

**Statement of Variances in Excess of \$100,000 by Nature and Type  
Financial Year-To-Date Ending 31 August 2022**

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 31 August 2022.

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 2022-2023 Annual Budget, a level of 10% or \$100,000 (whichever is the greater) was adopted for the reporting of material variances for the 2022-2023 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	95,626,976	95,509,571	(117,406)	96,166,881
Investment Earnings	347,500	471,684	124,184	2,265,000

Rates – Negative variance of \$117,406

- Rates generated for 2022-2023 were \$95,663,155, only \$3,726 less than budgeted.
- Other rate adjustments in respect of both Commercial and Residential improved properties contributed to a negative variance of \$113,680.

Investment Earnings – Positive variance of \$124,184

- A combination of interest rates being raised significantly, and lower than expected expenditure from operating and reserve accounts has contributed to a positive variance in investment earnings.
- Investment earnings on Municipal and Trust Funds were \$109,320 against a year-to-date budget of \$37,500 representing a positive variance of \$71,820.
- Investment earnings on Reserve accounts were \$339,968 against a year-to-date budget of \$276,667 representing a positive variance of \$63,301.

**Statement of Variances in Excess of \$100,000 by Nature and Type**  
**Financial Year-To-Date Ending 31 August 2022**

**Operating Expenditure**

	<b>YTD Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Employee Costs	(9,847,359)	(9,123,315)	724,044	(56,598,963)
Materials and Contracts	(6,033,134)	(4,290,496)	1,742,638	(37,436,653)
Other Expenditure	406,575	199,433	(207,142)	(2,452,022)

Employee costs are underspent by \$724,044.

- Natural Areas and Parks show a positive variance of \$190,168 made up of various minor positive and negative variances due to staff vacancies across the City's various parks and reserves.
- Healthy Melville show a positive variance of \$116,942 made up of various minor positive and negative variances across various recreation programs, mainly at LeisureFit Booragoon.
- Other service areas show a net positive variance of \$407,181, made up of various minor positive and negative variances.

Materials and Contracts show a positive variance of \$1,742,638.

- Natural Areas and Parks have a positive variance of \$488,840 relating to timing variances on contractors budgets across the City's various parks and reserves.
- City Buildings have a positive variance of \$331,356 relating to timing variances on contractors budgets across the City's various buildings.
- Resource Recovery and Waste have a positive variance of \$224,011 relating to timing variances on recyclable processing fees and waste disposal costs.
- Community Safety have a positive variance of \$188,477 relating mostly to the reversal of accrued expenditure amounts for the 2021-2022 financial year.
- Other service areas show a net positive variance of \$482,970 made up of various minor amounts.

Other Expenditure shows a negative variance of \$207,142 due to timing differences between budget and actual expenditure for internally charged expenditure across several service areas.

**Capital Income**

	<b>YTD Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Non-operating Grants, Subsidies and Contributions	475,000	(207,035)	(682,035)	6,394,840

Non-operating Grants, Subsidies and Contributions shows a negative variance of \$682,035 relating to the reversal of accrued grant funding for the 2021-2022 financial year.

Final claims for completed projects have been submitted and actual grant funding is expected over the coming months.

**Statement of Variances in Excess of \$100,000 by Nature and Type  
Financial Year-To-Date Ending 31 August 2022**

**Capital Expenditure**

	<b>YTD Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Purchase of Furniture and Equipment	(179,357)	(58,680)	120,677	(4,142,887)
Purchase of Land and Buildings	(643,815)	249,363	893,178	(21,591,327)
Purchase of Infrastructure Assets	(1,923,182)	(1,371,098)	552,084	(33,544,596)

Purchase of Furniture and Equipment

- Various positive and negative variances amounting to a net positive variance of \$120,677 related mostly to underspends in 240L bin replacements and the reversal of accrued expenditure on new software applications for the 2021-2022 financial year.

Purchase of Land and Buildings

- Sustainable Energy Infrastructure - PLEEC – Positive variance of \$160,000 due to timing differences between actual expenditure and carry forward budgets being reflected against the project.
- Goolugatup Heathcote Minor Refurbishment Works - Positive variance of \$112,452 relating to the reversal of accrued expenditure amounts for the 2021-2022 financial year being reflected against the project.
- Various positive and negative variances amounting to a net positive variance of \$600,726.

Purchase of Infrastructure Assets

Parks Streetscapes Structures

- Shirley Strickland Reserve Upgrade – Positive variance of \$364,142 relating to the reversal of accrued expenditure amounts for the 2021-2022 financial year being reflected against the project.

Other various positive and negative variances amounting to a total net negative variance of \$187,942.