

**TOWN OF PORT HEDLAND**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 31 March 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). ▲ ▼

Operating expenditure 10% or \$10,000 by Reporting Program

Income \$100,000 or 10% by Nature or Type

Capital expenditure \$10,000 or 10% by project

All other items \$10,000 or 10% by Nature or Type

Reporting Program	Variance \$	Variance %	Var .	Timing/ Permanent	Explanation of Variance
<b>Revenue from operating activities</b>					
Operating grants, subsidies and contributions	(568,336)	-24%	▼		(-\$348) Mia Mia contribution not received, Income for Local road grant and General purpose grant recognised in 16/17 year per auditor instructions.
Interest earnings	(3,417,522)	-64%	▼		Interest recognised upon maturity of investments; Investments have differing maturity dates therefore full amount of interest has not yet been recognised. A large number of PHIA Long Term Lease Reserve investments are maturing in June.
Other revenue	(225,388)	-15%	▼		Variances due to the timing of invoices raised for reimbursements for utilities for staff housing, Wanangkura stadium, Len Taplin, GP Housing, Gratwick Aquatic Centre and SHAC.
Profit on disposal of assets	1,363,120	1059%	▲		Profit on disposal overstated as the written down value for the sale of the land have not yet been processed. This is to be amended at the third quarter budget review.
<b>Expenditure from operating activities</b>					
General Purpose Funding	285,335	50%	▼		Landgate charges for revaluations not yet received (\$-235K)
Law, Order, Public Safety	278,296	15%	▼		CCTV Maintenance (-\$77K), Fire safety audits - Work completed invoice yet to be received(-\$33K) Depreciation to be calculated at year end (\$65K)
Education and Welfare	291,176	14%	▼		(\$117K) - Community donations currently being assessed to be presented to Council for approval in June; (-\$26K) Workshop programs at JD Hardie - to be spent on youth and holiday programs
Housing	89,005	13%	▼		Employee allocations journals to be processed
Recreation and Culture	2,231,177	12%	▼		(-\$935K) Contract Service Provider invoices not yet received; (-\$140K) Interest on loans invoices to be processed from WA Treasury; (-\$168K) allocations journals to be corrected; (\$123K) overall underspend on Materials & Parts expense

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Transport	4,592,898	35%	▼		Airports Project not undertaken due to negotiations with Airport Lessee to proceed and contracts to be finalised
Other Property and Services	(1,566,415)	325%	▲		Internal allocations to be adjusted in May and depreciation recalculated at year end)
Add back (Profit)/Loss on Asset Disposal	(1,363,120)	1059%	▲		Profit on disposal overstated as the written down value for the sale of the land have not yet been processed.
<b>Investing activities</b>					
Non-operating grants, subsidies and contributions	1,418,474	-15%	▼		Proceeds received at the completion of projects
Proceeds from Disposal of Assets	1,451,285	79%	▼		Additional blocks of land sold at Kingsford Smith Business Park. Budget to be amended at third quarter budget review
<b>Land &amp; Buildings</b>					
Commercial and Building Renewal and Upgrade program	(160,420)	-23%	▼		Various renewal works underway for TOPH building assets.
Jd Hardie Expansion	(69,000)	-92%	▼		Tender has closed and currently being evaluated, to be awarded in June and project to commence in July. Carry forward.
Port Hedland Community Facilities (Turf Club)	(77,330)	-77%	▼		Tender has closed and currently being evaluated, to be awarded in June and project to commence in July. Carry forward.
South Hedland Civic Facilities business and concept design	(133,333)				The South Hedland Civic Facilities business case and concept design project has been ceased following the completion of a concept design (last financial year).
		-33%	▲		The project was not supported in the SCP. It was largely grant funded and we are trying to shift the grant to another project (JD Hardie expansion)
	(166,645)	-42%	▼		Project commenced with first meeting held on site. Project estimated to be completed August 2018. Carry Forward a component as per 2018/19 budget review.
South Hedland Sports Precinct					Various renewal works underway for TOPH staff housing.
Staff Housing Renewal And Upgrade Program	(77,105)	-22%	▼		Project proposed to be carried forward for FY18/19.
Stores Expansion, Fuel Tanks, Shed, Yard Reconfiguration	(334,453)	-43%	▲		Project proposed to be carried forward for FY18/19.
Workshop Upgrades	(37,843)	-63%	▼		
<b>Furniture &amp; Equipment</b>					
Ict Hardware Renewal & Upgrades			▼		Ongoing throughout the year
Iphone Replacement			▼		Ongoing throughout the year

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<b>Plant &amp; Equipment</b>					
Large Plant and Light Fleet replacement Program	(120,815)	-26%	▼		Footpath sweeper in Operation. Rear Loader Refuse Truck procured.
<b>Plant &amp; Equipment Total</b>	(116,822)		▼		
<b>Infrastructure</b>					
Carpark Renewal Program	(133,283)	-74%	▼		Project in Execution phase. JD Hardie car park works underway.
	(99,384)	-99%	▼		PIF completed to undertake works in FY 18/19. Additional funding required.
Cassia Primary School Footbridge					
Stores Expansion, Fuel Tanks, Shed, Yard Reconfiguration	(37,843)	-95%	▼		Project proposed to be carried forward for FY18/19.
Drainage Construction Wanangkura Stadium Faye Gladstone Netball Courts	#N/A	#N/A	▼		#N/A
Gratwick Aquatic Centre - Remedial Works	(185,429)	-93%	▼		Tender awarded. Project in Execution phase.
Intersection - Lukis & McGregor Streets	(62,710)	-62%	▼		Project in Execution phase. Awaiting Water Corporation approval.
Intersection - Murdoch Drive & Brolga Way	(123,190)	-80%	▼		Project in Execution phase. Asphaltting works scheduled late May.
Intersection - Murdoch Drive & Masters Way	(40,330)	-59%	▲		Project in Execution phase. Asphaltting works scheduled late May.
Irrigation Inground Renewal - Port Hedland	(20,000)	-67%	▼		Project Complete.
Line Marking & Traffic Calming	(60,783)	-91%	▼		Project in Procurement phase.
	(948,512)	-95%	▲		The State Government has taken control of the Marina project so the Town will not be making any further expenditure in this financial year
Marina Boating Facility Location Options Investigation	(25,917)	-65%	▼		Required re-tendering. Tenders close 20 June and to be awarded in July. Project is managed by IT&S. Carry forward
Marquee Park Pump Replacement					Project Complete.
McGregor, Athol, Cooke Point Roundabout Rehabilitation	3,580	29%	▲		Project Complete.
North Circular Roundabout Landscape And Intersection Upgrades	(173,613)	-87%	▼		Project in Execution phase. Asphaltting works scheduled late May.
Pippingarra Road Resheeting	34,953	58%	▲		Project Completed and in Close Out phase.
Playground Renewal Program	(89,739)	-90%	▼		Project in Procurement phase.
	(148,252)	-30%	▲		Project in Execution phase. Works have coincided with WANDRRA works.
Unsealed Road Resheeting Program					
Shade Structures	(233,332)	-100%	▼		Works awarded. Project in Execution phase.
	(9,977)	-100%	▼		Project to be combined with larger project for South Hedland Town Square under IT&S.
South Hedland Skatepark Cpted Design Response					
Stage 2 Telecommunications Renewal & Upgrade Project	(66,664)	-100%	▼		Tender closes Friday 27 April
	(148,252)	-30%	▼		Project in Execution phase. Works have coincided with WANDRRA works.
Unsealed Road Resheeting Program					
Wandrra Project	(413,333)	-37%	▼		Rectification works underway and nearing completion.
Yandeyarra Road	(29,673)	-99%	▼		Project in Execution phase. Nearing completion.
<b>Infrastructure Total</b>	(1,952,479)	-19%	▼		

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Reporting Program	Variance	Variance	Var .	Timing/ Permanent	Explanation of Variance
<b>Further Comments</b>					
Note 2 - Net Current Assets					
Note 3 - Capital					
Note 4 - Cash					
Note 5 - Receivables					90+ Days receiveables mainly attributed to a single debtor current under legal action and has been accounted for in provision for doubtful debts.
Note 6 - Payables					
Note 7 - Reserves					
Note 8 - Rates					
Note 9 - Borrowings					
Note 10 - Grants					
Note 11 - Budget Amendments					
Note 12 - Trust					