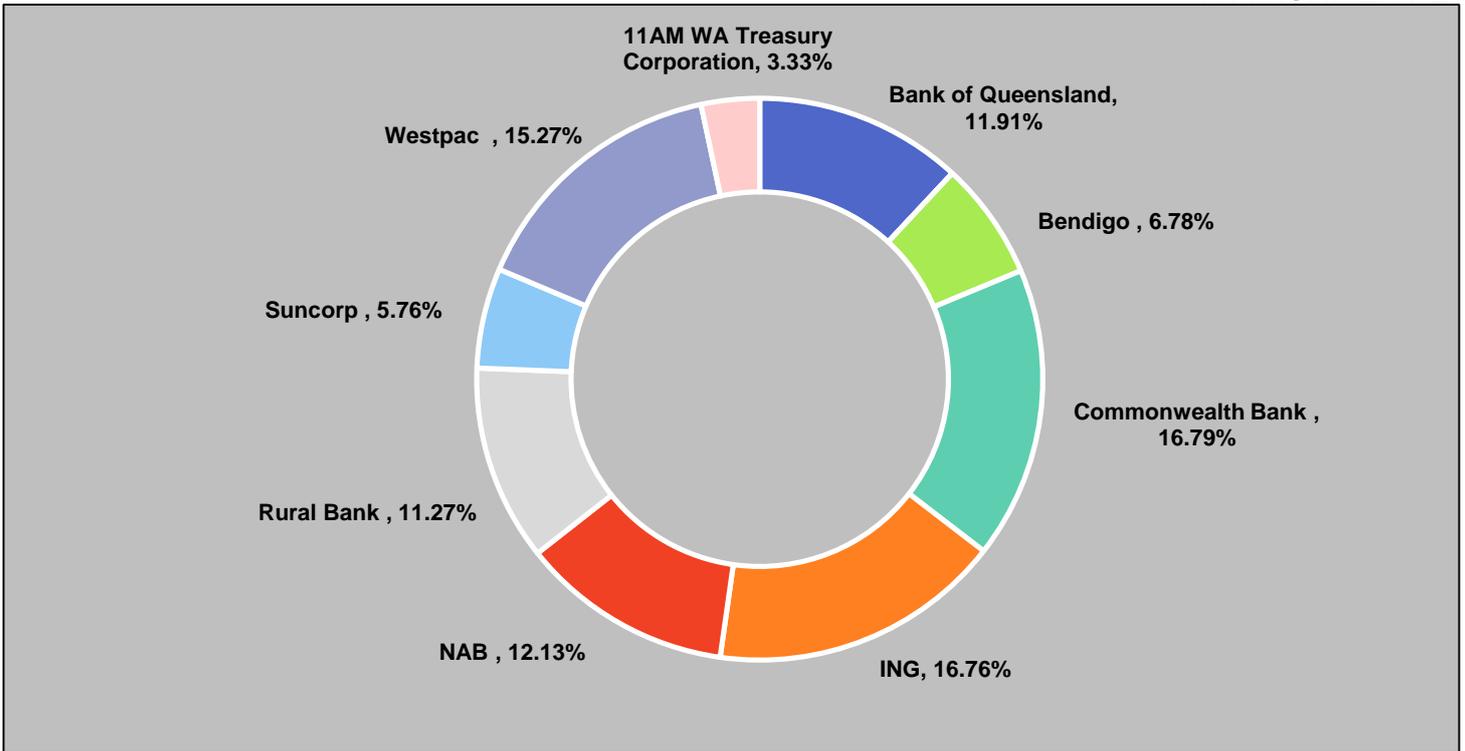


	Notes	Revised Budget	YTD Revised Budget	YTD Actual	YTD Variance \$	YTD Variance %
<b>OPERATING REVENUE</b>						
Rates	1	(103,689,389)	(103,689,389)	(103,769,569)	80,180	0%
Specified Area Rates		(708,239)	(708,239)	(708,991)	752	0%
Grants and Subsidies	2	(3,281,243)	(2,327,185)	(2,440,362)	113,177	5%
Contributions Reimbursements and Donations		(1,098,152)	(820,289)	(787,899)	(32,390)	(4)%
Profit on Asset Disposals		(330,299)	(280,875)	(288,293)	7,418	3%
Fees and Charges	3	(41,778,996)	(36,994,010)	(36,736,641)	(257,369)	(1)%
Interest Earnings		(3,448,964)	(2,990,155)	(3,026,723)	36,568	1%
Other Revenue/Income		(528,651)	(448,651)	(431,028)	(17,623)	(4)%
<b>Total Operating Revenue</b>		<b>(154,863,931)</b>	<b>(148,258,793)</b>	<b>(148,189,506)</b>	<b>(69,287)</b>	<b>0%</b>
<b>OPERATING EXPENSES</b>						
Employee Costs	4	64,393,916	48,631,414	47,791,528	839,886	2%
Materials and Contracts	5	53,992,338	36,271,981	33,169,016	3,102,965	9%
Utilities (gas, electricity, water etc.)	6	6,070,714	4,501,962	4,422,422	79,540	2%
Depreciation & Amortisation of Non-Current Assets	7	32,210,956	23,944,980	23,113,542	831,438	3%
Loss on Asset Disposals	8	662,015	337,917	274,852	63,065	19%
Interest Expenses		511,296	381,574	402,090	(20,516)	(5)%
Insurance Expenses		1,403,330	1,401,656	1,417,574	(15,918)	(1)%
<b>Total Operating Expenses</b>		<b>159,244,565</b>	<b>115,471,484</b>	<b>110,591,024</b>	<b>4,880,460</b>	<b>4%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>		<b>4,380,636</b>	<b>(32,787,309)</b>	<b>(37,598,482)</b>	<b>4,811,173</b>	<b>15%</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>						
Depreciation & Amortisation of Non Current Assets		(32,210,956)	(23,944,980)	(23,113,542)	(831,438)	(3)%
Loss on Asset Disposal		(662,015)	(337,917)	(274,852)	(63,065)	(19)%
Profit on Asset Disposals		330,299	280,875	288,293	(7,418)	3%
Other Non-Current items						
Movement in Non-current Items	9	(100,000)	(100,000)	188,612	(288,612)	(289)%
<b>OPERATING CASH (SURPLUS)/DEFICIT</b>		<b>(28,262,037)</b>	<b>(56,889,331)</b>	<b>(60,509,971)</b>	<b>3,620,640</b>	<b>6%</b>
<b>NON-OPERATING REVENUE</b>						
Capital Grants and Subsidies	10	(7,062,993)	(4,071,288)	(3,241,276)	(830,012)	(20)%
Capital Contributions	11	(1,137,368)	(357,368)	(401,006)	43,638	12%
Equity Distribution - TPRC		(500,000)	-	-	-	0%
Other Non-Operating Revenue	12	(19,274)	(19,274)	(62,405)	43,131	100%
<b>Total Non-Operating Revenue</b>		<b>(8,719,635)</b>	<b>(4,447,930)</b>	<b>(3,704,687)</b>	<b>(743,243)</b>	<b>(17)%</b>
<b>CAPITAL EXPENDITURE</b>						
Capital Projects	13	3,577,896	1,701,039	1,351,326	349,713	21%
Capital Works		37,400,464	16,774,640	16,731,049	43,591	0%
Vehicle and Plant Replacements	14	2,294,161	994,431	1,064,921	(70,490)	(7)%
Loan Repayment Principal		3,324,328	2,481,462	2,481,462	-	0%
Equity Investment		-	-	-	-	(100)%
<b>Total Capital Expenditure</b>		<b>46,596,849</b>	<b>21,951,572</b>	<b>21,628,758</b>	<b>322,814</b>	<b>1%</b>
<b>CAPITAL (SURPLUS)/DEFICIT</b>		<b>37,877,214</b>	<b>17,503,642</b>	<b>17,924,071</b>	<b>(420,429)</b>	<b>(2)%</b>
<b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b>		<b>9,615,174</b>	<b>(39,385,689)</b>	<b>(42,585,900)</b>	<b>3,200,211</b>	<b>8%</b>
<b>FUNDING</b>						
Proceeds from Disposal	15	(3,222,881)	(1,474,760)	(1,292,398)	(182,362)	(12)%
Loans - New Borrowings		-	-	-	-	0%
Transfer from Trust		(2,189,285)	-	-	-	0%
Transfer from Reserve		(15,292,263)	-	-	-	0%
Transfer to Reserve		13,091,020	-	-	-	0%
Transfer to Accumulated Surplus		-	-	-	-	0%
Transfer from Accumulated Surplus		-	-	-	-	0%
Opening Funds		(5,581,095)	(5,581,095)	(5,581,095)	-	0%
<b>CLOSING FUNDS</b>	16	<b>(3,579,330)</b>	<b>(46,441,544)</b>	<b>(49,459,393)</b>	<b>3,017,849</b>	<b>6%</b>

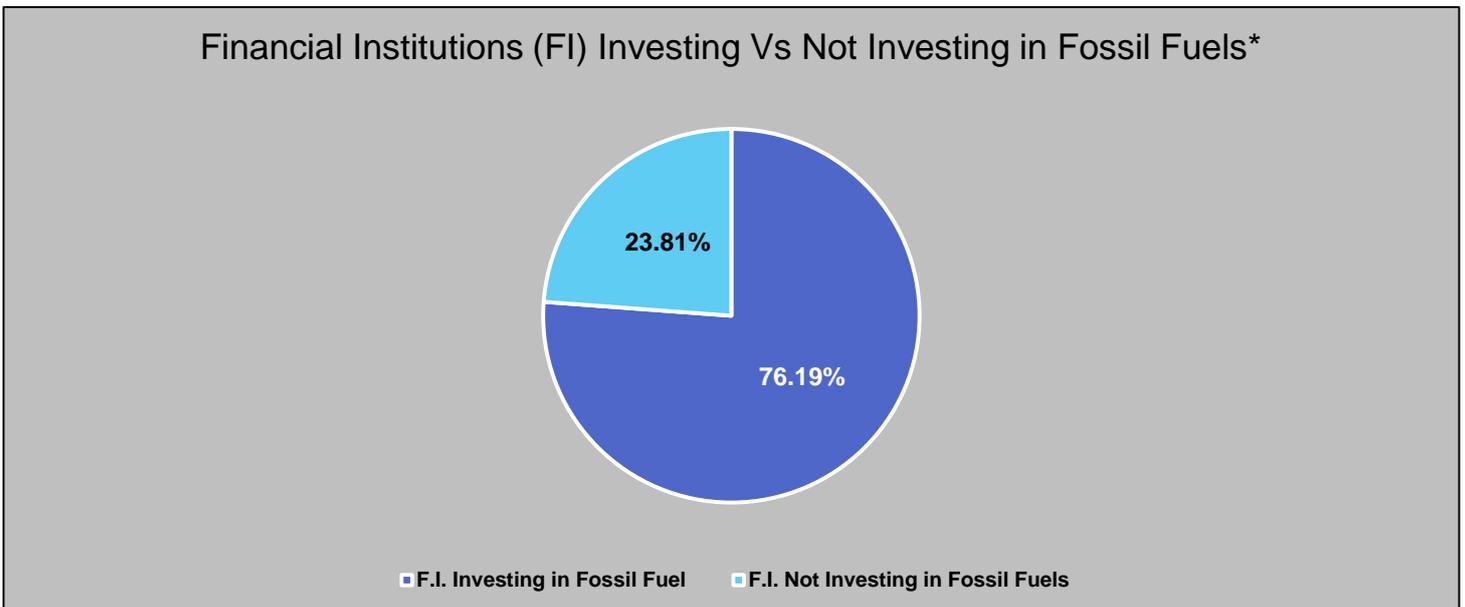
# INVESTMENT SUMMARY



Municipal Funds	\$68,643,633	YTD Return	1.60%
Reserve Funds	\$80,576,367	Benchmark	1.25%
	<u>\$149,220,000</u>	RBA Rate	0.25%

<u>Investment Policy Limits</u>					
	<u>LT Rating</u>	<u>Limit</u>		<u>LT Rating</u>	<u>Limit</u>
Bank of Queensland	A-*	10%	NAB	AA-	25%
Bankwest	AA-	25%	Rural Bank	A-*	10%
Bendigo	A-*	10%	Suncorp	A+	15%
Commonwealth Bank	AA-	25%	Westpac	AA-	25%
ING	A+	15%	11AM WATC	AA+	25%

\*S&P Long Term Rating BBB, Based on the investment policy the Long Term Rating Used is (A-) Based on Moody's and Fitch Rating



\*Based on Market Forces ratings (<http://marketforces.org.au/>)

**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR THE PERIOD ENDED 31 MARCH 2020**

**1. Rates \$80,180**

This favourable variance arose mainly from Interim Rates \$88,543.

**2. Grants and Subsidies \$113,177**

This favourable variance arose from the City being successful in grant applications from the Department of the Environment and Energy. Four project grants for \$20,000 each were received for Projects Coastal Fencing, Littorina Park Natural Area rehabilitation, Warwick Open Space bushland and Trigonometric Park natural area. In addition the fourth quarterly grant of \$22,725 from the Department of Fire and Emergency Service in respect of the Joondalup-Wanneroo SES Unit was received earlier than scheduled.

**3. Fees and Charges (\$257,369)**

	YTD Budget	YTD Actual	Variance
a) Refuse Charges	\$20,630,013	\$20,697,462	\$67,449
b) Building & Development Fees	\$1,247,400	\$1,300,422	\$53,022
c) Sports & Recreation Fees	\$7,125,429	\$6,885,952	(\$239,477)
d) Fines & Penalties	\$1,192,876	\$1,104,693	(\$88,183)
e) Parking Fees	\$2,706,442	\$2,764,861	\$58,419
Other Fees & Charges	\$4,091,850	\$3,983,251	(\$108,599)
	<u>\$36,994,010</u>	<u>\$36,736,641</u>	<u>(\$257,369)</u>

- a) A favourable variance predominantly arising from Domestic Refuse Removal Charges \$ 39,277.
- b) Favourable variances arose from Development Application Fees \$34,359 and Land Purchase Enquiries \$18,470.
- c) Unfavourable variances arose due to the closure of the Leisure Centres and Facilities due to the COVID-19 Pandemic. Variances included Learn to Swim Program (\$92,701), Admission Fees (\$91,284) and Other Hire of Facilities (\$79,826).
- d) Unfavourable variances arose mainly from Parking Infringements (\$63,847) and Poundage Fees (\$12,366).
- e) Favourable variances arose from Multi Storey Car Park Fees \$65,246 and On Street Parking Fees \$26,904, partially offset by a unfavourable variance for Off Street Parking Fees (\$33,869).

Favourable Variance
Unfavourable Variance

**4. Employee Costs**
**\$839,886**

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$46,474,704	\$45,909,883	\$564,821
b) Other Employment Costs	\$2,156,710	\$1,881,645	\$275,065
	<u>\$48,631,414</u>	<u>\$47,791,528</u>	<u>\$839,886</u>

- f) Favourable timing variances for Salaries and Wages arose from vacancies in various areas.
- g) Favourable timing variances arose mainly from Other Employee Costs \$186,002 and Standard Labour Recoveries Capital \$131,108, offset by agency costs (\$149,846) to cover some vacant positions.

**5. Materials and Contracts**
**\$3,102,965**

	YTD Budget	YTD Actual	Variance
a) Administration	\$998,979	\$784,118	\$214,861
b) Accommodation & Property	\$789,413	\$709,299	\$80,114
c) Members Costs	\$571,341	\$502,824	\$68,517
d) Furniture, Equipment & Artworks	\$1,628,768	\$1,386,244	\$242,524
e) External Service Expenses	\$14,775,873	\$13,351,680	\$1,424,193
f) Contributions & Donations	\$1,248,541	\$980,770	\$267,771
g) Other Materials	\$1,631,566	\$1,706,484	(\$74,918)
h) Computing	\$1,766,097	\$1,698,596	\$67,501
i) Public Relations, Advertising & Promotions	\$872,683	\$600,982	\$271,701
j) Professional Fees & Costs	\$1,727,702	\$1,311,994	\$415,708
Other Materials & Contracts	\$10,261,018	\$10,136,025	\$124,992
	<u>\$36,271,981</u>	<u>\$33,167,016</u>	<u>\$3,102,965</u>

- a) This favourable timing variance arose mainly from Printing \$57,293, Photography and Video Production \$38,785 and Council Election Costs \$32,967, with the balance of variances are spread across a number of areas.
- b) This favourable variance arose mainly from Refuse Removal Charges \$46,328 and Rental and Outgoings \$16,670. The balances of variances are spread across a number of areas.
- c) This favourable variance arose mainly from Elected Members Conferences and Training \$56,344.
- d) Favourable timing variances arose mainly from Computer & Communications Equipment Purchase-Minor \$203,912. The balance of variances are spread across a number of areas.
- e) Favourable variances arose mainly from General Waste Tipping Fees \$229,758 and External Contractors and Services \$1,121,411 spread across various areas due to timing of costs including Natural Areas \$320,234, CEO Administration \$199,112, City

<b>Favourable Variance</b>
<b>Unfavourable Variance</b>

Projects \$104,692 and Parks \$65,966. The balances of variances are spread across a number of areas.

- f) This favourable variance arose mainly from Grants & Contributions Made \$181,570 and Community Funding Program \$51,299. The balances of variances are spread across a number of areas.
- g) This unfavourable timing variance arose predominantly from External Material Purchases – Contract (\$132,216) and External Materials-Day Labour (\$46,090).
- h) This favourable variance arose mainly from Data Communication Links \$51,084. The balances of variances are spread across a number of areas.
- i) Favourable variances arose across a number of areas including Advertising-General \$135,840 and Promotions \$52,421.
- j) Favourable timing variances arose mainly from Consultancy \$237,303 and Legal Expenses Recoverable \$63,378.

**6. Utilities \$79,540**

Favourable timing variances arose mainly from Electricity costs for Roads \$126,105, Buildings \$26,196 partially offset by a favourable timing variance for Parks (\$72,939). The balances of variances are spread across a number of areas.

**7. Depreciation \$831,438**

Favourable variances arose for Impairment/Write off assets \$713,128, Depreciation – Buildings \$64,148 and Depreciation – Open Reserves \$28,036. The balances of the variances are spread across a number of areas.

**8. Loss on Asset Disposals \$63,065**

This favourable timing variance arose predominately from the sale of Vehicle, Plant and Equipment which is expected to be disposed in coming months.

**9. Movement in Non-Current Items (\$288,612)**

This timing variance arose in respect of a decrease to Non-current Long Service Leave Liability, which is long service leave accrued in respect of service less than 7 years and not yet eligible to be paid out or accessed.

**10. Capital Grants and Subsidies (\$830,012)**

	YTD Budget	YTD Actual	Variance
a) State Government Grants – Capital Other	\$1,295,696	\$964,526	(\$331,170)

Favourable Variance
Unfavourable Variance

b) State Government – MRRG Roads Grant	\$1,268,521	\$660,162	(\$608,359)
c) Commonwealth Grant-Road to Recovery	\$542,128	\$651,645	\$109,517
Other Programs	\$964,943	\$964,943	-
	<u>\$4,071,288</u>	<u>\$3,241,276</u>	<u>(\$830,012)</u>

- a) This unfavourable variance arose predominantly from RDC2019 Burns Beach Rd (\$384,000) with the project being delivered by Main Roads and has been delayed, funding now expected in July 2020. Unfavourable timing variance arose for RPR3034 Eddystone Ave Craigie (\$30,320), RPR3032 Warwick Rd (\$82,360), RPR2890 Forrest Rd (EB) (\$22,693), RPR2888 Forrest & Alexandra (\$16,160) RPR3033 Lilburne Rd (\$40,053), RPR2501 Glengarry Dr (\$15,120) and RPR2891 W3842 Glengarry Dr (\$17,653) with funding expected in the coming months.
- b) Unfavourable variance arose predominantly in relation to the final grant instalment for the Better Bins Project (\$354,000) which is now expected to be received only in the next financial year.
- c) Roads to Recovery is progressing ahead of schedule with funding received earlier than expected for RPR2004 W1108 Road Preservation & Resurfacing Program \$75,000. The balance is spread across a number of projects.

**11. Capital Contributions \$43,638**

This favourable variance arose from a contribution received for the Northshore Avenue Sump Renewal Works \$45,442.

**12. Other non-operating revenue \$43,131**

This favourable timing variance arose from GST refunds in respect of TPRC land sales undertaken.

**13. Capital Projects \$349,713**

	YTD Budget	YTD Actual	Variance
a) Automation Accounts Payable	\$267,060	\$112,730	\$154,330
c) Cafes/Restaurants/Kiosks	\$189,187	\$115,299	\$73,888
d) IT Disaster Recovery Facilities	\$59,810	\$144,105	(\$84,295)
Other Projects	\$1,184,982	\$979,192	\$205,790
	<u>\$1,701,039</u>	<u>\$1,351,326</u>	<u>\$349,713</u>

- a) This favourable timing variance arose due to the project progressing behind initial estimates with expenditure to increase over the coming months.
- b) Expenditure of this project is anticipated to increase over the coming months, as this project progresses.

Favourable Variance
Unfavourable Variance

- c) An unfavourable timing variance arose due to this project progressing ahead of budget phasing.

**14. Vehicle and Plant Replacements**

**(\$70,490)**

This unfavourable timing variance arose due to the purchase of three Mowers ahead of budget phasing.

**15. Proceeds from Disposal**

**(\$182,362)**

The timing of the disposal of Fleet and Plant assets relative to budget estimates generated an unfavourable variance of (\$182,362).

**16. Closing Funds**

**\$3,017,849**

	<b>June 2019</b>	<b>March 2020</b>
<b>Current Assets</b>		
Cash and Investments	\$111,629,542	\$149,226,400
Rates Outstanding, Sundry Debtors and Other Receivables	\$4,014,542	\$3,723,887
Accrued Income	\$1,437,933	\$1,134,485
Prepayments	\$475,123	\$337,781
Inventories	\$245,434	\$171,655
<b>Total Current Assets</b>	<b>\$117,802,574</b>	<b>\$154,594,208</b>
<b>Current Liabilities</b>		
Trade Creditors	\$4,911,992	\$565,582
Sundry Payables	\$563,195	\$3,405,118
Accrued Expenses	\$5,512,097	\$3,834,701
Other Payables	\$4,150,599	-
Borrowings	\$3,324,328	\$842,865
Provision for Annual Leave	\$4,644,369	\$4,514,820
Provision for Long Service Leave	\$6,285,252	\$6,223,644
Provision for Workers Compensation Insurance	\$2,562,776	\$2,879,457
Provision for Sick Leave	\$994,195	\$1,146,442
Other Provisions	\$194,957	\$163,004
<b>Total Current Liabilities</b>	<b>\$33,143,760</b>	<b>\$23,575,634</b>
<b>Net Current Assets</b>	<b>\$84,658,814</b>	<b>\$131,018,574</b>
<b>Add back: Borrowings</b>	<b>\$3,324,328</b>	<b>\$842,865</b>
<b>Less: Cash Backed Reserves</b>	<b>\$82,402,047</b>	<b>\$82,402,047</b>
<b>Closing Funds – Surplus/(Deficit)</b>	<b>\$5,581,095</b>	<b>\$49,459,393</b>

**Favourable Variance**  
**Unfavourable Variance**