

# QUARTERLY BUDGET REVIEW STATEMENT

CITY OF PARRAMATTA COUNCIL

March 2023 Quarter



Church Street light rail stop in Parramatta



Parramatta  
Light Rail

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# Executive Summary

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## RECOMMENDATIONS

That Council adopt the March 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 & Asset Disposals) of \$1.0m is \$61k better than the December Forecast.

The Net Operating result excluding capital is forecasted at Net surplus of \$2.0m, which is (\$6.1m) lower than December Forecast and (\$0.6m) lower than the Original Budget.

### Key Highlights:

- Improvements to the P&L:
  - Operating grants +\$3.4m
  - Delayed opening of PAC and BAU vacancy savings partially offset by an increase in agency costs +\$2.3m
  
- Reductions to the P&L:
  - Increase in Depreciation (\$4.5m) – Recognition of Parramatta Light Rail assets & revaluation of footpaths.
  - Drop in Parking fine revenue (\$2.3m) – alignment with YTD trends.
  - Decline in User Charges & Fees (\$0.9m) - delay in opening of PHIVE and Townhall.

## March 2023 Financial Statements & Movements

The City of Parramatta's financial position is reflected in the following pages of the 2022-23 March Quarterly Review.

\$'000	2022/23 Original Budget	Approved September Adjustments	Approved December Adjustments	Current Budget	Proposed Adjustments	March QR	March YTD Actual
<b>Income</b>							
Rates & Annual Charges	211,246	41	462	211,749	279	212,028	211,855
User Charges & Fees	34,325	2,393	(105)	36,614	(921)	35,693	25,727
Other Revenue	20,720	(1,126)	360	19,954	(35)	19,919	12,983
Interest	8,581	2,874	3,310	14,765	191	14,956	11,099
Operating Grants	20,224	3,640	(376)	23,489	3,421	26,910	15,802
Capital Grants	45,755	14,115	795	60,665	(10,895)	49,770	24,032
Operating Contributions & Donations	3,167	(224)	307	3,249	(33)	3,216	1,038
Capital Contributions & Donations	14,872	1,451	7,383	23,706	1,473	25,179	20,112
Internal Revenue	15,239	(7,115)	2,956	11,080	975	12,055	8,182
Gain in Share in Joint Venture	500	-	-	500	-	500	-
<b>Total Operating Revenue</b>	<b>374,628</b>	<b>16,050</b>	<b>15,092</b>	<b>405,770</b>	<b>(5,544)</b>	<b>400,226</b>	<b>330,830</b>
<b>Expense</b>							
Employee Costs	136,897	2,357	1,100	133,439	2,296	131,143	99,526
Borrowing Costs	425	(131)	(21)	576	-	576	451
Materials & Contracts	60,947	(7,068)	(1,471)	69,485	(396)	69,881	47,618
Depreciation & Amortisation	49,652	(4,381)	(2,351)	56,384	(4,546)	60,930	42,151
Other Operating Expenses	47,455	(885)	(1,182)	49,522	(195)	49,717	33,910
Internal Expenses	16,017	9,032	(5,527)	12,513	(60)	12,572	5,254
<b>Total Operating Expenses</b>	<b>311,392</b>	<b>(1,076)</b>	<b>9,451</b>	<b>321,918</b>	<b>(2,901)</b>	<b>324,819</b>	<b>228,910</b>
<b>Operating Surplus/Deficit</b>	<b>63,236</b>	<b>14,974</b>	<b>5,642</b>	<b>83,852</b>	<b>(8,445)</b>	<b>75,406</b>	<b>101,920</b>
Loss/(Gain) on Asset Disposal	-	4,573	(13,289)	(8,716)	7,126	(1,590)	(3,399)
<b>Net Operating Result</b>	<b>63,236</b>	<b>10,401</b>	<b>18,931</b>	<b>92,568</b>	<b>(15,571)</b>	<b>76,997</b>	<b>105,319</b>
<b>Operating Surplus/(Deficit) before Capital</b>	<b>2,610</b>	<b>(5,165)</b>	<b>10,753</b>	<b>8,197</b>	<b>(6,149)</b>	<b>2,048</b>	<b>61,175</b>
<b>Underlying Operating Surplus / (Deficit) (ex Capital &amp; Asset Disposals)</b>	<b>3,388</b>	<b>(2,508)</b>	<b>34</b>	<b>914</b>	<b>61</b>	<b>975</b>	<b>54,849</b>

## KEY MOVEMENTS

The net operating result before capital revenue is (\$6.1m) lower than December Forecast and lower by (\$15.6m) (incl. Capital revenue).

### Revenue – unfavourable by (\$5.5m):

- **(\$10.9m) Capital Grants** – Mainly driven by rephasing of capital delivery grants to 2023/24 (\$14.1m); offsetting with \$3.2m of WestInvest grants.
- **(\$0.9m) User Charges & Fees** – Mainly from drop in bookable venue hire & booking fees (\$0.7m) and Regulatory fees (\$0.3m).
- **\$3.4m Operating Grant** – Roads maintenance grant received \$7m; offset with reduction in Federal Assistance Grant (FAG) (\$3.9m).
- **\$1.5m Capital Contributions** – Aligning developer contributions.

### Expenses – unfavourable by (\$2.9m):

- **(\$4.6m) Depreciation & Amortisation** – Recognition of Parramatta Light Rail assets & revaluation of footpaths.
- **(\$0.4m) Materials & Contracts** – (\$0.6m) Events & Festivals equipment; (\$0.6m) Security Services; (\$0.2m) Land & Environment court costs & (\$0.3m) legal fees; (\$0.2m) Energy Certificates; offset with lower consultancy costs, mainly from Parramatta Square development.
- **(\$0.2m) Other Operating Expense** – (\$0.6m) Riverside programs; (\$0.2m) Paid Parking; offset with \$0.3m reduction in ICT and \$0.2m lower tipping fees.
- **\$2.3m Employee Costs** – Delayed opening of PAC and BAU vacant positions across the organisation continue to provide cost savings to budget.
- **(\$7.1m) Loss on asset disposal** – Reversal of prior quarter entry (\$9.1m); Fleet (\$0.3m); offset with Roads \$1.7m; Parks \$0.6m.

## Directorate P&L Summary

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

\$'000	2022/23 Original Budget	Approved September Adjustments	Approved December Adjustments	Current Budget	Proposed Adjustments	March QR	March YTD Actual
<b>Income</b>							
Corporate Services & Executive Office	185,781	2,762	4,119	192,662	(3,361)	189,301	180,052
City Engagement and Experience	954	201	270	1,426	298	1,724	1,305
City Strategy	1,612	(813)	20	819	(1)	817	764
Property & Place	44,466	39	2,416	46,922	531	47,453	29,299
City Assets and Operations	105,172	12,060	858	118,090	(8,076)	110,014	79,878
Community Services	17,036	(755)	(373)	15,907	(220)	15,687	12,070
City Planning and Design	19,606	2,556	7,783	29,945	5,285	35,230	27,462
<b>Total Income</b>	<b>374,628</b>	<b>16,050</b>	<b>15,092</b>	<b>405,770</b>	<b>(5,544)</b>	<b>400,226</b>	<b>330,830</b>
<b>Expense</b>							
Corporate Services & Executive Office	48,802	(1,574)	(1,824)	52,200	(1,502)	53,703	39,478
City Engagement and Experience	20,280	(1,463)	(180)	21,923	(327)	22,251	15,618
City Strategy	8,646	1,376	154	7,116	(617)	7,734	4,587
Property & Place	27,319	(7,718)	(1,319)	36,356	1,842	34,515	22,958
City Assets and Operations	136,368	4,996	(6,751)	138,123	(3,931)	142,054	100,798
Community Services	46,622	2,863	(222)	43,981	519	43,462	30,728
City Planning and Design	23,353	444	692	22,218	1,117	21,101	14,742
<b>Total Expense</b>	<b>311,392</b>	<b>(1,075)</b>	<b>(9,451)</b>	<b>321,918</b>	<b>(2,901)</b>	<b>324,819</b>	<b>228,910</b>
Loss/(Gain) on Asset Disposal	-	4,573	(13,289)	(8,716)	7,126	(1,590)	(3,399)
<b>Net Operating Result</b>	<b>63,236</b>	<b>10,401</b>	<b>18,930</b>	<b>92,568</b>	<b>(15,571)</b>	<b>76,997</b>	<b>105,319</b>
<b>Operating Surplus/(Deficit) before Capital</b>	<b>2,610</b>	<b>(5,166)</b>	<b>10,754</b>	<b>8,197</b>	<b>(6,149)</b>	<b>2,048</b>	<b>61,175</b>
<b>Underlying Operating Surplus / (Deficit) (ex Capital &amp; Asset Disposals)</b>	<b>3,388</b>	<b>(2,508)</b>	<b>34</b>	<b>914</b>	<b>61</b>	<b>975</b>	<b>54,849</b>

## KEY MOVEMENTS BY DIRECTORATE

- Corporate Services / Exec Office (\$1.9m) unfavourable - Adjusting FAG grant due to advance payment received in 2021/22. Partially offset with lower Mobile & Communication exp, Fitzwilliam Lease rental and Right to use assets depreciation.
- City Engagement & Experience flat.
- City Strategy (\$0.6m) unfavourable mainly due to adjustment to the organisational structure.
- Property & Place \$2.3m favourable mainly due to increase in lease rentals revenue, rephasing of 4&6PS breakthrough works, \$0.3m increase in billboard revenue and rock anchor revenue; offset by (\$0.6m) employee costs, (\$0.9m) depreciation from completion of PHIVE and community hub, (\$0.3m) increase in other opex in parking and security.
- CA&O's (\$12.0m) unfavourable mainly due to reduction in Capital Contributions which are to be received in 2023/24 and increase in depreciation from addition of Parramatta Light Rail assets.
- Community Services \$0.3m favourable mainly due to savings in PAC and other employee costs from vacant positions & additional revenue from Riverside theatre; offset with reduced income from delayed opening of PHIVE and the Town Hall.
- City Planning \$6.4m favourable due to increase in additional developer contributions & salary saving from vacant positions.

## Capital Expenditure Statement

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

\$'000	2022/23 Original Budget	Approved September Adjustments	Approved December Adjustments	Current Budget	Proposed Adjustments	March QR	March YTD Actual
<b>Capital Expenditure</b>							
Corporate Services & Executive Office	4,638	195	232	5,064	798	5,861	2,183
City Strategy	300	284	-	584	-	584	35
Property & Place	104,343	41,237	(14,032)	131,548	2,578	134,127	77,728
City Assets and Operations	85,970	7,234	(2,440)	90,765	(5,140)	85,624	32,882
Community Services	7,872	2,491	(4)	10,359	47	10,406	2,009
City Planning and Design	5,900	(1,159)	(988)	3,753	(2,229)	1,524	902
<b>Total Capital Expenditure</b>	<b>209,022</b>	<b>50,282</b>	<b>(17,232)</b>	<b>242,072</b>	<b>(3,946)</b>	<b>238,126</b>	<b>115,738</b>
<b>Funding Source</b>							
Transfer From Special Rates Reserve	2,120	(670)	(413)	1,037	186	1,224	830
Transfer From Domestic Waste Reserve	14,900	260	(1,960)	13,200	-	13,200	115
Transfer From Section 94	50,897	13,237	(23,405)	40,730	(4,472)	36,258	18,609
Transfer From Grants & Contributions Reserves	50,539	1,170	2,835	54,545	4,443	58,988	30,714
Transfer From Stormwater Levy Reserve	560	-	320	880	194	1,074	264
Transfer from Internally Restricted Reserves	90,005	36,285	5,390	131,680	(4,299)	127,382	65,207
<b>Total Funding Source</b>	<b>209,022</b>	<b>50,282</b>	<b>(17,232)</b>	<b>242,072</b>	<b>(3,946)</b>	<b>238,126</b>	<b>115,738</b>
<b>Net Budget Result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>



## Capital Major Works

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

\$'000	Funding	Original Budget	Current Budget	March QR	2023/24	2024/25	2025/26	Project Update
1. Parramatta Square Public Domain Development	Property Reserve s94/s7.11	3,527	27,143	27,035	-	-	-	River Flow Capital costs to be finalized in design development including landscaping works that depart from base/reference design. Completed in Dec 2022.
2. Aquatic Centre Parramatta	Property Reserve s94/s7.11 Grants	30,478	41,993	41,431	-	-	-	Handover from Lipman in April 2023, for operational readiness by July 2023.
3. 5 Parramatta Square Development - New Council Facilities	Property Reserve	477	3,955	3,707	-	-	-	Facilities opened in Sep 2022, heritage interpretation pending. Rollover due to delays in opening facilities.
4. WI Riverside Theatres Redevelopment	Property Reserve	-	1,174	294	99,000	-	-	Onboarding consultant for Design Comp and & SSD application services, to commence in FY24.
5. Upgrade of The Town Hall	Property Reserve	15,755	23,103	22,968	-	-	-	Post-budget Council approval to increase budget to \$32m, design finalisation for Town Hall underway including AV and lighting, to be completed in November FY24.
6. Dence Park Pool	Property Reserve s94/s7.11 Grants	15,941	423	429	6,122	661	-	Awaiting engineers report to finalise scope and costs, Project rephased to future years. Targeting opening in summer 2024/25.

## Capital Major Works

Capital works with budget in excess of \$10m (cont.).

\$'000	Funding	Original Budget	Current Budget	March QR	2023/24	2024/25	2025/26	Project Update
7. Pedestrian Bridge Works - Morton/Alfred	General Revenue s94/s7.11 Grants	8,598	12,357	12,248	-	-	-	Construction continuing, currently scheduled for completion by mid-2023.
8. Civic Link Program (Capital)	s94/s7.11	1,715	477	323	4,213	13,202	-	Draft Design and Performance Brief developed, including implementation staging.
9. Community Recycling Facility	DWM	10,000	13,000	13,000	-	-	-	Staff are currently identifying suitable sites within the Parramatta LGA. Staff still anticipate having acquired a site by 30 June 2023.
10. Pruaip - Fs Garside	s94/s7.11 Grants	10,099	7,691	7,691	3,500	-	-	Estimated to be completed by October 2023.
11. Charles Street Square Works	s94/s7.11 Grants	6,767	7,923	7,923	-	-	-	Construction continuing and currently scheduled for completion mid-2023.

## Capital Variances

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

\$'000	2022/23 Original Budget	Current Budget	Proposed Adjustments	March QR	March YTD Actual	Project Status	Comment
Newington Reserve Upgrade	7,270	7,270	(7,220)	50	4	Delayed	Rephasing to FY24 - still waiting on Chief Scientist review on synthetic fields.
WI North Granville Open Space Upgrade	-	-	2,822	2,822	-	Not yet started	Aligning funding to approved amount.
Active Transport Program	1,500	1,482	(1,462)	20	36	Progressing - behind schedule	Traffic signals at the intersection of Carlingford Road and Hepburn Road delayed until FY24.
PHIVE Cafe – Fit-out	-	-	1,350	1,350	-	In Progress - on track	Café fitout to be completed by 30 June 2023. Rental income to commence from September.
WI Doyle Ground Sports Facility Improvements	-	769	1,217	1,985	-	In Progress - on track	Aligning budgets to grant agreement.
Robin Thomas Reserve Improvements	1,221	1,256	(1,176)	80	80	Not yet started	Rephasing into FY24
Boronia Park Building Amenities Upgrade	1,042	1,309	1,124	2,434	1,638	Progressing - behind schedule	Additional contributions funding required to complete works. Completion expected May'23
Community Buildings Capital Improvement	1,350	2,141	(1,009)	1,132	706	In Progress - on track	Rephasing into FY24
WI Riverside Theatres Redevelopment	-	1,174	(880)	294	37	In Progress - on track	Post-budget Council approval of \$1.0m to be spent on business case preparation and design competition in FY24.
Tm09 17 Intersection Of Hill Road and Bennelong Parkway	3,850	3,850	(750)	3,100	348	In Progress - on track	Rephasing into FY24

## Capital Variances

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

\$'000	2022/23 Original Budget	Current Budget	Proposed Adjustments	March QR	March YTD Actual	Project Status	Comment
Federal and State Governments Stimulus Funding	-	660	680	1,340	1,300	In Progress - on track	Additional grant received
Aquatic Centre Parramatta	30,478	41,993	(562)	41,431	28,335	In Progress - on track	Rephased to FY24 as expected practical completion in Jun 23
Footpaths Construction Program	415	1,386	509	1,896	1,355	In Progress - on track	Additional grant received
Bridge Upgrades & Renewal Program	650	650	(500)	150	81	In Progress - on track	Funding aligned to Hunts Creek Culvert.
Hunts Creek Culvert	4,000	4,221	500	4,721	635	In Progress - on track	Funding reallocated from Bridge works.
WI Carter Street Community Centre Fit-out	-	-	500	500	-	In Progress - on track	Community consultation to inform design to commence in FY23, with construction commencing in FY24.
Park Parade Refugee Island	-	-	500	500	-	In Progress - on track	Budget added in-line with approval given to proceed with funding project from s7.11.
Fit-out 9 Wentworth	868	868	500	1,368	771	In Progress - on track	9WW Future office fit-out, initial work is commenced and expected to be completed by June 2024.

## 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 2022/23 March Forecast.

	2022/23 Original Budget \$'000	Approved Changes \$'000	Current Budget \$'000	Proposed Adjustments \$'000	Mar QR \$'000	Actuals as at 31 Mar2023 \$'000
<b>Externally Restricted Cash Reserves:</b>						
Domestic Waste Management	43,051	(3,579)	39,472	602	40,074	59,395
Grants and Contributions	32,618	1,132	33,750	5,698	39,448	37,497
Developer Contributions	138,773	(19,871)	118,903	9,777	128,680	138,708
Special Rates	8,572	(2,110)	6,462	(169)	6,292	7,527
Stormwater Levy	1,715	(620)	1,096	(198)	898	2,131
Cultural Reserve	34,054	705	34,759	0	34,759	34,054
<b>Total Externally Restricted Cash Reserves</b>	<b>258,784</b>	<b>(24,343)</b>	<b>234,440</b>	<b>15,710</b>	<b>250,150</b>	<b>279,311</b>
<b>Internally Restricted Reserves:</b>						
Employee Leave Entitlements	6,400	0	6,400	0	6,400	6,400
Parking Meters	414	246	660	(88)	572	327
Property Development Reserve	284,831	(96,781)	188,050	6,717	194,767	228,586
CBD Infrastructure	945	54	999	(166)	833	-
Ward Works	219	0	219	0	219	219
<b>Total Internally Restricted Cash Reserves</b>	<b>292,809</b>	<b>(96,481)</b>	<b>196,328</b>	<b>6,463</b>	<b>202,791</b>	<b>235,533</b>
<b>Total Restricted Reserves</b>	<b>551,593</b>	<b>(120,824)</b>	<b>430,768</b>	<b>22,173</b>	<b>452,941</b>	<b>514,844</b>
<b>Working Funds Reserve</b>	<b>93,365</b>	<b>5,250</b>	<b>98,615</b>	<b>23,180</b>	<b>121,795</b>	<b>159,166</b>

Council's cash position estimates an **unrestricted balance of \$121.8m** as of end of Jun 2023, against the \$159.2 million recorded as at 31<sup>st</sup> March. The unrestricted balance will continue to diminish as Council expends it on operational expenses and capital projects during the last quarter of the financial year. The funds have been invested in accordance with Council's investment policy.

## Tender Contracts Awarded

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The following table provides a list of tender contracts for specific works for the period 1 January to 31 March 2023.

Council Meeting Approval Date	Term	Contractor	Description	Tender Number	Contract Amount (excl GST)	Budgeted

Council did not enter into any tender contracts for March quarter.

## External Legal & Consultancy Fees

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The following table provides a total of Legal & Consultancy services to 31<sup>st</sup> March 2023.

Expense	Expenditure YTD \$'000	Budgeted (Y/N)
External Legal Fees	3,147	Y
Consultancy Fees	2,630	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 to 31 March 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 31/03/2023 indicates that Council's projected financial position at 30/6/2023 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