



Annual Budget Review

For the Period 1 July 2019 to 31 December 2019

February 2020

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Contents

Executive Summary	5
Statutory Obligations	11
Net Current Funding Position	13
Statement of Budget Review	15
Service Area Variance Reporting	21
Capital Expense Items	58
Significant Accounting Policies	71

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Executive Summary

Executive Summary

The 2019-2020 Annual Budget Review for the Town of Victoria Park commenced on Wednesday 23rd October 2019 with a kick-off meeting for all responsible officers, and concluded with the distribution of the budget review agenda item on 27 February 2020 to enable Council consideration at its ordinary meeting Tuesday 17 March 2020.

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 2019-2020 Annual Budget Review forecasts a \$nil year-end surplus position (the Adopted 2019-2020 Annual Budget also had a year-end surplus of \$nil).

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 less than the budget (i.e. unfavourable) by \$1,948,451.
- Total Operating Expense forecast to be greater than the budget (i.e. unfavourable) by \$5,589,282.
- Total Capital Expense forecast to be less than the budget (i.e. favourable) by \$3,672,446.
- Total Non-Operating Revenue forecast to be more than the budget (i.e. favourable) by \$17,466,500.
- Total Non-Operating Expense forecast to be more than the budget (i.e. unfavourable) by \$15,563,598.
- Non-Cash adjustments forecast to be more than budgeted (i.e. unfavourable) by \$320,000.
- Opening Surplus position is greater than budgeted (i.e. favourable) \$1,642,384.

Major Variances

The following table highlights the account groupings at the Town as well as the major variances. Immediately following this table is an explanation of some of the variances.

Executive Summary (continued)

<u>Account Groupings</u>	<u>Year-To-Date</u>	<u>Revised</u>	<u>Forecast</u>	<u>Variance</u>	<u>Executive</u>
<u>Particulars</u>	<u>Actual</u>	<u>Budget</u>	<u>Value</u>		<u>Summary</u>
	\$	\$	\$	\$	<u>Notation</u>
Expense	27,892,345	60,929,007	66,518,289	5,589,282	
Employment	10,617,395	22,715,282	23,099,902	384,620	1
Office	413,703	830,846	786,532	(44,314)	
Professional Services	772,265	3,234,265	3,367,256	132,991	
Asset Operations	4,649,164	10,930,914	10,740,308	(190,606)	
Programs	7,938,999	16,906,168	21,945,559	5,039,391	2
Interest Expense	107,213	205,000	205,000	0	
Accounting Standards Expense	3,393,607	6,106,532	6,373,732	267,200	3
Revenue	(57,310,923)	(70,292,597)	(68,344,146)	1,948,451	
Rates	(46,554,408)	(46,391,068)	(46,108,885)	282,183	4
Operating Funding	(3,066,201)	(3,457,000)	(3,713,502)	(256,502)	5
Capital Funding	(1,234,811)	(8,741,000)	(6,988,962)	1,752,038	6
Fees and Charges	(5,568,262)	(9,943,930)	(9,685,105)	258,826	7
Earnings Interest	(545,659)	(1,255,000)	(1,112,030)	142,970	
Revenue Other	(341,583)	(446,999)	(678,063)	(231,064)	
Service Charges	0	0	0	0	
Accounting Standards Revenue	0	(57,600)	(57,600)	0	
Capital Expense	9,634,227	26,334,385	22,661,939	(3,672,446)	
Land	0	71,000	71,000	0	
Buildings	393,896	2,606,400	2,551,353	(55,047)	
Plant	384,058	1,265,000	1,024,498	(240,502)	
Equipment	892	183,400	160,000	(23,400)	
Information Technology	226,107	1,110,650	1,118,810	8,160	
Roads	1,318,129	6,209,360	5,645,207	(564,153)	8
Drainage	15,976	497,700	347,700	(150,000)	
Pathways	914,526	2,433,055	2,620,000	186,945	
Parks	6,046,695	10,816,820	8,051,907	(2,764,913)	9
Other Infrastructure	333,948	1,141,000	1,071,464	(69,536)	
Non-Operating Revenue	(35,616)	(6,764,000)	(24,230,500)	(17,466,500)	
From Reserve	0	(6,476,000)	(5,672,500)	803,500	10
Loan Proceeds	0	0	(18,150,000)	(18,150,000)	11
Sale Proceeds	(35,616)	(288,000)	(408,000)	(120,000)	
Non-Operating Expense	1,052,049	5,584,499	21,148,097	15,563,598	
To Reserve	31,596	3,516,000	19,079,598	15,563,598	12
Principal	1,020,454	2,068,499	2,068,499	0	
Adjustments	(4,444,035)	(15,791,294)	(17,753,678)	(1,962,384)	
Non-Cash Items	(4,444,035)	(9,372,432)	(9,692,432)	(320,000)	13
Opening Position ((Surplus) / Deficit)	0	(6,418,862)	(8,061,246)	(1,642,384)	14
Total Account Groupings	(23,211,953)	0	0	0	

Executive Summary (continued)

1. Employment expense (unfavourable)

The increase in Employment expenditure predominantly relates to new staff positions created to deliver specific projects such as Social Impact, Underground power, Asset Management system implementation, Senior Place Leader (Urban Forest) etc.

2. Program expense (unfavourable)

The increase in Program expenditure predominantly relates to the Underground Power project payments expected to be made to Western Power in the current financial year.

3. Accounting Standards Expense (unfavourable)

Relates to an increase in estimated depreciation expenditure which is a non-monetary item.

4. Rates revenue (unfavourable)

The decrease in rates revenue relates to an adjustment to reflect rates received in advance as a liability

5. Operating Funding (favourable)

The increase in operating funding predominantly relates to grants received for the Lathlain Precinct Redevelopment project which was greater than budgeted for.

6. Capital Funding (unfavourable)

The decrease in capital funding predominantly relates to grant funding not being approved or cancelled due to project withdrawal.

7. Fees and charges revenue (unfavourable)

The decrease in revenue from fees and charges predominantly relates to lower than anticipated income from development applications due to poor economic conditions and reduction in revenue due to the implementation of free Sunday parking and dynamic pricing on Albany highway.

8. Capital expenditure - Roads (favourable)

The decrease in capital road expenditure predominantly relates to budget carry forward adjustments required to reflect actual budget available after the finalisation of the 2018-2019 financial year.

9. Capital expenditure - Parks (favourable)

The decrease in capital Parks expenditure predominantly relates to budget savings within the Lathlain Precinct Redevelopment Project and budget carry forward adjustments required to reflect actual budget available after the finalisation of the 2018-2019 financial year.

10. From Reserve Non Operating Revenue (unfavourable)

The decrease in non operating revenue from Reserve is due to budget carry forward adjustments required to reflect actual budget available after the finalisation of the 2018-2019 financial year. These funds were withdrawn during the last financial year for the John Macmillan Park redevelopment project, and therefore was already accounted for within the 2018-2019 financial year.

11. Loan proceeds (favourable)

Relates to new loan proceeds expected to be withdrawn for the Underground Power project.

12. Non-Cash Items (unfavourable)

Relates to increase in estimated depreciation expenditure which is a non-monetary item.

13. Opening Position ((Surplus) / Deficit)

The variance between the 1st July budgeted estimated surplus and 1st July Actual audited surplus is \$1,642,384. The variance predominantly relates to Federal Assistance Grants (\$585,300) and Rates received in advance (\$373,000) and savings made through out the year (\$684,085).

Conclusion and Recommendation

The 2019-2020 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.

The C Suite have been privy to the higher order values comprising this Review during February 2020. Comments and suggestions made during this time have, where appropriate and possible, been incorporated into the Review outcomes. Accordingly, it is therefore recommended that the Review be accepted and the associated budgetary changes be approved.

G Pattrick
Manager Corporate Services



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 2019 to 31 December 2019

Particulars	1 July As Budgeted \$	1 July As Audited \$	31 December Actual \$	30 June Forecast \$
Current Assets	15,394,692	22,156,316	42,696,024	14,383,000
Cash Unrestricted	12,360,188	18,115,254	27,762,029	11,150,000
Receivables and Accruals	3,025,034	4,008,731	14,901,664	3,200,000
Inventories	9,470	32,331	32,331	33,000
Assets Held for Sale	0	0	0	0
Current Liabilities	(8,975,830)	(14,095,069)	(11,291,389)	(14,383,000)
Payables	(4,806,863)	(9,865,595)	(7,094,236)	(9,938,000)
Provisions	(4,168,967)	(4,229,474)	(4,197,153)	(4,445,000)
Net Current Asset Position	6,418,862	8,061,247	31,404,635	0
Adjustments				
Unspent Loans	0	0	0	0
Net Current Funding Position	6,418,862	8,061,247	31,404,635	0
Surplus / (Deficit) Variation between 1 July (As Budgeted) and 1 July (As Audited)		1,642,385		

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 - As Audited) 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 (As Audited)

An explanation of the variance between 1 July (As Budgeted) and 1 July (As Audited) can be found in the Executive Summary.



Statement of Budget Review

Statement of Budget Review

For the period 1 July 2019 to 31 December 2019

Revenue	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value		Variance
	\$	\$	\$	\$	Movement
Chief Executive Office	(1,693)	(4,700)	(4,000)	700	
Chief Executive Office	(1,693)	(500)	0	500	
Communications and Engagement	0	(1,000)	(1,000)	0	
Customer Relations	0	0	0	0	
Human Resources	0	(3,000)	(3,000)	0	
Leadership and Governance	0	(200)	0	200	
Community Planning	(854,575)	(1,283,371)	(1,208,977)	74,394	
Building Services	(315,492)	(345,500)	(369,000)	(23,500)	
Community Development	(92,076)	(208,100)	(203,532)	4,568	
Community Planning Office	(637)	(1,000)	(1,000)	0	
Digital Hub	(1,500)	(2,075)	(1,575)	500	
Economic Development	(2,108)	(8,000)	(8,000)	0	
Environmental Health	(228,997)	(292,700)	(260,700)	32,000	Unfavourable
General Compliance	(7,986)	(11,496)	(11,496)	0	
Healthy Community	(24,800)	(27,500)	(39,470)	(11,970)	
Library Services	(16,129)	(27,500)	(32,404)	(4,904)	
Place Management	0	0	0	0	
Strategic Town Planning	0	0	0	0	
Urban Planning	(164,851)	(359,500)	(281,800)	77,700	Unfavourable
Finance	(51,440,755)	(56,771,743)	(55,746,504)	1,025,239	
Aqualife	(1,154,768)	(2,357,500)	(2,435,731)	(78,231)	Favourable
Budgeting	0	(57,600)	(57,600)	0	
Corporate Funds	(47,029,347)	(48,384,568)	(47,476,657)	907,911	Unfavourable
Finance Office	(518)	(1,300)	(1,350)	(50)	
Financial Services	(752,552)	(834,000)	(830,600)	3,400	
Information Systems	(29,136)	(2,200)	(2,500)	(300)	
Leisurelife	(959,042)	(1,971,000)	(1,965,275)	5,725	
Parking	(1,443,039)	(3,016,575)	(2,849,715)	166,861	Unfavourable
Ranger Services	(72,354)	(147,000)	(127,077)	19,923	
Operations	(5,013,899)	(12,232,783)	(11,384,665)	848,118	
Asset Planning	(375,519)	(1,282,500)	(1,421,843)	(139,343)	Favourable
Environment	0	0	0	0	
Fleet Services	(14,505)	(11,500)	(11,500)	0	
Operations Office	(2,576,638)	(2,002,500)	(2,728,650)	(726,150)	Favourable
Parks and Reserves	(464,994)	(4,648,500)	(4,258,166)	390,334	Unfavourable
Project Management	(16,572)	(2,003)	(17,912)	(15,909)	
Street Improvement	(1,774)	(98,000)	(96,500)	1,500	
Street Operations	(783,864)	(3,352,000)	(2,065,494)	1,286,506	Unfavourable
Waste Services	(780,034)	(835,780)	(784,600)	51,180	Unfavourable
Total Revenue	(57,310,923)	(70,292,597)	(68,344,146)	1,948,451	Unfavourable

Statement of Budget Review (continued)

For the period 1 July 2019 to 31 December 2019

Expense	Year-To-Date	Revised	Forecast	Variance	Material
Particulars	Actual	Budget	Value		Variance
	\$	\$	\$	\$	Movement
Chief Executive Office	2,088,961	4,954,238	5,050,477	96,239	
Chief Executive Office	474,237	1,084,708	1,069,299	(15,409)	
Communications and Engagement	337,983	807,354	810,954	3,600	
Customer Relations	359,417	876,648	864,098	(12,550)	
Human Resources	397,316	1,084,551	1,124,927	40,376	Unfavourable
Leadership and Governance	520,008	1,100,977	1,181,199	80,222	Unfavourable
Community Planning	4,008,259	8,825,060	9,404,594	579,534	
Building Services	240,709	556,212	526,022	(30,190)	Favourable
Community Development	1,052,648	2,195,471	2,191,952	(3,519)	
Community Planning Office	488,471	984,916	1,080,418	95,502	Unfavourable
Digital Hub	61,385	152,550	151,750	(800)	
Economic Development	81,542	262,198	277,524	15,326	
Environmental Health	262,933	719,522	699,150	(20,372)	
General Compliance	68,623	248,373	170,489	(77,884)	Favourable
Healthy Community	137,745	248,965	272,935	23,970	
Library Services	658,100	1,314,211	1,329,537	15,326	
Place Management	141,963	420,555	878,075	457,520	Unfavourable
Strategic Town Planning	217,956	640,662	607,247	(33,415)	Favourable
Urban Planning	596,185	1,081,425	1,219,495	138,070	Unfavourable
Finance	10,640,679	23,030,231	23,297,019	266,788	
Aqualife	1,300,379	2,479,912	2,563,770	83,858	Unfavourable
Budgeting	4,688,773	9,103,032	9,423,032	320,000	Unfavourable
Corporate Funds	127,203	638,252	634,092	(4,160)	
Finance Office	379,546	854,643	854,653	10	
Financial Services	562,607	1,529,014	1,554,089	25,075	Unfavourable
Information Systems	1,293,491	3,014,881	3,105,801	90,920	Unfavourable
Leisurelife	1,024,148	2,186,327	2,177,352	(8,975)	
Parking	940,218	2,404,080	2,212,173	(191,907)	Favourable
Ranger Services	324,314	820,090	772,057	(48,033)	Favourable
Operations	11,154,446	24,119,478	28,766,199	4,646,721	
Asset Planning	1,732,117	4,051,151	9,186,977	5,135,826	Unfavourable
Environment	107,571	187,306	226,181	38,875	Unfavourable
Fleet Services	6,179	0	0	0	
Operations Office	2,906,308	2,852,764	3,552,962	700,198	Unfavourable
Parks and Reserves	2,011,209	5,220,208	4,616,630	(603,578)	Favourable
Project Management	601,650	1,661,409	1,814,689	153,280	Unfavourable
Street Improvement	454,607	1,095,470	1,175,890	80,420	Unfavourable
Street Operations	1,039,166	2,656,030	2,666,511	10,481	
Waste Services	2,295,638	6,395,140	5,526,359	(868,781)	Favourable
Total Expense	27,892,345	60,929,007	66,518,289	5,589,282	Unfavourable

Statement of Budget Review (continued)

For the period 1 July 2019 to 31 December 2019

Capital	Year-To-Date Actual	Revised Budget	Forecast Value	Variance	Material Variance Movement
Particulars	\$	\$	\$	\$	
Community Planning	0	188,000	138,000	(50,000)	
Community Development	0	188,000	138,000	(50,000)	Favourable
Finance	226,107	1,140,650	1,118,810	(21,840)	
Aqualife	0	0	0	0	
Information Systems	226,107	1,110,650	1,118,810	8,160	
Parking	0	30,000	0	(30,000)	Favourable
Operations	9,408,120	25,005,735	21,405,129	(3,600,606)	
Asset Planning	394,788	2,789,800	2,711,353	(78,447)	Favourable
Fleet Services	384,058	1,265,000	1,024,498	(240,502)	Favourable
Parks and Reserves	6,046,695	10,816,820	8,051,907	(2,764,913)	Favourable
Project Management	0	71,000	71,000	0	
Street Operations	2,582,580	10,063,115	9,546,371	(516,744)	Favourable
Waste Services	0	0	0	0	
Total Capital	9,634,227	26,334,385	22,661,939	(3,672,446)	Favourable

Statement of Budget Review (continued)

For the period 1 July 2019 to 31 December 2019

Non-Operating Revenue	Year-To-Date Actual	Revised Budget	Forecast Value	Variance	Material Variance Movement
Particulars	\$	\$	\$	\$	
Finance	0	(6,476,000)	(23,822,500)	(17,346,500)	
Corporate Funds	0	(6,476,000)	(23,822,500)	(17,346,500)	Favourable
Operations	(2,556)	(288,000)	(408,000)	(120,000)	
Fleet Services	(2,556)	(288,000)	(408,000)	(120,000)	Favourable
Total Non-Operating Revenue	(2,556)	(6,764,000)	(24,230,500)	(17,466,500)	Favourable

Non-Operating Expense	Year-To-Date Actual	Revised Budget	Forecast Value	Variance	Material Variance Movement
Particulars	\$	\$	\$	\$	
Finance	1,052,049	5,584,499	21,148,097	15,563,598	
Corporate Funds	1,052,049	5,584,499	21,148,097	15,563,598	Unfavourable
Total Non-Operating Expense	1,052,049	5,584,499	21,148,097	15,563,598	Unfavourable

Non-Cash Adjustments	Year-To-Date Actual	Revised Budget	Forecast Value	Variance	Material Variance Movement
Particulars	\$	\$	\$	\$	
Non-Cash Items	(4,444,035)	(9,372,432)	(9,692,432)	(320,000)	
Profit and Loss	0	12,068	12,068	0	
Depreciation	(4,444,035)	(9,384,500)	(9,704,500)	(320,000)	
Total Non-Cash Adjustments	(4,444,035)	(9,372,432)	(9,692,432)	(320,000)	Favourable

(Surplus) / Deficit Position	Year-To-Date Actual	Revised Budget	Forecast Value	Variance	Material Variance Movement
Particulars	\$	\$	\$	\$	
(Surplus) / Deficit Position	0	(6,418,862)	(8,061,246)	(1,642,384)	
Opening (Surplus) / Deficit	0	(6,418,862)	(8,061,246)	(1,642,384)	Favourable
Total (Surplus) / Deficit Position	0	(6,418,862)	(8,061,246)	(1,642,384)	Favourable
Closing (Surplus) / Deficit Position	(23,178,893)	0	0	0	

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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		474,237	1,084,708	1,069,299	(15,409)	
Employment		416,665	895,638	879,638		
Office		5,146	14,040	14,040		
Professional Services		9,209	15,730	16,320		
Asset Operations		1,129	9,830	9,830		
Programs		42,088	149,470	149,471		
Revenue		(1,693)	(500)	0	500	
Revenue Other		(1,693)	(500)	0		
Total		472,544	1,084,208	1,069,299	(14,909)	

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 Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense		337,983	807,354	810,954	3,600	
Employment		300,082	632,894	636,494		
Office		6,554	26,490	26,490		
Professional Services		0	31,460	31,460		
Asset Operations		1,806	9,830	9,830		
Programs		29,542	106,680	106,680		
Revenue		0	(1,000)	(1,000)	0	
Revenue Other		0	(1,000)	(1,000)		
Total		337,983	806,354	809,954	3,600	

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		359,417	876,648	864,098	(12,550)	
Employment		326,225	771,878	759,604		
Office		19,167	47,140	46,864		
Professional Services		9,300	49,650	49,650		
Programs		4,724	7,980	7,980		
Total		359,417	876,648	864,098	(12,550)	

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	520,008	1,100,977	1,181,199	80,222	Unfavourable
Employment		250,642	497,817	541,790		
Office		12,948	27,830	23,000		
Professional Services		2,450	69,310	35,337		
Asset Operations		2,032	0	0		
Programs		251,936	506,020	581,072		
Revenue		0	(200)	0	200	
Revenue Other		0	(200)	0		
Total		520,008	1,100,777	1,181,199	80,422	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Leadership and Governance area has an unfavourable variance of \$80,222. The unfavourable variance predominantly relates to costs associated with holding an extraordinary election.

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	397,316	1,084,551	1,124,927	40,376	Unfavourable
Employment		288,446	631,721	633,302		
Office		6,170	15,440	15,440		
Professional Services		1,267	25,070	25,070		
Asset Operations		0	0	0		
Programs		101,432	412,320	451,115		
Revenue		0	(3,000)	(3,000)	0	
Revenue Other		0	(3,000)	(3,000)		
Total		397,316	1,081,551	1,121,927	40,376	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Human Resources has an unfavourable variance of \$40,376. The unfavourable variance is predominantly due to increased employee assistance and medical costs.

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	240,709	556,212	526,022	(30,190)	Favourable
Employment		224,012	507,172	464,012		
Office		6,939	8,700	9,500		
Professional Services		5,436	9,830	22,000		
Asset Operations		4,220	28,510	28,510		
Programs		101	2,000	2,000		
Revenue		(315,492)	(345,500)	(369,000)	(23,500)	
Fees and Charges		(311,538)	(338,000)	(362,000)		
Revenue Other		(3,954)	(7,500)	(7,000)		
Total		(74,783)	210,712	157,022	(53,690)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Building services area has a favourable budget forecast variance of \$30,190. The favourable variance relates to savings in employment costs within the 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		1,052,648	2,195,471	2,191,952	(3,519)	
Employment		458,125	1,087,856	1,060,519		
Office		17,001	24,775	25,575		
Professional Services		13,895	35,500	55,500		
Asset Operations		3,532	34,900	34,900		
Programs		560,096	1,012,440	1,015,458		
Revenue		(92,076)	(208,100)	(203,532)	4,568	
Operating Funding		(4,800)	(22,500)	(14,500)		
Fees and Charges		(82,097)	(171,600)	(173,532)		
Revenue Other		(5,179)	(14,000)	(15,500)		
Capital Expense	1	0	188,000	138,000	(50,000)	Favourable
Other Infrastructure		0	188,000	138,000		
Total		960,572	2,175,371	2,126,420	(48,951)	Favourable

Financial Position and Material Variance Movement Explanation(s)

The Community Development service area operating revenue and expenditure budget is on track.

1. Capital expenditure shows a favourable budget variance of \$50,000. The variance is due to change in scope of the art work design for the Victoria Park Drive and Glenn Place Roundabout. Funds relating to this project has been transferred to the Arts reserve to access when scope is finalised.

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 Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	488,471	984,916	1,080,418	95,502	Unfavourable
Employment		463,949	906,066	1,001,408		
Office		6,224	11,470	11,470		
Professional Services		7,315	23,600	23,760		
Asset Operations		5,481	9,830	9,830		
Programs		5,503	33,950	33,950		
Revenue		(637)	(1,000)	(1,000)	0	
Revenue Other		(637)	(1,000)	(1,000)		
Total		487,834	983,916	1,079,418	95,502	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Community Planning Office area has an unfavourable budget forecast variance of \$95,502. The unfavourable variance is due to increased employment cost within the area relating to the creation of a Social impact project officer role.

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		61,385	152,550	151,750	(800)	
Employment		58,836	126,340	127,840		
Office		2,317	11,400	10,100		
Asset Operations		0	4,920	4,920		
Programs		232	9,890	8,890		
Revenue		(1,500)	(2,075)	(1,575)	500	
Minor Events and Initiatives		(1,500)	0	(1,500)		
Fees and Charges		0	(2,075)	(75)		
Revenue Other		0	0	0		
Total		59,885	150,475	150,175	(300)	

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		81,542	262,198	277,524	15,326	
Employment		51,969	119,868	119,868		
Office		1,948	7,960	7,960		
Professional Services		14,825	59,100	79,100		
Programs		12,800	75,270	70,596		
Total		81,542	262,198	277,524	15,326	

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		262,933	719,522	699,150	(20,372)	
Employment		226,201	583,652	562,180		
Office		8,158	13,910	15,660		
Professional Services		7,149	44,740	49,330		
Asset Operations		8,164	38,350	38,350		
Programs		13,260	38,870	33,630		
Revenue	1	(228,997)	(292,700)	(260,700)	32,000	Unfavourable
Operating Funding		0	(1,000)	(1,000)		
Fees and Charges		(221,655)	(271,500)	(249,500)		
Revenue Other		(7,342)	(20,200)	(10,200)		
Total		33,936	426,822	438,450	11,628	

Financial Position and Material Variance Movement Explanation(s)

1. Operating revenue within Environmental Health area has an unfavourable budget forecast variance of \$32,000. The unfavourable variance relates to a lower than anticipated income from food business registrations and prosecution collection fees.

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	68,623	248,373	170,489	(77,884)	Favourable
Employment		55,653	197,112	124,986		
Office		2,384	7,007	6,000		
Professional Services		0	16,720	11,969		
Asset Operations		10,586	27,534	27,534		
Programs		0	0	0		
Revenue		(7,986)	(11,496)	(11,496)	0	
Revenue Other		(7,986)	(11,496)	(11,496)		
Total		60,637	236,877	158,993	(77,884)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within General Compliance area has a favourable budget forecast variance of \$77,884. The favourable variance is due to the movement of employment cost relating to Infrastructure compliance Officer role from General Compliance area to Street Improvement service area.

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		137,745	248,965	272,935	23,970	
Employment		113,741	202,695	224,695		
Office		1,728	3,500	3,470		
Programs		22,276	42,770	44,770		
Revenue		(21,743)	(27,500)	(31,413)	(3,913)	
Fees and Charges		(21,743)	(27,500)	(31,413)		
Total		116,002	221,465	241,522	20,057	

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		658,100	1,314,211	1,329,537	15,326	
Employment		560,469	1,054,761	1,082,357		
Office		27,260	50,440	46,320		
Asset Operations		6,765	24,580	24,580		
Programs		63,606	184,430	176,280		
Revenue		(16,129)	(27,500)	(32,404)	(4,904)	
Operating Funding		(880)	(6,000)	(6,380)		
Fees and Charges		(14,575)	(21,000)	(25,506)		
Revenue Other		(674)	(500)	(518)		
Total		641,971	1,286,711	1,297,133	10,422	

Financial Position and Material Variance Movement Explanation(s)

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

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 Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	141,963	420,555	878,075	457,520	Unfavourable
Employment		118,729	218,805	307,555		
Office		9,164	17,300	17,300		
Professional Services		14,070	184,450	247,850		
Asset Operations		0	0	0		
Programs		0	0	305,370		
Total		141,963	420,555	878,075	457,520	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Place Management area has an unfavourable budget forecast variance of \$457,520. The unfavourable variance relates to the movement of the Urban Forest Strategy budget from Parks and Reserves area to Place Management.

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	217,956	640,662	607,247	(33,415)	Favourable
Employment		152,636	360,922	360,922		
Office		5,053	12,450	12,450		
Professional Services		60,266	267,290	233,875		
Asset Operations		0	0	0		
Revenue		0	0	0	0	
Revenue Other		0	0	0		
Total		217,956	640,662	607,247	(33,415)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Strategic Town Planning area has a favourable budget forecast variance of \$33,415. The favourable variance relates to savings within the area which has been moved to Place Management to fund Higgins Park Master Plan and new funding request for Burswood Peninsula wayfinding.

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	596,185	1,081,425	1,219,495	138,070	Unfavourable
Employment		438,689	822,035	879,745		
Office		19,700	29,280	25,870		
Professional Services		104,839	104,720	195,220		
Asset Operations		3,217	19,660	19,660		
Programs		29,739	105,730	99,000		
Revenue	2	(164,851)	(359,500)	(281,800)	77,700	Unfavourable
Fees and Charges		(163,475)	(357,000)	(279,300)		
Revenue Other		(1,376)	(2,500)	(2,500)		
Total		431,333	721,925	937,695	215,770	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Urban Planning area has an unfavourable budget forecast variance of \$138,070. The unfavourable variance relates to additional employments costs, and costs incurred in engaging legal and other representation in defending an appeal at the State Administrative Tribunal.

2. Operating Revenue within Urban Planning area has an unfavourable budget forecast variance of \$77,700. The unfavourable variance relates to a lower than anticipated income from development applications due to poor economic conditions.

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	1,300,379	2,479,912	2,563,770	83,858	Unfavourable
Employment		1,098,305	2,127,722	2,181,116		
Office		53,236	107,880	88,223		
Asset Operations		52,605	88,490	107,830		
Programs		96,233	155,820	186,601		
Revenue	2	(1,154,768)	(2,357,500)	(2,435,731)	(78,231)	Favourable
Fees and Charges		(1,152,231)	(2,356,500)	(2,432,500)		
Revenue Other		(2,537)	(1,000)	(3,231)		
Capital Expense		0	0	0	0	
Furniture and Equipment		0	0	0		
Total		145,611	122,412	128,039	5,627	

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Aqualife area has an unfavourable budget forecast variance of \$83,858. The unfavourable variance relates to increased employment and banking costs due to increased memberships.
2. Operating Revenue within Aqualife area has a favourable budget forecast variance of \$78,231. The favourable variance relates to increased revenue from the new "All access" membership provided by Aqualife.

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	4,688,773	9,103,032	9,423,032	320,000	Unfavourable
Accounting Standards Expense		4,688,773	9,103,032	9,423,032		
Revenue		0	(57,600)	(57,600)	0	
Accounting Standards Revenue		0	(57,600)	(57,600)		
Total		4,688,773	9,045,432	9,365,432	320,000	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Budgeting area has an unfavourable budget forecast variance of \$320,000. The unfavourable variance relates to an increase in estimated depreciation costs which is a non-monetary item.

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		127,203	638,252	634,092	(4,160)	
Programs		19,990	433,252	429,092		
Interest Expense		107,213	205,000	205,000		
Revenue	1	(47,029,347)	(48,384,568)	(47,476,657)	907,911	Unfavourable
Rates		(46,554,408)	(46,391,068)	(46,108,885)		
Operating Funding		(267,498)	(1,100,000)	(560,472)		
Earnings Interest		(134,915)	(801,500)	(651,500)		
Revenue Other		(72,527)	(92,000)	(155,800)		
Non-Operating Revenue	2	0	(6,476,000)	(23,822,500)	(17,346,500)	Favourable
From Reserve		0	(6,476,000)	(5,672,500)		
Loan Proceeds		0	0	(18,150,000)		
Sale Proceeds		0	0	0		
Non-Operating Expense	3	1,052,049	5,584,499	21,148,097	15,563,598	Unfavourable
To Reserve		31,596	3,516,000	19,079,598		
Principal		1,020,454	2,068,499	2,068,499		
Total		(45,850,095)	(48,637,817)	(49,516,968)	(879,151)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating Revenue within Corporate Fund area has an unfavourable budget forecast variance of \$907,911. The unfavourable variance relates to the adjustment of rates revenue and Federal assistance grant received in advance.
2. Non-Operating Revenue within Corporate Fund area has a favourable budget forecast variance of \$17,346,500. The favourable variance relates to loan proceeds for the new Underground power project.
3. Non-Operating Expense within Corporate Fund area has an unfavourable budget forecast variance of \$15,563,598. The unfavourable variance predominantly relates to transfer of unspent Underground power loan proceeds into the Underground Power Reserve.

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	379,546	854,643	854,653	10	
Employment		357,463	786,681	786,483		
Office		5,979	17,270	13,700		
Professional Services		8,695	13,332	14,950		
Asset Operations		2,086	9,830	4,500		
Programs		5,324	27,530	35,020		
Revenue		(518)	(1,300)	(1,350)	(50)	
Revenue Other		(518)	(1,300)	(1,350)		
Total		379,028	853,343	853,303	(40)	

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 Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	562,607	1,529,014	1,554,089	25,075	Unfavourable
Employment		364,410	776,318	786,829		
Office		47,669	74,466	69,760		
Professional Services		15,625	54,100	143,500		
Asset Operations		2,231	9,830	9,000		
Programs		132,673	614,300	545,000		
Revenue		(752,552)	(834,000)	(830,600)	3,400	
Operating Funding		(37,050)	(43,000)	(40,500)		
Fees and Charges		(309,143)	(348,000)	(339,900)		
Earnings Interest		(405,656)	(442,000)	(448,830)		
Revenue Other		(702)	(1,000)	(1,370)		
Total		(189,945)	695,014	723,489	28,475	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Financial Services area has an unfavourable budget forecast variance of \$25,075. The unfavourable variance is due to increased cost on conducting a full review and formal procurement process for insurance services for the Town.

Service Area Variance Reporting (continued)

Finance - Information Systems

Service Statement

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

Particulars	Note	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	1,293,491	3,014,881	3,105,801	90,920	Unfavourable
Employment		474,303	1,069,571	1,074,271		
Office		10,052	17,910	18,260		
Professional Services		39,017	252,400	256,270		
Asset Operations		2,963	18,700	18,700		
Programs		767,156	1,656,300	1,738,300		
Revenue		(29,136)	(2,200)	(2,500)	(300)	
Operating Funding		0	0	0		
Fees and Charges		80	(700)	(1,000)		
Revenue Other		(29,216)	(1,500)	(1,500)		
Capital Expense		226,107	1,110,650	1,118,810	8,160	
Information Technology		226,107	1,110,650	1,118,810		
Total		1,490,462	4,123,331	4,222,111	98,780	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Information Systems area has an unfavourable budget forecast variance of \$90,920. The unfavourable variance relates to increased software licencing expenditure and funding required for computer equipment which was leased previously.

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		1,024,148	2,186,327	2,177,352	(8,975)	
Employment		717,926	1,554,997	1,545,350		
Office		19,925	38,110	28,772		
Asset Operations		3,426	15,250	14,330		
Programs		282,870	577,970	588,900		
Revenue		(959,042)	(1,971,000)	(1,965,275)	5,725	
Fees and Charges		(958,570)	(1,970,500)	(1,964,475)		
Revenue Other		(472)	(500)	(800)		
Total		65,106	215,327	212,077	(3,250)	

Financial Position and Material Variance Movement Explanation(s)

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

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	940,218	2,404,080	2,212,173	(191,907)	Favourable
Employment		559,254	1,331,320	1,222,976		
Office		32,521	56,020	68,260		
Professional Services		169,985	490,140	430,310		
Asset Operations		19,312	71,290	54,569		
Programs		159,146	455,310	436,058		
Revenue	2	(1,443,039)	(3,016,575)	(2,849,715)	166,861	Unfavourable
Operating Funding		(55,246)	(199,000)	(100,000)		
Fees and Charges		(1,260,250)	(2,662,075)	(2,495,215)		
Revenue Other		(127,542)	(155,500)	(254,500)		
Capital Expense	3	0	30,000	0	(30,000)	Favourable
Furniture and Equipment		0	0	0		
Other Infrastructure		0	30,000	0		
Total		(502,821)	(582,495)	(637,542)	(55,047)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Parking Management area has a favourable budget forecast variance of \$191,907. The favourable variance is predominantly due to savings in consultancy, employment related cost and lower than anticipated infringement write off costs.
2. Operating revenue within Parking Management area has an unfavourable budget forecast variance of \$166,861. The unfavourable variance relates to a reduction in revenue due to the implementation of free Sunday parking and dynamic pricing on Albany highway.
3. Capital expenditure within Parking Management area has a favourable budget forecast variance of \$30,000. The favourable variance is due to capital expenditure relating to Parking signage being no longer required.

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 Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	324,314	820,090	772,057	(48,033)	Favourable
Employment		270,210	622,480	579,387		
Office		20,042	41,890	37,320		
Professional Services		0	4,420	4,420		
Asset Operations		14,680	47,690	47,690		
Programs		19,382	103,610	103,240		
Revenue		(72,354)	(147,000)	(127,077)	19,923	
Operating Funding		(1,027)	(4,500)	(4,577)		
Fees and Charges		(66,653)	(126,000)	(106,000)		
Revenue Other		(4,674)	(16,500)	(16,500)		
Total		251,960	673,090	644,980	(28,110)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Ranger Services area has an unfavourable budget forecast variance of \$48,033. The favourable variance is predominantly due to savings in employment costs.

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	1,732,117	4,051,151	9,186,977	5,135,826	Unfavourable
Employment		283,135	667,631	801,774		
Office		11,683	22,890	18,750		
Professional Services		87,229	281,610	169,970		
Asset Operations		1,348,237	2,680,180	2,848,423		
Programs		1,834	398,840	5,348,060		
Revenue	2	(375,519)	(1,282,500)	(1,421,843)	(139,343)	Favourable
Operating Funding		0	0	(57,000)		
Capital Funding		(234,405)	(986,000)	(986,000)		
Fees and Charges		(108,919)	(240,200)	(238,200)		
Earnings Interest		(2,402)	(9,000)	(9,000)		
Revenue Other		(29,793)	(47,300)	(131,643)		
Service Charges		0	0	0		
Capital Expense	3	394,788	2,789,800	2,711,353	(78,447)	Favourable
Buildings		393,896	2,606,400	2,551,353		
Furniture and Equipment		892	183,400	160,000		
Total		1,751,387	5,558,451	10,476,487	4,918,036	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Asset Planning area has an unfavourable budget forecast variance of \$5,135,826. The unfavourable variance predominantly relates to scheduled underground Power progress claims to Western Power.
2. Operating revenue within Asset Planning area has a favourable budget forecast variance of \$139,343. The favourable variance relates to additional revenue expected from Aqualife solar panel subsidy and expenditure recoupment from Western Power for the underground power project.
3. Capital expenditure within Asset Management area has a favourable budget forecast variance of \$78,447. The favourable variance predominantly relates to savings within the Lathlain Precinct Redevelopment Project and budget carry forward adjustments.

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	107,571	187,306	226,181	38,875	Unfavourable
Employment		56,550	112,996	122,496		
Office		1,712	3,500	3,000		
Professional Services		0	1,000	725		
Programs		49,309	69,810	99,960		
Total		107,571	187,306	226,181	38,875	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Environment area has an unfavourable budget forecast variance of \$38,875. The variance predominantly relates to the development of the climate emergency plan which was approved at the quarterly budget review process.

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		6,179	0	0	0	
Employment		73,638	237,550	236,550		
Office		4,963	11,500	11,500		
Professional Services		2,448	45,000	45,000		
Asset Operations		6,136	19,500	19,500		
Programs		367,419	854,988	859,488		
Accounting Standards Expense		(448,425)	(1,168,538)	(1,172,038)		
Revenue		(14,505)	(11,500)	(11,500)	0	
Revenue Other		(14,505)	(11,500)	(11,500)		
Capital Expense	1	384,058	1,265,000	1,024,498	(240,502)	Favourable
Plant and Machinery		384,058	1,265,000	1,024,498		
Non-Operating Revenue	2	(35,616)	(288,000)	(408,000)	(120,000)	Favourable
Sale Proceeds		(35,616)	(288,000)	(408,000)		
Total		340,115	965,500	604,998	(360,502)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Capital expenditure within Fleet Management area has a favourable budget forecast variance of \$240,502. The favourable variance relates to savings within the area and budget carry forward adjustments.
2. Non-Operating revenue within Fleet Management area has a favourable budget forecast variance of \$120,000. The favourable variance relates to sale of plant and machinery that are either no longer required or the sale was delayed due to vehicles requiring repairs prior to sale.

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	2,906,308	2,852,764	3,552,962	700,198	Unfavourable
Employment		318,434	729,394	723,442		
Office		6,314	11,900	11,900		
Professional Services		0	38,350	38,350		
Asset Operations		2,819	19,170	19,170		
Programs		2,578,741	2,053,950	2,760,100		
Revenue	2	(2,576,638)	(2,002,500)	(2,728,650)	(726,150)	Favourable
Operating Funding		(2,576,140)	(2,000,000)	(2,726,150)		
Revenue Other		(498)	(2,500)	(2,500)		
Total		329,671	850,264	824,312	(25,952)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Operations Office area has an unfavourable budget forecast variance of \$700,198. The unfavourable variance relates to increased operating cost relating to the Lathlain Precinct Redevelopment project. There is an increase in associated grant funding revenue for the same project.
2. Operating Revenue within Operations Office area has a favourable budget forecast variance of \$726,150. The favourable variation relates to the Lathlain Redevelopment project grant funding, which was greater than budgeted for. There is a similar increase in associated operating expenditure for the same project.

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	2,011,209	5,220,208	4,616,630	(603,578)	Favourable
Employment		378,328	756,000	765,900		
Office		10,459	21,400	21,400		
Professional Services		3,835	41,000	41,000		
Asset Operations		2,046,752	4,987,860	4,630,780		
Programs		12,345	324,348	99,350		
Accounting Standards Expense		(440,510)	(910,400)	(941,800)		
Revenue	2	(464,994)	(4,648,500)	(4,258,166)	390,334	Unfavourable
Capital Funding		(422,077)	(4,594,000)	(4,200,177)		
Fees and Charges		(40,981)	(45,500)	(48,989)		
Revenue Other		(1,936)	(9,000)	(9,000)		
Capital Expense	3	6,046,695	10,816,820	8,051,907	(2,764,913)	Favourable
Parks		6,046,695	10,816,820	8,051,907		
Total		7,592,910	11,388,528	8,410,371	(2,978,157)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Parks and Reserves area has a favourable budget forecast variance of \$603,578. The variance predominantly relates to the move of the Urban forest strategy budget from Parks and Reserves service area to Place Management area.
2. Operating revenue within Parks and Reserves area has an unfavourable budget forecast variance of \$390,334. The unfavourable variance relates to lower than anticipated grants and contributions expected within the area.
3. Capital expenditure within Parks and Reserves area has a favourable budget forecast variance of \$2,764,913. The favourable variance relates to savings within the Lathlain Precinct Redevelopment Project (\$1 million) and budget carry forward adjustments. The variance also relates to the transfer of budget from capital expenditure to Reserves for projects that have been postponed (GO Edwards Park Redevelopment).

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	601,650	1,661,409	1,814,689	153,280	Unfavourable
Employment		475,739	886,188	979,411		
Office		5,078	14,948	15,048		
Professional Services		119,181	750,443	810,400		
Assets		1,652	9,830	9,830		
Programs		0	0	0		
Revenue		(16,572)	(2,003)	(17,912)	(15,909)	
Operating Funding		0	0	0		
Fees and Charges		0	0	0		
Revenue Other		(16,572)	(2,003)	(17,912)		
Capital Expense		0	71,000	71,000	0	
Land		0	71,000	71,000		
Total		585,078	1,730,406	1,867,777	137,371	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Project Management area has an unfavourable budget forecast variance of \$153,280. The unfavourable variance relates to increased employment costs within the area relating to the Underground Power Project

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 Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	454,607	1,095,470	1,175,890	80,420	Unfavourable
Employment		366,689	739,640	821,940		
Office		7,985	19,530	18,530		
Professional Services		76,131	306,800	313,420		
Asset Operations		2,242	14,750	10,000		
Programs		1,560	14,750	12,000		
Revenue		(1,774)	(98,000)	(96,500)	1,500	
Operating Funding		0	0	(50,000)		
Fees and Charges		(1,257)	(90,000)	(45,000)		
Revenue Other		(518)	(8,000)	(1,500)		
Total		452,833	997,470	1,079,390	81,920	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Street Improvement area has an unfavourable budget forecast variance of \$80,420. The unfavourable variance is due to the movement of employment cost relating to Infrastructure compliance Officer role from General Compliance area to Street Improvement service area.

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		1,039,166	2,656,030	2,666,511	10,481	
Employment		214,749	529,562	485,062		
Office		9,125	14,500	17,600		
Professional Services		0	2,500	2,500		
Asset Operations		1,066,482	2,660,300	2,667,742		
Programs		13,048	75,730	84,269		
Accounting Standards Expense		(264,239)	(626,562)	(590,662)		
Revenue	1	(783,864)	(3,352,000)	(2,065,494)	1,286,506	Unfavourable
Operating Funding		(120,423)	(81,000)	(151,423)		
Capital Funding		(578,329)	(3,161,000)	(1,802,785)		
Fees and Charges		(79,797)	(108,000)	(105,500)		
Revenue Other		(5,315)	(2,000)	(5,786)		
Capital Expense	2	2,582,580	10,063,115	9,546,371	(516,744)	Favourable
Roads		1,318,129	6,209,360	5,645,207		
Drainage		15,976	497,700	347,700		
Pathways		914,526	2,433,055	2,620,000		
Other Infrastructure		333,948	923,000	933,464		
Total		2,837,882	9,367,145	10,147,388	780,243	Unfavourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating revenue within Street Operations area has an unfavourable budget forecast variance of \$1,286,506. The unfavourable variance relates to grants associated with projects that have either been withdrawn or not approved for funding. Adjustments have also been made for budgets carried forward, but funds received last financial year.
2. Capital expenditure within Street Operations area has a favourable budget forecast variance of \$516,744. The favourable variance relates to budget carry forward adjustments and budget funds transferred to reserves for projects that have been postponed.

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 Actual \$	Revised Budget \$	Forecast Value \$	Variance \$	Material Variance Movement
Expense	1	2,295,638	6,395,140	5,526,359	(868,781)	Favourable
Employment		103,192	170,000	220,000		
Office		9,096	28,000	27,000		
Professional Services		100	16,000	20,000		
Asset Operations		30,609	70,300	70,300		
Programs		2,294,636	6,401,840	5,533,859		
Accounting Standards Expense		(141,993)	(291,000)	(344,800)		
Revenue	2	(780,034)	(835,780)	(784,600)	51,180	Unfavourable
Fees and Charges		(774,987)	(799,780)	(779,000)		
Earnings Interest		(2,686)	(2,500)	(2,700)		
Revenue Other		(2,361)	(33,500)	(2,900)		
Capital Expense		0	0	0	0	
Furniture and Equipment		0	0	0		
Total		1,515,604	5,559,360	4,741,759	(817,601)	Favourable

Financial Position and Material Variance Movement Explanation(s)

1. Operating expenditure within Waste Services area has a favourable budget forecast variance of \$868,781. The favourable variance relates to reduced waste collection and disposal costs and reduced street and pathway cleaning & sweeping costs
2. Operating revenue within Waste Services area has an unfavourable budget forecast variance of \$51,180. The unfavourable variance relates to revenue from waste collection being lower than anticipated.



Capital Expense Items

Summary of New Capital Expense Items

As per new work orders raised	Forecast value \$	Description of project
Wishing Well Restoration Works	30,000	Renewal works for Wishing well
Administration Centre – facilities renewal	40,000	Renewal works required at Administration centre
Washbay Pressure Washer	14,000	Replacement of Washbay Pressure Washer . Existing pressure washer uneconomical to repair.
Raphel Park - Synthetic Cricket Wickets	17,000	Resurfacing of the cricket wickets
George Street Reserve - Interpretive and QR Code Signage	10,000	Signs with QR codes interpreting the wildlife including birds, reptiles wild flower of kensington bushland
Solar Way - Mercury Street to Mercury Street - Road Rehab	335,000	Renewal of the road pavement, drainage and kerbing works
Upgrade - McCartney Crescent	2,400	Redesigned required for the reticulation around McCartney Crescent. Works are completed but expenditure was made.
Star Street - Mid Block to Archer - Renew Seal (MRRG)	3,415	Linemarking expenditure from Main Roads WA which was invoiced after FY 2018/2019
Reseal - Carnarvon (Dane to Somerset)	180,000	Renewal of the road pavement, drainage and kerbing works
Reseal - Planet St (Mercury to Cohn)	160,000	Renewal of the road pavement, drainage and kerbing works
Reseal - Streatley (Gallipoli to Castle)	190,000	Renewal of the road pavement, drainage and kerbing works
Reseal - Sussex St (Devenish to Berwick)	200,000	Renewal of the road pavement, drainage and kerbing works
Albany Highway - Kent - Miller Roundabout - Renew Seal (MRRG)	2,754	Linemarking expenditure from Main Roads WA which was invoiced after FY 2018/2019
Albany Highway - Service Lane to Shepperton - Renew Seal (MRRG)	5,340	Linemarking expenditure from Main Roads WA which was invoiced after FY 2018/2019
Total	1,189,909	

Capital Expense Items

Buildings

Particulars	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$
New	0	1,130,000	991,000	(139,000)
Lathlain Redevelopment (Zone 2) - Buildings	0	750,000	680,000	(70,000)
Lathlain Redevelopment (Zone 2x) - Buildings	0	380,000	311,000	(69,000)
Upgrade	18,157	271,000	241,000	(30,000)
Upgrade - Aqualife Solar Panels	18,157	200,000	170,000	(30,000)
Land - Upgrade: 25 Boundary Road Subdivision	0	71,000	71,000	0
Renewal	375,739	1,276,400	1,390,353	219,942
Harold Hawthorne Centre - Air Conditioning	48,149	91,400	48,149	(43,251)
Vic Park Quarter - Community Room Fitout	0	50,000	30,000	
10 Kent Street - Interior Refurbishment (Disability Access)	0	35,000	20,000	
Reactive Building Renewal Works Various	0	75,000	0	
Administration Office - Lift Replacement	95,584	180,000	191,682	
Administration Office - Underground Carpark Security	9,200	15,000	15,000	
Fletcher Park - Clubrooms - Security Screen Replacement	12,329	20,000	12,329	
Carlisle Reserve Clubrooms - Security Screen Replacement	8,066	15,000	8,066	(6,934)
Raphael Park Clubroom - Refurbish change rooms	0	75,000	75,000	0
Parnham Reserve Clubrooms- Security Screen Replacement	3,997	10,000	3,861	(6,139)
Higgins Park Clubroom- Security Screen Replacement	11,262	15,000	11,262	(3,738)
Aqualife - Plant Room - Ultraviolet Generators	111,436	125,000	111,436	(13,564)
Aqualife - Outdoor Pool Refurbishment	638	150,000	320,000	170,000
Aqualife - Pool Plant - Dosing Controllers	0	25,000	50,000	25,000
Aqualife - Pool Plant Equipment Renewal	9,800	10,000	10,000	0
Aqualife - Pool Water Treatment & Filtration Unit replacement	0	40,000	48,000	8,000
Aqualife - Hydrotherapy Pool scum grates	4,325	15,000	4,325	(10,675)
Parnham Reserve Clubrooms- Partition Replacement	16,243	20,000	16,243	(3,757)
Higgins Park Clubrooms - Change Room Refurbishment	0	75,000	75,000	0
Aqualife - 50m Pool Starting Blocks and Submersible Wall	44,710	235,000	215,000	(20,000)
Grandstand Replacement - Victoria Park Bowling Club	0	0	25,000	25,000
Wishing Well Restoration Works	0	0	30,000	30,000
Administration Centre – End of Trip facilities renewal	0	0	40,000	40,000
Administration Office - Relocation of Mayoral Office	0	0	30,000	30,000
Total Buildings	393,896	2,677,400	2,622,353	50,942

Capital Expense Items (continued)

Plant and Machinery

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
Renewal	384,058	1,265,000	1,024,498	(240,502)
182 VPK - Subaru Impreza Hatch (Plant 399)	0	25,000	25,000	0
162 VPK - Road Sweeper (Plant 341)	236,574	380,000	249,050	(130,950)
138 VPK - Flocon Truck (Plant 39)	0	380,000	290,000	(90,000)
1GTF 071 - Holden Colorado (Plant 438)	0	35,000	35,000	0
1TQU 220 - Trailer (Plant 173)	0	10,000	6,000	(4,000)
157 VPK - Trailer (Plant 176)	5,064	10,000	5,064	(4,936)
174 VPK - Trailer (Plant 178)	0	10,000	10,000	0
167 VPK - Toyota Camry Altise Sedan (Plant 395)	25,783	25,000	25,783	783
115 VPK- Subaru Impreza Hatch (Plant 393)	24,967	25,000	24,967	(33)
169 VPK - Mazda 3 Sedan (Plant 388)	0	25,000	0	(25,000)
1EFZ 037 - Hyundai Sedan (Plant 334)	25,488	25,000	25,195	195
Minor Plant Renewal - Parks	9,743	23,000	23,000	0
156 VPK - Plant Trailer (Plant 171)	0	25,000	25,000	0
Jarret Mow Deck (Plant 281)	0	30,000	30,000	0
142 VPK - Kubota Tractor (Plant 280)	0	95,000	95,000	0
1EMD 522 - Mazda B250 Tray Back Ute (Plant 346)	32,557	32,000	32,557	557
1GDF 720 - Holden Colorado (Plant 415)	0	35,000	35,000	0
Washbay Pressure Washer	0	0	14,000	14,000
151 VPK - Speed Trailer (Plant 251)	0	50,000	50,000	0
173 VPK - Subaru Impreza (Plant 396)	23,882	25,000	23,882	(1,118)
Total Plant and Machinery	384,058	1,265,000	1,024,498	(240,502)

Furniture and Equipment

Particulars	Year-To-Date	Revised	Forecast	Variance
	Actual	Budget	Value	
	\$	\$	\$	\$
Renewal	892	183,400	160,000	(23,400)
Administration Centre - Minor Expense - Allocation	0	33,400	0	(33,400)
Cardio Equipment Renewal (Aqualife)	892	150,000	160,000	10,000
	0			
Total Furniture and Equipment	892	183,400	160,000	(23,400)

Capital Expense Items (continued)

Information Technology

Particulars	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$
New	36,440	462,750	488,910	26,160
Library - RFID Self-Service System	0	90,000	90,000	0
Software - Asset Management System	846	154,000	203,160	49,160
New- Software - Volunteer Database	0	7,000	7,000	0
New - Software - CAMMS Project PoC	0	16,550	16,550	0
New - Software - Property Management System	0	30,000	12,000	(18,000)
New - Software - Human Resources - Online Leave and Work Patterns	5,927	16,500	11,500	(5,000)
IT - Relocation Hardware - 6 - 8 Kent Street (Parking and Rangers)	29,668	58,700	58,700	0
Software - Microsoft 365	0	90,000	90,000	0
Renewal	65,082	130,400	88,400	(42,000)
System - Intranet and Councillor Portal	11,500	50,400	22,400	(28,000)
Hardware - Council Chambers Live Streaming System	53,582	80,000	66,000	(14,000)
Upgrade	124,585	517,500	541,500	24,000
IT - Leisure Facilities Management System (Software)	3,218	12,300	12,300	0
IT - Library Management System (Software)	54,160	71,200	71,200	0
System Upgrade - Authority 7.x	0	140,000	140,000	0
Upgrade - Software - AP Workflow (Authority)	26,951	54,000	54,000	0
Hardware - Leisurelife Centre Technology Upgrade	0	120,000	135,000	15,000
Software - TRIM CM9 Upgrade	40,256	120,000	120,000	0
Hardware - UPS	0	0	9,000	9,000
Total Information Technology	226,107	1,110,650	1,118,810	8,160

Capital Expense Items (continued)

Roads

Particulars	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$
Renew	814,820	2,427,000	3,727,316	1,300,316
Solar Way - Mercury Street to Mercury Street - Road Rehab	0	0	335,000	335,000
Marchamley Place - Mercury Street to Cul-de-sac - Road Rehab	0	0	155,000	155,000
Forster Avenue Traffic Calming	0	0	20,000	20,000
100 Oats St - Verge Modifications	0	0	10,000	10,000
Saleham Street (Goddard to Gallipoli)	74,785	143,000	74,785	(68,215)
Teague Street Road Rehab	725	212,000	140,000	(72,000)
Beatty Avenue (Somerset to Dane)	118,199	143,000	143,000	0
Westmorland Street (Creaton to Etwell)	11,656	67,500	67,500	0
Bishopsgate Street (Lion to Archer)	70,881	133,000	70,881	(62,119)
Cohn Street (Harris to Orrong)	0	112,500	112,500	0
Forster Avenue (Bishopsgate to Rutland)	85,632	83,000	90,513	7,513
Mackie Street (West of Gloucester to Washington)	0	93,000	93,000	0
Enfield Street (Waller to Rayment)	0	57,000	107,000	50,000
Howick Street (Gallipoli to Goddard)	0	183,600	183,600	0
Oats Street - Mars to Planet - Renew Seal (MRRG)	5,044	141,900	5,044	(136,856)
Oats Street - Tuckett to Rutland - Renew Seal (MRRG)	113,872	132,900	113,872	(19,028)
Resurface of rail crossing - Oats and Mint Streets	5,018	115,000	150,418	35,418
Oats Street and Star Street Roundabout	0	45,000	175,000	130,000
Star Street - Mid Block to Archer - Renew Seal (MRRG)	3,415	0	3,415	3,415
Harris Street - Oats Street/Mercury Street/Briggs Street	0	233,000	335,000	102,000
Briggs Street (Downing to Raleigh) Reseal	2,350	117,600	169,500	51,900
Planet Street (President to Kew) Reseal	106,685	105,000	106,685	1,685
Planet Street (Briggs to President) Reseal	133,175	120,000	140,000	20,000
Tuckett Street (Oats to Mercury)	63,782	77,000	64,000	(13,000)
Bank Street (Forward to End)	0	112,000	112,000	0
Albany Highway - Kent - Miller Roundabout - Renew Seal (MRRG)	2,754	0	2,754	2,754
Albany Highway - Service Lane to Shepperton - Renew Seal (MRRG)	5,340	0	5,340	5,340
Star Street - Mid Block to Archer - Renew Seal (MRRG)	3,415	0	3,415	3,415
Reseal - Carnarvon (Dane to Somerset)	0	0	180,000	180,000
Reseal - Planet St (Mercury to Cohn)	0	0	160,000	160,000
Reseal - Streatley (Gallipoli to Castle)	0	0	190,000	190,000
Reseal - Sussex St (Devenish to Berwick)	0	0	200,000	200,000
Albany Highway - Kent - Miller Roundabout - Renew Seal (MRRG)	2,754	0	2,754	2,754
Albany Highway - Service Lane to Shepperton - Renew Seal (MRRG)	5,340	0	5,340	5,340
Upgrade		3,782,360	1,931,800	(1,850,560)
Upgrade - McCartney Crescent	0	0	2,400	2,400
Rutland Avenue - Oats Street to Welshpool Road	154,977	396,510	250,000	(146,510)
Hordern and Geddes Intersection (Blackspot)	0	54,500	54,500	0
Hordern and McMillan Intersection (Blackspot)	0	92,000	92,000	0
Hill View Terrace and Oats Street - Intersection and Pedestrian	18,591	258,000	240,000	(18,000)
Roberts Road and Orrong Road - Intersection	0	220,000	25,000	(195,000)
Kent and Haymen - Stage 1 - Pavement Upgrade (Blackspot)	412,998	618,300	420,000	(198,300)
Mint and Beatty Intersection (Blackspot)	0	179,750	0	(179,750)
Archer and Orrong Intersection (Blackspot)	12,595	401,000	401,000	0
Shepperton and Miller - Stage 2 - Pavement Upgrade (Blackspot)	0	1,562,300	444,500	(1,117,800)
Star Street - Mid Block to Archer - Renew Seal (MRRG)	0	0	2,400	2,400
Total Roads	1,114,401	6,209,360	5,659,116	(550,244)

Capital Expense Items (continued)

Drainage

Particulars	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$
New	0	247,700	217,700	(30,000)
Bishopsgate Street - Improvements (LPRP)	0	197,700	197,700	0
Various - Right of Ways - Allocation	0	50,000	20,000	(30,000)
Renewal	15,976	165,000	80,000	(85,000)
Various - Pipe Renewal- Allocation	6,320	50,000	20,000	(30,000)
Various - Pit Renewal- Allocation	0	25,000	20,000	(5,000)
Various - Sump Renewal- Allocation	3,400	50,000	20,000	(30,000)
Unplanned Renewal Projects - BUDGET ONLY Individual work orders to	6,256	40,000	20,000	(20,000)
	0			
Renewal	0	85,000	50,000	(35,000)
130 Burswood Road (Hot Spot 51)	0	85,000	50,000	(35,000)
Total Drainage	15,976	497,700	347,700	(150,000)

Pathways

Particulars	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$
New	99,206	1,207,055	1,322,000	114,945
Goodwood Parade - Shared Path - Surface	44,171	394,555	250,000	(144,555)
Brodie Hall Drive - De Laeter to Sarich - Surface	51,035	77,500	125,000	47,500
Rutland Avenue Shared Path (Miller to Oats)	4,000	685,000	685,000	0
Victoria Park Drive (Roger Mackay to Marlee Loop)	0	50,000	150,000	100,000
Footpath - Turner Avenue and Deleater Way	0	0	112,000	112,000
Renewal	453,209	671,000	743,000	72,000
Lathlain Redevelopment (Zone 7) - Pathways	441,995	578,000	650,000	72,000
Orrong Road (Alexander to Archer)	1,520	58,000	58,000	0
Cornwall Street (Castle Way and Gallipoli Street)	9,695	27,000	27,000	0
Gallipoli Street - Verge Widening	0	8,000	8,000	0
	0			
Upgrade	362,111	555,000	555,000	0
ROW52 Laneway Upgrade (IGA Laneway Revitalisation)	362,111	555,000	555,000	0
Total Pathways	914,526	2,433,055	2,620,000	186,945

Capital Expense Items (continued)

Parks

Particulars	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$
New	5,218,776	6,965,300	5,701,252	(1,264,048)
John Macmillan Park - Redevelopment	509,183	987,300	711,752	(275,548)
Lathlain Redevelopment (Zone 2) - Parks (Holding)	2,734,425	2,733,000	2,734,500	1,500
Lathlain Redevelopment (Zone 2x) - Parks (Holding)	1,975,168	3,245,000	2,245,000	(1,000,000)
George Street Reserve - Interpretive and QR Code Signage	0	0	10,000	10,000
Renewal	820,243	2,953,670	1,452,805	(1,500,865)
Harold Rossiter - Lighting Renewal	0	12,000	12,000	0
Carlisle Reserve - Pole Floodlight Renewal	888	120,000	215,000	95,000
Raphael Park - Drinking Fountain	6,000	15,000	15,000	0
Raphael Park - Reticuation System Renewal	3,850	180,000	180,000	0
Playground Renewal - Parnham Park	135	80,000	135	(79,865)
Fraser Park - Synthetic Cricket Wickets	11,073	30,000	13,000	(17,000)
Raphel Park - Synthetic Cricket Wickets	0	0	17,000	17,000
GO Edwards Park - Redevelopment	470,522	1,872,200	590,200	(1,282,000)
McCallum Park - River Wall - Foreshore Landscape	325,932	567,470	333,470	(234,000)
George Street Reserve - Revegetation Project (previously W1129)	1,844	60,000	60,000	0
Charles Patterson Park - Picnic Table and Benches	0	11,000	11,000	0
Rotary Reserve - Drinking Fountain	0	6,000	6,000	0
Upgrade	7,675	897,850	897,850	0
Upgrade - Higgins Park Tennis Club - Court Modifications	7,675	732,850	732,850	0
Bolton Avenue Verge - Retaining Wall and Fencing	0	165,000	165,000	0
Total Parks	6,046,694	10,816,820	8,051,907	(2,764,913)

Capital Expense Items (continued)

Other Infrastructure

Particulars	Year-To-Date Actual \$	Revised Budget \$	Forecast Value \$	Variance \$
New	0	646,000	458,350	(187,650)
Artworks - Allocation BUDGET ONLY 2019 Specific work orders to be	0	50,000	50,000	0
Lathlain Redevelopment (Zone 2) - Public Art	0	33,000	33,000	0
Lathlain Redevelopment (Zone 2x) - Public Art	0	55,000	55,000	0
Public Art - Victoria Park Drive & Glenn Place Roundabout	0	50,000	0	(50,000)
Signage - Parking Plan Works	0	30,000	0	(30,000)
Parking - ACROD Bays - Allocation	0	10,000	2,350	(7,650)
Lathlain Redevelopment (Zone 2) - Carpark	0	303,000	303,000	0
Albany Highway CCTV (Safer Neighbourhoods)	0	100,000	0	(100,000)
Street Lighting - Safety Improvements - Allocation	0	15,000	15,000	0
Renewal	333,948	370,000	350,000	(20,000)
Car Parks - Car Park Kerbs - Allocation	0	5,000	0	(5,000)
Lathlain Redevelopment (Zone 7) - Carparks	333,948	350,000	350,000	0
Street Lighting - Albany Highway and Laneways	0	15,000	0	(15,000)
Upgrade	0	125,000	263,114	138,114
Balbuk Way Underground Power	0	125,000	263,114	138,114
Total Other Infrastructure	333,948	1,141,000	1,071,464	(69,536)



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.