

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

It should be noted that end of financial year adjustments for 2021-2022 are yet to be completed at the time of writing this report. Consequently, 2021-2022 capital works project budgets and other budgets to be carried forward for inclusion in the 2022-2023 financial year, have not been finalised at the time of reporting.

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	95,663,556	95,544,915	(118,641)	96,166,881

Rates – Negative variance of \$118,641

- Rates generated for 2022-2023 were \$95,663,155, only \$3,726 less than budgeted.
- Other rate adjustments in respect of Commercial and Residential improved properties contributed to a minor negative variance of \$78,335.
- A minor negative timing variance of \$36,580 relating to Commercial Improved rate concessions will be addressed prior to the close of reporting for August 2022.

Operating Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Employee Costs	(3,809,118)	(3,040,173)	768,945	(56,508,518)
Materials and Contracts	(3,203,557)	(2,345,824)	857,733	(34,465,378)
Other Expenditure	403,990	36,269	(367,721)	(2,421,398)

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Operating Expenditure (continued)

Employee costs are underspent by \$768,945.

- Healthy Melville show a positive variance of \$145,213 made up of various minor positive and negative variances across various recreation programs, mainly at LeisureFit Booragoon.
- Natural Areas and Parks show a positive variance of \$122,685 made up of various minor positive and negative variances across the City's various parks and reserves.
- Other service areas show a net positive variance of \$501,047, made up of various minor positive and negative variances.

Materials and Contracts show a positive variance of \$857,945.

- Natural Areas and Parks have a positive variance of \$338,472 relating to timing variances on contractors budgets across the City's various parks and reserves.
- City Buildings have a positive variance of \$141,785 relating to timing variances on contractors budgets across the City's various buildings.
- Other service areas show a net positive variance of \$377,477 made up of various minor amounts.

Other Expenditure shows a negative variance of \$367,721 due to timing differences between budget and actual expenditure for fleet and internally charged expenditure across several service areas.

Capital Income

There were no material capital income variances for the month of July.

Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Purchase of Land and Buildings	(5,000)	(428,259)	(423,259)	(17,256,698)
Purchase of Infrastructure Assets	(113,000)	(1,272,546)	(1,159,546)	(30,609,643)

Purchase of Land and Buildings

- Atwell House - Ceramics Studio – Negative variance of \$223,197 due to timing differences between actual expenditure and carry forward budgets being reflected against the project.
- Various positive and negative variances amounting to a net negative variance of \$200,062

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Capital Expenditure (continued)

Purchase of Infrastructure Assets

Parks Streetscapes Structures

- Alfred Cove Masterplan Implementation – Negative variance of \$119,974 due to timing differences between actual expenditure and carry forward budgets being reflected against the project.

Playgrounds

- Bob Gordon Playspace - Negative variance of \$521,216 due to timing differences between actual expenditure and carry forward budgets being reflected against the project.

Roads

- Roads to Recovery project – Point Walter Road (Preston Point Road to Canning Highway) - Negative variance of \$107,156 due to budget timing differences.

Other various positive and negative variances amounting to a total net negative variance of \$411,211.