

**City of Joondalup
Revised Budget Rate Setting Statement 2019/20**

Note	Dec YTD Budget	Dec YTD Actual	Variance YTD \$	Adopted Budget	Revised Budget	Variance to Budget \$	Variance %	
OPERATING REVENUE								
General Rates	1	(103,410,513)	(103,689,389)	(278,876)	(103,410,513)	(103,689,389)	(278,876)	(0%)
Specified Area Rates		(698,945)	(708,239)	(9,294)	(698,945)	(708,239)	(9,294)	(1%)
Grants and Subsidies	2	(2,878,644)	(1,591,128)	1,287,517	(5,813,788)	(3,281,243)	2,532,545	44%
Contributions and Reimbursements	3	(546,702)	(542,763)	3,939	(1,013,160)	(1,098,152)	(84,992)	(8%)
Profit on Asset Disposals	4	(12,452)	(204,351)	(191,899)	(88,946)	(330,299)	(241,353)	(271%)
Fees and Charges	5	(32,320,731)	(32,316,254)	4,477	(42,165,954)	(41,778,995)	386,959	1%
Interest Earnings	6	(2,424,012)	(2,271,690)	152,322	(3,668,336)	(3,448,964)	219,372	6%
Other Revenue/Income		(356,956)	(374,229)	(17,273)	(535,856)	(528,651)	7,205	1%
Total Operating Revenue		(142,648,956)	(141,698,043)	950,913	(157,395,498)	(154,863,932)	2,531,566	2%
OPERATING EXPENSES								
Employee Costs	7	33,752,953	32,426,016	(1,326,937)	65,187,584	64,393,916	(793,668)	1%
Materials and Contracts	8	24,677,456	21,223,365	(3,454,091)	51,053,002	53,992,338	2,939,336	(6%)
Utilities (gas, electricity, water etc.)	9	2,882,502	2,892,567	10,065	5,978,544	6,070,714	92,170	(2%)
Depreciation of Non-Current Assets	10	15,600,272	15,571,728	(28,544)	32,590,981	32,210,956	(380,025)	1%
Loss on Asset Disposals	11	199,333	264,577	65,244	280,841	662,015	381,174	(136%)
Interest Expenses	12	261,600	289,076	27,476	558,311	511,296	(47,015)	8%
Insurance Expenses		1,402,601	1,401,656	(945)	1,405,410	1,403,330	(2,080)	0%
Total Operating Expenses		78,776,717	74,068,985	(4,707,732)	157,054,672	159,244,565	2,189,892	1%
(SURPLUS)/DEFICIT FROM OPERATIONS		(63,872,238)	(67,629,058)	(3,756,819)	(340,826)	4,380,633	4,721,458	(155%)
NON-CASH MOVEMENTS								
Depreciation on Assets		(15,600,272)	(15,571,728)	28,544	(32,590,981)	(32,210,956)	380,025	1%
Loss on Disposals		(199,333)	(264,577)	(65,244)	(280,841)	(662,015)	(381,174)	(136%)
Profit on Disposals		12,452	204,351	191,899	88,946	330,299	241,353	(271%)
Other Non-Current Items		(100,000)	264,251	364,251	(100,000)	(100,000)	-	0%
OPERATIONS' CASH (SURPLUS)/DEFICIT		(79,759,391)	(82,996,761)	(3,237,369)	(33,223,702)	(28,262,040)	4,961,662	15%
CAPITAL REVENUE								
Capital Grants and Subsidies	13	(1,842,102)	(2,977,202)	(1,135,100)	(5,234,345)	(7,062,993)	(1,828,648)	(35%)
Capital Contributions	14	(40,733)	(256,314)	(215,581)	(140,733)	(1,137,368)	(996,635)	(708%)
Equity Distribution - TPRC		-	-	-	(500,000)	(500,000)	-	0%
Other non-operating revenue	15	-	(19,274)	(19,274)	-	(19,274)	(19,274)	(100%)
Total Capital Revenue		(1,882,835)	(3,252,790)	(1,369,955)	(5,875,078)	(8,719,635)	(2,844,557)	(29%)
CAPITAL EXPENDITURE								
Capital Projects		1,361,620	1,018,768	(342,852)	3,576,568	3,577,896	1,328	(0%)
Capital Works	16	12,782,610	11,147,359	(1,635,251)	35,335,429	37,400,464	2,065,035	(6%)
Motor Vehicle Replacements	17	153,000	584,201	431,201	1,860,000	2,294,161	434,161	(23%)
Loan Repayment Principal		1,027,448	1,677,816	650,368	3,324,328	3,324,328	-	0%
Total Capital Expenditure		15,324,678	14,428,144	(896,534)	44,096,325	46,596,849	2,500,524	5%
CAPITAL (SURPLUS)/DEFICIT		13,441,843	11,175,354	(2,266,489)	38,221,247	37,877,214	(344,033)	(1%)
TOTAL OPERATING (SURPLUS)/DEFICIT		(66,317,548)	(71,821,407)	(5,503,858)	4,997,545	9,615,174	4,617,629	104%
FUNDING								
Proceeds from Disposals		(2,855,000)	(1,250,536)	1,604,464	(3,178,800)	(3,222,881)	(44,081)	(1%)
Surplus Carried Forward	18	(1,573,189)	(5,581,095)	(4,007,906)	(1,573,189)	(5,581,095)	(4,007,906)	(255%)
Loans		-	-	-	-	-	-	0%
Transfer from Trust Fund	19	-	-	-	(2,002,729)	(2,189,285)	(186,556)	(9%)
Transfer from Reserves	20	-	-	-	(13,139,643)	(15,292,263)	(2,152,620)	(16%)
Transfer to Reserves	21	-	-	-	14,548,144	13,091,020	(1,457,124)	10%
Transfer to Accumulated Surplus		-	-	-	-	-	-	0%
CLOSING FUNDS		(70,745,737)	(78,653,038)	(7,907,300)	(348,672)	(3,579,330)	(3,230,658)	

**NOTES TO AND FORMING PART OF THE REVISED BUDGET
STATEMENT FOR THE 2019-20 FINANCIAL YEAR**

NOTES TO AND FORMING PART OF THE REVISED 2019-20 BUDGET STATEMENT
1. Rates

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$103,410,513	\$103,689,389	\$278,876

This increase arising predominantly from Interim Rates being higher than estimated in the budget.

2. Grants and Subsidies

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$5,813,788	\$3,281,243	(\$2,532,545)

The net decrease in Grants and Subsidies predominantly arose from advance payment of General Purpose Grant funding (\$1,636,320) and Commonwealth Grant Operating Road Grant (\$1,194,966) received in the 2018-19 financial year. This is partly offset by a successful Grant application for Fire Mitigation of \$234,000 and \$42,520 which was expected to have been received in the 2018-19 financial year.

3. Contributions Reimbursements and Donations

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$1,013,160	\$1,098,152	\$84,992

The net increase arose mainly from Other Miscellaneous Reimbursements \$35,917 and Legal Fees Recoverable \$30,680.

4. Profit on Asset Disposals

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$88,946	\$330,299	\$241,353

An increase in the City of Joondalup's share in the gains on the disposal of developed residential land by Tamala Park Regional Council (TPRC) \$190,484 which was not part of the original budget and higher than estimated profit of \$50,869 from the disposal of vehicles due to the timing of 2018-19 disposals.

5. Fees and Charges

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$42,165,954	\$41,778,995	(\$386,959)

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

Increases

a) Parking Fees	82,450
-----------------	--------

Decreases

b) Building and Development Fees	(250,392)
c) Fines and Penalties	(95,000)
d) Licenses and Registrations	(52,647)
e) Hire and Rentals	(51,616)
Other Fees and Charges	(19,754)
	(\$386,959)

- a) Higher than estimated revenue arose from the Multi Storey Carpark Fees \$61,250 due to increased construction work within the CBD (Quest and Arthouse apartments), Multi Storey Car Park Monthly Fees \$9,700 and private property agreements \$11,500.
- b) A lower volume of Development application fees (\$150,000) and building permits (\$70,000) has resulted in lower income than originally budgeted.
- c) Lower volumes for Parking Infringements (\$60,000) Poundage Fee (\$15,000) and Local Government Act-Costs and Fines (\$10,000) has resulted in lower income than originally budgeted.
- d) This decrease arose from Trading in Public Spaces \$48,647 with a report going to council in the coming months regarding anticipated fee increases in coastal locations.
- e) Revenue from Property Rental \$48,700 has been reduced due to lower revenue after the lease termination at the Grove Child Care Centre partly offset by additional income from the Mullaloo surf lifesaving club from the café that makes up the rest of the variance.

6. Interest Earnings

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$3,668,336	\$3,448,964	\$219,372

This unfavourable variance mainly arose from Interest from Other Financial Institutions (\$243,617) mainly due to a lower return from investments, following the interest rate cuts in July 2019 and October 2019 by the Reserve Bank of Australia.

7. Employee Costs

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$65,187,584	\$64,393,916	(\$793,668)

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

Decreases

a) Salaries and Wages	(944,177)
b) Employment Cost Allocations and Recovery	(177,296)

Increases

c) Agency Employees	124,292
d) Other Employment Costs	203,513
	<u>(\$793,668)</u>

- a) This net decrease arose for Salaries and Wages in various areas mainly due to the timing of recruitment for vacant positions including positions currently being reviewed.
- b) Capital Labour Recoveries are \$156,758 higher than budget due to additional labour allocated to capital works projects, mainly as a result of additional projects arising from increased grant funding allocated.
- c) This increase is due primarily to the use of Agency Employees to cover vacant positions while reviewing and modifying the staff establishment.
- d) This increase is predominantly due to an increase in Other Employee Costs \$150,000 was brought forward from 2018-19, Staff, Fringe Benefits Tax \$28,587 and Study Assistance & Professional Development \$13,930.

8. Materials and Contracts

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$51,053,002	\$53,992,338	\$2,939,336

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

Increases

a) Waste Management Services	1,573,015
b) Professional Fees and Costs	809,776
c) Computing	303,895
d) Other Materials	119,722
e) Contributions and Donations	158,516
f) External Service Expenses	253,296

Decreases

g) Accommodation & Property	(116,656)
h) Public Relations, Advertising and Promotions	(68,625)
Other	(93,603)
	<u>\$2,939,336</u>

- a) This increase is mainly driven by Processing-Recycling & Govt Levy \$1,202,249 following Cleanaway giving formal notice that they were unable to provide recyclables processing services to the City, due to a large fire at Cleanaway Materials Recovery Facility in Guildford. Additional increases arose due to additional tonnages for Bulk Green Waste of \$207,534 and Bulk Hard Waste \$113,308.
- b) This includes an adjustment for Consultancy \$758,742 of which \$504,248 are carried forward funds from 2018-19.
- c) This increase is mainly attributed to Computer Software Maintenance \$329,306 and Data Communication \$104,363 partially offset by Computer Software Subscription (\$164,007).
- d) This increase is mainly driven by Building Minor Works-Material \$133,180 due to the progress of the security review project which was carried forward from the previous financial year, to address the vulnerability of the rear of the administration building to break-ins and vandalism.
- e) This increase arose mainly from Grants & Contributions Made including \$95,000 to Surf Life Saving WA towards the construction of a lifeguard tower at north Mullaloo beach and \$62,000 for the City to make the final contribution to the bus shelter replacement program from which the City derives revenue generated from advertising on the bus shelters.
- f) The increase is primarily attributed to External Contractors & Services \$530,086 of which \$234,000 relates to Fire Mitigation which arose, and is fully offset by, grant funding approved for this purpose from the Department of Fire and Emergency Services (Refer Note 2) as well as a further \$200,000 that is estimated to be required for additional bushfire mitigation activities at potential bushfire sites. This was partially offset by decrease in tipping fees general waste from reduced tonnages following the three bin roll out.
- g) This decrease is mainly driven by Refuse Removal Charges (\$110,531) due to implementation of improved recyclable measures.
- h) This decrease includes Advertising General (\$45,487) mainly due to reduced advertising through Community Newspaper Group and Promotions (\$21,005).

9. Utilities

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$5,978,544	\$6,070,714	\$92,170

This comprises a net increase in electricity costs of \$80,931 based on current usage and charges for Parks \$85,558 and Buildings \$45,931, including additional consumption at the Craigie Leisure Centre to heat the pool, due to required maintenance of the geothermal system. This is partly offset by a reduction

in Roads (\$51,321) mainly due to reduced streetlighting consumption. In addition, an increase in Gas consumption charges \$6,317, mainly due to higher billing at the Joondalup Library that is currently being investigated with the service provider, and a slight increase in Water consumption charges \$4,922.

10. Depreciation of Non-Current Assets

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$32,590,981	\$32,210,956	(\$380,025)

Depreciation variances mainly include Parks and Reserves (\$387,164), Buildings (\$360,780) and Footpath Infrastructure (\$100,452) following the 2018-19 year end, partially offset by increases for Mobile and Other Plant \$489,402 following the capitalisation of the third bin rollout. The balances of the variances are spread across a number of areas.

11. Loss on Asset Disposals

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$280,841	\$662,015	\$381,174

This increase of \$297,582 loss on land disposals is due to accurate evaluation of loss following disposal of land at Burlos Court and Kanangra Crescent as well as additional disposal costs incurred. In addition, higher than estimated loss on the disposal of vehicles \$83,592 due to timing of disposals that were deferred from 2018-19 into the current year.

12. Interest Expense

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$558,311	\$511,296	(\$47,015)

This increase is mainly due to a revision of Lease Liability Interest estimates \$46,991 predominantly in relation to the lease of the Works Operations Centre land following the introduction of new accounting treatment from 1 July 2019.

13. Capital Grants and Subsidies

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$5,234,345	\$7,062,993	\$1,828,648

The net increase in capital grants and subsidies primarily arises from grants not anticipated when the budget was adopted, and is made up of the following major variations:

Increases

a) Other Grants and Subsidies-Capital	1,036,860
b) State Government – Metropolitan Regional Road Group Roads Grant	644,429
c) Black Spot State Capital Grants	375,011
d) Commonwealth Grants-Capital Other	200,000
e) Roads to Recovery Grant	132,395

Decreases

f) State Government Grants-Capital Other	<u>(560,047)</u>
	<u>\$1,828,648</u>

- a) This increase arose from funding received from Public Transport Authority (PTA) for five projects, namely:

FPR2286 Ellendale Drive Shared Path \$375,000,
 FPN2285 Hepburn Ave Shared Path \$200,000,
 FPN2271 Padbury Link Shared Path \$80,000,
 FPR2284 Collier Pass/Elcar Lane Shared Path \$93,500, and
 FPN2251 Whitfords Ave-Marsden Way to Freeway \$200,000.

Additional funding was also received from PTA for PDP2282 Dog Exercise Park Development \$26,500. FPN2245 Beach Road Western Australian Bike Network Shared Path income has increased by \$25,000 which was earlier expected to be received in 2018-19. FNM2051 Coastal & Foreshore Fencing Renewal Program and FNM2058 Conservation Reserves Interpretive Signage now include grants from Communities Environmental Program of \$20,000 and \$16,860 respectively.

- b) This increase mainly arose from the timing of RDC2019 Burns Beach Rd/Joondalup Dr Roundabout of \$384,000 with the second 40% claim now expected in March 2020. Other variances included the final claimed expected to be received in the previous financial year including:

RPR2958 Blackall Dr – Allenswood to Hartley \$11,680,
 RPR2960 Whitfords Ave – Mooro to Wanneroo (EB) \$13,507,
 RPR2964 Gibson Ave – Rudall Way \$7,749,
 RPR2962 Gibson Ave – Livingstone to Livingstone \$7,107,
 RPR2963 Gibson Ave – Livingstone To Whitfords \$4,013,
 RPR2966 Davalia Road – Grandilla St to Beach Rd \$32,000 and
 RPR2967 Flinders/Cook Roundabout \$5,307.

Four new projects were approved by Main Roads including

RPR2501 Glengarry Rv (NB) – Arnisdale to Warwick \$37,800,
 RPR2890 Forrest Rd (EB) – Alexander to Gregory \$56,733,
 RPR2888 Forrest & Alexander Roundabout \$40,400 and
 RPR2891 Glengarry Drv (SB) – Arnisdale to Warwick \$44,133 with the City contributing one third for each of these projects.

- c) This increase mainly arose from timing of five final claims which were expected to be received in the previous financial year:

SBS2071 Grand Boulevard & Shenton Ave \$14,411,
SBS2082 Warwick Rd & Allenswood Dve \$24,000,
SBS2083 Whitfords Ave & Trappers Dr \$16,000,
SBS2075 Hepburn Ave Road Shoulders \$56,000 and
SBS2078 Marmion Ave & Gilbert Rd \$284,600.

This is partially offset due to a revised project construction timeframe now expected in 2020/21 for SBS2087 Hepburn Ave & Cockman Rd Upgrade (\$20,000).

- d) This favourable variance arose from a State Government contribution to deliver LTM2128 Marmion / Edinburgh Pedestrian Crossing Improvements \$200,000.
- e) This increase arose from additional grant funding awarded for

RPR3020 Blairgowrie Roundabout \$40,000,
RPR3021 Geoff Russell Roundabout \$40,000,
RPR3022 Rutherglenn Roundabout \$40,000,
RPR3023 Callander Roundabout \$40,000 and
RPR2908 Chelsford Road \$55,000.

Three projects have been completed with actual expenditure under the original budget, resulting in a Roads to Recovery grant reduction totalling (\$61,872). These projects include; RPR2920 Clontarf St/Cliff St Roundabout (\$20,600), RPR2925 Clontarf – West Coast Dr to Cliff St (\$23,649) and RPR3010 Laurel St – Mullaloo Drv to Luka Ave (\$17,623).

- f) This decrease mainly arose from the unsuccessful grant application from Safer Communities STL2003 Joondalup City Centre Street Lighting (\$675,000). An additional variance arose from the Animal Beach Shared Path (\$104,313) due to grant funding received in the 2018-19 financial year. This was offset by additional funding from Lottery West PEP2707 Whitfords Nodes Health and Wellbeing Hub \$219,266.

14. Capital Contributions

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$140,733	\$1,137,368	\$996,635

This increase arose predominantly from the contribution by Tamala Park Regional Council \$730,000 to complete the northern section of the Burns Beach to Mindarie Dual Use Path and \$125,134 contribution to the Burns Beach Road Shared Path from the Public Transport Authority. In addition, PBCW2635 \$47,948 for the Joondalup Bowling Club Toilet Refurbishment and STL2104 Emerald Park Cricket Net Lighting \$42,500 from the Emerald Park Cricket Club. Additional contributions are expected from the Western Australia Cricket Association for PEP2075 Parks Asset Replacement /Renewal \$35,000 and Joondalup District Cricket Club PEP2629 Cricket Infrastructure Renewal \$15,000 for Iluka District Open Space practice wickets. This is offset by reduced contribution from BCW2632 Kinglsey Community Vision due to reduced project cost \$13,947.

15. Other non-operating revenue

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$-	\$19,274	\$19,274

This arose from unbudgeted GST refunds \$19,274 received from the ATO in respect of TPRC land sales undertaken.

16. Capital Works

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$35,335,429	\$37,400,464	\$2,065,035

The net increase in capital works of \$2,065,035 is made up of the following variations:

Increases

a) Paths Program (FPN & FPR)	1,978,663
b) Traffic Management (LTM & SBS)	863,439
c) Parks Equipment (PEP)	452,997
d) Major Road Construction Program (RDC)	443,837
e) Road Preservation/Resurfacing (RPR)	387,355
f) Streetscape Enhancement (SSE)	285,770
g) Foreshore and Natural Areas Management (FNM)	215,514
h) Parking Facility (PFP)	162,911
i) Streetlighting Program (STL)	64,542
Other	54,011

Decreases

j) Major Projects Program (MPP)	(2,706,755)
k) Parks Development Program (PDP)	(137,249)
	<u>2,065,035</u>

- a) This increase arose mainly from FPN22240 Burns Beach to Mindarie Dual Use Path \$841,570 due to the progress of this project of which \$361,570 was carried forward from the previous financial year as well as a contribution from Tamala Regional Council \$730,000 to complete the northern section of the Dual Use Path. Additional expenditure arose due to the funding from the Public Transport Authority which includes FPN2262 Beach Road (West) Shared Path \$118,245, FPN2271 Padbury Link Shared Path \$80,000, FPR2284 Collier Pass/Elcar Park \$120,000, FPR2286 Ellendale Drive \$375,000 Whitfords Ave Shared Path \$200,000 FPR2285 Hepburn Ave Shared Path \$200,000 and FPR2251 Whitfords Ave – Marsden Wy to Freeway \$80,000.
- b) Increases include SBS2078 Marmion Ave & Gilbert Rd \$354,900 due to increased scope and increased grant funding of \$284,600 (refer Note 13c). In addition, LTM2128 Marmion/Edinburgh

Pedestrian Crossing is increasing by \$300,938 of which \$200,000 has been received from the State Government and LTM2148 Readshaw/Marmion Intersection Upgrade \$166,868 which was carried forward from the previous financial year.

- c) This increase is predominantly due to PEP2707 Whitfords Nodes Park Health & Wellbeing Hub \$349,833 which includes unspent funds brought forward from 2018-19. PEP2075 Parks Asset Replacement & Renewal variance of \$82,000 also relates to funds carried forward from 2018-19.
- d) This increase is mainly due to carry forward of unspent funds from 2018-19 in respect of RDC2020 Warwick Rd/Erindale \$310,173 and RDC2019 Burns Beach Rd/Joondalup Dr Roundabout \$133,633.
- e) The main increases to the Road Preservation /Resurfacing Program relates to four Main Regional Road Grant projects added at Mid-Year Review totalling \$268,600 which includes \$179,066 of grant funding (refer Note 13b). These projects are RPR2501 Glengarry Drv (NB) Warwick to Arnisdale \$56,700, RPR2888 Forrest & Alexander Roundabout \$85,100, RPR2890 Forrest Rd (EB) Alexander to Gregory \$60,600 and RPR2891 Glengarry Drv (SB) Arnisdale to Warwick \$66,200. Further variances include; RPR2961 Arnisdale Rd – Glengarry to Merrick Wy which was carried forward from 2018-19 valuing \$111,013.
- f) Increases include the carry forward of unspent funds from 2018-19 SSE2056 City Centre Streetscape Renewal \$109,460, SSE2057 Leafy City Program \$124,906 and SSE2055 Streetscape Renewal Program \$51,404.
- g) Increases arose predominantly from the carry forward of unspent funds from 2018-19 for FNM2054 Whitfords Nodes Hillary's Lookout \$255,037 and FNM2076 Natural Areas Asset Program (\$35,921) which has been completed under budget.
- h) This increase is due to PFP2067 Hillarys Animal Beach Parking Upgrades \$162,911 of which \$95,557 is unspent funds carried forward from 2018-19 and the balance relates to lighting upgrades not previously included in budget estimates.
- i) The Mid-Year Review variance is attributed to STL2052 Lighting Infrastructure Renewal Program \$37,044 that was carried forward from 2018-19 and STL2104 Emerald Park Cricket Net Lighting \$42,500 which is fully funded by a contribution from the Emerald Park Cricket Club.
- j) Decreases arose predominantly from MPP2050 Craigie Leisure Centre Upgrades (\$2,349,507) with the majority of the project to be carried forward into the 2020/21 financial year. Other projects expected to be carried over to the 2020/21 financial year include Cafes/Kiosks/Restaurants Burns Beach (\$500,000), MPP2058 Chichester Clubrooms Redevelopment (\$100,000). A further reduction arose from MPP2065 Percy Doyle Bowling Clubrooms having been completed under budget with a saving of \$118,065.
- k) Reduced project costs arose for PDP2272 Heritage Precinct Development (\$184,655) which was offset by increased cost for PDP2282 Dog Exercise Park Development \$53,853 to complete required work.

17. Motor Vehicle Replacements

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$1,860,000	\$2,294,161	\$434,161

This increase includes \$533,967 for Fleet and Plant items that are carried forward from the previous financial year through the Asset Renewal Reserve. These are partly offset by a net decrease of (\$99,806) in replacement costs as a result of favourable variations in cost and specifications when compared to the original budget estimate.

18. Surplus Carried Forward

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$1,573,189	\$5,581,095	\$4,007,906

The revised budget has brought to account the actual surplus carried forward from the previous financial year as reported in the 2018-19 annual financial report (Council Minutes 19 November 2019 CJ158-11/19 refers).

19. Transfer from Trust

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$2,002,729	\$2,189,285	\$186,556

The increase from trust is predominantly due to the \$200,000 Burns Beach Dual Use Paths due to higher opening trust balance. This is partially offset by a reduced transfer out of (\$13,442) in respect of Duffy House Refurbishment.

20. Transfer from Reserves

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$13,139,643	\$15,292,263	\$2,152,620

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

Increases

a) Capital Works Carried Forward	4,173,297
b) Parking Reserve	121,321
c) Asset Renewal Reserve	61,698

Decreases

d) Strategic Asset Management	(2,107,000)
e) Performance Art Reserve	(95,454)
Other	<u>(1,242)</u>

\$2,152,620

- a) Funds for incomplete 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 in the revised budget.
- b) This represents an intra-reserve transfer to the Cash in Lieu of Parking reserve regarding project funding incorrectly drawn from the latter in the previous financial year. Refer note 21b.
- c) This represents changes due sales proceeds and fleet and plant items scheduled to have been purchased in the prior financial year resulting in an increased transfer of funds from the reserve.
- d) This decrease in the transfer from the reserve is predominantly from deferred costs in relation to Craigie Leisure Centre Upgrade \$2,282,000, Cafes/Kiosks/Restaurants \$500,000 offset by increased costs in relation to Joondalup City Centre Lighting (\$675,000) due to expected grant funding no longer available (refer note 13f).
- e) This decrease in transfer from the Joondalup Performing Arts & Cultural Facility is due to progress of current activities following the council decision not to commence detailed design at this time.

21. Transfer to Reserves

Adopted Budget 2019-20	Revised Budget 2019-20	Variance Increase / (Decrease)
\$14,548,144	\$13,091,020	(\$1,457,124)

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

Increases

a) Capital Works Carried Forward	100,000
b) Cash in Lieu	121,321
c) Parking Reserve	43,531

Decreases

d) Waste Management	(1,103,168)
e) Asset Renewal	(325,800)
f) Other	<u>(293,008)</u>
	<u>(\$1,457,124)</u>

- a) This increase is due to Chichester Park Clubroom Redevelopment deferred to next financial year \$100,000.
- b) This represents an intra-reserve transfer from the Parking reserve regarding project funding incorrectly drawn from the Cash in Lieu of Parking reserve in the previous financial year. Refer note 20b.

- c) The increase in the transfer to the reserve represents a slightly higher anticipated operating surplus from parking operations.
- d) This represents a decrease in the estimated net position from Waste Management Operations arising from unavoidable increases in recycling costs.
- e) The reduced transfer to the Asset Renewal Reserve is mainly due Fleet Replacement carried forward from the previous year (See Note 20c)
- f) This primarily represents a decrease (\$291,480) in the estimated transfer due to lower interest earnings from funds held in reserves (refer Note 11). The balance of (\$1,528) relates to adjustment to SAR-Iluka and Strategic Asset Management reserves.