

Statement of Variances in Excess of \$100,000 by Nature and Type Financial Year-To-Date Ending 31 October 2022

This report provides commentary on the year to date variances identified in attachment 6002H – Rate Setting Statement by Nature and Type, for the period ended 31 October 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 2022-2023 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.

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	95,806,944	96,061,796	254,852	96,166,881
Fees and Charges	7,593,775	7,390,293	(203,482)	17,174,679
Investment Earnings	875,000	1,722,762	847,762	2,265,000
Other Revenue	447,832	627,466	179,634	1,984,567

General Rates

- Rates generated for 2022-2023 were \$95,663,155, only \$3,726 less than budgeted.
- Other rate adjustments in respect of both Commercial and Residential improved properties contributed to a positive variance of \$254,852.

Fees and Charges – Negative variance of \$203,482

- Commercial Lease income shows a negative variance of \$107,445 across the City's various commercial tenancies. In particular, Point Walter Golf Course shows a negative variance of \$45,489 following the one-off rent reduction of \$50,000 granted by the City.
- Other minor positive and negative variances contributing to a net negative variance of \$96,037.

Investment Earnings – Positive variance of \$459,819

- A combination of interest rates being raised significantly, and lower than expected expenditure from operating and reserve accounts has contributed to a positive variance in investment earnings.
- Investment earnings on Municipal and Trust Funds were \$416,846 against a year-to-date budget of \$75,000 representing a positive variance of \$341,846.
- Investment earnings on Reserve accounts were \$1,045,429 against a year-to-date budget of \$553,333 representing a positive variance of \$492,429.

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Operating Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Employee Costs	(18,659,263)	(18,021,598)	637,665	(56,635,285)
Materials and Contracts	(11,678,070)	(10,664,617)	1,013,453	(37,444,569)
Other Expenditure	(428,096)	(76,589)	351,506	(2,452,022)

Employee costs are underspent by \$637,665.

- Natural Areas and Parks show a positive variance of \$214,636 made up of various minor positive and negative variances due to staff vacancies across the City's various parks and reserves.
- Healthy Melville show a positive variance of \$111,486 made up of various minor positive and negative variances across various recreation programs, mainly at LeisureFit Booragoon due to seasonal fluctuations in activity levels.
- Director of Corporate Services show a positive variance of \$103,445 made up of minor variances, mainly in the Business Improvement team due to delays in staff recruitment.
- Other service areas show a net positive variance of \$208,098 made up of various minor positive and negative variances.

Materials and Contracts show a positive variance of \$1,013,453.

- Natural Areas and Parks show a positive variance of \$333,951 relating to timing variances on contractors budgets across the City's various parks and reserves.
- City Buildings show a positive variance of \$323,028 relating to timing variances on contractors budgets across the City's various buildings, in particular for the Civic Centre, with a positive variance of \$114,466 relating to building maintenance.
- Neighbourhood Development show a positive variance of \$121,930 made up of minor timing variances across the City's various community programs.
- Other service areas show a net positive variance of \$234,545 made up of various minor amounts.

Other Expenditure shows a positive variance of \$351,506, with \$162,401 related to a positive timing variance on the payment of Emergency Services Levy on the City's various properties, and the balance of \$189,105 due to timing differences between budget and actual expenditure for internally charged expenditure across several service areas.

Capital Expenditure

	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	Annual Revised Budget \$
Purchase of Land and Buildings	(2,327,695)	(1,647,908)	679,787	(21,591,327)
Purchase of Infrastructure Assets	(6,390,284)	(5,569,840)	820,444	(34,284,596)

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Capital Expenditure (continued)

Purchase of Land and Buildings shows a net positive variance of \$679,787.

- Sustainable Energy Infrastructure – Piney Lakes Environmental Education Centre – Positive variance of \$160,000. The project scope is currently being reviewed and the commencement date will be determined once this review is completed.
- Various positive and negative variances amounting to a net positive variance of \$519,787.

Purchase of Infrastructure Assets shows a net positive variance of \$820,444.

Of the various capital asset categories, only Parks Streetscapes Structures and Paths show a material variance for the month of October.

Parks Streetscapes Structures

- Shirley Strickland Reserve Upgrade – Positive variance of \$335,248 relating to the reversal of accrued 2021-2022 expenditure amounts for which the City has yet to be invoiced.

Paths

- Blackwall Reach Renewal – Positive variance of \$111,421. There were delays in the scheduled commencement of works pending the issue of the required permit approvals.

The remaining various positive and negative variances amount to a total net negative variance of \$373,775.