

8.8. Quarterly Budget Review - December 2021

AUTHOR: Darren Goode, Manager Accounting Services

ENDORSED BY: Margaret Palmer, Director Corporate Services

ATTACHMENTS: Quarterly Budget Review Statement for the Quarter Ended 31 December 2021

PURPOSE:

This report should be read in conjunction with Item 8.7 Q2 Review of the Operational Plan 2021/22. The purpose of this report is to inform Council of the results of the review of the budget for the quarter ended 31 December 2021 and to seek approval to make the necessary adjustments to the 2021/22 budget to reflect the current projected estimates of income and expenditure for the year.

EXECUTIVE SUMMARY:

The 2021/22 Original Budget forecast a net operating surplus of \$5.05 million before capital grants and contributions of \$25.68 million and a net operating surplus of \$30.73 million after capital grants and contributions.

It was necessary to make some adjustments to the budget at the end of the September quarter and these were reported to the Council on 25 October 2021 (Item 8.8). After the adjustments, the forecast net operating result before capital grants and contributions was a deficit of \$2.54 million, which was a deterioration of \$7.59 million from the \$5.05 million surplus forecast in the Original Budget. The forecast net operating result after capital grants and contributions was a surplus of \$18.94 million, a deterioration of \$11.79 million from the \$30.73 million surplus forecast in the Original Budget.

At the end of the December quarter, actual operating income was \$1.2 million (1.3%) above the year-to-date current budget and actual operating expenditure was \$3.99 million (8.3%) below the year-to-date current budget.

The review of the budget at the end of the December quarter has identified the need to make some additional adjustments and these are disclosed within this report. After the proposed adjustments, the forecast net operating result for 2021/22 before capital grants and contributions is a deficit of \$1.96 million which is an improvement of \$572,000 from the \$2.54 million deficit forecast in the September Budget Review. The forecast operating result after capital grants and contributions is now a surplus of \$16.73 million, a deterioration of \$2.21 million from the \$18.94 million surplus forecast in the September Budget Review.

The adjustments to the budget outlined in this report have increased the drawdown from reserves by \$2.08 million to \$40.59 million. The forecast balance of cash reserves at 30 June 2022 is \$51.72 million.

FINANCIAL IMPLICATIONS:

Following the budget adjustments proposed in this report, the net operating result for 2021/22 is now forecast to be a deficit of \$1,963,368 before capital grants and contributions and a surplus of \$16,731,172 after capital grants and contributions.

The adjustments to the budget outlined in this report have increased the drawdown from reserves by \$2.08 million to \$40.59 million. This amount includes funds carried forward from 2020/21 to complete capital projects still in progress at 30 June 2021. The forecast balance of cash reserves at 30 June 2022 is \$51.72 million.

RECOMMENDATION:

- 1. THAT** the Quarterly Budget Review Statement – December 2021 report be received.
- 2. THAT** the revised 2021/22 Budget be adopted.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

5. Our Civic Leadership

5.1 Council leads the strategic direction of North Sydney

BACKGROUND

With the introduction of Integrated Planning and Reporting, the Office of Local Government developed a set of minimum requirements and sample templates to provide councils with sufficient information to enable informed decision making and ensure that they remain on track to meet the objectives, targets and outcomes set out in their Operational Plan and Delivery Program. Collectively, these documents are known as the Quarterly Budget Review Statement (QBRs).

The QBRs indicate how Council is tracking its original and revised annual budgets at the end of each quarter and provides explanations for major variances that result in recommendations for budget changes. It also enables the Responsible Accounting Officer to indicate if the council will be in a satisfactory financial position at the end of the financial year, given the changes to the original budgeted position.

The QBRs are reported to Council at the end of each quarter in accordance with Section 203 of the Local Government (General) Regulation 2021.

CONSULTATION REQUIREMENTS

Community engagement is not required.

DETAIL

Position of the Budget at the Beginning of the December Quarter

The Council's original annual budget forecasts a net operating surplus before capital grants and contributions of \$5,054,018 and a net operating surplus of \$30,728,568 after capital grants and contributions. The budget included the allocation of \$82,576,279 to fund the capital works program and the replacement of plant and equipment. After allowing for new borrowings of \$31 million to partially fund the redevelopment of the North Sydney Olympic Pool, the original budget forecasts a net transfer from reserves of \$3,298,312.

The review of the budget at the end of the September quarter identified the need for some adjustments to the budget and these were reported to Council on 25 October 2021 (Item 8.8). After these adjustments were made, the revised net forecast operating result before capital

grants was a deficit of \$2,535,332. The revised net operating result after capital grants and contributions was a surplus of \$18,938,181.

Funding carried forward from 2020/21 to complete projects still in progress as of 30 June 2021 resulted in the capital works program budget increasing to \$103,923,947 (including plant replacement) and the net drawdown from reserves increasing to \$38,506,367.

Position of the Operating Budget at the End of the December Quarter

A review of the operating budget at the end of the December quarter has been undertaken and prior to the recommended budget adjustments to be disclosed later in this report are processed:

- actual operating income was at 76.1% of the current adopted annual budget; and
- actual operating expenditure was at 44.2% of the adopted annual budget.

When comparing actual figures to the year-to-date current budget:

- actual operating income had a favourable variance of \$1,198,294 (1.3%); and
- actual operating expenditure had a favourable variance of \$3,992,494 (8.3%).

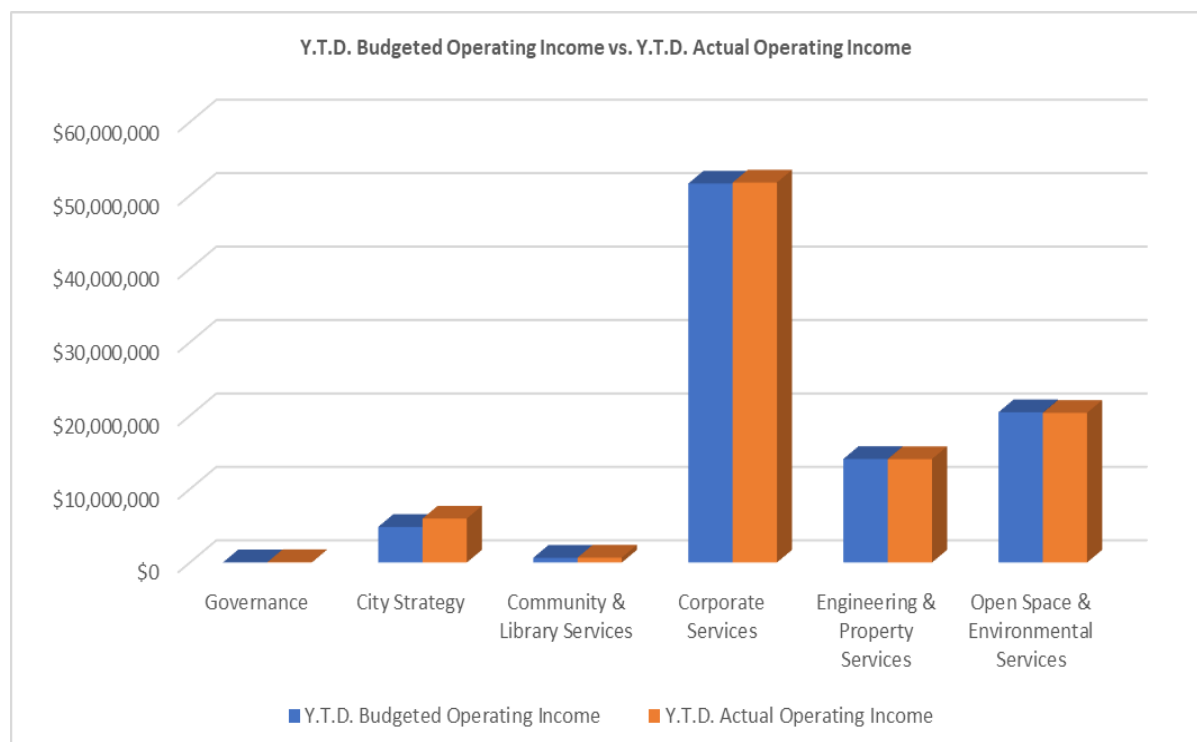
The \$1,198,294 favourable variance from the budget in operating income can be mainly attributed to greater than expected revenue from residential rates, construction zone fees, hoarding permit fees and rezoning fees and the receipt of a \$300,000 grant from Sydney Metro and Transport for NSW towards the cost of two temporary positions required to meet additional planning requirements arising from the Sydney Metro project. The additional revenue from residential rates is due to a significant increase in new strata properties having rates levied for the first time. Offsetting this additional revenue, was a \$330,000 shortfall in revenue from the New Year's Eve event as a result of it not proceeding as a ticketed event as originally planned.

The \$3,992,494 favourable variance from the budget in operating expenditure can be primarily attributed to lower than forecast labour costs due to staff turnover and vacancies and a delay in the accrual of invoices from contractors for services rendered towards the end of the quarter. Year-end accruals for employee leave entitlements are expected to offset much of the variance attributed to lower than forecast labour costs. Hence, it's not currently anticipated that there will be any significant budget savings for the year in operating expenditure.

The report titled 'Operational Plan Summary Report by Divisions and Departments' on pages 10 to 13 of the attached QBRS, provides details of both budgeted and actual operating income and expenditure for each Division and Department in the Operational Plan. The following tables and graphs present this information in a summarised form.

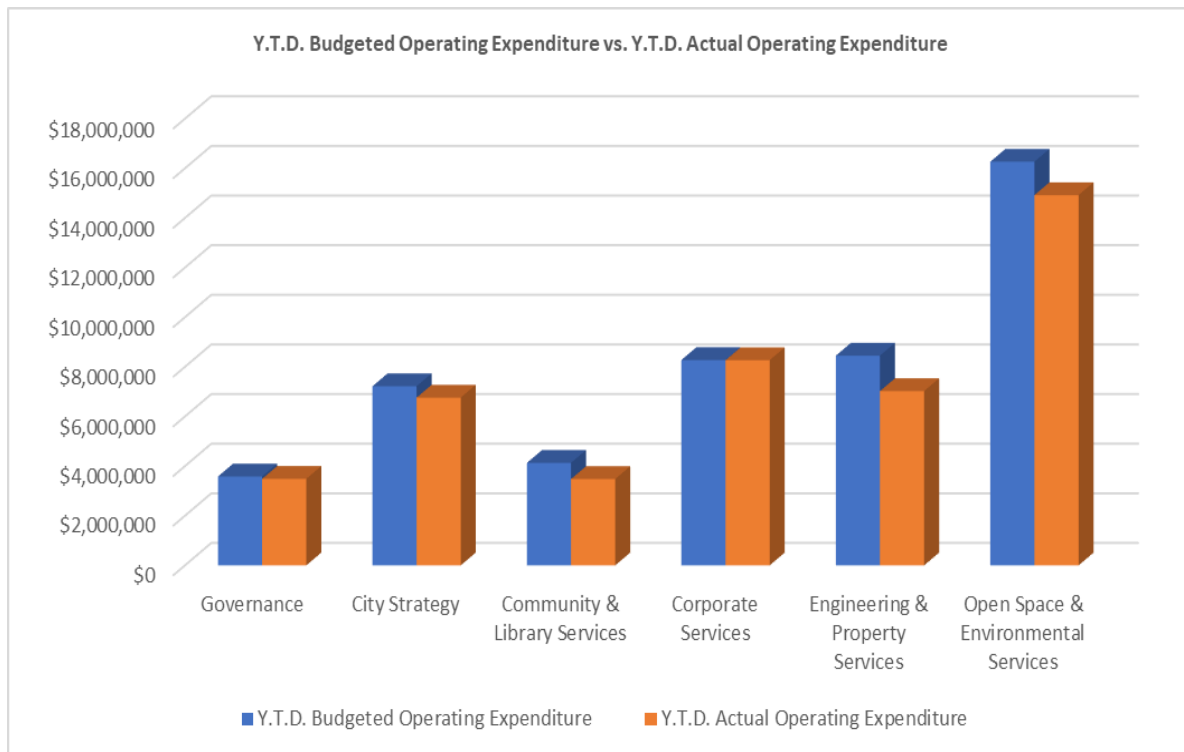
Operating Income

Division	Original Budget (\$)	Revised Budget (\$)	Y.T.D. Revised Budget (\$)	Y.T.D. Actual (\$)	Y.T.D. Variance (\$)	Y.T.D. Variance (%)
Governance	70,200	70,200	35,100	51,732	16,632	47.4%
City Strategy	11,293,600	10,293,600	4,856,197	5,987,959	1,131,762	23.3%
Community & Library Services	1,290,269	1,290,269	642,785	670,175	27,390	4.3%
Corporate Services	59,536,518	58,800,201	51,625,546	51,756,365	130,819	0.3%
Engineering & Property Services	32,477,813	29,840,032	14,110,503	14,087,253	(23,250)	(0.2%)
Open Space & Environmental Services	21,766,823	21,784,043	20,468,012	20,382,953	(85,059)	(0.4%)
Total as per Operational Plan	126,435,223	122,078,345	91,738,143	92,936,437	1,198,294	1.3%



Operating Expenditure

Division	Original Budget (\$)	Revised Budget (\$)	Y.T.D. Budget (\$)	Y.T.D. Actual (\$)	Y.T.D. Variance (\$)	Y.T.D. Variance (%)
Governance	6,834,044	6,740,318	3,584,227	3,486,769	97,458	2.7%
City Strategy	14,571,287	14,835,211	7,218,793	6,760,183	458,610	6.4%
Community & Library Services	7,398,756	9,699,345	4,131,822	3,479,856	651,966	15.8%
Corporate Services	16,608,609	16,960,419	8,277,852	8,267,731	10,121	0.1%
Engineering & Property Services	17,356,039	17,646,952	8,451,748	7,023,389	1,428,359	16.9%
Open Space & Environmental Services	33,494,060	33,613,022	16,267,668	14,921,688	1,345,980	8.3%
Total as per Operational Plan	96,262,795	99,495,267	47,932,110	43,939,616	3,992,494	8.3%



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

A review of the capital budget at the end of the December quarter has been undertaken and prior to the recommended budget adjustments to be disclosed later in this report are processed:

- actual capital income was at 51.6% of the current adopted annual budget; and
- actual capital expenditure was at 17.1% of the current adopted annual budget.

When comparing actual figures to the year-to-date current budget:

- actual capital income had a favourable variance of \$762,097 (7.6%); and
- actual capital expenditure had a favourable variance of \$37,457,461 (68.3%).

The favourable variance from the budget in capital income was due to the earlier the expected receipt of grant funding under the NSW Public Spaces Legacy Program.

The favourable variance from the budget in capital expenditure was mainly due to the deferral of payment on externally delivered capital works projects, including the North Sydney Olympic Pool, due to Covid and weather delays.

Of the \$101.8 million of total capital funding (including funds carried forward from 2020/21) budgeted to be spent in 2021/22, \$17.4 million had actually been spent by the end of the December quarter. A further \$84.4 million is currently budgeted to be spent on capital projects over the remaining six months of the year.

The report titled 'Operational Plan Summary Report by Divisions and Departments' on pages 10 to 13 of the attached QBRs, provides details of both budgeted and actual capital income and expenditure for each Division and Department in the Operational Plan. The following tables and graphs present this information in a summarised form.

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

The review of the budget at the end of the December quarter has identified the need to make some additional adjustments to the budget. These adjustments are listed in the tables below and under the heading 'Recommended Variations to Revised Budget for December Quarter' within the attached QBRs.

The most significant adjustments have arisen from:

- Residential rates income is forecast to be \$451,737 higher than that allowed for in the Original Budget due to a significant increase in new strata properties having rates levied for the first time.
- Additional grant funding has been received from the NSW Department of Planning, Industry and Environment for a pilot program aimed at speeding up assessment timeframes for regionally significant developments (\$275,000), Transport for NSW and Sydney Metro to meet additional planning requirements arising from the Sydney Metro project (\$300,000) and Transport for NSW for the upgrade of the intersection at Albany Street and Willoughby Road at Crows Nest (\$150,000).
- Greater than forecast revenue from Rezoning fees (\$286,000) and DA Amended Plans Processing fees (\$154,882).
- Most of the revenue expected to be generated by the New Year's Eve event has not been realised due to it not proceeding as a ticketed event as originally planned (\$330,632). However, this will be offset by a \$230,000 contribution from the State Government negotiated as part of the amendment to NYE arrangements.
- The Original Budget included grant funding for the engagement of a temporary strategic planner (\$120,000), food waste collection trial (\$162,000), the design of the Holtermann Street Car Park Upgrade (\$1,158,964) and Hume Street Plaza (\$1,750,000). These funds were received towards the end of 2020/21 and the 2021/22 budget must be amended accordingly.
- A review of Council's records management system has been undertaken recently and the implementation of the actions recommended in it will require the allocation of an additional \$75,500. Of this amount, \$36,800 is required for capital expenditure and \$33,700 for operating expenditure.
- An additional \$85,000 is required for the digitisation of property files.
- An additional \$110,000 is required for live streaming of Council meetings.
- Postponement of the replacement of some fleet vehicles and plant items from 2020/21 to 2021/22 has resulted in the need to increase the 2021/22 budget for plant

replacement by \$635,000. There are sufficient funds in the Plant Reserve to facilitate this.

Operating Income	Increase / (Decrease) (\$)
Residential Rates	451,737
North Sydney Metro Station Planning Grant	300,000
Rezoning Fees	286,000
Faster Regionally Significant Development Applications Pilot Program Grant	275,000
State Government Contribution to New Year's Eve Event Income Shortfall	230,000
DA Amended Plans Processing Fees	154,882
Monford Place Road Closure Legal Costs Contribution	50,000
Street Lighting Energy Savings Certificates	50,000
Insurance Claims Recovered	17,559
Business Rates	12,902
99 Mount Street Air Space Lease Legal Costs Contribution	12,078
North Sydney War Memorial Maintenance Grant	10,000
Domestic Waste Management Levy	9,378
Community Recycling Centre Contributions	6,640
Environmental Levy	5,110
Infrastructure Levy	2,533
Library Per Capita Subsidy	3,999
Ex Gratia Rates	1,911
Stormwater Management Service Charge	1,359
Neutral Bay Mainstreet Levy	134
Crows Nest Mainstreet Levy	(1,179)
Australia Day Event Income	(7,000)
Interest on Outstanding Rates	(20,000)
Temporary Strategic Planner Grant	(120,000)
Food Waste Collection Trial Grant	(162,000)
New Year's Eve Event Income	(330,632)
Total	1,240,411

Operating Expenditure	Increase / (Decrease) (\$)
North Sydney Metro Station Planning Grant Expenditure	300,000
Faster Regionally Significant Development Applications Pilot Program Grant Expenditure	275,000
Neutral Bay Planter Box Maintenance	80,784
Digitisation of Property Files	85,000
Monford Place Road Closure Legal Costs	50,000
Heritage Consultancy	35,000
Records Review Implementation	33,700
80 Pacific Highway Air Space Lease Legal Costs	20,000
Elizabeth Plaza Air Space Lease Legal Costs	20,000
North Sydney Oval Staff Training Costs	18,000
Passive Recreation Maintenance Contract Labour	18,000

Operating Expenditure (continued)	Increase / (Decrease) (\$)
Kendall Community Centre Playground Maintenance	15,200
Councillor Training	15,000
North Sydney War Memorial Maintenance Grant Expenditure	10,000
Western Harbour Tunnel Beaches Link Consultancy	10,000
Enterprise Risk Management Framework Review	7,500
99 Mount Street Air Space Lease Legal Costs	6,263
Customer Service Staff Uniforms	5,000
Mayoral Allowance	(5,000)
Councillors' Fees	(10,000)
North Sydney Oval Maintenance Salaries	(18,000)
Passive Recreation Maintenance Salaries	(18,000)
Temporary Strategic Planner Grant Expenditure	(120,000)
Building Maintenance	(165,000)
Total	668,447

Capital Income	Increase / (Decrease) (\$)
Albany Street & Willoughby Road Intersection Upgrade Grant	150,000
Library Local Priority Grant	(9)
Smoothey Park Pathway Improvements Grant	(20,000)
Holtermann Street Car Park Upgrade Grant	(1,158,964)
Hume Street Plaza Grant	(1,750,000)
Total	(2,778,973)

Capital Expenditure	Increase / (Decrease) (\$)
Fleet and Plant Replacement	635,000
Albany Street & Willoughby Road Intersection Upgrade Grant Expenditure	150,000
Council Chambers - Live Stream of Meetings	110,000
Smoothey Park Pathway Improvements	80,000
Ward Street Car Park Building Upgrade	80,000
Records Review Implementation	36,800
Bradfield Park Community Centre Solar Power System	40,000
246 Miller Street Structural Repairs	35,000
North Sydney Community Centre Hot Water System Replacement	10,000
Library Local Priority Grant Expenditure	(9)
Traffic Facilities - Projects to be Established	(10,000)
Military Road Corridor Streetscape Works	(80,784)
Holtermann Street Car Park Upgrade	(1,210,414)
Total	(124,407)

Council's net operating result for 2021/22 is now forecast to be a deficit of \$1,963,368 before capital grants and contributions. This is an improvement of \$571,964 from the result forecast in the September Budget Review.

After capital grants and contributions, a surplus of \$16,731,172 is forecast. To fund the budget, net transfers from reserves are now \$40,588,969. A reconciliation of the forecast net operating result to net transfers from reserves is as follows:

	Original Budget	September Quarter Revised Forecast	Recommended Adjustments - December Quarter	December Quarter Revised Forecast
Net Operating Surplus / (Deficit) before Capital Items	5,054,018	(2,535,332)	571,964	(1,963,368)
<i>Add</i>				
Capital Grants and Contributions	25,674,550	21,473,513	(2,778,973)	18,694,540
Surplus / (Deficit) from Continuing Operations	30,728,568	18,938,181	(2,207,009)	16,731,172
<i>Add</i>				
Depreciation, Amortisation & Impairment for Non-Financial Assets	23,199,000	23,199,000	-	23,199,000
Net Losses from Disposal of Assets	33,983	33,983	-	33,983
Proceeds from Disposal of Plant & Equipment	1,253,623	1,253,623	-	1,253,623
New Borrowings (North Sydney Olympic Pool)	31,000,000	31,000,000	-	31,000,000
<i>Deduct</i>				
Capital Expenditure (other than Plant Purchases)	(80,466,279)	(101,813,947)	759,407	(101,054,540)
Plant Purchases	(2,110,000)	(2,110,000)	(635,000)	(2,745,000)
Purchase of Quarantine Boat Depot	-	(2,070,000)	-	(2,070,000)
Loan Principal to be repaid	(1,464,207)	(1,464,207)	-	(1,464,207)
Increase in Fair Value of Investment Properties	(5,473,000)	(5,473,000)	-	(5,473,000)
Net Transfers To / (From) Reserves	(3,298,312)	(38,506,367)	(2,082,602)	(40,588,969)

North Sydney Council

Quarterly Budget Review Statement

for the quarter ended 30 December 2021

Table of Contents

	Page
1. Responsible Accounting Officer's Statement	2
2. Income & Expenses Report	3
3. Capital Budget Report	5
4. Cash & Investments Report	7
4. Contracts Listing	9
5. Consultancy & Legal Expenses Overview	9
6. Operational Plan Summary Report by Divisions and Departments	10
7. Key Performance Indicators	14

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Responsible Accounting Officer's Statement

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005.

It is my opinion that the Quarterly Budget Review Statement for North Sydney Council for the quarter ended 31 December 2021 indicates that Council's projected financial position will be satisfactory having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

At the end of the quarter, actual operating income was ahead of the year-to-date budget by \$1.2 million largely due to greater than expected revenue from rates and annual charges and some user charges. Actual operating expenditure was also below the year-to-date budget and this can be primarily attributed to lower than forecast employee costs due to staff turnover and vacancies and delays in the receipt and processing of invoices from contractors for services rendered towards the end of the quarter.

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

The 'Income & Expenses Report' on pages 3 to 4 of this Quarterly Budget Review Statement forecasts a projected year end net operating deficit before capital grants and contributions of \$1.96 million. A reconciliation of this figure to the forecast net drawdown from reserves is as follows:

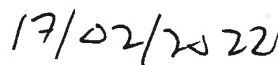
Net Operating Deficit before Capital Items	(\$1,963,368)
Add Capital grants and contributions	\$18,694,540
Surplus from Continuing Operations	\$16,731,172
Add Depreciation	\$23,199,000
Net Losses from disposal of assets	\$33,983
Proceeds from disposal of plant and equipment	\$1,253,623
New borrowings	\$31,000,000
Deduct Capital expenditure (other than Plant Purchases)	(\$101,054,540)
Plant and equipment purchases	(\$2,745,000)
Purchase of Quarantine Boat Depot	(\$2,070,000)
Loan principal to be repaid	(\$1,464,207)
Increase in fair value of investment properties	(\$5,473,000)
Net drawdown from reserves	<u>(\$40,588,969)</u>

Signed:



Christian Menday
Responsible Accounting Officer

Date:



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Income & Expenses Report

	Original Budget 2021/22 (\$000's)	Approved Variations		Revised Budget (\$000's)	Recommended Variations to Revised Budget for December Quarter (\$000's)	Projected Year End Result 2021/22 (\$000's)	YTD Actual (\$000's)	YTD Revised Budget (\$000's)
		Carried Forward from 2020/21 (\$000's)	September Review (\$000's)					
Income								
Rates and annual charges	70,659	-	-	70,659	482	71,141	71,287	70,590
User charges and fees	27,968	-	(2,640)	25,328	441	25,769	13,016	12,746
Other revenue	10,726	-	(1,000)	9,726	(206)	9,520	2,830	3,095
Grants and contributions - operating	5,171	245	(962)	4,454	544	4,998	2,318	1,975
Grants and contributions - capital	25,675	5,623	(9,824)	21,474	(2,779)	18,695	11,124	10,315
Interest and investment income	1,182	-	-	1,182	(20)	1,162	645	591
Other income	10,729	-	-	10,729	-	10,729	2,840	2,741
Total Income from Continuing Operations	152,110	5,868	(14,426)	143,552	(1,538)	142,014	104,060	102,053
Expenses								
Employee benefits and on-costs	46,741	120	(20)	46,841	149	46,990	22,659	23,509
Materials and services	47,112	1,525	(713)	47,924	519	48,443	20,987	23,389
Borrowing costs	1,059	-	-	1,059	-	1,059	94	168
Depreciation, amortisation and impairment for non-financial assets	23,199	-	-	23,199	-	23,199	11,545	11,600
Other expenses	3,236	2,320	1	5,557	-	5,557	1,953	1,958
Net losses from disposal of assets	34	-	-	34	-	34	(152)	(308)
Total Expenses from Continuing Operations	121,381	3,965	(732)	124,614	668	125,282	57,086	60,316
Net Operating Result from Continuing Operations	30,729	1,903	(13,694)	18,938	(2,206)	16,732	46,974	41,737
Net Operating Result Before Capital Items	5,054	(3,720)	(3,870)	(2,536)	573	(1,963)	35,850	31,422

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 December Quarter

	Other Recommended Variations Increase / (Decrease) (\$000's)
Income	
<i>Rates & Annual Charges:</i>	
Residential Rates	452
Business Rates	13
Domestic Waste Management Levy	9
Environmental Levy	5
Infrastructure Levy	3
Stormwater Management Service Charge	1
Crows Nest Mainstreet Levy	(1)
	482
<i>User Charges & Fees:</i>	
Rezoning Fees	286
DA Amended Plans Processing Fees	155
	441
<i>Other Revenues:</i>	
Monford Place Road Closure Legal Costs Contribution	50
Street Lighting Energy Savings Certificates	50
Insurance Claims Recovered	18
99 Mount Street Air Space Lease Legal Costs Contribution	12
Ex Gratia Rates	2
Australia Day Event Income	(7)
New Year's Eve Event Income	(331)
	(206)

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Income & Expenses Report

Recommended Variations to Revised Budget for December Quarter (continued)

	Other Recommended Variations Increase / (Decrease) (\$000's)
<i>Grants & Contributions - Operating:</i>	
North Sydney Metro Station Planning Grant	300
Faster Regionally Significant Development Applications Pilot Program Grant	275
State Government Contribution to New Year's Eve Event Incoem Shortfall	230
North Sydney War Memorial Maintenance Grant	10
Community Recycling Cente Contributions	7
Library Per Capita Subsidy	4
Temporary Strategic Planner Grant	(120)
Food Waste Collection Trial Grant	(162)
	544
<i>Grants & Contributions - Capital:</i>	
Albany Street & Willoughby Road Intersection Upgrade Grant	150
Smoothey Park Pathway Improvements Grant	(20)
Holtermann Street Car Park Upgrade Grant	(1,159)
Hume Street Plaza Grant	(1,750)
	(2,779)
<i>Interest and Investment Income</i>	
Interest on Outstanding Rates	(20)
	(20)
Total Income	(1,538)
Expenditure	
<i>Employee Costs:</i>	
North Sydney Metro Station Planning Salaries (Grant Funded)	300
Customer Service Staff Uniforms	5
Passive Recreation Maintenance Salaries (transferred to Passive Recreation Contract Labour)	(18)
North Sydney Oval Salaries (transferred to North Sydney Oval Staff Training Costs)	(18)
Strategic Planning Salaries	(120)
	149
<i>Materials & Services:</i>	
Faster Regionally Significant Development Applications Pilot Program Grant Expenditure	275
Digitisation of Property Files	85
Neutral Bay Planter Box Maintenance (transferred from Military Road Corridor Streetscape Works capital expenditure)	81
Monford Place Road Closure Legal Costs	50
Heritage Consultancy	35
Records Review Implementation	34
80 Pacific Highway Air Space Lease Legal Costs	20
Elizabeth Plaza Air Space Lease Legal Costs	20
North Sydney Oval Staff Training Costs (transferred from North Sydney Oval Salaries)	18
Passive Recreation Maintenance Contract Labour (transferred from Passive Recreation Maintenance Salaries)	18
Councillor Training	15
Kendall Community Centre Playground Maintenance	15
North Sydney War Memorial Maintenance Grant Expenditure	10
Western Harbour Tunnel Beaches Link Consultancy (transferred from Traffic Facilities Projects to be Established capital expenditure)	10
Enterprise Risk Management Framework Review	7
99 Mount Street Air Space Lease Legal Costs	6
Mayoral Allowance	(5)
Councillor Fees	(10)
Building Maintenance	(165)
	519
Total Expenditure	668

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 2021/22 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Capital Budget Report

	Approved Variations			Revised Budget	Recommended Variations to Revised Budget for December Quarter	Projected Year End Result 2021/22	YTD Actual
	Original Budget 2021/22 (\$000's)	Carried Forward 2020/21 (\$000's)	September Review (\$000's)				
Capital Expenditure							
<i>New Assets</i>							
- Office Equipment	286	20	-	306	145	451	5
- Land & Buildings	3,110	3,257	-	6,367	(1,020)	5,347	449
- Land Improvements	467	749	-	1,216	-	1,216	405
- Roads & Bridges	1,383	1,573	11	2,967	1,239	4,206	1,409
- Footpaths	859	1,475	201	2,535	-	2,535	816
- Stormwater Drainage	105	138	-	243	-	243	40
- Open Space/Recreational Assets	464	606	176	1,246	-	1,246	304
- Other Infrastructure Assets	741	1,017	-	1,758	-	1,758	511
- Heritage Collections	5	-	-	5	-	5	-
<i>Renewal Assets (Replacement)</i>							
- Plant & Equipment	2,185	388	-	2,573	635	3,208	294
- Office Equipment	377	318	25	720	37	757	174
- Furniture & Fittings	73	5	-	78	-	78	-
- Land & Buildings	1,230	424	229	1,883	(100)	1,783	277
- Land Improvements	310	108	687	1,105	-	1,105	36
- Roads & Bridges	6,483	1,907	-	8,390	(401)	7,989	2,346
- Footpaths	4,679	3,248	201	8,128	(478)	7,650	1,686
- Stormwater Drainage	3,551	237	-	3,788	-	3,788	466
- Swimming Pools	48,222	2,120	-	50,342	-	50,342	5,387
- Open Space/Recreational Assets	1,284	2,795	385	4,464	(44)	4,420	1,421
- Other Infrastructure Assets	6,352	1,168	(51)	7,469	(177)	7,292	1,517
- Library Books	410	-	-	410	-	410	145
- Heritage Collections	-	-	-	-	40	40	-
Total Capital Expenditure	82,576	21,553	1,864	105,993	(124)	105,869	17,688
Capital Funding							
<i>Rates and Other Untied Funding</i>	753	-	(51)	702	-	702	247
<i>Capital Grants & Contributions</i>	16,377	12,420	1,487	30,284	(980)	29,304	5,586
<i>Internal Reserves:</i>							
- Capital Works	20,624	4,246	-	24,870	302	25,172	4,730
- Income Producing Projects	50	388	-	438	-	438	20
- IT Hardware & Software	275	126	25	426	-	426	160
- Plant	2,110	-	-	2,110	635	2,745	274
- North Sydney Olympic Pool Redevelopment Reserve	7,222	1,120	-	8,342	-	8,342	4,210
- Insurance	-	-	-	-	-	-	-
<i>External Reserves:</i>							
- Environmental Levy	-	-	-	-	-	-	-
- Infrastructure Levy	2,238	-	-	2,238	-	2,238	600
- Crows Nest Mainstreet Levy	200	-	-	200	-	200	33
- Neutral Bay Mainstreet Levy	180	3	-	183	(81)	102	4
- Stormwater Levy	575	-	-	575	-	575	80
- Developer Contributions	972	3,250	403	4,625	-	4,625	1,745
<i>New Loans</i>	31,000	-	-	31,000	-	31,000	-
Total Capital Funding	82,576	21,553	1,864	105,993	(124)	105,869	17,689

Notes:

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

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Capital Budget Report

Recommended Variations to Revised Budget for December Quarter

	Other Recommended Variations Increase / (Decrease) (\$000's)
Fleet and Plant Replacement	635
Albany Street & Willoughby Road Intersection Upgrade	150
Council Chambers - Live Streaming of Meetings	110
Smoothey Park Path Construction	80
Ward Street Car Park Building Upgrade (transferred from Building Maintenance operating expenditure)	80
Bradfield Park Community Centre Solar Power System (transferred from Building Maintenance operating expenditure)	40
Records Review Implementation	37
246 Miller Street Structural Repairs (transferred from Building Maintenance operating expenditure)	35
North Sydney Community Centre Hot Water System Replacement (transferred from Building Maintenance operating expenditure)	10
Traffic Facilities Projects to be Established (transferred to Western Harbour Tunnel Beaches Link operating expenditure)	(10)
Military Road Corridor Streetscape Works (transferred to Neutral Bay Planter Box Maintenance operating expenditure)	(81)
Holterman Street Car Park Upgrade Design	(1,210)
Total	(124)

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 2021/22 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the Quarter Ended 31 December 2021

Cash & Investments Report

	Original Budget 2021/22 (\$000's)	Approved Variations		Revised Budget (\$000's)	Recommended Variations to Revised Budget for December Quarter (\$000's)	Projected Year End Result 2021/22 (\$000's)
		Carried Forward from 2020/21 (\$000's)	September Review (\$000's)			
Externally Restricted						
<i>Developer Contributions</i>	19,306	(5,487)	(1,903)	11,916	-	11,916
<i>Developer Contributions VPA</i>	23,550	-	(9,800)	13,750	-	13,750
<i>Other Special Purpose Contributions</i>	120	(133)	-	(13)	15	2
<i>Special Purpose Grants</i>	9,365	(7,405)	-	1,960	(1,960)	-
<i>Better Waste & Recycling Fund</i>	53	-	-	53	-	53
<i>Domestic Waste Management</i>	8,859	(64)	(8)	8,787	1	8,788
<i>Environmental Levy</i>	1,048	-	(36)	1,012	4	1,016
<i>Infrastructure Levy</i>	(28)	-	-	(28)	3	(25)
<i>Crows Nest Mainstreet Levy</i>	103	-	-	103	(1)	102
<i>Neutral Bay Mainstreet Levy</i>	1	(3)	-	(2)	-	(2)
<i>Stormwater Management Service Charge</i>	-	-	-	-	1	1
Total Externally Restricted	62,377	(13,092)	(11,747)	37,538	(1,937)	35,601
Internally Restricted						
<i>Capital Works Reserve</i>	11,515	(4,875)	(4,473)	2,167	411	2,578
<i>Income Producing Projects Reserve</i>	10	(388)	687	309	61	370
<i>Insurance Reserve</i>	62	-	-	62	17	79
<i>I.T. Hardware & Software Reserve</i>	598	(126)	(25)	447	-	447
<i>Plant Reserve</i>	2,669	-	-	2,669	(635)	2,034
<i>Employee Leave Entitlements Reserve</i>	7,955	-	-	7,955	-	7,955
<i>North Sydney Olympic Pool Redevelopment Reserve</i>	2,698	(1,120)	-	1,578	-	1,578
<i>Community Housing - Capital Purchases Reserve</i>	963	-	-	963	-	963
<i>Community Housing - Major Maintenance Reserve</i>	167	(49)	-	118	-	118
Total Internally Restricted	26,637	(6,558)	(3,811)	16,268	(146)	16,122
Total Restricted	89,014	(19,650)	(15,558)	53,806	(2,083)	51,723
Unrestricted	-	-	-	-	-	-
Total Cash & Investments	89,014	(19,650)	(15,558)	53,806	(2,083)	51,723

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 \$126,770,065 is \$3,046,315. This Cash at Bank amount has been reconciled to Council's physical bank statements. The bank reconciliation completed on 5 January, 2022.

Reconciliation

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

Cash at Bank (as per bank statements)	3,046,315
Cash on Hand (Cash Floats)	12,950
Cash Equivalent Assets (Deposits at Call)	24,175,314
Investment Securities (Term Deposits & FRNs)	99,929,721
less Shorelink Cash & Investments	(239,618)
less Wendy Whiteley Reserve Cash	(2,580)
less Unpresented Cheques	(12,238)
plus Undeposited Funds	48,172
less Unidentified Deposits (not yet accounted in ledger)	(187,969)
YTD Cash & Investments	126,770,065

7

North Sydney Council

Quarterly Budget Review Statement for the Quarter Ended 31 December 2021 Cash & Investments Report

Recommended Variations to Revised Budget for December Quarter

	Increase / (Decrease) (\$000's)
Movement in Restricted Funds - Income from Continuing Operations	
Special Purpose Grants North Sydney Metro Station Planning Grant	300
Special Purpose Grants Faster Regionally Significant Development Applications Pilot Program Grant	275
Special Purpose Grants Albany Street & Willoughby Road Intersection Upgrade Grant	150
Special Purpose Grants North Sydney War Memorial Maintenance Grant	10
Special Purpose Grants Library Per Capita Subsidy	4
Special Purpose Grants Smoothey Park Pathway Improvements Grant	(20)
Special Purpose Grants Temporary Strategic Planner Grant	(120)
Special Purpose Grants Food Waste Collection Trial Grant	(162)
Special Purpose Grants Holtermann Street Car Park Upgrade Grant	(1,158)
Special Purpose Grants Hume Street Plaza Grant	(1,750)
Income Producing Projects Reserve Street Lighting Energy Savings Certificates	61
Domestic Waste Management Domestic Waste Management Levy	9
Other Special Purpose Contributions Community Recycling Cente Contributions	7
Capital Works Reserve Rezoning Fees	286
Capital Works Reserve DA Amended Plans Processing Fees	155
Capital Works Reserve Residential Rates	254
Insurance Reserve Insurance Claims Recovered	17
Environmental Levy Environmental Levy	4
Infrastructure Levy Infrastructure Levy	3
Stormwater Management Service Charge Stormwater Management Service Charge	1
Crows Nest Mainstreet Levy Crows Nest Mainstreet Levy	(1)
	(1,675)
Movement in Restricted Funds - Expenses from Continuing Operations	
Special Purpose Grants Temporary Strategic Planner Grant	120
Special Purpose Grants North Sydney Metro Station Planning Salaries	(300)
Special Purpose Grants Faster Regionally Significant Development Contractor Costs	(275)
Special Purpose Grants North Sydney War Memorial Maintenance	(10)
Special Purpose Grants Library Salaries	(4)
Domestic Waste Management Community Recycling Cente Operating Costs	(8)
Other Special Purpose Contributions Community Recycling Cente Operating Costs	8
Capital Works Reserve Digitisation of Property Files	(85)
Capital Works Reserve Elizabeth Plaza Air Space Lease Legal Costs	(17)
Capital Works Reserve 80 Pacific Highway Air Space Lease Legal Costs	(20)
Capital Works Reserve Kendall Community Centre Playground Maintenance	(15)
Neutral Bay Mainstreet Neutral Bay Planter Box Maintenance	81
	(525)
Movement in Restricted Funds - Capital Expenditure	
Special Purpose Grants Albany Street & Willoughby Road Intersection Upgrade	(150)
Special Purpose Grants Smoothey Park Path Construction	(80)
Special Purpose Grants Holtermann Street Car Park Design	1,210
Neutral Bay Mainstreet Military Road Corridor Streetscape Works	(81)
Capital Works Reserve Council Chambers - Live Streaming of Meetings	(110)
Capital Works Reserve Records Review Implementation	(37)
Plant Reserve Fleet and Plant Replacement	(635)
	117
	(2,083)

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 2021/22 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Contracts Listing

Contractor	Contract Detail & Purpose	Contract Value	Commencement Date	Duration of Contract	Budgeted (Y/N)
Jadu Software Pty Ltd	Contract 22-2021 Provision of Council Website Services	\$339,100.00	25/10/2021	60 Months	Y
Retaining Specialists Pty Ltd	Contract 36-2021 Kurraba Road Stabilisation Works	\$223,119.00	07/12/2021	7 Months	Y
Anzellotti Contructions Pty Ltd	Contract 37-2021(A) Anderson Park Retaining Wall Works	\$151,655.00	07/12/2021	7 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

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	1,267,858	Y
Legal Fees	858,600	Y

Definition of consultant:

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

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021 Operational Plan Summary Report by Divisions and Departments

Operating Income

Division / Department	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
1. Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	-	-	-	0.0%	0.0%
Legal Services	70,200	70,200	35,100	34,173	48.7%	97.4%
Council & Committee Services	-	-	-	-	0.0%	0.0%
Risk Management/WHS	-	-	-	17,559	0.0%	0.0%
	<u>70,200</u>	<u>70,200</u>	<u>35,100</u>	<u>51,732</u>	73.7%	147.4%
2. City Strategy						
CIS Administration	293,000	293,000	146,500	186,040	63.5%	127.0%
Development Services	3,241,000	3,241,000	1,889,900	2,657,084	82.0%	140.6%
Environment & Building Compliance	641,600	641,600	320,800	146,938	22.9%	45.8%
Ranger & Parking Services	6,523,000	5,523,000	2,261,499	2,218,220	40.2%	98.1%
Strategic Planning	595,000	595,000	237,498	779,677	131.0%	328.3%
	<u>11,293,600</u>	<u>10,293,600</u>	<u>4,856,197</u>	<u>5,987,959</u>	58.2%	123.3%
3. Community & Library Services						
Community Development	999,169	999,169	432,785	457,465	45.8%	105.7%
Library Services	291,100	291,100	210,000	212,710	73.1%	101.3%
	<u>1,290,269</u>	<u>1,290,269</u>	<u>642,785</u>	<u>670,175</u>	51.9%	104.3%
4. Corporate Services						
COS Administration	-	-	-	-	0.0%	0.0%
Communication & Events	402,000	402,000	377,622	575	0.1%	0.2%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	589,700	589,700	146,244	103,203	17.5%	70.6%
Financial Services	58,531,318	57,795,001	51,094,930	51,652,260	89.4%	101.1%
Human Resources	12,500	12,500	6,250	-	0.0%	0.0%
Information Technology	1,000	1,000	500	327	32.7%	65.4%
	<u>59,536,518</u>	<u>58,800,201</u>	<u>51,625,546</u>	<u>51,756,365</u>	88.0%	100.3%
5. Engineering & Property Services						
Asset Management/Engineering	16,249,481	13,940,635	5,822,468	5,790,755	41.5%	99.5%
Project Management	497,860	497,860	497,860	496,989	99.8%	99.8%
Property Assets	7,406,820	7,406,820	2,023,177	1,755,426	23.7%	86.8%
Traffic & Transport Operations	215,800	226,865	16,465	55,875	24.6%	339.4%
Works Engineering	8,107,852	7,767,852	5,750,533	5,988,208	77.1%	104.1%
	<u>32,477,813</u>	<u>29,840,032</u>	<u>14,110,503</u>	<u>14,087,253</u>	47.2%	99.8%
6. Open Space & Environmental Services						
Environmental Services	20,178,847	20,178,847	19,936,432	19,949,755	98.9%	100.1%
Landscape Planning & Design	9,000	9,000	4,500	2,155	23.9%	47.9%
North Sydney Olympic Pool	-11,000	-11,000	-11,000	-12,165	110.6%	110.6%
North Sydney Oval & Function Centre	1,014,676	1,014,676	391,028	229,762	22.6%	58.8%
Parks & Reserves	575,300	592,520	147,052	213,446	36.0%	145.2%
	<u>21,766,823</u>	<u>21,784,043</u>	<u>20,468,012</u>	<u>20,382,953</u>	93.6%	99.6%
Total Operating Income	<u>126,435,223</u>	<u>122,078,345</u>	<u>91,738,143</u>	<u>92,936,437</u>	76.1%	101.3%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021 Operational Plan Summary Report by Divisions and Departments

Operating Expenditure

Division / Department	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
1. Governance					
Executive Services	1,197,206	1,197,206	534,675	43.6%	97.6%
Corporate Planning & Engagement	675,259	690,259	313,629	39.1%	86.1%
Legal Services	1,850,638	1,850,638	947,293	53.7%	105.0%
Council & Committee Services	1,447,393	1,338,667	415,106	31.9%	103.0%
Risk Management/WHS	1,663,548	1,663,548	1,373,524	76.5%	92.7%
	<u>6,834,044</u>	<u>6,740,318</u>	<u>3,584,227</u>	51.7%	97.3%
2. City Strategy					
CIS Administration	1,332,468	1,446,694	749,389	52.8%	102.0%
Development Services	3,061,308	3,061,308	1,523,952	47.0%	94.4%
Environment & Building Compliance	2,145,102	2,145,102	1,074,801	44.7%	89.2%
Ranger & Parking Services	6,200,186	5,945,829	2,883,458	46.7%	96.3%
Strategic Planning	1,832,223	2,236,278	987,193	36.7%	83.1%
	<u>14,571,287</u>	<u>14,835,211</u>	<u>7,218,793</u>	45.6%	93.6%
3. Community & Library Services					
Community Development	3,818,536	6,119,125	2,253,644	33.4%	90.7%
Library Services	3,580,220	3,580,220	1,878,178	40.1%	76.5%
	<u>7,398,756</u>	<u>9,699,345</u>	<u>4,131,822</u>	35.9%	84.2%
4. Corporate Services					
COS Administration	595,941	595,941	301,647	49.2%	97.2%
Communication & Events	2,780,304	2,903,804	1,021,186	37.1%	105.4%
Contracts Management	273,387	273,387	136,693	54.2%	108.4%
Customer Services & Records Management	2,795,929	2,931,512	1,461,166	47.3%	94.8%
Financial Services	5,507,073	5,599,800	2,642,014	47.2%	100.0%
Human Resources	1,117,574	1,117,574	556,110	42.9%	86.2%
Information Technology	3,538,401	3,538,401	2,159,036	63.4%	103.9%
	<u>16,608,609</u>	<u>16,960,419</u>	<u>8,277,852</u>	48.7%	99.9%
5. Engineering & Property Services					
Asset Management/Engineering	9,155,487	9,383,449	4,515,669	36.9%	76.6%
Project Management	113,500	769,567	127,355	19.6%	118.7%
Property Assets	5,371,963	5,371,963	2,735,716	42.2%	82.8%
Traffic & Transport Operations	2,110,428	1,537,312	783,778	49.5%	97.1%
Works Engineering	604,661	584,661	289,230	66.2%	133.8%
	<u>17,356,039</u>	<u>17,646,952</u>	<u>8,451,748</u>	39.8%	83.1%
6. Open Space & Environmental Services					
Environmental Services	22,130,574	22,194,667	10,648,066	44.4%	92.5%
Landscape Planning & Design	760,542	760,542	384,059	52.6%	104.2%
North Sydney Olympic Pool	287,748	287,748	75,500	4.8%	18.2%
North Sydney Oval & Function Centre	1,402,398	1,402,398	711,896	39.3%	77.4%
Parks & Reserves	8,912,798	8,967,667	4,448,147	45.8%	92.3%
	<u>33,494,060</u>	<u>33,613,022</u>	<u>16,267,668</u>	44.4%	91.7%
Total Operating Expenditure	<u>96,262,795</u>	<u>99,495,267</u>	<u>47,932,110</u>	44.2%	91.7%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021
Operational Plan Summary Report by Divisions and Departments

Capital Income

Direction / Goal	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
1. Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	-	-	-	0.0%	0.0%
Legal Services	-	-	-	-	0.0%	0.0%
Council & Committee Services	-	-	-	-	0.0%	0.0%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>	<u>0.0%</u>
2. City Strategy						
CIS Administration	-	-	-	-	0.0%	0.0%
Development Services	-	-	-	-	0.0%	0.0%
Environmental & Building Compliance	-	-	-	-	0.0%	0.0%
Ranger & Parking Services	-	-	-	-	0.0%	0.0%
Strategic Planning	-	-	-	-	0.0%	0.0%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>	<u>0.0%</u>
3. Community and Library Services						
Community Development	-	-	-	-	0.0%	0.0%
Library Services	55,600	55,600	55,600	55,591	100.0%	100.0%
	<u>55,600</u>	<u>55,600</u>	<u>55,600</u>	<u>55,591</u>	<u>100.0%</u>	<u>100.0%</u>
4. Corporate Services						
COS Administration	-	-	-	-	0.0%	0.0%
Communication & Events	-	-	-	-	0.0%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	-	-	-	-	0.0%	0.0%
Financial Services	-	-	-	-	0.0%	0.0%
Human Resources	-	-	-	-	0.0%	0.0%
Information Technology	-	-	-	-	0.0%	0.0%
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>	<u>0.0%</u>
5. Engineering & Property Services						
Asset Management/Engineering	-	76,824	-	-481	-0.6%	0.0%
Project Management	-	-	-	-	0.0%	0.0%
Property Assets	11,260,000	14,384,689	8,000,000	8,000,000	55.6%	100.0%
Traffic & Transport Operations	728,950	1,461,044	176,466	158,126	10.8%	89.6%
Works Engineering	-	-	-	-	0.0%	0.0%
	<u>11,988,950</u>	<u>15,922,557</u>	<u>8,176,466</u>	<u>8,157,645</u>	<u>51.2%</u>	<u>99.8%</u>
6. Open Space & Environmental Services						
Environmental Services	-	-	-	-	0.0%	0.0%
Landscape Planning & Design	-	-	-	-	0.0%	0.0%
North Sydney Olympic Pool	-	-	-	-	0.0%	0.0%
North Sydney Oval & Function Centre	-	-	-	-	0.0%	0.0%
Parks & Reserves	1,830,000	4,995,356	1,828,692	2,609,619	52.2%	142.7%
	<u>1,830,000</u>	<u>4,995,356</u>	<u>1,828,692</u>	<u>2,609,619</u>	<u>52.2%</u>	<u>142.7%</u>
Total Capital Income	<u>13,874,550</u>	<u>20,973,513</u>	<u>10,060,758</u>	<u>10,822,855</u>	<u>51.6%</u>	<u>107.6%</u>

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021 Operational Plan Summary Report by Divisions and Departments

Capital Expenditure

Direction / Goal	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
1. Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	12,800	-	-	0.0%	0.0%
Legal Services	-	-	-	-	0.0%	0.0%
Council & Committee Services	-	-	-	-	0.0%	0.0%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
	<u>-</u>	<u>12,800</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>	<u>0.0%</u>
2. City Strategy						
CIS Administration	190,000	190,000	-	-	0.0%	0.0%
Development Services	-	-	-	4,000	0.0%	0.0%
Environmental & Building Compliance	-	-	-	-	0.0%	0.0%
Ranger & Parking Services	65,000	69,711	5,247	1,598	2.3%	30.5%
Strategic Planning	96,000	96,000	-	-	0.0%	0.0%
	<u>351,000</u>	<u>355,711</u>	<u>5,247</u>	<u>5,598</u>	<u>1.6%</u>	<u>106.7%</u>
3. Community & Library Services						
Community Development	173,000	380,481	128,435	116,669	30.7%	90.8%
Library Services	475,300	522,524	215,111	145,815	27.9%	67.8%
	<u>648,300</u>	<u>903,005</u>	<u>343,546</u>	<u>262,484</u>	<u>29.1%</u>	<u>76.4%</u>
4. Corporate Services						
COS Administration	-	-	-	-	0.0%	0.0%
Communication & Events	75,950	280,258	-	10,200	3.6%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	-	-	-	-	0.0%	0.0%
Financial Services	-	-	-	-	0.0%	0.0%
Human Resources	-	-	-	-	0.0%	0.0%
Information Technology	275,000	413,522	154,230	159,574	38.6%	103.5%
	<u>350,950</u>	<u>693,780</u>	<u>154,230</u>	<u>169,774</u>	<u>24.5%</u>	<u>110.1%</u>
5. Engineering & Property Services						
Asset Management/Engineering	15,438,793	16,860,238	5,734,759	4,364,787	25.9%	76.1%
Project Management	4,095,943	8,440,063	1,647,226	1,507,521	17.9%	91.5%
Property Assets	51,692,343	57,528,854	41,536,164	6,696,332	11.6%	16.1%
Traffic & Transport Operations	1,928,950	4,885,122	2,092,400	1,284,606	26.3%	61.4%
Works Engineering	-	-	-	-	0.0%	0.0%
	<u>73,156,029</u>	<u>87,714,277</u>	<u>51,010,549</u>	<u>13,853,246</u>	<u>15.8%</u>	<u>27.2%</u>
6. Open Space & Environmental Services						
Environmental Services	110,000	133,780	22,928	22,928	17.1%	100.0%
Landscape Planning & Design	-	-	-	-	0.0%	0.0%
North Sydney Olympic Pool	-	-	-	-	0.0%	0.0%
North Sydney Oval & Function Centre	-	51,975	11,209	11,209	21.6%	100.0%
Parks & Reserves	5,850,000	11,948,619	3,324,620	3,089,629	25.9%	92.9%
	<u>5,960,000</u>	<u>12,134,374</u>	<u>3,358,757</u>	<u>3,123,766</u>	<u>25.7%</u>	<u>93.0%</u>
Total Capital Expenditure	<u>80,466,279</u>	<u>101,813,947</u>	<u>54,872,329</u>	<u>17,414,868</u>	<u>17.1%</u>	<u>31.7%</u>

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Key Performance Indicators

Key Performance Indicator	Indicator	Indicator	Prior Periods		
	Projected 2021/22	Original 2021/22	Actual 2020/21	Actual 2019/20	Actual 2018/19

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

1. Operating Performance Ratio

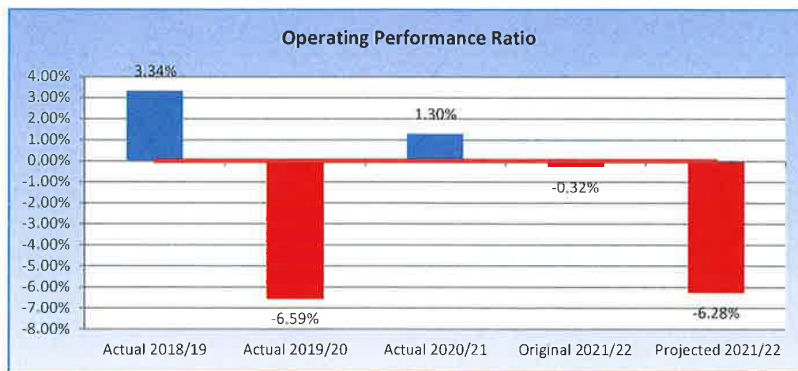
Total continuing operating revenue excluding capital grants and contributions, fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain less operating expenses excluding fair value decrements, net losses on disposal of assets and net share of interest in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

-6.28%	-0.32%	1.30%	-6.59%	3.34%
--------	--------	-------	--------	-------

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 failed to meet the benchmark for the first time in many years in 2019/20 due to impact of pandemic lockdowns on revenue. After improving in 2020/21, it is forecast to fall below the benchmark again in 2021/22, once again largely due to the impact of pandemic lockdowns on revenue.



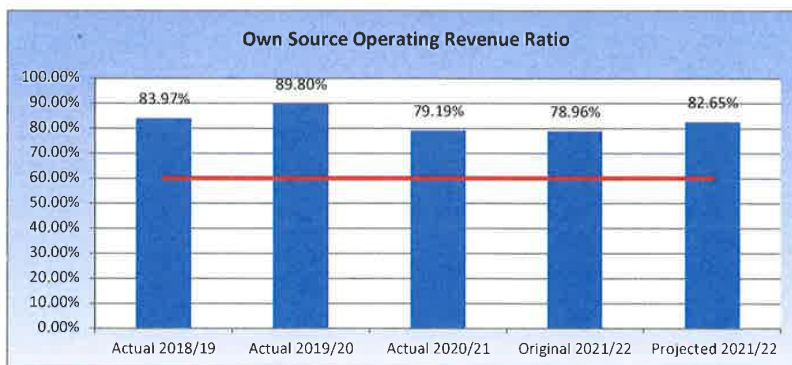
2. Own Source Operating Revenue Ratio

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

82.65%	78.96%	79.19%	89.80%	83.97%
--------	--------	--------	--------	--------

Total continuing operating revenue excluding fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain

This indicator provides a measure of the degree of reliance on external funding sources such as operating grants and contributions. It should be greater than the benchmark of 60% and has been for the last 3 years and is forecast to be again in 2021/22. This is an indication that Council does not rely heavily on external funding sources.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Key Performance Indicators

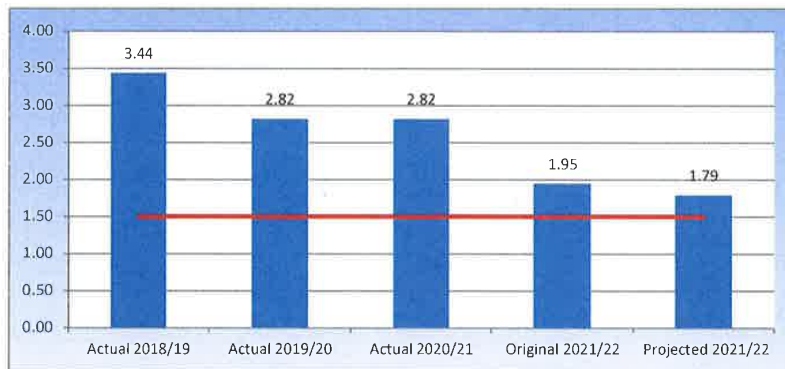
Key Performance Indicator	Indicator	Indicator	Prior Periods		
	Projected 2021/22	Original 2021/22	Actual 2020/21	Actual 2019/20	Actual 2018/19

3. Unrestricted Current Ratio

$\frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$	1.79 x	1.95 x	2.82 x	2.82 x	3.44 x
---	--------	--------	--------	--------	--------

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

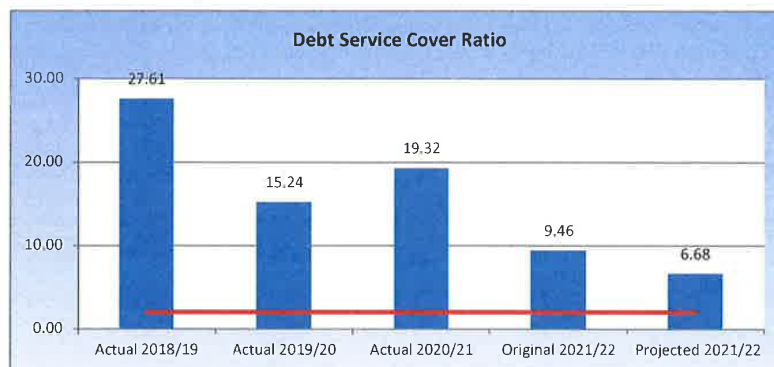
This ratio should be greater than 1.5x, the benchmark considered satisfactory by the industry. Council's ratio has been above the benchmark for a number of years and is forecast to remain at this level in the short to medium term. This indicates that Council has more than adequate capacity to meet its obligations in the short term for its unrestricted activities.



4. Debt Service Cover Ratio

$\frac{\text{Operating result before capital grants and contributions excluding interest and depreciation}}{\text{Debt service cost (i.e. loan principal and interest payments)}}$	6.68 x	9.46 x	19.32 x	15.24 x	27.61 x
--	--------	--------	---------	---------	---------

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. This ratio has comfortably met the benchmark since Council embarked on a controlled borrowing program in 2015/16 to address the need for the renewal or upgrade some of its infrastructure assets. It should continue to meet the benchmark for the foreseeable future.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2021

Key Performance Indicators

Key Performance Indicator	Indicator	Indicator	Prior Periods		
	Projected 2021/22	Original 2021/22	Actual 2020/21	Actual 2019/20	Actual 2018/19
5. Infrastructure Renewals Ratio					
Infrastructure Asset Renewals	436.30%	373.23%	98.35%	93.60%	121.48%
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. After being well below this benchmark for a number of years, significant increases in funding for infrastructure renewal has seen it improve to be near or above the benchmark since 2013/14. The redevelopment of North Sydney Olympic Pool in addition to the renewal of other infrastructure assets will ensure that it is well above the benchmark in 2021/22.

