

# June 2020 Forecast



## Estimated Financial Result Against Budget for 30 June 2020

The report below outlines the estimated financial result for the period ended 30 June 2020. The forecast has been developed through consultation with relevant Council stakeholders to reflect the most informed expectation of Council's financial performance for 2019/20.

Material variances between the 2019/20 mid-year review (MYR) budget and forecast results estimated for this year are explained below. It is anticipated that the final June 2020 results will be available by October 2020 on completion of year-end processing and external audit. However, a request for a two-month extension (to December 2020) has been submitted due to the COVID-19 pandemic.

	Revised Budget FY 2019/20 \$'000	Forecast FY 2019/20 \$'000	Variance \$'000
<b>Revenue</b>			
General rates	173,989	173,559	(430)
Utility charges	208,679	205,017	(3,662)
<i>Water</i>	100,013	94,283	(5,730)
<i>Wastewater</i>	87,537	88,829	1,292
<i>Refuse &amp; recycling</i>	21,129	21,906	777
Discount and concessions	(24,721)	(25,313)	(592)
Fees and charges	30,762	31,424	662
Interest received	4,837	4,967	130
Contributions from developers	116	116	-
Grants and subsidies	22,317	17,975	(4,342)
Other revenue	14,595	14,820	225
<b>Total revenue</b>	<b>430,574</b>	<b>422,565</b>	<b>(8,009)</b>
<b>Expenses</b>			
Employee costs	135,613	137,992	(2,379)
Materials and services	143,511	137,225	6,286
Depreciation and amortisation	125,042	126,032	(990)
Finance costs	21,719	20,997	722
Other expenses	1,472	1,731	(259)
<b>Total expenses</b>	<b>427,357</b>	<b>423,976</b>	<b>3,381</b>
<b>Operating surplus / (deficit)</b>	<b>3,217</b>	<b>(1,411)</b>	<b>(4,628)</b>
<b>Operating surplus ratio</b>	<b>0.7%</b>	<b>(0.3%)</b>	
<b>Capital income</b>			
Grants, subsidies and contributions	256,439	178,244	(78,195)
Other capital revenue	1,000	1,000	-
Capital contributions non-cash (donated assets)	65,271	5,664	(59,607)
<b>Total capital income</b>	<b>322,709</b>	<b>184,908</b>	<b>(137,801)</b>
<b>Net result</b>	<b>325,926</b>	<b>183,497</b>	<b>(142,429)</b>

## Operating Result

The forecast operating deficit is \$1.4 million. This is an unfavourable movement of \$4.6 million when compared to the mid-year review budget surplus of \$3.2 million.

## Operating Revenue

Forecast operating revenue is \$422.6 million compared to a budget of \$430.6 million. Council's revenue is forecast to be \$8.0 million lower than budget. The major movements are set out below:

- Utility charges are forecast to be below budget by \$3.7 million predominately due to reduced volumetric water consumption by customers. This is as a result of wet weather in January, February and late May and the declined consumption with business closures / reduced hours associated with COVID-19.
- Grants and subsidies are forecast to be below budget by \$4.3 million due to; anticipated monsoon funding not received (\$1.0 million) and the deferral of revenue (in line with future expenditure) for several projects including Water Smart Package and Coastal Recovery Works.

## Operating Expenses

Forecast operating expenditure is \$424.0 million compared to a budget of \$427.4 million. Council's operating costs are forecast to be \$3.4 million lower than budget. The major drivers of this variance are as follows:

- Employee costs are forecast to be above budget by \$2.4 million due to increased allocation of staff wages to operating services and reduced allocation to capital projects, particularly in response to COVID-19.
- Materials and services are forecast to be below budget by \$6.3 million largely due to the impact on Council services due to COVID-19 social distancing restrictions including cancelled events and closures of Council public venues.

## Capital Revenue

Forecast capital revenue is \$184.9 million compared to a budget of \$322.7 million, resulting in a variance of \$137.8 million. The major drivers of this variance are as follows:

- Anticipated monsoon funding not received (\$29.7 million) combined with funding deferred in-line with anticipated 2020/21 expenditure for projects including Category D monsoon funding (\$15.2 million) and Works for Queensland (Round 3) (\$8.5 million);
- Deferral of funding for Haughton Pipeline and Effluent Re-use projects in line with 2020/21 expenditure (\$27.5 million);
- Reduced developer donated assets due to a decline in development activity (\$59.6 million).

## Statement of Financial Position as at 30 June 2020

The report below outlines the estimated financial position as at 30 June 2020. It is anticipated that the final June 2020 results will be available by October 2020 on completion of year-end processing and external audit. However, a request for a two-month extension (to December 2020) has been submitted due to the COVID-19 pandemic.

	Forecast FY 2019/20 \$'000
<b>Current assets</b>	
Cash and cash equivalents	104,013
Receivables	53,405
Contract assets	2,530
Inventories	2,257
Other assets	4,256
<b>Total current assets</b>	<b>166,461</b>
<b>Non-current assets</b>	
Receivables	2,338
Property, plant and equipment	5,110,863
Right-of-use assets	12,721
Intangible assets	14,128
Other assets	3,350
<b>Total non-current assets</b>	<b>5,143,400</b>
<b>Total assets</b>	<b>5,309,861</b>
<b>Current liabilities</b>	
Payables	65,216
Contract liabilities	56,982
Borrowings	32,087
Lease liabilities	2,614
Provisions	19,424
Other current liabilities	17,297
<b>Total current liabilities</b>	<b>193,620</b>
<b>Non-current liabilities</b>	
Borrowings	336,920
Lease liabilities	10,988
Provisions	30,116
Other non current liabilities	1,623
<b>Total non-current liabilities</b>	<b>379,647</b>
<b>Total liabilities</b>	<b>573,267</b>
<b>Net community assets</b>	<b>4,736,594</b>
<b>Community equity</b>	
Asset revaluation surplus	911,276
Retained surplus	3,825,318
<b>Total community equity</b>	<b>4,736,594</b>