

Item 9

Questions on Notice with Answers

1. Gambling Advertising on City of Sydney Property

By Councillor Ellsmore

Question

In 2023, City of Sydney electronic advertising screens ran advertisements for Crown. In the week of 14 October 2024, the advertising screens featured advertisements for greyhound racing at Wentworth Park - the Ladbrokes 'Wentworth Park Million Dollar Chase'.

1. What policies and procedures outline the City of Sydney's commitment that gambling will not be promoted by the City of Sydney, including on City of Sydney property?
2. What policies, procedures and/ or arrangements outline what kinds of advertising the City of Sydney will allow on its advertising screens which are managed by QMS?

In an Answer to a Question on Notice tabled at the 19 September 2022 Council meeting the Chief Executive Officer advised "The City has notified QMS that it will not permit wagering or gambling advertising (other than lotto advertising) ..." (at 10.3)

3. What gambling and wagering advertisements is the City of Sydney aware of, which have featured on the council's advertising screens:
 - (a) In 2022?
 - (b) In 2023?
 - (c) In 2024?
4. What is the enforcement mechanism, if any, for breaches of the City's sponsorship policy?
5. Has the City of Sydney directed QMS to remove advertising relating to gambling:
 - (a) In 2022?
 - (b) In 2023?
 - (c) In 2024?

If yes, please provide details.

6. Does the City of Sydney impose any penalty or sanction for breaches of its policies or contractual arrangements, in relation to promoting gambling advertising on City advertising screens? Please provide details.

X113783

Answer by the Chief Executive Officer

1. The Corporate Sponsorship Policy prohibits the City accepting sponsorship from entities which derive their principal source of revenue from gambling activities. The contract between the City and QMS provides a process for prohibiting certain types of advertising and the City has prohibited direct advertising of wagering and gambling. The City's requirements regarding content on advertising screens placed by QMS is through the contract and the development consent.
2. The Street Furniture and Outdoor Media Services Agreement between the City and QMS Media Pty Limited sets out a list of requirements relating to the advertising content QMS can publish. This includes obligations to comply with all laws and industry codes and standards relating to advertising. The contract also requires QMS to ensure all advertising content does not contain material that will infringe intellectual property or moral rights or be construed as directional signage, amongst other things. The contract also allows the City to impose reasonable requirements around advertising content that is displayed. The City has issued one requirement, to prohibit wagering or gambling advertising (other than lotto advertising).

The Development Application Conditions of Consent for a QMS Media advertising display also prescribe some requirements relating to advertising content.

3.
 - (a) We are not aware of any.
 - (b) We are not aware of any.
 - (c) The City is only aware of one campaign featuring a gambling and wagering logo.
4. The contract with QMS provides the enforcement mechanisms for breaches of contract. The sponsorship policy does not relate to the contract with QMS.
5.
 - (a) No.
 - (b) No.
 - (c) Yes, on 17 October 2024 the City of Sydney advised QMS Media to remove the advertisements with the gambling logo from City of Sydney screens.
6. The City of Sydney contract with QMS Media includes a mechanism for the City to prohibit advertising content. The City of Sydney has rights under the contract that are applied where a contract breach occurs. The actions of QMS were a breach of the contract. It is an isolated breach that was promptly rectified. As it was considered that the breach caused no material harm to the reputation or image of the City, no enforcement or penalty provisions have been triggered. However, contract performance provisions are being applied in keeping with the contract and we continue to monitor the performance of QMS Media.

2. Public Liability Insurance for Community Groups participating in Sydney Streets

By Councillor Ellsmore

Public liability insurance has been identified by Council as a barrier preventing local community groups from using council spaces. Last term, Council updated its policies to extend free coverage of Council's public liability insurance to local community groups and not for profit groups wishing to hire Council's community spaces.

Council has also identified barriers for local community groups and residents wanting to close local streets to hold community events, and has committed to assist with removing barriers.

Question

1. What are the requirements for local not for profit community groups to participate in the City of Sydney's Sydney Streets events?
2. Are local not for profit groups required to have public liability insurance to have a stall at Sydney Streets?
3. Does the City of Sydney's public liability insurance for Sydney Streets allow for coverage of local not for profit groups holding stalls?
4. Does the City of Sydney's public liability insurance for Sydney Streets allow for coverage of other non-profit community groups' activities?
5. What are the practical and financial implications of extending the City of Sydney's public liability insurance for Sydney Streets (and other similar events) to local non-profit community groups?

X113783

Answer by the Chief Executive Officer

1. To be eligible to participate in the Sydney Streets events, community groups must operate in or be associated with the suburb of the event.

Community groups wishing to participate are required to:

- provide their own equipment such as marquees and trestle tables and public liability insurance.
- adhere to the conditions of approval outlined on the Sydney Streets webpage - <https://www.cityofsydney.nsw.gov.au/opportunities/join-us-sydney-streets>

The City promotes their involvement in the event through our Sydney Streets marketing campaign.

Political, offensive or religious offerings or are not permitted.

The City does not charge any fees to participate in the event.

2. Yes.

3. No.
4. No.
5. The City is not able to extend its public liability insurance to third parties.

For many years now, the City has taken out a separate public liability policy, known as the community engagement policy, which is able to be accessed by a limited number of eligible individuals and groups for a small fee as set out in the City's Fees and Charges and for a defined set of circumstances, which include busking activities, hiring and use of City owned or controlled facilities, parks, squares and public spaces for performance based and artistic activities including but not limited to entertainment, art displays, judging, public speaking, and community gardening. It does not include participants in Sydney Streets.

It may be possible to extend this policy to cover community groups participating in Sydney Streets or other similar events, however scoping work would need to be undertaken before we can undertake any meaningful engagement with our insurer. Staff will explore the options for obtaining this insurance in the coming months in line with our upcoming policy renewals on 31 March 2025.

Community engagement insurance is subject to certain exclusions that are standard under liability policies, including exclusions for political activities that includes things such as protests. In this respect, there are some activities that community groups may wish to engage in at street stalls that are not able to be insured.

3. City of Sydney Investments

By Councillor Ellsmore

Question

Item 6 (Investments Held as at 30 September 2024) of the Corporate, Finance, Properties and Tenders Committee for 21 October 2024, stated that the City's total Investment and Cash position as of 30 September 2024 was \$838.3 million.

1. Of the \$838.3 million how much in total was:
 - (a) Restricted?
 - (b) Unrestricted?
2. Has the City of Sydney had a larger total Investment and Cash position in the past? If yes, please provide details.

X113783

Answer by the Chief Executive Officer

1.

- (a) As noted in the report, the total amount of internally restricted cash was \$238M and externally restricted cash was \$89M.

External restrictions represent cash holdings that have not yet been discharged in accordance with the conditions of their receipt (e.g. include unspent grants and developer contributions).

Internal restrictions are created via a resolution of Council to set aside funds for a specific purpose, either for future obligations (e.g. workers compensation, security deposits) or future projects and initiatives (e.g. infrastructure and future open space in Green Square).

- (b) Unrestricted cash amounted to \$511.3M at the end of September 2024.

It must be recognised that the City has known and projected commitments beyond amounts currently restricted, including much of its forward capital works program. Examples include: George Street North Pedestrianisation (\$37.7M remaining works), Dixon Street Public Domain Improvements (\$8.0M remaining works) and Castlereagh Street North Cycleway (\$8.7M remaining works). Overall funding and commitments are re-balanced as part of the annual budget and LTFP each year, including consideration of rising costs of capital works in an inflationary, higher interest rate environment.

The City's Long Term Financial Plan (LTFP) sets out details of the amounts, services, facilities, activities, capital works and acquisitions that will be funded by the City's accumulated cash and future revenue streams. The LTFP includes all sources of restricted and unrestricted funds, both known and estimated over the ten years of the plan. Within the LTFP, specific projections are made in respect of the utilisation of internal and external restrictions. Essentially, any Council activity not funded by specifically restricted funds will be funded by current or future unrestricted cash.

2. No.

4. City of Sydney Surplus for 2023/24

By Councillor Ellsmore

Item 4 (Presentation of the 2023/34 Financial Statements and Audit Reports to Council) of the Corporate, Finance, Properties and Tenders Committee for 21 October 2024, advised that the City of Sydney has a favourable result against budget, including a larger than budgeted surplus.

Question

1. What was the City of Sydney's budgeted surplus for the 2023/24 financial year?
2. What is the City of Sydney's actual surplus for the 2023/24 financial year?

3. What are the main reasons for the higher than budgeted surplus in the 2023/24 financial year?
4. Of the City of Sydney's budgeted surplus for the 2023/24 financial year what amount was specifically allocated to Council projects (including infrastructure upgrades or major projects)?

X113783

Answer by the Chief Executive Officer

1. The budgeted Net Operating Result attributable to Council for the 2023/24 financial year was \$96.0M.
2. The actual Net Operating Result attributable to Council for the 2023/24 financial year was \$147.9M.
3. The favourable result against budget shown in the financial statements is mainly due to higher than anticipated interest income, higher capital contributions, net gain on the revaluation of investment properties and a net gain on the disposal of assets. These increases in income were offset, in part, by additional materials and services costs, and are detailed in Note B5-1 to the Annual Financial Statements.

It should be noted that the favourable Net Operating Result compared to budget includes the following substantial non-cash income items:

- Land dedications of \$36.9M included within *Grants and contributions provided for capital purposes*
 - A net gain of \$12.3M on the revaluation of investment properties, included within *Other Income*; and
 - A net gain of \$22.4M resulting from a land swap arrangement (i.e. value of land received greater than value of land forgone), included within *Net gain from the disposal of assets*
4. As noted above, non-cash income and expense items can significantly impact the City's Net Operating Result. The City's Long Term Financial Plan allocates funding to projects based on anticipated cash generated from Operating Results. These projected cash amounts are fully allocated to Council projects over the ten years of the Long Term Financial Plan.

As reflected in the 2023/24 Long Term Financial Plan and Operational Plan, the budgeted Net Operating Result of \$96.0M, once adjusted for net non-cash items totalling \$142.5M (including depreciation expense of \$120.7M) was expected to generate cash of \$238.5M, to fund capital works projects. Based on actual financial results for 2023/24, the City's Net Operating Result of \$147.9M, once adjusted for net non-cash items totalling \$142.5M (including depreciation expense of \$120.7M) generated cash of \$214.3M, which was less than budgeted.