

**Statement of Variances in Excess of \$100,000 by Nature and Type  
Financial Year-To-Date ending 30 November 2021**

This report provides commentary on the year to date variances identified in attachment 6002C – Rate Setting Statement by Nature and Type, for the period ended 30 November 2021.

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 2021-2022 Annual Budget, a level of 10% or \$100,000 (whichever is the greater) was adopted for the reporting of material variances for the 2021-2022 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

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Rates	91,658,690	92,029,304	370,614	91,775,357
Fees and Charges	8,130,687	8,667,011	536,323	14,423,761
Interest Earnings	883,529	637,975	(245,554)	1,834,750
Other Revenue	735,804	851,265	115,460	2,211,769

Rates income shows a positive variance of \$370,614, This increase is mainly due to the impact of interim rate adjustments processed on various residential improved properties since the preparation of the 2021-2022 annual budget. These adjustments are subsequently reflected in the value of the rates raised in 2021-2022.

Fees and Charges income shows a positive variance of \$536,323, due to the combined impact of higher Parking related fees and infringements (\$115,891), Building and Planning Fees (\$136,014), LeisureFit Fees (\$171,965), Animal registration Fees (\$59,033), and other non-material positive and negative amounts totaling \$53,420.

Interest Earnings shows a total negative variance of \$245,554. Of this, investment interest earned on reserve funds shows a negative variance of \$176,052, and interest earned on municipal funds has a negative variance of \$31,988, both due to the market interest rate being lower than expected. The remaining net negative variance of \$37,515 is made up of minor positive and negative amounts relating to instalment and late payment interest on rate accounts.

Other Revenue shows a positive variance of \$115,460, with \$129,846 being recoup of expenditure incurred on behalf of the South West Group and the remaining net negative variance of \$14,386 being made up of various minor expenditure recoup amounts.

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**Operating Expenditure**

	<b>YTD Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Materials and Contracts	(13,856,037)	(12,697,302)	1,158,736	(35,535,136)
Other Expenditure	(1,359,773)	(1,588,043)	(228,270)	(6,470,477)

Materials and Contracts show a positive variance of \$1,158,736.

- Natural Areas and Parks have a positive variance of \$321,423 relating mainly to minor timing variances on contractors budgets across the City's various parks and reserves.
- Resource Recovery and Waste have a positive variance of \$208,497 relating mainly to savings in waste disposal costs and recycling processing fees.
- Engineering has a positive variance of \$149,558 relating to minor timing variances across various maintenance programs.
- Neighbourhood Development has a positive variance of \$116,274 relating to minor timing variances across the City's various community activities.
- Healthy Melville has a positive variance of \$111,234 relating mostly to timing variances on maintenance budgets at the City's LeisureFit facilities.
- Other service areas show a net positive variance of \$251,750 made up of various minor amounts.

Other Expenditure shows a negative variance of \$228,270 made up mainly of underspends in fleet operating costs, and positive and negative variances in internally charged expenditure.

**Capital Expenditure**

	<b>YTD Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Purchase of Land and Buildings	(2,009,734)	(1,791,320)	218,414	(19,974,460)
Purchase of Infrastructure Assets	(9,671,580)	(8,616,841)	1,054,739	(42,536,636)

Purchase of Land and Buildings

- Minor positive and negative variances across several projects amounting to a net positive variance of \$218,414.

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**Capital Expenditure (continued)**

Purchase of Infrastructure Assets

The following infrastructure asset categories have net positive variances made up of various minor positive and negative amounts.

- Park Streetscapes Structures - \$200,865
- Roads - \$492,570
  - Safe Active Street – Ardross – positive variance of \$355,265 due mainly to delays in the commencement of street light works related to the project.
  - Net positive variance of \$137,304 made up of various minor positive and negative amounts.
- Drainage - \$122,379
- Paths - \$80,661
- Lighting - \$65,079
- Irrigation - \$43,654
- Foreshore Facilities - \$30,064
- Playgrounds - \$14,515
- Environmental - \$4,953