

# QUARTERLY BUDGET REVIEW STATEMENT

CITY OF PARRAMATTA COUNCIL

September 2024 Quarter



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# Executive Summary

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## RECOMMENDATIONS

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

The Net Underlying Operating surplus before capital revenue and asset disposal is forecasted to be \$1.9 million, which is \$4.1 million unfavourable to Budget.

The Net Operating surplus after capital revenue and asset disposal is forecasted to be \$80.4 million, which is \$1.6 million unfavourable to the Budget.

That Council note the proposed allocation of \$300,000 of operating budget (for employee costs) to the Office of the Lord Mayor and CEO to enable improved resourcing of councillors (recruitment of councillor support officers) in accordance with the CEO's previous report to Council in February 2024. (The additional expenditure will be offset by savings in employee cost budgets across all directorates of Council and adjusted as part of the Q2 budget forecast).

### Key Highlights:

- Favourable movements to budget:
  - Higher interest income of +\$8.8m due to stronger returns on the investment portfolio.
  - Other revenue projected to increase by +\$5.1m, driven by \$2.3m legal cost recovery from Sydney Metro for Horwood Place, \$0.8m 9WS lease income, \$0.8m higher building fines, \$0.7m Bus Shelter income, and \$0.3m Parramatta Lane stall fees.
  - Rates and annual charges set to increase by +\$2.4m because of a higher volume of domestic waste services, supplementary residential and industrial rates.
  - Capital grants and contributions forecasted to rise by +\$2.2m, including a \$6.3m VPA contribution for the fit-out of the library/community facility and open space at Carlingford.
  
- Unfavourable movements to budget:
  - Higher Materials & Contracts (\$6.8m) – mainly from higher volume of Waste & Cleansing collection costs (\$5.5m)
  - Higher employee expenses (\$16.4m) due to more FTEs than budgeted and a \$1.7m Workers' comp adjustment for FY20-24.

## September 2024 Financial Statements & Movements

The City of Parramatta's financial position is reflected in the following pages of the 2024-25 September Quarterly Review.

	FY25 Budget	Proposed Adjustments	Sep Forecast	YTD Sep Actuals
<b>Income</b>				
Rates & Annual Charges	229,252	2,354	231,606	230,504
User Charges & Fees	49,973	548	50,521	12,152
Interest	23,690	8,828	32,518	9,182
Other Revenue	18,880	5,101	23,981	6,823
Operating Grants & Contributions	23,721	1,475	25,197	1,799
Capital Grants & Contributions	75,732	2,226	77,957	3,756
Internal Revenue	19,799	(4,104)	15,695	3,110
Gain on Share in Joint Venture	600	0	600	0
<b>Total Income</b>	<b>441,647</b>	<b>16,429</b>	<b>458,076</b>	<b>267,327</b>
<b>Expenses</b>				
Employee Costs	145,933	(16,387)	162,320	37,854
Borrowing Costs	98	68	31	25
Materials & Contracts	72,305	(6,803)	79,109	16,576
Depreciation & Amortisation	66,500	(0)	66,500	16,625
Other Operating Expenses	55,251	726	54,524	15,972
Internal Expenses	19,799	4,254	15,544	2,876
<b>Total Expenses</b>	<b>359,887</b>	<b>(18,142)</b>	<b>378,029</b>	<b>89,930</b>
Loss/(Gain) on Disposal of Assets	211	110	321	0
<b>Net Operating Surplus/(Deficit) Before Operating Grants</b>	<b>(17,693)</b>	<b>(5,565)</b>	<b>(23,257)</b>	<b>171,607</b>
<b>Net Operating Surplus/(Deficit) After Operating Grants</b>	<b>6,029</b>	<b>(4,089)</b>	<b>1,940</b>	<b>173,407</b>
<b>Net Operating Surplus/(Deficit) After Capital &amp; Asset Disposal</b>	<b>81,971</b>	<b>(1,603)</b>	<b>80,368</b>	<b>177,397</b>

## KEY MOVEMENTS

The net operating result before capital revenue is (\$4.1m) below budget and (\$1.6m) below budget including capital revenue.

### Revenue – favourable by \$16.4m:

- Higher interest income: +\$8.8m due to increased returns on investments.
- Other revenue: +\$5.1m (includes \$2.3m legal cost recovery from Sydney Metro for Horwood Place, \$0.8m 9WS lease income, \$0.8m higher building fines, \$0.7m Bus Shelter income, and \$0.3m Parramatta Lane stall fees).
- Higher rates and annual charges: +\$2.4m (due to \$1.3m in domestic waste services and \$0.9m in residential/industrial rates).
- Capital grants and contributions: +\$2.2m (with \$6.3m VPA contribution for Carlingford library/community facility and open space fit-out).

### Expenses – unfavourable by (\$18.1m):

- Higher Materials & Contracts (\$6.8m) – mostly due to increased Waste & Cleansing collection costs (\$5.5m), partially offset by higher domestic waste revenue.
  - Higher Employee expenses (\$16.4m) – caused by:
    - PAC (\$0.3m), PHIVE & Townhall (\$0.5m) – full year impact.
    - Overtime (\$0.4m) & penalty rates (\$0.2m) mainly due to lane, moving of office building and network outage.
    - Higher than expected cash out of annual leave (\$0.2m).
    - Workers' comp adjustment for FY20-24 (\$1.7m).
    - Failure to achieve the expected vacancy rates across all the directorates.
    - It's proposed to fill four vacant positions in OLM/CEO – the actual cost of these positions for the remainder of the financial year is \$0.3m.
- It is proposed to find the savings across all directorates and an update will be provided in the Q2 Forecast.

## Directorate P&L Summary

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

	FY25 Budget	Proposed Adjustments	Sep Forecast	YTD Sep Actuals
<b>Income</b>				
City Assets & Operations	128,885	4,176	133,061	62,019
Community & Culture	27,912	(372)	27,541	6,308
Finance & Information	52,496	7,263	59,759	13,490
City Planning & Design	31,659	7,579	39,238	2,837
City Engagement & Experience	297	473	770	271
People Culture & Performance	130	1	131	1
Office of Lord Mayor & Executive Office	0	0	0	0
Organisation Related	200,268	(2,692)	197,577	182,400
<b>Total Income</b>	<b>441,647</b>	<b>16,429</b>	<b>458,076</b>	<b>267,327</b>
<b>Expenses</b>				
City Assets & Operations	153,258	(13,639)	166,898	39,468
Community & Culture	54,783	(2,563)	57,346	11,933
Finance & Information	69,125	(1,826)	70,951	20,462
City Planning & Design	30,061	(1,926)	31,986	6,286
City Engagement & Experience	22,615	(1,052)	23,667	4,061
People Culture & Performance	7,506	(361)	7,867	1,527
Office of Lord Mayor & Executive Office	5,868	(905)	6,774	2,734
Organisation Related	16,671	4,130	12,540	3,446
<b>Total Expenses</b>	<b>359,887</b>	<b>(18,142)</b>	<b>378,029</b>	<b>89,916</b>
Loss/(Gain) on Disposal of Assets	211	110	321	0
<b>Net Operating Surplus/(Deficit) Before Funding</b>	<b>(17,693)</b>	<b>(5,565)</b>	<b>(23,257)</b>	<b>171,607</b>
<b>Net Operating Surplus/(Deficit) After Operating Grants</b>	<b>6,029</b>	<b>(4,089)</b>	<b>1,940</b>	<b>173,407</b>
<b>Net Operating Surplus/(Deficit) After Capital &amp; Asset Disposal</b>	<b>81,971</b>	<b>(1,603)</b>	<b>80,368</b>	<b>177,397</b>

## KEY MOVEMENTS BY DIRECTORATE

- CA&O's (\$9.5m) unfavourable variance is due to higher employee costs and increased materials and contractor expenses from waste and cleansing activities, partly offset by revenue.
- Community & Culture reported a (\$2.9m) unfavourable variance due to increased employee costs associated with PAC and Library (weekend holiday rates).
- Finance & Information recorded a favourable variance of \$5.4 million, mainly attributable to higher interest income.
- City Planning achieved a favourable variance of \$5.6 million, primarily due to a higher VPA contribution for the fit-out of the library/community facility and the embellishment of the open space provided at Pennant Hills Road, Carlingford.
- City Engagement & Experience showed an unfavourable variance of (\$0.6m), resulting from increased employee costs associated with event delivery across frontline staff.
- The Office of LM & Executive Office reported an unfavourable variance of (\$0.9m) due to higher than budgeted employee costs (\$0.4m) and council meeting costs (\$0.1m).
- People Culture & Performance, and Org related remained on budget.

## Capital Expenditure Statement

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

Directorate	FY25 Budget	FY24 Carry Over	Other movements	Net Proposed adjustments	Sep Forecast
City Assets and Operations	156,021	-32,875	19,755	-13,120	169,141
Finance and Information Office	24,457	-4,727	-1,269	-5,996	30,453
People Culture and Workplace	0	-1,705	-7,416	-9,121	9,121
City Planning and Design	12,503	0	5,282	5,282	7,221
Community and Culture	1,658	-1,604	135	-1,469	3,127
Office of the Lord Mayor & CEO	0	0	-600	-600	600
<b>Grand Total</b>	<b>194,638</b>	<b>-40,911</b>	<b>15,887</b>	<b>-25,024</b>	<b>219,662</b>
<b>Reserve Type</b>					
Cultural Reserve	1,020	0	-1,147	-1,147	2,167
Developer Contributions	35,792	-10,595	26,214	15,619	20,173
Domestic Waste Management	13,800	-4,434	-1,667	-6,101	19,901
General Reserve	45,610	-6,733	-105	-6,838	52,447
Grants & Contributions	74,759	-14,415	-1,007	-15,421	90,180
Parking Meters	541	0	0	0	541
Property Development Reserve	21,051	-4,005	-6,447	-10,452	31,504
Special Rates	200	0	0	0	200
Storm water levy	1,865	-729	46	-683	2,548
<b>Grand Total</b>	<b>194,638</b>	<b>-40,911</b>	<b>15,887</b>	<b>-25,024</b>	<b>219,662</b>



## Capital Major Works

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

Project (\$'000s)	FY25 Budget	FY24 Carry Overs	Other Movements	Proposed Adjustments	Sep Forecast	Status	Comment
100290 - Mobile Garbage Bin Roll Program	13,800	0	0	0	13,800	Not yet started	FOGO rollout begins in November and ends by June 2025.
101031 - SES Facility	11,000	-1,000	0	-1,000	12,000	Not yet started	The delay is due to the SES location not being finalised yet.
100588 - Hunts Creek Culvert	9,526	-806	-1,104	-1,910	11,435	Behind Schedule	Due to RMS intervention for traffic control, the project construction is expected to start on February 2025 and be completed by February 2026.

## Capital Variances

Variance in capital works more than \$500k.

Project	FY25 Budget	FY24 Carry Overs	Other Movements	Proposed Adjustments	Sep Forecast	Status	Comment
100528 - Af1 Dence Park Pool	20,841	0	20,591	20,591	250	Behind Schedule	Head Contract Tender complete. To go to Council for decision
100694 - WICR294 Carter Street Community Centre Fit-out	5,007	0	4,846	4,846	160	On track	Moving forward to the next stage with the head contractor appointment imminent.
100497 - Newington Reserve Upgrade	7,281	-1,775	5,716	3,941	3,341	On track	Currently on procurement aiming to report to council for December 2024 meeting. Construction to begin in March 2025
100449 - Civic Link Program (Capital)	6,522	0	3,926	3,926	2,596	Behind Schedule	Project is delayed and expected to be completed by FY27
100432 - Carter Street Regional Cycleway	3,867	0	3,813	3,813	54	Behind Schedule	Currently in design completion subject to TfNSW, landowner, and SOPA concurrence.
100608 - Granville Town Square	4,425	-337	4,055	3,718	707	On track	In early design phase.
100606 - Integrated Parking Solutions Program	3,103	0	2,414	2,414	689	On track	Painting work expected to be completed by Dec-24 and technology upgrade is on procurement stage
100466 - Client Technology & Computer Renewal Program	2,000	0	2,000	2,000	0	On track	Offsets with 100613 - TechOne Modernisation and Optimisation (Capital), as budgeted in the wrong project code and fixed in Q1
101091 - Ground Floor 9 Wentworth St	2,000	0	2,000	2,000	0	Not yet started	No longer progressing with the project
100018 - Pavilion Capital Improvement Program	3,500	-167	1,985	1,818	1,682	On track	There are multiple projects under this program. Projects are currently under planning and Delivery stage
100055 - Traffic Signals-Carlingford Rd	1,550	0	1,525	1,525	25	On track	Project handover to capital project team for construction
100736 - Bnp - Epping Town Centre High Streets Upgrade	1,608	-188	1,535	1,347	262	Behind Schedule	Design currently underway
100604 - Major Council Plant & Other Equipment Replacement Program	1,700	0	1,200	1,200	500	On track	Ongoing programme to replace Council plant and fleet
100043 - Sportsground Capital Improvement Program	900	0	900	900	0	Not yet started	Transferred to Park and Open Space
100058 - Roundabout-Fitzwilliam Rd at Tucks Rd Toongabbie	800	0	774	774	26	On track	Project handover to capital project team for construction
100004 - Rydalmere Park Masterplan stage 3	630	0	630	630	0	On track	Developing option for the Rydalmere Bowling Club building
100057 - Roundabout-North Rocks Rd at Loyalty Rd North Rocks	800	0	550	550	250	On track	Project handover to capital project team for construction
101116 - Toongabbie Intersections (P-0087707.07.001)	0	0	-500	-500	500	On track	TfNSW grant project
101109 - Smith St Improvement Works	0	0	-506	-506	506	On track	To be completed by March 25

Project	FY25 Budget	FY24 Carry Overs	Other Movements	Proposed Adjustments	Sep Forecast	Status	Comment
100083 - Stewart Street Reserve Upgrade	0	-500	-11	-511	511	On track	To be completed by December 2024
100628 - WICR344 Finlaysons Creek Cycleway	1,000	0	-520	-520	1,520	On track	Currently in design. To be completed by June 2026
100005 - WICR1040 Strengthening the Heart of Play	1,653	0	-559	-559	2,213	On track	Design currently underway
100686 - WILGA207 Max Ruddock Reserve Amenities	1,119	0	-573	-573	1,692	On track	Currently in procurement. Construction to start in early 2025
100060 - Playground Replacement Program	1,520	0	-578	-578	2,098	On track	There are multiple projects under this program. Projects are currently under planning and Delivery stage
100532 - Parramatta Square Public Art	0	-691	0	-691	691	On track	3 more elements in public artwork related to Heritage works yet to be completed, with costings to be updated in Q2
100634 - WICR346 Duck River Nature Trail	2,000	0	-725	-725	2,725	On track	Currently under design. Section 1 silver water park component will be procured soon
101166 - Robin Hood Reserve Park, Northmead - Stage 1 Works	0	0	-800	-800	800	Behind Schedule	Delays due to design modification requirements. Construction program to start in early 2025.
100605 - WICR305 Riverside Theatres Redevelopment	5,387	0	-814	-814	6,201	On track	Preparing Significant State Development Application documentation
100672 - O56b Places To Play	0	-500	-320	-820	820	On track	Under construction additional funding required to complete the project. Project would be completed by end of financial year 2025
100127 - Footpaths Construction Program	2,000	0	-826	-826	2,826	On track	Number of projects have been completed under this annual program. There are also number of projects in procurements stage. Design of outstanding projects are expected to be completed by end of December. On track to complete the remaining projects by end of the financial year.
100043 - Sportsground Capital Improvement Program	350	0	-868	-868	1,218	On track	There are multiple projects under this program. Projects are currently under planning and Delivery stage
101031 - SES Facility	11,000	-1,000	0	-1,000	12,000	Not yet started	Delayed due to the SES location, as a suitable site has not been finalized.
101153 - Alfred Street Stage 2b	0	0	-1,000	-1,000	1,000	Not yet started	Out on Tender. Tender closes end of November. Construction to start in April 25.
100128 - Roads Renewal Program	8,000	-1,067	-30	-1,096	9,096	On track	Number of projects have been completed under this annual program. Design of outstanding projects are expected to be completed by end of December. On track to complete the remaining projects by end of the financial year.
100630 - George Street East Cycleway	3,055	-931	-193	-1,124	4,179	Not yet started	Still under tender assessment. Aiming to report to council for the Feb2025 meeting
100691 - WILGA206 Doyle Ground Sports Facility Improvements	6,321	0	-1,145	-1,145	7,466	On track	Currently in design stage anticipated to be completed by April 25.

Project	FY25 Budget	FY24 Carry Overs	Other Movements	Proposed Adjustments	Sep Forecast	Status	Comment
100189 - Council Plant Fleet & Other Equipment Replacement Program	0	0	-1,200	-1,200	1,200	On track	Ongoing programme to replace Council plant and fleet
100743 - Bnp - Granville Town Centre	0	-1,263	0	-1,263	1,263	On track	Procurement completed construction to start in Feb 2025
100654 - myWorkplace ICT Workstream	1,750	-1,298	0	-1,298	3,048	On track	Project carried over to FY25, due to delays in moving to 9WS.
101134 - Hill Road Upgrade	0	0	-1,384	-1,384	1,384	On track	Procurement for Flood Study and Design underway
100058 - Roundabout-Fitzwilliam Rd at Tucks Rd Toongabbie	0	0	-1,400	-1,400	1,400	Not yet started	Currently in design. To be completed by June 2025
100605 - WICR305 Riverside Theatres Redevelopment	0	0	-1,614	-1,614	1,614	Behind Schedule	Riverside development behind schedule
101136 - Cultural Precinct in Harris Park	0	0	-1,740	-1,740	1,740	On track	Procurement for 'Welcome Gate' in progress. Streetscape design in progress
100588 - Hunts Creek Culvert	9,526	-806	-1,104	-1,910	11,435	Behind Schedule	Construction to commence in Feb 2025. To be completed by February 2026
100613 - Techone Modernisation and Optimisation (Capital)	0	-188	-2,000	-2,188	2,188	On track	Offsets with 100466 - Client Technology & Computer Renewal Program, as budgeted in the wrong project code, and fixed in Q1
100174 - Parramatta Square Public Domain Development	0	-3,044	541	-2,503	2,503	On track	Sydney Water breakthrough remaining
100592 - Phillip Street Smart St Stage 2	1,500	-2,540	0	-2,540	4,040	On track	Under construction expected to be completed by mid-2025
100579 - Prucip - Fs Garside	0	-2,161	-425	-2,586	2,586	Completed	Park open, currently under maintenance period
101117 - Granville 40km/h High Pedestrian Activity Area (P.0092460)	0	0	-2,900	-2,900	2,900	On track	Project to be completed by December 2025
100633 - Alfred Street Cycleway Stage Two	2,277	-3,890	102	-3,788	6,064	On track	To be completed by End of Feb 2025. 95% of work completed due to Endeavour energy industrial action project was slightly delayed
100629 - Norwest T-Way Shared Path	0	-3,631	-710	-4,341	4,341	On track	To be completed by end of December
100494 - Community Recycling Facility	0	-4,434	0	-4,434	4,434	On track	To be completed by end of June 2025
100694 - WICR294 Carter Street Community Centre Fit-out	0	0	-5,565	-5,565	5,565	On track	Moving forward to the next stage with the head contractor appointment imminent
100606 - Integrated Parking Solutions Program	0	-1,286	-5,699	-6,985	6,985	On track	Painting work expected to be completed by Dec-24 and technology upgrade is on procurement stage
100700 - 9 Wentworth St - Bldg Works	0	-1,705	-7,416	-9,121	9,121	Completed	Project is completed
Other	69,646	-7,509	-89	-7,599	77,245		
<b>TOTALS</b>	<b>194,638</b>	<b>-40,911</b>	<b>15,887</b>	<b>-25,024</b>	<b>219,662</b>		

## 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 2024/25 September Forecast.

	Closing Balance FY24 Actuals	Proposed Adjustments	Closing Balance June 25
<b>\$'000</b>			
<b>Externally Restricted Reserves:</b>			
Domestic Waste Management	48,959	(20,037)	28,922
Grants and Contributions	55,948	762	56,710
Specific Purpose Unexpended Grants (incl in Liabilities)	39,752	(37,037)	2,715
Developer Contributions	164,541	8,598	173,139
Special Rates	6,250	(200)	6,050
Stormwater Levy	446	(425)	21
Cultural Reserve	33,899	(2,167)	31,732
<b>Total Externally Restricted Reserves</b>	<b>349,795</b>	<b>(50,507)</b>	<b>299,288</b>
<b>Internally Restricted Reserves:</b>			
Employee Leave Entitlements	6,763	406	7,169
Parking Meters	1,299	(541)	758
Property Development Reserve	171,782	(27,004)	144,778
CBD Infrastructure	5	0	5
Ward Works	180	0	180
City Headquarters (new)	0	0	0
Election reserves (new)	0	1,414	1,414
<b>Total Internally Restricted Reserves</b>	<b>180,029</b>	<b>(25,725)</b>	<b>154,304</b>
<b>Total Restricted reserves</b>	<b>529,824</b>	<b>(76,231)</b>	<b>453,593</b>
<b>Unrestricted cash and investments</b>	<b>62,263</b>	<b>7,992</b>	<b>70,255</b>
<b>Total cash and investments</b>	<b>592,086</b>	<b>(68,239)</b>	<b>523,848</b>

Council's cash position estimates an **unrestricted balance of \$70.3m** as of end of June 2025.

## 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 2024.

Council Meeting Approval Date	Term	Contractor	Description	Tender Number	Contract Amount (excl GST)
12-Aug-24	3 years	ESRI Australia Pty Ltd	Geospatial software licensing	Exemption	\$1,500,000
26-Aug-24	3 years + 2 x 1-year options	Christmas Concepts Australia	City Christmas tree and decorations	32/2023	Schedule of Rates

## External Legal & Consultancy Fees

The following table provides a total of Legal & Consultancy services to 30<sup>th</sup> September 2024.

Expenses \$000	Actual YTD Sept	Budget YTD Sept
External Legal Fees	296	463
Consultancy Fees	889	1,437

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 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 30/09/2024 indicates that Council's projected financial position at 30/6/2025 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