

City of Joondalup  
Revised Budget Rate Setting Statement 2014/15

	Note	Dec YTD Budget	Dec YTD Actual	Variance YTD \$	Adopted Budget	Revised Budget	Variance \$	Variance %
<b>OPERATING REVENUE</b>								
General Rates	1	(85,912,005)	(86,263,773)	(351,768)	(86,062,005)	(86,422,561)	(360,556)	(0%)
Specified Area Rates		(404,333)	(417,393)	(13,060)	(404,333)	(416,610)	(12,277)	(3%)
Grants and Subsidies		(1,930,725)	(1,953,847)	(23,122)	(4,095,510)	(4,111,633)	(16,123)	(0%)
Contributions and Reimbursements	2	(991,076)	(861,255)	129,821	(1,477,802)	(1,214,794)	263,008	18%
Profit on Asset Disposals	3	(407,489)	(1,296,730)	(889,241)	(431,228)	(1,683,375)	(1,252,147)	(290%)
Fees and Charges	4	(30,503,261)	(30,186,429)	316,832	(39,103,040)	(38,342,565)	760,475	2%
Interest Earnings	5	(2,344,405)	(2,754,870)	(410,464)	(4,027,651)	(4,493,312)	(465,661)	(12%)
Other Revenue/Income	6	(75,500)	(268,066)	(192,566)	(123,000)	(317,921)	(194,921)	(158%)
<b>Total Operating Revenue</b>		<b>(122,568,795)</b>	<b>(124,002,363)</b>	<b>(1,433,568)</b>	<b>(135,724,569)</b>	<b>(137,002,772)</b>	<b>(1,278,202)</b>	<b>(1%)</b>
<b>OPERATING EXPENSES</b>								
Employee Costs	7	30,278,714	30,184,434	(94,280)	58,065,566	58,318,483	252,917	0%
Materials and Contracts	8	26,544,255	21,762,130	(4,782,124)	50,669,374	50,148,780	(520,594)	(1%)
Utilities (gas, electricity, water etc.)	9	3,098,296	2,780,359	(317,937)	6,165,121	6,073,043	(92,078)	(1%)
Depreciation of Non-Current Assets	10	9,696,489	13,837,434	4,140,945	19,331,487	27,398,575	8,067,088	42%
Loss on Asset Disposals	11	1,180,196	122,842	(1,057,354)	1,275,392	1,367,973	92,581	7%
Interest Expenses	12	212,544	211,997	(547)	616,230	486,686	(129,544)	(21%)
Insurance Expenses		1,632,623	1,596,995	(35,628)	1,639,249	1,595,587	(43,662)	(3%)
<b>Total Operating Expenses</b>		<b>72,643,116</b>	<b>70,496,191</b>	<b>(2,146,925)</b>	<b>137,762,420</b>	<b>145,389,127</b>	<b>7,626,708</b>	<b>6%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>(49,925,679)</b>	<b>(53,506,172)</b>	<b>(3,580,493)</b>	<b>2,037,851</b>	<b>8,386,356</b>	<b>6,348,506</b>	<b>312%</b>
<b>NON-CASH MOVEMENTS</b>								
Depreciation on Assets		(9,696,489)	(13,837,434)	(4,140,945)	(19,331,487)	(27,398,575)	(8,067,088)	(42%)
Loss on Disposals		(1,180,196)	(122,842)	1,057,354	(1,275,392)	(1,367,973)	(92,581)	(7%)
Profit on Disposals		(212,544)	(211,997)	547	431,228	1,683,375	1,252,147	290%
Other Non-Current Items		(1,632,623)	(1,596,995)	35,628	(120,000)	(120,000)	-	0%
<b>OPERATIONS' CASH (SURPLUS)/DEFICIT</b>		<b>(62,647,531)</b>	<b>(69,275,440)</b>	<b>(6,627,909)</b>	<b>(18,257,800)</b>	<b>(18,816,817)</b>	<b>(559,016)</b>	<b>(3%)</b>
<b>CAPITAL REVENUE</b>								
Capital Grants and Subsidies	13	(4,491,007)	(5,229,752)	(738,745)	(9,277,327)	(8,467,950)	809,377	9%
Capital Contributions	14	-	(316,076)	(316,076)	-	(316,076)	(316,076)	(100%)
Equity Distribution - TPRC	15	-	-	-	(2,500,000)	(5,166,667)	(2,666,667)	(107%)
Acquired Infrastructure Assets		-	-	-	(500,000)	(500,000)	-	0%
<b>Total Capital Revenue</b>		<b>(4,491,007)</b>	<b>(5,545,828)</b>	<b>(1,054,821)</b>	<b>(12,277,327)</b>	<b>(14,450,692)</b>	<b>(2,173,365)</b>	<b>(18%)</b>
<b>CAPITAL EXPENDITURE</b>								
Capital Projects	16	2,402,163	1,389,348	(1,012,815)	5,338,865	4,501,541	(837,324)	(16%)
Capital Works	17	19,156,954	13,235,698	(5,921,256)	44,446,548	39,243,145	(5,203,403)	(12%)
Motor Vehicle Replacements		1,209,686	378,156	(831,530)	2,295,686	2,312,496	16,810	1%
Loan Repayment Principal	18	689,472	689,472	-	1,804,454	1,573,339	(231,115)	(13%)
Equity Investments		-	(2,333,333)	(2,333,333)	42,135	42,135	-	0%
<b>Total Capital Expenditure</b>		<b>23,458,275</b>	<b>13,359,341</b>	<b>(10,098,934)</b>	<b>53,927,688</b>	<b>47,672,656</b>	<b>(6,255,032)</b>	<b>(12%)</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>18,967,268</b>	<b>7,813,514</b>	<b>(11,153,755)</b>	<b>41,650,361</b>	<b>33,221,964</b>	<b>(8,428,397)</b>	<b>(20%)</b>
<b>TOTAL OPERATING (SURPLUS)/DEFICIT</b>		<b>(43,680,263)</b>	<b>(61,461,927)</b>	<b>(17,781,664)</b>	<b>23,392,561</b>	<b>14,405,147</b>	<b>(8,987,413)</b>	<b>(38%)</b>
<b>FUNDING</b>								
Proceeds from Disposals		(3,619,450)	(1,813,786)	1,805,664	(3,890,150)	(3,892,150)	(2,000)	0.1%
Surplus Carried Forward	19	-	-	-	(146,474)	(1,065,447)	(918,973)	627.4%
Recoupment of MRF Funding		-	-	-	-	-	-	0.0%
Loans	20	-	-	-	(13,045,423)	(8,500,000)	4,545,423	(34.8%)
Transfer from Trust Fund		-	-	-	(296,395)	(283,808)	12,587	(4.2%)
Transfer from Reserves	21	-	-	-	(15,521,228)	(14,616,451)	904,777	(5.8%)
Transfer to Reserves	22	-	-	-	8,970,004	12,002,767	3,032,763	33.8%
Transfer to Accumulated Surplus		-	-	-	500,000	500,000	-	0.0%
<b>CLOSING FUNDS</b>		<b>(47,299,713)</b>	<b>(63,275,713)</b>	<b>(15,976,000)</b>	<b>(37,105)</b>	<b>(1,449,943)</b>	<b>(1,412,836)</b>	<b>578%</b>

**NOTES TO AND FORMING PART OF THE REVISED BUDGET  
STATEMENT FOR THE 2014-15 FINANCIAL YEAR**

**NOTES TO AND FORMING PART OF THE REVISED 2014-15 BUDGET STATEMENT**

**1. General Rates**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$86,062,005	\$86,422,561	\$360,556

The net increase of \$360,566 mainly comprises additional rates arising from interim valuations received after the budget was finalised and estimated rates on areas of new developments.

**2. Contributions, Reimbursements and Donations**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$1,477,802	\$1,214,794	(\$263,008)

The net decrease in contributions and reimbursements of (\$263,008) is comprised of the following major variations:

**Increases**

a) Legal Fees Recoverable	28,627
b) Marmion Avenue Median Reimbursements	23,648
c) Sponsorships	18,450

a) Legal Fees Recoverable is higher than the original budget mainly due to higher expected legal costs arising from action against defaulting ratepayers and users of parking facilities. This corresponds to increased associated expenditure arising from such legal action (Refer 8a below).

b) Marmion Avenue Median cost reimbursements from Main Roads WA include \$23,148 pertaining to the 2013-14 financial year that was expected to be received by 30 June 2014.

c) The increase in sponsorship revenue comprises the Valentines Concert \$12,000, Joondalup Festival \$7,450 and Little Feet Festival \$4,400 partially offset by lower sponsorships (\$5,400) for the Music in the Park events.

**Decreases**

d) Sale of Recyclable Materials-Materials Recovery Facility	(315,060)
e) Advertising reimbursements	(12,838)
f) Other Miscellaneous Contributions & Re-imburements	(5,835)

- d) Income from the sale of Recyclable Materials is (\$315,060) lower than previously anticipated due to the closure of the Wanneroo Materials Recovery Facility. The loss of income is offset by savings in waste disposal (Refer 8d below)
- e) Advertising reimbursements are expected to be lower than previously estimated corresponding to reduced advertising expenditure in the revised budget.
- f) The net decrease in miscellaneous reimbursements is spread across a number of areas. This includes decreases for Book Losses Recoveries (\$2,500), and Other Miscellaneous Reimbursements (\$16,774) offset by increases for Utility Charge reimbursement \$6,899, Employee Contribution to Car Benefit \$4,789 and Insurance Reimbursement \$2,340.

### 3. Profit on Asset Disposals

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$431,228	\$1,683,375	\$1,252,147

The increase is due primarily to the City of Joondalup's share of gains on the disposal of developed residential land by Tamala Park Regional Council (TPRC).

### 4. Fees and Charges

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$39,103,040	38,342,565	(\$760,475)

The net decrease in Fees and Charges of (\$760,475) is made up of the following major variations:

#### **Increases**

a) Refuse Charges	81,018
b) Swimming Pool Inspection Fees	60,049
c) Learn to Swim Program	39,410
d) Other Building and Development Charges	30,000
e) Land Purchase Enquiries	27,760
f) Other Fees and Charges	5,670

- a) The budget has been adjusted to reflect revenue from additional domestic refuse removal charges arising from new residential developments during the financial year.

- b) The increase is driven by additional and follow-up pool inspections that were conducted in the first part of the year.
- c) Additional enrolments into the Learn to Swim program translate into a 2% rise in fee revenue.
- d) This is due to higher building and development activity than originally forecast.
- e) This increase is due to a higher volume of property ownership changes.
- f) Other variations are spread across various business areas and are not individually material.

**Decreases**

g) Membership Fees	(272,409)
h) Parking Infringements	(218,000)
i) On Street Parking	(205,000)
j) Other Sports and Recreation	(119,519)
k) Local Government Act Costs & Fines	(70,000)
l) Admission Fees	(69,180)
m) Personal Training	(50,274)

- g) Leisure Centre memberships and casual attendance sales are lower than originally estimated mainly for the Fitness Centre, Group Fitness and Pool areas.
- h) This decrease is a result of fewer paid Parking Infringements issued than previously anticipated.
- i) The decrease in revenue is due to the reduced use of parking facilities and the removal of Saturday morning parking fees.
- j) The original budget included \$129,000 revenue for a new program at the Leisure Centre for small group training which has been removed. The program has not been implemented due to lower than expected interest and participation in the pilot program.
- k) Revenue from Building, Planning and Environmental Health non-compliance fines is lower than originally forecast although there have been some significant successful prosecutions. This is due partly to the fines being paid in instalments through the Fines Enforcement Registry rather than paid in full.
- l) The forecast revenue for Admission Fees at the Leisure Centre has been reduced due to lower than anticipated casual attendances over a number of areas including the Fitness Centre, Group Fitness and Aqua-Aerobics.

- m) The decrease in revenue is due to lower than expected Personal Training sessions booked.

**5. Interest Earnings**

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$4,027,651	\$4,493,312	\$465,661

The increase includes \$422,801 in interest earnings on investments mainly due to higher investment of funds for longer periods than originally estimated. The balance of \$42,860 relates to higher than estimated interest on the late payment of rates, instalment options and Pensioner Deferred Rates.

**6. Other Revenue**

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$123,000	\$317,921	\$194,921

The increase in other revenue of \$194,921 mainly arises from an unbudgeted insurance rebate of \$162,015 received from the Local Government Insurance Scheme (LGIS). In addition estimated revenue for the City's share of advertising revenue on Adshel bus shelters has increased by \$30,204.

**7. Employee Costs**

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$58,065,566	\$58,318,483	\$252,917

The net increase in employee costs of \$252,917 is made up of the following major variations:

**Increases**

- a) Agency Employee Costs 600,523

- a) This variance is due to higher use of Agency Employees to cover vacant positions.

**Decreases**

- b) Employee Cost Allocation and Recovery (106,390)  
c) Salaries and Wages (218,677)

d) Other Employment Costs (22,539)

b) Capital Labour Recoveries are (\$106,390) above budget due to an increase in the utilisation of internal labour on capital works.

c) Savings in Salaries and Wages of \$695,065 arose mainly due to vacant positions across the City. This is partly offset by an increase of (\$476,388) in the movement of the Provision for Employee Entitlements which is dependent on the timing of annual and long service leave taken.

d) Other variations are spread across a number of areas and are not individually material.

## 8. Materials and Contracts

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$50,669,374	\$50,148,780	(\$520,594)

The net decrease in material and contracts of (\$520,594) is made up of the following major variations:

### **Increases**

a) Professional Fees and Charges	226,177
b) Furniture and Equipment	200,894
c) Administration	68,477

a) This increase includes Consultancy \$156,940 which is funded by carry forward from the previous financial year, Landgate Valuation Fees \$39,979 due to Triennial Revaluation fees being higher than estimated and Recoverable Legal Expenses \$22,344 for actions against defaulting rate payers which corresponds to an increase in associated revenue (refer 2a above).

b) Plant and Equipment repairs and maintenance expenditure is \$61,670 higher than the adopted budget, which includes \$47,479 for the Leisure Centres mainly due to unplanned works associated with the aquatic facilities and \$15,000 for the re-programming of the parking ticket machines. Increases also arose for Equipment Hire \$61,164, which is spread across a number of events and functions, Minor Equipment Purchases \$38,958 and Computer Equipment Purchases \$37,867.

c) This increase in expenditure includes \$91,307 for Sundry Administration Expenses and Printing which is funded by carry forward from the previous financial year. This is partly offset by a decrease in Stationery expenditure of (\$23,405).

**Decreases**

d) External Service Expenses	(797,024)
e) Other Materials	(111,287)
f) Computing	(34,128)
g) Other	(73,703)

d) The decrease in External Services Expenses includes (\$919,980) for Tipping Fees predominantly due to the revised budgeted increase in the gate fee being from 1 January 2015 instead of July 2014 as projected in the original budget. This is partly offset by net increases in External Contractors and Services of \$96,166 mainly due to the use of a cleaning contractor for buildings instead of the internal workforce and Program Activities \$29,050. It is also partly offset by a reduction in recyclable income (Refer 2d above).

e) This decrease includes (\$96,710) for Materials for building maintenance predominantly due to the switch to external contract cleaners, offsetting the increase in External Contractors and Services noted in (d) above. The balance of the variance is spread across a number of accounts and is not material.

f) This variance includes a decrease in Software Licences (\$21,393) mainly due to the timing of implementation and Software Maintenance (\$10,357).

g) The variance includes decreases for Contributions and Donations (\$32,068), Telephones and Communications (\$30,335), Accommodation and Property (\$27,332) and Waste Management Services (\$26,953). These are partly offset by increases for Public Relations, Advertising and Promotions \$33,867 and Member Costs \$14,450.

**9. Utilities**

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$6,165,121	\$6,073,043	(\$92,078)

This decrease comprises a net decrease in electricity costs of (\$86,043) including a reduction in Street Lighting costs of (\$46,246) with the balance spread across other areas based on current usage and charges. In addition, Water consumption charges are (\$6,803) below original budget.

**10. Depreciation of Non-Current Assets**

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$19,331,487	\$27,398,575	\$8,067,088

This increase includes depreciation on Infrastructure Assets of \$7,881,565 which is primarily due to higher depreciation charges as a result of the fair value revaluation of assets in 2013-14. In addition, depreciation on Property, Plant and Equipments Assets is \$185,522 higher than originally estimated due to newly acquired and constructed assets added into the depreciation schedule after the budget was approved.

### 11. Loss on Asset Disposals

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$1,275,392	\$1,367,973	\$92,581

The variance arises from higher losses expected on disposal of fleet assets.

### 12. Interest Expenses

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$616,230	\$486,686	(\$129,544)

The decrease in Interest Expenses is mainly due to a reduction in the proposed loan for the Multi Storey Car Park in addition to the loan expected to be drawn down later than originally planned.

### 13. Capital Grants and Subsidies

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$9,277,327	\$8,467,950	(\$809,377)

The net decrease in capital grants and subsidies of (\$809,377) is made up of the following major variations:

#### **Increases**

a) Major Road Construction	293,333
b) Parks Equipment	82,413
c) Major Building Capital Works	41,578

- a) This increase relates to the final grant claim received for the Hodges Drive duplication project which was budgeted to be received in the previous financial year.

- b) The increase in the Parks Equipment program grants arose on three sports floodlighting projects which were carried forward from the previous financial year.
- c) This arises from a grant which is to be received from FESA for the Wanneroo / Joondalup SES Facility extension project that was rolled over from the previous financial year.

**Decreases**

d) Major Projects Program	(750,000)
e) Blackspot Projects	(364,478)
f) Road Preservation and Resurfacing	(106,773)
Other	(5,450)

- d) The grant of (\$750,000) budgeted to be received for the Bramston Park Facility project is not expected to be received before the end of this financial year.
- e) This decrease is mainly due to unsuccessful State Blackspot funding applications for projects at Joondalup Drive / Shenton Avenue intersection (\$240,000) and Hepburn Avenue and Wanneroo Road (\$200,000), which have consequently been scoped down. In addition a decrease of (\$19,746) arose for Marmion Avenue and Warwick Road due to the project being completed below original budget. These are partly offset by grants received totalling \$96,754 for projects carried forward from 2013-14.
- f) The decrease is primarily due to a shortfall in the Federal Local Road Grant allocation of (\$148,920) compared to original budget estimates partly offset by an increase of \$42,147 in other road grants.

**14. Capital Contributions**

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$0	\$316,076	\$316,076

The net increase in capital contributions of \$316,076 is made up of the following major variations:

**Increases**

a) Parks Equipment	94,779
b) Local Traffic Management	89,564
c) Fleet and Plant	78,021
d) Parking Facilities	48,712
Other	5,000

- a) Contributions from respective clubs for sports floodlighting projects at Prince Regent Park and Sorrento Bowling Club which were budgeted to be received in the previous financial year are now to be received in the current financial year.
- b) This increase is due to a contribution from Landcorp to upgrade traffic treatments at Albion Street / Marmion Avenue intersection as part of the terms of the Craigie High School subdivision. This work is programmed for 2016-17 and the money will be held in reserve until then.
- c) This relates to a vehicle that was transferred to the City by the Department of Fire and Emergency Services for use by Wanneroo – Joondalup SES which is offset by corresponding capital expenditure.
- d) The contribution from Hillarys Primary School for parking embayments constructed in 2013-14 at the Kiss and Ride facility which was budgeted to be received in the previous financial year will now be received this financial year.

#### **15. Equity Distribution – Tamala Park Regional Council**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$2,500,000	\$5,166,667	\$2,666,667

The increase in equity distribution is due to the City's share of additional interim dividends expected to be received from the Tamala Park Regional Council based on its dividend payment projection. These funds will be transferred to reserve.

#### **16. Capital Projects**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$5,338,865	\$4,501,541	(\$837,324)

The net decrease in capital projects of (\$837,324) is made up of the following major variations:

##### **Increases**

Other 2,585

##### **Decreases**

- a) Warwick Leisure Centre (690,909)
- b) Materials Recovery Facility (MRF) (125,000)

c) Expansion Joints Craigie Leisure Centre Aquatic Tiles (24,000)

- a) The second contribution for the Warwick Leisure Centre upgrade will now be paid in 2015-16 year due to a rescheduling of the project.
- b) The MRF has now closed. The funds will therefore no longer be required and will remain in the reserve account.
- c) This project has been completed below budget.

### 17. Capital Works

Adopted Budget 2014-15	Revised Budget 2014-15	Variance Increase / (Decrease)
\$44,446,548	\$39,243,145	(\$5,203,403)

The net decrease in capital works of (\$5,203,403) is made up of the following major variations:

#### **Increases**

a) Stormwater Drainage	335,728
b) Parks Development	263,136
c) Building Capital Works	211,459
d) Parks Equipment	176,855
e) Street Lighting	104,110
f) Parking Facilities	97,260
g) Other	43,956

- a) This increase includes \$175,000 for the Stormwater Drainage Upgrade program to cover additional works required at Marri Park (\$46,315) to reduce ongoing erosion and proposed works for Hepburn Avenue (\$76,144) to reduce the pooling of water on the eastbound carriageway, in addition to a number of drainage projects which are expected to be completed over the original estimates including Sherrington Road \$35,000, Hester Way \$23,047 and Porteous Road and Parnell Avenue \$11,000. This increase also includes \$81,244 for Otago Park Sump which is met by funds carried forward from 2013-14.
- b) A revised scope of works for Broadbeach / Flinders Park Upgrades, arising from additional remedial work to the fence and pillars on the retaining wall, variations to irrigation works and new infrastructure including path networks for improved connectivity and new infrastructure that transpired after the original design was completed, has resulted in an increased project cost of \$264,570.

- c) This variance is mainly driven by expenditure to complete the Joondalup Library and Reception Centre chiller replacement project \$150,992, of which \$35,000 was brought forward from 2013-14, and the Wanneroo / Joondalup SES facility extension \$34,708 which is also a carry forward from 2013-14.
- d) A number of projects totalling \$124,610 have been rolled over from the previous financial year which will be funded from monies brought forward. Additional works have been added to the Disabled Facilities for Parks program of \$104,850 and for bollard renewal at Broadbeach Park \$22,200. These are partly offset by net savings against budget estimates of (\$74,805) across a number of projects including Hilton Park and Illawong Park.
- e) This increase includes Joondalup City Centre Street Lighting \$159,742, of which \$157,212 has been carried forward from 2013-14. Additional works of \$40,000 have been brought forward from 2015-16 for the Warrigal Park to Kurrajong Park new lighting project which is to be funded from savings for Candlewood Boulevard (\$50,820), Collier Pass (\$29,841) and Twickenham Drive (\$11,022).
- f) Higher costs are anticipated for Whitfords Nodes South parking embayments \$93,005 as a result of an increase in the scope of works. In addition, anticipated costs for additional parking at Admiral Reserve are \$32,668 higher than estimated, partly offset by lower costs for Mawson Park (\$28,412).
- g) The balance of the increase in costs is spread across several projects.

#### Decreases

h) Major Projects	(5,822,475)
i) Streetscape Enhancement	(320,138)
j) Blackspot Projects	(293,294)
	<b><u>(\$5,203,403)</u></b>

- h) The variance is driven by reduced expenditure on a number of projects that have been rescheduled for completion after the end of the current financial year. This includes the Multi Storey Car Park (\$3,316,970), Bramston Park Facility (\$2,519,000) and the Synthetic Hockey Pitch (\$1,076,423). These projects are funded from reserves, grants and loans and do not impact on surplus funds. In addition increases in expenditure arose for the Marmion Angling and Aquatic Club Car Park \$890,598 as well as Delamere Park \$148,472 and Currambine Community Centre \$88,809, partly offset by a decrease for Padbury Kindergarten (\$84,669), which are all funded from reserves.
- i) The required expenditure for Shenton Avenue Landscaping has decreased by (\$508,311) based on the rationalised design which is partly offset by an increase in expenditure for the Streetscape Renewal Program of \$165,000.

- j) This decrease arose mainly from Joondalup Drive / Shenton Avenue intersection (\$310,408) and Hepburn Avenue and Wanneroo Road (\$217,293), with the scope of these projects having to be reduced due to unsuccessful State Blackspot grant funding applications of (\$440,000). Additional decreases arose for Marmion Avenue and Warwick Road (\$49,746) and Hepburn Avenue and Gibson Avenue (\$34,820), due to funding changes. These decreases are partly offset by an increase of \$306,174 for Ocean Reef Road / Swanson Way intersection which is funded by a combination of \$112,141 carried forward from 2013-14, \$51,200 grant funds, and the balance from savings as detailed above.

#### **18. Loan Repayment Principal**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$1,804,454	\$1,573,339	(\$231,115)

The decrease is primarily due to a reduction in the proposed loan for the Multi Storey Car Park in addition to the loan being drawn down later than originally planned.

#### **19. Surplus Carried Forward**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$146,474	\$1,065,447	\$918,973

The revised budget brought to account the actual surplus carried forward from the previous financial year as reported in the 2013-14 audited financial statements.

#### **20. Loans**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$13,045,423	\$8,500,000	(\$4,545,423)

The proposed loan required for the Multi Story Car Park is (\$1,500,000) lower than originally estimated. In addition loans for the Synthetic Hockey (\$1,276,423) and Bramston Park (\$1,769,000) projects will not be drawn this financial year due to project timing.

#### **21. Transfer from Reserves**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$15,521,228	\$14,616,451	(\$904,777)

The increase in transfer from reserves of \$904,777 is made up of the following variations to reserves:

**Increases**

a) Capital Expenditure Carried Forward	929,291
b) Cash In Lieu of City Centre Parking	646,740
c) Marmion Car Park	890,598
Other	7,988

- a) Funds for uncompleted Capital Works and Projects carried forward at the end of the previous financial year exceeded the budget estimate by \$929,291 resulting in the additional transfer from the reserve in the revised budget.
- b) The balance of the reserve at the beginning of the financial year is to be fully applied to fund the construction of the Multi Storey Car Park.
- c) Funds transferred to this reserve at the end of the previous financial year exceeded the budget estimate. These additional funds are now forecast to be expended on the project this financial year.

**Decreases**

d) Waste Management	(314,353)
e) Strategic Asset Management	(601,299)
f) Parking Facility	(2,463,742)

- d) The budgeted transfer from reserve to fund the Waste Management operations deficit is no longer required. Estimated lower net expenditure is expected to result in a surplus from waste management operations.
- e) The reduction in the transfer from this reserve is mainly driven by the deferral of funding for the Warwick Leisure Centre Extension (\$690,909) until 2015-16 and reduced funding requirements for Padbury Kindergarten (\$84,669) and Land Purchase (\$58,002). These are partly offset by additional funding for the Currambine Community Centre \$88,809 and Delamere Park \$143,472.
- f) The development program for the Multi Storey Car Park project now provides for completion in early 2015-16 which has reduced the drawn down required from this reserve in the current financial year.

## **22. Transfer to Reserves**

<b>Adopted Budget 2014-15</b>	<b>Revised Budget 2014-15</b>	<b>Variance Increase / (Decrease)</b>
\$8,970,004	\$12,002,767	\$3,032,763

The increase in transfer to reserves of \$3,032,763 is made up of the following variations to reserves:

### **Increases**

a) Waste Management	481,342
b) Tamala Park Land Sales	2,666,667
c) Capital Expenditure Carried Forward	89,564
d) Vehicle and Plant Replacement	61,211
e) Interest earned on reserve funds	127,128

- a) This represents the surplus resulting from the reduction in the estimated net expenditure for Waste Management operations.
- b) The increase in the transfer to this reserve represents an increase in the City's expected share of dividends from the Tamala Park Regional Council.
- c) This increase represent a contribution from Landcorp to upgrade traffic treatments at Albion Street / Marmion Avenue intersection as part of the terms of the Craigie High School subdivision to be held in reserve until the work is completed in 2016-17.
- d) Lower fleet expenditure compared to budget has resulted in an increase in the transfer to this reserve.
- e) Interest earned on reserve funds reflects the higher average reserve balance compared to budget, in spite of the lower overall return on investment.

### **Decreases**

f) Parking Facility	(393,149)
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- f) The reduced transfer to the reserve represents a lower anticipated operating surplus from parking operations.