

**Statement of Variances in Excess of \$100,000 by Nature and Type
Financial Year-To-Date Ending 28 February 2023**

This report provides commentary on the year to date variances identified in attachment 6002B – Rate Setting Statement by Nature and Type, for the period ended 28 February 2023.

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 \$
	96,166,912	96,271,236	104,324
<i>Minor rate adjustments in respect of both Commercial and Residential properties contribute to a positive year to date variance.</i>			104,324

Fees and Charges	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	12,380,166	12,268,728	(111,438)
<i>Hire of Reserve Grounds – timing variance related to the issue of the summer season ground allocation accounts.</i>			(129,841)
<i>The remaining various positive and negative variances amount to a net positive variance.</i>			18,403

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Operating Expenditure

Employee Costs	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	(36,218,550)	(34,789,508)	1,429,042
<i>Natural Areas and Parks show a positive variance made up of various minor positive and negative variances across the City's various parks and reserves due to staff vacancies.</i>			350,370
<i>Neighbourhood Development underspend due to vacant periods of the Community Engagement Officer position in Stakeholder Engagement being on maternity leave and staff leave, combined with savings from differences in actual salary levels of replacement staff when compared to budget.</i>			206,707
<i>Healthy Melville underspend due to minor variances across the City's recreational facilities.</i>			167,633
<i>Chief Executive Officer shows a positive variance due to minor underspends related mainly to the South West Group and CEO administrative staff.</i>			160,585
<i>Building and Environmental Health Services underspend due to vacant positions.</i>			144,069
<i>Director Environment and Infrastructure underspend due to actual hours worked by business support staff being lower than the budgeted levels.</i>			122,124
<i>Library Services underspend due to seasonal fluctuations in activity levels at the libraries.</i>			105,210
<i>Cultural Development negative variance mainly due to minor minor timing differences across the City's various cultural activities.</i>			(100,546)
<i>Director Corporate Services shows a negative variance due mainly to workers compensation insurance premiums being \$89,894 more than budget, and costs associated with the early termination of staff employed under contract.</i>			(136,749)
<i>Other service areas show a net positive variance made up of various minor positive and negative amounts.</i>			409,639

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Operating Expenditure (cont.)

Materials and Contracts	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	(23,239,319)	(22,079,504)	1,159,814
<i>Resource Recovery and Waste shows a positive variance made up of \$280,870 in stores and materials variances related to the FOGO program. The balance of \$293,809 is made up of minor variances across the City's waste collection program.</i>			574,679
<i>City Buildings show a positive variance relating to timing variances on contractors budgets across the City's various buildings, particularly for the Civic Centre, with a positive variance of \$168,936 relating to building maintenance.</i>			321,317
<i>Neighbourhood Development shows a positive variance made up of minor timing variances across the City's various community programs.</i>			124,276
<i>Natural Areas and Parks show a negative variance relating to timing variances on contractors budgets across various parks and reserves.</i>			(233,039)
<i>Other service areas show a net positive variance made up of various minor amounts.</i>			372,581

Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
Purchase of Furniture and Equipment	(995,597)	(845,983)	149,614
<i>Various minor positive and negative variances.</i>			149,614

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
Purchase of Land and Buildings	(7,294,713)	(6,778,908)	515,805
<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>Various minor positive and negative variances.</i>			355,805

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Capital Expenditure (cont.)

Purchase of Infrastructure Assets	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$
	(12,997,607)	(12,330,582)	667,025
<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>			256,925
<i>Roads</i>			
<i>Engineering Design work in progress - Roads 22-23 – Positive variance due to delays in the commencement of the project.</i>			120,000
<i>The remaining various positive and negative variances amount to a net positive variance.</i>			290,100