

## 10.4. Quarterly Budget Review - September 2023

|                    |   |
|--------------------|---|
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| <b>ENDORSED BY</b> | Emma Fitzroy, Acting Director Corporate Support                                       |
| <b>ATTACHMENTS</b> | 1. September 2023 QBRS - draft report 16 November (pages 1-15)<br>[10.4.1 - 15 pages] |
| <b>CSP LINK</b>    | 5. Our Civic Leadership<br>5.1 Lead North Sydney's strategic direction                |

### PURPOSE:

The purpose of this report is to:

- review the budget for quarter ended 30 September 2023;
- highlight and track variances from the original budget; and
- seek approval to adjust the 2023/24 budget accordingly.

This report should be read in conjunction with 10.3 Q1 Review of the Operational Plan 2023/24 provided to Council as separate report at this meeting.

### EXECUTIVE SUMMARY:

The quarterly budget review shows:

- An increase in Operating Deficit before Capital Grants and Contributions of \$4.05 million to \$6.09 million.

The increased deficit is driven by a reduction in Operating Grants of \$2.54 million due to advanced part-payment of the FY 2024 Financial Assistance Grant in FY 2023, net reduction in budgeted income from the North Sydney Olympic Pool of \$419 thousand due to delayed opening, reduction in fees for advertising on Council infrastructure of \$1.0 million and an increase in depreciation expense of \$1.3 million due to construction cost inflation and changed accounting treatment of the community housing portfolio.

- A decrease in Operating Surplus including Capital Grants and Contributions of \$992 thousand to \$574 thousand.
- An increase of the Capital Works program of \$14.68 million to \$94.06 million mostly due to the carry forward of deferred works to 2023/24, as advised in the report 'Unspent funds to be carried over from 2022/23 to 2023/24' also presented to this meeting.
- While Councils current financial position is considered sound, reductions in Councils revenue base are placing pressure on this and will require consideration in the coming years.
- This budget review does not include any variations for financial risks associated with the North Sydney Olympic Pool Project.

**RECOMMENDATION:**

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

## **Background**

Clause 203 of the Local Government (General) Regulation 2021 requires that a Quarterly Budget Review Statement (QBR) 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 2023/24 forecast a deficit before Capital Grants and contributions of \$2.04 million, and a net operating surplus after capital grants and contributions of \$1.57 million. This deficit (before capital) was materially affected by Council's contribution to the 287 Miller Street affordable housing project, originally forecast to be \$2.36 million and funded from affordable housing reserves.

The original budget included \$79.38 million for the capital works program and replacement of plant and equipment. The original budget forecast a net transfer from reserves of \$50.71 million.

## **Operating Budget at the End of the September Quarter**

While the year to 30 September 2023 income actual figures slightly exceed budget, this review recommends a decrease in the forecast income before capital items due to the following:

- user fees are to be reduced because of to the delay in opening of the Pool redevelopment (originally forecast to open for April and with a forecast \$1.55 million in fee income for the three months of opening),
- \$2.54 million reduction in operating grants due to the early receipt in FY2023 of part of the FY2024 Financial Assistance Grant. The amount paid early was internally restricted as at 30 June 2023 and will be released to fund expenditure as scheduled in FY2024, and
- a reduction of \$1.00 million in revenue from advertising on Council infrastructure.

These reductions are partially offset by an increase in investment and interest income of \$1.0 million due to higher than forecast cash balances and interest rates.

## **Position of the Capital Budget at the End of the September Quarter**

Capital expenditure year-to-date is \$8.65 million. The original capital budget was \$79.38 million. Including carry forwards proposed in a separate report to this meeting and adjustments proposed in this review, the capital budget for the year will be \$94.06 million. \$85.41 million remains to be expended.

Expenditure on the North Sydney Olympic Pool project year-to-date is \$3.38 million compared to a budgeted expenditure (as per the Original 2023/24 Budget) of \$1.55 million.

## Recommended Adjustments to the Budget at the End of the September Quarter

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

The significant favourable adjustment to the operating result is:

- an increase in \$1.0 million in interest and investment income. This is due higher than expected cash balances (due to project delays, notably the pool project) and higher than expected interest rates; and
- the reclassification of \$2.2 million expenditure on the 287 Miller Street affordable housing project from operating expenditure to capital.

The most significant unfavourable adjustments are:

- a reduction in Financial Assistance Grant income of \$2.35 million. Council received these funds in FY 2023 and they were recognized as income then. They were restricted as at 30 June 2023 and will be released to fund expenditure in FY 2024, as planned;
- a decrease in user fees and charges for the pool of \$1.55 million due to the delayed opening. This is substantially offset by reductions in operating expenditure (also due to the delay) of \$1.13 million. Operating budget is still required for the pool in order to engage quality staff, have them plan and work-up to successful launch and operations;
- a decrease in income received for advertising on Council infrastructure of \$1.00 million due to delays in obtaining the appropriate Development Applications and permits for the expanded advertising infrastructure; and
- increased depreciation as discussed below.

The following factors were of special focus by staff in preparing the review.

**Parking Related Income** has not been adjusted at this review. It will be necessary, however, in the short term, to permanently remove 30 parking meters due to the development of Warringah Freeway. No adjustment has been made at this review, as the timing of removal and precise impact of each meter is not known. It is expected the removal will have a significant impact on income soon. Staff will monitor on-street parking income closely and update its forecasts in further reviews this year. The loss of income will need to be addressed strategically by Council and management in future budgets and plans.

**Pool User Fees** have been revised down by \$1.55 million to nil due to the delayed opening. This has been offset by reductions in the pool operations budget \$1.13 million.

**Interest and Investment Income** continues to exceed forecast and it has somewhat offset unfavourable adjustments. Council's ambitious Capital Works program, totalling \$94.06 million dollars (after carry-forwards and adjustments proposed in this report are included) will, however, see cash and investment balances decrease significantly. These returns are not expected in coming years.

The Commonwealth government has, in recent years, routinely paid part of the **Financial Assistance Grant** in advance. Announcements of advance payments are typically made in June, as a budget management measure by the Commonwealth Government. If advanced payment is announced again this Financial Year, the operating result will see a favourable adjustment accordingly. While the timing of these grant payments affect Council's year to year reported operating performance it does not affect Council's long term financial position. Council will still receive its total allocation as determined by the Grants Commission.

Fees for **Advertising on Council Property** have been adjusted down by \$1.00 million dollars. This is due to problems obtaining relevant Development Applications to expand the advertising infrastructure. When the current Council adopted its Long-Term Financial Plan in June 2022, the plan assumed approximately \$3.00 million dollars in revenue from advertising each year. The FY2024 budget assumed \$2.00 million due to the delays. After the proposed changes the FY2024 forecast will be \$1.00 million. The difficulties in obtaining consents might prove to be persistent, calling into question the reliability of this income source. As with parking related income the loss of income will need to be addressed strategically by Council and management in future budgets and plans.

**Operating expenditure** of \$1.24 million is proposed to be carried forward from 2022/23. While this has increased the operating deficit, the expenditure is funded from the previous year's budget. The carry forwards produce an unfavourable adjustment to the operating budget but are funded from money held at 30 June 2023.

**Depreciation and amortisation** has been revised upward significantly. This is due to two main factors:

- an increase in construction costs of infrastructure assets, contributing an additional \$800 thousand to the forecast result, and
- the recognition in FY2023 of the Community Housing Portfolio as Infrastructure, Property, Plant and Equipment, contributing an additional \$875 thousand to the forecast.

This substantial increase in depreciation, and the need to fund it, will require the strategic focus of Council and management in the near term.

**287 Miller Street affordable housing project** has been reclassified from operating to capital. This is due to a reassessment of a long-standing accounting treatment of the community housing portfolio. Previously staff had considered that control of the portfolio lay with the portfolio's manager, Link Wentworth Housing, due to the interplay of shared ownership arrangements, long-term leases, and the management agreement. This meant that Council did not recognise the portfolio as an asset. Any expenditure was therefore operating in nature. The portfolio is now recognised as Infrastructure, Property, Plant and Equipment and the expenditure is now appropriately classified as capital.

As previously advised at Council's meeting of 10 July 2023 in report '*10.4 Community Housing Project Update 287 Miller Street Cammeray*' the contribution is now \$3,089,831. The Capital budget has been adjusted accordingly.

## North Sydney Olympic Pool

No adjustment has been made to budget estimates for the North Sydney Olympic Pool as part of this review. It has been previously flagged with Council in April 2023 that further budgets may be required.

Based upon assessment of variation and extension of time claims as at 30 September 2023, costs are allowed for within existing budgets. However, there is a material difference between these assessments and the original requests submitted by the building contractor, resulting in a financial risk to Council. The quantum of this difference is commercial in confidence and the level of this risk has not been tested.

### Proposed Adjustments to Operating Income

|  | <b>Increase /<br/>(Decrease)<br/>(\$)</b> |
|--|---|
| <b>Operating Income</b>  |   |
| Investment and interest income (cash balances and interest rates higher than expected when budget set due to project delays) | 1,000,000                                 |
| Sydney Metro Tree Planting (additional grant funding secured)  | 105,000                                   |
| Additional contribution from Transport for NSW for cleaning of pollution pits  | 12,000                                    |
| Financial Assistance Grant – General (FY 2024 part paid in advance and recognised in FY 2023)                                | (1,773,000)                               |
| North Sydney Olympic Pool User Fees (opening delayed)  | (1,553,000)                               |
| Advertising on Infrastructure  | (1,000,000)                               |
| Financial Assistance Grant – Road Component (FY 2024 part paid in advance and recognised in FY 2023)                         | (574,000)                                 |
| RMS Repair Program for Regional Roads (program suspended by NSW Government)  | (300,000)                                 |
| <b>Total</b>   | <b>(4,083,000)</b>                        |

### Proposed Adjustments to Operating Expenditure

|   | <b>Increase /<br/>(Decrease)<br/>(\$)</b> |
|---|---|
| <b>Operating Expenditure</b>  |   |
| Depreciation Expense (producer price inflation is driving higher values of assets and hence inflation. Additional assets were recognised in FY2023 including found fences and retaining walls and the recognition of Council's community housing portfolio) | 1,300,000                                 |
| Emergency Services Levy (increase per notice of assessment received subsidy is reduced as a NSW government budget repair measure)   | 441,000                                   |
| Recreation Needs Study (transferred from capital budget as study is operating in nature)  | 150,000                                   |
| Sydney Metro Tree Planting (expenditure to match additional grant funding detailed at Operating Income, above)  | 105,000                                   |

|  | <b>Increase /<br/>(Decrease)<br/>(\$)</b> |
|--|---|
| <b>Operating Expenditure</b>   |   |
| Active Transport Harbour Link Viability Study (reclassified as operating expenditure from capital expenditure)                 | 80,000                                    |
| CBD Project  | 50,000                                    |
| Performance Improvement Projects   | 50,000                                    |
| Quarantine Depot garden maintenance (increase budget for newly commissioned opens space asset at former Quarantine Depot site) | 16,000                                    |
| Additional expenditure for Streets Alive, Harbour Care and Community Care volunteers Christmas party.                          | 15,000                                    |
| Hume Street Park garden maintenance (additional expenditure need for green wall to meet working height equipment requirements) | 12,000                                    |
| Update of Alcohol Free Zone signage (signage to be updated per Council resolution)   | 12,000                                    |
| Active Transport Traffic Studies (reclassified as operating expenditure from capital expenditure)                              | 10,000                                    |
| Youth Week Event (expenditure to match grant funding)  | 5,000                                     |
| Vacation Care CPI increase for management contract (contract CPI increase higher than forecast)                                | 1,000                                     |
| Youth Opportunities Grant (to match funding received FY2023 and restricted for expenditure in FY2024)                          | 1,000                                     |
| 287 Miller Street Redevelopment (reclassified as capital expenditure following change in accounting treatment of portfolio)    | (2,235,000)                               |
| North Sydney Olympic Pool Employee Costs (reduce due to delays in pool opening)  | (805,000)                                 |
| North Sydney Olympic Pool Operating Costs (reduce operating costs due to delayed opening)                                      | (329,000)                                 |
| Project Management Framework Consultants (transfer to General Managers Office Special Improvement Projects)                    | (100,000)                                 |
| Legal Reference Material (hard copy legal subscription service discontinued)   | (47,000)                                  |
| Council Chambers EV charging (expenditure is of a capital nature and transferred to capital budget)                            | (13,000)                                  |
| <b>Total</b>   | <b>(1,281,000)</b>                        |

### **Proposed Adjustments to Capital Income**

|   | <b>Increase /<br/>(Decrease)<br/>(\$)</b> |
|---|---|
| <b>Capital Income</b>   |   |
| Wygadon Street Stairs (additional grant funding secured to fund stairs works)   | 304,000                                   |
| Traffic Facilities Spofforth Street & Holt Avenue (additional grant funding secured to fund traffic facilities works) | 93,000                                    |
| <b>Total</b>  | <b>397,000</b>                            |

## Proposed Adjustments to Capital Expenditure

|  | <b>Increase /<br/>(Decrease)<br/>(\$)</b> |
|--|---|
| <b>Capital Expenditure</b>   |   |
| 287 Miller Street Redevelopment (transferred from operating expenditure and increased by \$855 thousand in line with most recent estimate of Council's contribution) | 3,090,000                                 |
| Wygadon Street Stairs (to match additional grant funding secured)  | 304,000                                   |
| Traffic Facilities Spofforth Street & Holt Avenue (to match additional grant funding secured)  | 93,000                                    |
| Council Chambers EV Chargers (transferred from operating expenditure as is capital in nature)  | 35,000                                    |
| Parraween Car Park private certifier advice re potential affordable housing development  | 2,000                                     |
| Reducing resurfacing in line with reduced RMS contribution   | (300,000)                                 |
| Cammeray Park Landscaping (transferred to operating expenditure for Recreation Needs Study)  | (180,000)                                 |
| Active Transport Harbour Link Viability Study (transferred to operating expenditure)   | (80,000)                                  |
| Footpath Repairs   | (10,000)                                  |
| Active Transport Traffic Studies (transferred to operating expenditure)  | (10,000)                                  |
| <b>Total</b>   | <b>2,944,000</b>                          |

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

|  | <b>Original Budget</b> | <b>Recommended<br/>Adjustments<br/>September Quarter<br/>(incl Carry Forwards)</b> | <b>September<br/>Quarter Revised<br/>Forecast</b> |
|--|------------------------|--|---|
| <b>Net Operating Surplus /<br/>(Deficit) before Capital<br/>Items</b>      | <b>(2,041,728)</b>     | <b>(4,046,933)</b>   | <b>(6,088,661)</b>                                |
| <i>Add</i>   |                        |  |   |
| Capital Grants and<br>Contributions  | 3,608,200              | 3,054,406  | 6,662,606   |
| <b>Surplus / (Deficit) from<br/>Continuing Operations</b>                  | <b>1,566,472</b>       | <b>(992,527)</b>   | <b>573,945</b>                                    |
| <i>Add</i>   |                        |  |   |
| Depreciation,<br>Amortisation &<br>Impairment for Non-<br>Financial Assets | 27,600,000             | 1,300,000  | 28,900,000  |
| Net Losses from<br>Disposal of Assets                                      | 269,333                | 0  | 269,333   |



|  | <b>Original Budget</b> | <b>Recommended Adjustments<br/>September Quarter<br/>(incl Carry Forwards)</b> | <b>September<br/>Quarter Revised<br/>Forecast</b> |
|--|------------------------|--|---|
| Proceeds from Disposal of Plant & Equipment      | 1,245,026              | 0  | 1,245,026   |
| <i>Deduct</i>                                    |                        |  |   |
| Capital Expenditure (other than Plant Purchases) | (76,127,051)           | (14,679,247)   | (90,731,298)                                      |
| Plant Purchases                                  | (3,256,982)            | 0  | (3,331,982)                                       |
| Loan Principal to be repaid                      | (2,005,477)            | 0  | (2,005,477)                                       |
| <b>Net Transfers To / (From) Reserves</b>        | <b>(50,708,679)</b>    | <b>(14,371,774)</b>  | <b>(65,080,453)</b>                               |

### 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 \$6.09 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 30 September 2023**

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## North Sydney Council

### Quarterly Budget Review Statement for the quarter ended 30 September 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 30 September 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, the variance between actual operating income and year-to-date budget was positive 1.8%. This is primarily due to greater than expected revenue from Developer Contributions.

Actual operating expenditure was \$815,000 below the year-to-date budget and this can be primarily attributed to lower than expected labour costs due to staff turnover that was partially offset by higher than expected expenditure on materials and services and higher depreciation expense.

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 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 5 of this Quarterly Budget Review Statement forecasts a projected year end net operating deficit before capital grants and contributions of \$6.09 million. A reconciliation of this figure to the forecast net drawdown from reserves is as follows:

|   |                       |
|---|-----------------------|
| Net Operating Deficit before Capital Items              | (\$6,088,661)         |
| Add Capital grants and contributions                    | \$6,662,606           |
| Deficit from Continuing Operations                      | 573,945               |
| Add Depreciation  | \$28,900,000          |
| Net Losses from disposal of assets                      | \$269,333             |
| Proceeds from disposal of plant and equipment           | 1,245,026             |
| Deduct Capital expenditure (other than Plant Purchases) | (\$90,731,298)        |
| Plant and equipment purchases                           | (\$3,331,982)         |
| Loan principal to be repaid                             | (\$2,005,477)         |
| Net drawdown from reserves                              | <u>(\$65,080,453)</u> |

Signed:   
 \_\_\_\_\_  
 Christian Menday  
 Responsible Accounting Officer

Date: 16 November 2023  
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## North Sydney Council

## Quarterly Budget Review Statement for the quarter ended 30 September 2023

## Income &amp; Expenses Report

|   | Variations                        |                                | Recommended Variations to Revised Budget for September Quarter |  |                 | Projected Year End Result 2023/24 (\$000's) | YTD Actual (\$000's) | YTD Budget (\$000's) |
|---|-----------------------------------|--------------------------------|--|--|-----------------|---|----------------------|----------------------|
|   | Original Budget 2023/24 (\$000's) | Other than by a QBRS (\$000's) | Revised Budget (\$000's)                                       | Carried Forward from 2022/23 (\$000's) | Other (\$000's) |   |                      |                      |
|   |                                   |                                |  |  |                 |   |                      |                      |
| <b>Income</b>   |                                   |                                |  |  |                 |   |                      |                      |
| <i>Rates and annual charges</i>   | 75,110                            | -                              | 75,110   | -                                      | -               | 75,110                                      | 74,969               | 74,867               |
| <i>User charges and fees</i>  | 35,831                            | -                              | 35,831   | -                                      | (1,553)         | 34,278                                      | 9,925                | 9,604                |
| <i>Other revenue</i>  | 10,050                            | -                              | 10,050   | -                                      | (988)           | 9,062                                       | 2,110                | 2,521                |
| <i>Grants and contributions - operating</i>                               | 5,388                             | -                              | 5,388  | -                                      | (2,542)         | 2,846                                       | 207                  | 170                  |
| <i>Grants and contributions - capital</i>                                 | 3,608                             | -                              | 3,608  | 2,657                                  | 397             | 6,662                                       | 2,287                | 750                  |
| <i>Interest and investment income</i>                                     | 2,605                             | -                              | 2,605  | -                                      | 1,000           | 3,605                                       | 611                  | 652                  |
| <i>Other income</i>   | 5,969                             | -                              | 5,969  | -                                      | -               | 5,969                                       | 1,549                | 1,493                |
| <b>Total Income from Continuing Operations</b>                            | <b>138,561</b>                    | <b>-</b>                       | <b>138,561</b>   | <b>2,657</b>                           | <b>(3,686)</b>  | <b>137,532</b>                              | <b>91,658</b>        | <b>90,057</b>        |
| <b>Expenses</b>   |                                   |                                |  |  |                 |   |                      |                      |
| <i>Employee benefits and on-costs</i>                                     | 52,820                            | (116)                          | 52,704   | -                                      | (805)           | 51,899                                      | 12,341               | 13,801               |
| <i>Materials and services</i>   | 48,496                            | 116                            | 48,612   | 1,244                                  | 18              | 49,874                                      | 15,515               | 15,170               |
| <i>Borrowing costs</i>  | 1,452                             | -                              | 1,452  | -                                      | -               | 1,452                                       | 56                   | 56                   |
| <i>Depreciation, amortisation and impairment for non-financial assets</i> | 27,600                            | -                              | 27,600   | -                                      | 1,300           | 28,900                                      | 7,140                | 6,722                |
| <i>Other expenses</i>   | 6,358                             | -                              | 6,358  | -                                      | (1,794)         | 4,564                                       | 1,833                | 1,984                |
| <i>Net losses from disposal of assets</i>                                 | 269                               | -                              | 269  | -                                      | -               | 269   | (213)                | (245)                |
| <b>Total Expenses from Continuing Operations</b>                          | <b>136,995</b>                    | <b>-</b>                       | <b>136,995</b>   | <b>1,244</b>                           | <b>(1,281)</b>  | <b>136,958</b>                              | <b>36,672</b>        | <b>37,488</b>        |
| <b>Net Operating Result from Continuing Operations</b>                    | <b>1,566</b>                      | <b>-</b>                       | <b>1,566</b>   | <b>1,413</b>                           | <b>(2,405)</b>  | <b>574</b>                                  | <b>54,986</b>        | <b>52,569</b>        |
| <b>Net Operating Result Before Capital Items</b>                          | <b>(2,042)</b>                    | <b>-</b>                       | <b>(2,042)</b>   | <b>(1,244)</b>                         | <b>(2,802)</b>  | <b>(6,088)</b>                              | <b>52,699</b>        | <b>51,819</b>        |

## 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 September Quarter**

|  | from 2022/23 Increase / (Decrease) | Increase / (Decrease) (\$000's) |
|--|------------------------------------|---------------------------------|
| <b>Income</b>                              |                                    |                                 |
| <i>User Charges and Fees:</i>              |                                    |                                 |
| North Sydney Olympic Pool Operating Income | 0                                  | (1,553)                         |
|  | <b>-</b>                           | <b>(1,553)</b>                  |
| <i>Other Revenue:</i>                      |                                    |                                 |
| TNSW contribution towards GPT cleaning     | 0                                  | 12                              |
| Advertising on Council Infrastructure      | 0                                  | (1,000)                         |
|  | <b>-</b>                           | <b>(988)</b>                    |
| <i>Interest</i>                            |                                    |                                 |
| Investment Income                          | 0                                  | 1,000                           |
|  | <b>-</b>                           | <b>1,000</b>                    |

## Income &amp; Expenses Report (Cont.)

Recommended Variations to Revised Budget for September Quarter

|  | from 2022/23<br>Increase /<br>(Decrease) | Increase /<br>(Decrease)<br>(\$000's) |
|--|--|---------------------------------------|
| <i>Grants and Contributions - Operating:</i>   |  |                                       |
| Sydney Metro Tree Planting   | 0  | 105                                   |
| RMS Repair Program for Regional Roads  | 0  | (300)                                 |
| Financial Assistance Grant - Local Roads Component                                   | 0  | (574)                                 |
| Financial Assistance Grant - General Purpose Component                               | 0  | (1,773)                               |
|  | <u>-</u>                                 | <u>(2,542)</u>                        |
| <i>Grants and Contributions - Capital:</i>   |  |                                       |
| Olympic Pool Complex Upgrade   | 1,500                                    | 0                                     |
| Streetscape Works Bligh Street Streetscape   | 948                                      | 0                                     |
| Wygadon Street Stairs  | 0  | 304                                   |
| Coal Loader Tunnel 2 Resurfacing   | 98                                       | 0                                     |
| Traffic Facilities Spofforth Street & Holt Avenue                                    | 0  | 93                                    |
| Active Transport West Street   | 74                                       | 0                                     |
| Traffic Facilities Short Lane Continuous Footpath                                    | 37                                       | 0                                     |
|  | <u>2,657</u>                             | <u>397</u>                            |
| <b>Total Income</b>  | <u>2,657</u>                             | <u>(3,686)</u>                        |
| <b>Expenditure</b>   |  |                                       |
| <i>Employee Benefits and On-costs:</i>   |  |                                       |
| North Sydney Olympic Pool Employee Costs   | 0  | (805)                                 |
|  | <u>-</u>                                 | <u>(805)</u>                          |
| <i>Materials and Services:</i>   |  |                                       |
| Streetscape Works B-Line Urban Landscaping - Tree                                    | 466                                      | 0                                     |
| Recreation Needs Study   | 0  | 150                                   |
| Aboriginal Heritage Program AHO Sites Project  | 140                                      | 0                                     |
| Arthur Street Awning Demolition  | 140                                      | 0                                     |
| Greenhouse Action Plan Coal Loader Education Program                                 | 108                                      | 0                                     |
| Sydney Metro Tree Planting   | 0  | 105                                   |
| Active Transport Harbour Link Viability Study (transferred from capital expenditure) | 0  | 80                                    |
| Tunks Park Bush Regeneration   | 80                                       | 0                                     |
| Food Waste Collection Trial  | 68                                       | 0                                     |
| Marine Structures Condition Assessment   | 62                                       | 0                                     |
| CBD Project  | 0  | 50                                    |
| Performance Improvements Project   | 0  | 50                                    |
| Walker Street Paver Restoration  | 51                                       | 0                                     |
| Military Road Corridor Planning Study  | 38                                       | 0                                     |
| Faster Regionally Significant Development Applications Project                       | 34                                       | 0                                     |
| Drainage Program Pipe Replacement  | 30                                       | 0                                     |
| Quarantine Depot garden maintenance  | 0  | 16                                    |
| Streets Alive Program  | 0  | 15                                    |
| North Sydney Cigarette Butt Litter Project   | 13                                       | 0                                     |
| Hume Street Park garden maintenance  | 0  | 12                                    |
| Update of Alcohol Free Zone signage  | 0  | 12                                    |
| Active Transport Traffic Studies (transferred from capital expenditure)              | 0  | 10                                    |
| Traffic Facilities McDougall Street  | 6  | 0                                     |
| Youth Week Event   | 0  | 5                                     |
| Vacation Care CPI increase for management contract                                   | 0  | 1                                     |
| Youth Opportunities Grant  | 0  | 1                                     |
| Historical Services Luna Park Collection Assessment                                  | 4  | 0                                     |
| Youth Activities Youth Week  | 4  | 0                                     |
| Council Chambers EV charging   | 0  | (13)                                  |
| Legals Reference Material  | 0  | (47)                                  |
| Project Management Framework Implementation  | 0  | (100)                                 |
| North Sydney Olympic Pool Operating Costs  | 0  | (329)                                 |
|  | <u>1,244</u>                             | <u>18</u>                             |
| <i>Depreciation, amortisation and impairment for non-financial assets:</i>           |  |                                       |
| Depreciation Expense   | 0  | 1,300                                 |
|  | <u>-</u>                                 | <u>1,300</u>                          |

**Income & Expenses Report (Cont.)**  
**Recommended Variations to Revised Budget for September Quarter**

|  | from 2022/23<br>Increase /<br>(Decrease) | Increase /<br>(Decrease)<br>(\$000's) |
|--|--|---------------------------------------|
| <i>Other Expenses:</i>   |  |                                       |
| Emergency Services levy  | 0  | 441                                   |
| 287 Miller Street Redevelopment (transferred to capital expenditure) | 0  | (2,235)                               |
|  | <u>-</u>                                 | <u>(1,794)</u>                        |
| <b>Total Expenditure</b>   | <u>1,244</u>                             | <u>(1,281)</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 2023/24 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 30 September 2023

## Capital Budget Report

|   | Original                       |                                | Recommended Variations<br>to Revised Budget for<br>September Quarter |                    | Projected<br>Year End<br>Result<br>2023/24<br>(\$000's) | YTD<br>Actual<br>(\$000's) |
|---|--------------------------------|--------------------------------|--|--------------------|---|----------------------------|
|   | 2023/24<br>Budget<br>(\$000's) | Revised<br>Budget<br>(\$000's) | Carried<br>Forward<br>from 2022/23<br>(\$000's)                      | Other<br>(\$000's) |   |                            |
|   |                                |                                |  |                    |   |                            |
| <b>Capital Expenditure</b>                        |                                |                                |  |                    |   |                            |
| <i>New Assets</i>                                 |                                |                                |  |                    |   |                            |
| - Land & Buildings                                | 1,454                          | 1,454                          | 633  | 1,545              | 3,632   | 41                         |
| - Land Improvements                               | 568                            | 568                            | 153  | (9)                | 712   | 35                         |
| - Roads & Bridges                                 | 4,690                          | 4,690                          | 1,638  | 61                 | 6,389   | 398                        |
| - Footpaths                                       | 2,616                          | 2,616                          | 594  | (28)               | 3,182   | 171                        |
| - Stormwater Drainage                             | 1,385                          | 1,385                          | 270  | (11)               | 1,644   | 93                         |
| - Open Space/Recreational Assets                  | 83                             | 83                             | 160  | (7)                | 236   | 93                         |
| - Other Infrastructure Assets                     | 604                            | 604                            | 176  | (12)               | 768   | 39                         |
| - Library Books                                   | 571                            | 571                            | 119  | -                  | 690   | 20                         |
| - Heritage Assets                                 | 5                              | 5                              | -  | -                  | 5   | 1                          |
| <i>Renewal Assets (Replacement)</i>               |                                |                                |  |                    |   |                            |
| - Plant & Equipment                               | 3,332                          | 3,332                          | -  | -                  | 3,332   | 1,097                      |
| - Office Equipment                                | 1,183                          | 1,183                          | 445  | -                  | 1,628   | 153                        |
| - Furniture & Fittings                            | 75                             | 75                             | 3  | -                  | 78  | 1                          |
| - Land & Buildings                                | 1,000                          | 1,000                          | 598  | 1,582              | 3,180   | 224                        |
| - Land Improvements                               | 1,327                          | 1,327                          | 191  | (31)               | 1,487   | 7                          |
| - Roads & Bridges                                 | 7,509                          | 7,509                          | 1,452  | (322)              | 8,639   | 398                        |
| - Footpaths                                       | 2,515                          | 2,515                          | 444  | 243                | 3,202   | 356                        |
| - Stormwater Drainage                             | 1,723                          | 1,723                          | 561  | (3)                | 2,281   | 467                        |
| - Swimming Pools                                  | 43,474                         | 43,474                         | 2,944  | -                  | 46,418  | 3,372                      |
| - Open Space/Recreational Assets                  | 956                            | 956                            | 656  | (23)               | 1,589   | 259                        |
| - Other Infrastructure Assets                     | 3,886                          | 3,886                          | 638  | (41)               | 4,483   | 1,199                      |
| - Library Books                                   | 428                            | 428                            | -  | -                  | 428   | 225                        |
| - Heritage Assets                                 | -                              | -                              | 61   | -                  | 61  | 2                          |
| <b>Total Capital Expenditure</b>                  | <b>79,384</b>                  | <b>79,384</b>                  | <b>11,736</b>  | <b>2,944</b>       | <b>94,064</b>   | <b>8,651</b>               |
| <b>Capital Funding</b>                            |                                |                                |  |                    |   |                            |
| <i>Rates and Other Untied Funding</i>             | 1,237                          | 1,237                          | -  | -                  | 1,237   | 191                        |
| <i>Capital Grants &amp; Contributions</i>         | 7,677                          | 7,677                          | 4,335  | (477)              | 11,535  | 692                        |
| <i>Internal Reserves:</i>                         |                                |                                |  |                    |   |                            |
| - Capital Works                                   | 33,220                         | 33,220                         | 4,429  | 303                | 37,952  | 3,601                      |
| - Income Producing Projects                       | -                              | -                              | 213  | -                  | 213   | 64                         |
| - IT Hardware & Software                          | 581                            | 581                            | 444  | -                  | 1,025   | 92                         |
| - Plant   | 3,257                          | 3,257                          | -  | 13                 | 3,270   | 1,092                      |
| - North Sydney Olympic Pool Redevelopment Reserve | 19,316                         | 19,316                         | 1,444  | -                  | 20,760  | 1,488                      |
| - Community Housing - Capital Purchases           | -                              | -                              | -  | 2                  | 2   | -                          |
| <i>External Reserves:</i>                         |                                |                                |  |                    |   |                            |
| - Environmental Levy                              | 800                            | 800                            | 20   | 13                 | 833   | 86                         |
| - Infrastructure Levy                             | 2,341                          | 2,341                          | 100  | -                  | 2,441   | 215                        |
| - Crows Nest Mainstreet Levy                      | 474                            | 474                            | 129  | -                  | 603   | 6                          |
| - Neutral Bay Mainstreet Levy                     | 182                            | 182                            | 132  | -                  | 314   | 120                        |
| - Stormwater Levy                                 | 577                            | 577                            | -  | -                  | 577   | 240                        |
| - Developer Contributions                         | 4,111                          | 4,111                          | 490  | 3,090              | 7,691   | 688                        |
| - Developer Contributions VPA                     | 5,611                          | 5,611                          | -  | -                  | 5,611   | 76                         |
| <b>Total Capital Funding</b>                      | <b>79,384</b>                  | <b>79,384</b>                  | <b>11,736</b>  | <b>2,944</b>       | <b>94,064</b>   | <b>8,651</b>               |

Notes:

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

**Capital Budget Report (Cont.)**  
**Recommended Variations to Revised Budget for September Quarter (Cont.)**

|   | Carried Forward<br>from 2022/23       | Other Increase /<br>(Decrease) |
|---|---------------------------------------|--------------------------------|
|   | Increase /<br>(Decrease)<br>(\$000's) | (\$000's)                      |
| Olympic Pool Complex Upgrade  | 2,944                                 | -                              |
| 287 Miller Street Redevelopment (transferred from operating expenditure)                |                                       | 3,090                          |
| St Leonards Park Masterplan   | 1,111                                 | -                              |
| Streetscape Works Bligh Street Streetscape  | 629                                   | -                              |
| Local Roads AC Patch with Plant - Infrastructure  | 590                                   | -                              |
| Neutral Bay Mainstreet Neutral Bay & Cremorne Masterplan                                | 542                                   | -                              |
| Quarantine Boat Depot Upgrade   | 441                                   | -                              |
| Drainage Program Drainage Construction Works  | 433                                   | -                              |
| Information Systems Network Infrastructure Refresh                                      | 430                                   | -                              |
| Streetscape Works Young Street Plaza -Neutral Bay                                       | 369                                   | -                              |
| Traffic Facilities Projects To Be Established   | 345                                   | -                              |
| Crows Nest Mainstreet Public Domain Masterplan  | 336                                   | -                              |
| Kerb & Gutter Reconstruction  | 321                                   | -                              |
| Wygadon Street Stairs   | -                                     | 304                            |
| Coal Loader Pop-up Bar  | 274                                   | -                              |
| Holtermann Street Car Park Upgrade  | 258                                   | -                              |
| Merret Playground Upgrade   | 257                                   | -                              |
| Prior Avenue Reserve Park Playground Construction                                       | 227                                   | -                              |
| 1 James Place Lease Fitout Incentive  | 213                                   | -                              |
| Traffic Facilities Military Road LATM Solutions   | 206                                   | -                              |
| Streetscape Works Lighting Upgrade  | 205                                   | -                              |
| Active Transport West Street Stage 1  | 182                                   | -                              |
| North Sydney CBD Central Laneways Masterplan  | 141                                   | -                              |
| Anderson Park Outdoor Fitness Equipment   | 114                                   | -                              |
| Traffic Facilities Edward Street Pedestrian Crossing                                    | 108                                   | -                              |
| Coal Loader Shade Structure   | 101                                   | -                              |
| Coal Loader Tunnel 2 Resurfacing  | 198                                   | -                              |
| Traffic Facilities Spofforth Street & Holt Avenue                                       | -                                     | 93                             |
| 240-248 Miller Street Shops Structural Repairs  | 82                                    | -                              |
| North Sydney CBD Lighting Upgrade   | 76                                    | -                              |
| Traffic Facilities Cranbrook Street Pedestrian Crossing                                 | 67                                    | -                              |
| Don Bank Museum Roof Access Improvements  | 61                                    | -                              |
| Kirribilli Neighbourhood Centre Building Upgrade  | 60                                    | -                              |
| Drainage Program Gross Pollutant Traps Upgrade  | 42                                    | -                              |
| Active Transport West Street Stage 2  | 37                                    | -                              |
| Council Chambers EV Chargers  | -                                     | 35                             |
| Hunts Lookout Footbridge Renewal  | 33                                    | -                              |
| Anderson Park Sports Field Lighting   | 27                                    | -                              |
| Indoor Sports Centre Canteen Ventilation Improvements                                   | 25                                    | -                              |
| Milson Park Small Watercraft Storage  | 23                                    | -                              |
| Traffic Facilities Moodie Street - Cammeray   | 22                                    | -                              |
| Traffic Facilities Pedestrian Crossing Lighting Program                                 | 20                                    | -                              |
| Coal Loader Environment Centre Fitout   | 20                                    | -                              |
| Walking Tracks Gore Cove  | 18                                    | -                              |
| Drainage Program Drainage Designs   | 17                                    | -                              |
| Kirribilli & McMahons Point Village Centres   | 17                                    | -                              |
| Information Systems Authority Upgrade   | 15                                    | -                              |
| Footpath Repairs  | 10                                    | -                              |
| Traffic Facilities Crows Nest Rd - Redesign Intersection                                | 5                                     | -                              |
| Library Administration Local Priority Grant   | 3                                     | -                              |
| Anderson Park Sports Field Reconstruction   | 2                                     | -                              |
| Tunks Park Defibrillator  | 2                                     | -                              |
| Parraween Car Park  | -                                     | 2                              |
| Footpath Repairs  | -                                     | (10)                           |
| Active Transport Traffic Studies (transferred to operating expenditure)                 | -                                     | (10)                           |
| Active Transport Harbour Link Viability Study (transferred to operating expenditure)    | -                                     | (80)                           |
| Cammeray Park Landscaping (transferred to operating expenditure Recreation Needs Study) | -                                     | (180)                          |
| RMS Repair Program for Regional Roads   | -                                     | (300)                          |
| <b>Total</b>  | <b>11,736</b>                         | <b>2,944</b>                   |

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 2023/24 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 30 September 2023

## Cash &amp; Investments Report

|  | Approved                          |                             | Recommended Variations to Revised Budget for September Quarter |                              |                | Projected Year End Result 2023/24 (\$000's) |
|--|-----------------------------------|-----------------------------|--|------------------------------|----------------|---|
|  | Original Budget 2023/24 (\$000's) | Other than a QBRS (\$000's) | Revised Budget (\$000's)                                       | Carried Forward from 2022/23 |                |   |
|  |                                   |                             |  | Other (\$000's)              |                |   |
| <b>Externally Restricted</b>                           |                                   |                             |  |                              |                |   |
| <i>Developer Contributions</i>                         | 26,253                            | -                           | 26,253   | (490)                        | (871)          | 24,892                                      |
| <i>Developer Contributions VPA</i>                     | 8,381                             | -                           | 8,381  | -                            | -              | 8,381                                       |
| <i>TfNSW Contributions</i>                             | -                                 | -                           | -  | -                            | -              | -   |
| <i>Other Special Purpose Contributions</i>             | 1,902                             | -                           | 1,902  | (225)                        | -              | 1,677                                       |
| <i>Special Purpose Grants</i>                          | 2,409                             | -                           | 2,409  | (2,339)                      | -              | 70  |
| <i>Better Waste &amp; Recycling Fund</i>               | 38                                | -                           | 38   | -                            | -              | 38  |
| <i>Domestic Waste Management</i>                       | 12,471                            | -                           | 12,471   | -                            | -              | 12,471                                      |
| <i>Environmental Levy</i>                              | 849                               | -                           | 849  | (128)                        | -              | 721   |
| <i>Infrastructure Levy</i>                             | 126                               | -                           | 126  | (100)                        | -              | 26  |
| <i>Crows Nest Mainstreet Levy</i>                      | 37                                | -                           | 37   | (129)                        | 92             | -   |
| <i>Neutral Bay Mainstreet Levy</i>                     | 143                               | -                           | 143  | (132)                        | -              | 11  |
| <i>Stormwater Management Service Charge</i>            | -                                 | -                           | -  | -                            | -              | -   |
| <i>Unexpended Loans</i>                                | -                                 | -                           | -  | -                            | -              | -   |
| <b>Total Externally Restricted</b>                     | <b>52,609</b>                     | <b>-</b>                    | <b>52,609</b>  | <b>(3,543)</b>               | <b>(779)</b>   | <b>48,287</b>                               |
| <b>Internally Restricted</b>                           |                                   |                             |  |                              |                |   |
| <i>Capital Works Reserve</i>                           | 9,999                             | -                           | 9,999  | (4,678)                      | (3,257)        | 2,064                                       |
| <i>Income Producing Projects Reserve</i>               | 794                               | -                           | 794  | (213)                        | -              | 581   |
| <i>Insurance Reserve</i>                               | -                                 | -                           | -  | -                            | -              | -   |
| <i>I.T. Hardware &amp; Software Reserve</i>            | 856                               | -                           | 856  | (445)                        | -              | 411   |
| <i>Plant Reserve</i>                                   | 2,122                             | -                           | 2,122  | -                            | (13)           | 2,109                                       |
| <i>Employee Leave Entitlements Reserve</i>             | 6,833                             | -                           | 6,833  | -                            | -              | 6,833                                       |
| <i>North Sydney Olympic Pool Redevelopment Reserve</i> | 1,444                             | -                           | 1,444  | (1,444)                      | -              | -   |
| <i>Community Housing - Capital Purchases Reserve</i>   | 963                               | -                           | 963  | -                            | (2)            | 961   |
| <i>Community Housing - Major Maintenance Reserve</i>   | 591                               | -                           | 591  | -                            | -              | 591   |
| <b>Total Internally Restricted</b>                     | <b>23,602</b>                     | <b>-</b>                    | <b>23,602</b>  | <b>(6,780)</b>               | <b>(3,272)</b> | <b>13,550</b>                               |
| <b>Total Restricted</b>                                | <b>76,211</b>                     | <b>-</b>                    | <b>76,211</b>  | <b>(10,323)</b>              | <b>(4,051)</b> | <b>61,837</b>                               |
| <b>Unrestricted</b>                                    | <b>-</b>                          | <b>-</b>                    | <b>-</b>   | <b>-</b>                     | <b>-</b>       | <b>-</b>                                    |
| <b>Total Cash &amp; Investments</b>                    | <b>76,211</b>                     | <b>-</b>                    | <b>76,211</b>  | <b>(10,323)</b>              | <b>(4,051)</b> | <b>61,837</b>                               |

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**

The value of Cash at Bank which has been included in the 'Total Cash & Investments' figure of \$149,800,041 is \$1,307,072. This Cash at Bank amount has been reconciled to Council's physical bank statements. The bank reconciliation completed on 8 October, 2023.

**Cash & Investments Report (Cont.)****Comment on Cash & Investments Position****Reconciliation**

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

|  |                    |
|--|--------------------|
| Cash at Bank (as per bank statements)                    | 1,284,128          |
| Cash on Hand (Cash Floats)                               | 6,900              |
| Cash Equivalent Assets (Deposits at Call)                | 15,120,000         |
| Investment Securities (Term Deposits & FRNs)             | 133,893,987        |
| less Shorelink Cash & Investments                        | (390,945)          |
| less Wendy Whiteley Reserve Cash                         | (136,973)          |
| less Unpresented Cheques                                 | (1,559)            |
| plus Undeposited Funds                                   | 37,521             |
| less Unidentified Deposits (not yet accounted in ledger) | (13,017)           |
| <b>YTD Cash &amp; Investments</b>                        | <b>149,800,041</b> |

**Recommended Variations to Revised Budget for September Quarter**

|   |  | <b>Carried Forward<br/>from 2022/23</b> |                                  |
|---|--|---|----------------------------------|
|   |  | <b>Increase /<br/>(Decrease)</b>        | <b>Increase /<br/>(Decrease)</b> |
|   |  | <b>(\$000's)</b>                        | <b>(\$000's)</b>                 |
| <b>Movement in Restricted Funds - Income from Continuing Operations</b>   |  |   |                                  |
| Special Purpose Grants  | Olympic Pool Complex Upgrade                                   | 1,500                                   | 0                                |
| Special Purpose Grants  | Streetscape Works Bligh Street Streetscape                     | 948                                     | 0                                |
| Special Purpose Grants  | Coal Loader Tunnel 2 Resurfacing                               | 98                                      | 0                                |
| Special Purpose Grants  | Active Transport West Street                                   | 74                                      | 0                                |
| Special Purpose Grants  | Traffic Facilities Short Lane Continuous Footpath              | 37                                      | 0                                |
| Special Purpose Grants  | Footpath Wyagdon Street Stairs                                 | 0                                       | 304                              |
| Special Purpose Grants  | Financial Assistance Grant Received 22/23 (Roads Component)    | 0                                       | (574)                            |
| Special Purpose Grants  | Financial Assistance Grant Received 22/23 (General)            | 0                                       | (1,773)                          |
| TfNSW Contributions   | RMS Repair Program for Regional Road (suspended)               | 0                                       | (300)                            |
| Capital Works Reserve   | Rates income (reduction in transfer to reserve)                | 0                                       | (800)                            |
|   |  | <b>2,657</b>                            | <b>(3,143)</b>                   |
| <b>Movement in Restricted Funds - Expenses from Continuing Operations</b> |  |   |                                  |
| Other Special Purpose Contributions                                       | Walker Street Paver Restoration                                | (51)                                    | 0                                |
| Special Purpose Grants  | Streetscape Works B-Line Urban Landscaping - Tree              | (466)                                   | 0                                |
| Special Purpose Grants  | Aboriginal Heritage Program AHO Sites Project                  | (140)                                   | 0                                |
| Special Purpose Grants  | Tunks Park Bush Regeneration                                   | (80)                                    | 0                                |
| Special Purpose Grants  | Food Waste Collection Trial                                    | (68)                                    | 0                                |
| Special Purpose Grants  | Faster Regionally Significant Development Applications Project | (34)                                    | 0                                |
| Special Purpose Grants  | Drainage Program Pipe Replacement                              | (30)                                    | 0                                |
| Special Purpose Grants  | North Sydney Cigarette Butt Litter Project                     | (13)                                    | 0                                |
| Special Purpose Grants  | Historical Services Luna Park Collection Assessment            | (4)                                     | 0                                |
| Environmental Levy  | Greenhouse Action Plan Coal Loader Education Program           | (108)                                   | 0                                |
| Capital Works Reserve   | Arthur Street Awning Demolition                                | (140)                                   | 0                                |
| Capital Works Reserve   | Marine Structures Condition Assessment                         | (62)                                    | 0                                |
| Capital Works Reserve   | Military Road Corridor Planning Study                          | (38)                                    | 0                                |
| Capital Works Reserve   | Traffic Facilities McDougall Street                            | (6)                                     | 0                                |
| Capital Works Reserve   | Youth Activities Youth Week                                    | (4)                                     | 0                                |
| Developer Contributions   | Streets Alive Program  | 0                                       | (15)                             |
| Special Purpose Grants  | Emergency Services Levy  | 0                                       | 1,773                            |
| Capital Works Reserve   | Youth Opportunities Grant                                      | 0                                       | (1)                              |
| Capital Works Reserve   | Emergency Services Levy  | 0                                       | (1,821)                          |
|   |  | <b>(1,244)</b>                          | <b>(64)</b>                      |

## Cash &amp; Investments Report (Cont.)

Recommended Variations to Revised Budget for September Quarter

|   |  | Carried Forward<br>from 2022/23 | Increase /<br>(Decrease) |
|---|--|---------------------------------|--------------------------|
|   |  | (\$000's)                       | (\$000's)                |
| <b>Movement in Restricted Funds - Capital Expenditure</b> |  |                                 |                          |
| Developer Contributions                                   | Prior Avenue Reserve Park Playground Construction        | (170)                           | 0                        |
| Developer Contributions                                   | Traffic Facilities Edward Street Pedestrian Crossing     | (108)                           | 0                        |
| Developer Contributions                                   | Traffic Facilities Military Road LATM Solutions          | (91)                            | 0                        |
| Developer Contributions                                   | Traffic Facilities Cranbrook Street Pedestrian Crossing  | (56)                            | 0                        |
| Developer Contributions                                   | Traffic Facilities Shellcove Road                        | (38)                            | 0                        |
| Developer Contributions                                   | Traffic Facilities Moodie Street - Cammeray              | (22)                            | 0                        |
| Developer Contributions                                   | Traffic Facilities Crows Nest Rd - Redesign Intersection | (5)                             | 0                        |
| Other Special Purpose Contributions                       | North Sydney CBD Central Laneways Masterplan             | (141)                           | 0                        |
| Other Special Purpose Contributions                       | Hunts Lookout Footbridge Renewal                         | (33)                            | 0                        |
| Special Purpose Grants                                    | Olympic Pool Complex Upgrade                             | (1,500)                         | 0                        |
| Special Purpose Grants                                    | Local Roads AC Patch with Plant - Infrastructure         | (590)                           | 0                        |
| Special Purpose Grants                                    | Streetscape Works Bligh Street Streetscape               | (579)                           | 0                        |
| Special Purpose Grants                                    | Quarantine Boat Depot Upgrade                            | (441)                           | 0                        |
| Special Purpose Grants                                    | Streetscape Works Young Street Plaza -Neutral Bay        | (369)                           | 0                        |
| Special Purpose Grants                                    | Holtermann Street Car Park Upgrade                       | (258)                           | 0                        |
| Special Purpose Grants                                    | Traffic Facilities Military Road LATM Solutions          | (115)                           | 0                        |
| Special Purpose Grants                                    | Anderson Park Outdoor Fitness Equipment                  | (114)                           | 0                        |
| Special Purpose Grants                                    | Coal Loader Tunnel 2 Resurfacing                         | (98)                            | 0                        |
| Special Purpose Grants                                    | Active Transport West Street Stage 1                     | (81)                            | 0                        |
| Special Purpose Grants                                    | Traffic Facilities Cranbrook Street Pedestrian Crossing  | (11)                            | 0                        |
| Special Purpose Grants                                    | Library Administration Local Priority Grant              | (3)                             | 0                        |
| Special Purpose Grants                                    | Tunks Park Defibrillator                                 | (2)                             | 0                        |
| Crows Nest Mainstreet Levy                                | Crows Nest Mainstreet Public Domain Masterplan           | (129)                           | 0                        |
| Environmental Levy  | Coal Loader Environment Centre Fitout                    | (20)                            | 0                        |
| Neutral Bay Mainstreet Levy                               | Neutral Bay Mainstreet Neutral Bay & Cremorne Masterplan | (132)                           | 0                        |
| Infrastructure Levy                                       | Kerb & Gutter Reconstruction                             | (100)                           | 0                        |
| Capital Works Reserve                                     | St Leonards Park Masterplan                              | (1,111)                         | 0                        |
| Capital Works Reserve                                     | Drainage Program Drainage Construction Works             | (433)                           | 0                        |
| Capital Works Reserve                                     | Neutral Bay Mainstreet Neutral Bay & Cremorne Masterplan | (410)                           | 0                        |
| Capital Works Reserve                                     | Traffic Facilities Projects To Be Established            | (345)                           | 0                        |
| Capital Works Reserve                                     | Coal Loader Pop-up Bar                                   | (274)                           | 0                        |
| Capital Works Reserve                                     | Merret Playground Upgrade                                | (257)                           | 0                        |
| Capital Works Reserve                                     | Kerb & Gutter Reconstruction                             | (221)                           | 0                        |
| Capital Works Reserve                                     | Crows Nest Mainstreet Public Domain Masterplan           | (207)                           | 0                        |
| Capital Works Reserve                                     | Streetscape Works Lighting Upgrade                       | (205)                           | 0                        |
| Capital Works Reserve                                     | Active Transport West Street Stage 1                     | (101)                           | 0                        |
| Capital Works Reserve                                     | Coal Loader Shade Structure                              | (101)                           | 0                        |
| Capital Works Reserve                                     | Coal Loader Tunnel 2 Resurfacing                         | (100)                           | 0                        |
| Capital Works Reserve                                     | 240-248 Miller Street Shops Structural Repairs           | (82)                            | 0                        |
| Capital Works Reserve                                     | North Sydney CBD Lighting Upgrade                        | (76)                            | 0                        |
| Capital Works Reserve                                     | Don Bank Museum Roof Access Improvements                 | (61)                            | 0                        |
| Capital Works Reserve                                     | Kirribilli Neighbourhood Centre Building Upgrade         | (60)                            | 0                        |
| Capital Works Reserve                                     | Prior Avenue Reserve Park Playground Construction        | (57)                            | 0                        |
| Capital Works Reserve                                     | Streetscape Works Bligh Street Streetscape               | (50)                            | 0                        |
| Capital Works Reserve                                     | Drainage Program Gross Pollutant Traps Upgrade           | (42)                            | 0                        |
| Capital Works Reserve                                     | North Sydney CBD Street Furniture                        | (39)                            | 0                        |
| Capital Works Reserve                                     | Active Transport West Street Stage 2                     | (37)                            | 0                        |
| Capital Works Reserve                                     | Anderson Park Sports Field Lighting                      | (27)                            | 0                        |
| Capital Works Reserve                                     | Indoor Sports Centre Canteen Ventilation Improvements    | (25)                            | 0                        |
| Capital Works Reserve                                     | Milson Park Small Watercraft Storage                     | (23)                            | 0                        |
| Capital Works Reserve                                     | Traffic Facilities Pedestrian Crossing Lighting Program  | (20)                            | 0                        |
| Capital Works Reserve                                     | Walking Tracks Gore Cove                                 | (18)                            | 0                        |
| Capital Works Reserve                                     | Drainage Program Drainage Designs                        | (17)                            | 0                        |
| Capital Works Reserve                                     | Kirribilli & McMahons Point Village Centres              | (17)                            | 0                        |
| Capital Works Reserve                                     | Footpath Repairs   | (10)                            | 0                        |
| Capital Works Reserve                                     | Anderson Park Sports Field Reconstruction                | (2)                             | 0                        |
| Income Producing Projects Reserve                         | 1 James Place Lease Fitout Incentive                     | (213)                           | 0                        |
| I.T. Hardware & Software Reserve                          | Information Systems Network Infrastructure Refresh       | (430)                           | 0                        |
| I.T. Hardware & Software Reserve                          | Information Systems Authority Upgrade                    | (15)                            | 0                        |
| North Sydney Olympic Pool Redevelopment Reserve           | Olympic Pool Complex Upgrade                             | (1,444)                         | 0                        |

**Cash & Investments Report (Cont.)****Recommended Variations to Revised Budget for September Quarter**

|   |   | Carried Forward<br>from 2022/23 | Increase /<br>(Decrease) |
|---|---|---------------------------------|--------------------------|
|   |   | (\$000's)                       | (\$000's)                |
| <b>Movement in Restricted Funds - Capital Expenditure (Cont.)</b> |   |                                 |                          |
| Developer Contributions   | 287 Miller Street Redevelopment (additional contribution)   | 0                               | (855)                    |
| TfNSW Contributions   | Road Reconstruction - RMS Repair Program for Regional Roads | 0                               | 300                      |
| Special Purpose Grants  | Road Reconstruction   | 0                               | 574                      |
| Special Purpose Grants  | Footpath Wyagdon Street Stairs                              | 0                               | (304)                    |
| Crows Nest Mainstreet Levy  | Crows Nest Mainstreet Public Domain Masterplan              | 0                               | 92                       |
| Capital Works Reserve   | Cammeray Park Landscaping                                   | 0                               | 30                       |
| Capital Works Reserve   | Crows Nest Mainstreet Public Domain Masterplan              | 0                               | (92)                     |
| Capital Works Reserve   | Road Reconstruction   | 0                               | (574)                    |
| Plant Reserve   | Council Chambers EV charging                                | 0                               | (13)                     |
| Community Housing - Capital Purchases Reserve                     | Parraween Street car park redevelopment                     | 0                               | (2)                      |
|   |   | <b>(11,736)</b>                 | <b>(844)</b>             |
| <b>Total Movement in Restricted Funds</b>                         |   | <b>(10,323)</b>                 | <b>(4,051)</b>           |

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 2023/24 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 30 September 2023

#### Contracts Listing

| Contractor                           | Contract Detail & Purpose  | Contract Value | Commencement Date | Duration of Contract | Budgeted (Y/N) |
|--------------------------------------|--|----------------|-------------------|----------------------|----------------|
| Platinum Electricians Pty Ltd        | Contract 12-2022<br>St Leonards Park- Lighting Upgrade           | \$637,740.00   | 18/07/2023        | 6 Months             | Y              |
| GPM Marine Constructions Pty Ltd     | Contract 11-2022<br>Shellcove Wharf Reconstruction               | \$559,460.00   | 25/07/2023        | 2 Months             | Y              |
| Ezy Pave Pty Ltd                     | Contract 1-2021(51)<br>Bligh Street Shared Zone                  | \$637,999.00   | 31/07/2023        | 3 Months             | Y              |
| The Trustee for The Michael Reginald | Contract 9-2023A<br>New Years Eve 2023 Infrastructure            | \$129,102.00   | 22/08/2023        | 5 Months             | Y              |
| SBS Fence Pty Ltd                    | Contract 9-2023B<br>New Years Eve 2023 Infrastructure            | \$99,950.00    | 22/08/2023        | 5 Months             | Y              |
| Garde Services Pty Ltd               | Contract 5-2023<br>Willoughby Road Early works                   | \$2,809,885.00 | 01/09/2023        | 9 Months             | Y              |
| Civotek Pty Ltd                      | Contract 1-2021(52)<br>Holt Avenue LATM                          | \$147,105.00   | 05/09/2023        | 10 Months            | Y              |
| The trustee for Collins Walker Unit  | Contract 7-2023<br>Open Space & Recreational Needs Study         | \$138,000.00   | 05/09/2023        | 14 Months            | Y              |
| APP Corporation Pty Ltd              | Contract 13-2023<br>NS Olympic Pool Redevelopment Project        | \$650,000.00   | 17/09/2023        | 10 Months            | Y              |
| Wrightway Security Services Pty Ltd  | Contract 8-2022(1)<br>NY Eve 2023 Provision of Security Services | \$220,463.00   | 29/09/2023        | 4 Months             | Y              |

#### Notes

1. 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).
2. Contracts entered into with contractors that are on Council's preferred supplier list and contracts for employment have been excluded.

#### Consultancy and Legal Expenses

|               |           |   |
|---------------|-----------|---|
| Consultancies | 1,089,124 | Y |
| Legal Fees    | 824,238   | 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 30 September 2023

Key Performance Indicators

| Key Performance Indicator | Indicator         | Indicator        | Prior Periods  |                |                |
|---------------------------|-------------------|------------------|----------------|----------------|----------------|
|                           | Projected 2024/24 | Original 2023/24 | Actual 2022/23 | Actual 2021/22 | Actual 2020/21 |

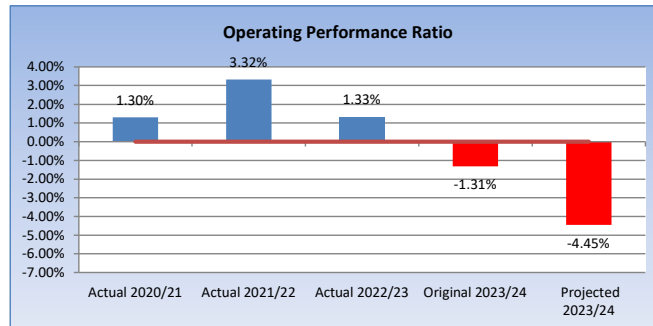
To assist in measuring Council's financial sustainability the following key performance indicators are monitored:

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 | -4.45% | -1.31% | 1.33% | 3.32% | 1.30% |
| 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.

This ratio has exceeded the benchmark in each of the last 3 years. It was originally forecast to be at slightly below the benchmark in 2023/24. However, the early receipt in June 2023 of the 2023/24 Financial Assistance Grant and the need to carry forward \$1.2 million of funding from 2022/23 to 2023/24 to complete non-recurrent operating projects still in progress at 30 June 2023 has resulted in a deterioration of Council's forecast operating result for 2023/24. This has resulted in the forecast Operating Performance Ratio falling further below the benchmark.



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 | 93.09% | 93.51% | 78.90% | 80.51% | 79.19% |
|--|--------|--------|--------|--------|--------|

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%. This is an indication that Council does not rely heavily on external funding sources such as grants.

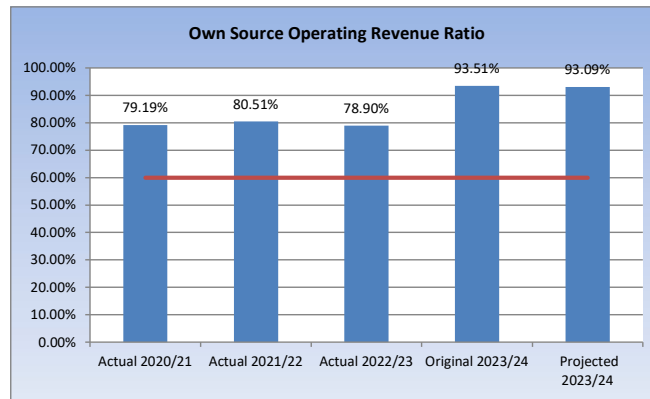
North Sydney Council

Quarterly Budget Review Statement for the quarter ended 30 September 2023

Key Performance Indicators

| Key Performance Indicator | Indicator         | Indicator        | Prior Periods  |                |                |
|---------------------------|-------------------|------------------|----------------|----------------|----------------|
|                           | Projected 2024/24 | Original 2023/24 | Actual 2022/23 | Actual 2021/22 | Actual 2020/21 |

Key Performance Indicators (Cont.)

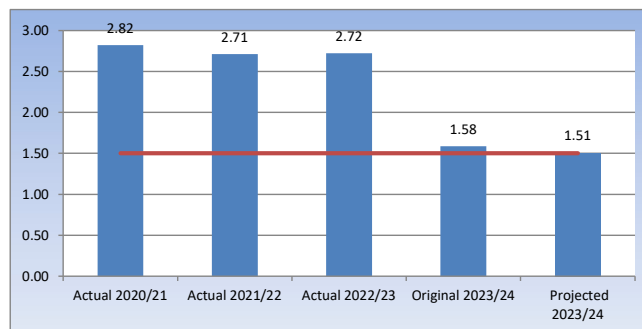


3. Unrestricted Current Ratio

|   |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
| Current assets less all external restrictions         | 1.51 x | 1.58 x | 2.72 x | 2.71 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 adequate capacity to meet its obligations in the short term for its unrestricted activities.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 30 September 2023

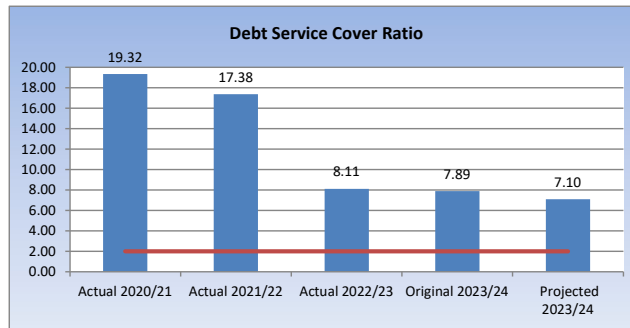
Key Performance Indicators

| Key Performance Indicator | Indicator         | Indicator        | Prior Periods  |                |                |
|---------------------------|-------------------|------------------|----------------|----------------|----------------|
|                           | Projected 2024/24 | Original 2023/24 | Actual 2022/23 | Actual 2021/22 | Actual 2020/21 |

4. Debt Service Cover Ratio

|  |        |        |        |         |         |
|--|--------|--------|--------|---------|---------|
| Operating result before capital grants and contributions excluding interest and depreciation | 7.10 x | 7.89 x | 8.11 x | 17.38 x | 19.32 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. Additional borrowing will result in a further drop in this ratio in 2023/24. However, currently this ratio is well above the benchmark indicating that Council has the capacity to service further borrowing in needed.



5. Buildings and Infrastructure Renewals Ratio

|  |         |         |        |         |        |
|--|---------|---------|--------|---------|--------|
| Infrastructure Asset Renewals                          | 288.73% | 266.98% | 86.79% | 150.63% | 98.35% |
| 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 2023/24, largely due to the impact of the redevelopment of North Sydney Olympic Pool.

