

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

This report provides commentary on the variances identified in attachment 6002C – Rate Setting Statement by Program and Sub-Program, for the month of May 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 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 \$
<b>General Purpose Funding</b>				
Rates	89,557,896	89,818,712	260,816	89,567,063
Other General Purpose Funding	8,214,909	8,001,801	(213,108)	8,664,300
<b>Community Amenities</b>				
Town Planning and Regional Development	1,430,049	1,560,918	130,869	1,482,716
<b>Recreation and Culture</b>				
Other Recreation and Sport	2,326,839	2,377,916	51,077	2,454,125
<b>Transport</b>				
Streets, Roads, Bridges, Depot	396,330	475,569	79,238	417,959
<b>Economic Services</b>				
Building Control	1,158,955	1,222,809	63,854	1,158,955
Tourism and Area Promotion	0	544,463	544,463	0
Public Utility Services incl. Underground Power	3,358,117	3,495,567	137,450	3,378,117
<b>Other Property and Services</b>				
Unclassified	556,665	(991,603)	(1,548,268)	1,084,242

#### 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.

#### Other General Purpose Funding

- Investment earnings on the City's reserve accounts are under budget by \$452,061 following a reduction in the cash rate by the Reserve Bank in March 2020 subsequent to the adoption of the Mid Year Budget Review.
- Federal Assistance Grants received are \$142,004 above budget as the advanced payment received for 2020-2021 was paid at a higher rate than the 2019-2020 Federal Assistance Grant.
- Investment earnings on the City's municipal/trust accounts are \$80,626 above budget.

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

**Town Planning and Regional Development**

- Fees and Charges income is over budget by \$112,984, mainly in respect of Development Application Fees (\$64,731) and Land Information Certificate fees (\$34,563).
- Expenditure recoup income is over budget by \$17,885 relating mainly to work on the Carawatha Development project.

**Other Recreation and Sport**

- Expenditure recoup income is over budget, mainly in regard to recoup of costs associated with the replacement of damaged trees at Sid Eaton Park (\$53,275).

**Streets, Roads, Bridges, Depot**

- Recoverable works income is over budget in the Natural Areas and Parks (\$78,899) and Engineering (\$24,195) service areas. Fees and charges income for Tree Vandalism Fines is under budget by \$68,247. Grants and contributions income is over budget by \$26,430.

**Building Control**

- Building Licence Fees are above budget by \$55,837 due to higher value applications received.

**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.
- Service charge income is \$25,150 higher than budget due to adjustments made to properties included in underground project areas.

**Unclassified**

- Net variance to budget on disposal of various classes of assets. The net result includes losses from the write down or sale of assets totalling \$1,324,102 mainly relating to the demolition of three properties and the proceeds on the sale of fleet assets being under budget by \$217,635.

**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	(1,621,895)	(1,458,041)	163,854	(1,884,420)
Other Governance	(3,541,869)	(3,207,498)	334,371	(4,726,341)
<b>Law, Order and Public Safety</b>				
Other Public Order, Fire & Safety	(3,671,783)	(3,517,163)	154,621	(4,010,546)

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

Operating Expenditure continued	Ytd Revised Budget \$	Ytd Actual \$	Ytd Budget Variance \$	Annual Revised Budget \$
<b>Community Amenities</b>				
Sanitation - Other	(9,024,993)	(8,096,046)	928,947	(10,777,406)
Sanitation – Household Refuse	(9,587,857)	(9,492,160)	95,697	(10,129,532)
Town Planning and Regional Development	(3,419,120)	(3,332,106)	87,014	(4,007,003)
Other Community Amenities	(77,306)	(26,987)	50,319	(84,339)
Protection of Environment	(2,730,816)	(2,572,500)	158,316	(3,082,530)
<b>Recreation and Culture</b>				
Libraries	(5,116,908)	(4,855,420)	261,488	(5,609,433)
Other Culture	(1,628,509)	(1,548,909)	79,600	(1,870,935)
Public Halls, Civic Centres	(863,058)	(778,811)	84,247	(933,105)
Swimming Areas and Beaches	(5,803,555)	(5,697,056)	106,499	(6,197,129)
Other Recreation & Sport	(18,167,729)	(17,355,851)	811,878	(19,926,167)
<b>Transport</b>				
Parking Facilities	(475,481)	(421,189)	54,292	(517,813)
<b>Economic Services</b>				
Tourism and Area Promotion	(176,362)	(639,973)	(463,611)	(229,550)
<b>Other Property and Services</b>				
Plant Operations	618,702	428,179	(190,523)	677,764
General Administration Overheads	(2,630,213)	(2,413,391)	216,822	(2,975,840)
Business Unit Operations	(7,829,186)	(7,714,854)	114,331	(8,621,347)

#### Members of Council

- Minor underspends, mainly in Elected Member Conference Attendance expenses \$50,546, Elected Member administrative support \$48,761, and Elected Member expenses of \$38,314.

#### Other Governance

- Minor savings totaling to \$183,135 in materials and contracts mainly in the Chief Executive Officer, Director Technical Services and City Buildings service areas.
- Minor savings totaling to \$142,694 in employee costs mainly in the Financial Services and Chief Executive Officer service areas.

#### Other Public Order, Fire and Safety

- Savings in employee costs, mostly in the Community Security area of \$103,182.
- Minor underspends in materials and contracts in the Neighbourhood Amenity service area.

#### Sanitation – Other

- The FOGO program is underspent by \$751,405 due to underspends in waste disposal costs (\$754,408) as a result of lower tonnages of waste being collected than expected, partially offset by overspends in employee costs (\$54,955), and minor overspends in internally charged expenditure.
- Refuse Collection Commercial is underspent by \$143,726 in relation to internally charged expenditure, and lower than expected fleet running costs. This has been partly offset by overspends in employee costs of \$51,475.

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

- Recycling Collection Commercial is underspent by \$107,569 due to minor underspends in materials and contracts, employee costs, internally charged expenditure and fleet running costs.

#### Sanitation – Household Refuse

- Recycling Collection Domestic is underspent by \$101,448 in relation to fleet running costs, and Employee Costs of \$56,578. This is partially offset by minor overspends in materials and contracts.

#### Town Planning and Regional Development

- Employee costs are underspent by \$61,322, mainly in the Planning Administration service area due to a staff vacancy.

#### Other Community Amenities

- Total underspends of \$50,319 made up of minor underspends, mainly in the Engineering service area.

#### Protection of Environment

- Underspends in materials and contracts of \$162,322 across several programs in Natural Areas and Parks, offset by an overspend of \$87,856 in the Chief Executive Officer service area in relation to the Natural Resource Management Strategy.
- Savings in litter collection of \$63,996 and in fleet running costs of \$49,659.

#### Libraries

- Variance represented mainly by underspends in materials and contracts of \$116,225, \$80,380 in employee costs, and electricity expense of \$63,324.

#### Other Culture

- Variance represented by net underspends in Materials and contracts (\$50,621) and minor savings in employee costs (\$25,726).

#### Public Halls, Civic Centres

- Variance represented mainly by underspends in materials and contracts (\$49,436) and other minor positive variances.

#### Swimming Areas and Beaches

- Positive variance represented mainly by minor underspends in materials and contracts.

#### Other Recreation & Sport

- Variances in relation to internally charged expenditure resulted in an underspend of \$750,041.
- Underspends in materials and contracts expenditure relating to City Buildings \$98,183, Engineering \$39,158 and Natural Areas and Parks \$39,705 maintenance accounts.
- Employee cost overspends of \$64,430 incurred in maintaining the City's parks and reserves.

#### Parking Facilities

- Minor underspends in materials and contracts of \$25,664
- Internally generated charges are underspent by \$16,881.

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

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

- Negative variance relating mainly to the reversal of depreciation on fleet assets as a non cash item.

General Administration Overheads

- Positive variance in materials and contracts of \$386,612. City Buildings is underspent by \$150,526, Information Technology Services is underspent by \$114,200 mainly relating to software licensing and maintenance, and Organisational Development is underspent by \$72,714.
- Utilities are underspent by \$74,245
- Underspends in internal charges of \$60,175
- Employee costs are overspent by \$310,538, of this, \$109,893 relates to Organisational Development, \$104,631 relates to the Customer Service program and \$68,841 in Engineering Services.

Business Unit Operations

- Employee costs are underspent by \$86,740, mainly in the Information Services (\$75,315) and Information Technology (\$55,340) service areas. Employee costs are overspent in Waste Services by (\$59,967).
- Savings in materials and contracts of \$55,525 are made up of several minor variances, mainly in the City Buildings service area.

<b>Capital Revenue</b>				
	<b>Ytd Revised Budget \$</b>	<b>Ytd Actual \$</b>	<b>Ytd Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Proceeds from Disposal of Assets	535,275	317,640	(217,635)	1,066,850

Proceeds from Disposal of Assets

- Negative variance of \$217,635 due to delays in the disposal of fleet assets.

<b>Capital Expenditure</b>				
	<b>Ytd Revised Budget \$</b>	<b>Ytd Actual \$</b>	<b>Ytd Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Purchase of Furniture & Equipment	(1,122,195)	(898,236)	223,959	(2,104,884)
Purchase of Plant and Equipment	(3,120,728)	(1,254,586)	1,866,141	(4,835,311)
Purchase of Land & Buildings	(4,993,494)	(4,570,221)	423,273	(12,955,676)
Purchase of Infrastructure Assets	(12,966,272)	(11,499,494)	1,466,778	(30,395,116)

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

Purchase of Furniture & Equipment

- Positive timing variance of \$168,375 relating to the allocation of Artwork Developer Contributions.
- Positive variance of \$65,919 relating to the CSRFF Fund Project.
- Negative variance of \$82,509 relating to the replacement of Recreation Equipment.

Purchase of Plant & Equipment

- Positive variance of \$1,680,635 relating to the purchase of heavy vehicles.
- Positive variance of \$116,556 relating to the purchase of light vehicles.
- Positive variance of \$78,165 relating to the purchase of heavy plant.

Purchase of Land & Buildings

- LeisureFit Melville/AH Bracks building upgrade – positive variance of \$74,051.
- LeisureFit Booragoon replacement of shade sails and poles - positive variance of \$61,080.
- LeisureFit Booragoon pool plant replacement - positive variance of \$52,778.
- Other minor variances across several projects.

Purchase of Infrastructure Assets

- Irrigation
  - Positive variance of \$50,000 on the Riseley Street irrigation renewal project.
- Parks Streetscapes Structures
  - Park Furniture Renewal program positive timing variance of \$56,000.
  - Heathcote Vision signage project positive timing variance of \$113,500.
  - Urban Forest programs combined net positive variance of \$62,031.
- Paths
  - Minor positive and negative variances across several projects.
  - Bike Plan Implementation works positive timing variance of \$100,000
  - Engineering design projects positive variance of \$50,000.
- Playgrounds
  - Playspace renewal program positive variance of \$56,620.
- Roads
  - Weston Way road resurfacing project is underspent by \$62,124.
  - Engineering Design - Roads 2019-2020 program is underspent by \$137,500.
  - Other minor positive and negative variances across several projects.

**Financing Activities**

	<b>Ytd Revised Budget \$</b>	<b>Ytd Actual \$</b>	<b>Ytd Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Funds to be used	25,608,053	25,736,178	128,125	59,379,139

Funds to be used

- Positive variance of \$125,621 relating to a drawdown on the Refuse Bins Reserve to fund purchases made under the FOGO contract. An adjustment will be made by the end of the financial year to offset this against the total FOGO grant income received for the financial year, reducing this variance.