

Statement of Variances in Excess of \$100,000 by Nature and Type
Financial Year-To-Date ending 30 September 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 September 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 \$
General Rates	91,625,357	91,754,312	128,955	91,775,357
Fees and Charges	5,879,011	5,993,630	114,619	14,423,761
Investment Earnings	618,053	478,516	(139,537)	1,834,750

General Rates shows a positive variance of \$128,955, made up of non-material positive and negative interim rate adjustments, mainly in respect of residential improved properties.

Fees and Charges show a positive variance of \$114,619, due to the combined impact of higher Infringement and Penalties and Parking fees, lower Commercial Waste income and other non-material positive and negative amounts.

Investment Earnings show a negative variance of \$139,537. Interest earned on reserve and municipal funds show a combined negative variance of \$109,818 due to market interest rate being lower than expected. The remaining net negative variance of \$29,719 is made up of minor positive and negative amounts relating to instalment and late payment interest on rate accounts.

Operating Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Employee Costs	(13,105,649)	(12,684,701)	420,947	(52,662,490)
Materials and Contracts	(8,789,674)	(7,485,355)	1,304,319	(35,580,772)
Depreciation	(5,542,659)	(5,729,737)	(187,078)	(22,170,639)
Other Expenditure	(406,178)	(602,965)	(196,787)	(6,470,477)

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

Operating Expenditure

Employee costs are underspent by \$420,947. The underspend is mainly driven by savings in overtime, personal leave and training costs due to timing, combined with a temporary positive variance in annual leave.

Materials and Contracts show a positive variance of \$1,304,319.

- Natural Areas and Parks have a positive variance of \$595,124 relating mainly to minor timing variances on contractors budgets across the City's various parks and reserves.
- City Buildings have a positive variance of \$146,030 relating mostly to timing variances on contractors budgets across the City's various buildings.
- Engineering has a positive variance of \$113,527 relating to minor timing variances across various maintenance programs.
- Neighbourhood Development has a positive variance of \$108,220 relating to minor timing variances across the City's various community activities.
- Other service areas show a net positive variance of \$340,169 made up of various minor amounts.

Depreciation shows a negative variance of \$187,078. The depreciation calculated to date is a provisional amount pending the finalisation of the 2020-2021 financial audit of the City's accounts. It is expected that adjustments will be made to reflect the actual position in the November accounts.

Other Expenditure shows a negative variance of \$196,787 made up mainly of underspends in fleet operating costs, and positive and negative variances in internally charged expenditure.

Capital Income

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Non-operating Grants, Subsidies and Contributions	1,169,819	805,990	(363,829)	5,917,887

Non-operating Grants, Subsidies and Contributions

- Negative variance of \$363,829, relating to the reversal of accrual entries for capital grant payments for the City's Park Improvements and Playgrounds projects. These amounts relate to Covid-19 stimulus funding grants secured by the City.

Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Purchase of Land and Buildings	(939,026)	(809,066)	129,960	(19,879,460)
Purchase of Infrastructure Assets	(3,824,379)	(3,486,743)	337,636	(41,586,267)

Purchase of Land and Buildings

- Minor positive and negative variances across several projects amounting to a net positive variance of \$129,960.

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

Capital Expenditure

Purchase of Infrastructure Assets

Minor positive and negative variances across several projects amounting to net positive variances of:

- Drainage - \$69,718
- Environmental - \$5,156
- Foreshore Facilities - \$11,975
- Irrigation - \$2,836
- Lighting - \$25,977
- Park Streetscapes Structures - \$215,000
- Paths - \$4,957
- Playgrounds - \$8,552

Minor positive and negative variances across several projects amounting to a net negative variance of:

- Roads - \$6,537