

# **BUDGET REVIEW STATEMENT**

**for the Quarter ended 30 September  
2018**

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## **Report by Responsible Accounting Officer**

In accordance with Clause 203(2) of the Local Government (General) Regulations 2005, it is my opinion that the Quarterly Budget Review Statement for Georges River Council for the quarter ended 30 September 2018 indicates that Council's projected financial position at 30 June 2019 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.



**David Tuxford**  
**Director Business & Corporate Services**  
*Responsible Accounting Officer*  
29 October 2018

## Appendices

**Table 1: Income & Expenditure Budget Review Statement**

	Original Budget 2018/19 <sup>(1)</sup>	Approved Changes		Revised Budget <sup>(2)</sup>	YTD Expenditure	Recommended changes for Council Resolution	Projected Year End Result 2018/19 <sup>(3)</sup>
		Budget Carryovers	Sept Review				
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Income</b>							
Rates and Annual Charges	93,439	-	-	93,439	23,299	-	93,439
User Charges & Fees	14,606	-	-	14,606	3,845	-	14,606
Interest	5,626	-	-	5,626	1,394	-	5,626
Other Revenues from Ordinary Activities	9,042	-	-	9,042	2,760	-	9,042
Operating Grants and Contributions	8,132	-	-	8,132	1,803	-	8,132
Capital Grants and Contributions	14,613	-	9,580	24,193	12,458	-	24,193
Net Gain/Loss on Disposal	1,052	-	-	1,052	227	-	1,052
<b>Total Income</b>	<b>146,510</b>	<b>-</b>	<b>9,580</b>	<b>156,090</b>	<b>45,786</b>	<b>-</b>	<b>156,090</b>
<b>Expense</b>							
Employee Costs	58,730	264	-	58,994	14,486	-	58,994
Borrowing Costs Expense	96	-	-	96	19	-	96
Materials & Contracts	42,976	2,845	-	45,821	8,312	-	45,821
Depreciation	19,482	-	-	19,480	4,848	-	19,480
Other Expenses	21,345	43	-	21,388	4,489	-	21,388
<b>Total Expense</b>	<b>142,629</b>	<b>3,152</b>	<b>-</b>	<b>145,779</b>	<b>32,154</b>	<b>-</b>	<b>145,779</b>
<b>Net Operating Result from Continuing Operations</b>	<b>3,881</b>	<b>(3,152)</b>	<b>9,580</b>	<b>10,311</b>	<b>13,632</b>	<b>-</b>	<b>10,311</b>
<b>Net Operating Result from Continuing Operations excluding Capital Grants &amp; Contributions</b>	<b>(10,732)</b>			<b>(13,882)</b>	<b>1,174</b>		<b>(13,882)</b>

Ratios	Adopted Budget	Revised Budget	YTD Expenditure	Projected YE Result 2018/19
<b>Operating performance <sup>(4)</sup></b>	-8.20%	-10.61%	3.55%	-10.61%
<b>Own source operating revenue <sup>(5)</sup></b>	84.48%	79.29%	68.85%	79.29%
<b>Rates &amp; Annual Charges coverage <sup>(6)</sup></b>	63.78%	59.86%	50.89%	59.86%

**Notes:**

1. Original Budget was adopted by Council on 26 June 2018.
2. Revised Budget = Original Budget +/- approved budget changes through carryovers and other Council resolutions.
3. Projected Year End Result = Revised Budget +/- recommended changes for Council resolution as part of this Quarterly Budget.
4. This ratio measures Council's achievement of containing operating expenditure within operating revenue.
5. Measures fiscal flexibility and the degree of reliance on external funding sources such as operating grants & contributions. Benchmark greater than 60%.
6. To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.

**Table 2: Capital Budget Review Statement**

	Original Budget 2018/19 <sup>(1)</sup>	Approved Changes		Revised Budget <sup>(2)</sup>	YTD Expenditure	Recommended changes for Council Resolution	Projected Year End Result 2018/19 <sup>(3)</sup>
		Budget Carryovers	Sept Review				
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>New Assets</b>							
Buildings - Specialised	4,500	448	1,452	6,400	579	-	6,400
Buildings - Non Specialised	7,570	1,504	6,669	15,743	2,597	-	15,743
Community Land	-	-	-	-	22	-	-
Stormwater & Drainage	1,708	94	(1,000)	803	433	-	803
Footpaths	537	-	-	537	7	-	537
Furniture & Fittings	110	-	-	110	5	-	110
Intangible Assets	580	101	(58)	623	37	-	623
Library	60	-	-	60	-	-	60
Office Equipment	35	-	162	197	85	-	197
Open Space/ Recreational	6,874	2,000	2,526	11,400	229	-	11,400
Other Structures	750	-	9	759	19	-	759
Plant & Equipment	-	-	525	525	-	-	525
Roads	-	110	48	158	3	-	158
<b>Renewal Assets</b>							
Buildings - Investment	200	-	-	200	-	-	200
Buildings - Non Specialised	2,307	1,573	21	3,900	749	-	3,900
Stormwater & Drainage	2,700	2,957	493	6,150	357	-	6,150
Footpaths	8,695	793	-	9,488	532	-	9,488
Furniture & Fittings	1,500	98	(87)	1,511	5	-	1,511
Kerb & Gutter	80	-	-	80	17	-	80
Library	455	38	98	591	19	-	591
Land Improvements Non Depreciable	450	-	150	600	29	-	600
Office Equipment	410	-	142	552	54	-	552
Open Space/ Recreational	2,625	2,433	1,600	6,658	701	-	6,658
Other Structures	2,250	463	437	3,150	1,165	-	3,150
Other Assets	2,313	-	-	2,313	-	-	2,313
Plant & Equipment	2,502	-	(525)	1,977	191	-	1,977
Roads	6,848	30	-	6,878	423	-	6,878
<b>Total Capital Expenditure</b>	<b>56,059</b>	<b>12,642</b>	<b>12,662</b>	<b>81,363</b>	<b>8,258</b>	<b>-</b>	<b>81,363</b>

**Notes:**

1. Original Budget was adopted by Council on 26 June 2018.
2. Revised Budget = Original Budget +/- approved budget changes through carryovers and other Council resolutions.
3. Projected Year End Result = Revised Budget +/- recommended changes for Council resolution as part of this Quarterly Budget.

**Table 3: Approved Budgetary Changes**

Date	Resolution Ref #	Subject of Council Recommendation	Income/Expense Category	Budgetary Change	Operating Budget	Capital Budget	Management Group	Funding								
								Carryover Budget	Grants/Contributions	CDO Reserve	Stronger Communities	Asset Management Reserve	Stormwater Levy	Infrastructure plus	S94	Unrestricted
								(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
23/07/2018	CCL037-18 ASS031-18	<b>Public Amenities Building at Empress Reserve, South Hurstville</b>	Capital Expenditure	100	-	100	Project Delivery	-	-	100	-	-	-	-	-	-
23/07/2018	CCL037-18 ASS032-18	<b>Tender for Design and Construction of Myles Dunphy Reserve Boardwalk - Federal Government Department of Industry, Innovation and Science Grant and Collateralised Debt Obligation (CDO) Recovered Funds</b>	Capital Expenditure	150	-	150	Project Delivery	-	-	50	-	-	-	-	-	100
23/07/2018	CCL037-18 ASS033-18	<b>Tender for Construction of New Sports Amenities at Claydon Reserve - Stronger Communities Fund</b>	Capital Expenditure	251	(80)	331	Project Delivery	-	-	-	-	251	-	-	-	-
23/07/2018	MM009-18	<b>Successful Application for Stronger Communities Grant Funds - \$9.5 million</b>	Capital Grants & Contributions/ Capital Expenditure	-	(9,500)	9,500	Project Delivery	-	-	-	-	-	-	-	-	-
27/08/2018	CCL043-18 ASS037-18	<b>Tender for the Design and Construction of Peakhurst Park, Synthetic Football Field 5, Trafalgar Street Peakhurst - NSW Government Infrastructure Grant and s94 Funds</b>	Capital Expenditure	-	-	-	Project Delivery	-	-	-	-	-	-	-	-	-

Date	Resolution Ref #	Subject of Council Recommendation	Income/Expense Category	Budgetary Change	Operating Budget	Capital Budget	Management Group	Funding								
								Carryover Budget	Grants/Contributions	CDO Reserve	Stronger Communities	Asset Management Reserve	Stormwater Levy	Infrastructure plus	S94	Unrestricted
								(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
27/08/2018	CCL043-18 ASS038-18	<b>Tender for Dame Mary Gilmore Road, Oatley - Construction of Parking Zones</b>	Capital Expenditure	48	-	48	Project Delivery	-	-	-	-	-	-	-	48	-
27/08/2018	CCL043-18 ASS039-18	<b>Public Amenities Building at Pole Depot Park, Penshurst</b>	Capital Expenditure	120	-	120	Project Delivery	-	-	120	-	-	-	-	-	-
27/08/2018	CCL043-18 ASS040-18	<b>Public Amenities Building at Ruby Wing Reserve, Mortdale</b>	Capital Expenditure	126	-	126	Project Delivery	-	-	100	-	-	-	-	-	26
24/09/2018	CCL049-18 FIN077-18	<b>2017/18 Budget Expenditure Carry Over Requests</b>	Multiple	15,794	3,152	12,642	Council wide	15,794	-	-	-	-	-	-	-	-
24/09/2018	CCL051-18 ASS042-18	<b>Tender for Design Installation of Staged Drainage, Irrigation &amp; Resurfacing at Gannons Park, Peakhurst - Stronger Communities Fund, Infrastructure Plus and S94A Funds</b>	Capital Expenditure	2,400	-	2,400	Project Delivery	-	-	-	-	-	1,200	200	700	300
24/09/2018	CCL051-18 ASS043-18	<b>Tender for Carss Park Foreshore Construction - Commonwealth Government Grant – Improving Your Local Parks and Environment Fund and S94 Funds</b>	Capital Expenditure	888	-	888	Project Delivery	-	-	-	-	-	-	-	500	388

15,794	-	370	-	251	1,200	200	1,248	814
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**Table 4: Audited Reserve Balance - 30 June 2018**

Description	Balance 30/06/17 (\$'000)	Transfer To (\$'000)	Transfer From (\$'000)	Closing Balance 30/06/18 (\$'000)
<b>Externally Restricted Investments</b>				
<i>Section 94 Externally Restricted Investments</i>				
Section 94 Kogarah Plan 1 Roads & Traffic Management	23	55		78
Section 94 Kogarah Plan 3 Car Parking Hurstville Town Centre	343	9		352
Section 94 Kogarah Plan 4 Streetscape Hurstville Town Centre	530	14		544
Section 94 Kogarah Open Space Acquisition Plan 5	7,230	195		7,425
Section 94 Kogarah Open space Embellishment	1,350	2,646	(140)	3,856
Section 94 Kogarah Hurstville South Area Plan 6	1,243	33		1,276
Section 94 Kogarah P8 Town Centre Streetscape & Public Domain	5,868	3,985		9,853
Section 94 Kogarah Town Centre Local Open Space Plan 8	38	77		115
Section 94 Kogarah Plan 8 Town Centre Traffic Facilities	1,465	223		1,688
Section 94 Kogarah Town Centre Community Facilities Plan 8	151	74		225
Section 94 Kogarah Town Centre Stormwater Plan 8	16	0		16
Section 94 Kogarah P9 Kogarah Libraries Buildings	13	87		100
Section 94 Kogarah Libraries Books Plan 9	88	132	(10)	210
Section 94 Kogarah Ramsgate Commercial Centre	1,377	37		1,414
Section 94 - Drainage- Georges River - Investment	210	7	(66)	151
Section 94 - Traffic Facilities - Investment	261	57		318
Section 94 - Open Space - Investment	1,127	991		2,118
Section 94 - Community Facilities - Investment	7,760	699	(2,902)	5,557
Section 94 - Library Infrastructure - Investment	3,792	365	(309)	3,848
Section 94 - Urban Space - Investment	19	124		143
Section 94 - Management - Investment	246	43		289
Section 94 - Car Parking - Riverwood - Investment	372	14		386
Section 94 - Library Bookstock - Investment	4	2	(6)	-
Section 94 - Drainage - Wolli Baldwell - Investment	125	5		130
Section 94 - Peakhurst - Investment	76	2	(69)	9
New Section 94 - Community Facilities	3,029	572		3,601
New Section 94 - Open Space, Recreation and Public Domain	19,819	3,839	(5,285)	18,373
New Section 94 - Non-residential Development in HCC	254	75		329
New Section 94 - Non-residential deficient carparking Hurstville	242	10		252
New Section 94 Non-residential deficient carparking Penshurst	169	7		176
Section 94A Contribution - Hurstville Private Hospital	-			-
Section 94A Contributions - Kogarah 2014	888		(888)	-
Section 94A Contributions GRC	1,088	1,546	(10)	2,624
<i>Sub Total - Section 94 Externally Restricted Investments</i>	59,216	15,925	(9,685)	65,456



Description	Balance 30/06/17 (\$'000)	Transfer To (\$'000)	Transfer From (\$'000)	Closing Balance 30/06/18 (\$'000)
<i>Externally Restricted Investments</i>				
Riverwood Town Improvement Fund	522	74	(0)	596
Town Improvement Investment	4			4
Hurstville Town Improvement Fund	537	526	(342)	721
Mortdale Town Improvement Fund	580	52		632
Stormwater Drainage Levy Investment	1,026	325	(64)	1,287
Domestic Waste Reserve Investment	13,756	6,019	(1,430)	18,345
Grants received in previous years - Investment	1,776	2,216	(478)	3,514
Infrastructure Plus - Investment	160	455	(160)	455
LIRS - Jubilee Park Upgrade Reserve External Restriction	836		(836)	-
Environmental Levies	93			93
<i>Sub Total - Externally Restricted Investments</i>	19,290	9,667	(3,310)	25,647
<b>Sub Total - Externally Restricted Investments</b>	<b>78,506</b>	<b>25,592</b>	<b>(12,995)</b>	<b>91,103</b>
<b>Internally Restricted Investments</b>				
<i>Internally Restricted Investments</i>				
Employee Leave Entitlement Reserve - Investment	9,113			9,113
Plant Replacement Reserve - Investment	375	2,146	(1,157)	1,364
Building Maintenance Reserve - Investment	-			-
Car Replacement Reserve - Investment	1,716	600	(489)	1,827
Property Asset Reserve - No interest - Investment	-			-
Property Asset Reserve - Interest - Investment	-			-
Election Reserve - Investment	994	200	(621)	573
CBD Masterplan Reserve - Investment	-			-
Office Technology Reserve - Investment	-			-
Building Replacement Reserve - Investment	-			-
Childcare Equipment Reserve - Investment	318	18	(101)	235
Golf Membership Reserve - Investment	-			-
Revolving Energy Reserve - Investment	-			-
Tree Preservation Reserve - Investment	-			-
Street Decorations Reserve - Investment	52		(52)	-
Voluntary Planning Agreement Reserve - Investment	274	4,670		4,944
Hurstville Golf course Improvements Reserve Investment	191	73		264
Mayor's Community Fund - Investment Account	-			-
FAG - Financial Assistance Grant - Investment	2,063	2,131	(2,063)	2,131
Property Realignment Reserve - Investment	-			-
Invest Bonds, Damage Deposits 20% Liability 20312 Internal	5,240			5,240
Merger Initiatives	350	1,165		1,515
CDO Recovery Reserve Investment	6,855		(884)	5,971
Stronger Communities Fund Investment	9,204	237	(2,350)	7,091

Description	Balance 30/06/17	Transfer To	Transfer From	Closing Balance 30/06/18
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
New Council Implementation Fund Investment	6,391		(4,496)	1,895
Carry Over Works	-			-
Contributions to Works	-			-
Infrastructure Replacement	-			-
Insurance Reserves	-			-
Investment Fund	-			-
Miscellaneous Kogarah Cash Reserves	-			-
Legal Reserve Kogarah Cash Investment	354		(354)	-
Asset Management Reserve Investment	9,831	2,150	(1,043)	10,938
Commercial Property Reserve Investment	19,596	59	(1,182)	18,473
Strategic Centres Reserve Investment	8,603		(500)	8,103
Environmental Sustainability Reserve Investment	369	78		447
Aquatic Facilities Reserve Investment	1,939			1,939
<i>Sub Total - Internally Restricted Investments</i>	83,828	13,527	(15,292)	82,063
<b>Sub Total - Internally Restricted Investments</b>	<b>83,828</b>	<b>13,527</b>	<b>(15,292)</b>	<b>82,063</b>
<b>Total - Investments</b>	<b>162,334</b>	<b>39,119</b>	<b>(28,287)</b>	<b>173,166</b>

**Table 5: Consultancy & Legal Expenses Review**

	Adopted Budget (\$'000)	Approved Changes		Revised Budget (\$'000)	YTD Expenditure (\$'000)
		Carryovers (\$'000)	Sept (\$'000)		
<b>Consultancy Costs</b>	4,263	1,615	-	5,878	941
<b>Legal Costs</b>	1,146	-	-	1,146	202

**Table 6: Quarter 1 Contracts awarded (greater than \$50,000)**

<b>Contract</b>	<b>Contractor</b>	<b>Amount</b>
Q18/312 - Vegetation Mapping 2018	Cardno (NSW/ACT) Pty Ltd	\$140,000
Q18/315 - Automated lighting in Gannons and Peakhurst Park	PROJECT ON HOLD	\$60,000
Q18/320 - Office Supplies 2018-2019	LGP VENDOR PANEL	\$50,000
Q18/335 - Design and Construction of Meade Park Nature Based Inclusive Adventure Playground	Moduplay Group P/L	\$600,000
Q18/347 - Road Network Audit	ARRB Pty Ltd	\$50,000
Q18/350 - Shade Sail Installation - The Green Playground, Kyle Bay	Greenline Group Pty Ltd	\$60,000
Q18/356 - Letitia Street Oatley new wombat crossing	DXCore Pty Ltd	\$60,000
Q18/367 - Design and Construction - Construction of Childcare Centre at 66 Mulga Rd Oatley	Laurie Liskowski t/as Liskowski Architects	\$130,000
Q18/374 - Design and Construction of Concrete Paved Netball Court at P	Recreational Surfacing Pty Ltd	\$80,000
Q18/391 - Create Georges River - Cultural Strategy	Studio TCS Pty Ltd	\$100,000
Q18/392 - Reconstruction of Olds Park Turf Netball courts 1 ,2 and 3	Garden Growing Solutions	\$50,000
Q18/393 - Customer Journey Mapping	Customer Service Benchmarking Australia	\$100,000
Q18/405 - Construction of New Amenities at Empress Reserve	Homann Constructions Pty Ltd	\$115,000
Q18/407 - Motor Vehicle Purchase	Clintons Motor Pty Ltd (Clintons Toyota)	\$150,000
Q18/412 - Library Service Delivery Model Review	Roger Henshaw Consultancy Services	\$100,000
Q18/414 - Customer Service Pods for Customer Service Centres	Instinct Furniture Australia Ltd	\$70,000
Q18/416 - Project Manager for Georges River LEP preparation	Veronica Young Consultant	\$250,000
Q18/423 - River Run 2019 - venue and catering	Club Central Hurstville	\$60,000
Q18/425 - Print Mail Logistics	Print Mail Logistics Limited	\$100,000
Q18/426 - Recoveries and Reconstruction	Recoveries and Reconstruction (Aust) Pty. Ltd.	\$180,000
Q18/438 - Stage 3 - Review of heritage Items in the former HLEP 2012	Conroy Heritage Planning	\$50,000
Q18/440 - Australia Post Postage / Payments	Australian Postal Corporation t/as Australia Post	\$100,000
Q18/454 - Georges River Council Service Centre Furnishing refurbishment	Krost	\$90,000
T18/041 - Oatley Park Oval, Design and Construction of Drainage and Irrigation	Neverstop Irrigation Pty Ltd	\$500,000