



TOWNSVILLE CITY COUNCIL

STATEMENT OF ESTIMATED FINANCIAL POSITION

2023-2024

OUR VISION

A globally connected community
driven by lifestyle and nature

OUR PURPOSE

Grow Townsville



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Acknowledgement of Country

Townsville City Council acknowledges
the Wulgurukaba of Gurambilbarra and
Yunbenun, Bindal, Gugu Badhun and Nywaigi
as the Traditional Owners of this land.

We pay our respects to their cultures, their
ancestors and their Elders, past, present and
all future generations.

Statement of Estimated Financial Position

The report below outlines the estimated financial result for the period ended 30 June 2024. The forecast has been developed through consultation with relevant Council stakeholders to reflect the most informed expectation of Council's financial performance for 2023/24.

Material variances between the 2023/24 Mid-Year Budget Review and forecast results estimated for this financial year are explained below. It is anticipated that the final June 2024 results will be available in October 2024 on completion of the financial year and external audit.

	Mid-Year Budget Review 2023/24 \$'000	Estimated Financial Position 2023/24 \$'000	Variance \$'000
Revenue			
General rates	202,121	199,668	(2,453)
Utility charges	234,487	232,654	(1,833)
<i>Water</i>	108,960	109,676	716
<i>Wastewater</i>	97,646	95,319	(2,327)
<i>Refuse and recycling</i>	27,881	27,659	(222)
Discounts and concessions	(24,483)	(24,472)	11
Fees and charges	34,809	34,584	(225)
Interest received	8,151	5,804	(2,347)
Contributions from developers	300	300	-
Grants and subsidies	16,251	23,094	6,843
Other revenue	11,931	12,961	1,030
Total revenue	483,566	484,593	1,027
Expenses			
Employee costs	158,717	171,591	(12,874)
Materials and services	176,948	191,169	(14,221)
Depreciation and amortisation	131,456	146,060	(14,604)
Finance costs	19,543	16,176	3,367
Other expenses	445	607	(162)
Total expenses	487,109	525,603	(38,494)
Operating surplus/(deficit)	(3,543)	(41,010)	(37,467)
Capital Income			
Grants, subsidies, contributions and donations	199,117	166,085	(33,032)
Gain/(loss) on sale of property plant & equipment		(9,351)	(9,351)
Total capital income	199,117	156,734	(42,383)
Net result	195,574	115,724	(79,850)

Figures in tables and generally in the text throughout this document have been rounded. Any discrepancies in tables between totals and sums of components are due to rounding.

Operating Result

The forecast operating deficit is \$41.0 million. This is an unfavourable movement of \$37.5 million when compared to the Mid-Year Review budget deficit of \$3.5 million.

Operating Revenue

Forecast operating revenue is \$484.6 million compared to a budget of \$483.6 million. Council's revenue is forecast to be \$1.0 million higher than budget. The major movements are set out below:

- General rates are forecast to be below budget \$2.5 million due to growth in rateable properties being lower than budget assumptions of 2%;
- Utility charges are forecast to be below budget \$1.8 million primarily due to growth in rateable properties being lower than budget assumptions. This has been partially offset by increased water consumption across commercial and bulk water customers;
- Interest revenue is forecast to be below budget by \$2.3 million driven by lower cash holdings compared to budget;
- Grants and subsidies are forecast to be above budget by \$6.8 million due to projected government grant funding for counter disaster operations and emergency work activities from Cyclone Kirrily. Partially offset by an unfavourable variance related to Local Roads and Community Infrastructure Program;
- Other revenue is forecast to be above budget \$1.0 million across a range of areas including, laboratory revenue, commercial bin collections, insurance recoveries and sale of scrap.

Operating Expenses

Forecast operating expenditure is \$525.6 million compared to a budget of \$487.1 million. Council's operating costs are forecast to be \$38.5 million higher than budget. The major drivers of this forecast variance are as follows:

- Employee costs are forecast to be above budget by \$12.9 million primarily due to an increase of filled positions compared to the budget and additional costs for counter disaster operations and emergency works related to Cyclone Kirrily.
- Materials and services are forecast to be above budget by \$14.2 million primarily due to:
 - expenditure associated with counter disaster operations and emergency works related to Cyclone Kirrily;
 - additional costs to treat blue green algae from the water supplied from Ross River Dam;
 - unplanned maintenance at Cleveland Bay Water Treatment Plant due to failure of the centrifuge;
 - change in the delivery of capital and operating projects resulting in increased operational expenditure;
 - partially offset by favourable variances across Cultural and Community Services Roads & Transport, Parks and Open Space and Environment & Sustainability.
- Depreciation is forecast to be above budget by \$14.6 million reflecting the increased replacement costs of Council assets.
- Finance costs are forecast to be below budget by 3.4 million resulting from annual assessment of Council's provision for the restoration of landfills.

Capital Result

Capital Revenue

Forecast capital revenue is \$156.7 million compared to a budget of \$199.1 million. The forecast unfavourable variance of \$42.4 million is largely attributed to:

- \$26.6 million of funding attached to works to be carried over into the next financial year;
- \$9.3m million primarily relates to the decommissioning of assets associated with refurbishment works at the Riverway Arts Centre.
- \$6.8 million related to unrealised funding across a number of capital projects that did not commence;
- Offset by the timing of developer contributions which are dependent upon the timing of developer activity.

Capital Expenditure

Forecast capital expenditure is \$298.4 million compared to a budget of \$346.1 million. The forecast variance of \$47.7 million is attributed to the following:

- \$43.7 million of capital works carried over into the 2024/25 financial year;
- \$4.0 million for a change in capital and operating projects resulting in reduced capital expenditure.

	Estimated Financial Position 2023/24 \$'000
Current assets	
Cash and cash equivalents	25,254
Receivables	40,992
Contract assets	48,341
Inventories	2,725
Other assets	6,457
Total current assets	123,769
Non-current assets	
Contract assets	6,381
Property, plant and equipment	6,777,481
Right-of-use assets	19,753
Intangible assets	1,927
Other assets	3,444
Total non-current assets	6,808,986
Total assets	6,932,755
Current liabilities	
Payables	61,645
Contract liabilities	3,764
Borrowings	38,285
Lease liabilities	2,171
Provisions	38,412
Other current liabilities	7,290
Total current liabilities	151,567
Non-current liabilities	
Contract liabilities	857
Borrowings	333,423
Lease liabilities	18,767
Provisions	33,250
Other non-current liabilities	10,482
Total non-current liabilities	396,779
Total liabilities	548,346
Net community assets	6,384,409
Community equity	
Asset revaluation reserve	2,089,629
Retained surplus	4,294,780
Total community equity	6,384,409

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