

Statement of Variances in Excess of \$100,000 by Nature and Type
Financial Year-To-Date ending 31 October 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 31 October 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 \$
Rates	91,642,023	91,983,943	341,919	91,775,357
Fees and Charges	7,236,303	7,506,549	270,247	14,423,761
Interest Earnings	753,109	598,412	(154,697)	1,834,750

Rates income shows a positive variance of \$341,919, made up of non-material positive and negative interim rate adjustments.

Fees and Charges income shows a positive variance of \$270,247, due to the combined impact of higher Infringement and Penalties and Parking fees, LeisureFit Fees and other non-material positive and negative amounts.

Investment Earnings show a negative variance of \$154,697. Interest earned on reserve and municipal funds show a combined negative variance of \$128,296 due to the market interest rate being lower than expected. The remaining net negative variance of \$26,401 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	(17,216,905)	(16,954,737)	262,168	(52,662,490)
Materials and Contracts	(11,424,943)	(9,936,265)	1,488,678	(35,576,228)
Other Expenditure	(902,270)	(1,092,365)	(190,095)	(6,470,477)

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Operating Expenditure (continued)

Employee costs are underspent by \$262,168. 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 \$1,488,678.

- Resource Recovery and Waste have a positive variance of \$451,545 relating mainly to savings in waste disposal costs and recycling processing fees.
- Natural Areas and Parks have a positive variance of \$361,909 relating mainly to minor timing variances on contractors budgets across the City's various parks and reserves.
- Healthy Melville have a positive variance of \$118,732 relating mostly to timing variances on maintenance budgets at the City's LeisureFit facilities.
- Engineering has a positive variance of \$117,678 relating to minor timing variances across various maintenance programs.
- Neighbourhood Development has a positive variance of \$105,825 relating to minor timing variances across the City's various community activities.
- Other service areas show a net positive variance of \$332,988 made up of various minor amounts.

Other Expenditure shows a negative variance of \$190,095 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	1,196,729	832,990	(363,829)	5,979,797

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	(1,484,175)	(1,221,750)	262,425	(19,874,460)
Purchase of Infrastructure Assets	(5,997,636)	(5,486,163)	511,473	(42,399,636)

Purchase of Land and Buildings

- Minor positive and negative variances across several projects amounting to a net positive variance of \$262,425.

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Capital Expenditure (continued)

Purchase of Infrastructure Assets

The following infrastructure asset categories have net positive variances made up of various minor positive and negative amounts.

- Park Streetscapes Structures - \$189,841
- Roads - \$136,030
- Drainage - \$56,670
- Lighting - \$50,951
- Irrigation - \$43,554
- Playgrounds - \$24,340
- Foreshore Facilities - \$14,394
- Environmental - \$4,710

The following infrastructure asset category has a net negative variance made up of various minor positive and negative amounts.

- Paths - \$9,017