

# ADDENDUM

## GOVERNANCE COMMITTEE MEETING

18 March 2025

## ADDENDUM ITEMS

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### **Budget Committee**

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**ITEM 05**

**MOU - National Intermodal Company Ltd**

<b>Strategic Objective</b>	Visionary, Leading, Responsible Ensure Council is accountable and financially sustainable through the strategic management of assets and resources
<b>File Ref</b>	079107.2025
<b>Report By</b>	Vishwa Nadan - Chief Financial Officer
<b>Approved By</b>	Farooq Portelli - Director Corporate Support

**EXECUTIVE SUMMARY**

This report is provided as a place holder for a joint presentation on the day of meeting.

**RECOMMENDATION**

That the Governance Committee:

1. Note the content of the presentation.
2. Recommends that Council reverse its decision to internally restrict any balance of unspent funds.

**REPORT**

At its meeting on 26 February 2025, Council considered a report on status of Councils efforts to get a Memorandum of Understanding (MoU) with National Intermodal Company Ltd in relation to payment of rates equivalent ex-gratia payments.

Council did not make any resolution but asked for a briefing on the matter at its next meeting.

A joint presentation will be made at the meeting by the A/CEO, Director Corporate Services and Chief Financial Officer.

**ATTACHMENTS**

Nil

**ITEM 06**

**Budget FY 2025/26 Information: Council Activity Report**

<b>Strategic Objective</b>	Visionary, Leading, Responsible Ensure Council is accountable and financially sustainable through the strategic management of assets and resources
<b>File Ref</b>	083459.2025
<b>Report By</b>	Vishwa Nadan - Chief Financial Officer
<b>Approved By</b>	Farooq Portelli - Director Corporate Support

**EXECUTIVE SUMMARY**

Councillors need information on council investment in its various activities and projects to help them better understand the operations of Council, the impact on the budget and to make informed decisions regarding allocation of financial resources.

Attached report provides Council activities/ projects under each directorate. For comparison, the report also provides past three years of net cost of services data. This is an opportunity to Councillors to identify any changes to activities/ projects and related investment of financial resources.

**RECOMMENDATION**

That the Governance Committee:

1. Receives and notes the report.
2. Considers for the purpose of identifying priority allocation, where investment in activities/projects should be considered in preparing the 2025/26 budget and Long Term Financial Plan (LTFP).

**REPORT**

Councillors need information on council investment in its various activities and projects to help them better understand the operations of Council, the impact on the budget and to make informed decisions regarding allocation of financial resources.

At its last month's meeting, the Governance Committee members were provided a report listing all projects/ activities Council undertakes, including income and expenditure for each of these activities. The net investment in these activities was based on 2024/25 revised Q2 budget.

Staff have now modelled first cut of 2025/26 budget, using 2024/25 revised budget as a base and adjusting for known changes.

A/CEO has instructed all Directors to review their budgets in detail. This version of the budget will be subject to changes that will come out of these reviews.

Attached report provides Council activities/ projects under each directorate. For comparison, the report also provides past three years of net cost of services data. This is an opportunity to Councillors to identify any changes to activities/ projects and related investment of financial resources.

## **ATTACHMENTS**

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1. FY 2025/26 - Budget Activity Report























Liverpool City Council
2024/25 Revised Budget - Projects by Directorate
For the period 1 July 2024 to 30 June 2025

Table with columns: Group / SDU, Project, Project Description, 2022-23 Annual Actual, 2023-24 Annual Actual, 2024-25 Revised Q2 Budget, 2025-26 Draft Budget, Rates & Annual Charges, Operating Grants, User Charges & Other Revenues, Total Revenue, Employee Costs, Other Expenses, Depreciation & Revaluation, Total Expenses, Net Cost of Services. Rows include various project descriptions like Open Space (P4), Rain Garden (D9), and Property Sales.











Liverpool City Council  
2024/25 Revised Budget - Projects by Directorate  
For the period 1 July 2024 to 30 June 2025

Group / SDU / Project / Project Description	2022-23 Annual Actual	2023-24 Annual Actual	2024-25 Revised Q2 Budget	2025-26 Draft Budget	Rates & Annual Charges	Operating Grants	User Charges & Other Revenues	Total Revenue	Employee Costs	Other Expenses	Depreciation & Revaluation	Total Expenses	Net Cost of Services
Total - GLOBAL	318,629	(5,291,834)	129,726,729	137,624,646	139,964,826	10,291,200	9,239,259	159,495,285	(773,632)	(18,357,176)	(2,739,831)	(21,870,639)	137,624,646
<b>TOTAL ALL DIRECTORATES</b>	<b>532,296</b>	<b>(10,958,321)</b>	<b>(5,943,575)</b>	<b>(8,734,551)</b>	<b>201,625,619</b>	<b>23,969,267</b>	<b>60,519,539</b>	<b>286,114,425</b>	<b>(111,131,653)</b>	<b>(125,597,306)</b>	<b>(58,120,017)</b>	<b>(294,848,976)</b>	<b>(8,734,551)</b>

**ITEM 07**

**Finance Report - February 2025**

<b>Strategic Objective</b>	Visionary, Leading, Responsible Ensure Council is accountable and financially sustainable through the strategic management of assets and resources
<b>File Ref</b>	081948.2025
<b>Report By</b>	Vishwa Nadan - Chief Financial Officer
<b>Approved By</b>	Farooq Portelli - Director Corporate Support

**EXECUTIVE SUMMARY**

The report provides an update on Council's budget performance to February 2025.

The Governance Committee members are invited to note:

- further changes to income and expenditure budgets;
- that the 2024/25-year end net cost of services (NCOS) position is now projected at a deficit \$6.7m;
- the current identified risks that can effect both the NCOS and cash reserves
- rates in arrears and debtors outstanding.

**RECOMMENDATION**

That the Governance Committee receives and notes the report.

**REPORT**

**Budget Performance**

In June 2024 the Council adopted its 2024-25 operating budget with estimated revenue of \$417.4 million and expenditure of \$281.2 million. In terms of the net operating result before grants and contributions provided for capital purposes, Council budgeted for a conditional operating surplus of \$2.6 million.

The December Q2 Budget Review resulted in revision of the 30 June 2025 Net Cost of Service (NCOS) position to an operating deficit of \$5.9m. To recap, this result includes:

- Council's decision not to sell the 3 Hoxton Park Road Property which was going to generate \$14m in cash and \$8.4m in profit from sale;
- Budget adjustments identified as part of Q2 budget review; and

- Other resolutions made at its 10 December meeting to improve Councils financial position in order to comply with financial covenants undertakings with NSW Treasury Corporation and commercial banks.

This report provides the Governance Committee a further update on Council budget performance based on 8 months of operations ended 28 February 2025.

	<b>Budget Impact</b>	<b>Comments</b>
DA Fees	-\$800k	Original budget of \$3.5m was revised down to \$2.65m in Q2. Based on YTD performance and estimated determination by 30 June 25, the revenue is projected at \$1.85m
Parking Fines income	-\$500k	Original budget of \$4.1m was revised up to \$4.5m in Q2. Based on YTD performance, revenue is projected at \$4m
Fair Value Increment on Investments	+\$500k	Market dependent, however, YTD result is showing favourable trends.
Overtime Cost	-\$1.5m	Based on YTD, projected to overrun budget
Materials & Contracts	+\$1.5m	Based on YTD, an under-spend is projected
<b>Total</b>	<b>-\$800k</b>	

Management is continuing to review vacancies and further identify savings to achieve target.

### Risks

There are a number of risks being managed which have the potential to change the projected budget result for the 2024/25 financial year. A summary of those risks provided below.

<b>Risk</b>	<b>Budget Impact</b>	<b>Cash Impact</b>	<b>Risk mitigation</b>
1. Built Development do not exercise its call option and commence works adjacent to Liverpool Civic Place. before 30 June 2025.	\$0	-\$7.3m	Council working closely with Built Development to ensure timely completion of actions precedent that will enable the exercise of the call option and payment of rights fees before 30 June 2025.
<b>Risk</b>	<b>Budget Impact</b>	<b>Cash Impact</b>	<b>Risk mitigation</b>
2. Relates to sale of land to Moorebank Sports Club.	-\$2.6m	-\$8.0m	Council is progressing with Moorebank Sports Club to finalise conditions precedent being completed to close the sale by 30 June 2025.
3. Estimated cost of untaken (and previously lost) flex leave at the end of June.	-\$3.0m	-\$3.0m	Council is in arbitration with the USU on the lost flex time matter. The cost of untaken leave at the end of June could be higher as a result.

<p>4. Net Loss from Disposal of Assets – As part of the road renewal process, a portion of the road surface is scrapped off and then replaced. The replacement cost is capitalised, however, there is a written down value attached to the portion removed. The cost of write-off depends on the condition of the road at time of renewal and depth of surface removed. Budget includes a provision of \$2.5 million, however, the actual cost to June 2025 is not known.</p>	<p>-\$500k - \$1m</p>	<p>-</p>	<p>Council is continually reviewing and assessing extent of road replacement and subsequent effect on write-offs.</p>
<p>5. FAG Operating Grant – The NSW Grants Commission paid 85% of estimated financial assistance grant for FY 2024/25 in advance. Grants Commission could change its policy position to advance payment for FY2025/26.</p>	<p>++ \$1.5m</p>	<p>--\$1.5m</p>	<p>Minimal action is possible other than keeping in regular contact with OLG to ascertain outcome as soon as possible.</p>
<p>6. Capital gain on FRN's and TCorp investment is subject to market conditions. The projected marked to market gain at 30 June 2025 could be lower than projected.</p>	<p>-\$500k</p>	<p>-</p>	<p>Regular review of market conditions and contact with Council's Investment Advisors to determine likelihood of change and effect on marked to market valuations.</p>

Based on budget adjustments the NCOS at 30 June 2025 is projected at a deficit of \$6.7m.

**Cash Reserves**

At 28 February 2025, Council had \$394.8 million in cash and investments classified as follows:

	28 February 2025	30 June 2024
Externally Restricted Reserves	\$376.4m	\$353.3m
Internally Restricted Reserves	\$25.4m	\$6.9m
Investments in Civic Risk Mutual	\$6.5m	\$6.5m
Unrestricted cash	(\$7.0m)	-



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Total	<b>\$394.8m</b>	<b>\$366.6m</b>
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Should Council not be able to mitigate the risks identified above, there will be an impact on the budget result (NCOS) and cash balance (reserves) at year end. The latter would significantly put at risk Council's ability to meet the financial covenants with commercial banks and TCorp at 30 June 2025.

**Outstanding Rates & Major Debtors**

- Total rates outstanding was \$12.7m (\$7.1m for previous years and \$5.7m for current year). Based on this Council is not expected to meet OLG benchmark of <5% at 30 June 2025.
- Canterbury/ Bankstown Council (Voyager Bridge Matter) - \$2.8m

**ATTACHMENTS**

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Nil