

agenda

Briefing Session Addendum

A BRIEFING SESSION WILL BE HELD IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP

ON TUESDAY 11 FEBRUARY 2025

COMMENCING AT 6.30pm

JAMES PEARSON
Chief Executive Officer
7 February 2025

Acknowledgement of Traditional Custodians

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

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joondalup.wa.gov.au

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12 REPORTS

12.21 MID-YEAR REVIEW OF THE ANNUAL BUDGET FOR THE 2024-25 FINANCIAL YEAR (WARD - ALL)

| | |
|------------------------|---|
| WARD | All |
| RESPONSIBLE DIRECTOR | Mr Mat Humfrey Director Corporate Services |
| FILE NUMBER | 110452, 101515 |
| AUTHORITY / DISCRETION | Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets. |

PURPOSE

The purpose of this report is for Council to consider and adopt the Mid-Year review of the Annual Budget for the 2024-25 financial year.

EXECUTIVE SUMMARY

The review of the 2024-25 Annual Budget has been completed. A number of variations to existing budget allocations have been identified and included in the revised budget. Below is a summary of material variances within the Budget Review as attached:

- **Operations**, after adjusting for non-cash movements, shows a cash surplus expected to be \$8,369,323 lower than budget (Note 1 to 9 – Attachment 1 refers). This arises mainly from a (\$6,339,068) reduction in grants and subsidies mostly due to federal assistance grant funds received in advance in 2023-24. There are also increases in Materials and Contracts (\$381,595) from various areas. Employee Costs has increased (\$4,959,650) mainly as a result of a decrease to the corporate vacancy credit. This is partially offset by higher Interest Earnings \$821,041 from funds under investment and higher Fees and Charges \$1,495,793 mainly caused by growth in memberships at the Craigie Leisure Centre \$683,103, Parking Infringements \$251,690 and Multi Storey Car Park Fees \$344,280. Depreciation increased by \$1,767,950 mainly as a result of Impairment/Write off of assets \$1,557,530.
- **Capital Revenue** is \$7,062,202 higher than budget (Note 10 to 13 Attachment 1 refers), comprising higher equity distribution from Catalina Regional Council \$4,166,667, Capital Grants and Subsidies due to updated project schedules \$2,108,844, other non-operating revenue \$563,482 and capital contributions \$223,209.
- **Deficit Carried Forward** – The variance between 2023-24 forecast surplus as per adopted budget and actual deficit as per audited financial report was \$4,511,940 (Note 17 Attachment 1 refers). The revised budget has allocated the actual deficit carried forward from the previous financial year as reported in the *2023-24 Annual Financial Report*.

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- **Capital Expenditure** is \$7,114,477 lower than budget (Notes 14 to 16 Attachment 1 refers). Capital Works has been reduced by \$8,090,435 due to changing project schedules. Motor Vehicle Replacements has decreased by \$89,670. This was offset by increased expenditure on Capital Projects by \$1,065,628.
 - **Reserves transfers** net transfer has decreased by \$1,572,720 (Notes 19 to 20 Attachment 1 refers). This comprises increased transfers from reserves \$865,108 mainly arising from decreased transfers from Asset Renewal Reserve \$5,113,370, Burns Beach Café/Kiosk/Restaurant Reserve \$534,495, partially offset by increased transfers to Carry Forward Reserve \$6,100,967 and Parking Reserve \$949,030. Transfers to reserves increased by \$2,437,828 mainly comprising increase in transfers to Catalina Park Reserve \$4,166,667 and Parking Reserve \$1,177,846, partially offset by reduced transfers to Carry Forward Reserve \$4,000,000.

It is therefore recommended that Council by an ABSOLUTE MAJORITY APPROVES the Mid-Year Review of the Budget for the 2024-25 Financial Year as at Attachment 1 to this Report.

BACKGROUND

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* provides that the City is required to conduct a review of its approved annual budget after considering the changes in its operating environment since the beginning of the financial year with a view to forecasting the financial impacts likely to arise for the remainder of the year.

DETAILS

Issues and options considered

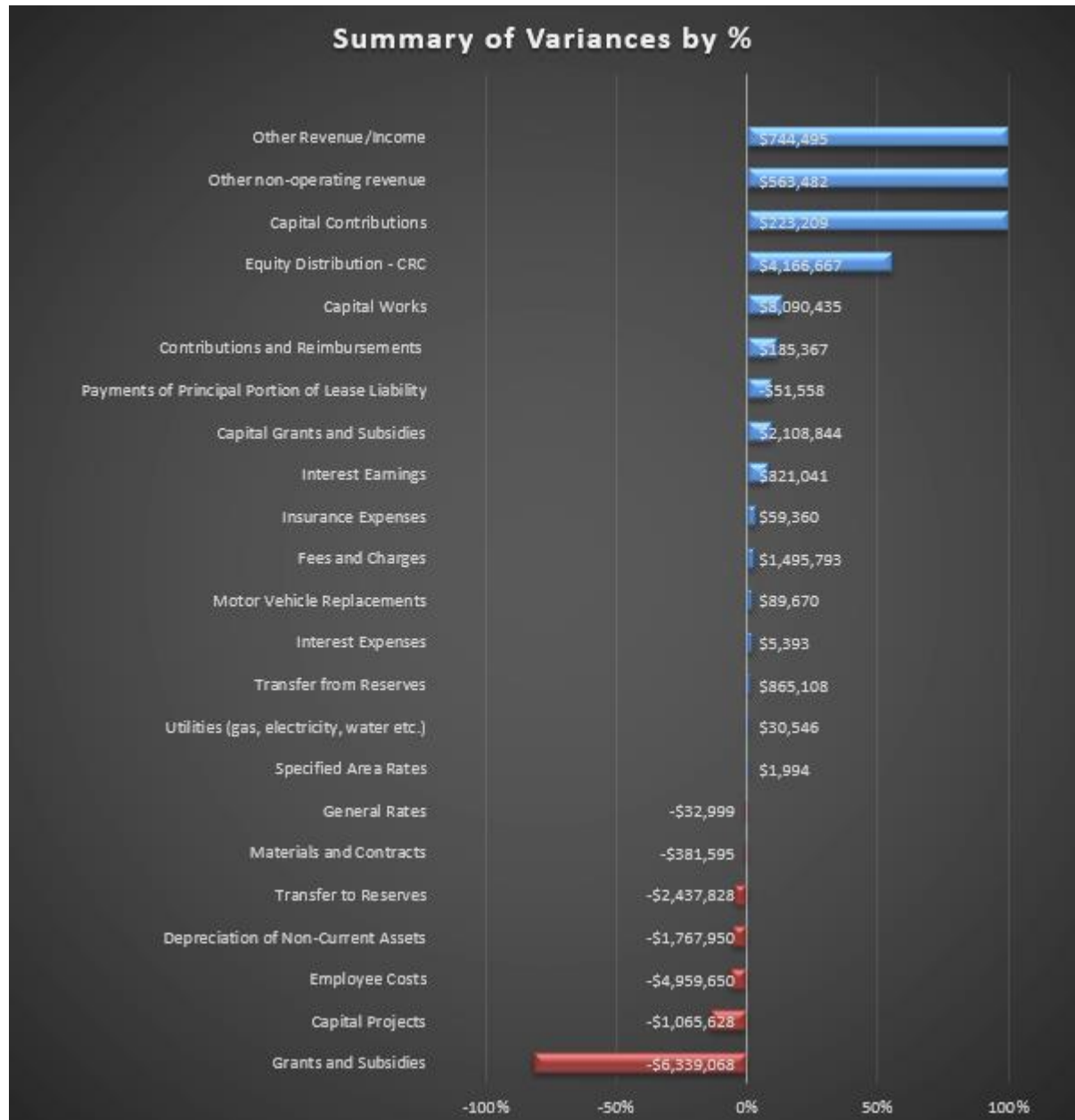
The budget review has comprised:

- a review of the adopted budget (as amended) and an assessment of actual results to date against that budget
- an assessment and projection of likely results over the remainder of the financial year against the adopted budget
- consideration of any issues not provided for in the adopted budget (as amended) that may need to be addressed.

The review of the adopted budget (as amended) has taken into account what has transpired in the first half of the year, the likely operating environment over the remaining part of the year under prevailing economic conditions and the most likely impact on the City's financial position.

The focus in this review has been on ensuring that there is sufficient operating capacity to deliver the services and budget programs as set out in the adopted 2024-25 Budget and to accommodate events and issues that have arisen since budget adoption.

The key elements of the variance are summarised below:



The most significant variations between the adopted budget and the revised budget are as follows:

Grants and Subsidies

The decrease in Grants and Subsidies arose from General Purpose Grant (\$3,672,341) due to funds received in advance in 2023-24 (\$3,687,720), partially offset by an increase in grant funds \$15,377. Decrease was also due to Financial Assistance Grant for Local Roads (\$2,577,421), funds received in advance in 2023-24 (\$2,630,105) partially offset by an increase in grant \$52,683. A decrease also occurred in the Fire Mitigation grant (\$113,624) and the Department of Transport grant for sand bypassing (\$52,000). This was partially offset by Urban Greening WALGA CBD project grant \$54,986.

Employee Costs

The increase in Employee Costs (\$4,959,650) is mainly due to a reduction in the corporate vacancy credit to reflect the current actuals as at December (\$4,715,300). At the time of adoption of the budget, the City had provided for the corporate vacancy credit of \$6,110,152 based on vacancy trend in previous financial years. Due to the increased cost of engaging casuals and agency staff to fill in vacancies and leave cover, the net savings realised is lower than the forecast and accordingly the corporate credit was reduced to \$1,196,504. The details of the increase in casual and agency staff costs by business units are covered in attachment 1.

Equity Distribution – Catalina Regional Council

The increase in equity distribution from Catalina Regional Council (\$4,166,667) is due to higher estimated distributions to members at the Mid Year Budget Review.

Surplus Carried Forward

The revised budget has brought to account the actual deficit carried forward from the previous financial year as reported in the *2023-24 Annual Financial Report* approved at Ordinary Council Meeting on 10 December 2024.

Capital Projects

The increase in capital projects of (\$1,065,628) arises primarily due to updated project schedules as follows:

- Integrated Parking and Compliance Management System Project (\$949,030). This was a carried project from last financial year and this additional allocation is funded from the reserve.
- Re-fitting Committee Rooms for Public Meetings - (\$150,000). These funds are required to re-fit Conference Rooms 2 and 3 for the purpose of holding open Committee meetings. As Council would be aware, the *Local Government Amendment Act 2024* was enacted on 6 December 2024 which advances a range of major reforms to the *Local Government Act 1995*, including the requirement for all committee meetings to be open to the public. Whilst this requirement is yet to take effect, it is expected it will come into effect from 1 July 2025. It has been suggested that Conference Rooms 2 and 3 would be the preferred location to hold open committee meetings however, significant upgrades to IT equipment and furniture is required in order to facilitate open committee meetings in these rooms. Whilst a RFQ has not been undertaken for the works as yet, it is estimated the costs would be approximately \$150,000 for the necessary upgrades in conference rooms 2 and 3.
- Whitfords West Pump and Jump \$606,434.

Capital Works

The decrease in capital works of \$8,090,435 arises primarily due to updated project schedules as follows:

- Moolanda Boulevard Pedestrian Footbridge \$2,138,229.
- Joondalup Dr/Hodges Dr Intersection Upgrade \$1,150,000.
- Whitfords West Pump and Jump \$606,434.
- Burns Beach Cafes/Kiosks/Restaurants \$509,495.

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- Joondalup City Centre Street Lighting \$480,001.
 - Chichester Park Skate Park \$472,212.
 - Eddystone Ave – Joondalup to Honeybush \$420,000.
 - Marmion Ave and Coral St Intersection \$406,788.

Legislation / Strategic Community Plan / Policy implications

Legislation Regulation 33A of the *Local Government (Financial Management) Regulations 1996*, requires the local government to carry out a review of its annual budget for that year.

“33 A Review of budget

(1) Between 1 January and the last day of February in each financial year a local government is to carry out a review of its annual budget for that year.

(2A) The review of an annual budget for a financial year must –

- (a) consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
- (b) consider the local government’s financial position as at the date of the review; and*
- (c) review the outcomes for the end of that financial year that are forecast in the budget.*

(2) The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that financial year.

(3) A council is to consider a review submitted to it and is to determine whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required*

(4) Within 14 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.”

10-Year Strategic Community Plan

Key theme 5. Leadership.

Outcome 5-4 Responsible and financially sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

Policy Not applicable.

Risk management considerations

In accordance with section 6.8 of the *Local Government Act 1995*, a local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure is authorised in advance by an absolute majority decision of Council.

Financial / budget implications

The anticipated budget deficit is \$328,862. Additional financial details are provided in Attachment 1. The Rate Setting Statement in Attachment 1 includes year to date actuals to the end of December 2024.

The Council adopted the annual budget for 2024-25 with a balanced position, however, due to budget variations proposed within this report, the revised budget position will be a net budget deficit of (\$328,862). The overall deficit is mainly attributable to the increase in employee costs due to the reduction in vacancy credit, the impact of potential payment due to impending enterprise agreement negotiations and increase in materials and contracts expenditure as detailed in attachment 1 of this report. These increases were partially offset by the increase in operating revenue and movement in reserve transfers.

The City's overall financial position is sound, and a one-off deficit is not a cause for concern as the actual end of year position could be better than forecasted based on historical trend. Any actual deficit achieved for the year 2024-25 will have to be funded within 2025-26 budget.

All amounts quoted in this report are exclusive of GST.

Regional significance

Not applicable.

Sustainability implications

Budget parameters are structured on financial viability and sustainability principles.

Consultation

Extensive internal consultation with the executive and all business units has been undertaken.

COMMENT

Council is required to consider the budget review submitted to it (regulation 33A of the *Local Government (Financial Management) Regulations 1996*) and make a determination in relation to the outcomes and recommendations.

VOTING REQUIREMENTS

Absolute Majority.

RECOMMENDATION

That Council by an ABSOLUTE MAJORITY APPROVES the Mid-Year Review of the Budget for the 2024-25 Financial Year as Attachment 1 to this Report.

ATTACHMENTS

1. Revised Budget 2024 25 Notes RSS [**12.21.1** - 14 pages]



Attachment 1

City of Joondalup
Revised Budget Rate Setting Statement 2024/25

| Note | Dec YTD Amended Budget | Dec YTD Actual | Variance YTD \$ | Amended Budget | Revised Budget | Variance to Budget \$ | Variance % |
|--|------------------------------|----------------------|--------------------|----------------------|----------------------|-----------------------------|---------------|
| OPERATING REVENUE | | | | | | | |
| | (111,661,659) | (111,574,400) | (87,259) | (111,661,659) | (111,628,660) | (32,999) | (0%) |
| | (797,524) | (800,212) | 2,688 | (797,524) | (799,518) | 1,994 | 0% |
| 1 | (3,774,954) | (720,336) | (3,054,618) | (7,769,225) | (1,430,157) | (6,339,068) | (82%) |
| 2 | (816,211) | (884,460) | 68,249 | (1,578,439) | (1,763,806) | 185,367 | 12% |
| | (92,973) | (173,427) | 80,454 | (265,995) | (265,995) | - | 0% |
| 3 | (36,232,339) | (36,787,334) | 554,995 | (46,785,636) | (48,281,429) | 1,495,793 | 3% |
| 4 | (4,913,233) | (5,602,605) | 689,372 | (9,501,877) | (10,322,918) | 821,041 | 9% |
| 5 | (206,000) | (2,888,194) | 2,682,194 | (412,000) | (1,156,495) | 744,495 | 100% |
| Total Operating Revenue | (158,494,893) | (159,430,968) | 936,075 | (178,772,355) | (175,648,978) | (3,123,377) | (2%) |
| OPERATING EXPENSES | | | | | | | |
| 6 | 39,965,243 | 41,126,484 | (1,171,241) | 77,043,731 | 82,003,381 | (4,959,650) | (6%) |
| 7 | 36,017,392 | 29,547,672 | 6,469,720 | 68,883,489 | 69,265,084 | (381,595) | (1%) |
| | 3,331,594 | 2,818,780 | 512,814 | 6,658,682 | 6,628,136 | 30,546 | 0% |
| 8 | 16,068,730 | 17,163,064 | (1,094,334) | 32,093,100 | 33,861,050 | (1,767,950) | (6%) |
| | 67,080 | 29,902 | 37,178 | 98,834 | 98,834 | - | 0% |
| | 119,938 | 121,914 | (1,976) | 245,051 | 239,658 | 5,393 | 2% |
| 9 | 1,737,107 | 1,676,363 | 60,744 | 1,750,793 | 1,691,433 | 59,360 | 3% |
| Total Operating Expenses | 97,297,084 | 92,484,179 | 4,812,905 | 186,773,690 | 193,787,576 | (7,013,886) | (4%) |
| (SURPLUS)/DEFICIT FROM OPERATIONS | (61,197,809) | (66,346,789) | 5,148,980 | 8,001,326 | 18,138,598 | (10,137,273) | 100% |
| NON-CASH MOVEMENTS | | | | | | | |
| | (16,068,730) | (17,163,064) | 1,094,334 | (32,093,100) | (33,861,050) | 1,767,950 | 6% |
| | (67,080) | (29,902) | (37,178) | (98,834) | (98,834) | - | 0% |
| | 92,973 | 173,427 | (80,454) | 265,995 | 265,995 | - | 100% |
| | (100,000) | (293,553) | 193,553 | (100,000) | (100,000) | - | 0% |
| OPERATIONS' CASH (SURPLUS)/DEFICIT | (77,340,646) | (84,259,881) | 6,919,235 | (24,024,614) | (15,655,291) | (8,369,323) | (35%) |
| CAPITAL REVENUE | | | | | | | |
| 10 | (6,722,286) | (15,961,088) | 9,238,802 | (21,889,758) | (23,998,603) | 2,108,844 | 10% |
| 11 | - | (219,931) | 219,931 | (112,068) | (335,277) | 223,209 | 100% |
| 12 | (7,083,333) | (7,083,333) | - | (7,500,000) | (11,666,667) | 4,166,667 | 56% |
| 13 | - | (563,482) | 563,482 | - | (563,482) | 563,482 | 100% |
| Total Capital Revenue | (13,805,619) | (23,827,834) | 10,022,215 | (29,501,826) | (36,564,029) | 7,062,202 | 24% |
| CAPITAL EXPENDITURE | | | | | | | |
| 14 | 6,357,926 | 1,335,151 | 5,022,775 | 7,623,889 | 8,689,517 | (1,065,628) | (14%) |
| 15 | 27,543,393 | 18,807,525 | 8,735,868 | 57,990,663 | 49,900,228 | 8,090,435 | 14% |
| 16 | 70,000 | 467,829 | (397,829) | 4,059,500 | 3,969,830 | 89,670 | 2% |
| Total Capital Expenditure | 33,971,319 | 20,610,505 | 13,360,814 | 69,674,052 | 62,559,575 | 7,114,477 | 10% |
| CAPITAL (SURPLUS)/DEFICIT | 20,165,700 | (3,217,329) | 23,383,029 | 40,172,226 | 25,995,547 | 14,176,679 | 35% |
| TOTAL OPERATING (SURPLUS)/DEFICIT FUNDING | (57,174,946) | (87,477,210) | 30,302,264 | 16,147,612 | 10,340,256 | 5,807,356 | 36% |
| FUNDING | | | | | | | |
| | (412,600) | (444,955) | 32,355 | (935,900) | (935,900) | - | 0% |
| 17 | (3,886,421) | 625,519 | (4,511,940) | (3,886,421) | 625,519 | (4,511,940) | (116%) |
| | - | - | - | - | - | - | 0% |
| | 477,916 | 477,916 | - | 962,667 | 962,667 | - | 0% |
| 18 | 227,904 | 227,904 | - | 523,489 | 575,027 | (51,558) | 10% |
| | - | - | - | - | 0 | - | 0% |
| 19 | - | - | - | (65,286,905) | (66,152,013) | 865,108 | 1% |
| 20 | - | - | - | 52,475,478 | 54,913,306 | (2,437,828) | (5%) |
| | - | - | - | - | - | - | 0% |
| CLOSING FUNDS | (60,768,147) | (86,590,826) | 25,822,679 | 0 | 328,862 | (328,862) | 100% |



Attachment 1

**NOTES TO AND FORMING PART OF THE REVISED BUDGET
STATEMENT FOR THE 2024-25 FINANCIAL YEAR**



Attachment 1

NOTES TO AND FORMING PART OF THE REVISED 2024-25 BUDGET STATEMENT

1. Grants and Subsidies

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$7,769,225 | \$1,430,157 | (\$6,339,068) |

The decrease in Grants and Subsidies arose from General Purpose Grant (\$3,672,341) due to funds received in advance in 2023-24 (\$3,687,720), partially offset by an increase in grant funds \$15,377. Decrease was also due to Financial Assistance Grant for Local Roads (\$2,577,421), funds received in advance in 2023-24 (\$2,630,105) partially offset by an increase in grant \$52,683. A decrease also occurred in the Fire Mitigation grant (\$113,624) and the Department of Transport grant for sand bypassing (\$52,000). This was partially offset by Urban Greening WALGA CBD project grant \$54,986.

2. Contributions and Reimbursements

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$1,578,439 | \$1,763,806 | \$185,367 |

The net increase was primarily due to higher insurance reimbursements totalling \$117,711, with \$40,202 for MacNaughton Park Clubrooms and \$29,179 for Building Asset Management. Additionally, other miscellaneous reimbursements rose by \$53,415, mainly from Asset Management Administration, which accounted for \$29,208.

3. Fees and Charges

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$46,785,636 | \$48,281,429 | \$1,495,793 |

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

| | |
|----------------------------------|--------------------|
| Increase | |
| a) Sports and Recreation Fees | \$841,357 |
| b) Fines and Penalties | \$295,490 |
| c) Parking Fees | \$249,397 |
| d) Building and Development Fees | \$246,452 |
| e) Refuse Charges | \$81,802 |
| Other | \$2,310 |
| Decrease | |
| f) Other Fees and Charges | (\$145,187) |
| Other | (\$75,827) |
| | <u>\$1,495,793</u> |



Attachment 1

- a) Increase in Craigie Leisure Centre Memberships \$596,440 to reflect the increase in actual members, Hire of Facilities \$219,374 and Learn to Swim program \$112,098. This was partially offset by a decrease in Admission Fees (\$84,816) due to a 5% reduction in pool admission because of customers switching to a membership option.
- b) Fines and Penalties increased mainly as a result of Parking Infringements \$251,690 due to patrols restarted.
- c) Increase in Multi Storey Car Park Monthly Fees \$187,200 due to Joondalup Hospital Contract starting in October and Multi Storey Car Park Parking Fees \$157,080 based on a 30% increase in occupancy in the 1st quarter. This was partially offset by a decrease in Off Street Parking Fees (\$67,455).
- d) Increase in Building Permits \$127,000 and Development Application Fees \$100,000.
- e) Increase in 240L General Waste Bin Annual Service Fee \$53,966.
- f) Decrease in Verge Bond Application Fees (\$107,912) and Immunisation Services (\$42,000) due to service discontinued.

4. Interest Earnings

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$9,501,877 | \$10,322,918 | \$821,041 |

This favourable variance arose from Interest from Other Financial Institutions \$819,109 due to higher than estimated opening balance.

5. Other Revenue/Income

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$412,000 | \$1,156,495 | \$744,495 |

This favourable variance mainly arose from Net Revenue from CRC Catalina Estate Sales \$709,463.

6. Employee Costs

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$77,043,731 | \$82,003,381 | (\$4,959,650) |

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



Attachment 1

Increases

| | |
|---|-------------|
| a) Salaries and Wages - Casuals | (1,042,725) |
| b) Agency Employees | (296,713) |
| c) Other employment Costs | (145,223) |
| d) Employee Cost Allocations and Recovery | (87,813) |
| e) Reduction in Corporate Vacancy Credit | (4,913,647) |
| Other Employee Costs | (1,364) |

Decreases

| | |
|-----------------------|----------------------|
| f) Salaries and Wages | 1,527,835 |
| | <u>(\$4,959,650)</u> |

- a) Increase in casuals mainly occurred at Craigie Leisure Centre (\$282,744) to cover the increase in members and attendance. This is offset by an increase in income at Craigie Leisure Centre from memberships \$596,440 (see 3a). There is also an increase in Library Operations (\$236,549) and Marketing and Communications (\$303,515). Environmental Health Services showed an increase of (\$158,000) due to termination of immunisation service by Council.
- b) This increase is due primarily to the use of Agency Employees to cover vacant positions.
- c) Standard Labour Recoveries for Capital Works increased by (\$87,809).
- d) Increase occurred mainly due to Study Assistance & Professional Development (\$40,930) and Employee Support Services (\$20,000).
- e) Forecast corporate vacancy credit reduced by \$4,913,647 based on vacancy savings achieved as per December 2024 actuals.
- f) Decrease in Salaries and Wages in various areas due to timing of recruitment for vacant positions which was offset by higher cost for casual salaries and agency employees.

7. Materials and Contracts

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$68,883,489 | \$69,265,084 | (\$381,595) |

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

Increases

| | |
|----------------------------------|-------------|
| a) External Service Expenses | (1,778,669) |
| b) Professional Fees & Costs | (455,276) |
| c) Telephones and Communications | (93,789) |
| d) Finance Related Costs | (65,227) |
| Other | (69,702) |



Attachment 1

Decreases

| | |
|---|--------------------|
| e) Waste Management Services | 448,825 |
| f) Other Materials | 241,304 |
| g) Charges and Recoveries | 81,773 |
| h) Contributions and Donations | 65,342 |
| i) Corporate Materials and Contracts Credit | 1,150,000 |
| Other | 93,824 |
| | <u>(\$381,595)</u> |

- a) Increase was mainly due to an increase in External Contractors & Services (\$2,109,618) which includes Website Improvements (\$200,000) utilising funds carried forward, Asset Management System Replacement (\$248,000), Tree Maintenance (\$224,977), Scheduled Fertilising (\$150,000), Joondalup Festival (\$150,000), Asset Data Collection (\$136,500), Reactive Chemical Weeding (\$134,225), Planned Building Maintenance (\$130,011) and Scheduled Turf Renovation (\$100,275).
- b) Professional Fees & Costs increased mainly as a result of Consultancy (\$317,549) which includes Dog Management Plan Consultancy and Survey Costs (\$90,000), Bushfire Risk Management Services (\$80,000) for which grant funding will offset 50% of costs, Craigie Leisure Centre Phase 2 Concept Design (\$65,000), Joondalup Area Transport Model (\$65,000) and Neil Hawkins Park Redevelopment (\$50,000). An increase also occurred on Legal Expenses (\$62,900).
- c) Increase mainly due to Mobile Phones, Pagers and Radios (\$58,679) and Office Telephones & Faxes (\$31,404).
- d) Finance Related Costs mainly increased due to an increase in Bank Charges for Craigie Leisure Centre (\$101,245) due to increased fees for direct debit payment option as a result of Xplor Recreation software implementation.
- e) The decrease occurred mainly due to Processing Recycling \$199,821, Processing Domestic Green Waste \$181,128, Tipping Fees General Waste \$172,302, Collection Hard Waste Skips \$75,136 and MRC Members Admin Fee \$71,976. This was partially offset by increases in Collection Bulk Green Waste (\$131,458), Processing Bulk Hard Waste (\$101,310) and Processing Hard Waste Skips (\$93,991).
- f) Decrease mainly arose due to in External Material Purchases – Contract \$285,149.
- g) Decrease mainly occurred due to a decrease in Overhead Recoveries \$164,345 and Fleet and Plant Utilisation Charge \$137,325. This was partially offset by Fleet and Plant Operational Recovery (\$132,942) and Overhead Charge (\$79,000).
- h) Decrease mainly occurred as a result of Arts Funding Programs \$36,913.
- i) Several business units have identified increases to materials and contracts during mid-year review process, however, based on historical trend a corporate materials and contracts credit has been included in the revised budget.



Attachment 1

8. Depreciation

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$32,093,100 | \$33,861,050 | (\$1,767,950) |

Depreciation variances include Impairment/Write off of assets (\$1,557,530), Depreciation Lighting (\$221,303), Depreciation Computer & communications Hardware (\$151,928), Depreciation Footpaths Infrastructure (\$136,708), Depreciation Mobile and Other Plant (\$71,869), Depreciation Car Parking Infrastructure (\$63,377) and Depreciation Library Stock (\$57,751). This was partially offset by decreases in Depreciation Open Reserves \$455,944, Depreciation Leases \$119,348 and Depreciation Roads Infrastructure \$64,906.

9. Insurance Expenses

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$1,750,793 | \$1,691,433 | \$59,360 |

This net decrease resulted in mainly due to lower than originally budgeted for Public Liability \$23,231 and Industrial Special Risk \$22,543.

10. Capital Grants and Subsidies

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$21,889,758 | \$23,998,603 | \$2,108,844 |

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

Decreases

| | |
|---|-------------|
| a) Other Grants and Subsidies – Capital - Other | (1,763,833) |
| b) State Government Grants – Capital – Direct Grant Roads | (120,622) |
| Other | (28,000) |

Increases

| | |
|---|--------------------|
| c) State Government Grants – Capital Other | 2,264,543 |
| d) State Government Grants – Capital – MRRG Grant Roads | 1,151,126 |
| e) Commonwealth Grants – Capital – Other | 350,206 |
| f) Commonwealth Grants – Capital – Roads to Recovery | 136,432 |
| g) Commonwealth Grants & Subsidies – Capital – Black Spot | 118,993 |
| | <u>\$1,177,856</u> |



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- a) This decrease arose from updated project schedules for MPP2081 Duncraig Adventure Hub (\$2,000,000), partially offset by an increase for C1232 Installation of EV Chargers \$111,722 and PDP2350 Sorrento Bowling Synthetic Turf \$88,446.
- b) This decrease arose mainly due to RPR3440 Ackworth Crescent (\$177,000) due to delays in other projects, RPR3358 Fraser Way (\$170,109) and RPR3139 Gwendoline Drive (\$157,892) due to delays, partially offset by RPR3408 Sporing Way \$207,379 and RPR3462 Newham Way \$177,000.
- c) Increase occurred on MPP2081 Duncraig Adventure Hub \$2,000,000, RDC20331 Hepburn Ave – Lilburne to Walter Padbury \$848,773 due to unspent grant from 2023/24, FPN2299 Coastal Shared Path Design \$816,046, SBS2093 Ocean Reef Rd and Gwendoline Dr \$212,001, new project PDP2409 Smart Bore Water Meter Connections \$200,000 100% grant funded from Waterwise grant, STL2121 Forrest Park Sports Lighting upgrade \$145,570 and PEP2891 Gibson Park Youth Wheels Facility \$50,000. This was partially offset by a decrease for RDC2030 Moolanda Boulevard Pedestrian Footbridge (\$1,000,000) reduced based on expected expenditure, PDP2371 Chichester Park Skate Park (\$409,160), PEP2892 Whitfords West Pump and Jump (\$250,000), FNM2103 Coastal and Estuarine Mitigation Program (\$233,127) and SBS2092 Marmion Ave and Forrest Rd Intersection (\$119,077).
- d) This increase arose mainly due to additional funds for RPR3480 Warwick Road – Oronsay to Dorchester \$397,157, Joondalup/Lakeside(N) RDB Upgrade \$301,578, RPR3477 Warwick Road – Currajong to Lilburne \$261,697, RDC2025 Whitfords Ave/Gibson Ave Intersection Upgrade \$194,389 due to final grant payment, RPR3479 Warwick Road – Allenswood to Cockman \$117,585, RPR3478 Warwick Road – Roche to Currajong \$86,500 and RDC2027 Joondalup Dr/Hodges Dr Intersection Upgrade \$50,000. This was partially offset by decreases as a result of updated project schedules for RDC2032 Eddystone Ave – Joondalup to Honeybush (\$255,983).
- e) Increase due to updated project schedules for RDC2030 Moolanda Boulevard Pedestrian Footbridge (\$143,986) and PFP2084 Prince Regent Park Parking Improvements (\$126,0610). This was offset by an increase for FPR2297 Coastal Path – West View Bvd to Marina \$222,742, RPR2838 Matisse Way \$130,400, PFP2086 Windemere Park Parking Improvements \$102,909, SWD2231 Sump Beautification – Minor Sites \$74,855 and STL2117 LED Lighting Upgrades Iluka \$66,592.
- f) Increase occurred on RPR3440 Ackworth Crescent \$237,126 and RPR3463 Shepherds Bush Dr – Peckham to New Cross \$183,787, partially offset by decreases on RPR3306 Craigie Dr – Sandalford Dr to Coyle Rd (\$149,000) and RPR3305 Craigie Dr – Ocean Reef to Sandalford (\$119,000).
- g) This increase arose mainly due to SBS2096 Hepburn Ave – Karuah Way Intersection Upgrade \$646,700 as a result of unspent funds from 2023/24, partially offset by a decrease on SBS2091 Marmion Ave and Coral St Intersection (\$402,234) due to no further income expected in 2024/25.



Attachment 1

11. Capital Contributions

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$112,068 | \$335,277 | \$223,209 |

This increase is mainly due to the club contributions for PDP2372 Iluka Bowling Green & Lighting Upgrade \$120,648 and STL2159 Sorrento Tennis Club Lighting Upgrade \$59,083. The balances of the variances are spread across several projects.

12. Equity Distribution Catalina Regional Council

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$7,500,000 | \$11,666,667 | \$4,166,667 |

This increase was due to the estimated distribution in the revised budget of the Catalina Regional Council.

13. Other non-operating revenue

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Decrease) / Increase |
|------------------------|------------------------|--------------------------------|
| \$- | \$563,482 | \$563,482 |

This arose from unbudgeted GST refunds \$563,482 received from the ATO in respect of CRC land sales undertaken.

14. Capital Projects

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$7,623,889 | \$8,689,517 | (\$1,065,628) |

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

Increases

| | |
|--|-----------|
| a) Integrated Parking and Compliance Management System Project | (949,030) |
| b) Installation of EV Chargers | (79,969) |
| c) Re-fitting Committee Room 2 and 3 for Public Meetings | (150,000) |
| Other | (72,486) |

Decreases

| | |
|--|----------------------|
| d) Customer Service Centralisation Project | 180,000 |
| Other | 5,857 |
| | <u>(\$1,065,628)</u> |



Attachment 1

- a) Increase due to carry forwards from 2023-24.
- b) Increase due to higher estimated expenditure in the revised budget.
- c) Increase due to reconfiguration and IT upgrades for conference room 2 and 3 to accommodate open committee meetings as required by recent changes in legislation.
- d) Decrease due to Axiom impacts on this project \$180,000.

15. Capital Works

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$57,990,663 | \$49,900,228 | \$8,090,435 |

The net decrease in capital works of \$8,090,435 is made up of the following variations:

Decreases

| | |
|---|-----------|
| a) Major Road Construction Program (RDC) | 3,186,229 |
| b) Major Projects Program (MPP) | 904,222 |
| c) Parks Equipment Program (PEP) | 884,751 |
| d) Street Lighting Program (STL) | 769,163 |
| e) Blackspot Projects | 566,953 |
| f) Foreshore and Natural Areas Management Program (FNM) | 392,209 |
| g) Parking Facilities Program (PFP) | 333,513 |
| h) Road Preservation/Resurfacing Program (RPR) | 297,676 |
| i) Stormwater Drainage Program | 294,065 |
| j) Local Traffic Management Program (LTM) | 210,915 |
| k) Streetscape Enhancement Program (SSE) | 203,761 |
| l) Parks Development Program (PDP) | 182,212 |
| m) Slab Path Replacement (FPR) | 55,000 |
| Other | 1,244 |

Increases

| | |
|---|--------------------|
| n) Major Building Capital Works Program (BCW) | (191,471) |
| | <u>\$8,090,435</u> |

- a) Major Road Construction Program decrease due to updated project schedule for RDC2030 Moolanda Boulevard Pedestrian Footbridge \$2,138,229, RDC2027 Joondalup Dr/Hodges Dr Intersection Upgrade \$1,150,000 due to delays as a result of Western Power and RDC2032 Eddystone Ave – Joondalup to Honeybush \$420,000. This was partially offset by an increase due to amounts brought forward from 2025/26 as construction is commencing earlier than expected on RDC2029 Joondalup / Lakeside (N) RDB Upgrade (\$302,000) due to amounts brought forward from 2025/ and RDC2031 Hepburn Ave – Lilburne to Walter Padbury (\$250,000).



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- b) Decreases in Major Projects arose as a result of updated project schedule on MPP2077 Burns Beach Cafes/Kiosks/Restaurants \$509,495, MPP2080 Burns Beach Coastal Node Redevelopment \$306,019 and MPP2076 Sorrento Surf Life Saving Club Redevelopment \$127,547.
- c) Decrease mainly as a result of PEP2892 Whitfords West Pump and Jump \$606,434 due to project delays, PEP2855 Nanika Park Playspace Installation \$294,936 due to heritage consultation and PEP2848 Water Tower Park Playspace Renewal \$154,181. This was partially offset by increases on PEP2517 Tennis Court Resurfacing Program (\$66,000) due to urgent resurfacing required and PEP2890 Elcar Park Dog Exercise Extension (\$50,000) due to additional works required.
- d) Decreases in Street Lighting Program arose as a result of updated project schedules on STL2003 Joondalup City Centre Street Lighting \$480,001, STL2121 Forrest Park Sports Lighting Upgrade \$93,010 due to project completed underbudget, STL2122 Santiago Park Sports Lighting Upgrade \$75,000 and W4615 Relighting of Venturi Drive \$70,450 due to project withdrawn.
- e) Decrease in Blackspot Projects occurred due to SBS2091 Marmion Ave and Coral St Intersection \$406,788, SBS2092 Marmion Ave and Forrest Rd Intersection \$396,643, SBS2095 Hepburn Ave/Amalfi Dr Roundabout Improvements \$105,000 and SBS2097 Hepburn Ave/Moolanda Bvd Roundabout \$85,000, partially offset by SBS2093 Ocean Reef Rd and Gwendoline Dr (\$250,000) due to updated cost estimate and SBS2096 Hepburn Ave/Karuah Way Intersection Upgrade (\$136,479).
- f) Foreshore and Natural Areas Management Program decreased mainly due to updated project timetable for FNM2103 Coastal and Estuarine Mitigation Program \$305,000 and FNM2100 Sorrento Beach Dune Improvement \$120,000.
- g) Decrease in Parking Facilities Program mainly occurred due to PFP2090 Merrifield Place Parking Improvements \$318,513 due to project currently on hold and to be rephased for 2025/26.
- h) Decrease mainly due to updated project schedules on RPR3434 Macarthur Avenue \$313,000, RPR3475 Warburton Ave – Leichhardt to Leichhardt \$298,000, RPR3437 Warner Drive \$263,000, RPR3359 Sandpiper Street \$197,000, RPR3391 Whistler Close \$167,000, RPR3378 Macedon Place \$163,000, RPR3427 Cliverton Court \$163,000, RPR3306 Craigie Dr – Sandalford Dr to Coyle Rd \$141,000, RPR3389 Opal Drive \$131,000, RPR3381 Guardian Loop \$130,000, RPR3305 Craigie Dr – Ocean Reef to Sandalford \$109,000, RPR3377 Elwood Court \$104,000, RPR3392 Blackthorn Road \$66,501, RPR3334 Awhina Place \$65,000, RPR3438 Hakea Place \$55,000 and RPR3358 Fraser Way \$54,654. This was partially offset by increases on RPR3480 Warwick Road – Oronsay to Dorchester (\$350,000), RPR3479 Warwick Road – Allenswood to Cockman (\$310,000), RPR3478 Warwick Road – Roche to Currajong (\$120,000), RPR3471 Lakeside Dr – Chancellor to Grassbird (\$75,767), RPR3477 Warwick Road – Currajong to Lilburne (\$65,000), RPR3476 Bridgewater Dr – Shelley Pl to Clevedon Pl (\$54,620), RPR3440 Ackworth Crescent (\$52,126) and RPR3139 Gwendoline Drive (\$50,000).
- i) Decrease in Stormwater Drainage Program mainly due to SWD2246 Contour Drive Catchment Upgrade \$350,000, partially offset by an increase on SWD2255 Taylor Way Drainage Upgrade (\$100,000).



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- j) Decrease mainly as a result of delayed construction of LTM2210 Honeybush Drive \$135,000 and LTM2214 Duncraig Primary School Crossing Improvement \$74,299, partially offset by an increase on LTM2205 Trappers Drive Crossing Improvements (\$80,000).
- k) Decrease occurred as a result of SSE2061 Whitfords – Marmion to Belrose Median Upgrade \$141,311 and SSE2059 Joondalup Drive Streetscape Upgrades \$62,450.
- l) Decrease in Parks Development Program mainly due to project rephasing for PDP2371 Chichester Park Skate Park \$472,212 and PDP2368 Iluka Open Space irrigation Rewiring \$60,000, partially offset by PDP2409 Smart Bore Water Meter Connections (\$200,000) and PDP2271 Irrigation Renewals (\$150,000).
- m) Decrease occurred mainly due to FPR2308 Rodgers Park \$30,000.
- n) Increase mainly as a result of BCW2680 Civic Centre Chiller (\$151,811), BCW2620 Civic Centre Slab Waterproofing (\$109,194), BCW2690 Craigie Leisure Centre Roof Replacement (\$90,000), BCW2573 Short Life Services Replacement Program (\$60,000) to cover any further renewals and BCW2692 Winton Road Depot Facility Upgrade (\$53,000), partially offset by decreases on BCW2676 Joondalup Admin Roof Balustrades \$110,453, BCW2596 Prince Regent Park Facility Refurbishment \$95,248 and BCW2028 Sir James McCusker Park Toilets \$64,052.

16. Motor Vehicle Replacements

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$4,059,500 | \$3,969,830 | \$89,670 |

This decrease arose due to eight Isuzu Trucks \$957,000 and an elevated work platform \$229,000, partially offset by a beach cleaner (\$132,950), Verimower (\$80,996), two vans (\$118,666), two vehicles (\$100,000), a forklift (\$50,000) and a custom trailer (\$50,000).

17. Deficit Carried Forward

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance Increase / (Decrease) |
|------------------------|------------------------|--------------------------------|
| \$3,886,421 | (\$625,519) | (\$4,511,940) |

The annual budget was adopted with a forecast surplus of \$3,886,421 for the 2023-24 financial year, instead, the City achieved an actual deficit position of (\$625,519) due to provision for potential one off payment upon finalisation of Enterprise Agreement. The revised budget has brought to account the actual deficit carried forward from the previous financial year as reported in the 2023-24 annual financial report which was approved at the Ordinary Council Meeting on 10 December 2024.



Attachment 1

18. Payments of principal portion of lease liability

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance (Increase) / Decrease |
|------------------------|------------------------|--------------------------------|
| \$523,469 | \$575,027 | (\$51,558) |

The increase in payments of principal portion of lease liability is due to recalculation following the finalisation of the 2023-24 year-end figures (\$51,558).

19. Transfer from Reserves

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance Increase / (Decrease) |
|------------------------|------------------------|--------------------------------|
| \$65,286,905 | \$65,612,574 | \$865,108 |

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

Decreases

| | |
|---|-------------|
| a) Asset Renewal Reserve | (5,113,370) |
| b) Capital Works Carry Forward | (707,371) |
| c) Burns Beach – Café/Kiosk/Restaurant Reserve | (534,495) |
| d) Burns Beach Coastal Node Redevelopment Reserve | (316,019) |
| e) Sorrento Surf Life Saving Club Redevelopment Reserve | (190,547) |
| Other | (46,548) |

Increases

| | |
|-----------------------------------|------------------|
| f) General Purpose Grant | 6,317,825 |
| g) Parking Reserve | 949,030 |
| h) Capital Projects Carry Forward | 396,109 |
| i) Operating Carry Forward | 94,404 |
| Other | 16,090 |
| | <u>\$325,669</u> |

- a) This decrease resulted from lower estimated expenditure over several Asset Renewal Reserve funded projects.
- b) Available Funding for various projects at the end of the previous financial year was lower than estimated resulting in the decreased transfer from the reserve in the revised budget.
- c) Decrease resulted from lower estimated expenditure in the revised budget.
- d) Decrease in transfer from Burns Beach Coastal Node Redevelopment Reserve resulted from lower estimated expenditure in the revised budget.
- e) Transfer from Sorrento Surf Life Saving Club Redevelopment Reserve decreased as a result of lower estimated expenditure in the revised budget.



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- f) Due to General Purpose Grant received in advance in 2023-24.
- g) Increase due to carry forwards from 2023-24 for the Integrated Parking and Compliance Management System in the revised budget.
- h) Available Funding for various projects at the end of the previous financial year was higher than estimated resulting in the increased transfer from the reserve in the revised budget.
- i) Available Funding for various projects at the end of the previous financial year was higher than estimated resulting in the increased transfer from the reserve in the revised budget.

20. Transfer to Reserves

| Amended Budget 2024-25 | Revised Budget 2024-25 | Variance Increase / (Decrease) |
|------------------------|------------------------|--------------------------------|
| \$52,475,478 | \$54,913,306 | \$2,437,828 |

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

Increases

| | |
|-----------------------------|-----------|
| a) Catalina Park Reserve | 4,166,667 |
| b) Parking Reserve | 1,177,846 |
| c) Waste Management Reserve | 647,719 |
| d) Interest on Reserves | 443,603 |
| Other | 1,993 |

Decreases

| | |
|----------------------------|--------------------|
| e) Operating Carry Forward | (4,000,000) |
| | <u>\$2,437,828</u> |

- a) This increase is due to higher than estimated distribution from Catalina Regional Council.
- b) This increase resulted from higher than expected operating surplus from Parking Services.
- c) The increase in the transfer to the reserve represents a higher anticipated operating surplus from Waste Services Management.
- d) Increased transfers to reserve and therefore higher interest earned.
- e) This decrease occurred due to the provision for potential one-off payment upon finalisation of Enterprise Agreement was included as part of the Annual Financial Report for 2023/24 and this transfer is no longer required.