

**City of Joondalup  
 Revised Budget Rate Setting Statement 2016/17**

	Note	Dec YTD Budget	Dec YTD Actual	Variance YTD \$	Adopted Budget	Adopted Budget - As Amended CJ220-12/16	Revised Budget	Variance to Budget (Amended) \$	Variance %
<b>OPERATING REVENUE</b>									
General Rates	1	(94,684,221)	(94,764,984)	(80,763)	(94,774,221)	(94,774,221)	(94,843,059)	(68,838)	(0%)
Specified Area Rates		(498,521)	(502,432)	(3,911)	(498,521)	(498,521)	(498,517)	4	0%
Grants and Subsidies	2	(1,979,286)	(1,962,681)	16,605	(3,982,230)	(3,982,230)	(3,756,214)	226,017	6%
Contributions and Reimbursements	3	(446,487)	(441,071)	5,416	(835,508)	(835,508)	(831,378)	4,130	0%
Profit on Asset Disposals	4	(825,737)	(890,889)	(65,152)	(1,445,737)	(1,445,737)	(1,837,559)	(391,822)	(27%)
Fees and Charges	5	(30,539,010)	(30,803,523)	(264,513)	(39,449,489)	(39,449,489)	(39,626,923)	(177,434)	(0%)
Interest Earnings	6	(1,940,506)	(2,414,552)	(474,046)	(3,095,742)	(3,095,742)	(3,888,666)	(792,924)	(26%)
Other Revenue/Income	7	(92,250)	(86,212)	6,038	(162,100)	(162,100)	(151,215)	10,885	7%
<b>Total Operating Revenue</b>		<b>(131,006,017)</b>	<b>(131,866,344)</b>	<b>(860,326)</b>	<b>(144,243,548)</b>	<b>(144,243,548)</b>	<b>(145,433,530)</b>	<b>(1,189,982)</b>	<b>(1%)</b>
<b>OPERATING EXPENSES</b>									
Employee Costs	8	32,982,422	31,740,901	(1,241,521)	63,641,713	63,641,713	63,697,028	55,315	0%
Materials and Contracts	9	25,181,160	21,879,505	(3,301,655)	51,463,531	53,713,531	53,251,250	(462,281)	(1%)
Utilities (gas, electricity, water etc.)	10	2,994,395	2,562,070	(432,325)	6,026,467	6,026,467	5,822,705	(203,762)	(3%)
Depreciation of Non-Current Assets	11	14,867,229	15,208,114	340,885	29,488,636	29,488,636	29,116,953	(371,683)	(1%)
Loss on Asset Disposals	12	473,258	47,478	(425,780)	538,327	538,327	519,927	(18,400)	(3%)
Interest Expenses		275,413	310,029	34,616	619,754	619,754	602,497	(17,258)	(3%)
Insurance Expenses	13	1,557,287	1,525,468	(31,819)	1,558,487	1,558,487	1,520,001	(38,486)	(2%)
<b>Total Operating Expenses</b>		<b>78,331,165</b>	<b>73,273,565</b>	<b>(5,057,599)</b>	<b>153,336,915</b>	<b>155,586,915</b>	<b>154,530,361</b>	<b>(1,056,555)</b>	<b>(1%)</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>(52,674,853)</b>	<b>(58,592,779)</b>	<b>(5,917,925)</b>	<b>9,093,367</b>	<b>11,343,367</b>	<b>9,096,831</b>	<b>(2,246,537)</b>	<b>(25%)</b>
<b>NON-CASH MOVEMENTS</b>									
Depreciation on Assets		(14,867,229)	(15,208,114)	(340,885)	(29,488,636)	(29,488,636)	(29,116,953)	371,683	1%
Loss on Disposals		(473,258)	(47,478)	425,780	(538,327)	(538,327)	(519,927)	18,400	3%
Profit on Disposals		825,737	890,889	65,152	1,445,737	1,445,737	1,837,559	391,822	27%
Other Non-Current Items	14	100,000	(129,719)	(29,719)	100,000	100,000	(100,000)	(200,000)	200%
<b>OPERATIONS' CASH (SURPLUS)/DEFICIT</b>		<b>(67,089,603)</b>	<b>(73,087,201)</b>	<b>(5,997,597)</b>	<b>(19,387,860)</b>	<b>(17,137,860)</b>	<b>(18,802,490)</b>	<b>(1,664,632)</b>	<b>(9%)</b>
<b>CAPITAL REVENUE</b>									
Capital Grants and Subsidies	15	(5,987,591)	(5,497,500)	490,091	(13,280,097)	(13,280,097)	(12,641,313)	638,784	5%
Capital Contributions	16	(217,546)	(414,416)	(196,870)	(862,273)	(862,273)	(937,138)	(74,865)	(9%)
Equity Distribution - TPRC		(916,667)	(833,333)	83,334	(1,833,333)	(1,833,333)	(1,833,333)	-	0%
<b>Total Capital Revenue</b>		<b>(7,121,804)</b>	<b>(6,745,249)</b>	<b>376,555</b>	<b>(15,975,703)</b>	<b>(15,975,703)</b>	<b>(15,411,784)</b>	<b>563,919</b>	<b>4%</b>
<b>CAPITAL EXPENDITURE</b>									
Capital Projects	17	8,451,017	1,893,448	(6,557,569)	15,271,101	15,271,101	4,537,505	(10,733,596)	(70%)
Capital Works	18	15,742,811	18,587,479	2,844,668	41,304,158	41,304,158	43,824,014	2,519,856	6%
Motor Vehicle Replacements	19	1,841,600	801,237	(1,040,363)	2,440,600	2,440,600	2,458,227	17,627	1%
Loan Repayment Principal	20	1,119,503	1,051,949	(67,554)	2,262,910	2,262,910	2,126,295	(136,615)	(6%)
Equity Investments		-	-	-	47,443	47,443	47,443	-	0%
<b>Total Capital Expenditure</b>		<b>27,154,931</b>	<b>22,334,113</b>	<b>(4,820,818)</b>	<b>61,326,212</b>	<b>61,326,212</b>	<b>52,993,484</b>	<b>(8,332,728)</b>	<b>(14%)</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>20,033,127</b>	<b>15,588,864</b>	<b>(4,444,263)</b>	<b>45,350,509</b>	<b>45,350,509</b>	<b>37,581,700</b>	<b>(7,768,809)</b>	<b>(17%)</b>
<b>TOTAL OPERATING (SURPLUS)/DEFICIT</b>		<b>(47,056,475)</b>	<b>(57,498,337)</b>	<b>(10,441,860)</b>	<b>25,962,650</b>	<b>28,212,650</b>	<b>18,779,210</b>	<b>(9,433,441)</b>	<b>(36%)</b>
<b>FUNDING</b>									
Proceeds from Disposals	21	(6,406,804)	(2,162,984)	4,243,820	(7,769,454)	(7,769,454)	(7,774,154)	(4,700)	0.1%
Surplus Carried Forward	22	(650,932)	(3,083,830)	(2,432,898)	(650,932)	(650,932)	(3,083,830)	(2,432,898)	373.8%
Loans	23	-	-	-	(4,545,423)	(4,545,423)	(5,274,423)	(729,000)	16.0%
Transfer from Trust Fund	24	-	-	-	(95,000)	(95,000)	(205,000)	(110,000)	115.8%
Transfer from Reserves	25	-	-	-	(25,881,451)	(28,131,452)	(19,025,031)	9,106,421	(35.2%)
Transfer to Reserves	26	-	-	-	12,979,610	12,979,610	14,338,877	1,359,267	10.5%
					-		0		
<b>CLOSING FUNDS</b>		<b>(54,114,211)</b>	<b>(62,745,151)</b>	<b>(8,630,938)</b>	<b>(0)</b>	<b>(1)</b>	<b>(2,244,351)</b>	<b>(2,244,351)</b>	

**NOTES TO AND FORMING PART OF THE REVISED  
BUDGET STATEMENT FOR THE 2016-17 FINANCIAL  
YEAR**

**NOTES TO AND FORMING PART OF THE REVISED 2016-17 BUDGET STATEMENT**

**1. General Rates**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$94,774,221	\$94,843,059	\$68,838

This includes additional rates arising from interim valuations that are higher than estimated in the budget.

**2. Grants and Subsidies**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$3,982,230	\$3,756,214	(\$226,017)

The net decrease in Grants and Subsidies is made up of the following major variations:

Increases

a) Youth Projects	7,000
Other	800

Decreases

b) General Purpose Grant	(44,162)
c) SES Loan Reimbursement	(160,000)
d) Summer Events	(26,409)
Other	<u>(3,246)</u>
	<u>(226,017)</u>

- a) The City received an unbudgeted grant of \$7,000 from the Department of Local Government in respect of expenditure of printing of youth financial resources materials.
- b) The City's final Financial Assistance grant allocation is (\$44,162) lower than estimated in the original budget.
- c) This decrease is due to the SES Facility loan reimbursement being postponed to 2017-18 due to the deferral of borrowing to the latter part of 2016-17.
- d) The anticipated grant from Healthway (\$27,909) will not be received due to grant allocation being lower than anticipated.

### 3. Contributions, Reimbursements and Donations

Adopted Budget 2016-17	Revised Budget 2016-17	Variance Increase / (Decrease)
\$835,508	\$831,378	(\$4,130)

The net increase in Contributions, Reimbursements and Donations is made up of the following major variations:

Increases

a) Utility Charge	26,377
b) Insurance	22,144

Decrease

c) Legal Fees Recoverable	(20,100)
d) Other Miscellaneous Reimbursements	(29,127)
Other	<u>(3,424)</u>
	<u>(4,130)</u>

- a) This increase is predominantly due to the timing of on-charging of lease utility \$26,807 charges to lessees across a number of facilities.
- b) The increase is due to unbudgeted insurance reimbursements received.
- c) The decrease in Legal Fees Recoverable reflects reduced legal costs arising from action to recover outstanding rates.
- d) The reduction in Other Miscellaneous reimbursements is spread across a number of areas.

### 4. Profit on Asset Disposals

Adopted Budget 2016-17	Revised Budget 2016-17	Variance Increase / (Decrease)
\$1,445,737	\$1,837,559	\$391,822

This increase is due to the City of Joondalup's share in the gains on the disposal of developed residential land by Tamala Park Regional Council (TPRC) \$387,939 which was not part of the original budget and higher than estimated profit of \$3,883 on the disposal of vehicles.

## 5. Fees and Charges

Adopted Budget 2016-17	Revised Budget 2016-17	Variance Increase / (Decrease)
\$39,449,489	\$39,626,923	\$177,434

The net increase in Fees and Charges is made up of the following major variations:

### Increases

a) Membership Fee	139,864
b) Property Rental	131,729
c) Dog Registration Fee	84,659
d) Suburban Parking	70,737
e) Fines Enforcement Registry Fees	65,000
f) Domestic Refuse Removal Charges	48,446

### Decreases

g) On Street Parking	(155,046)
h) Building Licenses	(105,000)
i) Admission Fee	(96,626)
j) Other Fees and Charges	<u>(6,329)</u>
	<u>177,434</u>

- a) The increase is due to higher than anticipated memberships, arising from expanded promotional activities such as Road to Rio and Leisure awareness campaigns.
- b) Rental income based on current lease agreements is anticipated to be higher than original budget estimates.
- c) The number of Dog Registrations issued is anticipated to be higher due to the Door Knock campaign in 2017.
- d) Suburban Parking income is anticipated to be higher than budget based on current actuals and projections for the remainder of the year.
- e) The increase in the number of parking infringements issued, and an unbudgeted increase in Fines Enforcement revenue, has resulted in higher income than originally budgeted.
- f) The number of Refuse Charges is slightly higher than estimated in the original budget.
- g) The decrease in revenue arises from reduced on street parking across the City.
- h) The reduction arises from lower building activity than previously estimated.

- i) Revenue from Admission Fees at the Leisure Centre has been reduced due to lower than anticipated attendances across a number of areas including Group Fitness, Pool and Crèche.
- j) Other variances are spread across various business areas and are not individually material.

#### 6. Interest Earnings

Adopted Budget 2016-17	Revised Budget 2016-17	Variance Increase / (Decrease)
\$3,095,742	\$3,888,666	\$792,924

This increase includes \$744,868 in interest earnings on investments mainly due to a higher volume of investment funds held as a result of timing differences in the outflow of funds compared to the original budget as well as slightly better returns than originally estimated, and additional interest on rates instalments and penalty interest \$48,056.

#### 7. Other Revenue/Income

Adopted Budget 2016-17	Revised Budget 2016-17	Variance Increase / (Decrease)
\$162,100	\$151,215	(\$10,885)

Rebates from the Local Government Insurance Scheme are (\$24,006) lower than the original budget. These are partly offset by an increase of \$7,267 in the City's share of advertising revenue from Adshel bus shelters and Discounts Received \$6,633.

#### 8. Employee Costs

Adopted Budget 2016-17	Revised Budget 2016-17	Variance Increase / (Decrease)
\$63,641,713	\$63,697,028	\$55,315

The net increase in Employee Costs is made up of the following major variations:

##### Increases

a) Agency Employee Costs	665,821
b) Other Employment Costs	11,368

##### Decreases

c) Employee Cost Allocation and Recovery	(1,489)
d) Salaries and Wages	<u>(620,385)</u>
	<u>55,315</u>

- a) This increase is due primarily to the use of Agency Employees to cover vacant positions, mainly Parks \$220,603, Civil Projects \$120,545, Landscaping and Conservation \$88,000 and Financial Services \$87,867.
- b) The increase includes Fringe Benefits \$27,999 and Study Assistance \$6,896 partly offset by a reduction in Conference and Seminars (\$25,175).
- c) Capital Labour Recoveries are slightly more than budget.
- d) This net decrease includes a reduction in the estimated workplace agreement increase effective 1<sup>st</sup> July 2016 \$162,102 and estimated net savings arising from vacancies \$744,688, partly offset by an increase in leave provision movements \$286,405.

## 9. Materials and Contracts

<b>Adopted Budget as amended * 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
53,713,531	\$53,251,250	(\$462,281)

\* Budget was amended (Council Meeting 13 December 2016 CJ220-12/16 refers) to bring forward to 2016-17 the full contribution to Arena which is an additional \$2,250,000 from the Strategic Asset Management Reserve

The net decrease in Materials and Contracts is made up of the following major variations:

### Increases

a) Professional Fees and Costs	634,381
b) Other Materials	155,864
c) Administration	114,647
d) Charges and Recoveries	112,095
e) Telephones and Communication	65,282

### Decreases

f) External Service Expenses	(753,083)
g) Waste Management Services	(521,841)
h) Contributions and Donations	(177,635)
i) Computing	(77,272)
j) Other	<u>(14,719)</u>
	<u>(462,281)</u>

- a) This includes increases for Consultancy \$503,280 and Legal Expenses \$124,975 mainly from funds carried forward from the previous financial year, as well as Lodgement Fees \$30,226 and Licence Searches \$10,000.
- b) This is mainly driven by External Materials \$95,826 primarily for one-off Street Lighting Cost Efficiency projects \$45,631 and Materials for minor building

alterations \$61,500 arising from the Building Security Audit recommendations, which is funded by carried forward funds from the previous financial year.

- c) This is mainly driven by Other Sundry Admin Expenses of \$99,363 which is funded by a carry forward from the previous financial year as well as Photography and Video Production \$17,465.
- d) This arises from reduced use of City labour and plant resources on capital works resulting in decreased Capital Overhead Recoveries.
- e) The increase in Telephones and Communication is predominately made up of Postage \$55,888. The Australia Post price change effective from 3rd January 2017 has resulted in an estimated increase in Postage costs \$47,513. In addition, postage cost are also higher than originally budgeted arising from the Leisure Awareness Campaign \$8,375.
- f) A favourable variance arose for Tipping Fees Bulk (\$1,826,000) due to the new bulk waste regime commencing in October 2016; this is offset by increases in external contractors of \$920,491 of which \$348,425 relates to waste management due to higher than original estimates of bin repairs.
- g) A favourable variance arose for Bulk Waste Collection (\$521,841) due to the cessation of the bulk waste collection service in May 2016, in anticipation of the new bulk hard waste on demand service which commenced in November.
- h) The decrease arises mainly from a (\$200,000) reduction in the year for the cost of the Kaleidoscope event, as some costs were incurred in the previous financial year.
- i) Data Communication Links (\$39,822) and Computer Software Maintenance (27,498) are lower than originally estimated.
- j) This variance includes increases to Furniture, Equipment and Artwork \$27,201, Public Relations, Advertising and Promotions \$18,422. These are partly offset by reductions in Members Costs (\$31,425), Books and Publications (18,642) and Accommodation and Property (\$13,725).

#### **10. Utilities**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$6,026,467	\$5,822,705	(\$203,762)

This comprises a net decrease in electricity costs of (\$211,539) the balance spread across the City's parks and roads based on current usage and charges. This is partly offset by an increase in Water consumption charges of \$6,465.

#### **11. Depreciation of Non-Current Assets**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$29,488,636	\$29,116,953	(\$371,683)

The slight decrease is driven by changes to asset revaluations at 30 June 2016.

## **12. Loss on Asset Disposals**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$538,327	\$519,927	(\$18,400)

This estimated Loss on the Disposal of fleet and plant assets is lower than originally estimated.

## **13. Insurance Expenses**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$1,558,487	\$1,520,001	(\$38,486)

Insurance Premiums are lower than estimated for Industrial Special Risk (\$32,590), Public Liability (\$46,322) and Motor Vehicles (\$593). These are partly offset by higher Insurance Excess payments of \$18,766 and Other General Insurances \$22,252.

## **14. Other Non-Current Items**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
100,000	(\$100,000)	(\$200,000)

This is a result of the movement in the non-current long service leave liability being \$200,000 lower than budgeted, based on revised estimates.

## **15. Capital Grants and Subsidies**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
13,280,097	\$12,641,313	(\$638,784)

The net decrease in capital grants and subsidies is made up of the following major variations:

Increases

a) Road Preservation/Resurfacing Program	196,604
b) Major Building Capital Works	98,348
c) Traffic Management Program	41,400
d) Other	102,277

## Decreases

e) Major Road Construction Program	(934,172)
f) Street Lighting Program	<u>(163,241)</u>
	<u>(638,784)</u>

- a) This increase relates mainly to additional funding for Oceanside Promenade – Westview Boulevard to Ocean Reef Road \$144,138.
- b) This increase in the Major Building Capital Works program arose primarily due to additional grant funding from WALGA under the Changing Places program for the Sorrento toilet upgrade \$100,000.
- c) This increase relates to Black spot funding due to higher projects costs Joondalup Drive/Shenton Avenue Lighting Upgrade \$99,000 offset by decrease in Black spot funding (\$57,600) due to project being completed and acquitted in prior year.
- d) The balance of the increase is spread across several projects, including \$30,000 approved from the Department of Sports and Recreation for the Hawker Park Cricket Infrastructure project.
- e) The decrease is due to timing of grants received in previous years, namely Ocean Reef Rd-Marion Ave to Oceanside Promenade Dualling (\$580,000), Whitfords Avenue Upgrade (\$228,000) and Whitfords Avenue-Northside Drive to Belrose Entrance Dualling (\$126,172). In addition, the latter project has also been completed under budget so grant funding has reduced accordingly.
- f) The decrease is due to projects Ocean Reef Park Floodlighting Upgrade (\$115,426) and Chichester Park Floodlighting Upgrade (\$47,815) having been completed under budget.

## 16. Capital Contributions

Adopted Budget 2016-17	Revised Budget 2016-17	Variance Increase / (Decrease)
\$862,273	\$937,138	\$74,865

The net increase in Capital Contributions is made up of the following major variations:

## Increases

a) Proof of Concept – Tom Simpson Park	117,388
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b) Hawker Park Cricket Infrastructure Project 27,273

Decrease

c) Ocean Reef Park Floodlighting (69,796)  
74,865

a) A Proof of Concept project at Tom Simpson Park is to be undertaken in partnership with Telstra, this amount represents Telstra's 50% contribution to the project.

b) The Hawker Park Cricket project has been included following approval of a CSRFF grant of \$30,000 with the project to be completed by the end of the financial year. The Warwick Greenwood Junior Cricket Club will contribute \$27,273 to the project.

c) The contribution in relation to Ocean Reef Park Floodlighting has reduced as the project was completed under budget.

### **17. Capital Projects**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$15,271,101	\$4,537,505	(\$10,733,596)

The net decrease in Capital Projects is made up of the following major variations:

Increases

a) Upgrade to Parking Ticket Machines	196,480
b) Proof of Concept – Tom Simpson Park	234,793
c) Public Art	57,936
d) CCTV Equipment – Boas Avenue	60,000
e) Youth Bus Fit Out	35,283
f) Warwick Leisure Centre Expansion	20,000
g) Technology One Mobile Devices	13,720
h) Other	6,869

Decreases

i) Joondalup Performing Arts & Cultural Facility	(10,853,730)
j) Joondalup City Centre Office Development	(429,700)
k) Pool Refurbishment Craigie Leisure Centre	(50,000)
l) Commissioning City's Art Collection	(20,247)
m) Corporate PC & Printer Replacement Program	<u>(5,000)</u>
	<u>(10,733,596)</u>

a) This increase arose from requirements to upgrade both credit card payment Parking Ticket Machines to contactless as well as coin only Parking Ticket Machines to credit card payment and contactless capability. These are carried forward from the previous financial year and fully funded by monies brought forward accordingly.

- b) A Proof of Concept project at Tom Simpson Park is to be undertaken in partnership with Telstra for which a contribution of 50% will be received from Telstra.
- c) This increase arose as a result of undertaking project works deferred from the previous financial year. The additional cost is funded from the Public Art Reserve out of funds retained from the previous financial year.
- d) This increase is for CCTV Equipment in Boas Avenue \$60,000 which was not completed in the previous financial year and is funded from carry forward funds.
- e) A revised scope of work for the Youth Bus fit out resulted in the increase of \$35,283.
- f) This increase arose for Warwick Leisure Centre expansion \$20,000 for landscaping works which are funded from funds held in reserve from the previous financial year.
- g) This increase arose as a result of mobile devices purchased as part of the rollout of JEM to field crews in various areas of operation, including rangers, operation services and swimming pool inspectors.
- h) The balance of the increase in costs is spread across several projects.
- i) The decrease reflects revised estimates for project requirements for the balance of the financial year, which is dependent on direction to be determined by Council.
- j) The reduction in project expenditure reflects revised estimates for project requirements for the balance of the financial year.
- k) This project was completed in the previous financial year.
- l) This decrease is due to the visual arts commissioning cycle being deferred to the following financial year.
- m) The decrease is due to lower than anticipated costs associated with the Replacement Program.

### **18. Capital Works**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$41,304,158	\$43,824,014	\$2,519,856

The net increase in capital works of \$2,519,856 is made up of the following variations:

Increases	
a) Major Building	988,617

b) Road Preservation and Resurfacing	623,332
c) Major Projects	611,480
d) Traffic Management	566,146
e) Paths Program	543,246
f) Streetscape Enhancement	290,494
g) Parks Equipment	365,875
h) Parking Facilities	75,000
i) Stormwater Drainage	35,434

Decreases

j) Major Road Construction	(1,312,166)
k) Street Lighting	(264,289)
Other	<u>(3,313)</u>
	<u>2,519,856</u>

- a) This increase includes \$866,208 for the SES Winton Road facility redevelopment brought forward from the previous financial year due to default by the contractor. The Compliance and Access & Inclusion Works Project has increased due to receipt of a Changing Places Grant for \$100,000. Kingsley clubrooms \$227,378 has been brought forward from the previous financial year due to default by the contractor. These are partly offset by reduced costs on Timberlane Park Hall Upgrade \$180,000 due to a higher proportion of the work having been completed in the previous financial year. The remainder of the variance extends over several projects.
- b) The Road Preservation and Resurfacing Program variance is related mainly to further works as a result of additional FLRG grant funding \$568,549 for the program and additional Roads to Recovery Grants \$144,000 for Oceanside Promenade – Westview Boulevard.
- c) The program cost has risen mainly due to projects carried forward from the previous financial year; this includes Penistone Park – Facility Redevelopment \$329,500, Synthetic Hockey Project \$85,283 and Sorrento Beach Enclosure \$20,697. Percy Doyle – Undercroft Extension \$95,999 has increased as a result of the tender and Council approving additional expenditure of \$53,073 and a 5% contingency (CJ126-08/16). In addition, subsequent liaison with Western Power has determined an additional \$20,572 is required to upgrade the power board for the Undercroft Extension. Following a Western Power audit, the Percy Doyle Power Upgrade project \$80,000 has been added to the program to urgently upgrade the power supply capacity across the entire Percy Doyle site due to the current supply being inadequate for future requirements.
- d) This variance is mainly caused by projects carried forward from the previous financial year including Oceanside Promenade \$479,935, Joondalup Drive/Shenton Avenue Lighting Upgrade \$150,799 and Oceanside Promenade – Warren Way to Westview Boulevard \$54,284. Under expenditure occurred in a number of projects including Moondarra Way Medium Treatment \$10,611, Marlock Drive Medium Treatment \$35,000 and Joondalup Drive/Hodge Drive/Grand Boulevard Intersection \$73,260 which was completed in last financial year.

- e) Increase is mainly related to Robertson Cycleway Bike & Pedestrian Paths Project with a variance of \$500,000 mostly from carried forward from the previous financial year. Increases also occurred for the Walkability – Collier Pass Pedestrian Improvements \$30,237 and Whitfords Avenue Shared Path \$25,000.
- f) Variance is related to the Streetscape Renewal Program totalling \$290,495 which includes \$143,000 transferred from Ocean Reef Road/ Joondalup Drive Intersection Upgrade Project (refer 18j) to streamline the projects.
- g) The variance is related to a number of projects including: Windermere Park – New Playground Equipment \$120,455 now to be funded with \$110,000 from cash in lieu of public open space funds. The Fish Cleaning Station – Ocean Reef Boat Harbour \$45,760 includes new grant funding of \$33,000 and carried forward funds of \$8,573. Hawker Park Cricket Infrastructure Project \$92,600 has been added following approval of a \$30,000 grant from the Department of Sport and Recreation along with a \$27,273 club co-contribution to the project. Tennis Court Resurfacing Program \$56,910 is fully funded by carried forward funding from the previous financial year. Additional expenditure on Mawson Park Playground \$30,906 and Park Asset Renewal \$55,000 is offset by savings at Noal Gannon Park Playspace Renewal Lysander Park Playspace Renewal and Christchurch Park Irrigation upgrades.
- h) This increase is as a result of the Sorrento Foreshore Parking Improvements \$75,000.
- i) The Stormwater Drainage Program net variance is caused by increases to Penistone Park Sump Beautification \$25,073 carried forward from the previous financial year, \$40,000 from Northshore Avenue Sump Renewal Works and decreases to Iluka Avenue Drainage Upgrades \$20,000 and Grenville Avenue Drainage \$10,000 which were both completed this year under the Road Preservation Program.
- j) The decrease is mainly related to Ocean Reef Rd – Marmion Ave to Oceanside Promenade Dualling (\$1,139,166) due to more construction work completed in the previous financial year than originally estimated. Ocean Reef Road/Joondalup Drive Intersection Upgrade (\$173,000) includes \$143,000 in funding transferred to the Streetscape Renewal Program (refer 18f).
- k) The decrease is related to reductions in Chichester Park Floodlighting Upgrade of \$100,682, Ocean Reef Park Floodlighting Upgrade \$247,198 which are both complete under budget with the bulk of the work having been done in the previous financial year, as well as Juniper Park/Kelvin Park Lighting \$25,000.

## **19. Motor Vehicle Replacements**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$2,440,600	\$2,458,227	\$17,627

This increase includes \$167,716 for Fleet and Plant items that are funded from carry forward from the previous financial year. These are partly offset by a net decrease of (\$150,089) as a result of favourable variations in cost and specifications when compared to the original budget estimate.

## **20. Loan Repayment Principal**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$2,262,910	\$2,126,295	(\$136,615)

The decrease is due to the drawdown of the loan for the SES Winton Road Facility being deferred to the latter part of the current financial year.

## **21. Proceeds from Disposals**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$7,769,454	\$7,774,154	(\$4,700)

The estimated proceeds from the disposal of fleet assets have risen slightly by \$4,700.

## **22. Surplus Carried Forward**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$650,932	\$3,083,830	\$2,432,898

The revised budget brought to account the actual surplus carried forward from the previous financial year as reported in the 2015-16 annual financial report (Council Meeting 15 November 2016 CJ198-11/16 refers).

## **23. Loans**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$4,545,423	\$5,274,423	\$729,000

The loan for the SES Winton Road facility redevelopment was intended to be borrowed in the previous financial year but did not occur due to project delays and is now expected to be taken this financial year.

#### **24. Transfer from Trust Fund**

<b>Adopted Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$95,000	\$205,000	\$110,000

This increase is due to the Windermere Park Playground Equipment project now being funded from Public Open Space monies held in Trust.

#### **25. Transfer from Reserves**

<b>Adopted Budget as amended * 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
28,131,452	\$19,025,031	(\$9,106,421)

\* Budget was amended (Council Meeting 13 December 2016 CJ220-12/16 refers) to bring forward to 2016-17 the full contribution to Arena which is an additional \$2,250,000 from the Strategic Asset Management Reserve

The decrease in transfer from reserves is made up of the following variations:

##### Increases

a) Capital Works Carried Forward	1,937,265
b) Strategic Asset Management	100,730
c) Other	39,441

##### Decreases

d) Joondalup Performing Arts & Cultural Facility	(10,853,730)
e) Waste Management Reserve	(230,127)
f) Non-Current Long Service Leave Liability Reserve	<u>(100,000)</u>
	<u>(9,106,421)</u>

a) Funds for uncompleted Capital Works, Capital Projects, Fleet and Other Projects at the end of the previous financial year exceeded estimates resulting in the additional transfer from the reserve.

b) The increase in the transfer from this reserve is due to additional funding for SES Winton Road Facility Redevelopment \$263,416, Kingsley Clubrooms \$227,378, Penistone Park Facility Redevelopment \$43,172, Percy Doyle Undercroft Extension \$75,426 and Joondalup City Centre Lighting \$81,038. These are partly offset by reduced funding for the Joondalup City Centre Office Development \$429,700 and Timberlane Park Hall Upgrade \$180,000.

- c) This includes additional \$31,936 from the Public Art Reserve due to additional funds held at the end of the previous financial year and additional amounts from the Parking Facility Reserve \$7,505.
- d) The decrease in the transfer from this reserve reflects reduced estimated expenditure on the Joondalup Performing Arts and Cultural Facility project.
- e) No transfer is required from this reserve as cost savings have resulted in a surplus to the reserve instead.
- f) The estimated movements in the long service leave liability have been revised resulting in a transfer to the reserve.

**26. Transfer to Reserves**

<b>Adopted Budget 2016-2017</b>	<b>Revised Budget 2016-17</b>	<b>Variance Increase / (Decrease)</b>
\$12,979,610	\$14,338,877	\$1,359,267

The increase in transfer to reserves is made up of the following variations:

Increases

- a) Waste Management Reserve 1,573,150
- b) Non-Current Long Service Leave Liability Reserve 100,000
- c) Interest Earned on Reserve Funds 366,481

Decreases

- d) Capital Works Carried Forward (422,135)
  - e) Vehicle, Plant and Equipment Reserve (74,214)
  - f) Parking Facility Reserve (184,015)
- 1,359,267

- a) This represents an increase in the estimated net surplus from Waste Management Operations arising from cost savings delivered by the new bulk waste service.
- b) Based on year to date movements it is expected that noncurrent long service leave balances will increase.
- c) Interest earned on reserve funds is higher than originally estimated as a result of higher average reserve balances due to the timing of cash flows and slightly higher return on investment.
- d) Previous estimates projected funds to be placed into the reserve for capital works out of unspent grant funds, which is no longer the case.
- e) This represents changes in cost estimates for certain fleet and plant items to be replaced during the year resulting in a reduced transfer of funds to the reserve.

- f) The decrease in the transfer to the reserve represents a lower anticipated operating surplus from parking operations.