

**Statement of Variances in Excess of \$100,000 by Nature and Type
Financial Year-To-Date ending 31 August 2021**

This report provides commentary on the year to date variances identified in attachment 6002C – Rate Setting Statement by Nature and Type, for the period ended 31 August 2021.

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 2021-2022 Annual Budget, a level of 10% or \$100,000 (whichever is the greater) was adopted for the reporting of material variances for the 2021-2022 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

There were no material operating revenue variances for the period ended 31 August 2021.

Operating Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Employee Costs	(7,395,644)	(6,961,674)	433,970	(52,662,490)
Materials and Contracts	(5,903,667)	(4,878,807)	1,024,860	(35,576,272)
Other Expenditure	(131,670)	(303,905)	(172,235)	(6,470,477)

Employee costs are underspent by \$433,970.

- Community Development shows a positive variance of \$275,229, relating mainly to timing variances and low activity levels at LeisureFit Booragoon (\$212,577), and underspends of \$54,646 in Community Security due to staff vacancies which have only recently been filled.
- Technical Services shows a positive variance of \$173,827 relating mainly to lower activity levels linked with weather and seasonal fluctuations in Natural Areas and Parks (\$101,046), and staff vacancies in Resource Recovery and Waste (\$62,770).
- Other directorates show a net negative variance of \$15,087 made up of various positive and negative variances.

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Operating Expenditure (continued)

Materials and Contracts show a positive variance of \$1,024,860.

- Natural Areas and Parks have a positive variance of \$481,323 relating to timing variances on contractors budgets across the City's various parks and reserves.
- City Buildings have a positive variance of \$242,160 relating to timing variances on contractors budgets across the City's various buildings.
- Other service areas show a net positive variance of \$301,377 made up of various minor amounts.

Other Expenditure shows a negative variance of \$172,235 made up mainly of underspends in fleet operating costs, and positive and negative variances in internally charged expenditure.

Capital Income

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Non-operating Grants, Subsidies and Contributions	1,319,819	805,990	(513,829)	5,917,887

Non-operating Grants, Subsidies and Contributions

- Negative variance of \$513,829, relating to the reversal of accrual entries for capital grant payments for the City's Park Improvements and Playgrounds projects. These amounts relate to Covid-19 stimulus funding grants secured by the City.

Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Purchase of Land and Buildings	(437,368)	(256,578)	180,790	(19,879,460)
Purchase of Infrastructure Assets	(3,545,157)	(1,744,845)	1,800,312	(40,685,028)

Purchase of Land and Buildings

- Minor positive and negative variances across several projects amounting to a net positive variance of \$180,790.

Purchase of Infrastructure Assets

- Drainage
 - Pipe Relining & Investigation LRC12 positive variance of \$359,073 due to timing differences between budget and scheduled works.
 - Minor positive and negative variances across several projects amounting to a net negative variance of \$7,348.

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Capital Expenditure (continued)

- Environmental
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$242.
- Foreshore Facilities
 - Minor positive and negative variances across several projects amounting to a net negative variance of \$13,920.
- Irrigation
 - Point Walter G/Course - Irrigation LRCI2 positive variance of \$201,686 due to timing differences between budget and scheduled works.
 - Minor positive and negative variances across several projects amounting to a net negative variance of \$112,608.
- Lighting
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$89,522.
- Park Streetscapes Structures
 - The Streetscape Asset Renewal program has positive and negative variances across several projects amounting to a net positive variance of \$273,965 due to budget timing variances.
 - The Urban Forest New, Expansion and Succession programs show a net positive variance of \$156,554 due to timing differences between budget and scheduled works.
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$229,187.
- Paths
 - Leach Highway (Stop 10857-Amur PI) positive variance of \$134,006 due to timing differences between budget and scheduled works.
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$72,775.
- Playgrounds
 - The Playspace Renewal program has positive and negative variances across several projects amounting to a net positive variance of \$193,037.
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$82,454.
- Roads
 - The Strand Renewal project – Stage 2A has a positive variance of \$400,000 due to timing variances.
 - The Safe Active Street – Ardross project has a negative variance of \$196,964 as works were completed earlier than budgeted.
 - Minor positive and negative variances across several projects amounting to a net negative variance of \$61,348.