

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

General Rates	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	95,851,937	96,126,468	274,532
<i>Rate adjustments in respect of both Commercial and Residential improved properties contribute to a positive year to date variance.</i>			274,532

Fees and Charges	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	8,687,437	8,494,657	(192,781)
<i>Membership Fees show a positive variance, mainly at LeisureFit Melville.</i>			119,523
<i>Commercial Lease income shows a negative variance across the City's various commercial tenancies. In particular, Point Walter Golf Course shows a negative variance of \$41,724 following the one-off rent reduction of \$50,000 granted by the City.</i>			(122,078)
<i>Other minor positive and negative variances contributing to a net negative variance.</i>			(190,226)

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Operating Revenue (cont.)

Investment Earnings	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	1,048,750	2,299,896	1,251,146
<i>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.</i>			
<i>Investment earnings on Municipal and Trust Funds</i>			437,354
<i>Investment earnings on Reserve accounts</i>			793,822
<i>Late Payment and Instalment interest</i>			19,970

Other Revenue	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	539,826	710,546	170,719
<i>Other Revenue made up mostly of recoup income for expenditure incurred by the City on behalf of the Perth South West Metropolitan Alliance.</i>			170,719

Operating Expenditure

Employee Costs	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	(22,832,846)	(22,389,313)	443,533
<i>Natural Areas and Parks show a positive variance made up of various minor positive and negative variances due to staff vacancies across the City's various parks and reserves.</i>			175,982
<i>Other service areas show a net positive variance made up of various minor positive and negative variances.</i>			267,551

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Operating Expenditure (cont.)

Materials and Contracts	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
		(14,504,830)	(13,628,418)
<i>City Buildings show a positive variance relating to timing variances on contractors budgets across the City's various buildings, in particular for the Civic Centre, with a positive variance of \$138,044 relating to building maintenance.</i>			372,894
<i>Natural Areas and Parks show a positive variance relating to timing variances on contractors budgets across the City's various parks and reserves.</i>			236,201
<i>Neighbourhood Development show a positive variance made up of minor timing variances across the City's various community programs.</i>			120,130
<i>Community Safety show a positive variance made up of minor timing variances.</i>			117,643
<i>Other service areas show a net positive variance made up of various minor amounts.</i>			29,544

Utilities	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
		(1,783,475)	(1,674,416)
<i>Utilities show a positive variance made up of various minor amounts.</i>			109,059

Other Expenditure	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
		(304,715)	(137,961)
<i>Other Expenditure shows a positive variance due to timing differences between budget and actual expenditure for internally charged expenditure across several service areas.</i>			166,754

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Capital Income

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
Non-operating grants, subsidies and contributions	250,000	372,749	122,749
<i>Non-Operating grants, subsidies and contributions shows a positive variance made up of minor variances.</i>			122,749

Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
Purchase of Land and Buildings	(3,378,602)	(2,422,721)	955,881
<i>Sustainable Energy Infrastructure – Piney Lakes Environmental Education Centre – The project scope is currently being reviewed and the commencement date will be determined once this review is completed.</i>			160,000
<i>LeisureFit Melville HVAC Replacement – Positive variance due to delays in the commencement of the project.</i>			122,687
<i>Atwell House Ceramics Studio – Positive variance due to underspends in the project.</i>			116,738
<i>Various minor positive and negative variances.</i>			556,456

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
Purchase of Infrastructure Assets	(8,333,275)	(7,704,071)	629,204
<i>Parks, Streetscapes Structures</i>			
<i>Shirley Strickland Reserve Upgrade – Positive variance relating to the reversal of accrued 2021-2022 expenditure amounts for which the City has yet to be invoiced.</i>			290,539
<i>The remaining various positive and negative variances amount to a net positive variance.</i>			338,665