

## 9.1. Quarterly Budget Review 3 - March 2026

<b>AUTHOR</b>	Lu Chen, Financial Controller
<b>ENDORSED BY</b>	Olena Tulubinska, Director Corporate Services
<b>ATTACHMENTS</b>	1. Data return [9.1.1 - 5 pages] 2. Statement by Responsible Accounting Officer - Mar 2026 [9.1.2 - 1 page]
<b>CSP LINK</b>	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

### PURPOSE:

The purpose of this report is to present North Sydney Council's Quarterly Budget Review Statement (QBR3) for the quarter ended March 2026, in accordance with the requirements of the Office of Local Government (OLG) Quarterly Budget Review Statement Guidelines (August 2025) and Clause 203 of the Local Government (General) Regulation 2021.

This report provides Council and the community with an update on Council's financial performance and position relative to the adopted 2025-26 Operational Plan and Budget, and to seek Council resolution on adjustments that require on budget revision.

### EXECUTIVE SUMMARY:

- The QBR 3 budget review results in an overall net favourable adjustment of \$2.9m.

The overall improvement is largely attributable to transactions benefiting external reserves and not operational funding (\$2.4m), including higher developer contributions and additional Transport for NSW contributions, together with increased developer contribution related investment income resulting from higher cash balances and interest rates. A non-cash adjustment relating to the reduction in depreciation for NSOP of \$1.1m has also contributed to the improvement.

The General Fund position has deteriorated by \$0.6m, primarily due to reduced advertising income and the removal of NSOP income. This has been partially offset by reductions in expenses.

- The proposed changes to the budget result in a net operating deficit before Capital Grants and Contributions of \$3.80m. After excluding Domestic Waste Services from the General Fund, the Operating Deficit is \$6.69m. Taking into account principal loan repayments of \$0.6m and required interest transfers of \$3.67m to external reserves, this results in a deficit of \$10.96m in available annual infrastructure renewal funding based upon a minimum benchmark of 100% depreciation.
  - **Income** is \$1.03m lower, primarily due to the removal of NSOP-related revenue (user charges and tenancy income) and reduced advertising income. This is partially offset by stronger interest and investment income, and improved performance in selected fees (e.g. hoarding permits and inspections).

- **Expenses** are \$3.95m lower, largely reflecting the delayed reopening of NSOP, which has reduced employee costs and depreciation. Additional savings arise from workforce adjustments, with some costs reallocated to contractors.
  - The net outcome reflects timing impacts rather than structural changes, with NSOP-related delays being the primary driver across both income and expenditure.
- **Increase in capital grants and contributions:** Capital grants increased by \$0.07m, with corresponding increase in capital expenditure \$0.05m, as the some of the additional funding relates to existing capital projects. Developer contributions increased by \$1.06m, reflecting actual receipts and current trends. These contributions are restricted and can only be applied to their designated purposes.
  - **Cash and investment and externally restricted funds:** Cash, cash equivalents and investments are forecast at \$130.13m, representing an increase of \$4.38m compared to the December projection. This balance comprises \$92.72m in externally restricted funds, \$29.47m in internally restricted funds, and \$7.93m in unrestricted funds – which does not meet policy targets for liquidity.
  - Council continues to implement productivity and financial improvement measures, including managing staffing levels and deferring non-essential expenditure. While the current year position is considered manageable, emerging risks such as fuel price volatility and ongoing economic uncertainty may place additional pressure on future budgets.

**RECOMMENDATION:**

1. **THAT** Council adopt the Quarterly Budget Review Statement 3 – March 2026 report in accordance with clause 203 of the Local Government (General) Regulation 2021.
2. **THAT** Council endorse the budget adjustments in this report.

## Background

Under Clause 203 of the Local Government (General) Regulation 2021, councils must review their financial performance at the end of each quarter and present the results to a Council meeting within two months.

The Office of Local Government (OLG) has updated its guidelines and provided a standardised reporting format in the August 2025 issue. This includes template for the information that the Quarterly Budget Review Statement should include.

The review must include:

- a QBRS Financial Overview – providing a one-page snapshot of how Council is performing at the end of the quarter
- Income and Expenses Budget Review Statement
- Capital Budget Review Statement
- Cash and Investments Budget Review Statement
- Summary of Developer Contributions, and
- a report from the Responsible Accounting Officer (RAO) stating whether the RAO believes Council's financial position is satisfactory, and if not, what recommendations should be implemented.

The guidelines have been developed to ensure council staff report clearly and consistently to their councillors and communities, and in a manner that provides relevant and easy to read financial information.

The attached QBRS statement is prepared based on the OLG requirements.

## Report

Following community engagement undertaken between August and December 2025, as part of the *North Sydney – Towards a Sustainable Future* program, there was a clear and consistent preference from the community to maintain existing service levels and avoid the sale of Council assets. The community expressed a stronger willingness to consider increases in fees and charges, including rates, rather than reductions in service delivery or divestment of investment properties. In response to this feedback, Council revised its financial repair strategy at the September 2025 Quarterly Budget Review to exclude service reductions and instead focus on productivity improvements, cost containment, and revenue enhancement measures and updated its *Long-Term Financial Plan 2026-2036*.

On 2 February 2026, Council submitted a Special Variation (SV) application to IPART, seeking approval for a rate increase above the statutory rate peg over the next three years. The outcome of this application remains pending at the time of preparing this report and introduces a level of uncertainty in Council's forward revenue projections. The extent of the approved variation, if any, will have a direct impact on Council's ability to achieve financial sustainability targets, maintain service levels, and fund its capital program.

In addition, external economic factors continue to present risks to Council's financial position. On 21 April 2026, the Fair Work Commission issued the Road Transport Contractual

Chain Order - Fuel Cost Recovery - 2026 (the Order), which introduces mandatory provisions allowing transport contractors to pass through fuel cost increases, including under existing fixed-price contract arrangements. This Order is expected to affect a range of Council services that rely on transport and logistics, including waste collection, civil works, and materials transport. As a result, Council may be subject to increased contract costs during the financial year, placing additional pressure on operating expenditure. At the time of preparing this report, the financial impact of fuel-related contract adjustments could not be quantified, as negotiations with affected suppliers are still in progress.

These factors, combined with broader economic volatility contribute to ongoing uncertainty in Council's financial outlook. Accordingly, Council continues to implement liquidity management measures, including expenditure controls and staffing constraints, while closely monitoring revenue performance and external cost pressures as part of the March 2026 Quarterly Budget Review.

### **Original Budget and Subsequent Revisions**

The full details in relation to September and December QBR can be found in reports 10.3 and 9.1 contained within the business paper for the Ordinary Council meeting held 17 November 2025 and 23 February 2026 separately. The summary is presented below.

#### Operating Income and Expenses

The 2025-26 original budget projected a deficit of \$2.78m before capital grants and contributions, and an operating result from continuing operations of \$10.61m. These results incorporate the productivity and improvement targets set by Council following IPART's rejection of the SV, which were included in the adopted budget.

The original budget included a \$6.0m net result improvement target, comprising a \$1.0m increase in fees and charges income, a \$1.0m increase in other income, a \$1.0m reduction in employee costs, and a \$3.0m reduction in materials and services.

This budget was adjusted through the September and December Quarterly Budget Review (QBR) process resulting in a forecast deficit of \$5.60m before capital grants and contributions, and an operating result from continuing operations of \$8.48m.

#### Capital Expenditures

The original budget allocated \$52.82m for capital works and the replacement of plant and equipment. This was increased within the September and December QBR to \$60.65m mostly due to carry-forwards from the prior year.

#### Cash Reserves

Cash, cash equivalents, and investments are budgeted at \$118.73m comprising \$82.92m in externally restricted, \$20.27m in internally restricted, and \$15.54m in unrestricted funds. This included the \$6m budget improvement target.

In the September and December QBR, the total cash, cash equivalents, and investments increased to \$125.75m, comprising \$88.41m in externally restricted, \$29.50m in internally restricted, and \$7.84m in unrestricted funds.

### Actual vs Budget YTD March 2026

The following table provides a comparison between actual and budget for revenue and expenditure. This provides a snapshot in time, with variances not indicative of expected year end performance due to timing of revenue and expenditure rather than overall financial performance.

Income Statement - Net Operating Result	YTD Actuals (\$'000)	YTD Budget (\$'000)	YTD Variance (\$'000)	YTD Variance %
Rates and Annual Charges	83,638	83,350	288	0.3%
Users fees and charges	24,769	26,988	- 2,219	-8.2%
Other revenue	8,664	8,867	- 203	-2.3%
Grants and contributions provided for operating purposes	3,243	3,272	- 29	-0.9%
Grants and contributions provided for capital purposes	7,674	7,126	548	7.7%
Interest and investment income	4,683	3,078	1,605	52.1%
Other income	4,033	4,415	- 382	-8.7%
<b>Revenue From Ordinary Activities</b>	<b>136,703</b>	<b>137,095</b>	<b>- 392</b>	<b>-0.3%</b>
<b>Expenses From Continuing Operations</b>				
Employee benefits and on-costs	37,645	39,322	1,677	4.3%
Materials and services	39,126	40,309	1,183	2.9%
Borrowing costs	1,887	1,905	18	0.9%
Depreciation and amortisation	20,272	20,525	252	1.2%
Other expenses	3,834	3,937	103	2.6%
Net losses from the disposal of assets	- 70	208	278	133.7%
<b>Total Expenses from Continuing Operations</b>	<b>102,694</b>	<b>106,205</b>	<b>3,511</b>	<b>3.3%</b>
<b>Operating Result from continuing operations</b>	<b>34,009</b>	<b>30,890</b>	<b>3,119</b>	<b>10.1%</b>
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	<b>26,335</b>	<b>23,764</b>	<b>2,571</b>	<b>10.8%</b>

**Revenue from Ordinary Activities** totals \$136.70m, below the YTD budget by \$0.39m (0.3%). While overall performance is in line with projections, key drivers across individual revenue lines are outlined below:

- **Rates and annual charges** are slightly above budget by \$0.29m, primarily reflecting increases due to supplementary variations, land adjustments, and Domestic Waste Management annual charges.
- Overall, **grants and contributions for capital purposes** are in line with budget with \$0.55m favourable variance. However, YTD capital grant income is \$1.39m lower than expected due to the timing of grant recognition. This is offset by higher-than-anticipated

developer contributions, with additional receipts of \$1.94m recorded during the first nine months.

The recognition of the following grants is timed to the last quarter of the year:

Description	YTD variance (\$000)
Towards Zero Road Safety Program - Fitzroy Street & Jeffreys Street, Kirribilli	250
Towards Zero Road Safety Program – Rosalind Street at Miller Street, North Sydney	250
Federal Road Safety Program – Reynolds Street Cremorne	640
Other grants including Sophia Street, West Street Stage 2 grant, and others	250

- **Grants and contributions (non-capital)** are marginally unfavourable by \$0.03m, largely due to the timing of grant receipts.
- **Other revenue** is unfavourably below YTD budget, largely driven by lower-than-expected advertising income \$0.6m, which is partially offset by compensation received from Transport for NSW \$0.48m for the lease of Cammeray Park and Bradfield Park.

An unfavourable variation of \$600K has been included for advertising revenue. The original budget of \$1 million assumed the installation of new digital advertising boards. The Council report dated 28 April 2025 detailed the challenges Council has faced in realising this income. The original contract and associated income were subject to development approval for digital advertising, which was subsequently not approved due to TFNSW concurrence issues and heritage concerns, with only four approved. Despite an intent by the advertising contractor to relodge development applications, and approval for a two year extension option, new development applications have not been lodged to date. In addition, a number of the target bus shelters are overdue for renewal and scheduled for renewal works in the coming budget. Council staff will review alternate opportunities for advertising income, including but not limited to identifying alternate site locations outside the current contract for consideration. The Long-Term Financial Plan relies on this additional income

- **Interest income** - favourable variance of \$1.61m. It is driven by higher average cash balances held during the period, reflecting the timing of capital works and project expenditure. This has been further supported by increases in the Reserve Bank of Australia cash rate, which have lifted returns on invested funds. The combination of elevated cash balances and higher interest rates has resulted in stronger than expected investment income within Council's policy settings.
- **User fees & Charges** is unfavourable by \$2.22m, the variance primarily related to the reduction in the NSOP (\$1.8m) income due to opening delay and \$0.4m lower than expected plant permits and construction fees. It should be noted that the timing of income from construction zone fees and plant permits varies from month to month and is not proposed to be adjusted in this review.

- **Other Income** is unfavourable to the YTD budget primarily due to the reduced NSOP rental income (\$0.17m) due to the delayed opening and other timing variances.

**Total Expenses from Continuing Operations** are \$102.69m, which is \$3.51m below budget (3.3%).

Key drivers include:

- **Employee benefits and on-costs** are \$1.68m below the YTD budget. The favourable variance is mainly due to the delayed NSOP reopening, timing of workers compensation costs, and ongoing vacancy management as part of Council’s liquidity measures. This is partially offset by contractor costs where some positions have been filled through materials and contracts.

<b>Driver</b>	<b>YTD Variance (\$000)</b>	<b>Commentary</b>
NSOP reopening delay	350	Timing impact on staffing requirements due to postponed reopening.
Positions filled via contractors	460	Savings in employee costs offset by corresponding increase in materials and contracts.
Workers Compensation timing	290	Timing difference in recognition of workers compensation expenses.
Vacancy management / liquidity measures	580	Ongoing approach to hold selected positions vacant to manage cash flow.
<b>Total variance</b>	<b>1,680</b>	Overall favourable to budget.

- **Materials and services expenditure** are \$1.18m below the YTD budget. The favourable variance reflects lower-than-anticipated contractor costs in domestic waste management, timing of expenditures, and individually immaterial savings identified across Council.

During the review, it was identified that potential year-end savings could be achieved across Council through cost savings measures implemented by staff. Some expenses were assessed as having a high likelihood of savings being realised and are proposed to be included in the QBRS adjustment, while others have been noted but remain unadjusted due to uncertainty.

<b>Driver</b>	<b>YTD Variance (\$000)</b>	<b>Commentary</b>
Domestic waste management	620	Lower YTD contractor costs driven by seasonal consumption patterns, with higher activity typically expected in winter.
Achieved savings	140	These savings are proposed as a budget adjustment and were achieved across Council through cost savings measures implemented by staff.

<b>Driver</b>	<b>YTD Variance (\$000)</b>	<b>Commentary</b>
Commercial rental property rental expense savings	160	Delay in rental expenses, which may vary from period to period.
Positive variance due to timing and potential savings	720	Timing delays and potential cost savings across various departments, individually immaterial. No QBRS adjustments proposed due to uncertainty.
Positions filled via contractors	-460	Additional contractor expenditure, offset by savings in employee benefits and on-costs.
<b>Total variance</b>	<b>1,180</b>	Overall favourable to budget.

- **Borrowing costs** are marginally below budget, consistent with the timing of loan drawdowns.
- **Other expenses** are favourable by \$0.10m, primarily due to lower-than-expected emergency service levy during the current financial year, which has led to an adjustment proposed.
- **Depreciation and amortisation** is broadly in line with budget with 1.2% (\$0.2m) variance which is mostly attributable to the NSOP depreciation and estimation variation.
- **Net losses from the disposal of assets** are \$0.28m favourable, primarily due to the timing of the capitalisation of IPPE assets which requires partial disposals.

Overall, year-to-date performance is satisfactory and broadly in line with expectations. Lower-than-anticipated user charges and fees have been largely offset by higher-than-expected interest income, together with savings in employee costs and materials and services expenditure.

The March QBRS will incorporate budget adjustments relating to the delayed commencement of pool operations, reduced advertising income, increased interest income, and other relevant budget adjustments.

## QBR3 March 2026 forecast and adjustments

Following a review of the March YTD actuals against budget, a number of budget adjustments are proposed.

The table below summarises the proposed changes for QBR3, followed by a description of each adjustment.

Income from Continuing Operations	Original Adopted Budget	Adopted budget - Domestic Waste Services	Proposed Adjustments - Domestic Waste Services	Proposed Budget - Domestic Waste Services	Target Improvements (Original Budget)	Productivity and Efficiency Adjustments	September QBR3 1 productivity adjustments	September QBR3 1 Other adjustments	Revised Budget QBR3 1	December QBR3 2 adjustments	Revised Budget QBR3 2	March QBR3 3 adjustments	Proposed Budget QBR3 3	Proposed Budget QBR3 3 (Excluding Domestic Waste Services)
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Income from Continuing Operations</b>														
Rates	64,881	-	-	-			-	-	64,881		64,881	100	64,981	64,981
Annual Charges	18,584	17,927	73	18,000			-	-	18,584		18,584	73	18,657	657
Users fees and charges	38,323	1,402	-	1,402	1,000	719	281	500	37,541	840	36,701	3,337	33,364	31,962
Other revenue*	10,895	-	-	-	1,000	933	67	85	10,913		10,913	0	10,913	10,913
Grants and contributions provided for operating purposes	4,455	-	-	-			-	101	4,556	577	5,134	42	5,175	5,175
Grants and contributions provided for capital purposes	13,387	-	-	-			-	814	14,201	130	14,072	1,129	15,200	15,200
Interest and investment income	3,912	-	-	-			-	-	3,912	1,096	5,007	1,317	6,324	6,324
Other income*	7,571	-	-	-			-	639	6,932		6,932	350	6,582	6,582
<b>Total Income from Continuing Operations</b>	<b>162,007</b>	<b>19,329</b>	<b>73</b>	<b>19,402</b>	<b>2,000</b>	<b>1,652</b>	<b>348</b>	<b>138</b>	<b>161,521</b>	<b>704</b>	<b>162,224</b>	<b>1,027</b>	<b>161,197</b>	<b>141,795</b>
<b>Expenses from Continuing Operations</b>														
Employee benefits and on-costs	57,238	1,406	-	1,406	1,000	1,000	0	794	56,444	489	55,955	2,784	53,171	51,765
Materials and services	54,891	15,103	-	15,103	3,000	753	2,247	906	58,044	467	58,510	38	58,548	43,445
Borrowing costs	2,488	-	-	-			-	-	2,488	68	2,556	-	2,556	2,556
Depreciation and amortisation	31,518	-	-	-		35	35	-	31,483		31,483	1,118	30,365	30,365
Other expenses	4,987	-	-	-		268	268	262	4,981	13	4,968	88	4,880	4,880
Net losses from the disposal of assets	277	-	-	-			-	-	277		277	-	277	277
<b>Total Expenses from Continuing Operations</b>	<b>151,399</b>	<b>16,509</b>	<b>-</b>	<b>16,509</b>	<b>4,000</b>	<b>2,055</b>	<b>1,945</b>	<b>373</b>	<b>153,717</b>	<b>33</b>	<b>153,749</b>	<b>3,953</b>	<b>149,796</b>	<b>133,287</b>
<b>Operating Result from Continuing Operations</b>	<b>10,608</b>	<b>2,820</b>	<b>73</b>	<b>2,893</b>	<b>6,000</b>	<b>3,707</b>	<b>2,293</b>	<b>511</b>	<b>7,804</b>	<b>671</b>	<b>8,475</b>	<b>2,926</b>	<b>11,400</b>	<b>8,507</b>
<b>Net Operating results before capital grants and contributions</b>	<b>2,778</b>	<b>2,820</b>	<b>73</b>	<b>2,893</b>	<b>6,000</b>	<b>3,707</b>	<b>2,293</b>	<b>1,326</b>	<b>6,397</b>	<b>800</b>	<b>5,597</b>	<b>1,797</b>	<b>3,800</b>	<b>6,693</b>

\* The 'Other Income' balance has been reclassified to 'Other Revenue' from its presentation in the budget to reflect accurate classification.

## March 2026 Quarterly budgetary review recommended adjustment

### Income

#### Rates and Annual Charges (+\$173k)

The Rates and Annual Charges budget has been increased by \$173k following a review of year-to-date revenue trends and updated projections for the remainder of the financial year. The adjustment includes additional rates income arising from supplementary valuations and land adjustments, together with higher than anticipated Domestic Waste Management income driven by increased service demand and activity levels.

#### User Charges and Fees (-\$3.338m)

The User Charges and Fees budget has been reduced by \$3.338 million, primarily due to the removal of operating income associated with the delayed reopening of the North Sydney Olympic Pool (NSOP). This unfavourable movement has been partially offset by several positive adjustments across other operational income streams, including higher than anticipated hoarding permit income (\$370k) driven by increased activity levels during the last quarter, improved revenue from the Annual Fire Safety Statement process (\$90k) following operational improvements, and additional income from section 603 certificates (\$23k). In addition, bar takings income at North Sydney Oval has been revised downward (\$141k) reflecting the higher proportion of family-oriented events held during the year, which generally generate lower alcohol-related revenue.

#### Other Revenue (\$0k net movement)

Other Revenue includes a favourable adjustment of \$483k relating to compensation income received from Transport for NSW for lease acquisitions at Cammeray Park and Bradfield Park, together with several other minor favourable income adjustments. These positive movements have been largely offset by a reduction in advertisement income (\$500k).

The original budget of \$1 million assumed the installation of new digital advertising boards. The Council report dated 28 April 2025 detailed the challenges Council has faced in realising this income. The original contract and associated income were subject to development approval for digital advertising, which was subsequently not approved due to TFNSW concurrence issues and heritage concerns, with only four approved. Despite an intent by the advertising contractor to reodge development applications, and approval for a two-year extension option, new development applications have not been lodged to date. In addition, a number of the target bus shelters are overdue for renewal and scheduled for renewal works in the coming budget. Council staff will review alternate opportunities for advertising income, including but not limited to identifying alternate site locations outside the current contract for consideration. The Long-Term Financial Plan relies on this additional income.

### Operating Grants (+\$42k)

Operating grants income has increased by \$42k due to the receipt of additional grant funding for specific programs and initiatives, including bus subsidy funding, library-related programs, Department of Communities and Justice initiatives, and bushfire support funding. As these grants are tied to specific purposes, the associated funding remains externally restricted.

### Capital Grants and Contributions (+\$1.129m)

Capital Grants and Contributions have increased by \$1.129m, primarily reflecting higher than anticipated developer contributions (\$1.156m) received during the reporting period. Additional minor grant adjustments (\$73k) have also been included to align the budget with updated grant agreements and confirmed funding allocations.

### Interest and Investments (+\$1.317m)

Interest and investment income has been revised upward by \$1.317m due to the continued elevated interest rate environment and delays in the delivery of capital works projects, which resulted in higher average cash and investment balances being maintained throughout the period. This amount includes \$770k of externally restricted investment earnings related to developer contributions.

### Other Income – NSOP Tenancy (-\$350k)

Other income has been reduced by \$350k reflecting the removal of tenancy income associated with the North Sydney Olympic Pool due to the delayed reopening of the facility and associated impacts on operational readiness and occupancy timing.

## **Expenses**

### Employee Benefits and On-costs (-\$2.784m)

Employee costs have been reduced by \$2.784m, primarily due to the delayed reopening of NSOP (\$2.323m), resulting in lower staffing requirements and associated on-costs during the current financial year. The adjustment also includes the reallocation of some labour-related expenditure (\$461k) from direct employee costs to contractor expenditure due to the use of contract workforce.

It is anticipated that Council will achieve further year-end savings in Employee Benefits and On-Costs, primarily due to vacancies held during the year given the financial uncertainty. However, no budget adjustment is proposed at this stage, given current recruitment activity, uncertain cost implications of current world events and ongoing service delivery requirements for the remainder of the financial year.

### Materials and Services (+\$38k)

Materials and Services expenditure includes several offsetting adjustments resulting in a net increase of \$38k. This includes an additional \$42k in externally restricted expenditure relating to minor grant-funded programs, including bus subsidy initiatives, library programs, Department of Communities and Justice (DCJ) activities, and bushfire support programs.

A favourable adjustment of \$283k has been recognised following savings measures implemented across Council and a further reduction of \$182k relates to lower gym equipment lease expenses due to the delayed opening of the North Sydney Olympic Pool (NSOP). These savings have been partially offset by a \$461k increase in labour contract costs following the reallocation of expenditure from Employee Costs to Materials and Services to better reflect the nature of the expenditure.

### Other Expenses (-\$89k)

Other expenses have been reduced by \$89k, primarily due to identified savings within the Emergency Services Levy budget following updated expenditure projections and year-to-date review outcomes.

### Depreciation and Amortisation (-\$1.118m)

Depreciation and amortisation expense has been reduced by \$1.118m due to the delayed commissioning and operational commencement of NSOP assets, resulting in deferred depreciation recognition for the current financial year. This adjustment is non-cash in nature and does not impact Council's cash position.

The table below summarises the adjustment recommended to the budget following the March 2026 review.

Category	Adjustment (\$000)	Commentary	Funding source
<b>Income</b>			
Rates	<b>100</b>	Increase following a review of year-to-date results, primarily due to supplementary valuations.	General Fund
Annual Charges	<b>73</b>	due to new properties receiving waste services.	Externally restricted
User Charges & Fees	<b>-3,640</b>	Removal of NSOP income	General Fund
User Charges & Fees	<b>-141</b>	Reduction in bar takings income from North Sydney Oval impacted by higher level of family-oriented events.	General Fund

<b>Category</b>	<b>Adjustment (\$000)</b>	<b>Commentary</b>	<b>Funding source</b>
User Charges & Fees	<b>370</b>	Higher hoarding permit income than expected in the last quarter.	General Fund
User Charges & Fees	<b>90</b>	Improved process for Annual Fire Safety Statement resulting in higher income.	General Fund
User Charges & Fees	<b>23</b>	Increase in income from section 603 certificate.	General Fund
User Charges & Fees	<b>-40</b>	Other minor adjustments	General Fund
Other Revenue	<b>483</b>	Compensation income from Transport for NSW for lease acquisition for Cammeray Park (410k) and Bradfield Park (73k)	Externally restricted
Other Revenue	<b>-500</b>	Reduction in advertisement income.	General Fund
Other Revenue	<b>17</b>	Increase in other minor income items	General Fund
Operating Grants	<b>42</b>	Additional grants (bus subsidy, library programs, DCJ, bushfire support).	Externally restricted
Capital Grants & Contributions	<b>1,056</b>	Increase in developer contributions reflecting higher receipts.	Externally restricted
Capital Grants & Contributions	<b>73</b>	Additional minor grant adjustments to align with grant agreement.	Externally restricted
Interest & Investments	<b>1,317</b>	Higher returns driven by delays in capital works and elevated interest rates. Restricted for developer contributions - \$770k.	General fund/ Externally restricted
Other Income (NSOP tenancy)	<b>-350</b>	Removal of tenancy income due to delayed pool reopening.	General Fund
<b>Total Income</b>	<b>-1,027</b>	<b>Overall reduction in income</b>	
<b>Expenses</b>			
Employee Benefits & On-costs	<b>-2,323</b>	Reduction driven by NSOP delay.	General Fund
Employee Benefits & On-costs	<b>-461</b>	Reallocation to contractors.	General Fund
Materials & Services	<b>42</b>	Additional minor grant-funded project budget (bus	Externally restricted

Category	Adjustment (\$000)	Commentary	Funding source
		subsidy, library programs, DCJ, bushfire support).	
Materials & Services	-283	Budget savings due to savings measures implemented across the council.	General Fund
Materials & Services	461	Labour contracts costs allocated from Employee costs	General Fund
Materials & Services	-182	Reduction in gym equipment lease expense driven by NSOP delay	General Fund
Other expenses	-89	Savings in Emergency Service Levy expense	General Fund
Depreciation and amortisation	-1,118	Depreciation of NSOP	Non-cash
<b>Total Expenses</b>	<b>-3,953</b>	Overall reduction in expenses	
<b>Net Impact</b>	<b>2,926</b>	Overall net favourable adjustment.	

The table below summarises the overall impact of the proposed budget adjustments by funding source. It distinguishes between adjustments that are externally restricted for specific purposes, impacts on Council's unrestricted General Fund operations, and non-cash accounting adjustments that do not affect Council's cash position.

The increase in externally restricted funding of \$2.462 million primarily reflects additional grants, developer contributions, and other income that Council is legally required to use for specific purposes and therefore cannot be redirected to support general operations. Conversely, the reduction in the General Fund position of \$654k represents a decline in Council's unrestricted operating result, reducing the level of capacity available to fund day-to-day services and operational activities.

This breakdown assists in understanding how the overall favourable budget movement of \$2.926 million impacts Council's underlying financial position.

Funding source	Adjustment (\$000)
Externally restricted – only can be used for the specific activities, this is increase from previous period	2,462
General Fund – available to fund day-to-day services and operational activities, this is reduction from the previous period	-654
Non-cash - no impact to the cash movement	1,118
<b>Net Impact</b>	<b>2,926</b>

## NSOP Operations

As mentioned above, due to delayed reopening of NSOP, significant budget adjustments are proposed. The table below summarises year-to-date changes and adjustments proposed.

Income Statement - Net Operating Result	YTD Actuals (\$'000)	YTD Budget (\$'000)	YTD Variance (\$'000)	Current Budget (\$'000)	Proposed Adjustments (\$'000)	Proposed Budget (\$'000)
Rates and Annula Charges	-	-	-	-	-	-
Users fees and charges	-	1,820	1,820	3,640	3,640	-
Other revenue	-	-	-	-	-	-
Grants and contributions provided for operating purposes	-	-	-	-	-	-
Grants and contributions provided for capital purposes	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-
Other income	-	175	175	350	350	-
<b>Revenue From Ordinary Activities</b>	-	<b>1,995</b>	<b>1,995</b>	<b>3,990</b>	<b>3,990</b>	-
<b>Expenses From Continuing Operations</b>						
Employee benefits and on-costs	516	862	346	3,482	2,323	1,159
Materials and services	314	323	10	941	182	759
Borrowing costs	-	-	-	-	-	-
Depreciation and amortisation	56	56	0	1,342	1,118	224
Other expenses	-	-	-	-	-	-
Net losses from the disposal of assets	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>885</b>	<b>1,241</b>	<b>356</b>	<b>5,765</b>	<b>3,624</b>	<b>2,142</b>
<b>Operating Result from continuing operations</b>	-	<b>885</b>	<b>753</b>	<b>1,776</b>	<b>366</b>	<b>2,142</b>
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	-	<b>885</b>	<b>753</b>	<b>1,776</b>	<b>366</b>	<b>2,142</b>

Council receives monthly reports outlining the status of the NSOP redevelopment, along with adjustments to timing and budget. To date, no adjustment has been made to the \$122 million capital budget since November 2024. However, the timing of the reopening has shifted over time due to delays in practical completion being achieved. It is now anticipated that the facility will reopen in the new financial year. With the pre-opening development of recruitment, onboarding and training of new workforce, systems, procedures, and policies commencing this financial year – this will have an impact on the operational budget for 2025-26. It will be recommended that:

- all income be removed from the budget, reflective of the reopening occurring next financial year;
- other income be removed from the budget, reflective of the tenancies commencing next financial year;
- employee benefits and oncosts be reduced by \$2.3m, retaining \$1.1m for the planning and development of the new business unit prior to opening;
- materials and contracts be reduced by \$0.2m, reflective of the timing of equipment lease and reopening of the facility; and
- depreciation be reduced by \$1.12m, reflective of the timing of the project being complete.

## Capital Budget

The capital budget is increased by \$0.05m due to the capital expense adjustments to align with the grant income.

Description	Amount \$000
Towards Zero Road Safety Program – Fitzroy Street & Jeffreys Street, Kirribilli Amount updated to align with grant agreement	49,500

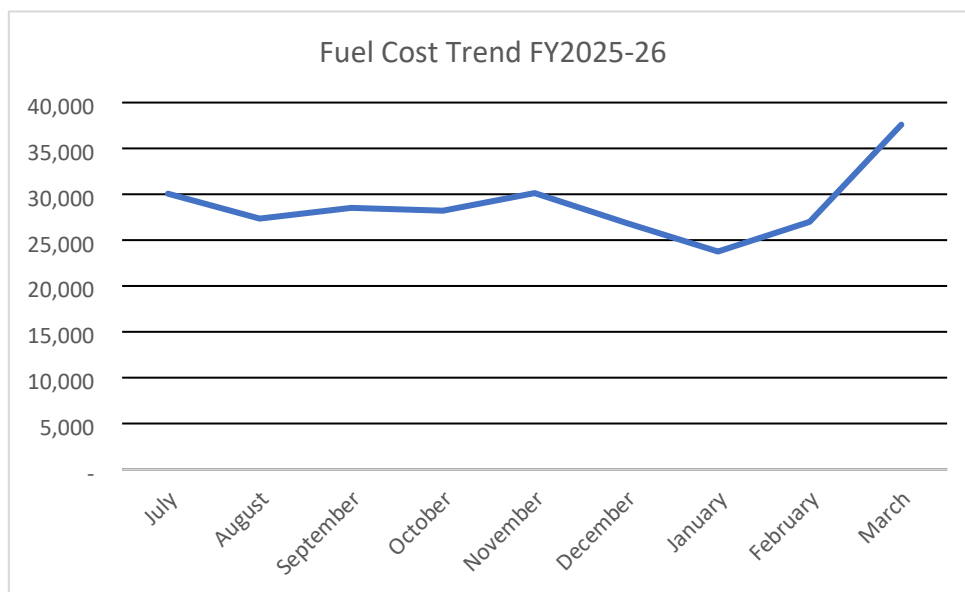
Other capital expenditure remains unchanged at this stage. However, due to operational requirements and projected delivery timeframes, it is likely that some projects will be deferred to the next financial year. A number of projects are currently in the planning, design, or procurement stages, and are expected to proceed. The approach taken was not to reduce the current year's budget, but instead to review project progress at year-end and identify those projects that will need to be carried forward into the next financial year.

## Fuel Price Volatility and Budget Impact

Recent developments in the Middle East have introduced heightened volatility in global fuel markets, with potential flow-on impacts to domestic fuel prices. Given Council's exposure to fuel costs through its operations and contracted services, these external factors may place upward pressure on expenditure in the current financial year.

Council's direct fuel consumption is relatively low in value. However, the primary financial impact of fuel price increases is expected to arise through contracted services.

The chart below illustrates the monthly fuel cost trend for FY2025–26 from July to March. Council's direct fuel consumptions are relatively low value.



Fuel costs have remained relatively stable throughout the year, averaging approximately \$28k per month from July to February, with only moderate fluctuations observed. A notable increase is evident in March, where costs rise by 39% to approximately \$38k, representing the highest monthly expenditure in the period and a clear deviation from the prior trend. This late-year spike indicates emerging upward pressure on fuel prices.

Most contracts include CPI-based variation clauses. In response to the Order, the Domestic Waste Management contract has been identified as requiring adjustment in accordance with the prescribed formula. The remaining contracts are subject to discretionary review and will be assessed by Council on a case-by-case basis. A framework has been established to evaluate all fuel-related variation requests. The interim framework separates potential compliance matters from discretionary commercial requests, requires standard forms and evidence, routes all claims through a consistent review and approval process, and notes that contract-level exposure analysis is still being compiled. This will allow Council to avoid ad hoc decisions, preserve service continuity where justified, and reduce compliance, budget and precedent risk. The framework also includes reporting and monitoring by Executive Leadership Team and periodic reporting to Council.

Any additional costs associated with fuel increases under the Domestic Waste Management contract will be funded from the Domestic Waste Reserve. For all other non-Order-related increases, Council will manage the impact as a cost containment measure by reviewing service utilisation and procuring services within the available budget. This could be supported by overall savings in materials and services, as well as delays in the delivery of certain projects, which provide some capacity to absorb the increased costs over the remaining three months of the financial year.

However, there remains a risk that sustained fuel price increases, particularly if geopolitical tensions in the Middle East persist, could have a more pronounced impact on the FY2026/27 budget. This will require ongoing monitoring and may need to be considered as part of future budget planning assumptions.

### Cash Reserves

Cash, cash equivalents and investments are forecasted at \$129m, representing an increase of \$3.3m compared to the December projection. This balance comprises \$92.3m in externally restricted funds, \$29.47m in internally restricted funds, and \$7.2m in unrestricted funds. Despite the overall positive result in the income statement, most of the favourable additional income is externally restricted. The March QBRS adjustments will result in a \$0.6m reduction in unrestricted cash.

Council's *Restricted Reserves Policy* requires a minimum unrestricted cash balance equivalent to one month of operating expenses, plus loan repayments, excluding operating expenses related to domestic waste. Based on the adopted budget, this requirement is \$11m.

The current forecast unrestricted cash balance of \$7.2m is below this threshold.

The OLG Data Return provides a limited level of detail for reserve accounts. Accordingly, a detailed breakdown of the projected reserve balances as at 30 June 2026 is presented below.

<b>Reserve Description</b>	<b>QBR2 – December 2025 \$</b>	<b>Projected Balance \$</b>
<b>External reserves</b>		
Other specific purpose contributions	1,997,762	1,997,762
Developer contributions	61,703,487	63,536,709
Specific purpose grants	5,441,393	5,464,392
Unexpended Special Rates	139,461	212,148
Domestic waste management	17,617,332	17,690,332
Stormwater management charges	540	540
*Bradfield Park TfNSW Lease Reserve	857,844	857,844
*Camberay Park TfNSW Lease Reserve	650,142	1,060,142
Victoria Cross TfNSW Reserve	-	1,500,000
<b>Total External Reserves</b>	<b>88,407,961</b>	<b>92,718,869</b>
<b>Internal reserves</b>		
Project carry-forward balances	-	-
Income Producing Projects	498,000	498,000
I.T. hardware and software	-	-
Plant and vehicle replacement	2,907,797	2,907,797
Deposits, retentions, and bonds	15,865,497	15,865,497
Employees leave entitlement	7,127,000	7,127,000
Community Housing - Capital Purchases	1,010,000	1,010,000
Community Housing - Major Maintenance	491,000	491,000
Financial Assistance Grant	1,284,000	1,284,000
Kirribilli Neighbourhood Centre Reserve	77,250	47,250
Crows Nest Centre Reserve	240,505	240,505
<b>Total Internal Reserves</b>	<b>29,501,049</b>	<b>29,471,049</b>

\* These reserves have been reclassified from internal restrictions to external restrictions since the original budget.

### **Overall Financial Position**

The proposed changes to the budget result in a net operating deficit before Capital Grants and Contributions of \$3.80m. After excluding Domestic Waste Services from the General Fund, the Operating Deficit is \$6.69m.

Taking into account principal loan repayments of \$0.6m and required interest transfers of \$3.67m to external reserves, this results in a deficit of \$10.96m in available annual infrastructure renewal funding based upon a minimum benchmark of 100% depreciation.

The asset renewal ratio remains significantly below the depreciation level, indicating that assets are not being renewed at the rate required to maintain their service potential, nor is funding put aside in reserve for this purpose. This trend will continue to impact intergenerational equity. This reinforces the need for additional and sustainable funding sources to address both operating shortfalls and long-term asset renewal requirements.

The March Quarterly Budget Review reflects a number of offsetting movements. The delayed reopening of NSOP has reduced both operating income and expenditure, while higher interest income, additional grants and contributions have partially mitigated the impact.

Council's externally restricted cash and investment position has improved compared to the December projection, primarily due to delays in capital expenditure and the receipt of additional grants and contributions. However, the unrestricted cash balance has declined by \$0.6m.

Council continues to implement productivity and financial improvement measures, including managing staffing levels and deferring non-essential expenditure. While the current year position is considered manageable, emerging risks such as fuel price volatility and ongoing economic uncertainty may place additional pressure on future budgets.

Consistent with previous quarters, the underlying financial position remains constrained, with structural operating deficits and asset renewal requirements continuing to present long-term challenges. Ongoing financial discipline and consideration of sustainable funding options will be required to support Council's financial sustainability.

### **Consultation requirements**

Community engagement is not required.

### **Financial/Resource Implications**

The proposed changes to the budget result in a net operating deficit before Capital Grants and Contributions of \$3.80m. After excluding Domestic Waste Services from the General Fund, the Operating Deficit is \$6.69m.

Council continues to operate with reduced or temporary contract staff in a number of areas due to financial uncertainty. This reduction in resourcing increases organisational, compliance and delivery risks.

### **Legislation**

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

The Quarterly Budget Review Statement Guidelines have been issued under section 203 (3) of the Local Government (General) regulations 2021. This means that it is mandatory that all NSW Councils comply with the Guidelines.

QBRs FINANCIAL OVERVIEW											
North Sydney Council											
Budget review for the quarter ended 31/03/26											
DESCRIPTION	Previous Year	Current Year Original	Approved Changes	Approved Changes	Approved Changes	Revised	Recommended changes	Projected Year End (PYE)	VARIANCE	ACTUAL YTD	
	Actual 2024/25 \$000's	Budget 2025/26 \$000's	Review Q 1 \$000's	Review Q 2 \$000's	Review Q 3 \$000's	Budget \$000's	for council resolution \$000's	Result 2025/26 \$000's	ORIGINAL budget v PYE 2025/26 \$000's	2025/26 \$000's	
Net Operating Result before grants and contributions provided for capital purposes	General Fund	1,268	-2,778	-3,619	800	0	-5,597	1,797	-3,800	-1,022	26,336
	Water Fund	0	0	0	0	0	0	0	0	0	0
	Sewer Fund	0	0	0	0	0	0	0	0	0	0
	Consolidated	1,268	-2,778	-3,619	800	0	-5,597	1,797	-3,800	-1,022	26,336
Operating Result from continuing operations (with capital grants and contributions) excluding depreciation, amortisation and impairment of non financial assets	<b>Consolidated</b>	<b>45,588</b>	<b>42,127</b>	<b>-2,840</b>	<b>670</b>	<b>0</b>	<b>39,957</b>	<b>1,808</b>	<b>41,765</b>	<b>-362</b>	<b>54,282</b>
Borrowings	Total borrowings	50,578	56,406	0	0		56,406	0	56,406	0	57,636
Liquidity	External restrictions	102,494	82,919	5,557	-68	0	88,408	3,911	92,319	9,400	113,619
	Internal Allocations	30,760	20,264	9,237	0	0	29,501	-30	29,471	9,207	31,587
	Unallocated	8,188	15,544	-8,201	498	0	7,841	-623	7,218	-8,326	21,011
	<b>Total Cash, Cash Equivalents and Investments</b>	<b>141,442</b>	<b>118,727</b>	<b>6,593</b>	<b>430</b>	<b>0</b>	<b>125,750</b>	<b>3,258</b>	<b>129,008</b>	<b>10,281</b>	<b>166,217</b>
Capital	Capital Funding	40,661	52,819	7,588	241	0	60,648	50	60,698	7,879	24,989
	Capital Expenditure	40,661	52,819	7,588	241	0	60,648	50	60,698	7,879	24,989
	<b>Net Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Opening Balance As at 1 July 2025 \$000's	Total Cash Contributions Received As at this Q \$000's	Total Interest Earned As at this Q \$000's	Total Expended As at this Q \$000's	Total Internal Borrowings (to)/from As at this Q \$000's	Held as Restricted Asset As at this Q \$000's	Cumulative balance of internal borrowings (to)/from As at this Q \$000's
Developer Contribution							
Total Developer Contributions	52,366	7,519	1,747	300	0	61,332	0

**Income and Expenses Budget Review Statement**  
**North Sydney Council**  
**Budget review for the quarter ended 31/03/2026**  
**General Fund**

Description	Previous Year	Current Year Original	Approved Changes	Approved Changes	Approved Changes	Revised	Recommended changes	Projected Year End (PYE)	VARIANCE	ACTUAL YTD
	Actual 2024/25 \$000's	Budget 2025/26 \$000's	Review Q 1 \$000's	Review Q 2 \$000's	Review Q 3 \$000's	Budget \$000's	for council resolution \$000's	Result 2025/26 \$000's	ORIGINAL budget v PYE 2025/26 \$000's	2025/26 \$000's
<b>INCOME</b>										
Rates and Annual Charges	79,820	83,465	0	0		83,465	173	83,638	173	83,638
User Charges and Fees	30,734	38,323	-781	-840		36,702	-3,337	33,365	-4,958	24,769
Other Revenue	13,967	10,895	18	1,000		11,913	0	11,913	1,018	8,664
Grants and Contributions - Operating	4,869	4,455	101	577		5,133	42	5,175	720	3,243
Grants and Contributions - Capital	13,909	13,387	814	-130		14,071	1,129	15,200	1,813	7,674
Interest and Investment Income	5,759	3,912	0	1,096		5,008	1,317	6,325	2,413	4,683
Other Income	5,522	7,571	-639	-1,000		5,932	-350	5,582	-1,989	4,033
Net gain from disposal of assets	0	0	0	0		0	0	0	0	0
<b>Total Income from continuing operations</b>	<b>154,580</b>	<b>162,008</b>	<b>-487</b>	<b>703</b>	<b>0</b>	<b>162,224</b>	<b>-1,026</b>	<b>161,198</b>	<b>-810</b>	<b>136,704</b>
<b>EXPENSES</b>										
Employee benefits and on-costs	48,080	57,238	-794	-489		55,955	-2,784	53,171	-4,067	37,645
Materials & Services	52,555	54,891	3,153	467		58,511	38	58,549	3,658	39,126
Borrowing Costs	2,365	2,488	0	68		2,556	0	2,556	68	1,887
Other Expenses	5,109	4,987	-6	-13		4,968	-88	4,880	-107	3,834
Net Loss from Disposal of Assets	883	277	0	0		277	0	277	0	-70
<b>Total Expenses from continuing operations excluding depreciation, amortisation and impairment of non financial assets</b>	<b>108,992</b>	<b>119,881</b>	<b>2,353</b>	<b>33</b>	<b>0</b>	<b>122,267</b>	<b>-2,834</b>	<b>119,433</b>	<b>-448</b>	<b>82,422</b>
<b>Operating Result from continuing operations excluding depreciation, amortisation and impairment of non financial assets</b>	<b>45,588</b>	<b>42,127</b>	<b>-2,840</b>	<b>670</b>	<b>0</b>	<b>39,957</b>	<b>1,808</b>	<b>41,765</b>	<b>-362</b>	<b>54,282</b>
Depreciation, amortisation and impairment of non financial assets	30,411	31,518	-35	0		31,483	-1,118	30,365	-1,153	20,272
<b>Operating result from continuing Operations</b>	<b>15,177</b>	<b>10,609</b>	<b>-2,805</b>	<b>670</b>	<b>0</b>	<b>8,474</b>	<b>2,926</b>	<b>11,400</b>	<b>791</b>	<b>34,010</b>
<b>Net Operating Result before grants and contributions provided for capital purposes</b>	<b>1,268</b>	<b>-2,778</b>	<b>-3,619</b>	<b>800</b>	<b>0</b>	<b>-5,597</b>	<b>1,797</b>	<b>-3,800</b>	<b>-1,022</b>	<b>26,336</b>

Capital Budget Review Statement North Sydney Council										
Budget review for the quarter ended 31/03/2026										
Description	Previous Year	Current Year Original	Approved Changes	Approved Changes	Approved Changes	Revised	Recommended changes	Projected Year End (PYE)	VARIANCE	ACTUAL YTD
	Actual 2024/25 \$000's	Budget 2025/26 \$000's	Review Q 1 \$000's	Review Q 2 \$000's	Review Q 3 \$000's	Budget \$000's	for council resolution \$000's	Result 2025/26 \$000's	ORIGINAL budget v PYE 2025/26 \$000's	2025/26 \$000's
<b>CAPITAL FUNDING</b>										
Rates & other untied funding	13,881	14,156	0	302		14,458	0	14,458	302	14,051
Capital Grants & Contributions	2,852	2,542	0	0		2,542	0	2,542	0	3,089
Reserves - External Restrictions	10,040	36,121	5,115	-74		41,162	50	41,212	5,091	7,694
Reserves - Internally Allocated	5,710	0	2,473	13		2,486	0	2,486	2,486	155
New Loans	8,178	0	0	0		0	0	0	0	0
Proceeds from sale of assets	0	0	0	0		0	0	0	0	0
Other	0	0	0	0		0	0	0	0	0
<b>Total Capital Funding</b>	<b>40,661</b>	<b>52,819</b>	<b>7,588</b>	<b>241</b>	<b>0</b>	<b>60,648</b>	<b>50</b>	<b>60,698</b>	<b>7,879</b>	<b>24,989</b>
<b>CAPITAL EXPENDITURE</b>										
WIP	20,081	0	0	0		0	0	0	0	0
New Assets	3,318	37,623	5,306	-86		42,843	50	42,893	5,270	10,783
Asset Renewal	17,262	15,196	2,282	327		17,805	0	17,805	2,609	14,206
Other	0	0	0	0		0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>40,661</b>	<b>52,819</b>	<b>7,588</b>	<b>241</b>	<b>0</b>	<b>60,648</b>	<b>50</b>	<b>60,698</b>	<b>7,879</b>	<b>24,989</b>
<b>Net Capital Funding - Surplus /(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Cash and Investments Budget Review Statement										
North Sydney Council										
Budget review for the quarter ended 31/03/2026										
Description	Previous Year	Current Year Original	Approved Changes	Approved Changes	Approved Changes	Revised	Recommended changes	Projected Year End (PYE)	VARIANCE	ACTUAL YTD
	Actual 2024/25 \$000's	Budget 2025/26 \$000's	Review Q 1 \$000's	Review Q 2 \$000's	Review Q 3 \$000's	Budget \$000's	for council resolution \$000's	Result 2025/26 \$000's	ORIGINAL budget v PYE 2025/26 \$000's	2025/26 \$000's
<b>Total Cash, Cash Equivalents &amp; Investments</b>	141,442	118,727	6,593	430		125,750	3,258	129,008	10,281	166,217
<b>EXTERNALLY RESTRICTED</b>										
Water Fund	0	0	0	0		0	0	0	0	0
Sewer Fund	0	0	0	0		0	0	0	0	0
Developer contributions - <i>General</i>	52,366	57,801	3,971	-68		61,704	1,832	63,536	5,735	61,335
Developer contributions - <i>Water</i>	0	0	0	0		0	0	0	0	0
Developer contributions - <i>Sewer</i>	0	0	0	0		0	0	0	0	0
*Transport for NSW Contributions	0	0	0	0		0	1,500	1,500	1,500	1,500
Domestic waste management	15,544	17,261	356	0		17,617	73	17,690	429	19,533
Stormwater management	84	0	0	0		0	0	0	0	146
*Other	34,500	7,857	1,230	0		9,087	506	9,593	1,736	31,105
<b>Total Externally Restricted</b>	<b>102,494</b>	<b>82,919</b>	<b>5,557</b>	<b>-68</b>	<b>0</b>	<b>88,408</b>	<b>3,911</b>	<b>92,319</b>	<b>9,400</b>	<b>113,619</b>
<b>Cash, cash equivalents &amp; investments not subject to external restrictions</b>	<b>38,948</b>	<b>35,808</b>	<b>1,036</b>	<b>498</b>	<b>0</b>	<b>37,342</b>	<b>-653</b>	<b>36,689</b>	<b>881</b>	<b>52,598</b>
<b>INTERNAL ALLOCATIONS</b>										
Employee entitlements	7,127	7,127	0	0		7,127	0	7,127	0	7,127
Deposits, retentions and bonds	14,969	13,137	2,728	0		15,865	0	15,865	2,728	16,924
Project carry-forward balances	2,459	0	-14	14		0	0	0	0	31
Plant and vehicle replacement	2,922	0	2,922	-14		2,908	0	2,908	2,908	4,256
Financial Assistance Grant	1,284	0	1,284	0		1,284	0	1,284	1,284	0
Community Housing - Capital Purchases	1,010	0	1,010	0		1,010	0	1,010	1,010	1,010
*Other	989	0	1,307	0		1,307	-30	1,277	1,277	2,239
<b>Total Internally Allocated</b>	<b>30,760</b>	<b>20,264</b>	<b>9,237</b>	<b>0</b>	<b>0</b>	<b>29,501</b>	<b>-30</b>	<b>29,471</b>	<b>9,207</b>	<b>31,587</b>
<b>Unallocated</b>	<b>8,188</b>	<b>15,544</b>	<b>-8,201</b>	<b>498</b>	<b>0</b>	<b>7,841</b>	<b>-623</b>	<b>7,218</b>	<b>-8,326</b>	<b>21,011</b>

\*These reserves have been reclassified within external restrictions or from internal restrictions to external restrictions since the original budget.

Developer Contributions Summary																						
North Sydney Council																						
Budget review for the quarter ended 31/03/2026																						
Purpose	Opening Balance As at 1 July 2025 \$000's	Developer Contributions Received									Interest Earned Q1 \$000's	Interest Earned Q2 \$000's	Interest Earned Q3 \$000's	Monetary Amounts Expended Q1 \$000's	Monetary Amounts Expended Q2 \$000's	Monetary Amounts Expended Q3 \$000's	Internal Borrowings (to)/from Q1 \$000's	Internal Borrowings (to)/from Q2 \$000's	Internal Borrowings (to)/from Q3 \$000's	Held as Restricted Asset As at this Q \$000's	Cumulative balance of internal borrowings (to)/from As at this Q \$000's	
		Cash	Cash	Cash	Non-Cash Land	Non-Cash Land	Non-Cash Land	Non-Cash Other	Non-Cash Other	Non-Cash Other												
		Q1 \$000's	Q2 \$000's	Q3 \$000's	Q1 \$000's	Q2 \$000's	Q3 \$000's	Q1 \$000's	Q2 \$000's	Q3 \$000's												
Drainage																					0	
Roads																					0	
Traffic facilities																					0	
Parking																					0	
Open space	12,423	1,354	70	1,026	0	0	0	0	0	0	266	269	278	24	211	65	0	0	0		15,386	0
Community facilities	4,866	175	9	106	0	0	0	0	0	0	61	62	64	0	0	0	0	0	0		5,343	0
Other	15,097	51	3	46	0	0	0	0	0	0	13	13	15	0	0	0	0	0	0		15,238	0
<b>Total S7.11 Under plans</b>	<b>32,386</b>	<b>1,580</b>	<b>82</b>	<b>1,178</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>340</b>	<b>344</b>	<b>357</b>	<b>24</b>	<b>211</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>35,967</b>	<b>0</b>
S7.11 Not under plans																					0	
S7.12 Levies	8,697	696	923	580	0	0	0	0	0	0	93	95	112	0	0	0	0	0	0		11,196	0
S7.4 Planning agreements	11,283	1,998	482	0	0	0	0	0	0	0	133	135	138	0	0	0	0	0	0		14,169	0
S64 Contributions																					0	
Other																					0	
<b>Total Developer Contributions</b>	<b>52,366</b>	<b>4,274</b>	<b>1,487</b>	<b>1,758</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>566</b>	<b>574</b>	<b>607</b>	<b>24</b>	<b>211</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>61,332</b>	<b>0</b>

## **Statement by Responsible Accounting Officer**

**(Clause 203(2) of the Local Government (General) Regulation 2021)**

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

It is my opinion that the Quarterly Budget Review Statement for North Sydney Council for the quarter ended 31 March 2026 indicates that Council's projected financial position at 30 June 2026 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

The operating deficit improved this quarter, primarily due to higher interest income, additional capital contributions received and savings in expenditure due to delayed reopening of North Sydney Olympic Pool ("NSOP"). However, these favourable movements were partially offset by removal of NSOP operating income budget due to the delay in reopening. Performance for the period to date remains favourable, largely attributable to timing differences. Notwithstanding this result, the underlying operating deficit and the ongoing asset renewal backlog continue to raise concerns regarding long-term financial sustainability.

### **Remedial Action:**

Council has applied to IPART for sustainable funding to address persistent deficits and the asset renewal backlog. Management continues to pursue liquidity measures, including holding staff vacancies and utilizing contract labour for flexibility.

Name: Aigul Utegenova

Date: **06/05/2026**