

BUDGET OVERVIEW

In the 2007/08 Management Plan, Council originally adopted a balanced budget. The forecast result adopted by Council for the December Quarter Review was a deficit of \$360,000.

The March Quarter Review is forecasting a full-year deficit of \$75,000 (a favourable movement to Council's bottom line of \$285,000). Some of the major impacts in this quarter include:

- a \$500,000 reduction in the contribution required to the Roads & Traffic Authority for the Pacific Highway upgrade;
- an additional \$175,000 being required for restoration works at Cabbage Tree Harbour;
- a shortfall of \$118,000 in rates income; and
- \$90,000 less than anticipated funding for works relating to the June long weekend storm.

The March Quarter Review has proposed a number of changes across the Water and Sewer budget lines. These changes reflect redeployments of resources between various maintenance and operational areas and changes in the timing on delivery of capital projects. The overall position of the Water and Sewer Funds has not been impacted.

TABLE 1 : PROPOSED GENERAL FUND ADJUSTMENTS INCORPORATED INTO BUDGET FORECASTS – March Quarter

Key – Reason for Adjustment

- EXT External Factors – outside Council's control
- INT Council / Management / Operational Decisions
- OBC Original Budget Correction

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
INT	Expense	1.01.07	Community Building Construction	\$4,596	Deferral of the following works to the following financial year: \$2,350K Warnervale Aquatic Centre \$300K Performing Arts Centre \$2,098K The Entrance Multi Purpose Centre. (as a result of an extended user consultation process, delays in finalising the tender documentation and construction certificates, and delays in the Development Application approvals. Inclusion of the following works: \$144K Blue Haven Centre Works & Art Worker program These works are Section 94 funded therefore nil Impact to Council's bottom line. Offset by Income line 6.09.01 Contributions- Community Buildings
INT	Expense	1.01.08	Community Development	(\$350)	Budget increase to reflect the provision of a loan to WYCRA as per Council resolution. This is offset by future loan repayments shown in line 6.06.08 Community Project revenue. These is no impact on Council's bottom line.
INT	Expense	1.07.05	Cycleway Improvements	(\$60)	Additional works on the Entrance/ Norah Head Cycleway funded through RTA Grants. This is a 50% Council funded grant that has been offset by Holiday Park funded cycleway work. This will have no impact Council's result.
INT	Expense	2.01.07	Town Centre Refurbishments	(\$123)	Additional costs of completing works at The Entrance Town Centre, including refurbishing the public toilets, replacing underwater lighting & softfall at Vera's water garden and stainless steel fencing to the Memorial oval playground to address public safety issues that were raised. This expenditure is offset by a transfer from the Town Centre sinking fund reserve and will have no impact Council's result.
EXT	Expense	3.02.03	Weed Harvester Operations	\$107	Savings in the Weed Harvester operations due to less weed needing to be collected via aquatic means due to storms washing the weed onto shore.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
INT	Expense	3.02.05	Lakes Improvements	\$125	The Estuary Management Plan (EMP) program has re-defined the scope of works to be undertaken in the construction of the Boat Ramp/Wharf. The re-definition of works has resulted in a delay in the construction of the ramp/wharf. Works are now due to commence in conjunction with the EMP works in the 2008/09 financial year. These works are funded by profits from Holiday Parks and as a result there is no impact to Council's bottom line
INT	Expense	3.02.07	Beach Maintenance	(\$50)	Essential additional works undertaken at Lakes Beach, North Entrance & Soilders Beach to secure dune access, protection fencing and to generally make safe for the public. Plus higher than anticipated operating costs due to excessive erosion incurred over the 07/08 summer period.
EXT	Expense	3.02.08	Coastal Management and Hazard Plan	(\$340)	Budget increase to cover the investigation and design works required preceeding the commencement of 08/09 restoration works at Cabbage Tree Harbour (\$220K) and contract costs for the production of the Coastal Hazard Study (\$120K). This line is partially offset by \$170k in grant funding
EXT	Expense	4.01.02	Main Roads	(\$436)	This budget has been increased to allow for: \$986K in additional RTA funded contract Works (offset by income line 6.08.14) \$500K reduction in contributions towards RTA works at Ourimbah. The original budget estimate for this contribution was \$1.5M. Final actual contribution for 2007/08 will be \$1M This will result in a favourable impact to Council's bottom line of \$500K
EXT	Expense	4.01.03	Secondary Roads Construction	\$19,300	Reduction in budget to reflect delays in the construction of the Warnervale Link road. The award of the contract has been deferred due to concerns for the potential loss of s.94 funding as a consequence of the proposed legislative change. These works are funded by Contributions (Management Plan line 6.09.06) and Grants (Management Plan line 6.08.15 and as a result there is no impact on Council's bottom line.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
EXT	Expense	4.01.06	Bridge Maintenance & Construction	\$433	The Goorama Ave Pedestrian Bridge project has been amended in favour of alternate works to provide shared pathways and left turn adjustments to Goorama Avenue, construction documentation and DA stages. The construction of the revised project will now span into the 2008/09 financial year. The original Sec 94 budget for this project was \$733K for 2007/08. The amended budget for 2007/08 will be \$300K. This budget is funded by contributions (Management Plan line 6.09.06) and therefore has no impact on Council's bottom line.
EXT	Expense	4.01.11	June 2007 Storm event	(\$4,579)	Representing the funding of works to be completed in the current financial year. This is predominantly offset by \$4,670K in grant funding from the Department of Commerce and the RTA. Council is working with the Department of Commerce and RTA to finalise funding There have been minor costs incurred by Council to the value of \$89K that are not covered by the funding bodies, this represents a minor impact in the context of the overall cost of the storm.
OBC	Expense	4.05.03	Domestic Waste Tip Rehab	(\$5,334)	In 2006/07 \$9,880K was allocated to fund tip rehabilitation from the domestic fund and \$520K from the commercial fund. The majority of these amounts were allocated to the rehabilitation of Bateau Bay closed landfill. Due to delays in DA approval for the rehabilitation works, requests for additional ecological studies to be undertaken and inclement weather from April to June 2007, the commencement of the project at Bateau Bay was significantly delayed. As a result only \$2,468 were expended in 2006/07 from the domestic fund and \$130K from the commercial fund. The remainders (\$7,412K and 390K respectively) were returned to Waste Reserve. \$5,334K is now required in addition to the allocated budget of \$6,282K (for domestically funded tip rehabilitation) and \$281K in addition to the allocated budget of \$349K (for commercially funded tip rehabilitation) for 2007/08 to fund the rehabilitation works at Bateau Bay. This project is funded through the waste program reserves and there is no impact on Council's bottom line.
OBC	Expense	4.05.08	Commercial Waste Tip Rehab	(\$281)	Refer to comments on line 4.05.03
OBC	Expense	5.01.01	Training & Development	(\$96)	Additional budget required to cover essential staff training requirements over the balance of the financial year.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
INT	Expense	5.01.04	Employee Overheads	(\$2,000)	Increased leave payments of staff during the 2007/08 financial year as a result of a program to reduce leave balances. This has been directly funded through reductions in the Employee Leave Entitlements Reserve (See line 6.13.03 Transfers from Reserves)
INT	Expense	5.02.05	Holiday Park Operations	(\$140)	Refer to comment on line 6.03.11
INT	Expense	5.03.02	Plant & Fleet Purchases	(\$390)	Increase in budget to purchase Baileys Bridge and Quad Bikes for the Rangers. These additional acquisitions are funded by a transfer from the Plant acquisition reserve. There is no impact on Council's bottom line.
INT	Expense	5.03.04	Shire Services Operations	(\$50)	Budget increase for the installation of essential roof safety anchor points on the Council administration building. Unfavourable impact to Council's bottom line
EXT	Income	6.01.01	Rates Levy Current Year	(\$258)	Rate income did not achieve original budget estimate. Original budget included a growth rate of 1%. As a result in the downturn in development activity, this growth was not achieved. The 2008/09 growth rate prediction has been amended to reflect this reduction.
EXT	Income	6.01.02	Rates Abandonments	\$183	Fewer rates abandonments were processed than originally budgeted
EXT	Income	6.01.03	Special Rates	\$56	Adjustment to bring budget into line with the actual rate levy.
INT	Income	6.03.11	Holiday Park Charges	\$417	Council's Holiday Park operations have experienced better than forecast income results for the year. The increase in revenue is partially offset by a related increase in commissions paid to the Park Managers. As these profits are generated from activities on Crown Land, they required to be initially transferred to a specific reserve. Subject to the approval of the Department of Lands, these funds can be utilised as part of Council's Estuary Management Plan.
INT	Income	6.06.08	Other Revenue – Community Projects	\$350	This budget adjustment reflects the future income to be received in the form of loan repayments from WYCRA. The loan was provided by Council as outlined in previous council resolutions.
EXT	Income	6.06.10	Insurances Recouped	\$100	Council has received insurance recoveries greater than anticipated levels predominantly due to storm works expensed in the 2006/07 financial year.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
EXT	Income	6.07.02	Pensioner Rebate Subsidy	(\$101)	Grant funding for rates abandonments was reduced in line with the reduction in Council's rates abandonments (line 6.01.02) being issued.
EXT	Income	6.08.11	Grants – Coastal Hazard Management plan	\$170	Grant funding for additional works under line 3.02.08 Coastal Hazard Management Study. Due to a court case involving Shoalhaven Council, DECC (Dept. of Environment and Climate Change) amended its requirements in terms of the model used by the consultants to establish the hazard lines. As a result of this change the cost of the Hazard study increased substantially. This increase is funded on a 50/50 basis by DECC and Council.
INT	Income	6.08.14	Grants - Main Roads	\$986	This budget has been increased to allow for: \$986K in additional RTA funded contract Works (offset by income line 4.01.02)
INT	Income	6.08.15	Grants - Roads to Recovery / Auslink	(\$4,200)	Reduction in budget to reflect delays in the construction of the Warnervale Link road. Construction will not commence in 2007/08 due to the proposed changes in s.94 legislation as outlined in line 4.01.06 .
EXT	Income	6.08.31	June 2007 Storm Grant Funds	\$4,670	Income increase representing the grant funding for current financial year storm works bring funded by the Department of Commerce and the Roads and Traffic Authority.
INT	Income	6.09.01	Contributions - Community Buildings	(\$4,596)	Deferral of the following works: \$2,350K Warnervale Aquatic Centre \$300K Performing Arts Centre \$2,098K The Entrance Multi Purpose Centre Inclusion of the following works: \$144K Blue Haven Centre Works & Art Worker program These works are Section 94 funded therefore nil Impact to Council's bottom line. Offset by expense line 1.01.07 Community Building Construction
INT	Income	6.09.06	Contributions - Secondary. Road Construction	(\$15,533)	Reduction in budget to reflect delays in the construction of the Warnervale Link road. Construction will not commence in 2007/08 due to delays in the tendering process. Refer to comments on 4.01.03. Reduction in Bridge Construction - refer to comments on line 4.01.06.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
INT	Income	6.09.16	Contributions –Lakes Restoration	(\$125)	The Estuary Management Plan (EMP) program has re-defined the scope of works to be undertaken in the construction of the Boat Ramp/Wharf. The re-definition of works has resulted in a delay in the construction of the ramp/wharf. Works are now due to commence on conjunction with the EMP works in the 2008/09 financial year. These works are funded by profits from Holiday Parks and as a result there is no impact to Council's bottom line.
OBC	Income	6.13.05	Transfer from Waste Reserve	\$5,615	Refer to comments on line 4.05.03
INT	Income	6.13.03	Transfer to Reserve - (Holiday Parks)	(\$277)	Refer to comment on line 6.03.11
INT	Income	6.13.03	Transfer from Reserve - (General Fund)	\$2,513	\$390K transfer from plant reserve to purchase Baileys Bridge and Quad Bikes for the Rangers. These additional acquisitions are funded by a transfer from the Plant acquisition reserve. \$2,000K transfer from ELE reserve to fund payment of staff leave balances. There is no impact on Council's bottom line.
Total Significant March Qtr Items				\$302	Favourable General Fund Impact

WATER & SEWER

The Water and Sewer budgets continue to be monitored closely on a monthly basis.

TABLE 2 : PROPOSED WATER & SEWER FUND ADJUSTMENTS – March Quarter

Key – Reason for Adjustment

- EXT External Factors – outside Council’s control
- INT Council / Management / Operational Decisions
- OBC Original Budget Correction

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
OBC	Expense	4.02.02	Drainage Capital Works	\$2,019	Works have been deferred to next financial year, due to design delays resulting from aspects such as gaining access to drainage easements on private property. Projects include: \$300K Villa Close, Budgewoi \$144K Quindalup Rd, Gwandaland \$450K George Evans Rd
INT	Expense	4.03.01	Water Pump Station Maintenance	(\$100)	Budget increased required to cover unforeseen major repairs at Council’s largest raw water pumping station on the Wyong River
INT	Expense	4.03.02	Water Pump Station Operations	\$250	Budget reduction required. Increased rainfall has resulted in a reduction of raw water pumping activities and thus lower electricity costs.
INT	Expense	4.03.03	Water Reservoirs Mains Maintenance	(\$900)	Budget increase required due to two main changes: \$150K increase as a result of additional works to address dirty water problems \$750K increase as a result of a review and subsequent re-classification of refurbishment works from the water capital budget line
INT	Expense	4.03.07	Joint Water Supply	\$798	Budget reduction of: \$598K representing a budget transfer to capital works for the Wyong River Environmental flow study \$200K reduction in the communications budget.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
INT	Expense	4.03.08	Water Administration	\$90	Budget reduction to reflect reduced road re-instatement activities.
INT	Expense	4.03.10	Water Capital	\$33,168	Budget reduction required due to three main changes: \$750K reduction as a result of a review and subsequent re-classification of refurbishment works from the water capital budget line to the water mains maintenance line \$5,700K reduction as a result of a review and subsequent re-classification of contributions to the Hunter Link project from the water capital budget line to the Drought Management Works line (resulting asset does not remain in the Water Fund asset register) \$26,118K reduction as a result of capital project delays due to a range of issues including regulatory approvals and environmental issues.
INT	Expense	4.03.12	Drought Management Works	(\$4,300)	Budget increase required due to: \$1,400K reduction as a result of a reduction in water purchases from the Hunter Water Corporation \$5,700K increase as a result of a review and subsequent re-classification of contributions to the Hunter Link project from the water capital budget line to the Drought Management Works line (resulting asset does not remain in the Water Fund asset register).
OBC	Income	6.03.08	Recycled Water	(\$140)	Budget reduction required original budget estimates of recycled water sales have not been achieved.
INT	Income	6.04.17	Water Meter Connection Fees	(\$155)	Budget reduction required – reduction in housing development has reduced water connection requirements and associated income..
INT	Income	6.04.19	Water Operation Fees	(\$90)	Budget reduction required – this line is predominantly made up of water banking income which has declined due to improved rainfalls.
INT	Income	6.09.07	Drainage (Sec 94)	(\$1,125)	Deferral of s.94 funded drainage works to future years. This offsets the expenditure on budget line 4.02.02.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
INT	Income	6.09.10	Contribution JWS – Gosford City Council	(\$10,068)	Budget reduction required deferral of jointly funded capital works.
INT	Income	6.09.11	Contribution JWS – s.64	(\$3,995)	Budget reduction required deferral of contribution funded capital works.
INT	Income	6.10.01	Water Loans	(\$13,858)	Budget reduction required due to changes in funding requirements of reduced capital works program.
INT	Expense	4.04.01	Sewer Pump Station Maintenance	\$250	Phased expenditures are less than predicted due to programmed maintenance efforts being redirected to unforeseen sewage treatment plant and water pump station maintenance during the latter part of last year. As the year has progressed normal programmed maintenance efforts have been directed back to sewer pump stations however it is expected that this programme will be under expended by \$250k.
INT	Expense	4.04.02	Sewer Pump Station Operations	\$150	Phased expenditures indicate that this programme is currently underspent due to the impact of the drought on flushing operations. It is expected that this programme will be underspent by \$150k.
INT	Expense	4.04.03	Sewer Mains Maintenance	(\$350)	Phased expenditures indicate that this programme will overspend the end of financial year budget predictions due to unforeseen works and expenditures being required at WS1 Sewer Pumpstation and rising main, a collapsed sewer main at the North Entrance & Tuggerah and on the vacuum pot refurbishments at Tacoma.
INT	Expense	4.04.04	Sewer Mains Operations	\$100	Budget reduction required due to lower than anticipated Trade Waste testing costs and tree root choking problems.
INT	Expense	4.04.05	Sewer Treatment Plant Maintenance	(\$575)	Budget increase required due unforeseen works required to refurbish the Bateau Bay sewer treatment plant gasbell, including associated pipe work and concrete structural repairs. Additional repairs were also required to the aeration lagoons at Gwandalan treatment plant , the Toukley outfall structure and filter tank.
INT	Expense	4.04.06	Sewer Treatment Plant Operations	(\$150)	Budget increase required due to increase in sludge dewatering and disposal costs.
INT	Expense	4.04.09	Sewer Capital	\$18,710	Budget reduction as a result of capital project delays due to a range of issues including delays in regulatory approvals and external consultants not delivering design/contract documents to meet project timeframes.

ADJ TYPE	LINE TYPE	LINE #	LINE ITEM	FULL YEAR IMPACT \$ 000s (unfav)/fav	COMMENT
OBC	Income	6.04.21	Sewer Operation Fees	\$46	Budget increase as original budget did not provide for drainage diagram income.
INT	Income	6.10.02	Sewer Loan Funds	(\$2,094)	Budget reduction to reflect reduction in capital works and operating income.
INT	Income	6.13.04	Transfer (to)/from Reserve	(\$17,668)	Budget reduction to reflect reduction in capital works and operating income.

BUDGET CONTROL DEVELOPMENTS

Budget Managers and Finance are continuing to improve budgetary control through the constant review of the original budget estimates and phasings to actual outcomes during the year. It is important to understand and accept that variability between budgeted and actual phasing is normal and that the important thing is being able to understand why there is the variation. This is particularly important given that the concept and implications of phasing budgets is still relatively new to budget managers.

The main variations between the YTD Budgets and YTD Actual in this review are timing differences. That is, expenditure patterns are not matching the budget phasing developed by Managers. As Managers continue to improve the budget dissection and phasing through the Power Budget tool, timing variations will be minimised.

In addition to maintaining a high level of control over the 2007/08 budget, Council is focussing efforts towards the 2008/09 budget construction in preparation for the start of the new financial year.

2007/08 BUDGET RISKS

As Council's Management become aware of any risks to meeting the agreed budget or service level, it will investigate all options available before seeking additional funding from Council.

In summary the known areas of risk are:

Directorate	Issue Description	Est. Impact FAV/(UNFAV)
Shire Serv.	<p>Natural Disaster Funding – Council is working with the Roads and Traffic Authority, and the Department of Commerce to finalise the funding of the June storm event.</p> <p>Costs directly associated with the storm event have been incurred by Council over the last two financial years and include road and asset repairs to an estimated value of \$6,974K. A claim for Grant funding of \$6,885K has been lodged and is made up of:</p> <ul style="list-style-type: none"> \$2,878K from Roads and Traffic Authority (RTA) \$3,927K from Department of Commerce (DOC) \$53K from SES \$27K from the Premier's Department <p>The RTA funding claim is presently being reviewed by the RTA to assess if there are any road repairs that will require Council to share costs.</p> <p>The Doc funding claim includes an estimate of the Safety and Surveillance of the Cabbage Tree Harbour Landslip which is being reviewed.</p> <p>An amount of \$89K has been taken to Council's bottom line in this review, reflecting non-funded storm expenditure.</p>	(\$TBC)

EMERGING ISSUES

Directorate	Issue Description	Est. Potential Impact FAV/(UNFAV)
Shire Plan.	Flood Plain Management Study – Council commits an annual amount of \$137K to its Floodplain Management program on the basis of grant funding of \$274K being provided. The current funding program will close in June 2008 and there is , as yet, no commitment for the continuation of the program beyond this date.	\$TBC
Shire Serv.	The Mardi to Mangrove pipeline link plans have yet to be finalised. The final agreed pipeline route and detailed project design will potentially impact significantly on the final budget estimates of this project.	\$TBC
Shire Serv.	Additional construction costs due to difficult site conditions for Tip Rehabilitation at the Bateau Bay site and the risk associated with a contractual dispute which is currently the subject of further legal action to recover costs from the contractor.	\$TBC

EXPENDITURE ANALYSIS :

Principal Activity 1 – Society

March,2008	ANNUAL BUDGET				YTD ACTUALS		YTD BUDGET		
	Original Budget	SEP Review	DEC Review	Revised Budget	YTD Actual	YTD Actual %	YTD Budget	YTD VAR	YTD VAR
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	\$'000	%
PA 1 - SOCIETY									
1.1 Community Support & Development	17,862	18,281	18,468	14,343	8,824	62%	9,339	516	6%
1.2 Education	0	0	0	0	0	0%	0	0	0%
1.3 Health	56	56	73	73	42	57%	55	13	23%
1.4 Housing for Disadvantaged	0	0	0	0	0	0%	0	0	0%
1.5 Community Safety	0	0	0	0	0	0%	0	0	0%
1.6 Public Transport	0	0	0	0	0	0%	0	0	0%
1.7 Leisure, Recreation and Open Space	7,745	11,956	12,540	12,723	8,891	70%	9,259	369	4%
1.8 Urban Quality	2,094	2,094	2,144	2,144	1,604	75%	1,576	(28)	-2%
1.9 Noise	0	0	0	0	0	0%	0	0	0%
1.10 Heritage	10	10	10	16	15	92%	16	1	8%
1.11.01 Allocation of Salaries & Overheads	15,960	15,960	15,960	15,960	11,970	75%	11,965	(5)	0%
TOTAL ACTIVITY	43,727	48,358	49,195	45,259	31,346	69%	32,211	865	3%

Principal Activity 1 – Society has a favourable variance between YTD Budget and Actual YTD expenditure of \$865K, representing a 3% positive variance to YTD budget.

Areas of interest include:

1.1 Community Support and Development

1.01.06 Community Building Maintenance – \$151K Favourable YTD – Actual expenditure is favourable to the phased budget due to current works programs being focussed on other budget lines such as Childcare Centres and Holiday parks.

1.07.27 Childcare Operations - \$229K Favourable YTD – Overall expenditure is under budget by \$221K The saving is directly related to a saving in staff costs. Ensuring that staff to child utilisations are matched and not filling staff vacancies until required have been contributing factors.

Overall Children's Services has recorded a year to date surplus of \$163K (not including Speech Pathologist) against an original year to date budgeted loss of \$35K. This is favourable by \$198K compared to budget.

Surplus funds will be allocated towards: the over-expenditure in CCC Building Maintenance resulting from the upgrade works in the Kanwal yard; an aggressive marketing campaign; additional education resources and play aids, equipment and furniture as required. Work will be done to install / upgrade security systems at Tom Stone and Northlakes and will be funded from the surplus.

The Children's Services full year result is on track for a full year budgeted loss of \$100K.

Principal Activity 2 – Economy

		ANNUAL BUDGET				YTD ACTUALS		YTD BUDGET		
March,2008		Original Budget \$'000	SEP Review \$'000	DEC Review \$'000	Revised Budget \$'000	YTD Actual \$'000	YTD Actual %	YTD Budget \$'000	YTD VAR \$'000	YTD VAR %
PA 2 - ECONOMY										
2.1 & 2.2 Emp., Wage Structure & Labour Force		3,030	3,268	3,268	3,451	2,564	74%	2,477	(88)	-4%
2.02.01 Allocation of Salaries & Overheads		1,110	1,110	1,110	1,110	830	75%	832	2	0%
TOTAL ACTIVITY		4,140	4,378	4,378	4,561	3,394	74%	3,309	(86)	-3%

Principal Activity 2 – Economy has an unfavourable variance between YTD Budget and Actual YTD expenditure of \$86K, representing a 3% negative variance to YTD budget.

Areas of interest include:

2.1 & 2.2 Emp., Wage Structure & Labour Force

2.01.02 The Entrance Town Centre Management – \$114K Unfavourable YTD – This represents a timing difference between the budget phasing and the payments made. There is no impact on Council's bottom line.

Principal Activity 3 – Natural Environment

		ANNUAL BUDGET				YTD ACTUALS		YTD BUDGET		
March,2008		Original Budget	SEP Review	DEC Review	Revised Budget	YTD Actual	YTD Actual	YTD Budget	YTD VAR	YTD VAR
		\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	\$'000	%
PA 3 - NATURAL ENVIRONMENT										
3.1 Land		112	122	122	149	103	69%	111	8	7%
3.2 Water		7,636	7,636	7,679	7,834	2,413	31%	4,280	1,867	44%
3.3 Terrestrial Biodiversity		498	498	448	448	127	28%	137	10	7%
3.3.3 Bush Regeneration		0	0	0	0	0	0%	0	0	0%
3.3.4 Retrofitting urban areas		0	0	0	0	0	0%	0	0	0%
3.04.01 Allocation of Salaries & Overheads		3,610	3,610	3,610	3,610	2,706	75%	2,706	0	0%
TOTAL ACTIVITY		11,856	11,866	11,859	12,041	5,349	44%	7,234	1,885	26%

Principal Activity 3 – Natural Environment has a favourable variance between YTD Budget and Actual YTD expenditure of \$1,885K, representing a 26% positive variance to YTD budget.

Areas of interest include:

3.2 Water

3.02.12 Estuary Mgt Plan & Other Stormwater Mgt Works – \$1,905K favourable YTD. This budget is on track to meet full year revised works program.

Principal Activity 4 – Infrastructure

March,2008		ANNUAL BUDGET				YTD ACTUALS		YTD BUDGET		
		Original Budget \$'000	SEP Review \$'000	DEC Review \$'000	Revised Budget \$'000	YTD Actual \$'000	YTD Actual %	YTD Budget \$'000	YTD VAR \$'000	YTD VAR %
PA 4 - INFRASTRUCTURE										
4.1 Roads		46,968	48,210	49,773	34,883	22,405	64%	23,626	1,221	5%
4.2 Drainage		8,356	8,847	8,847	6,828	3,308	48%	3,334	25	1%
4.3 Water		100,665	100,672	86,610	57,606	31,918	55%	31,951	33	0%
4.4 Sewer		40,808	40,908	40,990	22,855	12,953	57%	13,164	211	2%
4.5 Waste		31,264	32,014	32,034	37,649	21,227	56%	24,016	2,790	12%
4.06.01 Allocation of Salaries & Overheads		23,971	23,971	23,971	23,971	17,978	75%	17,971	(7)	0%
TOTAL ACTIVITY		252,032	254,622	242,225	183,792	109,789	60%	114,062	4,273	4%

Principal Activity 4 – Infrastructure has a favourable variance between YTD Budget and Actual YTD expenditure of \$4,273K, representing a 4% positive variance to YTD budget.

Areas of interest include:

4.1 Roads

4.01.03 Secondary Roads Construction - \$747K favourable YTD. This program is on track to meet full year revised works program within budget.

4.01.06 Bridge Maintenance & Construction - \$279K favourable YTD. A number of Budget amendments have been incorporated in the March quarter review. As a result of these adjustments being adopted the modified full year construction program is on track for completion on time and within budget.

4.2 Drainage

4.02.03 Drainage Flood Studies – \$0K favourable YTD. Consultants have forwarded a draft report of Porters Creek Flood Study to Council. This is currently being reviewed. Consultants to make presentation to the Estuary, Coastal and Floodplain Management Committee in April as required in the Floodplain Management Manual. Wyong River Floodplain Risk Management Plan draft report has been reviewed by Council and DECC and is now being finalised by consultants.

Current funding arrangements coordinated by DECC, part funded by the Federal Government, will cease in June 2008. There is as yet no commitment for the continuation of the funding program beyond this date. However, current advice is that a final decision by the Federal Government will be made in May 2008.

4.5 Waste

4.05.12 Tip EPA Levy - \$211K unfavourable YTD. Expenditure is trending slightly above budget. Clean fill and other Council waste is still being received at greater than anticipated quantities. This increase in expenditure however, is directly off-set by higher than expected internal revenue. This works program has a restricted funding source and therefore there is no impact on Council's bottom line.

4.5.13 Tip Cell/Area Works - \$1,333K favourable YTD. Tip Cell works will not commence until 2009/10. Funds will be transferred to reserves at the end of the financial year. This works program has a restricted funding source and therefore is no impact on Council's bottom line.

4.05.17 Tip Capital Works - \$960 favourable YTD. All programmed works will be completed this financial year within budget. Any unspent funds will be held in a reserve at the end of the financial year. This works program has a restricted funding source and therefore there is no impact on Council's bottom line.

Principal Activity 5 – Organisation

March,2008		ANNUAL BUDGET				YTD ACTUALS		YTD BUDGET		
		Original Budget \$'000	SEP Review \$'000	DEC Review \$'000	Revised Budget \$'000	YTD Actual \$'000	YTD Actual %	YTD Budget \$'000	YTD VAR \$'000	YTD VAR %
PA 5 - ORGANISATION										
5.1 Workforce		39,142	39,087	38,737	40,810	30,370	74%	30,404	33	0%
5.2 Finance		13,254	13,254	13,254	13,317	7,471	56%	7,633	162	2%
5.3 Support Systems & Equipment		21,930	22,384	21,153	21,763	15,281	70%	17,495	2,214	13%
5.4 Governance		2,112	2,173	2,173	2,201	1,449	66%	1,421	(28)	-2%
5.05.01 Allocation of Salaries & Overheads		(44,651)	(44,651)	(44,651)	(44,651)	(33,484)	75%	(33,475)	9	0%
TOTAL ACTIVITY		31,787	32,247	30,666	33,440	21,087	63%	23,478	2,391	10%

Principal Activity 5 – Organisation has a favourable variance between YTD Budget and Actual YTD expenditure of \$2,391K, representing a 10% positive variance to YTD budget.

Areas of interest include:

5.2 Finance

5.02.05 Holiday Park Operations - \$141K favourable YTD. Given current trends and historical information the predicted year end operational income will be favourable to the revised budget by \$417K, while operating expenditure will be \$140K unfavourable. This will provide an additional \$277K to be transferred into the Holiday Parks/Crown reserve restricted asset.

5.3 Support Systems and Equipment

5.03.02 Plant Fleet Purchases - \$1,809K favourable YTD. The timing of Council's \$6M plant purchases program has been adjusted and will now occur later in this financial year. The 2007/08 acquisition program is still on track for completion this financial year.

5.4 Governance

5.04.01 Legal Costs – \$158K favourable YTD. Council will continue to monitor legal costs over the balance of the year and will report on any variances in a timely manner.

SOURCE OF FUNDS ANALYSIS

The Source of Funds (SOF) area of the Management Plan is presently showing a \$10K or 0.0% unfavourable variance when comparing YTD Actuals to the YTD Budget. Note, for the purpose of interim reporting the Contributions & Donations are adjusted to reflect estimates and are subject to year end accounting entries.

March,2008	ANNUAL BUDGET				YTD ACTUALS		YTD BUDGET		
	Original Budget	SEP Review	DEC Review	Revised Budget	YTD Actual	YTD Actual	YTD Budget	YTD VAR	YTD VAR
	\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000	\$'000	%
PA 6 - SOURCE OF FUNDS									
Revenue									
6.1 General Rates & Levies	(52,785)	(52,785)	(52,785)	(52,766)	(52,776)	100%	(52,765)	11	0%
6.2 Annual Charges	(46,228)	(46,228)	(46,228)	(46,228)	(46,293)	100%	(46,194)	99	0%
6.3 User Charges	(40,905)	(41,126)	(38,153)	(38,450)	(27,587)	72%	(27,354)	233	-1%
6.4 Fees	(5,229)	(5,229)	(4,536)	(4,293)	(3,100)	72%	(3,233)	(132)	4%
6.5 Interest On Investments	(5,122)	(5,122)	(4,122)	(4,122)	(3,021)	73%	(3,159)	(138)	4%
6.6 Other Revenue	(2,516)	(2,516)	(2,586)	(3,084)	(1,950)	63%	(2,017)	(67)	3%
Total Revenue	(152,785)	(153,006)	(148,410)	(148,943)	(134,727)	90%	(134,722)	5	0%
Grants									
6.7 General Purpose Grants	(10,927)	(10,714)	(10,714)	(10,613)	(8,651)	82%	(8,783)	(132)	1%
6.8 Specific Purpose Grants	(26,008)	(26,021)	(24,431)	(26,263)	(19,698)	75%	(19,698)	0	0%
Total Grants	(36,935)	(36,735)	(35,145)	(36,876)	(28,349)		(28,480)	(132)	0%
Contributions									
6.9 Contributions and Donations	(63,746)	(69,191)	(66,359)	(30,948)	(23,211)	75%	(23,211)	0	0%
Total Contributions	(63,746)	(69,191)	(66,359)	(30,948)	(23,211)		(23,211)	0	0%
Other Income									
6.10 Loan Funds	(51,960)	(51,960)	(46,361)	(30,409)	0	0%	0	0	0%
6.11 Sale Of Assets	(7,122)	(7,122)	(3,392)	(3,392)	(1,633)	48%	(1,853)	(220)	12%
6.12 Internal Charges	(15,082)	(16,282)	(16,447)	(16,447)	(12,034)	73%	(11,697)	337	-3%
6.13 Transfer From / (To) Restricted Assets	(15,912)	(16,974)	(21,850)	(12,277)	0	0%	0	0	0%
Total Other Income	(90,076)	(92,338)	(88,050)	(62,525)	(13,667)	22%	(13,551)	116	-1%
TOTAL ACTIVITY	(343,542)	(351,271)	(337,964)	(279,292)	(199,954)	72%	(199,964)	(10)	0.0%

User Charges

6.03.05 Water Usage - \$316 favourable YTD. Full year revenue on track to meet budget.

Other Revenue

6.06.11 Sundry Engineering Income - \$135K unfavourable YTD. This budget line will continue to be monitored. The main income source in this budget line is the recovery of scrap metal from Council's Buttonderry waste processing facility. The current lower than expected income is predominantly due to higher scrap metal prices encouraging the community to take scrap metal directly to recycling yards.

Other Income

6.12.06 Internal Tipping - \$190K favourable YTD. Actual income is on track to exceed full year budget. There is no impact on the General Fund result.