

# **Finance Report Quarterly Review**



## **Alpine Shire**

**For the period ending 31 March 2015**

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## Introduction

### Preparation of report

The purpose of this report is to provide Council with a summary of the financial performance for the quarter against budget. This report provides an overview for the quarter including:

- Income statement
- Balance sheet.
- Cash balance;
- Current investments; and
- Loans balances.

This report also includes a summary of each department's quarterly performance with explanations for variances which are approximately greater than \$10,000 or 10%.

This report has been prepared for internal management reporting purposes and as required under section 138 of the Local Government Act 1989. This report has not been audited.

The Quarterly Finance Report (QFR) is prepared based on a rigorous process which includes:

- Each department reviewing their budget and providing explanations for variances at the master account level.
- Departments submitting their quarterly budget explanations to the Finance department for review and further analysis.
- Departmental managers presenting to the Executive on their departmental performance for the quarter.
- Presentation of the QRF to the Finance Committee.

This report is also provided to the Audit Committee for noting.

### Business unit alignment

At the end of quarter two, the CEO completed the HR review which applied to indoor staff. During quarter three the finance department realigned the business units to be consistent with the new organisational structure. The budget allocations to each business unit remain the same, however the overall department which a business unit resides will be different in some cases to that of the last quarter. You will also note that department titles have been changed to reflect the restructure (i.e. introduction of the Facilities Department) and in some cases the business unit title was amended.

### Summary of performance

Council's operating performance has been favourable against budget for the quarter following a focus of cost saving measures being implemented including:

- HR review
- Reduction in subscriptions; and
- Reduction of staff with vehicles from 22 to 8.

We have also seen a favourable result in materials and services expenditure which is a combination of works being delayed, identified inefficiencies, and less requirement for some works.

Capital works expenditure is less than budgeted YTD due to:

- Limited staffing resources in this department over the last six months;
- Detailed design work for projects being carried out; and
- Tenders being prepared for approved budgeted projects.

Greater resourcing in the Asset Development department will be implemented in coming months which will assist with the delivery of key projects. There are some projects which have been identified as delayed till 2015/16 and other projects were incorrectly forecast for this year rather than next, such as the Mount Beauty Progressing Place project and the Mount Beauty Library redevelopment.

It should be recognised that whilst the Asset Development department has been under resourced there has been a significant improvement in the delivery of projects. This will continue to be improved in coming periods.

Council's cash is currently in a sound position, however with the delivery of capital works over the next 18 months and a reduction in Financial Assistance Grants compared to last year, this will be monitored closely.

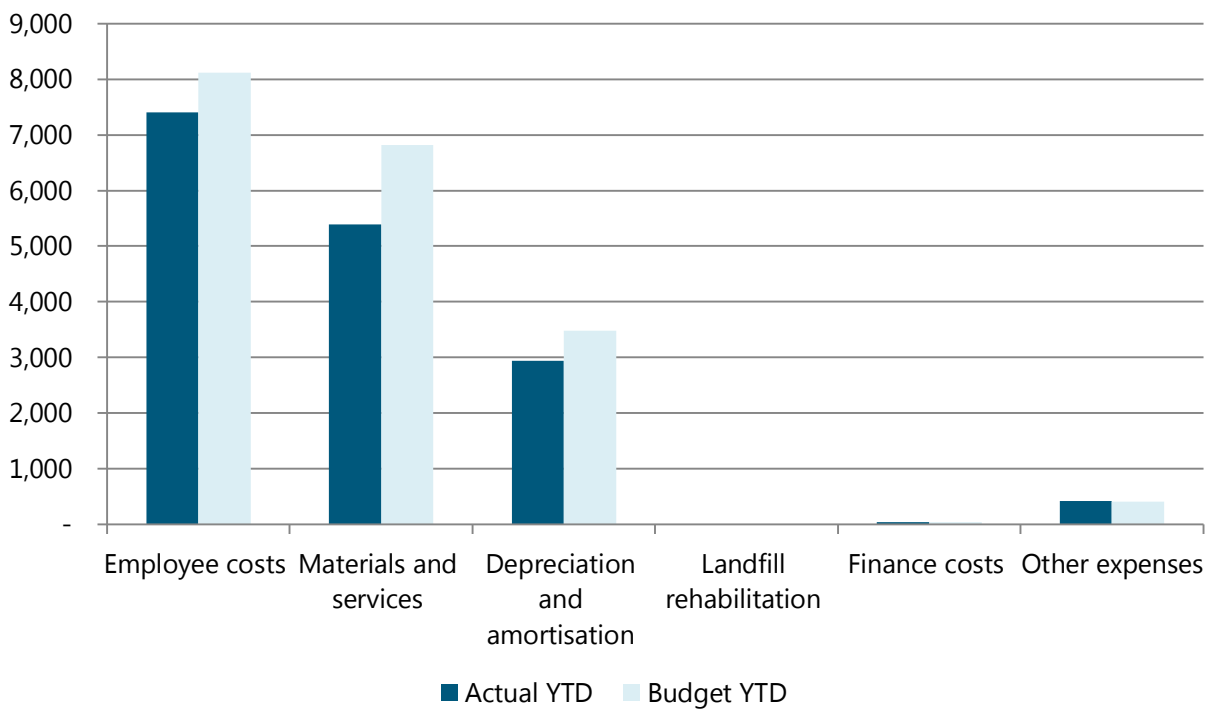
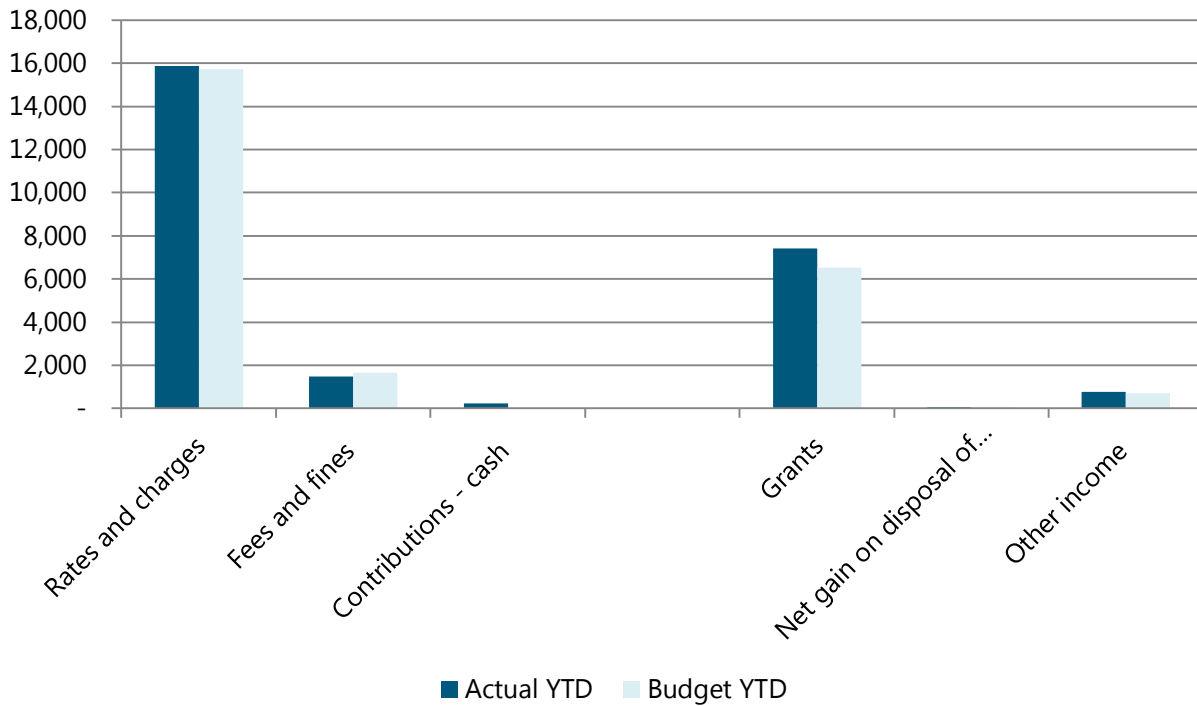
## Income Statement

	Actual YTD	Budget YTD	Variance		Ref
	March \$'000	March \$'000	\$'000	%	
<b>Income</b>					
Rates and charges	15,871	15,730	141	1%	
Fees and fines	1,490	1,664	(174)	-10%	<b>1</b>
Contributions - cash	239	5	234	4680%	<b>2</b>
Contributions - non-monetary assets	-	-	-		
Grants	7,421	6,533	888	14%	<b>3</b>
Net gain on disposal of property, infrastructure, plant and equipment	51	38	13	34%	<b>4</b>
Other income	773	703	70	10%	<b>5</b>
<b>Total income</b>	<b>25,845</b>	<b>24,673</b>	<b>1,172</b>	<b>5%</b>	
<b>Expenses</b>					
Employee costs	7,409	8,118	709	9%	<b>6</b>
Materials and services	5,392	6,819	1,427	21%	<b>7</b>
Depreciation and amortisation	2,935	3,481	546	16%	<b>8</b>
Landfill rehabilitation	-	-	-	0%	
Finance costs	39	41	2	5%	
Other expenses	415	402	(13)	-3%	
<b>Total expenses</b>	<b>16,190</b>	<b>18,861</b>	<b>2,671</b>	<b>14%</b>	
<b>Surplus (deficit) for the year</b>	<b>9,655</b>	<b>5,812</b>	<b>3,843</b>	<b>66%</b>	

## Income Statement – explanations of variances

Ref	Item	Explanation
1	Fees and fines	Less than budgeted predominately due to statutory planning and building permits being down due to a slow down in the development industry across the Shire. Other areas of reduced fees include Council facilities (less hire usage) and transfer stations user fees. The transfer station fees are currently an area of focus to improve in this area.
2	Contributions - cash	Contributions income is unbudgeted due to contributions being unexpected in nature. Contributions this quarter included projects in Wandiligong (\$13K), Bright Splash Park (\$54K), \$44K from Vic Roads and \$20K from Indigo Shire Council (\$20K). Most other contributions are small in nature.
3	Grants	Grants are favourable to budget by \$888K. This is partly due to: <ul style="list-style-type: none"> <li>Alpine Community Plantation Grant (\$60K) and was not budgeted for. This grant was passed straight onto ACP Inc.</li> <li>Flood relief grant claim (\$596K) which was budgeted to be received in the prior year.</li> <li>Gravity Adventure Park at Dinner Plain received a \$256K grant which was originally budgeted for last year.</li> <li>Valuation subsidy (\$78K) from the State Revenue Office which was budgeted for in the prior year.</li> <li>Mt Beauty netball court project funding received earlier than expected \$46K.</li> <li>McNamara netball court funding \$44K.</li> <li>Mt Beauty library project funding received earlier than expected \$49K.</li> <li>Porepunkah transfer station project \$15K.</li> </ul> This is partly offset by less HACC grants received.
4	Proceeds on disposal of property, plant and equipment	Related to the sale of depot plant and equipment. This is generally sold on Grays Online.
5	Other income	Other income is greater than budget due to interest on investments being over budget by \$20K due to higher than estimated cash being held. Also penalty interest on rates is higher than estimated by \$21K due to a higher rates debtors balance. There was also an insurance claim received of \$31K (unbudgeted) for the damage incurred in a storm to the Mt Beauty pool.
6	Employee costs	Are favourable YTD due to the HR Review and a freeze on recruitment being in place until November 2014. Recruitment has been in progress in quarter three to fill key positions. Some positions identified as redundant with employees leaving in quarters two and three whilst there are a number of employees departing in quarter four.
7	Materials and services	There has been less expenditure in this area due to key operational projects in the first half of the year being delayed by the HR Review. Council has also identified many inefficiencies and continue to improve against the operational budget in this area. There are also now less employees to incur expenditure.
8	Depreciation and amortisation	Major projects not yet completed and are yet to incur depreciation.

### Income Statement - graphs



## Balance Sheet

	Actual	Budget	Variance		Ref
	\$'000	\$'000	\$'000	%	
<b>Current assets</b>					
Cash assets	13,243	7,231	6,012	83%	1
Receivables	3,932	1,645	2,287	139%	2
Other	208	300	(92)	-31%	3
<b>Total current assets</b>	<b>17,383</b>	<b>9,176</b>	<b>8,207</b>	<b>89%</b>	
<b>Non-current assets</b>					
Investment in associate	482	462	20	4%	
Land inventory	964	954	10	1%	
Property, Infrastructure, plant and equipment	188,784	195,580	(6,796)	-3%	4
<b>Total non-current assets</b>	<b>190,230</b>	<b>196,996</b>	<b>(6,766)</b>	<b>-3%</b>	
<b>Total assets</b>	<b>207,613</b>	<b>206,172</b>	<b>1,441</b>	<b>1%</b>	
<b>Current liabilities</b>					
Payables	782	1,696	914	54%	5
Interest bearing liabilities	78	169	91	54%	6
Employee benefits	2,759	2,797	38	1%	
Provision for landfill rehabilitation	226	321	95	30%	7
Other	43	30	(13)	-43%	8
<b>Total current liabilities</b>	<b>3,888</b>	<b>5,013</b>	<b>1,125</b>	<b>22%</b>	
<b>Non-current liabilities</b>					
Interest bearing liabilities	946	771	(175)	-23%	6
Employee benefits	355	378	23	6%	
Provision for landfill rehabilitation	3,572	3,196	(376)	-12%	7
Other	507	477	(30)	-6%	
<b>Total non-current liabilities</b>	<b>5,380</b>	<b>4,822</b>	<b>(558)</b>	<b>-12%</b>	
<b>Total liabilities</b>	<b>9,268</b>	<b>9,835</b>	<b>567</b>	<b>6%</b>	
<b>Net assets</b>	<b>198,345</b>	<b>196,337</b>	<b>2,008</b>	<b>1%</b>	
<b>Equity</b>					
Accumulated surplus	76,999	80,387	(3,388)	-4%	
Asset revaluation reserve	109,401	113,937	(4,536)	-4%	
Other reserves	2,290	2,013	277	14%	9
<b>Total equity</b>	<b>198,345</b>	<b>196,337</b>	<b>2,008</b>	<b>1%</b>	

## Balance Sheet – explanations of variances

<b>1</b>	Cash assets	A strong cash position continues to be maintained. Variance in cash compared to the end of year balance sheet is due to the \$1.5 million in Financial Assistance grants being received this year instead of last year as well as grants being received for budgeted projects and the works not yet being completed.
<b>2</b>	Receivables	Full year of rates were raised in August. Instalments are due quarterly and receivables includes the final quarterly instalment which is due in May.
<b>3</b>	Other	Includes inventory, prepayments and accrued income. This is less than budget due to the use of inventory and timing of prepayments.
<b>4</b>	Property, infrastructure, plant and equipment	Only minor equipment assets have been capitalised year to date. Capitalisation of majority of assets will occur in quarter four as this is when projects are expected to be completed.
<b>5</b>	Payables	Payables are always less during the financial year due to close off of creditors occurring much closer to the month end. This is also dependent on the amount of works occurring at the end of the quarter.
<b>6</b>	Interest bearing liabilities	Variance is due to timing. Repayments of borrowings will occur throughout the year and is on track to meet budget in quarter four.
<b>7</b>	Provision for landfill rehabilitation	Landfill provision will be reviewed in quarter four.
<b>8</b>	Other	Lease income received in advance will be recognised in quarter four.
<b>9</b>	Other reserves	Increase in landfill rehabilitation reserve at 30 June 2014 was more than expected due to a delay in project works and thus greater than budgeted.

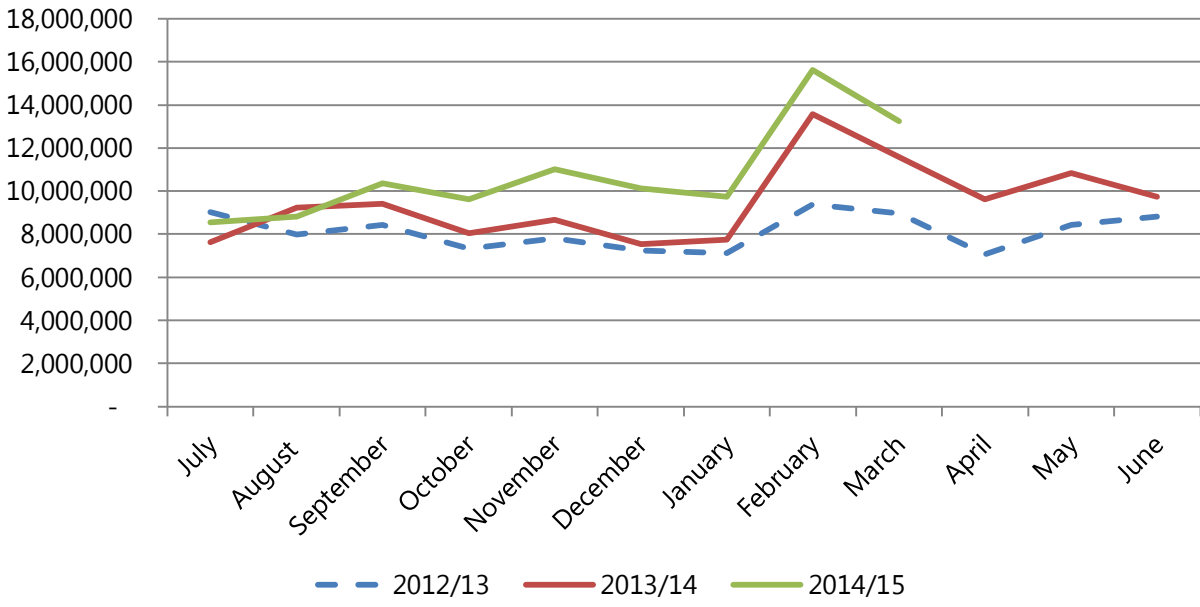


### Cash

This graph shows the cash position as at the end of the quarter and the fluctuations from month to month. This is favourable compared to prior years due to capital works projects being delayed and carried forward from prior years. It is also due to grant instalments being received for commencement of major projects and correlated expenditure not yet incurred. Overall there have been cost reduction efforts in recurrent expenditure such as employee costs which have also contributed to the strong cash position.

The spike in cash, last year which appeared in February, was as a result of rates being due and grant income being received from the Victorian Grants Commission. This has continued this year.

**Monthly Cash Balance**



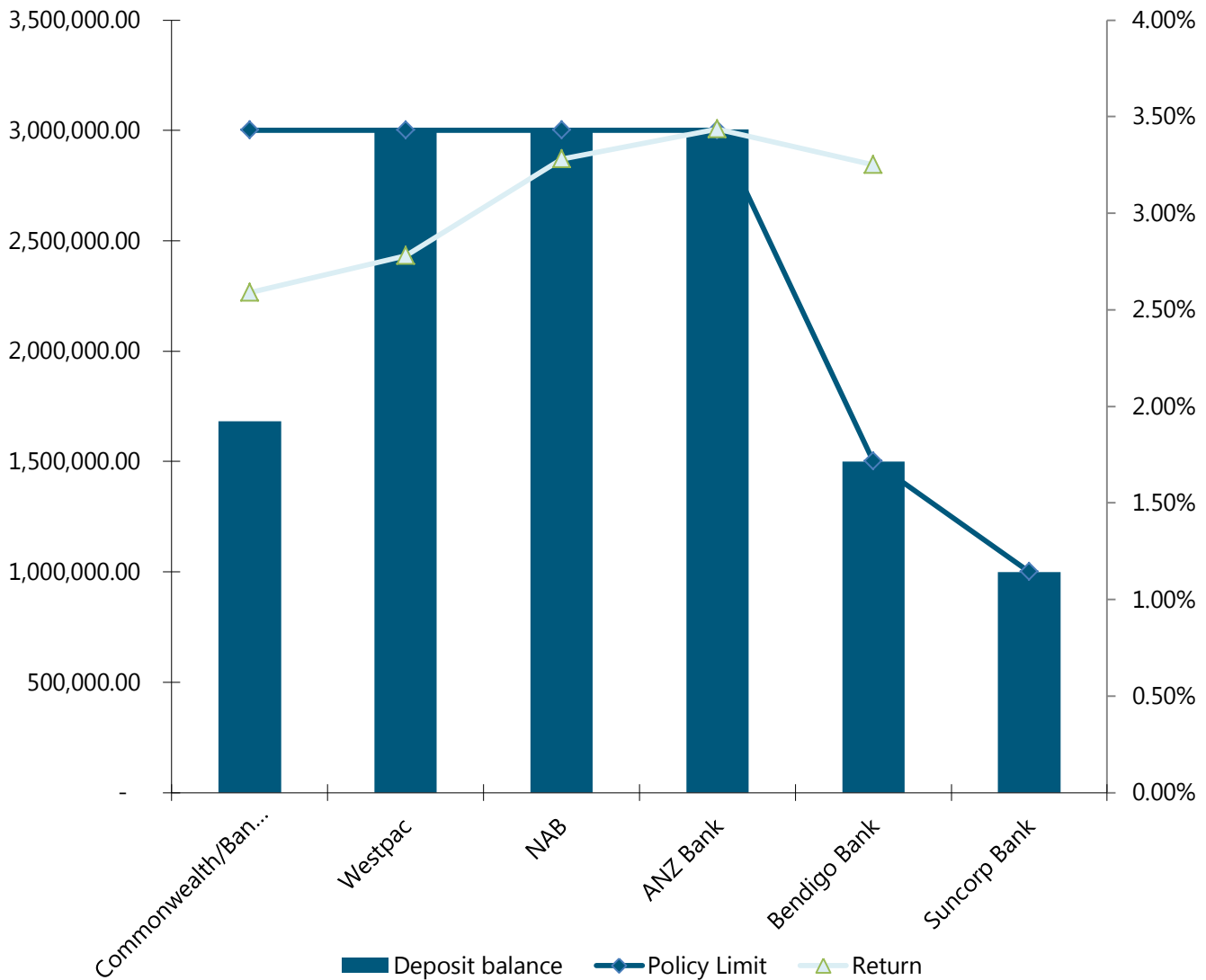
## Term deposit summary

This table shows a listing of Council's current term deposits. The graph over the page shows how the term

deposits with each financial institution compare to Council's investment policy limits.

Date	Securities	Deposit	Rate	Due	Interest	Average deposit balance for month	Return
		\$			\$	\$	
20/10/2014	ANZ Bank	1,505,611	3.58%	20/04/2015	4,578	1,505,611	
15/01/2015	Bendigo Bank	500,000	3.35%	21/04/2015	1,423	500,000	
6/01/2014	NAB	500,000	3.45%	6/04/2015	1,465	500,000	
3/02/2015	Bendigo Bank	1,000,000	3.20%	13/05/2015	2,718	1,000,000	
12/02/2015	NAB	500,000	3.10%	26/06/2015	1,316	500,000	
13/02/2015	NAB	500,000	3.07%	23/06/2015	1,304	500,000	
16/02/2015	Bank west	1,500,000	3.05%	8/07/2015	3,886	1,500,000	
17/02/2015	Westpac	1,500,000	2.87%	23/05/2015	3,656	1,500,000	
23/02/2015	Westpac	500,000	2.87%	23/05/2015	1,219	500,000	
13/02/2015	ANZ Bank	1,000,000	3.31%	13/08/2015	2,811	1,000,000	
13/02/2015	ANZ Bank	500,000	3.25%	13/05/2015	1,380	500,000	
20/02/2015	Suncorp Bank	1,000,000	3.20%	20/07/2015	2,718	1,000,000	
23/03/2015	Westpac	1,000,000	2.81%	23/06/2015	616	258,065	
1/03/2015	Commonwealth	175,174	2.15%	31/03/2015	172	94,363	
1/03/2015	Bank west	7,447	2.15%	31/03/2015	2,714	1,486,193	
3/03/2015	NAB	500,000	3.12%	3/08/2015	1,197	451,613	
24/03/2015	NAB	500,000	3.00%	8/09/2015	288	112,903	
24/03/2015	NAB	500,000	3.00%	8/09/2015	288	112,903	
	<b>Total Investments</b>	<b>13,188,233</b>			<b>38,761</b>	<b>14,924,878</b>	<b>3.06%</b>
	Cash at bank	54,828					
	<b>Total Cash assets</b>	<b>13,243,061</b>					

## Term deposit summary (continued)



## Interest bearing liabilities

The table below shows Council's current loans with financial institutions. This table does not include leases or hire purchase agreements (which are less than \$10K). The loans below have varying terms and payback periods.

Bank	Original loan amount	Current interest rate	Balance as at end of quarter
	\$	%	\$
Commonwealth Bank	450,000	6.56	182,916
Commonwealth Bank	200,000	6.83	13,503
Bendigo Bank	1,000,000	5.11	577,463
ANZ Bank	300,000	6.15	241,075
<b>Total</b>	<b>1,950,000</b>		<b>1,014,957</b>

## Departmental summaries

The following pages show a breakdown of each department's performance for the quarter. Explanations have been provided for variances that are approximately greater than \$10,000 and or 10%.

### Directorate summary – YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Income</b>				
Corporate Performance	(18,756,523)	(18,694,096)	62,427	(0%)
Infrastructure Services	(2,606,764)	(2,617,479)	(10,715)	0%
Sustainable Development	(2,277,847)	(2,119,563)	158,284	(7%)
Capital Works	(4,009,414)	(2,972,835)	1,036,579	(35%)
<b>Income Total</b>	<b>(27,650,547)</b>	<b>(26,403,973)</b>	<b>1,246,574</b>	<b>(5%)</b>
<b>Expenditure</b>				
Councillor & Executive	1,253,699	1,208,296	(45,403)	(4%)
Corporate Performance	6,492,036	7,408,122	916,086	12%
Infrastructure Services	4,665,388	5,267,480	602,092	11%
Sustainable Development	2,763,322	3,358,545	595,223	18%
Capital Works	4,280,769	6,994,412	2,713,643	39%
<b>Expenditure Total</b>	<b>19,455,214</b>	<b>24,236,855</b>	<b>4,781,641</b>	<b>20%</b>
<b>Total</b>	<b>(8,195,334)</b>	<b>(2,167,118)</b>	<b>6,028,216</b>	<b>(278%)</b>

### Directorate summary – forecast

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
<b>Income</b>				
Corporate Performance	(20,186,172)	(20,877,258)	(691,086)	3%
Infrastructure Services	(3,434,322)	(3,648,079)	(213,757)	6%
Sustainable Development	(2,404,230)	(2,296,876)	107,354	(5%)
Capital Works	(4,595,413)	(3,569,385)	1,026,028	(29%)
<b>Income Total</b>	<b>(30,620,137)</b>	<b>(30,391,598)</b>	<b>228,539</b>	<b>(1%)</b>
<b>Expenditure</b>				
Councillor & Executive	1,871,225	1,566,717	(304,508)	(19%)
Corporate Performance	9,038,216	10,728,560	1,690,344	16%
Infrastructure Services	6,303,333	7,300,197	996,864	14%
Sustainable Development	3,617,019	3,793,187	176,168	5%
Capital Works	6,797,536	9,125,380	2,327,844	26%
<b>Expenditure Total</b>	<b>27,627,329</b>	<b>32,514,041</b>	<b>4,886,712</b>	<b>15%</b>
<b>Total</b>	<b>(2,992,808)</b>	<b>2,122,443</b>	<b>5,115,251</b>	<b>241%</b>

### Councillor and executive summary – YTD

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Councillor &amp; executive Expenditure</b>				
1.11 Council Representation	176,094	188,812	12,718	7%
1.12 Council Executive	906,455	820,320	(86,135)	(11%)
1.14 Human Resources	171,150	199,164	28,014	14%
<b>Councillor and executive total</b>	<b>1,253,699</b>	<b>1,208,296</b>	<b>(45,403)</b>	<b>(4%)</b>

**Councillor and executive** expenditure is greater than budget. Savings requested by Council at the time of budget adoption in July for employee costs (HR Review) have been accounted for in this area in a lump sum of \$150K per quarter for quarters two, three and four (total \$450K for the year or \$300K YTD). Wages overall are \$709K favourable or 9% which is due to the HR Review and are as expected. Employee costs in the Councillor and Executive Department are reflected as follows YTD:

Restructure savings (total Council)	(\$300,000)
Senior executive	\$25,000
Governance	\$43,000
HR	\$36,000
Public relations	\$77,000
<b>Net employee costs for department</b>	<b>(\$119,000)</b>

The unfavourable employee costs reflected in this department has also been offset by savings in the following areas:

- Public relations advertising \$21K favourable – now being more strategic with advertisements and the phone directory, \$3.7K favourable as this was not seen as necessary.
- Training for all employees is \$67K favourable due to less employees and many positions being vacant. This is expected to pick up next year but still remain less than prior years. An accurate database will be developed going forward to more accurately predict this expense.

These decreases were partly offset by an increase in recruitment advertising and legal costs.

### Councillor and executive summary – forecast

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
<b>Councillor &amp; executive Expenditure</b>				
1.11 Council Representation	239,332	252,050	12,718	5%
1.12 Council Executive	1,398,393	1,034,164	(364,229)	(35%)
1.14 Human Resources	233,500	280,503	47,003	17%
<b>Councillor and executive total</b>	<b>1,871,225</b>	<b>1,566,717</b>	<b>(304,508)</b>	<b>(19%)</b>

**Council executive** expenditure variance is expected to increase in quarter four as the final bulk instalment of employee costs reduction of \$150K is forecast. Other savings in this area detailed above area expected to continue.

**Human resources** expenditure variance is expected to continue to increase (favourably) predominately due to under spending on staff training.

**Corporate services summary – YTD**

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Corporate Services</b>				
<b>Income</b>				
2.11 Risk Management	(32,930)	-	32,930	(100%)
2.12 Revenue Collection	(11,965,496)	(11,791,659)	173,837	(1%)
2.13 Accounting Services	(2,062,481)	(2,102,490)	(40,009)	2%
2.14 IT Services	(1,472)	-	1,472	(100%)
2.15 Customer Services	(493)	-	493	(100%)
<b>Total Income</b>	<b>(14,062,872)</b>	<b>(13,894,149)</b>	<b>168,723</b>	<b>(1%)</b>
<b>Expenditure</b>				
2.11 Risk Management	410,795	456,978	46,183	10%
2.12 Revenue Collection	159,667	189,832	30,165	16%
2.13 Accounting Services	374,677	387,445	12,768	3%
2.14 IT Services	357,183	572,051	214,868	38%
2.15 Customer Services	419,243	481,302	62,059	13%
2.16 Procurement	61,123	70,368	9,245	13%
2.17 Corporate Overheads	183,826	187,169	3,343	2%
2.19 Business Improvement	61,986	150,353	88,367	59%
<b>Total Expenditure</b>	<b>2,028,500</b>	<b>2,495,498</b>	<b>466,998</b>	<b>19%</b>
<b>Total Corporate Services</b>	<b>(12,034,372)</b>	<b>(11,398,651)</b>	<b>635,721</b>	<b>(6%)</b>

**Risk management** income relates to an insurance claim which was received during quarter three for damage to the Mt Beauty pool solar panels.

**Revenue collection** income is expected to be favourable due to grant income from the State Revenue Office for rates valuations (\$76K) which was budgeted last year. Variance also due to interest income of \$21K from rate debtors and supplementary valuations.

**Accounting services** income is less due to the freeze on CPI for Victorian Grants Commission grants and this is partly offset by an increase in interest income (\$20K) due to higher cash being held.

**Risk management** expenditure is favourable to budget due to there being no employee in this role for the first six months of the year (\$33K) and insurance and registration being \$40K favourable to budget. This has been partly offset by the insurance claim expenditure for the Mt Beauty pool of which the corresponding income is also recognised. The net cost to Council for this claim was \$1,000.

**Revenue collection** expenditure is favourable against budget. The variance has remained consistent with the prior quarter, thus quarter two was on budget. As detailed in quarter one, debt collection costs are down due to chasing less debts.

**Accounting services** is favourable against budget due to the timing of the external audit services invoices (\$15K). Expected to be incurred in March or April 2015. Also favourable in salaries and wages due to a staff member taking leave for the whole of November.

**IT services** expenditure is favourable against budget due to a reduction of one full time equivalent employee in this department as part of the HR Review (\$74K). Favourable costs also include:

- Civica (key Council system) \$60K due to timing of invoicing.
- IT communication, mobile computing and desktop replacement costs being favourable (\$44K) due to rationalising equipment where possible and having less employees who require equipment.

**Customer service** expenditure now includes records, Council support and customer service. The favourable variance is due to employee costs in Council support (\$51K) and printing and stationery (\$20K) being less than budgeted.

**Business improvement** expenditure is favourable due to not having an employee in this department following the HR Review. Also the variance is due to the timing of the Purchase to Pay (P2P) project which is expected to incur its costs in quarters three and four.

**Corporate services summary – forecast**

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
<b>Corporate Services</b>				
<b>Income</b>				
2.11 Risk Management	(32,930)	-	32,930	#DIV/0!
2.12 Revenue Collection	(12,005,496)	(11,837,531)	167,965	(1%)
2.13 Accounting Services	(2,768,406)	(2,843,320)	(74,914)	3%
2.14 IT Services	(1,472)	-	1,472	#DIV/0!
2.15 Customer Services	(493)	-	493	#DIV/0!
<b>Total Income</b>	<b>(14,808,797)</b>	<b>(14,680,851)</b>	<b>127,946</b>	<b>(1%)</b>
<b>Expenditure</b>				
2.11 Risk Management	502,926	502,926		0%
2.12 Revenue Collection	215,667	246,451	30,784	12%
2.13 Accounting Services	513,801	522,846	9,045	2%
2.14 IT Services	628,418	762,418	134,000	18%
2.15 Customer Services	582,186	653,186	71,000	11%
2.16 Procurement	84,471	93,716	9,245	10%
2.17 Corporate Overheads	227,123	427,388	200,265	47%
2.19 Business Improvement	81,986	200,331	118,345	59%
<b>Total Expenditure</b>	<b>2,836,578</b>	<b>3,409,262</b>	<b>572,684</b>	<b>17%</b>
<b>Total Corporate Services</b>	<b>(11,972,219)</b>	<b>(11,271,589)</b>	<b>700,630</b>	<b>(6%)</b>

**Risk management** income will remain consistent. No further income expected.

**Revenue collection** income is expected to continue to be favourable at year end. Minor additional income from supplementary valuations is expected.

**Accounting services** income is expected to be less due to the freeze on CPI for Victorian Grants Commission grants (\$90K) and this is partly offset by an increase in interest income (\$20K) due to higher cash being held.

**Revenue collection** is forecast to be less than budget mainly due to reduced employee costs in this area. The rates department has gone from 2 EFT to 1.

**IT services** expenditure is expected to remain favourable for the year. Now that the HR Review is complete, a review of excess equipment needs to be undertaken to determine future renewal requirements.

**Customer service** expenditure now includes records, Council support and customer service. The favourable variance is due to employee costs in Council support (\$51K) and printing and stationery (\$20K) being less than budgeted which is expected to continue in quarter four.

**Corporate overheads** expenditure is expected to be favourable at year end due to Council budgeting for an internal repayment plan for the superannuation defined benefit costs incurred in 2011. Following review by the finance committee, Council determined that it had sufficient cash reserves to incur this expense in full in the year it in which it was incurred.

**Business improvement** expense is favourable due to the purchase to pay project not progressing as anticipated. Alternative systems are being investigated and trailed with the hope of being able to implement new system improvements in areas such as customer service.

**Alpine@Home summary – YTD**

	YTD Actuals \$	YTD Budget \$	YTD Variance \$	YTD Variance %
<b>Alpine@Home</b>				
<b>Income</b>				
2.41 HACC Services	(919,020)	(1,094,745)	(175,725)	16%
2.42 Maternal & Child Health	(120,657)	(117,171)	3,486	(3%)
<b>Total Income</b>	<b>(1,039,677)</b>	<b>(1,211,916)</b>	<b>(172,239)</b>	<b>14%</b>
<b>Expenditure</b>				
2.41 HACC Services	1,222,219	1,414,583	192,364	14%
2.42 Maternal & Child Health	122,543	137,918	15,375	11%
<b>Total Expenditure</b>	<b>1,344,762</b>	<b>1,552,501</b>	<b>207,739</b>	<b>13%</b>
<b>Total Alpine@Home</b>	<b>305,085</b>	<b>340,585</b>	<b>35,500</b>	<b>10%</b>

**HACC services** (both income and expenditure) continue to be less than expected, as detailed in the quarter one and two reports. This is due to a decrease in client hours, more specifically veterans and domestic assistance, over the year. The decline in hours is due to a decline in demand being experienced in the Shire, in part via proactive engagement through assessment and care coordination.

**Alpine@Home summary – forecast**

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
<b>Alpine@Home</b>				
<b>Income</b>				
2.41 HACC Services	(1,225,359)	(1,459,652)	(234,293)	16%
2.42 Maternal & Child Health	(160,657)	(156,228)	4,429	(3%)
<b>Total Income</b>	<b>(1,386,016)</b>	<b>(1,615,880)</b>	<b>(229,864)</b>	<b>14%</b>
<b>Expenditure</b>				
2.41 HACC Services	1,547,911	1,894,892	346,981	18%
2.42 Maternal & Child Health	168,390	183,781	15,391	8%
<b>Total Expenditure</b>	<b>1,716,301</b>	<b>2,078,673</b>	<b>362,372</b>	<b>17%</b>
<b>Total Alpine@Home</b>	<b>330,285</b>	<b>462,793</b>	<b>132,508</b>	<b>29%</b>

**HACC services** (both income and expenditure) are expected to continue to decrease over the remainder of the year due to the demand in hours decreasing. Whilst this was expected last quarter to hold steady, the trend analysis suggests a further small decline is expected. The year end forecast does show a favourable bottom line, i.e. Council's contribution to HACC and MCH is less than budgeted.



**Facilities summary – YTD**

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Facilities</b>				
<b>Income</b>				
2.21 Property Management	(447,214)	(409,403)	37,811	(9%)
2.22 Airports	(7,245)	-	7,245	(100%)
2.23 Waste and Recycle Service	(2,757,183)	(2,749,953)	7,230	(0%)
2.24 School Crossing	(17,879)	(17,440)	439	(3%)
2.26 Visitor Information Centres	(133,128)	(129,507)	3,621	(3%)
2.27 Swimming Pools Management & Maint.	(228,780)	(253,581)	(24,801)	10%
2.29 Recreation	(62,545)	(28,147)	34,398	(122%)
<b>Total Income</b>	<b>(3,653,973)</b>	<b>(3,588,031)</b>	<b>65,942</b>	<b>(2%)</b>
<b>Expenditure</b>				
2.21 Property Management	181,894	178,464	(3,430)	(2%)
2.22 Airports	10,707	6,315	(4,392)	(70%)
2.23 Waste and Recycle Service	1,553,880	1,772,665	218,785	12%
2.24 School Crossing	40,677	39,576	(1,101)	(3%)
2.25 Library Services	250,433	249,630	(803)	(0%)
2.26 Visitor Information Centres	383,279	377,258	(6,021)	(2%)
2.27 Swimming Pools Management & Maint.	498,955	547,351	48,396	9%
2.29 Recreation	198,949	188,864	(10,085)	(5%)
<b>Total Expenditure</b>	<b>3,118,774</b>	<b>3,360,123</b>	<b>241,349</b>	<b>7%</b>
<b>Total Facilities</b>	<b>(535,199)</b>	<b>(227,908)</b>	<b>307,291</b>	<b>(135%)</b>

**Swimming pools** income is less than budgeted due to a wet start to the season. This has resulted in less usage of the pools.

**Recreation** income is favourable to budget due to receiving a contribution from McNamara Committee of Management for a commercial oven (\$14K) and the senior citizens HACC income being allocated in this business unit but not budgeted.

**Waste and recycle services** expenditure is favourable to budget predominately due to the timing of major invoices for the recycling and waste contracts. There was also \$50K budgeted to be spread across the year for stockpile reduction (i.e. concrete) however this will occur in full in quarter four. Public place bins replacement is \$30K less than budgeted due to delay in replacement.

**Swimming pool management** expenditure is favourable due to wages costs at the Myrtleford and Mt Beauty pools being down. This is by going from a two manager model to a single manager model. This change was not budgeted for. This is partly offset by costs at the Bright Sports centre being above budget at the end of quarter three due to the purchase of equipment, air conditioning repairs and learn to swim costs being up. Learn to swim costs are up due to increased participation.

**Facilities summary – forecast**

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
<b>Facilities</b>				
<b>Income</b>				
2.21 Property Management	(575,824)	(568,750)	7,074	(1%)
2.22 Airports	(13,245)	(10,557)	2,688	(25%)
2.23 Waste and Recycle Service	(2,871,208)	(3,425,607)	(554,399)	16%
2.24 School Crossing	(17,879)	(17,440)	439	(3%)
2.26 Visitor Information Centres	(172,628)	(212,361)	(39,733)	19%
2.27 Swimming Pools Management & Maint.	(272,880)	(297,112)	(24,232)	8%
2.29 Recreation	(67,695)	(48,700)	18,995	(39%)
<b>Total Income</b>	<b>(3,991,359)</b>	<b>(4,580,527)</b>	<b>(589,168)</b>	<b>13%</b>
<b>Expenditure</b>				
2.21 Property Management	297,494	303,519	6,025	2%
2.22 Airports	22,707	19,872	(2,835)	(14%)
2.23 Waste and Recycle Service	2,442,553	3,069,317	626,764	20%
2.24 School Crossing	54,677	52,771	(1,906)	(4%)
2.25 Library Services	333,933	332,840	(1,093)	(0%)
2.26 Visitor Information Centres	493,589	502,440	8,851	2%
2.27 Swimming Pools Management & Maint.	599,935	646,553	46,618	7%
2.29 Recreation	240,449	313,313	72,864	23%
<b>Total Expenditure</b>	<b>4,485,337</b>	<b>5,240,625</b>	<b>755,288</b>	<b>14%</b>
<b>Total Facilities</b>	<b>493,978</b>	<b>660,098</b>	<b>166,120</b>	<b>25%</b>

**Waste and recycle services** income is forecast to be less than budget due to funds being budgeted to come from the waste reserve (\$581K). Due to waste capital projects being delayed the funds from the reserve are not required.

**Visitor information centres** income is expected to be unfavourable due to merchandise sales being less than budgeted in Bright. This appears to be trending down. A membership structure has also been discontinued of which income was budgeted for of \$30K.

**Swimming pools** income is expected to continue to be unfavourable. The season has ended for Mt Beauty and Myrtleford pools.

**Recreation** income is expected to be favourable due to receiving a contribution from McNamara Committee of Management for a commercial oven (\$14K) and the senior citizens HACC income being allocated in this business unit but not budgeted.

**Waste and recycle services** expenditure is expected to be favourable due to the contribution to the reserve only being \$93K. The budgeted contribution (expense) to the reserve was \$690K (or \$109K net). Both the income and expenditure are inflated by the reserve income and expense.

**Recreation** expenditure is expected to be less than budgeted due to less employee costs in this area following the HR Review, and less usage of the facilities thus resulting in less cleaning and maintenance costs.

**Asset maintenance summary – YTD**

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Asset maintenance</b>				
<b>Income</b>				
3.107 Operations expenditure clearance accounts	(1,631,394)	(1,514,084)	117,310	(8%)
3.12 Local Roads and Bridges	(817,198)	(852,294)	(35,096)	4%
3.13 Open Spaces	(64,461)	(156,845)	(92,384)	59%
3.15 Emergency Management	(77,549)	(83,753)	(6,204)	7%
3.16 Development Engineering	(15,505)	(10,503)	5,002	(48%)
3.17 Building Maintenance	(657)	-	657	#DIV/0!
<b>Total Income</b>	<b>(2,606,764)</b>	<b>(2,617,479)</b>	<b>(10,715)</b>	<b>0%</b>
<b>Expenditure</b>				
3.104 Waste & Recycle Service	99,643	114,768	15,125	13%
3.105 Footpath Kerb & Channel	52,560	63,702	11,142	17%
3.107 Operations expenditure clearance accounts	548,281	558,357	10,076	2%
3.109 Rail Trail Maintenance	40,710	38,300	(2,410)	(6%)
3.12 Local Roads and Bridges	956,323	957,091	768	0%
3.13 Open Spaces	1,348,307	1,602,001	253,694	16%
3.14 Operations Engineer	785,021	785,568	547	0%
3.15 Emergency Management	41,365	108,163	66,798	62%
3.16 Development Engineering	561,214	695,439	134,225	19%
3.17 Building Maintenance	231,963	344,091	112,128	33%
<b>Total Expenditure</b>	<b>4,665,388</b>	<b>5,267,480</b>	<b>602,092</b>	<b>11%</b>
<b>Total asset maintenance</b>	<b>2,058,624</b>	<b>2,650,001</b>	<b>591,377</b>	<b>22%</b>

**Operations clearance account** income is higher than budgeted due to the payroll income being budgeted \$100K lower than the expenditure. Also the plant internal income recovery is higher than budget (\$37K) due to increased/revised charge out rates and a change in the hours being charged for the use of the plant. Also the variance will partly be a timing issue as the plant utilisation will be lower in the June quarter than the March and December quarters.

**Open spaces** income relates to works and materials undertaken at Wandiligong Diggings and was reimbursed.

**Waste and recycle service** is less than budgeted due to the invoices for March not yet being received.

**Footpath kerb and channel** expenditure is less than budgeted due to works not yet commenced. This is expected to occur in quarter four.

**Open spaces** expenditure is less than budgeted due to environment also being in this area. This includes the Victorian Adaptation Sustainability Partnership (VASP) projects which had been delayed and will recommence in quarter four.

**Emergency management** expenditure is less than budgeted due to the Coordinator position being vacant.

**Development engineering** expenditure is less than budgeted due to being under resourced in this area over the last six months.

**Building maintenance** expenditure is less than budgeted due to minimal work being conducted on halls and facilities with really only reactive works being undertaken. The maintenance program will be finalised next financial year.

**Asset maintenance summary – forecast**

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
<b>Asset maintenance</b>				
<b>Income</b>				
3.107 Operations expenditure clearance accounts	(2,044,124)	(2,047,595)	(3,471)	0%
3.12 Local Roads and Bridges	(1,088,531)	(1,150,392)	(61,861)	5%
3.13 Open Spaces	(64,461)	(203,092)	(138,631)	68%
3.15 Emergency Management	(77,549)	(87,000)	(9,451)	11%
3.16 Development Engineering	(159,000)	(159,000)		0%
3.17 Building Maintenance	(657)	(1,000)	(343)	34%
<b>Total Income</b>	<b>(3,434,322)</b>	<b>(3,648,079)</b>	<b>(213,757)</b>	<b>6%</b>
<b>Expenditure</b>				
3.104 Waste & Recycle Service	153,020	153,020		0%
3.105 Footpath Kerb & Channel	84,936	84,936		0%
3.107 Operations expenditure clearance accounts	728,289	738,257	9,968	1%
3.109 Rail Trail Maintenance	54,400	54,400		0%
3.12 Local Roads and Bridges	1,323,094	1,348,182	25,088	2%
3.13 Open Spaces	1,848,070	2,130,804	282,734	13%
3.14 Operations Engineer	895,919	1,257,202	361,283	29%
3.15 Emergency Management	123,060	145,313	22,253	15%
3.16 Development Engineering	743,261	926,539	183,278	20%
3.17 Building Maintenance	349,284	461,544	112,260	24%
<b>Total Expenditure</b>	<b>6,303,333</b>	<b>7,300,197</b>	<b>996,864</b>	<b>14%</b>
<b>Total asset maintenance</b>	<b>2,869,011</b>	<b>3,652,118</b>	<b>783,107</b>	<b>21%</b>

**Local roads and bridges** income is forecast to be less than budgeted to the CPI freeze on VGC grants which occurred after the budget was finalised last year.

**Open spaces** income is expected to be unfavourable due to timing of grant milestones and delay of the VASP project.

**Open spaces** expenditure is less than budgeted due to environment also being in this area. This includes the VASP projects which had been delayed and will recommence in quarter four.

**Operations engineer** expenditure is expected to be favourable due to plant operations being down. This is due to the reduction in Council's vehicle fleet from 22 to 8 over the last 6 months. Reduced expenses include fuel, maintenance and tyres.

**Emergency management** expenditure is expected to be favourable at year end due to the savings in employee costs during the year. The Emergency Management Coordinator will commence at the end of April.

**Development engineering** expenditure will continue to be favourable at year end due to being under resourced in this area over the last six months. Further resourcing is expected be on deck towards the end of the financial year.

**Planning and amenity summary – YTD**

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Planning and amenity</b>				
<b>Income</b>				
4.21 Statutory Planning	(79,816)	(111,045)	(31,229)	28%
4.22 Building	(139,088)	(134,311)	4,777	(4%)
4.23 Environmental Health	(149,279)	(134,300)	14,979	(11%)
4.24 Local Laws	(57,587)	(54,171)	3,416	(6%)
4.25 Strategic Planning	(2,120)	(2,918)	(798)	27%
<b>Total Income</b>	<b>(427,890)</b>	<b>(436,745)</b>	<b>(8,855)</b>	<b>2%</b>
<b>Expenditure</b>				
4.21 Statutory Planning	303,870	339,882	36,012	11%
4.22 Building	185,397	195,614	10,217	5%
4.23 Environmental Health	237,452	299,224	61,772	21%
4.24 Local Laws	130,835	176,438	45,603	26%
4.25 Strategic Planning	84,394	152,080	67,686	45%
<b>Total Expenditure</b>	<b>941,947</b>	<b>1,163,238</b>	<b>221,291</b>	<b>19%</b>
<b>Total planning and amenity</b>	<b>514,057</b>	<b>726,493</b>	<b>212,436</b>	<b>29%</b>

**Statutory planning services** income is less than budgeted due to a downturn in the development industry as reported in quarter one. This is expected to continue.

**Environmental health** income is favourable due to timing variances of fee income. This is expected to be on budget at year end.

**Statutory planning** expenditure is down due not having utilised consultants as much as expected. This is expected to increase in quarter four with planning staff being on leave for four weeks.

**Environmental health** expenditure is less than budgeted due to less usage of professional services, less works and services and the work on the domestic wastewater management plan not yet commenced.

**Local laws** expenditure is less than budgeted due to a reduction from 2 rangers to one which occurred in January.

**Strategic planning** is favourable due to Council not having a Strategic planner during the year. A Strategic Planner has been appointed and will commence at the beginning of May. There has also been less use of consultants.

**Planning and amenity summary – forecast**

	<b>Year End Forecast</b>	<b>Original Annual Budget</b>	<b>Forecast Variance</b>	<b>Forecast Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Planning and amenity Income</b>				
4.21 Statutory Planning	(100,816)	(145,061)	(44,245)	31%
4.22 Building	(181,744)	(181,744)		0%
4.23 Environmental Health	(158,849)	(158,849)		0%
4.24 Local Laws	(105,028)	(110,028)	(5,000)	5%
4.25 Strategic Planning	(5,836)	(5,836)		0%
<b>Total Income</b>	<b>(552,273)</b>	<b>(601,518)</b>	<b>(49,245)</b>	<b>8%</b>
<b>Expenditure</b>				
4.21 Statutory Planning	458,870	463,949	5,079	1%
4.22 Building	269,043	269,043		0%
4.23 Environmental Health	377,980	402,980	25,000	6%
4.24 Local Laws	211,167	228,167	17,000	7%
4.25 Strategic Planning	184,394	219,331	34,937	16%
<b>Total Expenditure</b>	<b>1,501,454</b>	<b>1,583,470</b>	<b>82,016</b>	<b>5%</b>
<b>Total planning and amenity</b>	<b>949,181</b>	<b>981,952</b>	<b>32,771</b>	<b>3%</b>

**Statutory planning services** income is forecast to be less than budget due to the downturn in the development industry. Based on the trends from the last nine months, income has been forecast down.

**Strategic planning** is favourable due to Council not having a Strategic planner during the year. A Strategic Planner has been appointed and will commence at the beginning of May. There has also been less use of consultants.

**Economic and community development summary – YTD**

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Economic and community development</b>				
<b>Income</b>				
4.11 Economic Development	(69,115)	-	69,115	100%
4.12 Tourism	(655)	-	655	100%
4.13 Festivals & Events	(21,106)	(4,000)	17,106	(428%)
4.14 Community Development	(164,994)	(96,082)	68,912	(72%)
4.15 Dinner Plain Services	(1,594,087)	(1,582,736)	11,351	(1%)
<b>Total Income</b>	<b>(1,849,957)</b>	<b>(1,682,818)</b>	<b>167,139</b>	<b>(10%)</b>
<b>Expenditure</b>				
4.11 Economic Development	240,607	255,428	14,821	6%
4.12 Tourism	113,182	303,058	189,876	63%
4.13 Festivals & Events	251,659	225,979	(25,680)	(11%)
4.14 Community Development	332,986	477,048	144,062	30%
4.15 Dinner Plain Services	882,941	933,794	50,853	5%
<b>Total Expenditure</b>	<b>1,821,375</b>	<b>2,195,307</b>	<b>373,932</b>	<b>17%</b>
<b>Total economic and community development</b>	<b>(28,581)</b>	<b>512,489</b>	<b>541,070</b>	<b>106%</b>

**Economic development** income is favourable as detailed in quarters one and two due to receiving a grant for \$60K for Alpine Community Plantations Inc. which was not budgeted for and was directly passed on. Council also received \$9K for the Regional Living Expo which was not budgeted.

**Festivals and events** income is greater than budgeted due to Council receiving a grant from Department of Health and Human Services (Sport and Rec) for the Mountain Bike National Championships which was not budgeted of \$18K.

**Community development** income is greater than budgeted due to receiving a number of grants that were not budgeted including:

- Additional youth services grant income of \$37K which includes \$15K for Youth Career Project and \$22K for FreeZa events which were under budgeted.
- Grant funding received for the L2P program of \$30K which was not budgeted
- Additional grant funding received for the Seniors "Futures" project of \$17K

**Tourism** expenditure is under budget YTD due to underspending on employee costs (\$13K) as a result of not having full staff resourcing. There has also been an underspend on marketing YTD of \$115K due to the Tourism North East contribution of \$105K expected to be paid in quarter four which is later than anticipated. There has also been an underspend of \$50K on the annual visitor publications which will be completed in quarter four.

**Festivals and events** expenditure is over budget due to the MTBA Council contribution not originally being budgeted for, however this has been partly offset by income received for the event.

**Community development** expenditure is under budget due to programed expenditure being delayed, and also due to employee costs being less than budget by \$108K.

**Dinner Plain** expenditure is less than budgeted YTD due to the marketing and events sponsorship being down. This is partly attributed to there not being a Dinner Plain Coordinator for most of quarter three. Recruitment has been completed and the new coordinator has commenced. Spending will increase in quarter four.

**Economic and community development summary – forecast**

	Year End Forecast \$	Original Annual Budget \$	Forecast Variance \$	Forecast Variance %
<b>Economic and community development</b>				
<b>Income</b>				
4.11 Economic Development	(69,115)	-	69,115	#DIV/0!
4.12 Tourism	(655)	-	655	#DIV/0!
4.13 Festivals & Events	(23,106)	(5,000)	18,106	(362%)
4.14 Community Development	(164,994)	(105,727)	59,267	(56%)
4.15 Dinner Plain Services	(1,594,087)	(1,584,631)	9,456	(1%)
<b>Total Income</b>	<b>(1,851,957)</b>	<b>(1,695,358)</b>	<b>156,599</b>	<b>(9%)</b>
<b>Expenditure</b>				
4.11 Economic Development	315,607	317,966	2,359	1%
4.12 Tourism	338,182	332,714	(5,468)	(2%)
4.13 Festivals & Events	309,659	299,932	(9,727)	(3%)
4.14 Community Development	527,986	634,974	106,988	17%
4.15 Dinner Plain Services	624,131	624,131		0%
<b>Total Expenditure</b>	<b>2,115,565</b>	<b>2,209,717</b>	<b>94,152</b>	<b>4%</b>
<b>Total economic and community development</b>	<b>263,608</b>	<b>514,359</b>	<b>250,751</b>	<b>49%</b>

**Economic development** income will remain favourable as there was originally no income budgeted in this area.

**Festivals and events** income is expected to be favourable at year end due to receiving the MTBA grant which was not budgeted.

**Community development** income is expected to be favourable at year end due the additional and unbudgeted grant income already received:

- \$15K for Youth Career Project
- \$22K for FreeZa events
- L2P program of \$30K
- Seniors "Futures" project of \$17K.

**Community development** expenditure is expected to be favourable at year end due to the saving derived in quarters one, two and three from employee costs. This is as a result of the HR Review.



**Capital works summary – YTD**

	YTD Actuals	YTD Budget	YTD Variance	YTD Variance
	\$	\$	\$	%
<b>Capital works</b>				
<b>Income</b>				
9.12 Plant and Motor Vehicles Renewal	(50,721)	(38,000)	12,721	(33%)
9.13 Road Renewal	(198,437)	(170,325)	28,112	(17%)
9.18 Building Renewal	(34,600)	(35,910)	(1,310)	4%
9.28 Building Upgrade	(15,000)	-	15,000	(100%)
9.29 Recreation and Other Upgrades	(203,453)	(142,000)	61,453	(43%)
9.36 Footpath New	(500,000)	(500,000)	-	0%
9.39 Recreation and Other New	(755,025)	(350,000)	405,025	(116%)
9.41 Flood Recovery	(595,814)	-	595,814	(100%)
9.42 Bushfire Recovery	(31,818)	-	31,818	(100%)
9.5 Projects Grant income	(1,624,545)	(1,736,600)	(112,055)	6%
<b>Total Income</b>	<b>(4,009,414)</b>	<b>(2,972,835)</b>	<b>1,036,579</b>	<b>(35%)</b>
<b>Expenditure</b>				
9.11 Office Equipment and Furniture Renewal	917	-	(917)	(100%)
9.12 Plant and Motor Vehicles Renewal	197,008	241,247	44,239	18%
9.13 Road Renewal	1,073,844	1,911,543	837,699	44%
9.14 Bridge Renewal	144,758	342,639	197,881	58%
9.15 Kerb Renewal	53,128	49,950	(3,178)	(6%)
9.16 Footpath Renewal	8,571	48,100	39,529	82%
9.17 Drainage Renewal	7,324	58,053	50,729	87%
9.18 Building Renewal	324,400	352,000	27,600	8%
9.19 Recreation and Other Renewal	14,172	83,500	69,328	83%
9.1A Waste Renewal	279,655	914,900	635,245	69%
9.21 Office Equipment and Furniture Upgrade	602	-	(602)	(100%)
9.23 Road Upgrade	66,445	195,000	128,555	66%
9.24 Bridge Upgrade	275	55,500	55,225	100%
9.26 Footpath Upgrade	780	171,125	170,345	100%
9.27 Drainage Upgrade	23,406	30,000	6,594	22%
9.28 Building Upgrade	21,623	37,425	15,802	42%
9.29 Recreation and Other Upgrades	450,468	647,799	197,331	30%
9.33 Road New	17,545	57,750	40,205	70%
9.36 Footpath New	714,141	722,311	8,170	1%
9.38 Building New	-	-	-	-
9.39 Recreation and Other New	822,083	1,075,570	253,487	24%
9.41 Flood Recovery	3,969	-	(3,969)	(100%)
9.42 Bushfire Recovery	55,653	-	(55,653)	(100%)
<b>Total Expenditure</b>	<b>4,280,769</b>	<b>6,994,412</b>	<b>2,713,643</b>	<b>39%</b>
<b>Total capital works</b>	<b>2,735,597</b>	<b>4,342,880</b>	<b>1,607,283</b>	<b>37%</b>

Capital expenditure is split into three categories – renewal, upgrade and new. Renewal is an existing asset that is restored to its original condition. Upgrade is adding to or enhancing an existing asset so the additions which were not part of the original asset become the upgrade component and new assets are assets that did not exist before.

**Plant** income is favourable YTD due to receiving better sales prices than anticipated for equipment sold on Grays Online.

**Roads** income is favourable due to receiving a contribution from Indigo Shire Council for works done to Tunnel Gap road (\$20K).

**Building upgrade** income is favourable due to receiving part of the grant for the Porepunkah Transfer Station upgrade project.

**Recreation and other projects upgrade** income (9.29) is favourable due to receiving grant income for McNamara Reserve Netball Courts of \$44K which was not budgeted for.

**Recreation and other projects new** income (9.39) is favourable due to receiving grant income earlier than budgeted for recreational projects. This includes Alpine Safer Parks (\$45K), Contributions to recreation reserves (\$26K) and Mt Beauty netball court (\$63K) and the snow making project at Dinner Plain \$256K.

**Flood recovery** income is favourable and consistent with last quarter. The income is the last claim from the 2011/12 flood which was budgeted for last year.

**Bushfire recovery** income is favourable as this is funds claimed back from the Harrietville bushfires and was unbudgeted from the Victorian Grants Commission.

**Plant and motor vehicles** expenditure is less than budgeted due to purchases of vehicles being less than forecast. Some sales are expected to occur in quarter four however overall this will be down for the whole year.

**Roads renewal** (9.13 – renewal) expenditure is less than expected YTD due to the scheduling the works to be completed in quarter four. Further a resealing contract has been let in early December which will see the works completed in quarter four. Works have also been delayed due to resourcing issues.

**Bridges renewal** expenditure is less than budgeted due to resourcing issues. All bridge renewal works are unlikely to be completed this financial year (and will be carried into next year), however the contract for the Victoria Bridge in Myrtleford has been completed.

**Footpath renewal** expenditure is less than budgeted. Contracts works have been awarded and are scheduled to be completed in quarter four.

**Recreation and other projects renewal** expenditure is less than budgeted as works have been delayed due to resourcing issues. The main area of underspend so far has been in playground replacement which is expected to occur in quarter four.

**Waste renewal** expenditure is less than budgeted due to the delay of the Myrtleford landfill cell construction. This is expected to be carried forward into next year.

**Road upgrade** expenditure is less than budgeted. There is currently a contract being tendered for Railway avenue Bright realignment, however it is unlikely the works will be completed this financial year.

**Footpaths upgrade** expenditure is less than budgeted due to resourcing constraints, however the contractor has now been awarded and work on the tracks and trails is expected to be completed by the end of the financial year.

**Buildings** expenditure is less than budgeted due to incorrect forecasting on these works originally. The Mount Beauty Library redevelopment project is on track, however majority of works will be carried out in 2015/16.

**Recreation upgrade** expenditure is less than budgeted due to key projects including the Mount Beauty Progressing Place project (both CBD and lakeside) being delayed and are not anticipated to reach the 14/15 budget. However the project is on track in accordance with the revised capital works plan and key milestones.

**Roads new** have seen no expenditure YTD and due to resourcing constraints this year, works are unlikely to proceed.

**Recreation and other projects new** expenditure includes the Mount Beauty netball court, Myrtleford Skate Park and tracks and trails work at Dinner Plain and Mount Hotham (combined project). These works are progressing with the Myrtleford Skate Park currently in progress. The works for the Dinner Plain snow making and tubing projects are included in this area and are expected to be finalised in quarter four.

**Bushfire recovery** expenditure relates to expenditure to resurface the Mt Beauty runway due to damage from the 2013 bushfires. The grant income for this was received last year.

**Capital works summary – forecast**

	Year End Forecast	Original Annual Budget	Forecast Variance	Forecast Variance
	\$	\$	\$	%
<b>Capital works</b>				
<b>Income</b>				
9.12 Plant and Motor Vehicles Renewal	(75,721)	(255,000)	(179,279)	70%
9.13 Road Renewal	(198,437)	(170,325)	28,112	(17%)
9.18 Building Renewal	(34,600)	(35,910)	(1,310)	4%
9.28 Building Upgrade	(15,000)	-	15,000	(100%)
9.29 Recreation and Other Upgrades	(203,453)	(180,000)	23,453	(13%)
9.36 Footpath New	(500,000)	(600,000)	(100,000)	17%
9.39 Recreation and Other New	(755,025)	(367,150)	387,875	(106%)
9.41 Flood Recovery	(595,814)	-	595,814	(100%)
9.42 Bushfire Recovery	(31,818)	-	31,818	(100%)
9.5 Projects Grant income	(2,185,545)	(1,961,000)	224,545	(11%)
<b>Total Income</b>	<b>(4,595,413)</b>	<b>(3,569,385)</b>	<b>1,026,028</b>	<b>(29%)</b>
<b>Expenditure</b>				
9.11 Office Equipment and Furniture Renewal	-	-	-	-
9.12 Plant and Motor Vehicles Renewal	659,721	839,000	179,279	21%
9.13 Road Renewal	1,941,844	2,132,427	190,583	9%
9.14 Bridge Renewal	180,758	368,114	187,356	51%
9.15 Kerb Renewal	53,128	54,000	872	2%
9.16 Footpath Renewal	33,571	52,000	18,429	35%
9.17 Drainage Renewal	47,324	62,760	15,436	25%
9.18 Building Renewal	455,400	409,849	(45,551)	(11%)
9.19 Recreation and Other Renewal	97,050	85,000	(12,050)	(14%)
9.1A Waste Renewal	428,655	978,400	549,745	56%
9.21 Office Equipment and Furniture Upgrade	602	-	(602)	(100%)
9.23 Road Upgrade	172,445	300,000	127,555	43%
9.24 Bridge Upgrade	275	60,000	59,725	100%
9.26 Footpath Upgrade	180,780	185,000	4,220	2%
9.27 Drainage Upgrade	23,406	30,000	6,594	22%
9.28 Building Upgrade	41,623	385,000	343,377	89%
9.29 Recreation and Other Upgrades	579,563	993,659	414,096	42%
9.33 Road New	47,545	60,000	12,455	21%
9.36 Footpath New	802,141	722,311	(79,830)	(11%)
9.38 Building New	-	-	-	-
9.39 Recreation and Other New	992,083	1,407,860	415,777	30%
9.41 Flood Recovery	3,969	-	(3,969)	(100%)
9.42 Bushfire Recovery	55,653	-	(55,653)	(100%)
<b>Total Expenditure</b>	<b>6,797,536</b>	<b>9,125,380</b>	<b>2,327,844</b>	<b>26%</b>
<b>Total capital works</b>	<b>2,202,123</b>	<b>5,617,079</b>	<b>3,414,956</b>	<b>61%</b>

**Plant and motor vehicles** income is expected to be unfavourable due to the trade in of vehicles being delayed. Whilst less staff now have vehicles (reduction from 22 vehicles to 8), we are still assessing the quantity of vehicles needed for pool vehicles. Once this is determined then the sale of excess vehicles will commence.

**Roads** income is forecast to be over budget due to receiving a reimbursement from Indigo Shire in quarter one which related to the prior year as detailed in quarter one.

**Buildings** income variance is due to receiving \$15K of grant funding for the Porepunkah transfer station project which was not anticipated until next year.

**Recreation and other projects upgrade** income is expected to be favourable due to receiving grant income for McNamara Reserve Netball Courts of \$44K which was not budgeted for.

**Footpaths** income relates to the Harrierville shared trail. No further income is expected this financial year, however the project is on track.

**Recreation and other projects new** income is expected to be favourable against budget due to receiving income that was not expected in this financial year. This includes Alpine Safer Parks (\$45K), Contributions to recreation reserves (\$26K) and Mt Beauty netball court (\$63K).

**Flood recovery** income relates to the previous financial year.

**Bushfire recovery** income is favourable as this is funds claimed back from the Harrierville bushfires and was unbudgeted from the Victorian Grants Commission.

**Projects grant** income is expected to be favourable at year end due to receiving income for the Bright Splash Park project which was expected in the last financial year. All other grants were budgeted.

**Plant and motor vehicle** expenditure is expected to be less than budgeted due to a review of existing plant and vehicles being undertaken. There has been a reduction of 22 vehicles to 8 and these are yet to be sold. There is still a large purchase of a road maintenance truck (\$357K) which is forecast this year but will be pushed into early 2015/16 due to the long lead time.

**Road renewal** expenditure is expected to be favourable due to savings being made through the competitive tendering process on contracts.

**Bridge renewal** expenditure is less than budgeted due to resourcing issues. All bridge renewal works are unlikely to be completed this financial year (and will be carried into next year), however the contract for the Victoria Bridge in Myrtleford has been completed.

**Footpath renewal** expenditure is expected to be less than budgeted. Contracts works have been awarded and are scheduled to be completed in quarter four however a favourable variance is still anticipated.

**Building renewal** is forecast to exceed budget due to works on the Gapsted hall from grant funding being undertaken earlier than expected.

**Waste renewal** expenditure is expected to be less than budgeted due to the construction of the new cell at Myrtleford being delayed and now budgeted for 2015/16.

**Roads upgrade** works are expected to be less than budgeted at the end of the financial year due to resourcing constraints. This will see projects including on road cycling lanes and urban road drainage delayed to 2015/16.

**Bridges upgrade** expenditure is not expected to be delivered this year. These works have been rescheduled for 2015/16.

**Buildings upgrade** expenditure is expected to be less than budgeted due to the Mount Beauty Library redevelopment project being incorrectly forecast. The project is on track, however majority of works will be carried out in 2015/16.

**Recreation upgrade** expenditure is expected to remain less than budgeted due to key projects including the Mount Beauty Progressing Place project (both CBD and lakeside) being delayed and are not anticipated to reach the 14/15 budget. However the project is on track in accordance with the revised capital works plan and key milestones. It is budgeted for in 2015/16.

**Footpath new** expenditure is forecast to exceed budget due to the Harrierville Shared trail project being under budgeted in the financial year. This is due to greater works being carried forward from last year than anticipated.

**Recreation and other projects new** expenditure is expected to be less than budgeted. This includes the Mount Beauty netball court and Myrtleford Skate Park projects which are underway but are anticipated to have the majority of works undertaken in 2015/16.

## Conclusion

Council's operating performance for quarter three has been favourable. This is as a result of the HR Review which has seen a reduction in staff wages which is yet to be fully realised (full effect in 2015/16 budget) and a reduction in materials, works and services. Less expenditure in this area is also due to key operational projects being delayed. That being said, Council has also identified many inefficiencies and thus continued improvements against the operational budget will be achieved throughout the year.

Capital works are also less than budgeted with projects being delayed to later in the year or the next financial year. This has been due to limited resources available in the asset development department, however works are expected to pick up quarter four. Whilst the capital works delivery has been hampered by limited resources, there has been a significant improvement in the percentage of delivered works for the year compared to recent years. This is expected to continue in future.