



THIRD QUARTERLY REVIEW 10-11

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THIRD QUARTERLY REVIEW 2010-11

In accordance with Section 33A of the *Local Government (Financial Management) Regulations 1996*, a review of the 2010-11 Budget has been undertaken.

The review has resulted in a net cash surplus of \$29,230 against the original 2010-11 Budget.

**Note that amounts in brackets are income and amounts without brackets are expenditure.*

Table 1 – Q3 Budget Review Summary

	Original Budget 2010-11	Current Budget 2010-11	Q3 Budget Review 2010-11	Variance from Current Budget
Operating	(\$3,724,084)	(\$3,715,745)	(\$5,411,283)	(\$1,695,539)
Capital	\$3,724,084	\$3,680,945	\$5,382,053	\$1,701,108
TOTAL	\$0	(\$34,800)	(\$29,230)	\$5,570

Table 2 - Operating Expenditure Variances by Directorate

	Original Budget 2010-11	Current Budget 2010-11	Q3 Budget Review 2010-11	Variance from Current Budget
CEO	\$1,322,458	\$1,322,458	\$1,276,695	(\$45,763)
Corp. & Comm. Services	\$8,345,223	\$8,593,921	\$8,760,109	\$166,188
Development Services	\$1,741,112	\$1,769,612	\$1,859,119	\$89,507
Works and Services	\$9,299,086	\$9,289,086	\$8,918,120	(\$370,966)
General Purpose Income	(\$27,665,689)	(\$27,924,548)	(\$27,959,052)	(\$34,504)
Loans	\$3,233,726	\$3,233,726	\$1,733,726	(\$1,500,000)
TOTAL	(\$3,724,084)	(\$3,715,745)	(\$5,411,283)	(\$1,695,539)

Operating Variances from Current Budget - Detail

There are several movements within areas of responsibility which net to zero and therefore do not impact on the Budget. They are not reported in Table 3.

*Note that amounts in brackets are savings and amounts without brackets represent cost increase.

Table 3 - Operating Variances from Current Budget – Detail

Area of Responsibility	Amount
Chief Executive Officer	
AVC Business Plan	\$10,000
Community Perceptions Survey	\$11,200
Regional Cities Alliance	(\$21,200)
Electoral Costs – budget not required	(\$45,763)
Chief Executive Officer Total	(\$45,763)
Corporate and Community Services	
Human Resources	
Employee Counselling budget increase to be in line with actual.	\$830
Special Projects/Events	
Cost overrun for Christmas Pageant, New Years Eve and Australia Day offset in part by increased grant and sponsorship income.	\$18,345
Economic Development	
Mainly projected maintenance cost for fishing platform which will not be incurred in 2010-11.	(\$30,773)
Corporate Services Management	
Salaries - redundancy payment, additional administration support and net impact of staff movements to cover EDCCS Long Service Leave	\$57,884
Legal - cost Savings	(\$110,000)
Leased Assets	
Higher Costs associated with Albany Show Preparations	\$4,464
Higher than anticipated ESL Levy on Council Properties	\$7,696
Information Technology	
Higher superannuation costs – IT cadet replaced with higher level employee	\$5,207
CAD Autoturn software	\$1,560
Community Financial Assistance	
Mainly rates assistance higher than anticipated.	\$5,413
Community Development – Seniors	
Return of unspent grant money	\$20,819

Table 3 - Operating Variances from Current Budget – Detail (cont.)

Area of Responsibility	Amount
Community Development – Recreation	
Recreational Precinct Master planning	\$15,000
ALAC Energy Audit	\$50,000
Motorplex Fauna Assessment and Environmental Plan Site as per OCM Item 2.7 15 March 2011	\$4,730
Finance	
Mainly delay in engagement of Business Analyst, no Asset Accountant engaged and Manager Finance salary costs to Corporate Services Management	(\$129,696)
Day Care	
Security costs not budgeted.	\$1,455
Town Hall	
Net amount of several adjustments resulting from current level of use for the Town Hall in 2010-11	\$2,538
AEC	
Marketing (AEC Logo) and Statutory costs	\$5,242
Albany Visitors Centre	
Salaries –mainly higher due to change in manager, therefore paying two manager wages for the changeover period.	\$6,606
Higher photocopier costs	\$2,000
Forts	
Predominantly merchandise sales budget decrease due to lower customer numbers	\$8,928
Airport	
Airport landing fees	(\$166,716)
ALAC	
Total income across ALAC is projected to be significantly under Budget	\$351,000
Emergency Management	
No motor vehicle cost budget initially set up.	\$4,789
Other operating costs are generally higher, in part because of increased fire fighting expenditure.	\$28,867
Corporate and Community Services Total	\$166,188
Development Services	
Development Management	
Cost reductions in training, telephone and completion of Albany Local Planning Strategy under budget.	(\$3,140)

Table 3 - Operating Variances from Current Budget – Detail (cont.)

Area of Responsibility	Amount
Planning	
Planning income is tracking below budget and has been reduced for 10-11.	\$31,000
Reduction in training budget.	(\$1,000)
Rezoning advertising costs are anticipated to be higher for 2010-11.	\$2,000
Increase in Planning workload due to major strategic planning reviews of a number of areas. Also required, \$15,000 for peer review of hydrology/land capability study Candyup.	\$35,000
Building	
Mainly decrease in number of building applications received.	\$59,600
Rangers	
Mostly higher net revenue	(\$3,453)
Health	
Year to date trends indicate higher health income.	(\$32,500)
Increase in cost of publishing local laws in Government Gazette	\$2,000
Development Services Total	\$89,507
Works and Services	
Works Management	
Reduction in Sundries budget to fund CAD Autoturn software	(\$1,560)
City Assets	
Drainage Asset Management Plan works to commence next year.	(\$150,000)
Natural Reserves street tree survey. Budget increased to meet higher than expected actual cost.	\$3,000
Peace Park consultant costs reduced water monitoring.	(\$30,000)
Asset data collection deferred to next year.	(\$30,000)
Advertising budget increased to meet actual costs.	\$3,000
City Design	
District Water Management Strategy – project commenced, but bulk of expense will be incurred next year.	(\$100,000)
Development Contribution Plan works deferred.	(\$50,000)
Transport Model works deferred.	(\$60,800)
Staff training and wage step increases.	\$20,000
Local Area Traffic Management project deferred.	(\$30,000)
Sale of plans – no income expected.	\$5,000
Trades and Building	
Christmas Lights installation costs under budget.	(\$9,000)
Plant Business Unit	
Increased cost of vehicle insurance	\$5,813

Table 3 - Operating Variances from Current Budget – Detail (cont.)

Area of Responsibility	Amount
Waste Minimisation	
Increased costs (\$74,000) have been funded by a reduction in the reserve transfer.	\$0
Landfill Operations	
Increased costs (\$95,000) have been funded by a reduction in the reserve transfer	\$0
Public Conveniences	
Increase operating expenses and servicing	\$7,000
Works Overheads	
Increased cost of sick leave due to a number of long term sick leave claims.	\$31,581
Apprentice Overheads not budgeted for	\$15,000
Works and Services Total	(\$370,966)
General Purpose Income	
Predominantly Penalty Interest	(\$34,504)
General Purpose Income Total	(\$34,504)
Loans	
Re-finance of Loan 22A	(\$1,500,000)
Loans Total	(\$1,500,000)
Total Operating Variance	(\$1,695,539)

Table 4 – Capital Expenditure Variances by Directorate

	Original Budget 2010-11	Current Budget 2010-11	Q3 Budget Review 2010-11	Variance from Current Budget
Corp. & Comm. Services	(\$776,302)	(\$770,440)	\$742,632	\$1,513,072
Works and Services	\$4,500,386	\$4,451,385	\$4,639,421	\$188,036
TOTAL	\$3,724,084	\$3,680,945	\$5,382,053	\$1,701,108

Capital Variances from Current Budget - Detail

There are several movements within areas of responsibility which net to zero and therefore do not impact on the Budget. They are not reported in Table 5 unless they are significant new items funded externally or from reserves.

**Note that amounts in brackets are savings and amounts without brackets represent cost increase.*

Table 5 - Capital Variances from Current Budget – Detail

Area of Responsibility	Amount
Corporate and Community Services	
Airport	
Airport Security Upgrade Preliminary Costs	\$10,000
Forts	
Purchase of Ride-On Mower (operating cost budget transferred to capital)	\$3,072
Land Sub-Divisions	
Sale of Cull Rd lots not expected in 2010-11	\$1,500,000
Corporate and Community Services Total	\$1,513,072
Works and Services	
Works and Service – Other Capital	
Contribution for seats from Keep Albany Beautiful	(\$2,000)
Land Acquisition Roads – delayed processing of acquisitions	(\$130,000)
Works Contributions – Current Year – contributions greater than anticipated	(\$35,724)
Minor Works savings	(\$13,872)
ALAC Car park – extended scope of works (road and roundabout)	\$270,000
Padre White contribution	\$50,000
Airport	
Airport fans installation	\$4,412
Road Safety	
Lockyer Ave/Cockburn Rd – scope of project extended.	\$220,000
Federal Blackspot Funding reduction.	\$156,000
Drainage Construction	
Broughton St/Dunn St contract cost savings	(\$64,000)
Peels PI/York St design work only	\$10,000
Banool/Jeeda basin construction cost savings	(\$35,700)
Verdi St Row	(\$20,000)
Brunswick St flood route	(\$30,000)
Middleton Rd (Dog Rock complex)	(\$7,000)
Water harvesting – Centennial Park	(\$750,000)
Water harvesting funding not received	\$750,000

Table 5 - Capital Variances from Current Budget – Detail (cont.)

Area of Responsibility	Amount
Pathways	
Flinders Pde	(\$65,680)
FP 124 Bay View Drive – change of scope	\$100,000
FP 406 Brunswick Rd	(\$18,400)
Emu Point Path Re-alignment	\$50,000
Roads	
Asset Upgrades	
Sanford Rd refurb prelim design. Stage 1 of ongoing project.	(\$58,000)
Kalgan Settlers Access – work deferred until next year	(\$29,100)
Lower Denmark Rd – Administration error and change of scope	\$50,500
Asset Preservation	
Asphalt, bitumen and contractor savings on a number of projects. Griffiths St, Hillman St, Paulas Way, Serpentine Rd East, Esplannade Rd, Frenchman Bay Rd, Lake Saide Rd, Redmond West Rd, Rutherford Rd, Shelley Beach Rd, Wellstead parking bay and Bettys Beach Rd	(\$278,400)
Newby St – Unsuitable materials, traffic management and PR access	\$65,000
Works and Services Total	\$188,036
Total Capital Variance	\$1,701,108

Risks

Until the EBA negotiations for inside workers are finalised and all back pays processed, the impact on salaries budgets is unknown.

Summary

The review of the 2010-11 Budget forecasts a small cash surplus for the full 2010-11 year. However, as detailed above, if the EBA agreement is finalised in 2010-11 it will impact the City's cash flow.

The focus will remain on achieving a break-even cash position at 30th June 2011.

Please contact the relevant Executive Director if further information/explanation is required.