



QUARTERLY BUDGET REVIEW STATEMENT

For the period 1 October – 31 December 2020

Operational Plan 2020/21



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Report by Responsible Accounting Officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

It is my opinion that the Quarterly Budget Review Statement for Wollondilly Shire Council for the quarter ended 31/12/20 indicates that Council's projected financial position at 30/06/21 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:  _____

Date: 31-Mar-21

Rob Seidel
Responsible Accounting Officer

Income & Expenses Budget Review Statement

Budget review for the quarter ended 31 December 2020

Income & Expenses

(\$000's)	Original Budget 2020/21	Sept Revised Budget 2020/21	Variations for this Dec Qtr	Notes	Projected Year End Result	Actual YTD figures
Income						
Rates and Annual Charges	48,734	48,741	606	1	49,347	49,086
User Charges and Fees	5,021	5,065	2,676	2	7,741	5,391
Interest and Investment Revenues	925	925	(331)	3	594	296
Other Revenues	820	939	230	4	1,169	1,738
Grants & Contributions - Operating	7,241	7,391	1,842	5	9,233	4,861
Grants & Contributions - Capital	19,447	20,134	(2,000)	6	18,134	6,476
Net gain from disposal of assets		-			120	71
Share of Interests in Joint Ventures		-			-	
Total Income from Continuing Operations	82,188	83,195	3,023		86,338	67,919
Expenses						
Employee Costs	26,607	26,606	957	7	27,563	12,438
Borrowing Costs	504	504	0	8	504	227
Materials & Contracts	13,845	13,969	1,932	9	15,901	8,052
Depreciation	14,342	14,342	1,758	10	16,100	8,072
Legal Costs	404	701	289	11	990	478
Consultants	511	718	1,888	12	2,606	1,146
Other Expenses	6,107	5,938	227	13	6,165	3,520
Total Expenses from Continuing Operations	62,320	62,778	7,052		69,830	33,934
Net Operating Result from Continuing Operations	19,868	20,417	(4,029)		16,508	33,985
Discontinued Operations - Surplus/(Deficit)	-	-	-		-	-
Net Operating Result from All Operations	19,868	20,417	(4,029)		16,508	33,985
Net Operating Result before Capital Items	421	283	(2,029)		(1,746)	27,438

Income & Expenses Budget Review Statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

Notes Details

1	<p>Rates & Annual Charges Additional rate income has been received as a result of supplementary rate levies.</p>
2	<p>User Charges & Fees Increases in fees and charges income are forecast in the following areas: GIPA fees (\$3K); property-related fees (\$4K); microfilming fees (\$5K); rezoning application fees (\$84K); development application, assessment and compliance fees overall (\$1,036K); building assessment fees overall (\$302K); compliance fees and penalties overall (\$214K); Infrastructure plan checking and supervision fees overall (\$428K); corssing inspection fees (\$30K); parks and sportsground hire fees (\$14K); public hall hire (\$35K); cemetery-related user fees (\$9K); tree inspection fees (\$5K); residential tipping fees (\$300K); commercial tipping fees (\$206K); and Section 603 certificate fees (\$71K). Decreases expected in the following areas: Planning agreement fees (\$40K) and leaseback user fees (\$30K).</p>
3	<p>Interest and Investment Revenue Interest and investment income has been varied in this quarterly review due to Council resolving not to actively charge interest on overdue Rates and Charges for a period of 6 months due to agreed COVID-19 response, combined with continual reductions in investment interest rates, and a prior year over-accrual of interest (\$331K).</p>
4	<p>Other Operating Revenues Increases in other operating revenues due to: increased WHS insurance premium rebate (\$61K); property lease rentals (\$31K); planning agreement-related reimbursements (\$40K); compliance-related legal fee recoveries (\$100K); public hall-related general reimbursements (\$14K); plant sales (\$6K); domestic waste-related reimbursements (11K); other minor increases across a number of departments. Anticipated decrease in property leases within facilities and recreation due to being budgeted for in the Parks area (\$41K).</p>
5	<p>Operating Grants and Contributions Increases in operating grant income occurred as a result of expected grant increases in the following areas: Smart Shires (\$314K); Regional Tourism Bushfire Recovery (\$36K); LEP funding (\$500K); various community projects and events (\$112K); Children's services (\$7K); Library services (\$95K); Infrastructure-related funding (\$307K); RMS roads (\$55K); emergency services levy (\$301K); weeds action program (\$14K); Greening our City and other environmental grants (\$126K); City deals (\$80K); and minor increases in other departments. Decreases also expected in the following areas: Compliance-related funding (\$52K); prior year storm claim not fully funded (\$41K); and Financial Assistance grant over-estimate (\$15K).</p>
6	<p>Capital Grants & Contributions Council has been successful in sourcing grant funding for: Road reconstruction Finns Road, Menangle (\$825K) and the Picton to Tahmoor shareway construction (\$200K). Decreases in grant funding also largely due to rescheduling of road upgrade works on Silverdale Road (Silverdale).</p>
7	<p>Employee Costs Staffing cost expectations increased organisationally this quarter, particularly in relation to infrastructure and development-related areas, as well as additional service requirements for Information Technology and systems.</p>
8	<p>Borrowing Costs No variation in this quarter.</p>
9	<p>Materials & Contracts Materials and contract costs increased in the following areas: Smart Shires expenditure due to additional funding (\$314K) and other additional project costs within Economic Development division (\$18K); Executive development program expenditure (\$11K); Business Improvement reallocation of budget from consultants to contractors (\$36K); additional funds required for staff development program and recruitment (\$51K); Information systems costs in association with additional software and licences (\$256K); Development assessment costs for contract labour and additional work in relation to support for current legal cases (\$187K); contract labour costs for Building Assessment (\$55K); minor IT equipment purchases for inspectors (\$16K); Compliance additional contractor costs (\$53K); Community events and projects in relation to additional funding (\$101K); Children's Services (\$15K); Library (\$14K); Infrastructure related expenditure incl traffic control (\$156K); vehicle lease and maintenance costs (\$61K); plant lease and maintenance costs (\$115K); Shire Emergency Response costs (\$90K); Community Outcomes projects (\$33K); Aquatic Centre management in regard to Warragamba Pool and WCLC (\$126K); Community Halls (\$68K); Cemetery mowing contract (\$60K); Vegetation Management (\$186K); Environment Management (\$48K); Financial Services additional contract labour and external audit fees (\$109K) as well as minor increases across other areas of Council. Costs have decreased in the following areas: Strategic Planning (\$9K); Community Engagement (\$18K); Works (\$226K); Facilities (\$30K) and Domestic Waste Management (\$14K).</p>

Income & Expenses Budget Review Statement**Recommended changes to revised budget**

10	<p>Depreciation</p> <p>Variations to annual expectation this quarter due to the finalisation of Council's 2020 annual financial statement audit. Prior year asset revaluation error has affected current and future year projections.</p>
11	<p>Legal Expenses</p> <p>Legal expenses have increased due to: increased Compliance legal costs (\$185K); also increase in Infrastructure legal costs (\$25K); Development Assessment (\$38K); Environment and Domestic Waste (\$25K); lease and property matters (\$16K) .</p>
12	<p>Consultants</p> <p>Consultant costs increased in the following areas: consultants in relation to the Infrastructure (\$597K) primarily in relation to the Picton precinct project; Employee Relations additional funds required for Organisation Framework and Business Enhancement Plan (\$108K); LEP project (grant funded) (\$1,091); Development Assessment (\$122K); as well as other minor savings throughout other departments.</p>
13	<p>Other Expenses</p> <p>Other expenses increased in the following areas: increase in insurance premiums (\$104K); Tipping fee payments (\$6K); increase in contributions for LEP projects (\$26K); Community newsletter distribution and associated costs (\$24K); Infrastructure administration costs (\$27K); utility charges for Warragamba pool and Wollondilly Leisure Centre due to contract amendments (\$149K); Domestic Waste EPA sampling and tipping fees (\$55K); Environment EPA and tipping fees (\$22K); and Council rate relief in relation to bushfires (\$70K). Decreases in the following areas: Employee Relations committee attendance fees (\$10K); Governance committee attendance fees (\$26K); Contributions to Western Parkland Councils (\$25K); reallocation of budget for software licences to materials and contracts (\$120K); and utility charges for Facilities and Recreation (\$83K).</p>

Capital Budget Review Statement

Budget review for the quarter ended 31 December 2020

Capital Budget

(\$000's)	Original Budget 2020/21	Sept Revised Budget 2020/21	Variations for this Dec Qtr	Projected Year End Result	Actual YTD figures
Capital Expenditure					
New Assets					
- Plant & Equipment	600	908	192	1,100	427
- Land & Buildings	7,778	1,638	665	2,303	1,208
- Roads, Bridges, Footpaths	550	572	201	773	299
- Recreation	4,704	4,779	(273)	4,506	2,145
- Environment	415	1,362	267	1,629	1,400
Renewal Assets (Replacement)					
- Land & Buildings	1,600	4,803	(1,835)	2,968	826
- Roads, Bridges, Footpaths	17,616	18,847	(975)	17,872	7,563
- Recreation	200	2,263	(0)	2,263	163
- Environment	219	444	465	909	12
Loan Repayments (Principal)	1,552	1,552	-	1,552	764
Total Capital Expenditure	35,234	37,168	(1,293)	35,875	14,807
Capital Funding					
Rates & Other Untied Funding	10,121	10,121	0	10,121	6,312
Capital Grants & Contributions	19,447	20,134	(2,100)	18,034	4,428
Reserves:					
- External Restrictions/Reserves	642	635	221	856	188
- Internal Restrictions/Reserves	5,024	6,278	585	6,863	3,879
New Loans	-	-	-	-	-
Total Capital Funding	35,234	37,168	(1,293)	35,875	14,807
Net Capital Funding - Surplus/(Deficit)	(0)	-	-	-	(0)

Capital Budget Review Statement

Budget review for the quarter ended 31 December 2020

Capital Budget

Quarterly Budget Review Statement

for the period 01/10/20 to 31/12/20

		Budget				Variation from September Review	YTD Expenditure	Budget Variations being recommended include the following material items:
		Original Budget	Proposed September Review	December Review	March Review			
TRANSPORT								
Road Renewal Program	Renew	11,476,000	13,386,578	14,965,578		1,579,000	6,626,378	Finns Road, Remembrance Drive (Tahmoor and Camden Park), Oaks Road (Thirlmere), Abbotsford Road (Picton), Pheasants Nest Road, Ruddocks Road (Lakesland), Burragarang Road (Mt Hunter), Prince Street (Picton) and Douglas Park Drive upslope risk reduction works. Grant and reserve funded works.
Road Upgrade Program	Renew	5,663,460	5,068,632	2,514,295		-2,554,337	922,725	Increase in budget for Picton Traffic Master Plan, Argyle Street and Silverdale Road (Wallacia) feasibility investigation.
Bridges	Renew	0	0	0		0	350	Decreases in budgeted works for Silverdale Road works.
Kerb & Gutter Program	New	300,000	300,000	300,000		0	155,558	
	Renew	235,000	235,000	235,000		0	4,172	
Footpaths & Cycleways Program	New	250,000	250,000	450,785		200,785	143,012	Picton to Tahmoor shareway construction works as well as other minor program variations. Shareway is a grant funded project.
	Renew	142,000	142,000	142,000		0	9,324	
Public Transport Facilities	New	0	22,000	22,000		0	0	
	Renew	15,000	15,000	15,000		0	0	
Traffic Facilities	New	0	0	0		0	0	
Other Road Projects	Renew	85,000	0	0		0	0	
	New	0	0	0		0	0	
	Renew	0	0	0		0	0	
	sub-total	18,166,460	19,419,210	18,644,658	0	-774,552	7,861,518	
OPEN SPACE								
Open Space Projects	New	4,704,355	4,018,609	3,945,546		-73,063	1,686,637	Revised budget increases for Wilton Multipurpose courts budget, Telopea Park fencing, Tahmoor sports complex multipurpose courts and sportsground. Revision of works program for remainder of financial year resulting in a decrease in budget for Telopea Park youth facility, BMX tracks (Bargo and Oakdale) and Old Menangle school footpaths. All works are grant or developer contribution funded.
	Renew	200,000	2,262,642	2,262,642		0	162,994	Increase to Tahmoor Pump Track budget and corresponding reduction to Picton Botanic Gardens playground due to works program revision.
	sub-total	4,904,355	6,281,251	6,208,188	0	-73,063	1,849,630	
PRECINCT								
Land & Buildings	New	7,777,550	940,000	1,605,320		665,320	905,641	Evolving program of works for Picton Precinct buildings and auditorium construction.
Buildings	Renew		3,500,000	2,500,000		-1,000,000	649,985	Decrease in budget for Wollondilly Shire Hall refurbishment due to project planning for the remainder of this financial year.
Open Space	New		760,164	560,164		-200,000	458,505	Decrease in budget for Walton Street car park expansion.
	sub-total	7,777,550	5,200,164	4,665,484	0	-534,680	2,014,131	
BUILDINGS								
Buildings	New	0	698,000	698,000		0	302,746	
	Renew	1,600,000	1,302,588	468,088		-834,500	175,735	Increases in regard to Wonga Road animal facility WHS improvements (Risk Reserve funded) and Wollondilly Leisure Centre minor building works. Budget decreases for Council depot "signs and lines shed" works, Victoria Park public toilet renewal works and Wollondilly Leisure Centre renewal of roof sheeting due to program revisions.
	sub-total	1,600,000	2,000,588	1,166,088	0	-834,500	478,481	
PLANT & FLEET								
Plant Fleet Purchases	New	500,000	768,216	966,946		198,730	426,946	Purchase of new Isuzu tipping truck and rescheduling of vehicle and equipment purchases.
Car Fleet Purchases	New	100,000	140,000	133,496		-6,504	0	Final quoted price of new staff vehicle less than anticipated.
	sub-total	600,000	908,216	1,100,442	0	192,226	426,946	
STORMWATER DRAINAGE								
Stormwater Improvement Program	Renew	219,000	444,000	909,374		465,374	11,804	Picton gross pollutant trap (part of stormwater improvement program) and Kennedy Creek realignment and cycleway.
		219,000	444,000	909,374	0	465,374	11,804	
OTHER PROJECTS								
Other Capital Projects		415,000	1,362,101	1,629,101		267,000	1,400,421	Land acquisition (Picton) and funds for cattery construction at Council's animal shelter. Decreases in budget in regard to property purchases and aquatic facilities.
	sub-total	415,000	1,362,101	1,629,101	0	267,000	1,400,421	
	sub-total	33,682,365	35,615,530	34,323,335	0	-1,292,195	14,042,930	

Cash & Investments Budget Review Statement

Budget review for the quarter ended 31 December 2020

Cash & Investments - Council Consolidated

(\$000's)	Original Budget 2020/21	Sept Revised Budget 2020/21	Variations for this Dec Qtr	Projected Year End Result	Actual YTD figures
Externally Restricted ⁽¹⁾					
Domestic Waste Management	8,955	9,283	(2,519)	6,764	6,593
Stormwater Management	672	675	(268)	407	925
Developer Contributions	28,792	32,454	11,864	44,318	40,673
Unexpended Grants & Contributions	1,650	2,027	3,808	5,835	7,406
Total Externally Restricted	40,070	44,439	12,884	57,324	55,597
(1) Funds that must be spent for a specific purpose					
Internally Restricted ⁽²⁾					
Recreation	295	328	-	328	328
Sportsgrounds	674	298	(50)	247	281
Effluent Disposal	147	129	286	415	415
Animal Management	20	20	(20)	(0)	20
Legal & Risk	443	733	78	811	826
Asset Maintenance	1,115	564	(273)	291	477
Buildings					-
Golf Club Maintenance	133	159	(2)	157	132
Plant & Vehicle Replacement	784	768	236	1,003	1,519
Leisure Centre Improvements	513	340	(21)	318	489
Information Technology	118	248	-	248	198
Employee Leave Entitlements	2,732	2,690	787	3,477	3,977
Organisational Development	127	344	-	344	344
Property	2,705	2,163	(1,037)	1,126	2,901
Royalties	1,056	902	(91)	811	396
Roads	322	328	(0)	328	326
Tourism & Economic Development	191	97	86	183	183
Election	350	427	(75)	352	352
Infrastructure Projects	2,452	1,572	273	1,845	1,690
Innovation & Savings	-	115	199	314	314
Growth Management Strategy	856	1,026	631	1,657	602
Work in Progress	80	383	(154)	229	229
Cemetery Maintenance	165	157	29	185	185
Total Internally Restricted	15,279	13,789	881	14,670	16,185
(2) Funds that Council has earmarked for a specific purpose					
Unrestricted (ie. available after the above Restrictions)	1,323	950	(444)	507	1,625
Total Cash & Investments	56,672	59,178	13,322	72,500	73,407

Cash & Investments Budget Review Statement

Investments

Investments have been invested in accordance with Council's Investment Policy.

Cash

The Cash at Bank figure included in the Cash & Investment Statement totals \$1,450,537

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.
The date of completion of this bank reconciliation is 31/12/20.

Reconciliation Status

The YTD Cash & Investment figure reconciles to the actual balances held as follows:

	\$ 000's
Cash at Bank (as per bank statements)	825
Investments on Hand	73,957
less: Unpresented Cheques (Timing Difference)	(11)
add: Undeposited Funds (Timing Difference)	(1,363)
less: Identified Deposits (not yet accounted in Ledger) (Require Actioning)	(1,072)
add: Identified Outflows (not yet accounted in Ledger) (Require Actioning)	1,072
less: Unidentified Deposits (not yet actioned) (Require Investigation)	-
add: Unidentified Outflows (not yet actioned) (Require Investigation)	-
Reconciled Cash at Bank & Investments	73,407
Balance as per Review Statement:	73,407
Difference:	-

Key Performance Indicators Budget Review Statement for Quarter ended 31 December 2020

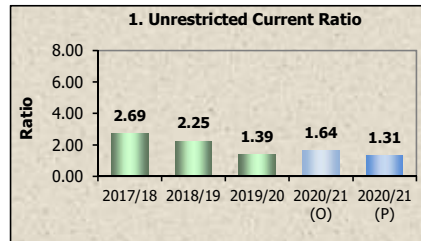
(\$000's)	Current Projection		Original Budget 20/21	Actuals Prior Periods		Industry Benchmark
	Amounts 20/21	Indicator 20/21		19/20	18/19	

The Council monitors the following Key Performance Indicators:

1. Unrestricted Current Ratio

Current Assets less all External Restrictions	36,009	1.31	1.64	1.39	2.25	1.50
Current Liabilities less Specific Purpose Liabilities	27,550					

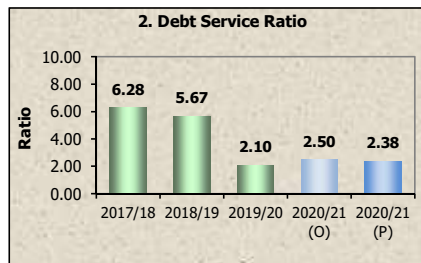
This indicator assesses the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.



2. Debt Service Ratio

Debt Service Cost	2,056	2.38	2.50	2.10	5.67	<10.00
Operating Revenue	86,338					

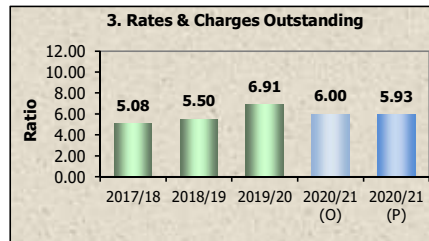
This indicator assesses the impact of loan principal & interest repayments on the discretionary revenue of Council.



3. Rates & Charges Outstanding

Rates, Annual & Extra Charges Outstanding	2,924	5.93	6.00	6.91	5.50	<5.00
Rates, Annual & Extra Charges Collectible	49,347					

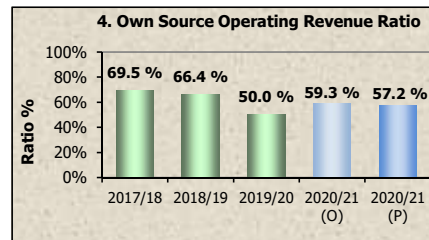
This indicator assesses the impact of uncollected rates & annual charges on Council's liquidity & the adequacy of recovery efforts.



4. Own Source Operating Revenue Ratio

Rates & Annual Charges	49,347	57.2 %	59.3 %	50.0 %	66.4 %	60.0 %
Operating Revenue	86,338					

This indicator assesses the degree of Council's dependence upon external funding sources such as operating grants and contributions.

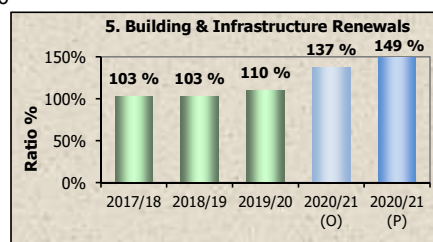


5. Building & Infrastructure Renewals

Asset Renewals (Building & Infrastructure)	24,012	149 %	137 %	110 %	103 %	(1)
Depreciation, Amortisation & Impairment	16,100					

This indicator assesses the rate at which these assets are being renewed relative to the rate at which they are depreciating.

(1) Industry average is 84.4%. Preferred figure is 100%



Contracts Budget Review Statement

Budget review for the quarter ended 31 December 2020

Contracts Listing - contracts entered into during the quarter

Contractor	Contract detail & purpose	Contract Value	Start Date	Duration of Contract	Budgeted (Y/N)
Perimeta Pty Ltd	Telopea Park fencing project	53,174	01/10/20	3 months	Y
Micro Focus Australia Pty Ltd	Microfocus ECM support	50,539	01/10/20	12 months	Y
Level Building Solutions Pty Limited	Wollondilly Shire Hall Stage 1 refurbishment works - construction and trades	78,070	06/10/20	6 months	Y
Extent Heritage Pty Ltd	Consultant services to prepare heritage study as part of the LEP review program	90,750	19/10/20	3 months	Y
Keylan Consulting Pty Ltd	Independent assessment of planning proposal to support the Community, Cultural and Civic Precinct	76,720	20/10/20	3 months	Y
Cardno (NSW/ACT) Pty Ltd	Tahmoor Sporting Complex - netball courts design and project management	57,486	20/10/20	3 months	Y
Maker ENG Pty Ltd	Silverdale Road Stage 1 - Design for road safety improvements	216,035	27/10/20	3 months	Y
Maker ENG Pty Ltd	West Parade - Design for road safety improvements	171,587	27/10/20	3 months	Y
Level Building Solutions Pty Limited	Wollondilly Shire Hall Stage 1 concept and demolition works	96,522	03/11/20	6 months	Y
University of NSW	Western Parkland City Sensor Network - project advisory	54,153	06/11/20	1 month	Y
University of Wollongong	Western Parkland City Sensor Network - project advisory	54,153	06/11/20	1 month	Y
HSR Southern Cross Pty Ltd	Purchase of waste compacting truck - Isuzu chassis with loader platform	219,176	10/11/20	N/A	Y
Coffey Services Australia Pty Ltd	Picton Precinct - Auditorium - professional consulting services and project management	67,650	11/11/20	3 months	Y
SMEC Australia Pty Limited	Bargo Waste Management Centre annual monitoring and reporting	111,108	17/11/20	12 months	Y
SMEC Australia Pty Limited	Warragamba Waste Management Centre annual monitoring and reporting	66,054	17/11/20	12 months	Y
Infrastructure Management Group Pty Ltd	Services for condition assessment of shire wide sealed and unsealed roads and barrier assets	78,507	19/11/20	6 months	Y
Artscape	Consultant services for Picton Place Plan	122,397	20/11/20	6 months	Y
Regional Workshop Pty Ltd T/A Webber Architects	Detailed design for Smart Hub Project, Old Picton Post Office	57,915	20/11/20	3 months	Y
SMEC Australia Pty Ltd	Waste facilities - high level design and Master Plan documentation required for the closure and rehabilitation of existing Bargo tip site and re-location of operational infrastructure.	79,200	24/11/20	1 month	Y
Sutherland Isuzu Ute	Purchase of 3 x Isuzu D-Max 4x2 single cab chassis utilities	101,421	01/12/20	N/A	Y
Ground Stabilisation Systems Pty Ltd	Big Hill Road, The Oaks - Flood damage related works	259,156	01/12/20	6 months	Y
Data #3 Limited	Information Systems CIS software and licenses and associated works	78,678	01/12/20	12 months	Y
PWG Infrastructure Pty Ltd	Walton Street car park expansion - sewer connection works	63,664	03/12/20	2 months	Y
Aerocom Technology Pty Ltd	Information Systems minor equipment, hardware and software	107,605	11/12/20	N/A	Y
Aerocom Technology Pty Ltd	Information Systems minor equipment, hardware and software	53,871	11/12/20	N/A	Y
Bluefit Pty Limited	Warragamba Pool labour hire	128,996	14/12/20	6 months	Y

Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations of Council or \$50,000 - whatever is the lesser.
2. Contracts listed are those entered into during the quarter being reported and exclude contractors on Council's Preferred Supplier list.
3. Contracts for employment are not required to be included.

Consultancy & Legal Expenses Budget Review Statement

Expense	YTD Expenditure (Actual Dollars)	Budgeted (Y/N)
Consultancies	2,606,344	Y
Legal Fees	989,945	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.