



# **THIRD QUARTERLY REVIEW 10-11**

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*31 March 2011*

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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*

	<b>Original Budget 2010-11</b>	<b>Current Budget 2010-11</b>	<b>Q3 Budget Review 2010-11</b>	<b>Variance from Current Budget</b>
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
<b>TOTAL</b>	<b>\$0</b>	<b>(\$34,800)</b>	<b>(\$29,230)</b>	<b>\$5,570</b>

*Table 2 - Operating Expenditure Variances by Directorate*

	<b>Original Budget 2010-11</b>	<b>Current Budget 2010-11</b>	<b>Q3 Budget Review 2010-11</b>	<b>Variance from Current Budget</b>
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)
<b>TOTAL</b>	<b>(\$3,724,084)</b>	<b>(\$3,715,745)</b>	<b>(\$5,411,283)</b>	<b>(\$1,695,539)</b>

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

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

Area of Responsibility	Amount
<b>Community Development – Recreation</b>	
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
<b>Finance</b>	
Mainly delay in engagement of Business Analyst, no Asset Accountant engaged and Manager Finance salary costs to Corporate Services Management	(\$129,696)
<b>Day Care</b>	
Security costs not budgeted.	\$1,455
<b>Town Hall</b>	
Net amount of several adjustments resulting from current level of use for the Town Hall in 2010-11	\$2,538
<b>AEC</b>	
Marketing (AEC Logo) and Statutory costs	\$5,242
<b>Albany Visitors Centre</b>	
Salaries –mainly higher due to change in manager, therefore paying two manager wages for the changeover period.	\$6,606
Higher photocopier costs	\$2,000
<b>Forts</b>	
Predominantly merchandise sales budget decrease due to lower customer numbers	\$8,928
<b>Airport</b>	
Airport landing fees	(\$166,716)
<b>ALAC</b>	
Total income across ALAC is projected to be significantly under Budget	\$351,000
<b>Emergency Management</b>	
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
<b>Corporate and Community Services Total</b>	<b>\$166,188</b>
<b>Development Services</b>	
<b>Development Management</b>	
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
<b>Planning</b>	
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
<b>Building</b>	
Mainly decrease in number of building applications received.	\$59,600
<b>Rangers</b>	
Mostly higher net revenue	(\$3,453)
<b>Health</b>	
Year to date trends indicate higher health income.	(\$32,500)
Increase in cost of publishing local laws in Government Gazette	\$2,000
<b>Development Services Total</b>	<b>\$89,507</b>
<b>Works and Services</b>	
<b>Works Management</b>	
Reduction in Sundries budget to fund CAD Autoturn software	(\$1,560)
<b>City Assets</b>	
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
<b>City Design</b>	
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
<b>Trades and Building</b>	
Christmas Lights installation costs under budget.	(\$9,000)
<b>Plant Business Unit</b>	
Increased cost of vehicle insurance	\$5,813

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

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

*Table 4 – Capital Expenditure Variances by Directorate*

	<b>Original Budget 2010-11</b>	<b>Current Budget 2010-11</b>	<b>Q3 Budget Review 2010-11</b>	<b>Variance from Current Budget</b>
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
<b>TOTAL</b>	<b>\$3,724,084</b>	<b>\$3,680,945</b>	<b>\$5,382,053</b>	<b>\$1,701,108</b>



**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
<b>Corporate and Community Services</b>	
<b>Airport</b>	
Airport Security Upgrade Preliminary Costs	\$10,000
<b>Forts</b>	
Purchase of Ride-On Mower (operating cost budget transferred to capital)	\$3,072
<b>Land Sub-Divisions</b>	
Sale of Cull Rd lots not expected in 2010-11	\$1,500,000
<b>Corporate and Community Services Total</b>	<b>\$1,513,072</b>
<b>Works and Services</b>	
<b>Works and Service – Other Capital</b>	
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
<b>Airport</b>	
Airport fans installation	\$4,412
<b>Road Safety</b>	
Lockyer Ave/Cockburn Rd – scope of project extended.	\$220,000
Federal Blackspot Funding reduction.	\$156,000
<b>Drainage Construction</b>	
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
<b>Pathways</b>	
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
<b>Roads</b>	
<b>Asset Upgrades</b>	
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
<b>Asset Preservation</b>	
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
<b>Works and Services Total</b>	<b>\$188,036</b>
<b>Total Capital Variance</b>	<b>\$1,701,108</b>

**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 30<sup>th</sup> June 2011.

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