

TOWN OF PORT HEDLAND
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31 October 2018

NOTE 13. EXPLANATION OF MATERIAL VARIANCES

Details and explanations of the material variances reflected on the Statement of Financial Activity are provided below as required by Local Government (Financial Management) Regulation 34(1) (d). ▲▼

With regards to all other items excluding capital projects, a variance of 10% or \$50,000, whichever is greater, of the year to date budget, with Nature and Type as the level that requires explanation.

Expenditure classified as capital projects, a variance of 10% or \$10,000, whichever is greater, of the year to date budget.

Reporting Program	Variance \$	Variance %	Var. ▲▼	Timing/ Permanent	Explanation of Variance
Revenue from operating activities					
Rates	5,763,061	19%	▲		Interim rating post budget adoption resulted in an increase in revenue. To be adjusted at the mid-year budget review.
Operating grants, subsidies and contributions	297,854	35%	▲		Grants and contributions are received throughout the year. Budget profiling to be amended accordingly.
Fees and charges	1,782,239	51%	▲		Revenue in relation to waste collection is included on rates notices raised in September, reflecting the revenue for this area as above average for this time of year. This will balance as the year progresses. Budget profiling to be amended.
Interest earnings	(3,529,938)	-159%	▼		Interest earned on reserve accrual reversal showing here. This will be rectified as investments mature. \$20k received for insurance reimbursements not budgeted. Overbudget variance in relation to Landfill internal recoup which have been charged across the organisation for internal use of the facility. Budget to be adjusted to correctly reflect the application of this internal charge at mid-year budget review. This is a nil impact to the closing surplus.
Other revenue	(116,976)	-36%	▼		
Expenditure from operating activities					
Employee costs	(3,362,693)	54%	▲		Labour overheads are currently overstated due to clearing entries not yet processed. Will be rectified for November.
Materials and contracts	7,752,197	-122%	▼		The under budget variance is mainly attributed to the expenditure for the Airport Project works to be completed as per the lease agreement. Budget profiling to be amended according to project timeframe.
Utility charges (electricity, gas, water etc.)	224,092	-25%	▼		Utilities are under budget due to the timing of billing for water and electricity accounts. Budget profiling to be amended accordingly.
Interest expense	275,218	-73%	▼		Interest expense payments are made in line with the borrowings schedule. Budget profiling to be amended accordingly.
Investing activities					
Proceeds from Disposal of Assets	(580,343)	-74%	▼		Proceeds will be received as sale of assets occur throughout the year.
Infrastructure Projects					

Reporting Program	Variance	Variance Var.	Timing/ Permanent	Explanation of Variance
Cassia Primary School footbridge	2,315	23% ▲		The RFT 2018-32 Replacement of Cassia Primary School Footbridges Port Hedland closes 02/11/18 (Vendor Panel). Evaluation panel to review submissions. Project Lead to liaise with Cassia Primary representative in regards to works once contract has been awarded. Geo report to be undertaken and an application for Building Permit - Uncertified BA2 to be completed by contractor.
Depot works	6,508	33% ▲		Electrical Works completed. Remainder of scope of works to be redefined and clarified.
Drainage Improvement Program	88,992	76% ▲		Drainage Improvement Program 18/19 will be covering the following items: Erosion control, headwall repairs, regrading of drainage and the reduction of vehicle access. RFQ for goods and services for erosion control products undertaken and completed. Draft 5 year strategy developed and currently being reviewed by ITS Director.
Footpath renewal program	(19,666)	-10% ▼		RFT to be finalised and released in November with a closing date in December. Evaluation proposed for January with an agenda for award to be tabled at February Ordinary Council Meeting (OCM). In the interim, any immediate works will be costed to this budget (CIF125011) and will be executed via the RFQ process on Vendor Panel below the \$50k threshold.
Gratwick Aquatic Centre - Remedial Works	38,729	13% ▲		As per agenda item tabled at October OCM, Council approved to proceed with the recommended solution to replace the damaged water filters at Gratwick Aquatic Centre with a set of new filters. Amendment of the 2018/19 annual budget for the CIF117012 Gratwick Aquatic Centre Remedial Works capital project from \$606,000 to \$905,295 to be funded from the Asset Management Reserve. Currently obtaining concept design approval from DoHWA prior to purchasing filters. This will take approximately 2-3 weeks.
Intersection - Lukis & McGregor Streets	(23,536)	-26% ▼		Works are nearing completion. Asphalt works are scheduled to be undertaken in early November followed up with line marking works. Funding signages have already been erected. Project close out proposed for late November, early December. Once financials have been finalised, MRWA Completion Certificate for final 20% claim plus Blackspot Project Completion Report to be completed and processed by Project Support Officer.
Irrigation inground renewal	32,093	64% ▲		Scope and designs already completed. Current works are being undertaken in house with Sutherland Street nodes and Port Hedland Canine Club completed. Throssell Street roundabout to be undertaken late November. Proposing a portion of works to go out to contract.
Marquee Park pump replacement and repair	127,682	66% ▲		Rectification works for air compressor to be completed by week ending 09/11/18 with handover to Development, Sustainability & Lifestyle (Facilities) proposed for week commencing 12/11/18. Project sitting at 96% complete.
Port Hedland boat ramp sandblast and repaint	43,332	100% ▲		Scope in currently being developed. Pilbara Port Authority has been engaged to assist with the scope and requirements for the proposed works and costings to be incorporated into the RFT. Budget may require amendment or a staged approach.
Road Renewal Program - Yandeyarra Road	20,796	28% ▲		(18/19 Yandeyarra Road funding combined) Works in Delivery phase with full mobilisation of equipment and operators. Demolition works and detours have been completed and community has been advised of the works. Concrete works completed. Civil roadworks at 50% completion. Project on track for completion in week ending 18/11/18 with 12% of budget in reserve.
Shade structures	(12,138)	-12% ▼		Finalisation of all park furniture to Sutherland Street Beach Access Shelters and Spoilbank Shelters. Furniture being ordered and will be install mid December.
Intersection – Murdoch Drive & Masters Way	(27,303)	-50% ▼		Project completed and in close out phase. Completion Certificate for final 20% claim plus Blackspot Project Completion Report authorised by CEO and submitted to MRWA for processing.

Reporting Program	Variance	Variance	Var.	Timing/ Permanent	Explanation of Variance
Sutherland street beach access improvement	30,000	100%	▲		Project completion is currently at 50%. Reformed access ramps and installation of erosion control to access points along Sutherland Street. Awaiting more products to continue with works. Project completion in Q3.
Yandeyarra Formation Improvements	39,596	99%	▲		(18/19 Yandeyarra Road funding combined) Works in Delivery phase with full mobilisation of equipment and operators. Demolition works and detours have been completed and community has been advised of the works. Concrete works completed. Civil roadworks at 50% completion. Project on track for completion in week ending 18/11/18 with 12% of budget in reserve.
Land & Buildings					
Civic Centre and Gratwick Hall refurbishment	210,440	92%	▲		RFT 2018-21 Port Hedland Civic Centre Upgrades awarded to TEC Services at October OCM. BA1 Building Permit approved 31/10/18. RFT 2018-16 - Roof replacement for Andrew McLaughlin Community Centre and Port Hedland Visitor's Centre to commence 8/11/18 and be completed 14/11/18. RFT 2018-19 was released but due to budget restraints has been pulled back and scope amended. Plan release is 15/11/18 for works to be awarded prior to Christmas. Contract commencement due 15/02/19. Review of budget in Q3 for final works that can be completed against budget and budgeted items. Project at 75% in Tenders & Contracts phase.
Commercial building renewal program	12,947	27%	▲		1. RFT for Wet Area Renewals - Works near 85% completed which is the majority of this project account. 14 Goode Street complete - new additional bathroom installed and upgrade to current bathroom. 57A Lukis Street bathroom and laundry upgrade complete. 1 Leake Street undergoing final works 2. Fence Renewal Leake Street - RFQ has been awarded 6/11/18. 3. Painting of 3/13 Wangara and 2/13 Wangara due to be completed week ending 16/11/18. 4. Full repaint of 4/52 Morgan's complete. 5. External paint of fascia's and support beams at 14 Koolama complete. Review of budget in Q3 for final works that can be completed against budget and budgeted items. Project at 75% in Delivery phase.
Housing renewal program	172,426	83%	▲		
Furniture & Equipment					
Plant & Equipment					
Large Plant Replacement program	232,238	87%	▲		Acquisition of plant items underway. Purchases for all large plant items for FY18/19 to be finalised by December 2018
Financing activities					
Transfer from Reserves	937,283	0%	▲		Reserve transfers occur as expenditure is incurred throughout the year.
Transfer to Reserves	0	0%	▲		Transfers to reserves yet to be processed for the year. Awaiting cash flow adjustments following payment of rates due in November