

**Statement of Variances in Excess of \$50,000 by Program and Sub  
Program Financial Year-To-Date Ending 31 January 2021**

This report provides commentary on the variances identified in attachment 6002C – Rate Setting Statement by Program and Sub-Program, for the month of January 2021.

The financial results to date for this financial year in some instances vary significantly from the year to date budget, which was prepared amid the uncertainty of Covid-19. Operating budgets have been amended to reflect this, where applicable, with budget variances shown in the Operating Revenue and Operating Expenditure sections under “Other Governance”.

The mid-year budget review has been undertaken by officers, with proposed budget amendments to be considered by elected members. The budget review will address many of the variances detailed in this report.

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 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 sub-program variance.

### Operating Revenue

	YTD Revised Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
<b>General Purpose Funding</b>				
General Rates	80,419,739	81,241,810	822,072	80,655,524
<b>Governance</b>				
Other Governance	(1,489,079)	24,621	1,513,700	(1,488,652)
<b>General Purpose Funding</b>				
Other General Purpose Funding	1,901,790	2,119,523	217,734	5,062,910
<b>Law, Order, Public Safety</b>				
Animal Control	80,217	227,380	147,163	82,600
<b>Community Amenities</b>				
Sanitation - Other	1,365,179	1,289,074	(76,105)	1,487,576
Town Planning and Regional Development	763,592	946,656	183,064	767,758
<b>Recreation and Culture</b>				
Other Recreation & Sport	1,128,439	1,412,944	284,505	2,160,161
Swimming Areas & Beaches	2,945,269	2,999,415	54,145	4,594,657
<b>Economic Services</b>				
Building Control	864,830	966,968	102,138	1,049,955
Tourism & Area Promotion	Nil	249,336	249,336	Nil
Economic Development	1,047,647	924,640	(123,007)	1,583,605
<b>Other Property and Services</b>				
General Administration Overheads	250,797	430,326	179,529	276,043
Unclassified	268,114	(16,978)	(285,092)	734,560

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**Operating Revenue (continued)**

General Rates

- General rates show a positive variance of \$1,060,483, due to higher than anticipated levels of interim rates raised. Of particular note, the development of properties at 908 Canning Highway, Applecross, 893 Canning Highway, Mount Pleasant, and 36 Kintail Road Applecross have contributed to the majority of this amount.
- Rate concessions were \$238,412 greater than budget due largely to the impact of multi unit/single title properties that were not considered per individual unit when formulating the budget. In addition, the levy of increased levels of interim rates as described above has also meant that a corresponding increase in the number of rate concessions have been raised.

Other Governance

- Budget amendments have been made to reflect an expected increase in operating revenue in the following areas as a result of opening the City's facilities earlier than expected this year.
- Development application fee budget has been increased by \$155,885. Building license fee budget has been increased by \$50,694 and other planning fee budgets have been increased by \$30,295.
- LeisureFit membership fee budget has been increased by \$730,381, hire fee budgets have been increased by \$71,150, and casual fee budgets have been increased by \$243,102.
- Term/Season fee budgets have been increased by \$216,151, and retail sales budgets have been increased by \$11,176.

Other General Purpose Funding

- Investment earnings on Municipal and Trust Funds were \$203,127 against a year to date budget of \$43,750 representing a positive variance of \$159,377. An adjustment to the annual budget of \$75,000 for Investment earnings on Municipal and Trust will be made following the mid-year budget review. The weighted average interest rate for Municipal and Trust Fund investments as at 31 January 2021 was 0.69% which compares favourably to the benchmark three month bank bill swap (BBSW) reference rate of 0.01%.
- Investment earnings on Reserve accounts were \$826,722 against a year to date budget of \$831,250 representing a negative variance of \$4,528. The weighted average interest rate for Reserve account investments as at 31 January 2021 was 0.84% which compares favourably to the benchmark three month bank bill swap (BBSW) reference rate of 0.01%.
- Late payment interest income is \$44,698 higher than anticipated as a result of lower than expected rates collection rates.

Animal Control

- Dog registration fees are \$104,022 ahead of budget and dog fines are \$14,188 higher than budget.
- Cat registration fees are \$21,218 higher than budget.

Sanitation – Other

- Refuse Collection Commercial - Fees and charges income is under budget by \$40,950 due to a reduction in the number of services being delivered when compared to budget. Recycling Collection Commercial – Fees and charges income is under budget by \$35,155 due to a reduction in the number of services being delivered when compared to budget.

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**Operating Revenue (continued)**

Town Planning and Regional Development

- Development Applications - Fees and charges income is over budget by \$110,891 due to higher activity levels than expected.
- Land Information Certificate - Fees and charges income is over budget by \$41,965 due to higher activity levels than expected.

Other Recreation and Sport

- Fees and charges income is \$206,116 ahead of budget, due mainly to positive variances in Reserve ground hire (\$207,791).
- Other Revenue is \$76,487 ahead of budget, due to Interest on Self Supporting Loans being received ahead of budget (\$34,717) and recoup income of \$41,771.

Swimming Areas and Beaches

- Fees and charges income is \$58,832 ahead of budget, this positive variance made up of Lease/Hire Fees of \$16,481 Casual fees of \$16,078, Term/Season fees of \$13,021, and Retails Sales of \$10,557.

Building Control

- Fees and charges income received to the end of January was \$102,138 higher than budget and relates mainly to building license fee income.

Tourism & Area Promotion

- Recoup income received to the end of January was \$249,336 and relates to the expenditure incurred on behalf of the South West Group as indicated in the Operating Expenditure section of this report.

Economic Development

- Commercial lease income for the City's leasehold properties received to the end of January was \$109,318 under budget, due mainly to the City's stimulus concessions.
- Expenditure recoup income relating to the City's leasehold properties received to the end of January was \$13,690 under budget.

General Administration Overheads

- Unbudgeted recoup income received for the secondment of the Executive Manager of Organisational Development to the City of Perth was \$120,000.

Unclassified

- A negative timing variance on the net book value of assets disposed to the end of January was \$285,092.

**Statement of Variances in Excess of \$50,000 by Program and Sub  
Program Financial Year-To-Date Ending 31 January 2021**

**Operating Expenditure**

	<b>YTD Revised Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
<b>Governance</b>				
Members of Council	(925,845)	(742,262)	183,582	(1,623,854)
<b>Law, Order, Public Safety</b>				
Other Public Order, Fire & Safety	(2,238,551)	(2,083,525)	155,026	(3,904,874)
<b>Health</b>				
Preventive Services – Admin/Inspection	(562,251)	(495,601)	66,650	(990,327)
<b>Education and Welfare</b>				
Aged & Disabled	(137,349)	(66,419)	70,930	(238,653)
<b>Community Amenities</b>				
Sanitation – Other	(1,553,973)	(1,472,820)	81,153	(2,935,878)
Sanitation – Household Refuse	(9,944,820)	(9,323,992)	620,828	(16,911,629)
Town Planning & Regional Development	(2,116,569)	(2,189,572)	(73,003)	(4,273,777)
Protection of Environment	(1,487,927)	(1,368,794)	119,134	(2,762,136)
<b>Recreation and Culture</b>				
Libraries	(3,138,296)	(3,043,391)	94,904	(5,436,125)
Other Culture	(1,092,242)	(868,891)	223,351	(1,942,550)
Public Halls, Civic Centres	(579,288)	(486,130)	93,158	(926,899)
Other Recreation & Sport	(11,942,945)	(11,277,639)	665,306	(20,711,844)
<b>Transport</b>				
Streets, Roads, Bridges, Depot	(10,410,316)	(10,120,822)	289,493	(18,648,199)
<b>Economic Services</b>				
Building Control	(1,176,484)	(1,095,807)	80,677	(2,049,353)
Tourism & Area Promotion	(125,163)	(358,773)	(233,610)	(141,708)
<b>Other Property and Services</b>				
Public Works Overheads	(493,256)	(641,887)	(148,632)	(1,378,523)
General Administration Overheads	(2,295,111)	(2,076,726)	218,385	(3,673,438)
Business Unit Operations	(4,546,077)	(4,461,413)	84,664	(8,036,173)

**Members of Council**

- Elected member conference attendance expenses are \$89,689 underspent. Other various elected member expenses show a net positive variance of \$94,231.

**Other Public Order, Fire & Safety**

- Community Security is underspent by \$155,026 due mainly to underspends in employee costs as a result of a staff vacancy and an employee currently on leave without pay.

**Preventive Services – Admin/Inspection**

- Inspection and administrative costs are \$66,650 under budget, mainly in employee costs due to a staff vacancy.

**Statement of Variances in Excess of \$50,000 by Program and Sub  
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**Operating Expenditure (continued)**

Aged & Disabled

- Net positive variance of \$70,930 made up mainly of underspends in Donations/Contributions/Sponsorships (\$47,672) and a net positive variance of \$23,258 made up of minor positive and negative amounts.

Sanitation – Other

- Refuse Collection Commercial is underspent by \$53,790. Materials and contracts are underspent by \$17,710, employee costs show a positive variance of \$13,082, and fleet operating costs are \$22,704 lower than expected.
- Recycling Collection Commercial is underspent by \$39,948, made up of various minor variances.

Sanitation – Household Refuse

- Recycling Collection Domestic is underspent by \$280,006. Recycling processing fees are underspent by \$276,190 as tonnages collected to date are lower than expected.
- The FOGO program is underspent by \$220,998. Waste disposal costs are underspent by \$81,054 as tonnages collected to date are lower than expected, Employee costs show a positive variance of \$90,387 and the balance of the variance is made up of various minor amounts.
- Bulk Verge Collection is underspent by \$61,605. Recyclables Processing Fees are underspent by \$68,087 as tonnages collected to date are lower than expected and the balance of the variance is made up of various minor amounts.
- Refuse Collection Domestic is underspent by \$56,436. Waste disposal costs are underspent by \$57,157 as tonnages collected to date are lower than expected.

Town Planning & Regional Development

- Negative variance of \$73,003 represented mainly by net overspends of \$95,862 in Materials & Contracts (mainly legal fees of \$143,000), a positive variance of \$56,896 in Employee Costs and other net negative variances totaling \$34,037 made up of minor positive and negative amounts.

Protection of Environment

- Positive variance of \$119,134 represented mainly by underspends of \$105,490 in Contractors – Adhoc, overspends of \$60,148 in Professional Consultancies, and other net positive variances totaling \$73,792 made up of minor positive and negative amounts.

Libraries

- Positive variance of \$94,904 represented mainly by underspends of \$93,804 in materials and contracts, and other net positive minor variances totaling \$1,101 across the City's libraries.

Other Culture

- Positive variance of \$223,351. Donations/Contributions/Sponsorships are underspent by \$79,189, materials and contracts are underspent by \$98,787 (mainly performance/artist fees of \$65,906), employee costs are underspent by \$57,965, and a net negative variance of \$12,590 made up of minor under and overspends across the City's planned cultural activities.

**Statement of Variances in Excess of \$50,000 by Program and Sub  
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**Operating Expenditure (continued)**

Public Halls, Civic Centres

- Positive variance of \$93,158 represented by minor under and overspends across the City's various public facilities.

Other Recreation & Sport

- Positive variance of \$665,306.
  - Natural Areas and Parks (\$332,970) - positive variance in materials and contracts of \$290,838, negative variance in employee costs of \$77,425, a net positive variance of \$171,322 made up of internally allocated expenditure items, and a net negative balance of \$51,765 made up of minor amounts.
  - Healthy Melville (\$152,976) - materials and contracts under budget by \$100,6982 due mainly to the reversal of 2019-2020 financial year accrual entries, employee costs under budget by \$93,548, partially offset by various minor variances contributing to a net negative variance of \$41,270.
  - Chief Executive Officer (\$115,673) - positive variance in donations/contributions and sponsorships.
  - Various positive and negative minor variances amounting to a net positive variance of \$70,606.

Streets, Roads, Bridges, Depot

- Positive variance of \$289,493 is made up mainly of underspends in materials and contracts expenditure of \$117,303, project management costs of \$102,141 and utilities costs of \$51,032, offset by a negative variance in employee costs of \$29,295 and other minor amounts with a net positive variance of \$48,312.

Building Control

- Positive variance of \$80,677 made up of savings of \$86,164 in employee costs, offset by minor negative variances of \$5,487.

Tourism & Area Promotion

- Negative variance of \$233,610 relates to employee costs and other expenditure incurred in relation to the South West Group. This amount is offset by the positive variance shown in the Operating Revenue section of this report.

Public Works Overheads

- City Buildings shows a negative variance of \$109,141 in the recovery of staff time to various projects.
- Engineering shows a negative variance of \$60,442 made up of underspends in Employee costs of \$58,981, offset mostly by a negative variance of \$114,654 in the recovery of staff time to various projects.
- Various positive and negative minor variances amounting to a net positive variance of \$20,951.

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**Operating Expenditure (continued)**

General Administration Overheads

- Neighbourhood Development is underspent by \$107,560, mainly in Customer Services employee costs.
- Information Technology shows a positive variance of \$86,949, made up of various positive and negative minor amounts.
- Chief Executive Officer shows a positive variance of \$66,159 relating mostly to special training projects.
- City Buildings shows a positive variance of \$50,134 made up of various positive and negative minor amounts.
- Natural Areas & Parks shows a negative variance of \$50,243 made up of various positive and negative minor amounts.
- Various positive and negative minor variances amounting to a net negative variance of \$42,174.

Business Unit Operations

- Neighbourhood Development shows a positive variance of \$86,394, mainly relating to minor variances in employee costs and materials and contracts.
- Director Corporate Services is underspent by \$83,845, mostly due to a staff vacancy.
- City Buildings shows a negative variance of \$84,343, mainly relating to internal charges.
- Information Technology shows a negative variance of \$55,379, made up of various minor positive and negative variances, mainly in depreciation expense.
- Various positive and negative minor variances amounting to a net positive variance of \$54,148.

**Capital Income**

	<b>YTD Revised Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Non-operating grants, subsidies and contributions	1,262,954	1,370,374	107,419	4,683,742

Non-operating grants, subsidies and contributions

- Positive variance of \$107,419 relates mainly to a Main Roads direct grant payment being \$72,900 higher than budgeted, and the unbudgeted receipt of a Sports Lighting grant of \$43,743 being received to upgrade floodlighting at Tompkins Park.

**Capital Expenditure**

	<b>YTD Revised Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Purchase of Furniture & Equipment	(1,217,538)	(860,056)	357,482	(2,929,479)
Purchase of Plant & Equipment	(1,401,802)	(1,323,049)	78,753	(6,540,278)
Purchase of Land & Buildings	(5,919,885)	(5,485,510)	434,375	(19,974,511)
Purchase of Infrastructure Assets	(7,837,195)	(7,252,174)	585,021	(37,502,338)

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**Capital Expenditure (continued)**

Purchase of Furniture and Equipment

- Positive variance of \$151,968 relating to the replacement of Photocopiers and Multi-Function devices.
- Positive variance of \$59,707 relating to the replacement of mobile garbage bins.
- Positive variance of \$51,060 relating to the replacement of Notebooks/Laptop computers.
- Positive variance of \$117,165 made up of minor positive and negative variances relating to various software and hardware projects.
- Minor positive and negative variances across several projects amounting to a net positive variance of \$22,419.

Purchase of Plant & Equipment

- Minor positive and negative variances across several categories of plant and equipment amounting to a net positive variance of \$78,753.

Purchase of Land & Buildings

- LeisureFit Booragoon Spa plant – \$60,000 positive variance due to delays in the commencement of the project.
- LeisureFit Melville Voltage Optimisation project – \$50,000 positive variance due to delays in the commencement of the project.
- Other minor positive and negative variances across several projects resulting in a net positive variance of \$324,375.

Purchase of Infrastructure Assets

- Drainage
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$147,599.
- Environmental
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$3,352.
- Foreshore Facilities
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$12,516.
- Irrigation
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$72,925.
- Lighting
  - Minor positive and negative variance across several projects amounting to a net positive variance of \$54,773.

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**Capital Expenditure (continued)**

- Parks Streetscapes Structures
  - Point Walter Mini Golf capital contribution - \$100,000 negative variance as the remaining project budget was not carried forward to 2020-2021.
  - Urban Forest programs – positive variance of \$84,823 due to project delays.
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$77,198.
  
- Paths
  - Davies Crescent (34 Davies - 30 Bellairs) – negative variance of \$96,244 due to a change in the scope of works required.
  - Bicton Quarantine path repairs - negative variance of \$76,427 due to unplanned but urgent works undertaken.
  - Engineering Design WIP projects – positive variance of \$49,400 due to delays in the commencement of these projects.
  - Minor positive and negative variances across several other projects amounting to a net positive variance of \$91,586.
  
- Playgrounds
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$526.
  
- Roads
  - 2020-2021 Engineering Design WIP – positive variance of \$99,289 due to timing variances.
  - Bateman Road Traffic Calming project – positive variance of \$61,834.
  - Other minor positive and negative variances across several other projects amounting to a net positive variance of \$101,872.

**Financing Activities**

	<b>YTD Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Self-Supporting Loan Principal Revenue	215,900	302,268	86,368	278,140

Self-Supporting Loan Principal Revenue

- Positive variance of \$86,368 relating to the receipt of loan principal repayments received from the Melville Glades Golf Club ahead of anticipated budget.