

## Statement of Variances in Excess of \$50,000 by Program and Sub Program Financial Year-To-Date Ending 30 November 2020

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

The financial results to date for this financial year in some instances vary significantly from the year to date budget, which was prepared amid the uncertainty of Covid-19. The opening of the City's public facilities earlier than expected, plus better than expected activity levels in the Building and Planning areas, has meant that there are significant budget variances, particularly in the Recreation Services service area. Operating budgets have been amended to reflect this, where applicable, with the budget variances shown in the Operating Revenue and Operating Expenditure sections under the heading "Other Governance".

The mid-year budget review is underway with budget responsible officers across the City business and will be presented to Council for approval once complete.

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 \$
<b>Governance</b>				
Other Governance	(1,507,829)	(13,654)	1,494,175	(1,488,652)
<b>General Purpose Funding</b>				
Other General Purpose Funding	1,628,388	1,810,525	182,137	5,062,910
<b>Law, Order, Public Safety</b>				
Animal Control	79,233	186,515	107,281	82,600
<b>Community Amenities</b>				
Sanitation - Other	1,316,242	1,249,875	(66,367)	1,487,576
Town Planning and Regional Development	479,133	680,158	201,025	767,758
<b>Recreation and Culture</b>				
Other Recreation & Sport	707,856	976,760	268,904	2,160,161
Swimming Areas & Beaches	1,807,819	2,022,413	214,595	4,594,657
<b>Economic Services</b>				
Tourism & Area Promotion	Nil	177,955	177,955	Nil
Economic Development	707,462	564,266	(143,196)	1,583,605
<b>Other Property and Services</b>				
General Administration Overheads	241,575	382,808	141,233	276,043
Unclassified	228,445	(26,219)	(254,664)	704,574

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• **Operating Revenue (continued)**

Other Governance

- Budget amendments have been made to reflect an expected increase in operating revenue in the following areas as a result of opening the City's facilities earlier than expected this year.
- Development application fee budget has been increased by \$155,885. Building license fee budget has been increased by \$50,694 and other planning fee budgets have been increased by \$30,295.
- LeisureFit membership fee budget has been increased by \$730,381, hire fee budgets have been increased by \$71,150, and casual fee budgets have been increased by \$243,102.
- Term/Season fee budgets have been increased by \$216,151, and retail sales budgets have been increased by \$11,176.

Other General Purpose Funding

- Investment earnings on the City's municipal account are \$104,052 higher than anticipated. The budget was conservative and the additional revenue is the result of higher account balances than expected.
- Investment earnings on the City's reserve accounts are \$29,683 higher than anticipated due to larger reserve balances than expected for this time of year.
- Late payment interest income is \$36,856 higher than anticipated as a result of lower than expected rates collection rates.

Animal Control

- Dog registration fees are \$73,425 ahead of budget and dog fines are \$14,605 higher than budget.

Sanitation – Other

- Refuse Collection Commercial - Fees and charges income is under budget by \$40,641 due to a reduction in the number of services being delivered when compared to budget.
- Recycling Collection Commercial – Fees and charges income is under budget by \$25,726 due to a reduction in the number of services being delivered when compared to budget.

Town Planning and Regional Development

- Development Applications - Fees and charges income is over budget by \$105,824 due to higher activity levels than expected.
- Land Information Certificate - Fees and charges income is over budget by \$73,762 due to higher activity levels than expected.

Other Recreation and Sport

- Fees and charges income is \$384,475 ahead of budget, with positive variances made up of Reserve ground hire (\$211,965), Commercial lease income (\$45,347), Fees and charges income from various programs at LeisureFit Melville have a net negative variance of \$31,111.

Swimming Areas and Beaches

- Fees and charges income is \$218,419 ahead of budget, this positive variance mainly made up of Membership fees of \$105,052, Term/Season fees of \$58,714 and Casual fees of \$48,965.

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### • Operating Revenue (continued)

#### Tourism & Area Promotion

- Recoup income received to the end of November was \$177,955 and relates to the expenditure incurred on behalf of the South West Group as indicated in the Operating Expenditure section of this report.

#### Economic Development

- Commercial lease income for the City's leasehold properties received to the end of November was \$132,958 under budget, due mainly to the City's stimulus concessions
- Expenditure recoup income relating to the City's leasehold properties received to the end of November was \$10,238 under budget.

#### General Administration Overheads

- Recoup income received for the secondment of the Executive Manager of Organisational Development to the City of Perth was \$120,000.

#### Unclassified

- Net book value on disposal of assets for the period end of November was \$238,926.

### Operating Expenditure

	YTD Revised Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
<b>Governance</b>				
Members of Council	(603,258)	(532,749)	70,509	(1,604,848)
Other Governance	(1,319,864)	(1,628,211)	(308,348)	(4,722,543)
<b>Law, Order, Public Safety</b>				
Other Public Order, Fire & Safety	(1,624,826)	(1,481,487)	143,339	(3,903,724)
<b>Community Amenities</b>				
Sanitation – Other	(1,007,814)	(933,207)	74,606	(2,935,878)
Sanitation – Household Refuse	(7,153,375)	(6,732,212)	421,164	(16,911,629)
<b>Recreation and Culture</b>				
Libraries	(2,271,387)	(2,195,844)	75,544	(5,436,125)
Other Culture	(680,992)	(608,140)	72,853	(1,942,550)
Public Halls, Civic Centres	(433,280)	(371,640)	61,640	(926,899)
Swimming Areas & Beaches	(2,575,722)	(2,519,324)	56,398	(6,369,733)
Other Recreation & Sport	(8,656,926)	(8,378,441)	278,485	(20,640,421)
<b>Economic Services</b>				
Tourism & Area Promotion	(66,847)	(235,382)	(168,535)	(140,033)
<b>Other Property and Services</b>				
General Administration Overheads	(1,554,087)	(1,460,476)	93,611	(3,247,430)
Business Unit Operations	(3,218,781)	(3,312,606)	(93,825)	(7,849,979)

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**• Operating Expenditure (continued)**

Members of Council

- Elected member conference attendance expenses are \$45,561 underspent. Other various elected member expenses show a net positive variance of \$24,948.

Other Governance

- Budget amendments have been made to reflect an expected decrease in operating expenditure as a result of opening the City's facilities earlier than expected this year. Employee cost budgets have been reduced by \$331,365, utility charges budgets have been reduced by \$52,550, and materials and contracts budgets have been reduced by \$18,741.
- Various positive and negative minor variances amounting to a net positive variance of \$94,308, mainly in materials and contracts.

Other Public Order, Fire & Safety

- Community Security is underspent by \$132,258 due mainly to underspends in employee costs as a result of a staff vacancy and an employee currently on leave without pay.

Sanitation – Other

- Refuse Collection Commercial is underspent by \$41,511. Employee costs show a positive variance of \$25,611, and fleet operating costs are \$16,759 lower than expected.
- Recycling Collection Commercial is underspent by \$32,281, made up of various minor variances.

Sanitation – Household Refuse

- Recycling Collection Domestic is underspent by \$174,255. Recycling processing fees are underspent by \$164,331 as tonnages collected to date are lower than expected.
- The FOGO program is underspent by \$124,374. Employee costs show a positive variance of \$63,181 and the balance of the variance is made up of various minor amounts.
- Refuse Collection Domestic is underspent by \$106,526. Waste disposal costs are underspent by \$89,403 as tonnages collected to date are lower than expected.

Libraries

- Positive variance of \$75,544 represented mainly by underspends of \$75,679 in materials and contracts, and other net negative minor variances totaling \$135 across the City's libraries.

Other Culture

- Positive variance of \$72,853 represented by minor under and overspends across the City's planned cultural activities.

Public Halls, Civic Centres

- Positive variance of \$61,640 represented by minor under and overspends across the City's various public facilities.

Swimming Areas and Beaches

- Positive variance of \$56,398. Materials and contracts are underspent by \$187,246 due to the reversal of 2019-2020 financial year accrual entries. Employee costs are overspent by \$58,754, and discounts and concessions are higher than budget by \$56,511 due to the early reopening of LeisureFit Booragoon.

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**Operating Expenditure (continued)**

Other Recreation & Sport

- Positive variance of \$278,485.
  - Healthy Melville (\$130,089) - materials and contracts under budget by \$99,401 due mainly to the reversal of 2019-2020 financial year accrual entries, employee costs under budget by \$57,819, partially offset by various minor variances contributing to a net negative variance of \$27,130.
  - Chief Executive Officer (\$66,068) - positive variance in donations/contributions and sponsorships.
  - Natural Areas and Parks (\$45,498) - positive variance in materials and contracts of \$80,240, negative variance in employee costs of \$82,599, and a net positive variance of \$47,856 made up of various minor amounts.
  - Various positive and negative minor variances amounting to a net positive variance of \$29,236.

Tourism & Area Promotion

- Negative variance of \$168,535 relates to employee costs and other expenditure incurred in relation to the South West Group. This amount is offset by the positive variance shown in the Operating Revenue section of this report.

General Administration Overheads

- Information Technology shows a positive variance of \$186,917, mainly due to timing variances in licensing costs.
- Neighbourhood Development is underspent by \$73,611, mainly in Customer Services employee costs.
- Natural Areas and Parks shows a negative variance of (\$226,030), mainly in depreciation expense.
- Various positive and negative minor variances amounting to a net positive variance of \$59,113.

Business Unit Operations

- City Buildings shows a negative variance of \$91,484, mainly relating to internal charges.
- Information Technology shows a negative variance of \$76,684, mainly in depreciation expense.
- Director Corporate Services is underspent by \$60,526, mostly due to a staff vacancy.
- Various positive and negative minor variances amounting to a net positive variance of \$13,818.

**Capital Income**

	<b>YTD Revised Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Non-operating grants, subsidies and contributions	1,229,954	1,307,131	77,176	4,683,742

Non-operating grants, subsidies and contributions

- Positive variance of \$77,176 relates mainly to a Main Roads direct grant payment being

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higher than budgeted.

**Capital Expenditure**

	<b>YTD Revised Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Purchase of Furniture & Equipment	(814,088)	(625,564)	188,525	(2,904,481)
Purchase of Plant & Equipment	(1,252,160)	(1,191,681)	60,479	(6,499,018)
Purchase of Land & Buildings	(4,362,331)	(4,032,607)	329,724	(19,774,511)
Purchase of Infrastructure Assets	(3,832,894)	(3,468,073)	364,821	(37,495,838)

Purchase of Furniture and Equipment

- Positive variance of \$74,880 relating to the planned replacement of computer hardware.
- Minor positive and negative variances across several projects amounting to a net positive variance of \$113,645.

Purchase of Plant & Equipment

- Minor positive and negative variances across several categories of plant and equipment amounting to a net positive variance of \$60,479.

Purchase of Land & Buildings

- 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 \$211,549.

Purchase of Infrastructure Assets

- Drainage
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$107,270.
- Environmental
  - Minor positive variances across several projects amounting to a net positive variance of \$9,555.
- Foreshore Facilities
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$33,169.
- Irrigation
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$36,852.
- Lighting
  - Minor positive and negative variance across several projects amounting to a net positive variance of \$141.

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**• Capital Expenditure (continued)**

- Parks Streetscapes Structures
  - Point Walter Mini Golf capital contribution - \$100,000 negative variance as the remaining project budget was not carried forward to 2020-2021. This will be addressed at the Mid Year Budget Review.
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$75,970.
- Paths
  - Bicton Quarantine path repairs - negative variance of \$54,713 due to unplanned but urgent works undertaken. The budget for this project will be addressed at the mid year budget review.
  - Minor positive and negative variances across several other projects amounting to a net positive variance of \$118,471.
- Playgrounds
  - Minor positive and negative variances across several projects amounting to a net positive variance of \$5,971.
- Roads
  - 2020-2021 Engineering Design WIP – positive variance of \$74,526 due to timing variances.
  - Other minor positive and negative variances across several other projects amounting to a net positive variance of \$57,608.

**Financing Activities**

	<b>YTD Budget \$</b>	<b>YTD Actual \$</b>	<b>YTD Budget Variance \$</b>	<b>Annual Revised Budget \$</b>
Self-Supporting Loan Principal Revenue	12,542	98,910	86,368	278,140

Self-Supporting Loan Principal Revenue

- Positive variance of \$86,368 relating to the receipt of loan principal repayments received from the Melville Glades Golf Club ahead of anticipated budget.