

Statement of Variances in Excess of \$100,000 by Nature and Type
Financial Year-To-Date Ending 30 September 2022

This report provides commentary on the year to date variances identified in attachment 6002H – Rate Setting Statement by Nature and Type, for the period ended 30 September 2022.

In accordance with Regulation 34(5) of the Local Government (Financial Management) Regulations 1996, a local government is required each financial year, to adopt a percentage or value to be used in statements of financial activity for the reporting of material variances. The City's Accounting Policy CP-025, indicates that this will occur each year when adopting the annual budget. When adopting the 2022-2023 Annual Budget, a level of 10% or \$100,000 (whichever is the greater) was adopted for the reporting of material variances for the 2022-2023 financial year. Variances less than 10% or \$100,000 are not considered material and are not detailed in this report.

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

In the tables below, 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). These tables refer to the applicable nature and type variance.

Operating Revenue

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Fees and Charges	6,038,896	5,860,011	(178,885)	17,174,679
Investment Earnings	701,250	1,161,069	459,819	2,265,000

Fees and Charges – Negative variance of \$178,885

- Commercial Lease income shows a negative variance of \$110,113 across the City's various commercial tenancies. In particular, Point Walter Golf Course shows a negative variance of \$48,481 following the one off rent reduction of \$50,000 granted by the City.
- Other minor positive and negative variances contributing to a net negative variance of \$67,599.

Investment Earnings – Positive variance of \$459,819

- A combination of interest rates being raised significantly, and lower than expected expenditure from operating and reserve accounts has contributed to a positive variance in investment earnings.
- Investment earnings on Municipal and Trust Funds were \$299,584 against a year-to-date budget of \$56,250 representing a positive variance of \$243,334.
- Investment earnings on Reserve accounts were \$626,561 against a year-to-date budget of \$415,000 representing a positive variance of \$211,561.

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Operating Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Employee Costs	(14,157,447)	(13,383,141)	774,306	(56,598,963)
Materials and Contracts	(8,854,096)	(7,751,139)	1,102,957	(37,426,653)
Other Expenditure	(661,416)	(240,708)	420,708	(2,452,022)

Employee costs are underspent by \$774,306.

- Natural Areas and Parks show a positive variance of \$223,459 made up of various minor positive and negative variances due to staff vacancies across the City's various parks and reserves.
- Healthy Melville show a positive variance of \$126,915 made up of various minor positive and negative variances across various recreation programs, mainly at LeisureFit Booragoon due to seasonal fluctuations in activity levels.
- Other service areas show a net positive variance of \$423,933, made up of various minor positive and negative variances.

Materials and Contracts show a positive variance of \$1,102,957.

- Natural Areas and Parks show a positive variance of \$506,204 relating to timing variances on contractors budgets across the City's various parks and reserves.
- City Buildings show a positive variance of \$284,602 relating to timing variances on contractors budgets across the City's various buildings.
- Community Safety has a positive variance of \$215,603 relating mostly to the reversal of accrued expenditure amounts for the 2021-2022 financial year.
- Engineering show a negative variance of \$130,192 relating to
- Other service areas show a net positive variance of \$226,739 made up of various minor amounts.

Other Expenditure shows a positive variance of \$420,708 due to timing differences between budget and actual expenditure for internally charged expenditure across several service areas.

Capital Income

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Non-operating Grants, Subsidies and Contributions	674,750	4,202	(670,548)	6,344,590

Non-operating Grants, Subsidies and Contributions shows a negative variance of \$670,548 relating to the reversal of accrued grant funding for the 2021-2022 financial year.

Final claims for completed projects have been submitted and actual grant funding is expected over the coming months.

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Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Purchase of Land and Buildings	(1,378,555)	(678,710)	699,845	(21,591,327)
Purchase of Infrastructure Assets	(3,619,206)	(3,082,111)	537,095	(34,134,596)

Purchase of Land and Buildings

- Sustainable Energy Infrastructure - PLEEC – Positive variance of \$160,000 due to timing differences between actual expenditure and carry forward budgets being reflected against the project.
- Various positive and negative variances amounting to a net positive variance of \$539,845.

Purchase of Infrastructure Assets shows a net positive variance of \$537,095.

Of the various capital asset categories, only Parks Streetscapes Structures shows a material variance for the month of September.

Parks Streetscapes Structures

- Shirley Strickland Reserve Upgrade – Positive variance of \$361,067 relating to the reversal of accrued 2021-2022 expenditure amounts for which the City has yet to be invoiced.

The remaining asset categories combined show various positive and negative variances amounting to a total net negative variance of \$176,028.