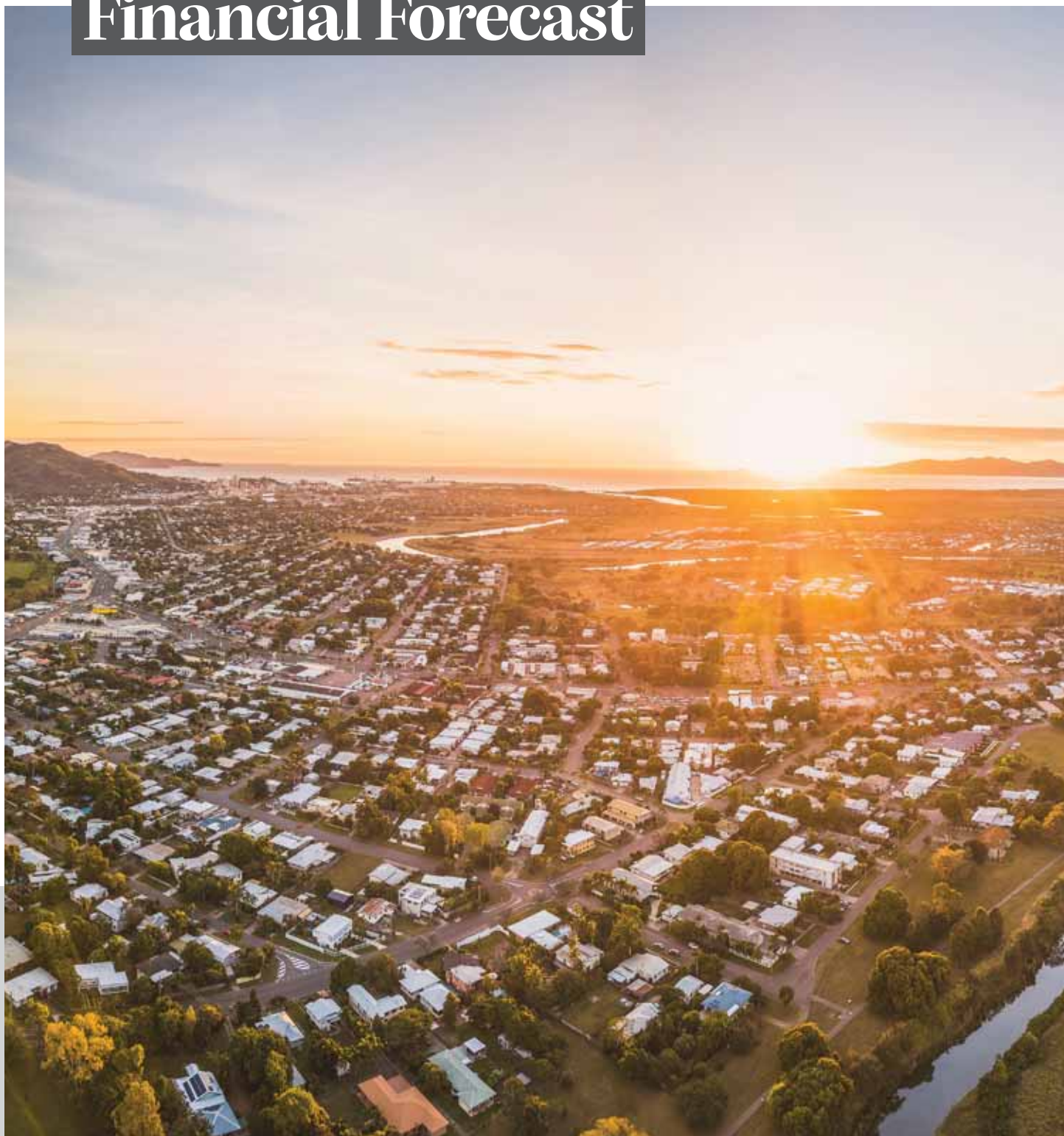


June 2021

Financial Forecast



Estimated Financial Result Against Budget for 30 June 2021

The report below outlines the estimated financial result for the period ended 30 June 2021. The forecast has been developed through consultation with relevant Council stakeholders to reflect the most informed expectation of Council's financial performance for 2020/21.

Material variances between the 2020/21 mid-year review budget (Revised Budget) and forecast results estimated for this financial year are explained below. It is anticipated that the final June 2021 results will be available by October 2021 on completion of year-end processing and external audit.

	Revised Budget 2020/21 \$'000	Forecast 2020/21 \$'000	Variance \$'000
Revenue			
General rates	176,257	176,041	(216)
Utility charges	209,593	208,863	(730)
<i>Water</i>	96,565	95,550	(1,015)
<i>Wastewater</i>	89,995	90,153	158
<i>Refuse and recycling</i>	23,033	23,160	127
Discounts and concessions	(25,114)	(25,793)	(679)
Fees and charges	28,051	30,178	2,127
Interest received	2,493	2,581	88
Contributions from developers	200	320	120
Grants and subsidies	23,202	26,194	2,992
Other revenue	13,137	11,209	(1,928)
Total revenue	427,819	429,593	1,774
Expenses			
Employee costs	137,763	135,973	1,790
Materials and services	140,846	144,217	(3,371)
Depreciation and amortisation	126,209	126,209	(0)
Finance costs	19,853	20,155	(302)
Other expenses	1,420	1,017	403
Total expenses	426,091	427,571	(1,480)
Operating surplus / (deficit)	1,728	2,022	294
Operating surplus ratio	0.4%	0.5%	
Capital income			
Grants, subsidies, contributions and profit/loss on sale of assets	110,360	85,025	(25,335)
Capital contributions non-cash (donated assets)	23,011	5,000	(18,011)
Total capital income	133,371	90,025	(43,346)

Operating Result

The forecast operating surplus is \$2.0 million. This is a favourable movement of \$0.3 million when compared to the mid-year review budget surplus of \$1.7 million.

Operating Revenue

Forecast operating revenue is \$429.6 million compared to a budget of \$427.8 million. Council's revenue is forecast to be \$1.8 million higher than budget. The major movements are set out below:

- Fees and charges are forecast to be above budget as a result of increased planning application fees predominately linked to the State and Federal development stimulus packages;
- Deferral of the recognition of funding for the delivery of the Environmental Recovery Program of works. The timeframe for the delivery of these works has been extended into 2021/22.

Operating Expenses

Forecast operating expenditure is \$427.6 million compared to a budget of \$426.1 million. Council's operating costs are forecast to be \$1.5 million higher than budget. Key drivers of this variance are as follows:

- Change in the mix in the delivery of capital and operating projects resulting in increased operational expenditure;
- Additional expenditure for the Reconstruction of Essential Public Assets (REPA) (sealed roads projects) following the 2019 Monsoon Event and Cyclone Imogen.

Capital Revenue

Forecast capital revenue is \$90.0 million compared to a budget of \$133.4 million. The forecast unfavourable variance of \$43.3 million is largely attributed to the timing differences in the recognition of funding associated with the delivery of capital projects including Haughton Pipeline, the Disaster Recovery Funding Arrangements (DRFA) and Transport Programs.

- \$21.0 million of these works are expected to be carried over into next financial year;
- \$18.0 million relates to the recognition of donated assets. Timing of receipt of donated assets is difficult to predict across the year and is dependent on developer activity;
- \$5.4 million relates to a classification change of DRFA works.

Capital Works

Forecast capital expenditure is \$166.2 million compared to a budget of \$235.0 million. The forecast favourable variance is attributable to the following:

- \$43.6 million of capital works are expected to be carried over into the 2021/22 financial year;
- \$18.0 million relates to donated assets. The value of donated assets is difficult to predict across the year and is dependent on developer activity;
- \$7.2 million represents a combination of savings and projects with a change in scope.

Estimated Statement of Financial Position as at 30 June 2021

The report below outlines the estimated financial position as at 30 June 2021. It is anticipated that the final June 2021 results will be available by October 2021 on completion of year-end processing and external audit.

	Forecast 2020/21 \$'000
Current assets	
Cash and cash equivalents	152,048
Receivables	46,405
Contract assets	5,917
Inventories	2,108
Other assets	4,158
Total current assets	210,636
Non-current assets	
Receivables	2,337
Property, plant and equipment	5,209,726
Right-of-use assets	10,005
Intangible assets	15,030
Other assets	2,867
Total non-current assets	5,239,965
Total assets	5,450,601
Current liabilities	
Payables	87,379
Contract liabilities	19,487
Borrowings	36,081
Lease liabilities	2,575
Provisions	23,435
Other current liabilities	62
Total current liabilities	169,019
Non-current liabilities	
Contract liabilities	17,020
Borrowings	349,863
Lease liabilities	8,825
Provisions	33,596
Other non-current liabilities	1,573
Total non-current liabilities	410,877
Total liabilities	579,896
Net community assets	4,870,705
Community equity	
Asset revaluation surplus	896,335
Retained surplus	3,974,370
Total community equity	4,870,705