

## 10.2. Quarterly Budget Review - March 2025

<b>AUTHOR</b>	Aigul Utegenova, Chief Financial Officer Daniel Peacock, Senior Financial Accountant
<b>ENDORSED BY</b>	Luke Harvey, Director Corporate Services
<b>ATTACHMENTS</b>	1. March 2025 Quarterly Budget Review Statement [ <b>10.2.1</b> - 14 pages]
<b>CSP LINK</b>	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

### PURPOSE:

The purpose of this report is to:

- monitor budget progress for the third quarter of the 2024/25 financial year as of 31 March, highlighting income and expense changes and addressing any shortfalls or surpluses;
- recommend adjustments and reallocations; and
- ensure transparency and support decision-making.

### EXECUTIVE SUMMARY:

- **Decrease in Operating Deficit (before Capital Grants and Contributions):** The deficit decreased by \$3.467 million to \$2.005 million. This improvement is primarily due to one-off legal recoveries (\$1.135 million), \$1.435 million received from the NSW Government for compulsory acquisition of lease interest, a \$1.2 million increase in investment income, \$0.5 million in employee cost savings from holding vacant positions to improve Council's liquidity, \$0.4 million reduction in Salaries and Wages due to the delay of the North Sydney Olympic Pool project, \$0.872 million savings in employee costs due to leave management measures and \$0.4 million savings on worker's compensation fees. These gains were partially offset by a \$0.623 million decline in user charges and fees, a \$1 million impairment of work in progress balances and a \$0.773 million net loss from disposal of assets.
- **Increase in Operating Surplus (including Capital Grants and Contributions):** The surplus increased by \$5.658 million, bringing the total to \$9.869 million.
- **Decrease in Operating Grants:** Operating grants decreased by \$84,000 due to a budget correction following identification of an overstatement.
- **Increase in Capital Grants and Developer Contributions:** Capital grants and contributions increased by \$2.191 million, driven by higher-than-expected developer contributions.
- **Decrease in Capital Budget:** The capital budget decreased by \$37.170 million, largely due to delays in the North Sydney Olympic Pool project, Stage 2 of the Hume Street Park Expansion and Embellishment project, and the 287 Miller Street Affordable Housing project.

- **Borrowings:** In addition to the \$20 million loan received in July 2024, Council has applied for an additional \$10 million loan from TCorp. This is expected to be drawn down in the next financial year due to delays in the Olympic Pool project and adjusted cash flow requirements.
- **Unrestricted Current Ratio:** The unrestricted current ratio increased to 1.47 (from 1.22). This was mainly driven by one-off items such as legal recoveries, proceeds from lease acquisitions, and vacancy savings. These items are non-recurring, and the improvement should be seen as temporary. The funds received from lease interest sales are internally restricted and held in reserves.

**RECOMMENDATION:**

1. **THAT** Council adopt the Quarterly Budget Review Statement – March 2025 report in accordance with clause 203 of the Local Government (General) Regulation 2021.
2. **THAT** Council endorse 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.

### Original Budget and subsequent revisions (September 2024, December 2024 Quarterly reviews)

The 2024/25 original budget projected a deficit before Capital Grants and Contributions of \$8.251 million and a net operating deficit after Capital Grants and Contributions of \$5.193 million. Following the September and December Quarterly Budget Reviews, the deficit before Capital Grants and Contributions improved to \$5.472 million, while the net operating results after Capital Grants and Contributions improved to \$4.212 million.

The original budget allocated \$45.365 million for capital works and the replacement of plant and equipment. After the September Quarterly Budget Review, this increased to \$92.444 million and subsequently decreased to \$86.997 million at the December review.

### Operational Budget and recommended Adjustments to the Budget at the end of the March 2025 Quarter

This review proposes adjustments listed in the attached Quarterly Budget Review Statement and the Income Statement summary presented below.

#### Quarterly Budget Review Statement for the period 01/07/24 to 31/03/25

##### Income & expenses budget review statement

Budget review for the quarter ended 31 March 2025

(\$000's)	Original budget 2024/25	Carry forwards	Sep QBRs	Dec QBRs	Revised budget 2024/25	Variations for this Mar Qtr	Notes	Projected year end result	Actual YTD figures	Budget YTD figures	YTD Variance
<b>Income</b>											
Rates	61,051	-	-	1,029	62,080	-	1	62,080	62,133	62,843	(710)
Annual Charges	18,015	-	-	232	18,247	-	1	18,247	18,253	18,234	19
User charges and fees	36,774	-	(2,971)	(2,000)	31,803	-	2	31,180	23,150	24,321	(1,171)
Other revenues	10,216	-	76	300	10,592	1,215	3	11,807	10,081	7,965	2,116
Interest and investment revenue	2,665	-	500	1,000	4,165	1,200	4	5,365	4,051	3,081	970
Other income	5,887	-	-	-	5,887	1,468	5	7,355	5,004	4,414	590
Grants and contributions - operating	4,666	30	331	775	5,802	-	6	5,718	3,436	3,252	184
Grants and contributions - capital	3,058	923	5,897	(195)	9,683	2,191	7	11,874	4,833	3,109	1,724
<b>Total income from continuing operations</b>	<b>142,332</b>	<b>953</b>	<b>3,833</b>	<b>1,142</b>	<b>148,260</b>	<b>5,367</b>		<b>153,626</b>	<b>130,941</b>	<b>127,218</b>	<b>3,723</b>
<b>Expenses</b>											
Employee benefits and on-costs	55,651	-	(1,245)	(1,070)	53,336	-	8	48,865	36,605	40,741	4,136
Materials and services	53,337	212	(473)	1,244	54,320	2,351	9	56,671	40,208	40,595	387
Borrowing costs	2,382	-	-	155	2,537	-	10	2,410	1,750	1,742	(8)
Depreciation and amortisation	31,095	-	(2,300)	-	28,795	1,000	11	29,795	21,251	21,388	137
Other expenses	4,783	-	-	-	4,783	184	12	4,967	3,919	3,974	55
Net Loss (Gain) from disposal of assets	277	-	-	-	277	773	13	1,050	(134)	-	134
<b>Total expenses from continuing operations</b>	<b>147,525</b>	<b>212</b>	<b>(4,018)</b>	<b>329</b>	<b>144,048</b>	<b>-</b>		<b>143,757</b>	<b>103,599</b>	<b>108,440</b>	<b>4,841</b>
<b>Net operating result from continuing operations</b>	<b>(5,193)</b>	<b>741</b>	<b>7,851</b>	<b>813</b>	<b>4,212</b>	<b>5,658</b>		<b>9,869</b>	<b>27,342</b>	<b>18,778</b>	<b>8,564</b>
Discontinued operations - surplus/(deficit)					-			-			
<b>Net operating result from all operations</b>	<b>(5,193)</b>	<b>741</b>	<b>7,851</b>	<b>813</b>	<b>4,212</b>	<b>5,658</b>		<b>9,869</b>	<b>27,342</b>	<b>18,778</b>	<b>8,564</b>
<b>Net Operating Result before Capital Items</b>	<b>(8,251)</b>	<b>(182)</b>	<b>1,954</b>	<b>1,007</b>	<b>(5,472)</b>	<b>3,467</b>		<b>(2,005)</b>	<b>22,509</b>	<b>15,669</b>	<b>6,840</b>

**Significant Positive Adjustments – improvement in operating results:**

- \$1.2 million increase in investment income from higher cash reserves due to project delays.
- \$1.135 million in legal recoveries linked to compulsory acquisition of lease interests.
- \$1.435 million received from lease interest sale (Cammeray and Bradfield Parks).
- \$2.191 million increase in capital grants and developer contributions.
- \$0.5 million in employee cost savings from holding vacancies.
- \$0.4 million reduction in Salaries and Wages due to the delay of the North Sydney Olympic Pool project.
- \$0.872 million savings in employee costs due to excess leave management
- \$0.4 million savings on worker's compensation fees

**Significant Negative Adjustments - reduction in operating results:**

- \$0.623 million reduction in user charges and fees, primarily due to:
  - \$0.653 million drop in plant permit income
  - \$0.472 million drop in construction and road closure fees
  - offset by increases in hoarding fees (\$0.39 million) and developer application income (\$0.288 million).
- \$1 million increase in impairments of work in progress balances.
- \$0.773 million increase in Loss from disposal of assets, driven by plant disposal schedule changes.

**Employee benefits and on-costs**

Council's originally budgeted employee costs were \$55.7 million, which were later revised down to \$53.3 million. The adjustment reflects delays in the completion of the NSOP project and savings achieved from postponed recruitment, driven by the requirement to improve Council's liquidity position.

A detailed review of the Salary and Wages figures was undertaken this quarter, and a further adjustment is proposed.

- The reduction of the Salary and Wages budget by \$2.32 million and the subsequent increase in Materials and Services costs are due to the increased use of temporary workforce to cover the shortage of permanent staff.
- It was noted that Leave Liabilities balances have declined compared to the same period last financial year. This is mostly due to the actions taken by Council to manage and reduce leave liability balances. Given this, no increase in Leave Liabilities is expected by the end of the financial year, which indicates savings in Salary and Wages costs associated with the increase of around \$0.872 million.

- Savings from workers compensation insurance were achieved due to efficiency improvements and North Sydney's performance history. The original budget did not account for the discount applied by iCare, resulting in a \$400k reduction.
- A further \$400k reduction relates to the delay in the completion of the NSOP project. In the December quarterly review, a provision was made to recruit staff ahead of the opening to support the preparation phase. These positions have now been excluded from the current year's budget.
  - A further \$0.5 million adjustment is proposed for existing vacancies, as these positions are unlikely to be filled by the end of the financial year due to timing.
  - \$0.255 million diverted from salary and wages to event contractors for delivery of New Years Eve, resulting in these costs being reclassified under materials and services.

Refer to the attached Income and expenses budget review statement for the detailed listing of the recommended changes to the revised budget.

## Depreciation, amortisation, and impairment

The Finance team is undertaking a routine review of Infrastructure, Property, Plant and Equipment balances as part of the year-end impairment assessment. The review is progressing as planned and will be finalised prior to year-end, with outcomes reflected in the financial statements.

As part of this process, an impairment of approximately \$1 million is proposed for Work in Progress balances. These are historical balances relating to preliminary design and research costs for projects that did not move to implementation for various reasons. This adjustment is non-cash, does not lead to any cash outflow, but needs to be included to ensure compliance with accounting standards.

## Capital Budget and recommended adjustments to the budget at the End of the March 2025 Quarter

North Sydney Council

**Quarterly Budget Review Statement**  
for the period 01/07/24 to 31/03/25

### Capital budget review statement

Budget review for the quarter ended 31 March 2025

(\$000's)	Original budget 2024/25	Carry forwards	Sep QBRs	Dec QBRs	Revised budget 2024/25	Variations for this Mar Qtr	Notes	Projected year end result	Actual YTD	Budget YTD	Variance YTD
<b>Capital expenditure</b>											
New assets											
- Total New Assets	4,077	6,912	140	(1,955)	9,174	- 2,663	1	6,511	2,609	3,827	1,218
Renewal assets (replacement)											
- Total Renewal Assets	41,288	22,529	17,498	(3,493)	77,822	- 34,507	2	43,316	25,771	60,072	34,301
<b>Total capital expenditure</b>	<b>45,365</b>	<b>29,441</b>	<b>17,638</b>	<b>(5,447)</b>	<b>86,997</b>	<b>(37,170)</b>		<b>49,827</b>	<b>28,380</b>	<b>63,899</b>	<b>35,519</b>
<b>Capital funding</b>											
Rates & other untied funding	2,879	-	140		3,019		3	3,019	-		-
Capital grants & contributions	950	9,894	-	(1,904)	8,940		4	8,940	2,106	1,959	(147)
Reserves:											
- External restrictions/reserves	6,624	2,844	-		9,468	- 2,663	5	6,805	2,367	29,243	26,876
- Internal restrictions/reserves	14,912	16,703	17,498	(13,544)	35,569	- 24,507	6	11,063	10,399	12,697	2,298
New loans	20,000	-	-	10,000	30,000	- 10,000	7	20,000	13,508	20,000	6,492
<b>Total capital funding</b>	<b>45,365</b>	<b>29,441</b>	<b>17,638</b>	<b>(5,447)</b>	<b>86,997</b>	<b>(37,170)</b>		<b>49,827</b>	<b>28,380</b>	<b>63,899</b>	<b>35,519</b>

## **Hume Street Park Expansion & Embellishment Stage 2**

Expenditure for this project is proposed to be deferred. Council resolved at its meeting on 10 March 2025, to make representations to the Minister for Planning to seek its share of the funding of the \$520 million Transport Oriented Development fund to deliver the Hume Street Park expansion project. Significant engagement has occurred, and deferral of construction will allow for these representations to be fully resolved, which is expected to occur in the short term.

### **287 Miller Street Cammeray - Affordable Housing**

The works are scheduled for completion in November 2025. A portion of the remaining budget has been reallocated to the next financial year to align with the project's timeline.

### **Cash and investment**

Cash balances are projected to be \$34.6 million higher than in the previous review, mainly due to the following one-off items:

- \$1.135 million – legal recoveries
- \$1.435 million – proceeds from the compulsory sale of lease interest
- \$1.2 million – increase in interest income
- \$0.9 million – saving from excess leave management
- \$0.4 million – savings in workers compensations fee.
- \$27.170 million delay in capital (total \$37.170 million offset by \$10 million receipt of the new loan budgeted for the next financial year)
- \$2.191 million – increase in capital grants and contributions
- \$0.127 million – savings on the interest for the postponed \$10m loan

The proceeds from the lease interest sale are restricted and have been allocated to the Cammeray and Bradfield parks internal reserves.

\$23.854 million related to the North Sydney Olympic Pool project has been allocated to externally restricted funds, as these funds were specifically committed to the delivery of this project. It should be noted that the total amount to be carried over for the North Sydney Olympic Pool project is \$33.854 million; however, \$10 million is scheduled to be received in the next financial year.

As a result of these one-off cash inflow, the unrestricted current ratio has improved to 1.47.

## Cash & investments budget review statement

Budget review for the quarter ended 31 March 2025

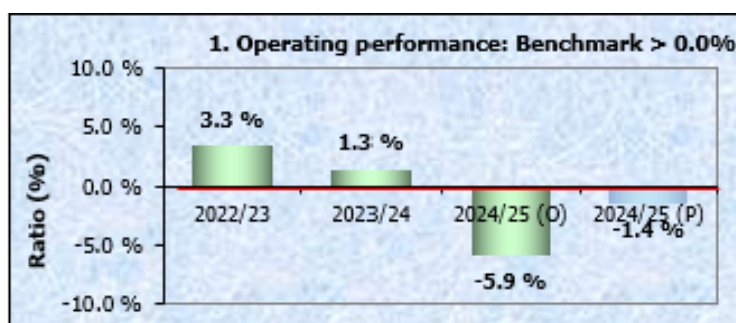
(\$'000's)	Original budget 2024/25	Revised budget 2024/25	Variations for this Mar Qtr	Notes	Projected year end result	Actual YTD figures	Variance Surplus (Deficit)
<b>Externally restricted <sup>(1)</sup></b>							
Specific purpose unexpended grants	6,717	5,380	5	1	5,385	2,534	(2,846)
Developer Contributions	44,031	40,021	5,467	2	45,488	46,502	6,481
Domestic waste management	15,188	15,188	-	3	15,188	14,122	(1,066)
Unexpended Special Rates	1,003	1,141	-	4	1,141	1,479	338
Unspent borrowings - North Sydney Olympic Pool	-	-	-	5	-	7,194	7,194
North Sydney Olympic Pool carry over	-	-	23,854		23,854	-	-
Other specific purpose contributions	-	2,081	(185)	6	1,896	2,388	307
<b>Total externally restricted</b>	<b>66,939</b>	<b>63,811</b>	<b>29,141</b>		<b>92,952</b>	<b>74,219</b>	<b>10,408</b>
(1) Funds that must be spent for a specific purpose							
<b>Internally restricted <sup>(2)</sup></b>							
Capital works	-	-	-	7	-	6,911	6,911
Community housing - capital purchases	960	-	-	8	-	1,010	1,010
Community housing - major maintenance	491	-	-	9	-	491	491
Deposits, retentions, and bonds	14,657	13,137	-	10	13,137	14,846	1,709
Employees leave entitlement	7,127	7,127	-	11	7,127	7,127	-
I.T. hardware and software	-	-	-	12	-	1,029	1,029
Income producing projects	-	-	-	13	-	548	548
Olympic Pool Redevelopment	-	-	-	14	-	9,717	9,717
Plant and vehicle replacement	295	-	-	15	-	3,083	3,083
Cammeray park reserve	-	-	650	16	650	-	-
Bradfield park reserve	-	-	785	17	785	-	-
<b>Total internally restricted</b>	<b>23,530</b>	<b>20,264</b>	<b>1,435</b>		<b>21,699</b>	<b>44,762</b>	<b>24,498</b>
(2) Funds that Council has earmarked for a specific purpose							
<b>Unrestricted (ie. available after the above Restrictions)</b>	<b>9,243</b>	<b>8,717</b>	<b>4,025</b>		<b>12,741</b>	<b>23,335</b>	<b>14,618</b>
<b>Total Cash &amp; investments</b>	<b>99,712</b>	<b>92,792</b>	<b>34,601</b>		<b>127,392</b>	<b>142,316</b>	<b>49,524</b>
18							

## Key Performance Indicators (KPIs) Overview

The following key performance indicators (KPIs) provide an assessment of Council's financial health and operational stability. They serve as critical benchmarks against which Council's financial management resilience is measured. Meeting or exceeding these KPIs is essential for maintaining sustainable operations and financial viability. However, recent performance highlights areas of concern that require close monitoring and strategic action to address potential risks.

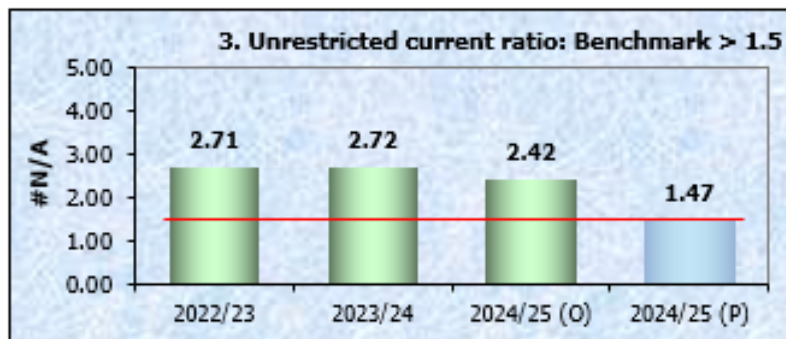
Operating Performance Ratio – **negative 1.4%**

This ratio reflects Council's ability to contain operating expenses within operating revenue (excluding capital grants and contributions).



Unrestricted Current Ratio – **1.47**

With the one-off cash receipts, the unrestricted current ratio has improved to 1.47.



### Overall Financial Position

While the report shows an increase in unrestricted cash and a stronger current ratio. The increase in cash is primarily due to one-off payments from the sale of interests in land and should not be considered a permanent source of income or an indicator of ongoing improvement in Council's financial position.

It should be noted that user charges and fees—one of Council's more permanent sources of income—continue to decline.

### Consultation requirements

Community engagement is not required.

### Financial/Resource Implications

The proposed changes to the budget result in a net operating deficit before Capital Grants and Contributions of \$2.005 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 period 01/07/24 to 31/03/25

**Report by responsible accounting officer**

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

**31 March 2025**

It is my opinion that the Quarterly Budget Review Statement for North Sydney Council for the quarter ended 31/03/25 indicates that Council's projected financial position at 30/6/25 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

My opinion above, that Council's projected financial position as at 30/6/25 will be satisfactory has been based on the following factors:

1. While repeated operating deficits and funding requirements for the NSOP project have eroded Council's financial position, remedial actions are now underway.
2. Council has received one-off payments, including legal cost recoveries and proceeds from the sale of lease interests, which have improved short-term liquidity.
3. The special rate variation application lodged to address the long term financial position of Council was refused by IPART. Over the coming twelve months, Council will have to reduce infrastructure renewals, reduce services and consider property sales to ensure address its long term financial position.

**Signed:** \_\_\_\_\_

**date:** 16-May-25

Aigul Utegenova  
Responsible Accounting Officer

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRS report

# Quarterly Budget Review Statement

for the period 01/07/24 to 31/03/25

## Income & expenses budget review statement

Budget review for the quarter ended 31 March 2025

(\$000's)	Original budget 2024/25	Carry forwards	Sep QBRs	Dec QBRs	Revised budget 2024/25	Variations for this Mar Qtr	Notes	Projected year end result	Actual YTD figures	Budget YTD figures	YTD Variance
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Discontinued operations - surplus/(deficit)					-			-			
<b>Net operating result from all operations</b>	<b>(5,193)</b>	<b>741</b>	<b>7,851</b>	<b>813</b>	<b>4,212</b>	<b>5,658</b>		<b>9,869</b>	<b>27,342</b>	<b>18,778</b>	<b>8,564</b>
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This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRs report

North Sydney Council

**Quarterly Budget Review Statement**  
for the period 01/07/24 to 31/03/25

**Income & expenses budget review statement**  
**Recommended changes to revised budget**

Budget Variations being recommended include the following material items:

Notes Details	Amount
<b>1 Rates and annual charges</b>	
No change	
<b>2 User charges and fees</b>	
Hoarding Permit Fees increased	390,000
Development Application Fees increased	287,956
Plant Permit income reduced	- 653,718
Reduced Construction (Work) Zone Fees	- 472,417
Temporary Full Road Closures income reduced	- 174,805
	- 622,984
<b>3 Other revenues</b>	
Legal cost recovery for compulsory acquisition of Cammeray Park	1,135,000
Third Party Events Sundry Income	55,040
Festival & Events Sundry Income	25,236
	1,215,276
<b>4 Interest and investment revenue</b>	
Additional investment income due to higher than expected cash balances	1,200,000
	1,200,000
<b>5 Other income</b>	
Compulsory acquisition by TfNSW of lease for part of Bradfield Park	785,157
Compulsory acquisition by TfNSW of lease for part of Cammeray Park	650,142
Extension of TfNSW lease Miller Street North Sydney	32,500
	1,467,799
<b>6 Grants and contributions - operating</b>	
Bushcare Contributions Increased	4,110
Community Development Grant Income	12,591
Public Vehicle Weight OP Grant	- 848
Road Safety Program, Road Safety Officer	- 100
Other contributions not confirmed	- 190,000
Emergency Services Property Levy	90,000
	- 84,247
<b>7 Grants and contributions - capital</b>	
Road Safety Program, Reynolds Street Cremorne, installation of road barrier Grant Income	10,000
Additional developer contributions received	500,000
Voluntary planning agreement(VPA) - Payment for 23-25 Atchison Street	1,680,732
	2,190,732

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRS report

<b>8 Employee benefits and on-costs</b>	
Community Development Grant exp	12,591
Community Arts & Culture Salaries	- 25,000
New Years Eve cost transfer to materials and contracts	- 254,877
North Sydney Olympic Pool Salaries and wages	- 400,000
Savings on the workers compensation balances	- 400,000
Employee cost savings due to vacancies	- 500,000
Savings due to higher usage of the Leave Liability balances	- 872,300
Cost of temporary workforce (contractors), offsets increase in Materials and Services costs	- 2,032,000
	- 4,471,586
<b>9 Materials &amp; Services</b>	
Temporary workforce costs - offsets the decrease in employee costs	2,032,000
New Years Eve cost transfer from employee costs	254,877
North Sydney Oval grandstands maintenance backlog	35,000
Community Arts & Culture contract increased	25,000
Road Safety Program, Reynolds Street Cremorne, installation of flexible barrier on roadside - Grant expense	5,000
	2,351,877
<b>10 Borrowing costs</b>	
Interest on new \$10m loan	- 126,986
	- 126,986
<b>11 Depreciation and amortisation</b>	
Impairment of Work in progress balances	1,000,000
	1,000,000
<b>12 Other expenses</b>	
Parking Space Levy cost increase	183,550
	183,550
<b>13 Net Loss from disposal of assets</b>	
Revised fleet and plant disposal schedule	773,000
	773,000

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRS report

North Sydney Council

**Quarterly Budget Review Statement**

for the period 01/07/24 to 31/03/25

**Capital budget review statement**

Budget review for the quarter ended 31 March 2025

(\$000's)	Original budget 2024/25	Carry forwards	Sep QBRs	Dec QBRs	Revised budget 2024/25	Variations for this Mar Qtr	Notes	Projected year end result	Actual YTD	Budget YTD	Variance YTD
<b>Capital expenditure</b>											
New assets											
- Total New Assets	4,077	6,912	140	(1,955)	9,174	- 2,663	1	6,511	2,609	3,827	1,218
Renewal assets (replacement)								-			
- Total Renewal Assets	41,288	22,529	17,498	(3,493)	77,822	- 34,507	2	43,316	25,771	60,072	34,301
<b>Total capital expenditure</b>	<b>45,365</b>	<b>29,441</b>	<b>17,638</b>	<b>(5,447)</b>	<b>86,997</b>	<b>(37,170)</b>		<b>49,827</b>	<b>28,380</b>	<b>63,899</b>	<b>35,519</b>
<b>Capital funding</b>											
Rates & other untied funding	2,879	-	140		3,019		3	3,019	-		-
Capital grants & contributions	950	9,894	-	(1,904)	8,940		4	8,940	2,106	1,959	(147)
Reserves:								-			
- External restrictions/reserves	6,624	2,844	-		9,468	- 2,663	5	6,805	2,367	29,243	26,876
- Internal restrictions/reserves	14,912	16,703	17,498	(13,544)	35,569	- 24,507	6	11,063	10,399	12,697	2,298
New loans	20,000	-	-	10,000	30,000	- 10,000	7	20,000	13,508	20,000	6,492
<b>Total capital funding</b>	<b>45,365</b>	<b>29,441</b>	<b>17,638</b>	<b>(5,447)</b>	<b>86,997</b>	<b>(37,170)</b>		<b>49,827</b>	<b>28,380</b>	<b>63,899</b>	<b>35,519</b>
<b>Net capital funding - surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRs report

North Sydney Council

**Quarterly Budget Review Statement**  
for the period 01/07/24 to 31/03/25

**Capital budget review statement**  
**Recommended changes to revised budget**

Budget variations being recommended include the following material items:

**Notes Details**

<b>1 Total New Assets</b>	
Road Safety Program, Reynolds Street Cremorne, installation of flexible barrier on roadside - Grant expense	5,000
Hume Street Park Expansion & Embellishment Stage 2	- 2,668,364
	- <b>2,663,364</b>
<b>2 Total Renewal Assets</b>	
North Sydney Olympic Pool Carry over	- 33,853,654
287 Miller Street Affordable Housing	- 617,966
Timber fences - Transfer to NS Oval grandstands maintenance backlog	- 35,000
	- <b>34,506,620</b>

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRs report

North Sydney Council

**Quarterly Budget Review Statement**

for the period 01/07/24 to 31/03/25

**Cash & investments budget review statement**

Budget review for the quarter ended 31 March 2025

(\$000's)	Original budget 2024/25	Revised budget 2024/25	Variations for this Mar Qtr	Notes	Projected year end result	Actual YTD figures	Variance Surplus (Deficit)
<b>Externally restricted <sup>(1)</sup></b>							
Specific purpose unexpended grants	6,717	5,380	5	1	5,385	2,534	(2,846)
Developer Contributions	44,031	40,021	5,467	2	45,488	46,502	6,481
Domestic waste management	15,188	15,188	-	3	15,188	14,122	(1,066)
Unexpended Special Rates	1,003	1,141	-	4	1,141	1,479	338
Unspent borrowings - North Sydney Olympic Pool	-	-	-	5	-	7,194	7,194
North Sydney Olympic Pool carry over			23,854		23,854	-	-
Other specific purpose contributions	-	2,081	(185)	6	1,896	2,388	307
<b>Total externally restricted</b>	<b>66,939</b>	<b>63,811</b>	<b>29,141</b>		<b>92,952</b>	<b>74,219</b>	<b>10,408</b>
(1) Funds that must be spent for a specific purpose							
<b>Internally restricted <sup>(2)</sup></b>							
Capital works		-	-	7	-	6,911	6,911
Community housing - capital purchases	960	-	-	8	-	1,010	1,010
Community housing - major maintenance	491	-	-	9	-	491	491
Deposits, retentions, and bonds	14,657	13,137	-	10	13,137	14,846	1,709
Employees leave entitlement	7,127	7,127	-	11	7,127	7,127	-
I.T. hardware and software		-	-	12	-	1,029	1,029
Income producing projects		-	-	13	-	548	548
Olympic Pool Redevelopment		-	-	14	-	9,717	9,717
Plant and vehicle replacement	295	-	-	15	-	3,083	3,083
Cammeray park reserve			650	16	650	-	-
Bradfield park reserve			785	17	785	-	-
<b>Total internally restricted</b>	<b>23,530</b>	<b>20,264</b>	<b>1,435</b>		<b>21,699</b>	<b>44,762</b>	<b>24,498</b>
(2) Funds that Council has earmarked for a specific purpose							
<b>Unrestricted (ie. available after the above Restrictions)</b>	<b>9,243</b>	<b>8,717</b>	<b>4,025</b>		<b>12,741</b>	<b>23,335</b>	<b>14,618</b>
<b>Total Cash &amp; investments</b>	<b>99,712</b>	<b>92,792</b>	<b>34,601</b>	18	<b>127,392</b>	<b>142,316</b>	<b>49,524</b>

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRS report

North Sydney Council

**Quarterly Budget Review Statement**  
for the period 01/07/24 to 31/03/25

**Cash & investments budget review statement**

**Comment on cash & investments position**

The proposed adjustments result in a net increase of \$34.6 million in Council's forecast cash balances. Cash balances are projected to be \$34.6 million higher than the previous review, primarily due to one-off legal recoveries (\$1.135 million), proceeds from lease interest sale (\$1.435 million), increased interest income (\$1.2 million), vacancy savings (\$0.5 million), delay in capital works (\$27.170 million), higher capital grants and contributions (\$2.191 million), and interest savings from the deferred \$10 million loan (\$0.127 million).

**Investments**

Investments have been invested in accordance with Council's Investment Policy.

**Cash**

The Cash at Bank figure included in the Cash & Investment Statement totals \$28,272,764. Cash at bank and at call is maintained to address any contingencies with the NSOP project.

This Cash at Bank amount has been reconciled to Council's physical Bank Statements.  
The date of completion of this bank reconciliation is 31 March 2025.

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRS report



**Recommended changes to revised budget**

Budget variations being recommended include the following material items:

Notes	Details	
1	<b>Specific purpose unexpended grants</b> Adjust allocation following review of contract liability	5,000 5,000
2	<b>Developer contributions – general</b> Review allocation of reserves to reflect budget adjustment	5,467,062 5,467,062
3	<b>Domestic waste management</b> No change	
4	<b>Unexpended Special Rates</b> No change	
5	<b>North Sydney Olympic Pool</b> Carry-over to the next financial year	23,853,654 23,853,654
6	<b>Other specific purpose contributions</b> Review allocation of reserves to reflect budget adjustment	- 184,920 - 184,920
7	<b>Capital works</b> No change	
8	<b>Community housing - capital purchases</b> No change	
9	<b>Community housing - major maintenance</b> No change	
10	<b>Deposits, retentions, and bonds</b> No change	
11	<b>Employees leave entitlement</b> No change	
12	<b>I.T. hardware and software</b> No change	
13	<b>Income producing projects</b> No change	
14	<b>Olympic Pool Redevelopment</b> No change	
15	<b>Plant and vehicle replacement</b> No change	
16	<b>Cammeray Park reserve</b> Proceeds from compulsory acquisition of lease interest at Cammeray Park	650,142 650,142
17	<b>Bradfield Park reserve</b> Proceeds from compulsory acquisition of lease interest at Bradfield Park	785,157 785,157

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRS report

North Sydney Council

**Quarterly Budget Review Statement**

for the period 01/07/24 to 31/03/25

**Key performance indicators budget review statement - Industry KPI's (OLG)**

Budget review for the quarter ended 31 March 2025

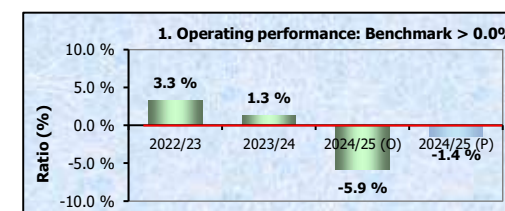
(\$000's)	Projection		Original budget 24/25	Actuals prior periods	
	Amounts	Indicator		23/24	22/23
	24/25	24/25			

**1. Operating performance: Benchmark > 0.0%**

Operating revenue (excl. capital) - operating expenses	- 2,005	-1.41 %	-5.9 %	1.3 %	3.3 %
Operating revenue (excl. capital grants & contributions)	141,753				

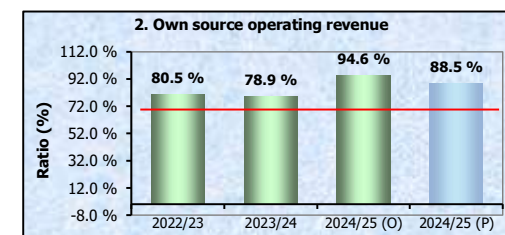
This ratio measures Council's achievement of containing operating expenditure within operating revenue.

This negative result is an improvement on the original budget primarily due to the impact of one-off items including additional legal fees recovery, temporary savings in employee costs and compulsory acquisition of lease interests on the operating result.

**2. Own source operating revenue: Benchmark > 60.0%**

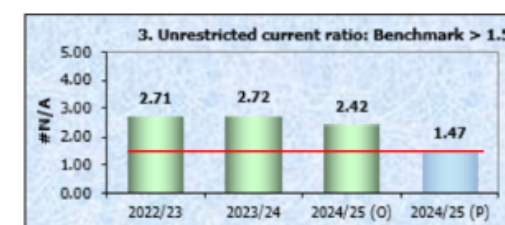
Operating revenue (excl. ALL grants & contributions)	136,034	88.5 %	94.6 %	78.9 %	80.5 %
Total Operating revenue Third Party Events Sundry Income	153,626				

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as grants & contributions. This result indicates Council does not rely heavily on external funding such as grants.

**3. Unrestricted current ratio: Benchmark > 1.5 times**

Current assets less all external restrictions	44,191	1.47	2.42	2.72	2.71
Current liabilities less specific purpose liabilities	30,025				

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council. This result is short of the industry KPI and will be address with the Special Rate Variation application



This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRs report

North Sydney Council

**Quarterly Budget Review Statement**

for the period 01/07/24 to 31/03/25

**Key performance indicators budget review statement - Industry KPI's (OLG)**

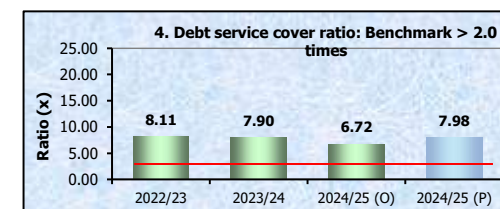
Budget review for the quarter ended 31 March 2025

(\$000's)	Projection		Original budget 24/25	Actuals prior periods	
	Amounts	Indicator		23/24	22/23
	24/25	24/25			

**4. Debt service cover ratio: Benchmark > 2.0 times**

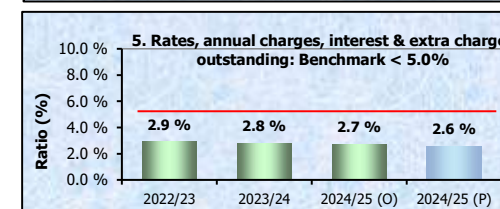
Operating result before interest & dep. exp (EBITDA)	42,075	7.98	6.72	7.90	8.11
Principal repayments + borrowing interest costs	5,270				

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. This result meets the benchmark but leaves a narrow buffer to address any emergencies.

**5. Rates, annual charges, interest & extra charges outstanding: Benchmark < 5.0%**

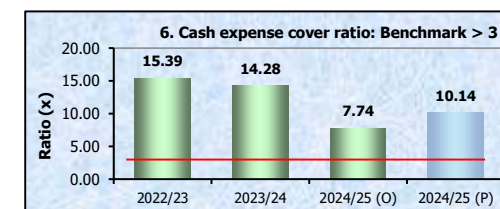
Rates, annual & extra charges outstanding	2,091	2.6 %	2.7 %	2.8 %	2.9 %
Rates, annual & extra charges collectible	81,707				

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts. Council continues to meet the benchmark

**6. Cash expense cover ratio: Benchmark > 3 months**

Current year's cash & cash equivalents (incl.term deposits)	98,252	10.14	7.74	14.28	15.39
Operating & financing activities cash flow payments	9,692				

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. Has been decreasing as payments for capital works are made and due to repeated deficits.



This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRs report

North Sydney Council

**Quarterly Budget Review Statement**

for the period 01/07/24 to 31/03/25

**Key performance indicators budget review statement - Industry KPI's (OLG)**

Budget review for the quarter ended 31 March 2025

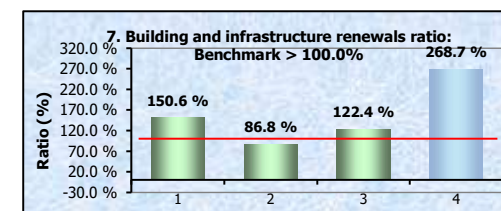
(\$000's)	Projection		Original budget 24/25	Actuals prior periods	
	Amounts	Indicator		23/24	22/23
	24/25	24/25			

NSW Local Government Infrastructure Asset Performance Indicators (OLG):

**7. Building and infrastructure renewals ratio: Benchmark > 100.0%**

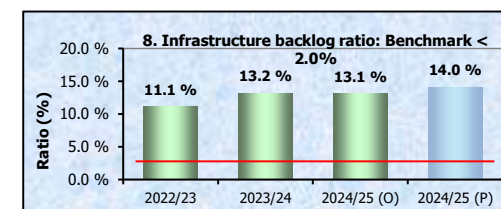
Asset renewals (building, infrastructure & other structures)	43,316	145.4 %	122.4 %	86.8 %	150.6 %
Depreciation, amortisation & impairment	29,795				

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating. Has been skewed high in recent years by renewal works for NSOP. In fact many renewal works have been delayed to divert funds to NSOP.

**8. Infrastructure backlog ratio: Benchmark < 2.0%**

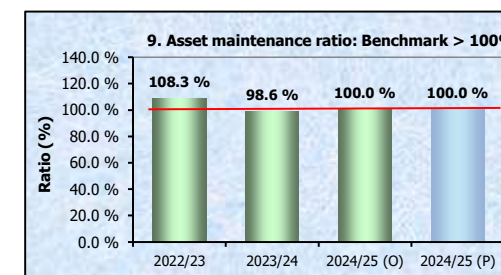
Estimated cost to bring assets to a satisfactory condition	151,198	14.0 %	13.1 %	13.2 %	11.1 %
Total value of infrastructure, building, other structures & depreciable land improvement assets	1,076,969				

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure. This result is unsatisfactory and will be addressed by strategic reviews in the near future.

**9. Asset maintenance ratio: Benchmark > 100%**

Actual asset maintenance	9,539	100.0 %	100.0 %	98.6 %	108.3 %
Required asset maintenance	9,539				

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the Infrastructure Backlog growing.



This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRs report

North Sydney Council

**Quarterly Budget Review Statement**  
for the period 01/07/24 to 31/03/25

**Key performance indicators budget review statement - Industry KPI's (OLG)**

Budget review for the quarter ended 31 March 2025

(\$000's)	Projection		Original budget 24/25	Actuals prior periods	
	Amounts	Indicator		23/24	22/23
	24/25	24/25			

NSW Local Government Infrastructure Asset Performance Indicators (OLG):

**10. Cost to bring assets to agreed service level**

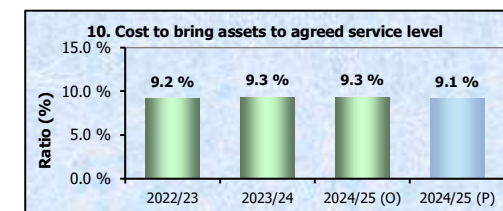
Estimated cost to bring assets to an agreed

service level set by council

Gross replacement cost

151,198	9.1 %	9.3 %	9.3 %	9.2 %
1,653,972				

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.



This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRS report

North Sydney Council

**Quarterly Budget Review Statement**

for the period 01/07/24 to 31/03/25

**Contracts budget review statement**

Budget review for the quarter ended 31 March 2025

**Part A - Contracts listing** - contracts entered into during the quarter

<b>Contractor</b>	<b>Contract detail &amp; purpose</b>	<b>Contract value</b>	<b>Start date</b>	<b>Duration of contract</b>	<b>Budgeted (Y/N)</b>	<b>Notes</b>
Bedrule Pty Ltd	Blues Point Reserve Lighting Upgrade	186,377	10/1/2025	6 Months	Y	
Civotek Pty Ltd	Young and Grosvenor Intersection	654,923	3/2/2025	4 Months	Y	
Ezy Pave Pty Ltd	Young Street Cycleway Extension	341,338	6/3/2025	4 Months	Y	
Ezy Pave Pty Ltd	Abbott Street Drainage Works	244,920	25/3/2025	3 Months	Y	
Shamrock Development International Pty Ltd	Milsons Point Seawall Restoration Works	1,852,021	17/1/2025	5 Months	Y	
GPM Marine Constructions Pty Ltd	Lavender Bay Jetty Works	176,810	25/2/2025	3 Months	Y	
MFP Systems Pty Ltd	Supply of new cladding - CBD Multifunctional Poles	167,840	11/3/2025	4 Months	Y	
Hideaway Landscapes Pty Ltd	Open Space - Mowing (Schedule of rates)	1,100,000	1/2/2025	12 Months	Y	
JT Machinery Pty Ltd	Amazone Profihopper PH1500	168,850	25/2/2025	4 Months	Y	

Notes:

1. Minimum reporting level is 1% of estimated income from continuing operations of Council or \$150,000 - whatever is the lesser.
2. Contracts listed are those entered into during the quarter being reported
3. Contracts for employment are not required to be included.

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 31/03/25 and should be read in conjunction with the total QBRs report