



City of  
Joondalup

# City of Joondalup

Financial Activity Statement for the  
Period Ended 31 January 2017

# Contents

# Appendix

|  |   |
|--|---|
| Financial Activity Statement                                     | 1 |
| Investment Summary   | 2 |
| Notes to and Forming Part of the<br>Financial Activity Statement | 3 |

|  | Notes | Adopted<br>Budget    | Amended<br>Budget<br>CJ220-12/16 | YTD Adopted<br>Budget | YTD<br>Actual        | YTD<br>Variance \$ | YTD<br>Variance<br>% |
|--|-------|----------------------|----------------------------------|-----------------------|----------------------|--------------------|----------------------|
| <b>OPERATING REVENUE</b>                             |       |                      |                                  |                       |                      |                    |                      |
| Rates  |       | (94,774,221)         | (94,774,221)                     | (94,724,221)          | (94,757,280)         | 33,059             | 0%                   |
| Specified Area Rates                                 |       | (498,521)            | (498,521)                        | (498,521)             | (502,432)            | 3,911              | 1%                   |
| Grants and Subsidies                                 |       | (3,982,230)          | (3,982,230)                      | (1,999,086)           | (2,000,848)          | 1,763              | 0%                   |
| Contributions Reimbursements and Donations           | 1     | (835,508)            | (835,508)                        | (492,416)             | (464,430)            | (27,986)           | (6)%                 |
| Profit on Asset Disposals                            | 2     | (1,445,737)          | (1,445,737)                      | (825,737)             | (1,051,384)          | 225,647            | 27%                  |
| Fees and Charges                                     | 3     | (39,449,489)         | (39,449,489)                     | (31,981,951)          | (32,151,409)         | 169,458            | 1%                   |
| Interest Earnings                                    | 4     | (3,095,742)          | (3,095,742)                      | (2,187,724)           | (2,749,034)          | 561,310            | 26%                  |
| Other Revenue/Income                                 |       | (162,100)            | (162,100)                        | (120,250)             | (124,627)            | 4,377              | 4%                   |
| <b>Total Operating Revenue</b>                       |       | <b>(144,243,548)</b> | <b>(144,243,548)</b>             | <b>(132,829,905)</b>  | <b>(133,801,444)</b> | <b>971,539</b>     | <b>1%</b>            |
| <b>OPERATING EXPENSES</b>                            |       |                      |                                  |                       |                      |                    |                      |
| Employee Costs                                       | 5     | 63,641,713           | 63,641,713                       | 38,211,114            | 36,483,395           | 1,727,719          | 5%                   |
| Materials and Contracts                              | 6     | 51,463,531           | 53,713,531                       | 29,076,069            | 25,634,620           | 3,441,449          | 12%                  |
| Utilities (gas, electricity, water etc.)             | 7     | 6,026,467            | 6,026,467                        | 3,483,859             | 3,106,760            | 377,099            | 11%                  |
| Depreciation & Amortisation of Non-Current Assets    | 8     | 29,488,636           | 29,488,636                       | 17,371,731            | 17,715,405           | (343,674)          | (2)%                 |
| Loss on Asset Disposals                              | 9     | 538,327              | 538,327                          | 473,258               | 259,273              | 213,985            | 45%                  |
| Interest Expenses                                    | 10    | 619,754              | 619,754                          | 369,387               | 348,110              | 21,277             | 6%                   |
| Insurance Expenses                                   |       | 1,558,487            | 1,558,487                        | 1,557,287             | 1,531,016            | 26,271             | 2%                   |
| <b>Total Operating Expenses</b>                      |       | <b>153,336,915</b>   | <b>155,586,915</b>               | <b>90,542,704</b>     | <b>85,078,579</b>    | <b>5,464,125</b>   | <b>6%</b>            |
| <b>(SURPLUS)/DEFICIT FROM OPERATIONS</b>             |       | <b>9,093,367</b>     | <b>11,343,367</b>                | <b>(42,287,200)</b>   | <b>(48,722,865)</b>  | <b>6,435,665</b>   | <b>15%</b>           |
| <b>OPERATING NON-CASH ADJUSTMENTS</b>                |       |                      |                                  |                       |                      |                    |                      |
| Depreciation & Amortisation of Non Current Assets    |       | (29,488,636)         | (29,488,636)                     | (17,371,731)          | (17,715,405)         | 343,674            | 2%                   |
| Loss on Asset Disposal                               |       | (538,327)            | (538,327)                        | (473,258)             | (259,273)            | (213,985)          | (45)%                |
| Profit on Asset Disposals                            |       | 1,445,737            | 1,445,737                        | 825,737               | 1,051,384            | (225,647)          | (27)%                |
| Other Non-Current items                              |       |                      |                                  |                       |                      |                    |                      |
| Movement in Non-current Items                        | 11    | 100,000              | 100,000                          | 100,000               | (60,399)             | 160,399            | (160)%               |
| <b>OPERATING CASH (SURPLUS)/DEFICIT</b>              |       | <b>(19,387,859)</b>  | <b>(17,137,859)</b>              | <b>(59,206,453)</b>   | <b>(65,706,558)</b>  | <b>6,500,105</b>   | <b>11%</b>           |
| <b>NON-OPERATING REVENUE</b>                         |       |                      |                                  |                       |                      |                    |                      |
| Capital Grants and Subsidies                         | 12    | (13,280,097)         | (13,280,097)                     | (6,232,591)           | (5,497,500)          | (735,091)          | (12)%                |
| Capital Contributions                                | 13    | (862,273)            | (862,273)                        | (217,546)             | (414,416)            | 196,870            | 90%                  |
| Equity Distribution - TPRC                           | 14    | (1,833,333)          | (1,833,333)                      | (916,667)             | (833,334)            | (83,333)           | (9)%                 |
| <b>Total Non-Operating Revenue</b>                   |       | <b>(15,975,703)</b>  | <b>(15,975,703)</b>              | <b>(7,366,804)</b>    | <b>(6,745,250)</b>   | <b>(621,554)</b>   | <b>(8)%</b>          |
| <b>CAPITAL EXPENDITURE</b>                           |       |                      |                                  |                       |                      |                    |                      |
| Capital Projects                                     | 15    | 15,271,101           | 15,271,101                       | 9,531,679             | 2,138,247            | 7,393,432          | 78%                  |
| Capital Works  | 16    | 41,304,158           | 41,304,158                       | 18,583,450            | 23,136,945           | (4,553,495)        | (25)%                |
| Vehicle and Plant Replacements                       | 17    | 2,440,600            | 2,440,600                        | 1,841,600             | 948,007              | 893,593            | 49%                  |
| Loan Repayment Principal                             | 18    | 2,262,910            | 2,262,910                        | 1,311,934             | 1,244,381            | 67,553             | 5%                   |
| Equity Investments                                   |       | 47,443               | 47,443                           | -                     | -                    | -                  | -                    |
| <b>Total Capital Expenditure</b>                     |       | <b>61,326,212</b>    | <b>61,326,212</b>                | <b>31,268,663</b>     | <b>27,467,580</b>    | <b>3,801,083</b>   | <b>12%</b>           |
| <b>CAPITAL (SURPLUS)/DEFICIT</b>                     |       | <b>45,350,509</b>    | <b>45,350,509</b>                | <b>23,901,859</b>     | <b>20,722,330</b>    | <b>3,179,529</b>   | <b>13%</b>           |
| <b>(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL</b> |       | <b>25,962,650</b>    | <b>28,212,650</b>                | <b>(35,304,593)</b>   | <b>(44,984,228)</b>  | <b>9,679,634</b>   | <b>27%</b>           |
| <b>FUNDING</b>                                       |       |                      |                                  |                       |                      |                    |                      |
| Proceeds from Disposal                               | 19    | (7,769,454)          | (7,769,454)                      | (6,443,912)           | (2,160,866)          | (4,283,046)        | (66)%                |
| Loans - New Borrowings                               |       | (4,545,423)          | (4,545,423)                      | -                     | -                    | -                  | -                    |
| Transfer from Trust                                  |       | (95,000)             | (95,000)                         | -                     | -                    | -                  | -                    |
| Transfer from Reserve                                |       | (25,881,451)         | (28,131,452)                     | -                     | -                    | -                  | -                    |
| Transfer to Reserve                                  |       | 12,979,610           | 12,979,610                       | -                     | -                    | -                  | -                    |
| Transfer to Accumulated Surplus                      |       | -                    | -                                | -                     | -                    | -                  | -                    |
| Transfer from Accumulated Surplus                    |       | -                    | -                                | -                     | -                    | -                  | -                    |
| Opening Funds  | 20    | (650,932)            | (650,932)                        | (650,932)             | (3,083,830)          | 2,432,898          | 374%                 |
| <b>CLOSING FUNDS</b>                                 | 21    | <b>-</b>             | <b>-</b>                         | <b>(42,399,438)</b>   | <b>(50,228,924)</b>  | <b>7,829,486</b>   | <b>18%</b>           |



## Investment Summary

**CITY OF JOONDALUP**  
**January-17**

| Credit Rating |            | Investment Account           |              | MTD Return | YTD Return | Value \$      | % of Portfolio | Policy Limit |
|---------------|------------|------------------------------|--------------|------------|------------|---------------|----------------|--------------|
| Long Term     | Short Term |                              |              |            |            |               |                |              |
| A-            | A-2        | Bank of Queensland           | Term Deposit | 2.78%      | 2.86%      | \$ 13,250,000 | 10.55%         | 10%          |
| AA-           | A-1+       | Bank West                    | Term Deposit | 2.55%      | 2.64%      | \$ -          | 0.00%          | 25%          |
| A-            | A-2        | Bendigo                      | Term Deposit | 2.66%      | 2.68%      | \$ 13,940,000 | 11.10%         | 10%          |
| AA-           | A-1+       | Commonwealth Bank            | Term Deposit | 2.62%      | 2.76%      | \$ 2,600,000  | 2.07%          | 25%          |
| A-            | A-2        | ING                          | Term Deposit | 2.82%      | 2.86%      | \$ 8,700,000  | 6.93%          | 10%          |
| AA-           | A-1+       | NAB                          | Term Deposit | 2.69%      | 2.80%      | \$ 26,310,000 | 20.95%         | 25%          |
| A-            | A-2        | Rural Bank                   | Term Deposit | 2.70%      | 2.92%      | \$ 5,830,000  | 4.64%          | 10%          |
| A+            | A-1        | Suncorp                      | Term Deposit | 2.67%      | 2.74%      | \$ 20,800,000 | 16.56%         | 15%          |
| AA-           | A-1+       | Westpac                      | Term Deposit | 2.83%      | 2.90%      | \$ 28,620,000 | 22.79%         | 25%          |
| AA+           | A-1+       | 11AM WA Treasury Corporation |              | 1.45%      | 1.48%      | \$ 5,551,000  | 4.42%          | 25%          |

**Total Investment Portfolio**

2.68%

2.78%

**125,601,000**

100.00%

**Municipal Funds**

65,372,452

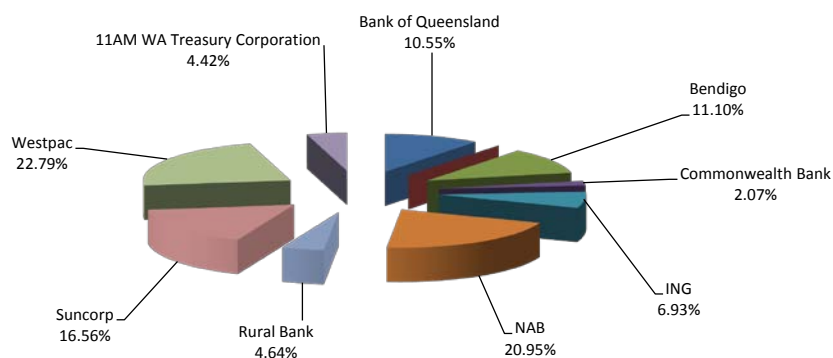
**Reserve Funds**

60,228,548

**125,601,000**

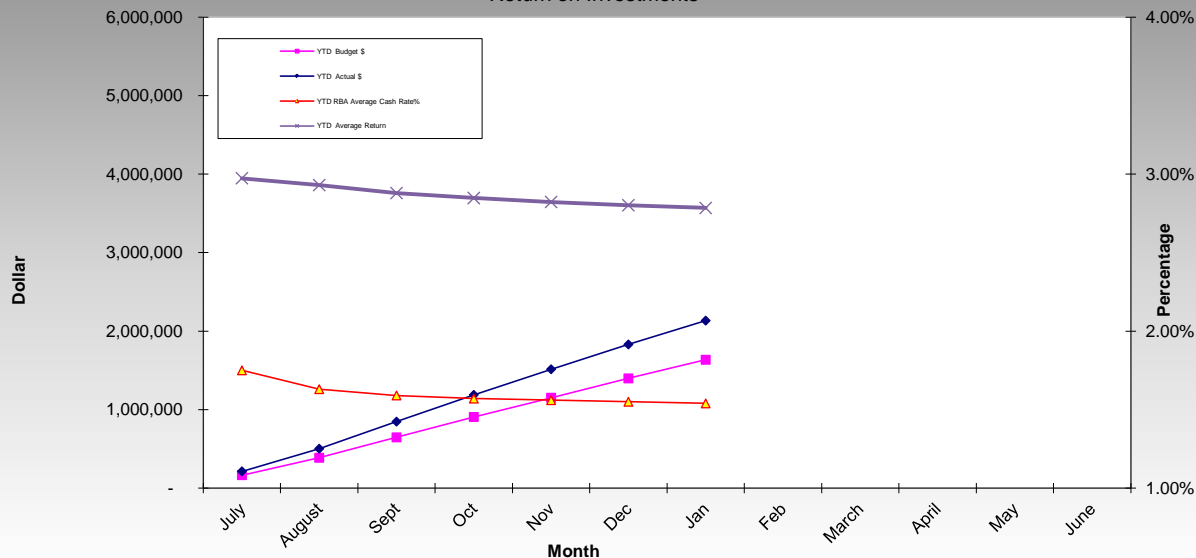
| Overall Portfolio Limits |            | Value\$    | % Current | % Limit |
|--------------------------|------------|------------|-----------|---------|
| Long Term                | Short Term |            |           |         |
| AA                       | A-1+       | 63,081,000 | 50.2%     | 100%    |
| A                        | A-1        | 20,800,000 | 16.6%     | 50%     |
| A                        | A-2        | 41,720,000 | 33.2%     | 40%     |

### City of Joondalup - Investment Balances



| Month  | Budget \$ | MTD Actual \$ | YTD Budget \$ | YTD Actual \$ | YTD RBA Average Cash Rate% | YTD Average Return |
|--------|-----------|---------------|---------------|---------------|----------------------------|--------------------|
| July   | 165,089   | 213,767       | 165,089       | 213,767       | 1.75%                      | 2.97%              |
| August | 221,606   | 288,260       | 386,694       | 502,027       | 1.63%                      | 2.93%              |
| Sept   | 259,833   | 344,942       | 646,528       | 846,969       | 1.59%                      | 2.88%              |
| Oct    | 259,726   | 340,943       | 906,254       | 1,187,912     | 1.57%                      | 2.85%              |
| Nov    | 244,822   | 326,210       | 1,151,076     | 1,514,122     | 1.56%                      | 2.82%              |
| Dec    | 246,480   | 315,700       | 1,397,556     | 1,829,823     | 1.55%                      | 2.80%              |
| Jan    | 237,218   | 303,593       | 1,634,774     | 2,133,415     | 1.54%                      | 2.78%              |

### Return on Investments



**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR  
THE PERIOD ENDED 31 JANUARY 2016**

**1. Contributions, Reimbursements and Donations**

An unfavourable timing variance predominantly attributed to LGIS insurance reimbursements (\$32,400) now expected to be processed later in the financial year.

**2. Profit on Asset Disposals**

This favourable variance includes gains of \$1,032,858 on the disposal of Tamala Park Regional Council (TPRC) land parcels, which were not included in the budget, and \$17,767 for Fleet and Plant disposals. These are partly offset by an unfavourable variance of (\$824,978) due to the timing of the disposal of surplus land holdings.

**3. Fees and Charges**

|                                  | YTD Budget          | YTD Actual          | Variance         |
|----------------------------------|---------------------|---------------------|------------------|
| a) Refuse Charges                | \$20,232,484        | \$20,325,830        | \$93,346         |
| b) Building and Development      | \$1,251,750         | \$1,194,832         | (\$56,918)       |
| c) Hire and Rentals              | \$485,473           | \$570,943           | \$85,470         |
| d) Fines & Penalties             | \$869,945           | \$955,427           | \$85,482         |
| Other Fees and Charges Variances | \$9,142,299         | \$9,104,377         | (\$37,922)       |
|                                  | <u>\$31,981,951</u> | <u>\$32,151,409</u> | <u>\$169,458</u> |

- a) The number of Refuse Charges levied is slightly higher than estimated in the budget giving rise to this favourable variance.
- b) This includes unfavourable variances due to lower than anticipated fees collected for Building Licences (\$81,316). This was partially offset by higher than anticipated fees collected for Development Applications \$17,674.
- c) Favourable income variances arose for Property Rental \$90,003 predominantly due to leases which had not been finalised when the budget was prepared.
- d) This includes favourable variances for Parking Infringements \$60,765 and Suburban Parking \$57,359 partly offset by an unfavourable variance for Local Government Costs and Fines (\$29,444).

**4. Interest Earnings**

Interest earned on investments exceeded budget by \$498,862 mainly due to the volume of funds under investment being higher than estimates. In addition, Instalment and Penalty Interest on Rates exceeded budget by \$66,963.

## 5. Employee Costs

|                           | YTD Budget          | YTD Actual          | Variance           |
|---------------------------|---------------------|---------------------|--------------------|
| a) Salaries and Wages     | \$35,766,481        | \$33,933,717        | \$1,832,764        |
| b) Other Employment Costs | \$2,444,633         | \$2,549,678         | (\$105,045)        |
|                           | <u>\$38,211,114</u> | <u>\$36,483,395</u> | <u>\$1,727,719</u> |

- a) The favourable variance in Salaries and Wages is predominantly due to budgeted salary increases from 1 July which are yet to occur, as well as vacant positions across the City.
- b) This unfavourable variance for Other Employment Costs arose from Agency Employees (\$453,081) predominantly used to cover vacant positions, partly offset by favourable variances for Employee Cost Recoveries \$125,352, Staff Training \$132,172 and Employee Support Services \$48,944.

## 6. Materials and Contracts

|   | YTD Budget          | YTD Actual          | Variance           |
|---|---------------------|---------------------|--------------------|
| a) External Service Expenses                    | \$13,346,854        | \$11,296,764        | \$2,050,090        |
| b) Computing                                    | \$1,225,350         | \$1,016,731         | \$208,619          |
| c) Waste Management                             | \$4,285,957         | \$3,975,351         | \$310,606          |
| d) Travel, Vehicles & Plant                     | \$1,043,078         | \$884,530           | \$158,548          |
| e) Furniture, Equipment and Artworks            | \$1,314,037         | \$1,080,808         | \$233,229          |
| f) Public Relations, Advertising and Promotions | \$653,385           | \$513,615           | \$139,770          |
| g) Contributions and Donations                  | \$1,369,625         | \$1,292,617         | \$77,008           |
| h) Administration                               | \$869,485           | \$706,300           | \$163,185          |
| i) Professional Fees and Costs                  | \$1,269,773         | \$1,328,122         | (\$58,349)         |
| j) Finance Related Costs                        | \$325,088           | \$268,164           | \$56,924           |
| k) Other Materials and Contracts                | \$3,373,437         | \$3,271,618         | \$101,819          |
|   | <u>\$29,076,069</u> | <u>\$25,634,620</u> | <u>\$3,441,449</u> |

- a) External Contractors and Services expenditure is \$1,164,901 below budget. This includes favourable timing variances for Parks \$405,527, Landscaping and Conservation Services \$284,924, Building Maintenance \$144,310 and Engineering Maintenance \$134,091. In addition, a favourable variance arose for Programme Activities \$130,781 and Bulk Tipping Fees \$892,924 due to the cessation of the bulk waste collection service in May 2016, prior to the new bulk hard waste on demand service approved in September (CJ145-09/16 refers), which commenced in October 2016. This was partially offset by an unfavourable variance for Domestic Tipping Fees (\$198,229) due to increased tonnage collections experienced during the last three months and an unfavourable timing variance for External Contractors and Services (\$93,725) due to the roll out of 360L bins (x2500) being completed in the first half of the year.
- b) A favourable timing variance arose for Computer Software Maintenance \$68,293, Computer Software Subscriptions \$49,300, Computer Software Licences \$40,650 and Data Communication Links \$34,863. The balances of the variances are spread across a number of areas.

- c) Favourable timing variances arose across Bulk Hard Waste collection and processing \$765,550, Weekend Greens \$190,478, Domestic collection \$62,898 and across Recycling collection and processing \$40,373 offset by an unfavourable timing variance for Green Waste collection and processing (\$748,693). -
- d) This includes favourable variances for Parts and Repairs \$88,401, Fuel \$74,662 and Tyres & Tubes \$11,629 partly offset by an unfavourable variance for Vehicle Licensing (\$19,765) arising from the reduction of fleet discounts and the increase in the third party insurance component of licensing fees, which arose after budget estimates were finalised. Adjustments have been made in the Mid Year review.
- e) Favourable timing variances arose for Computer Equipment purchases \$151,948 which predominantly relates to the renewal program, Minor Plant and Equipment purchases \$62,669 and Plant Equipment Maintenance and Repair \$25,239 partly offset by an unfavourable timing variance for Computer Equipment Maintenance and Repair (\$10,994). The balances of the variances are spread across a number of areas.
- f) The timing of various events compared to budget phasing generated this favourable variance which includes Advertising \$29,236, Signage \$31,216, Catering \$30,665, Entertainment and Hospitality \$16,493, Bar Stocks \$12,348 and Promotions \$11,259.
- g) Favourable timing variances arose for Sponsorship \$90,132, Community Funding Program \$30,027, Prizes and Trophies \$22,426 and Scholarship and Awards \$19,440 partly offset by unfavourable timing variances for Grant Disbursements (\$56,425) and Donations (\$24,041). The balances of the variances are spread across a number of areas.
- h) Favourable timing variances arose for External Printing \$74,719, Other Sundry Expenses \$28,287, Stationery \$24,698, Photography and Video Production \$20,963 and Corporate Membership Expenses \$18,023. The balances of the variances are spread across a number of areas.
- i) Unfavourable timing variances arose for Lodgement Fees (\$38,447) for enforcement of parking fines and Consultancy (\$16,826). The balances of the variances are spread across a number of areas.
- j) Favourable timing variances arose for Credit Card Merchant Fees \$46,512, Cash Collections \$14,874 and Agency Fees \$3,474 partly offset by an unfavourable timing variance for Bank Charges (\$9,492).
- k) This favourable variance is spread across a number of areas including Telephones and Communication \$49,117, Books and Publications \$43,558, Members Costs \$42,721 and Accommodation and Property \$29,678 partly offset by unfavourable variances for Other Expenditure (\$29,987) and Charges and Recoveries (\$28,719).

## **7. Utilities**

Electricity costs are \$388,800 below budget. This includes favourable variances for Street Lighting \$216,730 arising from reduced consumption, Parks \$111,336 and Buildings \$29,520.

## 8. Depreciation & Amortisation of Non-Current Assets

An unfavourable variance of \$337,592 arose for Impairment/Write off. The write off arose from the demolition of the Craigie Child Health Care centre due to the pending land sale.

## 9. Loss on Asset Disposals

Favourable timing variances arose in respect of the disposal of surplus land holdings \$127,565 and Fleet and Plant \$86,420.

## 10. Interest Expenses

This favourable variance arises from lower than expected interest charges owing to the SES loan \$13,732 which has not yet been drawn down with the balance of variance attributed to the timing of interest across all other loans, which will be updated in the Mid Year Review.

## 11. Non-Current Items

The movement in the year to date non-current long service leave liability is \$160,399 more than estimated for the full year. Phasing of the budget movement has been updated in the Mid Year Review.

## 12. Capital Grants and Subsidies

|                                    | YTD Budget         | YTD Actual         | Variance           |
|------------------------------------|--------------------|--------------------|--------------------|
| a) Black Spot Program              | \$621,533          | \$412,000          | (\$209,533)        |
| b) Street Lighting Program         | \$281,966          | \$118,725          | (\$163,241)        |
| c) Major Road Construction Program | \$270,192          | \$144,020          | (\$126,172)        |
| d) Path Replacement Program        | \$600,000          | \$124,000          | (\$476,000)        |
| e) New Paths Program               | \$0                | \$141,577          | \$141,577          |
| f) Building Capital Works Program  | \$0                | \$108,348          | \$108,348          |
| g) Capital Projects                | \$40,000           | \$183,875          | \$143,785          |
| h) Major Projects Program          | \$400,000          | \$200,000          | (\$200,000)        |
| i) Other Programs                  | \$4,018,900        | \$4,065,045        | \$46,145           |
|                                    | <u>\$6,232,591</u> | <u>\$5,497,590</u> | <u>(\$735,091)</u> |

a) Unfavourable timing variances have arisen for carry forward projects Oceanside Promenade (\$234,000) and Joondalup Drive / Shenton Avenue Lighting Upgrade (\$48,600) which are complete and awaiting final supplier invoices before final grant claims can be made. In addition an unfavourable timing variance arose for Erindale Road Pedestrian Improvements (\$44,000). This is partly offset by a favourable timing variance of \$117,067 for State Black Spot funding received earlier than estimated in the budget.

b) Grants received are lower than budgeted for floodlighting upgrades at Chichester Park (\$47,815) and Ocean Reef Park (\$115,426) due to both projects being completed below budget estimates.

c) The road improvement grant received for Whitfords Avenue - Northshore Drive to Belrose Entrance Dualling is (\$126,172) lower than estimated due to the project being completed under budget.

- d) This unfavourable variance is due to the final claim for stages one and two of Robertson Rd Cycleway Bike and Pedestrian Paths. The project completion has been delayed and an extension to February 2017 has been approved by the Perth Bicycle Network grant funding body. Necessary adjustments have been made to phasing in the Mid Year review.
- e) This favourable timing variance relates to grants received in 2016-17 for Hepburn Avenue Perth Bike Network Shared Path project \$123,442 and Walkability Project – Sunset Coast Trail Signage \$18,135 which were budgeted to be received in the previous financial year.
- f) The City received unbudgeted grants of \$70,000 from the Disability Services Commission to support the building of Changing Places in the Community \$19,709 from the Department of Infrastructure for upgrades to Emerald Park Community Facility and \$18,639 for the upgrade of Greenwood Scout Hall.
- g) Favourable timing variances arose from grant funding for CCTV installation at Collier Pass \$116,085 and Lighting and CCTV installation for Shenton Ave/ Lakeside Drive \$27,700 being unbudgeted grant funding.
- h) An unfavourable timing variance arose in respect of the second instalment of the grant for the Sorrento Beach Enclosure (\$200,000), with the final grant claim to be submitted in the following month.
- i) This favourable variance is spread across a number of projects for Road Preservation and Resurfacing.

### **13. Capital Contributions**

The floodlighting upgrade project at Ocean Reef Park was completed below budget estimate generating an unfavourable variance of (\$69,796) in contribution revenue. This is offset by a favourable timing variance of \$181,818 for the Synthetic Hockey project and \$84,848 for the Percy Doyle Undercroft Extension project, scheduled payments for which were received earlier than estimated.

### **14. Equity Distribution**

The dividend distribution from Tamala Park Regional Council was slightly below budget estimates.

### **15. Capital Projects**

|   | YTD Budget  | YTD Actual | Variance    |
|---|-------------|------------|-------------|
| a) Joondalup Performing Arts & Cultural Facility (JPACF) and Jinan Garden | \$6,591,669 | \$279,555  | \$6,312,114 |
| b) Ocean Reef Marina  | \$679,120   | \$418,055  | \$261,065   |
| c) Joondalup City Centre Commercial Office Development                    | \$529,285   | \$239,521  | \$289,764   |

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| d) Better Bins Project                                   | \$190,000          | -                  | \$190,000          |
| e) Information Technology Projects                       | \$362,000          | \$67,108           | \$294,892          |
| f) Infrastructure Asset Management System Implementation | \$162,750          | \$25,952           | \$136,798          |
| g) Upgrade Parking Ticket Machines                       | \$93,108           | \$196,480          | (\$103,372)        |
| Other Projects   | \$923,747          | \$911,576          | \$12,171           |
|  | <u>\$9,531,679</u> | <u>\$2,138,247</u> | <u>\$7,393,432</u> |

- a) The City is currently reviewing the Schematic Design report and Business Case for this project. The timing of expenditure will be determined by future decisions concerning this project.
- b) The City is currently liaising with State Government and further expenditure will depend on future decisions in this regard.
- c) The timing of the engagement of external consultants has generated this favourable timing variance.
- d) This project was originally budgeted as a carry forward from the previous financial year however it was actually completed in the 2015-16 financial year. This is adjusted in the budget review.
- e) This favourable variance is due to the Disaster Recovery Facilities and Network Infrastructure equipment replacement programs progressing behind budget estimates.
- f) Expenditure of this project is anticipated to increase over the coming months.
- g) An increase in the number of Parking Ticket Machines upgrades has resulted in this unfavourable variance. This is updated in the budget review.

## 16. Capital Works

|   | YTD Adopted<br>Budget | YTD Actual          | Variance             |
|---|-----------------------|---------------------|----------------------|
| a) Road Preservation/Resurfacing        | \$5,320,341           | \$5,254,197         | \$66,144             |
| b) Major Projects Program               | \$1,688,550           | \$5,341,326         | (\$3,652,776)        |
| c) Major Building Capital Works Program | \$2,147,597           | \$2,460,500         | (\$312,903)          |
| d) Major Road Construction Program      | \$2,862,420           | \$2,787,029         | \$75,391             |
| e) Slab Path Replacement                | \$1,047,500           | \$1,180,861         | (\$133,361)          |
| f) Black Spot Projects                  | \$140,000             | \$647,908           | (\$507,908)          |
| g) Parks Equipment Program              | \$636,000             | \$896,417           | (\$260,417)          |
| h) Street Lighting Program              | \$1,845,238           | \$1,615,807         | \$229,431            |
| i) Local Traffic Management             | \$1,199,241           | \$1,031,086         | \$168,155            |
| j) Parking Facilities Program           | \$64,500              | \$303,124           | (\$238,624)          |
| k) Streetscape Enhancement Program      | \$654,313             | \$834,974           | (\$180,661)          |
| l) Stormwater Drainage Program          | \$293,250             | \$137,807           | \$155,443            |
| Other Programs                          | \$684,500             | \$645,909           | \$38,591             |
|   | <u>\$18,583,450</u>   | <u>\$23,136,945</u> | <u>(\$4,553,495)</u> |

- a) A number of projects were completed under budget generating favourable variances including McKirdy Way \$29,678, Aberfeldy Cres \$28,167 and Grenville Ave – Padbury

Circle to Hawkins Ave \$27,784. Additional favourable timing variances arose for the Road Preservation - Asphalt Overlay (FLRG Funds) Program \$266,176, Cracksealing & Patching Works City Wide \$84,688. These were partially offset by unfavourable timing differences for Road Preservation - Asphalt Overlay and Re-kerbing (Muni Funds) Program (\$122,441), Ocean Reef Road-Joondalup Drive to Freeway (Westbound) (\$104,018), Marlock Drive (\$96,683), and Tecoma Street (\$53,493). The balances of the variances are spread across a number of projects.

- b) This unfavourable timing variance is predominantly due to the Synthetic Hockey Project (\$3,916,017) and Percy Doyle - Undercroft Extension (\$115,726) which are progressing ahead of schedule. These are partly offset by a favourable variance for Sorrento Beach Enclosure \$73,530 which has been completed under budget and favourable timing variances for Warwick Activity Centre – Community City Facilities \$120,000, Penistone Park - Facility Redevelopment \$103,650, Percy Doyle - Soccer Clubrooms \$43,643 and Percy Doyle - Tennis Clubrooms Refurbishment \$41,086 which are progressing behind budget phasing.
- c) Unfavourable timing variances arose for SES Winton Road (\$547,737) and the Craigie Leisure Centre – Indoor Aquatic Centre Refurbishment (\$228,491) which was completed ahead of schedule. These are partly offset by favourable timing variances for Timberlane Park Hall Upgrade \$177,078 which is 100% complete awaiting final invoices from suppliers, Kingsley Clubrooms Refurbishment \$74,016, Environmental Initiatives \$18,217, James Cook Park Toilets/Changeroom Refurbishment \$90,070, Carine Child Health Centre Refurbishment \$33,308, Heathridge Leisure Centre Changerooms BCA Works \$19,809 and Coastal Toilet Sewer Upgrades \$40,277 which are complete. The balances of the variances are spread across a number of projects.
- d) Favourable timing variance arose for Whitfords Avenue Upgrades \$106,712 which is currently in the design phase and Ocean Reef Road, Marmion Avenue - Swanson Avenue \$43,896 offset by an unfavourable timing variance for Ocean Reef Road / Joondalup Drive intersection upgrade (\$75,217).
- e) This unfavourable variance is mainly due to Robertson Road Cycleway Bike and Pedestrian Paths (\$170,172) which is funded in part by funds carried forward from the previous 2015-2016 financial year partially offset by a favourable timing variance for Ocean Gate Parade Shared Path Renewal of \$29,847 due for completion on 31 May 2017.
- f) This includes unfavourable variances of (\$479,935) for Oceanside Promenade and (\$150,799) for Joondalup Drive / Shenton Avenue Lighting Upgrade, which have been carried forward from the previous 2015-2016 financial year, partly offset by a favourable timing variance for Erindale Rd \$94,559 which is currently in design phase.
- g) Unfavourable variances arose for Windermere Park (\$120,455), Tennis Court Resurfacing Program (\$71,654) and Cunningham Park Play Space (\$84,081) which is progressing ahead of schedule to be completed prior to the summer season. The balances of the variances are spread across a number of projects.

- h) This favourable variance arose due to offset by favourable timing variances for Ocean Reef Park \$247,198 and Chichester Park \$100,682 Floodlighting Upgrades which were initially anticipated as carry forwards from 2015-2016 but were completed within 2015-16. Additional favourable timing variances also arose for Juniper Park PAW \$35,775 and Batavia Park PAW \$68,513 which are running behind scheduled work. These were offset by an unfavourable timing variance for Joondalup City Centre Lighting Stage 1 (\$234,648).
- i) A favourable variance arose for Marlock Dr Median Treatment \$34,625 which was completed under budget and favourable timing variances arose for Albion St / Marmion Ave \$82,453, and across a number of projects delayed due to the need to undertake works during school holidays including Beaumaris Blvd \$39,472, Warburton Ave / Leichhardt Ave Intersection \$27,710, Gibson Ave / Ellison Dr Intersection \$27,284 and Hocking Pde/ St Helier Dr Intersection \$26,758. This is partially offset by an unfavourable budget timing variance for Oceanside Promenade - Warren Way to Westview Bvd (\$17,792) and an unfavourable budget variance for Minor Road Safety Improvements (\$103,671) for which grant funding is pending.
- j) An unfavourable timing variance arose for Sorrento Foreshore Parking Improvements (\$284,827) which was completed ahead of schedule to coincide with the Sorrento Beach Enclosure opening in December partly offset by a favourable timing variance for Chesapeake Way On-Street Parking \$35,000 and Forrest Park Additional Parking \$10,000 which is behind budget phasing.
- k) An unfavourable variance predominantly due to landscaping works at Ocean Reef Rd duplication undertaken in conjunction with the road project under the Streetscape Renewal Program (\$227,454). This is partly offset by favourable variances for the Leafy City Program \$27,726 and Arterial Road Landscape upgrade \$19,068.
- l) Favourable timing variances arose across the program including the Coolibah Park Sump Beautification \$100,000 which is still in design, Fenellia Cres Drainage \$10,712 and Pacific Way Drainage Upgrades \$8,437 which are running behind schedule due to delays with the progress of designs. Additional favourable variances arose for Cockle PI \$5,962, Iluka Ave \$20,000 and Grenville Ave \$10,000 Drainage Upgrades which were completed in 2015-2016 as part of the Road Preservation Program preparation works.

## **17. Vehicle and Plant Replacements**

This favourable variance for Fleet and Plant purchases includes a number of items which are progressing behind budget phasing, including \$252,000 for a Compactor Truck servicing public bins, \$250,000 for a Tipper Truck, \$190,000 for a Water Truck, \$120,000 for a Beach Cleaner and \$110,000 for a High Sided Tipper Truck, partly offset by unfavourable variances of (\$191,089) for purchases which are funded from carried forward funds from the previous financial year. Orders totalling \$134,870 are currently awaiting delivery in the coming months. Additional orders will be placed in the coming months and budget phasing will be updated in the budget review.

## **18. Loan Repayment Principal**

The loan to fund the extension of the SES Winton Road Facility has not yet been drawn down generating a favourable variance to budget of \$67,554.

**19. Proceeds from Disposal**

The timing of the disposal of surplus land holdings generated an unfavourable variance of (\$3,187,585) partly offset by a favourable timing variance for Fleet and Plant assets disposals \$109,596.

**20. Opening Funds**

Variations in the actual results for 2015-16 compared to the budget estimate gave rise to a favourable variance of \$2,432,898 in opening funds. This includes higher operating revenue of \$603,033 mainly from Other Revenue \$467,619, which includes a workers compensation insurance rebate of \$369,285 for 2011-12 and 2012-13, Interest Earnings \$68,409 and Grants \$32,588. In addition, operating expenditure was \$1,854,052 lower than estimate mainly due to Employee Costs \$1,255,898, which includes a \$1,384,848 chargeback of the workers compensation provision pertaining to 2011-12 and 2012-13, Materials and Contracts \$496,275 and Utilities \$125,518. These are partly offset by an unfavourable Capital Deficit variance of (\$90,057).



## 21. Closing Funds

|   | June 2016           | January 2017         |
|---|---------------------|----------------------|
| <b>Current Assets</b>                                   |                     |                      |
| Cash and Investments                                    | \$86,595,747        | \$125,853,123        |
| Rates Outstanding, Sundry Debtors and Other Receivables | \$2,889,705         | \$15,846,107         |
| Accrued Income  | \$1,340,149         | \$1,251,583          |
| Prepayments   | \$391,900           | \$93,325             |
| Inventories   | \$70,380            | \$91,015             |
| <b>Total Current Assets</b>                             | <b>\$91,287,881</b> | <b>\$143,135,153</b> |
| <b>Current Liabilities</b>                              |                     |                      |
| Trade Creditors   | \$3,264,140         | \$428,844            |
| Sundry Payables   | \$540,403           | \$9,649,604          |
| Accrued Expenses  | \$5,061,026         | \$4,461,941          |
| Other Payables  | \$1,946,216         | -                    |
| Borrowings  | \$2,126,295         | \$881,915            |
| Provision for Annual Leave                              | \$4,172,735         | \$3,914,676          |
| Provision for Long Service Leave                        | \$5,061,135         | \$5,300,167          |
| Provision for Workers Compensation Insurance            | \$2,700,766         | \$3,681,887          |
| Provision for Sick Leave                                | \$259,569           | \$268,588            |
| Other Provisions  | \$55,321            | \$57,782             |
| <b>Total Current Liabilities</b>                        | <b>\$25,187,606</b> | <b>\$28,645,404</b>  |
| <b>Net Current Assets</b>                               | <b>\$66,100,275</b> | <b>\$114,489,749</b> |
| <b>Add back: Borrowings</b>                             | <b>\$2,126,295</b>  | <b>\$881,915</b>     |
| <b>Less: Cash Backed Reserves</b>                       | <b>\$65,142,740</b> | <b>\$65,142,740</b>  |
| <b>Closing Funds – Surplus/(Deficit)</b>                | <b>\$3,083,830</b>  | <b>\$50,228,924</b>  |