



**CITY OF JOONDALUP
MID YEAR BUDGET REVIEW
FOR THE 2013-14 FINANCIAL YEAR**



City of Joondalup
Revised Budget Rate Setting Statement 2013/14

Note	Adopted Budget	Revised Budget	Variance \$	Variance %	Dec 2013 YTD Budget	Dec 2013 YTD Actual	Variance YTD \$	Variance YTD %	
OPERATING REVENUE									
General Rates	1	(81,545,757)	(82,267,891)	(722,134)	(1%)	(81,395,757)	(81,991,972)	(596,215)	(1%)
Specified Area Rates		(339,195)	(341,591)	(2,396)	(1%)	(339,195)	(342,632)	(3,437)	(1%)
Grants and Subsidies	2	(4,305,925)	(2,249,304)	2,056,621	48%	(2,118,687)	(1,015,438)	1,103,249	52%
Contributions and Reimbursements	3	(2,258,993)	(2,039,075)	219,918	10%	(1,105,836)	(1,158,939)	(53,103)	(5%)
Profit on Asset Disposals	4	(75,812)	(1,062,490)	(986,678)	(1301%)	(12,002)	(989,236)	(977,234)	(8142%)
Fees and Charges	5	(37,468,658)	(37,504,959)	(36,301)	(0%)	(29,403,153)	(29,520,463)	(117,310)	(0%)
Interest Earnings	6	(4,545,377)	(4,655,792)	(110,415)	(2%)	(2,684,437)	(2,851,679)	(167,242)	(6%)
Other Revenue/Income	7	(147,500)	(254,442)	(106,942)	(73%)	(100,250)	(171,895)	(71,645)	(71%)
Total Operating Revenue		(130,687,217)	(130,375,544)	311,673	0%	(117,159,317)	(118,042,254)	(882,937)	(1%)
OPERATING EXPENSES									
Employee Costs	8	55,626,943	55,829,181	202,238	0%	29,074,584	28,736,180	(338,404)	(1%)
Materials and Contracts	9	49,374,973	49,209,473	(165,500)	(0%)	25,822,255	23,734,357	(2,087,898)	(8%)
Utilities (gas, electricity, water etc.)	10	6,139,451	5,986,774	(152,677)	(2%)	3,077,378	2,827,833	(249,545)	(8%)
Depreciation of Non-Current Assets	11	21,016,218	19,288,030	(1,728,188)	(8%)	10,576,266	9,710,731	(865,535)	(8%)
Loss on Asset Disposal	12	215,682	295,682	80,000	37%	93,025	146,353	53,328	57%
Interest Expenses		490,458	488,677	(1,780)	(0%)	259,312	257,963	(1,349)	(1%)
Insurance Expenses		1,602,758	1,626,732	23,974	1%	1,593,593	1,611,638	18,045	1%
Total Operating Expenses		134,466,483	132,724,549	(1,741,934)	(1%)	70,496,414	67,025,055	(3,471,359)	(5%)
(SURPLUS)/DEFICIT FROM OPERATIONS		3,779,266	2,349,006	(1,430,261)	(38%)	(46,662,903)	(51,017,199)	(4,354,296)	(9%)
NON-CASH MOVEMENTS									
Depreciation on Assets		(21,016,218)	(19,288,030)	1,728,188	8%	(10,576,266)	(9,710,731)	865,535	(8%)
Loss on Disposals		(215,682)	(295,682)	(80,000)	(37%)	(93,025)	(146,353)	(53,328)	57%
Profit on Disposals		75,812	1,062,490	986,678	1301%	12,002	989,236	977,234	8142%
Other Non-Current Items		(242,999)	(140,000)	102,999	42%	(121,500)	(115,904)	5,595	(5%)
OPERATIONS' CASH (SURPLUS)/DEFICIT		(17,619,821)	(16,312,216)	1,307,604	7%	(57,441,692)	(60,000,951)	(2,559,259)	(4%)
CAPITAL REVENUE									
Capital Grants and Subsidies	13	(5,834,548)	(5,360,046)	474,502	8%	(1,276,039)	(2,274,999)	(998,960)	(78%)
Capital Contributions	14	(330,000)	(1,503,497)	(1,173,497)	(356%)	(5,000)	(1,381,818)	(1,376,818)	(27536%)
Equity Distribution - TPRC	15	-	(666,666)	(666,666)	(100%)	-	(666,666)	(666,666)	(100%)
Acquired Infrastructure Assets		(500,000)	(500,000)	-	0%	-	-	-	0%
Total Capital Revenue		(6,664,548)	(8,030,209)	(1,365,661)	(20%)	(1,281,039)	(4,323,483)	(3,042,444)	237%
CAPITAL EXPENDITURE									
Capital Projects	16	4,474,194	4,349,992	(124,202)	(3%)	2,546,387	1,035,507	(1,510,880)	(59%)
Capital Works	17	32,855,563	37,270,283	4,414,720	13%	10,539,111	13,120,384	2,581,273	24%
Motor Vehicle Replacements	18	2,738,500	2,552,577	(185,923)	(7%)	1,638,000	320,311	(1,317,689)	(80%)
Loan Repayment Principal		1,655,977	1,655,977	-	0%	816,340	816,340	-	0%
Equity Investments		39,712	39,712	-	0%	-	-	-	0%
Total Capital Expenditure		41,763,946	45,868,540	4,104,594	10%	15,539,838	15,292,542	(247,296)	(2%)
CAPITAL (SURPLUS)/DEFICIT		35,099,398	37,838,331	2,738,933	8%	14,258,799	10,969,059	(3,289,740)	(23%)
TOTAL OPERATING (SURPLUS)/DEFICIT		17,479,577	21,526,115	4,046,538	23%	(43,182,893)	(49,031,892)	(5,848,999)	(14%)
FUNDING									
Proceeds from Disposals		(681,100)	(711,100)	(30,000)	4.4%	(437,300)	(276,590)	160,710	37%
Surplus Carried Forward	19	(1,735,647)	(986,719)	748,928	(43.1%)	(1,735,647)	(986,719)	748,928	43%
Recoupment of MRF Funding	20	(229,557)	-	229,557	100.0%	(120,000)	-	120,000	100%
Transfer from Trust Fund		(641,463)	(615,463)	26,000	-	-	-	-	0%
Transfer from Reserves	21	(18,480,027)	(25,303,600)	(6,823,573)	36.9%	-	-	-	0%
Transfer to Reserves	22	3,788,217	5,545,978	1,757,761	46.4%	-	-	-	0%
Transfer to Accumulated Surplus		500,000	500,000	-	0.0%	-	-	-	0%
CLOSING FUNDS		0	(44,789)	(44,790)	168%	(45,475,840)	(50,295,201)	(4,819,361)	(11%)

NOTES TO AND FORMING PART OF THE REVISED 2013-14 BUDGET STATEMENT

1. General Rates

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$81,545,757	\$82,267,891	\$722,134

The net increase of \$722,134 comprises:

Additional rates arising from interim valuations received after the budget was finalised and estimated rates on new developments which will be completed before the end of the financial year.

2. Government Grants and Subsidies

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$4,305,925	\$2,249,304	(\$2,056,621)

The variance is made up as follows;

Increases

a) Picture Our Past	22,727
b) Financial Counselling	15,469
Other Variations	4,313

Decreases

c) General Purpose Grants	(1,824,137)
d) BiodiverCities Conference	(155,000)
e) Environmental Grants	(50,000)
f) Coastal Protection Grant	(30,000)
g) Hepburn Heights Survey	(23,193)
h) Your Tutoring	(16,800)
	<u>(\$2,056,621)</u>

The net decrease of (\$2,056,521) comprises:

- a) The City received an unbudgeted grant from the Department of Sustainability, Environment, Water, Population and Communities of \$22,727 for the Picture Our Past – Celebration History Together project.
- b) An increase of \$15,469 in State grants to support the provision of Financial Counselling Services is expected this financial year.



- c) The City received \$1,819,230 of the General Purpose Grant for 2013-14 in advance in the 2012-13 financial year. In addition, the City's final grant allocation by the WA Local Government Grants Commission is (\$4,907) less than anticipated in the adopted budget.
- d) This variance includes (\$90,000) for Sponsorship and (\$65,000) for Ticket Sales for the BiodiverCities Conference. \$65,000 of the Sponsorship revenue was received in advance in 2012-13 and a further \$10,000 received to Sponsorship in 2013-14 (refer 3c below). The BiodiverCities ticket sales revenue of \$45,927 has been booked to Fees and Charges (refer 5e below). Both of these items were incorrectly budgeted as grant revenue and the budget has been revised to reflect the actual allocations.
- e) Environmental Grants to be received were overstated in the original budget.
- f) The City's application for a Coastal Protection Grant (\$30,000) from the Department of Transport was unsuccessful.
- g) The grant of \$26,807 from Lotterywest for the Hepburn Heights Survey is lower than anticipated in the original budget.
- h) The Your Tutoring Grant will no longer be received from Edith Cowan University. This is offset by a saving in Subscription Costs.

3. Contributions, Reimbursements and Donations

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$2,258,993	\$2,039,075	(\$219,918)

The net decrease in contributions and reimbursements of (\$219,918) is comprised of the following major variations:

Increases

- a) Insurance re-imburements 20,005
- b) Utility Charge 19,655
- c) Sponsorships 7,960

Decreases

- d) Sale of Recyclable Materials-Materials Recovery Facility (242,700)
 - e) Legal Fees Recoverable (15,162)
 - f) Other Miscellaneous Contributions & Re-imburements (9,676)
-
- (\$219,918)**

- a) The City has received insurance rebates higher than that anticipated in the original budget.



- b) The reimbursement of Utility Charges by occupants of City buildings is forecast to be higher than original estimates.
- c) The increase in sponsorship revenue is due to the BiodiverCities Conference \$10,000 that was incorrectly budgeted as Grant revenue (refer 2d above). This is partially offset by a decrease of (\$2,040) in sponsorship anticipated for various festivals and events.
- d) Income from the sale of Recyclable Materials is forecast to be (\$242,700) lower than previously anticipated based on current commodity prices and volumes.
- e) Legal Fees Recoverable is below the original budget due to lower than expected legal costs from action against defaulting ratepayers. This is offset by lower associated expenditure arising from such legal action.
- f) The net decrease in miscellaneous reimbursements is spread across a number of areas. This includes decreases for Tamala Park Rates (\$21,143), Local Government Insurance Services Experience Fund (\$15,000) and Advertising (\$9,313) offset by increases for Arts Development Scheme \$10,000, School Oval maintenance \$8,520 and Reinstatement of Works \$5,000.

4. Profit on Asset Disposals

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$75,812	\$1,062,490	\$986,678

The increase in profit on asset disposals of \$986,678 is due to the City of Joondalup's share of gains on the disposal of developed residential land by Tamala Park Regional Council (TPRC) which were not included in the original budget.

5. Fees and Charges

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$37,468,658	\$37,504,959	\$36,301

The net increase in Fees and Charges of \$36,301 is made up of the following major variations:

Increases

- a) Learn to Swim Program 196,456
- b) Dog Registration Fee 133,093
- c) Development Application Fee 150,000

d) Property Rental and Outgoings	48,201
e) Miscellaneous Sales	41,082
f) Suburban Parking	38,137
g) Park Hire	29,716
h) Cat Registration Fee	24,038
i) Immunisations	21,000
j) Other variations	33,808
Decreases	
k) Parking Infringements	(180,000)
l) Off Street Parking	(140,000)
m) Hire of Facilities	(134,370)
n) Fines Enforcement	(63,000)
o) Building Licenses	(60,000)
p) Personal Training	(42,184)
q) Poundage Fees	(32,176)
r) Inspection Fee	(27,500)
	\$36,301

- a) The budget has been adjusted to reflect the increase in the average number of enrolments each term.
- b) State Government increased Dog Registration Fees effective from 1 November 2013. The anticipated fees for the year have been recalculated accordingly.
- c) The increase in revenue is due to increases in statutory fees and charges set after the original budget had been finalised. In addition, the number and value of Development Applications received and anticipated are higher than original estimates.
- d) This is due to a combination of backdated lease revenue for the prior financial year and annual increases on leases.
- e) This increase includes \$45,927 for ticket sales for the BiodiverCities Conference that was incorrectly budgeted as Grant revenue (refer 2d above).
- f) This reflects a consistent increase in the number of Suburban Parking infringements issued.
- g) Park Hire revenue for the 2014 winter season will now be received in this financial year instead of the 2014-15 financial year.
- h) The State Government statutory Cat Registration Fees introduced this financial year have generated higher revenue than original estimations.

- i) The increase reflects an expected increase in the volume of immunisation services provided.
- j) Other variations are spread across various business areas and are not individually material.
- k) The City no longer provides parking enforcement at Hillarys Boat Harbour resulting in a reduction in income of (\$127,000). The remainder of the decrease is due to fewer infringements issued elsewhere.
- l) The decrease in revenue is mainly due to the reduced use of parking facilities near Joondalup Health Campus caused by the migration of the Health Campus staff to their new on-site staff car park.
- m) The decrease in revenue is due to a reduction in the number of commercial hirers of City facilities and to the re-classification of some hirers from commercial to community.
- n) A drop in the number of parking infringements issued, as noted earlier, has had a corresponding negative impact on income from Fines Enforcement.
- o) Building Licenses income is lower than expected due to private certification.
- p) The number of Personal Training sessions has fallen below expectation. This is predominantly due to a change in trend to Group Fitness Classes.
- q) A reduction in the number of dogs taken to and recovered from the pound has reduced income. The decrease in income is partially offset by a reduction in pound charges (refer 9e below).
- r) Inspection Fees associated with unauthorised structure applications are less than expected.

6. Interest Earnings

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$4,545,377	\$4,655,792	\$110,415

The increase in interest earnings of \$110,415 comprises increased investment revenue owing to higher volume of investment funds despite continuing reduction in the average return on investment from falling interest rates. This is a result of timing differences in the outflow of funds compared to the original budget.

7. Other Revenue



Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$147,500	\$254,442	\$106,942

The increase in other revenue of \$106,942 comprises an increase in rebates to be received \$47,965 mainly due to the Local Government Insurance Scheme rebate being higher than estimated and the City's share of advertising revenue on Adshel bus shelters has increased by \$17,300.

8. Employee Costs

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$55,626,943	\$55,829,181	\$202,238

The net increase in employee costs of \$202,238 is made up of the following major variations:

Increases

a) Agency Employee Costs	487,505
b) Employee Cost Allocation and Recovery	270,034

Decreases

c) Salaries and Wages	(480,464)
d) Other Employment Costs	(74,837)
	<u>\$202,238</u>

- a) This variance is due to the use of Agency Employees to cover vacant positions.
- b) Capital Labour Recoveries are \$277,628 below budget mainly due to engineering staff carrying out more maintenance work and less capital works.
- c) Savings in Salaries and Wages arose due to vacant positions across the City.
- d) This decrease includes (\$40,000) for Staff Recruitment Costs due to the reduced use of print media for advertising vacant positions, as well as Conferences and Seminars (\$20,584) and Staff Uniforms (\$14,781).

9. Materials and Contracts

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$49,374,973	\$49,209,473	(\$165,500)

The net decrease in material and contracts of (\$165,500) is made up of the following major variations:

Increases

a) Charges and Recoveries	391,259
b) Waste Management Services	203,554
c) Accommodation and Property	35,950
d) Other	54,030

Decreases

e) External Service Expenses	(760,411)
f) Public Relations, Advertising and Promotions	(89,882)
	<u>(\$165,500)</u>

a) Capital Overhead Recoveries are \$432,486 below budget predominantly due to lower use of City labour resources on capital works than originally envisaged. This is partially offset by (\$40,316) for Fleet and Plant recovery from capital works.

b) This variance is primarily due to the increase in costs for recycling services at the Wanneroo Materials Recovery Facility \$186,800 and Weekend Greens site operations costs \$16,754.

c) This variance includes an increase in the lease charge for the Blend(er) Gallery \$20,728 and a budget reallocation of \$60,771 to Accommodation and Property from Utilities (refer 10 below). In addition FESA ESL charges are (\$43,204) below original budget estimates.

d) This variance includes increases for Telephones and Communications \$30,905, Travel, Vehicle and Plant costs \$29,924, Materials \$26,661 and Member Costs \$21,962. These are offset by decreases for Administration Costs (\$43,223) and Contributions (\$18,141). The balance is spread across a number of areas.

e) The decrease in External Services Expenses includes (\$1,143,864) for Tipping Fees predominantly due to a reduction in gate fees and Poundage Fees (\$20,000) (refer 5(q) above). These are offset by an increase of \$143,190 for the BiodiverCities Conference expenditure of which \$29,133 is funded from carry forwards.

In addition, External Contractors and Services show a net increase of \$266,326. This is caused predominantly by Graffiti Control \$85,942, Asbestos and Active Litter Collection \$108,000, reallocation of Building Maintenance materials \$61,526 and bin repairs \$33,419.

f) This decrease includes (\$70,000) for Advertising costs associated with the new draft planning scheme which has been delayed and will not be undertaken this financial year. Other variances are spread across a number of accounts and are not material.

10. Utilities

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$6,139,451	\$5,986,774	(\$152,677)

The net decrease in utilities of (\$152,677) comprises a net decrease in electricity costs of (\$109,412) including a reduction in Street Lighting costs partially offset by an increase in costs across other areas based on current usage and charges. Water consumption charges are (\$45,987) below original budget primarily due to (\$60,771) which has been reallocated to Accommodation and Property (refer 9c above).

11. Depreciation of Non-Current Assets

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$21,016,218	\$19,288,030	(\$1,728,188)

The net decrease in depreciation on non-current assets of (\$1,728,188) is primarily due to reduced depreciation charges calculated for the year following the revaluation of Buildings, Fleet and Plant assets at 30 June 2013.

12. Loss on Asset Disposals

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase / (Decrease)
\$215,682	\$295,682	\$80,000

The increased loss on asset disposals of \$80,000 is due to the disposal of a portion of land at lot 977 (15) Burlos Court, Joondalup which was not included in the original budget.

13. Capital Grants and Subsidies

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$5,834,548	\$5,360,046	(\$474,502)

The net decrease in capital grants and subsidies of (\$474,502) is made up of the following major variations:

Increases

a) Major Road Construction	293,333
b) Parks Equipment	100,051
c) Blackspot Projects	89,619
d) Major Building Capital Works	68,248

Decreases

e) Road Preservation and Resurfacing	(924,438)
f) Key West Coastal Car Park CCTV	(100,000)
Other	(1,315)
	(\$474,502)

- a) The increase in Major Road Construction is the final grant claim anticipated from the Hodges Drive (West) – Marmion Avenue to Ocean Reef Road project (see 17(a) below).
- b) The increases in Parks Equipment project grants comprise new grants that arose subsequent to the budget, including \$53,872 from Lotteries West for Outdoor Gym Equipment and \$46,719 in CSRFF funding for Moolanda Park Cricket Wicket Improvement and Sorrento Bowling Club Floodlight projects.
- c) The increase is driven mainly by additional Federal Blackspot funding of \$160,000 which is partly offset by a downward revision (\$70,381) in grant revenue across a number of projects.
- d) The additional revenue is made up of an unanticipated grant of \$61,000 for the Energy and Water Efficiency Initiatives project as well as \$7,248 from Workplace WA for the upgrading of the Bike Storage facility at the Administration building.
- e) The decrease is primarily due to approximately half the 2013-14 budgeted Federal Local Road Grant was received in advance in 2012-13, \$1,146,862 and a shortfall in other road grants of \$170,195 reducing the grant received in 2013-14 by (\$1,317,057). This is partly offset by additional Roads to Recovery grant funds of \$362,399. The balance of the variance is spread across several projects and represents reduced grant revenue due to lower than budget project expenditure.
- f) The (\$100,000) reduction is against the Key West Coastal Car Park CCTV project, as the City will not be receiving a State grant as budgeted (refer 16(g) below).

14. Capital Contributions

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$330,000	\$1,503,497	\$1,173,497

The net increase in capital contributions of \$1,173,497 is made up of the following major variations:

Increases

a) Major Projects	1,381,818
-------------------	-----------

b) Parks Equipment 46,179

Decreases

c) Stormwater Drainage (250,000)
Other (4,500)

\$1,173,497

- a) In accordance with the terms of a financial assistance agreement with the Department of Lands, a contribution from the proceeds of sale of Crown land adjacent to Marmion Angling and Aquatic Club has been received to fund the development of a new car park. The proceeds are proposed to be transferred to a reserve to be created and held until required.
- b) Additional contributions are anticipated from the respective clubs for the Moolanda Park Cricket Wicket Improvements and Sorrento Bowling Club Floodlight projects.
- c) The funding model for the Otago Park Sump Improvement project has been revised subsequent to the adoption of the budget. According to the revised arrangement, the project work will now be undertaken by Landcorp, with the City making a \$250,000 contribution to the project. As a result, the previously envisaged contribution of \$250,000 budgeted to be received from Landcorp for the City to undertake the work will not occur.

15. Equity Distribution – Tamala Park Regional Council

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$0	\$666,666	\$666,666

The increase in equity distribution is due to the City's share of the first dividend payment from the Tamala Park Regional Council to member councils in respect of the Catalina residential land development project and is proposed to be transferred to a reserve to be created.

16. Capital Projects

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$4,474,194	\$4,349,992	(\$124,202)

The net decrease in capital projects of (\$124,202) is made up of the following major variations:

Increases

a) Craigie Leisure Centre Roof Refurbishment	113,142
b) Joondalup City Centre Commercial Office Development	103,147
c) Craigie Leisure Centre Access Control Upgrade	76,800
d) Contribution to Arena Joondalup upgrade	1,000,000
Other	12,726

Decreases

e) Joondalup Performing Arts Facility	(670,564)
f) Animal Care Centre	(440,000)
g) Public Art	(148,473)
h) Key West Coastal Car park CCTV	(100,000)
i) Jinan Garden	(70,980)
	(\$124,202)

- a) Additional work was identified after the budget was adopted, with the increase in expenditure to be funded from reserves.
- b) The increase in expenditure accommodates additional costs anticipated in the preparation of the City's submission to the State Government as well as the business case, and is funded from reserves.
- c) This project has been carried over from the previous financial year.
- d) This is the portion of the City's commitment to contribute to the upgrade of Arena Joondalup and accommodate the WBA that is expected to be expended in 2013-14.
- e) The reduction is due to revised project timelines which will result in lower than anticipated expenditure in the current financial year.
- f) After initial design and investigation, this project will be withdrawn for re-consideration at a future date.
- g) This project will not proceed in 2013-14 and funding allocated will be carried forward into the next financial year.
- h) Funding for this CCTV project was predicated on the approval of grant funds from the State Government. This will not eventuate in the current financial year and the project will not proceed (refer 13(f) above).
- i) The detailed design of the Jinan Garden is not expected to progress this financial year.

17. Capital Works

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
------------------------	------------------------	----------------------------------

\$32,855,563	\$37,270,283	\$4,414,720
--------------	--------------	-------------

The net increase in capital works of \$4,414,720 is made up of the following major variations:

Increases

a) Major Road Construction	1,512,036
b) Streetscape Enhancement	1,477,511
c) Parks Equipment	714,091
d) Major Projects	392,586
e) Blackspot Projects	222,710
f) Other	95,786
	\$4,414,720

- a) This increase is due to the Hodges Drive (W) – Marmion Avenue/Ocean Reef Road project which has been carried forward from the previous financial year. In addition to funds brought forward from 2012-13 of \$980,036, new grant revenue of \$293,333 is expected (see 13(a) above) with the balance being funded from savings on other projects.
- b) The additional expenditure against this program is due to projects carried forward from the previous financial year, including West Coast Drive \$350,627, Entry Statements \$335,077, Central Walk Renewal Works \$328,744, Burns Beach Road Landscaping \$283,076 and Joondalup Drive Landscaping \$182,121.
- c) A number of projects have been carried over from the previous financial year including Penistone Park Floodlighting Upgrade \$214,675, Outdoor Gym Equipment \$164,679, Floodlight and Pole Replacement \$123,279. Funding for these projects is from monies brought forward \$626,912. The remainder of the variance is spread across several items and is funded by a combination of grants, contributions and savings on other capital works projects.
- d) The variance is mainly driven by expenditure to complete Currambine Community Centre \$1,139,002 (of which \$707,136 was unspent from 2012-13), Padbury Child Health Centre \$149,220 (which is being funded from the Strategic Asset Management reserve and repaid when the Craigie Child Health Centre is disposed of) and Delamere Park New Car park \$104,035 and Bramston Park \$95,328 both of which are carry forwards from 2012-13. These are partly offset by budget reductions against Warwick Leisure Centre \$1,000,000, which will now be spread over two years, and Joondalup Men's Shed \$145,000 which has now been withdrawn.
- e) Higher costs are anticipated for Endeavour Road Traffic Management – Whitfords Avenue and Bank Avenue \$150,836 and Whitfords Avenue – Eddystone Avenue Traffic Signals \$71,702 both of which are carry forwards from 2012-13. The remainder of the variance is spread across several projects. The additional expenditure is funded by carry forward from the previous financial year.



f) The balance of the increase in budgeted costs is spread across several projects.

18. Motor Vehicle Replacements

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$2,738,500	\$2,552,577	(\$185,923)

The net decrease in motor vehicle replacements is attributable to a reduction of (\$115,000) in respect of an Isuzu NPR400 Crewcab with Sidelifter which was expected in 2013-14 but was replaced in the previous financial year. In addition, an increase of \$11,540 arose for a vehicle included in the previous year's budget but delivered this year, for which money was carried forward from the previous financial year. The balance of the variance is due to variations in cost and specifications compared to original budget estimates. The reduction has also resulted in a reduction to the transfer from the Vehicle and Plant Replacement reserve (refer 21 (d)).

19. Surplus Carried Forward

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$1,735,647	\$986,719	(\$748,928)

The revised budget brought to account the actual surplus carried forward from the previous financial year as reported in the 2012-13 audited financial statements.

20. Recoupment of Materials Recovery Facility Funding

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$229,557	-	(\$229,557)

The City's outstanding recoverable capital contribution for the Materials Recovery Facility was in the original budget to be fully recovered in the current financial year. The actual balance due is presently being investigated and recovery of that balance may not occur before 30 June 2014.

21. Transfer from Reserves

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$18,480,027	\$25,303,600	\$6,823,573

The increase in transfer from reserves of \$6,823,573 is made up of the following variations:

Increases

a) Capital Works Carried Forward	7,856,191
b) Contribution to Joondalup Arena Upgrade	1,000,000
Other	253

Decreases

c) Waste Management	(473,086)
d) Vehicle and Plant Replacement	(197,463)
e) Joondalup Performing Art and Cultural Facility	(670,564)
f) Strategic Asset Management	(568,349)
g) Public Art	(98,409)
h) Parking Facility	(25,000)
	\$6,823,573

- a) Funds for uncompleted Capital Works carried forward at the end of the previous financial year exceeded the budget estimate by \$8,265,942 resulting in the additional transfer from the reserve in the revised budget.
- b) To partly fund the City of Joondalup's contribution, to the Arena Joondalup upgrade.
- c) Revised Waste Management deficit subsidised from the Reserve is lower than budgeted due to lower net expenditure on waste management operations.
- d) Lower fleet replacement expenditure compared to budget is the main driver in the reduced transfer from this reserve.
- e) Funding from reserve is lower due to reduced expenditure anticipated against the Joondalup Performing Arts and Cultural Facility project.
- f) The reduction in the transfer from this reserve is mainly driven by lower funding for the Warwick Leisure Centre Extension, Animal Care Centre and Joondalup Library and Reception Centre Chillers projects, partly offset by additional funding for the Currabine Community Centre, Padbury Child Health Centre and Joondalup City Centre Commercial Office Development. Funding for the Padbury Child Health Centre project is expected to be reimbursed to the Strategic Asset Management reserve when the land occupied by the Craigie Child Health Centre is able to be disposed of as a result of this project.
- g) The Public Art project will now be undertaken in the 2014-15 financial year.
- h) Transfer from reserve is marginally lower than estimates due to lower anticipated expenditure on Parking Sensor Technology for the Timed Parking Bays project.



22. Transfer to Reserves

Adopted Budget 2013-14	Revised Budget 2013-14	Variance Increase/ (Decrease)
\$3,788,217	\$5,545,978	\$1,757,761

The increase in transfer to reserves of \$1,757,761 is made up of the following variations:

Increases

a) Tamala Park Land Sales Reserve	666,666
b) Marmion Car Park Reserve	1,680,967
c) Public Art Reserve	50,064
d) Interest earned on reserve funds	134,001

Decreases

e) Waste Management Reserve	(229,557)
f) Long Service Leave Reserve	(102,999)
g) Parking Facility	(441,381)
	\$1,757,761

- a) The transfer to this new reserve represents the City's share of the first dividend payment received from the Tamala Park Regional Council.
- b) The transfer to this new reserve comprises the contribution received from the Department of Lands as well as unspent City of Joondalup funds brought forward from the previous year for the Car Park project next to the Marmion Angling and Aquatic Club.
- c) This amount represents the unspent portion of funds allocated in the current financial year to the Public Art project, which has now been deferred to the next financial year.
- d) Interest earned on reserve funds reflects the higher average reserve balance compared to budget, in spite of the lower overall return on investment.
- e) This variance represents the previously anticipated recoupment of the City's contribution to the Materials Recovery Facility, which is not expected to eventuate before the end of the current financial year.
- f) This represents a reduction in the estimated rise in long service leave – noncurrent provision.
- g) The reduced transfer to the reserve represents a lower anticipated operating surplus from parking operations.