

Statement of Variances in Excess of \$50,000 by Program and Sub Program Financial Year-To-Date Ending 30 November 2019

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

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 presented to Council in March 2020.

Operating Revenue

	YTD Revised Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
General Purpose Funding				
Rates	89,020,122	89,413,286	393,164	89,200,956
Other General Purpose Funding	3,254,015	3,464,100	210,085	8,082,694
Law, Order, Public Safety				
Animal Control	59,150	165,326	106,177	75,650
Community Amenities				
Sanitation - Other	1,670,135	1,611,275	(58,860)	2,053,542
Town Planning and Regional Development	813,917	890,630	76,713	1,414,000
Transport				
Parking Facilities	485,000	572,242	87,242	1,040,000
Economic Services				
Tourism and Area Promotion	0	148,850	148,850	0
Other Property and Services				
Unclassified	256,036	(62,747)	(318,783)	936,374

Rates

- Residential rates are higher than budget due mainly to the completion of the properties at Kishorn Road (Mount Pleasant) and Riseley Street (Booragoon) which were not included in the original budget.

Other General Purpose Funding

- Municipal Interest earnings are under budget due to reductions in market interest rates, and transfers of budgeted project funding to reserve accounts pending the review of several major projects.
- Reserve Interest earnings are over budget as delays in the commencement of major capital works projects have resulted in higher than anticipated reserve balances.

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Animal Control

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

Sanitation - Other

- Fees and Charges income for Commercial refuse and recycling services is reduced due to customers either moving to alternative service providers or changes in the number of services required.

Town Planning and Regional Development

- Expense recoup income for the Carawatha Development project reflects expenditure to be recouped for the 2018-2019 and 2019-2020 financial years.
- Planning Fee income for Development Applications and Land Information Certificates higher due to higher activity levels than budgeted.

Parking Facilities

- Fees and Charges income from parking facilities at Canning Bridge and Fiona Stanley 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.

Unclassified

- Net variance to budget on proceeds from asset disposals.

Operating Expenditure

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Governance				
Other Governance	(1,668,453)	(1,529,345)	139,107	(5,468,633)
Community Amenities				
Sanitation - Other	(3,892,818)	(3,721,146)	171,672	(7,326,215)
Sanitation – Household Refuse	(4,962,007)	(4,862,567)	99,440	(11,160,582)
Protection of Environment	(981,716)	(915,652)	66,063	(3,301,581)
Recreation and Culture				
Other Recreation & Sport	(8,532,643)	(8,099,979)	432,664	(20,420,990)
Transport				
Streets, Roads, Bridges, Depot	(6,883,753)	(6,057,210)	826,543	(17,475,379)
Economic Services				
Tourism and Area Promotion	(71,295)	(220,739)	(149,444)	(228,407)
Other Property and Services				
Public Works Overheads	(691,210)	(584,671)	106,539	(1,128,604)
Business Unit Operations	(3,523,791)	(3,386,926)	136,865	(8,479,015)

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Other Governance

- Minor savings in materials and contracts and employee costs across several areas.

Sanitation – Other

- Variances in employee costs due to staff vacancies, and reduced disposal costs due to lower tonnages of commercial refuse and recycling collected.

Sanitation – Household Refuse

- Materials and contracts variances due to increased tonnages of waste and recyclables collected during the bulk verge collection, and increased disposal rates incurred compared to budget. Savings in fleet operating costs.

Protection of Environment

- Various non material timing variances mainly in the Natural Areas and Parks service area.

Other Recreation & Sport

- Timing variances in contractors expenditure relating to parks and building maintenance represent a positive variance of \$134,811.
- Stores and materials budgets across all parks maintenance accounts are underspent by \$62,736
- Utilities costs across the City are underspent by \$52,873.
- Employee costs were overspent by \$99,284.
- Timing variances in relation to internally charged expenditure resulted in an underspend of \$211,429.

Streets, Roads, Bridges, Depot

- Non material timing variances in materials and contracts expenditure in the Engineering and Natural Areas and Parks service areas, across maintenance programs.
- Street lighting electricity costs reflect a positive variance of \$94,813.
- Positive depreciation variance of \$581,947 relating to infrastructure assets, however as this is a non cash item there is no impact on the City's budget position.

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.

Public Works Overheads

- Savings in Employee Costs and non material timing variances in Engineering and Natural Areas and Parks across maintenance programs.

Business Unit Operations

- Timing variances in employee costs in the administrative functions spread across the organisation and savings in materials and contracts across the organisation.

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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	220,675	132,134	(88,541)	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

- Timing variance in the disposal of heavy vehicles.

Capital Expenditure

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Purchase of Furniture & Equipment	(528,046)	(222,920)	305,125	(2,381,441)
Purchase of Plant & Equipment	(1,228,255)	(1,007,721)	220,534	(3,516,811)
Purchase of Land & Buildings	(1,999,135)	(1,646,360)	352,775	(26,368,643)
Purchase of Infrastructure Assets	(4,805,572)	(4,510,192)	295,380	(29,715,354)

Purchase of Furniture & Equipment

- Timing variance arising from delays in the purchase of multi-function photocopiers.
- Timing variance relating to the Melville Talks Redevelopment project
- Timing variance relating to the allocation of Artwork Developer Contributions

Purchase of Plant and Equipment

- Timing variance in heavy vehicle purchases.
- Timing variance in light vehicle purchases.
- Timing variance in heavy plant purchases.

Purchase of Land & Buildings

- Delays in the commencement of the Energy and Water sub metering project.
- Other minor variances across several projects.

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Purchase of Infrastructure Assets

- Parks Streetscapes and Structures
 - Due to delays in the consultation process, the Heathcote Vision signage project will not commence until March 2020.
 - Timing variance in the Urban Forest Implementation project
- Roads
 - Minor variances across several road maintenance and paths projects.