

TOWN OF PORT HEDLAND
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 31 December 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	5,947,326	20%	▲		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	142,859	11%	▲		Grants and contributions are received throughout the year. Budget profiling to be amended accordingly at the mid-year budget review.
Fees and charges	1,379,078	26%	▲		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 at the mid-year budget review.
Other revenue	736,532	152%	▲		Sales of land held as capital assets not budgeted. Budgets to be amended at the mid-year budget review.
Expenditure from operating activities					
Employee costs	1,059,813	11%	▼		Vacant positions left unfilled have resulted in lower than budgeted employee costs.
Materials and contracts	6,334,715	53%	▼		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 at the mid-year budget review.
Utility charges (electricity, gas, water etc.)	491,479	36%	▼		Utilities are under budget due to the timing of billing for water and electricity accounts. Budget profiling to be amended accordingly at the mid-year budget review.
Interest expense	262,711	46%	▼		Interest expense payments are made in line with the borrowings schedule. Budget profiling to be amended accordingly at the mid-year budget review.
Investing activities					
Non-operating grants, subsidies and contributions	(933,110)	(80%)	▼		Grant funding is typically received on completion of the project, with majority expected towards the end of the financial year. Budget profiling to be amended accordingly at the mid-year budget review.
Proceeds from Disposal of Assets	(446,046)	(56%)	▼		Sales of assets are dependent on external factors and is difficult to forecast accurately. Additional assets are still available for sale.
Infrastructure Projects					
Bollard installation	(13,894)	(14%)	▼		Bollard program works is 90% complete working on replacing damaged/vandalised bollards & spending all overheads allocations.
Cassia Primary School footbridge	19,545	65%	▲		Project has commenced and will be completed in early February 2019. Project is on time and on budget.
Depot works	190,211	85%	▲		Scope of works has been considerably reduced as a result of a rethink in relation to the records storage shed.

Reporting Program	Variance	Variance Var.	Timing/ Permanent	Explanation of Variance
Drainage Improvement Program	116,374	67% ▲		2nd stage of rainage improvements to being undertaken 6000m2 Grassroots to be installed limpit cres & Beronia crescent.
Footpath renewal program	76,055	26% ▲		Project is currently running on schedule.
Irrigation inground renewal	54,486	73% ▲		Scope and designs already completed. Current works are being undertaken in house with Sutherland Street nodes, Throssell Street roundabout and Port Hedland Canine Club completed. Remainder of works to still be completed.
Marquee Park pump replacement and repair	132,050	46% ▲		Project completed and in close out phase.
Port Hedland boat ramp sandblast and repaint	64,998	100% ▲		RFT currently being finalised with consultant for the delivery of works.
Road Renewal Program - Shoata Road	(2,463)	(8%) ▼		Will start on site in May 2019. Deisgn to be completed by end of Janaury 2019. Project will rollover in to the 2019 - 2020 financial year.
Road Renewal Program - Yandeyarra Road	(70,197)	(63%) ▼		Project complete.
Intersection – Murdoch Drive & Masters Way	(242)	(0%) ▼		Project complete.
Local Area Traffic Management	118,346	59% ▲		Project work commenced.
Road Reseals Program	(186,157)	(35%) ▼		Project is currently on program. Remaining works will be delivered in May/June 2019.
Sutherland street beach access improvement	29,267	70% ▲		Beach access points being finalised as internal works. Remainder of works to be completed 3rd quarter.
Yandeyarra Formation Improvements	(2,667)	(3%) ▼		Project completed and in close out phase.
Land & Buildings				
Civic Centre and Gratwick Hall refurbishment	21,132	9% ▲		Project is on schedule.
Commercial building renewal program	(21,470)	(17%) ▼		Project running ahead of schedule. Only one Project to completed before the end of the financial year.
Housing renewal program	34,149	15% ▲		Project running ahead of schedule. Only one Project to completed before the end of the financial year.
JD Hardie kiosk and reception redesign	9,996	100% ▲		
Furniture & Equipment				
CCTV - Finucane Island boat ramp/car park remote CCTV	2,100	100% ▲		Waiting on final quotes. Project will be completed in March 2019.
Infocouncil software	17,670	100% ▲		Procurement plan started, will be implemented by 30 June.
Plan Cabinets for Records	4,998	100% ▲		Project deferred to FY20.
Rapid Plan traffic management system	801	32% ▲		Rapid Plan Traffic Management System (RapidPlan 3) has been purchased by I.T. and installed on the Engineering Technical Officers computer 13/12/18. Invoice has been paid. Remaining funds in budget to be returned to Municipal. The licensing budget under Corporate & Performance will need to include \$375 (ex GST) annual license renewal for FY 19/20. This project is completed and closed out.
Safe purchase	2,496	100% ▲		Project not required anymore.
Iphone replacement	2,496	100% ▲		No longer required as devices now covered in mobile contract.
South Hedland Skate Park CPTED Design Response	7,500	100% ▲		
Workstations refresh (IT)	17,496	100% ▲		Change in audit regulations means this is now operating expenditure. Will be transferred during mid-year budget review.
JD Hardie outdoor basketball courts backboards upgrade	9,996	100% ▲		
Plant & Equipment				
Small Plant Replacement Program	(6,911)	(40%) ▼		P&G small plant replaced. Rest to be completed in third quarter.
Large Plant Replacement program	319,434	80% ▲		All large plant items purchased – last item to be delivered February 2019.

Reporting Program	Variance	Variance	Var.	Timing/ Permanent	Explanation of Variance
Light Fleet Replacement Program	0		▲		Currently in the tender evaluation phase. Money to be spent fourth quarter.
Phase 2 Digital Radio System	0		▲		Currently reviewing radio system, money to be spent in the third quarter.