



Annual Budget Review

For the Period 1 July 2020 to 31 December 2020

February 2021

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Executive Summary

Executive Summary

The 2020-2021 Annual Budget Review for the Town of Victoria Park commenced on Thursday 26th November 2020 with a kick-off meeting for all responsible officers, and concluded with the distribution of the budget review agenda item on 2 February 2021 to enable Council consideration at its ordinary meeting Tuesday 16 February 2021.

Key Principles

The review process was undertaken having regard for:

- Actual revenues and expenditures for the first six months of the financial year together with committed expenses;
- Necessary indicators to inform forecasts for the remainder of the year;
- Forecast revenue and expenditure levels for the remaining six months of the year;
- Anticipated capacity to complete works and deliver services by 30 June; and
- The more significant variances to the budget rather than the many minor variances which largely balance out.

Explanation of Forecast Variances

The 2020-2021 Annual Budget Review forecasts a \$nil year-end surplus position (the Adopted 2020-2021 Annual Budget had a year-end surplus of \$26,384).

The approach taken to identifying and quantifying forecast variations to the Town's Annual Budget has been to review each line item of budgeted revenue and expenditure, including commitments, as follows:

Adopted Budget Position
LESS Year-to-date actual and commitments
PLUS Estimated actuals to 30 June
EQUALS Forecast year-end variation to budget

In overview terms, the forecast year-end position consists of:

- Total Operating Revenue forecast to be more than the budget (i.e. favourable) by \$779,536.
- Total Operating Expense forecast to be less than the budget (i.e. favourable) by \$573,279.
- Total Capital Expense forecast to be less than the budget (i.e. favourable) by \$26,909.
- Total Non-Operating Revenue forecast to be more than the budget (i.e. favourable) by \$50,865.(Transfer to Reserve)
- Total Non-Operating Expense forecast to be more than the budget (i.e. unfavourable) by \$2,894,486.
- Non-Cash adjustments forecast to be less than budgeted (i.e.favourable) by \$510.
- Opening Surplus position is greater than budgeted (i.e.favourable) \$1,364,207.

Major Variances

The following table highlights the account groupings at the Town as well as the major variances (over \$25,000). Immediately following this table is an explanation of some of the variances. More detailed explanations can be found in the Service Area summaries from page 22 onwards.

Executive Summary (continued)

<u>Account Groupings</u>	Year-To-Date	Revised	KEY		Executive
			Forecast	Variance	
Particulars	Actual	Budget	Value		Summary
	\$	\$	\$	\$	Note
Expense	21,358,950	62,428,601	61,855,322	(573,279)	
Employment	10,351,054	22,799,351	22,923,104	123,753	1
Office	335,479	712,674	679,365	(33,309)	2
Professional Services	1,057,354	4,619,064	4,644,669	25,605	3
Asset Operations	4,647,973	11,815,599	11,316,399	(499,200)	4
Programs	5,988,657	15,297,368	15,091,019	(206,349)	5
Interest Expense	173,320	309,199	325,750	16,551	
Accounting Standards Expense	(1,194,887)	6,875,346	6,875,016	(330)	
Revenue	(49,919,308)	(57,790,685)	(58,570,221)	(779,536)	
Rates	(43,480,679)	(43,588,067)	(43,722,708)	(134,641)	6
Operating Funding	(453,308)	(1,010,613)	(1,019,380)	(8,767)	
Capital Funding	(681,072)	(2,414,149)	(2,396,307)	17,842	
Fees and Charges	(4,578,774)	(7,486,257)	(8,224,945)	(738,688)	7
Earnings Interest	(237,317)	(1,165,100)	(819,233)	345,867	8
Revenue Other	(488,158)	(424,874)	(686,023)	(261,149)	9
Service Charges	0	0	0	0	
Accounting Standards Revenue	0	(1,701,625)	(1,701,625)	0	
Capital Expense	2,941,310	16,648,645	16,621,736	(26,909)	
Land	70,444	63,473	74,000	10,527	
Buildings	199,109	1,068,644	913,791	(154,853)	10
Plant	4,510	835,340	816,259	(19,081)	
Equipment	0	0	0	0	
Information Technology	123,260	664,650	704,450	39,800	11
Roads	1,693,260	7,064,291	7,380,836	316,545	12
Drainage	8,457	440,000	440,000	0	
Pathways	611,912	2,543,506	2,444,292	(99,214)	13
Parks	188,810	2,532,241	2,200,108	(332,133)	14
Other Infrastructure	41,547	1,436,500	1,648,000	211,500	15
Non-Operating Revenue	(2,757,989)	(12,446,674)	(12,497,539)	(50,865)	
From Reserve	(2,503,760)	(8,171,674)	(8,171,674)	0	
Loan Proceeds	0	0	0	0	
Sale Proceeds	(254,229)	(4,275,000)	(4,325,865)	(50,865)	16
Non-Operating Expense	1,676,462	7,252,504	10,146,790	2,894,286	
To Reserve	63,000	4,026,600	6,921,086	2,894,486	17
Principal-Loans	1,613,462	3,225,904	3,225,704	(200)	
Adjustments	(9,577,697)	(16,192,391)	(17,556,088)	(1,363,697)	
Non-Cash Items	0	(7,937,909)	(7,937,399)	510	
Opening Position ((Surplus) / Deficit)	(9,577,697)	(8,254,482)	(9,618,689)	(1,364,207)	18
Total Account Groupings	(36,278,272)	(100,000)	0	100,000	

Executive Summary (continued)

1. Employment expense (unfavourable)

The \$123,753 increase in Employment expenditure predominantly relates to salaries and superannuation costs for a project secondment, casual staff increases due to demand at Aqualife and Leisurelife and Contracts and Procurement FTE. Other movements include Agency Staff - Rangers \$40,000 (NB: offset by \$40,000 decrease in Ranger Salaries), Agency Staff Parking \$35,000 increase (offset by \$70,000 decrease in Salaries), Increase in Agency Staff Communications \$15,000, Customer Relations \$59,000, Street Improvement \$25,000 and Aqualife Swim School increase in Salaries & Superannuation \$23,000 due to demand.

2. Office expense (favourable)

The \$33,309 decrease in Office expenses predominantly relates to savings across the organisation on insurance premium payments and advertising

3. Professional Services Expense (unfavourable)

The \$25,605 increase predominantly relates to additional legal services costs required to fund Rates advice and SAT hearing - The Camfield

4. Asset Operations expenses (favourable)

The \$499,200 decrease in Asset Operation expenses predominantly relates reduction in Street Tree Watering and planting (\$120,000) due to successfully securing a reduced unit cost at tender (NB: Based on new unit price saving, future tree planting will see this expense increase proportionately), Street Lighting (\$80,000), Christmas Decorations (\$80,000) and Parks Drainage Sump maintenance (\$25,000). There is also an adjustment from Urban Forest Strategy of \$490,000 which was allocated to parks operating instead of reserve during 2021 budget preparation. This will be transferred back to the appropriate reserve.

5. Programs expense (favourable)

The \$206,349 decrease in programs expenses predominantly relates to tipping fees processable expenses by \$237,500.

6. Rates Revenue (favourable)

The \$134,641 increase in expected Rates Revenue predominantly relates to - Increases in YTD Actual Rates Commercial GRV -\$47,000, Industrial GRV -\$28,000, Residential -\$59,000. Arising from the issue of interim rates during the year.

7. Fees & Charges Revenue (favourable)

The \$738,688 increase in expected Fees & Charges is attributable a general increase in activity post COVID 19 with restrictions lifting earlier than anticipated. Activity and income from Bingo fees \$410,000, Paid parking occupancy and income increasing \$25,000 and Parking Infringements increasing by \$70,000 as well as higher than anticipated Dog Infringements \$35,000, Bush Fire Infringements notices up \$15,000, Expected Rates instalment arrangements fees down \$110,000 due too optimistic budget expectations. A lower fee of \$7 charged instead of \$14 per instalment due to COVID 19 reductions.

8. Earnings Interest Revenue (unfavourable)

The \$345,867 decrease in expected Earnings Interest Revenue is attributable to, decrease in Instalment Interest by \$125,000 F&C 5.5% reduced to 2% COVID 19 and Late Payment Interest \$75,000 was 11% reduced to 4% COVID 19, Increase in Reserve funds interest of Urban Forest Strategy \$1,500 and COVID 19 \$1,500 over budget expectations.

9. Revenue Other Revenue (favourable)

The \$261,149 increase in Revenue Other is attributable to Tamala Park Revenue up by \$90,000, Workers Comp recovered up \$30,000 (NB: Offset by increased Exp of \$30K net nil affect under WC insurance), Building Services - Prosecution collections up \$35,000.

10. Capital Expense - Buildings (favourable)

The \$154,853 decrease in Buildings Infrastructure costs predominately attributable to decreases in W3234 Vic Park Quarter \$20,274, W4444 Library fit out \$70,000, W3048 Reactive building renewal \$75,000.

11. Capital Expense - Information Technology (unfavourable)

The \$39,800 increase in Information Technology Infrastructure costs attributable to a increase in the meeting room audio visual of \$40,000.

12. Capital Expense - Roads (unfavourable)

The \$316,545 increase in Roads Infrastructure costs attributable to W4407 Oats St - Swansea to Rutland \$181,490, W4406 Kent St - Albany Hwy to Gloucester MRRG \$78,000, W4430 Briggs - Star to Orrong \$201,000, W4432 Raleigh - Archer St to End \$100,000 and W4530 Oats St Bicycle improvements reduce \$60,000. Please refer to Capital Expenses section later in this report for further details.

13. Capital Expense - Pathways (favourable)

The \$99,214 decrease in Pathways Infrastructure costs attributable to W3210 Rutland Ave Shared Path \$72,000 and W2025 Parking ACRO bays allocation \$30,000 increase. Please refer to Capital Expenses section later in this report for further details.

14. Capital Expense - Parks (favourable)

The \$332,133 decrease in Parks Infrastructure cost attributable to W4385 GO Edwards Park a transfer of \$250,000 to ROW 59 upgrade to enable the required renewal works that are adjacent to the park (and specified in the masterplan) to proceed., W3119 Lathlain Redevelopment (Zone 2X) - Parks Holding \$136,899, Raphael Park - Softfall \$10,000, W4453 Synthetic Practice wickets \$8,000. Increases W4566 Aqualife softfall \$25,000, W1721 Upgrade Higgins Park Tennis \$41,000. Please refer to Capital Expenses section later in this report for further details.

15. Capital Expense - Other Infrastructure (unfavourable)

The \$211,500 increase in Other Infrastructure cost attributable to transfer of funds from GO Edwards Park to upgrade ROW 59 \$200,000 as specified above and reductions W4462 Carpark #8 Renewal Kent St \$40,000, W4541 ROW 46 Upgrade \$25,000, W1895 Street Lighting Safety \$16,000. Please refer to Capital Expenses section later in this report for further details.

16. Non-Operating Revenue - Sale Proceeds (favourable)

The \$50,865 increase in Sale Proceeds attributable to higher than anticipated trade-in figures for plant changeovers.

17. Non-Operating Expense - To Reserve (favourable)

Relates to \$2,894,486 increase in Transfers to Reserve Funds, changes consists of isolating unspent Building Capital works funds into the Building Reserve \$153,000, F&E Reserve \$35,000, Waste Reserve \$135,000 ,Future Projects \$48,486 , allocation of increased opening surplus, expected additional operating revenue and savings from operating expenditure to the Future Fund Reserve \$2,006,000, Underground Power Reserve \$23,000, Urban Forest Strategy \$501,000.

18. Opening Position ((Surplus) / Deficit) (favourable)

The variance between the 1st July budgeted estimated surplus and 1st July Actual audited surplus is \$1,364,207. The variance predominantly relates to changes in Net Current Assets and end of year Audit adjustments (Refer to Net Current Funding note below for further details).

Conclusion and Recommendation

The 2020-2021 Annual Budget Review has had input from all management levels at the Town, with the Senior Management Team acknowledging the values as included in this Review.

C-Suite have reviewed and had input on the Annual Budget Review during January 2021. Comments and suggestions made during this time have, where appropriate and possible been incorporated into the Review. Accordingly, it is therefore recommended that the Budget Review be accepted and the associated budgetary changes be approved. NB: At the time of preparing this report the final carried forward surplus was not available as the audit had not yet been finalised by the Office of the Auditor General.

S D Billingham
Finance Manager



Statutory Obligations

Statutory Obligations

During each financial year Council is required to assess its financial performance.

This requirement is in accordance with -

- Council's Financial Management Practices; and
- Regulation 33A of the *Local Government (Financial Management) Regulations 1996* (Review of Budget)

Regulation 33A states -

- 1) Between 1 January and 31 March 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 -
 - i) 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
 - ii) consider the local government's financial position as at the date of the review; and
 - iii) review the outcomes for the end of that financial year that are forecast in the budget.

- 2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the Council.

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

- 4) Within 30 days after a council has made a determination, a copy of the review is to be provided to the department.



Net Current Funding Position

Net Current Funding Position

For the period 1 July 2020 to 31 December 2020

Particulars	1 July	1 July	NB: Subject to final Audit sign off		30 June
	As Budgeted \$	Revised Budget	1 July Actual \$	31 December Actual \$	Forecast \$
Current Assets	70,996,926	70,996,926	65,936,013	58,027,257	10,365,205
Current Liabilities	(15,085,199)	(15,085,199)	(13,329,764)	(12,358,554)	(10,365,205)
Net Current Asset Position	55,911,727	55,911,727	52,606,248	45,668,702	0
Adjustments					
Unspent Loans	0	0	0	0	0
Total adjustments to net current assets	(47,657,245)	(47,657,245)	(42,987,560)	0	0
Net Current Funding Position	8,254,482	8,254,482	9,618,689	45,668,702	0
Surplus / (Deficit) Variation between 1 July (As Budgeted) and 1 July (As Audited)			1,364,207		

The Net Current Funding Position (1 July - As Budgeted) represents the estimate that was made, for budgeting purposes, for the closing balance for the previous year prior to the actual audited closing position being known.

The Net Current Funding Position (1 July - Actual subject to final Audit signoff) represents the actual audited closing position for the previous year after all required end-of-year and audit adjustments have been completed.

The Net Current Funding position (31 December - Actual) represents the closing balance for the period under review after all required end-of-month adjustments have been completed.

The Net Current Funding Position (30 June - Forecast) represents the estimated closing balance for the financial year taking into regard all input by individual Managers and Service Area Leaders within the organisation.

Variation Explanation between 1 July (As Budgeted) and 1 July (Final subject to final Audit signoff)

An explanation of the variance between 1 July (As Budgeted) and 1 July (Final subject to final Audit signoff) can be found in the Executive Summary.



Statement of Budget Review

Statement of Budget Review

For the period 1 July 2020 to 31 December 2020

<u>Revenue</u>	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value	\$	Variance
	\$	\$	\$	\$	Movement
Chief Executive Office	(8,926)	(5,004)	(22,896)	(17,892)	
Chief Executive Office	(458)	(2,004)	(12,804)	(10,800)	
Communications and Engagement	0	0	0	0	
Customer Relations	0	0	0	0	
Human Resources	(1,376)	(3,000)	(3,000)	0	
Leadership and Governance	(7,092)	0	(7,092)	(7,092)	
Community Planning	(786,976)	(1,038,775)	(1,132,388)	(93,613)	
Building Services	(191,502)	(335,000)	(309,500)	25,500	Unfavourable
Community Development	(96,290)	(165,750)	(181,859)	(16,109)	
Community Planning Office	(896)	(1,300)	(1,300)	0	
Digital Hub	(16,109)	(3,075)	(17,575)	(14,500)	
Economic Development	0	(1,000)	(3,000)	(2,000)	
Environmental Health	(159,486)	(182,300)	(182,300)	0	
General Compliance	(18,463)	(16,500)	(21,500)	(5,000)	
Healthy Community	(18,936)	(24,250)	(28,497)	(4,247)	
Library Services	(12,284)	(24,100)	(20,857)	3,243	
Place Management	0	0	0	0	
Strategic Town Planning	0	0	0	0	
Urban Planning	(273,009)	(285,500)	(366,000)	(80,500)	Favourable
Finance	(47,267,162)	(52,747,397)	(53,401,660)	(654,263)	
Aqualife	(1,091,487)	(2,126,631)	(2,353,542)	(226,911)	Favourable
Budgeting	0	(1,701,625)	(1,701,625)	0	
Corporate Funds	(43,980,116)	(45,027,580)	(45,185,221)	(157,641)	Favourable
Finance Office	0	(1,350)	(1,350)	0	
Financial Services	(366,640)	(834,000)	(472,134)	361,866	Unfavourable
Information Systems	(692)	(2,790)	(2,790)	0	
Leisurelife	(889,867)	(1,378,139)	(1,884,698)	(506,559)	Favourable
Parking	(823,777)	(1,545,482)	(1,643,800)	(98,318)	Favourable
Ranger Services	(114,583)	(129,800)	(156,500)	(26,700)	Favourable
Operations	(1,856,245)	(3,999,509)	(4,013,276)	(13,767)	
Asset Planning	(310,669)	(387,560)	(487,033)	(99,473)	Favourable
Environment	0	0	0	0	
Fleet Services	(5,925)	(10,000)	(10,600)	(600)	
Operations Office	0	(1,100)	(1,100)	0	
Parks and Reserves	(42,173)	(12,500)	(51,589)	(39,089)	Favourable
Project Management	(665)	0	(1,000)	(1,000)	
Property Development and Leasing	0	0	0	0	
Street Improvement	(2,195)	(168,000)	(168,000)	0	
Street Operations	(740,288)	(2,585,849)	(2,520,433)	65,416	Unfavourable
Waste Services	(754,329)	(834,500)	(773,521)	60,979	Unfavourable
Total Revenue	(49,919,308)	(57,790,685)	(58,570,221)	(779,536)	Favourable

Statement of Budget Review (continued)

For the period 1 July 2020 to 31 December 2020

<u>Expense</u>	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value	\$	Variance
	\$	\$	\$	\$	Movement
Chief Executive Office	2,098,841	5,013,850	5,024,462	10,612	
Chief Executive Office	463,489	1,002,497	992,767	(9,730)	
Communications and Engagement	409,152	794,017	804,339	10,322	
Customer Relations	368,032	877,450	877,450	0	
Human Resources	388,457	1,152,400	1,152,400	0	
Leadership and Governance	469,711	1,187,486	1,197,506	10,020	
Community Planning	3,946,247	11,025,703	10,903,809	(121,894)	
Building Services	234,163	578,340	580,349	2,009	
Community Development	972,726	2,512,471	2,509,972	(2,499)	
Community Planning Office	462,046	947,000	946,777	(223)	
Digital Hub	76,452	170,152	184,652	14,500	
Economic Development	99,928	318,124	320,124	2,000	
Environmental Health	247,442	663,978	661,386	(2,592)	
General Compliance	64,083	141,048	144,623	3,575	
Healthy Community	112,220	286,024	277,342	(8,682)	
Library Services	518,509	1,299,828	1,234,874	(64,954)	Favourable
Place Management	546,435	2,039,435	2,019,435	(20,000)	
Strategic Town Planning	204,622	879,322	888,974	9,652	
Urban Planning	407,621	1,189,981	1,135,301	(54,680)	Favourable
Finance	6,022,556	22,686,833	23,088,098	401,265	
Aqualife	1,301,140	2,449,978	2,656,002	206,024	Unfavourable
Budgeting	0	9,312,534	9,312,024	(510)	
Corporate Funds	238,402	1,192,393	1,224,093	31,700	Unfavourable
Finance Office	348,129	736,063	735,840	(223)	
Financial Services	591,704	1,115,927	1,221,419	105,492	Unfavourable
Information Systems	1,536,417	3,572,978	3,252,554	(320,424)	Favourable
Leisurelife	948,444	1,652,165	2,028,741	376,576	Unfavourable
Parking	720,146	1,853,562	1,853,766	204	
Ranger Services	338,174	801,233	803,659	2,426	
Operations	9,291,306	23,702,215	22,838,953	(863,262)	
Asset Planning	1,673,700	3,600,490	3,667,346	66,856	Unfavourable
Environment	118,841	209,535	209,535	0	
Fleet Services	2,205	0	8,500	8,500	
Operations Office	350,239	755,143	757,242	2,099	
Parks and Reserves	1,955,510	5,448,765	4,999,367	(449,398)	Favourable
Project Management	864,660	3,090,688	2,521,359	(569,329)	Favourable
Property Development and Leasing	0	0	574,926	574,926	Unfavourable
Street Improvement	513,768	1,345,354	1,373,224	27,870	Unfavourable
Street Operations	1,059,606	2,865,160	2,722,907	(142,253)	Favourable
Waste Services	2,752,777	6,387,080	6,004,547	(382,533)	Favourable
Total Expense	21,358,950	62,428,601	61,855,322	(573,279)	Favourable

Statement of Budget Review (continued)

For the period 1 July 2020 to 31 December 2020

Capital	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value	\$	Variance
	\$	\$	\$	\$	Movement
Community Planning	36,371	50,500	51,000	500	
Community Development	36,371	50,500	51,000	500	
Finance	123,260	704,650	724,450	19,800	
Aqualife	0	0	0	0	
Information Systems	123,260	664,650	704,450	39,800	Unfavourable
Parking	0	40,000	20,000	(20,000)	
Operations	2,781,680	15,893,495	15,846,286	(47,209)	
Asset Planning	199,109	1,068,644	913,791	(154,853)	Favourable
Fleet Services	4,510	835,340	816,259	(19,081)	
Parks and Reserves	188,810	2,532,241	2,200,108	(332,133)	Favourable
Project Management	70,444	63,473	74,000	10,527	
Street Operations	2,318,806	11,393,797	11,842,128	448,331	Unfavourable
Total Capital	2,941,310	16,648,645	16,621,736	(26,909)	Favourable

Statement of Budget Review (continued)

For the period 1 July 2020 to 31 December 2020

<u>Non-Operating Revenue</u>	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value		Variance
	\$	\$	\$	\$	Movement
Finance	(2,503,760)	(11,971,674)	(11,971,674)	0	
Corporate Funds	(2,503,760)	(11,971,674)	(11,971,674)	0	
Operations	(254,229)	(475,000)	(525,865)	(50,865)	
Fleet Services	(254,229)	(475,000)	(525,865)	(50,865)	Favourable
Total Non-Operating Revenue	(2,757,989)	(12,446,674)	(12,497,539)	(50,865)	Favourable

<u>Non-Operating Expense</u>	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value		Variance
	\$	\$	\$	\$	Movement
Finance	1,676,462	7,252,504	10,146,790	2,894,286	
Corporate Funds	1,676,462	7,252,504	10,146,790	2,894,286	Unfavourable
Total Non-Operating Expense	1,676,462	7,252,504	10,146,790	2,894,286	Unfavourable

<u>Non-Cash Adjustments</u>	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value		Variance
	\$	\$	\$	\$	Movement
Non-Cash Items	0	(7,937,909)	(7,937,399)	510	
Profit and Loss	0	1,627,741	1,627,741	0	
Depreciation	0	(9,565,650)	(9,565,140)	510	
Total Non-Cash Adjustments	0	(7,937,909)	(7,937,399)	510	

<u>(Surplus) / Deficit Position</u>	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value		Variance
	\$	\$	\$	\$	Movement
(Surplus) / Deficit Position	(9,618,689)	(8,254,482)	(9,618,689)	(1,364,207)	
Opening (Surplus) / Deficit	(9,618,689)	(8,254,482)	(9,618,689)	(1,364,207)	Favourable
Suspense items	81,984	0	0	0	
Total (Surplus) / Deficit Position	(9,577,697)	(8,254,482)	(9,618,689)	(1,364,207)	Favourable
Closing (Surplus) / Deficit Position	(36,278,272)	(100,000)	0	100,000	Unfavourable

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Service Area Variance Reporting

Service Area Variance Reporting

For the purposes of reporting the budgeted material variance movements in the Statement of Budget Review (which has been prepared by each individual Service Area), the following indicators have been applied -

Revenues (Operating and Non-Operating)

Service Area material variances will be identified where, for the period being reviewed, the year-end forecast varies to the current revised budget estimate by an amount (+) or (-) \$25,000 and, in those instances, an explanatory comment will be provided.

Expenses (Operating, Capital and Non-Operating)

Service Area material variances will be identified where, for the period being reviewed, the year-end forecast varies to the current revised budget estimate by an amount (+) or (-) \$25,000 and, in those instances, an explanatory comment will be provided.

Service Area Variance Reporting (continued)

Chief Executive Office - Chief Executive Office

Service Statement

The Chief Executive Office leads and supports the transformation of the organisation into a customer-focused, culturally constructive, legislatively compliant, sector-leading entity, with a primary focus on the Service Areas within the Chief Executive Office functional area.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		463,489	1,002,497	992,767	(9,730)	
Employment		418,167	860,693	849,486		
Office		4,584	8,304	8,081		
Professional Services		0	6,000	6,000		
Asset Operations		595	11,000	11,000		
Programs		40,143	116,500	118,200		
Revenue		(458)	(2,004)	(12,804)	(10,800)	
Revenue Other		(458)	(2,004)	(12,804)		
Total		463,031	1,000,493	979,963	(20,530)	

Financial Position and Material Variance Movement Explanation(s)

The Chief Executive Office service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Chief Executive Office - Communications and Engagement

Service Statement

Communications and Engagement manages the brand and reputation of the Town. This is achieved through developing clear and accessible messaging, consulting with the community, delivering key messages through various channels and working to reach the appropriate audiences through strategically executed marketing, engagement and communication planning.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material Variance Movement
		Actual	Budget	Value		
		\$	\$	\$	\$	
Expense		409,152	794,017	804,339	10,322	
Employment		339,010	617,087	651,940		
Office		11,514	38,000	32,052		
Professional Services		28,447	25,000	28,447		
Asset Operations		431	9,830	2,000		
Programs		29,751	104,100	89,900		
Revenue		0	0	0	0	
Revenue Other		0	0	0		
Total		409,152	794,017	804,339	10,322	

Financial Position and Material Variance Movement Explanation(s)

The Communications and Engagement service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Chief Executive Office - Customer Relations

Service Statement

Customer Relations manages the Customer Service Contact Centre, which is the first point of contact for the organisation, and monitors performance against the Town's Customer Service Charter.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		368,032	877,450	877,450	0	
Employment		334,815	778,750	778,750		
Office		22,787	53,720	53,720		
Professional Services		9,300	37,000	37,000		
Programs		1,130	7,980	7,980		
Total		368,032	877,450	877,450	0	

Financial Position and Material Variance Movement Explanation(s)

The Customer Relations service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Chief Executive Office - Leadership and Governance

Service Statement

The Leadership and Governance Service Area is committed to responsibly managing the Town on behalf of the residents and ratepayers of the District through collaboration, knowledge-sharing and good governance.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	469,711	1,187,486	1,197,506	10,020	
Employment		291,663	649,656	647,152		
Office		9,750	12,250	12,454		
Professional Services		25,964	119,830	135,000		
Asset Operations		0	0	0		
Programs		142,334	405,750	402,900		
Revenue		(7,092)	0	(7,092)	(7,092)	
Revenue Other		(7,092)	0	(7,092)		
Total		462,619	1,187,486	1,190,414	2,928	

Financial Position and Material Variance Movement Explanation(s)

The Leadership and Governance service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Chief Executive Office - Human Resources

Service Statement

Human Resources is responsible for the development and implementation of occupational health and safety compliance, staff development, employee relations, recruitment and payroll services of the Town.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	388,457	1,152,400	1,152,400	0	
Employment		288,013	728,110	728,110		
Office		5,107	14,840	14,840		
Professional Services		47,449	50,240	56,240		
Asset Operations		0	0	0		
Programs		47,889	359,210	353,210		
Revenue		(1,376)	(3,000)	(3,000)	0	
Revenue Other		(1,376)	(3,000)	(3,000)		
Total		387,081	1,149,400	1,149,400	0	

Financial Position and Material Variance Movement Explanation(s)

The Human Resources service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Building Services

Service Statement

Building Services provide services to ensure buildings are safe, liveable, accessible and sustainable, and meet statutory requirements.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	234,163	578,340	580,349	2,009	
Employment		201,795	516,230	487,892		
Office		6,291	7,100	8,147		
Professional Services		22,310	25,000	55,600		
Asset Operations		3,689	28,510	28,510		
Programs		77	1,500	200		
Revenue		(191,502)	(335,000)	(309,500)	25,500	Unfavourable
Fees and Charges		(153,899)	(323,500)	(262,500)		
Revenue Other		(37,603)	(11,500)	(47,000)		
Total		42,660	243,340	270,849	27,509	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating revenue in Building services area has a unfavourable budget forecast variance of \$25,500. The unfavourable variance relates to expected reduction in Fees & Charges - building permits expected reduction of \$60,000 and Other Revenue expected increase \$35,00 due to a recent successful prosecution within the service area.

Service Area Variance Reporting (continued)

Community Planning - Community Development

Service Statement

The Community Development team's vision is an empowered Victoria Park, which will be achieved through the mission of community capacity building and applying the principles of Asset Based Community Development.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		972,726	2,512,471	2,509,972	(2,499)	
Employment		408,704	953,763	953,463		
Office		15,575	20,650	20,820		
Professional Services		9,023	30,000	93,506		
Asset Operations		1,740	29,830	29,830		
Programs		537,684	1,478,228	1,412,353		
Revenue		(96,290)	(165,750)	(181,859)	(16,109)	
Operating Funding		(5,400)	(13,000)	(13,600)		
Fees and Charges		(83,948)	(149,750)	(161,059)		
Revenue Other		(6,942)	(3,000)	(7,200)		
Capital Expense	1	36,371	50,500	51,000	500	
Other Infrastructure		36,371	50,500	51,000		
Total		912,807	2,397,221	2,379,113	(18,108)	

Financial Position and Material Variance Movement Explanation(s)

The Community Development service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Community Planning Office

Service Statement

The Community Planning Office leads and supports the transformation of the organisation into a customer-focused, culturally constructive, legislatively compliant, sector-leading entity, with a primary focus on the Service Areas within the Community Planning functional area which includes the Place Planning, Development Services and Community Development service areas.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material
		Actual	Budget	Value		Variance
		\$	\$	\$	\$	Movement
Expense	1	462,046	947,000	946,777	(223)	
Employment		447,011	887,800	887,800		
Office		4,332	9,000	8,777		
Professional Services		946	3,000	3,000		
Asset Operations		2,190	15,000	15,000		
Programs		7,566	32,200	32,200		
Revenue		(896)	(1,300)	(1,300)	0	
Revenue Other		(896)	(1,300)	(1,300)		
Total		461,150	945,700	945,477	(223)	

Financial Position and Material Variance Movement Explanation(s)

The Community Planning Office service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Digital Hub

Service Statement

The Digital Hub provides free digital literacy and online training for the local community, not-for-profit organisations and local business operators.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		76,452	170,152	184,652	14,500	
Employment		68,769	143,152	158,582		
Office		2,348	7,500	6,913		
Asset Operations		2,580	4,000	4,000		
Programs		2,756	15,500	15,157		
Revenue		(16,109)	(3,075)	(17,575)	(14,500)	
Minor Events and Initiatives		(16,000)	(1,500)	(16,000)		
Fees and Charges		(109)	(1,575)	(1,575)		
Revenue Other		0	0	0		
Total		60,343	167,077	167,077	0	

Financial Position and Material Variance Movement Explanation(s)

The Digital Hub service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Economic Development

Service Statement

Economic Development seeks to increase the economic growth of the district through fostering business attraction and retention, tourism, marketing, community initiatives and creating robust relationships.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		99,928	318,124	320,124	2,000	
Employment		84,294	186,784	185,784		
Office		3,079	7,860	12,830		
Professional Services		10,996	59,920	59,920		
Programs		1,560	63,560	61,590		
Total		99,928	318,124	320,124	2,000	

Financial Position and Material Variance Movement Explanation(s)

The Economic Development service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Environmental Health

Service Statement

Environmental Health seeks to protect and promote healthy natural and built environments in our community.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		247,442	663,978	661,386	(2,592)	
Employment		225,143	536,778	537,878		
Office		4,224	11,350	11,658		
Professional Services		2,129	40,000	33,000		
Asset Operations		7,824	38,350	38,350		
Programs		8,122	37,500	40,500		
Revenue	1	(159,486)	(182,300)	(182,300)	0	
Operating Funding		(133)	(1,000)	(1,000)		
Fees and Charges		(154,507)	(166,100)	(166,100)		
Revenue Other		(4,846)	(15,200)	(15,200)		
Total		87,956	481,678	479,086	(2,592)	

Financial Position and Material Variance Movement Explanation(s)

The Environmental Health service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - General Compliance

Service Statement

The General Compliance Area liaise with and direct property owners and developers to ensure built-form building and planning requirements are adhered to at all times.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	64,083	141,048	144,623	3,575	
Employment		51,740	112,414	111,901		
Office		1,858	3,800	3,688		
Professional Services		0	15,000	10,000		
Asset Operations		10,486	9,834	19,034		
Programs		0	0	0		
Revenue		(18,463)	(16,500)	(21,500)	(5,000)	
Revenue Other		(18,463)	(16,500)	(21,500)		
Total		45,620	124,548	123,123	(1,425)	

Financial Position and Material Variance Movement Explanation(s)

The General Compliance service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Healthy Community

Service Statement

The Healthy Community team connect people to services, resources, information, facilities, and experiences that enhance their physical and social health and wellbeing.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		112,220	286,024	277,342	(8,682)	
Employment		93,483	238,105	229,510		
Office		1,400	2,400	2,313		
Programs		17,337	45,519	45,519		
Revenue		(15,300)	(24,250)	(24,861)	(611)	
Fees and Charges		(15,300)	(24,250)	(24,861)		
Total		96,920	261,774	252,481	(9,293)	

Financial Position and Material Variance Movement Explanation(s)

The Healthy Community service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Library Services

Service Statement

Library Services plays a pivotal role in providing our community with access to resources, knowledge and technology in a safe, nurturing environment.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		518,509	1,299,828	1,234,874	(64,954)	Favourable
Employment		432,448	1,075,948	1,020,503		
Office		26,078	36,100	41,100		
Asset Operations		1,570	14,330	12,330		
Programs		58,413	173,450	160,941		
Revenue		(12,284)	(24,100)	(20,857)	3,243	
Operating Funding		(880)	(1,000)	(1,000)		
Fees and Charges		(10,887)	(22,500)	(19,257)		
Revenue Other		(518)	(600)	(600)		
Total		506,225	1,275,728	1,214,017	(61,711)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Library Services area has a favourable budget forecast variance of \$64,954. The favourable variance of \$55,445 is due to the reduction in Salaries due to a vacancy.

Service Area Variance Reporting (continued)

Community Planning - Place Management

Service Statement

The Place Management Service Area implements programs, that are suitable for the particular targeted section of the community, to improve places within the District or, where the community is satisfied with the standard of operation, to maintain the already attained standard.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material
		Actual	Budget	Value		Variance
		\$	\$	\$	\$	Movement
Expense	1	546,435	2,039,435	2,019,435	(20,000)	
Employment		178,883	377,259	377,259		
Office		1,990	4,770	4,770		
Professional Services		61,561	188,906	168,906		
Asset Operations		0	0	0		
Programs		304,001	1,468,500	1,468,500		
Total		546,435	2,039,435	2,019,435	(20,000)	

Financial Position and Material Variance Movement Explanation(s)

The Place Management service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Strategic Town Planning

Service Statement

Strategic Town Planning develops strategies for the future growth of the Town, with the aims of creating a vibrant community and improving the quality of life for residents.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	204,622	879,322	888,974	9,652	
Employment		177,615	360,662	367,917		
Office		2,773	9,200	9,200		
Professional Services		24,234	509,460	511,857		
Asset Operations		0	0	0		
Revenue		0	0	0	0	
Revenue Other		0	0	0		
Total		204,622	879,322	888,974	9,652	

Financial Position and Material Variance Movement Explanation(s)

The Strategic Town Planning service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Community Planning - Urban Planning

Service Statement

Urban Planning assesses applications for development approval and subdivision, provides advice to the community and ensures land is appropriately used and developed.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	407,621	1,189,981	1,135,301	(54,680)	Favourable
Employment		362,229	881,481	875,482		
Office		12,967	28,500	27,819		
Professional Services		7,825	153,000	105,000		
Asset Operations		2,502	19,000	19,000		
Programs		22,099	108,000	108,000		
Revenue	2	(273,009)	(285,500)	(366,000)	(80,500)	Favourable
Fees and Charges		(272,071)	(283,000)	(363,500)		
Revenue Other		(938)	(2,500)	(2,500)		
Total		134,612	904,481	769,301	(135,180)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Urban Planning area has a favourable budget forecast variance of \$54,680. The favourable variance predominately relates to a expected reduction in Professional Services-Consultancy General of \$48,000.

2. Operating Revenue within Urban Planning area has a favourable budget forecast variance of \$80,500. The favourable variance relates to higher Fees & Charges anticipated income from increased Development Application fees.

Service Area Variance Reporting (continued)

Finance - Aqualife

Service Statement

The Aqualife Centre aims to improve community health and wellbeing; and to provide a safe and welcoming environment for the community to meet and socialise, primarily through aquatic recreation.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	1,301,140	2,449,978	2,656,002	206,024	Unfavourable
Employment		1,153,558	2,073,028	2,286,499		
Office		37,519	69,650	66,783		
Asset Operations		27,826	113,800	113,800		
Programs		82,236	193,500	188,920		
Revenue	2	(1,091,487)	(2,126,631)	(2,353,542)	(226,911)	Favourable
Fees and Charges		(1,090,911)	(2,125,331)	(2,352,402)		
Revenue Other		(576)	(1,300)	(1,140)		
Total		209,653	323,347	302,460	(20,887)	

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Aqualife area has an unfavourable budget forecast variance of \$206,024. The unfavourable variance relates to increased employment and banking costs due to increased demand for services at the facility such as learn to swim lessons, creche entries, group fitness classes and membership uptake. These increases are in services that generate an income to offset listed increases.

2. Operating Revenue within Aqualife area has a favourable budget forecast variance of \$226,911. The favourable variance relates to increased revenue, particularly from the new "All access" membership provided by Aqualife. Both the return to service date was earlier than anticipated and with increased demand.

Service Area Variance Reporting (continued)

Finance - Budgeting

Service Statement

The Budgeting Area includes the administration of non-cash expenditure and revenue associated with local government accounting requirements, including profit and loss and depreciation.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	0	9,312,534	9,312,024	(510)	
Accounting Standards Expense		0	9,312,534	9,312,024		
Revenue		0	(1,701,625)	(1,701,625)	0	
Accounting Standards Revenue		0	(1,701,625)	(1,701,625)		
Total		0	7,610,909	7,610,399	(510)	

Financial Position and Material Variance Movement Explanation(s)

The Budgeting service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Finance - Corporate Funds

Service Statement

The Corporate Funds are includes the management of loans, reserve fund transfers, restricted and trust funds, rate revenue and corporate grants funding.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		238,402	904,250	954,250	50,000	Unfavourable
Programs		65,083	596,500	628,500		
Interest Expense		173,320	307,750	325,750		
Revenue	1	(43,980,116)	(45,027,580)	(45,185,221)	(157,641)	Favourable
Rates		(43,480,679)	(43,588,067)	(43,722,708)		
Operating Funding		(268,715)	(677,613)	(677,613)		
Earnings Interest		(85,394)	(701,600)	(604,600)		
Revenue Other		(145,330)	(60,300)	(180,300)		
Non-Operating Revenue	2	(2,503,760)	(11,971,674)	(11,971,674)	0	
From Reserve		(2,503,760)	(8,171,674)	(8,171,674)		
Loan Proceeds		0	0	0		
Sale Proceeds		0	(3,800,000)	(3,800,000)		
Non-Operating Expense	3	1,676,462	7,252,504	10,146,790	2,894,286	Unfavourable
To Reserve		63,000	4,026,600	6,921,086		
Principal		1,613,462	3,225,904	3,225,704		
Total		(44,569,012)	(48,842,500)	(46,055,855)	2,786,645	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

- Operating Expenses within Corporate Fund area has an unfavourable budget forecast variance of \$50,000. The unfavourable variance relates to expected increase in program - Workers Comp \$30,000 (NB: offset by assoc Revenue recovered from Workers Comp insurance scheme) and Right of Use asset interest expense costs of \$18,000 with the introduction of AASB 16 Accounting for Leases - Photocopiers Lease from 1 July 2021.
- Operating Revenue within Corporate Fund area has a favourable budget forecast variance of \$157,641. The favourable variance relates to a increased rates revenue - GRV Commercial \$46,986, GRV Industrial \$28,301, GRV Residential \$59,354 arising from the issue of interim rates during the year and Revenue Other Workers Comp recovered increased by \$30,000 (NB: offset by Workers Compensation expenses above) and Tamala Park Income \$90,000 increase.
- Non-Operating Expense within Corporate Fund area has an unfavourable budget forecast variance of \$2,894,286. The unfavourable variance predominantly relates to increased transfer to reserve of \$346,000 to Building Renewal Reserve \$153,000 and Underground power \$23,000, Waste Reserve \$135,000, Furniture & Equipment Reserve \$35,000, Future Projects \$48,486, Future Fund \$2,006,000 and Urban Forest Strategy Reserve \$501,000.

Service Area Variance Reporting (continued)

Finance - Finance Office

Service Statement

The Finance Office leads and supports the transformation of the organisation into a customer-focused, culturally constructive, legislatively compliant, sector-leading entity, with a primary focus on the Service Areas within the Finance functional area.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	348,129	736,063	735,840	(223)	
Employment		336,255	686,763	686,763		
Office		4,169	9,400	9,177		
Professional Services		4,000	3,000	7,000		
Asset Operations		626	4,500	4,500		
Programs		3,079	32,400	28,400		
Revenue		0	(1,350)	(1,350)	0	
Revenue Other		0	(1,350)	(1,350)		
Total		348,129	734,713	734,490	(223)	

Financial Position and Material Variance Movement Explanation(s)

The Finance Office service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Finance - Financial Services

Service Statement

The key role of Financial Services is to manage and control the Town's finances in a sound and prudent manner.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material
		Actual	Budget	Value	\$	Variance
		\$	\$	\$	\$	Movement
Expense	1	591,704	1,114,478	1,221,419	106,941	Unfavourable
Employment		380,538	779,578	802,969		
Office		37,399	61,900	57,510		
Professional Services		75,812	6,500	98,940		
Asset Operations		755	8,000	5,000		
Programs		97,200	258,500	257,000		
Revenue		(366,640)	(834,000)	(472,134)	361,866	Unfavourable
Operating Funding		(35,835)	(40,000)	(35,835)		
Fees and Charges		(180,253)	(338,300)	(231,500)		
Earnings Interest		(150,254)	(454,500)	(204,500)		
Revenue Other		(299)	(1,200)	(299)		
Total		225,064	280,478	749,285	468,807	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Financial Services area has an unfavourable budget forecast variance of \$106,941. The unfavourable variance is predominantly due to increased Professional services - legal services rates of \$65,000 Rates advice and SAT hearing - The Camfield.

2. Operating revenue within Financial Services area has an unfavourable budget forecast variance of \$361,866. The unfavourable variance is due to expected reductions in fees & charges of \$106,800 - instalment Arrangement fees \$110,000 reduction due to fee reduced from \$14 to \$7 for COVID 19 and earnings interest \$254,165 - instalment interest \$125,000 5.5% to 2.0% and Late Payment interest \$125,000 11% to 4% for COVID 19 .

Service Area Variance Reporting (continued)

Finance - Information Systems

Information Systems assists the Town in operating efficiently with the smooth running of essential business computer programs and systems.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material
		Actual	Budget	Value	\$	Variance
		\$	\$	\$	\$	Movement
Expense	1	1,536,417	3,572,978	3,252,554	(320,424)	Favourable
Employment		446,948	1,108,472	1,011,604		
Office		8,464	17,200	16,704		
Professional Services		77,220	362,310	357,310		
Asset Operations		139,574	90,090	156,000		
Programs		864,211	1,994,906	1,710,936		
Revenue		(692)	(2,790)	(2,790)	0	
Operating Funding		0	0	0		
Fees and Charges		(180)	(1,370)	(1,370)		
Revenue Other		(512)	(1,420)	(1,420)		
Capital Expense		123,260	664,650	704,450	39,800	Unfavourable
Information Technology		123,260	664,650	704,450		
Total		1,658,985	4,234,838	3,954,214	(280,624)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Information Systems service area has a favourable budget forecast variance of \$320,424. The favourable variance predominately relates to reduced costs in programs, photocopiers \$88,000 and IT software \$195,230, due to efficiencies and saving identified.

2. Capital Expense within Information Systems service area has an unfavourable budget forecast variance of \$39,800. The unfavourable variance relates to increased expected costs for upgrading meeting room audio visual hardware of \$40,000.

Service Area Variance Reporting (continued)

Finance - Leisurelife

Service Statement

The Leisurelife Centre aims to improve community health and wellbeing, and to provide a safe and welcoming environment for the community to meet and socialise, primarily through active recreation.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		948,444	1,652,165	2,028,741	376,576	Unfavourable
Employment		685,091	1,410,295	1,467,292		
Office		20,337	39,070	37,901		
Asset Operations		2,535	15,000	15,000		
Programs		240,480	187,800	508,548		
Revenue		(889,867)	(1,378,139)	(1,884,698)	(506,559)	Favourable
Fees and Charges		(889,111)	(1,377,839)	(1,883,798)		
Revenue Other		(756)	(300)	(900)		
Total		58,577	274,026	144,043	(129,983)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Leisurelife service area has an unfavourable budget forecast variance of \$376,576. The unfavourable variance relates to increased employment costs due to increased demand for services at the facility such Bingo, group fitness classes and membership uptake. These increases are in services that generate an income to offset listed increases.
2. Operating revenue within Leisurelife service area has an favourable budget forecast variance of \$506,559. The favourable variance relates to expected increased Bingo program revenue as a result of the return to service date being earlier than anticipated.

Service Area Variance Reporting (continued)

Finance - Parking Management

Service Statement

The Parking Management section guides future parking initiatives within the Town, ensuring equitable access for everyone, whilst also monitoring existing parking areas and ensuring a safer community.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	720,146	1,853,562	1,853,766	204	
Employment		391,711	963,487	907,056		
Office		17,867	72,450	49,760		
Professional Services		58,562	303,000	218,000		
Asset Operations		31,685	163,000	148,000		
Programs		220,321	351,625	530,950		
Revenue	2	(823,777)	(1,545,482)	(1,643,800)	(98,318)	Favourable
Operating Funding		(37,976)	(82,500)	(82,500)		
Fees and Charges		(678,654)	(1,286,482)	(1,384,800)		
Revenue Other		(107,146)	(176,500)	(176,500)		
Capital Expense	3	0	40,000	20,000	(20,000)	
Furniture and Equipment		0	0	0		
Other Infrastructure		0	40,000	20,000		
Total		(103,631)	348,080	229,966	(118,114)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating revenue within Parking Management service area has a favourable budget forecast variance of \$98,318 related to a general increase in activity post COVID 19 with restrictions lifting earlier than anticipated. Paid parking occupancy and income increasing \$25,000 and Parking Infringements increasing by \$70,000.

Service Area Variance Reporting (continued)

Finance - Rangers

Service Statement

Ranger Services offer a 24 hours-a-day / 7 days-a-week service to help ensure community safety in the areas of Dog and Cat management and other Local Law enforcement.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material Variance Movement
		Actual	Budget	Value	\$	
		\$	\$	\$	\$	
Expense	1	338,174	801,233	803,659	2,426	
Employment		274,613	580,233	569,471		
Office		14,691	35,800	28,652		
Professional Services		0	5,000	4,000		
Asset Operations		8,759	54,200	54,200		
Programs		40,111	126,000	147,336		
Revenue		(114,583)	(129,800)	(156,500)	(26,700)	Favourable
Operating Funding		(5,038)	(3,000)	(7,500)		
Fees and Charges		(106,654)	(106,800)	(139,000)		
Revenue Other		(2,891)	(20,000)	(10,000)		
Total		223,591	671,433	647,159	(24,274)	

Financial Position and Material Variance Movement Explanation(s)

1. Operating revenue within Ranger Services area has a favourable budget forecast variance of \$26,700. The favourable variance is predominantly due to higher than anticipated fees & charges of \$38,200 related to Dog infringements \$35,000 and Bush Fire Non compliance fees \$15,000.

Service Area Variance Reporting (continued)

Operations - Asset Planning

Service Statement

Asset Planning provides services to manage and maintain Council facilities and their related assets.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	1,673,700	3,600,490	3,667,346	66,856	Unfavourable
Employment		331,430	705,658	768,365		
Office		7,667	16,310	16,210		
Professional Services		30,137	258,322	212,322		
Asset Operations Programs		1,294,445 10,021	2,609,700 10,500	2,654,249 16,200		
Revenue	2	(310,669)	(387,560)	(487,033)	(99,473)	Favourable
Operating Funding		0	0	0		
Capital Funding		(39,998)	(80,000)	(80,000)		
Fees and Charges		(138,699)	(252,760)	(240,260)		
Earnings Interest		(537)	(9,000)	(9,000)		
Revenue Other		(131,435)	(45,800)	(157,773)		
Service Charges		0	0	0		
Capital Expense	3	199,109	1,068,644	913,791	(154,853)	Favourable
Buildings		199,109	1,068,644	913,791		
Furniture and Equipment		0	0	0		
Total		1,562,140	4,281,574	4,094,104	(187,470)	Favourable

Financial Position and Material Variance Movement Explanation(s)

- Operating expenditure within Asset Planning area has an unfavourable budget forecast variance of \$66,856. The unfavourable variance predominantly relates to \$62,707 increase in employment expenses and \$44,549 from 12772.1091 due to external condition audits being suspended this year due to implementing the Asset Management System and plus \$2k from 12770.1004 and \$10,000 from overall savings. Secondment \$10,000, increase in Asset Operations with a \$46,000 decrease in Professional Services for consultancy fees and put in Salaries 12770.1001 to cover secondment of asset accounting role.
- Operating revenue within Asset Planning area has a favourable budget forecast variance of \$99,473. The favourable variance relates to a reduction of revenue expected from Fees & Charges \$12,500 and a increase Revenue Other \$111,973 predominantly made up of underground power expenses recoup \$87,000.
- Capital expenditure within Asset Management area has a favourable budget forecast variance of \$154,853. The favourable variance predominantly relates to savings within the Reactive Building Renewal Works Various - BUDGET ONLY transfer \$50,000 to Building Renewal Reserve and Library Fit out External Doors RFID \$70,000 to be transferred to Building Renewal Reserve until RFID implemented next year.

Service Area Variance Reporting (continued)

Operations - Environment

Service Statement

The Environment Area is committed to sustainable natural resource use, preserving and enhancing natural areas and recognises not only the ecological benefits of protecting natural assets, but also the social and recreational benefits as well.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	118,841	209,535	209,535	0	
Employment		54,934	109,385	109,385		
Office		1,359	3,150	3,150		
Professional Services		0	500	500		
Programs		62,549	96,500	96,500		
Total		118,841	209,535	209,535	0	

Financial Position and Material Variance Movement Explanation(s)

The Environment service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Operations - Fleet Services

Service Statement

Fleet Services oversees the various items of light fleet, heavy fleet and plant and equipment.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		2,205	0	8,500	8,500	
Employment		86,130	140,426	140,838		
Office		4,270	9,550	9,138		
Professional Services		3,648	40,000	40,000		
Asset Operations		8,831	19,500	19,500		
Programs		305,809	446,950	455,450		
Accounting Standards Expense		(406,483)	(656,426)	(656,426)		
Revenue		(5,925)	(10,000)	(10,600)	(600)	
Revenue Other		(5,925)	(10,000)	(10,600)		
Capital Expense	1	4,510	835,340	816,259	(19,081)	
Plant and Machinery		4,510	835,340	816,259		
Non-Operating Revenue	2	(254,229)	(475,000)	(525,865)	(50,865)	Favourable
Sale Proceeds		(254,229)	(475,000)	(525,865)		
Total		(253,438)	350,340	288,294	(62,046)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Non-Operating revenue within Fleet Management area has a favourable budget forecast variance of \$50,865. The favourable variance relates to sale of plant and machinery that generated more than budget income expectations from Trade In's.

Service Area Variance Reporting (continued)

Operations - Operations Office

Service Statement

The Operations Office leads and supports the transformation of the organisation into a customer-focused, culturally constructive, legislatively compliant, sector-leading entity, with a primary focus on the Service Areas within the Operations functional area.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	350,239	755,143	757,242	2,099	
Employment		334,951	722,533	718,703		
Office		11,018	8,700	14,629		
Professional Services		0	0	0		
Asset Operations		833	14,800	14,800		
Programs		3,437	9,110	9,110		
Revenue	2	0	(1,100)	(1,100)	0	
Operating Funding		0	0	0		
Revenue Other		0	(1,100)	(1,100)		
Total		350,239	754,043	756,142	2,099	

Financial Position and Material Variance Movement Explanation(s)

The Operations Office service area budget is on track. No material variances are expected at end of financial year.

Service Area Variance Reporting (continued)

Operations - Parks and Reserves

Service Statement

The Parks and Reserves Section delivers high quality horticultural works to parks, reserves and streetscapes.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	1,955,510	5,448,765	4,999,367	(449,398)	Favourable
Employment		337,407	625,380	623,109		
Office		7,743	19,150	19,250		
Professional Services		7,357	0	10,000		
Asset Operations		1,997,856	5,668,115	5,211,888		
Programs		360	2,500	1,500		
Accounting Standards Expense		(395,213)	(866,380)	(866,380)		
Revenue	2	(42,173)	(12,500)	(51,589)	(39,089)	Favourable
Capital Funding		0	0	0		
Fees and Charges		(40,197)	(5,000)	(43,989)		
Revenue Other		(1,977)	(7,500)	(7,600)		
Capital Expense	3	188,810	2,532,241	2,200,108	(332,133)	Favourable
Parks		188,810	2,532,241	2,200,108		
Total		2,102,147	7,968,506	7,147,886	(820,620)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Parks and Reserves area has a favourable budget forecast variance of \$449,398. The variance predominantly relates to the reduction in Asset Operations. Predominantly due to decrease in UFS by \$490,000 and offset by correction to transfer to UFS Reserve. W3176 Street Tree watering reduced \$120,000 from budget expectations due to saving on new Tender.
2. Operating revenue within Parks and Reserves area has a favourable budget forecast variance of \$39,089. The favourable variance relates to higher anticipated Fees & Charges expected within the area. Private Works increase \$28,000 and Street Tree Fees increased \$10,000
3. Capital expenditure within Parks and Reserves area has a favourable budget forecast variance of \$332,133. The favourable variance relates to movement from the decrease GO Edwards Park of \$250,000 to increase Right of Ways Upgrades -W4529, Lathlain Redevelopment (Zone2x) - Parks (Holding) decreased \$136,899.

Service Area Variance Reporting (continued)

Operations - Project Management

Service Statement

Project Management assists in improving the standards of project management and project delivery, and delivers nominated strategic projects on behalf of the Town.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	864,660	3,090,688	2,521,359	(569,329)	Favourable
Employment		446,101	1,154,252	995,081		
Office		4,328	18,600	12,468		
Professional Services		412,813	1,917,836	1,508,810		
Assets		1,418	0	5,000		
Programs		0	0	0		
Revenue		(665)	0	(1,000)	(1,000)	
Operating Funding		0	0	0		
Fees and Charges		0	0	0		
Revenue Other		(665)	0	(1,000)		
Capital Expense		70,444	63,473	74,000	10,527	
Land		70,444	63,473	74,000		
Total		934,439	3,154,161	2,594,359	(559,802)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Project Management area has a favourable budget forecast variance of \$569,329. The favourable variance relates to costs reducing as being moved to the newly formed Property Development and Leasing Service area

NB: overall approx \$5,000 net increase in employment costs see below Property Development and Leasing Service area

Professional Services operating expenses decreased \$409,026 based on decreases in W3177-Consultancy - John Macmillan Precinct Planning- Budget reduced \$39,640 and reflowed based on OCM resolution to delay project. Will be submitting for further budget in 2021/22, W3291-Taylor/McCallum Detailed Design - Additional \$30,560 budget to facilitate further design integration following announcement of the State Government pedestrian/cycling bridge commitment. Original budget fully committed in tender process with no contingency.

Service Area Variance Reporting (continued)

Operations - Property Development and Leasing

Service Statement

The newly formed Property Development and Leasing service area assists in strategic projects property development and property leasing arrangements on behalf of the Town.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	0	0	574,926	574,926	Unfavourable
Employment		0	0	153,376		
Office		0	0	3,050		
Professional Services		0	0	418,500		
Assets		0	0	0		
Programs		0	0	0		
Revenue		0	0	0	0	
Operating Funding		0	0	0		
Fees and Charges		0	0	0		
Revenue Other		0	0	0		
Capital Expense		0	0	0	0	
Land		0	0	0		
Total		0	0	574,926	574,926	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Property Development and Leasing Service area has an unfavourable budget forecast variance of \$574,926. The unfavourable variance relates to the new service area creation with costs moved from the existing Project Management service area.

NB: overall approx \$5,000 net increase in employment costs see above Project management service area

Service Area Variance Reporting (continued)

Operations - Street Improvement

Service Statement

Street Improvement provides engineering advice, design, planning, and road safety initiatives.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material Variance Movement
		Actual	Budget	Value	\$	
		\$	\$	\$	\$	
Expense	1	513,768	1,345,354	1,373,224	27,870	Unfavourable
Employment		364,381	850,364	875,613		
Office		7,615	15,500	15,300		
Professional Services		130,214	454,740	460,311		
Asset Operations		2,213	14,750	10,000		
Programs		9,345	10,000	12,000		
Revenue		(2,195)	(168,000)	(168,000)	0	
Operating Funding		0	(70,000)	(70,000)		
Fees and Charges		0	(90,000)	(90,000)		
Revenue Other		(2,195)	(8,000)	(8,000)		
Total		511,573	1,177,354	1,205,224	27,870	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Street Improvement area has an unfavourable budget forecast variance of \$27,870. The unfavourable variance is largely due to the employment cost increasing \$25,349. Predominantly made up of \$25,000 increase in agency staff.

Service Area Variance Reporting (continued)

Operations - Street Operations

Service Statement

Street Operations ensure the maintenance and renewal of roads, pathways, drainage and associated assets.

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		1,059,606	2,865,160	2,722,907	(142,253)	Favourable
Employment		229,952	427,370	425,416		
Office		8,433	13,700	13,301		
Professional Services		0	0	0		
Asset Operations		1,092,226	2,790,160	2,675,260		
Programs		10,775	164,000	139,000		
Accounting Standards Expense		(281,780)	(530,070)	(530,070)		
Revenue	1	(740,288)	(2,585,849)	(2,520,433)	65,416	Unfavourable
Operating Funding		(83,332)	(121,000)	(114,332)		
Capital Funding		(641,074)	(2,334,149)	(2,316,307)		
Fees and Charges		(11,814)	(130,700)	(85,700)		
Revenue Other		(4,068)	0	(4,094)		
Capital Expense	2	2,318,806	11,393,797	11,842,128	448,331	Unfavourable
Roads		1,693,260	7,064,291	7,380,836		
Drainage		8,457	440,000	440,000		
Pathways		611,912	2,543,506	2,444,292		
Other Infrastructure		5,177	1,346,000	1,577,000		
Total		2,638,124	11,673,108	12,044,602	371,494	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

- Operating expenses within Street Operations area has a favourable budget forecast variance of \$142,253. The favourable variance relates to Asset Operations reduction of \$114,900, made up of reductions \$26,000 drainage sump maintenance, Xmas decorations \$80,000, Street Lighting \$80,000. The \$25,000 reduction in Programs a expected reduction in recoverable works cost for South Perth street sweeping.
- Operating revenue within Street Operations area has an unfavourable budget forecast variance of \$65,416. The unfavourable variance relates to Operating Funding decrease of \$6668, Capital Funding decrease \$17,842, Fees & Charges decreasing \$ 45,300.
- Capital expenditure within Street Operations area has an unfavourable budget forecast variance of \$448,331. The unfavourable variance relates to Roads increase \$316,545, Other Infrastructure increase \$231,000, Pathways reduction \$99,214.

See Capital Expenses section below for further details

Service Area Variance Reporting (continued)

Operations - Waste Services

Service Statement

Waste Management implements waste collection, minimisation and disposal in a sustainable manner.

Particulars	Note	Year-To-Date	Revised	Forecast	Variance	Material Variance Movement
		Actual \$	Budget \$	Value \$	\$	
Expense	1	2,752,777	6,387,080	6,004,547	(382,533)	Favourable
Employment		93,274	269,312	262,312		
Office		5,945	27,200	27,200		
Professional Services		7,408	5,500	5,500		
Asset Operations		4,784	70,300	50,148		
Programs		2,752,777	6,399,080	6,043,519		
Accounting Standards Expense		(111,411)	(384,312)	(384,132)		
Revenue	2	(754,329)	(834,500)	(773,521)	60,979	Unfavourable
Fees and Charges		(751,581)	(800,000)	(770,273)		
Earnings Interest		(1,133)	0	(1,133)		
Revenue Other		(1,615)	(34,500)	(2,115)		
Capital Expense		0	0	0	0	
Furniture and Equipment		0	0	0		
Total		1,998,448	5,552,580	5,231,026	(321,554)	Favourable

Financial Position and Material Variance Movement Explanation(s)

- Operating expenditure within Waste Services area has a favourable budget forecast variance of \$382,533. The favourable variance relates to reduced waste collection programs costs. W 1233 Tip Fees increase \$2.4M and W475 Tip Fees decrease \$2.497M, W1232 Tip Fees Non Processable decrease \$102,000, W358 Recycling collections MGB's decrease \$170,000.
- Operating revenue within Waste Services area has an unfavourable budget forecast variance of \$60,979. The unfavourable variance relates to revenue from fees & charges and revenue other being lower than anticipated.



Capital Expense Items

Summary of New Capital Expense Items

As per new work orders raised	Forecast value \$	Description of project
Rubber Softfall - Aqualife	3,517	Renewal of rubber softfall at Aqualife playground
Total	<u>25,000</u> <u>25,000</u>	

Capital Expense Items

Buildings

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
New	0	0	0	0
Nil	0	0	0	0
	0	0	0	0
Upgrade	70,444	183,473	194,000	10,527
Solar PV Installation - Administration Building	0	120,000	120,000	0
Land - Upgrade: 25 Boundary Road Subdivision	70,444	63,473	74,000	10,527
Renewal	199,109	868,644	710,591	(158,053)
Toilet Blocks - Painting Program (Archer St, GO Edwards, Read Park)	4,430	5,000	4,430	(570)
Reactive Building Renewal Works Various - BUDGET ONLY	0	75,000	0	(75,000)
Vic Park Quarter - Community Room Fit out	0	20,274	0	(20,274)
Aqualife - Outdoor Pool Refurbishment	38,268	38,370	38,370	0
10 Kent Street - Interior Refurbishment (Disability Access)	0	190,000	220,000	30,000
Aqualife - BMS Renewal	0	30,000	30,000	0
Aqualife - Roof Renewal	9,971	15,000	9,971	(5,029)
Aqualife - Pool Plant Renewal	4,645	60,000	60,000	0
Clubrooms - Painting Program (Parnham & Fletcher Park)	0	30,000	25,000	(5,000)
Carlisle Reserve Clubrooms - Changeroom Refurbishment	0	100,000	135,000	35,000
Library - Fit out and Layout changes (RFID) - External Doors	0	150,000	80,000	(70,000)
Leisurelife - Skylight Replacements	7,820	15,000	7,820	(7,180)
Leisurelife - Hot water System Replacement	13,000	20,000	15,000	(5,000)
12 Kent Street - External Refurbishment	18,740	30,000	20,000	(10,000)
Energy Efficiency Initiatives - Lighting Replacement (LEDs)	27,316	50,000	35,000	(15,000)
Changeroom Refurbishment - JA Lee Clubrooms	74,920	10,000	0	(10,000)
Replace Fencing - 10,12 and 14 Kent Street	0	30,000	30,000	0
Total Buildings	269,553	1,052,117	904,591	(147,526)

Capital Expense Items (continued)

Plant and Machinery

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
Renewal	4,511	559,840	515,774	(44,066)
Minor Plant Renewal - Parks	2,777	18,000	12,000	(6,000)
Mazda CX5 (174VPK - Plant 398)	0	23,000	23,000	0
Vehicle Purchase - Rangers (122VPK)	0	26,500	26,500	0
Vehicle Purchase - Rangers (127VPK)	0	26,500	26,500	0
Vehicle Purchase - Asset Management (184VPK)	0	17,000	17,000	0
Vehicle Purchase - Finance (181VPK - Plant 345)	0	10,000	12,500	2,500
Vehicle Purchase - Parking Area (178VPK)	0	13,000	13,000	0
138 VPK - Flocon Truck (Plant 39)	0	92,940	92,940	0
174 VPK - Trailer (Plant 178)	0	9,500	9,500	0
Heavy Truck 9T (137VPK)	0	125,000	100,000	(25,000)
Pavement Sweeper (136VPK)	0	127,000	127,000	0
1.5T Forklift (146VPK)	0	39,000	24,000	(15,000)
Trailer (153VPK)	1,734	2,500	1,234	(1,266)
Custom Made Water Tank (Plant 167)	0	24,000	24,000	0
Trailer (150VPK)	0	4,100	4,100	0
Fibre Furn Tank (Plant 194)	0	1,800	2,500	700
Total Plant and Machinery	4,511	559,840	515,774	(44,066)

Furniture and Equipment

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
Renewal	0	0	0	0
Nil				0
				0
Total Furniture and Equipment	0	0	0	0

Capital Expense Items (continued)

Information Technology

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
New	665	317,650	317,450	(200)
Library - RFID Self-Service System	665	87,900	87,900	0
Software - Asset Management System	0	98,200	98,000	(200)
New - Software - Volunteer Database	0	7,000	7,000	0
New - Software - CAMMS Project PoC	0	16,550	16,550	0
Risk Management Software (Governance)	0	18,000	18,000	0
Minutes Digitisation (Records)	0	20,000	20,000	0
ICT Business Systems and Infrastructure Review	0	40,000	40,000	0
Recruitment Software (HR)	0	30,000	30,000	0
Renewal	0	0	0	0
Nil				0
Upgrade	122,595	347,000	387,000	40,000
System Upgrade - Authority 7.x	44,662	140,000	140,000	0
Hardware - Leisurelife Centre Technology Upgrade	0	15,000	15,000	0
Digital Hub - IT Hardware Upgrade	0	27,000	27,000	0
Implement Local Laws - Auto Issue (Rangers)	0	10,000	10,000	0
Online images of infringements (Parking)	0	15,000	15,000	0
Software - TRIM CM9 Upgrade	2,163	90,000	90,000	0
Meeting Room Audio Visual Equipment Upgrade	75,770	50,000	90,000	40,000
Total Information Technology	123,260	664,650	704,450	39,800

Capital Expense Items (continued)

Roads

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
Renewal	1,684,654	5,112,108	5,459,928	347,820
Oats Street and Star Street Roundabout-deteriorated beyond normal intervention levels, additional asphalt layers required . Majority of Project externally funded	0	166,573	166,573	0
Custance Street - Band to Getting	0	341,265	375,000	33,735
Kent Street - Albany to Gloucester MRRG- deteriorated beyond normal intervention levels, additional asphalt layers required . Majority of Project externally funded.	307,972	309,900	387,899	77,999
Oats Street - Swansea to Rutland MRRG	292,804	357,300	538,790	181,490
Roads to Recovery Funding Income - Location TBA	(0)	285,000	285,000	0
Norseman Street - Carnarvon to End	78,234	100,745	100,745	0
Howick Street West - Kitchener to Burswood	110,375	92,529	110,375	17,846
Lake View Street - Carnarvon to End	73,487	87,150	87,150	0
Tuam Street - Washington to Albany Highway	98,040	93,650	98,040	4,390
Dome Place - VPD to End	0	71,420	21,420	(50,000)
Anglesea Street - Gerard to Carnarvon	90,807	105,131	105,131	0
Patricia Street - Carson to Albany Highway	4,586	91,575	122,000	30,425
Leigh Street - Kitchener to Burswood	62,402	65,142	78,238	13,096
Ashburton Street North - Gloucester to End	103,780	181,255	218,811	37,556
Willis Street - Albany to Fraser	21,503	181,005	195,119	14,114
Read Street - Withnell to Oats	0	32,076	32,076	0
Tuckett Street - Briggs to Cohn	0	49,896	70,000	20,104
Sandra Place - Harris to End	0	65,484	85,484	20,000
Watts Place - Turner to End	22,548	28,225	22,548	(5,677)
Briggs Street - Star to Orrong - due to drainage concerns that surfaced after budget adoption. Additional civil engineering works required to reshape the road pavement to ensure that water ponding concerns are addressed.	11,776	224,645	425,000	200,355
Harris Street - Oats Street/Mercury Street/Briggs Street	250	0	9,927	9,927
Raleigh Street - Archer to End - due to age of road having deteriorated beyond normal intervention level and hence required additional asphalt layers at various sections.	0	205,390	305,000	99,610
Savill Place - Cohn to End	4,122	60,185	85,000	24,815
Sussex Street and Moorgate Street Intersection	0	15,000	40,000	25,000
Blair Athol Street - Carnarvon to Gerard	72,354	91,927	91,927	0
Lion Street - Rutland to Planet	0	143,905	143,905	0
Downing Street - Cohn to Briggs	0	69,984	89,000	19,016
Mars Street West - Lion to Mercury	60,891	144,666	144,666	0
Midgley Street - Rutland to Gallipoli	138,554	146,663	150,682	4,019
Maude Street - Anglesea to Blair Athol	61,456	76,902	76,902	0
Template Street - Washington to Berwick	68,717	169,208	169,208	0
Wyndham Street - Burlington to Albany	0	93,312	93,312	0
ROW 46 Upgrade	0	265,000	240,000	(25,000)
Garland Street Renewal	0	700,000	295,000	(405,000)
Upgrade	8,605	2,417,183	2,710,310	293,127
Hill View Terrace and Oats Street - Intersection and Pedestrian	1,068	0	1,068	1,068
Roberts Road and Orrong Road - Intersection	2,581	25,000	25,000	0
Rutland Avenue - Oats Street to Welshpool Road	157	0	157	157
Star Street and Briggs Street (Blackspot)	0	222,500	225,000	2,500
Archer and Orrong Intersection (Blackspot)	4,800	1,343,220	1,382,622	39,402
Hordern and Geddes Intersection (Blackspot)	0	215,581	215,581	0
Hordern and McMillan Intersection (Blackspot)	0	275,882	275,882	0
Traffic Calming Gallipoli St - Cornwall to Streatly	0	25,000	25,000	0
Upgrade - ROW 59	0	200,000	450,000	250,000
Oats Street - Bicycle Improvements – the reduction is due to Officer decision to transfer the funds to the Oats St road resurfacing project above as the bike path works are done in conjunction with the road resurfacing works.	0	60,000	60,000	0
Albany Highway Cycle Lanes (Mackie to Oswald)	0	50,000	50,000	0
Total Roads	1,693,260	7,529,291	8,170,238	640,947

Capital Expense Items (continued)

Drainage

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
New	0	0	0	0
Nil	0	0	0	0
Renewal	8,457	440,000	440,000	0
Drainage - Right Of Ways - Various Locations	0	120,000	120,000	0
Various - Pipe Renewal- Allocation	0	40,000	100,000	60,000
Various - Pit Renewal- Allocation	5,461	140,000	140,000	0
Various - Sump Renewal- Allocation	0	120,000	60,000	(60,000)
Unplanned Renewal Projects - BUDGET ONLY Individual work orders to	2,996	20,000	20,000	0
Upgrade	0	0	0	0
Nil	0	0	0	0
Total Drainage	8,457	440,000	440,000	0

Pathways

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
New	403,647	2,244,106	2,153,426	(90,680)
Goodwood Parade - Shared Path - Surface	18,426	37,000	18,426	(18,574)
Rutland Avenue Shared Path (Miller to Oats)	383,568	607,106	535,000	(72,106)
Rutland Avenue Shared Path (Miller to Great Eastern Highway) – reduction in cost due to Metronet’s decision to commence power undergrounding works at the Oats St station and hence the anticipated changes to the existing station car park where the final section of PSP was proposed to be built.	1,653	1,600,000	1,600,000	0
Renewal	208,045	299,400	290,646	(8,754)
Rutland Avenue - Roberts to Forster Avenue (North Side)	6,584	6,555	6,584	29
Oldfield Street - Vantage Way to Bow River (West Side)	0	4,545	4,545	0
Harold Rossiter Park - Kent to Rathay	96,659	96,710	96,659	(51)
Cohn Street - Star to Harris (North Side)	0	12,535	12,535	0
Clydesdale Street - Teague to Kitchener (West Side)	17,117	17,930	18,018	88
Victoria Park Drive - GED to Dome (West Side)	0	18,310	18,310	0
Clydesdale Street - Sunbury to Kitchener (East Side)	11,330	10,965	11,330	365
Hill View Terrace - Burlington to Albany (South Side)	12,763	10,900	12,763	1,863
Rushton Street - Benporath to Shepperton (West Side)	17,578	24,090	17,578	(6,512)
Harper Street - Albany to Shepperton (North Side)	0	11,625	11,625	0
Camberwell Street - Archdeacon to Devenish (South Side)	16,490	17,060	16,490	(570)
Kitchener Avenue - Leigh to Howick (West Side)	0	20,575	20,575	0
Kessack Street - McCartney to Howick (Both Sides)	0	12,585	12,585	0
Howick Street - Getting to Roberts (East Side)	5,059	6,105	6,582	477
Keyes Street - Enfield to Custance (West Side)	14,617	18,700	14,617	(4,083)
Kitchener Ave - Harper to Clydesdale (West Side)	9,850	10,210	9,850	(360)
Upgrade	0	0	0	0
Nil	0	0	0	0
Total Pathways	611,692	2,543,506	2,444,072	(99,434)

Capital Expense Items (continued)

Parks

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
New	20,819	176,899	176,899	0
Lathlain Redevelopment (Zone 2x) - Parks	20,819	136,899	136,899	0
Fertigation Tanks (Various Sites)	0	25,000	25,000	0
BBQ Shade Sails - The Promenade	0	15,000	15,000	0
Renewal	104,730	556,342	545,108	(11,234)
GO Edwards Park - Redevelopment	8,090	88,610	88,610	0
George Street Reserve - Revegetation Project	5,334	87,732	87,732	0
Raphael Park - Reticulation System Renewal	8,735	35,000	35,000	0
Flood Lighting - JA Lee Reserve	0	18,000	18,000	0
Play Equipment - JA Lee Reserve	200	80,000	80,000	0
Gazebo Renewal - Victoria Heights Park	0	25,000	25,000	0
Shade Sails - Hawthorne Reserve	0	17,000	17,000	0
Synthetic Practice Wickets and Nets - Harold Rossiter	206	30,000	22,000	(8,000)
Raphael Park - Softfall	13,354	25,000	15,000	(10,000)
Playground Renewal - The Promenade	0	80,000	80,000	0
Bore Water Meters - Various Sites	49,935	50,000	49,935	(65)
Cricket Nets and Pitch - Carlisle Reserve	13,365	20,000	20,000	0
Carlisle Reserve - Pole Floodlight Renewal	5,511	0	6,831	6,831
Upgrade	84,080	1,799,000	1,590,000	(209,000)
Upgrade - Higgins Park Tennis Club - Court Modifications	84,080	69,000	110,000	41,000
Bolton Avenue Verge - Retaining Wall and Fencing	0	20,000	20,000	0
GO Edwards Park Upgrade - Stage 5	0	1,700,000	1,450,000	(250,000)
Limestone Blocks - Alec Bell Park	0	10,000	10,000	0
Total Parks	209,629	2,532,241	2,312,007	(220,234)

Capital Expense Items (continued)

Other Infrastructure

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
New	35,155	145,500	156,000	10,500
Parking - ACROD Bays - Allocation	0	15,000	45,000	30,000
Purchase and Installation of parking meters - Parking Initiative	0	40,000	20,000	(20,000)
Pedestrian Infrastructure Improvements	2,655	40,000	40,000	0
Lathlain Redevelopment (Zone 2) - Public Art	7,500	11,000	11,000	0
Lathlain Redevelopment (Zone 2x) - Public Art	25,000	39,500	40,000	500
Renewal	580	435,000	395,000	(40,000)
Carpark #15 Renewal - Fletcher Park	0	140,000	140,000	0
Carpark #8 Renewal - Kent Street Bowling Club - may be affected by the future development of John MacMillen Reserve and hence officer decision to put a hold on his project.	0	80,000	40,000	(40,000)
Street Furniture - Bus Shelters - Allocation	0	40,000	40,000	0
Street Lighting - Albany Highway and Laneways	580	25,000	25,000	0
Mirvac - Lighting Replacement	0	150,000	150,000	0
Upgrade	1,942	391,000	407,000	16,000
Street Lighting - Safety Improvements (Safer Neighbourhoods Plan)	0	91,000	107,000	16,000
Carlisle Laneways (Community Development Grant)	1,653	60,000	60,000	0
Terminus Lane (Community Development Grant)	290	240,000	240,000	0
Total Other Infrastructure	37,676	971,500	958,000	(13,500)



Significant Accounting Policies

Significant Accounting Policies

Basis of Preparation

The budget review has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies, which have been adopted in the preparation of this budget, are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a budget review in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that influence the application of policies and reported amounts of assets and liabilities, income and expenditure.

The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates.

The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this budget review.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears in this Budget document.

Rounding Off Figures

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a Gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the ATO are presented as operating cash flows.

Significant Accounting Policies (continued)

Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

Comparative Values

Where required, comparative values have been adjusted to conform with changes in presentation for the current budget year.

Budget Comparative Values

Unless otherwise stated, the budget comparative values shown in the budget review relate to the original budget estimate for the relevant item of disclosure.

Forecast Fair Value Adjustments

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and are not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and, as such, will have no impact on this budget document.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown as short term borrowings in current liabilities in the Net Current Asset position.

Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

Significant Accounting Policies (continued)

Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations* were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years. All fixed assets have been valued and are carried at fair value in accordance with the requirements.

The Town revalues fixed assets in accordance with the regulatory framework, or earlier if it is advantageous to do so.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made as necessary.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to the initial measurement, cost is determined as the fair value of the assets given as consideration, plus costs incidental to the acquisition. For assets acquired at no cost, or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by Council includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of fixed and variable overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class, in accordance with the mandatory measurement framework, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date, as prescribed.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land Under Roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government. Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulations Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulations Regulation 16(a)(i) prohibits local governments from recognising such land as an asset. Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulations Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

Significant Accounting Policies (continued)

Major Depreciation Periods

Major depreciation periods used for each class of depreciable asset are:

- Buildings - 30 to 50 years
- Furniture and Equipment - 4 to 10 years
- Information Technology - 3 to 10 years
- Plant and Machinery - 5 to 15 years
- Sealed roads and streets
 - Formation - not depreciated
 - Pavement - 50 years
- Parks and Reserves - 10 years
- Pathways - 20 years
- Water supply piping and drainage system - 75 years

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

Capitalisation Threshold

Expenditure on items of assets under \$5,000 is not capitalised individually. Rather, it is recorded as an asset in the relevant low value asset pool.

Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Level 1 - Measurements based on quoted prices in active markets for identical assets or liabilities that the entity can readily access.
- Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability.
- Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Significant Accounting Policies (continued)

Valuation Techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

- Market approach - Valuations that use prices and other relevant information generated by market transactions for similar assets.
- Income approach - Valuations that convert estimated cash flows or income and expenses into a single discounted present value.
- Cost approach - Valuations that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable. As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

Financial Instruments Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Financial Instruments Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Financial Instruments Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Significant Accounting Policies (continued)

Financial Instruments Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss. Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

Significant Accounting Policies (continued)

Impairment of Assets

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard. For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset. At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) that may occur. In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Employee Benefits

a) Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

b) Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Provisions

Provisions are recognised when the Council has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Significant Accounting Policies (continued)

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

Investment in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decision of that entity however it is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the associate by the Council. In addition, the Council share of profit or loss of the associate is included in the Council's profit and loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of net fair value of the associate exceeds the cost of investment, is recognised as profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transaction between the Council and the associate are eliminated to the extent the of the Council's interest in the associate. When the Council's share of losses in an associate equals or exceeds the interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.