

10.1. Financial Statements for the Year Ended 30 June 2025

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ENDORSED BY	Olena Tulubinska, Director Corporate Services
ATTACHMENTS	1. Annual Financial Statements- GPF S-2025 [10.1.1 - 69 pages] 2. Annual Financial Statements- S S-2025 [10.1.2 - 8 pages]
CSP LINK	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

PURPOSE:

The purpose of this report is to present the draft Financial Statements for the year ended 30 June 2025 and seek Council's approval.

Once approved, the financial statements will be submitted to the Audit Office of NSW for the issuance of the final Independent Auditor's Report on the General Purpose Financial Statements and the Report on the Conduct of the Audit for the year ended 30 June 2025.

EXECUTIVE SUMMARY:

- The net operating result before capital grants and contributions shows a surplus of \$1.3 million, compared with a deficit of \$3.6 million in FY 2023-24. The result is an improvement on the original budget deficit of \$8.3 million.
- As at 30 June 2025, improvements to Council's financial position were largely attributable to one-off income items and savings measures to mitigate liquidity risks.
- The Income Statement reports a net operating surplus of \$15.2 million (inclusive of \$13.9 million of capital revenue), compared with a surplus of \$13.1 million in FY 2023-24.
- The infrastructure asset backlog is 14.04%, with an estimated \$157 million required to bring assets to the agreed service level.
- The Audit Office of NSW has largely completed the audit of the General Purpose Financial Statements and Special Schedule of Permissible Income for general rates, with the final reports pending Council's approval.
- The General Purpose Financial Statements were presented to the Audit, Risk, and Improvement Committee on 19 September 2025.

RECOMMENDATION:

1. THAT Council resolve that, in its opinion, the General Purpose Financial Statements and Special Schedules for the year ended 30 June 2025:

- have been properly drawn up in accordance with the provisions of the Act and the associated Regulations thereunder, the Australian Accounting Standards and

professional pronouncements and the Local Government Code of Accounting Practice and Financial Reporting;

- to the best of Council's knowledge and belief, the statements present fairly Council's operating result and financial position for the year and accord with Council's accounting and other records; and
- Council is unaware of any matter that would render the Financial Statements false or misleading in any way.

2. THAT Council declare there are no business activities requiring the preparation of Special Purpose Financial Statements.

3. THAT the Statement by Councillors and Management for the General Purpose Financial Statements be signed by the Mayor, Deputy Mayor, Chief Executive Officer, and Responsible Accounting Officer.

4. THAT the Financial Statements be referred to the Audit Office of NSW for audit.

5. THAT arrangements be made to place copies of the audited Financial Statements on public exhibition and the necessary advertisements be published.

6. THAT a copy of the audited Financial Statements be forwarded to the NSW Office of Local Government.

7. THAT in accordance with Section 418 of the Act, the audited Financial Statements be presented to the ordinary meeting of 24 November 2025.

8. THAT Council note the governance role played by Council's Audit, Risk, and Improvement Committee in overseeing the preparation and finalisation of the Financial Statements.

Background

Under section 416(1) of the Local Government Act 1993, Council's financial statements must be prepared and audited within four months of the end of the financial year.

The statutory process that must be followed is:

1. The financial statements must include a statement made by resolution of the Council and signed by the Mayor and at least one other Councillor, the Chief Executive Officer, and the Responsible Accounting Officer.
2. The financial statements must then be referred to Council's auditors and, once audited, included in Council's Annual Report.
3. A copy of the audited financial statements must be forwarded to the Office of Local Government by 31 October 2025.
4. As soon as practicable after Council receives a copy of the auditor's report, the financial statements must be placed on public exhibition and notice given of a meeting at which Council proposes to present the audited financial statements, together with the auditor's report. The date fixed for the meeting must be at least seven days after the date on which the notice is given, but not more than 5 weeks after the auditor's reports are provided to Council.

The draft 2024/25 Financial Statements are attached to this report. The statements have been prepared in accordance with the Act and associated Regulations, the Australian Accounting Standards, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements were presented to the Audit, Risk, and Improvement Committee on 19 September 2025 to provide committee members with an opportunity to review the document and provide feedback for consideration.

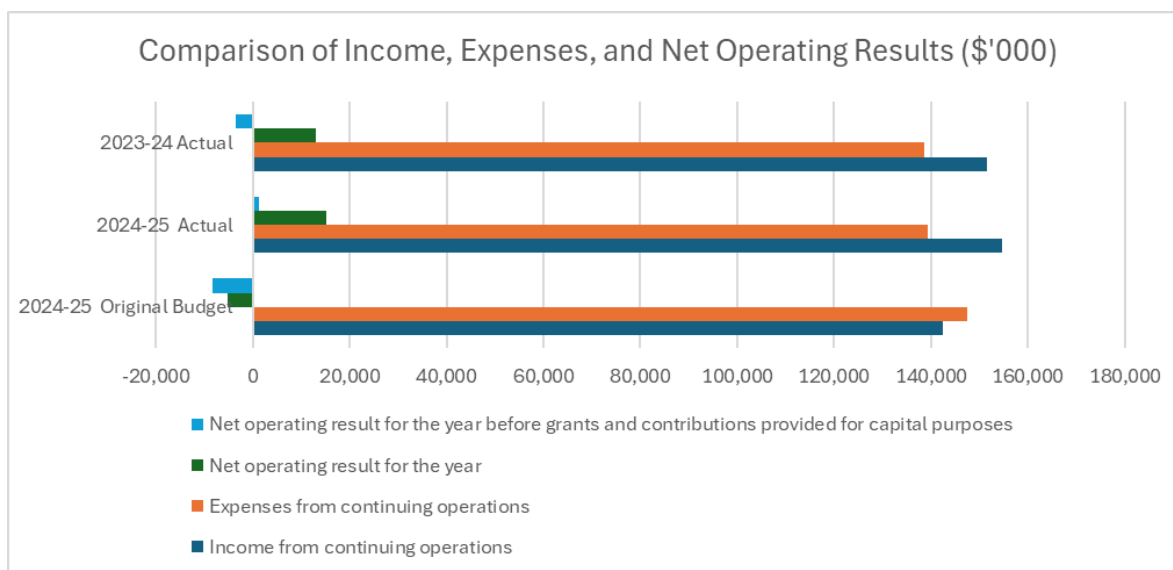
Report

Net Operating Result

As indicated in the financial update provided to ARIC at its June 2025 meeting, the deficit forecast reported through the March QBR process moved into surplus as at 30 June 2025 as savings from materials and contracts were realised.

Excluding capital grants and contributions, the net operating result was a surplus of \$1.3 million, as compared to a deficit of \$3.6 million in FY 2023/24. The result reflects an improvement of \$9.5 million on the original \$8.3 million deficit forecast. This improvement was largely a result of one-off income items and savings measures to mitigate liquidity risk.

As disclosed in the Income Statement for the year ended 30 June 2025, the net operating result including capital grants and contributions was a surplus of \$15.2 million, compared with a surplus of \$13.1 million in FY 2023-24. An additional \$10.9 million in grants and contributions for capital purposes increased the variation between original forecast and actual results.



The following table provides a summary of the net operating result.

2024-25 Operating Result	2024-25 Original Budget (\$'000)	2024-25 March 2025 Quarterly review (\$'000)	2024-25 Actual (\$'000)	2024-25 Variance between Actual and Original Budget (\$'000)	2023-24 Actual (\$'000)	Variance between 2024-25 actual and 2023-24 Actual (\$'000)
Income from continuing operations	142,332	153,626	154,580	12,248	151,657	2,923
Expenses from continuing operations	(147,525)	(143,758)	(139,403)	8,122	(138,604)	(799)
Net operating result for the year	(5,193)	9,868	15,177	20,370	13,053	2,124
Net operating result for the year before grants and contributions provided for capital purposes	(8,251)	(2,006)	1,268	9,519	(3,637)	4,905

Comparison to 2023-24

The following table provides a comparison of income received between FY 24-25 and FY 2023-24.

The reduction in user charges and fees highlights the sensitivity of Councils revenue base to changes in the external environment. Of particular note is the reduction in car parking charges - a decline of \$1.8 million year on year following the opening of Metro.

Other revenues benefited in FY2025 from one-off income items, along with a 10% increase in parking infringement.

Income	2025	2024	Percentage variance
Rates and annual charges	79,820	75,559	5.6%
User charges and fees	30,734	32,134	(4.4%)
Other revenues	13,967	10,239	36.4%
Grants and contributions - operating	4,869	5,453	(10.7%)
Grants and contributions - capital	13,909	16,690	(16.7%)
Interest income	5,759	5,612	2.6%
Other income	5,522	5,970	(7.5%)

The following table provides a comparison of expenditure received between FY 24-25 and FY 2023-24.

Expenditure	2025	2024	Percentage variance
Employee benefits and on-costs	48,080	49,118	(2.1%)
Materials and services	52,555	51,176	2.7%
Borrowing costs	2,365	1,497	58.0%
Other expenses	5,108	7,269	(29.7%)
Net loss from disposal	883	1,304	(32.3%)
Net share of interests	1	0	

Cost reductions throughout the year are largely attributable to measures to mitigate liquidity risks including holding vacant positions and increasing leave management measures. The reduction in other expenses is attributable to fair value adjustments.

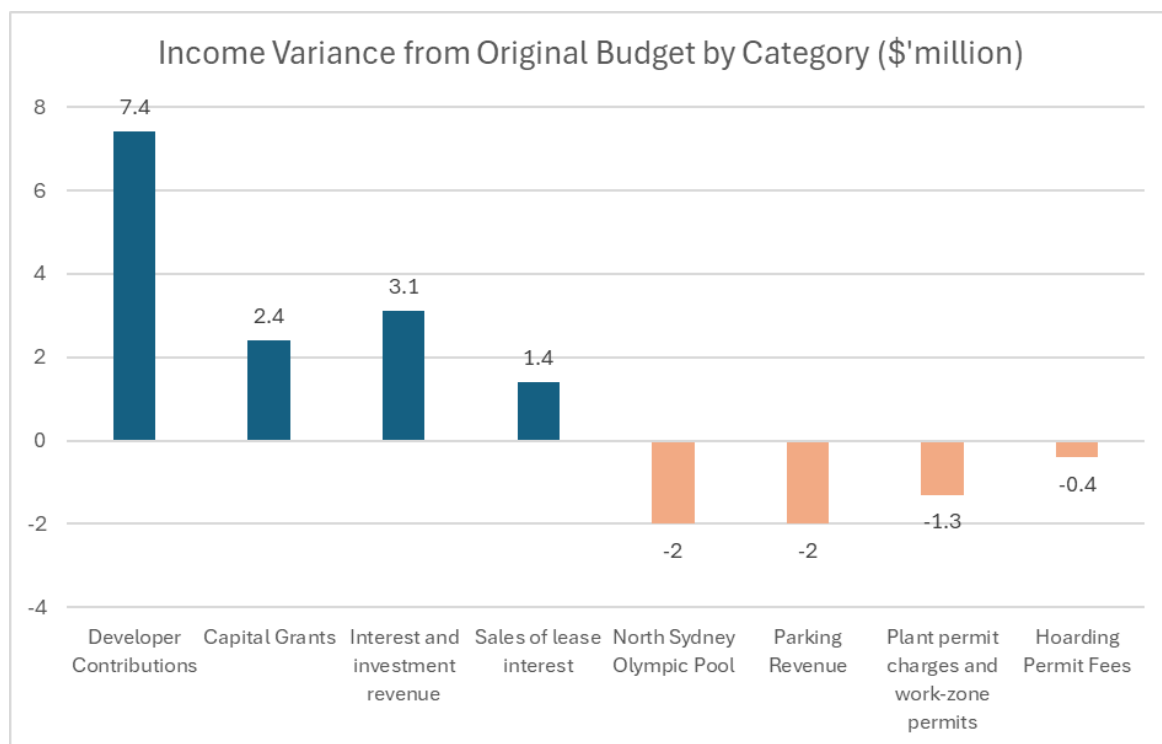
Budget comparison

Income from continuing operations was \$12.2 million more than forecast in the original budget. The following table details major income sources that materially contributed to the variation.

Category/Type	Variance from original budget (\$)	Reason
Developer Contributions	7.4m	Higher than expected activity resulted in increased developer contributions.
Capital Grants	2.4m	Grants for various projects, including the Young Street Plaza, Neutral Bay works, Wyagdon Street Stairs, the Local Small Commitments Program, and other traffic and transport projects.
Interest and investment revenue	3.1m	Higher than expected investment income is primarily due to delays in capital projects and higher-than-forecast cash balances, a portion of which is restricted.
Income from sales of lease interest	1.4m	Income from the compulsory sale of the lease interest of Cammeray and Bradfield Parks to Transport for NSW was not budgeted.

These favorable variations were offset by unfavorable variances in User Fees and Charges including:

Category/Type	Variance from original budget (\$)	Reason
North Sydney Olympic Pool	(2m)	Due to project delays the pool did not trade during the year.
Parking Revenue	(2m)	With the opening of the new metro, demand for car parking has declined, resulting in heightened competition with private car park operators.
Plant permit charges and work-zone permits	(1.3m)	The original budget was built in anticipation of higher construction activity for the year but was subsequently reduced.
Hoarding Permit Fees	(0.4m)	The original budget was based on higher expectations of development activity for the year but was subsequently reduced.



Parking related income

As previously noted, while parking income has recovered to some extent, it remains below pre-COVID levels and its long-term reliability is uncertain given State and Council policies to reduce CBD traffic. Future financial strategies will need to address this risk.

Interest and investment income significantly exceeded the original budget due to higher-than-expected cash and investment balances, driven by lower-than-budgeted capital expenditure resulting from delays in the delivery of the North Sydney Olympic Pool project and other projects.

Expenses from continuing operations were \$8.1 million less than forecast in the original budget. The following variances are noted:

- The original budget assumed the Pool would open during the year. Employee cost savings were mainly due to delayed Pool operations, the use of contractors, staff vacancies, and reduced leave and workers' compensation expenses. These measures supported workforce flexibility and liquidity management. A total of \$6.8 million in adjustments was recognised through the Quarterly Reviews.
- Actual materials and services costs were lower than projected in the March Quarterly Budget Review.

The improvement is primarily attributable to further savings, including:

- \$0.6 million in reinstatements
- \$0.8 million in consultancy expenditure
- \$0.45 million in legal expenses
- \$0.375 million in office equipment purchases
- \$0.1 million in street lighting costs

Capital Expenditure

Although \$40.66 million was invested in capital projects, the allocation of \$18.6 million to the NSOP project limited renewal of other infrastructure, exacerbating the backlog.

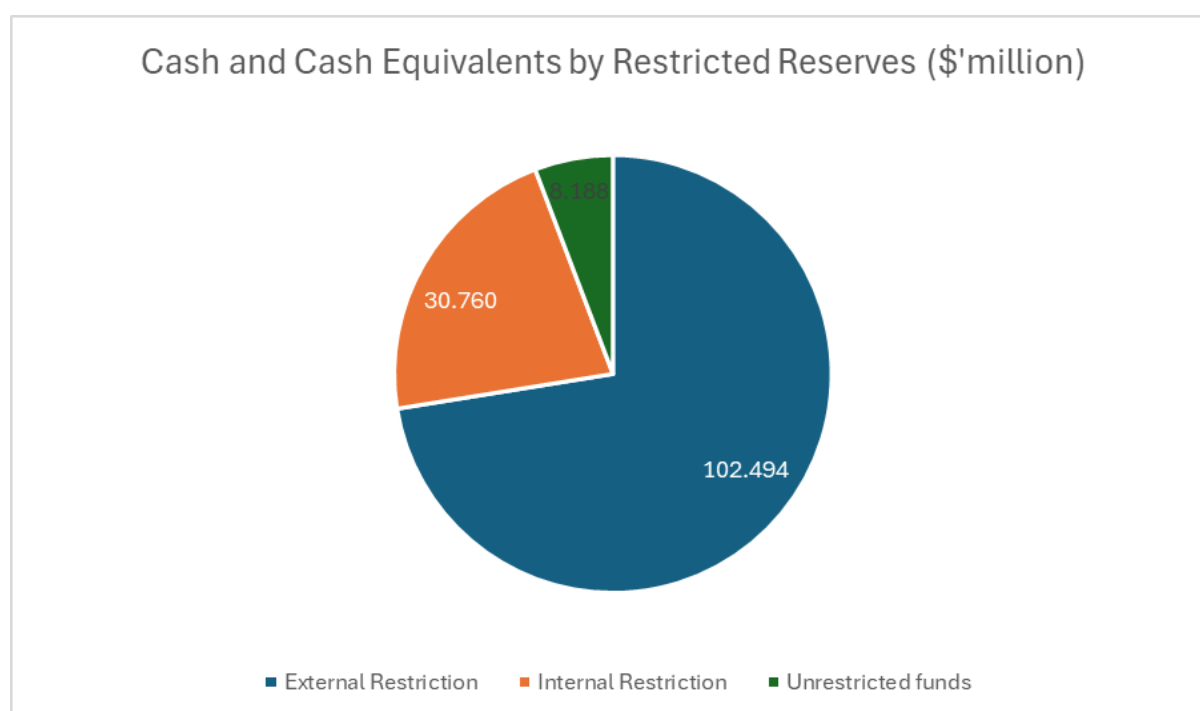
Year-end Cash Position

As at 30 June 2025, cash and investments totaled \$141.44 million, an increase of \$14.69 million from the previous year.

Of this balance, \$102.49 million is externally restricted and \$30.76 million is internally allocated.

The remaining \$8.2 million is unrestricted and will be applied to meet Council's current liabilities. The unrestricted cash balance of \$8.2 million is modest relative to Council's infrastructure renewal backlog of \$157 million and only sufficient to meet current liabilities.

Although disclosure of ratios is no longer required in the financial statements, the unrestricted current ratio is calculated at 1.5 (compared with 2.42 in the prior year), against the OLG benchmark of >1.5.



The table below provides a breakdown of externally restricted funds as at 30 June 2025.

External Restriction	\$'000
Developer Contributions	52,366
North Sydney Olympic Pool Redevelopment Reserve	27,548
Domestic Waste Management	15,544
Specific Purpose Unexpended Grants	3,192
Mainstreet Levies	327
Specific Purpose Unexpended Contributions	1,998
Stormwater management	84
Bradfield Park TfNSW Lease	650
Cammeray Park TfNSW Lease	785
Total	102,494

The following table provides a breakdown of internally restricted funds on 30 June 2025.

Internal Restriction	\$'000
Project carry-forward balances	2,459
Deposits, retentions, and bonds	14,969
Employee Leave Entitlements Reserve	7,127
Plant and Vehicle Replacement Reserve	2,922
Financial Assistance Grant paid in advance	1,284
Community Housing - Capital Purchases Reserve	1,010
Community Housing - Major Maintenance Reserve	491
Income Producing Projects Reserve	498
Total	30,760

Asset Revaluations

Council undertook a large volume of comprehensive asset valuations during the financial year, performed by external consultants. As the last full valuations were completed five years ago, some asset classes were indexed in the interim. Following a review of unit rates and changes in accounting standards, adjustments were made to certain asset classes' gross replacement costs with the updated condition assessment, the changes made to the net costs of the assets.

It is important to note that this is the first year that AASB 2022-10 has taken effect for Council. AASB 2022-10 represents a significant update for local councils, requiring changes to how non-financial assets are valued and reported. As a result of the clarifications provided in AASB 2022-10 regarding allowable inputs for unit rate calculations, some of Council's previous assumptions—permissible prior to this clarification—have had to be revised.

Notably, the treatment of road pavement restoration costs within drainage asset unit rates was previously a “grey area” and open to interpretation. Under the updated standard, it is now clear that if the cost is captured within the roads asset class, it cannot also be included in the drainage unit rate, even though, in practice, pavement restoration is required when drainage works are undertaken.

Operational Land – The increase in the fair value of operational land is primarily attributable to a change in valuation methodology. Previously, valuations relied on Level 3 inputs with limited market data. The current approach applies Level 2 inputs, using observable market evidence for most parcels, while Level 3 inputs are retained only for land zoned RE1 (Public Recreation) and SP2 (Infrastructure). This change has resulted in higher valuations across the majority of parcels.

Stormwater Drainage – The gross replacement cost declined from \$270 million to \$247 million, reflecting the exclusion of road pavement costs from the unit rates applied to stormwater renewals, in accordance with changes under AASB 1022-10.

The decrement also reflects a higher proportion of assets assessed in condition 4 and 5 compared with the prior valuation, largely due to the increased level of inspection undertaken across Council’s stormwater assets.

Roads and Footpaths – The revaluation gain is primarily attributable to the assessed as being in better condition than previously recognised.

The table below summarizes the revaluation increments and decrements recognised during the year. These changes are reflected in equity, with no impact on the profit and loss statement.

Asset Class	Revaluation decrements to equity (\$'000)	Revaluation increments to equity (\$'000)	% to GRC as 1 July 2024
- Operational land	-	80,675	27%
- Roads	-	9,170	2%
- Footpaths	-	13,263	9%
- Stormwater drainage	- 17,763	-	-7%
- Other open space / recreational assets	- 1,223	-	-3%

Financial Performance Measures

Although financial performance ratios are excluded from the Code of Accounting Practice, Council has recalculated them using the same methodology to measure performance, without including them in the financial statements. The performance ratios are presented in the following table.

Financial Performance Measure	FY2025	FY2024	Benchmark
Operating Performance Ratio	2.74%	(0.02)%	> 0%
Own Source Operating Revenue Ratio	87.85%	85.36%	> 60%
Unrestricted Current Ratio	1.50x	2.42x	> 1.5x
Debt Service Cover Ratio	6.43x	7.90x	> 2x
Rates and Annual Charges Outstanding Percentage	3.51%	3.74%	< 5%
Cash Expense Cover Ratio (excluding external restrictions)	3.09 months	3.97 months	> 3 months

The **operating performance ratio** improved in the current financial year after several years of decline. The improvement is largely attributable to one-off items, including income from the compulsory sale of a lease interest and associated legal cost recoveries, savings in employee costs from Council maintaining staff vacancies to support liquidity, cost control measures across operations, and initiatives to manage excess leave balances.

The **Own Source Operating Revenue Ratio** has improved compared to the previous financial year, primarily due to a decrease in grants and developer contributions.

Unrestricted Current Ratio. Liquidity was a key financial risk throughout FY2025. Increases in income, combined with expenditure reductions have resulted in an unrestricted current ratio of 1.5. The benchmark is greater than 1.5.

The **Debt Service Cover Ratio** exceeds the benchmark, indicating that Council has retained the capacity to borrow. Council has secured a TCorp loan of \$10 million for the NSOP project, in May 2025.

Rates and annual charges outstanding percentage, Council continues to meet this measure.

The **Cash Expense Cover Ratio** is calculated excluding externally restricted funds. On this adjusted basis, the ratio is 3.09, which only marginally meets the OLG benchmark.

Infrastructure Management Measures

Infrastructure Management Measure	Result	Benchmark
Buildings and Infrastructure Renewals Ratio	137.91%*	> = 100%
Asset Maintenance Ratio	95.03%	> = 100%
Infrastructure Backlog Ratio	14.04%	< 2%
Cost to bring assets to agreed service level (as a % of GRC)	10.35%	N/A
Cost to bring assets to agreed service level (in \$'000)	\$157,038	N/A

*The high Infrastructure Renewal Ratio is inflated by the NSOP project. Excluding NSOP, the renewal ratio falls to 63%, well below the benchmark, demonstrating that core infrastructure renewal remains unsustainable.

Council is currently assessing the split between new and renewal expenditure for NSOP project in order to refine the asset renewal ratio. This assessment will be incorporated into the final report.

The Infrastructure Backlog Ratio does not meet the benchmark, with \$157 million required to bring assets to an acceptable condition. Council will need to strengthen its financial position to sustainably manage its assets. This level of backlog will place increasing pressure on service delivery unless future budgets prioritise renewal investment.

Consultation requirements

The draft Statements will be exhibited according to Section 418 of the Local Government Act NSW 1993 prior to the finalised Statements being presented to Council at its meeting of 24 November 2025.

Financial/Resource Implications

While Council's short-term financial position is satisfactory, with net assets of \$1.8 billion and strong cash holdings, long-term sustainability is constrained by the growing infrastructure backlog and the rejection of the SRV application. Strong fiscal discipline will be critical while Councils Long Term Financial Plan and forward strategy is reviewed and redeveloped.

Legislation

Section 413 of the Local Government Act (NSW) 1993 says councils must prepare financial statements for the financial year and refer them to audit. Section 416 sets a deadline of four months to prepare, have audited and lodged (with the Office of Local Government) the statements. Section 418 provides that Council must fix a date for a meeting for the presentation of its final audited Statements and give public notice of at least seven days. The meeting must be no longer than five weeks after the auditor's reports are given to Council.

North Sydney Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2025

*Shaping a progressive, diverse and vibrant North Sydney
community.*



North Sydney Council

General Purpose Financial Statements

for the year ended 30 June 2025

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Overview

North Sydney Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

200 Miller Street
North Sydney NSW 2060

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.northsydney.nsw.gov.au

North Sydney Council

General Purpose Financial Statements

for the year ended 30 June 2025

Statement by Councillors and Management made pursuant to Section 413(2c) of the Local Government Act 1993 (NSW)

The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder;
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board; and
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year; and
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 13 October 2025.

Zoe Baker
Mayor
13 October 2025

MaryAnn Beregi
Deputy Mayor
13 October 2025

Therese Cole
Chief Executive Officer
13 October 2025

Lu Chen
Responsible Accounting Officer
13 October 2025

North Sydney Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
	Income from continuing operations			
79,066	Rates and annual charges	B2-1	79,820	75,559
36,774	User charges and fees	B2-2	30,734	32,134
10,216	Other revenues	B2-3	13,967	10,239
4,666	Grants and contributions provided for operating purposes	B2-4	4,869	5,453
3,058	Grants and contributions provided for capital purposes	B2-4	13,909	16,690
2,665	Interest and investment income		5,759	5,612
5,887	Other income	B2-6	5,522	5,970
142,332	Total income from continuing operations		154,580	151,657
	Expenses from continuing operations			
55,651	Employee benefits and on-costs	B3-1	48,080	49,118
53,337	Materials and services	B3-2	52,555	51,176
2,382	Borrowing costs		2,365	1,497
4,783	Other expenses	B3-5	5,108	7,269
277	Net loss from the disposal of assets		883	1,304
—	Net share of interests in joint ventures and associates using the equity method		1	—
116,430	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		108,992	110,364
25,902	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		45,588	41,293
31,095	Depreciation, amortisation and impairment of non-financial assets	B3-4	30,411	28,240
(5,193)	Operating result from continuing operations		15,177	13,053
(5,193)	Net operating result for the year attributable to Council		15,177	13,053
(8,251)	Net operating result for the year before grants and contributions provided for capital purposes		1,268	(3,637)

The above Income Statement should be read in conjunction with the accompanying notes.

North Sydney Council

Statement of Comprehensive Income

for the year ended 30 June 2025

\$ '000	Notes	2025	2024
Net operating result for the year – from Income Statement		15,177	13,053
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	84,122	37,383
Total items which will not be reclassified subsequent to operating result		84,122	37,383
Total other comprehensive income for the year		84,122	37,383
Total comprehensive income for the year attributable to Council		99,299	50,436

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

North Sydney Council

Statement of Financial Position

as at 30 June 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	29,942	22,849
Investments	C1-2	103,500	73,401
Receivables	C1-4	9,846	9,969
Inventories		33	60
Other		974	626
Total current assets		144,295	106,905
Non-current assets			
Investments	C1-2	8,000	30,500
Receivables	C1-4	987	770
Infrastructure, property, plant and equipment (IPPE)	C1-5	1,697,618	1,609,044
Investment property	C1-6	58,161	53,698
Right of use assets	C2-1	1,051	1,314
Investments accounted for using the equity method		43	34
Total non-current assets		1,765,860	1,695,360
Total assets		1,910,155	1,802,265
LIABILITIES			
Current liabilities			
Payables	C3-1	27,996	32,833
Contract liabilities	C3-2	4,367	8,033
Lease liabilities	C2-1	303	303
Borrowings	C3-3	3,784	2,091
Employee benefit provisions	C3-4	13,147	13,100
Total current liabilities		49,597	56,360
Non-current liabilities			
Lease liabilities	C2-1	843	1,109
Borrowings	C3-3	46,794	31,349
Employee benefit provisions	C3-4	1,329	1,154
Total non-current liabilities		48,966	33,612
Total liabilities		98,563	89,972
Net assets		1,811,592	1,712,293
EQUITY			
Accumulated surplus		991,493	976,316
IPPE revaluation surplus	C4-1	820,099	735,977
Council equity interest		1,811,592	1,712,293
Total equity		1,811,592	1,712,293

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

North Sydney Council

Statement of Changes in Equity

for the year ended 30 June 2025

\$ '000	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		976,316	735,977	1,712,293	963,263	698,594	1,661,857
Net operating result for the year		15,177	–	15,177	13,053	–	13,053
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	–	84,122	84,122	–	37,383	37,383
Other comprehensive income		–	84,122	84,122	–	37,383	37,383
Total comprehensive income		15,177	84,122	99,299	13,053	37,383	50,436
Closing balance at 30 June		991,493	820,099	1,811,592	976,316	735,977	1,712,293

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

North Sydney Council

Statement of Cash Flows

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
Cash flows from operating activities				
Receipts:				
77,438	Rates and annual charges		79,795	74,889
36,774	User charges and fees		32,997	33,588
2,665	Interest received		5,961	5,402
4,666	Grants and contributions		16,287	19,629
–	Bonds, deposits and retentions received		2,638	3,950
16,103	Other		25,384	26,287
Payments:				
(55,651)	Payments to employees		(48,389)	(49,893)
(53,337)	Payments for materials and services		(62,344)	(50,182)
(2,328)	Borrowing costs		(1,947)	(1,512)
–	Bonds, deposits and retentions refunded		(2,325)	(2,312)
(4,783)	Other		(9,902)	(11,721)
21,547	Net cash flows from operating activities	F1-1	38,155	48,125
Cash flows from investing activities				
Receipts:				
5,135	Sale of investments		4,399	1,246
–	Redemption of term deposits		199,000	165,750
–	Proceeds from sale of IPPE		328	888
Payments:				
–	Purchase of investments		–	5
–	Acquisition of term deposits		(211,000)	(148,000)
–	Purchase of investment property		–	(333)
(45,365)	Payments for IPPE		(40,661)	(66,718)
–	Contributions paid to joint ventures and associates		–	1
(40,230)	Net cash flows from investing activities		(47,934)	(47,161)
Cash flows from financing activities				
Receipts:				
20,000	Proceeds from borrowings		20,000	–
Payments:				
(2,863)	Repayment of borrowings		(2,862)	(2,006)
(303)	Principal component of lease payments		(266)	(259)
16,834	Net cash flows from financing activities		16,872	(2,265)
(1,849)	Net change in cash and cash equivalents		7,093	(1,301)
22,849	Cash and cash equivalents at beginning of year		22,849	24,150
21,000	Cash and cash equivalents at end of year	C1-1	29,942	22,849

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

North Sydney Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 13 October 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below.

Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment - refer Note C1-5
- (ii) estimated fair values of investment property – refer Note C1-6
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables – refer Note C1-4.
- (ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and/or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- (iii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2025.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments [AASB 7 and AASB 9]

Nature of Change in Accounting Policy: This Standard amends AASB 7 and AASB 9 in response to feedback from the 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and related requirements in AASB 7 and the subsequent 2023 Exposure Draft.

A1-1 Basis of preparation (continued)

This Standard amends requirements related to:

- (a) settling financial liabilities using an electronic payment system; and
- (b) assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

This Standard also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Effective Date: The standard applies to annual reporting periods beginning on or after 1 January 2026, i.e. council financial statements for the year ended 30 June 2027.

Expected Impact on Council Financial Statements: There is not expected to be a significant impact. Council reviewed its financial instrument accounting treatment to ensure compliance with the new guidance.

- Earlier derecognition of liabilities: as Council uses electronic payment systems (e.g., BPAY, EFT), this could affect the timing of liability derecognition. However, the impact is expected to be operationally minor and mostly a timing issue.
- Reclassification of financial assets with ESG features: as Council does not hold any financial asset with ESG features, the revised guidance is not likely to have significant impact on Council.
- Additional disclosures for equity instruments classified as fair value through other comprehensive income: as Council does not hold any equity instrument classified as fair value through other comprehensive income, the revised guidance is not likely to have significant impact on Council.

New accounting standards adopted during the year

The following accounting standards and interpretations became effective during the financial year ended 30 June 2025 and have been adopted by North Sydney Council:

AASB 2022-10 – Amendments to AASB 13 Fair Value Measurement

This amending standard introduces authoritative implementation guidance for not-for-profit public sector entities on the fair value measurement of non-financial assets not held primarily for their ability to generate net cash inflows. The guidance clarifies the application of the cost approach, use of entity-specific assumptions, and when to consider highest and best use. Although this standard is applied prospectively from 1 July 2025, Council has reviewed its valuation approach in anticipation of the change and concluded that no adjustments to prior valuations were required for the 2024/25 reporting period. The standard will be formally adopted from 1 July 2025.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets ¹

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2025	2024 Restated	2025	2024 Restated	2025	2024 Restated	2025	2024 Restated	2025	2024 Restated
\$ '000										
Functions or activities										
OPEN SPACE & INFRASTRUCTURE	55,230	55,379	77,158	75,374	(21,928)	(19,995)	6,787	8,370	1,786,896	1,709,586
PLANNING & ENVIRONMENT	30,472	29,128	26,358	27,454	4,114	1,674	10,190	11,887	127	2,816
CORPORATE SERVICES	68,795	67,094	30,768	30,790	38,027	36,304	1,801	1,886	123,119	89,863
OFFICE OF THE CEO	83	56	5,119	4,986	(5,036)	(4,930)	–	–	13	–
Total functions and activities	154,580	151,657	139,403	138,604	15,177	13,053	18,778	22,143	1,910,155	1,802,265

(1) Amounts previously reported in 2024 have been restated to align with the functions presented in these financial statements.

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Office of the CEO

The Office of the CEO provides strategic leadership and governance across the organisation, including Councillor support, communications, risk, and audit functions. It ensures effective implementation of Council decisions and upholds transparency, accountability, and community engagement.

Open Space and Infrastructure

This service manages the planning, maintenance, and enhancement of public open spaces, parks, recreational facilities, and natural areas. It also delivers environmental sustainability programs and supports biodiversity and climate resilience initiatives.

Planning and Environment

The Planning and Environment function oversees land use planning, development assessment, and urban design to ensure sustainable and balanced growth. It supports community needs through strategic planning, heritage conservation, and regulatory services.

Corporate Services

Corporate Services provides internal support across finance, IT, governance, records, and procurement, ensuring efficient and compliant operations. It also manages organisational performance, long-term financial planning, customer service delivery, as well as arts and cultural programs, events, and the library service to support community wellbeing and engagement.

B2 Sources of income**B2-1 Rates and annual charges**

\$ '000	2025	2024
Ordinary rates		
Residential	33,926	31,989
Business	21,958	20,922
Less: pensioner rebates (mandatory)	(138)	(140)
Less: pensioner rebates (Council policy)	(113)	(115)
Rates levied to ratepayers	55,633	52,656
Pensioner rate subsidies received	140	136
Total ordinary rates	55,773	52,792
Special rates		
Infrastructure levy	2,474	2,344
Environmental levy	2,777	2,630
Main street levies	499	498
Rates levied to ratepayers	5,750	5,472
Total special rates	5,750	5,472
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	17,697	16,702
Stormwater management services	582	577
Section 611 charges	48	49
Less: pensioner rebates (mandatory)	(38)	(40)
Less: pensioner rebates (Council policy)	(31)	(32)
Annual charges levied	18,258	17,256
Pensioner annual charges subsidies received:		
– Domestic waste management	39	39
Total annual charges	18,297	17,295
Total rates and annual charges	79,820	75,559

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government. Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

B2-2 User charges and fees

\$ '000	2025	2024
Specific user charges		
Domestic waste management services (additional)	1,304	1,245
Total specific user charges	1,304	1,245
Other user charges and fees		
(i) Charges and fees – statutory and regulatory functions		
Planning and building regulation	3,558	2,727
Regulatory / statutory fees	5,617	5,148
Section 10.7 certificates (EP&A Act)	391	369
Section 603 certificates	233	217
Total charges and fees– statutory/regulatory	9,799	8,461
(ii) Charges and fees – other		
Community centres / facilities	180	190
Domestic waste management – other	44	48
Family day care	223	226
Library	85	99
On street parking	9,302	10,347
Off street parking	6,448	7,202
Ovals	1,443	1,525
Planning and building regulation (non-statutory)	368	816
Public events	86	64
Reinstatements	1,207	1,511
Other	245	400
Total charges and fees – other	19,631	22,428
Total other user charges and fees	29,430	30,889
Total user charges and fees	30,734	32,134
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	9,175	8,917
User charges and fees recognised at a point in time	21,559	23,217
Total user charges and fees	30,734	32,134

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 14 days of the provision of the service or in some cases such as parking meter fees, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as permanent reserved parking spaces in parking stations, the fee is recognised on a straight-line basis over the expected life of the reservation.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licences is granted rather than over the term of the licences.

B2-3 Other revenues

\$ '000	2025	2024
Advertising on Council infrastructure	1,038	436
Community housing accumulated surplus (from Link Housing)	50	–
Fines – parking	9,438	8,555
Fines – environmental and compliance	199	91
Credit card payment surcharge	156	97
Legal fees recovered	1,315	627
New Years Eve event revenue	27	5
TfNSW compensation payments for Bradfield Park and Cammeray Park	1,436	–
Other	308	428
Total other revenue	13,967	10,239

Timing of revenue recognition for other revenue

Other revenue recognised over time	1,038	436
Other revenue recognised at a point in time	12,929	9,803
Total other revenue	13,967	10,239

Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	288	18	–	–
Financial assistance – local roads component	94	6	–	–
Payment in advance - future year allocation				
Financial assistance – general component	966	1,560	–	–
Financial assistance – local roads component	318	513	–	–
Amount recognised as income during current year	1,666	2,097	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Community Care	777	748	–	–
Environment Programs	624	781	–	30
Recreation and culture	405	330	2,440	1,191
Transport	–	–	1,486	271
Town Planning	150	260	–	–
Roads to Recovery	396	305	–	–
Transport for NSW contributions (regional roads, block grant)	429	420	–	–
Other roads and transport	329	431	343	2,712
Bicycle facilities	–	–	382	–
Other	93	81	3	1,800
Total special purpose grants and non-developer contributions – cash	3,203	3,356	4,654	6,004
Total special purpose grants and non-developer contributions (tied)	3,203	3,356	4,654	6,004
Total grants and non-developer contributions	4,869	5,453	4,654	6,004
Comprising:				
– Commonwealth funding	2,765	3,106	1,600	42
– State funding	1,387	1,667	3,054	3,710
– Other funding	717	680	–	2,252
	4,869	5,453	4,654	6,004

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
	F4				
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	1,681	457
S 7.11 – contributions towards amenities/services		–	–	5,468	6,622
S 7.12 – fixed development consent levies		–	–	2,106	3,607
Total developer contributions – cash		–	–	9,255	10,686
Total developer contributions		–	–	9,255	10,686
Total grants and contributions		4,869	5,453	13,909	16,690
Timing of revenue recognition					
Grants and contributions recognised over time		1,865	2,182	3,251	2,569
Grants and contributions recognised at a point in time		3,004	3,271	10,658	14,121
Total grants and contributions		4,869	5,453	13,909	16,690

B2-4 Grants and contributions (continued)**Unspent grants and contributions**

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Grants				
Unspent funds at 1 July	141	407	5,894	7,563
Add: Funds received and not recognised as revenue in the current year	80	130	–	408
Less: Funds received in prior year but revenue recognised and funds spent in current year	(130)	(396)	(2,793)	(2,077)
Unspent funds at 30 June	91	141	3,101	5,894
Contributions				
Unspent funds at 1 July	91	144	56,979	45,394
Add: contributions received and not recognised as revenue in the current year	79	91	(2,296)	15,340
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(91)	(144)	(2,318)	(3,755)
Unspent contributions at 30 June	79	91	52,365	56,979

As at 30 June 2025, Council held \$52.4 million of unspent developer contributions levied under S7.11 or S7.4 of the Environmental Planning & Assessment Act, 1979. These funds will be utilised in future years to assist in the cost of providing local public infrastructure and facilities required as a consequence of development.

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community services throughout the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

\$ '000	2025	2024
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	234	192
– Cash and investments	3,592	4,357
– Developer contributions	1,933	1,063
Total interest and investment income	5,759	5,612

B2-6 Other income

\$ '000	2025	2024
Reversal of impairment losses on receivables	1	375
Fair value increment on investments through profit and loss	–	5
Rental income	5,511	5,590
Net share of interests in joint ventures and associates using the equity method		
Joint ventures	10	–
Total net share of interests in joint ventures and associates using the equity method	10	–
Total other income	5,522	5,970

B3 Costs of providing services**B3-1 Employee benefits and on-costs**

\$ '000	2025	2024
Salaries and wages	36,631	36,691
Employee leave entitlements (ELE)	6,326	7,492
Superannuation – defined contribution plans	4,413	4,669
Superannuation – defined benefit plan	271	380
Workers' compensation insurance	732	938
Fringe benefit tax (FBT)	294	270
Gratuities	–	10
Other	173	155
Recruitment cost	123	88
Total employee costs	48,963	50,693
Less: capitalised costs	(883)	(1,575)
Total employee costs expensed	48,080	49,118

Material accounting policy information*Superannuation plans*

Council participates in a defined benefit plan under the Local Government Superannuation Scheme. However, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2025	2024
Consultancy		1,660	1,918
Contractor costs:			
– Agency staff		2,637	1,982
– Cash collection		22	283
– Cleaning of Council properties		406	350
– Computer hardware and software maintenance		2,071	1,908
– Mowing		1,136	1,046
– Infrastructure maintenance		3,037	3,190
– Parking meter maintenance		568	1,087
– Parks, gardens and tree maintenance		2,120	1,995
– Property maintenance and management		4,166	4,326
– Public events		1,485	1,147
– Waste and recycling collection		8,388	8,066
– Waste and recycling disposal		4,628	4,428
– Other contractor costs		2,612	3,014
Infringement notice contract costs (SEINS)		1,394	1,303
Raw materials and consumables		4,977	4,769
Service costs			
– Bank charges		363	521
– Councillor and Mayoral fees and associated expenses	E1-2	541	456
– Election expenses		548	–
– Electricity and heating		708	622
– Insurance		2,721	2,513
– Postage		288	320
– Staff training		307	276
– Staff travel expenses		153	159
– Street lighting		698	783
– Telephone and communications		356	323
– Other service costs		905	1,003
Legal expenses			
– Legal expenses: planning and development		2,479	3,241
– Legal expenses: debt recovery		8	38
– Legal expenses: other		1,173	109
Total materials and services		52,555	51,176
Total materials and services		52,555	51,176

B3-3 Borrowing costs**(i) Interest bearing liability costs**

Interest on leases	37	45
Interest on loans	2,328	1,452
Total interest bearing liability costs	2,365	1,497
Total borrowing costs expensed	2,365	1,497

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2025	2024
Depreciation and amortisation			
Furniture and fittings		303	416
Office equipment		820	758
Land improvements (depreciable)		536	528
Plant and equipment		1,898	1,831
Infrastructure:			
– Buildings – specialised		4,292	4,128
– Buildings – non-specialised		954	920
– Footpaths		4,072	3,904
– Other structures		13	14
– Roads		7,007	6,846
– Stormwater drainage		2,529	2,408
– Swimming pools		75	75
– Other open space / recreational assets		1,640	1,609
– Other infrastructure		4,238	4,095
Right of use assets		263	263
Other assets:			
– Heritage collections		121	120
– Library books		325	325
Total depreciation and amortisation costs		29,086	28,240
Impairment / revaluation decrement of IPPE			
Infrastructure:			
	C1-5		
- Capital Work In Progress		1,325	–
Total gross IPPE impairment / revaluation decrement costs		1,325	–

Material accounting policy information**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-5 for IPPE assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	Notes	2025	2024
Fair value decrement on investment properties			
Fair value decrement on investment properties		387	2,682
Total fair value decrement on investment properties	C1-6	387	2,682
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		2	–
Total Fair value decrement on investments	C1-2	2	–
Other			
Contributions/levies to other levels of government			
– Department of planning levy		310	300
– Emergency services levy (includes FRNSW and SES levies)		2,264	2,317
– Parking Space Levy		853	805
Donations, contributions and assistance to other organisations		1,292	1,165
Total other		4,719	4,587
Total other expenses		5,108	7,269

B4 Performance against budget

B4-1 Material budget variations

Council's original budget was adopted by the Council on 24 June 2024 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
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Revenues

User charges and fees	36,774	30,734	(6,040)	(16)%	U
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The variance is driven by the following factors:

- \$2 million reduction in parking station revenue. With the opening of the new metro, demand for car parking has declined, resulting in heightened competition with private car park operators.
- \$2 million North Sydney Olympic Pool ("NSOP") income was budgeted but not earned due to delayed commencement of operations.
- \$1.334 million lower than expected income from plant permit charges and work-zone permits. The original budget was built in anticipation of higher construction activity for the year but was subsequently reduced.
- \$0.403 million lower than expected hoarding permit fees, as the original budget was based on higher expectations of development activity

The changes above are identified and addressed during quarterly budgetary reviews

Other revenues	10,216	13,967	3,751	37%	F
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The increase is primarily attributed to the

- \$1.436 million in income from the compulsory sale of the lease interest of Cammeray and Bradfield Parks to Transport for NSW.
- \$0.688 million higher than expected legal cost recoveries
- \$0.991 million higher than budgeted infringement income
- \$0.602 million higher advertisement income

The changes above are identified and addressed during quarterly budgetary reviews.

Capital grants and contributions	3,058	13,909	10,851	355%	F
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The following capital grants and contributions were not included in the original budget but were received by Council during the financial year:

- \$7.4 million in developer contributions above the budgeted amount.
- \$2.4 million in grants for various projects, including the Young Street Plaza, Neutral Bay works, Wyagdon Street Stairs, the Local Small Commitments Program, and other traffic and transport projects.

Interest and investment revenue	2,665	5,759	3,094	116%	F
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The higher-than-expected investment income is primarily due to delays in capital projects and higher-than-forecast cash balances, a portion of which is restricted.

This was identified and adjusted through each quarterly budgetary review, as cash and investment balances continued to remain above expectations

Expenses

Employee benefits and on-costs	55,651	48,080	7,571	14%	F
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The significant savings in employee costs are primarily attributable to the following factors:

- \$1.7 million – employee costs not incurred due to the delayed commencement of NSOP operations.

continued on next page ...

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B4-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
<ul style="list-style-type: none"> \$2.0 million – utilisation of contracted workforce to maintain flexibility in managing Council's workforce and to preserve liquidity \$2.228 million – staff vacancies, with Council maintaining around 10% of positions vacant during the year to improve liquidity \$0.872 million – savings from management of employee leave balances \$0.400 million – savings in workers' compensation 				

Net losses from disposal of assets **277** **883** **(606)** **(219)%** **U**

The value of disposals exceeded budget due to the actual value of assets written off during renewal activities. These values are difficult to estimate in advance, as they can only be accurately determined once the works are undertaken and the disposed assets are closely assessed.

Statement of cash flows

Cash flows from operating activities **21,547** **38,155** **16,608** **77%** **F**

Cash balances are higher, primarily due to additional grants of \$11.621 million, which were not included in the original budget, together with the following one-off items:

- \$3.296 million – additional interest income resulting from delays in capital projects
- \$2.228 million – staff vacancies, with Council maintaining around 10% of positions vacant during the year to preserve liquidity
- \$1.700 million – employee costs not incurred due to the delayed commencement of NSOP operations.
- \$1.435 million – proceeds from the compulsory sale of lease interest
- \$0.668 million – legal recoveries
- \$0.400 million – savings in workers' compensation premiums

This increase in cash balances, compared with the previous period, was partly offset by payments made towards the reduction of payables.

Cash flows from investing activities **(40,230)** **(47,934)** **(7,704)** **19%** **U**

A higher level of cash was able to be invested, reflecting the savings that Council achieved throughout the financial year.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2025	2024
Cash assets		
Cash on hand and at bank	2,942	3,999
Cash equivalent assets		
– Deposits at call	22,000	13,850
– Short-term deposits	5,000	5,000
Total cash and cash equivalents	29,942	22,849

C1-2 Financial investments

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months)	3,000	3,000	4,401	6,000
Total	3,000	3,000	4,401	6,000
Debt securities at amortised cost				
Term deposits	100,500	5,000	69,000	24,500
Total	100,500	5,000	69,000	24,500
Total financial investments	103,500	8,000	73,401	30,500
Total cash assets, cash equivalents and investments	133,442	8,000	96,250	30,500

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

C1-2 Financial investments (continued)

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments of FRNs and NCDs in the Statement of Financial Position.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	141,442	126,750
Less: Externally restricted cash, cash equivalents and investments	(102,494)	(77,305)
Cash, cash equivalents and investments not subject to external restrictions	38,948	49,445
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Other contributions (CRC & Transport)	1,998	1,982
Specific purpose unexpended grants – general fund	3,192	7,937
External restrictions – included in liabilities	5,190	9,919
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	52,366	43,496
North Sydney Olympic Pool redevelopment (External Loans & reserves)	27,548	12,166
Domestic waste management	15,544	11,241
Mainstreet levies	327	445
Stormwater management	84	–
Waste and sustainability improvement funds	–	38
Bradfield Park TfNSW Lease	650	–
Cammeray Park TfNSW Lease	785	–
External restrictions – other	97,304	67,386
Total external restrictions	102,494	77,305

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2025	2024
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(b) Internal allocations**Internal allocations**

At 30 June, Council has internally allocated funds to the following:

Deposits, retentions and bonds	14,969	14,657
Employees leave entitlement	7,127	7,127
Project carry-forward balances	2,459	9,703
Community housing – capital purchases	1,010	960
Community housing – major maintenance	491	491
Financial Assistance Grant paid in advance	1,284	2,073
I.T. hardware and software	–	1,218
Income producing projects	498	498
Plant and vehicle replacement	2,922	2,387
Total internal allocations	30,760	39,114

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

C1-4 Receivables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	1,811	738	2,062	556
Interest and extra charges	135	225	147	144
User charges and fees	1,525	–	1,548	–
Accrued revenues				
– Interest on investments	1,012	–	1,283	–
– Other income accruals	2,527	–	1,306	–
Government grants and subsidies	989	–	865	–
Net GST receivable	876	–	1,799	–
Outstanding infringements	1,281	–	1,292	–
Other debtors	5	24	1	70
Total	10,161	987	10,303	770
Less: provision for impairment				
User charges and fees	(315)	–	(334)	–
Total provision for impairment – receivables	(315)	–	(334)	–
Total net receivables	9,846	987	9,969	770

Material accounting policy information

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 14 days.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

C1-4 Receivables (continued)

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held); or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class ²	At 1 July 2024				Asset movements during the reporting period										At 30 June 2025			
	Gross carrying amount	Accumulated depreciation and impairment	Accumulated impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Tfrs from/(to) investment properties	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Accumulated impairment	Net carrying amount
\$ '000																		
Capital work in progress	95,447	–	–	95,447	19,672	409	–	–	(1,325)	(5,890)	–	–	–	–	109,638	–	(1,325)	108,313
Plant and equipment	19,555	(13,962)	–	5,593	1,605	–	(154)	(1,898)	–	477	–	–	–	–	21,012	(15,389)	–	5,623
Office equipment	22,040	(20,734)	–	1,306	729	–	–	(820)	–	121	–	–	–	–	22,889	(21,553)	–	1,336
Furniture and fittings	9,156	(8,126)	–	1,030	33	–	–	(303)	–	–	–	–	–	–	9,190	(8,430)	–	760
Land:																		
– Operational land	303,530	–	–	303,530	–	–	–	–	–	–	(5,264)	(6,000)	–	80,675	372,941	–	–	372,941
– Community land	121,723	–	–	121,723	–	–	–	–	–	–	5,264	951	–	–	127,938	–	–	127,938
– Crown land	56,219	–	–	56,219	–	–	–	–	–	–	–	–	–	–	56,219	–	–	56,219
Land improvements – depreciable	10,061	(4,957)	–	5,104	263	–	–	(536)	–	–	–	–	–	–	10,325	(5,494)	–	4,831
Infrastructure:																		
– Buildings – non-specialised	36,303	(3,230)	–	33,073	–	–	–	(954)	–	–	–	–	–	–	36,303	(4,184)	–	32,119
– Buildings – specialised	262,366	(108,014)	–	154,352	365	–	–	(4,292)	–	235	–	199	–	–	263,165	(112,306)	–	150,859
– Other structures	1,146	(175)	–	971	–	–	–	(13)	–	–	–	–	–	–	1,147	(189)	–	958
– Roads	449,887	(143,575)	–	306,312	4,582	1,775	(685)	(7,007)	–	394	–	–	–	9,170	413,217	(98,676)	–	314,541
– Footpaths	155,039	(59,693)	–	95,346	3,171	335	(372)	(4,072)	–	1,195	–	–	–	13,263	155,620	(46,754)	–	108,866
– Stormwater drainage	270,451	(81,972)	–	188,479	1,743	415	–	(2,529)	–	323	–	–	(17,763)	–	247,247	(76,579)	–	170,668
– Swimming pools	7,547	(4,616)	–	2,931	–	–	–	(75)	–	–	–	–	–	–	7,547	(4,691)	–	2,856
– Other open space / recreational assets	40,209	(16,138)	–	24,071	941	12	–	(1,640)	–	329	–	–	(1,223)	–	33,434	(10,944)	–	22,490
– Other infrastructure	303,916	(99,571)	–	204,345	3,494	732	–	(4,238)	–	2,816	–	–	–	–	310,958	(103,809)	–	207,149
Other assets:																		
– Heritage collections	14,103	(5,817)	–	8,286	–	49	–	(121)	–	–	–	–	–	–	14,152	(5,938)	–	8,214
– Library books	1,982	(1,056)	–	926	336	–	–	(325)	–	–	–	–	–	–	1,951	(1,014)	–	937
Total infrastructure, property, plant and equipment	2,180,680	(571,636)	–	1,609,044	36,934	3,727	(1,211)	(28,823)	(1,325)	–	–	(4,850)	(18,986)	103,108	2,214,893	(515,950)	(1,325)	1,697,618

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

(2) Council leases 21 residential properties under long term leases (terms from 25 to 53 years) to Link Wentworth for the provision of social and affordable housing. Council retains ownership of the properties at the end of the leases. The net carrying amount of these properties as at 30 June 2025 included in the above amounts is, operational land \$49.4m and buildings non-specialised \$29.5m.

C1-5 Infrastructure, property, plant and equipment (continued)

By aggregated asset class ²	At 1 July 2023			Asset movements during the reporting period						At 30 June 2024		
	Gross carrying amount restated	Accumulated depreciation restated	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount restated	Accumulated depreciation restated	Net carrying amount
\$ '000												
Capital work in progress	50,242	–	50,242	41,368	4,901	–	–	(1,064)	–	95,447	–	95,447
Plant and equipment	18,883	(13,391)	5,492	2,205	–	(273)	(1,831)	–	–	19,555	(13,962)	5,593
Office equipment	21,669	(19,976)	1,693	372	–	(1)	(758)	–	–	22,040	(20,734)	1,306
Furniture and fittings	9,048	(7,710)	1,338	108	–	–	(416)	–	–	9,156	(8,126)	1,030
Land:												
– Operational land	303,530	–	303,530	–	–	–	–	–	–	303,530	–	303,530
– Community land	121,723	–	121,723	–	–	–	–	–	–	121,723	–	121,723
– Crown land	56,219	–	56,219	–	–	–	–	–	–	56,219	–	56,219
Land improvements – depreciable	9,938	(4,429)	5,509	9	110	–	(528)	4	–	10,061	(4,957)	5,104
Infrastructure:												
– Buildings – non-specialised	33,889	(2,085)	31,804	–	–	(33)	(920)	–	2,222	36,303	(3,230)	33,073
– Buildings – specialised	242,011	(95,696)	146,315	964	35	–	(4,128)	38	11,128	262,366	(108,014)	154,352
– Other structures	1,147	(162)	985	–	–	–	(14)	–	–	1,146	(175)	971
– Roads	427,846	(132,764)	295,082	6,219	660	(1,511)	(6,846)	150	12,558	449,887	(143,575)	306,312
– Footpaths	146,752	(53,604)	93,148	2,441	9	(375)	(3,904)	206	3,821	155,039	(59,693)	95,346
– Stormwater drainage	256,600	(76,184)	180,416	1,206	1,490	–	(2,408)	121	7,654	270,451	(81,972)	188,479
– Swimming pools	7,548	(4,542)	3,006	–	–	–	(75)	–	–	7,547	(4,616)	2,931
– Other open space/recreational assets	39,406	(14,529)	24,877	303	303	–	(1,609)	197	–	40,209	(16,138)	24,071
– Other infrastructure	299,972	(95,477)	204,495	3,521	92	–	(4,095)	332	–	303,916	(99,571)	204,345
Other assets:												
– Heritage collections	14,043	(5,697)	8,346	44	–	–	(120)	16	–	14,103	(5,817)	8,286
– Library books	2,013	(1,121)	892	359	–	–	(325)	–	–	1,982	(1,056)	926
Total infrastructure, property, plant and equipment	2,062,479	(527,367)	1,535,112	59,119	7,600	(2,193)	(27,977)	–	37,383	2,180,680	(571,636)	1,609,044

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

(2) Council leases 21 residential properties under long term leases (terms from 25 to 53 years) to Link Wentworth for the provision of social and affordable housing. Council retains ownership of the properties at the end of the leases. The Net carrying amount of these properties as at 30 June 2024 included in the above amounts is, operational land \$40m and buildings non-specialised \$30.4m.

C1-5 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Initial recognition of infrastructure, property, plant and equipment (IPPE)

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Buildings	Years
Office equipment	3 to 10	Buildings	25 to 200
Computer equipment	3 to 8	Building components	
Furniture	5 to 10	Substructure	10 to 250
Vehicles	5	Superstructure	10 to 250
Other plant and equipment	5 to 10	Roof cladding	22 to 60
		Finishes	8 to 30
		Fittings	10 to 30
		Mechanical services	16 to 40
		Other services	10 to 60
Transportation assets	Years	Other sport and recreation assets	Years
Sealed roads: surface	18 to 40	Playgrounds	15
Sealed roads: structure	60 to 100	Sports lighting	55
Sealed roads: formation	200	Park furniture	15 to 100
Kerb and gutter	34 to 67	Sport and fitness	5 to 60
Footpaths	10 to 60	Irrigation and subsurface drainage	25
Traffic facilities	70	Swimming pools	20 to 200
Street furniture	15 to 90		
Bus shelters	50		
Stormwater drainage assets	Years	Depreciable land improvements	Years
Drainage pipes	70 to 100	Depreciable land improvements	5 to 100
Drainage pits	80		
Culverts	70 to 100		
Gross pollutant traps	40 to 50		
Other infrastructure	Years	Other	Years
Lighting	20 to 35	Other structures	25 to 50
Seawalls	80 to 120	Library collection	5
Marine structures	50 to 100	Heritage collection	10 to 100
Fences	35 to 80		
Retaining walls	90		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

C1-6 Investment properties

Owned investment property

\$ '000	2025	2024
At fair value		
Opening balance at 1 July	53,698	56,047
Capitalised subsequent expenditure	–	333
Net gain/(loss) from fair value adjustments	(387)	(2,682)
Transfers from/(to) owner-occupied property (Note C1-5)	4,850	–
Closing balance at 30 June	58,161	53,698

Material accounting policy information

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

C2 Leasing activities

C2-1 Council as a lessee

Council does not have any material lease contracts over land and buildings, machinery or IT equipment.

Waste and recycling collection contract

On 1 July 2019, Council entered into a seven (7) year contract with URM Environmental Services Pty Ltd to provide the waste and recycling collection service.

Embedded within the contract is the lease of eight (8) garbage collection trucks dedicated specifically to the service. Under the terms of the contract, Council has the right to obtain substantially all of the economic benefits from these vehicles for the duration of the contract. This results in a right of use asset for Council. Information relating to the right of use asset and associated balances and transactions is provided below.

Extension options

The waste and recycling collection contract contains an option to extend by a further three (3) years to provide a degree of flexibility and certainty to Council's operations. The extension is at Council's discretion.

At reporting date, Council assesses if it is reasonably certain that the extension option will be exercised. At 30 June 2025, it is considered reasonably certain that the option will be exercised and the information below has been prepared on that assumption.

(a) Right of use assets

	Waste Disposal Contract
\$ '000	
2025	
Opening balance at 1 July	1,314
Depreciation charge	(263)
Balance at 30 June	1,051
2024	
Opening balance at 1 July	1,576
Depreciation charge	(263)
Other movement	1
Balance at 30 June	1,314

(b) Lease liabilities

	2025 Current	2025 Non-current	2024 Current	2024 Non-current
\$ '000				
Lease liabilities	303	843	303	1,109
Total lease liabilities	303	843	303	1,109

C2-1 Council as a lessee (continued)**(c) (i) The maturity analysis**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2025					
Cash flows	303	908	–	1,211	1,146
2024					
Cash flows	303	1,211	–	1,514	1,412

(d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2025	2024
Interest on lease liabilities	37	45
Depreciation of right of use assets	263	263
	300	308

(e) Statement of Cash Flows

Total cash outflow for leases (principal and interest)	303	303
	303	303

(f) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market value for land which is used for:

- land beautification
- dinghy storage
- boat ramps and jetties

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$5,000 per year. The use of the right to use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Exceptions to Lease Accounting

Council has estimated the standalone price of the right of use asset obtained from the waste collection contract. In making this estimate Council has maximised the use of observable information

The right of use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right of use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to commercial tenants and community groups as well as vehicles to Council employees. These leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer Note C1-9) and IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below.

\$ '000	2025	2024
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(i) Assets held as investment property

Investment property operating leases relate to properties leased to commercial tenants.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below.

Lease income (excluding variable lease payments not dependent on an index or rate)	3,695	3,735
Total income relating to operating leases for investment property assets	3,695	3,735

Operating lease expenses

Direct operating expenses that generated rental income	1,176	1,397
Total expenses relating to operating leases	1,176	1,397

(ii) Assets held as property, plant and equipment

PPE operating leases relate to vehicles leased to eligible employees and facilities leased to community groups.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,816	1,855
Total income relating to operating leases for Council assets	1,816	1,855

C2-2 Council as a lessor (continued)

Reconciliation of IPPE assets leased out as operating leases

\$ '000	Plant & Equipment 2025	Plant & Equipment 2024
Opening balance as at 1 July	1,894	1,653
Additions renewals	382	1,036
Carrying value of disposals	(129)	(252)
Depreciation expense	(608)	(543)
Closing balance as at 30 June	1,539	1,894

\$ '000	2025	2024
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(iii) Maturity analysis of contractual lease income

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	4,045	4,510
1–2 years	2,936	3,867
2–3 years	2,443	2,788
3–4 years	1,860	2,335
4–5 years	1,496	1,818
> 5 years	7,697	9,504
Total undiscounted lease payments to be received	20,477	24,822

C3 Liabilities of Council

C3-1 Payables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Prepaid rates	611	–	705	–
Goods and services	9,066	–	13,708	–
Accrued expenses:				
– Borrowings	657	–	239	–
– Salaries and wages	1,569	–	2,100	–
– Other expenditure accruals	610	–	754	–
Security bonds, deposits and retentions	14,970	–	14,657	–
Other	513	–	670	–
Total payables	27,996	–	32,833	–

Current payables not anticipated to be settled within the next twelve months

\$ '000	2025	2024
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	10,249	11,726
Total payables	10,249	11,726

Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

\$ '000	Notes	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets) ⁱ	(i)	3,102	–	5,894	–
Unexpended operating grants (received prior to performance obligation being satisfied) ⁱⁱ	(ii)	91	–	141	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	79	–	91	–
Total grants received in advance		3,272	–	6,126	–
User fees and charges received in advance:					
DA Compliance Levy ⁱⁱⁱ	(iii)	243	–	243	–
Hoarding Permit fees	(iii)	117	–	253	–
Outdoor Dining fees	(iii)	66	–	82	–
Work Zone Permit fees	(iii)	299	–	1,197	–
Rental income - investment properties	(iii)	370	–	132	–
Total user fees and charges received in advance		1,095	–	1,907	–
Total contract liabilities		4,367	–	8,033	–

(i) Council has received grants from both the Commonwealth and State Governments to fund a number of infrastructure upgrade or renewal projects. The funds received are under an enforceable contract which require Council to construct identified assets which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants and contributions received prior to the revenue recognition criteria in AASB 15 being satisfied as the performance obligations are ongoing.

(iii) The contract liability relates to user charges and fees received in advance prior to the revenue recognition criteria in AASB 15 being satisfied as the performance obligations are ongoing.

C3-2 Contract Liabilities (continued)

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2025	2024
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,265	2,077
Operating grants (received prior to performance obligation being satisfied)	150	378
Operating contributions (received prior to performance obligation being satisfied)	91	144
User fees and charges received in advance:		
Hoarding Permit fees	253	167
Outdoor Dining fees	78	62
Work Zone Permit fees	1,197	591
Rental income - investment properties	122	229
Other	–	418
Total revenue recognised that was included in the contract liability balance at the beginning of the period	3,156	4,066

C3-3 Borrowings

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Loans – secured ^{1,2}	3,784	46,794	2,091	31,349
Total borrowings	3,784	46,794	2,091	31,349

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

(2) During the current and prior year there were no defaults or breaches of any of the loans.

(a) Changes in liabilities arising from financing activities

\$ '000	2024	Non-cash movements					2025
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	33,440	17,138	–	–	–	–	50,578
Lease liability (Note C2-1)	1,412	(266)	–	–	–	–	1,146
Total liabilities from financing activities	34,852	16,872	–	–	–	–	51,724

\$ '000	2023	Non-cash movements					2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	35,446	(2,006)	–	–	–	–	33,440
Lease liability (Note C2-1)	1,670	(258)	–	–	–	–	1,412
Total liabilities from financing activities	37,116	(2,264)	–	–	–	–	34,852

(b) Financing arrangements

\$ '000	2025	2024
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Total facilities

Total financing facilities available to Council at the reporting date are:

– Bank overdraft facilities ¹	500	500
– Credit cards/purchase cards	344	350
– Borrowings Facilities	70,500	40,500
Total financing arrangements	71,344	41,350

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	24	16
– Borrowings Facilities	60,500	40,500
Total drawn financing arrangements	60,524	40,516

Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

– Bank overdraft facilities	500	500
– Credit cards/purchase cards	320	334
– Borrowings Facilities	10,000	–
Total undrawn financing arrangements	10,820	834

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank subject to the notice period in accordance with the terms and conditions of the facility.

C3-4 Employee benefit provisions

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Annual leave	4,301	–	4,500	–
Sick leave	3	–	6	–
Long service leave	7,611	746	7,339	574
Gratuities	1,058	583	1,105	580
Other leave – RDO's	174	–	150	–
Total employee benefit provisions	13,147	1,329	13,100	1,154

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	6,253	6,828
	6,253	6,828

Material accounting policy information

Long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

The infrastructure, property, plant and equipment (IPPE) revaluation surplus is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including **(a)** market risk, **(b)** credit risk and **(c)** liquidity risk.

Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by Council's Finance team under policies approved by the Council.

The fair value of receivables, loans, investments and financial liabilities approximates the carrying amount.

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance team manages the cash and investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's Investment Order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Market (Interest rate) risk** – the risk that movements in interest rates could affect returns.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2025	2024
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,418	1,271
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	140

D1-1 Risks relating to financial instruments held (continued)

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2025				
Gross carrying amount	605	1,944	–	2,549
2024				
Gross carrying amount	2,177	174	267	2,618

D1-1 Risks relating to financial instruments held (continued)

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2025						
Gross carrying amount	6,182	1,005	541	525	346	8,599
Expected loss rate (%)	0.00%	0.00%	10.12%	20.07%	44.64%	3.66%
ECL provision	—	—	55	105	154	314
2024						
Gross carrying amount	7,801	30	55	184	385	8,455
Expected loss rate (%)	0.00%	0.00%	26.23%	35.18%	38.59%	2.69%
ECL provision	—	—	14	65	149	228

(c) Liquidity risk ¹

Payables, lease liabilities and borrowings are subject to liquidity risk, i.e. the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk, i.e. the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. Both of Councils loans were negotiated at a fixed interest rate for their entire terms. The Finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
\$ '000				1 - 5 Years	> 5 Years		
2025							
Payables	0.00%	14,970	13,026	—	—	27,996	27,996
Borrowings	4.62%	—	3,784	14,905	31,889	50,578	50,578
Total financial liabilities		14,970	16,810	14,905	31,889	78,574	78,574
2024							
Payables	0.00%	14,657	13,593	—	—	28,250	32,833
Borrowings	4.21%	—	3,473	13,023	30,088	46,584	33,440
Total financial liabilities		14,657	17,066	13,023	30,088	74,834	66,273

(1) A separate maturity analysis of lease liabilities is at Note 14. Leases

D2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the assigned level for each asset class held at fair value by North Sydney Council.

Fair value measurement hierarchy							
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2025	2024	2025	2024	2025	2024
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		6,000	10,401	–	–	6,000	10,401
Total financial assets		6,000	10,401	–	–	6,000	10,401
Investment property							
Investment properties	C1-6	58,161	53,698	–	–	58,161	53,698
Total investment property		58,161	53,698	–	–	58,161	53,698
Infrastructure, property, plant and equipment							
	C1-5						
Plant and equipment		–	–	5,623	5,593	5,623	5,593
Office equipment		–	–	1,336	1,306	1,336	1,306
Furniture and fittings		–	–	760	1,030	760	1,030
Operational land		236,181	24,425	136,760	279,105	372,941	303,530
Community land		–	–	127,938	121,723	127,938	121,723
Crown land		–	–	56,219	56,219	56,219	56,219
Land improvements – depreciable		–	–	4,831	5,104	4,831	5,104
Buildings – non-specialised		1,209	1,247	30,910	31,826	32,119	33,073
Buildings – specialised		8,220	8,938	142,639	145,414	150,859	154,352
Other structures		–	–	958	971	958	971
Roads		–	–	314,541	306,312	314,541	306,312
Footpaths		–	–	108,866	95,346	108,866	95,346
Stormwater drainage		–	–	170,667	188,479	170,667	188,479
Swimming pools		–	–	2,856	2,931	2,856	2,931
Other open space/recreation assets		–	–	22,490	24,071	22,490	24,071
Other infrastructure assets		–	–	207,149	204,345	207,149	204,345
Heritage collections		–	–	8,214	8,286	8,214	8,286
Library books		–	–	937	926	937	926
Total infrastructure, property, plant and equipment		245,610	34,610	1,343,694	1,478,987	1,589,304	1,513,597

continued on next page ...

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D2-1 Fair value measurement (continued)

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Investment property

The market approach using Level 2 inputs was used to value Council's investment properties. The level 2 inputs used were quoted prices for similar assets in active markets and comparison of rate per square metre of floor area.

The 2025 revaluations were based on assessments made by independent valuers. There has been no change to the valuation process during the reporting period.

Infrastructure, property, plant and equipment (IPPE)

The market approach using Level 2 inputs was used to value selected buildings and operational land. The level 2 inputs used were quoted prices for similar assets in active markets and comparison of rates per square metre of floor area.

The following table summarises the quantitative information relating to significant unobservable inputs used in deriving the various Level 3 asset class fair values.

Class	Valuation Technique	Unobservable Inputs
Plant & Equipment, Office Equipment, Furniture & Fittings	Cost approach	Depreciated historic cost and useful life.
Operational Land	Market approach	Price per square metre from sales evidence available, planning and other constraints on development and the potential for alternative use.
Community Land	Land values obtained from the NSW Valuer-General	Land value, land area and level of restriction.
Land Improvements - depreciable	Cost approach	Unit rates, useful life, remaining life and residual value.
Buildings - non-specialised	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, useful life and residual value.
Buildings - specialised	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, useful life and residual value.
Other Structures	Cost approach	Current replacement cost of modern equivalent asset, useful life, remaining life and residual value.
Roads	Cost approach	Unit rates, useful life, remaining life.
Footpaths	Cost approach	Unit rates, useful life, remaining life.
Stormwater Drainage	Cost approach	Unit rates, useful life, remaining life.

D2-1 Fair value measurement (continued)

Swimming Pools	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, useful life and residual value.
Open Space/Recreation Assets	Cost approach	Unit rates, useful life, remaining life and residual value.
Other Infrastructure Assets	Cost approach	Unit rates, useful life, remaining life and residual value.
Heritage Collections	Cost approach	Current replacement cost, useful life, remaining life and residual value.
Library Books	Cost approach	Depreciated historic cost and useful life.

D2-1 Fair value measurement (continued)

Reconciliation of Movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2025	2024
	\$'000	\$'000
Balance as at 1 July	1,478,987	1,449,305
Total gains or losses for the period		
Recognised in profit and loss - realised (refer to Note B3-4 and B4-1)	-28,944	(28,941)
Recognised in other comprehensive income - revaluation surplus	89,949	37,383
Other Movements		
Purchases	26,470	21,514
Sales	-154	(274)
Transfers into Level 3	0	0
Transfers out of Level 3	-222,614	0
Other movements	0	0
Balances as at 30 June	1,343,694	1,478,987

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers, i.e. contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

D3-1 Contingencies (continued)

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent to which they are not borne by members).

(a) A description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund. The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% of salary
Division D	1.64 times member contributions

* For 180 point members, employers were required to contribute 9.5% of salaries for the year ending 30 June 2025 to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of **\$20.0** million per annum for **1 January 2022 to 31 December 2024**, apportioned according to each employer's share of the accrued liabilities as at 30 June. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

(b) Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan.

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

(c) description of any agreed allocation of a deficit or surplus on:

(i) wind-up of the plan

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) the entity's withdrawal from the plan

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2025 was **\$348,154.30**. The last formal valuation of the Fund was undertaken by the Fund Actuary, **Richard Boyfield FIAA as at 30 June 2024**.

Council's expected contribution to the plan for the next annual reporting period is **\$80,390.30**.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Defined Benefit reserves only *	\$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%

D3-1 Contingencies (continued)

Vested Benefits	2,130.4	103.2%
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* excluding other accumulation accounts and reserves in both assets and liabilities.

Council's share of the deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program. However, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all of the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by **December 2025**.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

2. Other liabilities**(i) Third party claims**

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services. Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland. As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels. At reporting date, it has not been possible to establish reliable estimates of the value of any potential liability (and subsequent land asset) from such potential acquisitions.

(iii) Legal Claims

Council is the planning authority for its area under the Environmental Planning and Assessment Act 1979. Pursuant to that Act, certain persons dissatisfied by a planning decision of the Council may appeal to the Land and Environment Court. It is the Court's normal practice in Class 1 proceedings that parties bear their own legal costs. In Class 4 proceedings, costs usually follow the event.

As at 30 June 2025, there were **twelve (12)** Land and Environment Court matters and no NSW Civil and Administrative Tribunal matters ongoing. All known costs have been recognised but the amount of further costs are unknown until the appeals are determined.

Icon, the construction contractor, has commenced legal proceedings against Council seeking damages of \$28 million and an extension of time for completion of the project. The claim relates to alleged design changes to the roof structure made by the project architects and engineering consultants, which Icon asserts have resulted in additional costs and delays. The matter is currently subject to litigation, and the financial effect, if any, cannot be reliably estimated as at 30 June 2025.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

Key Management Personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. The KMP for North Sydney Council are the Mayor, Councillors, Chief Executive Officer, Director Corporate Services, Director Planning & Environment and Director Open Space & Infrastructure.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2025	2024
Compensation:		
Short-term benefits (salaries, Mayoral Allowance, Councillors fees)	1,640	1,656
Post-employment benefits (superannuation)	209	179
Other long-term benefits (increase in employee leave entitlements)	49	151
Termination Benefits	–	203
Total	1,898	2,189

E1-2 Councillor and Mayoral fees and associated expenses

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	77	73
Councillors' fees	275	277
Other Councillors' expenses (including Mayor)	189	106
Total	541	456

E2 Other relationships

E2-1 Audit fees

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

Audit and review of financial statements	129	125
Total Auditor-General remuneration	129	125

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2025	2024
Net operating result from Income Statement	15,177	13,053
Add / (less) non-cash items:		
Depreciation and amortisation	29,086	28,240
(Gain) / loss on disposal of assets	883	1,304
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	2	(5)
– Investment property	387	2,682
– Revaluation decrements / impairments of IPP&E direct to P&L	1,325	–
Share of net (profits)/losses of associates/joint ventures using the equity method	(9)	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(75)	923
Increase / (decrease) in provision for impairment of receivables	(19)	(419)
(Increase) / decrease of inventories	27	9
(Increase) / decrease of other current assets	(348)	(49)
Increase / (decrease) in payables	(4,642)	5,379
Increase / (decrease) in accrued interest payable	418	(15)
Increase / (decrease) in other accrued expenses payable	(675)	(851)
Increase / (decrease) in other liabilities	62	1,507
Increase / (decrease) in contract liabilities	(3,666)	(3,647)
Increase / (decrease) in employee benefit provision	222	14
Net cash flows from operating activities	38,155	48,125

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2025	2024
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	34	253
Infrastructure	1,566	4,107
Library books	41	39
Other structures	10	361
North Sydney Olympic Pool Redevelopment	8,714	21,975
Plant and equipment	515	893
Total commitments	10,880	27,628

These expenditures are payable as follows:

Within the next year	10,880	27,628
Total payable	10,880	27,628

Details of capital commitments

Council has committed to the redevelopment of the North Sydney Olympic Pool complex, Infrastructure Capital works in Neutral Bay and various Parks, purchase of Plant and Equipment.

F3-1 Events occurring after the reporting date

In June 2025, Council received approval for an additional \$10 million loan from TCorp to fund the increasing construction costs of the North Sydney Olympic Pool redevelopment. The loan had not been drawn as at 30 June 2025 and remained undrawn at the date of this report.

F4 Statement of developer contributions

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Active Transport	–	6	–	–	–	(215)	209	–	(399)
Administration	1,106	79	–	–	49	–	–	1,234	–
Affordable Housing	1,052	–	–	–	47	–	–	1,099	–
Community facilities	4,134	563	–	–	184	(15)	–	4,866	–
Open Space and Recreation	7,969	4,815	–	–	355	(507)	(209)	12,423	399
Public Domain	12,217	4	–	–	543	–	–	12,764	–
S7.11 contributions – under a plan	26,478	5,467	–	–	1,178	(737)	–	32,386	–
S7.12 levies – under a plan	6,311	2,106	–	–	280	–	–	8,697	–
Total S7.11 and S7.12 revenue under plans	32,789	7,573	–	–	1,458	(737)	–	41,083	–
S7.4 planning agreements	10,707	1,681	–	–	476	(1,581)	–	11,283	–
Total contributions	43,496	9,254	–	–	1,934	(2,318)	–	52,366	–

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2024	Contributions received during the year		Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
S7.11 contributions – under a plan									
NORTH SYDNEY PLAN 2004									
Affordable Housing	1,052	–	–	–	47	–	–	1,099	–
Total	1,052	–	–	–	47	–	–	1,099	–
NORTH SYDNEY PLAN 2020									
Active transport	–	6	–	–	–	(215)	209	–	(399)
Administration	1,106	79	–	–	49	–	–	1,234	–
Community facilities	4,134	563	–	–	184	(15)	–	4,866	–
Open space and recreation	7,969	4,815	–	–	355	(507)	(209)	12,423	399
Public Domain	12,217	4	–	–	543	–	–	12,764	–
Total	25,426	5,467	–	–	1,131	(737)	–	31,287	–
S7.12 Levies – under a plan									
NORTH SYDNEY PLAN 2020									
Other	6,311	2,106	–	–	280	–	–	8,697	–
Total	6,311	2,106	–	–	280	–	–	8,697	–

End of the audited financial statements

North Sydney Council

General Purpose Financial Statements

for the year ended 30 June 2025

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

North Sydney Council

General Purpose Financial Statements

for the year ended 30 June 2025

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).



Cr Zoë Baker
Mayor
North Sydney Council
PO Box 12
NORTH SYDNEY NSW 2059

Contact: Karen Taylor
Phone no: 9275 7311
Our ref:

X October 2025

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
North Sydney Council**

I have audited the general purpose financial statements (GPFS) of the North Sydney Council (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified] opinion on the Council's GPFS.

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	79.8	75.6	↑ 5.6
Grants and contributions provided for operating purposes revenue	4.9	5.5	↓ 10.9
Grants and contributions provided for capital purposes revenue	13.9	16.7	↓ 16.8
Operating result from continuing operations	15.2	13.1	↑ 16.0
Net Operating result for the year before grants and contributions provided for capital purposes	1.3	(3.6)	↑ 136.1

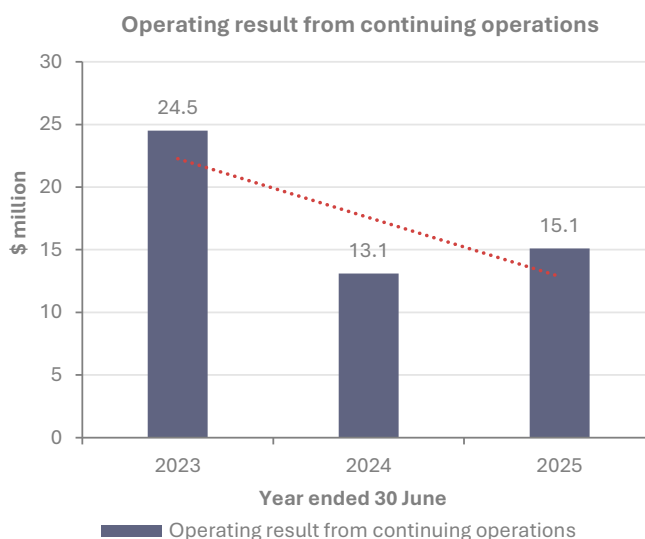
Operating result from continuing operations

This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was \$2.1 million higher than the 2023–24 result. This was mainly due to:

- income increased by \$2.9 million because of increases in rates and annual charges and other revenue
- expenditure decreased by \$1.4 million.
- Depreciation, amortisation and impairment of non-financial assets expense (\$30.4 million) increasing by \$2.2 million (7.7 per cent) due to growth in infrastructure, property, plant and equipment (IPPE).

The net operating result for the year before grants and contributions provided for capital purposes was \$1.3 million. Refer to 'Grants and contributions revenue' below for details.



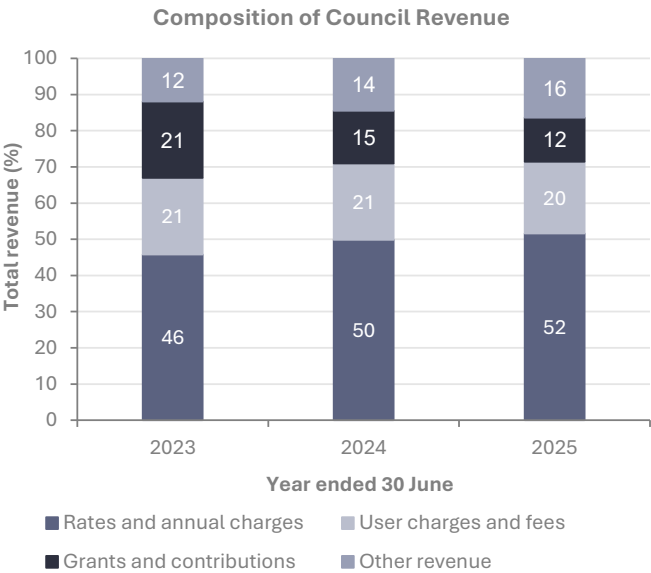
Income

Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Council revenue (\$154.6 million) increased by \$2.9 million (1.9 per cent) in 2024–25 due to:

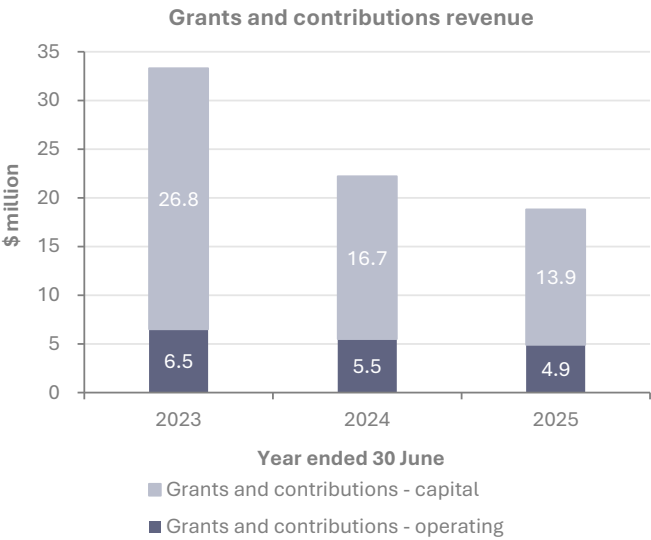
- rates and annual charges revenue (\$79.8 million) which increased by \$4.3 million (5.6 per cent) due to rate peg increase of 5 per cent
- other revenue (\$25.2 million) which increased by \$3.4 million (15.7 per cent)
- grants and contributions revenue (\$18.8 million) which decreased by \$3.4 million (15.2 per cent) – see additional details below.



Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$18.8 million) decreased by \$3.4 million (15.2 per cent) in 2024–25 due to a \$1.9 million decrease in grants and non-developer contributions and a \$1.4 million decrease in developer contributions recognised during the year. These grants and contributions will fluctuate year on year.



CASH FLOWS

Statement of cash flows

The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support

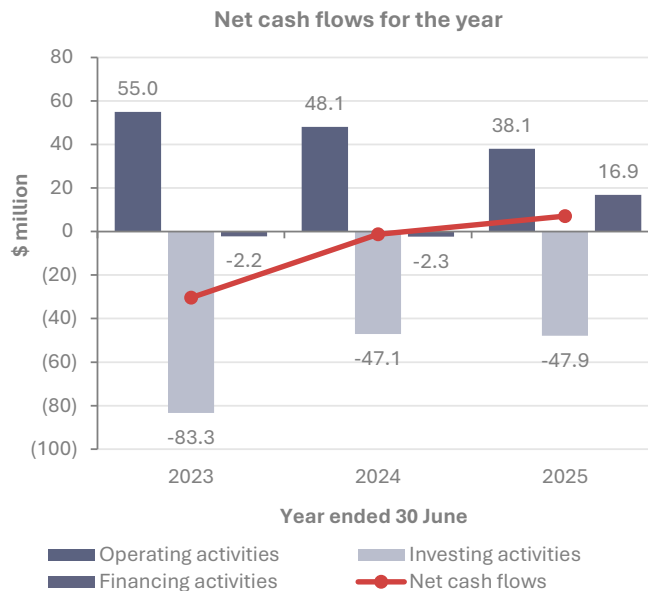
future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for the year were positive \$7.1 million (negative \$1.3 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities decreased by \$10.0 million, mainly due to payments for materials and services
- from financing activities increased by \$19.1 million, mainly due to proceeds from borrowings.



FINANCIAL POSITION

Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

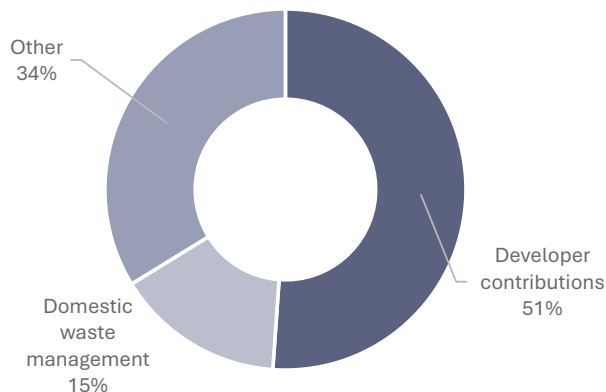
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	141.4	126.8		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below.
Restricted and allocated cash, cash equivalents and investments:				Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	102.5	77.3	72.4	
• Internal allocations	30.8	39.1	21.7	

This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2024-25 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of \$52.4 million which increased by \$8.9 million
- domestic waste management of \$15.5 million which increased \$4.3 million
- Other externally restricted cash mainly comprise North Sydney Olympic Pool redevelopment external loans and reserves.

Source of externally restricted cash, cash equivalents and investments



Council liquidity

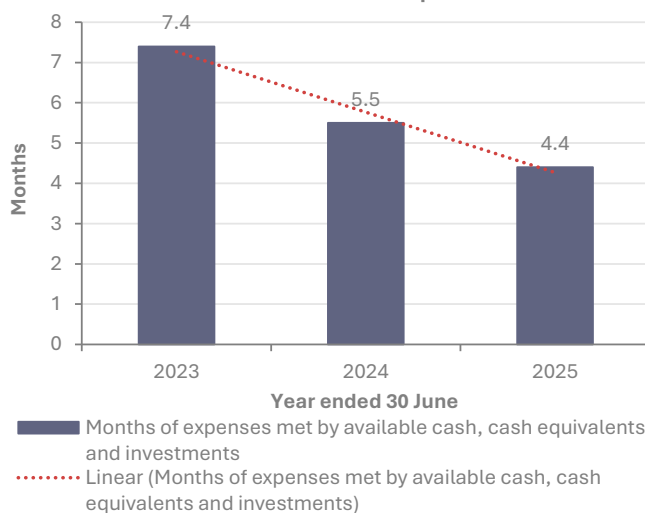
This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

In 2023-24, the available cash to cover expenses was an average of 8 months for metropolitan councils.

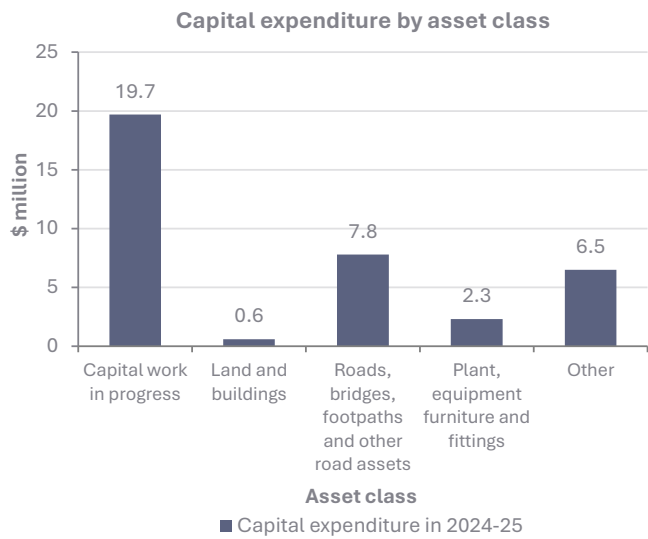
Council continues to fall below average demonstrating increased pressure on meeting obligations as they fall due.

Available cash to cover expenses



Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25. Council renewed \$36.9 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on roads, footpaths and other infrastructure. A further \$3.7 million was spent mainly on new assets, mainly roads.



Debt

The table below provides an overview of the Council’s loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

Debt	2025	2024	Commentary
	\$m	\$m	
Loans	70.5	40.5	Loans taken out to fund construction costs for the North Sydney Olympic Pool redevelopment.
Approved overdraft facility	0.5	0.5	
Amount drawn down	-	-	
Credit card facility	0.3	0.4	Facility and use of the facility is stable.
Amount used	-	-	

Karen Taylor
Delegate of the Auditor-General

North Sydney Council

SPECIAL SCHEDULES
for the year ended 30 June 2025

*Shaping a progressive, diverse and vibrant North Sydney
community.*



North Sydney Council

Special Schedules

for the year ended 30 June 2025

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2025	5

North Sydney Council

Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
Notional general income calculation ¹			
Last year notional general income yield	a	58,815	61,966
Plus or minus adjustments ²	b	166	423
Notional general income	c = a + b	58,981	62,389
Permissible income calculation			
Percentage increase	d	5.00%	4.00%
Plus percentage increase amount ³	f = d x (c + e)	2,949	2,496
Sub-total	g = (c + e + f)	61,930	64,885
Plus (or minus) last year's carry forward total	h	36	34
Less valuation objections claimed in the previous year	i	—	(34)
Sub-total	j = (h + i)	36	—
Total permissible income	k = g + j	61,966	64,885
Less notional general income yield	l	61,966	64,885
Catch-up or (excess) result	m = k - l	—	—
Plus income lost due to valuation objections claimed ⁴	n	34	45
Carry forward to next year ⁶	p = m + n + o	34	45

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Permissible income for general rates

Permissible income for general rates: PLUS PDF inserted here

Council needs to uplift custom PDF here - please uplift via "PLUS PDF" choice in the Home/TOC screen

North Sydney Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2024/25 Required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	68,886	68,886	2,925	3,155	30,732	310,348	11.8%	20.4%	45.6%	18.0%	4.2%
	Service concession buildings	12	12	—	—	165,918	34,324	30.3%	61.4%	8.3%	0.0%	0.0%
	Heritage buildings	500	500	—	—	807	2,944	0.0%	0.0%	83.0%	17.0%	0.0%
	Sub-total	69,398	69,398	2,925	3,155	197,457	347,616	13.5%	24.3%	42.2%	16.2%	3.8%
Other structures	Other structures	—	—	—	—	958	1,147	44.0%	56.0%	0.0%	0.0%	0.0%
	Sub-total	—	—	—	—	958	1,147	44.0%	56.0%	0.0%	0.0%	0.0%
Roads	Sealed roads	5,866	5,866	1,415	1,118	227,195	281,392	43.2%	42.1%	12.7%	2.0%	0.0%
	Footpaths	7,593	7,593	2,150	1,909	108,866	155,620	33.0%	38.6%	23.5%	4.7%	0.2%
	Other road assets	6,375	6,375	197	140	87,346	131,825	19.7%	45.7%	29.8%	4.4%	0.4%
	Sub-total	19,834	19,834	3,762	3,167	423,407	568,837	35.0%	42.0%	19.6%	3.3%	0.1%
Stormwater drainage	Stormwater drainage	55,893	55,893	857	749	170,668	247,247	53.9%	20.8%	2.6%	2.5%	20.2%
	Sub-total	55,893	55,893	857	749	170,668	247,247	53.9%	20.8%	2.6%	2.5%	20.2%
Open space / recreational assets	Swimming pools	60	60	—	—	2,856	7,547	52.0%	27.4%	19.8%	0.8%	0.0%
	Other	852	852	1,011	875	22,490	33,484	30.0%	32.0%	36.0%	2.0%	0.0%
	Sub-total	912	912	1,011	875	25,346	41,031	34.0%	31.2%	33.0%	1.8%	0.0%
Other infrastructure assets	Other	11,001	11,001	1,230	1,353	207,149	310,958	11.6%	49.4%	35.4%	2.0%	1.6%
	Sub-total	11,001	11,001	1,230	1,353	207,149	310,958	11.6%	49.4%	35.4%	2.0%	1.6%
Total – all assets		157,038	157,038	9,785	9,299	1,024,985	1,516,836	28.3%	35.7%	25.6%	5.8%	4.6%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required

continued on next page ...

North Sydney Council

Report on infrastructure assets as at 30 June 2025 (continued)

5 **Very poor**

Urgent renewal/upgrading required

North Sydney Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023	Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	34,229	137.91%	231.72%	86.79%	> 100.00%
Depreciation, amortisation and impairment	24,820				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard ²	157,038	14.04%	13.11%	13.19%	< 2.00%
Net carrying amount of infrastructure assets	1,118,819				
Asset maintenance ratio					
Actual asset maintenance	9,299	95.03%	98.64%	108.32%	> 100.00%
Required asset maintenance	9,785				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	157,038	10.35%	9.32%	9.17%	
Gross replacement cost	1,516,836				

(*) All asset performance indicators are calculated using classes identified in the previous table.

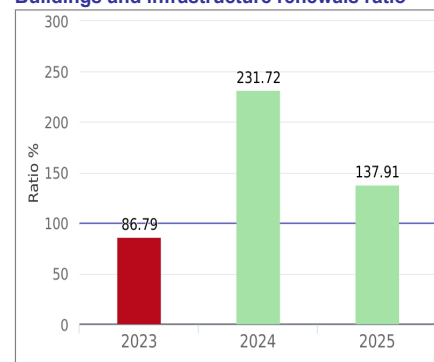
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. The high Infrastructure Renewal Ratio is inflated by the North Sydney Olympic Pool project. Excluding the \$18.6 million spent on the project, the renewal ratio stands at 63%, indicating that Council did not renew its other infrastructure assets at a sustainable rate during the year.

(2) Council has elected to use the estimated cost of fully renewing all infrastructure assets assessed to be in categories 4 (poor) and 5 (very poor condition) as the estimated cost to bring assets to a satisfactory standard.

North Sydney Council

Report on infrastructure assets as at 30 June 2025

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result

24/25 ratio 137.91%

The high Infrastructure Renewal Ratio is inflated by the North Sydney Olympic Pool project ("NSOP"). Excluding NSOP, the renewal ratio falls to 63%, well below the benchmark, demonstrating that core infrastructure renewal remains unsustainable.

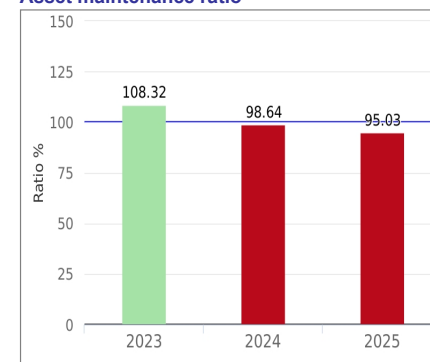
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

24/25 ratio 95.03%

The benchmark was slightly missed. This will need to be addressed by increased maintenance in coming years.

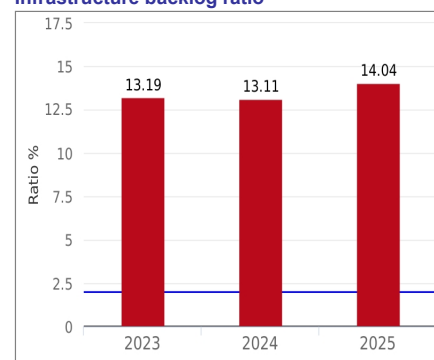
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result

24/25 ratio 14.04%

Council's backlog continues to increase due to budget constraints. It is estimated that \$157 million is needed to bring Council's assets to an acceptable condition. This will need to be addressed by improving Council's financial position.

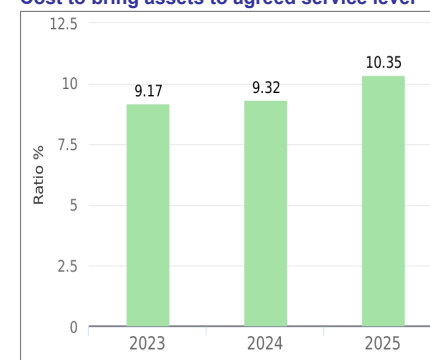
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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.

Commentary on result

24/25 ratio 10.35%

It is estimated that \$157 million is needed to bring Council's to an acceptable condition. This will need to be addressed by improving Council's financial position.