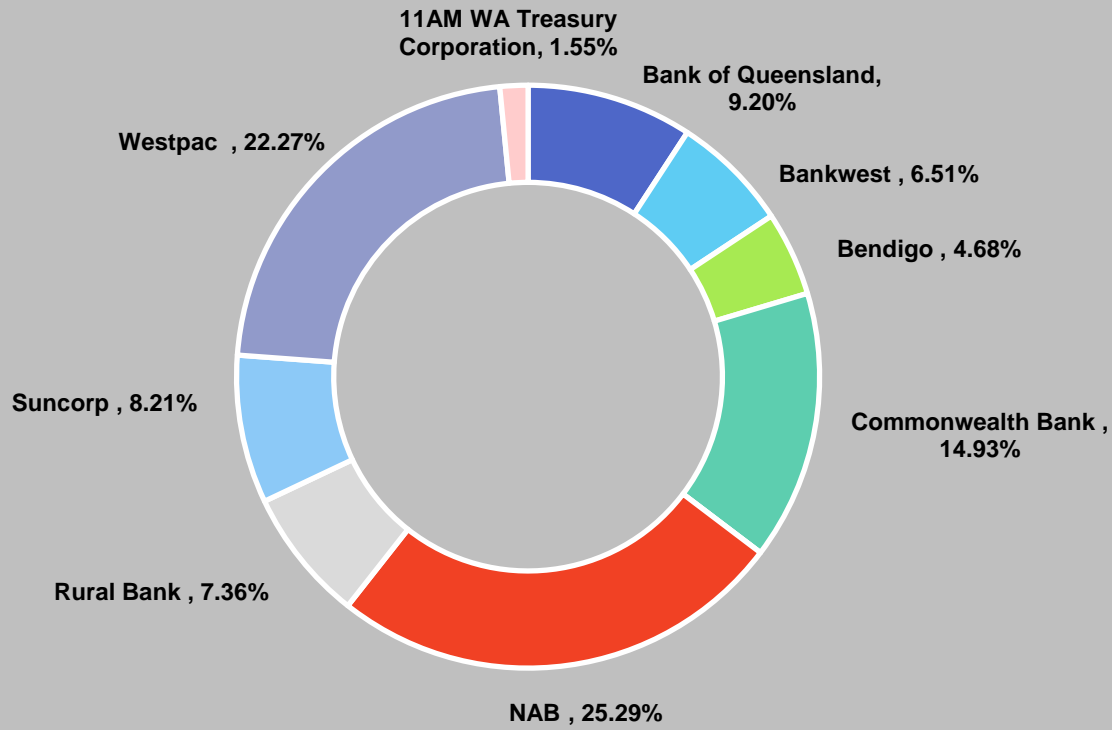


	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates	1	(103,410,513)	(103,410,513)	(103,503,971)	93,458	0%
Specified Area Rates		(698,945)	(698,945)	(701,687)	2,742	0%
Grants and Subsidies	2	(5,813,788)	(2,823,644)	(1,572,278)	(1,251,366)	(44)%
Contributions Reimbursements and Donations	3	(1,013,160)	(505,898)	(451,468)	(54,430)	(11)%
Profit on Asset Disposals	4	(88,946)	(12,452)	(30,032)	17,580	141%
Fees and Charges		(42,165,954)	(30,724,949)	(30,768,574)	43,625	0%
Interest Earnings		(3,668,336)	(1,988,782)	(1,974,282)	(14,500)	(1)%
Other Revenue/Income	5	(535,856)	(356,956)	(290,146)	(66,810)	(19)%
Total Operating Revenue		(157,395,498)	(140,522,139)	(139,292,438)	(1,229,701)	1%
OPERATING EXPENSES						
Employee Costs	6	65,187,583	28,259,208	27,368,462	890,746	3%
Materials and Contracts	7	51,053,002	20,591,556	17,690,557	2,900,999	14%
Utilities (gas, electricity, water etc.)		5,978,544	2,409,980	2,389,835	20,145	1%
Depreciation & Amortisation of Non-Current Assets	8	32,590,981	13,004,590	12,808,355	196,235	2%
Loss on Asset Disposals	9	280,841	147,000	264,577	(117,577)	(80)%
Interest Expenses		558,311	219,781	215,426	4,355	2%
Insurance Expenses		1,405,410	1,402,132	1,397,415	4,717	0%
Total Operating Expenses		157,054,671	66,034,248	62,134,627	3,899,621	6%
(SURPLUS)/DEFICIT FROM OPERATIONS		(340,826)	(74,487,891)	(77,157,811)	2,669,920	4%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation & Amortisation of Non Current Assets		(32,590,981)	(13,004,590)	(12,808,355)	(196,235)	(2)%
Loss on Asset Disposal		(280,841)	(147,000)	(264,577)	117,577	80%
Profit on Asset Disposals		88,946	12,452	30,032	(17,580)	141%
Other Non-Current items		-	-	-	-	0%
Movement in Non-current Assets		-	-	-	-	0%
Movement in Non-current Items	10	(100,000)	(100,000)	300,760	(400,760)	(401)%
OPERATING CASH (SURPLUS)/DEFICIT		(33,223,702)	(87,727,029)	(89,899,951)	2,172,922	2%
NON-OPERATING REVENUE						
Capital Grants and Subsidies	11	(5,234,345)	(1,721,889)	(2,448,497)	726,608	42%
Capital Contributions	12	(140,733)	(40,733)	(256,314)	215,581	529%
Equity Distribution - TPRC		(500,000)	-	-	-	0%
Acquired Infrastructure Assets		-	-	-	-	0%
Equity Investments	13	-	-	(19,274)	19,274	100%
Renewable Energy Certificates Revenue	14	-	-	(1,332)	1,332	100%
Total Non-Operating Revenue		(5,875,078)	(1,762,622)	(2,725,417)	962,795	55%
CAPITAL EXPENDITURE						
Capital Projects	15	3,576,568	1,188,296	675,171	513,125	43%
Capital Works	16	35,335,429	8,767,328	8,206,258	561,070	6%
Vehicle and Plant Replacements	17	1,860,000	108,000	480,707	(372,707)	(345)%
Loan Repayment Principal		3,324,328	1,027,448	1,027,448	-	0%
Total Capital Expenditure		44,096,325	11,091,072	10,389,584	701,488	6%
TPRC Development Costs		-	-	-	-	0%
CAPITAL (SURPLUS)/DEFICIT		38,221,247	9,328,450	7,664,167	1,664,283	18%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		4,997,545	(78,398,579)	(82,235,784)	3,837,205	5%
FUNDING						
Proceeds from Disposal	18	(3,178,800)	(2,793,000)	(1,319,118)	(1,473,882)	(53)%
Loans - New Borrowings		-	-	-	-	0%
Transfer from Trust		(2,002,729)	-	-	-	0%
Transfer from Reserve		(13,139,643)	-	-	-	0%
Transfer to Reserve		14,548,144	-	-	-	0%
Transfer to Accumulated Surplus		-	-	-	-	0%
Transfer from Accumulated Surplus		-	-	-	-	0%
Opening Funds	19	(1,573,189)	(1,573,189)	(5,581,095)	4,007,906	255%
CLOSING FUNDS	20	(348,672)	(82,764,768)	(89,135,998)	6,371,230	8%

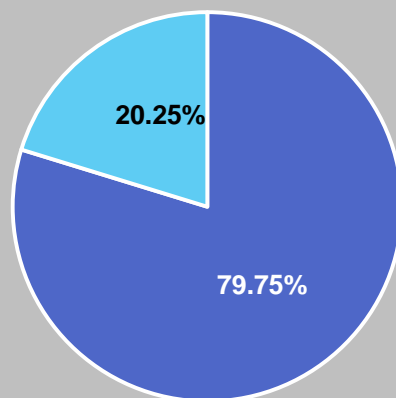


Municipal Funds	\$96,961,541	YTD Return	1.79%
Reserve Funds	\$80,838,459	Benchmark	1.25%
	<u>\$177,800,000</u>	RBA Rate	0.75%

Investment Policy Limits					
	LT Rating	Limit		LT Rating	Limit
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

Financial Institutions (FI) Investing Vs Not Investing in Fossil Fuels*



■ F.I. Investing in Fossil Fuel ■ F.I. Not Investing in Fossil Fuels

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

**NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT FOR THE
PERIOD ENDED 30 NOVEMBER 2019**

1. Rates \$93,458

This favourable variance arose mainly from Interim Rates \$86,129 and Ex-Gratia Rates \$8,363.

2. Grants and Subsidies (\$1,251,366)

This unfavourable timing variance arose mainly from Federal General Purpose (WALGGC) Grant (\$818,160) and Federal Road (FLRG) Grant (\$597,483), due to nearly half of the grant allocations received in advance in the previous financial year, partially offset by unbudgeted receipt of State Grant funding for Fire Mitigation \$159,520. These values will be adjusted at the Mid Year Budget Review.

3. Contributions, Reimbursements and Donations (\$54,430)

This unfavourable timing variance arose mainly from Recoverable Legal Fees (\$88,817) and Sponsorships (\$35,700), partially offset by favourable timing variances for Insurance \$34,837 and Other Miscellaneous Reimbursements \$32,225.

4. Profit on Asset Disposals \$17,580

This favourable timing variance arose mainly from the timing of the disposal of surplus land holdings and profit on sale of land at Tamala Park \$16,165.

5. Other Revenue (\$66,810)

This unfavourable timing variance arose mainly from Illuminated Bus Shelter Revenue (\$103,251) due to progress of the new bus shelters roll out, partially offset by a favourable timing variance for Rebates Received \$29,827.

Favourable Variance
Unfavourable Variance

6. Employee Costs**\$890,746**

	YTD Budget	YTD Actual	Variance
a) Salaries and Wages	\$26,323,602	\$25,668,970	\$654,632
b) Other Employment Costs	\$1,935,606	\$1,699,492	\$236,114
	<u>\$28,259,208</u>	<u>\$27,368,462</u>	<u>\$890,746</u>

- a) Favourable timing variances for Salaries and Wages arose from vacancies in various areas.
- b) Favourable timing variances arose mainly from Labour Recovery Capital Works \$230,933 and Other Employee Costs \$65,132, partially offset by an unfavourable variance for Agency Employees (\$71,128) covering vacant positions. The balances of variances are spread across a number of areas.

7. Materials and Contracts**\$2,900,999**

	YTD Budget	YTD Actual	Variance
a) Administration	\$642,574	\$338,660	\$303,914
b) Accommodation & Property	\$661,824	\$546,236	\$115,588
c) Computing	\$1,088,826	\$1,196,100	(\$107,274)
d) Telephones & Communication	\$385,695	\$320,178	\$65,517
e) Furniture, Equipment & Artworks	\$890,610	\$578,148	\$312,462
f) External Service Expenses	\$8,417,866	\$6,916,945	\$1,500,922
g) Contributions & Donations	\$860,304	\$579,241	\$281,063
h) Charges & Recoveries	(\$45,262)	(\$111,245)	\$65,983
i) Professional Fees & Costs	\$1,031,714	\$713,993	\$317,721
j) Public Relations, Advertising & Promotions	\$446,412	\$302,176	\$144,236
k) Waste Management Services	\$3,587,010	\$3,693,833	(\$106,823)
Other Materials & Contracts	\$2,623,983	\$2,616,291	\$7,691
	<u>\$20,591,556</u>	<u>\$17,690,557</u>	<u>\$2,900,999</u>

- a) This favourable timing variance arose mainly from Other Sundry Administration Expenses \$177,372, Printing \$52,931 and Photography and Video Production \$20,661. The balances of variances are spread across a number of areas.
- b) This favourable timing variance arose mainly from Refuse Removal Charges \$91,229 and Rental and Outgoings \$20,771. The balances of variances are spread across a number of areas.
- c) An unfavourable timing variance arose mainly from Computer Software Maintenance (\$273,442) and Computer Software Licences (\$15,640), partially offset by a favourable timing variance for Computer Software Subscriptions \$197,733.

Favourable Variance
Unfavourable Variance

- d) Favourable timing variances arose mainly from Postage, Courier and Freight Services \$43,980 and Office Telephone and Faxes \$41,245, partially offset by an unfavourable timing variance for Mobile Phones, Pager and Radios (\$27,719).
- e) Favourable timing variances arose mainly from Plant and Equipment Purchase – Minor \$135,651, Plant and Equipment Maintenance and Repair \$75,412, Computer and Communications Equipment Maintenance and Repair \$53,306 and Computer and Communications Equipment Purchase – Minor \$48,038.
- f) Favourable timing variances arose mainly from General Waste Tipping Fees \$356,271 and External Contractors and Services \$1,019,729 including Administration \$583,085 mainly due to the timing of a security review in progress and Natural Areas \$357,340. The balances of variances are spread across a number of areas.
- g) This favourable timing variance arose mainly from Sponsorship \$135,561, Community Funding Program \$108,081 and Grants and Contributions Made \$22,272. The balances of variances are spread across a number of areas.
- h) This favourable timing variance arose mainly from Operational Overhead Recoveries \$70,995. The balances of variances are spread across a number of areas.
- i) Favourable timing variances arose across a number of areas including Recoverable Legal Expenses \$125,406, Consultancy \$125,091 and Licence Fees \$24,693.
- j) Favourable timing variances arose mainly from General Advertising \$68,531 and Promotions \$63,904.
- k) Unfavourable timing variances arose from Bulk Green Waste Collection and Processing (\$109,957), General Waste Collection and Processing (\$89,997) and Bulk Hard Waste Collection and Processing (\$39,071), partially offset by favourable timing variances for Recycling Waste Collection and Processing \$108,831, Domestic Green Waste Collection and Processing \$22,438 and Weekend Greens \$932.

8. Depreciation & Amortisation of Non-Current Assets

\$196,235

Favourable variances arose for Depreciation – Buildings \$180,405, Depreciation – Open Reserves \$149,923, Depreciation – Footpaths Infrastructure \$37,955 and Depreciation Computer and Communications Hardware \$35,101, partially offset by unfavourable variances for Depreciation – Mobile and Other Plant (\$165,255) and Depreciation – Drainage Infrastructure (\$40,912). The balances of the variances are spread across a number of areas.

Favourable Variance
Unfavourable Variance

9. Loss on Asset Disposals**(\$117,577)**

Unfavourable timing variances arose from Fleet and Plant Disposals (\$65,236) and from the disposal of surplus land (\$49,582).

10. Movement in Non-Current Items**(\$400,760)**

This timing variance arose in respect of a decrease to Non-current Long Service Leave Liability.

11. Capital Grants and Subsidies**\$726,608**

	YTD Budget	YTD Actual	Variance
a) State Government – Metropolitan Regional Road Group Roads Grant	\$449,374	\$588,536	\$139,162
b) State Government - Direct Roads Grant	\$409,932	\$533,932	\$124,000
c) Other Grants & Subsidies	-	\$86,000	\$86,000
d) Commonwealth Grants - Other	-	\$200,000	\$200,000
e) State Government Grants - Capital Other	\$354,000	\$451,991	\$97,991
f) Commonwealth Grants - Capital - Roads to Recovery Other	\$436,983	\$510,027	\$73,044
	\$71,600	\$58,011	(\$13,589)
	<u>\$1,721,889</u>	<u>\$2,448,497</u>	<u>\$726,608</u>

- a) This favourable timing variance arose mainly from RDC2021 - Whitfords Avenue / Northshore Drive Roundabout \$235,200, partially offset by unfavourable timing variances for RDC2020 - Warwick Road / Erindale Road Intersection Upgrade (\$114,000) and RDC2019 - Burns Beach Road / Joondalup Drive Roundabout (\$63,400) with these claims not expected until February 2020 and July 2020, respectively. The balances of variances are spread across a number of areas.
- b) This favourable timing variances arose from Direct Grant Roads Program for RPR2973 - Madrona Crescent \$124,000 which was received earlier than estimated.
- c) This favourable timing variance arose from the Public Transport Authority Bicycle Path Grant for FPN2245 - Beach Road WA Bicycle Network Shared Path \$86,000 which was received earlier than estimated.
- d) This favourable variance arose from LTM2128 - Marmion / Edinburgh Pedestrian Crossing Improvements \$200,000 being a State Government grant not allocated when the budget was compiled.
- e) This favourable variance arose predominantly from a Lotterywest grant for PEP2707 - Whitfords Nodes Park Health and Wellbeing Hub \$93,991 which was received earlier than estimated.

Favourable Variance
Unfavourable Variance

- f) This favourable timing variance arose mainly from RPR2098 – Chelsford Road \$72,000 and RPR2924 – Clontarf Street – Cliff Street to Saint Patricks Road \$34,750 due to projects progress. Phasing for these projects will be adjusted at the Mid Year Budget Review.

12. Capital Contributions

\$215,581

This favourable variance arose from unbudgeted contributions from the Public Transport Authority for Beach Road Shared Path \$125,134 and Emerald Park \$42,500 from the cricket club for the construction of lights for the cricket nets. In addition, a higher than estimated contribution received for Joondalup Bowling Club Toilet Block Construction \$47,947.

13. Other Non-Operating Revenue

\$19,274

This arises mainly from favourable timing variances due to GST refunds received from the ATO in respect of TPRC land sales undertaken.

14. Renewable Energy Certificates Revenue

\$1,332

This favourable variance arose from Renewable Energy Certificates Income being rebates received for the purchase and installation of renewable energy appliances to capital projects.

15. Capital Projects

\$513,125

	YTD Budget	YTD Actual	Variance
a) Cafes/Restaurants/Kiosks	\$156,970	\$83,530	\$73,440
b) CCTV – Mirror Park	\$50,000	-	\$50,000
c) Council Chamber Audio Visual System Upgrade	\$150,000	-	\$150,000
d) Better Bins Project – 3 Bin System	-	\$113,825	(\$113,825)
e) Aquatic Circulation Pumps Replacement	\$100,000	-	\$100,000
f) Automation Accounts Payable	\$178,320	\$83,636	\$94,684
g) Joondalup Performing Arts & Cultural Facility	\$75,197	\$8,374	\$66,823
h) Other Programs	\$477,809	\$385,806	\$92,003
	<u>\$1,188,296</u>	<u>\$675,171</u>	<u>\$513,125</u>

Favourable Variance
Unfavourable Variance

- a) This favourable timing variance is due to the design phase of the project being deferred due to a scope variation requested by the Major Projects and Finance Committee. Future expenditure and phasing for this project will be adjusted at the Mid Year Budget Review.
- b) This favourable timing variance arose due to the progress of this project which is due to commence in the coming months.
- c) This favourable timing variance arose due to the progress of this project which has commenced, expenditure for which is expected to increase in the coming months.
- d) This unfavourable timing variance arose due to carry forward of this project from the previous year.
- e) This favourable timing variance arose due to the progress of this project which has commenced.
- f) This favourable timing variance arose due to the project progressing behind budget estimates.
- g) Following Council's decision not to commence detailed design at this time, this favourable timing variance has arisen due to project investigation and research progressing behind schedule. Future expenditure and phasing for this project will be adjusted at the Mid Year Budget Review.
- h) Favourable timing variances due to projects progress arose across the program including Antenna Reid Promenade \$29,500, New Display Screens Across the City \$27,000, Joondalup City Centre Commercial Office Development \$26,915.



16. Capital Works

\$561,070

	No. Budgeted Projects	YTD Budget	YTD Actual	Variance	Key Variance
a) Foreshore and Natural Areas Management Program (FNM)	6	\$365,000	\$245,746	\$119,254	FNM2054 - \$122,775
b) Major Building Capital Works Program (BCW)	12	\$708,799	\$805,974	(\$97,175)	BCW2573 - (\$57,989) BCW2622 - (\$37,485)
c) Parking Facilities Program (PFP)	3	\$5,000	\$167,705	(\$162,705)	PFP2067 - (\$161,231)
d) Major Projects Program (MPP)	13	\$1,639,302	\$523,685	\$1,115,617	MPP2072 - \$710,393 MPP2065 - \$117,655
e) Road Preservation/Resurfacing Program (RPR)	80	\$2,289,177	\$1,665,658	\$623,519	RPR2992 - \$121,263
f) Street Lighting Program (STL)	13	\$177,000	\$765,907	(\$588,907)	STL2003 - (\$705,036)
g) Major Road Construction Program (RDC)	3	\$31,450	\$96,580	(\$65,130)	RDC2019 - (\$62,132)
h) Paths Program (FPN & FPR)	36	\$1,461,000	\$1,726,418	(\$265,418)	FPN2262 - (\$118,245) FPN2240 - (\$41,864)
i) Streetscape Enhancement Program (SSE)	4	\$280,000	\$374,333	(\$94,333)	SSE2055 - (\$56,961) SSE2057 - (\$31,095)
Other Programs	68	\$1,810,600	\$1,834,252	(\$23,652)	
	238	\$8,767,328	\$8,206,258	\$561,070	

- a) This favourable timing variance arose mainly due to progress of FNM2054 – Whitfords Nodes Hillarys Lookout Stairway \$122,775 with expenditure on this project expected to increase in coming months.

Favourable Variance
Unfavourable Variance

- b) Unfavourable variances arose mainly from projects progressing ahead of schedule including BCW2573 – Air-conditioning replacement Program (\$57,989), BCW2622 - Falkland Park Extension (\$37,485), BCW2635 – Joondalup Bowling Club Toilet Construction (\$26,482) and BCW3664 - Duffy House Restoration (\$21,064). This is partially offset by favourable timing variances for BCW2632 – Kingsley Community Vision \$49,911 and BCW2560 – Septic System Upgrades \$20,329 due to projects progress.
- c) This unfavourable variance relates to completed project PFP2067 - Hillarys Animal Beach (\$161,231) which was carried forward from the previous year.
- d) Favourable timing variances arose from a number of projects which are in progress including MPP2072 Percy Doyle – Utilities Upgrade \$710,393, MPP2065 Percy Doyle – Sorrento Bowling Clubroom \$117,655 which is completed awaiting invoices, MPP2053 Jinan Gardens Construction \$86,159 which is currently in design and MPP2026 Works Operation Centre Extension \$75,355. The balances of variances are across a number of areas.
- e) The favourable variance on the Road Preservation Program mainly relates to 41 completed projects with a variance totalling \$136,780. Further variances have occurred on RPR3025 – Elfreda Avenue \$82,692 which will now commence in January 2020 and RPR2004 Road Preservation & resurfacing Program \$88,499 which is an annual program. The balances of variances are across a number of areas.
- f) This unfavourable timing variance arose predominantly from STL2003 - Joondalup City Centre Street Lighting (\$705,036) which is progressing ahead of schedule with Stage 3 now completed and Stage 4 which is currently in tender phase. This is partially offset by a favourable timing variance for STL2073 Ellersdale Park Floodlighting Upgrades \$92,996 which is programmed to commence construction in January 2020.
- g) This unfavourable timing variance mainly arose from RDC2019 - Burns Beach Road/Joondalup Drive (\$62,132) which is currently being delivered by Main Roads.
- h) This unfavourable timing variance mainly arose from FPN2262 Beach Road (West) Shared Path (\$118,245) which was carried forward from the previous year and FPN2240 Burns Beach to Mindarie Dual Use Path (\$41,864) which is currently in progress. A number of projects are complete with unfavourable variances including FPR2228 Trusmore Crescent to Glenside Crescent (\$14,545), FPR2213 Delcomyn Place to Eddystone Avenue (\$14,153), FPR2225 Mulligan Drive to Warner Place (\$12,626) and FPR2224 Mulligan Drive to O'Hara Court (\$11,236). This is partially offset by favourable variances for completed projects including FPR2261 Shenton Avenue – Marmion Avenue to Naturalist Boulevard \$39,361 and FPN2255 Hillarys Animal Beach Shared Path \$27,823.
- i) This unfavourable timing variance arose mainly from SSE2055 – Streetscape Renewal Program (\$56,961) and SSE2057 Leafy City Program (\$31,095) due to projects progress.

Favourable Variance

Unfavourable Variance

17. Vehicle and Plant Replacements**(\$372,707)**

This unfavourable timing variance arose mainly from one Tip Truck (\$246,780) and six items of Plant (\$181,373) carried forward from the previous year. This will be adjusted at the Mid Year Budget Review. This is partially offset by a favourable timing variance for a Mower / Slasher \$70,000 to be ordered in coming months. Orders totalling \$836,464 have been placed and are awaiting delivery.

18. Proceeds from Disposal**(\$1,473,882)**

This unfavourable timing variance arose mainly in respect of Lot 803 (15) Burlos Court, Joondalup (\$1,634,000) with offers received not resulting in its sale. Investigations are continuing concerning a potential collaborative development project. This partially offset by a favourable variance from sale of Lot 2 (20) Kanangra Crescent, Greenwood \$66,000 and a favourable timing variance from Vehicle and Plant Disposals \$94,118.

19. Opening Funds**\$4,007,906**

Variations in the actual results for 2018-19 compared to the budget estimate gave rise to a favourable variance of \$4,007,906 in opening funds. The drivers for the increased end of year surplus, after taking end of year reserve movements and other offsets into account, are reductions in operating and capital expenditure and additional operating revenue. Adjustment to opening funds will be reflected in the Mid Year Budget Review.

20. Closing Funds**\$6,371,230**

	June 2019	November 2019
Current Assets		
Cash and Investments	\$111,629,542	\$178,090,003
Rates Outstanding, Sundry Debtors and Other Receivables	\$4,014,542	\$30,206,763
Accrued Income	\$1,437,933	\$999,337
Prepayments	\$475,123	\$237,043
Inventories	\$245,434	\$244,597
Total Current Assets	\$117,802,574	\$209,777,743
Current Liabilities		
Trade Creditors	\$4,911,992	\$8,198,212
Sundry Payables	\$563,195	\$10,340,418
Accrued Expenses	\$5,512,097	\$4,019,287
Other Payables	\$4,150,599	-
Borrowings	\$3,324,328	\$2,296,880
Provision for Annual Leave	\$4,644,369	\$4,737,305
Provision for Long Service Leave	\$6,285,252	\$6,261,811
Provision for Workers Compensation Insurance	\$2,562,776	\$3,494,800
Provision for Sick Leave	\$994,195	\$1,010,252
Other Provisions	\$194,957	\$177,613
Total Current Liabilities	\$33,143,760	\$40,536,579
Net Current Assets	\$84,658,814	\$169,241,165
Add back: Borrowings	\$3,324,328	\$2,296,880
Less: Cash Backed Reserves	\$82,402,047	\$82,402,047
Closing Funds – Surplus/(Deficit)	\$5,581,095	\$89,135,998

Favourable Variance**Unfavourable Variance**