

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

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

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 Annual Revised Budget and are shown in the Annual 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 are not reflected in this report, and as a result, the final year end results could differ significantly from those presented 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). The subsequent analysis of these variances references the applicable sub-program.

**Operating Revenue**

|                                                    | <b>Annual<br/>Revised<br/>Budget \$</b> | <b>Actual \$</b> | <b>Annual<br/>Budget<br/>Variance \$</b> |
|----------------------------------------------------|-----------------------------------------|------------------|------------------------------------------|
| <b>General Purpose Funding</b>                     |                                         |                  |                                          |
| Rates                                              | 89,567,063                              | 89,836,825       | 269,761                                  |
| Other General Purpose Funding                      | 8,664,300                               | 8,224,801        | (439,499)                                |
| Animal Control                                     | 225,650                                 | 280,382          | 54,732                                   |
| <b>Community Amenities</b>                         |                                         |                  |                                          |
| Sanitation - Other                                 | 1,404,686                               | 1,464,867        | 60,181                                   |
| Sanitation – Household Refuse                      | 1,011,751                               | 768,590          | (243,161)                                |
| Town Planning and Regional<br>Development          | 1,482,716                               | 1,843,422        | 360,706                                  |
| Protection of Environment                          | 271,247                                 | 140,938          | (130,310)                                |
| <b>Recreation and Culture</b>                      |                                         |                  |                                          |
| Other Recreation and Sport                         | 2,425,551                               | 2,336,032        | (89,519)                                 |
| Swimming Areas and Beaches                         | 3,837,455                               | 3,930,137        | 92,681                                   |
| <b>Transport</b>                                   |                                         |                  |                                          |
| Streets, Roads, Bridges, Depot                     | 417,959                                 | 497,580          | 79,621                                   |
| <b>Economic Services</b>                           |                                         |                  |                                          |
| Building Control                                   | 1,158,955                               | 1,271,938        | 112,983                                  |
| Tourism and Area Promotion                         | 0                                       | 592,821          | 592,821                                  |
| Public Utility Services incl.<br>Underground Power | 3,378,117                               | 3,496,264        | 118,147                                  |
| <b>Other Property and Services</b>                 |                                         |                  |                                          |
| Unclassified                                       | 1,084,242                               | (1,069,918)      | (2,154,160)                              |

**Rates**

- Residential rates are higher than revised budget due to additional interim rates income generated subsequent to the Mid Year Budget review from various properties including the Woolworths property at 39 Reynolds Road, Mount Pleasant.

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**Other General Purpose Funding**

- Investment earnings on the City's reserve accounts are under budget by \$551,183 following a reduction in the cash rate by the Reserve Bank in March 2020 subsequent to the adoption of the Mid Year Budget Review.
- Federal Assistance Grants received are \$142,004 above budget as the advanced payment received for 2020-2021 was paid at a higher rate than the 2019-2020 Federal Assistance Grant.
- Investment earnings on the City's municipal/trust accounts are \$58,121 under budget due to reductions in the cash rate as described above.

**Animal Control**

- Fees and charges income is over budget, due mainly to a higher take up of dog registrations than anticipated.

**Sanitation - Other**

- Fees and charges income is over budget, due mainly to commercial refuse collection income being higher than anticipated.

**Sanitation – Household Refuse**

- Operating grant income is under budget as the anticipated final instalment of the Better Bins funding for the City's FOGO rollout has not been received.

**Town Planning and Regional Development**

- Fees and Charges income is over budget by \$208,389, mainly in respect of Development Application Fees (\$126,910) and Land Information Certificate fees (\$67,997).
- Other Revenue is over budget by \$152,317 relating mainly to expenditure recoup income for work on the Carawatha Development project.

**Protection of Environment**

- Grant income is under budget, mainly in regard to the Smart Cities – Micro Grid Project funding not being received.

**Other Recreation and Sport**

- Fees and charges income is \$118,774 under budget, made up mainly of minor variances in membership and term fees, commercial lease income, and green fees.
- Expenditure recoup income is over budget, mainly in regard to recoup of costs associated with the replacement of damaged trees at Sid Eaton Park (\$45,275).

**Streets, Roads, Bridges, Depot**

- Fees and charges income for Tree Vandalism Fines is under budget by \$71,580.
- Recoverable works income is over budget in the Natural Areas and Parks (\$68,886) and Engineering (\$29,395) service areas.
- Grants and contributions income is over budget by \$30,197.

**Building Control**

- Building Licence Fees are above budget by \$100,394 due to a higher volume of applications received than expected for the year.

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**Tourism and Area Promotion**

- Expenditure recoup income for work undertaken on behalf of the South West Group. This largely offsets the expenditure variance recorded under the same sub-program in this report.

**Public Utility Services incl. Underground Power**

- Expenditure recoup income for the Melville North and Alfred Cove East underground power projects is \$92,300 higher than budget due to prior year income claims being made.
- Service charge income is \$25,847 higher than budget due to adjustments made to properties included in underground project areas.

**Unclassified**

- Net variance to budget on disposal of various classes of assets. The net result includes losses from the write down or sale of assets totaling \$1,405,443 mainly relating to the demolition of three properties and the proceeds on the sale of fleet assets being under budget by \$745,901.

**Operating Expenditure**

|                                              | <b>Annual Revised<br/>Budget \$</b> | <b>Actual \$</b> | <b>Annual<br/>Budget<br/>Variance \$</b> |
|----------------------------------------------|-------------------------------------|------------------|------------------------------------------|
| <b>Governance</b>                            |                                     |                  |                                          |
| Members of Council                           | (1,884,420)                         | (1,555,239)      | 329,180                                  |
| Other Governance                             | (4,726,341)                         | (3,494,311)      | 1,232,029                                |
| <b>Law, Order and Public Safety</b>          |                                     |                  |                                          |
| Other Public Order, Fire & Safety            | (4,010,546)                         | (3,774,567)      | 235,979                                  |
| <b>Education and Welfare</b>                 |                                     |                  |                                          |
| Aged & Disabled - Senior<br>Citizens Centres | (117,006)                           | (56,639)         | 60,367                                   |
| <b>Community Amenities</b>                   |                                     |                  |                                          |
| Sanitation - Other                           | (3,178,811)                         | (2,888,148)      | 290,663                                  |
| Sanitation – Household Refuse                | (17,728,127)                        | (16,437,683)     | 1,290,444                                |
| Town Planning and Regional<br>Development    | (4,007,003)                         | (3,640,114)      | 366,889                                  |
| Other Community Amenities                    | (84,339)                            | (30,350)         | 53,989                                   |
| Protection of Environment                    | (3,082,530)                         | (2,809,740)      | 272,790                                  |
| <b>Recreation and Culture</b>                |                                     |                  |                                          |
| Libraries                                    | (5,609,433)                         | (5,266,617)      | 342,816                                  |
| Other Culture                                | (1,870,935)                         | (1,658,625)      | 212,310                                  |
| Public Halls, Civic Centres                  | (933,105)                           | (878,285)        | 54,820                                   |
| Swimming Areas and Beaches                   | (6,197,129)                         | (5,984,523)      | 212,606                                  |
| Other Recreation & Sport                     | (19,926,167)                        | (18,997,890)     | 928,277                                  |
| <b>Transport</b>                             |                                     |                  |                                          |
| Streets, Roads, Bridges, Depot               | (18,229,244)                        | (17,794,469)     | 434,775                                  |
|                                              |                                     |                  |                                          |
|                                              |                                     |                  |                                          |

**Statement of Variances in Excess of \$50,000 by Program and Sub  
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| Operating Expenditure continued                    | Annual Revised Budget \$ | Actual \$   | Annual Budget Variance \$ |
|----------------------------------------------------|--------------------------|-------------|---------------------------|
| <b>Economic Services</b>                           |                          |             |                           |
| Building Control                                   | (1,882,408)              | (1,815,184) | 67,225                    |
| Tourism and Area Promotion                         | (229,550)                | (693,049)   | (463,499)                 |
| Public Utility Services incl.<br>Underground Power | (3,776,126)              | (3,672,566) | 103,560                   |
|                                                    |                          |             |                           |
| <b>Other Property and Services</b>                 |                          |             |                           |
| Plant Operations                                   | 677,764                  | 887,796     | 210,032                   |
| Public Works Overheads                             | (996,542)                | (1,549,649) | (553,107)                 |
| General Administration<br>Overheads                | (2,975,840)              | (2,650,313) | 325,526                   |
| Business Unit Operations                           | (8,621,347)              | (8,201,016) | 420,332                   |

Members of Council

- Underspends mainly in Elected Member Conference Attendance expenses of \$190,855.

Other Governance

- Underspends of \$964,396 in materials and contracts mainly in the Chief Executive Officer (Special projects - \$533,088), Organisational Development (\$80,501) and Resource Recovery and Waste (\$57,999) service areas.
- Underspends of \$159,590 in employee costs mainly in the Financial Services and Chief Executive Officer service areas.

Other Public Order, Fire and Safety

- Savings in employee costs, mostly in the Community Security area of \$159,492.

Aged & Disabled – Senior Citizens Centres

- Underspends in relation to the relocation of the Stock Road Senior Citizens project.

Sanitation – Other

- Refuse Collection Commercial is underspent by \$233,494. Waste Disposal costs are underspent by \$122,244, internally charged expenditure, including fleet running costs, are underspent by \$156,844. These amounts have been partly offset by overspends in Employee Costs of \$42,870.
- Recycling Collection Commercial is underspent by \$68,516 due to minor underspends in materials and contracts, employee costs, internally charged expenditure and fleet running costs.

Sanitation – Household Refuse

- The FOGO program is underspent by \$886,909. Waste disposal costs are underspent by \$809,228 as a result of lower tonnages of waste being collected than expected, Stores and materials are underspent by \$143,554, Contractors Adhoc are underspent by \$66,407. These variances are partially offset by overspends in Employee costs (\$75,633), and overspends of \$57,646 in internally charged expenditure.
- Recycling Collection Domestic is underspent by \$288,639. Waste Recyclable processing fees are underspent by \$109,514, Fleet running costs are underspent by \$76,434 and Employee Costs are underspent by \$72,390.

**Statement of Variances in Excess of \$50,000 by Program and Sub  
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- Refuse Collection Domestic is underspent by \$69,187. Fleet running costs are underspent by \$130,352, Employee Costs are underspent by \$127,269 and Operations Overheads are underspent by 73,111. These amounts are offset mostly by overspends in Waste Disposal costs of \$243,303.

**Town Planning and Regional Development**

- Materials and Contracts are underspent by \$247,998, relating mainly due to Professional consultancies for various Strategic Urban Planning projects.
- Employee costs are underspent by \$103,394, mainly in the Planning Administration service area due to a staff vacancy.

**Other Community Amenities**

- Total underspends of \$53,989 made up of minor underspends, mainly in Materials and contracts in the Engineering service area.

**Protection of Environment**

- Underspends in materials and contracts of \$211,044 across several programs in Natural Areas and Parks (\$144,141), Engineering (\$86,231), partially offset by an overspend of \$96,774 in the Chief Executive Officer service area in relation to the Natural Resource Management Strategy.
- Savings in litter collection of \$66,181 and in fleet running costs of \$48,962.

**Libraries**

- Positive variance represented by underspends in employee costs (\$150,932), materials and contracts (\$98,116), and electricity expense (\$73,951).

**Other Culture**

- Variance represented mainly by underspends in Materials and Contracts (\$65,171) and Donations/Contributions and Sponsorships (\$103,452).

**Public Halls, Civic Centres**

- Positive variance represented by various minor underspends.

**Swimming Areas and Beaches**

- Underspends in materials and contracts of \$103,385
- Underspends in employee costs of \$87,463

**Other Recreation & Sport**

- Operational overheads are underspent by \$658,714. This amount is offset by an under recovery identified in the Public Works overheads section of this report and will be rectified as part of year end adjustments to be undertaken.
- Underspends in materials and contracts expenditure relating to Natural Areas and Parks (\$153,379), Healthy Melville (\$75,916) and City Buildings (\$98,183) maintenance accounts.
- Fleet operating costs are overspent by \$143,960
- Underspends in Donations/Contributions/Sponsorships are \$89,071

**Streets, Roads, Bridges, Depot**

- Underspends in materials and contracts expenditure was \$317,997, with \$240,009 of that amount relating to Engineering and \$72,516 relating to Natural Areas and Parks maintenance accounts.

**Statement of Variances in Excess of \$50,000 by Program and Sub  
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**Building Control**

- Negative variance relating to minor underspends in employee costs in Building services and the Swimming Pool inspection program.

**Tourism and Area Promotion**

- Overspends in expenditure relating mainly to the South West Group. This is largely offset by the revenue variance recorded under the same sub-program in this report.

**Public Utility Services inc. Underground Power**

- Positive variance relating to the refund of reserve funds that are yet to be processed.

**Plant Operations**

- Positive variance relating to underspends in materials and contracts is \$213,605.
- Depreciation on fleet assets is under budget by \$131,036 but final year end adjustments will reduce this variance to nil.
- Internal expenditure adjustments show a net negative variance of \$100,716.
- Employee costs are overspent by \$68,112

**Public Works Overheads**

- Negative variance relating to the allocation of Design and Project Management staff time (\$233,249), and the under recovery of operational overheads (\$801,557). These amounts are partially offset by underspends in employee costs in the Engineering (\$203,882) and Natural Areas and Parks (\$183,883) service areas.

**General Administration Overheads**

- Positive variance in materials and contracts of \$304,751. City Buildings is underspent by \$167,801, and Organisational Development is underspent by \$113,808.
- Utilities are underspent by \$85,914
- Net underspends in internal charges are \$80,868
- Employee costs are overspent by \$163,471, of this, \$84,900 relates to Organisational Development, \$72,315 relates to the Customer Service program and minor variances in the Engineering and Director Corporate Service areas. These amounts are partially offset by underspends in the Chief Executive Officer and Natural Areas and Parks service areas.

**Business Unit Operations**

- Employee costs are underspent by \$287,954, mainly in the Information Services (\$75,315) and Information Technology (\$55,340) service areas. Employee costs are overspent in Waste Services by (\$59,967).
- Savings in materials and contracts of \$98,374 are made up of several minor variances, mainly in the City Buildings service area.

| <b>Capital Revenue</b>                            |                                 |                  |                                  |
|---------------------------------------------------|---------------------------------|------------------|----------------------------------|
|                                                   | <b>Annual Revised Budget \$</b> | <b>Actual \$</b> | <b>Annual Budget Variance \$</b> |
| Non-operating grants, subsidies and contributions | 4,608,908                       | 2,275,926        | (2,332,982)                      |
| Proceeds from Disposal of Assets                  | 1,066,850                       | 320,949          | (745,901)                        |

**Statement of Variances in Excess of \$50,000 by Program and Sub  
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Non-operating grants, subsidies and contributions

- Negative variance of \$2,332,982 in grant funding due to delays in the Shirley Strickland Reserve project (\$1,509,969), Karel Avenue project (\$226,120), Norma Rd/Canning Highway project (\$213,000), Safe Active Street Ardross (\$170,000), Murdoch Drive A (\$60,320), and Stock Road project (\$54,240).

Proceeds from Disposal of Assets

- Negative variance of \$745,901 due to delays in the disposal of fleet assets.

| <b>Capital Expenditure</b>        |                                 |                  |                                  |
|-----------------------------------|---------------------------------|------------------|----------------------------------|
|                                   | <b>Annual Revised Budget \$</b> | <b>Actual \$</b> | <b>Annual Budget Variance \$</b> |
| Purchase of Furniture & Equipment | (2,104,884)                     | (951,459)        | 1,153,426                        |
| Purchase of Plant and Equipment   | (4,835,311)                     | (1,300,732)      | 3,534,579                        |
| Purchase of Land & Buildings      | (12,955,676)                    | (5,604,304)      | 7,351,372                        |
| Purchase of Infrastructure Assets | (30,623,286)                    | (12,731,775)     | 17,891,511                       |

The projects named below each had positive variances at 30 June 2020. The majority of these projects are funded from the City's reserves and would be carried forward to the 2020-2021 financial year. Consequently, these variances would not have any impact on the final budget position for 2019-2020.

Purchase of Furniture & Equipment

- Positive variance of \$242,051 relating to the Public Arts program.
- Positive variance of \$206,020 relating to the allocation of Artwork Developer Contributions.
- Positive variance of \$113,198 relating to the replacement of furniture and equipment.
- Positive variance of \$94,999 relating to the CSRFF Fund Project.
- Positive variance of \$93,037 relating to the purchase of PC's, monitors and Citrix Hardware.
- Positive variance of \$76,968 relating to the purchase of Photocopiers and Multi Function Devices.
- Positive variance of \$62,023 relating to the purchase of IP Network Equipment and Data Cables.
- Positive variance of \$55,396 relating to upgrades of existing computer software.

Purchase of Plant & Equipment

- Positive variance of \$2,970,635 relating to the purchase of heavy vehicles. The majority of this variance is represented by the pending replacement of five waste trucks.
- Positive variance of \$411,892 relating to the purchase of light vehicles.
- Positive variance of \$148,165 relating to the purchase of heavy plant.

Purchase of Land & Buildings

- Change room Upgrades - Infrastructure Strategy \$1,337,295
- LeisureFit Booragoon Leisure Pool/Staff \$659,944
- Point Walter Staff Facilities \$588,940
- Civic Centre Refurbishment \$534,595

**Statement of Variances in Excess of \$50,000 by Program and Sub  
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- Bert Jeffery - Amenities Building \$474,342
- Willagee Comm Centre - Internal Upgrade \$354,892
- Willagee Library – Upgrade \$268,023
- LeisureFit Booragoon pool plant replacement of \$258,867.
- Leeming Rec Centre - Structural Renewal \$228,311
- Civic Centre - Fire Services Renewal \$179,362
- Energy and Water Sub metering project \$160,000
- Ops Centre - Bunker refurbishment \$153,570
- Operations Centre - Internal Works \$136,125
- Library Office Refurbishments Year One \$126,217
- Jeff Joseph Res - Public Toilet Upgrade \$126,216
- LeisureFit Booragoon - HVAC Renewal \$120,367
- Change room Upgrade - Morris Buzzacot Hockey \$123,815
- Change room Upgrade - Bill Ellison \$111,567
- Solar Panel Installation – LeisureFit Melville \$104,285
- LeisureFit Melville/AH Bracks building upgrade \$74,051.
- Floor Sanding Program 20-21 \$73,390
- LeisureFit Booragoon External Repaint \$70,000
- Additional Minor Capital Renewal \$66,139
- LeisureFit Booragoon replacement of shade sails and poles \$61,080.
- Melville Aquatic - Spa Plant \$60,000
- Solar Panel Installation – LeisureFit Booragoon \$57,076
- Solar Panel Installation - Operations Centre \$56,011
- Tompkins Park Redevelopment \$51,755
- Heathcote Precinct Improvements \$50,617
- Voltage Optimisation LeisureFit Melville \$50,000
- Pop Up Library \$50,000
- Other minor positive and negative variances across several projects.

**Purchase of Infrastructure Assets**

- Drainage
  - o Positive variance of \$532,423 on the Environmental drainage program
  - o Camm Ave/Ewing Ave Drainage Renewal \$200,000 positive variance
  - o Pipe relining program positive variance of \$144,630
  - o Citywide minor drainage positive variance of \$71,690
  - o Cunningham St Carpark WSUD Installation positive variance of \$57,567
  - o Storm water systems review negative variance of \$52,917
- Environmental
  - o Tompkins Foreshore pre-works positive variance of \$50,000
- Foreshore Facilities
  - o Jetty Renewal Program 18-19 positive variance of \$687,928
  - o Riverwall Renewal - Stage 2 – Tender positive variance of \$270,846
  - o Jetty Renewal - Rookwood Jetty positive variance of \$99,400
  - o Deep Water Pt & Pt Walter Boat Ramps positive variance of \$59,979
- Irrigation
  - o Positive variance of \$226,000 on the Riseley Street irrigation renewal project.
  - o Infield renewal program positive variance of \$60,938
- Lighting
  - o Active Reserve floodlighting program positive variance of \$150,000

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- Parks Streetscapes Structures
  - o Shirley Strickland Reserve Upgrade positive variance of \$8,269,786
  - o Urban Forest programs combined net positive variance of \$211,760.
  - o Riseley Median Island Upgrade positive variance of \$149,235
  - o Heathcote Vision signage project positive variance of \$113,500.
  - o Heathcote Vision - Swan House Stage 2 positive variance of \$100,712.
  - o Pt Walter Garden Golf Contribution positive variance of \$100,000
  - o Heathcote Lower Land Design Development positive variance of \$83,242
- Paths
  - o Shirley Strickland Perimeter Path positive variance of \$270,179
  - o Bike Plan Implementation works positive variance of \$200,000
  - o Crossfall Upgrades (Accessibility) positive variance of \$130,082
  - o Beach Street positive variance of \$124,431
  - o Lamond Street (Northlake Rd-Latham St) positive variance of \$92,429
  - o Kintail Rd-Canning Bch Rd to Moreau Mews positive variance of \$83,968
  - o Mullings Way (Cottrill St-Fenton Pl) positive variance of \$69,652
  - o Point Walter Reserve West of Boat Ramp positive variance of \$66,000
  - o Coogee Road positive variance of \$64,162
  - o Engineering design projects positive variance of \$50,000.
- Playgrounds
  - o Playspace renewal program (19-20) positive variance of \$381,878.
  - o Playspace renewal program (18-19) positive variance of \$75,719.
- Roads
  - o Safe Active Street - Ardross positive variance of \$505,082
  - o Intermediate Road Remediation 19-20 positive variance of \$430,236
  - o Moolyteen Road (Leach Hwy-Cambey Way) positive variance of \$348,497
  - o Karel Avenue (South St-Westminster Rd) positive variance of \$325,936
  - o Hulme Court (McCoy Street - roundabout) positive variance of \$324,515
  - o Norma Road/Canning Highway positive variance of \$317,076
  - o Congdon Way (Marcus Way-Edwards St) positive variance of \$180,023
  - o Dunkley Avenue Implementation - Stage 2 positive variance of \$148,267
  - o Murdoch Drive (A) - (South St -Marsengo) positive variance of \$143,156
  - o Links Road Safe Active Street positive variance of \$123,788
  - o Engineering Design - Roads 2019-2020 program is underspent by \$123,247.
  - o Ardross Street (Kintail Road- Macdonald) positive variance of \$122,761
  - o Stock Road (Canning Hwy-Preston Pt Rd) positive variance of \$111,669
  - o Beach Street positive variance of \$103,840
  - o Road Sealing program 19-20 positive variance of \$98,809
  - o Bateman Road Traffic Calming positive variance of \$91,168
  - o Ullapool/Wren St - Traffic Island positive variance of \$71,127
  - o Collett Way (Ela Street - Cul De Sac) positive variance of \$65,552
  - o Weston Way (Mannion Wy-Winterfold Rd) positive variance of \$62,124
  - o Heathcote Upper Carpark Renewal positive variance of \$59,554
  - o Middleton Way (Hardey St-Henry Bull Dr) positive variance of \$59,089
  - o Eyre Close (Endeavour Ave-Cul de sac) positive variance of \$56,245
  - o Bicton Quarantine Carpark Renewal positive variance of \$50,000
  - o Other minor positive and negative variances across several projects.

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**Financing Activities**

|                       | <b>Annual<br/>Revised<br/>Budget \$</b> | <b>Actual \$</b> | <b>Annual<br/>Budget<br/>Variance \$</b> |
|-----------------------|-----------------------------------------|------------------|------------------------------------------|
| Funds to be set aside | (47,128,873)                            | (42,209,837)     | 4,919,036                                |
| Funds to be used      | 59,379,139                              | 25,736,178       | (33,842,961)                             |

**Funds to be Set Aside**

- Positive variance of \$4,919,036 relating mainly to year end adjustments, particularly reserve interest set aside, yet to be finalised.

**Funds to be Used**

- Negative variance of \$33,842,961 is related mainly to underspends across the City's capital expenditure program as described earlier in this report. Funds to be used related to any expenditure carried forward to 2020-2021 would also be carried forward, and would not have any impact on the final budget position for 2019-2020.