

**Statement of Variances in Excess of \$50,000 by Program and Sub
Program Financial Year-To-Date Ending 31 March 2020**

This report provides commentary on the variances identified in attachment 6002C – Rate Setting Statement by Program and Sub-Program, for the month of March 2020.

The financial closing surplus of \$734,397 identified in the mid-year budget review process and the corresponding budget adjustments are reflected in the year to date budget figures in this report. The figures for the rest of the financial year will be impacted due to the reduced fees and charges income and service delivery changes as a result of COVID-19.

The City has been reviewing these impacts over the remaining three months of the year and work has commenced on reviewing the figures contained in the draft 2020-2021 budget. Changes to the budget will be made during April 2019 to reflect the initiatives outlined in the Melville COmmuntiy Stimulus Package.

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.

Operating Revenue

	YTD Revised Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
General Purpose Funding				
Rates	89,539,563	89,776,421	236,857	89,567,063
Other General Purpose Funding	5,366,264	5,311,650	(54,614)	8,734,300
Recreation and Culture				
Other Recreation and Sport	2,185,280	2,067,887	(117,393)	2,800,328
Transport				
Parking Facilities	875,000	936,585	61,585	1,040,000
Economic Services				
Building Control	1,002,955	1,082,487	79,532	1,158,955
Tourism and Area Promotion	0	347,006	347,006	0
Public Utility Services incl. Underground Power	3,358,117	3,498,391	140,274	3,378,117
Other Property and Services				
Unclassified	699,800	(962,194)	(1,661,993)	1,088,524

Rates

- Residential rates are higher than revised budget due to additional interim rates income generated subsequent to the Mid Year Budget review from various properties including the Woolworths property at 39 Reynolds Road, Mount Pleasant.

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Other General Purpose Funding

- Late Payment interest income shows a negative variance of \$62,271.

Other Recreation and Sport

- Commercial Lease income is under budget by \$114,407, and Term and Membership Fee income is under budget by \$38,420 and \$10,706 respectively. This is offset to some extent by Reserve ground hire income being higher than budget by \$25,402

Parking Facilities

- Parking fines income is higher than anticipated. Fees and Charges income from parking facilities in the Fiona Stanley Murdoch Precinct, and at Canning Bridge continues to be higher than budgeted.

Building Control

- Building licence fee income is \$67,084 higher than budget.

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.

Public Utility Services incl. Underground Power

- Expenditure recoup income for the Melville North and Alfred Cove East underground power projects is \$112,300 higher than budget due to prior year income claims being made.

Unclassified

- Net variance to budget on proceeds from asset disposals.

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Operating Expenditure

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Governance				
Members of Council	(1,423,507)	(1,249,846)	173,661	(1,913,786)
Other Governance	(2,864,444)	(2,600,236)	264,208	(4,957,210)
Law, Order, Public Safety				
Other Public Order, Fire & Safety	(2,947,869)	(2,828,518)	119,351	(4,010,546)
Community Amenities				
Sanitation - Other	(7,055,429)	(6,696,420)	359,009	(10,777,406)
Sanitation – Household Refuse	(8,486,206)	(8,169,083)	317,123	(10,129,532)
Town Planning & Regional Development	(2,725,509)	(2,625,418)	100,090	(4,007,003)
Protection of Environment	(2,048,788)	(1,790,894)	257,893	(3,112,280)
Recreation and Culture				
Libraries	(4,183,547)	(3,943,785)	239,762	(5,607,622)
Other Culture	(1,406,813)	(1,348,209)	58,604	(1,904,987)
Public Halls, Civic Centres	(719,405)	(656,019)	63,386	(933,280)
Swimming Areas and Beaches	(4,903,235)	(4,980,173)	(76,938)	(6,605,512)
Other Recreation & Sport	(15,150,301)	(14,249,224)	901,077	(20,215,972)
Transport				
Streets, Roads, Bridges, Depot	(12,935,553)	(13,089,046)	(153,493)	(18,430,431)
Economic Services				
Building Control	(1,380,777)	(1,314,088)	66,689	(1,882,408)
Tourism and Area Promotion	(169,987)	(442,788)	(272,800)	(229,550)
Other Property and Services				
Plant Operations	500,578	410,596	(89,981)	677,764
Public Works Overheads	(1,493,332)	(1,160,218)	333,114	(1,086,364)
General Administration Overheads	(2,097,644)	(1,875,551)	222,094	(3,006,770)
Business Unit Operations	(6,297,452)	(6,095,947)	201,505	(8,716,050)

Members of Council

- Minor underspends, mainly in Elected Member administrative support \$69,627, Elected Member Conference Attendance expenses \$41,179 and Elected Member allowances and sitting fees \$30,620.

Other Governance

- Savings in employee costs in the CEO area due to a staff vacancy, and minor savings arising from a staff restructure in Financial Services.
- Minor savings in materials and contracts across several service areas.

Other Public Order, Fire & Safety

- Underspends mainly in employee costs and materials and contracts for the Community Security program.

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Sanitation – Other

- Refuse Collection Commercial is underspent by \$141,795 in relation to internally charged expenditure, and lower than expected fleet running costs.
- Recycling Collection Commercial is underspent due to minor underspends in employee costs, internally charged expenditure and fleet running costs.
- FOGO positive variance of \$150,864 due mainly to underspends of \$96,225 in contractors – adhoc, and underspends of \$61,482 in waste disposal costs.

Sanitation – Household Refuse

- Domestic Recycling collection is underspent by \$228,575 due to underspends of \$161,445 in fleet operating costs, \$83,365 in employee costs.
- Bulk Verge collection shows a net overspend of \$33,087. Employee costs are overspent by \$67,275. Waste Disposal costs are underspent by \$174,003. Fleet operating costs are underspent by \$96,406. Waste recyclables processing fees are overspent by \$134,300. Internally charged overhead expenses are \$109,342 higher than budget.
- Domestic Refuse collection shows a net underspend of \$119,564. Of this amount, \$78,819 relates to underspends in fleet operating costs, and \$30,650 relates to underspends in employee costs. This negative variance has been partially offset by underspends of \$78,819 in fleet operating costs.

Town Planning & Regional Development

- Savings in employee costs due to staff vacancies has resulted in an underspend of \$88,759.

Protection of Environment

- Variance represented mainly by underspends and timing variances in materials and contracts and underspends in litter collection and fleet running costs.

Libraries

- Variance represented mainly by underspends in materials and contracts and electricity expense, largely offset by negative variance in depreciation.

Other Culture

- Variance represented mainly by underspends in community partnership funding and employee costs.

Public Halls, Civic Centres

- Variance represented mainly by minor underspends in materials and contracts and utilities across several facilities.

Swimming Areas and Beaches

- Variance represented mainly by overspends in employee costs of \$105,736, partially offset by underspends of \$57,276 in materials and contracts.

Other Recreation & Sport

- Timing variances in relation to internally charged expenditure resulted in an underspend of \$551,310.
- Underspends in materials and contracts expenditure relating to Natural Areas and Parks \$404,784 and City Buildings \$101,078 maintenance accounts.
- Employee cost overspends of \$87,539, incurred in maintaining the City's many parks and reserves.

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Streets, Roads, Bridges, Depot

- Negative variance in depreciation expense of \$237,202
- Underspends of \$78,747 in materials and contracts expenditure in the Engineering service area, with \$60,000 of that amount being a timing variance relating to the City's Bike Plan.

Building Control

- Positive variances in employee costs in Building Services and Private Swimming Pool Inspections due to staff vacancies.

Tourism and Area Promotion

- Overspends in expenditure relating mainly to the South West Group. This is largely offset by the revenue variance recorded under the same sub-program in this report.

Plant Operations

- Savings in depreciation on plant and equipment, and additional fuel rebate income received.

Public Works Overheads

- Underspends in employee costs \$274,118, in Engineering Services and Natural Areas and Parks.
- Underspends in materials and contracts, mainly in Engineering Design Services \$114,773.

General Administration Overheads

- Communications and Licensing – underspends of \$183,673 software licensing.
- Learning Management System – \$95,000 timing variance relating to licensing costs.
- System Maintenance and Support – underspends of \$88,648 in materials and contracts
- Civic Centre - \$47,288 underspends relating to ad-hoc contractors expense.
- Operation Centre – underspends of \$42,411 mainly in materials and contracts and utilities.

Business Unit Operations

- Positive variances in employee costs \$181,833 in the Information Technology, Information Services, Neighbourhood Development and City Buildings services areas.
- Savings in materials and contracts \$118,238 mainly in the City Buildings service area.

Capital Income

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Proceeds from Disposal of Assets	670,425	291,610	(378,815)	1,066,850

Proceeds from Disposal of Assets

- Budget variance due to delays in the replacement and disposal of heavy and light vehicles.

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Capital Expenditure

	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
Purchase of Furniture & Equipment	(931,160)	(685,475)	245,685	(2,076,310)
Purchase of Plant and Equipment	(2,998,449)	(1,211,386)	1,787,063	(4,802,651)
Purchase of Land & Buildings	(4,006,102)	(3,221,563)	784,539	(12,612,387)
Purchase of Infrastructure Assets	(10,615,526)	(9,691,608)	923,918	(30,365,118)

Purchase of Furniture & Equipment

- Positive timing variance of \$168,375 relating to the allocation of Artwork Developer Contributions.
- CSRFF funding shows a positive variance of \$57,698 due to delays in the commencement of cricket training net works at Troy Park. This project is expected to commence in April 2020.
- Negative variance of \$82,509 relating to the replacement of Recreation Equipment.

Purchase of Plant & Equipment

- Delay in the replacement of Heavy Vehicles, in particular Waste and Parks trucks. This has resulted in a positive variance of \$1,497,975.
- Delay in the replacement of light fleet and a reduction in the number of light vehicles replaced. New contract arrangements come into play for staff employed under fixed term contract, who will no longer be supplied with a council vehicle for private use. This has resulted in a positive variance of \$189,156.
- Heavy plant negative timing variance of \$113,982.

Purchase of Land & Buildings

- Delay in the commencement of the Energy and Water sub metering project which is estimated to be completed by June 2020. The project has a positive variance of \$160,000.
- Point Walter Mini Golf contribution payment negative timing variance of \$100,000
- Water Sprayground Shade Sails – positive timing variance of \$61,080
- Exhaust Fan Replacement Program – positive timing variance of \$58,415 with work currently underway.
- Bert Jeffery amenities building – positive variance of \$57,562.
- Leisure Fit Booragoon Pool Plant replacement positive variance of \$55,188.
- Voltage Optimisation project at LeisureFit Melville - positive timing variance of \$50,000.
- Other minor variances across several projects.

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Purchase of Infrastructure Assets

- Parks Streetscapes Structures
 - Heathcote Vision signage project positive timing variance of \$113,500.
 - Urban Forest programs combined net positive variance of \$81,090.
- Paths
 - Minor positive and negative variances across several projects.
- Roads
 - Road Sealing project for 2019-2020 is underspent by \$56,883.
 - Engineering Design - Roads 2019-2020 program is underspent by \$112,500.
 - Other minor positive and negative variances across several projects.