

# City of Karratha

## Variance Commentary

As at 31 October 2023

Inflows -Operating Activities	Material Variance		Significant Items	
Rates	-	(607,955)	(609,048)	▼ Rates - Rates timing due to raising of interims, plus rates levied pending adjustment for additional exemptions
			(609,048)	▼ Net Negative Variance
Fees & Charges	13.21%	2,566,040	1,790,570	▲ Waste Management - Increase in Commercial & Industrial, Construction & Demolition and Liquid Waste streams
			274,097	▲ Karatha Airport Leases - Timing - Annual Adjustment of Lagardere rent, invoiced in October, budgeted in February
			162,383	▲ REAP - Increase in income due to high frequency of Venue Hire bookings such as Pilbara Summit, IEBF, KDCCI Awards, high schools, and corporate bookings
			142,612	▲ Karatha Airport Leases - Timing adjustment EOY Accrual journals and adjustment for Babcock Lease to Investment account
			83,880	▲ Karatha Airport - Timing - Annual Service Charges raised earlier than anticipated
			81,979	▲ Karatha Airport - F100s have been swapped out with larger B737-300
			(297,644)	▼ Karatha Airport - Decrease in passenger screening revenue resulting from credits issued to airlines following RASI grant requirements
			2,237,877	▲ Net Positive Variance
Operating Grants, Subsidies & Contributions	136.78%	4,668,662	3,150,000	▲ Partnerships - Dampier Land Transfer agreement not executed
			1,212,935	▲ Financial Services - Timing adjustment EOY Accrual journals for Grant income received in advance
			265,608	▲ Karatha Airport - RASI Grant extended to November 2023
			4,628,543	▲ Net Positive Variance
Interest Earned	21.22%	321,542	609,012	▲ General Revenue - Interest received to bank account exceeded expectations due to high interest rates and high bank balance due to rates receipts
			(357,057)	▼ Reserve Interest - Allocation adjustments made based on FY23 updated balances
			251,955	▲ Net Positive Variance
Other Income	141.17%	122,374	87,000	▲ Waste Management - Awaiting replacement plant P8020. RFQ due December 2023
			87,000	▲ Net Positive Variance
Outflows -Operating Activities	Material Variance		Significant Items	
Employee costs	-	218,951	217,995	▲ Employment Costs - Timing - Overheads allocation to be processed
			217,995	▲ Net Positive Variance
Materials & Contracts	-30.10%	3,703,001	4,941,471	▲ Strategic Projects - Projects delayed - KRMO Playing Surface, KLP Outdoor Shading, 7MWF Workshop Shed, Murujuga Access Road, CBD Bus Shelters, Hillview/Balmoral Upgrade, Dampier Road Stage 7 Footpath, Roebourne Streetscape, Hancock Way Housing Construction. Adjusted in November review
			923,407	▲ Karatha Airport - Delays to FIDS (Flight Informations Display Screens) project (Jan-24), BHS (Baggage Handling System) Software project (4th quarter), security invoice processing and Airside Drain & Roadworks (May-24)
			654,980	▲ Operations - Kerbs, Footpaths, & Road Reseals - works had been delayed, have since commenced and awaiting invoices to be submitted. Boat Ramp RFQ to be readvertised
			613,791	▲ Waste Services - Delays in vendor invoicing
			415,818	▲ Economic Development - Final invoices for NEDC, Cumulative Impact Plan and Pilbara University Centre are still being processed. Delay in commencement of Dampier Tourist Park Feasibility study
			341,490	▲ Strategic Projects - Madigan Road Homemaker Centre - no longer proceeding
			257,827	▲ City Services - Timing - October invoices to be processed
			204,665	▲ Parks & Gardens - Karratha Open Spaces delayed due to Aboriginal & Cultural Heritage (ACH) Restrictions, works now commenced. Roundabout Upgrade delays, works now commenced and awaiting invoices. ERS Upgrade delays, works yet to commence as still in design phase
			(2,506,112)	▼ Corporate Services Admin - Timing adjustment ABC allocations
			(404,559)	▼ Kevin Richards Club Room - Project delayed due to contractor delivery and defective work
			5,442,778	▲ Net Positive Variance
Utilities	-	53,796	33,542	▲ Parks & Gardens - Timing delay with October invoices yet to be received
			33,542	▲ Net Positive Variance
Depreciation	-12.65%	1,353,544	1,038,975	▲ Depreciation - Timing adjustment depreciation allocations
			1,038,975	▲ Net Positive Variance

Insurance Expenses	79.51%	(1,402,568)	(1,472,146)	▼	Insurance - Timing adjustment insurance allocations. Invoice for second instalment received earlier than expected
			(1,472,146)	▼	<b>Net Negative Variance</b>
Other Expenses	-18.79%	184,459	143,890	▲	City Growth - Economic Development Grant - KDCCI grant agreement still being processed
			143,890	▲	<b>Net Positive Variance</b>
<b>Inflows - Investing Activities</b>					
	<b>Material Variance</b>		<b>Significant Items</b>		
Non Operating Grants, Subsidies & Contributions	-58.51%	(1,390,984)	862,466	▲	Liveability - Kevin Richards Memorial Oval & Changerooms - Final payment received above expected amount
			(2,027,200)	▼	Strategic Projects - Road Maintenance - Projects delayed, adjustment occurring in November review
			(1,164,734)	▼	<b>Net Negative Variance</b>
Proceeds From Disposal of Assets	-	(204,500)	(87,000)	▼	Proceeds on Assets Disposal - Waste Management - Awaiting replacement plant P8020 to realise asset
			(87,000)	▼	<b>Net Negative Variance</b>
<b>Outflows - Investing Activities</b>					
	<b>Material Variance</b>		<b>Significant Items</b>		
Purchase of Assets - Buildings	-28.97%	824,284	814,105	▲	Lot 7020 Development - Contract awarded, pending design documentation milestone
			218,794	▲	Hancock Way Housing Construction - Project delayed, to be adjusted in November review
			102,241	▲	Jingarri Sites Housing Construction - Construction ongoing with delays due to materials & labour
			(404,559)	▼	Kevin Richards Club Room - Project delayed due to contractor delivery and defective work
			730,581	▲	<b>Net Positive Variance</b>
Purchase of Assets - Equipment	-147.61%	577,158	545,385	▲	Karratha Airport - Delays to FIDS project (Jan-24) and BHS Software project (4th quarter)
			545,385	▲	<b>Net Positive Variance</b>
Purchase of Assets - Furniture & Equipment	-129.09%	1,177,257	1,056,055	▲	Information Technology Hardware Refresh - Procurement delays for hardware and CCTV
			1,056,055	▲	<b>Net Positive Variance</b>
Purchase of Assets - Plant	-74.55%	957,908	618,000	▲	Landfill Operations - Delays to replacement of P1102, P8824 & P8020
			160,000	▲	Tech Services - Delays in procurement of replacement plant. Carried forward amount from 2022/23 for P8822
			60,000	▲	Liveability - Delays in purchase of additional vehicle for new manager, commenced September
			838,000	▲	<b>Net Positive Variance</b>
Purchase of Assets - Infrastructure	-98.05%	7,062,494	2,666,258	▲	Hillview/Balmoral Road Upgrade - Project delayed pending submission of the Contractors Management Plans, Contract, Aboriginal Heritage, Security etc
			784,333	▲	Footpath Dampier Road Stage 7 - Project delayed, construction due to commence
			537,062	▲	Kerb Renewals & Road Reseal Program - Works commenced, awaiting initial invoices to be submitted
			513,705	▲	Parks & Gardens - Footpath Lighting Program, reactive works are ongoing. Roundabout Upgrades awaiting final invoices. ERS Upgrade delays, works delayed, included in November review
			474,766	▲	KLP Outdoor Court Shading - Project delayed, pending contract negotiation and commencement
			349,205	▲	CBD Bus Shelters - Project delayed, pending design & construction commencement
			299,580	▲	7 Mile Waste Shade Dome & Pad - Project re-tendered, closing November 2023
			258,821	▲	Playground Replacements - Works delayed to May-24
			250,000	▲	KRMO Playing Service - Project delayed, to be adjusted at November review
			175,000	▲	Roebourne Streetscape Masterplan - Payment pending completion of design documentation milestone
			132,816	▲	Streetscape Enhancement & Reticulation Upgrades- Project delayed due to ACH (Aboriginal Cultural Heritage) Restrictions
			88,000	▲	Cemetery Enhancement - Delays to receiving designs from consultant RFQ advertising
			74,700	▲	Murujuga Access Road - Project delayed due to site investigations and pending "remobilisation" of design team
			6,604,246	▲	<b>Net Positive Variance</b>
<b>Outflows - Financing Activities</b>					
	<b>Material Variance</b>		<b>Significant Items</b>		
Tsf To Aerodrome Reserve	0.00%	164,992	198,250	▲	Aerodrome Reserve - Allocations adjusted based on updated reserve balances
Tsf To Infrastructure Reserve	91.06%	- 271,748	(264,020)	▼	Infrastructure Reserve - Allocations adjusted based on updated reserve balances
Tsf to Partnership Reserve	-43.28%	114,928	158,807	▲	Partnership Reserve - Allocations adjusted based on updated reserve balances
Tsf To Waste Management Reserve	-23.83%	52,665	19,545	▲	Waste Management Reserve - Allocations adjusted based on updated reserve balances
Tsf To Carry Forward Budget Reserve	-100.00%	1,946,879	1,946,879	▲	Carry Forward Budget Reserve - Transfer to Reserve carried forward from prior year which did not occur due to changes in income recognition requirements
			2,059,461	▲	<b>Net Positive Variance</b>