



City of
Ipswich

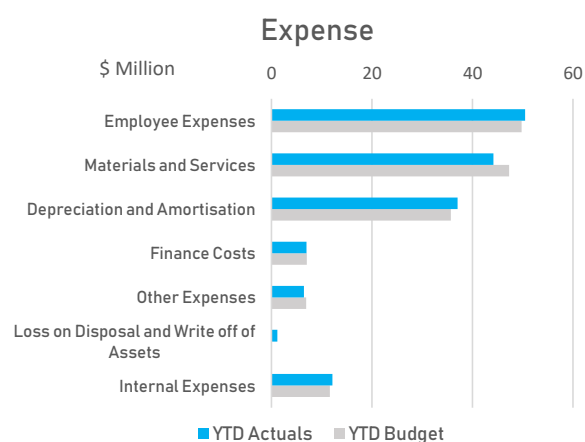
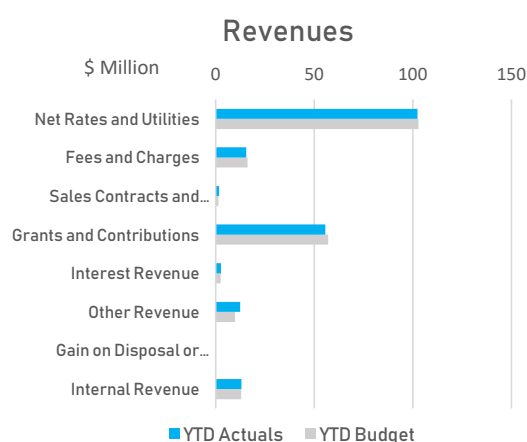
Ipswich City Council

Performance Report

DECEMBER 2019

	Annual		YTD				Trend from NOV 2019
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Operating Revenue	322,435	320,821	149,405	152,417	3,012	2.0%	▲
Operating Expense	319,336	318,210	158,152	158,281	(129)	(0.1%)	▲
Operating Surplus/(Deficit)	3,099	2,611	(8,747)	(5,864)	2,883	(33.0%)	▲
Capital Revenue	104,398	104,398	53,510	51,216	(2,294)	(4.3%)	▲
Net Result	107,497	107,009	44,763	45,352	589	1.3%	▲

Construction Program and Asset Purchase	131,008	131,008	50,318	39,930	10,389	20.6%	▲
CBD	111,608	131,744	20,782	30,433	(9,651)	(46.4%)	▼
Donated Assets	69,732	69,732	34,854	34,940	(86)	(0.2%)	▼
Total Capital Expenditure	312,348	332,484	105,954	105,303	652	0.6%	▼



Net Result

The total Net Result (including capital revenues) for Ipswich City Council as at 31 December 2019 is \$45.4m compared to the YTD budget of \$44.8m. Council's operating deficit (excluding capital revenue) is approximately \$5.9m compared to the YTD budget deficit of \$8.7m.

Operating revenue is \$3 million above the YTD Budget

The \$3 million variance is made up of: rates and utilities revenue \$466k under budget which is impacted by growth, fees and charges \$666k under budget in town planning fees as a result of a downturn in the development industry, operational grant revenue \$884k over budget, other revenue \$3 million over budget, Sales Contracts and Recoverable Works \$243k over budget and internal revenue \$166k over budget. These items are discussed further in this report.

Operating expenses is \$129k above the YTD Budget as a result of:

The \$129k variance is made up of: employee expenses including labour contracts \$693k over budget, as a result to changes in the payroll system calculation method, and other expenses \$2 million due to depreciation and loss on disposal of assets. This is partially offset by materials and services \$3.1m under budget primarily due to drier than expected weather conditions. These items are discussed further in this report.

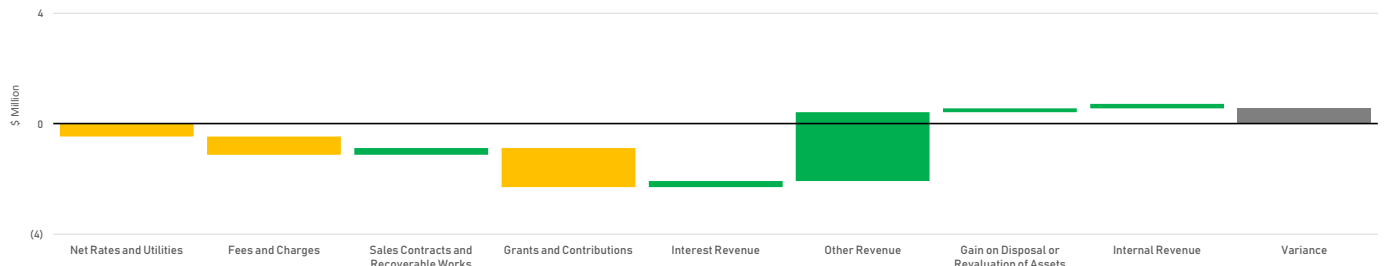
Capital Expenditure

Capital expenditure including CBD as at 31 December is \$652k below the YTD budget. Approximately \$105.3m has been expended to 31 December compared to the current YTD capital expenditure budget of \$106m.

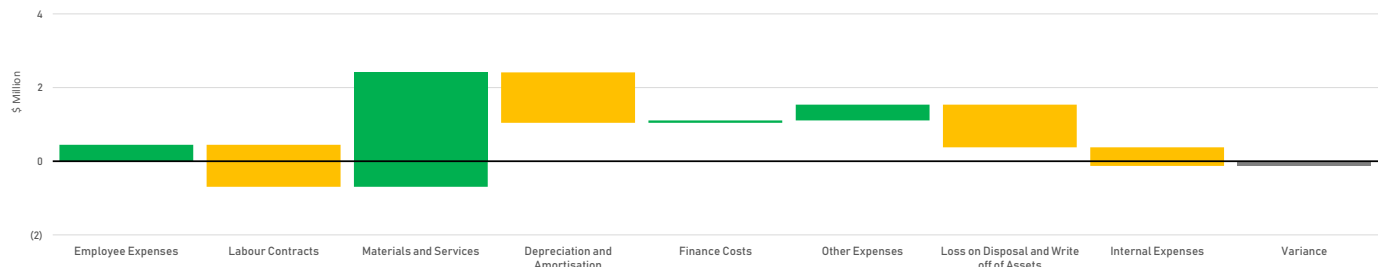
- The Infrastructure Program is approx. \$8 million under the YTD Budget. Actual costs are \$32.5 million compared to the current YTD budget of \$40.5 million.
- Community, Cultural and Economic Department is \$1.9 million under budget. Actual costs are \$287k compared to the YTD budget of \$2.2 million. This primarily relates to delays in commencing work in the Community Safety and Innovation Branch and delays in the opening of the Rosewood Library.
- CBD over budget approx. \$9.7 million. Actual costs are \$30.4 million compared to the YTD budget of \$20.8 million. Overspend relates to works being ahead of schedule as well as approved scope changes. A Budget Amendment was 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. \$1.6 million. Actual costs are \$3.4 million compared to the YTD budget of \$1.7 million. Overspend relates to a timing variance with the budget.

	Annual		YTD				Variance \$'000s by Department							
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	Trend from NOV 2019	Note	CP	CS	CE	IE	IWS	PR
Revenue														
Net rates and utilities charges	208,482	207,482	102,832	102,367	(465)	(0.5%)	▲	1	N/A	(266)	N/A	(44)	(81)	(75)
Fees and charges	32,563	32,563	16,152	15,486	(666)	(4.1%)	▲	2	N/A	(44)	24	1	(208)	(438)
Gov't grants and subsidies	18,260	18,260	8,481	9,166	685	8.1%	▲	3	N/A	319	219	208	N/A	(61)
Internal revenue	25,613	25,613	12,916	13,082	166	1.3%	▲	4	N/A	(136)	98	(44)	246	0
Other revenue (incl Donated Assets & Cash Contributions)	141,915	141,301	62,533	63,531	998	1.6%	▲	5	482	1,758	(1,333)	325	(220)	(12)
Total Revenue	426,833	425,219	202,914	203,632	718	0.4%	▲		482	1,631	(992)	446	(263)	(586)
Expense														
Employee expenses	97,438	97,438	48,657	48,212	445	0.9%	▲	6	(162)	227	(46)	333	69	23
Labour contracts	2,070	2,070	1,094	2,232	(1,138)	(104.0%)	▼	6	(80)	(321)	297	(439)	(456)	(138)
Materials and services	97,302	97,302	47,280	44,177	3,103	6.6%	▲	7	216	(211)	753	2,728	(670)	287
Internal expense	22,963	22,963	11,594	12,101	(507)	(4.4%)	▼	8	(3)	8	(58)	(441)	(11)	0
Other expenses	99,563	98,437	49,526	51,557	(2,031)	(4.1%)	▼	9	95	(8)	(102)	(2,312)	275	18
Total Expenses	319,336	318,210	158,151	158,279	(128)	(0.1%)	▲		66	(305)	844	(131)	(793)	190
Net Result	107,497	107,009	44,763	45,353	590	1.3%	▲		548	1,326	(148)	315	(1,056)	(396)

Revenue Variance



Expense Variance



Revenue

- The net rates variance continues to be impacted by growth. We will continue to monitor growth however, based on current patterns Council is unlikely to recover full budget by year end.
- Fees and charges under budget \$666k which includes \$438k in town planning and development fees due to a slight downturn in the development industry. P&R Department have reviewed the results and 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. Also under budget \$208k in IWS relating to skip services and recycling refuse.
- Grants revenue \$685k over budget with variance relating to the receipt of an unbudgeted grant from the Department of Employment, Small Business and Training for the First Start Program in CS, receipt of a Home Assist grant earlier than budgeted in CE and a number of operational and capital grants received in IE that were not budgeted for.
- Internal revenue over budget in IWS relates to SLA recovery for domestic services carried out by the commercial trucks. This is partially offset in CS due to lower than expected tax equivalents revenue.
- Over budget relates to higher than expected QUU Tax Revenue (\$1.2m) in CS, retail operations in the CBD (\$652k) and various other revenues. This is partially offset by under budget in cash contributions in CE which are developer driven. 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.

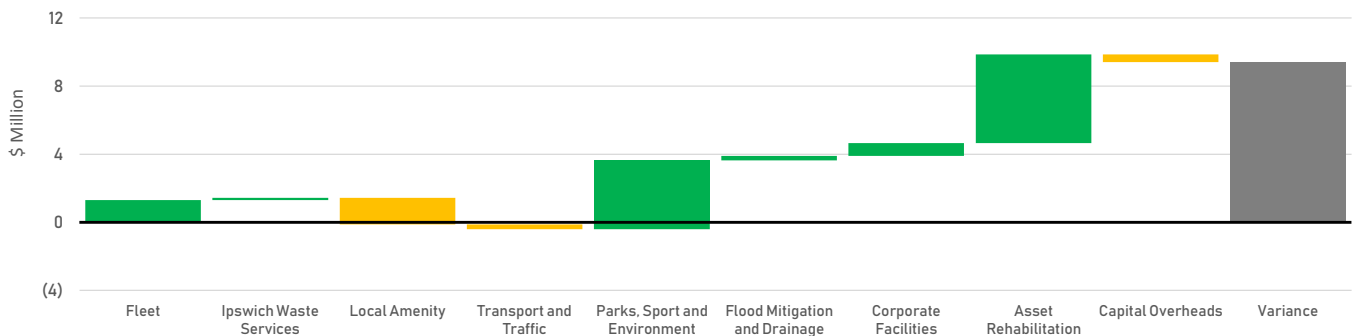
Expenses

- Employee expenses including Labour contracts was on budget for December leaving YTD results over budget \$693k or 1.4%. As mentioned previously this YTD 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. This also includes approximately 37 net budgeted FTEs being vacant year to date which is partially offset by contractual termination payments and higher costs of labour contracts.
- Materials and services (excluding labour contracts) under budget \$3.1 million primarily in service contracts. The variance of \$2.7 million in IE relates to; drier conditions, works not commencing as expected and lower than expected maintenance costs. \$753k underspend in CE relates to a delay with the preparations for the CBD Library move and costs for Christmas and New Years Eve event costs not yet received. Under budget in service contracts (\$252k) primarily relating to Community Safety and Innovation in the fire and security management section.
- 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 (\$947k) and the loss on disposal of assets (also \$1.2m).

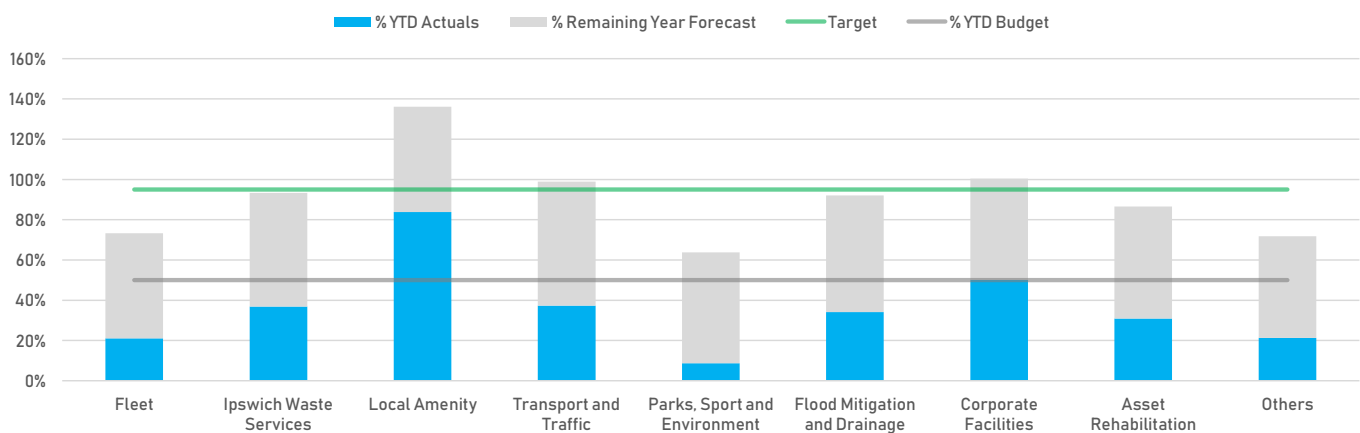
Capital

	Annual		YTD				Trend from NOV 2019
	Original Budget \$'000s	Current Budget \$'000s	Current Budget \$'000s	Actuals \$'000s	Variance \$'000s	Variance %	
Coordination and Performance	111,608	136,494	22,517	33,805	(11,288)	(50.1%)	▼
Corporate Services	17,255	17,255	2,414	1,919	495	20.5%	▼
Community, Cultural and Economic Development	5,067	5,067	2,209	287	1,922	87.0%	▲
Infrastructure and Environment	108,156	103,406	43,828	34,352	9,476	21.6%	▲
Planning and Regulatory Services	530	530	133	0	132	100.0%	▲
Net Result	242,616	262,752	71,100	70,362	738	1.0%	▲

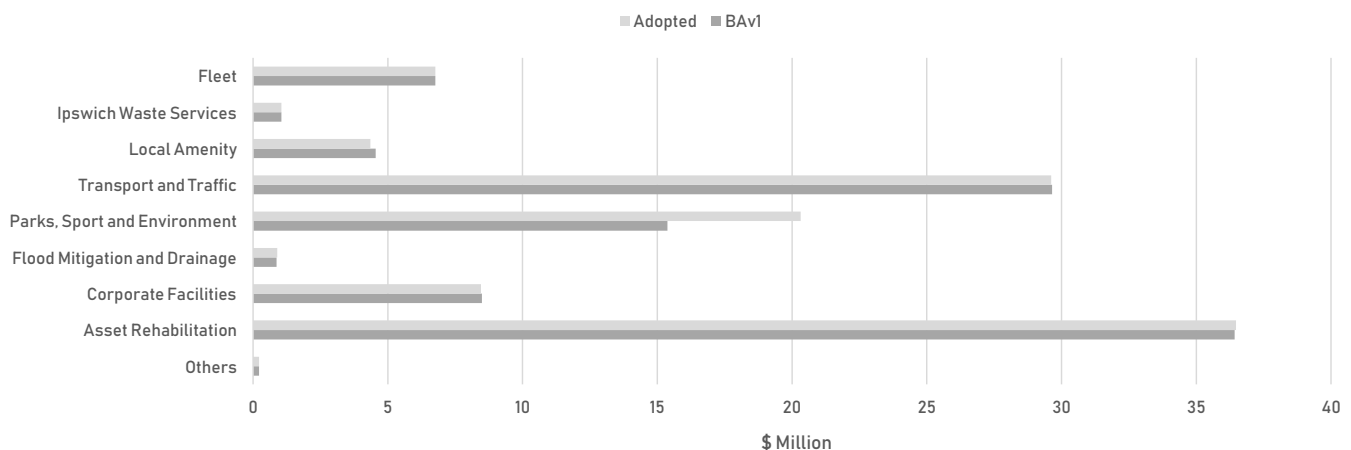
YTD Variance by Construction Program (Excluding CBD)



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



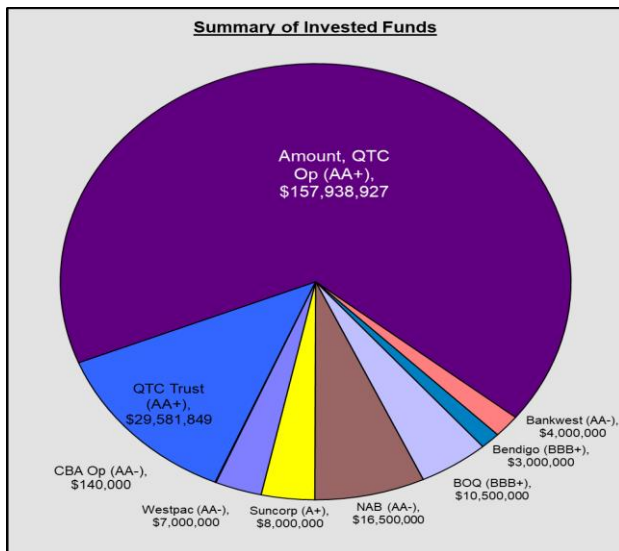
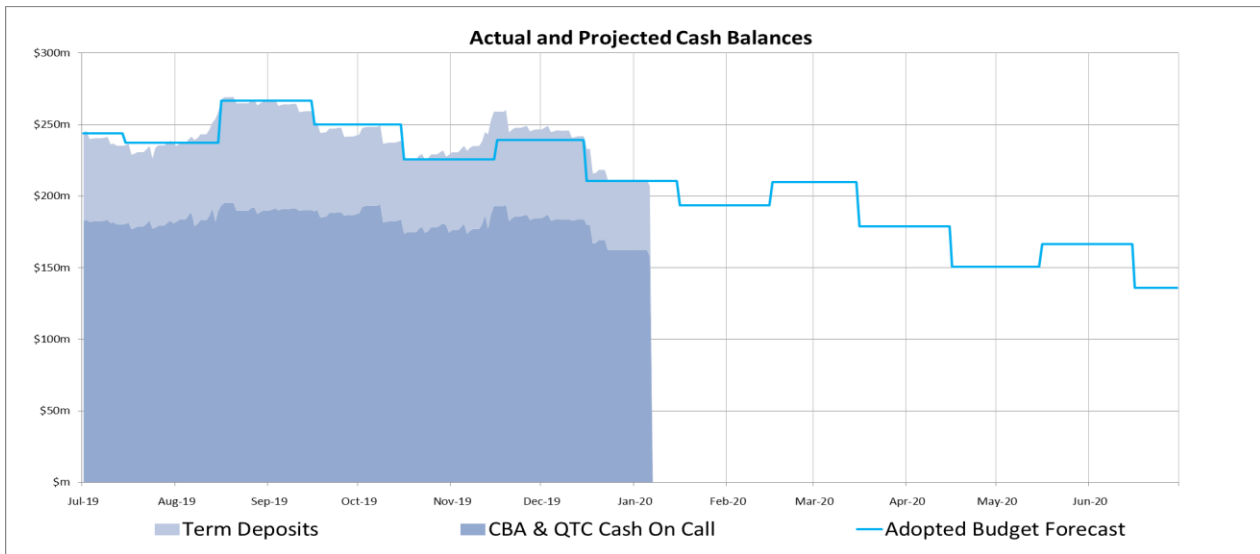
Capital Program (Excluding CBD)
Budget Version Comparison



CAPITAL SUMMARY AS AT DECEMBER 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	16,076	16,088	12	70,362	71,100	738	262,752	261,401	
Donated Assets	10,117	5,809	(4,308)	34,940	34,854	(86)	69,732	69,732	
Total Capital Expenditure	26,193	21,897	(4,296)	105,303	105,954	652	332,484	331,133	
Coordination and Performance									
Construction Program and Asset Purchase	1,037	500	(537)	3,372	1,735	(1,637)	4,750	4,750	CP - Overspend relates to timing variance of Springfield Sports Stadium.
CBD Development	9,267	4,630	(4,637)	30,433	20,782	(9,651)	131,744	131,744	CBD - Overspend relates to works being ahead of schedule. Phasing adjustment is expected to be completed in February to better align expected spend.
Total Capital Expenditure	10,304	5,130	(5,173)	33,805	22,517	(11,288)	136,494	136,494	
Corporate Services									
Construction Program and Asset Purchase	461	(34)	(496)	1,919	2,414	495	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.
Total Capital Expenditure	461	(34)	(496)	1,919	2,414	495	17,255	17,255	
Community, Cultural and Economic Development									
Construction Program and Asset Purchase	98	1,562	1,464	287	2,209	1,922	5,067	5,067	Library - Under budget approximately \$930k relates to a delay in the opening of the Rosewood Library. Civic Centre - Under budget approximately \$50k relates to timing issues. Audio desk tender documentation has been completed and is expected to go out in January. Art Gallery - Under budget approximately \$26k relates to delays in acquiring artworks due to procurement restrictions. Community Safety and Innovation - Under budget due to delays in completing a number of projects including: CBD fibre relocation (\$250k), access control upgrades, security camera upgrades expected to be completed in January and the key system upgrade (\$250k). Budget will be rephased in January to better align with expected expenditure.
Total Capital Expenditure	98	1,562	1,464	287	2,209	1,922	5,067	5,067	
Infrastructure and Environment									
Infrastructure Program	4,938	7,986	3,049	32,493	40,468	7,975	95,371	94,412	IE - Under budget \$8 million in Infrastructure Program. Under budget in asset rehabilitation (\$5.2 million) due to delays in the drainage, sealed road, parks and sports facility rehabilitation sub-programs. Under budget in parks, sport and environment (\$4.1 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 Amenity (\$1.6 million) due to 2018-19 expenditure on Kerb and Channel and Streetscape improvements occurring in the current financial year. Fleet - Under budget \$1.3 million in Fleet primarily relates to longer than expected lead times. Trucks and major plant originally budgeted in December are now expected to be delivered in January, April and May.
Equipment	17	55	38	47	110	63	220	211	
Waste	19	96	77	387	525	138	1,050	1,162	
Fleet	239	1,160	921	1,425	2,725	1,300	6,765	6,269	
Total Capital Expenditure	5,213	9,297	4,084	34,352	43,828	9,476	103,406	102,055	
Planning and Regulatory Services									
Construction Program and Asset Purchase	0	133	133	0	133	132	530	530	Cemeteries - Under budget relates to works on Tallegalla Cemetery being undertaken by the IE Department on behalf of PR. Approximately \$61k has been expended to date and will be transferred to the Department once the project is complete.
Total Capital Expenditure	0	133	133	0	133	132	530	530	
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	128	0	(128)	28	28	
Infrastructure and Environment	10,117	5,809	(4,308)	34,813	34,854	41	69,704	69,704	
Planning and Regulatory Services	0	0	0	0	0	0	0	0	
Total Donated Assets	10,117	5,809	(4,308)	34,940	34,854	(86)	69,732	69,732	

Cash and Investments



Investments and Earnings Summary	Margin	% Return	\$
CBA Operating Account	0.004	1.25%	\$140,000
Term Deposit Investments	0.008	1.69%	\$49,000,000
QTC Trust Fund Account	0.009	1.83%	\$29,581,849
QTC Operating Account - CBD	0.009	1.83%	\$50,598,792
QTC Operating Account - General	0.009	1.83%	\$107,340,135
QTC Operating Account - Total	0.009	1.83%	\$157,938,927
Total Invested funds (W.Avg return)	0.009	1.80%	\$236,660,776
Total Operating Funds (Ex Trust)	0.009	1.80%	\$207,078,927

Cashflow

Council's cash and cash equivalents balance as at 31 December 2019 was \$207.1 million. The end of period cash holdings includes \$51 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 1.8%.