

# QUARTERLY BUDGET REVIEW STATEMENT

CITY OF PARRAMATTA COUNCIL

September 2023 Quarter



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# Executive Summary

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## RECOMMENDATIONS

That Council adopt the September 2023 Quarterly Budget Review Statement and the Responsible Accounting Officer's report on the financial position of the Council.

Underlying Net Operating Result (excl capital revenue & asset disposals) of (\$2.4m) is (\$5m) below the Budget.

The Net Operating result (after capital revenue & asset disposal) is forecasted at a Net Surplus of \$109.7m, which is (\$12.8m) below the Budget.

Key Highlights:

➤ Improvements to the P&L:

- User Charges & Fees +\$2.5m - higher revenue from Parking Meters \$1.4m, Riverside \$0.6m and PAC \$0.3m.
- Rates & Annual Charges +\$2.1m - higher Domestic Waste Management Charges \$1.3m and recognition of prior yr. rates adjustment \$1.1m
- Higher Interest income +\$2.1m driven by higher interest returns on investment portfolio.

➤ Reductions to the P&L:

- Higher Materials & Contracts (\$8.9m) – mainly from roads renewal program expense (\$7m) grant money received in FY23 and increase in workers' comp premium adjustment related to FY20-FY22 (\$1.5m)
- Capital grants & contributions (\$7.7m) – delay in Riverside Theatre West Invest grant (\$5m) and Sydney Water Grant (\$3.8m) for Breakthrough work, now expected in future year.
- Other Revenue (\$2.7m) – adjustment of 9WW rental income (\$1.4m) and receipt of makegood provision from DOHA in FY23 (\$1.3m)
- Operating grants & contributions (\$1m) – driven from LGA Recovery Grants - NSW Severe Weather and Floods receipted in prior yr. (\$1m) & Public Domain New Rates to be reflected in FY25 (\$1.4m)
- Other Operating Expenses (\$0.6m) – mainly due to higher utilities and tipping charges.



## September 2023 Financial Statements & Movements

The City of Parramatta's financial position is reflected in the following pages of the 2023-24 September Quarterly Review.

\$'000s	2023/24 Budget	Proposed Adjustments	Sept Q1 Forecast	YTD Sept Actuals
<b>Income</b>				
Rates & Annual Charges	\$220,614	\$2,100	\$222,713	\$219,757
User Charges & Fees	\$42,962	\$2,470	\$45,432	\$9,290
Interest	\$19,910	\$2,094	\$22,004	\$4,345
Other Revenue	\$21,890	(\$2,731)	\$19,158	\$4,124
Operating Grants & Contributions	\$24,412	(\$1,004)	\$23,407	\$1,348
Capital Grants & Contributions	\$125,346	(\$7,682)	\$117,664	\$15,320
Internal Revenue	\$15,073	(\$1,845)	\$13,228	\$2,421
Gain on Share in Joint Venture	\$500	\$100	\$600	\$0
<b>Total Income</b>	<b>\$470,706</b>	<b>(\$6,500)</b>	<b>\$464,206</b>	<b>\$256,605</b>
<b>Expense</b>				
Employee Costs	\$147,487	\$1,466	\$146,021	\$34,825
Borrowing Costs	\$109	(\$0)	\$109	\$44
Materials & Contracts	\$71,657	(\$8,865)	\$80,522	\$13,665
Depreciation & Amortisation	\$58,497	\$0	\$58,497	\$15,379
Other Operating Expenses	\$49,974	(\$581)	\$50,556	\$11,000
Internal Expenses	\$14,658	\$1,345	\$13,313	\$2,790
<b>Total Expenses</b>	<b>\$342,383</b>	<b>(\$6,636)</b>	<b>\$349,019</b>	<b>\$77,703</b>
Loss/(gain) on asset disposal	\$5,834	\$376	\$5,458	(\$69)
<b>Net Operating Surplus/(Deficit) Before Funding</b>	<b>(\$21,849)</b>	<b>(\$3,949)</b>	<b>(\$25,798)</b>	<b>\$162,603</b>
<b>Net Operating Surplus/(Deficit) After Operating Grants</b>	<b>\$2,563</b>	<b>(\$4,954)</b>	<b>(\$2,391)</b>	<b>\$163,952</b>
<b>Net Operating Surplus/(Deficit) After Capital &amp; Asset Disposal</b>	<b>\$122,489</b>	<b>(\$12,759)</b>	<b>\$109,730</b>	<b>\$178,971</b>

## KEY MOVEMENTS

The net operating result before capital revenue is (\$5.0m) lower than budget and (\$12.8m) lower than budget including Capital revenue.

### Revenue – unfavourable by (\$6.5m):

- **(\$7.7m) Capital Contributions & Donations** – driven from delay in Riverside Theatre West Invest grant (\$5m) and Sydney Water Grant (\$3.8m) for Breakthrough work expected in future year.
- **(\$2.7m) Other Revenue** – adjustment of 9WW rental income (\$1.4m) and receipt of makegood provision from DOHA in FY23 (\$1.3m)
- **(\$1m) Operating Grants & Donations** – mainly driven by delay of PS Public Domain Precinct SRV (\$1.4m) to FY25.
- **\$2.5m User Charges & Fees** – higher revenue from Parking Meters \$1.4m, Riverside \$0.6m and PAC \$0.3m.
- **\$2.1m Rates & Annual charges** – higher Domestic Waste Management Charges +\$1.3m and a prior year rates adjustments +\$1.1m
- **\$2.1m Interest** – higher interest returns on investment portfolio

### Expenses – unfavourable by (\$6.6m):

- **(\$8.9m) Materials & Contracts** – unbudgeted roads renewal program expense (\$7m) grant money received in FY23, TechOne SaaS – Year-1 fees reclassification from Capex to Operational Exp (\$1.4m) and workers' comp premium (\$1.5m) adjustment related to FY20-FY22
- **(\$0.6m) Other Operating Expense** – mainly due to higher utilities and tipping charges
- **\$1.5m Employee Expenses** - mainly from savings through vacant positions

## Directorate P&L Summary

Table 1.2: Operating Result summarises the key movements by revenue & operating expense for each directorate.

\$'000s	2023/24 Budget	Proposed Adjustments	Sept Q1 Forecast	YTD Sept Actuals
<b>Income</b>				
Corporate Services & Executive Office	\$206,545	\$1,699	\$208,244	\$175,689
City Engagement & Experience	\$147	\$148	\$295	\$132
City Strategy	\$3,154	(\$147)	\$3,006	\$3
Property & Place	\$84,875	(\$9,173)	\$75,701	\$10,914
City Assets & Operations	\$122,321	(\$1,034)	\$121,287	\$57,259
Community Services	\$21,957	\$1,211	\$23,168	\$4,463
City Planning & Design	\$31,708	\$796	\$32,505	\$8,146
<b>Total Income</b>	<b>\$470,706</b>	<b>(\$6,500)</b>	<b>\$464,206</b>	<b>\$256,605</b>
<b>Expense</b>				
Corporate Services & Executive Office	\$57,640	(\$1,085)	\$58,726	\$12,406
City Engagement & Experience	\$21,208	(\$435)	\$21,643	\$4,235
City Strategy	\$11,321	\$186	\$11,136	\$1,661
Property & Place	\$31,939	(\$1,265)	\$33,203	\$8,014
City Assets & Operations	\$142,539	(\$5,282)	\$147,820	\$35,442
Community Services	\$53,017	\$383	\$52,634	\$10,751
City Planning & Design	\$24,719	\$863	\$23,856	\$5,195
<b>Total Expenses</b>	<b>\$342,383</b>	<b>(\$6,635)</b>	<b>\$349,019</b>	<b>\$77,703</b>
Loss/(gain) on asset disposal	\$5,834	\$376	\$5,458	(\$69)
<b>Net Operating Surplus/(Deficit) Before Funding</b>	<b>(\$21,849)</b>	<b>(\$3,949)</b>	<b>(\$25,798)</b>	<b>\$162,603</b>
<b>Net Operating Surplus/(Deficit) After Operating Grants</b>	<b>\$2,563</b>	<b>(\$4,954)</b>	<b>(\$2,391)</b>	<b>\$163,952</b>
<b>Net Operating Surplus/(Deficit) After Capital &amp; Asset Disposal</b>	<b>\$122,489</b>	<b>(\$12,759)</b>	<b>\$109,730</b>	<b>\$178,971</b>

## KEY MOVEMENTS BY DIRECTORATE

- Corporate Services / Exec Office \$0.6m favourable: mainly due to higher Interest income \$2m partially offset with higher IT fees (\$1.4m)
- City Engagement & Experience (\$0.3m) unfavourable: mainly due to additional temporary contract roles under the revised structure.
- Property & Place (\$10.4m) unfavourable mainly due to timing of Riverside Theatre West Invest grant (\$5m) and Sydney Water Grant for Breakthrough (\$3.8m) to be receipted in future financial years.
- CA&O's (\$6.3m) unfavourable mainly due to roads renewal program expense (\$7m) against the grant money received in FY23.
- Community Services \$1.6m favourable mainly due to anticipated higher Riverside ticket sales \$0.6m and PAC membership revenue \$0.3m.
- City Planning \$1.6m favourable mainly due to higher VPA contribution for 57-83 Church Street, Parramatta - Northern Land Parcel \$1.4m.
- City Strategy flat to budget.

## Capital Expenditure Statement

Table 1.3: Summarises the key movements in Capital expenditure by directorate, with corresponding funding source movements.

\$'000s	2023/24 Budget	Carry Forward	Other Q1 movements	Net proposed adjustments	2023/24 Q1 Forecast
<b>Directorates</b>					
Chief Finance and Information Office	8,746	1,768	-1,173	596	<b>9,341</b>
People Culture and Workplace	36,789	0	0	0	<b>36,789</b>
City Engagement and Experience	0	0	0	0	<b>0</b>
City Strategy	130	444	4	448	<b>578</b>
Property & Place	150,193	17,506	-27,517	-10,011	<b>140,182</b>
City Assets and Operations	81,071	21,117	10,904	32,021	<b>113,092</b>
Community Services	2,319	4,433	189	4,622	<b>6,941</b>
City Planning and Design	7,679	189	-2,859	-2,670	<b>5,009</b>
<b>TOTAL</b>	<b>286,927</b>	<b>45,458</b>	<b>-20,452</b>	<b>25,006</b>	<b>311,932</b>
<b>Capex Funding Source</b>					
Transfer from Internally Restricted Reserves	109,164	7,973	-18,093	-10,120	<b>99,044</b>
Transfer From Grants & Contributions Reserves	93,381	8,452	-20,365	-11,914	<b>81,467</b>
General Reserve Funded	50,712	18,235	-5,703	12,532	<b>63,244</b>
Transfer from Section 94/7.11	29,305	5,777	18,100	23,877	<b>53,182</b>
Transfer From Domestic Waste Reserve	2,160	5,004	5,310	10,314	<b>12,474</b>
Transfer From Stormwater Levy Reserve	1,505	0	-46	-46	<b>1,459</b>
Transfer From Special Rates Reserve	700	19	345	364	<b>1,064</b>
<b>TOTAL</b>	<b>286,927</b>	<b>45,458</b>	<b>-20,452</b>	<b>25,006</b>	<b>311,932</b>



## Capital Major Works

Key Capital works with Total project cost in excess of \$10m.

\$000	Funding	Budget	Carry Forward from FY23	Other Q1 Movements	Proposed Adjustments	Sept Q1 Forecast	YTD Sept Actual	Project status	Comment
Acquisition of an Investment Asset	Property Reserve	25,000	0	0	0	25,000	0	Not yet started	To offset the car park revenue loss Horwood place and Riverside car park
9 Wentworth St Building Works	Property Reserve	23,258	0	0	0	23,258	81	In progress	Future workplace is expected to be completed in Jun-24
Riverside Theatres Redevelopment	Property Reserve Grants s94/s7.11 Grants	23,000	252	-4,032	-3,780	19,220	58	Delayed	The project has been paused pending resolution of Intellectual Property issues raised by CreateNSW and CityLab regarding designers architectural brief.
9 Wentworth St Fit out	Property Reserve	13,531	0	0	0	13,531	128	In progress	Future workplace is expected to be completed in Jun-24
Af1 Dence Park Pool	Property Reserve Grants s94/s7.11 Grants	14,240	265	-1,351	-1,086	13,154	120	In Progress – on track	DA to be lodged in November.
Hunts Creek Culvert	Property Reserve Grants s94/s7.11 Grants	2,779	3,775	5,972	9,747	12,526	3	In progress	Result of tenders for construction to be considered by Council on 20 November 2023.
Community Recycling Facility	Domestic Waste Management Reserve	1,960	4,966	5,310	10,277	12,237	7,270	In progress	Council purchased a site in North Parramatta to operate Community Recycling Centre in August 23. A project manager was appointed in October to deliver the CRC by June 2024. Scope of works presently occurring include the establishment of an internal project steering team and the engagement of a CRC specialist to guide the development of the CRC. The CRC is on track to be operational by June 2024.
Pruaip - Fs Garside	Grants s94/s7.11 Grants	8,068	1,269	1,922	3,191	11,259	1,892	In progress	Remediation work now completed. Currently undertaking works at the playground, landscaping, constructing new kerb and gutter and storm water drainage works.
Alfred Street Cycleway Stage Two	Grants s94/s7.11 Grants	9,838	0	300	300	10,138	36	In progress	Result of tenders for construction to be considered by Council in December 2023.
Roads Renewal Program	General Revenue Grants	10,000	0	0	0	10,000	933	In progress	Pavement investigation and construction works are progressing/ slow down in the first quarter is due to greater focus on Regional and Local Road Repair Program

## Capital Variances

Variance in capital works in excess of \$500k.

\$000	Budget	Carry Forward from FY23	Other Q1 Movements	Proposed Adjustments	Sept Q1 Forecast	Project status	Comment
Newington Reserve Upgrade	0	43	9,000	9,043	<b>9,043</b>	Behind schedule	Details design has been done has not gone to tender yet
Integrated Parking Solutions Program	6,380	883	0	883	<b>7,263</b>	In Progress - on track	MLCP and on street parking upgrades on track for delivery mid 2024
myWorkplace ICT Workstream	4,590	111	1,348	1,459	<b>6,049</b>	In Progress	Revised to an Operating Lease
Parramatta Square Public Domain Development	0	450	5,082	5,532	<b>5,532</b>	In Progress	Scheduled for completion in Quarter 2 FY24
Aquatic Centre Parramatta	0	5,322	0	5,322	<b>5,322</b>	In Progress	Scheduled for completion in December 2023.
Wentworth St and Woodhouse Laneway streetscape upgrade	0	0	5,000	5,000	<b>5,000</b>	In progress - On track	Commencing tender process
2-way conversion of Valentine Av & Wentworth St streetscape	0	0	3,641	3,641	<b>3,641</b>	Progressing - behind schedule	Working with TfNSW on approval of TCS plan
Footpaths Construction Program	2,000	0	1,200	1,200	<b>3,200</b>	In progress	Community consultation completed construction started
5 Parramatta Square Development - New Council Facilities	0	3,139	48	3,187	<b>3,187</b>	In progress - On track	Construction works to commence on site next month. EOM May 24 anticipated finish.
Pedestrian Bridge Works - Morton/Alfred	0	2,636	0	2,636	<b>2,636</b>	In Progress	Scheduled for completion in Quarter 2 FY24
WILGA207 Max Ruddock Reserve Amenities	4,843	453	-3,075	-2,622	<b>2,221</b>	In Progress	Scheduled for completion in December 2023.
Tm09 17 Intersection Of Hill Road and Bennelong Parkway	0	1,909	194	2,104	<b>2,104</b>	In Progress	Scheduled for completion in December 2023.
WILGA206 Doyle Ground Sports Facility Improvements	8,748	1,985	-8,662	-6,676	<b>2,072</b>	In progress	Delays in getting delivery of already ordered vehicles from the supplier
WILGA208 Rydalmere Park Stage 4	6,470	0	-4,701	-4,701	<b>1,769</b>	In Progress	WestInvest Funding Deed received
WICR329 Don Moore Community Hub	10,689	150	-9,098	-8,948	<b>1,741</b>	In progress - On track	Received WICR funding deeds for review.
Playground Replacement Program	1,020	676	0	676	<b>1,696</b>	In progress	On going program
WICR294 Carter Street Community Centre Fit-out	5,627	499	-4,528	-4,029	<b>1,598</b>	In progress - On track	Project manager and architect engaged
Robin Thomas Reserve Improvements	0	0	1,541	1,541	<b>1,541</b>	Behind schedule	Project time line subject to light rail works
Drainage Construction Program	2,030	0	-521	-521	<b>1,509</b>	In progress	11 projects in Design and 1 project with construction being finalised
George Street East Cycleway	2,876	64	-1,470	-1,406	<b>1,470</b>	In Progress	Heritage investigation and approval process currently underway
WICR342 Epping Town Centre Oxford St	357	36	985	1,022	<b>1,379</b>	Progressing - behind schedule	Draft WI funding deed received in Quarter 2 FY24. Project to be rephased at Q2 in line with milestones in funding deed
Parramatta Aquatic Centre Fit Out	0	1,333	0	1,333	<b>1,333</b>	In Progress - on track	Project includes Gym Equipment, Specialised Audio Visual Equipment, bin enclosures etc. Rollover due to delay in the construction project and wanting to manage delivery, storage and warranties

## Capital Variances

Variance in capital works in excess of \$500k (cont.).

\$000	Budget	Carry Forward from FY23	Other Q1 Movements	Proposed Adjustments	Sept Q1 Forecast	Project status	Comment
O56b Places To Play	0	0	1,200	1,200	<b>1,200</b>	In progress	Second phase of community engagement in November
Charles Street Square Works	0	377	811	1,187	<b>1,187</b>	Completed	
It Works Upgrade Program	17	1,064	0	1,064	<b>1,082</b>	In progress	On going IT capital works
Bnp - Epping Town Centre High Streets Upgrade	209	0	786	786	<b>995</b>	Progressing – on track	Project progressing with construction expected in mid 2024
Bnp - Granville Town Centre	103	127	734	861	<b>964</b>	Progressing – on track	Project progressing with construction expected in mid 2024
Pavilion Capital Improvement Program	250	662	0	662	<b>912</b>	In progress	Rolling program Peggy Womersley to completely open end of 2
WICR313 Western Precinct Connections	2,336	82	-1,613	-1,531	<b>805</b>	In Progress - on track	WestInvest funded project, estimated construction to be complete
Parramatta Square Public Art	46	774	-23	751	<b>796</b>	In Progress - on track	Project is Funding multiple public art projects. Project variations are currently being delivered and final payments are currently being processed.
Leisure Facility Management Solution	0	779	0	779	<b>779</b>	In Progress - on track	Project includes implementation of Perfect Gym software solution, hardware costs, parking middleware and other uplifts. Project rolled over to FY24 to align with the opening of PAC.
WILGA209 Sue Savage Reserve	2,842	50	-2,139	-2,089	<b>754</b>	In progress - On track	Work is being carried out for Site investigation, design development and engaging internal and external consultation.
WILGA212 Somerville Park Improvement	3,994	691	-3,994	-3,303	<b>691</b>	Not yet started	West invest project the deeds were signed recently
Relocation - Parra Artist Studio	100	100	486	586	<b>686</b>	In Progress - on track	Project currently being delivered. Project was endorsed by Council resolution. Contractor executed with builder after a tender process.
Parramatta Aquatic and Leisure Centre Public Art	6	626	0	626	<b>632</b>	In Progress - on track	Project currently being delivered. Two contracts have been executed to deliver two public artworks after a tender-like process.
Regional and Local Roads Repair Program	0	0	607	607	<b>607</b>	In progress	
Traffic Signals-Carlingford Rd	0	0	550	550	<b>550</b>	In Progress - on track	Expected completion in FY25
Carter Street Regional Cycleway	0	0	500	500	<b>500</b>	In Progress	Detailed design underway.

## Reserve Balance Summary

The following table provides a forecast of Councils restricted cash (internally and externally restricted reserves) and the forecast movements to and from reserves for the 2023/24 September Forecast.

\$'000	2023/24 Original Budget	Proposed Adjustments	Sept Quarter
<b><u>Externally Restricted Reserves:</u></b>			
Domestic Waste Management	46,092	(2,266)	43,826
Grants and Contributions	26,432	38,097	64,529
Developer Contributions	108,153	(1,940)	106,213
Special Rates	5,934	(873)	5,061
Stormwater Levy	0	1,428	1,428
Cultural Reserve	35,464	(1,410)	34,054
<b>Total Externally Restricted Reserves</b>	<b>222,075</b>	<b>33,035</b>	<b>255,110</b>
<b><u>Internally Restricted Reserves:</u></b>			
Employee Leave Entitlements	6,400	0	6,400
Parking Meters	559	(157)	402
Property Development Reserve	104,639	5,841	110,480
CBD Infrastructure	0	32	32
Ward Works	219	(219)	0
<b>Total Internally Restricted Reserves</b>	<b>111,817</b>	<b>5,497</b>	<b>117,314</b>
			0
<b>Total Restricted reserves</b>	<b>333,892</b>	<b>38,533</b>	<b>372,425</b>
<b>Unrestricted cash and investments</b>	<b>83,911</b>	<b>29,664</b>	<b>113,575</b>
<b>Total cash and investments</b>	<b>417,803</b>	<b>68,197</b>	<b>486,000</b>

Council's cash position estimates an **unrestricted balance of \$113.6m** as of end of June 2024, against the budget of \$83.9 million. The unrestricted cash & investments balance will continue to diminish as Council expends it on operational expenses and capital projects. during the financial year. The funds have been invested in accordance with Council's investment policy.

## Tender Contracts Awarded

The following table provides a list of tender contracts for specific works for the period 1<sup>st</sup> July to 30<sup>th</sup> September 2023.

Council Meeting Approval Date	Term	Contractor	Description	Tender Number	Contract Amount (ex GST)
14-Aug-23	Extent of work	Convil Group Pty Ltd	Construction of two raised pedestrian and cyclist crossings at Good Street and Alfred Street (under the M4 Motorway), Granville	13/2023	\$525,592
14-Aug-23	Extent of work	Abergeldie Contractors Pty Ltd	Construction of the T-way Cycleway Stages 1 and 2 between Ferndale Close and Briens Road, including a shared cyclist and pedestrian bridge over Toongabbie Creek, Constitution Hill	11/2023	\$7,450,326
28-Aug-23	3 years + 2 x 1 year options	TMA Australia	Supply and installation of new multi-level carparking technology agreement	10/2023	\$1,729,736
28-Aug-23	Maximum 10 years	TMA Australia	Multi-level carparking technology maintenance agreement	10/2023	\$573,987
28-Aug-23	Extent of work	FDC Fitout and Constructions (NSW) Pty Ltd	City of Parramatta Council Future Workplace Base Build and Fitout	25/2022	\$28,632,109
25-Sep-23	3 years + 2 x 1 year options	Essential Facilities Services	Provision of cleaning services in the Council buildings (leased and owned)	17/2023	\$1,136,696.51 at an estimated maximum contract sum of \$8.1 million.



## External Legal & Consultancy Fees

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The following table provides a total of Legal & Consultancy services to 30<sup>th</sup> September 2023.

Expenses \$000	Actual YTD Sept	Budget YTD Sept	Budgeted (Y/N)
External Legal Fees	254	359	Y
Consultancy Fees	45	57	Y

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

Where any expenses for Consultancy or Legal Fees (including Code of Conduct expenses) have not been budgeted for, an explanation is to be given. Report on external expenses only (not internal expenses).

# RESPONSIBLE ACCOUNTING OFFICERS REPORT

## Responsible Accounting Officer's Statement

### Quarterly Budget Review

*For the period 1 July to 30 September 2023*

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

It is my opinion that the Quarterly Budget Review statement for the City of Parramatta Council for the quarter ended 30/09/2023 indicates that Council's projected financial position at 30/6/2024 will be satisfactory at year-end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

John Angilley  
Responsible Accounting Officer