

10.1. Quarterly Budget Review - March 2024

| | |
|--------------------|--|
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| ENDORSED BY | Luke Harvey, Director Corporate Services |
| ATTACHMENTS | 1. QBRs - March 2024 report [10.1.1 - 12 pages] |
| CSP LINK | 5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction |

PURPOSE:

The purpose of this report is to:

- review the budget for the quarter ended 31 March 2024; and
- highlight and track variances from the original budget.

This report should be read in conjunction with Item 10.2, Q3 Review of the Delivery Program/Operational Plan 2023/24, provided to this Council meeting.

EXECUTIVE SUMMARY:

The Quarterly Budget Review shows:

- A decrease in the Operating Deficit before Capital Grants and Contributions of \$2.05 million to \$4.84 million.

This is driven by a further increase to investment income of \$1 million due to a larger than expected cash balance, resulting from slower than expected payments for the capital works program, and a saving of \$1.4 million in salaries wage expense. There were also increases in parking fine revenue of \$275 thousand and legal fees recovery of \$250 thousand. The increases in revenue and reduction in salaries and wages expense were partially offset by a further reduction in hoarding permit fees of \$500 thousand, and a reduction in development fees of \$175 thousand due to decreased activity.

- An increase in Operating Surplus, including Capital Grants and Contributions of \$1.81 million to \$8.27 million.
- A total of \$4.22 million from the current capital budget is proposed to be carried forward to 2024/25. This comprises \$2.85 million for the Young Street Plaza redevelopment, \$719 thousand for the Active Transport Young Street project, \$618 thousand for the 287 Miller Street redevelopment, and \$30 thousand for the Active Transport St Leonards Park concept plan.
- The proposed additional \$20 million loan for the NSOP project has been included in this review. It is forecasted to be restricted as at 30 June 2024 with expectations it will start to be expended early next Financial Year.

- The projected Unrestricted Current Ratio as of 30 June 2024 is 1.51, which has improved marginally since the last forecast and is slightly above the OLG benchmark of 1.5 times. This ratio assesses the adequacy of working capital and its ability to satisfy obligations in the short term. The improvement is due to savings projected this quarterly review.
- While the financial position is adequate in the short-term, the forecast deficit, ongoing deterioration in income sources and the need to service additional debt for the North Sydney Olympic Pool project require close strategic attention to maintain a satisfactory financial position.
- This budget review does not include any variations for financial risks associated with the North Sydney Olympic Pool Project.

RECOMMENDATION:

- 1. THAT** Council adopts the Quarterly Budget Review Statement – March 2024 report in accordance with clause 203 of the Local Government (General) Regulation 2021.
- 2. THAT** Council endorses the budget variations in this report.

Background

Clause 203, of the Local Government (General) Regulation 2021, requires that a Quarterly Budget Review Statement (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.

Financial Position

This review forecasts a temporary increase in investment income and transitory savings in salaries and wages expense resulting in a reduced deficit. However, further deterioration in some significant income streams will require the close strategic attention of Council to maintain a satisfactory Financial Position.

Original Budget

Council's Original Budget for FY 2023/24 forecast a deficit before Capital Grants and contributions of \$2.04 million, and a net operating surplus after capital grants and contributions of \$1.57 million.

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

Operating Budget at the End of the September Quarter

The review decreased forecast income before capital items due to the following:

- user fees reduced because of the delay in the opening of the pool redevelopment (originally forecast to open for April 2024 and with a forecast \$1.55 million in fee income for the three months of opening);
- \$2.54 million reduction in operating grants due to the early receipt in FY2023 of part of the FY2024 Financial Assistance Grant. The amount paid early was internally restricted as at 30 June 2023 and will be released to fund expenditure, as scheduled in FY2024; and
- a reduction of \$1 million in revenue from advertising on Council infrastructure.

These reductions were partially offset by an increase in investment and interest income of \$1 million due to higher than forecast cash balances and interest rates.

Operating Budget at the End of the December Quarter

The review further decreased forecast income before capital items due to the following:

- \$1 million reduction in user fees because of reduced activity for hoarding permit fees,
- a further reduction of \$571 thousand in revenue from advertising on Council infrastructure due to the withdrawal of development applications necessary to install infrastructure to achieve previously forecast income (for a \$1.57 million total reduction including September Review); and

- \$800 thousand reduction in parking meter fees due to the removal of 30 parking meters due to the Warringah Freeway upgrade.

Operating Budget at the End of the March Quarter

The review proposes to both increase forecast income before capital items and reduce operating expenses due to the following:

- a further increase in investment and interest income of \$1 million due to higher than forecast cash balances and interest rates (for total adjustments of \$3 million, including the September and December adjustments); and
- savings of \$1.4 million in salaries wages expense.

The increase in investment and interest income and reduction in salaries and wages were partially offset by a further reduction in user fees of \$500 thousand because of reduced activity for hoarding permit fees (for total adjustments of \$1.5 million, including December adjustment).

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

Capital expenditure to 30 September 2023 was \$8.65 million. The original capital budget was \$79.38 million. Including carry forwards and adjustments approved in the September review, the capital budget for the year was \$94.06 million.

Expenditure on the North Sydney Olympic Pool project year-to-date was \$3.38 million.

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

Capital expenditure to 31 December 2023 was \$18.83 million. Including minor adjustments approved in the December review, the capital budget for the year was \$94.03 million with \$75.17 million unspent.

Of the \$94.03 million, \$46.42 million was included for the North Sydney Olympic Pool. Expenditure on the North Sydney Olympic Pool project to 31 December 2023 was \$6.09 million.

The remaining capital works budget was \$47.61 million, with \$12.74 million spent as at 31 December 2023.

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

Capital expenditure year-to-date was \$49 million. The review proposes to carry forward \$4.22 million in total from the current capital budget to 2024/25. Including this carried forward amount and other minor adjustments proposed in this review the capital budget for the year is \$92.57 million with \$43.56 million unspent.

Of the \$92.57 million, \$46.42 million was included for the North Sydney Olympic Pool. Expenditure on the North Sydney Olympic Pool project year-to-date was \$30.91 million.

The remaining capital works budget was \$46.15 million, with \$18.1 million spent year-to-date.

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

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

Significant favorable adjustments to the operating result are:

- a further increase of \$1 million in interest and investment income. This is due to higher-than-expected cash balances due to project delays and higher-than-expected interest rates; and
- one-off savings of \$1.4 million in salaries wage expense.

Significant unfavorable adjustments are:

- a reduction in Hoarding Permit fees of \$500 thousand, due to decreased development activity.

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

Interest and Investment Income

Interest and Investment Income continues to exceed forecasts. However, these returns are not expected to persist in the coming years due to a decline in cash available for investments. This is a result of significant cash outflows expected for capital projects this year and in subsequent years. The cash and Investment balances as of 31 March 2024 is \$135.6 million.

Salaries and Wages

Savings in salaries and wages have been realised as a result of the organisational realignment and resultant short-term vacancies throughout the transitional period. The realignment process aimed to increase full time equivalent positions within the existing budget, creating future value without increasing financial budgets.

North Sydney Olympic Pool Grant

The last \$1.5 million portion of the \$5 million State Government grant was budgeted to be received in this financial year. However, it is evident that the North Sydney Pool project will not reach the milestones required to receive the grant, and the amount has been carried over to the next year.

Parking Meters Upgrade Project

\$1.8 million was added to capital for the replacement of the parking meters. This project arose due to the urgent need to replace the parking meters to meet industry standards and support their future functionality. The works are funded by the Plant Reserve.

Young Street Plaza

Council is seeking feedback on the proposed design for the Young Street Plaza in Neutral Bay. The plans for the permanent plaza include new trees, seating, a play area, and a pedestrian thoroughfare that will make it safer to walk, cycle, and spend time around Neutral Bay village. The works planned for this financial year are not likely to be completed, thus the balance will be carried over to the next financial year. These works are funded by Special purpose grants, which are part of the Externally Restricted Funds.

287 Miller Steet Redevelopment

This contribution to the community housing project has been carried forward to the next year based on the progress of the construction works. These works are funded by Developer Contributions, which are part of the Externally Restricted Funds.

North Sydney Olympic Pool

The \$20M loan proposed at Councils meeting 12 February 2024 has been included within this review.

As noted in the February report, delays in relation to structural steel design and construction have resulted in additional delay to the project, with financial risks associated with this continuing to be assessed. No variations have been made in this review regarding these risks.

Proposed Adjustments to Operating Income

| | Increase / (Decrease) (\$,000) |
|---|--------------------------------------|
| Operating Income | |
| Investment income– higher than expected cash balances and interest rates | 1,000 |
| Infringement income - in line with year-to-date actuals | 275 |
| Legal fees recovery – legal team has developed systems to track and recover legal expenses | 250 |
| Domestic Waste Management Levy - in line with year-to-date actuals | 125 |
| Easement over 47 Elamang Avenue – fee received for granting easement | 91 |
| Venue hire (community centres) - increased hiring activity | 60 |
| Venue hire (Coal Loader platform) - increased hiring activity | 43 |
| Water usage from Cammeray dam – usage from reopened golf course | 25 |
| Contribution from NSW Government to replace flammable cladding at 47 Elamang Avenue | 10 |
| Donation to Stanton Library – from ex-staff member | 5 |

| | Increase / (Decrease) (\$,000) |
|--|---|
| Operating Income | |
| NSW Public Libraries Associations Innovation in Outreach Services Award 2023 | 1 |
| Adjustment for Library Subsidy grant received | (1) |
| Rezoning fees – reduced due to lower activity | (60) |
| Community housing rental income – increased maintenance costs by Link Housing | (100) |
| Development fees - reduced due to lower activity | (175) |
| Hoarding permit fees - reduced due to lower activity | (500) |
| Total | 1,049 |

Proposed Adjustments to Operating Expenditure

| | Increase / (Decrease) (\$000) |
|---|--|
| Operating Expenditure | |
| Contract staff (Planning and Environment Division) to cover vacant roles | 256 |
| Legal fees expense – fees recovery is offsets with additional legal expense | 250 |
| Integrated transport study - to produce Informing Strategy for transport in the LGA. | 105 |
| Staff recruitment costs – cost of recruiters following organisational restructure | 70 |
| Active Transport - St Leonards Park concept plan (transferred from capital expenditure) | 65 |
| NSW Planning Portal Integration - ePlanning implementation | 50 |
| Wendy Whiteley Secret Garden - contract staff | 40 |
| Parking stations operation review – review of operational and related contracts | 35 |
| Active Transport Bicycle Route 5 North Sydney to St Leonards Traffic Impact Study (transferred from capital expenditure) | 32 |
| Document management system upgrade (transferred from capital expenditure) | 16 |
| Online forms upgrade (transferred from capital expenditure) | 16 |
| Primrose Park Tennis Centre service review | 15 |
| North Sydney Oval service review | 14 |
| Council Chambers CCTV maintenance (transferred from capital expenditure) | 12 |
| Community Recycling Program Conference | 4 |
| Adjustment for Library Subsidy grant received | (1) |
| Community Recycling Program Tipping fees | (4) |
| Sydney Regional Development Fund contribution | (4) |
| Traffic studies | (31) |
| B-Line Urban Landscaping Tree Planting (transferred to capital expenditure - Young Street) | (466) |
| Salaries and wages - Corporate Services Division – lower than expected salaries and wages expense due to vacancies | (451) |

| | Increase / (Decrease) (\$000) |
|--|--|
| Operating Expenditure | |
| Salaries and wages - Open Space and Infrastructure Division – lower than expected salaries and wages expense due to vacancies | (496) |
| Salaries and wages - Planning and Environment Division – lower than expected salaries and wages expense due to vacancies | (530) |
| Total | (1,004) |

Proposed Adjustments to Capital Income

| | Increase / (Decrease) (\$000) |
|---|--|
| Capital Income | |
| VPA 27-57 Falcon Street Crows Nest | 457 |
| Hume Street Park stage 1 – bank guarantee cash out | 335 |
| Cammeray high pedestrian activity area - 2022/23 Australian Government Black Spot program | 300 |
| Park Avenue footpath continuation – 2023/24 Get NSW Active program | 74 |
| Primrose Park cricket nets upgrade (\$45k from NS District Junior Cricket Club, \$15k NS Junior Cricket Association) | 60 |
| Wendy Whiteley Secret Garden - landscaping of lower area | 31 |
| North Sydney Olympic Pool upgrade Greater Sydney Sport Facility Fund grant | (1,500) |
| Total | (243) |

Proposed Adjustments to Capital Expenditure

| | Increase / (Decrease) (\$000) Carried forward to 2024/25 | Increase / (Decrease) (\$000) |
|---|---|--|
| Capital Expenditure | | |
| Parking meter upgrade | 0 | 1,767 |
| Young Street (transferred from operating expenditure - B Line Tree Planting) | 0 | 466 |
| Hume Street Park stage 1 rectification works | 0 | 335 |
| Cammeray high pedestrian activity area | 0 | 300 |
| Retaining walls (transferred from road safety barriers) | 0 | 95 |
| Wyagdon Street stairs (transferred from road safety barriers) | 0 | 95 |
| Hunts lookout footbridge | 0 | 84 |
| Park Avenue footpath continuation | 0 | 74 |
| Primrose Park cricket nets upgrade | 0 | 60 |
| Wendy Whiteley Secret Garden - landscaping of lower area | 0 | 31 |
| Traffic Facilities - Cranbrook Street pedestrian crossing | 0 | 26 |

| | Increase / (Decrease) (\$000) Carried forward to 2024/25 | Increase / (Decrease) (\$000) |
|---|---|--|
| Capital Expenditure | | |
| Library collection additions (funded by donation) | 0 | 5 |
| Library collection additions (funded by Outreach Services Award 2023) | 0 | 2 |
| Council Chambers CCTV maintenance (transferred to operating expenditure) | 0 | (12) |
| Online forms upgrade (transferred to operating expenditure) | 0 | (16) |
| Document management system upgrade (transferred to operating expenditure) | 0 | (16) |
| Kelly's Place playground upgrade | 0 | (27) |
| Active Transport - St Leonards Park concept plan | (30) | 0 |
| Active Transport - HarbourLink viability study (transferred to operating expenditure) | 0 | (32) |
| Active Transport - St Leonards Park concept plan (transferred to operating expenditure) | 0 | (65) |
| Pedestrian crossing lighting (transferred to operating expenditure integrated transport study) | 0 | (74) |
| Road safety barriers (transferred to retaining walls) | 0 | (95) |
| Road safety barriers (transferred to Wyagdon Street stairs) | 0 | (95) |
| Fleet and plant acquisitions | 0 | (300) |
| 287 Miller Street redevelopment | (618) | 0 |
| Active Transport - Young Street | (719) | 0 |
| Young Street Plaza | (2,852) | 0 |
| Total | (4,219) | 2,608 |

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

| | Original Budget | Recommended Adjustments to March Quarter (incl Carry Forwards) | March Quarter Revised Forecast |
|---|------------------------|---|---|
| Net Operating Surplus / (Deficit) before Capital Items | (2,041,728) | (2,795,164) | (4,836,892) |
| <i>Add</i> | | | |
| Capital Grants and Contributions | 3,608,200 | 9,498,594 | 13,106,794 |
| Surplus / (Deficit) from Continuing Operations | 1,566,472 | 6,703,430 | 8,269,902 |
| <i>Add</i> | | | |

| | Original Budget | Recommended Adjustments to March Quarter (incl Carry Forwards) | March Quarter Revised Forecast |
|--|------------------------|---|---------------------------------------|
| Depreciation, Amortisation & Impairment for Non-Financial Assets | 27,600,000 | 1,300,000 | 28,900,000 |
| Net Losses from Disposal of Assets | 269,333 | 0 | 269,333 |
| Proceeds from Disposal of Plant & Equipment | 1,245,026 | 0 | 1,245,026 |
| Proceeds from new loan | 0 | 20,000,000 | 20,000,000 |
| Capital Expenditure (other than Plant Purchases) | (76,127,051) | (11,638,936) | (87,765,987) |
| Plant Purchases | (3,256,982) | (1,541,795) | (4,798,777) |
| Loan Principal to be repaid | (2,005,477) | 0 | (2,005,477) |
| Net Transfers To / (From) Reserves | (50,708,679) | 14,822,699 | (\$35,885,980) |

Overall Financial Position

Compared to the original budget, several previously reliable income sources have significantly decreased with no indication of recovery.

Whilst Council has sufficient funds to operate into the future, repeated deficits of the forecast magnitude are not sustainable. Council cannot maintain financial viability, fund the pool project, and manage its other assets to an acceptable service level if similar operating results persist into future years.

The budget must be carefully monitored and reviewed, and Council must consider long-term strategies for financial repair.

In the short-term, strong financial and budget management and control is critical.

Consultation requirements

Community engagement is not required.

Financial/Resource Implications

The proposed changes to the budget result in a net operating deficit before Capital Grants and Contributions of \$4.84 million.

Legislation

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

North Sydney Council

Quarterly Budget Review Statement

for the quarter ended 31 March 2024

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North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2024 Responsible Accounting Officer's Statement

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

It is my opinion that the Quarterly Budget Review Statement for North Sydney Council for the quarter ended 31 March 2024 indicates that Council's projected financial position will be satisfactory having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

At the end of the quarter, the variance between actual operating income and year-to-date budget was positive 8.1%. This is primarily due to greater than expected revenue from Developer Contributions and interest on investments.

Actual operating expenditure was \$1,956,000 below the year-to-date budget and this can be primarily attributed to lower than expected labour costs due to staff turnover that was partially offset by higher than expected expenditure on materials and services.

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

The 'Income & Expenses Report' on pages 3 to 4 of this Quarterly Budget Review Statement forecasts a projected year end net operating deficit before capital grants and contributions of \$4.8 million. A reconciliation of this figure to the forecast net drawdown from reserves is as follows:

| | |
|---|-----------------------|
| Net Operating Deficit before Capital Items | (\$4,836,892) |
| Add Capital grants and contributions | \$13,106,794 |
| Gain from Continuing Operations | \$8,269,902 |
| Add Depreciation | \$28,900,000 |
| Net Losses from disposal of assets | \$269,333 |
| Proceeds from disposal of plant and equipment | \$1,245,026 |
| Proceeds from new loan | \$20,000,000 |
| Deduct Capital expenditure (other than Plant Purchases) | (\$87,765,987) |
| Plant and equipment purchases | (\$4,798,777) |
| Loan principal to be repaid | (\$2,005,477) |
| Net drawdown from reserves | <u>(\$35,885,980)</u> |

Signed: _____

Date: _____

Aigul Utegenova
Responsible Accounting Officer

North Sydney Council

Quarterly Budget Review Statement for the quarter ended March 2024

Income & Expenses Report

| | Approved Variations | | | | | Revised Budget (\$000's) | Recommended Variations to Revised Budget for March Quarter | | Projected Year End Result 2023/24 (\$000's) | YTD Actual (\$000's) | YTD Budget (\$000's) | |
|---|---|--------------------------------|---|-------------------------------|------------------------------|-----------------------------|--|----------------|---|-------------------------|-------------------------|--|
| | Original Budget 2023/24 (\$000's) | Other than a QBRs (\$000's) | Carried Forward from 2022/23 (\$000's) | September Review (\$000's) | December Review (\$000's) | | Other | | | | | |
| | | | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| <i>Rates and annual charges</i> | 75,110 | - | - | - | - | 75,110 | 125 | 75,235 | 75,100 | 75,050 | | |
| <i>User charges and fees</i> | 35,831 | - | - | (1,553) | (1,647) | 32,631 | (584) | 32,047 | 24,406 | 25,253 | | |
| <i>Other revenue</i> | 10,050 | - | - | (988) | (201) | 8,861 | 466 | 9,327 | 7,208 | 6,776 | | |
| <i>Grants and contributions - operating</i> | 5,388 | - | - | (2,542) | (10) | 2,836 | (1) | 2,835 | 2,357 | 2,060 | | |
| <i>Grants and contributions - capital</i> | 3,608 | - | 2,657 | 397 | 6,688 | 13,350 | (243) | 13,107 | 20,993 | 11,188 | | |
| <i>Interest and investment income</i> | 2,605 | - | - | 1,000 | 1,000 | 4,605 | 1,000 | 5,605 | 4,320 | 3,381 | | |
| <i>Other income</i> | 5,969 | - | - | - | - | 5,969 | 43 | 6,012 | 4,234 | 4,477 | | |
| Total Income from Continuing Operations | 138,561 | - | 2,657 | (3,686) | 5,830 | 143,362 | 806 | 144,168 | 138,618 | 128,185 | | |
| Expenses | | | | | | | | | | | | |
| <i>Employee benefits and on-costs</i> | 52,820 | (116) | - | (805) | (136) | 51,763 | (1,428) | 50,335 | 36,218 | 38,071 | | |
| <i>Materials and services</i> | 48,512 | 116 | 1,244 | 18 | 80 | 49,970 | 424 | 50,394 | 38,254 | 38,159 | | |
| <i>Borrowing costs</i> | 1,452 | - | - | - | - | 1,452 | - | 1,452 | 541 | 514 | | |
| <i>Depreciation, amortisation and impairment for non-financial assets</i> | 27,600 | - | - | 1,300 | - | 28,900 | - | 28,900 | 21,196 | 21,339 | | |
| <i>Other expenses</i> | 6,342 | - | - | (1,794) | - | 4,548 | - | 4,548 | 3,774 | 3,741 | | |
| <i>Net losses from disposal of assets</i> | 269 | - | - | - | - | 269 | - | 269 | 620 | 735 | | |
| Total Expenses from Continuing Operations | 136,995 | - | 1,244 | (1,281) | (56) | 136,902 | (1,004) | 135,898 | 100,603 | 102,559 | | |
| Net Operating Result from Continuing Operations | 1,566 | - | 1,413 | (2,405) | 5,886 | 6,460 | 1,810 | 8,270 | 38,015 | 25,626 | | |
| Net Operating Result Before Capital Items | (2,042) | - | (1,244) | (3,405) | 4,886 | (6,890) | 2,053 | (4,837) | 17,022 | 14,438 | | |

Notes:

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

Recommended Variations to Revised Budget for March Quarter

| | Increase / (Decrease) (\$000's) |
|--|------------------------------------|
| Income | |
| <i>Rates & Annual Charges:</i> | |
| Domestic Waste Management Levy | 125 |
| <i>User Charges and Fees:</i> | 125 |
| Easement over 47 Elamang Avenue | 91 |
| Venue hire (community centres) | 60 |
| Rezoning fees | (60) |
| Development fees | (175) |
| Hoarding permit fees | (500) |
| | (584) |
| <i>Other Revenue:</i> | |
| Infringement income | 275 |
| Legal fees recovery | 250 |
| Water usage from Cammeray dam | 25 |
| Project Remediate | 10 |
| Donation to Stanton Library | 5 |
| NSW Public Libraries Associations Innovation in Outreach Services Award 2023 | 1 |
| Community housing rental income | (100) |
| | 466 |
| <i>Other Income</i> | |
| venue hire fees | 43 |
| | 43 |
| <i>Interest</i> | |
| Investment income | 1,000 |
| | 1,000 |
| <i>Grants and Contributions - Operating:</i> | |
| Adjustment for Library Subsidy grant received | (1) |
| | (1) |

Income & Expenses Report (Cont.)

Recommended Variations to Revised Budget for March Quarter

| | |
|--|----------------|
| <i>Grants and Contributions - Capital:</i> | |
| VPA 27-57 Falcon Street Crows Nest | 457 |
| Hume Street Park stage 1 rectification works | 335 |
| Cammeray high pedestrian activity area | 300 |
| Park Avenue footpath continuation | 74 |
| Primrose Park cricket nets upgrade | 60 |
| WWSG - landscaping of lower area | 31 |
| North Sydney Olympic Pool upgrade Greater Sydney Sport Facility Fund grant | (1,500) |
| | (243) |
| Total Income | 806 |
| Expenditure | |
| <i>Employee Benefits and On-costs:</i> | |
| NSW Planning Portal Integration | 50 |
| Salaries and wages - Corporate Services Division | (451) |
| Salaries and wages - Open Space and Infrastructure Division | (496) |
| Salaries and wages - Planning and Environment Division | (530) |
| | (1,428) |
| <i>Materials and Services:</i> | |
| Contract staff - Planning and Environment Division | 256 |
| Legal fees expense | 250 |
| Integrated transport study | 105 |
| Staff recruitment costs | 70 |
| Active Transport - St Leonards Park concept plan (transferred from capital expenditure) | 65 |
| WWSG contract staff | 40 |
| Parking stations service review | 35 |
| Bicycle Route 5 North Sydney to Cremorne traffic impact study (transferred from capital expenditure) | 32 |
| Document management system upgrade (transferred from capital expenditure) | 16 |
| Online forms upgrade (transferred from capital expenditure) | 16 |
| Primrose Park Tennis Centre service review | 15 |
| North Sydney Oval service review | 14 |
| Council Chambers CCTV maintenance (transferred from capital expenditure) | 12 |
| Adjustment for Library Subsidy grant received | (1) |
| Community Recycling Program Tipping fees | (4) |
| Traffic studies | (31) |
| B-Line Urban Landscaping Tree Planting (transferred to capital expenditure - Young Street) | (466) |
| | 424 |
| <i>Other Expenses:</i> | |
| Community Recycling Program Conference | 4 |
| Sydney Regional Development Fund contribution | (4) |
| | - |
| Total Expenditure | (1,004) |

The above adjustments are either offset by a transfer to or from a Reserve, an increase in a provision, or are matched by a corresponding increase or decrease to the budget for another income or expenditure item. Hence, they have no impact on the bottom line of the budget and, therefore, the 2023/24 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2024

Capital Budget Report

| | Original Budget 2023/24 (\$000's) | Approved Variations | | | Recommended Variations to Revised Budget for March Quarter | | | Projected Year End Result 2023/24 (\$000's) | YTD Actual (\$000's) |
|---|--|---------------------------|---------------------|---------------------|--|-------------------------|--------------------|---|----------------------------|
| | | Carried Forward | | September | December | Carried Forward | | | |
| | | from 2022/23 (\$000's) | Review (\$000's) | Review (\$000's) | Review (\$000's) | to 2024/25 (\$000's) | Other (\$000's) | | |
| Capital Expenditure | | | | | | | | | |
| <i>New Assets</i> | | | | | | | | | |
| - Plant & Equipment | - | - | - | 15 | 15 | - | - | 15 | 15 |
| - Land & Buildings | 1,454 | 633 | 1,545 | - | 3,632 | (618) | - | 3,014 | 123 |
| - Land Improvements | 568 | 153 | (9) | - | 712 | - | 75 | 787 | 128 |
| - Roads & Bridges | 4,690 | 1,638 | 61 | (20) | 6,369 | (1,261) | 117 | 5,225 | 1,752 |
| - Footpaths | 2,616 | 594 | (28) | 12 | 3,194 | (540) | 74 | 2,728 | 738 |
| - Stormwater Drainage | 1,385 | 270 | (11) | 10 | 1,654 | (432) | 257 | 1,479 | 429 |
| - Open Space/Recreational Assets | 83 | 160 | (7) | - | 236 | - | 1 | 237 | 124 |
| - Other Infrastructure Assets | 1,175 | 295 | (12) | - | 1,458 | - | 149 | 1,607 | 268 |
| - Heritage Assets | 5 | - | - | - | 5 | - | - | 5 | 1 |
| <i>Renewal Assets (Replacement)</i> | | | | | | | | | |
| - Plant & Equipment | 3,332 | - | - | - | 3,332 | - | 1,467 | 4,799 | 1,891 |
| - Office Equipment | 1,183 | 445 | - | 18 | 1,646 | - | (44) | 1,602 | 408 |
| - Furniture & Fittings | 75 | 3 | - | (3) | 75 | - | - | 75 | 58 |
| - Land & Buildings | 1,000 | 598 | 1,582 | - | 3,180 | - | - | 3,180 | 613 |
| - Land Improvements | 1,327 | 191 | (31) | - | 1,487 | - | 6 | 1,493 | 310 |
| - Roads & Bridges | 7,509 | 1,452 | (322) | 28 | 8,667 | (864) | 263 | 8,066 | 4,903 |
| - Footpaths | 2,515 | 444 | 243 | 53 | 3,255 | (180) | 95 | 3,170 | 1,765 |
| - Stormwater Drainage | 1,723 | 561 | (3) | 3 | 2,284 | (108) | 64 | 2,240 | 852 |
| - Swimming Pools | 43,474 | 2,944 | - | - | 46,418 | - | - | 46,418 | 30,715 |
| - Open Space/Recreational Assets | 956 | 656 | (23) | - | 1,589 | - | 37 | 1,626 | 567 |
| - Other Infrastructure Assets | 3,886 | 638 | (41) | (2) | 4,481 | (216) | 40 | 4,305 | 3,072 |
| - Library Books | 428 | - | - | - | 428 | - | 7 | 435 | 259 |
| - Heritage Assets | - | 61 | - | - | 61 | - | - | 61 | 19 |
| Total Capital Expenditure | 79,384 | 11,736 | 2,944 | 114 | 94,178 | (4,219) | 2,608 | 92,567 | 49,010 |
| | | | | | | | | | 43,557 |
| Capital Funding | | | | | | | | | |
| <i>Rates and Other Untied Funding</i> | 1,237 | - | - | - | 1,237 | - | 7 | 1,244 | 1,071 |
| <i>Capital Grants & Contributions</i> | 7,677 | 4,335 | (477) | 160 | 11,695 | (3,422) | 893 | 9,166 | 3,440 |
| <i>Internal Reserves:</i> | | | | | | | | | |
| - Capital Works | 33,220 | 4,429 | 303 | (95) | 37,857 | (179) | 284 | 37,962 | 16,222 |
| - Income Producing Projects | - | 213 | - | - | 213 | - | 500 | 713 | 214 |
| - IT Hardware & Software | 581 | 444 | - | - | 1,025 | - | (16) | 1,009 | 121 |
| - Plant | 3,257 | - | 13 | - | 3,270 | - | 967 | 4,237 | 1,883 |
| - North Sydney Olympic Pool Redevelopment Reserve | 19,316 | 1,444 | - | - | 20,760 | - | - | 20,760 | 20,579 |
| - Community Housing - Capital Purchases | - | - | 2 | - | 2 | - | - | 2 | 3 |
| <i>External Reserves:</i> | | | | | | | | | |
| - DWM Levy | - | - | - | 49 | 49 | - | - | 49 | 40 |
| - Environmental Levy | 800 | 20 | 13 | - | 833 | - | - | 833 | 185 |
| - Infrastructure Levy | 2,341 | 100 | - | - | 2,441 | - | - | 2,441 | 1,838 |
| - Crows Nest Mainstreet Levy | 474 | 129 | - | - | 603 | - | - | 603 | 143 |
| - Neutral Bay Mainstreet Levy | 182 | 132 | - | - | 314 | - | - | 314 | 109 |
| - Stormwater Levy | 577 | - | - | - | 577 | - | - | 577 | 306 |
| - Developer Contributions | 4,111 | 490 | 3,090 | - | 7,691 | (618) | (27) | 7,046 | 1,183 |
| - Developer Contributions VPA | 5,611 | - | - | - | 5,611 | - | - | 5,611 | 1,673 |
| Total Capital Funding | 79,384 | 11,736 | 2,944 | 114 | 94,178 | (4,219) | 2,608 | 92,567 | 49,010 |

Notes:

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

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

| | Carried Forward to 2024/25 Increase / (Decrease) (\$000's) | Other Increase / (Decrease) (\$000's) |
|--|---|--|
| Parking meter upgrade | - | 1,767 |
| Young Street (transferred from operating expenditure - B Line Tree Planting) | - | 466 |
| Hume Street Park stage 1 rectification works | - | 335 |
| Cammeray high pedestrian activity area | - | 300 |
| Retaining walls (transferred from road safety barriers) | - | 95 |
| Wyagdon Street stairs (transferred from road safety barriers) | - | 95 |
| Hunts lookout footbridge | - | 84 |
| Park Avenue footpath continuation | - | 74 |
| Primrose Park cricket nets upgrade | - | 60 |
| WWSG - landscaping of lower area | - | 31 |
| Traffic Facilities - Cranbrook Street pedestrian crossing | - | 26 |
| Library collection additions (funded by donation) | - | 5 |
| Library collection additions (funded by Outreach Services Award 2023) | - | 2 |
| Council Chambers CCTV maintenance (transferred to operating expenditure) | - | (12) |
| Online forms upgrade (transferred to operating expenditure) | - | (16) |
| Document management system upgrade (transferred to operating expenditure) | - | (16) |
| Kelly's Place playground upgrade | - | (27) |
| Active Transport - St Leonards Park concept plan | (30) | - |
| Bicycle Route 5 North Sydney to Cremorne traffic impact study (transferred to operating expenditure) | - | (32) |
| Active Transport - St Leonards Park concept plan (transferred to operating expenditure) | - | (65) |
| Pedestrian crossing lighting (transferred to operating expenditure integrated transport study) | - | (74) |
| Road safety barriers (transferred to retaining walls) | - | (95) |
| Road safety barriers (transferred to Wyagdon Street stairs) | - | (95) |
| Fleet and plant acquisitions | - | (300) |
| 287 Miller Street redevelopment | (618) | - |
| Active Transport - Young Street | (719) | - |
| Young Street Plaza | (2,852) | - |
| Total | (4,219) | 2,608 |

The above adjustments are either offset by a transfer to or from a Reserve or are matched by a corresponding increase or decrease to the budget for another income or expenditure item. Hence, they have no impact on the bottom line of the budget and, therefore, the 2023/24 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the Quarter Ended 31 March 2024

Cash & Investments Report

| | Original Budget 2023/24 (\$000's) | Approved Variations | | | Revised Budget (\$000's) | Recommended Variations to Revised Budget for March Quarter | | Projected Year End Result 2023/24 (\$000's) |
|--|--|---|----------------------------------|---------------------------------|--------------------------------|--|--------------------|---|
| | | Carried Forward from 2022/23 (\$000's) | September Review (\$000's) | December Review (\$000's) | | Carried Forward to 2024/25 (\$000's) | Other (\$000's) | |
| | | | | | | | | |
| Externally Restricted | | | | | | | | |
| <i>Developer Contributions</i> | 26,253 | (490) | (871) | 6,536 | 31,428 | 618 | 27 | 32,073 |
| <i>Developer Contributions VPA</i> | 8,381 | - | - | - | 8,381 | - | 457 | 8,838 |
| <i>Other Special Purpose Contributions</i> | 1,902 | (225) | - | - | 1,677 | 3,422 | - | 5,099 |
| <i>Special Purpose Grants</i> | 2,409 | (2,339) | - | - | 70 | - | (1,576) | (1,506) |
| <i>Better Waste & Recycling Fund</i> | 38 | - | - | - | 38 | - | - | 38 |
| <i>Domestic Waste Management</i> | 12,471 | - | - | (49) | 12,422 | - | 125 | 12,547 |
| <i>Environmental Levy</i> | 849 | (128) | - | (4) | 717 | - | - | 717 |
| <i>Infrastructure Levy</i> | 126 | (100) | - | - | 26 | - | - | 26 |
| <i>Crows Nest Mainstreet Levy</i> | 37 | (129) | 92 | - | - | - | - | - |
| <i>Neutral Bay Mainstreet Levy</i> | 143 | (132) | - | - | 11 | - | - | 11 |
| <i>Unexpended Loans</i> | - | - | - | - | - | - | 20,000 | 20,000 |
| Total Externally Restricted | 52,609 | (3,543) | (779) | 6,483 | 54,770 | 4,040 | 19,033 | 77,843 |
| Internally Restricted | | | | | | | | |
| <i>Capital Works Reserve</i> | 9,999 | (4,678) | (3,257) | (709) | 1,355 | 179 | 2,140 | 3,674 |
| <i>Income Producing Projects Reserve</i> | 794 | (213) | - | - | 581 | - | (564) | 17 |
| <i>I.T. Hardware & Software Reserve</i> | 856 | (445) | - | - | 411 | - | - | 411 |
| <i>Plant Reserve</i> | 2,122 | - | (13) | - | 2,109 | - | (967) | 1,142 |
| <i>Employee Leave Entitlements Reserve</i> | 6,833 | - | - | - | 6,833 | - | 460 | 7,293 |
| <i>North Sydney Olympic Pool Redevelopment Reserve</i> | 1,444 | (1,444) | - | - | - | - | - | - |
| <i>Community Housing - Capital Purchases Reserve</i> | 963 | - | (2) | - | 961 | - | - | 961 |
| <i>Community Housing - Major Maintenance Reserve</i> | 591 | - | - | - | 591 | - | (100) | 491 |
| Total Internally Restricted | 23,602 | (6,780) | (3,272) | (709) | 12,841 | 179 | 969 | 13,989 |
| Total Restricted | 76,211 | (10,323) | (4,051) | 5,774 | 67,611 | 4,219 | 20,002 | 91,832 |
| Unrestricted | - | - | - | - | - | - | - | - |
| Total Cash & Investments | 76,211 | (10,323) | (4,051) | 5,774 | 67,611 | 4,219 | 20,002 | 91,832 |

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 PositionInvestments

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 \$135,565,995 is \$1,651,806. This Cash at Bank amount has been reconciled to Council's physical bank statements. The bank reconciliation was completed on 10 April 2024.

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

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

| | |
|--|--------------------|
| Cash at Bank (as per bank statements) | 1,644,979 |
| Cash on Hand (Cash Floats) | 6,900 |
| Cash Equivalent Assets (Deposits at Call) | 9,450,000 |
| Investment Securities (Term Deposits & FRNs) | 124,651,142 |
| less Shorelink Cash & Investments | (47,320) |
| less Wendy Whiteley Reserve Cash | (146,534) |
| less Unpresented Cheques | (1,559) |
| plus Undeposited Funds | 8,807 |
| less Unidentified Deposits (not yet accounted in ledger) | (420) |
| YTD Cash & Investments | 135,565,995 |

Recommended Variations to Revised Budget for March Quarter

| | | Carried Forward to 2024/25 Increase / (Decrease) (\$000's) | Increase / (Decrease) (\$000's) |
|---|--|---|---------------------------------------|
| Movement in Restricted Funds - New Loans | | | |
| Unexpended Loans | Proposed new loan for NSOP | - | 20,000 |
| | | - | 20,000 |
| Movement in Restricted Funds - Income from Continuing Operations | | | |
| Developer Contributions VPA | VPA 27-57 Falcon Street Crows Nest | - | 457 |
| Special Purpose Grants | North Sydney Olympic Pool upgrade Greater Sydney Sport Facility Fund grant | - | (1,500) |
| Domestic Waste Management | Domestic waste annual charges | - | 125 |
| Community Housing - Major Maintenance Reserve | Community housing rental income | - | (100) |
| Capital Works Reserve | Rates income (increase in transfer to capital works reserve) | - | 2,224 |
| | | - | 1,206 |
| Movement in Restricted Funds - Expenses from Continuing Operations | | | |
| Special Purpose Grants | NSW Planning Portal Integration | - | (50) |
| Income Producing Projects Reserve | North Sydney Oval service review | - | (14) |
| Income Producing Projects Reserve | Primrose Park Tennis Centre service review | - | (15) |
| Income Producing Projects Reserve | Parking stations service review | - | (35) |
| Employee Leave Entitlements Reserve | Increase in provision for employee leave entitlements | - | 400 |
| Employee Leave Entitlements Reserve | Staff training costs | - | 130 |
| Employee Leave Entitlements Reserve | Staff recruitment costs | - | (70) |
| | | - | 346 |
| Movement in Restricted Funds - Capital Expenditure | | | |
| Developer Contributions | 287 Miller Street redevelopment | 618 | - |
| Developer Contributions | Kelly's Place playground upgrade | - | 27 |
| Special Purpose Grants | Young Street Plaza | 2,852 | - |
| Special Purpose Grants | Active Transport - Young Street | 540 | - |
| Special Purpose Grants | Active Transport - St Leonards Park concept plan | 30 | - |
| Special Purpose Grants | Traffic Facilities - Cranbrook Street pedestrian crossing | - | (26) |
| Income Producing Projects Reserve | Parking meter upgrade | - | (500) |
| Plant Reserve | Fleet and plant acquisitions | - | 300 |
| Plant Reserve | Parking meter upgrade | - | (1,267) |
| Capital Works Reserve | Active Transport - Young Street | 179 | - |
| Capital Works Reserve | Hunts lookout footbridge | - | (84) |
| | | 4,219 | (1,550) |
| Total Movement in Restricted Funds | | 4,219 | 20,002 |

The above adjustments are either offset by an increase or decrease in the budget for an income or expenditure item. Hence, they have no impact on the bottom line of the budget and, therefore, the 2023/24 Operational Plan and it is not anticipated that they will have a significant impact on Council's Long Term Financial Plan.

North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2024

Contracts Listing

| Contractor | Contract Detail & Purpose | Contract Value | Commencement Date | Duration of Contract | Budgeted (Y/N) |
|--------------------------------|---|----------------|-------------------|----------------------|----------------|
| Ally Property Services Pty Ltd | Contract 1-2021(56) Willoughby Road Stormwater Drainage | \$752,935.30 | 22/01/2024 | 4 Months | Y |
| Ezy Pave Pty Ltd | Contract 1-2021(58) Crows Nest Roundabout Construction | \$399,319.64 | 23/01/2024 | 4 Months | Y |
| Ezy Pave Pty Ltd | Contract 1-2021(59) Wyagdon Stairs Lights & Drainage | \$440,764.62 | 09/02/2024 | 6 Months | Y |
| Ezy Pave Pty Ltd | Contract 1-2021(61) Waters Road Public Domain Upgrade | \$349,926.50 | 09/02/2024 | 5 Months | Y |
| Ally Property Services Pty Ltd | Contract 1-2021(64) Willoughby Road Upgrade Works - Paving | \$996,616.84 | 25/03/2024 | 3 Months | Y |
| Civotek Pty Ltd | Contract 1-2021(67) Stormwater Drainage Willoughby Road | \$235,645.00 | 14/02/2024 | 3 Months | Y |
| Civotek Pty Ltd | Contract 1-2021(68) Stormwater Drainage Reynolds Street | \$183,298.70 | 15/03/2024 | 3 Months | Y |
| Jaddfe Pty Ltd | Contract 16-2023 Bob Andrews Irrigation Installation | \$127,137.00 | 07/02/2024 | 3 Months | Y |

Notes

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

Consultancy and Legal Expenses

| | | |
|---------------|-----------|---|
| Consultancies | 2,828,268 | Y |
| Legal Fees | 2,776,034 | Y |

Definition of consultant:

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

North Sydney Council
Quarterly Budget Review Statement for the quarter ended 31 March 2024
Key Performance Indicators

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

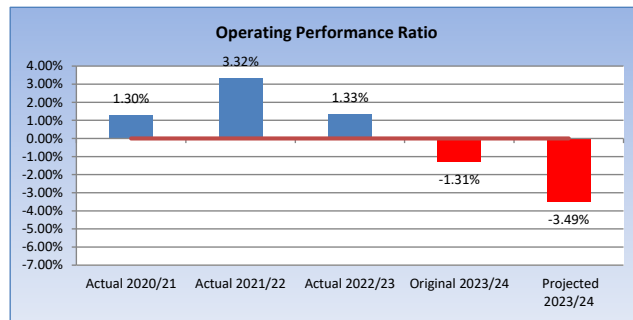
To assist in measuring Council's financial sustainability the following key performance indicators are monitored:

1. Operating Performance Ratio

| | | | | | |
|--|--------|--------|-------|-------|-------|
| Total continuing operating revenue excluding capital grants and contributions, fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain less operating expenses excluding fair value decrements, net losses on disposal of assets and net share of interest in joint venture loss | -3.49% | -1.31% | 1.33% | 3.32% | 1.30% |
| Total continuing operating revenue excluding capital grants and contributions, fair value increments, net gains on disposal of assets and net share of interest in joint venture gain | | | | | |

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

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

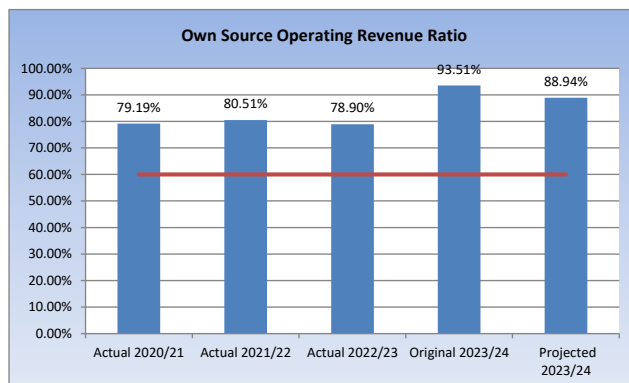


2. Own Source Operating Revenue Ratio

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Total continuing operating revenue excluding all grants and contributions, fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain | 88.94% | 93.51% | 78.90% | 80.51% | 79.19% |
| Total continuing operating revenue excluding fair value adjustments, net gains on disposal of assets and net share of interest in joint venture gain | | | | | |

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

This indicator provides a measure of the degree of reliance on external funding sources such as operating grants and contributions. It should be greater than the benchmark of 60%. This is an indication that Council does not rely heavily on external funding sources such as grants.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2024

Key Performance Indicators

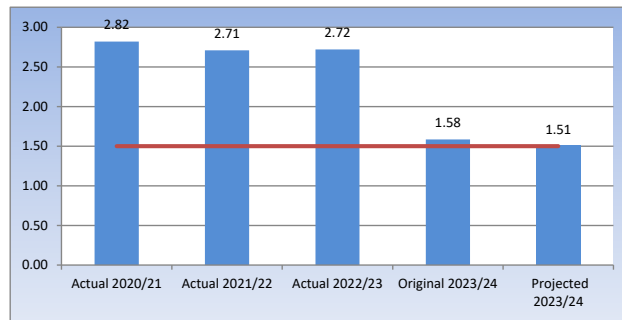
| Key Performance Indicator | Indicator | Indicator | Prior Periods | | |
|---------------------------|-------------------|------------------|----------------|----------------|----------------|
| | Projected 2023/24 | Original 2023/24 | Actual 2022/23 | Actual 2021/22 | Actual 2020/21 |

3. Unrestricted Current Ratio

| | | | | | |
|---|--------|--------|--------|--------|--------|
| $\frac{\text{Current assets less all external restrictions}}{\text{Current liabilities less specific purpose liabilities}}$ | 1.51 x | 1.58 x | 2.72 x | 2.71 x | 2.82 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.

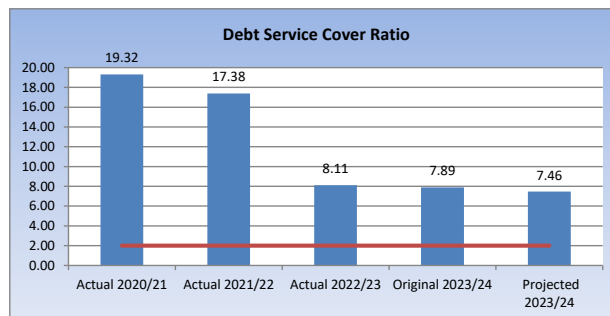
The benchmark considered satisfactory by the industry is greater than 1.5 times. Council's ratio continues to meet the benchmark but has dropped substantially compared to recent years. This is primarily due to reductions in forecast income from a number of sources including parking meters and hoarding permits. Whilst the current forecast for this ratio still indicates adequate capacity for Council to meet its obligations, in the short term for its unrestricted activities, it will need to ensure that it is increased to provide a greater buffer against unexpected circumstances for the medium and long terms.



4. Debt Service Cover Ratio

| | | | | | |
|--|--------|--------|--------|---------|---------|
| $\frac{\text{Operating result before capital grants and contributions excluding interest and depreciation}}{\text{Debt service cost (i.e. loan principal and interest payments)}}$ | 7.46 x | 7.89 x | 8.11 x | 17.38 x | 19.32 x |
|--|--------|--------|--------|---------|---------|

The purpose of this indicator is to assess the impact of loan principal and interest repayments on the organisation's discretionary revenue. Prudent financial management dictates that an organisation should not over commit itself to debts that it cannot service. For a developed council, such as North Sydney, ideally this ratio should be greater than 2.00x. Additional borrowing will result in a further drop in this ratio in 2023/24. However, currently this ratio is well above the benchmark indicating that Council has the capacity to service further borrowing in needed.



North Sydney Council

Quarterly Budget Review Statement for the quarter ended 31 March 2024

Key Performance Indicators

| Key Performance Indicator | Indicator | Indicator | Prior Periods | | |
|--|-------------------|------------------|----------------|----------------|----------------|
| | Projected 2023/24 | Original 2023/24 | Actual 2022/23 | Actual 2021/22 | Actual 2020/21 |
| 5. Buildings and Infrastructure Renewals Ratio | | | | | |
| Infrastructure Asset Renewals | 285.47% | 266.98% | 86.79% | 150.63% | 98.35% |
| Infrastructure Depreciation, Amortisation & Impairment | | | | | |

The purpose of this indicator is to measure the extent to which Council is maintaining the condition of its infrastructure assets, either through repairs and maintenance, or the adequacy of its provision to replace those assets as they reach the end of their useful lives. This ratio should be at least 100% and this is the benchmark documented in Council's Financial Management Policy. It is forecast to be well above the benchmark in 2023/24, largely due to the impact of the redevelopment of North Sydney Olympic Pool.

