

10.3. Quarterly Budget Review - March 2023

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ENDORSED BY	Shane Sullivan, Acting Director Corporate Support
ATTACHMENTS	1. QBRS March 2023 (2) [10.3.1 - 18 pages]
CSP LINK	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

PURPOSE:

To review the budget for quarter ended 31 March 2022. It highlights and tracks variances from the original budget. It also seeks approval to adjust the 2022/23 budget accordingly. This report should be read in conjunction with Item 10.3 Q3 Review of the Operational Plan 2022/23.

EXECUTIVE SUMMARY:

- Decrease in Operating Deficit before Capital Grants and Contributions of \$368 thousand to \$2.06 million
- Increase in Operating Surplus including Capital Grants and Contributions of \$8.12 million to \$25.47 million due to increase Capital Grants and Contributions received.
- A reduction of Capital Works program of \$30.51 million due mostly due to deferral of works to 2023/24 as advised in Draft 2023/24 budget.

RECOMMENDATION:

- 1. THAT** Council adopts the Quarterly Budget Review Statement – March 2023 report in accordance with clause 203 of the Local Government (General) Regulation 2021
- 2. THAT** Council acknowledges the budget amendments in this report.

Background

Clause 203 of the Local Government (General) Regulation 2021 requires that a Quarterly Budget Review Statement (QBRS) be considered by Council. It must show revised estimates for income and expenditure for the year, and indicate whether Council's financial position is satisfactory, or make recommendations for remedial action where needed.

Original Budget

Council's Original Budget for FY 2022/23 forecast a balanced budget before Capital Grants and contributions (\$15 thousand deficit), and net operating surplus after capital grants and contributions of \$8.01 million. The budget included \$71.20 million for the capital works program and replacement of plant and equipment. The original budget forecast a net transfer from reserves of \$40.31 million.

Operating Budget at the End of the September Quarter

The review for the September Quarter adjusted the Operating Budget, resulting in a forecast deficit before Capital Grants and contributions of \$6.15 million, and a net operating surplus after capital grants and contributions of \$12.80 million. The increased deficit was due to:

- expenditure carried forward from 2021/22 of \$2.66 million;
- the receipt and recognition of the advance payment of a 2022/23 Financial Assistance Grant in FY 2021/22; and
- an increased budget for depreciation of infrastructure assets following an upward revaluation as at 30 June 2022.

The first two items are funded by income received in FY 2021/22 and restricted at 30 June 2022. The increased depreciation expense will be addressed in future revisions of the Asset Management Plans and the Long Term Financial Plan.

Operating Budget at the End of the December Quarter

The review for the December Quarter adjusted the Operating Budget, resulting in a forecast deficit before Capital Grants and Contributions of \$2.42 million, and a net operating surplus after capital grants and contributions of \$17.36 million. The improvement from the September review was due to:

- increase in parking related fees and infringements from lockdown lows. Parking income remains significantly below pre-pandemic levels and may remain so for the foreseeable future, reflecting permanent social and technological changes brought on by the pandemic; and
- increased Investment and Interest income due to higher than forecast cash balances and interest rates.

These were offset somewhat by an increase in legal fees for large development and heritage-related matters.

Operating Budget at the End of the March Quarter

The year-to-date operating result shows:

- actual operating income has a favourable variance of \$1.50 million (1.3%); and
- actual operating expenditure had a favourable variance of \$1.93 million (2.5%).

The favourable variance in operating income is due to greater than expected revenue from investment returns, off-street parking fees and plant permit fees.

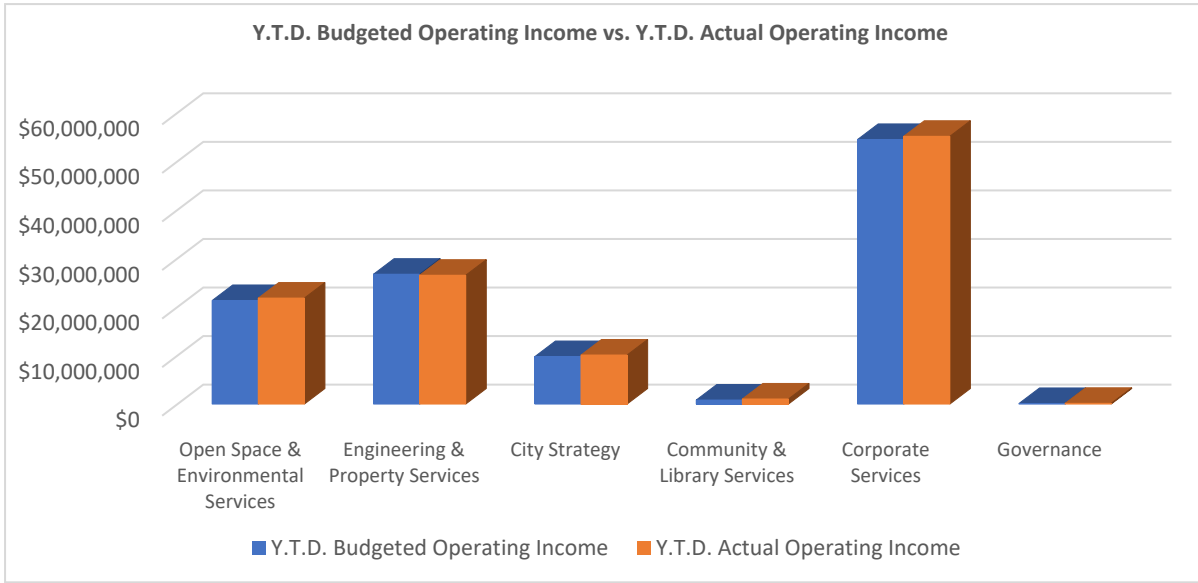
The favourable variance in operating expenditure was due to savings in employee costs resulting from staff turnover and vacancies. While employee costs were \$2.4 million under budget, this was offset by increased use of agency staff of \$587 thousand and higher than forecast legal costs.

While the year to 31 March 2023 figures show a positive variance for Income this review recommends and decrease in the forecast income before capital items. This is due to a reduction in advertising income (\$1.5 million) which was forecast to be received from 1 April 2023 on the commencement of a new contract.

The report titled 'Operational Plan Summary Report by Divisions and Departments' on pages 12 to 15 of the QBRs (Attachment 1) , provides details of both budgeted and actual operating income and expenditure for each Division and Department in the Operational Plan. The following tables and graphs summarise this information.

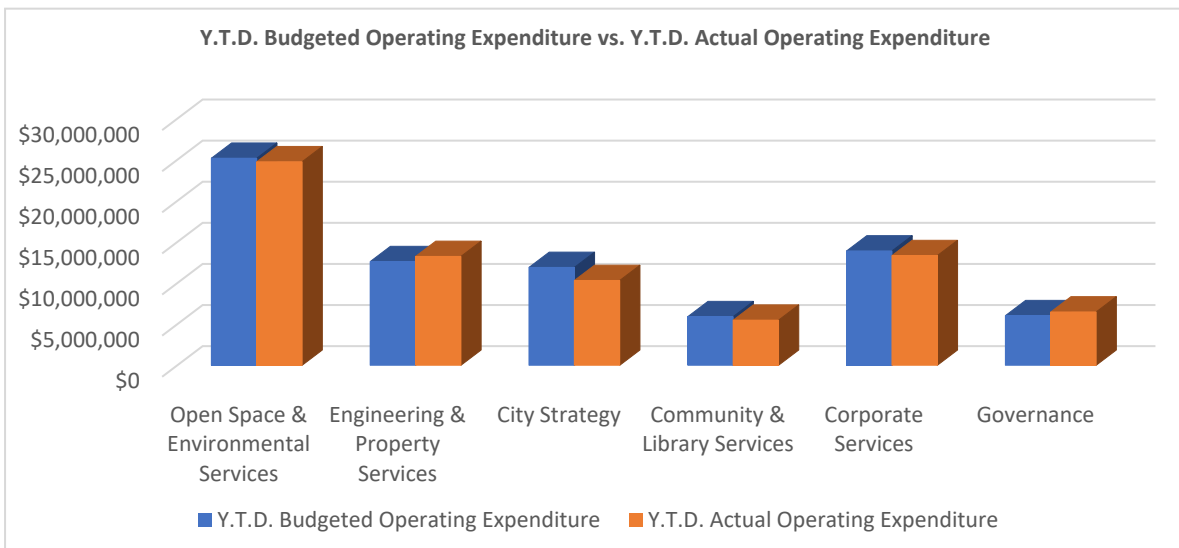
Division	Original Budget (\$)	Revised Budget (\$)	Y.T.D. Revised Budget (\$)	Y.T.D. Actual (\$)	Y.T.D. Variance (\$)	Y.T.D. Variance (%)
Open Space & Environmental Services	21,755,300	21,598,918	21,323,487	21,825,649	502,162	2.4%
Engineering & Property Services	33,995,361	36,366,141	26,740,494	26,529,668	(210,826)	(0.8%)
City Strategy	11,367,723	12,695,560	9,776,517	10,096,843	320,326	3.3%
Community & Library Services	1,176,786	1,092,665	826,425	1,040,885	214,460	26.0%
Corporate Services	55,464,710	55,346,329	54,495,230	55,145,861	650,631	
Governance	50,400	150,400	112,797	144,737	31,940	28.3%
Total as per Operational Plan	123,810,280	127,250,013	113,274,950	114,783,643	1,508,693	1.3%

Operating Income



Division	Original Budget (\$)	Revised Budget (\$)	Y.T.D. Budget (\$)	Y.T.D. Actual (\$)	Y.T.D. Variance (\$)	Y.T.D. Variance (%)
Open Space & Environmental Services	33,230,178	33,684,737	25,184,281	24,758,105	426,176	1.7%
Engineering & Property Services	16,559,978	17,615,098	12,610,330	13,241,067	-630,737	(5.0%)
City Strategy	15,735,014	16,232,624	11,903,327	10,315,330	1,587,997	13.3%
Community & Library Services	7,503,651	7,452,400	5,915,659	5,486,915	428,744	7.2%
Corporate Services	17,982,563	18,599,166	13,907,102	13,342,387	564,715	4.1%
Governance	6,158,349	7,765,640	6,036,134	6,487,442	-451,308	(7.5%)
Total as per Operational Plan	97,169,733	101,349,665	75,556,833	73,631,246	1,925,587	2.5%

Operating Expenditure



Position of the Capital Budget at the End of the March Quarter

Capital expenditure year-to-date is \$36.13 million. The original capital budget was \$71.20 million. Including carry forwards, adopted Quarterly Reviews and adjustments proposed in this review, the capital budget for the year is \$64.86 million. \$28.73 million remains to be expended.

Expenditure on the North Sydney Olympic Pool project year-to-date is \$13.63 million compared to a budgeted expenditure for the year (adjusted as per the Draft 2023/24 Budget) for the year of \$21.39 million. The original 2022/23 budget was \$43.00 million. Delays in the works mean that, while the overall cost of the project will increase, expenditure to date is less than forecast.

The report titled 'Operational Plan Summary Report by Divisions and Departments' on pages 12 to 15 of the QBRS (Attachment 1), provides details of both budgeted and actual capital income and expenditure for each Division and Department in the Operational Plan.

Recommended Adjustments to the Budget at the End of the March Quarter

This review proposes adjustments listed in the following tables. These adjustments are also listed under the heading 'Recommended Variations to Revised Budget for March Quarter' in the attached QBRS.

The most significant favourable adjustments are:

- an increase in Capital Grants and Contributions of \$7.8 million. This is due higher than expected receipts of developer contributions (\$5.66 million) and successful applications for Transport for NSW road repair funding (\$1.65 million);
- a decrease in Employee Costs (\$1.4 million offset by engagement of agency casuals with budget transferred to Materials and Services \$0.58 million). These savings are due to unfilled positions and are reflective difficulties in recruiting candidates since the Covid 19 pandemic; and
- a further upward revision of Investment and Interest Income (\$0.55 million) due to higher than forecast interest rates and cash balances.

The most significant unfavourable adjustments are:

- a decrease in income for advertising on Council property (\$1.50 million). The original budget was forecast to reflect the new contract signed with the advertising contractor JCDecaux Australia Pty Ltd. Council has experienced difficulty in obtaining the necessary approvals and certifications for expanded advertising on bus shelters and the pedestrian overpass bridge;
- a decrease in property rental income (\$328 thousand) due to vacancies; and
- a further increase in legal fees (\$195 thousand) to fund large development and heritage related matters.

Legal Costs have been adjusted from the original budget of \$1.63 million to \$3.34 million including changes proposed in this review. \$1.4 million was due to Council’s successful action regarding the heritage status of the MLC building.

While year-to-date parking related income has been revised upwards over the year it remains significantly below pre-pandemic levels. This may reflect permanent social and technological changes brought on by the pandemic.

This review further tempers Council’s revenue expectations regarding advertising revenue. The delays in obtaining the necessary certification to expand advertising infrastructure may turn out to be permanent. Council’s adopted Long Term Financial Plan assumes approximately \$3.00 million per annum advertising income. This review suggests that in the absence of expanded advertising infrastructure, \$2.00 million is achievable.

This report notes lower than expected rental income due to ongoing occupancy shortfalls, again possibly a long-term Covid related change.

These factors and strategies to address them will be considered more fully in the revision to the Resourcing Strategy and Long Term Financial Plan to be presented to Council at its meeting of 26 June 2023.

Proposed Adjustments to Operating Income

Operating Income	Increase / (Decrease) (\$)
Investment returns	550,000
Plant Permit fees	353,750
Off-street Parking fees	350,000
Link Housing net operating surplus distributed to Council	240,287
Aboriginal Heritage Sites Project grant	140,000
D.A. Amended Plan fees	120,000
Tunks Park Bush Regeneration Project grant	80,000
Rotary Club of North Sydney Sunrise contribution to Anderson Park Outdoor Fitness Equipment	52,000
Catchment Flood Study grant	14,735
TfNSW Regional Roads Traffic Facilities Block grant	6,000
Drainage damage reimbursement from Jemena Gas	4,269
Youth Week grant	1,409
North Sydney Metro Station Planning grant	(58,898)
Outdoor Seating Rental fees	(100,000)
Albany Street & Willoughby Road Traffic Signals Upgrade grant	(145,100)
Property rental	(328,009)
Advertising on Council Infrastructure	(1,500,000)
Total	(219,557)

Proposed Adjustments to Operating Expenditure

Operating Expenditure	Increase / (Decrease) (\$)
Street & Gutter Cleaning Contract Labour	400,000
Legal Costs	195,000
Living Futures Festival	150,000
Aboriginal Heritage Sites Project	140,000
Arthur Street North Sydney Awning Demolition (transferred from Streetscape Lighting Upgrades - Capital Expenditure)	139,570
Human Resources Consultancy (Key Workforce Initiatives – reported to Jan Council meeting)	122,000
Traffic Planning Contract Labour	80,000
Tunks Park Bush Regeneration Project	80,000
CIS Administrative Services Contract Labour	56,601
Street Play 2023 Project	55,000
Property Maintenance Contract Labour	50,749
Councillor Delegate, Training & Traveling expenses	22,000
Election Countback	7,650
Anderson Park Outdoor Fitness Equipment	7,500
Audit fees	6,850
Regional Roads Traffic Facilities Block grant expenditure	6,000
Youth Week grant expenditure	1,409
CIS Administrative Services Stationery (transferred to IT Hardware Acquisitions - Capital Expenditure)	-1,954
Loan Interest	-2,366
Street & Gutter Cleaning Materials (transferred to IT Hardware Acquisitions - Capital Expenditure)	-4,342
Rangers Training	-5,000
Catchment Flood Study consultancy	-6,914
Publicity Advertising	-10,000
Parking Enforcement Training	-10,040
Business Engagement & Corporate Planning costs	-15,469
Marine Structures Condition Audit (transferred to Marine Structures Reconstruction - Capital Expenditure)	-19,200
LEP/DCP Projects	-20,000
North Sydney Metro Station Planning Salaries	-24,142
Better Waste & Recycling Projects	-25,244
Heritage Conservation Review	-50,000
Property Maintenance Salaries	-50,749
CIS Administrative Services Salaries	-56,601
Telecommunication Costs	-60,000
Traffic Planning Salaries	-80,000
Bradfield Bark event	-84,640
Denison & Mount Street Public Domain Strategy	-106,590
Albany Street & Willoughby Road Traffic Signals Upgrade	-145,100
Ward Street Masterplan	-150,000

Operating Expenditure	Increase / (Decrease) (\$)
Parking Enforcement Salaries	-250,000
Rangers Salaries	-250,000
Street & Gutter Cleaning Salaries	-680,000
Total	(588,022)

Proposed Adjustments to Capital Income

Capital Income	Increase / (Decrease) (\$)
S7.11 Contributions	5,660,000
TfNSW Regional & Local Roads Repair Program grant	1,649,155
Bligh Street Shared Zone grant	950,000
Tunks Park Seawall Renewal grant	100,000
Short Lane Continuous Footpath grant	93,860
Wheeler Lane & William Street Footpath Upgrade contribution	(4,220)
Ben Boyd Road Traffic Calming Devices grant	(150,000)
Young Street Bike Facilities grant	(552,200)
Total	7,746,595

Proposed Adjustments to Capital Expenditure

Items italicised in the following table have been allocated to the 2023/24 Draft Budget considered by Council at its meeting of 26 April 2023.

Capital Expenditure	Increase / (Decrease) (\$)
Bligh Street Shared Zone	950,000
Roads Reconstruction - TfNSW Regional & Local Roads Repair Program grant expenditure	800,000
Plant Purchases	678,753
Tunks Park Seawall Renewal	100,000
Short Lane Continuous Footpath	93,860
Anderson Park Outdoor Fitness Equipment	44,500
Coal Loader Environment Centre Café	40,000
Marine Structures Reconstruction (transferred from Marine Structures Condition Audit - Operating Expenditure)	19,200
IT Hardware Acquisitions (transferred from Operating Expenditure)	6,296
Drainage Reconstruction	4,269
Wheeler Lane & William Street Footpath Upgrade	(4,220)
Library Audio Visual Materials	(10,000)
<i>Implementation of Disability Inclusion Action Plan</i>	<i>(20,000)</i>
<i>Kelly's Place Playground Upgrade</i>	<i>(27,424)</i>

	Increase / (Decrease) (\$)
Capital Expenditure	
Digital 3D Model of North Sydney	(30,000)
<i>Pedestrian Crossing Lighting Upgrades</i>	(100,000)
Streetscape Lighting Upgrades (transferred to Arthur Street North Sydney Awning Demolition - Operating Expenditure)	(139,570)
Ben Boyd Road Traffic Calming Devices	(150,000)
<i>Cammeray Park - Master Planning</i>	(180,000)
<i>Shellcove Road Jetty Reconstruction</i>	(262,453)
<i>Neutral Bay & Cremorne B-Line Streetscape Upgrades</i>	(498,814)
<i>St Leonards Park Landscape Masterplan Implementation</i>	(628,451)
<i>Young Street Cycleway</i>	(731,054)
<i>1 Henry Lawson Ave - Revert to Parkland</i>	(900,000)
<i>Kirribilli & McMahons Point Village Centres Streetscape Upgrades</i>	(1,095,335)
<i>Quarantine Boat Depot Site & Access Improvements</i>	(1,113,257)
<i>Holtermann Street Car Park Upgrade Consultancy</i>	(1,313,814)
<i>Young Street Plaza</i>	(1,915,768)
<i>Neutral Bay & Cremorne Public Domain Masterplan Program</i>	(2,035,192)
<i>Hume Street Open Space Expansion Project</i>	(2,774,064)
<i>North Sydney Olympic Pool Redevelopment</i>	(19,316,386)
Total	(30,508,924)

A reconciliation of the forecast net operating result to net transfers from reserves follows:

	Original Budget	September Quarter Revised Forecast	December Quarter Revised Forecast	Recommended Adjustments March Quarter	March Quarter Revised Forecast
Net Operating Surplus / (Deficit) before Capital Items	(14,655)	(6,150,701)	(2,423,440)	368,465	(2,054,975)
<i>Add</i>					
Capital Grants and Contributions	8,023,810	18,954,182	19,778,182	7,746,595	27,524,777
Surplus / (Deficit) from Continuing Operations	8,009,155	12,803,481	17,354,742	8,115,060	25,469,802
<i>Add</i>					
Depreciation, Amortisation & Impairment	23,937,400	25,787,400	25,787,400	-	25,787,400

	Original Budget	September Quarter Revised Forecast	December Quarter Revised Forecast	Recommended Adjustments March Quarter	March Quarter Revised Forecast
for Non-Financial Assets					
Net Losses from Disposal of Assets	547,004	547,004	547,004	-	547,004
Proceeds from Disposal of Plant & Equipment	321,282	321,282	321,282	450,000	771,282
<i>Deduct</i>					
Capital Expenditure (other than Plant Purchases)	(70,418,170)	(93,163,306)	(93,878,276)	31,187,677	(62,690,599)
Plant Purchases	(777,103)	(1,488,290)	(1,488,290)	(678,753)	(2,167,043)
Loan Principal to be repaid	(1,927,127)	(1,927,127)	(1,927,127)	-	(1,927,127)
Net Transfers To / (From) Reserves	(40,307,559)	(57,119,556)	(53,283,265)	39,073,984	(14,209,281)

Consultation requirements

Community engagement is not required.

Financial/Resource Implications

The proposed changes to the budget result in a net operating deficit before Capital Grants and Contributions of \$2.05 million.

Legislation

Clause 203 of the Local Government (General) Regulation 2021 requires that a quarterly budget review be considered by Council, which shows revised estimates for income and expenditure for the year, indicates whether Council's financial position is satisfactory and makes recommendations for remedial action where needed.

North Sydney Council

Quarterly Budget Review Statement

for the quarter ended 31 March 2023

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North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Responsible Accounting Officer's Statement

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2021.

It is my opinion that the Quarterly Budget Review Statement for North Sydney Council for the quarter ended 31 March 2023 indicates that Council's projected financial position will be satisfactory having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

At the end of the quarter, actual operating income was ahead of the the year-to-date budget by \$1.5 million mainly due to greater than expected revenue from investment returns, off-street parking fees and plant permit fees. Overall, actual operating expenditure was under the year-to-date budget by \$1.9 million due to savings in employee costs resulting from staff turnover and vacancies. While employee costs were \$2.4 million under budget, this was offset by increased use of agency staff and higher than forecast legal costs.

Council's short term liquidity position remains sound, based on the level of its internally restricted reserves and available working capital. Uncommitted internally restricted reserves and available working capital are more than sufficient to cover known commitments. These reserves are supported by monies invested in term deposits or floating rate notes with various financial institutions or held 'at call' or in Council's trading account with the Commonwealth Bank.

The 'Income & Expenses Report' on pages 3 to 4 of this Quarterly Budget Review Statement forecasts a projected year end net operating deficit before capital grants and contributions of \$2.05 million. A reconciliation of this figure to the forecast net drawdown from reserves is as follows:

Net Operating Deficit before Capital Items	(\$2,054,975)
Add Capital grants and contributions	\$27,524,777
Surplus from Continuing Operations	\$25,469,802
Add Depreciation	\$25,787,400
Net Losses from disposal of assets	\$547,004
Proceeds from disposal of plant and equipment	\$771,282
Deduct Capital expenditure (other than Plant Purchases)	(\$62,690,599)
Plant and equipment purchases	(\$2,167,043)
Loan principal to be repaid	(\$1,927,127)
Net drawdown from reserves	<u>(\$14,209,281)</u>



Signed: _____

Christian Menday
Responsible Accounting Officer

Date: _____

22-May-22

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2022

Income & Expenses Report

	Original Budget 2022/23 (\$000's)	Approved Variations				Revised Budget 2022/23 (\$000's)	Recommended Variations to Revised Budget for March Quarter (\$000's)	Projected Year End Result 2022/23 (\$000's)	YTD Actual (\$000's)	YTD Revised Budget (\$000's)
		Carried Forward from 2021/22 (\$000's)	Carried Back to 2021/22 (\$000's)	September Quarterly Review (\$000's)	December Quarterly Review (\$000's)					
Income										
Rates and annual charges	72,409	-	-	(41)	-	72,368	-	72,368	72,201	72,201
User charges and fees	29,592	-	-	3	2,960	32,555	724	33,279	26,086	25,640
Other revenues	9,087	-	-	(39)	1,031	10,079	(1,204)	8,875	7,082	6,405
Grants and contributions - operating	5,457	191	-	(1,765)	(80)	3,803	38	3,841	2,697	2,514
Grants and contributions - capital	8,024	3,535	-	7,395	824	19,778	7,747	27,525	19,687	13,295
Interest and investment income	1,384	-	-	-	1,500	2,884	550	3,434	2,618	2,164
Other income	5,881	-	-	-	-	5,881	(328)	5,553	4,100	4,351
Total Income from Continuing Operations	131,834	3,726	-	5,553	6,235	147,348	7,527	154,875	134,471	126,570
Expenses										
Employee benefits and on-costs	49,083	135	-	275	(66)	49,427	(1,391)	48,036	35,491	37,848
Materials and services	45,250	2,114	(23)	(165)	1,749	48,925	805	49,730	37,177	36,013
Borrowing costs	1,533	-	-	-	-	1,533	(2)	1,531	575	575
Depreciation, amortisation and impairment for non-financial assets	23,937	-	-	1,850	-	25,787	-	25,787	18,738	19,143
Other expenses	3,475	417	-	(118)	-	3,774	-	3,774	2,732	2,739
Net losses from disposal of assets	547	-	-	-	-	547	-	547	(442)	(278)
Total Expenses from Continuing Operations	123,825	2,666	(23)	1,842	1,683	129,993	(588)	129,405	94,271	96,040
Net Operating Result from Continuing Operations	8,009	1,060	23	3,711	4,552	17,355	8,115	25,470	40,200	30,530
Net Operating Result Before Capital Items	(15)	(2,475)	23	(3,684)	3,728	(2,423)	368	(2,055)	20,513	17,235

Notes:

1. Original Budget +/- approved budget variations in previous quarters = Revised Budget.
2. Revised Budget +/- recommended variations this quarter = Projected Year End Result.
3. YTD Revised Budget includes recommended variations for this quarter.

Recommended Variations to Revised Budget for March Quarter

	Increase / (Decrease) (\$000's)
Income	
<i>User Charges and Fees:</i>	
Plant Permit fees	354
Parking Station fees	350
Amended Plan (DA) fees	120
Outdoor Dining fees	(100)
	<u>724</u>
<i>Other Revenue:</i>	
Link Housing Surplus Income	240
Rotary Club of North Sydney Sunrise contribution to Anderson Park Outdoor Fitness Equipment	52
Stormwater drainage damage reimbursement from Jemena	4
Advertising on Council Infrastructure	(1,500)
	<u>(1,204)</u>
<i>Grants and Contributions - Operating:</i>	
Aboriginal Heritage Sites Project grant	140
Tunks Park Bush Regeneration Project grant	80
Catchment Flood Study grant	15
TfNSW Regional Roads Traffic Facilities Block grant	6
Youth Week grant	1
North Sydney Metro Station Planning grant	(59)
Albany Street & Willoughby Road Traffic Signals Upgrade grant	(145)
	<u>38</u>
<i>Grants and Contributions - Capital:</i>	
S7.11 Contributions	5,660
TfNSW Regional & Local Roads Repair Program grant	1,649
Bligh Street Shared Zone grant	950
Tunks Park Seawall Renewal grant	100
Short Lane Continuous Footpath grant	94
Wheeler Lane & William Street Footpath Upgrade contribution	(4)
Ben Boyd Road Traffic Calming Devices grant	(150)
Young Street Bike Facilities grant	(552)
	<u>7,747</u>

Recommended Variations to Revised Budget for December Quarter (continued)

	Increase / (Decrease) (\$'000's)
<i>Interest & Investment Income:</i>	
Investment Returns	550
	<u>550</u>
<i>Other Income:</i>	
Property Rental	(328)
	<u>(328)</u>
Total Income	<u>7,527</u>
Expenditure	
<i>Employee Benefits and On-costs:</i>	
Staff salaries funded by Sydney Metro	(24)
Street Cleaning salaries	(280)
Rangers & Parking Enforcement salaries	(500)
Other salaries transferred to contract labour	(587)
	<u>(1,391)</u>
<i>Materials and Services:</i>	
Contract labour costs transferred from salaries	587
Legal Costs	195
Living Futures Festival	150
Aboriginal Heritage Sites Project	140
Arthur Street North Sydney Awning Demolition (transferred from Streetscape Lighting Upgrades - Capital Expenditure)	139
Human Resources Consultancy (Key Workforce Initiatives)	122
Tunks Park Bush Regeneration Project	80
Street Play 2023 Project	55
Councillor Delegate, Training & Traveling expenses	22
Election Countback	8
Anderson Park Outdoor Fitness Equipment	7
Audit fees	7
Regional Roads Traffic Facilities Block grant expenditure	6
Youth Week grant expenditure	1
CIS Administrative Services Stationery (transferred to IT Hardware Acquisitions - Capital Expenditure)	(2)
Street & Gutter Cleaning Materials (transferred to IT Hardware Acquisitions - Capital Expenditure)	(4)
Rangers Training	(5)
Catchment Flood Study consultancy	(7)
Publicity Advertising	(10)
Parking Enforcement Training	(10)
Business Engagement & Corporate Planning costs	(15)
Marine Structures Condition Audit (transferred to Marine Structures Reconstruction - Capital Expenditure)	(19)
LEP/DCP Projects	(20)
Better Waste & Recycling Projects	(25)
Heritage Conservation Review	(50)
Telecommunication Costs	(60)
Bradfield Bark event	(85)
Denison & Mount Street Public Domain Strategy	(107)
Albany Street & Willoughby Road Traffic Signals Upgrade	(145)
Ward Street Masterplan	(150)
	<u>805</u>
<i>Borrowing costs</i>	
<i>Loan interest</i>	(2)
	<u>(2)</u>
Total Expenditure	<u>(588)</u>

The above adjustments are either offset by a transfer to or from a Reserve or are matched by a corresponding increase or decrease to the budget for another income or expenditure item. Hence, they have no impact on the bottom line of the budget and, therefore, the 2022/23 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Capital Budget Report

	Original Budget 2022/23 (\$000's)	Approved Variations				Revised Budget (\$000's)	Recommended Variations to Revised Budget for March Quarter		Projected Year End Result 2022/23 (\$000's)	YTD Actual (\$000's)
		Carried Forward	Carried Back to 2021/22	September Quarterly Review	December Quarterly Review		Other			
		(\$000's)	(\$000's)	(\$000's)	(\$000's)		(\$000's)			
Capital Expenditure										
<i>New Assets</i>										
- Office Equipment	25	207	-	55	-	287	(30)	257	41	
- Land & Buildings	320	2,642	-	-	-	2,962	(1,334)	1,628	826	
- Land Improvements	812	666	-	-	-	1,478	(1,094)	384	69	
- Roads & Bridges	1,180	1,914	-	-	249	3,343	(412)	2,931	798	
- Footpaths	1,303	1,600	-	-	120	3,023	(1,802)	1,221	236	
- Stormwater Drainage	36	196	-	-	96	328	(88)	240	33	
- Open Space/Recreational Assets	659	728	-	-	8	1,395	(802)	593	174	
- Other Infrastructure Assets	1,101	917	-	-	48	2,066	(1,393)	673	95	
- Heritage Collections	5	-	-	-	-	5	-	5	-	
<i>Renewal Assets (Replacement)</i>										
- Plant & Equipment	852	743	-	-	-	1,595	679	2,274	1,673	
- Office Equipment	1,455	19	-	17	-	1,491	6	1,497	249	
- Furniture & Fittings	75	-	-	(1)	-	74	-	74	50	
- Land & Buildings	1,000	1,505	-	126	-	2,631	40	2,671	1,277	
- Land Improvements	262	900	-	-	-	1,162	(137)	1,025	652	
- Roads & Bridges	5,973	3,272	-	95	195	9,535	(939)	8,596	5,115	
- Footpaths	2,725	4,592	-	102	60	7,479	(2,592)	4,887	2,728	
- Stormwater Drainage	3,392	1,380	-	(29)	24	4,767	(18)	4,749	2,270	
- Swimming Pools	42,969	-	(2,265)	-	-	40,704	(19,316)	21,388	13,631	
- Open Space/Recreational Assets	1,323	1,182	(29)	1	24	2,501	(133)	2,368	1,713	
- Other Infrastructure Assets	5,310	2,313	-	339	89	8,051	(1,134)	6,917	4,244	
- Library Books	418	-	-	-	-	418	(10)	408	243	
- Heritage Collections	-	71	-	-	-	71	-	71	9	
Total Capital Expenditure	71,195	24,847	(2,294)	705	913	95,366	(30,509)	64,857	36,126	
Capital Funding										
<i>Rates and Other Untied Funding</i>	1,134	-	-	17	-	1,151	45	1,196	582	
<i>Capital Grants & Contributions</i>	7,454	8,700	(29)	130	827	17,082	(3,475)	13,607	8,225	
<i>Internal Reserves:</i>										
- Capital Works	14,574	12,592	-	557	86	27,809	(4,152)	23,657	13,100	
- Income Producing Projects	-	407	-	-	-	407	-	407	-	
- IT Hardware & Software	1,155	11	-	-	-	1,166	-	1,166	181	
- Plant	777	711	-	-	-	1,488	679	2,167	1,671	
- North Sydney Olympic Pool Redevelopment Reserve	36,269	-	(2,265)	-	-	34,004	(19,316)	14,688	6,931	
- Insurance	-	-	-	-	-	-	-	-	-	
<i>External Reserves:</i>										
- Environmental Levy	-	-	-	-	-	-	40	40	-	
- Infrastructure Levy	2,231	-	-	-	-	2,231	-	2,231	1,808	
- Crows Nest Mainstreet Levy	309	159	-	-	-	468	-	468	171	
- Neutral Bay Mainstreet Levy	181	97	-	-	-	278	-	278	60	
- Stormwater Levy	579	-	-	-	-	579	-	579	313	
- Developer Contributions	6,532	2,170	-	1	-	8,703	(4,330)	4,373	3,084	
Total Capital Funding	71,195	24,847	(2,294)	705	913	95,366	(30,509)	64,857	36,126	

Notes:

1. Original Budget +/- approved budget variations in previous quarters = Revised Budget
2. Revised Budget +/- recommended changes this quarter = Projected Year End Result

Recommended Variations to Revised Budget for March Quarter

	Increase / (Decrease) (\$000's)
Bligh Street Shared Zone	950
Roads Reconstruction - TfNSW Regional & Local Roads Repair Program grant expenditure	800
Plant Purchases	679
Tunks Park Seawall Renewal	100
Short Lane Continuous Footpath	94
Anderson Park Outdoor Fitness Equipment	45
Coal Loader Environment Centre Café	40
Marine Structures Reconstruction (transferred from Marine Structures Condition Audit - Operating Expenditure)	19
IT Hardware Acquisitions (transferred from Operating Expenditure)	6
Drainage Reconstruction	4
Wheeler Lane & William Street Footpath Upgrade	(4)
Library Audio Visual Materials	(10)
Implementation of Disability Inclusion Action Plan	(20)

Recommended Variations to Revised Budget for March Quarter (continued)

	Other Recommended Variations Increase / (Decrease) (\$000's)
Kelly's Place Playground Upgrade	(27)
Digital 3D Model of North Sydney	(30)
Pedestrian Crossing Lighting Upgrades	(100)
Streetscape Lighting Upgrades (transferred to Arthur Street North Sydney Awning Demolition - Operating Expenditure)	(139)
Ben Boyd Road Traffic Calming Devices	(150)
Cammeray Park - Master Planning	(180)
Shellcove Road Jetty Reconstruction	(263)
Neutral Bay & Cremorne B-Line Streetscape Upgrades	(499)
St Leonards Park Landscape Masterplan Implementation	(629)
Young Street Cycleway	(731)
1 Henry Lawson Ave - Revert to Parkland	(900)
Kirribilli & McMahons Point Village Centres Streetscape Upgrades	(1,095)
Quarantine Boat Depot Site & Access Improvements	(1,113)
Holtermann Street Car Park Upgrade Consultancy	(1,314)
Young Street Plaza	(1,916)
Neutral Bay & Cremorne Public Domain Masterplan Program	(2,035)
Hume Street Open Space Expansion Project	(2,774)
North Sydney Olympic Pool Redevelopment	(19,317)
Total	<u>(30,509)</u>

The above adjustments are either offset by a transfer to or from a Reserve or are matched by a corresponding increase or decrease to the budget for another income or expenditure item. Hence, they have no impact on the bottom line of the budget and, therefore, the 2022/23 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Cash & Investments Report

	Original Budget 2022/23 (\$000's)	Approved Variations				Revised Budget 2022/23 (\$000's)	Recommended Variations for March Quarter (\$000's)	Projected Year End Result 2022/23 (\$000's)
		Carried Forward from 2021/22 (\$000's)	Carried Back to 2021/22 (\$000's)	September Quarterly Review (\$000's)	December Quarterly Review (\$000's)			
Externally Restricted								
<i>Developer Contributions</i>	13,183	(2,180)	-	6,879	320	18,202	9,990	28,192
<i>Developer Contributions VPA</i>	13,786	-	-	-	-	13,786	-	13,786
<i>TfNSW Contributions</i>	-	-	-	-	-	-	-	-
<i>Other Special Purpose Contributions</i>	123	(4)	-	(104)	-	15	-	15
<i>Special Purpose Grants</i>	6,247	(6,276)	29	-	-	-	5,561	5,561
<i>Better Waste & Recycling Fund</i>	40	-	-	-	(65)	25	25	-
<i>Domestic Waste Management</i>	11,650	(167)	-	-	-	11,483	-	11,483
<i>Environmental Levy</i>	1,426	-	-	-	-	1,426	(190)	1,236
<i>Infrastructure Levy</i>	25	-	-	-	-	25	-	25
<i>Crows Nest Mainstreet Levy</i>	188	(159)	-	73	-	102	-	102
<i>Neutral Bay Mainstreet Levy</i>	114	(102)	-	-	-	12	-	12
<i>Stormwater Management Service Charge</i>	-	-	-	-	-	-	-	-
<i>Unexpended Loans</i>	-	-	-	-	-	-	-	-
Total Externally Restricted	46,782	(8,888)	29	6,848	255	45,026	15,386	60,412
Internally Restricted								
<i>Capital Works Reserve</i>	24,549	(13,924)	-	(1,691)	3,452	12,386	4,360	16,746
<i>Income Producing Projects Reserve</i>	822	(407)	-	-	-	415	-	415
<i>Insurance Reserve</i>	-	-	-	-	-	-	-	-
<i>I.T. Hardware & Software Reserve</i>	(12)	(11)	23	-	-	-	-	-
<i>Plant Reserve</i>	3,300	(711)	-	-	-	2,589	(229)	2,360
<i>Employee Leave Entitlements Reserve</i>	7,270	-	-	(268)	130	7,132	-	7,132
<i>North Sydney Olympic Pool Redevelopment Reserve</i>	(2,265)	-	2,265	-	-	-	19,316	19,316
<i>Community Housing - Capital Purchases Reserve</i>	963	-	-	-	-	963	-	963
<i>Community Housing - Major Maintenance Reserve</i>	283	(44)	-	(33)	-	206	241	447
Total Internally Restricted	34,910	(15,097)	2,288	(1,992)	3,582	23,691	23,688	47,379
Total Restricted	81,692	(23,985)	2,317	4,856	3,837	68,717	39,074	107,791
Total Cash & Investments	81,692	(23,985)	2,317	4,856	3,837	68,717	39,074	107,791

Notes:

- Externally restricted funds must be spent for a specific purpose and cannot be used by council for general operations.
- Internally restricted funds have been earmarked by Council for a specific future purpose. Unrestricted funds are cash and investments available after deducting restricted funds.
- Unrestricted funds are cash and investments available after deducting restricted funds.
- Original Budget +/- approved budget variations in previous quarters = Revised Budget.
- Revised Budget +/- recommended variations this quarter = Projected Year End Result.

Comment on Cash & Investments Position**Investments**

All externally and internally restricted funds have been invested in accordance with Council's Investment Policy.

Cash

Cash & Investments held at 31 March 2023 totalled \$149,406,933. This amount included Cash at Bank of \$302,580. This Cash at Bank amount has been reconciled to Council's physical bank statements. The bank reconciliation was completed on 13 April 2023.

Reconciliation

The YTD total Cash and Investments reconciles to the actual balances held as follows:

Cash at Bank (as per bank statements)	488,784
Cash on Hand (Cash Floats)	11,900
Cash Equivalent Assets (Deposits at Call)	7,400,000
Investment Securities (Term Deposits & FRNs)	141,896,579
less Shorelink Cash & Investments	(186,242)
less Wendy Whiteley Reserve Cash	(130,902)
less Unpresented Cheques	(1,559)
plus Undeposited Funds	3,368
less Unidentified Transactions (not yet accounted in ledger)	(74,995)
YTD Cash & Investments	<u>149,406,933</u>

Recommended Variations to Revised Budget for December Quarter

		Increase / (Decrease) (\$000's)
Movement in Restricted Funds - Income from Continuing Operations		
S7.11 Contributions	Developer Contributions	5,660
TfNSW Regional & Local Roads Repair Program grant	Special Purpose Grants	1,649
Link Housing Surplus Income	Community Housing - Major Maintenance Reserve	241
		<u>7,550</u>
Movement in Restricted Funds - Expenses from Continuing Operations		
Better Waste & Recycling Projects	Better Waste & Recycling Fund	25
Living Futures Festival	Environmental Levy	(150)
Ward Street Masterplan	Capital Works Reserve	150
Denison & Mount Street Public Domain Strategy	Capital Works Reserve	107
Heritage Conservation Review	Capital Works Reserve	50
Catchment Flood Study consultancy	Capital Works Reserve	22
Arthur Street North Sydney Awning Demolition	Capital Works Reserve	(139)
Proceeds from disposal of plant and equipment	Plant Reserve	450
		<u>515</u>

Movement in Restricted Funds - Capital Expenditure

Hume Street Open Space Expansion Project	Developer Contributions	2,774
1 Henry Lawson Ave - Revert to Parkland	Developer Contributions	900
St Leonards Park Landscape Masterplan Implementation	Developer Contributions	629
Kelly's Place Playground Upgrade	Developer Contributions	27
Young Street Plaza	Special Purpose Grants	1,916
Holtermann Street Car Park Upgrade Consultancy	Special Purpose Grants	1,314
Quarantine Boat Depot Site & Access Improvements	Special Purpose Grants	1,113
Neutral Bay & Cremorne B-Line Streetscape Upgrades	Special Purpose Grants	369
Roads Reconstruction	Special Purpose Grants	(800)
Coal Loader Environment Centre Café	Environmental Levy	(40)
Neutral Bay & Cremorne Public Domain Masterplan Progr	Capital Works Reserve	2,035
Kirribilli & McMahons Point Village Centres Streetscape U	Capital Works Reserve	1,095
Shellcove Road Jetty Reconstruction	Capital Works Reserve	263
Cammeray Park - Master Planning	Capital Works Reserve	180
Young Street Cycleway	Capital Works Reserve	179
Streetscape Lighting Upgrades	Capital Works Reserve	139
Neutral Bay & Cremorne B-Line Streetscape Upgrades	Capital Works Reserve	129
Pedestrian Crossing Lighting Upgrades	Capital Works Reserve	100
Digital 3D Model of North Sydney	Capital Works Reserve	30
Implementation of Disability Inclusion Action Plan	Capital Works Reserve	20
Plant Purchases	Plant Reserve	(679)
North Sydney Olympic Pool Redevelopment	North Sydney Olympic Pool Redevelopment Reserve	19,316
		31,009
Total Movement in Restricted Funds		39,074

The above adjustments are either offset by an increase or decrease in the budget for an income or expenditure item. Hence, they have no impact on the bottom line of the budget and, therefore, the 2022/23 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Contracts Listing

Contractor	Contract Detail & Purpose	Contract Value	Commencement Date	Duration of Contract	Budgeted (Y/N)
Australian Bushland Construction	Gore Cove Walking Track Upgrade	\$178,915.00	02/02/2023	5 months	Y
Ezy Pave Pty Ltd	Cairo Street & Carter Street, Cammeray Kerb & Gutter & Drainage Works	\$432,302.00	08/02/2023	4 months	Y
Downer PipeTech Pty Ltd	Stormwater Drainage Relining Works	\$542,955.00	08/03/2023	3 months	Y
HWL Ebsworth Lawyers	IOF Custodians v NSC (Legal) - Class 2	\$1,296,705.60	13/03/2023	4 months	Y
Ezy Pave Pty Ltd	Arthur Street, North Sydney Footpath Awning	\$126,882.24	28/03/2023	5 months	Y

Notes

- Contracts listed are those entered into during the quarter with a value in excess of the lesser of 1% of Council's estimated income from continuing operations or \$50,000 that have yet to be fully performed (excluding those with contractors that are on Council's preferred supplier list and contracts for employment).
- Contracts entered into with contractors that are on Council's preferred supplier list and contracts for employment have been excluded.

Consultancy and Legal Expenses

Expense	Expenditure YTD	Budgeted (Y/N)
	\$	
Consultancies	2,337,275	Y
Legal Fees	2,875,152	Y

Definition of consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Operational Plan Summary Report

Operating Income

Division / Department	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	20,333,752	20,142,870	20,092,551	20,175,709	100.2%	100.4%
Landscape Planning & Design	9,000	9,000	6,750	-	0.0%	0.0%
North Sydney Olympic Pool	-11,600	-11,600	-11,600	-11,951	103.0%	103.0%
North Sydney Oval & Function Centre	837,848	837,848	632,739	921,232	110.0%	145.6%
Parks & Reserves	586,300	620,800	603,047	740,659	119.3%	122.8%
Total	21,755,300	21,598,918	21,323,487	21,825,649	101.0%	102.4%
Engineering & Property Services						
Asset Management/Engineering	16,185,115	18,450,874	13,903,185	13,855,731	75.1%	99.7%
Project Management	498,000	498,000	498,000	497,882	100.0%	100.0%
Property Assets	7,163,124	7,123,045	3,944,943	3,657,172	51.3%	92.7%
Traffic & Transport Operations	388,775	533,875	153,775	145,025	27.2%	94.3%
Works Engineering	9,760,347	9,760,347	8,240,591	8,373,858	85.8%	101.6%
Total	33,995,361	36,366,141	26,740,494	26,529,668	73.0%	99.2%
City Strategy						
Administration	290,000	290,000	217,503	206,954	71.4%	95.1%
Development Services	3,889,000	4,189,000	3,346,612	3,507,731	83.7%	104.8%
Environment & Building Compliance	366,600	366,600	274,968	348,962	95.2%	126.9%
Ranger & Parking Services	6,020,000	7,020,000	5,264,974	5,473,293	78.0%	104.0%
Strategic Planning	802,123	829,960	672,460	559,903	67.5%	83.3%
Total	11,367,723	12,695,560	9,776,517	10,096,843	79.5%	103.3%
Community & Library Services						
Community Development	906,586	805,586	555,640	749,616	93.1%	134.9%
Library Services	270,200	287,079	270,785	291,269	101.5%	107.6%
Total	1,176,786	1,092,665	826,425	1,040,885	95.3%	126.0%
Corporate Services						
Administration	-	-	-	-	0.0%	0.0%
Communication & Events	-	-	-	114,728	0.0%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	581,700	581,700	481,947	517,195	88.9%	107.3%
Financial Services	54,869,510	54,751,129	54,003,786	54,510,385	99.6%	100.9%
Human Resources	12,500	12,500	8,750	3,209	25.7%	36.7%
Information Technology	1,000	1,000	747	344	34.4%	46.1%
Total	55,464,710	55,346,329	54,495,230	55,145,861	99.6%	101.2%
Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	-	-	-	0.0%	0.0%
Legal Services	50,400	150,400	112,797	144,737	96.2%	128.3%
Governance & Committee Services	-	-	-	-	0.0%	0.0%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
Total	50,400	150,400	112,797	144,737	96.2%	128.3%
Total Operating Income	123,810,280	127,250,013	113,274,950	114,783,643	90.2%	101.3%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Operational Plan Summary Report

Operating Expenditure

Division / Department	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	21,840,173	22,146,793	16,408,215	16,165,095	73.0%	98.5%
Landscape Planning & Design	884,359	904,359	666,687	559,380	61.9%	83.9%
North Sydney Olympic Pool	70,000	70,000	28,000	9,912	14.2%	35.4%
North Sydney Oval & Function Centre	1,727,176	1,735,176	1,349,482	1,274,169	73.4%	94.4%
Parks & Reserves	8,708,470	8,828,409	6,731,897	6,749,549	76.5%	100.3%
Total	33,230,178	33,684,737	25,184,281	24,758,105	73.5%	98.3%
Engineering & Property Services						
Asset Management/Engineering	9,408,765	9,797,617	7,014,980	6,960,379	71.0%	99.2%
Project Management	109,500	635,169	135,784	133,518	21.0%	98.3%
Property Assets	4,872,267	4,793,839	3,722,515	4,157,995	86.7%	111.7%
Traffic & Transport Operations	1,555,684	1,774,711	1,257,123	1,034,396	58.3%	82.3%
Works Engineering	613,762	613,762	479,928	954,779	155.6%	198.9%
Total	16,559,978	17,615,098	12,610,330	13,241,067	75.2%	105.0%
City Strategy						
Administration	1,443,978	1,440,938	1,117,298	1,054,268	73.2%	94.4%
Development Services	3,284,105	3,514,854	2,615,731	2,282,906	65.0%	87.3%
Environment & Building Compliance	2,303,366	2,303,366	1,766,510	1,427,757	62.0%	80.8%
Ranger & Parking Services	6,186,500	6,514,211	4,949,151	4,348,396	66.8%	87.9%
Strategic Planning	2,517,065	2,459,255	1,454,637	1,202,003	48.9%	82.6%
Total	15,735,014	16,232,624	11,903,327	10,315,330	63.5%	86.7%
Community & Library Services						
Community Development	3,786,494	3,723,443	2,998,631	2,832,271	76.1%	94.5%
Library Services	3,717,157	3,728,957	2,917,028	2,654,644	71.2%	91.0%
Total	7,503,651	7,452,400	5,915,659	5,486,915	73.6%	92.8%
Corporate Services						
Administration	639,343	635,043	484,417	708,587	111.6%	146.3%
Communication & Events	2,852,954	3,021,512	2,352,618	2,083,778	69.0%	88.6%
Contracts Management	269,157	269,157	207,037	232,803	86.5%	112.4%
Customer Services & Records Management	2,897,358	2,953,740	2,229,813	1,984,720	67.2%	89.0%
Financial Services	6,169,566	6,509,742	4,500,730	4,441,811	68.2%	98.7%
Human Resources	1,099,571	1,188,729	927,677	906,285	76.2%	97.7%
Information Technology	4,054,614	4,021,243	3,204,810	2,984,403	74.2%	93.1%
Total	17,982,563	18,599,166	13,907,102	13,342,387	71.7%	95.9%
Governance						
Executive Services	1,165,408	1,186,980	874,160	1,123,325	94.6%	128.5%
Corporate Planning & Engagement	550,286	812,203	546,851	366,619	45.1%	67.0%
Legal Services	1,855,061	3,355,061	2,533,140	2,965,115	88.4%	117.1%
Council & Committee Services	825,093	825,093	631,771	606,859	73.6%	96.1%
Risk Management/WHS	1,762,501	1,586,303	1,450,212	1,425,524	89.9%	98.3%
Total	6,158,349	7,765,640	6,036,134	6,487,442	83.5%	107.5%
Total Operating Expenditure	97,169,733	101,349,665	75,556,833	73,631,246	72.7%	97.5%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Operational Plan Summary Report

Capital Income

Direction / Goal	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	-	-	-	-	0.0%	0.0%
Landscape Planning & Design	-	-	-	-	0.0%	0.0%
North Sydney Olympic Pool	-	-	-	-	0.0%	0.0%
North Sydney Oval & Function Centre	-	24,000	24,000	24,000	100.0%	100.0%
Parks & Reserves	1,967,110	2,734,404	2,114,323	2,114,323	77.3%	100.0%
Total	1,967,110	2,758,404	2,138,323	2,138,323	77.5%	100.0%
Engineering & Property Services						
Asset Management/Engineering	-	391,106	391,106	2,136,041	546.2%	546.2%
Project Management	-	125,000	125,000	125,000	100.0%	100.0%
Property Assets	4,000,000	5,364,836	2,260,000	2,260,000	42.1%	100.0%
Traffic & Transport Operations	-	2,203,245	-	-	0.0%	0.0%
Works Engineering	-	-	-	-	0.0%	0.0%
Total	4,000,000	8,084,187	2,776,106	4,521,041	55.9%	162.9%
City Strategy						
Administration	-	-	-	-	0.0%	0.0%
Development Services	-	-	-	-	0.0%	0.0%
Environment & Building Compliance	-	-	-	-	0.0%	0.0%
Ranger & Parking Services	-	-	-	-	0.0%	0.0%
Strategic Planning	-	-	-	-	0.0%	0.0%
Total	-	-	-	-	0.0%	0.0%
Community & Library Services						
Community Development	-	-	-	-	0.0%	0.0%
Library Services	56,700	55,591	55,591	55,591	100.0%	100.0%
Total	56,700	55,591	55,591	55,591	100.0%	100.0%
Corporate Services						
Administration	-	-	-	-	0.0%	0.0%
Communication & Events	-	-	-	-	0.0%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	-	-	-	-	0.0%	0.0%
Financial Services	-	-	-	-	0.0%	0.0%
Human Resources	-	-	-	-	0.0%	0.0%
Information Technology	-	-	-	-	0.0%	0.0%
Total	-	-	-	-	0.0%	0.0%
Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	-	-	-	0.0%	0.0%
Legal Services	-	-	-	-	0.0%	0.0%
Governance & Committee Services	-	-	-	-	0.0%	0.0%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
Total	-	-	-	-	0.0%	0.0%
Total Capital Income	6,023,810	10,898,182	4,970,020	6,714,955	61.6%	135.1%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Operational Plan Summary Report

Capital Expenditure

Direction / Goal	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	-	266,390	114,875	132,615	49.8%	115.4%
Landscape Planning & Design	-	-	-	-	0.0%	0.0%
North Sydney Olympic Pool	-	-	-	-	0.0%	0.0%
North Sydney Oval & Function Centre	25,000	57,722	-	-	0.0%	0.0%
Parks & Reserves	6,422,500	13,657,382	3,871,993	4,102,250	30.0%	105.9%
Total	6,447,500	13,981,494	3,986,868	4,234,865	30.3%	106.2%
Engineering & Property Services						
Asset Management/Engineering	14,099,325	18,506,250	12,190,986	12,443,095	67.2%	102.1%
Project Management	2,480,000	8,796,675	895,494	959,861	10.9%	107.2%
Property Assets	43,968,647	45,256,943	16,340,797	15,277,766	33.8%	93.5%
Traffic & Transport Operations	1,350,000	4,866,370	638,701	844,846	17.4%	132.3%
Works Engineering	-	-	-	-	0.0%	0.0%
Total	61,897,972	77,426,238	30,065,978	29,525,568	38.1%	98.2%
City Strategy						
Administration	-	-	-	-	0.0%	0.0%
Development Services	-	-	-	-	0.0%	0.0%
Environment & Building Compliance	-	-	-	-	0.0%	0.0%
Ranger & Parking Services	30,000	54,945	50,208	47,856	87.1%	95.3%
Strategic Planning	-	96,000	35,600	35,600	37.1%	100.0%
Total	30,000	150,945	85,808	83,456	55.3%	97.3%
Community & Library Services						
Community Development	144,000	230,059	94,898	106,632	46.3%	112.4%
Library Services	484,500	497,987	322,366	306,385	61.5%	95.0%
Total	628,500	728,046	417,264	413,017	56.7%	99.0%
Corporate Services						
Administration	-	-	-	-	0.0%	0.0%
Communication & Events	1,000	1,000	-	524	52.4%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	-	-	-	-	0.0%	0.0%
Financial Services	258,000	258,000	-	5,904	2.3%	0.0%
Human Resources	-	-	-	-	0.0%	0.0%
Information Technology	1,155,198	1,166,403	119,137	185,906	15.9%	156.0%
Total	1,414,198	1,425,403	119,137	192,334	13.5%	161.4%
Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	5,600	-	-	0.0%	0.0%
Legal Services	-	-	-	-	0.0%	0.0%
Governance & Committee Services	-	160,550	5,821	5,821	3.6%	100.0%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
Total	-	166,150	5,821	5,821	3.5%	100.0%
Total Capital Expenditure	70,418,170	93,878,276	34,680,876	34,455,061	36.7%	99.3%

This document forms part of North Sydney Council's Quarterly Budget Review Statement for the quarter ended 31/3/23 and should be read in conjunction with the total QBRs report.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Key Performance Indicators

Key Performance Indicator	Indicator	Indicator	Prior Periods		
	Projected 2022/23	Original 2022/23	Actual 2021/22	Actual 2020/21	Actual 2019/20

To assist in measuring Council's financial sustainability the following key performance indicators are monitored:

1. Operating Performance Ratio

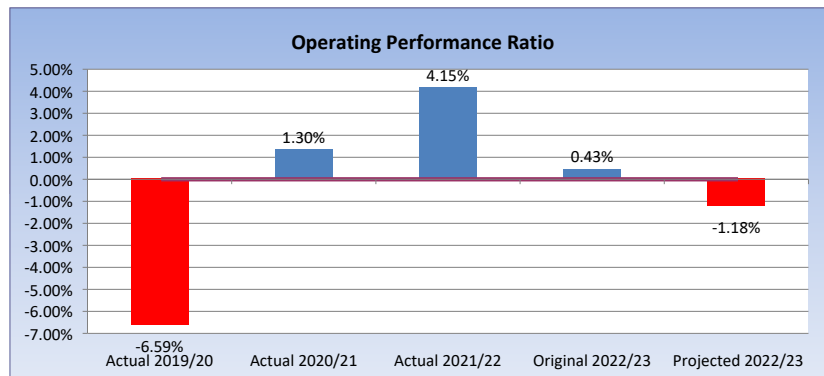
Total continuing operating revenue excluding capital grants and contributions, fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain less operating expenses excluding fair value decrements, net losses on disposal of assets and net share of interest in joint venture loss

-1.18%	0.43%	4.15%	1.30%	-6.59%
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Total continuing operating revenue excluding capital grants and contributions, fair value increments, net gains on disposal of assets and net share of interest in joint venture gain

The purpose of this indicator is to determine whether operating revenue is sufficient to finance Council's current operations. A series of negative results indicates that Council is relying on capital and/or external funding sources to prop up its operating activities. Continuing operating deficits reflect on the long-term ability of Council to maintain existing programs and sustain current levels into the future. This assumes that current depreciation provisions are adequate to provide for the replacement of existing assets. Any inadequate provision will render the situation worse.

After failing to meet the benchmark in 2019/20 due to the impact of the pandemic, this ratio exceeded the benchmark in each of the last 2 years. It was originally forecast to be at slightly above the benchmark in 2022/23. However, the early receipt in June 2022 of 75% of the estimated 2022/23 Financial Assistance Grant and the need to carry forward \$2.7 million of funding from 2021/22 to 2022/23 to complete non-recurrent operating projects still in progress at 30 June 2022 has resulted in a deterioration of Council's forecast operating result for 2022/23. This has resulted in the forecast Operating Performance Ratio falling below the benchmark.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

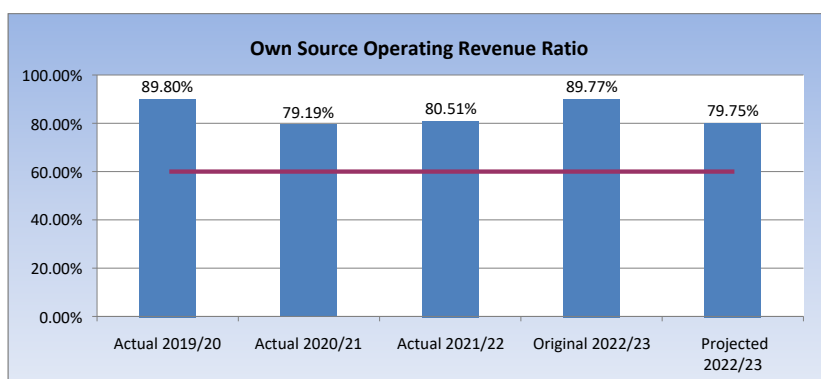
Key Performance Indicators

Key Performance Indicator	Indicator	Indicator	Prior Periods		
	Projected 2022/23	Original 2022/23	Actual 2021/22	Actual 2020/21	Actual 2019/20

2. Own Source Operating Revenue Ratio

Total continuing operating revenue excluding all grants and contributions, fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain	79.75%	89.77%	80.51%	79.19%	89.80%
Total continuing operating revenue excluding fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain					

This indicator provides a measure of the degree of reliance on external funding sources such as operating grants and contributions. It should be greater than the benchmark of 60% and has been for many years and is forecast to be again in 2022/23. This is an indication that Council does not rely heavily on external funding sources such as grants. This ratio is projected to be 10% lower than that forecast in the Original Budget due to a significant increase in forecast revenue from grants and contributions during the year.

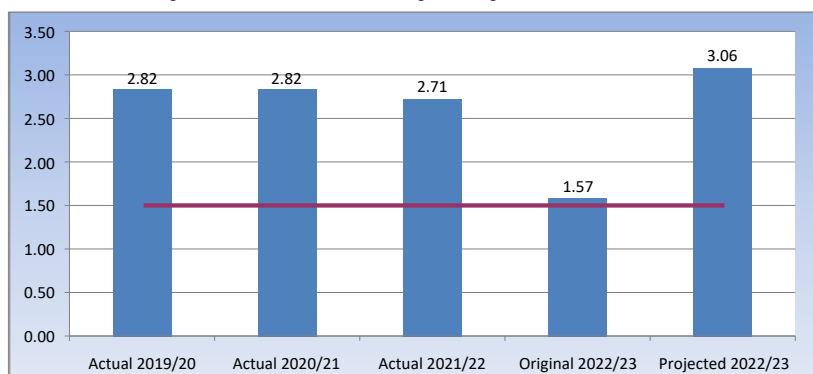


3. Unrestricted Current Ratio

Current assets less all external restrictions	3.06 x	1.57 x	2.71 x	2.82 x	2.82 x
Current liabilities less specific purpose liabilities					

The purpose of this indicator is to assess the ability of the organisation to meet the short term debts and obligations relating to its unrestricted activities as they fall due. Current means within the next 12 months, i.e. assets receivable or convertible to cash within 12 months and liabilities to be paid within the next 12 months. Externally restricted assets are cash and receivables that have a restriction placed on them, by statute or otherwise, which governs the way they are managed. Examples include unspent developer contributions, specific purpose grants and contributions and Domestic Waste Management, Mainstreet, Environmental and Infrastructure Levy funds. Externally restricted assets are deducted from total current assets as it is only unrestricted current funds that are available to meet liabilities as they fall due.

This ratio should be greater than 1.5x, the benchmark considered satisfactory by the industry. Council's ratio has been above the benchmark for a number of years and is forecast to remain at this level in the short to medium term. This indicates that Council has more than adequate capacity to meet its obligations in the short term for its unrestricted activities. A forecast increase in internally restricted cash at 30 June 2023 due to a delay in the completion of the North Sydney Olympic Pool redevelopment project means that this ratio is forecast to be higher than that forecast in the Original Budget.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

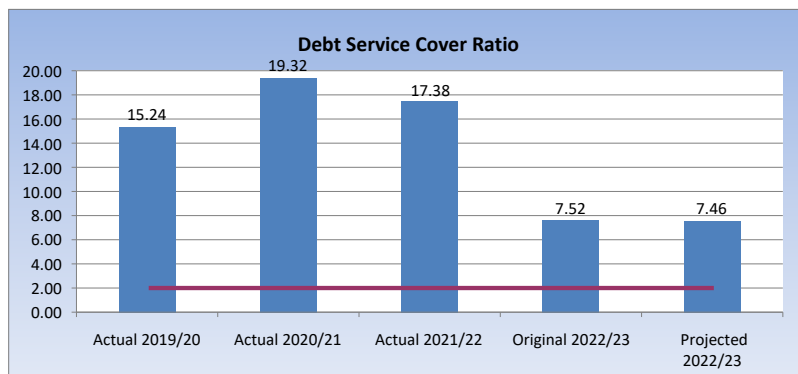
Key Performance Indicators

Key Performance Indicator	Indicator	Indicator	Prior Periods		
	Projected 2022/23	Original 2022/23	Actual 2021/22	Actual 2020/21	Actual 2019/20

4. Debt Service Cover Ratio

Operating result before capital grants and contributions excluding interest and depreciation	7.46 x	7.52 x	17.38 x	19.32 x	15.24 x
Debt service cost (i.e. loan principal and interest payments)					

The purpose of this indicator is to assess the impact of loan principle and interest repayments on the organisation's discretionary revenue. Prudent financial management dictates that an organisation should not over commit itself to debts that it cannot service. For a developed council, such as North Sydney, ideally this ratio should be greater than 2.00x. The need to borrow \$31 million to partially fund the North Sydney Olympic Pool redevelopment is forecast to result in a significant drop in this ratio in 2022/23. Nevertheless, it is forecast to remain comfortably above the benchmark.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2023

Key Performance Indicators

Key Performance Indicator	Indicator	Indicator	Prior Periods		
	Projected 2022/23	Original 2022/23	Actual 2021/22	Actual 2020/21	Actual 2019/20

5. Buildings and Infrastructure Renewals Ratio

Infrastructure Asset Renewals	247.13%	329.61%	158.28%	98.35%	93.60%
Infrastructure Depreciation, Amortisation & Impairment					

The purpose of this indicator is to measure the extent to which Council is maintaining the condition of its infrastructure assets, either through repairs and maintenance, or the adequacy of its provision to replace those assets as they reach the end of their useful lives. This ratio should be at least 100% and this is the benchmark documented in Council's Financial Management Policy. It is forecast to be well above the benchmark in 2022/23, largely due to the impact of the redevelopment of North Sydney Olympic Pool. Nevertheless, it has been above or near the benchmark for the last three years. This is a reflection of Council's ongoing commitment to ensuring that sufficient funds are allocated to the replacement of its ageing infrastructure assets in order to offset the rate at which they are depreciating.

