

## Variance Commentary – Statement of Financial Activity by Nature & Type

Operating Revenues	Material Variance		Significant Items		
Rates	-	(316,439)	(248,065)	▼	Rates - There is a timing difference as the December and January interims were posted in February.
			(54,922)	▼	Ex Gratia Rates - this balance is included in general rates and pending corrective journal.
			<b>(302,987)</b>	<b>▼</b>	<b>Negative Variance</b>

Fees & Charges	-	703,774	451,865	▲	Waste Management – due to increase demand in contaminated waste disposal, industrial and commercial refuse, and liquid waste.
			99,326	▲	Airport Leases - Execution of new agreements with tenants based on higher negotiated rates
			90,335	▲	Helicopter Landing - Increase in helicopter movements due to additional drilling, and cashflow will be adjusted in budget review.
			84,904	▲	KLP Memberships above budget forecast.
			67,151	▲	Karratha Airport Car Parking - Higher car park revenue with increased passengers and industry demand.
			66,261	▲	REAP Admissions income higher than anticipated
			65,877	▲	KLP Kiosk now run in-house. Allocation will be corrected in budget review.
			59,068	▲	Airport Screening & Security - Additional passengers were forecast from Nov 2022 to align with the commencement of the Bechtel project. Cashflow will be corrected in budget review.
			53,550	▲	KLP Services - Increase in KLP services e.g., swimming lesson.
			<b>1,038,337</b>	<b>▲</b>	<b>Positive Variance</b>
			(218,977)	▼	Aircraft Landing - Lighter aircraft are being used by Qantas and are impacting estimated revenue. Additional flights were forecast from Nov 2022 to align with the commencement of the Bechtel project, cashflow will be adjusted in budget review
			(154,302)	▼	Private works - Have not carried out forecast works for MRWA due to expired MOU.
			(50,816)	▼	Cossack Art Awards - Journals to be completed. Once done variance will be corrected.
			(50,601)	▼	Ovals & Hardcourts Hire - Summer sports not yet invoiced.
			<b>(474,696)</b>	<b>▼</b>	<b>Negative Variance</b>
			<b>563,642</b>	<b>▲</b>	<b>Net Positive Variance</b>

Operating Grants, Subsidies & Contributions	35.50%	2,591,717	3,500,000	▲	RTIO CISP income received earlier than budgeted.
			286,703	▲	The Quarter - Outgoings revenue higher than anticipated.
			246,404	▲	Government Grant - Financial Assistance and Local Road Grant higher than anticipated.
			238,383	▲	RASI Grant program extended to June 2023. Cashflow will be corrected at budget review.
			176,000	▲	Youth Services - RTIO Funding received earlier than anticipated.
			<b>4,447,490</b>	▲	<b>Positive Variance</b>
			(1,080,000)	▼	Development WA Funding for Madigan Road Works pending receipt.
			(500,000)	▼	Shakespeare SWA contribution pending.
			(288,303)	▼	Road Maintenance grant funding - Certificate of Completion lodged in August. Awaiting payment of funds.
			<b>(1,868,303)</b>	▼	<b>Negative Variance</b>
			<b>2,579,187</b>	▲	<b>Net Positive Variance</b>

Interest Earned	13.96%	211,223	211,223	▲	Interest rates higher than anticipated at budget time. 2.5%-3.08% compared to actual interest rates of 2.5%-4.70%.
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Other Income	-	(99,528)	(74,335)	▼	Fines & Penalties - Less infringements being issued due to resourcing constraints, stronger focus with resources available on achieving community compliance.
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Operating Expenses	Material Variance		Significant Items		
Employee costs	-18.14%	4,163,384	4,227,629	▲	Various vacancies across the City have resulted in reduced employee costs.

Materials & Contracts	-14.31%	4,171,607	895,280	▲	Madigan Rd (Homemaker Centre Access) Modification - Design - Project delayed. Cashflow to be adjusted in budget review.
			620,213	▲	Project Management Admin - ABC's to be done in February.
			546,507	▲	Cell 0 Capping / Closure Works - Budget reduction, some timing issues related to flare installation.
			474,603	▲	Information Services IT - Delay in ERP and minor projects implementation expenditure due to organisational resourcing constraints.
			428,852	▲	Technical Services - ABC's to be done in February.
			427,119	▲	Karratha Golf Course/Bowling Club - Incorrect budget allocation. Will be corrected in budget review.
			400,000	▲	Karratha Leisureplex Outdoor Court Shading project delayed. Cashflow to be adjusted in budget review.
			418,980	▲	Liveability to be allocated - Budget to be updated in budget review
			301,746	▲	Liveability - Project schedule changed. Will be updated in budget review.
			290,296	▲	Development Services to be allocated - Budget to be updated in budget review
			<b>4,803,597</b>	▲	<b>Positive Variance</b>
			(264,566)	▼	Parks & Garden - Works brought forward earlier than expected.

			(224,206)	▼	Kerb Renewals - Delay in delivering kerb program due to expiration of concreting service contract
			(129,740)	▼	Pilbara University Centre invoice budgeted in another account. Adjustment to be made at budget review.
			(130,830)	▼	Kta Airport - Baggage Handling System - \$108k to be reallocated to Capex.
			<b>(749,342)</b>	▼	<b>Negative Variance</b>
			<b>4,054,255</b>	▲	<b>Net Positive Variance</b>

Utilities	-	322,292	111,610	▲	Karratha Golf Course/Bowling Club Water - timing of expenditure to be updated at budget review.
			85,854	▲	Parks & Gardens Water - ERS water being more regularly allocated to sites instead of potable plus a lower supply of ERS water reducing overall costs.
			53,680	▲	REAP Electricity - YTD actuals less than anticipated, adjusted at budget review.
			51,740	▲	Millars Well Oval Water - Reduced amount of water from Watercorp plus some overestimations at beginning of the budget.
			<b>302,884</b>	▲	<b>Positive Variance</b>

Depreciation	38.77%	(4,904,940)	(4,625,252)	▼	Depreciation - Timing variance due to delays in various project completions.
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Insurance	-54.24%	1,484,816	1,483,900	▲	Insurance - Second instalment invoice paid in February.
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Other Expenses	-23.71%	326,034	138,716	▲	Waste Service - Hampton Harbour fee waiver and Ganali Stage 2 timing.
			130,000	▲	Business Support Contribution - Still processing acquittals from 2021/22 financial year grants so 2022/23 financial year agreements not yet complete.
			73,626	▲	Community Funding - Funding aligns to acquitted grants. Will be adjusted at budget review.
			<b>342,342</b>	▲	<b>Positive Variance</b>

Non Operating Revenues	Material Variance		Significant Items		
Non Operating Grants, Subsidies & Contributions	-91.83%	(3,794,453)	(1,786,651)	▼	Grant funding - HSVPP Coolawanyah Road Stage Four, \$1,786,651 in total with 40% at Award, 40% Construction and 20% at progress claim. Initial payment pending receipt from Funding Partner however the City has been advised of processing delays not related to the work.
			(1,104,138)	▼	KRMO Phase Two Funding 50% received March 21 & 50% at PC. KRMO Phase Three Funding 50% received June 22, 40% claims quarterly in progress and 10% at PC.
			(833,914)	▼	Hillview/ Balmoral Upgrade project delayed. Cashflow to be adjusted in budget review.
			<b>(3,724,703)</b>	▼	<b>Negative Variance</b>

Proceeds From Disposal of Assets	-68.25%	(1,925,064)	(1,925,064)	▼	Proceeds from disposal of assets less than anticipated due to timing variance of processing asset disposal
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Profit/Loss on Asset Disposal	-100.08%	(808,692)	(808,692)	▼	Profit on disposal of assets less than anticipated due to timing variance of processing asset disposal
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Tsf From Infrastructure Reserve	-100.00%	(14,344,406)	(13,662,013)	▼	Timing variance of transfer from Infrastructure Reserve - Budget to be amended in budget review.
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Non Operating Expenses	Material Variance		Significant Items		
Land	-	55,730	55,730	▲	\$60k reduction in purchase price for Shakespeare units as agreed between parties.

Artwork	-100.00%	81,836	81,836	▲	Arts & Culture - Relates to carry forward budget for installation of lighting on Watertanks - Timing of works completed against allocated budget. Budget to be reallocated to Plant in next review.
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Buildings	-49.09%	9,705,215	2,843,255	▲	Lot 7020 Development project delayed. Cashflow to be adjusted in budget review.
			2,509,692	▲	Kevin Richards Club Room project delayed. Cashflow to be adjusted in budget review.
			1,522,116	▲	Shakespeare housing units' completion anticipated Feb 23. Cashflow to be adjusted in budget review.
			1,400,427	▲	Jinggari Sites project delayed. Cashflow to be adjusted in budget review.
			520,598	▲	KLP Solar project delayed. Cashflow to be adjusted in budget review.
			120,693	▲	Building Housing project completed. Cashflow to be adjusted in budget review.
			361,228	▲	Kevin Richards Club Room - ABC's to be done in February.
			145,891	▲	Airport remediation works forecourt paving off track. Alternate options to be considered for budget review.
			86,800	▲	Karratha Depot Building Improvements - Design specification received, project off track due to delay in procurement.
			62,130	▲	Karratha Airport Terminal Air Conditioning - Chiller and VAV installation works completed and scoping of second stage of VAV works to commence in early 2023.
			<b>9,572,830</b>	▲	<b>Positive Variance</b>

Equipment	-102.56%	865,694	865,694	▲	Airport Car Park Equipment - Project delay to replace carpark equipment, FIDS screens and the spectacular screen will arrive on site in Qtr. 4. Cashflow will be adjusted in budget review.
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Furniture & Equipment	-85.51%	340,399	340,399	▲	Information Technology Hardware & Software - Delay to planned asset replacement procurement. Will be adjusted in budget review.
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Plant	-72.55%	1,443,652	607,698	▲	Waste Services Landfill Operations – Timing variance of expenditures for water truck, vehicle and loader.
			386,705	▲	Parks & Gardens - Timing variance of expenditure due to delays in arrivals of truck, ATV, excavator and two trailers.

			248,763	▲	Delay in expenditure in excavator, vac trailer and two trucks.
			<b>1,243,165</b>	<b>▲</b>	<b>Positive Variance</b>

Infrastructure	-41.36%	3,687,103	1,129,561	▲	Hillview/ Balmoral Upgrade project delayed. Cashflow to be adjusted in budget review.
			400,000	▲	KLP Outdoor Court Shading project delayed. Cashflow to be adjusted in budget review.
			278,387	▲	Stormwater Structure Projects - Delay in finalising payment for Millstream Culvert due to outstanding works.
			276,600	▲	Footpaths Major Replace/Renewals - Works not yet completed, works scheduled in April.
			259,988	▲	Footpath - Dampier Road Stage 7 - project delayed. Cashflow to be adjusted in budget review.
			247,153	▲	Kevin Richards Northern car park project delayed. Cashflow to be adjusted in budget review.
			240,940	▲	KTA - Water Mains Pipe Replacement - Project for replacement of Mains from Bayley Ave to Storage Tanks to commence in Q4.
			191,670	▲	Kerb Renewals - Have not secured contractor to complete works, works forecast to commence in months ahead.
			149,910	▲	Footpath Lighting Program - Project delayed. Cashflow to be adjusted in budget review.
			88,741	▲	Playground replacement/upgrade - Delays in final invoices for Catrall Park works.
			80,477	▲	Replace Park Furniture/Fencing - Delays In arrival of shelters, benches and furniture. Concreting works delayed due to contract expiry.
			72,000	▲	7MWF Plant Maintenance Shade Dome & Concrete Pad project delayed. Cashflow to be adjusted in budget review.
			74,700	▲	Murujuga Nat. Park Access Road (Conzinc Bay) Project delayed. Cashflow to be adjusted in budget review.
			72,190	▲	Hsvpp - Coolawanyah Road Project delayed. Cashflow to be adjusted in budget review.
			61,233	▲	Reticulation Upgrades - delays in contractor availability due to other commitments. Works to be scheduled April to June.
			<b>3,623,551</b>	<b>▲</b>	<b>Positive Variance</b>

Advances to Community Groups	28.57%	(200,000)	(200,000)	▼	Dampier Shopping Centre - Loan drawdown more than anticipated
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Tsf to Infrastructure Reserve	-86.11%	3,608,913	3,608,913	▲	Timing variance of transfer to Infrastructure Reserve - Transfer to occur in February which relates to TWA rates
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Tsf to Waste Management Reserve	-82.28%	1,237,881	1,237,881	▲	Timing variance to transfer to Waste Management Reserve - Transfer to occur at end of financial year and budget timeline to be amended in budget review
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