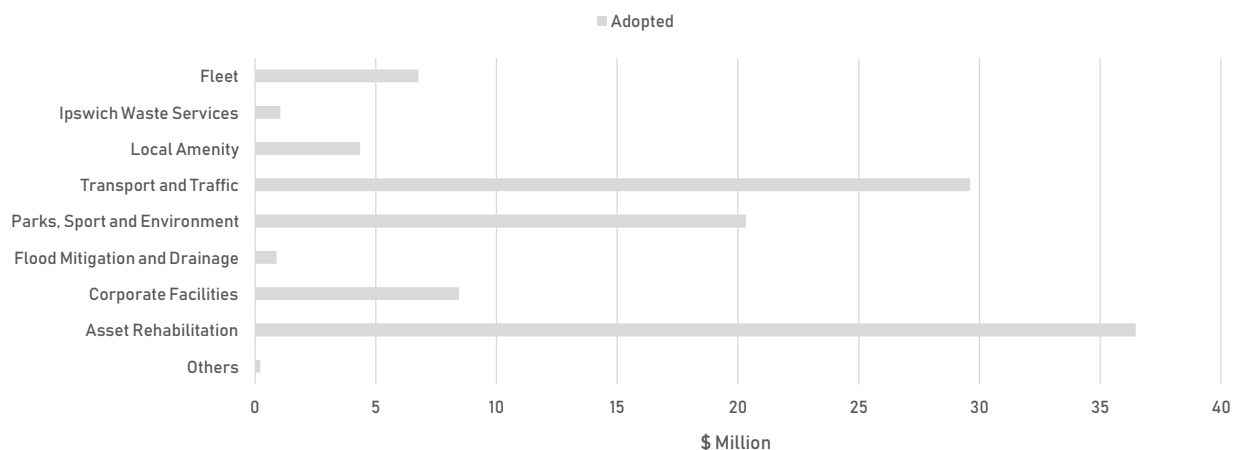
YTD Variance by Construction Program (Excluding CBD)



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



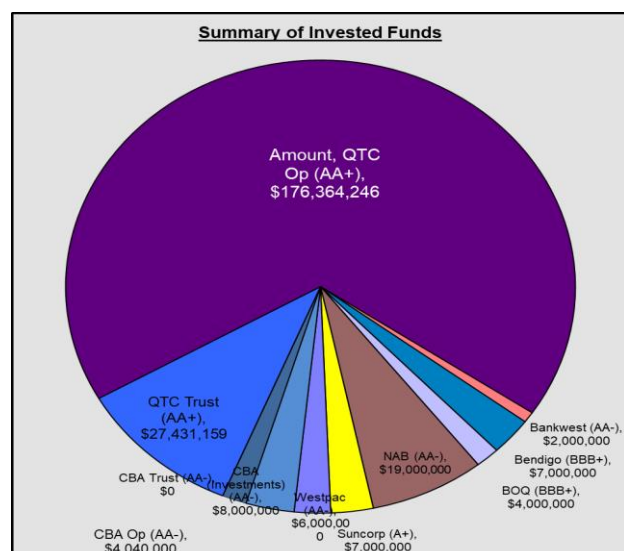
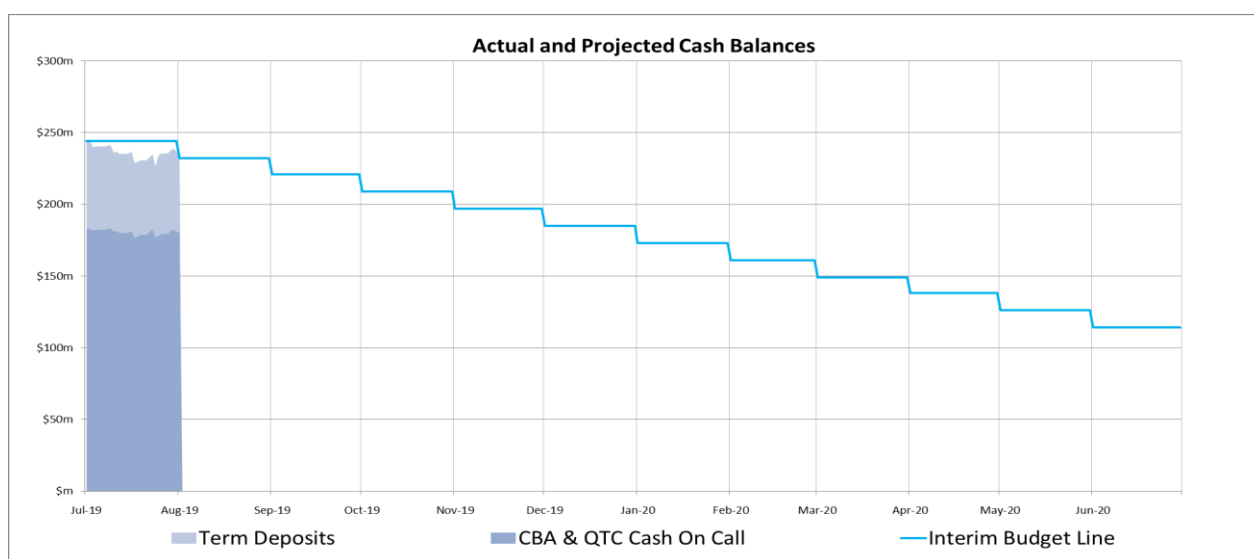
Capital Program (Excluding CBD)
Budget Version Comparision



CAPITAL SUMMARY AS AT July 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
Whole of Council									
Construction Program and Asset Purchase	5,228	8,568	3,340	5,228	8,568	3,340	242,616	248,268	
Donated Assets	3,489	5,809	2,320	3,489	5,809	2,320	69,732	69,732	
Total Capital Expenditure	8,717	14,377	5,660	8,717	14,377	5,660	312,348	318,000	
Coordination and Performance									
CBD Development	524	1,745	1,221	524	1,745	1,221	111,608	111,608	CBD – Underspend primarily relates to works completed in July not being processed in the period.
Total Capital Expenditure	524	1,745	1,221	524	1,745	1,221	111,608	111,608	
Corporate Services									
Construction Program and Asset Purchase	262	440	178	262	440	178	17,255	17,255	ICT – Reallocation to be made in accordance with the ICT Strategy once finalised. A number of initiatives are currently being worked on in the meantime.
Total Capital Expenditure	262	440	178	262	440	178	17,255	17,255	
Community, Cultural and Economic Development									
Construction Program and Asset Purchase	21	0	(21)	21	0	(21)	2,359	2,359	Library – No issues.
									Civic Centre – No issues.
									Art Gallery – No issues.
Total Capital Expenditure	21	0	(21)	21	0	(21)	2,359	2,359	
Infrastructure and Environment									
Infrastructure Program	3,914	5,714	1,800	3,914	5,714	1,800	100,121	105,185	IE - Under budget \$1.8 million in Infrastructure Program relates to works completed in July not being processed in the period as well as re-sequencing of works and lower than forecast costs.
Equipment	(1)	18	19	(1)	18	19	220	(1)	EOY Forecast includes proposed carry overs of \$6.7 million.
Waste	38	88	50	38	88	50	1,050	1,227	
Fleet	466	564	97	466	564	97	6,765	7,397	
Total Capital Expenditure	4,418	6,384	1,966	4,418	6,384	1,966	108,156	113,808	
Planning and Regulatory Services									
Construction Program and Asset Purchase	3	0	(3)	3	0	(3)	3,238	3,238	Safe City – No issues.
									Cemeteries – No issues.
Total Capital Expenditure	3	0	(3)	3	0	(3)	3,238	3,238	
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	0	0	0	0	0	28	28	
Infrastructure and Environment	3,489	5,809	2,320	3,489	5,809	2,320	69,704	69,704	
Planning and Regulatory Services	0	0	0	0	0	0	0	0	
Total Donated Assets	3,489	5,809	2,320	3,489	5,809	2,320	69,732	69,732	

Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.005	1.50%	\$4,040,000
Term Deposit Investments	0.014	2.43%	\$53,000,000
QTC Trust Fund Account	0.012	2.26%	\$27,431,159
QTC Operating Account	0.012	2.26%	\$176,364,246
Total Invested funds (W.Avg return)	0.012	2.28%	\$260,835,405
Total Operating Funds (Ex Trust)	0.012	2.29%	\$233,404,246

Cashflow

Council's cash and cash equivalents balance as at 31 July 2019 was \$233.4m. The end of period cash holdings includes \$71 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 2.29%.