

Statement of Variances in Excess of \$50,000 by Program and Sub Program Financial Year-To-Date Ending 31 July 2020

This report provides commentary on the variances identified in attachment 6002C – Rate Setting Statement by Program and Sub-Program, for the month of July 2020.

In accordance with Council Accounting Policy CP-025, variances less than \$50,000 are not considered material.

Variances are based on 'Actual' income raised and expenditure incurred, compared to the Annual Budget and are shown in the Annual Budget Variance column in the tables below. The main reasons for the variances are outlined in this report.

It should be noted that 2019-2020 capital works project budgets and other budgets to be carried forward for inclusion in the 2020-2021 financial year, have not been finalised at the time of reporting. Consequently, expenditure against these items will be reflected as a negative variance.

Positive variances are shown, in black coloured font, and negative variances are shown in both parentheses and in red coloured font, i.e. (XXX.XX). The subsequent analysis of these variances references the applicable sub-program.

Operating Revenue

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Budget
Recreation and Culture				
Other Recreation and Sport	65,501	189,461	123,959	1,975,363
Swimming Areas and Beaches	14,303	397,483	383,180	3,507,495
Other Property and Services				
Unclassified	(64,735)	21,750	86,485	38,774

Other Recreation and Sport

- Fees and charges income is \$112,420 ahead of budget, with positive variances made up mainly of commercial lease income, and minor variances in membership and term fees. At the time of preparing the 2020-2021 budget, it was anticipated that the City's recreational and sporting facilities would be closed until October 2020 due to Covid-19 concerns. The successful containment of Covid-19 community transmission in Western Australia to this point has meant that the City's recreational and sporting facilities have been operational earlier than planned.
- Expenditure recoup income is \$31,507 ahead of budget, mainly in regard to recoup of utilities costs associated with the lease of the City's community assets.

Swimming Areas and Beaches

- Fees and charges income is \$383,024 ahead of budget, with positive variances made up mainly of Membership Fees \$200,415, Term/Season Fees \$123,500 and Casual Fees \$52,493. At the time of preparing the 2020-2021 budget, it was anticipated that LeisureFit Booragoon would be closed until October 2020 due to Covid-19 concerns. The successful containment of Covid-19 community transmission in Western Australia to this point has meant that LeisureFit Booragoon has been operational earlier than planned.

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Operating Revenue (continued)

Unclassified

- Proceeds of sale received ahead of budget on disposal of Plant and Equipment was \$21,749.
- Positive variance of \$65,005 relating to the budgeted losses from the write down or sale of fleet assets not being incurred for the month of July.

Operating Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Budget
Community Amenities				
Sanitation – Household Refuse	(1,370,948)	(930,837)	440,111	(16,737,061)
Recreation and Culture				
Libraries	(428,161)	(367,964)	60,197	(5,418,662)
Other Culture	(147,621)	(81,372)	66,249	(1,924,375)
Swimming Areas and Beaches	(444,378)	(270,813)	173,565	(6,105,407)
Other Recreation & Sport	(1,715,400)	(1,459,163)	256,237	(20,504,145)
Transport				
Streets, Roads, Bridges, Depot	(1,393,618)	(1,254,580)	139,038	(18,413,681)
Other Property and Services				
General Administration Overheads	(690,913)	(385,114)	305,799	(3,075,127)

Sanitation – Household Refuse

- The FOGO program is underspent by \$262,960. Waste disposal costs are underspent by \$198,945 mostly as a result of not being charged the overhead cost component of the waste disposals, amounting to \$170,968. Stores and materials show a positive variance of \$53,527 as no expenditure has been made against this account for July, and due to the reversal of 2019-2020 financial year accrual entries.
- Refuse Collection Domestic is underspent by \$108,431. Waste disposal costs are underspent by \$96,609 mostly as a result of not being charged the overhead cost component of the waste disposals, amounting to \$84,638.
- Bulk Verge Collection is underspent by \$43,896 due mainly to timing variances in materials and contracts expenditure.
- Recycling Collection Domestic is underspent by \$24,116 due mainly to timing variances in materials and contracts expenditure.

Libraries

- Positive variance of \$60,197 represented mainly by minor underspends across the City's libraries.

Other Culture

- Variance represented mainly by underspends in Materials and Contracts of \$63,557 as various programs have been delayed due to Covid-19 concerns.

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Operating Expenditure (continued)

Swimming Areas and Beaches

- Positive variance mainly in materials and contracts of \$170,643 due to the reversal of 2019-2020 financial year accrual entries.

Other Recreation & Sport

- Underspends in materials and contracts expenditure was \$227,519, with \$110,390 relating to Natural Areas and Parks and \$85,365 relating to Healthy Melville maintenance accounts.

Streets, Roads, Bridges, Depot

- Underspends in materials and contracts expenditure was \$88,061, with \$47,875 of that amount relating to Natural Areas and Parks and \$40,186 relating to Engineering maintenance accounts.

General Administration Overheads

- Positive variance in materials and contracts of \$298,290. Information Technology is underspent by \$230,061, mainly due to timing variances in licensing costs. City Buildings has a positive variance of \$61,689 due mainly to the reversal of 2019-2020 financial year accrual entries.

Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Budget
Purchase of Plant and Equipment	(67,174)	(1,931)	65,243	(3,080,276)
Purchase of Land & Buildings	(230,315)	(360,666)	(130,351)	(19,385,402)
Purchase of Infrastructure Assets	(153,500)	330,787	484,287	(37,568,550)

Purchase of Plant & Equipment

- Heavy vehicles positive variance of \$35,240 relating to the purchase of topdressing machinery on which the City is awaiting delivery.
- Light vehicles positive variance of \$23,500 relating to the purchase of one light passenger vehicle on which the City is awaiting delivery.
- Heavy plant positive variance of \$8,184 relating to the budgeted purchase of various items of plant. A recent condition inspection did not indicate that replacement of these items was necessary at this time.

Purchase of Land & Buildings

- Point Walter Staff Facilities \$222,735 negative variance due to timing variances.
- Willagee Library – Upgrade \$68,367 negative variance pending the allocation of budget to be carried forward from the 2019-2020 financial year.
- Energy and Water Submetering project \$150,000 positive variance due to the reversal of 2019-2020 financial year accrual entries.
- Other minor positive and negative variances across several projects.

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Capital Expenditure (continued)

Purchase of Infrastructure Assets

- Drainage
 - Minor positive and negative variances across several projects amounting to a net negative variance of \$8,253.
- Environmental
 - Minor negative variance of \$445.
- Foreshore Facilities
 - Minor positive and negative variance across several projects amounting to a net positive variance of \$8,376.
- Irrigation
 - Minor positive and negative variances across several projects amounting to a net negative variance of \$9,788.
- Lighting
 - Minor positive and negative variance across several projects amounting to a net positive variance of \$11,705.
- Parks
 - Minor negative variance of \$9,644.
- Parks Streetscapes Structures
 - Shirley Strickland Reserve Upgrade positive variance of \$51,755 due to delays in the commencement of works which are now not expected to commence until October 2020.
 - Minor positive and negative variances across several other projects amounting to a net negative variance of \$42,551.
- Paths
 - Mullings Way (Cottrill St-Fenton PI) positive variance of \$69,879 due to the reversal of 2019-2020 financial year accrual entries.
 - Minor positive and negative variances across several other projects amounting to a net positive variance of \$27,574.
- Playgrounds
 - Minor negative variances across several projects amounting to a total negative variance of \$725.
- Roads
 - 2019-2020 Road sealing projects - positive variance of \$287,222 due to timing variances.
 - Other minor positive and negative variances across several other projects amounting to a net positive variance of \$37,343.

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Financing Activities

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Budget
Self-Supporting Loan Principal Revenue	0	86,369	86,369	278,140
Funds to be set aside	(73,676)	0	73,676	(31,249,622)

Self-Supporting Loan Principal Revenue

- Positive variance of \$86,369 relating to the receipt of loan principal repayments received from the Melville Glades Golf Club ahead of budget.

Funds to be Set Aside

- Positive variance of \$73,676 relating to funds to be set aside to the Risk Management and Insurance Equalisation Reserve.