

TOWN OF PORT HEDLAND
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2018

NOTE 12. 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	5,761,161	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	297,124	28%	▲		Grants and contributions are received throughout the year. Budget profiling to be amended accordingly.
Fees and charges	1,379,717	31%	▲		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	(1,452,832)	(52%)	▼		Interest earned on reserve accrual reversal showing here. This will be rectified as investments mature.
Other revenue	549,638	136%	▲		Sales of residential properties held as capital assets not budgeted.
Expenditure from operating activities					
Employee costs	884,162	11%	▼		Vacant positions left unfilled have resulted in lower than budgeted employee costs.
Materials and contracts	5,031,494	51%	▼		The under budget variance is mainly attributed to the expenditure for the Airport Project works budgeted but not yet completed as per the lease agreement. Budget profiling to be amended according to project timeframe.
Utility charges (electricity, gas, water etc.)	365,147	32%	▼		Utilities are under budget due to the timing of billing for water and electricity accounts. Budget profiling to be amended accordingly.
Interest expense	367,222	78%	▼		Interest expense payments are made in line with the borrowings schedule. Budget profiling to be amended accordingly.
Infrastructure Projects					
Bollard installation	(25,648)	(31%)	▼		Works underway and project completion is at 80%. Draft 5 year strategy developed and currently being reviewed by ITS Director. Close out report required.
Cassia Primary School footbridge	9,545	48%	▲		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	89,381	73%	▲		Electrical Works completed. Remainder of scope of works to be redefined and clarified.

Reporting Program	Variance	Variance	Var.	Timing/ Permanent	Explanation of Variance
Drainage Improvement Program	107,622	74%	▲		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	27,906	12%	▲		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.
Irrigation inground renewal	44,593	71%	▲		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 commenced late November. Proposing a portion of works to go out to contract.
Marquee Park pump replacement and repair	83,717	35%	▲		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	54,165	100%	▲		Scope 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 - Shoata Road	4,375	44%	▲		Procurement Plan plus briefing note to be completed and tabled at ELT on 19/11/18. To confirm advertising requirements with Procurement. RFT to be finalised by 07/12/18 for release on Vendor Panel 12/12/2018 with a closing date 23/01/19. Evaluation meeting scheduled for 06/02/19. Request for Special Council Meeting for award of tender 27/02/19.
Road Renewal Program - Yandeyarra Road	(12,701)	(14%)	▼		(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.
Intersection – Murdoch Drive & Masters Way	(13,772)	(20%)	▼		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.
Local Area Traffic Management	27,030	27%	▲		Procurement Plan plus draft RFT currently being finalised for review by Director by week ending 09/11/18. Delivery proposed for Q2 with 3 weeks of work.
Road Reseals Program	212,160	81%	▲		Program split into 2 packages. First package to be undertaken in October/November 2018 with the second package scheduled for Q4. Delivery of first package is currently underway and at 15% completion.
Sutherland street beach access improvement	33,747	94%	▲		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	(19,740)	(33%)	▼		(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

Reporting Program	Variance	Variance	Var.	Timing/ Permanent	Explanation of Variance
Civic Centre and Gratwick Hall refurbishment	146,114	88%	▲		RFT 2018-21 Port Hedland Civic Centre Upgrades awarded to TEC Services at November OCM. BA1 Building Permit approved 31/10/18.
Commercial building renewal program	(57,292)	(69%)	▼		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.
Housing renewal program					
	176,148	79%	▲		Review of budget in Q3 for final works that can be completed against budget and budgeted items. Project at 75% in Delivery phase.
JD Hardie kiosk and reception redesign	8,330	100%	▲		
Furniture & Equipment					
CCTV - Finucane Island boat ramp/car park remote CCTV	1,750	100%	▲		Project is yet to commence. A scope of works will be developed.
Infocouncil software	14,725	100%	▲		0
Plan Cabinets for Records	4,165	100%	▲		0
Rapid Plan traffic management system	2,080	100%	▲		Seek specification for Rapid Plan Traffic Management System and liaise with IT team regarding to software compatibility.
Safe purchase	2,080	100%	▲		0
Iphone replacement	2,080	100%	▲		0
South Hedland Skate Park CPTED Design Response	6,250	100%	▲		0
Workstations refresh (IT)	14,580	100%	▲		0
JD Hardie outdoor basketball courts backboards upgrade	8,330	100%	▲		0
Plant & Equipment					
Small Plant Replacement Program	7,956	55%	▲		RFQ for various small plant purchases released on Vendor Panel 12/11/18. Purchases to be under \$50k.
Large Plant Replacement program	255,329	77%	▲		Acquisition of plant items underway. Purchases for all large plant items for FY18/19 to be finalised by December 2018
Light Fleet Replacement Program	0		▲		Procurement plan for light vehicles currently being reviewed. Purchases likely to commence from February 2019.
Phase 2 Digital Radio System	0		▲		Project expected to commence in January. Budget profiling to be amended.