

# City of Karratha

## Variance Commentary

As at 30 June 2024

| Revenue - Operating Activities |   | Explanation of Variances   |   |
|--------------------------------|---|--|---|
| Amount                         |   | Timing   | Permanent   |
| 1,922,413                      | ▲ |  | Waste Management - Higher than anticipated income from contaminated and liquid waste disposal.  |
| 1,216,149                      | ▲ | Reserve - Awaiting finalisation of end of year reserves reconciliation and transfer. In addition, inception of new Reserves ledger/entity has reported interest and transfers in a new format to be incorporated into future reporting |   |
| 532,675                        | ▲ |  | General Revenue - Interest received is higher than anticipated as there have been delays to project expenditure, meaning a higher bank balance on which interest is earned. |
| 258,014                        | ▲ |  | Karratha Leisureplex - Increase in income due to higher attendance rate.  |
| 135,878                        | ▲ | Community Programs - FeNaCLE - Sponsorship for fireworks and other events received earlier than expected.  |   |
| 95,671                         | ▲ |  | Waste Services - Waste Management - Higher than anticipated income from scrap metal recycling.  |
| 94,592                         | ▲ |  | REAP - Increase in hire income attributed to a rise in live shows, conferences, movie screenings, and regular venue bookings.   |
| 67,030                         | ▲ |  | Financial Services - Rates - Higher recovery rate through collection agent AMPAC for outstanding rates.   |
| 4,322,421                      | ▲ | Positive Variances   |   |
| (175,421)                      | ▼ |  | Airport - Leases inside terminal - Reduction in revenue arising from recalculation in Retail Lease resulting in a credit issued for FY 20/21, FY 21/22 & FY 22/23.          |
| (86,405)                       | ▼ |  | Airport - Power Reimbursement - Power consumption by tenants is lower than anticipated.   |
| (261,826)                      | ▼ | Negative Variances   |   |
| 4,060,595                      | ▲ | Net Positive Variances Attributable to Material Items  |   |

| Expenditure - Operating Activities |   | Explanation of Variances   |  |
|------------------------------------|---|--|--|
| Amount                             |   | Timing   | Permanent  |
| 645,474                            | ▲ | Karratha Airport - Delay in processing MSS Security Screening invoice for June 2024.   |  |
| 416,615                            | ▲ | Parks & Gardens - Karratha Open Spaces & Reserves - Delays in invoices for Slashing and scope of works reduced due to weather. Tree Works also reduced due to Aboriginal Cultural Heritage restrictions. |  |
| 375,694                            | ▲ |  | Waste Services - Refuse Site Maintenance - Works for Tip Shop modification and transfer station wall repair delayed due to contractor unavailability.  |
| 314,464                            | ▲ |  | Karratha Airport - Awaiting finalisation of Carpark Equipment Replacement Project & arrival of replacement Display Screens   |
| 288,691                            | ▲ |  | Variance is due to:<br>MESAP budget not being fully allocated in the 2023/24 financial year;<br>KDCCI 2023/24 grant not yet paid as awaiting acquittal of 2022/23 grant (currently underway);<br>Various Take Your Business Online (TYBO) grants currently being underway but not yet paid;<br>Woodbines 2023/24 grant not being paid as work still underway by proponent (this has been carried forward to 2024/25 financial year).<br>Staff are continuing to work with applicants to acquit their grants and make payments. |

|                    |   |  |  |
|--------------------|---|--|--|
| 126,894            | ▲ |  | Fleet & Plant - Fuel - Reduced usage vs planned overall usage for the month of June. Purchase price average less than forecast.  |
| 104,103            | ▲ |  | City Growth - Economic Development Initiatives - Variance is due to delay in commencing Visitor Information Services Review project (now commenced, budget to be carried forward to 2024/25 FY).   |
| 95,360             | ▲ |  | Engagement & Partnerships - Community Engagement - Review of Youth Strategy not commenced. Carried forward to 2024/2025.   |
| 88,020             | ▲ |  | Depreciation - Minor variance due to timing around additions and disposals during the year   |
| 65,893             | ▲ |  | Fleet & Plant - Waste compactor parts not received due to delay in contractor repair.  |
| 59,499             | ▲ |  | Parks & Gardens - Wickham Oval Renovation - Delays in consulting and completing works due to extensive internal discussions and involvement with RIO Tinto for funding. Works back on schedule now |
| <b>2,580,707</b>   | ▲ | <b>Positive Variances</b>                                    |  |
| (4,362,962)        | ▼ |  | Variance is due to improved employee retention and overall reduction in vacant positions, including end of financial year accrual adjustments of \$1.3m.   |
| (397,419)          | ▼ |  | Insurance - Performance Based Adjustment relating to workers compensation claims higher than anticipated.  |
| (166,405)          | ▼ |  | Parks & Gardens - Works for Effluent Reuse System (ERS) tank repairs finished and invoiced earlier than expected.  |
| (142,886)          | ▼ |  | Karratha Leisureplex - Prompt receipt of July invoices relating to June recognised expenditure sooner than anticipated.  |
| (137,574)          | ▼ |  | Community Facilities - Karratha Golf Course - Water usage higher than expected.  |
| (92,043)           | ▼ |  | Depot - Street Lights - Prompt receipt of July invoices relating to June recognised expenditure sooner than anticipated.   |
| (84,186)           | ▼ |  | Parks & Gardens - Bulgarra Oval - Higher tiered rates of water being supplied from Water Corp resulting in increased expenditure not increased supply.   |
| (81,528)           | ▼ |  | Airport - Prompt receipt of July invoices relating to June recognised expenditure sooner than anticipated  |
| (61,873)           | ▼ |  | The Quarter Investment Property - Increase in rental charges and variable outgoings due to increased tenant occupancy.   |
| (57,868)           | ▼ |  | Parks & Gardens - Baynton West Oval - Lack of Effluent Reuse System (ERS) supply from Water Corporation. Having to use more costly potable water on site.  |
| <b>(5,584,744)</b> | ▼ | <b>Negative Variances</b>                                    |  |
| <b>(3,004,037)</b> | ▼ | <b>Net Negative Variances Attributable to Material Items</b> |  |

| Inflows - Investing Activities |   | Explanation of Variances                                     |   |
|--------------------------------|---|--|---|
| Amount                         |   | Timing   | Permanent   |
| 247,318                        | ▲ |  | Engagement & Partnerships - Pavilion upgrade grant received - pending (yet to commence)   |
| 212,476                        | ▲ |  | Strategic Projects & Infrastructure - Road Maintenance - Grants received before budgeted. |
| <b>459,794</b>                 | ▲ | <b>Negative Variances</b>                                    |   |
| <b>459,794</b>                 | ▲ | <b>Net Positive Variances Attributable to Material Items</b> |   |

| Outflows - Investing Activities |   | Explanation of Variances |   |
|---------------------------------|---|--------------------------|---|
| Amount                          |   | Timing                   | Permanent   |
| 1,700,000                       | ▲ |                          | Strategic Land Acquisitions - Land not acquired, not expected this financial year.  |
| 937,021                         | ▲ |                          | Infrastructure Projects - Stormwater Structure Project Cossack Road - Project delayed due to finalising installation design and priorities. |

|                  |          |   |  |
|------------------|----------|---|--|
| 667,985          | ▲        |   | Community Facilities - Karratha Leisureplex Oval Lighting Replacement - delayed due to materials and contractor availability.  |
| 607,257          | ▲        |   | Information Technology Hardware Refresh - Procurement delays for hardware.   |
| 462,218          | ▲        | Karratha Leisureplex - Outdoor Court Shading - Contracts awarded, payment pending construction milestone.   |  |
| 376,090          | ▲        |   | Parks & Gardens - Effluent Reuse System (ERS) Upgrade - Delays to contractors completing work.   |
| 356,799          | ▲        | Strategic Projects & Infrastructure - Millars Well Oval (KRMO) Redevelopment - Contract awarded, payment pending design documentation milestone.  |  |
| 347,000          | ▲        | The Quarter - Costs for Capital improvements have been allocated to expense account. A journal will be completed to move to capital account.  |  |
| 342,270          | ▲        |   | Staff Housing Improvements - Delayed until 2024/25 financial year.   |
| 314,464          | ▲        |   | Karratha Airport - Awaiting finalisation of Carpark Equipment Replacement Project & arrival of replacement Display Screens.  |
| 289,636          | ▲        |   | Project & Infrastructure - Lot 7020 Development - Design tender awarded, pending design documentation milestone.   |
| 226,024          | ▲        |   | Parks & Gardens - Fleet - Purchase of 2 Trucks has been delayed until the 2024/25 Financial Year.  |
| 200,000          | ▲        |   | Operation Centre - Building Maintenance - Delayed until 2024//25 financial year.   |
| 175,000          | ▲        |   | Community Facilities - Karratha Leisureplex projects delayed due to contractor availability.   |
| 175,000          | ▲        |   | Parks & Gardens - Softfall Replacement - Works not started Due to start in July 2024.  |
| 125,000          | ▲        |   | Parks & Gardens - Streetscape Enhancement - Delays to works starting. RFQ awarded and works starting August for Tree Planting of Rosemary Road   |
| 112,887          | ▲        | Karratha Lesuireplex - Works Completed awaiting final invoices.   |  |
| 71,401           | ▲        | Parks & Gardens - Playground Replacement/ Upgrade - Works completed and invoiced for Miles Loop and Smith Delambre playground. Delays to Kevin Richards playground works and invoices received for works delayed. |  |
| 61,108           | ▲        | Project & Infrastructure - Hancock Way - 6 Houses Construction - Contract awarded, payment pending construction milestone.  |  |
| 59,499           | ▲        |   | Parks & Gardens - Wickham Oval Renovation - Delays in consulting and completing works due to extensive internal discussions and involvement with RIO Tinto for funding. Works back on schedule now |
| 50,551           | ▲        | Infrastructure Projects - Footpath Lighting Program - Contract awarded, payment pending construction milestone.   |  |
| <b>7,657,211</b> | <b>▲</b> | <b>Positive Variances</b>   |  |
| (79,995)         | ▼        |   | Hampton Oval & Dampier Foreshore - Exercise equipment - Project delayed due to finalising installation design.   |
| <b>(79,995)</b>  | <b>▼</b> | <b>Negative Variances</b>   |  |
| <b>7,577,216</b> | <b>▲</b> | <b>Net Positive Variances Attributable to Material Items</b>  |  |

| Outflows - Financing Activities |   | Explanation of Variances  |           |
|---------------------------------|---|---|-----------|
| Amount                          |   | Timing  | Permanent |
| 19,636,024                      | ▲ | Infrastructure Reserve - Awaiting finalisation of end of year reserves reconciliation and transfer. In addition, inception of new Reserves ledger/entity has reported interest and transfers in a new format to be incorporated into future reporting |           |
| 6,790,350                       | ▲ | Aerodrome Reserve -Awaiting finalisation of end of year reserves reconciliation and transfer. In addition, inception of new Reserves ledger/entity has reported interest and transfers in a new format to be incorporated into future reporting       |           |

|                   |   |   |  |
|-------------------|---|---|--|
| 4,760,496         | ▲ | Partnership Reserve - Awaiting finalisation of end of year reserves reconciliation and transfer. In addition, inception of new Reserves ledger/entity has reported interest and transfers in a new format to be incorporated into future reporting.           |  |
| 3,512,600         | ▲ | Waste Management Reserve - Awaiting finalisation of end of year reserves reconciliation and transfer. In addition, inception of new Reserves ledger/entity has reported interest and transfers in a new format to be incorporated into future reporting.      |  |
| 63,779            | ▲ | Employee Entitlements Reserve - Awaiting finalisation of end of year reserves reconciliation and transfer. In addition, inception of new Reserves ledger/entity has reported interest and transfers in a new format to be incorporated into future reporting. |  |
| <b>34,763,249</b> | ▲ | <b>Positive Variances</b>   |  |
| <b>0</b>          | ▼ | <b>Negative Variances</b>   |  |
| <b>34,763,249</b> | ▲ | <b>Net Positive Variances Attributable to Material Items</b>  |  |