



CITY DESIGN 6 MONTHLY REPORT

City Design continues to operate as a successful business unit and will be able to return the projected 6% dividend back to the City Council. The value City Design adds to the City Council is a key performance indicator and is reflected in part by financial performance.

Customer feedback and comparative monitoring of overseas and competitor trends confirms that City Design is maintaining and developing its position at the cutting edge of urban design and engineering.

Additional Revenue (Received and/or Projected)

\$533K above budgeted revenue at half year in all areas except Landscape and Project Management which are both on budget. The full year budget is spread evenly throughout the year whereas historically we are always busier in the first 6 months of the financial year.

Conservative cumulative additional revenue to the end of the year projected to be \$250K above budget mainly sourced internally throughout the City Council but external consultancy work is also up on last year.

Operational Expenditure (Overruns and/or Savings)

As we become more commercially focused, certain marketing and professional fees have increased above budgeted levels YTD along with office leases, salary costs (increase in overtime and headcount above budget) and restructuring costs (1 redundancy).

This trend will reduce and stabilise during the second six month period.

Cost overruns YTD are : Office Lease \$22K; Professional Fees \$75K; Direct Staff Costs \$155K.

Projected full year overruns will amount to approximately \$250K over the full year budget, which is projected to be equivalent to our revenue increase as specified above.

Capital Expenditure (Overruns and/or Savings)

\$27K under budget YTD. Most equipment of a traditionally fixed asset nature is now being leased (eg computers) thus reducing the need for large capital investment however projected staff increases mean continued investment in office equipment and design software.

Probable savings of \$30K on full year budget of \$118K.

Comments on Trends

On track to achieve a 6% plus return (\$371,765 full year budgeted return) back to Council for the first time. In 1998/99 we achieved a return of 3.5%.

A review of our strategic plan will be completed in February. This is based on previous strategies that include a growth of 15% per year. The performance and future prospects indicate that City Design is well placed to match any of its competitors and expand into a much wider market. This will ensure that the Council has a comprehensive professional services body able to provide services, tailored to needs.