

10.3. Quarterly Budget Review - December 2022

AUTHOR: Christian Munday, Manager Financial Services

ENDORSED BY: Margaret Palmer, Director Corporate Services

ATTACHMENTS: Quarterly Budget Review Statement for the Quarter Ended 31 December 2023

PURPOSE:

This report reviews the budget for quarter ended 31 December 2022. It seeks to highlight and track variances from the original budget. It also seeks approval to adjust the 2022/23 budget accordingly. This report should be read in conjunction with Item 10.02 Q2 Review of the Operational Plan 2022/23.

EXECUTIVE SUMMARY:

The 2022/23 Original Budget forecast a balanced operating result (a \$15 thousand deficit) before capital grants and contributions, and a net operating surplus of \$8.01 million after capital grants and contributions.

Previous variations to the Original Budget increased the Operating Deficit Before Capital Items. Carry forward items increased the forecast Operating Deficit After Capital Items to \$6.5 million. The main reasons for this were \$2.67 million of carried forward expenditure (funded by income received and restricted in FY 2021/22), \$1.77 million of a 2022/23 Financial Assistance Grant received early and recognised in FY 2021/22, and a \$1.85 million increase in depreciation following revaluation of assets.

At the end of the December quarter, actual operating income was \$4.04 million (4.1%) above the year-to-date budget. This is a function of greater-than-expected activity in parking fees (on-street and off-street), parking infringements and development fees. The increase in parking fees and infringements suggests a recovery from suppressed activity in these items during Covid lockdowns and heavy rains. These items, however, have not recovered to pre-Covid levels (adjusted for inflation). Comparing current year projections to adjusted 2018/19 actuals shows that parking station fees are \$1.32 million less than pre-Covid levels, parking meter fees are \$2.02 million less, and parking infringements are \$1.06 less. This represents a total shortfall of \$4.39 million in parking-related income. The Ward Street Station is excluded from this analysis as it was not operated by Council in 2018/9.

Investment Income is \$0.96 million more than the year-to-date budget due to increasing interest rates and a larger-than-forecast cash balance.

Actual operating expenditure was \$0.07 million (0.2%) above the year-to-date current budget. The apparent savings in Employee Benefits are largely offset by expenditure on agency staff.

This budget review proposes further adjustments that will result in a reduction of the operating deficit before capital grants and contributions to \$2.42 million. The surplus after capital grants and contributions will be \$17.36 million.

The main reasons identified in this report for the decrease in the deficit before capital grants and contributions are:

- a \$2.96 million increase in user fees and charges to reflect increased activity in parking fees and development assessments;
- a \$1.50 million increase in interest income to reflect higher-than-budgeted interest rates and cash balances (due to delays in the capital works program); and
- a \$1.00 million increase in parking infringements in line with the same increased activity noted for parking fees.

The increase in income is offset by a need to increase budgeted legal fees (by \$1.35 million) to fund potential legal fees in development-related matters.

\$0.80 million has been added to the Capital Grants and Contributions and the Capital Expenditure budgets for a West Street Cycleway grant. The balance of cash reserves at 30 June 2023 is forecast to be \$62.62 million.

Council is to note that there have been no adjustments for the additional cost of building the North Sydney Olympic Pool (NSOP) or its associated operational costs. A paper is currently being prepared to be tabled at the NSOP Steering Committee which outlines the costs of:

- Staffing Structure - Permanent and Casual;
- IT Costs – Capital and Licensing,
- Operational Costs, and
- Capital Costs not covered in the contract.

The NSOP team is currently accessing variations to the contract to determine the value of adjustments to the FY 2022/23 operating and capital budgets. These will be addressed in the March Quarter Budget Review.

FINANCIAL IMPLICATIONS:

The proposed changes to the budget result in a net operating surplus of \$17.36 million. The net operating result after capital grants and contributions is a proposed deficit of \$2.42 million. The net increase in the deficit compared to the original budget is due to:

- increased user fees due to increased activity;
- increased investment income;
- increased parking infringements; and
- increased legal fees.

The improvement in this review partially offsets the following previously identified negative adjustments:

- carry forwards;
- the recognition of FY 2022/23 grant income in FY 2021/22, and

- an increase in depreciation calculated following revaluation of infrastructure assets as at 30 June 2022.

After the carry forwards, the September Quarter Review and the proposed adjustments in this December review cash reserves are forecast to be \$62.61 million dollars at 30 June 2023, compared to the original budget of \$75.19 million.

RECOMMENDATION:

- 1. THAT** Council adopts the Quarterly Budget Review Statement – December 2022 report in accordance with clause 203 of the Local Government (General) Regulation 2021
- 2. THAT** Council acknowledges the budget amendments in this report.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

5. Our Civic Leadership

5.1 Lead North Sydney's strategic direction

BACKGROUND

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

CONSULTATION REQUIREMENTS

Community engagement is not required.

DETAIL

Original Budget

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

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

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

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

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

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

The year-to-date operating result shows:

- actual operating income had a favourable variance of \$4.04 million (4.1%); and
- actual operating expenditure had a nominal unfavourable variance of \$0.07 million (0.2%).

The favourable variance in operating income is due to:

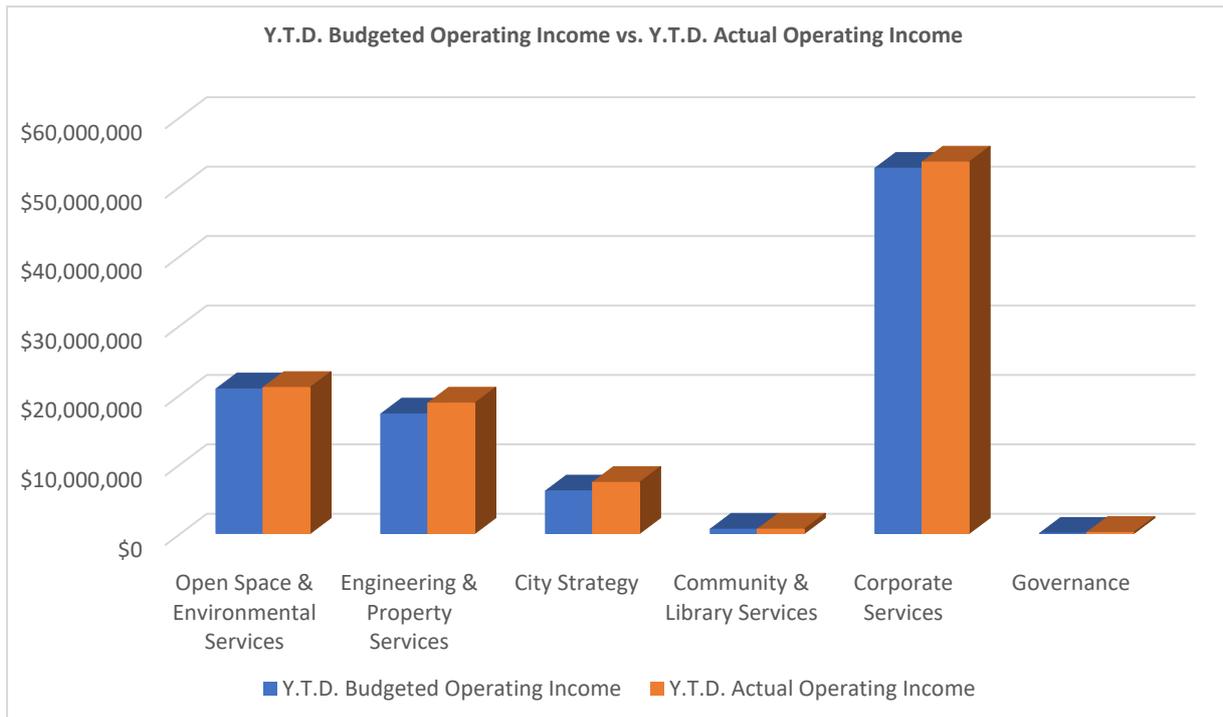
- increased parking user fees and infringements due to increased activity;
- increased development application user fees due to increased activity, and
- higher than forecast investment income.

Operating expenditure is close to budget. The apparent savings in employee benefits are offset to a large degree by increased spending on agency staff (classified as Materials and Services in the Statements). Allowance has also been made to fund potential legal action relating to development matters.

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

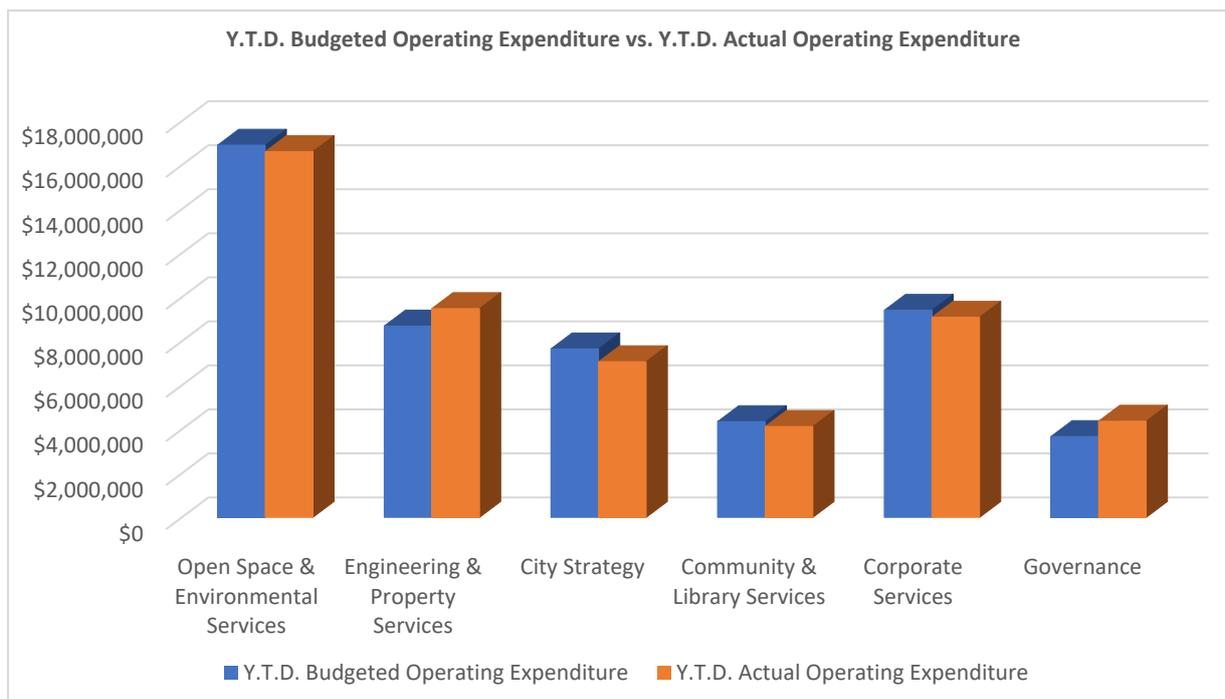
Operating Income

Division	Original Budget (\$)	Revised Budget (\$)	Y.T.D. Revised Budget (\$)	Y.T.D. Actual (\$)	Y.T.D. Variance (\$)	Y.T.D. Variance (%)
Open Space & Environmental Services	21,755,300	21,669,418	20,814,478	21,028,271	213,793	1.0%
Engineering & Property Services	33,995,361	33,691,541	17,204,476	18,775,606	1,571,130	9.1%
City Strategy	11,367,723	11,395,560	6,120,488	7,356,975	1,236,487	20.2%
Community & Library Services	1,176,786	1,185,965	617,115	623,557	6,442	1.0%
Corporate Services	55,464,710	54,166,175	52,599,500	53,493,729	894,229	1.7%
Governance	50,400	50,400	25,200	143,472	118,272	469.3%
Total as per Operational Plan	123,810,280	122,159,059	97,381,257	101,421,610	4,040,353	4.1%



Operating Expenditure

Division	Original Budget (\$)	Revised Budget (\$)	Y.T.D. Budget (\$)	Y.T.D. Actual (\$)	Y.T.D. Variance (\$)	Y.T.D. Variance (%)
Open Space & Environmental Services	33,230,178	33,724,935	16,903,865	16,610,617	293,248	1.7%
Engineering & Property Services	16,559,978	17,432,776	8,690,860	9,484,440	-793,580	(9.1%)
City Strategy	15,735,014	15,922,624	7,652,916	7,070,780	582,136	7.6%
Community & Library Services	7,503,651	7,546,700	4,348,518	4,127,890	220,628	5.1%
Corporate Services	17,982,563	18,496,666	9,403,756	9,088,936	314,820	3.3%
Governance	6,158,349	6,412,568	3,670,594	4,367,822	-697,228	(19.0%)
Total as per Operational Plan	97,169,733	99,536,269	50,670,509	50,750,485	-79,976	-0.2%



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

Capital expenditure year-to-date is \$22.90 million. The original capital budget was \$71.20 million. Including carry forwards and minor adjustments proposed in this review, the capital budget for the year is \$95.37 million. \$72.46 million remains to be expended.

Expenditure on the North Sydney Olympic Pool project year-to-date is \$10.02 million compared to a budgeted expenditure for the year of \$40.70 million. Staff are closely monitoring the progress of this project and the timing of its cash flows as part of the FY2023/24 budget process. No adjustment is proposed in this report. The timing of cashflows of other capital expenditure is also being monitored in the budget process to ensure capital funds are available when required to deliver the projects being undertaken including the Pool.

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

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

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

The most significant adjustments are:

- an increase in parking fees income of \$2.36 million and parking infringements income of \$1.00 million to reflect a partial rebound in levels of activity after Covid lockdowns and excessive rain;

- an increase in investment returns of \$1.50 million to reflect higher than forecast cash balances (due to Covid and rain delayed projects) and higher than expected interest rates;
- an increase in legal fees of \$1.35 million dollars to fund large development related legal matters; and
- the receipt of a capital grant and increase in capital budget of \$800 thousand for West Street Cycleway.

An analysis of parking fees and infringements income shows that these items have not recovered to pre-Covid levels (adjusted for Sydney All Groups CPI). Several years of suppressed income have constrained Council's financial capacity. Comparing 2022/23 forecast figures to 2018/19 adjusted reveals a shortfall of \$1.32 million in parking station fees (excluding Ward Street station), on-street fees are \$2.02 million less, and infringements are \$1.06m less. This totals a shortfall of \$4.39 million in parking related income.

Item	2018/19 Actual (\$)	2019/20 Actual (\$)	2020/21 Actual (\$)	2021/22 Actual (\$)	2022/23 Revised Forecast (\$)	2018/19 Adjusted (\$)
Parking Station fees (excluding Ward Street)	3,790,189	3,086,433	2,997,074	2,520,569	2,960,575	4,281,000
Parking Meter fees	9,133,806	7,785,252	7,710,747	6,086,251	8,300,000	10,316,000
Parking Fines	7,139,729	5,915,576	6,287,470	5,183,118	7,000,000	8,064,000

Council resumed control of the Ward Street Station in September 2020. The facility had previously been leased to a private operator. Ward Street income has therefore been excluded from the above analysis. Ward Street income is detailed in the following table and shows increased activity compared to the previous affected years.

Item	2020/21 Actual	2021/22 Actual	2022/23 Revised Forecast
Parking Station fees (Ward Street Casuals)	1,080,529	1,381,545	2,961,698
Ward Street Parking Station Permanent Pass Cards	129,516	698,082	880,000

Proposed Adjustments to Operating Income

Operating Income

Operating Income	Increase / (Decrease) (\$)
Parking Station fees	2,360,500
Investment returns	1,500,000
Parking Infringements	1,000,000
Parking Meter fees	300,000
Development Application fees	300,000
Legal Costs recovered	100,000
Cammeray Park Irrigation System - reimbursement from TfNSW	34,500
Road Safety Program Grants	11,100
Luna Park Framed Artworks Conservation and Collection Management Project Grant	7,700
TfNSW Regional Roads Block Grant	3,000
'Need a Lift' Project Award Prize	1,000
Youth Opportunities Program Grant	(2,000)
Family Day Care Child Care Benefit Subsidy	(100,000)
Better Waste & Recycling Fund income	(105,000)
Total	5,410,800

Operating Expenditure

Operating Expenditure	Increase / (Decrease) (\$)
Legal Costs	1,350,000
Parking Infringement Processing fees	310,000
Marine Structures Condition Audit (transferred from Marine Structures Renewal - Capital Expenditure)	140,550
Staff Recruitment costs	80,000
McDougal Street Temporary Road Closure (transferred from LATM Implementation - Capital Expenditure)	31,272
Computer Software Support	22,500
Community Development Agency Staff	16,047
Road Safety Program expenses	10,500
Luna Park Framed Artworks Conservation and Collection Management Project	7,700
'Thank You End Of Year Gathering' expenses	3,072
Youth Opportunities Program expenses	(2,000)
Community Development Salaries	(16,047)
Workers Compensation Insurance Premium	(29,857)
Better Waste & Recycling Fund expenses	(40,198)
Employer Superannuation Contributions	(100,000)
Family Day Care Child Care Benefit Payments	(100,000)
Total	1,683,539

Capital Income

Capital Income	Increase / (Decrease) (\$)
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West Street Cycleway Grant	800,000
North Sydney Oval Sight Screens - contribution from North Sydney District Cricket Club	24,000
Total	824,000

Capital Expenditure

Capital Expenditure	Increase / (Decrease) (\$)
West Street Cycleway	800,000
Sawmillers Reserve Retaining Wall	230,000
North Sydney Oval Sight Screens	24,000
Cremorne Reserve Path Construction	20,000
Cammeray Park Irrigation	7,588
TfNSW Regional Roads Block Grant expenditure	3,000
LATM Implementation (transferred to McDougal Street Temporary Road Closure - Operating Expenditure)	(31,272)
Marine Structures Renewal (transferred to Marine Structures Condition Audit - Operating Expenditure)	(140,550)
Drainage Reconstruction	(197,796)
Total	714,970

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

	Original Budget	September Quarter Revised Forecast	Recommended Adjustments - December Quarter	December Quarter Revised Forecast
Net Operating Surplus / (Deficit) before Capital Items	(14,655)	(6,150,701)	3,727,261	(2,423,440)
<i>Add</i>				
Capital Grants and Contributions	8,023,810	18,954,182	824,000	19,778,182
Surplus / (Deficit) from Continuing Operations	8,009,155	12,803,481	4,551,261	17,354,742
<i>Add</i>				
Depreciation, Amortisation & Impairment for Non-Financial Assets	23,937,400	25,787,400	-	25,787,400
Net Losses from Disposal of Assets	547,004	547,004	-	547,004
Proceeds from Disposal of Plant & Equipment	321,282	321,282	-	321,282
<i>Deduct</i>				
Capital Expenditure (other than Plant Purchases)	(70,418,170)	(93,163,306)	(714,970)	(93,878,276)
Plant Purchases	(777,103)	(1,488,290)	-	(1,488,290)
Loan Principal to be repaid	(1,927,127)	(1,927,127)	-	(1,927,127)

Increase in Fair Value of Investment Properties	-	0	-	
Net Transfers To / (From) Reserves	(40,307,559)	(57,119,556)	3,836,291	(53,283,265)

North Sydney Council

Quarterly Budget Review Statement

for the quarter ended 31 December 2022

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North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Responsible Accounting Officer's Statement

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

It is my opinion that the Quarterly Budget Review Statement for North Sydney Council for the quarter ended 31 December 2022 indicates that Council's projected financial position will be satisfactory having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

At the end of the quarter, actual operating income was ahead of the the year-to-date budget by \$4 million mainly due to greater than expected revenue from on and off-street parking fees, parking infringements, investment returns and development fees. Overall, actual operating expenditure was in line with the year-to-date budget. While employee costs were \$1.4 million under budget due to staff turnover and vacancies, this was offset by increased use of agency staff and higher than forecast legal costs.

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

The 'Income & Expenses Report' on pages 3 to 4 of this Quarterly Budget Review Statement forecasts a projected year end net operating deficit before capital grants and contributions of \$2.4 million. A reconciliation of this figure to the forecast net drawdown from reserves is as follows:

Net Operating Deficit before Capital Items	(\$2,423,440)
Add Capital grants and contributions	\$19,778,182
Surplus from Continuing Operations	\$17,354,742
Add Depreciation	\$25,787,400
Net Losses from disposal of assets	\$547,004
Proceeds from disposal of plant and equipment	\$321,282
Deduct Capital expenditure (other than Plant Purchases)	(\$93,878,276)
Plant and equipment purchases	(\$1,488,290)
Loan principal to be repaid	(\$1,927,127)
Net drawdown from reserves	<u>(\$53,283,265)</u>



Signed: _____

Christian Menday
Responsible Accounting Officer

Date: _____

27-Feb-23

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Income & Expenses Report

	Original Budget 2022/23 (\$000's)	Approved Variations			Revised Budget 2022/23 (\$000's)	Recommended Variations to Revised Budget for December Quarter (\$000's)	Projected Year End Result 2022/23 (\$000's)	YTD Actual (\$000's)	YTD Revised Budget (\$000's)
		Carried Forward from 2021/22 (\$000's)	Carried Back to 2021/22 (\$000's)	September Quarterly Review (\$000's)					
Income									
<i>Rates and annual charges</i>	72,409	-	-	(41)	72,368	-	72,368	72,156	72,265
<i>User charges and fees</i>	29,592	-	-	3	29,595	2,960	32,555	18,859	16,245
<i>Other revenue</i>	9,087	-	-	(39)	9,048	1,031	10,079	4,405	3,682
<i>Grants and contributions - operating</i>	5,457	191	-	(1,765)	3,883	(80)	3,803	1,642	1,693
<i>Grants and contributions - capital</i>	8,024	3,535	-	7,395	18,954	824	19,778	10,856	11,904
<i>Interest and investment income</i>	1,384	-	-	-	1,384	1,500	2,884	1,654	692
<i>Other income</i>	5,881	-	-	-	5,881	-	5,881	2,661	2,840
Total Income from Continuing Operations	131,834	3,726	-	5,553	141,113	6,235	147,348	112,233	109,321
Expenses									
<i>Employee benefits and on-costs</i>	49,083	135	-	275	49,493	(66)	49,427	23,758	25,208
<i>Materials and services</i>	45,250	2,114	(23)	(165)	47,176	1,749	48,925	25,957	24,436
<i>Borrowing costs</i>	1,533	-	-	-	1,533	-	1,533	515	515
<i>Depreciation, amortisation and impairment for non-financial assets</i>	23,937	-	-	1,850	25,787	-	25,787	12,450	12,762
<i>Other expenses</i>	3,475	417	-	(118)	3,774	-	3,774	2,246	2,250
<i>Net losses from disposal of assets</i>	547	-	-	-	547	-	547	(444)	(278)
Total Expenses from Continuing Operations	123,825	2,666	(23)	1,842	128,310	1,683	129,993	64,482	64,893
Net Operating Result from Continuing Operations	8,009	1,060	23	3,711	12,803	4,552	17,355	47,751	44,428
Net Operating Result Before Capital Items	(15)	(2,475)	23	3,711	(6,151)	3,728	(2,423)	36,895	32,524

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

	Increase / (Decrease) (\$000's)
Income	
<i>User Charges and Fees:</i>	
Parking Station fees	2,360
Parking Meter fees	300
Development Application fees	300
	<u>2,960</u>
<i>Other Revenue:</i>	
Parking Infringements	1,000
Legal Costs Recovered	100
Cammeray Park Irrigation System - reimbursement from TfNSW	35
'Need a Lift' Project Award Prize	1
Better Waste & Recycling Fund income	(105)
	<u>1,031</u>
<i>Grants and Contributions - Operating:</i>	
Road Safety Program Grants	11
Luna Park Framed Artworks Conservation and Collection Management Project Grant	8
TfNSW Regional Roads Block Grant	3
Youth Opportunities Program Grant	(2)
Family Day Care Child Care Benefit Subsidy	(100)
	<u>(80)</u>
<i>Grants and Contributions - Capital:</i>	
West Street Cycleway Grant	800
North Sydney Oval Sight Screens - contribution from North Sydney District Cricket Club	24
	<u>824</u>

Recommended Variations to Revised Budget for December Quarter (continued)

	Increase / (Decrease) (\$000's)
<i>Interest & Investment Income:</i>	
Investment Returns	1,500
	<u>1,500</u>
Total Income	<u>6,235</u>
Expenditure	
<i>Employee Benefits and On-costs:</i>	
Staff Recruitment costs	80
Community Development Salaries	(16)
Workers Compensation Insurance Premium	(30)
Employer Superannuation Contributions	(100)
	<u>(66)</u>
<i>Materials and Services:</i>	
Legal Costs	1,350
Parking Infringement Processing fees	310
Marine Structures Condition Audit (transferred from Marine Structures Renewal - Capital Expenditure)	140
McDougal Street Temporary Road Closure (transferred from LATM Implementation - Capital Expenditure)	31
Computer Software Support	22
Community Development Agency Staff	16
Road Safety Program expenses	11
Luna Park Framed Artworks Conservation and Collection Management Project	8
'Thank You End Of Year Gathering' expenses	3
Youth Opportunities Program expenses	(2)
Better Waste & Recycling Fund expenses	(40)
Family Day Care Child Care Benefit Payments	(100)
	<u>1,749</u>
Total Expenditure	<u>1,683</u>

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

This document forms part of North Sydney Council's Quarterly Budget Review Statement for the quarter ended 31/12/22 and should be read in conjunction with the total QBR report.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Capital Budget Report

	Approved Variations				Recommended Variations to Revised Budget for December Quarter			Projected Year End Result	YTD Actual
	Original Budget	Carried Forward	Carried Back	September Quarterly Review	Revised Budget	Quarter			
						Carried Forward	Other		
2022/23 (\$000's)	from 2021/22 (\$000's)	to 2021/22 (\$000's)	(\$000's)	(\$000's)	from 2021/22 (\$000's)	(\$000's)	2022/23 (\$000's)	(\$000's)	
Capital Expenditure									
<i>New Assets</i>									
- Office Equipment	25	207	-	55	287	-	-	287	24
- Land & Buildings	320	2,642	-	-	2,962	-	-	2,962	740
- Land Improvements	812	666	-	-	1,478	-	-	1,478	61
- Roads & Bridges	1,180	1,914	-	-	3,094	-	249	3,343	696
- Footpaths	1,303	1,600	-	-	2,903	-	120	3,023	106
- Stormwater Drainage	36	196	-	-	232	-	96	328	22
- Open Space/Recreational Assets	659	728	-	-	1,387	-	8	1,395	163
- Other Infrastructure Assets	1,101	917	-	-	2,018	-	48	2,066	79
- Heritage Collections	5	-	-	-	5	-	-	5	-
<i>Renewal Assets (Replacement)</i>									
- Plant & Equipment	852	743	-	-	1,595	-	-	1,595	1,237
- Office Equipment	1,455	19	-	17	1,491	-	-	1,491	112
- Furniture & Fittings	75	-	-	(1)	74	-	-	74	10
- Land & Buildings	1,000	1,505	-	126	2,631	-	-	2,631	642
- Land Improvements	262	900	-	-	1,162	-	-	1,162	578
- Roads & Bridges	5,973	3,272	-	95	9,340	-	195	9,535	2,962
- Footpaths	2,725	4,592	-	102	7,419	-	60	7,479	1,396
- Stormwater Drainage	3,392	1,578	-	(29)	4,941	(198)	24	4,767	1,474
- Swimming Pools	42,969	-	(2,265)	-	40,704	-	-	40,704	10,018
- Open Space/Recreational Assets	1,323	1,182	(29)	1	2,477	-	24	2,501	1,439
- Other Infrastructure Assets	5,310	2,313	-	339	7,962	-	89	8,051	1,883
- Library Books	418	-	-	-	418	-	-	418	180
- Heritage Collections	-	71	-	-	71	-	-	71	9
Total Capital Expenditure	71,195	25,045	(2,294)	705	94,651	(198)	913	95,366	23,831
Capital Funding									
Rates and Other Untied Funding	1,134	-	-	17	1,151	-	-	1,151	307
Capital Grants & Contributions	7,454	8,700	(29)	130	16,255	-	827	17,082	13,151
<i>Internal Reserves:</i>									
- Capital Works	14,574	12,790	-	557	27,921	(198)	86	27,809	7,223
- Income Producing Projects	-	407	-	-	407	-	-	407	-
- IT Hardware & Software	1,155	11	-	-	1,166	-	-	1,166	78
- Plant	777	711	-	-	1,488	-	-	1,488	1,235
- North Sydney Olympic Pool Redevelopment Reserve	5,269	-	(2,265)	-	3,004	-	-	3,004	-
- Insurance	-	-	-	-	-	-	-	-	-
<i>External Reserves:</i>									
- Infrastructure Levy	2,231	-	-	-	2,231	-	-	2,231	1,131
- Crows Nest Mainstreet Levy	309	159	-	-	468	-	-	468	58
- Neutral Bay Mainstreet Levy	181	97	-	-	278	-	-	278	13
- Stormwater Levy	579	-	-	-	579	-	-	579	214
- Developer Contributions	6,532	2,170	-	1	8,703	-	-	8,703	418
Existing Loans	31,000	-	-	-	31,000	-	-	31,000	-
Total Capital Funding	71,195	25,045	(2,294)	705	94,651	(198)	913	95,366	23,828

Notes:

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

Recommended Variations to Revised Budget for December Quarter

	Carried Forward from 2021/22	Increase / (Decrease) (\$000's)	Increase / (Decrease) (\$000's)
West Street Cycleway	-	-	800
Sawmillers Reserve Retaining Wall	-	-	230
North Sydney Oval Sight Screens	-	-	24
Cremorne Reserve Path Construction	-	-	20
Cammeray Park Irrigation	-	-	7
TfNSW Regional Roads Block Grant expenditure	-	-	3
LATM Implementation (transferred to McDougal Street Temporary Road Closure - Operating Expenditure)	-	-	(31)
Marine Structures Renewal (transferred to Marine Structures Condition Audit - Operating Expenditure)	-	-	(140)
Drainage Reconstruction	(198)	-	-
Total	(198)	913	

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

North Sydney Council

Quarterly Budget Review Statement for the Quarter Ended 31 December 2022

Cash & Investments Report

	Approved Variations				Revised Budget 2022/23 (\$000's)	Recommended Variations for December Quarter (\$000's)	Projected Year End Result 2022/23 (\$000's)
	Original Budget 2022/23 (\$000's)	Carried Forward from 2021/22 (\$000's)	Carried Back to 2021/22 (\$000's)	September Quarterly Review (\$000's)			
Externally Restricted							
<i>Developer Contributions</i>	13,183	(2,180)	-	6,879	17,882	320	18,202
<i>Developer Contributions VPA</i>	13,786	-	-	-	13,786	-	13,786
<i>TfNSW Contributions</i>	-	-	-	-	-	-	-
<i>Other Special Purpose Contributions</i>	123	(4)	-	(104)	15	-	15
<i>Special Purpose Grants</i>	6,247	(6,276)	29	-	-	-	-
<i>Better Waste & Recycling Fund</i>	40	-	-	-	40	(65)	25
<i>Domestic Waste Management</i>	11,650	(167)	-	-	11,483	-	11,483
<i>Environmental Levy</i>	1,426	-	-	-	1,426	-	1,426
<i>Infrastructure Levy</i>	25	-	-	-	25	-	25
<i>Crows Nest Mainstreet Levy</i>	188	(159)	-	73	102	-	102
<i>Neutral Bay Mainstreet Levy</i>	114	(102)	-	-	12	-	12
<i>Stormwater Management Service Charge</i>	-	-	-	-	-	-	-
<i>Unexpended Loans</i>	-	-	-	-	-	-	-
Total Externally Restricted	46,782	(8,888)	29	6,848	44,771	255	45,026
Internally Restricted							
<i>Capital Works Reserve</i>	18,044	(13,924)	-	(1,691)	2,429	3,452	5,881
<i>Income Producing Projects Reserve</i>	822	(407)	-	-	415	-	415
<i>Insurance Reserve</i>	-	-	-	-	-	-	-
<i>I.T. Hardware & Software Reserve</i>	(12)	(11)	23	-	-	-	-
<i>Plant Reserve</i>	3,300	(711)	-	-	2,589	-	2,589
<i>Employee Leave Entitlements Reserve</i>	7,270	-	-	(268)	7,002	130	7,132
<i>North Sydney Olympic Pool Redevelopment Reserve</i>	(2,265)	-	2,265	-	-	-	-
<i>Community Housing - Capital Purchases Reserve</i>	963	-	-	-	963	-	963
<i>Community Housing - Major Maintenance Reserve</i>	283	(44)	-	(33)	206	-	206
Total Internally Restricted	28,405	(15,097)	2,288	(1,992)	13,604	3,582	17,186
Total Restricted	75,187	(23,985)	2,317	4,856	58,375	3,837	62,212
Total Cash & Investments	75,187	(23,985)	2,317	4,856	58,375	3,837	62,212

Notes:

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

Comment on Cash & Investments Position**Investments**

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

Cash

Cash & Investments held at 31 December 2022 totalled \$151,746,263. This amount included Cash at Bank of \$302,580. This Cash at Bank amount has been reconciled to Council's physical bank statements. The bank reconciliation was completed on 5 January 2023.

Reconciliation

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

Cash at Bank (as per bank statements)	302,580
Cash on Hand (Cash Floats)	11,900
Cash Equivalent Assets (Deposits at Call)	11,817,503
Investment Securities (Term Deposits & FRNs)	140,396,010
less Shorelink Cash & Investments	(294,121)
less Wendy Whiteley Reserve Cash	(126,508)
less Unpresented Cheques	(97,085)
plus Undeposited Funds	29,003
less Unidentified Transactions (not yet accounted in ledger)	(293,019)
YTD Cash & Investments	151,746,263

Recommended Variations to Revised Budget for December Quarter

		Increase / (Decrease) (\$000's)
Movement in Restricted Funds - Income from Continuing Operations		
Developer Contributions	Interest on Unspent Contributions	320
Better Waste & Recycling Fund	Better Waste & Recycling Fund income	(105)
Capital Works Reserve	Parking Station fees	1,675
Capital Works Reserve	Investment Returns	1,180
Capital Works Reserve	Parking Meter fees	300
Capital Works Reserve	Development Application fees	300
Capital Works Reserve	'Need a Lift' Project Award Prize	1
		3,671
Movement in Restricted Funds - Expenses from Continuing Operations		
Better Waste & Recycling Fund	Better Waste & Recycling Fund expenses	40
Capital Works Reserve	Waverton Park Bowling Club Site Consultancy	20
Employee Leave Entitlements Reserve	Employer Superannuation Contributions	100
Employee Leave Entitlements Reserve	Workers Compensation Insurance Premium	30
		190
Movement in Restricted Funds - Capital Expenditure		
Capital Works Reserve	Drainage Reconstruction	198
Capital Works Reserve	Cammeray Park Irrigation	28
Capital Works Reserve	Cremorne Reserve Path Construction	(20)
Capital Works Reserve	Sawmillers Reserve Retaining Wall	(230)
		(24)
		3,837
Total Movement in Restricted Funds		

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

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Contracts Listing

Contractor	Contract Detail & Purpose	Contract Value	Commencement Date	Duration of Contract	Budgeted (Y/N)
Bedrule Pty Ltd	1-2021(35) William & Blue Street, Lighting Upgrade	\$450,196.00	01/10/2022	3 Months	Y
Ezy Pave Pty Ltd	1-2021(41) East Crescent Street, Shared Space Project	\$309,006.50	19/10/2022	3 Months	Y
Civotek Pty Ltd	1-2021(42) Newlands Lane Kerb & Gutter & Drainage Works	\$198,870.08	21/10/2022	4 Months	Y
Shamrock Developments International Pty	1-2021(36) Primrose Park Rock Face Stabilisation Works	\$274,976.00	26/10/2022	2 Months	Y
Shamrock Developments International Pty	1-2021(38) Murdoch St Safety Fence Barrier Works	\$239,587.80	26/10/2022	2 Months	Y
Bedrule Pty Ltd	1-2021(39) Cremorne Point Reserve Retaining Wall Works	\$262,375.00	10/11/2022	2 Months	Y
Shamrock Developments International Pty	1-2021(44) Sawmillers Reserve Landslide Stabilisation	\$184,167.00	11/11/2022	2 Months	Y
Shamrock Developments International Pty	14-2022A Seawall Restoration Works	\$909,249.00	12/11/2022	7 Months	Y
Shamrock Developments International Pty	14-2022B Seawall Restoration Works	\$1,606,794.00	12/11/2022	13 Months	Y
Ezy Pave Pty Ltd	1-2021(40) Meadow Lane Stairs	\$357,713.00	16/11/2022	5 Months	Y
Haskoning Australia Pty Ltd	17-2022 Seawalls Condition Audit	\$54,800.00	18/11/2022	5 Months	Y
Dept Of Planning & Environment	18-2022 Marine Structures Condition Audit	\$100,000.00	06/12/2022	5 Months	Y
Ezy Pave Pty Ltd	1-2021(45) Matora Lane Upgrade	\$540,646.95	08/12/2022	4 Months	Y
Whittaker Civil Pty Ltd	10-2022 Willoughby Street GPT and Drainage Upgrade	\$927,496.02	14/12/2022	7 Months	Y
The P A People	21-2022 Audio Visual Services works for North Sydney	\$156,301.20	16/12/2022	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	1,609,140	Y
Legal Fees	1,441,404	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 2022

Operational Plan Summary Report

Operating Income

Division / Department	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	20,333,752	20,247,870	20,031,759	20,073,915	99.1%	100.2%
Landscape Planning & Design	9,000	9,000	4,500	-	0.0%	0.0%
North Sydney Olympic Pool	-11,600	-11,600	-11,600	-11,931	102.9%	102.9%
North Sydney Oval & Function Centre	837,848	837,848	402,626	601,340	71.8%	149.4%
Parks & Reserves	586,300	586,300	387,193	364,947	62.2%	94.3%
Total	21,755,300	21,669,418	20,814,478	21,028,271	97.0%	101.0%
Engineering & Property Services						
Asset Management/Engineering	16,185,115	15,776,274	7,767,607	9,358,539	59.3%	120.5%
Project Management	498,000	498,000	498,000	494,615	99.3%	99.3%
Property Assets	7,163,124	7,123,045	2,335,291	2,156,771	30.3%	92.4%
Traffic & Transport Operations	388,775	533,875	138,775	128,633	24.1%	92.7%
Works Engineering	9,760,347	9,760,347	6,464,803	6,637,048	68.0%	102.7%
Total	33,995,361	33,691,541	17,204,476	18,775,606	55.7%	109.1%
City Strategy						
Administration	290,000	290,000	145,002	143,001	49.3%	98.6%
Development Services	3,889,000	3,889,000	2,292,190	2,962,046	76.2%	129.2%
Environment & Building Compliance	366,600	366,600	183,312	233,371	63.7%	127.3%
Ranger & Parking Services	6,020,000	6,020,000	3,009,984	3,689,684	61.3%	122.6%
Strategic Planning	802,123	829,960	490,000	328,873	39.6%	67.1%
Total	11,367,723	11,395,560	6,120,488	7,356,975	64.6%	120.2%
Community & Library Services						
Community Development	906,586	906,586	370,332	353,395	39.0%	95.4%
Library Services	270,200	279,379	246,783	270,162	96.7%	109.5%
Total	1,176,786	1,185,965	617,115	623,557	52.6%	101.0%
Corporate Services						
Administration	-	-	-	-	0.0%	0.0%
Communication & Events	-	-	-	27,184	0.0%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	581,700	581,700	142,852	159,687	27.5%	111.8%
Financial Services	54,869,510	53,570,975	52,449,900	53,303,847	99.5%	101.6%
Human Resources	12,500	12,500	6,250	2,843	22.7%	45.5%
Information Technology	1,000	1,000	498	168	16.8%	33.7%
Total	55,464,710	54,166,175	52,599,500	53,493,729	98.8%	101.7%
Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	-	-	-	0.0%	0.0%
Legal Services	50,400	50,400	25,200	143,472	284.7%	569.3%
Governance & Committee Services	-	-	-	-	0.0%	0.0%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
Total	50,400	50,400	25,200	143,472	284.7%	569.3%
Total Operating Income	123,810,280	122,159,059	97,381,257	101,421,610	83.0%	104.1%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Operational Plan Summary Report

Operating Expenditure

Division / Department	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	21,840,173	22,186,991	11,141,817	10,790,316	48.6%	96.8%
Landscape Planning & Design	884,359	884,359	435,167	389,861	44.1%	89.6%
North Sydney Olympic Pool	70,000	70,000	-	9,912	14.2%	0.0%
North Sydney Oval & Function Centre	1,727,176	1,727,176	888,575	878,157	50.8%	98.8%
Parks & Reserves	8,708,470	8,856,409	4,438,306	4,542,371	51.3%	102.3%
Total	33,230,178	33,724,935	16,903,865	16,610,617	49.3%	98.3%
Engineering & Property Services						
Asset Management/Engineering	9,408,765	8,646,567	4,808,039	4,895,002	56.6%	101.8%
Project Management	109,500	635,169	108,409	80,395	12.7%	74.2%
Property Assets	4,872,267	4,793,839	2,650,744	3,242,396	67.6%	122.3%
Traffic & Transport Operations	1,555,684	1,743,439	818,404	657,271	37.7%	80.3%
Works Engineering	613,762	613,762	305,264	609,376	99.3%	199.6%
Total	16,559,978	16,432,776	8,690,860	9,484,440	57.7%	109.1%
City Strategy						
Administration	1,443,978	1,440,938	741,946	720,183	50.0%	97.1%
Development Services	3,284,105	3,514,854	1,709,178	1,573,346	44.8%	92.1%
Environment & Building Compliance	2,303,366	2,303,366	1,150,181	956,447	41.5%	83.2%
Ranger & Parking Services	6,186,500	6,204,211	3,093,250	3,042,314	49.0%	98.4%
Strategic Planning	2,517,065	2,459,255	958,361	778,490	31.7%	81.2%
Total	15,735,014	15,922,624	7,652,916	7,070,780	44.4%	92.4%
Community & Library Services						
Community Development	3,786,494	3,825,443	2,345,551	2,237,510	58.5%	95.4%
Library Services	3,717,157	3,721,257	2,002,967	1,890,380	50.8%	94.4%
Total	7,503,651	7,546,700	4,348,518	4,127,890	54.7%	94.9%
Corporate Services						
Administration	639,343	639,343	317,524	316,614	49.5%	99.7%
Communication & Events	2,852,954	3,021,512	1,262,635	1,134,992	37.6%	89.9%
Contracts Management	269,157	269,157	134,579	145,708	54.1%	108.3%
Customer Services & Records Management	2,897,358	2,953,740	1,461,085	1,359,125	46.0%	93.0%
Financial Services	6,169,566	6,487,242	3,257,667	3,213,618	49.5%	98.6%
Human Resources	1,099,571	1,104,429	597,110	630,097	57.1%	105.5%
Information Technology	4,054,614	4,021,243	2,373,156	2,288,782	56.9%	96.4%
Total	17,982,563	18,496,666	9,403,756	9,088,936	49.1%	96.7%
Governance						
Executive Services	1,165,408	1,183,908	568,164	809,918	68.4%	142.6%
Corporate Planning & Engagement	550,286	812,203	348,963	254,118	31.3%	72.8%
Legal Services	1,855,061	2,005,061	1,025,731	1,581,679	78.9%	154.2%
Council & Committee Services	825,093	825,093	411,044	407,487	49.4%	99.1%
Risk Management/WHS	1,762,501	1,586,303	1,316,692	1,314,620	82.9%	99.8%
Total	6,158,349	6,412,568	3,670,594	4,367,822	68.1%	119.0%
Total Operating Expenditure	97,169,733	98,536,269	50,670,509	50,750,485	51.5%	100.2%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Operational Plan Summary Report

Capital Income

Direction / Goal	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	-	-	-	-	0.0%	0.0%
Landscape Planning & Design	-	-	-	-	0.0%	0.0%
North Sydney Olympic Pool	-	-	-	-	0.0%	0.0%
North Sydney Oval & Function Centre	-	-	-	-	0.0%	0.0%
Parks & Reserves	1,967,110	2,734,404	1,662,500	1,686,500	61.7%	101.4%
Total	1,967,110	2,734,404	1,662,500	1,686,500	61.7%	101.4%
Engineering & Property Services						
Asset Management/Engineering	-	391,106	313,106	313,106	80.1%	100.0%
Project Management	-	125,000	-	-	0.0%	0.0%
Property Assets	4,000,000	5,364,836	2,260,000	2,260,000	42.1%	100.0%
Traffic & Transport Operations	-	1,403,245	-	-	0.0%	0.0%
Works Engineering	-	-	-	-	0.0%	0.0%
Total	4,000,000	7,284,187	2,573,106	2,573,106	35.3%	100.0%
City Strategy						
Administration	-	-	-	-	0.0%	0.0%
Development Services	-	-	-	-	0.0%	0.0%
Environment & Building Compliance	-	-	-	-	0.0%	0.0%
Ranger & Parking Services	-	-	-	-	0.0%	0.0%
Strategic Planning	-	-	-	-	0.0%	0.0%
Total	-	-	-	-	0.0%	0.0%
Community & Library Services						
Community Development	-	-	-	-	0.0%	0.0%
Library Services	56,700	55,591	55,591	55,591	100.0%	100.0%
Total	56,700	55,591	55,591	55,591	100.0%	100.0%
Corporate Services						
Administration	-	-	-	-	0.0%	0.0%
Communication & Events	-	-	-	-	0.0%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	-	-	-	-	0.0%	0.0%
Financial Services	-	-	-	-	0.0%	0.0%
Human Resources	-	-	-	-	0.0%	0.0%
Information Technology	-	-	-	-	0.0%	0.0%
Total	-	-	-	-	0.0%	0.0%
Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	-	-	-	0.0%	0.0%
Legal Services	-	-	-	-	0.0%	0.0%
Governance & Committee Services	-	-	-	-	0.0%	0.0%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
Total	-	-	-	-	0.0%	0.0%
Total Capital Income	6,023,810	10,074,182	4,291,197	4,315,197	42.8%	100.6%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Operational Plan Summary Report

Capital Expenditure

Direction / Goal	Original Budget (\$)	Revised Budget (\$)	YTD Revised Budget (\$)	YTD Actual (\$)	YTD Actual / Revised Budget	YTD Actual / YTD Revised Budget
Open Space & Environmental Services						
Environment Services	-	266,390	2,400	29,857	11.2%	1244.0%
Landscape Planning & Design	-	-	-	-	0.0%	0.0%
North Sydney Olympic Pool	-	-	-	-	0.0%	0.0%
North Sydney Oval & Function Centre	25,000	25,000	-	-	0.0%	0.0%
Parks & Reserves	6,422,500	13,408,516	3,339,976	2,820,796	21.0%	84.5%
Total	6,447,500	13,699,906	3,342,376	2,850,653	20.8%	85.3%
Engineering & Property Services						
Asset Management/Engineering	14,099,325	18,758,202	8,477,311	6,913,568	36.9%	81.6%
Project Management	2,480,000	8,796,675	951,802	402,650	4.6%	42.3%
Property Assets	43,968,647	45,256,943	16,926,012	11,303,483	25.0%	66.8%
Traffic & Transport Operations	1,350,000	4,181,356	366,765	691,821	16.5%	188.6%
Works Engineering	-	-	-	-	0.0%	0.0%
Total	61,897,972	76,993,176	26,721,890	19,311,522	25.1%	72.3%
City Strategy						
Administration	-	-	-	-	0.0%	0.0%
Development Services	-	-	-	-	0.0%	0.0%
Environment & Building Compliance	-	-	-	-	0.0%	0.0%
Ranger & Parking Services	30,000	54,945	50,208	27,228	49.6%	54.2%
Strategic Planning	-	96,000	35,600	17,800	18.5%	50.0%
Total	30,000	150,945	85,808	45,028	29.8%	52.5%
Community & Library Services						
Community Development	144,000	230,059	62,148	101,342	44.1%	163.1%
Library Services	484,500	497,987	220,918	201,525	40.5%	91.2%
Total	628,500	728,046	283,066	302,867	41.6%	107.0%
Corporate Services						
Administration	-	-	-	-	0.0%	0.0%
Communication & Events	1,000	1,000	-	292	29.2%	0.0%
Contracts Management	-	-	-	-	0.0%	0.0%
Customer Services & Records Management	-	-	-	-	0.0%	0.0%
Financial Services	258,000	258,000	-	-	0.0%	0.0%
Human Resources	-	-	-	-	0.0%	0.0%
Information Technology	1,155,198	1,166,083	88,052	77,807	6.7%	88.4%
Total	1,414,198	1,425,083	88,052	78,099	5.5%	88.7%
Governance						
Executive Services	-	-	-	-	0.0%	0.0%
Corporate Planning & Engagement	-	5,600	-	-	0.0%	0.0%
Legal Services	-	-	-	-	0.0%	0.0%
Governance & Committee Services	-	160,550	4,450	5,821	3.6%	130.8%
Risk Management/WHS	-	-	-	-	0.0%	0.0%
Total	-	166,150	4,450	5,821	3.5%	130.8%
Total Capital Expenditure	70,418,170	93,163,306	30,525,642	22,593,990	24.3%	74.0%

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 December 2022

Key Performance Indicators

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

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

1. Operating Performance Ratio

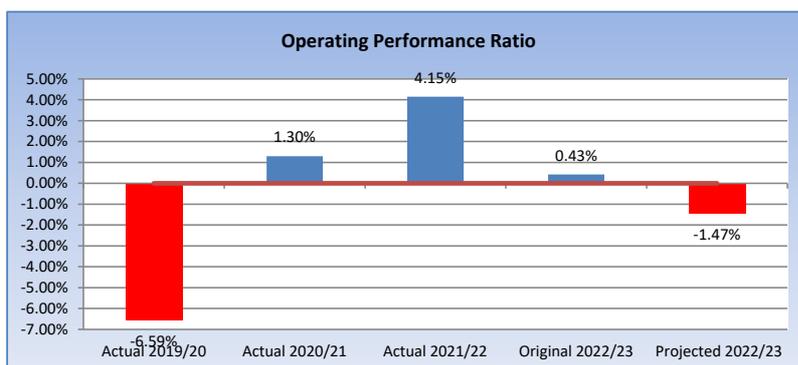
Total continuing operating revenue excluding capital grants and contributions, fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain less operating expenses excluding fair value decrements, net losses on disposal of assets and net share of interest in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

-1.47%	0.43%	4.15%	1.30%	-6.59%
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Total continuing operating revenue excluding capital grants and contributions, fair value increments, net gains on disposal of assets and net share of interest in joint venture gain

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

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



North Sydney Council

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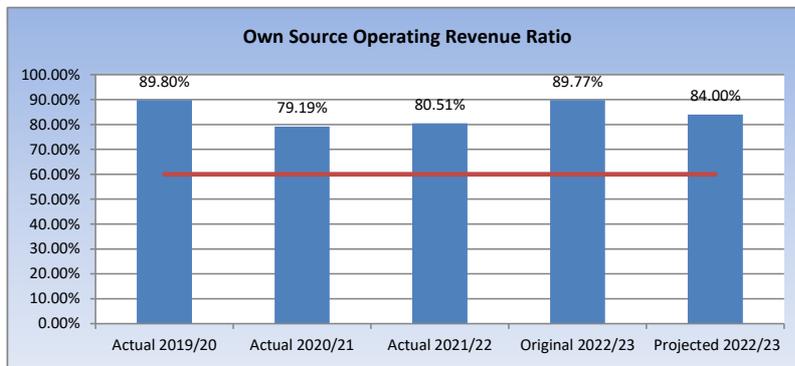
Key Performance Indicators

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

2. Own Source Operating Revenue Ratio

Total continuing operating revenue excluding all grants and contributions, fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain	84.00%	89.77%	80.51%	79.19%	89.80%
Total continuing operating revenue excluding fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain					

This indicator provides a measure of the degree of reliance on external funding sources such as operating grants and contributions. It should be greater than the benchmark of 60% and has been for many years and is forecast to be again in 2022/23. This is an indication that Council does not rely heavily on external funding sources such as grants.

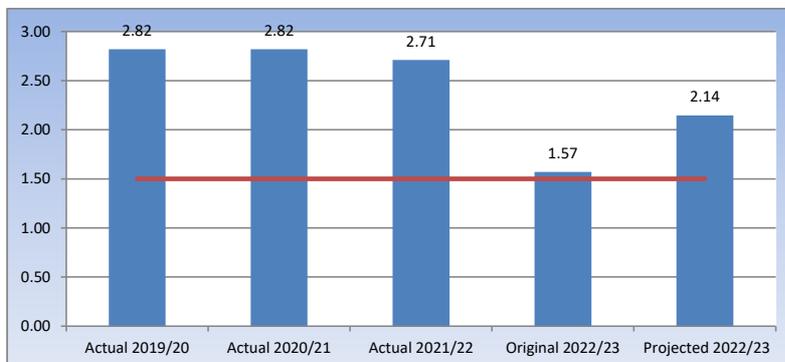


3. Unrestricted Current Ratio

Current assets less all external restrictions	2.14 x	1.57 x	2.71 x	2.82 x	2.82 x
Current liabilities less specific purpose liabilities					

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

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



North Sydney Council

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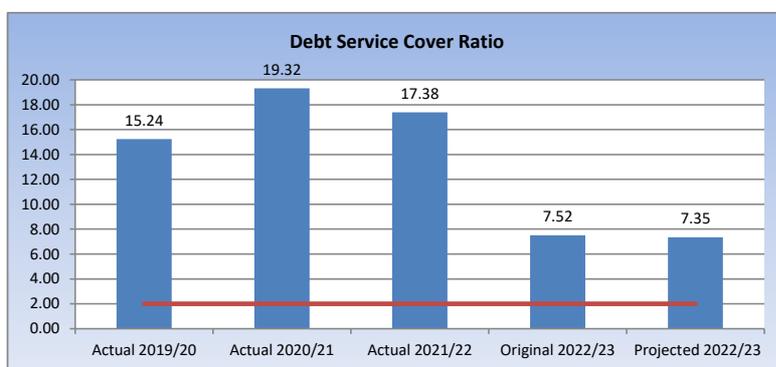
Key Performance Indicators

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

4. Debt Service Cover Ratio

Operating result before capital grants and contributions excluding interest and depreciation	7.35 x	7.52 x	17.38 x	19.32 x	15.24 x
Debt service cost (i.e. loan principal and interest payments)					

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



5. Buildings and Infrastructure Renewals Ratio

Infrastructure Asset Renewals	362.56%	329.61%	158.28%	98.35%	93.60%
Infrastructure Depreciation, Amortisation & Impairment					

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

