

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

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

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 \$ |
|--------------------------------------|-----------------------|---------------|------------------------|--------------------------|
| Rates | | | | |
| Rates | 80,133,538 | 79,996,219 | (137,319) | 80,655,524 |
| Community Amenities | | | | |
| Town Planning & Regional Development | 146,750 | 281,775 | 135,025 | 581,578 |
| Recreation and Culture | | | | |
| Other Recreation and Sport | 91,257 | 363,978 | 272,721 | 1,975,363 |
| Swimming Areas and Beaches | 28,553 | 726,519 | 697,967 | 3,507,495 |
| Economic Services | | | | |
| Economic Development | 275,000 | 336,256 | 61,256 | 1,583,605 |
| Other Property and Services | | | | |
| Unclassified | (52,506) | 53,242 | 105,747 | 704,574 |

Rates

- Rates income is \$137,319 under budget at the end of August 2020. Interim rate adjustments generated to the end of August were \$47,206 over budget for residential properties, \$53,284 under budget for commercial properties, and rates concessions were \$131,241 over budget. Rates concessions, as part of the City's stimulus package, were greater than budget due to the impact of multi unit/single title properties that were not considered per individual unit when formulating the budget.

Town Planning and Regional Development

- Fees and charges income is \$136,556 ahead of budget, with positive variances made up mainly of Development Application Fees (\$91,807) and Land Information Certificate Fees (\$34,534).

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• Operating Revenue (continued)

Other Recreation and Sport

- Fees and charges income is \$261,206 ahead of budget, with positive variances made up of Casual, Hire, Membership and Term fees at LeisureFit Melville (\$106,569), Commercial lease income (\$96,505). At the time of preparing the 2020-2021 budget, it was anticipated that the City's recreational and sporting facilities would be closed until October 2020 due to Covid-19 concerns. The successful containment of Covid-19 community transmission in Western Australia to this point has meant that the City's recreational and sporting facilities were operational earlier than planned.
- Budget adjustments will be made during coming months to reflect changes in the budget assumptions particularly related to the impact of COVID-19
- Expenditure recoup income is \$15,222 ahead of budget, mainly in regard to recoup of utilities costs associated with the lease of the City's community assets.

Swimming Areas and Beaches

- Fees and charges income is \$697,826 ahead of budget, with positive variances made up mainly of Membership Fees (\$433,347), Term/Season Fees (\$133,719) and Casual Fees (\$117,844). At the time of preparing the 2020-2021 budget, it was anticipated that LeisureFit Booragoon would be closed until October 2020 due to Covid-19 concerns. The successful containment of Covid-19 community transmission in Western Australia to this point has meant that LeisureFit Booragoon has been operational earlier than planned.

Economic Development

- Fees and charges income is \$61,256 ahead of budget, with positive variances mainly relating to Commercial Lease income (\$58,859).

Unclassified

- Proceeds of sale received ahead of budget on the disposal of Light Vehicles by \$38,983 and Heavy Plant by \$1,758.
- Positive variance of \$65,005 relating to the budgeted losses from the write down or sale of fleet assets not being incurred.

Operating Expenditure

| | YTD Revised Budget \$ | YTD Actual \$ | YTD Budget Variance \$ | Annual Revised Budget \$ |
|--------------------------------------|--------------------------------------|--------------------------|---------------------------------------|---|
| Community Amenities | | | | |
| Sanitation – Household Refuse | (2,833,932) | (2,580,817) | 253,115 | (16,911,629) |
| Town Planning & Regional Development | (728,005) | (511,181) | 216,824 | (4,076,089) |
| Protection of Environment | (397,213) | (331,683) | 65,530 | (2,746,432) |
| Recreation and Culture | | | | |
| Libraries | (850,501) | (761,633) | 88,868 | (5,421,994) |
| Swimming Areas and Beaches | (911,245) | (778,811) | 132,434 | (6,327,183) |
| Other Recreation & Sport | (3,348,346) | (2,903,896) | 444,450 | (20,635,582) |
| Transport | | | | |

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| | | | | |
|------------------------------------|-------------|-------------|----------|--------------|
| Streets, Roads, Bridges, Depot | (2,853,807) | (2,730,699) | 123,107 | (18,493,681) |
| Other Property and Services | | | | |
| General Administration Overheads | (959,076) | (585,764) | 373,312 | (3,147,651) |
| Business Unit Operations | (1,078,238) | (1,136,806) | (58,568) | (7,849,979) |

Sanitation – Household Refuse

- The FOGO program is underspent by \$100,753. Waste disposal costs are underspent by \$56,088 as tonnages collected were different than expected. Employee costs show a positive variance of \$26,122 and fleet operating costs are \$10,473 lower than expected.
- Recycling Collection Domestic is underspent by \$54,407. Recycling processing fees are underspent by \$55,259 as tonnages collected were different to expected. Employee costs show a positive variance of \$8,812, and fleet operating costs are \$12,474 higher than expected.
- Refuse Collection Domestic is underspent by \$51,027, made up of various positive and negative minor variances.
- Bulk Verge Collection is underspent by \$46,220, made up of various positive and negative minor variances.

Town Planning and Regional Development

- Positive variance of \$216,824 represented mainly by minor underspends in professional consultancies relating to the Canning Bridge Strategic Urban Planning project.

Protection of Environment

- Positive variance of \$65,530 represented by minor under and overspends across the City's environmental activities.

Libraries

- Positive variance of \$88,868 represented mainly by underspends of \$52,474 in materials and contracts, and other positive and negative minor variances totaling \$36,394 across the City's libraries.

Swimming Areas and Beaches

- Positive variance of \$132,434, mainly in materials and contracts due to the reversal of 2019-2020 financial year accrual entries.

Other Recreation & Sport

- Positive variance of \$444,450 relating to relating to Natural Areas and Parks (\$282,261) materials and contracts due to the reversal of 2019-2020 financial year accrual entries, and Healthy Melville (\$54,850) materials and contracts due to the reversal of 2019-2020 financial year accrual entries.

Streets, Roads, Bridges, Depot

- Positive variance of \$123,107 is made up mainly of underspends in materials and contracts expenditure (\$130,501), with \$109,341 of that amount relating to Natural Areas and Parks and \$21,161 relating to Engineering maintenance accounts.

General Administration Overheads

- Positive variance of \$373,312, mainly in materials and contracts expense. Information Technology is underspent by \$304,098, mainly due to timing variances in licensing costs. Natural Areas and Parks has a positive variance of \$98,880 in contractors - adhoc.

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• Operating Expenditure (continued)

Business Unit Operations

- Negative variance of \$58,568 made up of minor variances across several service areas.

Capital Expenditure

| | YTD Revised Budget \$ | YTD Actual \$ | YTD Budget Variance \$ | Annual Revised Budget \$ |
|-----------------------------------|--------------------------------------|--------------------------|---------------------------------------|---|
| Purchase of Plant and Equipment | (285,290) | (209,382) | 75,908 | (6,499,018) |
| Purchase of Land & Buildings | (1,942,349) | (1,520,138) | 422,211 | (19,684,511) |
| Purchase of Infrastructure Assets | (1,039,148) | (671,077) | 368,071 | (37,660,838) |

Purchase of Plant & Equipment

- Heavy vehicles positive variance of \$40,319 relating a delay in the purchase of topdressing machinery on which the City is awaiting delivery.
- Light vehicles positive variance of \$23,170 relating to a delay in the purchase of one light passenger vehicle on which the City is awaiting delivery.
- Heavy plant positive variance of \$13,850 relating mainly to the budgeted purchase of a trailer that was delivered in September 2020.

Purchase of Land & Buildings

- Energy and Water Submetering project - \$160,000 positive variance due to the reversal of 2019-2020 financial year accrual entries.
- 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 \$152,211.

Purchase of Infrastructure Assets

- Drainage
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$10,591.
- Environmental
 - Minor positive variance of \$764.
- Foreshore Facilities
 - Minor positive and negative variance across several projects amounting to a net positive variance of \$18,897.
- Irrigation
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$15,212.

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• Capital Expenditure (continued)

- Lighting
 - Minor positive and negative variance across several projects amounting to a net negative variance of \$2,675.
- Parks
 - Minor positive variance of \$9,644.
- Parks Streetscapes Structures
 - Minor positive and negative variances across several projects amounting to a net positive variance of \$66,818.
- Paths
 - Mullings Way (Cottrill St-Fenton PI) positive variance of \$69,683 due to the reversal of 2019-2020 financial year accrual entries.
 - Minor positive and negative variances across several other projects amounting to a net positive variance of \$12,551.
- Playgrounds
 - Minor negative variances across several projects amounting to a total positive variance of \$3,674.
- Roads
 - 2019-2020 Road sealing projects - positive variance of \$53,244 due to timing variances.
 - Other minor positive and negative variances across several other projects amounting to a net positive variance of \$109,668.

Financing Activities

| | YTD Budget \$ | YTD Actual \$ | YTD Budget Variance \$ | Annual Budget |
|--|--------------------------|--------------------------|---------------------------------------|--------------------------|
| Self-Supporting Loan Principal Revenue | 0 | 86,369 | 86,369 | 278,140 |

Self-Supporting Loan Principal Revenue

- Positive variance of \$86,369 relating to the receipt of loan principal repayments received from the Melville Glades Golf Club ahead of budget.