



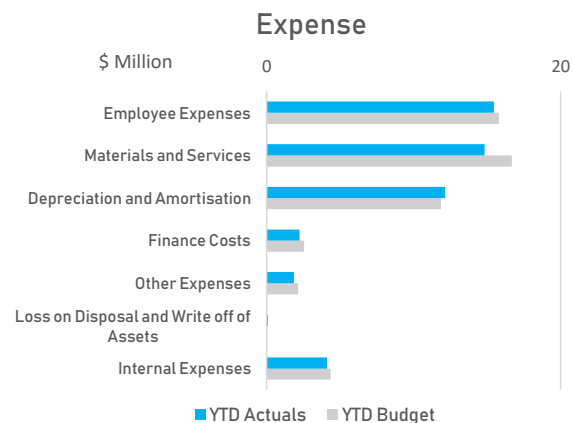
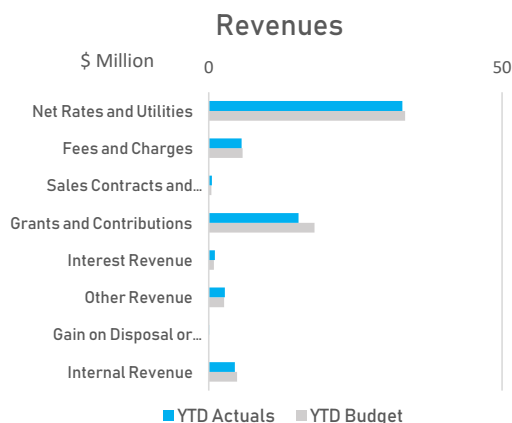
Ipswich City Council

Performance Report

AUGUST 2019

	Annual		YTD				Trend from JUL 2019
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Operating Revenue	322,435	322,435	49,694	49,052	(642)	(1.3%)	▲
Operating Expense	319,336	319,336	53,398	50,734	2,664	5.0%	▼
Operating Surplus/(Deficit)	3,099	3,099	(3,704)	(1,682)	2,022	(54.6%)	▼
Capital Revenue	104,398	104,398	16,364	13,685	(2,679)	(16.4%)	▲
Net Result	107,497	107,497	12,660	12,003	(657)	(5.2%)	▼

Construction Program and Asset Purchase	131,008	131,008	12,967	12,254	713	5.5%	▼
CBD	111,608	111,608	3,866	964	2,903	75.1%	▲
Donated Assets	69,732	69,732	11,618	6,904	4,714	40.6%	▲
Total Capital Expenditure	312,348	312,348	28,451	20,121	8,330	29.3%	▲



### Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 31 August 2019 is \$12m compared to the YTD budget of \$12.7m. Council's operating deficit (excluding capital revenue) is approximately \$1.7m compared to the YTD budget deficit of \$3.7m.

### Operating revenue is \$642k below the YTD Budget

The \$642k unfavourable variance is made up of: Rates revenue \$436k, Fees and charges \$175k and \$383k Internal revenue which is offset by reduced Internal expenses.

- The net rates variance includes \$95k timing variance on the rural fire levy, a \$226k budget error for waste charges and the impact of lower than forecast growth as outlined in the July report.
- We will continue to monitor lower than forecast growth from 2018-19 and current year.
- As previously outlined the adopted budget included an increase in waste charges 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 approximately \$1m.
- August results have showed an improvement to rates and utilities however, the full impact of the first quarter rate levies will be better assessed at YTD September and half year.

- 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 \$2.7m below the YTD Budget as a result of:

- Employee expenses combined with Labour Contracts is under budget \$338k or 2.1% YTD. These results were primarily caused by approximately 47 net budgeted FTEs being vacant year to date. This is also partially offset by contractual termination payments and higher costs of Labour Contracts.
- Materials and services (excluding labour contracts) under budget \$1.9 million primarily in service contracts. Under budget \$1.1 million in IE primarily relates to service contracts due to seasonal factors. The budget for service contracts was phased based on average weather conditions and this portion of the budget will be realigned in September to better reflect current and expected seasonal conditions. If current weather conditions continue there is the risk of a significant underspend in service contracts and a potential overspend in water utilities.
























### Capital Expenditure

Capital expenditure as at 31 August is \$3.6m below the YTD budget. Approximately \$13.2m has been expended to 31 August compared to the current YTD capital expenditure budget of \$16.8m.

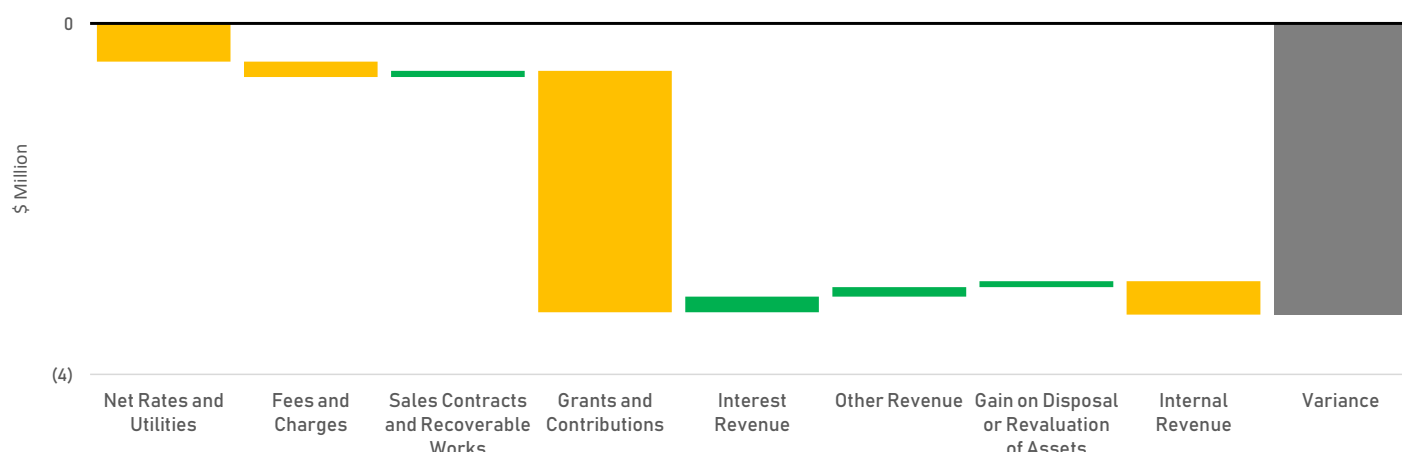
- The Infrastructure Program is approx. \$229k under the YTD Budget. Actual costs are \$10.9m compared to the current YTD budget of \$11.1m.
- CBD under budget \$2.9. Actual costs are \$964k compared to the YTD budget of \$3.9m. Underspend primarily relates to works commencing later than expected. A review of budget phasing will be conducted in September.

# FINANCIAL EXECUTIVE SUMMARY

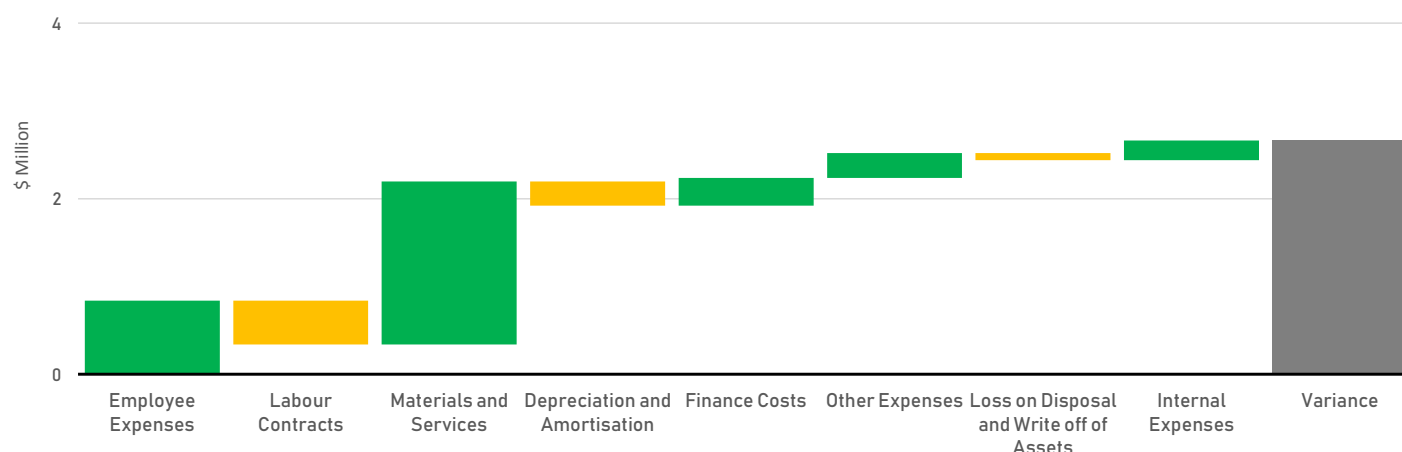
AUGUST 2019

	Annual		YTD				Trend from JUL 2019	Note
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %		
<b>Revenue</b>								
Net rates and utilities charges	208,482	208,482	33,462	33,026	 (436)	(1.3%)		1
Fees and charges	32,563	32,563	5,763	5,588	 (175)	(3.0%)		2
Gov't grants and subsidies	18,260	18,260	1,854	3,852	 1,998	107.8%		3
Internal revenue	25,613	25,613	4,828	4,445	 (383)	(7.9%)		4
Other revenue (incl Donated Assets & Cash Contributions)	141,915	141,915	20,149	15,825	 (4,324)	(21.5%)		5
<b>Total Revenue</b>	<b>426,833</b>	<b>426,833</b>	<b>66,056</b>	<b>62,736</b>	<b>(3,320)</b>	<b>(5.0%)</b>		
<b>Expense</b>								
Employee expenses	97,438	97,438	15,443	14,607	 836	5.4%		6
Labour contracts	2,070	2,070	357	855	 (498)	(139.5%)		6
Materials and services	97,302	97,302	16,686	14,830	 1,856	11.1%		7
Internal expense	22,963	22,963	4,344	4,119	 225	5.2%		8
Other expenses	99,563	99,563	16,567	16,324	 243	1.5%		9
<b>Total Expenses</b>	<b>319,336</b>	<b>319,336</b>	<b>53,397</b>	<b>50,735</b>	<b>2,662</b>	<b>5.0%</b>		
<b>Net Result</b>	<b>107,497</b>	<b>107,497</b>	<b>12,659</b>	<b>12,001</b>	<b>(658)</b>	<b>(5.2%)</b>		

### Revenue Variance



### Expense Variance



### Revenue

1. As previously outlined the adopted budget included an increase in waste charges which was removed in the later stages of the budget deliberations. The full year budget for waste utility charges is potentially overstated approximately \$1 million. IE under budget in rural fire levy payments due to timing.
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. Over budget in capital grants revenue (\$2.1 million) in IE relates to the Roads 2 Recovery (Brisbane St) and Blackspot Project (Traffic signals School Rd/Fernbrooke Blvd) grants received early, the budget will be realigned in September. Capital Grants revenue is expected to be over budget approximately \$350k resulting from three grants received that were not budgeted for.
4. Under budget in IWS tax equivalents revenue, this is offset by a reduction in internal expenses.
5. Under budget in donated assets and cash contributions (\$4.7 million) which are developer driven and will be monitored closely.

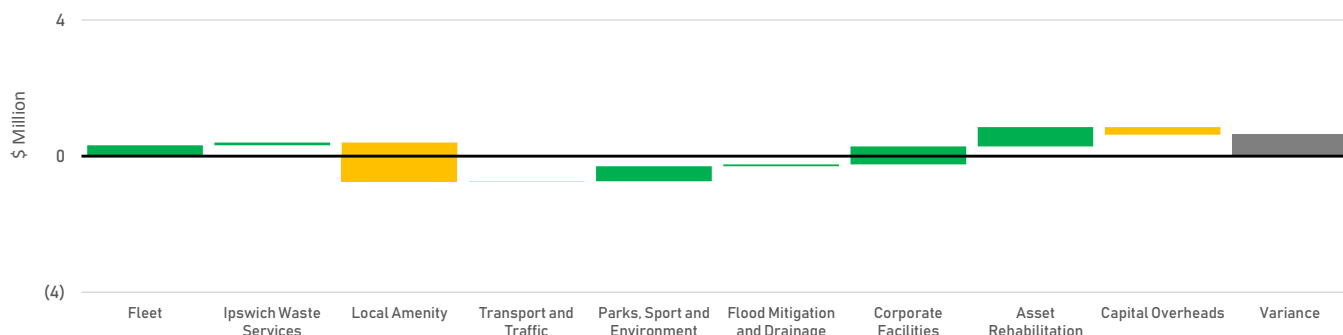
### Expenses

6. Employee expenses including Labour contracts under budget \$338k or 2.1% YTD. These results were caused by approximately 47 net budgeted FTEs being vacant year to date. This is partially offset by contractual termination payments and higher costs of labour contracts.
7. Materials and services under budget \$1.1 million in IE primarily relates to service contracts due to seasonal factors. The budget for service contracts was phased based on average weather conditions and this portion of the budget will be realigned in September to better reflect current and expected seasonal conditions. If current weather conditions continue there is the risk of a significant underspend in service contracts and a potential overspend in water utilities. Remaining underspend in materials and services relates to minor variances across Council.
8. Under budget primarily in IWS tax equivalents expenditure, this is offset by reduced internal revenue.
9. Under budget in IWS relating to the waste levy.

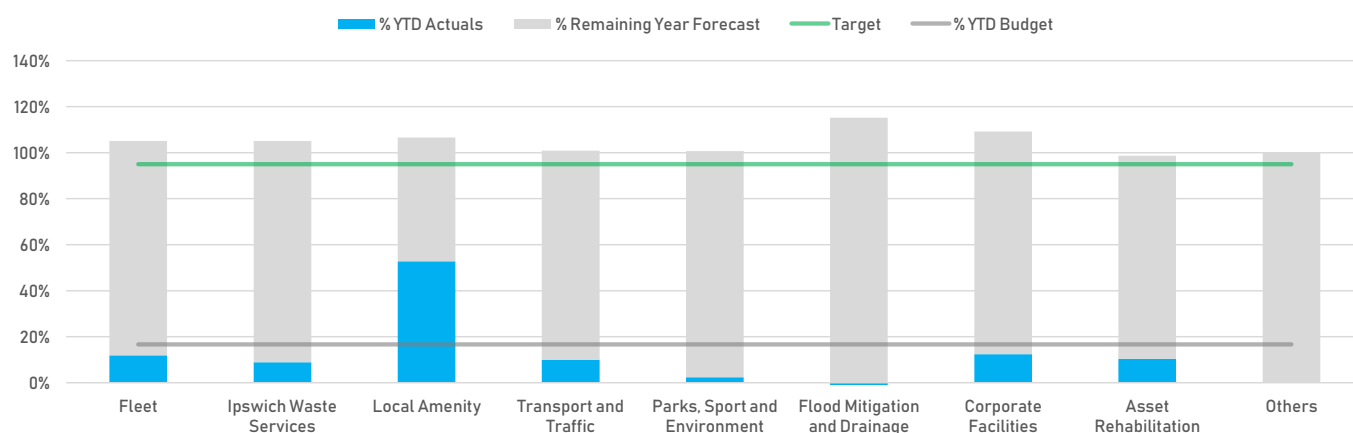
## Capital

	Annual		YTD				Trend from JUL 2019
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Coordination and Performance	111,608	111,608	3,866	964	2,903	75.1%	▲
Corporate Services	17,255	17,255	513	443	70	13.6%	▼
Community, Cultural and Economic Development	2,359	2,359	0	23	(23)	N/A	▼
Infrastructure and Environment	108,156	108,156	12,446	11,779	667	5.4%	▼
Planning and Regulatory Services	3,238	3,238	8	8	(0)	(3.8%)	▲
<b>Net Result</b>	<b>242,616</b>	<b>242,616</b>	<b>16,833</b>	<b>13,217</b>	<b>3,616</b>	<b>21.5%</b>	<b>▲</b>

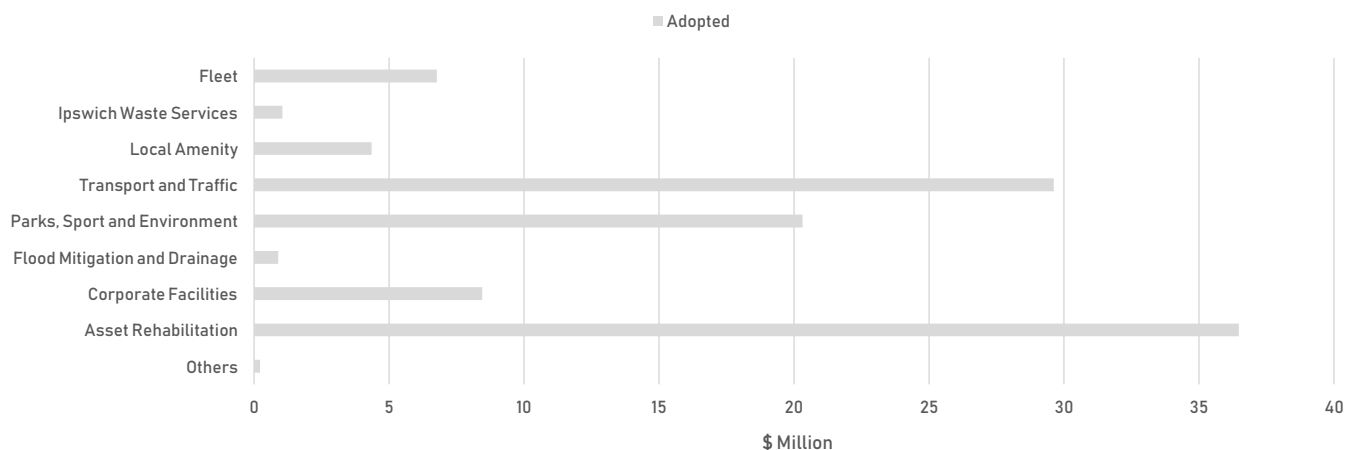
YTD Variance by Construction Program (Excluding CBD)



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



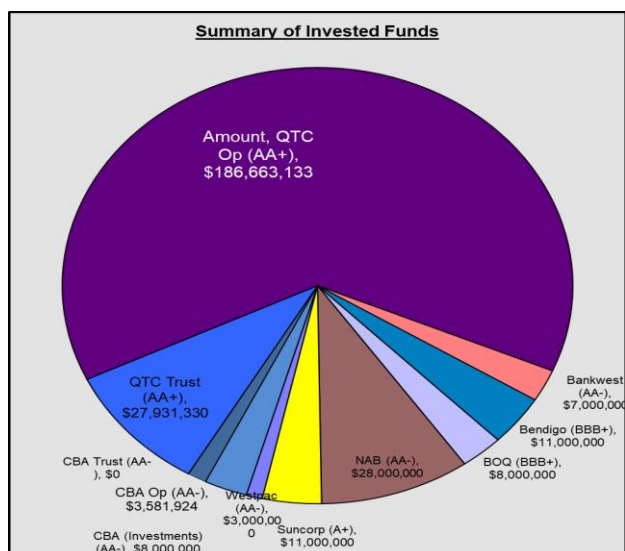
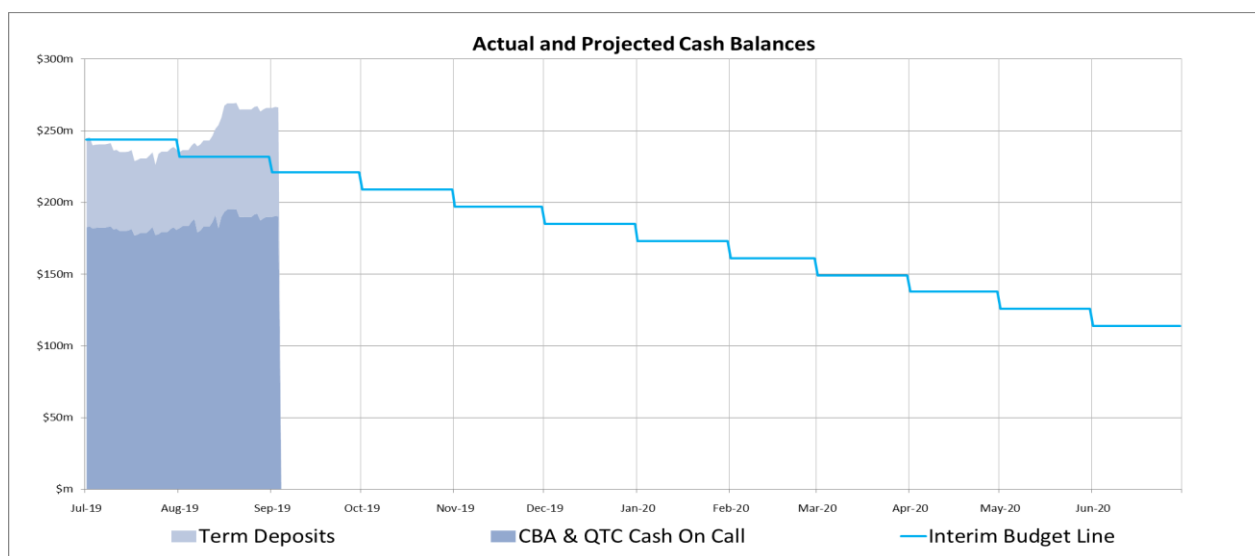
Capital Program (Excluding CBD)  
Budget Version Comparison



## CAPITAL SUMMARY AS AT AUGUST 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	7,989	8,265	276	13,217	16,833	3,616	242,616	244,143	
Donated Assets	3,415	5,809	2,394	6,904	11,618	4,714	69,732	69,732	
<b>Total Capital Expenditure</b>	<b>11,404</b>	<b>14,074</b>	<b>2,669</b>	<b>20,121</b>	<b>28,451</b>	<b>8,330</b>	<b>312,348</b>	<b>313,875</b>	
<b>Coordination and Performance</b>									
CBD Development	440	2,122	1,682	964	3,866	2,903	111,608	111,608	<b>CBD</b> - Underspend primarily relates to works commencing later than expected. A review of budget phasing will be conducted in September.
<b>Total Capital Expenditure</b>	<b>440</b>	<b>2,122</b>	<b>1,682</b>	<b>964</b>	<b>3,866</b>	<b>2,903</b>	<b>111,608</b>	<b>111,608</b>	
<b>Corporate Services</b>									
Construction Program and Asset Purchase	181	73	(108)	443	513	70	17,255	17,255	<b>ICT</b> - Currently reassessing forecast spend to align with ICT Strategy.
<b>Total Capital Expenditure</b>	<b>181</b>	<b>73</b>	<b>(108)</b>	<b>443</b>	<b>513</b>	<b>70</b>	<b>17,255</b>	<b>17,255</b>	
<b>Community, Cultural and Economic Development</b>									
Construction Program and Asset Purchase	1	0	(1)	23	0	(23)	2,359	2,359	<b>Library</b> - No issues.  <b>Civic Centre</b> - No issues.  <b>Art Gallery</b> - No issues.
<b>Total Capital Expenditure</b>	<b>1</b>	<b>0</b>	<b>(1)</b>	<b>23</b>	<b>0</b>	<b>(23)</b>	<b>2,359</b>	<b>2,359</b>	
<b>Infrastructure and Environment</b>									
Infrastructure Program	6,964	5,393	(1,571)	10,878	11,107	229	100,121	101,253	<b>IE</b> - Under budget \$229k in Infrastructure Program.
Equipment	1	18	18	0	37	36	220	220	<b>Fleet</b> - Under budget \$320k in Fleet due to awaiting delivery of one truck with an additional two trucks on order. Vehicle replacement is on track.
Waste	56	88	32	94	175	81	1,050	1,103	
Fleet	341	564	223	807	1,128	320	6,765	7,106	
<b>Total Capital Expenditure</b>	<b>7,361</b>	<b>6,062</b>	<b>(1,299)</b>	<b>11,779</b>	<b>12,446</b>	<b>667</b>	<b>108,156</b>	<b>109,683</b>	
<b>Planning and Regulatory Services</b>									
Construction Program and Asset Purchase	5	8	3	8	8	(0)	3,238	3,238	<b>Safe City</b> - No issues.  <b>Cemeteries</b> - No issues.
<b>Total Capital Expenditure</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>(0)</b>	<b>3,238</b>	<b>3,238</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	0	0	0	0	0	0	28	28	
Infrastructure and Environment	3,415	5,809	2,394	6,904	11,618	4,714	69,704	69,704	
Planning and Regulatory Services	0	0	0	0	0	0	0	0	
<b>Total Donated Assets</b>	<b>3,415</b>	<b>5,809</b>	<b>2,394</b>	<b>6,904</b>	<b>11,618</b>	<b>4,714</b>	<b>69,732</b>	<b>69,732</b>	

## Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.005	1.50%	\$3,581,924
Term Deposit Investments	0.011	2.06%	\$76,000,000
QTC Trust Fund Account	0.012	2.16%	\$27,931,330
QTC Operating Account - CBD	0.012	2.16%	\$71,600,000
QTC Operating Account - General	0.012	2.16%	\$115,063,133
<b>QTC Operating Account - Total</b>	<b>0.012</b>	<b>2.16%</b>	<b>\$186,663,133</b>
Total Invested funds (W.Avg return)	0.012	2.13%	\$294,176,386
<b>Total Operating Funds (Ex Trust)</b>	0.012	2.12%	<b>\$266,245,056</b>

**Cashflow**

Council's cash and cash equivalents balance as at 31 August 2019 was \$266.2m. 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 2.12%.