



QUARTERLY BUDGET REVIEW STATEMENT

CITY OF PARRAMATTA COUNCIL

March 2024 Quarter

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Executive Summary

RECOMMENDATIONS

That Council adopt the March 2024 Quarterly Budget Review Statement and the Responsible Accounting Officer's report on the financial position of the Council.

Underlying Net Operating Surplus (Before Operating Grants) of \$91.6m, is \$90.8m above the December Forecast.

The Net Operating result (after Capital Grants & Asset disposal) is forecasted at a Net Surplus of \$172.6m, is \$62.7m above the December Forecast.

Key Highlights:

➤ Improvements to the P&L:

- Other Revenue \$89.9m – compensation of \$90.3m received from Horwood Place Litigation*
- Interest Income \$10.9m – Interest income from Horwood Place Litigation* \$10.7m
- Rates & Annual Charges \$0.4m – additional volume of domestic waste bins \$0.4m

➤ Reductions to the P&L:

- Capital Grants & Contributions is (\$29.5m) – rephasing of 8 Parramatta Square Net Lettable Area uplift payment from Walkers (\$16.6m), Norwest T-Way Shared Path (\$8m), George Street East Cycleway (\$3.2m) and Strengthening the Heart of Play (\$1.3m) to FY25
- Employee Expenses (\$4.4m) – lower than forecasted vacancies and attrition savings.
- Materials & Contracts (\$2.6m) – increase in domestic waste charges due to CPI & volumes (\$1.3m) and the reclassification of TechOne SaaS fees from capex to opex (\$1.4m)
- Other Operating Expenses (\$0.9m) – mainly due to reclassification of ICT costs from capex to opex (\$0.5m)
- Operating Grants & Contributions (\$1.1m) - rephasing of Sydney Water Breakthrough work revenue to FY25
- Decline in User Charges & Fees by (\$1.4m) – mainly due to subdued development activities (\$1.7m).

*Horwood Place Litigation subject to potential refund from any court appeals

MARCH 2024 FINANCIAL STATEMENTS & MOVEMENTS

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

\$'000s	2023/24 Original Budget	December QR	Proposed Adjustments	March QR	YTD March Actuals
Income					
Rates & Annual Charges	\$220,614	\$222,009	\$444	\$222,453	\$220,978
User Charges & Fees	\$42,962	\$45,008	(\$1,443)	\$43,565	\$32,039
Interest	\$19,910	\$24,033	\$10,945	\$34,978	\$18,455
Other Revenue	\$21,890	\$18,331	\$89,880	\$108,210	\$12,643
Operating Grants & Contributions	\$24,412	\$20,123	(\$1,135)	\$18,988	\$4,302
Capital Grants & Contributions	\$125,346	\$112,720	(\$29,525)	\$83,195	\$64,276
Internal Revenue	\$15,073	\$12,438	(\$586)	\$11,851	\$8,432
Gain on Share in Joint Venture	\$500	\$600	\$0	\$600	\$0
Total Income	\$470,706	\$455,261	\$68,579	\$523,841	\$361,125
Expense					
Employee Costs	\$147,487	\$143,989	(\$4,440)	\$148,429	\$113,559
Borrowing Costs	\$109	\$105	(\$0)	\$105	\$98
Materials & Contracts	\$71,657	\$70,120	(\$2,564)	\$72,684	\$55,004
Depreciation & Amortisation	\$58,497	\$63,387	(\$0)	\$63,387	\$45,239
Other Operating Expenses	\$49,974	\$51,670	(\$912)	\$52,582	\$36,623
Internal Expenses	\$14,658	\$12,438	\$586	\$11,852	\$7,677
Total Expenses	\$342,383	\$341,708	(\$7,330)	\$349,038	\$258,200
Loss/(gain) on asset disposal	\$5,834	\$3,660	\$1,424	\$2,237	(\$296)
Net Operating Surplus/(Deficit) Before Funding	(\$21,849)	(\$19,290)	\$91,910	\$72,620	\$33,592
Net Operating Surplus/(Deficit) After Operating Grants	\$2,563	\$833	\$90,774	\$91,607	\$37,894
Net Operating Surplus/(Deficit) After Capital & Asset Disposal	\$122,489	\$109,893	\$62,673	\$172,566	\$103,221

Directorate P&L Summary

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

\$'000s	2023/24 Original Budget	December QR	Proposed Adjustments	March QR	YTD March Actuals
Income					
Corporate Services & Office of LM	\$261,356	\$252,123	\$83,039	\$335,162	\$209,992
City Engagement & Experience	\$147	\$295	\$59	\$354	\$331
City Assets & Operations	\$150,985	\$134,826	(\$14,312)	\$120,514	\$99,974
Community & Culture	\$23,357	\$22,931	\$44	\$22,975	\$16,732
City Planning & Design	\$34,862	\$45,086	(\$251)	\$44,835	\$34,097
Total Income	\$470,706	\$455,261	\$68,579	\$523,841	\$361,125
Expense					
Corporate Services & Office of LM	\$84,953	\$88,690	\$912	\$87,778	\$65,010
City Engagement & Experience	\$21,208	\$21,628	\$23	\$21,604	\$15,768
City Assets & Operations	\$146,587	\$146,168	(\$8,874)	\$155,043	\$117,849
Community & Culture	\$54,425	\$54,013	\$752	\$53,261	\$37,964
City Planning & Design	\$35,210	\$31,210	(\$142)	\$31,353	\$21,650
Total Expenses	\$342,383	\$341,708	(\$7,330)	\$349,038	\$258,241
Loss/(gain) on asset disposal	\$5,834	\$3,660	\$1,424	\$2,237	(\$296)
Net Operating Surplus/(Deficit) Before Funding	(\$21,849)	(\$19,290)	\$91,910	\$72,620	\$33,592
Net Operating Surplus/(Deficit) After Operating Grants	\$2,563	\$833	\$90,774	\$91,607	\$37,894
Net Operating Surplus/(Deficit) After Capital & Asset Disposal	\$122,489	\$109,893	\$62,673	\$172,566	\$103,221

KEY MOVEMENTS BY DIRECTORATE

Favourable movements:

- Corporate Services & Office of LM \$84m: mainly due to proceeds of Horwood Place Litigation* \$101m, partly offset by rephasing of 8 Parramatta Square Net Lettable Area uplift payment from Walkers Pty Ltd (\$16.6m)
- Community & Culture \$0.8m: mainly due to lower spend on Public Domain \$0.5m and lower than forecasted spend on PAC \$0.4m
- City Engagement & Experience is in line with the December forecast.

Unfavourable movements:

- City Assets & Operations (\$23.2m): mainly due to rephasing of Capital grants to FY25 (\$13.8m), for Norwest T-Way Shared Path (\$8m), George Street East Cycleway (\$3.2m) and Strengthening the Heart of Play (\$1.3m) projects. Increase in Materials & Contracts costs by (\$6.7m) mainly due to expenses on regional roads and local grant money received in FY23.
- City Planning & Design (\$0.4m): mainly from subdued DA activities due to lower volume of DA's determined (\$1.7m), partly offset by higher Development contribution income \$1.0m.

*Horwood Place Litigation subject to potential refund from any court appeals

Capital Expenditure Statement

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

\$'000s	2023/24 Original Budget	December QR	Proposed Adjustments	March QR	March YTD Actuals
Directorates					
Finance and Information	91,377	26,739	529	26,210	12,070
People Culture and Performance	36,789	35,101	-1,352	36,453	7,328
Office of Lord Mayor and CEO	750	1,924	0	1,924	165
City Assets and Operations	147,882	144,871	6,629	138,242	59,208
Community and Culture	2,319	6,162	-580	6,742	3,076
City Planning and Design	7,809	4,374	-219	4,593	1,796
TOTAL	286,927	219,171	5,007	214,164	83,644
Capex Funding Source					
Transfer from Internally Restricted Reserves	109,164	67,022	2,470	64,551	25,790
Transfer From Grants & Contributions Reserves	93,381	54,279	-2,360	56,639	21,209
General Reserve Funded	50,712	50,074	4,094	45,979	14,101
Transfer from Section 94/7.11	29,305	32,728	372	32,356	14,004
Transfer From Domestic Waste Reserve	2,160	12,338	67	12,271	8,015
Transfer From Stormwater Levy Reserve	1,505	1,637	56	1,581	468
Transfer From Special Rates Reserve	700	1,094	307	787	57
TOTAL	286,927	219,171	5,007	214,164	83,644

Capital Major Works

Key Capital works with Total project cost more than \$10m.

Project	Funding	December QR	Proposed Adjustments	March QR	March YTD Actuals	Project Status	Comment
9 Wentworth St - Bldg Works	Property Reserve	21,633	-1,352	22,985	7,050	On Track	Future workplace is expected to be completed by Jun-24
Fitout 9 Wentworth	Property Reserve	13,469	0	13,469	278	On Track	Future workplace is expected to be completed by Jun-24
Community Recycling Facility	Domestic Waste Management Reserve	12,037	0	12,037	7,404	Delayed	Delayed due to Development Application approval expected completion by June 2025
Pruaip - Fs Garside	Grants Section 94/7.11	11,259	0	11,259	5,425	On Track	Project costing revised in Q3 with expected completion by June 2024, weather permitting. Note, Sydney wide mulch contamination issue was resolved.
Upgrade Of Thetown Hall	Property Reserve Developer contribution	7,991	-2,089	10,080	10,013	Completed	The project is completed, increase is offset with overall project budget (5 Parramatta Square Development)

Capital Variances

Projects with variance of more than \$500k.

Project	December QR	Proposed Adjustments	March QR	March YTD Actuals	Project Status	Comment
5 Parramatta Square Development - New Council Facilities	3,187	2,480	707	-349	Completed	Project costing revised in Q3 with financials recognised by June 24. (offset with Upgrade of Town Hall)
Parramatta Square Public Domain Development	5,532	2,315	3,217	392	Completed	Project costing revised in Q3 with financials recognised by June 24.
Aquatic Centre Parramatta	5,322	1,827	3,495	2,562	Completed	Project costing revised in Q3 with financials recognised by June 24.
Client Technology & Computer Renewal Program	1,203	1,203	0	1,339	Completed	Disposal of the ICT equipment under this project has been completed in Apr-24. Going forward, the ICT equipment will be leased out by Vestone. All YTD expenditures have been reversed out in Apr-24 as a part of the disposal process
Footpaths Construction Program	3,000	1,072	1,928	776	On Track	Program spend revised in Q3 based on prioritisation of other projects.
Plr Tree Offsets	1,376	866	510	272	On Track	Grant funded project from TFNSW. The project is ongoing the project deadline is 2025 June

Roads Renewal Program	9,465	857	8,608	2,825	On Track	Program spend revised in Q3 as Regional and Local Roads Repair Program was prioritised
Ground Floor 9 Wentworth St	1,500	643	857	0	Not yet started	Deliver Council's future workplace the project involves the renovation and expansion of an existing office building, with the aim of creating a modern and sustainable workspace that meets Council's needs and expectations.
Hunts Creek Culvert	3,000	500	2,500	109	Started	Project started late February and expected completion in FY 25 (April 2025).
Brodie Street Priority Crossing	0	-541	541	87	Completed	Grant funded completed in April
WICR305 Riverside Theatres Redevelopment	3,373	-830	4,202	344	On Track	Design Presentation held with Design Jury. And currently preparing a Recommendation for councillors to endorse.
Regional and Local Roads Repair Program	3,401	-3,688	7,089	7,020	Completed	Project was completed in Feb 24, with Q3 reflecting revised accounting treatment of items capitalised

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 March Forecast.

\$'000	2023/24 Original Budget	December QR	Proposed Adjustments	March QR
<u>Externally Restricted Reserves:</u>				
Domestic Waste Management	46,092	37,751	8,354	46,105
Grants and Contributions	26,432	83,263	22,483	105,746
Developer Contributions	108,153	133,684	(3,431)	130,253
Special Rates	5,934	4,935	(1,128)	3,807
Stormwater Levy	0	927	131	1,058
Cultural Reserve	35,464	33,415	(674)	32,742
Total Externally Restricted Reserves	222,075	293,974	25,735	319,709
<u>Internally Restricted Reserves:</u>				
Employee Leave Entitlements	6,400	6,400	0	6,400
Parking Meters	559	1,049	777	1,827
Property Development Reserve	104,639	125,959	37,006	162,965
CBD Infrastructure	0	32	(106)	(74)
Ward Works	219	0	(221)	(221)
Total Internally Restricted Reserves	111,817	133,440	37,457	170,897
Total Restricted reserves	333,892	427,414	63,192	490,606
Unrestricted cash and investments	83,911	88,586	(4,192)	84,394
Total cash and investments	417,803	516,000	59,000	575,000

Council's cash position estimates an unrestricted balance of \$84.4m as of end of June 2024, against the original budget of \$83.9 million. The unrestricted cash & investments balance will continue to diminish as Council expends it on operational expenses and capital projects.

Tender Contracts Awarded

One tender contract was awarded during the period 1st January 2024 to 31st March 2024.

Contractor	Description	Term	Contract Amount (excl GST)	Council Meeting/Approval	Responsible Unit	Tender Number
Ezy Pave Pty Ltd	Phillip Street Smart Street, Stage 2 Phillip Street, Parramatta	Extent of work	\$2,718,124	11/03/2024	Capital Projects	27/2023

External Legal & Consultancy Fees

The following table provides a total of Legal & Consultancy services to 31st March 2024.

Expenses \$000	Actual YTD Mar	Budget YTD Mar	Budgeted (Y/N)
External Legal Fees	956	1,113	Y
Consultancy Fees	159	149	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 January 2024 to 31 March 2024

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 31/01/2024 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

FOR FURTHER INFORMATION

CUSTOMER CONTACT CENTRE

126 Church Street, Parramatta NSW 2150

PO BOX 32, Parramatta NSW 2124

Telephone: (02) 9806 5050

Fax: (02) 9806 5917

Email: council@cityofparramatta.nsw.gov.au

Website: www.cityofparramatta.nsw.gov.au