

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

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

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 revised budget and are shown in the YTD Budget Variance column in the tables below. The main reasons for the variances are outlined in this report.

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.

Whilst budget adjustments are done monthly, the financial results will be reviewed formally through the mid year budget review process which will be submitted to Council for approval and adoption in March 2020.

Variances that are considered permanent have been addressed in the Mid Year Budget Review.

Operating Revenue

	YTD Revised Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
General Purpose Funding				
Rates	89,071,789	89,557,787	485,998	89,200,956
Other General Purpose Funding	3,985,967	4,301,161	315,193	8,082,694
Law, Order, Public Safety				
Animal Control	67,046	208,939	141,893	75,650
Community Amenities				
Town Planning and Regional Development	987,167	1,130,924	143,757	1,414,000
Recreation and Culture				
Swimming Areas and Beaches	3,082,547	3,152,838	70,291	5,324,742
Transport				
Parking Facilities	685,000	769,084	84,084	1,040,000
Economic Services				
Tourism and Area Promotion	0	259,217	259,217	0
Other Property and Services				
General Administrative Overheads	176,912	508,733	331,820	193,579
Unclassified	415,730	(160,587)	(576,316)	936,374

Rates

- Residential rates are higher than budget due to the completion of the properties at 63 Kishorn Road, Mount Pleasant which were not included in the original budget.

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Other General Purpose Funding

- Municipal Interest earnings are under budget due to reductions in market interest rates, and lower than budgeted average balance in the Municipal fund.
- Reserve Interest earnings are over budget as a result of planned Capital Projects being deferred, resulting in larger average reserve balances than anticipated.

Animal Control

- Dog and Cat registrations received are substantially higher than anticipated. A review of the various registration payment options taken up by animal owners will be undertaken to provide more clarity for future budget planning.

Town Planning and Regional Development

- Expense recoup income for the Carawatha Development project reflects expenditure recouped for the 2018-2019 and 2019-2020 financial years.
- Development Application Fees income higher than budget due to higher than anticipated activity levels.
- Land Information Certificate income higher due to activity levels being greater than expected.

Swimming Areas and Beaches

- Swim School term fees are \$68,648 ahead of budget due to timing variances.

Parking Facilities

- Parking fines income is higher than anticipated. Fees and Charges income from parking facilities in the Fiona Stanley Murdoch Precinct, and at Canning Bridge continues to be higher than budgeted.

Tourism and Area Promotion

- Expenditure recoup income for work undertaken on behalf of the South West Group. This largely offsets the expenditure variance recorded under the same sub-program in this report.

General Administrative Overheads

- Variance to budget mainly due to receipt of LGIS Surplus Distributions and Scheme Contributions Credits totaling \$233,110. This amount will be transferred to the Risk Management Reserve.

Unclassified

- Net variance to budget on proceeds from asset disposals.

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Operating Expenditure

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Governance				
Members of Council	(1,124,161)	(1,034,140)	90,021	(1,840,170)
Other Governance	(2,313,193)	(2,154,653)	158,540	(5,480,238)
Education & Welfare				
Care of Families & Children	(880,203)	(822,880)	57,323	(1,523,833)
Community Amenities				
Sanitation - Other	(5,438,951)	(5,324,929)	114,023	(7,322,588)
Sanitation – Household Refuse	(6,690,634)	(7,204,705)	(514,071)	(11,160,582)
Town Planning & Regional Development	(2,145,342)	(2,041,969)	103,373	(4,118,463)
Protection of Environment	(1,552,727)	(1,438,635)	114,091	(3,311,589)
Recreation and Culture				
Libraries	(3,176,913)	(3,116,961)	59,952	(5,432,914)
Other Recreation & Sport	(11,931,749)	(11,211,426)	720,323	(20,533,032)
Transport				
Streets, Roads, Bridges, Depot	(10,141,356)	(10,071,726)	69,630	(18,490,881)
Economic Services				
Building Control	(1,107,677)	(1,033,116)	74,561	(1,925,188)
Tourism and Area Promotion	(134,446)	(363,647)	(229,201)	(229,550)
Other Property and Services				
Business Unit Operations	(4,895,712)	(4,664,481)	231,231	(8,599,262)

Members of Council

- Minor underspends, mainly in Elected Member Conference Attendance expenses.

Other Governance

- Savings in employee costs in the CEO and Financial Services service areas due to staff vacancies.
- Savings in materials and contracts in the Organisation Development and CEO service areas due to underspends in Communications Projects and anticipated Local Government Inquiry expenditure.

Care of Families & Children

- Underspends in employee costs in Community Services due to a temporary staff vacancy.

Sanitation – Other

- Refuse Collection Commercial is underspent by \$134,227 due mainly to timing variances in relation to internally charged expenditure, reduced tonnages of waste collected, and lower than expected fleet running costs.
- Recycling Collection Commercial is underspent by \$64,103 due to savings in employee costs and internally charged expenditure.
- Southern Metropolitan Regional Council (SMRC) negative timing variance of \$83,975 in respect of the City's annual contribution to the SMRC for operating expenses in the third quarter of the financial year.

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Sanitation – Household Refuse

- Domestic Recycling collection is overspent by \$270,567 due mainly to significant overspends in recyclables processing fees. The processing rate per tonne has increased significantly since the budget was adopted, and budget amendments have been made in the Mid Year Budget Review to address this.
- Domestic Refuse collection is overspent by \$155,484 due mainly to significant overspends in waste disposal costs. This has been offset to some extent by lower than expected fleet running costs, and savings in employee costs due to a staff vacancy.
- Bulk Verge collection is overspent by \$90,233, mainly due to the collection of an additional 280 tonnes more than anticipated of verge waste.

Town Planning & Regional Development

- Savings in employee costs due to staff vacancies has resulted in an underspend of \$160,952.
- Materials and contracts are overspent by \$78,658, mainly in contract payments for the Carawatha Redevelopment project. This has been offset to a large extent by recoup income in the revenue section of this report under the same sub program heading.

Protection of Environment

- Variance represented mainly by underspends and timing variances in materials and contracts and underspends in litter collection and fleet running costs.

Libraries

- Variance represented mainly by underspends in materials and contracts and electricity expense, offset by negative timing variances in internal charges.

Other Recreation & Sport

- Variances in contractors expenditure relating to Natural Areas and Parks and City Buildings maintenance accounts represent a positive variance of \$170,251.
- Stores and materials budgets mainly across Natural Areas and Parks maintenance accounts are underspent by \$75,694.
- Employee cost timing variances, relating mainly to employee costs incurred in maintaining the City's many parks and reserves, resulting in a total overspend of \$80,165.
- Timing variances in relation to internally charged expenditure resulted in an underspend of \$454,175.

Streets, Roads, Bridges, Depot

- Non material timing variances in materials and contracts expenditure in the Natural Areas and Parks and Engineering service areas, across several maintenance programs.

Building Control

- Positive variances in employee costs in Private Swimming Pool Inspections and Building Services due to staff vacancies.

Tourism and Area Promotion

- Expenditure relating to the South West Group. This is largely offset by the revenue variance recorded under the same sub-program in this report.

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Business Unit Operations

- Positive variances in employee costs in the Information Services, City Buildings and Information Technology services areas.
- Savings in materials and contracts mainly in the City Buildings service area.

Capital Income

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Non-operating Grants, Subsidies and Contributions	1,844,566	1,985,635	141,069	4,226,085
Proceeds from Disposal of Assets	384,925	258,727	(126,198)	914,700

Non-operating Grants, Subsidies and Contributions

- Positive variance on the Roads to Recovery grant received from the Department of Infrastructure.

Proceeds from Disposal of Assets

- Budget variance due to delays in the disposal of heavy and light vehicles.

Capital Expenditure

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Purchase of Furniture & Equipment	(808,347)	(408,957)	399,390	(2,381,441)
Purchase of Plant and Equipment	(1,851,081)	(1,164,572)	686,509	(3,516,811)
Purchase of Land & Buildings	(3,291,562)	(2,744,343)	547,219	(16,386,271)
Purchase of Infrastructure Assets	(8,077,451)	(6,889,395)	1,188,056	(29,755,354)

Purchase of Furniture & Equipment

- Various minor variances in the IT area
- CSRFF funding shows a positive variance of \$52,494 due to delays in the commencement of cricket training net works at Troy Park. This project is expected to commence in April 2020.
- Timing variance of \$193,375 relating to the allocation of Artwork Developer Contributions.

Purchase of Land & Buildings

- Delay in the commencement of the Energy and Water sub metering project which is estimated to be completed by June 2020. The project has a positive variance of \$160,000.
- Exhaust Fan Replacement Program – positive timing variance of \$58,415 with work currently underway.
- Civic Centre Fire Services Renewal project - positive timing variance of \$63,920 with project commencement in February 2020.

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- Other minor variances across several projects.

Purchase of Infrastructure Assets

- Foreshore Facilities
 - The Jetty Renewal program has been delayed pending the issue of permits by the Department of Biodiversity, Conservation and Attractions to commence works. This program has a positive variance of \$90,242.
- Irrigation
 - In Field Irrigation program positive variance of \$130,106.
- Parks Streetscapes Structures
 - Park Structures Renewal program positive variance of \$58,767.
 - Heathcote Vision signage project positive timing variance of \$90,365.
- Paths
 - Somerville Boulevard project negative timing variance of \$72,958.
 - Other minor positive and negative variances across several projects.
- Roads
 - Minor variances across several road maintenance and paths projects, total positive variance of \$350,577.