

17 October 2022

At 2.00 pm

**Corporate, Finance, Properties and
Tenders Committee**

Agenda

1. **Confirmation of Minutes**
2. **Statement of Ethical Obligations and Disclosures of Interest**
3. **Presentation of the 2021/22 Financial Statements and Audit Reports to Council**
4. **Audit Risk and Compliance Committee Annual Report to Council 2021/22**
5. **Review of the Investment Policy and Strategy**
6. **Investments Held as at 30 September 2022**
7. **Public Exhibition - Naming Policy**
8. **External Memberships**
9. **Land Classification - 4C-4F Huntley Street, Alexandria**
10. **Ashmore Precinct Trunk Stormwater Project - Amendment to Project Agreement with Sydney Water**
11. **Green Square Trunk Drain - Updated Project Agreement with Sydney Water**
12. **Contract Variations – Construction Contract and Design Consultancy Contract for the Green Square to Ashmore Connector Road**
13. **Contract Variation - Design Consultants for the Bike Network Program**
14. **Exemption from Tender - SEEK and LinkedIn Job Board Subscription Services**
15. **Cancellation of Tender - T-2022-802 and Exemption from Tender - Construction, Installation, and De-Installation of Lantern Toppers and Ground Based Lanterns for 2023 Sydney Lunar Festival**

Disclaimer, Terms and Guidelines for Speakers at Council Committees

As part of our democratic process, the City invites members of the community to speak directly to Councillors during Committee meetings about items on the agenda.

Webcast

In accordance with the *City of Sydney Code of Meeting Practice*, Committee meetings are recorded and webcast live on the City of Sydney website at www.cityofsydney.nsw.gov.au.

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Consent

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Guidelines

To enable the Committee to hear a wide range of views and concerns within the limited time available, we encourage people interested in speaking at Committee to:

1. Register to speak by calling Secretariat on 9265 9702 or emailing secretariat@cityofsydney.nsw.gov.au before 10.00am on the day of the meeting.
2. Check the recommendation in the Committee report before speaking, as it may address your concerns so that you just need to indicate your support for the recommendation.
3. Note that there is a three minute time limit for each speaker (with a warning bell at two minutes) and prepare your presentation to cover your major points within that time.
4. Avoid repeating what previous speakers have said and focus on issues and information that the Committee may not already know.
5. If there is a large number of people interested in the same item as you, try to nominate three representatives to speak on your behalf and to indicate how many people they are representing.

Committee meetings can continue until very late, particularly when there is a long agenda and a large number of speakers. This impacts on speakers who have to wait until very late, as well as City staff and Councillors who are required to remain focused and alert until very late. At the start of each Committee meeting, the Committee Chair may reorder agenda items so that those items with speakers can be dealt with first.

Committee reports are available at www.cityofsydney.nsw.gov.au

Item 1.

Confirmation of Minutes

Minutes of the following meetings of the Corporate, Finance, Properties and Tenders Committee are submitted for confirmation:

Meeting of 12 September 2022

Item 2.**Statement of Ethical Obligations**

In accordance with section 233A of the Local Government Act 1993, the Lord Mayor and Councillors are bound by the Oath or Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of the City of Sydney and the City of Sydney Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act 1993 or any other Act, to the best of their ability and judgement.

Disclosures of Interest

Pursuant to the provisions of the Local Government Act 1993, the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose and manage both pecuniary and non-pecuniary interests in any matter on the agenda for this meeting.

In both cases, the nature of the interest must be disclosed.

This includes receipt of reportable political donations over the previous four years.

Item 3.

Presentation of the 2021/22 Financial Statements and Audit Reports to Council

Document to Follow

Item 4.

Audit Risk and Compliance Committee Annual Report to Council 2021/22

File No: S083523

Summary

The Audit Risk and Compliance Committee is required to report annually to Council. This report covers the period from 1 July 2021 to 30 June 2022.

The Audit Risk and Compliance Committee is responsible for oversight and monitoring of the City's audit, risk and governance activities, including the implementation of recommendations resulting from internal audits, compliance and governance reviews.

Audit Risk and Compliance Committee highlights the following key points for 2021/22:

In response to the ongoing impact of Covid-19, the Audit Risk and Compliance Committee sought additional assurance on the City's response to the pandemic. This included advice on the City's approaches to ensuring the safety of its workforce, steps taken to move to remote working and additional IT controls and other hygiene and security measures. The Committee obtained regular presentations and updates from the City's Emergency Management Team and CEO on the status of the City's arrangements. In addition, the Chief Internal Auditor has modified the audit program to incorporate coverage of potential operational effects.

The Audit Risk and Compliance Committee sought assurance on the management of areas of risk, including Purchase Cards, Overtime and Related Payments, Accounts Receivable, Property Portfolio Management, Recruitment, Facilities Management Maintenance Expenditure, Rates and Associated Charges, Social Housing Operations, and Pandemic Planning. In addition, the regular periodic reviews were conducted of Councillors' Expenses, Access to Transport for NSW DRIVES24, and the City's Street Safety Camera program. A follow-up audit was conducted on the Audit Office of NSW's performance audit of Local Infrastructure Contributions.

The Audit Risk and Compliance Committee notes the Audit Office of NSW is responsible for conducting financial and performance audits of all NSW local government entities and is continuing as the external auditor for the City of Sydney. With the continuation of impacts from the Covid-19 pandemic, the Audit Office maintains remote working and has face-to-face assessment procedures and in conjunction with solid work by the City's finance team (and in extenuating circumstances), delivered the audit of the financial accounts on time. The Audit Risk and Compliance Committee thanks them for their efforts in these difficult times. The Audit Risk and Compliance Committee also notes the impact of Covid-19 on the Internal Audit program, with the Chief Internal Auditor pro-actively working with the business to accommodate operational circumstances arising from staffing availability and priorities for continuing to achieve service level standards for the community.

Recommendation

It is resolved that Council note the Audit Risk and Compliance Committee's 2021/22 Annual Report, as shown as Attachment A to the subject report.

Attachments

Attachment A. Audit Risk and Compliance Committee Annual Report (1 July 2021 to 30 June 2022)

Background

1. The Audit Risk and Compliance Committee is required by its Charter to report annually to Council. The report at Attachment A covers the period from 1 July 2021 to 30 June 2022.
2. The primary objectives of the Audit Risk and Compliance Committee are to:
 - (a) assist the Council in discharging its responsibilities in relation to:
 - (i) financial reporting practices;
 - (ii) business ethics, policies and practices;
 - (iii) accounting policies;
 - (iv) risk management and internal controls; and
 - (v) compliance with laws, regulations, standards and best practice guidelines; and
 - (b) ensure the integrity of the internal audit function.
3. The Council authorises the Audit Risk and Compliance Committee, within the scope of its role and responsibilities, to:
 - (a) obtain any information it needs from any employee or external party (subject to their legal obligations to protect information);
 - (b) discuss any matters with the external auditor or other external parties;
 - (c) request the attendance of any employee or councillor at Audit Risk and Compliance Committee meetings; and
 - (d) subject to confidentiality considerations, obtain external legal or other professional advice considered necessary to meeting its responsibilities.
4. It is noted that the Office of Local Government has published updated Draft Guidelines for Risk Management and Internal Audit Framework for Local Councils in NSW and the City made a submission on this proposal in 2020/21. The final guidelines have not yet been published but it is anticipated that compliance with them will be required by 1 July 2024.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

5. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - Responsible governance and stewardship - The Audit Risk and Compliance Committee's operations meet the Internal Audit Guidelines issued by the Office of Local Government and the Audit Risk and Compliance Committee Charter approved by Council. A risk-based internal audit program has been undertaken to provide an independent and objective assurance review of the City's operations. The Committee reviews all internal audit reports and monitors the implementation of recommendations at its meetings. Additionally, the Committee reviews the external auditor's reports. The Committee also monitors the implementation of the risk management, governance and compliance programs and receives briefings on significant matters relevant to the City's operations.

KIRSTEN MORRIN

Director Legal and Governance

Debra Marschall, Business Support Officer - Internal Audit

Attachment A

**Audit Risk and Compliance Committee
Annual Report (1 July 2021 to 30 June 2022)**

2021/22 ARCC Annual Report to Council



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2021/22 Annual Report to Council

Introduction

The Audit Risk and Compliance Committee (ARCC) plays an important role in the City of Sydney Council's governance framework. Its primary objectives are to assist Council in discharging responsibilities with respect to:

- financial reporting
- business ethics, policies and practices
- accounting policies
- internal controls
- risk management
- governance
- fraud and corruption prevention
- major legal matters
- work health safety
- regulatory compliance
- alignment with standards and best practice guidelines.

The ARCC provides advice to Council on the integrity of the City's assurance functions, including internal audit, risk management, compliance, and governance.

The Committee's Charter sets out the ARCC's role and responsibilities and provides for oversight of the internal and external audit functions. Its structure and operations conform to the Office of Local Government guidelines issued in September 2010 and NSW Treasury's TPP 20-05, incorporating best practice for monitoring finance, audit, risk management, compliance, and governance activities within the City.

This annual report covers the period 01 July 2021 to 30 June 2022.

Membership

In accordance with its Charter, the Committee comprises two councillors and three independent members, one of whom holds the role of Independent Chair.

Councillor members:

- Lord Mayor Clover Moore
- Councillor Jess Scully (from September 2016)
- Councillor HY William Chan (from December 2021, as the Lord Mayor's alternate)

Independent members:

- Carolyn Walsh (appointed October 2014, reappointed October 2018. Appointed as Independent Chairperson from 1 July 2021 to 30 June 2025)
- Elizabeth Crouch AM (appointed July 2013, reappointed August 2016, Chairperson from October 2014 to 30 June 2021. Reappointed as an Independent Member from 1 June 2021)
- Ken Barker (appointed October 2014, reappointed October 2018 to 30 November 2022^{*1})

Ex-officio attendees include:

- Chief Executive Officer
- Director Legal and Governance
- Chief Financial Officer
- Chief Internal Auditor
- Manager Risk and Governance

Invitees include:

- Representatives of the Audit Office of New South Wales
- Other officers, as requested by the Committee to present on priority issues.

Meetings and attendance

The Audit Risk and Compliance Committee (ARCC) meets a minimum of five times annually to consider matters relating to the financial, audit and risk management issues of the City of Sydney. In 2021/22 the ARCC:

- considered the City's enterprise risk management framework
- received regular reports on workplace health and safety and other compliance related matters, including safety considerations/requirements during procurement and infrastructure delivery/construction processes
- received briefings, updates, or presentations on:
 - Covid-19 and the implications for the City
 - the City's pandemic plan
 - the City's Data Strategy
 - Audit Office of NSW's Report on Local Government 2020 and Building Regulation (combustible external cladding)
 - the City's major projects
 - Crown and Community Plans of Management Program
 - Progress with the City's Asset Management Improvement Plan

¹ Ken Barker's appointment was extended to 30 November 2023 on 12 August 2022 to enable transition to the new Office of Local Government membership requirements upon commencement.

- the Office of Local Government's Draft Guidelines on Risk Management and Internal Audit
 - Annual Procurement update
 - Annual Contracts Management update
 - the City's new Risk Management System, CAMMS
 - the implementation of delegation to contractors
 - an update on local infrastructure contributions
 - IT security
- maintained oversight of risks recorded in the City's risk register including consideration of new risks that reflected changes to the City's operational environment and risk appetite
 - focused internal audit activity in line with the City's risk profile and governance arrangement
 - reviewed updated accounting standards relevant to local government
 - maintained oversight of financial reporting and endorsement of the financial statements including securing relevant attestations from the Chief Financial Officer
 - assessed whether appropriate policies and procedures were in place and routinely reviewed those related to delegations, making recommendations on changes as appropriate

During the 2021/22 reporting period, the Committee held five virtual meetings (August, October, and December 2020 and March and May 2022). A quorum was present for all meetings.

The Committee met *in camera* with representatives of the Audit Office of NSW, prior to the review of the draft financial statements at the October 2021 meeting. No management representatives were present.

The City of Sydney has adopted a staggered approach to rotation of ARCC independent members, including the Chairperson, to ensure continuity of knowledge and skills. Each independent member is pre-qualified on the NSW Treasury Panel for NSW Government Audit and Risk Committees. Prior to the expiration of each member's current term, the Committee will consider the merits of extending current members or sourcing alternative members. The Chief Executive Officer, in consultation with the Lord Mayor, confirms all new appointments or reappointments.

Summary: Committee Report Card

ARCC Charter – Roles and Responsibilities	Compliance
Committee composition	Yes
Tenure	Yes
Skills and experience, including financial, legal and/or business expertise	Yes
Induction of new members (for FY2021/22)	Yes
Declarations of Conflict of Interests	Yes
Internal Audit updates, as well as preparation of three year internal audit plan, monitoring recommendations, review Charter annually, provide performance feedback on service providers	Yes
Risk Management, Compliance, and Governance updates, including Fraud and Corruption Prevention	Yes
Financial Management	Yes
External Audit	Yes
Meetings	Yes
Closed sessions	Yes
Minutes and papers (accurate and timely provision)	Yes
Assessment arrangements (annual)	Yes
Reporting to Council (at least annually)	Yes

Internal Audit

The role of Internal Audit is to provide independent assurance to Council's operations. It assists Council by evaluating and assessing the effectiveness of risk management, control and governance processes.

The City's Internal Audit is led by a chief audit executive (Chief Internal Auditor) with a support officer. Most fieldwork is undertaken through an outsourced model under the control of the Chief Internal Auditor. A panel of two service providers (RSM Australia and O'Connor Marsden & Associates) provided outsourced internal audit services during 2021/22.

A tender for a panel for the provision of internal audit services was sent to the market in April 2021 and the responses reviews by the Tender Evaluation Panel in May 2022. A recommendation will be sent to the Tender Review Group for approval of the Tender Evaluation Panel and finalisation.

For the 2021/22 reporting period, the Committee:

- approved the three-year strategic audit program for the period 2021-2024 and the annual operational audit plan for 2022/23
- considered regular reports from the Chief Internal Auditor on progress against the plan
- reviewed the Internal Audit Charter and
- received audit reports, as well as updates, from the Chief Internal Auditor on the status of actions taken by management to address high-risk rated findings identified in previous audit reports.

The Internal Audit Plan

The 2021/22 audit plan was endorsed by the Committee at the 2 July 2022 meeting and comprised 18 reviews. Three of these reviews were deferred to the 2022/23 program due to client priorities and requests.

During 2021/22, 13 reports were delivered, including two reports that were unable to be finalised in 2021/22 (due to Covid-19 related issues in essential services areas).

The Committee supported the steps undertaken by management to address any recommended actions.

The Committee is satisfied that the internal audit plan is aligned with and responds to the major risks identified in the City's risk profile.

Monitoring internal audit recommendations

There are processes in place to monitor management actions arising from audit recommendations and make sure the recommendations are being actioned. The processes include:

- ensuring each Director is accountable for monitoring the status of outstanding issues for their respective Divisions including reporting completion details to Internal Audit throughout the year
- regular internal audit status reporting to the Executive to assist in monitoring progress of outstanding audit actions
- reporting all overdue management action items to monitor implementation and providing follow-ups at each meeting of the Audit Risk and Compliance Committee.

The Committee receives regular reports on the appropriateness of the management actions taken on high-rated, closed actions items through follow-up reviews and new audits.

Rating scale for internal audit reports

An overall rating scale for each engagement has been set by senior management and the Audit Risk and Compliance Committee as appropriate to allow allocation of resources to the areas of greatest concern. Outlined below are the ratings and their definitions.

Overall Rating Scale for Reviews	Definition
Unsatisfactory	Numerous very high and/or high risk issues
Requiring improvement	A small number of very high or high risk issues and/or many medium risk issues
Satisfactory	Only isolated instances of high issues and/or a small number of medium risk issues
Low	Only isolated instances of low to medium risk issues
Not Rated	Applies to focused reviews where a rating may not be representative of the overall control environment. High-level or specific reviews where only a small section of an area/process is examined, and investigation outcomes are not rated.

Internal Audits tabled, 2021/22

Meeting 1 - August 2021

Review Name	Objectives and Outcomes	Overall Rating
2021 Review of Access to Transport for NSW's DRIVES24	<p>Requirements of the Terms of Access Agreement include an annual audit of access and security, and to provide TfNSW with a compliance certificate signed by the CEO and Chief Internal Auditor.</p> <p>There were no recommendations or improvement opportunities arising from this review. Based on the attestation by the Chief Internal Auditor, a Compliance Audit Certificate declaration was issued to TfNSW, signed by the CEO.</p>	Not rated
2021 Review of Street Safety Camera Program (SSCP)	<p>Internal Audit is required to undertake an annual compliance review of the City's Street Safety Camera Program, per sections 11.3.1 and 19.2.1 of the Street Safety Camera Program's Code of Practice. Compliance with the key principles of the City's Street Safety Camera Program's Code of Practice: (1) compliance with policies and procedures; (2) performance reporting; and (3) risk management were assessed.</p> <p>All management actions have been completed.</p>	Low
Purchase Cards Review	<p>The objective of this internal audit was to provide limited assurance that internal controls over the purchase cards are adequate, effective, and efficient, in all material respects, in managing risks to the City. In addition, this audit had referenced both the NSW Treasury's Policy and Guidelines Paper TPP17-09 'Use and Management of NSW Government Purchasing Cards' (as its principles and recommendations for NSW Government agencies are relevant for councils) and the NSW Audit Office performance audit report "Credit card management in Local Government" issued 3 September 2020.</p> <p>All management actions have been completed.</p>	Satisfactory

Meeting 1 (continued)

2021/22 ARCC Annual Report to Council

Review Name	Objectives and Outcomes	Overall Rating
Allocating Overtime & Related Payments	<p>The control environment surrounding allocation of overtime and overtime payments was reviewed.</p> <p>All management actions have been completed.</p>	Requiring Improvement

Meeting 2 – October 2021 (draft financial statements only – no audit reports tabled)

Meeting 3 – December 2021

Review Name	Objectives and Outcomes	Overall Rating
Accounts Receivable (and TechnologyOne module for Accounts Receivable)	<p>This review focussed on revenue streams, including chargeable works, venue hire and miscellaneous. Key activities for this review were revenue recognition on time, completeness, accuracy, and segregation of duties in revenue and debtor management; and adequate controls in place for management to monitor debtors, write-offs and waivers, and regular reporting to provide insights on debtor ageing. The following revenue streams were excluded from scope: rates, enforcements, development applications, inspections and certifications as revenue generated from these areas are generally included in more focused reviews.</p> <p>All management actions have been completed.</p>	Satisfactory
Property Portfolio Management: Community	<p>The adequacy and effectiveness of the City's community property portfolio management were reviewed.</p> <p>All management actions have been completed.</p>	Low
Follow-up Review – AONSW Performance Audit of Local Infrastructure Contributions	<p>The objective of this review was to assess the adequacy of the implementation of the following four recommendations listed below made by the Auditor-General in the report tabled in Parliament on 17 August 2020 (Governance and internal controls over local infrastructure contributions).</p> <p>There were no recommendations or improvement opportunities arising from this review.</p>	Not rated

2021/22 ARCC Annual Report to Council

Meeting 4 – March 2022

Review Name	Objectives and Outcomes	Overall Rating
Recruitment Process Review	<p>The control environment surrounding the City's recruitment processes for remunerated employment including all internal and external recruitment was reviewed.</p> <p>One medium-rated management action was identified and is at 25% completion.</p>	Low
Facilities Management Infrastructure Maintenance Expenditure	<p>The Facilities Management Infrastructure Maintenance Expenditure processes and controls were reviewed to obtain assurance.</p> <p>One low-rated management action was identified and is at 50% completion.</p>	Satisfactory
Management of Rates and Associated Charges	<p>The controls over the rate levy process, collection, posting, debtor review and management were reviewed.</p> <p>All management actions have been completed.</p>	Satisfactory

Meeting 5 – May 2022

Review Name	Objectives and Outcomes	Overall Rating
Social Housing Operations Review	<p>The objective of this review was to review the adequacy and effectiveness of Safe City's social housing operations, functions, and stakeholder engagement.</p> <p>One medium and one low rated finding were identified.</p> <p>All management actions are in progress.</p>	Low
Pandemic Planning Review	<p>Key activities and initiatives undertaken by the City in response to the COVID-19 pandemic disruption event were reviewed, and the alignment of these to formally documented strategies, and how the lessons learned can be used to further enhance business continuity management and disaster recovery planning.</p> <p>Overall, the City has well designed and effective policies, procedures, business processes and controls in place to manage the City's pandemic response. There were no findings of material breakdown in control.</p>	Not Rated
Review Name	Objectives and Outcomes	Overall Rating
Councillors' Expenses 2021	<p>This review assessed the extent of compliance over the payment of expenses and the provision of facilities to Councillors as governed by the City's Councillors' Expenses and Facilities Policy. The review also paid due regard to requirements of Sections 252 to 254 of the Act and the supporting regulations and guidelines.</p>	Satisfactory

Meeting 5 (continued)

Review Name	Objectives and Outcomes	Overall Rating
	<p>The Councillors' Expenses and Facilities Policy lists specific services and expenses to which Councillors are entitled.</p> <p>There are also expense limits that apply to several categories of expenditure.</p> <p>All management actions are currently in progress.</p>	

Management of internal audit actions/recommendations

The ARCC actively monitors the status of outstanding action items to ensure timely closure of relevant items. There were no overdue high or medium actions overdue as at 30 June 2022. The Audit Risk and Compliance Committee and Internal Audit are satisfied with the progress of outstanding and overdue actions as at 30 June 2022.

Audit Name	Date Tabled	Overall Rating	Total actions				Total actions in progress				% Completion rate at 30 June 2022			
			High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Compliance Management Framework Review	December 2020	Requiring Improvement	1	6		7		3		3	100%	50%		57%
2021 Review of Access to Transport for NSW's DRIVES24	August 2021	Not rated (no findings)												
2021 Review of the Street Safety Camera Program (SSCP)	August 2021	Low			5	5							100%	100%
Purchase Cards Review 2020/21	August 2021	Satisfactory		2	3	5							100%	100%
Allocating Overtime & Related Payments	August 2021	Requiring Improvement	2			2					100%			100%
Accounts Receivable (and TechOne module)	December 2021	Satisfactory		4	2	6							100%	100%
Property Portfolio Management: Community	December 2021	Low			3	3								100%
Follow-up Review - AONSW Performance Audit of Local Infrastructure Contributions	December 2021	Not rated (no findings)												
Recruitment Process Review	March 2022	Low		2	1	3		1		1		50%	100%	67%
Facilities Management Infrastructure Maintenance Expenditure	March 2022	Satisfactory			1	1			1	1				100%
Management of Rates and Associated Charges	March 2022	Satisfactory		5		5							100%	100%
Social Housing Operations Review	May 2022	Low		3	3	6		3	3	6		-	-	-
Pandemic Planning Review	May 2022	Not Rated (no findings)												
Councillors' Expenses 2021	May 2022	Satisfactory		4	3	7		4	3	7		-	-	-
		Total	3	26	21	50	0	11	7	18	100%	80%	100%	91.50%

The table below summarises the City's management of internal audit actions/recommendations at the end of each financial year. These actions are assigned to a business unit to be actioned by an agreed date.

Year	Outstanding Actions at Start of Year	New Actions from Audits	Actions closed	Current Actions at Year End	Actions Overdue ²
30/06/2019	16	62	30	48	6
30/06/2020	48	63	64	47	9
30/06/2021	47	50	78	19	6
30/06/2022	19	15	16	18	0

For FY2021/22 the Committee reviewed one internal audit in which high risk issues were identified:

- Allocating Overtime & Related Payments Review

Recommendations from this review have been implemented.

Forward Audit Plan, 2022/23

The updated Three -Year Strategic Audit Program, incorporating the annual operational audit plan, was endorsed by the Executive and approved by the Audit Risk and Compliance Committee on 26 May 2022.

The approved plan for 2022/23 comprises a risk-based program of 16 reviews, mapped to the City's Executive Risks and Improvement Focus Areas.

The Audit Program provides assurance coverage of key business performance themes i.e., expenditure, revenue, business performance, resilience, compliance, fraud and corruption control, environment, and attestation requirements.

External Audit

Following amendments to the *Local Government Act 1993*, the Audit Office of New South Wales formally notified the City in 2016 that they will resume their role as the City's external auditors for 2016/17 and beyond.

The external auditor provides independent audit opinions on both the general and special purpose financial reports of Council. They are also required to audit the statutory returns relating to a number of the City's activities.

The Chief Internal Auditor meets with representatives of the external auditor periodically to provide insights on the control environment and to minimise overlap of audit areas of focus.

The external auditor is invited to attend each ARCC meeting as well as join the Committee on site visits as appropriate.

² Actions not completed by agreed date.

During the 2021/22 financial year, the ARCC:

- considered the program and status reports covering the preparation of the previous financial year (2020/21)
- received and noted the external auditor's letter covering the final audit for 2020/21
- considered and endorsed the 2020/21 General and Special Purpose Financial Reports prior to Council's authorisation
- reviewed Directors' attestations
- reviewed the external audit plan for 2021/22.

Risk management, compliance and governance

For the 2021/22 reporting period the ARCC received presentations and updates on:

- the City's risk management system
- changes to the City's risk profile
- the City's financial position and status
- Community recovery from impacts of the Covid-19 pandemic
- Compliance obligations management at the City
- Governance training undertaken by City employees
- the City's insurance placement and claims management programs.

Fraud and corruption prevention

For the 2021/22 reporting period the ARCC received updates on:

- governance activities and fraud and corruption prevention activities
- any current issues, investigations and outcomes.

Two investigations were commenced arising from public interest disclosures during this period. One of these matters alleged a failure to follow proper recruitment processes and was found to be unsubstantiated. The second matter alleged theft and misuse of council resources. The investigation of this second matter remains in progress at the time of finalising this report.

In addition, one other public interest disclosure received previously was found to be unsubstantiated.

Legal

For the 2021/22 reporting period the ARCC received:

- updates on major legal matters
- briefings on any material litigation affecting the City.

Workplace health and safety

On a quarterly basis, the Committee regularly reviews workplace health and safety updates, including injuries, notifiable incidents, and workers compensation claims.

Other

The ARCC is satisfied that the City has:

- appropriate mechanisms in place to review and implement relevant State Government reports and recommendations related to local government; and
- developed a performance management framework linked to organisational objectives and outcomes.

The Committee assesses the currency of its Charter and evaluates its performance annually.

Finally, I would like to acknowledge on behalf of the Committee the significant challenges the City has faced in light of the COVID pandemic in recent years. Notwithstanding these challenges, the Committee has confidence that the City has retained an effective risk control framework and continues to strive to further mature its risk management and governance processes.

CAROLYN WALSH

Chair, Audit Risk and Compliance Committee

October 2022

Item 5.

Review of the Investment Policy and Strategy

File No: X020701

Summary

This report presents the revised Investment Policy and Investment Strategy for the Management of Council's Funds.

The Policy and Strategy are reviewed annually, as a minimum, to ensure they remain appropriate and respond to changes in economic, investment and legislative environments. The annual review of the Policy and Strategy, together with the proactive management of the portfolio, has resulted in a secure investment portfolio that aims to continue to outperform the benchmark returns required by the policy.

The scope of the City's investments and the wider NSW local government sector is limited. It is mandated under the Local Government Act 1993, through a Ministerial Investment Order, that constrains council investments to deposits and / or bonds in Federal, State (including NSW TCorp) or Local Governments and in banks that are Approved Deposit Taking Institutions under the Banking Act. Councils are not permitted to invest in equities and therefore not permitted to invest directly in individual companies.

The Investment Policy sets out Council's investment objectives to safeguard the City's cash and investment portfolio, achieve appropriate rates of return and manage the portfolio to ensure sufficient liquidity to meet Council's business objectives. It includes investment criteria to frame investment decisions, risk management parameters, and investment governance standards to ensure transparency, internal controls and performance management.

The Investment Strategy outlines Council's investment intentions in light of the current economic, investment and legislative environments. The focus is on the investment opportunities available to the City, guiding investments to be maintained in the coming 12 months and the investment of new funds. The Strategy aims to accomplish a balanced and diversified portfolio in terms of investment products, credit ratings and term to maturity to ensure sufficient liquidity will be available as funds are required.

The City first formally introduced social and responsible investment criteria into its investment policy and strategy in 2008, although environmental investments were already being actively incorporated into the portfolio as appropriate instruments came onto the market. Since that time, the City has progressively strengthened its position within its allowed investment framework.

In October 2016, Council endorsed a revised Investment Policy that further enhanced the social and responsible investment aspect of the City's investment policy. While the Policy already encouraged social and responsible investment, provided that products met the risk and return requirements of other investments, two amendments were adopted that:

- (a) strengthened Council's commitment to social and responsible investment (SRI) where returns and risk are equivalent to other available investments; and
- (b) expanded the definition of environmentally harmful activities to include specific reference to coal, gas and oil.

These two amendments continue to be included in the policy and the City now holds over \$100M in explicitly SRI investments.

The City has developed good relationships with its financial institutions, partnered with them to help launch new products and continued to meet regularly with them to advocate for new investment vehicles and products that will achieve our desire to increase our commitments to social and responsible investment.

The legislative and regulatory environment for local government has remained static, and the existing Investment Policy continues to serve the City well.

The key objectives of the current Investment Strategy remain valid for the challenging economic and investment environment brought on by the Covid-19 pandemic and conform to the current legislative requirements. The Strategy remains unchanged as it presently meets liquidity requirements for Council's ongoing capital works program, the objectives for investment performance and continues to prudently manage credit risk.

The proposed Investment Policy and Strategy will continue to maintain an investment portfolio that is reasonably conservative; and comprise investments in institutions with high investment grade credit ratings that are all subject to APRA regulation, while at the same time allow some flexibility for appropriate investment opportunities that enhance the City's financial returns.

Recommendation

It is resolved that Council adopt the revised Investment Policy and Investment Strategy for the management and investment of Council's funds, as shown in Attachments A and B to the subject report.

Attachments

Attachment A. 2022/23 Investment Policy

Attachment B. 2022/23 Investment Strategy

Background

1. The Local Government Act 1993 (the Act) was amended in 2016 to strengthen council's fiduciary duty. The changes are intended to guide councils to carry out their functions in a way that facilitates local communities that are strong, healthy and prosperous, and include an explicit reference to councils carrying out their functions in a way that provides the best possible value for residents and ratepayers.
2. The investment policy and strategy are a key part of ensuring that the City continues to manage its finances in an effective, efficient and prudent manner. The amendments to the Local Government Act 1993, as referred to above, reinforce the City's existing underlying financial principles.
3. The Act states that councils should have effective financial and asset management, including sound policies and processes, for the following:
 - (a) performance management and reporting;
 - (b) asset maintenance and enhancement;
 - (c) funding decisions; and
 - (d) risk management practices.
4. The Local Government Code of Accounting Practice and Financial Reporting (the Code) states that Councils must maintain an investment policy that complies with the Act, Local Government (General) Regulation 2021 (NSW).
5. The Investment Policy and Strategy are reviewed annually to ensure they remain relevant to prevailing market and legislative conditions. In situations where market volatility and uncertainty arise from changes in the economic, investment and legislative environments, the review will be brought forward for adoption by Council at an earlier date so that key changes can be made to the Policy and Strategy to deal with the respective market conditions.
6. The purpose of the Policy and Strategy is to ensure the investments are secure, satisfy Council's risk / return criteria and are compliant with the Local Government Act 1993, as well as to optimise investment income from the short and long term investment of funds that are surplus to the City's present operational needs.
7. The City's investment portfolio remains conservative due to the robustness of the Australian domestic investment market under the supervision of the Australian Prudential Regulation Authority (APRA) which extends across the full range of financial institutions. The City has gradually diversified from its 2008 GFC-focused portfolio, which was highly conservative and significantly concentrated in the 'Big 4' AA-rated domestic banks. Its current portfolio remains conservative but more diversified, as it includes more APRA-regulated A-rated bank investments together with a handful of investment-grade BBB-rated investments.

8. The Policy encourages investments in environmentally and socially responsible investments provided that they meet the risk and return requirements of other investments. Two amendments were adopted in October 2016 that:
 - (a) strengthened Council's commitment to social and responsible investment where returns and risk are equivalent to other available investments; and
 - (b) expanded the definition of environmentally harmful activities to include specific reference to coal, gas and oil.
9. The amendments did not significantly change the overall intent of the Policy but provide a clearer signal to the broader community, public sector agencies / all levels of government and the financial sector as to the City's intent.
10. Council's Investment Policy and Investment Strategy continue to permit and encourage environmental and socially responsible investment activity (SRI investments). The Ministerial Investment Order limits the range of financial institutions in which NSW councils can invest, and prohibits many of the available socially responsible investment products.
11. The City has good relationships with its financial institutions, and regularly meets to advocate for new investment vehicles and products that will achieve our desire to increase our commitments to social and responsible investment. In a welcome development, in November 2018, Westpac informed the City that they had created a new sustainable investment product known as a Green Tailored Deposit, which has been independently certified to meet the Climate Bonds Standard while not compromising the credit risk of the product. These deposits are associated with a defined pool of eligible assets which meet the Climate Bond Standard criteria including renewable energy, low carbon transport, low carbon intensity emitting buildings, waste and water products and are independently certified annually. Currently, the City has invested \$105 million in this Westpac product.
12. The City has also invested a \$10M parcel with the Commonwealth Bank of Australia (CBA) in Environmental Social and Governance Term Deposit (ESGTDs) certified by Responsible Investment Association Australasia (RIAA), whilst also meeting the City's risk / return aims. RIAA is an active network of members engaged in responsible, ethical and impact investing across Australia and New Zealand. Their mission is to 'promote, advocate for and support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy'. This includes investing in products that seek to mitigate environmental and social risks. ESGTDs provide the opportunity to allocate capital towards financing Sustainability-Linked Loans.
13. The City has also invested \$5M in a Floating Rate Note (FRN) / Sustainability Bond issued by Bank Australia, based on an investment framework that meets the main guidelines for issuance of Green, Social and Sustainability Bonds in the global capital markets. This Socially Responsible investment opportunity met both the credit risk and maturity profile requirement of the City.

14. The key objectives of the current Investment Strategy remain valid for the challenging economic and investment environment brought on by the Covid-19 pandemic. The Strategy remains unchanged, aside from some minor administrative adjustments, as it presently meets liquidity requirements for Council's ongoing capital works program, the objectives for investment performance and continues to prudently manage credit risk. Sections of the Investment Strategy that detail the current investment portfolio and its performance were amended to reflect the present results.
15. The proposed Investment Policy and Strategy continue to satisfy the compliance requirements of the Ministerial Investment Order.
16. It should be noted that the Investment Strategy is a 'guiding principles' document. As market conditions change significantly and very quickly, the Strategy may need to be amended from time to time, in which case Council would be advised through the monthly Investment Report.

Key Implications

17. Council's Investment Policy and Investment Strategy direct its investments to ensure compliance with the requirements of the Local Government Act 1993 and Minister's Financial Implications.

Financial Implications

18. Investment returns over the past five years have gradually reduced, reflecting lower interest rates in the past three years due to Covid-19 impact, and the more limited investment opportunities now available under the Ministerial Investment Order, Investment Policy and Investment Strategy.
19. Inflation in Australia is the highest it has been since the early 1990s. Inflation was 6.1 per cent over the year to the June 2022 quarter; in underlying terms it was 4.9 per cent. Global factors explain much of the increase in inflation, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy along with recent weather events.
20. In response, the Reserve Bank of Australia (RBA) increased the official cash rate to 0.35 per cent on 3 May 2022, 0.85 per cent on 7 June 2022, 1.35 per cent on 5 July 2022 and on 2 August 2022 the rate was lifted further to 1.85 per cent. The RBA cash rate was further increased to 2.35 per cent on 6 September 2022. The financial markets are expecting that the RBA will continue to increase cash rate over the medium term which will assist in improving the City's investment returns in the current financial year.
21. The City's cash balances, and resultant investment returns, are subject to cash flows and achievement of the planned capital program. While the returns remain below longer-term trends, the recent increases to official cash rates have seen improvements in rates of return offered by the market which will allow future maturing deposits and surplus funds to be re-invested at higher rates. This trend is anticipated to continue beyond the current financial year.
22. In 2021/22 the City earned \$4.6M on its financial investments. As a result of the changed interest rate environment, the City is forecasting to achieve \$15.0M in interest earnings for 2022/23, which is approaching pre pandemic levels.

Relevant Legislation

23. Council is authorised to invest its surplus cash under Section 625 of the Local Government Act 1993.
24. The Local Government (General) Regulation 2021 (Clause 212) requires the City to provide a written monthly report of all monies invested, under Section 625 of the Act.
25. The Local Government Code of Accounting Practice and Financial Reporting (Legislative Requirements Update 10 at 11.3.5) states that Council must maintain an investment policy that complies with the Act and ensure it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

BILL CARTER

Chief Financial Officer

Attachment A

2022/23 Investment Policy

Investment Policy

Purpose

The Investment Policy sets out the requirements for the management of the City’s cash and investment portfolio. The City requires that all investment activities be exercised with the care, diligence and skill of a prudent person, and not for speculative purposes.

The policy sets the framework to:

- safeguard the City’s cash and investments portfolio
- achieve appropriate earnings
- manage the City’s cash resources to ensure sufficient liquidity to meet the City’s business objectives over the long, medium and short term.

The policy reinforces the City’s ongoing commitment to maintain a conservative risk and return portfolio, an important component of its ongoing prudent financial management practices.

The Investment Strategy supports the policy by defining investment objectives and actions for the coming year.

The City’s financial policies are developed to ensure that the City satisfies legislative requirements and follows ‘best practice’ in its business operations, with due consideration for the effective and efficient management of resources.

Scope

This policy applies to all managers and employees who actively manage the City’s Cash and Investments or have responsibility for employees who actively manage the City’s Cash and Investments.

Definitions

The following definitions illustrate the structure of the City’s investment portfolio and the relationship of the terms referred to in this policy:

Term	Meaning
Cash	<p>Cash comprises:</p> <ul style="list-style-type: none"> • cheque and operational accounts • daily call accounts <p>with Authorised Deposit-taking Institutions (ADIs).</p> <p>Cash assets typically have a maturity term at the time of placement of being immediately available or available within 24 hours.</p> <p>Cash assets are closely linked with investments but do not constitute investments. Cash is used to meet immediate operational cash needs.</p>
Investments	<p>Investments comprise:</p> <ul style="list-style-type: none"> • term/tailored deposits (terminology varies by institution)

Term	Meaning
	<ul style="list-style-type: none"> bonds with an active secondary market with government (including NSW T-Corp and other government treasury bodies) and Authorised Deposit-taking Institutions (ADIs). <p>Investment assets have maturities at the time of placement of 30 days or more</p>
Investment Periods	<p><i>Short-term:</i> those investments that are under 12 months</p> <p><i>Long-term:</i> those investments that are greater than 12 months</p>
Grandfathered investments	<p>Grandfathered investments are a part of total investments and comprise:</p> <ul style="list-style-type: none"> investments where additional investment activity is prohibited by regulation other investments over which additional investment activity is temporarily prohibited due to unintentional breaches of investment thresholds and limitations that arise due to changes in the level of unrelated investments within the portfolio (the prohibition only remains as long as the breaches remain in place).
Impairment	<p>The impairment of an investment represents the amount of the original cost of the investment that is not expected to be recovered at the investment's maturity date due to current adverse economic or investment conditions that impact on the investment's financial performance.</p>
Provision for market value differences	<p>The market values of tradeable investments may vary over the life of the investment due to changes in pricing factors such as interest rates and credit spreads. The pricing factors have diminishing influence as the investment nears maturity and is redeemed at face value.</p>
Approved Deposit-taking Institution (ADI)	<p>An institution that is authorised under Section 9 of the <i>Banking Act 1959</i> to carry on banking business in Australia in accordance with that Act and under the prudential supervision of the Australian Prudential Regulation Authority (APRA).</p>
Amortised Cost	<p>Any discounts or premiums paid on acquisition of investments to be amortised on a straight line basis over the term of the investment.</p>
Active secondary market	<p>A market where investors purchase securities or assets from other investors, rather than from issuing companies themselves on an arm's length (independent) basis.</p>
Benchmark rates	<p>Benchmark rates comprise:</p> <ul style="list-style-type: none"> Bloomberg AusBond Bank Bill Index - The Bloomberg AusBond Bank Bill index is a widely used industry benchmark constructed to represent the performance of a passively managed short-term money market portfolio. 30 Day Bank Bill Index – The 30 Bank Bill Index is designed to measure the performance of the Australian short-term money market. The index is based on the calculated monthly average of Bank Accepted Bills/Negotiable Certificates of Deposit, as issued by Reserve Bank of Australia (RBA).
Business Model	<p>The term 'business model' refers to how a Council manages its financial assets in order to generate cash flows. Under AASB 9, classification of financial assets depends on whether the <i>objective</i> of the business model is</p>

Term	Meaning
	to generate cash from <i>collecting contractual cash flows over the life of the instrument</i> or <i>collecting contractual cash flows over the life of the instrument and selling financial assets or other</i> .

Definitions relating to statutory accounts, in accordance with Australian Accounting Standards:

Term	Meaning
Cash and cash equivalents	Investment assets that have a maturity date of 90 days or less at the time of acquisition, including: <ul style="list-style-type: none"> • cash • call accounts • term/tailored deposits • bonds with an active secondary market.
Investments	Investment assets that have a maturity date of greater than 90 days at time of acquisition, including: <ul style="list-style-type: none"> • term/tailored deposits • bonds with an active secondary market with government (including NSW T-Corp and other government treasury bodies) and Authorised Deposit-taking Institutions (ADIs).

Policy Statement

The City’s investment objective is to ensure funds that are surplus to the City’s immediate requirements are invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds and maintaining adequate liquidity to meet the City’s operational requirements.

Legislative authority for investments

All investments are to be made in accordance with:

- Australian Accounting Standards
- Office of Local Government Investment Circulars
- Office of Local Government Investment Policy Guidelines
- Local Government (General) Regulation 2021 – Clause 212
- Local Government Act 1993 (particularly section 625)
- Local Government Code of Accounting Practice & Financial Reporting
- Minister’s Investment Order (gazetted)
- Trustee Act 1925 (NSW) (particularly sections 14A(2), 14C(1) and (2))

Investment governance

The following internal control practices are in place to ensure adequate governance and allow transparent and clear performance measurement for the management of the City’s cash and investment portfolio:

- financial planning and cash-flow management
- delegated authorities and investment approval
- measurement of investment performance
- performance benchmarks
- reporting and review

- audit oversight.

These internal control practices are explained in more detail below.

Financial planning and cash-flow management

Funds that are surplus to the City's immediate cash requirements will be managed in accordance with the long, medium and short-term financial cash requirements of the City.

Long term financial plans are developed to ensure the long-term financial sustainability of the City. These plans will incorporate forecasts of cash inflows and outflows to:

- estimate cash surpluses and shortages in future periods
- identify the longer- and medium-term investment horizon for surplus funds.

Shorter term financial plans are used to predict funds availability and monitor the City's cash management needs throughout the year. These cash flow models are monitored daily to facilitate informed investment decisions and to ensure that sufficient liquidity exists to satisfy City's financial commitments.

Responsibilities

Authorities and investment responsibilities are defined within Council's Delegation Authority.

Authority for the implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with the *Local Government Act 1993*.

The Chief Executive Officer has also delegated authority to invest surplus funds as follows:

- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- other senior financial officers who have the requisite skills to undertake investment functions (as per the Delegations Register).

Officers with delegated authority are required to acknowledge they have received a copy of this policy and understand their obligations in this role.

Investment responsibilities

The City's Financial Planning and Reporting unit prepares investment recommendations in accordance with this policy and the Investment Strategy. To achieve the best value for the City's investments, recommendations will consider:

- credit risk
- forecast cash requirements
- alternative investments with comparable risk
- liquidity and maturity profiles.

A minimum of two price quotations of like or similar investments must be obtained for the acquisition of all market investments in order to verify the fairness of the purchase price.

Two authorised signatories, with appropriate delegation limits, must approve each investment recommendation. Recommendations must be retained on file as a permanent record.

Any single investment exceeding \$5M, or, investments with maturity terms (or initial call dates) that exceed 5 years, require the written authority by any two of the CEO, COO, CFO, Financial Planning and Reporting Manager or Business Planning and Performance Manager. Where a recommendation consists of multiple investments, the amount and maturity of each investment must be considered separately.

Cash

The City retains funds for daily operational payment needs in a combination of a cheque account and/or daily call account/s. Transfers between these accounts are undertaken in order to ensure the cheque account has the appropriate level of funds to fulfil immediate payment obligations of the City and such transfers therefore do not constitute investments in the context of this Policy.

Delegated authority to enable transfers of call funds between the cheque and call accounts is as follows:

The Chief Executive Officer has delegated authority to transfer call funds as follows:

- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- other senior financial officers who have the requisite skills to undertake investment functions (as per the Delegations Register).

Two authorised signatories, with appropriate delegation limits, must approve each call funds transfer recommendation. Recommendations must be retained on file as a permanent record.

Any single transfer of call funds exceeding \$10M requires the written authority by any two of the CEO, COO, CFO, Financial Planning and Reporting Manager or Business Planning and Performance Manager.

Conflict of interest

Officers shall not engage in activities that would conflict with the proper execution and management of the City's investment portfolio. Any potential conflicts of interest should be appropriately disclosed in accordance with Council's Code of Conduct.

Classification of Financial and Measurement of instruments

At the City, the primary objective in the purchase of financial investments is to collect contractual cashflows (i.e. interest revenue) over the life of the investment, and redeem the principal sum at maturity, rather than to regularly trade to make a profit. This constitutes a 'Held-to-Maturity business model'; one of three options described under AASB 9 – Financial Instruments. Under AASB 9, the classification and measurement of financial instruments is determined by an entity's business model.

Based upon the 'Held-to-Maturity' Model, all investments held by the City are carried at Amortised Cost. This classification requires any discounts or premiums paid on acquisition of investments to be amortised on a straight-line basis until the investment matures. Note that discounts or premiums on acquisition are only applicable to Floating Rate Note products, and have not historically been common for the City.

Since AASB 9 replaced previous applicable standard AASB 139, adjustments to 'Fair Value' are no longer required; valuations will still be received on a quarterly basis from investment advisors, but book values will not be adjusted. This approach is more reflective of the City's historical strategy of holding investments to maturity. Any temporary gains or losses on investment values have traditionally not been realised, and investment values have returned to face value at the time of maturity.

Performance Benchmarks

Investment performance will be measured monthly against the chosen benchmarks in relation to both current month and 12-month rolling returns.

The City uses independently determined benchmarks. Where the City changes independently determined benchmarks, monthly reports for the month of change and the next five months thereafter shall contain reporting of investment returns against benchmark for both the following:

- the benchmark that is being replaced, and
- the new benchmark backdated on a twelve month basis.

The City currently uses two performance benchmarks:

- Bloomberg AusBond Bank Bill Index – provides a common benchmark against other councils so that the City's investment performance can be compared on an industry basis and against other portfolios with similar or different risk and reward profiles
- 30 day Bank Bill Rate (sourced from the RBA) – provides a fair indicator of the risk free rate of return so that Council can understand the return that has been earned from diversifying its investment portfolio and accepting conservative levels of risk.

Consultation

Reporting and Review

The City will maintain a separate record of money it has invested under section 625 of the *Local Government Act 1993*, in accordance with the criteria defined by the *Local Government Code of Accounting Practice and Financial Reporting*.

Pursuant to the *Local Government (General) Regulation 2021* (clause 212), the City will provide a monthly report to Council on investments. The monthly report to Council will include:

- the total value of the portfolio
- a complete schedule of all investments within the total portfolio
- full disclosure of all investments by type, current credit rating and face value
- net investment income for the month (actual against budget)
- the weighted average investment returns for the current month and the last 12 months rolling period (actual against benchmark)
- informative commentary on portfolio compliance and performance, current economic investment environment, and any change to current strategy
- certification that investments accord with the Act, regulations and Council's investment policy and strategy.
- analysis of the portfolio's liquidity (maturity) profile
- analysis of the portfolio's risk profile (credit ratings)
- analysis of the portfolio's product diversification (investment types)
- cumulative performance over Bloomberg AusBond Bank Bill Index and 30 day Bank Bill Rate

In accordance with the *Local Government Code of Accounting Practice & Financial Reporting*, the City will undertake an annual review of its Investment Policy and Investment Strategy.

If there are any significant changes to the Act, regulations, issued guidelines, or if the market changes to a degree that warrants an earlier examination, the Policy and/or Strategy will be reviewed and brought back to Council for its consideration.

Audit Oversight

The City's external auditors will review City's investments as part of the Annual Financial Reports. This may include seeking independent certification from the relevant financial institutions (banks, fund managers, etc.) to confirm the balance of investments held on the City's behalf at the end of the financial year, and the adequacy of their internal control procedures.

The City’s Internal Audit unit will also periodically review the adequacy of the Investment Policy, Strategy and management’s internal controls as part of its audit review program.

Investment criteria

This section sets out the criteria for investments to be considered for inclusion within the City’s portfolio. In particular, it defines the mandatory investment criteria which all investments must satisfy.

Current investment regulations require councils to invest in NSW Treasury Corporation (NSW TCorp), or securities issued by or guaranteed by the Commonwealth, any state of the Commonwealth or a Territory. Investments are also permitted with Approved Deposit-taking Institutions (ADI) such as Australian banks or branches of foreign owned banks, credit unions and/or building societies as it acknowledges the additional assurance that arises from their regulation by the Australian Prudential Regulation Authority (APRA).

Mandatory Investment Criteria

Scope

Investments must comply with the legislative authorities as described in the Legislative Authority for Investments paragraph of this policy.

Currency

Investments must be denominated in Australian Dollars.

Ownership

Investments must be held in the City of Sydney’s name.

Term / Maturity

The term to maturity of investments may not exceed the periods shown below:

Investment	Maximum Term
All investments	10 years

Credit rating

The following credit rating criteria apply to City investments:

- Investments must have a credit rating. The credit rating structure of the total portfolio must comply with the following table:

Maximum Thresholds – Portfolio Percentage Limits		
Credit rating / Organisation	Direct investment products (as a % of Total Portfolio)	Exposure to a single institution (as a % of Total Portfolio)
AAA	100%	33 ⅓ %
ADIs within either the ANZ, Commonwealth Bank, NAB or Westpac Banking Groups ('Big Four')	100%	33 ⅓ %
AA	100%	25%
A	60%	20% (Maximum is the lesser of: \$75M Or 5% of Net Equity as per the latest published annual financial statements)
Below A (to minimum investment grade rating – currently BBB)	10%	10% (Maximum of \$10M)

- Credit ratings apply to both products and institutions. However, this policy requires the rating applicable to the institution responsible for the product (e.g. guarantor) to be taken as the relevant rating given this represents the underlying risk to the City. Where there is a disparity between the credit rating of the institution and an individual investment product, the lower of the two ratings is adopted in applying the requirements of this Policy.
- Credit ratings must be monitored regularly by Finance staff to ensure ongoing compliance. Investments with credit ratings downgraded to an extent that they no longer comply will be divested as soon as practicable, in accordance with the grandfathering provisions of this policy.
- Credit risk investment parameters are based on credit rating bands as published by the credit rating agencies (e.g. S&P, Moody's and Fitch). If an investment is rated by more than one ratings agency, the credit rating to be used will be based on the order of S&P, Moody's and then Fitch.
- Where the principal amount and accrued interest of any investment with a financial institution are directly guaranteed by the Australian Federal Government for full repayment, the parameters in the table above may be exceeded as follows:
 - exposure to single institutions may exceed the stated limits provided that the excess amount comprises only guaranteed investments
 - exposure of the total portfolio to credit ratings lower than AAA may be exceeded, provided

that the excess amount comprises only guaranteed investments. As a result, investments directly guaranteed by the Australian Federal Government may comprise the total investment portfolio. Management should ensure that any excess of investments over the parameters specified in the table above that is comprised of Australian Federal Government guaranteed investments can be managed back to within the specified parameter levels prior to the expiration of any such guarantee.

- Where investments with different credit ratings are held with the same financial institution (for example, where credit ratings for short-term and long-term investments in the same institution are different), the maximum credit rating threshold is determined as follows:
 - investments with the lower credit ratings are subject to the maximum thresholds associated with those relevant credit rating bands
 - investments with the highest credit rating band for that financial institution are subject to a maximum threshold equal to (i) the maximum threshold for the highest credit rating band applicable to that financial institution, less (ii) the total amount of investments held at any time in the lower credit rating bands with the same institution.

Portfolio liquidity parameters

The portfolio liquidity parameters specify the maximum and minimum amounts or percentages of the City’s total investment portfolio that can be held within the various investment maturity bands.

The liquidity / maturity profile of the total portfolio must comply with the parameters shown in the tables below.

Minimum thresholds are set to ensure adequate liquidity in earlier maturity bands before funds are committed to longer term investments. The minimum thresholds are obviously higher in the shorter term where liquidity is of greater priority.

	1 month	up to 12 months	up to 3 Years	up to 5 Years	up to and greater than 5 Years
Cumulative Minimum % of Total Portfolio	10% or \$50M (the greater of)	40%	55%	90%	100%

The example below illustrates the effect of the minimum threshold for a \$500M investment portfolio size.

Terms	Parameter (%)	Amount by category	Cumulative Amount
1 month	10%	50,000,000	50,000,000
2 to 12 months	40%	150,000,000	200,000,000
1 to 3 Years	55%	75,000,000	275,000,000
3 to 5 Years	90%	175,000,000	450,000,000
> 5 Years	100%	50,000,000	500,000,000
		<u>500,000,000</u>	

Maximum thresholds are set to control the proportion of the total portfolio that can be invested into longer term investments to ensure that the City has adequate access to short and medium term liquidity to satisfy its business objectives. The maximum thresholds reduce as the maturity horizon extends further into the future.

	1 month	2 to 12 months	1 to 3 Years	3 to 5 Years	> 5 Years
Maximum % of Total Portfolio	100%	80%	40%	35%	10%

The example below illustrates the effect of the maximum threshold for a \$500M investment portfolio size.

Terms	Parameter (%)	Amount by category
1 month	100%	500,000,000
2 to 12 months	80%	400,000,000
1 to 3 Years	40%	200,000,000
3 to 5 Years	35%	175,000,000
> 5 Years	10%	50,000,000

The relationship of the maximum and cumulative minimum thresholds is illustrated by the following example. Essentially, before an investment can be considered for a particular maturity band, firstly the total portfolio must be in compliance with the cumulative minimum thresholds and secondly, the investment should then not cause the maximum thresholds to be exceeded. As an example, if an investment of 2 years duration is being considered, the following thresholds must be complied with:

- First, at least 40% of the total portfolio must have a maturity date of less than 12 months and 10% of the portfolio (or at least \$50M) must have a maturity date of less than 1 month.
- Secondly, once the investment is added to the portfolio, the total amount of investments maturing between 1 and 3 years may not exceed 40% of the total portfolio.

The thresholds are aimed at ensuring minimum liquidity requirements are always met. Hence, if 45% of the portfolio has a maturity date of less than one month, it means that an investment with a maturity of 1 to 3 years can be made because there is an adequate cumulative threshold of 45% of the portfolio that has a maturity of up to 12 months to meet the 40% minimum threshold i.e. excess levels may be applied to meeting the minimum thresholds of succeeding maturity bands. Upon reinvestment consideration must be given to ensuring that the minimum thresholds of the succeeding maturity bands are always maintained when the shorter term investments mature.

The minimum requirement for very short term (30 days) access to investments is set at the greater of \$50M or 10% of the portfolio balance to ensure adequate liquidity to meet the City’s working capital requirements.

The City may utilise pre-approved overdraft facilities to manage short-term liquidity shortfalls where it is both prudent and financially advantageous. It is anticipated that this facility would be utilised to avoid penalties arising from early redemption of term deposits or where favourable investments arise a day or two ahead of the maturity dates of existing investments that are earmarked for future investment. Overdrafts should be limited to no more than \$10M and for a duration of no more than 2 weeks.

Breaches of criteria

Procedures for dealing with unavoidable breaches of any particular thresholds are contained in the next section on grandfathering of investments.

Grandfathering of Investments

This policy imposes limits and thresholds in relation to the acquisition and holding of investments. However, situations may occur where inadvertent breaches of these limitations or thresholds arise, other than from the acquisition of investments. For example:

- amendments to regulatory directives or legislation
- changes in the total value or amount of the City's investment portfolio which consequently changes any of the threshold limits so that they no longer meet the portfolio liquidity parameters.

Breach as a result of regulatory change

When limitations or thresholds are breached due to amendments to regulatory directives or legislation, the investment portfolio must be managed in accordance with the respective amendments. Where the amendments enable retention and grandfathering of existing investments, the City may continue to actively manage those investments within the portfolio in accordance with all other regulations and policies applicable to such investments. This includes a strategy of holding or divesting such investments in accordance with regular investment considerations.

Breach in order to meet operational requirements

Where the limitation or threshold is breached for a one-month period, in situations where short term cash is needed for urgent operational use, the breach would be authorised and no further investing activities will be made beyond 30 days.

Breach as a result of change in total investment portfolio

Where limitations or thresholds are breached due to a change in the overall size of the total investment portfolio, the following process will apply:

- an immediate freeze is imposed on the acquisition of new investments in greater than relevant category until the portfolio can be effectively managed back to accord with the requirements of this policy;
- the relevant category of investments must be managed back in accord with the policy limits within a period that takes into account any adversity created by market liquidity, current valuations of these investments and the risks of default.

The immediate forced sale of the investments in breach of the limits or thresholds will not be required.

Investment Strategy

The City will prepare an annual Investment Strategy to guide the management of its surplus cash and investments within the requirements of this policy.

The Investment Strategy will document all key objectives relating to management of cash and investment assets over the short to medium term in the context of prevailing market conditions at the time. The strategy will:

- consider the City's current investment portfolio, its financial position and financial commitments, current legislative constraints and the global investment environment
- specify our investment goals and targets for the forthcoming year.

Mandatory components of the City's Investment Strategy will comprise the management of the following aspects of the investment portfolio:

- risk profile
- liquidity/maturity
- return/income
- environmentally and socially responsible investments

Requirements in respect of each component are detailed below.

Risk Profile

The City's risk profile in relation to investing surplus funds is to be relatively prudent, conservative and risk averse. The profile will be achieved by effectively managing within the investment portfolio:

- the **diversity** of the investments
- the **creditworthiness** of the investments

Diversity is achieved by placing limits on the maximum exposure the City may have to individual:

- funds or financial institutions
- credit rating bands.

Creditworthiness of investments is primarily determined using long and short term credit and fund Industry Standard Credit Ratings of Standard & Poors (S&P), Moody's or Fitch. The City will not invest in non-rated institutions.

Liquidity/Maturity

The cash requirements of the City will be satisfied by monitoring and structuring the total maturity profile of the investment portfolio in accordance with the Investment Policy.

Return/Income

Investment returns are closely correlated to the risk profile of the underlying investments. Appropriate benchmark rates of return will be set in relation to the risk profile and returns will be required to meet or exceed benchmark rates.

Environmentally and socially responsible investments

Subject to compliance with legislation and investment policy objectives and parameters, the City preferences investment securities and financial institutions that meet our socially responsible investments (SRI) criteria. SRI status may be in respect of the individual investment, the issuer of the investment, or both and should be endorsed by an accredited environmentally and socially responsible industry body or institution.

Environmentally and Socially Responsible Investments will be assessed on the same basis as other investment opportunities and the City will select the investment that best meets its overall investment selection criteria.

The City's criteria relating to an SRI are those which:

- direct investment towards the socially and environmentally **productive** activities listed below
- avoid investment in the socially and environmentally **harmful** activities listed below.

The criteria for SRI are all preferred and not mandatory requirements. Environmentally

productive activities are considered to be:

- resource efficiency-especially water and energy
- renewable energy
- production of environmentally friendly products

- recycling, and waste and emissions reduction

Socially **productive** activities are considered to be:

- fair trade and provision of a living wage
- human health and aged care
- equal opportunity employers, and those that support the values of communities, indigenous peoples and minorities
- provision of housing, especially affordable or social housing

Environmentally **harmful** activities are considered to be:

- production of pollutants, toxins and greenhouse gases (coal, oil and gas)
- habitat destruction, especially destruction of forests and marine eco-systems.
- nuclear power
- uranium mining

Socially **harmful** activities are considered to be:

- abuse of Human Rights and Labour Rights
- involvement in bribery/corruption
- production or supply of armaments
- manufacture of alcohol, tobacco or gambling products

The City will advocate for the further development of SRI options through engagement with financial institutions.

Evaluation

The policy is evaluated through the measured results incorporated in monthly reporting of investment performance to Council.

References

Laws and Standards
<ul style="list-style-type: none"> • Australian Accounting Standards • Office of Local Government – Local Government Code of Accounting Practice & Financial Reporting • Office of Local Government Circulars • Office of Local Government Investment Policy Guidelines • Local Government (General) Regulation 2021 • Local Government Act 1993 • Minister’s Investment Order (gazetted) • Trustee Act 1925 (NSW)
Policies and Procedures
<ul style="list-style-type: none"> • Code of Conduct • Disciplinary Policy & Procedures

Policies and Procedures

- Fraud & Corruption Internal Reporting Policy
- Investment Strategy

Review period

This policy will be reviewed every year.

Approval Status

The Council approved this policy on **XX XXXX 2022**.

Approval History

Stage	Date	Comment	TRIM Reference
Original Policy	29 October 2018	Approved by Council	2019/018769
Reviewed	28 October 2019	Approved by Council	2019/604444, 2019/018769 (pdf)
Reviewed	26 October 2020	Approved by Council	2020/483244
Reviewed	18 October 2021	Approved by Council	2020/483244
Commence Review Date			
Approval Due Date	31 October 2022		

Ownership and approval

Responsibility	Role
Author	Financial Planning and Reporting Manager
Owner	Chief Financial Officer
Endorser	Chief Executive Officer
Approver	City of Sydney Council

Attachment B

2022/23 Investment Strategy

Investment Strategy

Purpose

The annual Investment Strategy sets out the City's investment goals and targets for the coming year. The aim of the strategy is to guide the management of the City's investment portfolio to:

- achieve a balanced and diversified portfolio, in terms of allowable investment products, credit ratings and maturation terms that will outperform the benchmark indices
- ensure liquidity when required for the City's operational and capital expenditure needs.

Scope

The *Investment Strategy* applies to all managers and employees who actively manage the investment of surplus funds or have responsibility for employees who actively manage the investment of surplus funds.

This strategy should be read in conjunction with the *Investment Policy*.

Context

The City's investment strategy is determined after taking into consideration a review of the following issues:

- global and domestic economic investment environments
- investment policy and legislative constraints
- current composition of Council's investment portfolio
- long, medium and short term financial plans.

Global and domestic investment environments

The Covid-19 pandemic has created significant uncertainty in financial markets. The Reserve Bank of Australia (RBA) responded to the crisis by reducing the official cash rate, firstly on 3 March 2020 to 0.50 per cent, again on 20 March 2020 to 0.25 per cent, and then again on 2 November 2020 down to an official cash rate of 0.10 per cent. However, this calendar year inflation has increased significantly, as a combination of global factors and domestic capacity constraints have raised costs and ultimately consumer prices.

Inflation in Australia is at its highest level since the early 1990s. Inflation was 6.1 per cent over the year to the June quarter; in underlying terms it was 4.9 per cent. Global factors explain much of this increase, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy along with recent weather events

In response, the RBA increased the official cash rate to 0.35 per cent on 3 May 2022. Rates were further increased by 0.5 per cent at each of the next four RBA monthly board meetings, to 2.35 per cent on 6 September 2022. Additional increases have been foreshadowed by the RBA governor. The City's returns from the investment portfolio are in line with cash managed funds in the market. The recent increases to official cash rates have seen improvements in rates of return offered by the market, allowing maturing deposits to be re-invested at higher rates. This trend is anticipated to continue as investments placed during the period of suppressed interest rates reach maturity and are re-invested.

While the returns have remained below longer-term trends, relative to returns recently available in the equity and property markets, it is worth noting Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sectors investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which produces lower returns but provides a high level of security.

In Australia, a history of judicious regulation of the financial institutions by the Australian Prudential Regulation Authority (APRA) has meant that Australian based regulated financial institutions have already operated for an extended period under stringent capital adequacy and liquidity requirements. The City's investments all fall under APRA regulation with the result that the portfolio is conservative and secure.

Legislative environment

Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government.

There has been no change to the investment legislative environment for a number of years and the most recent Ministerial Investment Order released in January 2011 continues to limit Council's investment options to:

- term deposits with Approved Deposit-taking Institutions (ADIs)
- other ADI senior ranked securities
- investments with Australian government treasury bodies, including NSW Treasury Corporation (T-Corp)
- funds or securities issued or guaranteed by the Commonwealth or any State or Territory.

Composition of the City's investment portfolio

The conservative nature of Council's Investment Strategy is clearly reflected in the structure of the portfolio, where 100% of the portfolio is invested with APRA-regulated ADIs.

Council's current portfolio is as follows (as at the end of August 2022):

Investment	Split
Big Four banks	75%
Australian mid-tier banks	23%
Australian government treasury bodies	1%
Foreign controlled Australian based ADIs	1%
Investment	Split
Total APRA-regulated ADIs	100%

The allocation of assets within the portfolio is with very secure institutions. In the past year, the City has diversified the portfolio with further selected investment into the Australian mid-tier banks as they continue to reflect strength and stability.

Investment strategy

The City's investment portfolio will continue to be prudently managed in accordance with:

- the City's Investment Policy and related legislative and regulatory requirements,
- documented risk management procedures to preserve capital; and
- the City's operational and capital funding requirements.

Objectives

The City's investment strategy for the period is to maintain the highly secure profile of the portfolio, provide liquidity and deliver competitive investment returns commensurate with the portfolio structure.

As noted in the investment policy, the City's primary objective in the purchase of financial investments is to collect contractual cash flows (i.e. interest revenue) over the life of the investment, and redeem the principal sum at maturity, rather than to regularly trade to make a profit. This constitutes a 'Held-to-Maturity business model'; one of three options described under AASB 9 – Financial Instruments. Under AASB 9, the classification and measurement of financial instruments is determined by an entity's business model.

Risk profile

The risk profile for the City's investment portfolio is based on the principles of being prudent, conservative and risk averse. This is achieved by managing the diversity and creditworthiness of investments in accordance with the Investment Policy and other relevant requirements.

The City's capital funding requirements will continue to remain high over the next few years, including the funding of an expansive capital works program, potential community and commercial property acquisitions and the purchase of land for future open space. As a result, the maturity profile of the investment portfolio has become more concentrated in the short and medium term rather than the longer term.

As a consequence, the proportion of longer dated floating rate notes in the portfolio is reducing while the proportion of short to medium dated term deposits and floating rate notes are increasing. All of these investments are with APRA regulated financial institutions so that credit risk remains minimal. The maturity profile of the investments is adequately spread over those periods to ensure that liquidity and maturity risks are also kept to a minimum.

The most favourable market for term deposits is mainly with the APRA regulated Australian mid-tier banks with the result that these banks comprise approximately 23% of investment holdings at the time of writing and provide diversity within the portfolio.

Liquidity / Maturity

The majority of the City's cash and investments portfolio is held as internally restricted and externally restricted cash reserves to satisfy the City's legislative responsibilities and to set aside specific funds for the City's funding commitments to the major initiatives within the Delivering Sustainable Sydney 2030-2050 Community Strategic Plan.

As noted above, expected demands for funding of capital projects and property acquisitions and ongoing uncertainty associated with Covid-19 have resulted in a corresponding shift in the maturity profile of the investment portfolio towards shorter term investment maturities.

To ensure the City has available funds to meet these commitments and its short-term operational and capital cash commitments, the following liquidity targets are set in accordance with the Investment Policy.

Investment period	Cumulative Minimum % of total portfolio	Maximum % of total portfolio
1 month	10% or \$50M	100%
2 to 12 months	40%	80%
1 to 3 Years	55%	40%
3 to 5 Years	90%	35%
> 5 Years	100%	10%

The City’s liquidity is monitored on a daily basis to ensure the City’s cash requirements are met and that liquidity parameters remain within allowable limits set out in the *Investment Policy*.

Return / Income

The City uses the following benchmarks to measure investment performance, in relation to both current month and 12-month rolling returns, against its return/income objectives:

- Bloomberg AusBond Bank Bill Index
- 30 day Bank Bill Rate as published by the Reserve Bank of Australia

The City aims to achieve returns equal to or above these benchmark rates for the period. However, this achievement remains secondary to the critical strategies of maintaining a prudent and conservative risk profile and in meeting the City’s liquidity needs.

In addition, the City has utilised an additional strategic benchmark rate to measure its investment performance by exceeding the 30 day benchmark returns, by at least 45 additional basis points (0.45% p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or margins) over bank bill rates on offer in relation to 30–90 day investments. The 30-90 bank bill rates represented a reflective benchmark at the time of adoption.

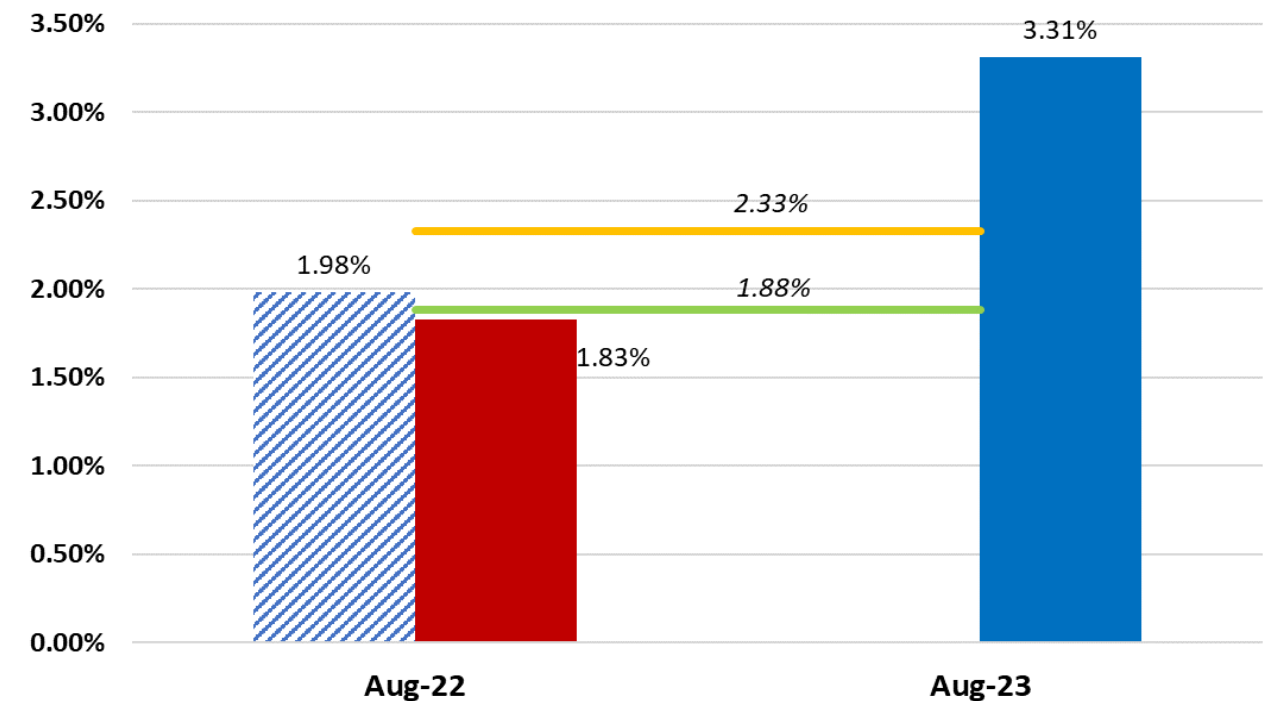
The City’s current cash balances are applied in meeting immediate operational and capital commitments as well as future year’s capital commitments. It is anticipated that 2022/23 will present new opportunities to the City in delivering higher investment income returns, including the following:

- Recent increases to official cash rates have seen improvements in rates of return offered by the market which will allow future maturing deposits and surplus funds to be re-invested at higher rates. This trend is anticipated to continue beyond the current financial year.
- A number of short-term investments that were locked in at prevailing (lower) rates of return during the Covid-19 pandemic period are yet to mature. While available rates for reinvestment have significantly increased since March 2022, the higher yields will not be fully reflected in average portfolio returns until the maturity of these legacy deposits.

- The City’s cash position has remained reasonably resilient throughout the Covid-19 pandemic. However, a number of major revenue streams including parking services and commercial property income remain at risk.

The following chart illustrates how earnings yields may potentially be impacted over the coming year as a result of the above factors. The chart assumes the re-investment of maturing deposits at prevailing rates at the time of writing. The recent increases to official cash rates have seen improvements in rates of return offered by the market which will allow future maturing deposits and surplus funds to be re-invested at higher rates. This trend is anticipated to continue beyond the current financial year.

**Portfolio Performance against Benchmarks
Current and Projected (2022 to 2023)**



 Earnings Yield (Total portfolio)
  Earnings on Investments acquired last 12 Months
 Projected Earnings Yield (next 12 months)
  Enhanced Benchmark (+0.45)
 30 Day Bank Bill Benchmark

Environmentally and Socially Responsible Investments

The City’s ability to acquire environmentally and socially responsible investments within the current investment and policy environment remains limited, as:

- the structure of many of these investments remains prohibited under the current Ministerial Investment Order; and
- excess demand for environmentally and socially responsible investments has reduced market rates of return on these products.

The City will, however, continue to explore opportunities for supporting environmentally and socially responsible investments within these constraints. The investment climate is changing over time and the City notes that many large scale renewable projects are expected to evolve, which may offer sustainable investment opportunities in the medium to long term. There has been a significant increase in acquiring environmentally and socially responsible investments, but the City remains constrained by our own policy and are limited by market condition. The City will continue to encourage and give preference to these investments where they comply with the Ministerial Investment Order and satisfy Council’s policy and investment objectives.

References

Laws and standards	<ul style="list-style-type: none"> • Local Government Act 1993 • Local Government (General) Regulation 2021 • Ministerial Investment Order • Local Government Code of Accounting Practice and Financial Reporting • Australian Accounting Standards • Office of Local Government Circulars
Policies and procedures	<ul style="list-style-type: none"> • Investment Policy

Approval

Review

Review period	Next review date	TRIM reference
The Code of Accounting Practice & Financial Reporting requires Council to undertake an annual review of its Investment Policy and Investment Strategy.	October 2022	

Item 6.

Investments Held as at 30 September 2022

File No: X020701

Summary

This report provides details of the City's investment portfolio and performance to 30 September 2022.

The City's total Investment and Cash position was \$702.3M at 30 September 2022, with investments earning interest of approximately \$1.1M for the month.

The Covid-19 pandemic has created significant uncertainty in financial markets. The Reserve Bank of Australia (RBA) responded to the crisis by reducing the official cash rate in a series of steps down to an official cash rate of 0.10 per cent by November 2020. However this calendar year inflation in Australia has increased significantly to the highest rate since the early 1990s, with the monthly Consumer Price Index (CPI) indicator at 6.8 per cent in August. Global factors explain much of the increase in inflation, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy.

In response, the RBA increased the official cash rate to 0.35 per cent on 3 May 2022. Rates were further increased by 0.5 per cent at each of the next four RBA monthly board meetings, to 2.35 per cent on 6 September 2022. The rate was further increased to 2.60 per cent on 4 October 2022. Additional increases have been foreshadowed by the RBA governor.

The City's cash inflows have been negatively impacted as the economic consequences of the pandemic continue to reduce major revenue streams, in particular commercial property income, but also parking related, venue hire and other activity based revenues.

The majority of the City's cash and investments portfolio is held as internally restricted (\$348.9M) or externally restricted (\$ 76.4M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.

Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and commercial property and open space acquisitions. The balance of investment funds represents working capital and funding required for the City's operating and capital expenditure commitments.

The City achieved an annualized monthly return of 2.52 per cent for September which remains above the 30 Day Bank Bill Rate (BBR) of 2.41 per cent and the latest AusBond Bank Bill Index (published by Bloomberg) of 1.80 per cent.

Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance by exceeding the 30 day benchmark returns, by at least 45 additional basis points (0.45 per cent p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or margins) over bank bill rates on offer in relation to 30–90 day investments.

Investment returns as at 30 September 2022 are below the enhanced benchmark of 2.86 per cent (BBR + 0.45 per cent). These lower returns reflect the placement of matured investments and received rates income in the City's call accounts, for a number of months, to fund a significant property acquisition endorsed by Council in June 2022 and settled in early September 2022. This limited the City's opportunity to invest in longer term deposits with higher interest rates for a period of time.

The City's annual rolling return of 2.06 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 0.60 per cent, the latest AusBond Bank Bill Index of 0.52 per cent and the enhanced benchmark of 1.05 per cent (BBR + 0.45 per cent) as endorsed in the Investment Strategy in October 2021.

While the returns remain below longer-term trends, the recent increases to official cash rates have seen improvements in rates of return offered by the market which will allow future maturing deposits and surplus funds to be re-invested at higher rates. This trend is anticipated to continue beyond the current financial year.

It is worth noting that Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sector's investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which generally produce lower returns but provide a high level of security. The City's returns from the investment portfolio remain in line with cash managed funds in the market.

This report includes graphs demonstrating that the City's liquidity profile continues to satisfy the requirements of the Policy, and charts that identify the distribution of the City's portfolio across credit ratings, investment product types and financial institutions. Separate charts depicting the City's cumulative portfolio returns over and above both the 90 day Bloomberg AusBond and 30 day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.

The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions. The Policy and Strategy also maintain the City's commitment to sustainable investments where returns and risks are equivalent, under the environmentally and socially responsible investment criteria. A revised Policy and Strategy is the subject of a separate report to the Corporate, Finance, Properties and Tenders Committee this month that will inform future investment decisions over the twelve months from October 2022.

Recommendation

It is resolved that the Investment Report as at 30 September 2022 be received and noted.

Attachments

Attachment A. Register of Investments and Cash as at 30 September 2022

Attachment B. Investment Performance as at 30 September 2022

Background

1. In accordance with the principles of financial management, cash that is surplus to the City's immediate requirements is invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds.
2. Surplus cash is only invested in authorised investments that comply with governing legislation and the City's Investment Policy and Strategy.
3. The benchmark performance goal of the City's Investment Policy and Strategy is to surpass the 30 Days Bank Bill Rate (BBR) by 45 basis points while performance also continues to be measured against the Bloomberg AusBond Bank Bill Index.
4. The City's total Investment and Cash position as at 30 September 2022 is \$702.4M, a decrease of \$97.3M from the \$799.7M reported as at 31 August 2022. The monthly movement reflects capital works expenditure, other operational payments for the period in excess of operating income, and a large commercial property acquisition in line with the City's long term financial strategy. A schedule detailing all of the City's investments as at the end of September is provided at Attachment A.
5. A substantial portion of the City's cash and investments portfolio is held as internally restricted (\$348.9M) or externally restricted (\$76.4M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.
6. Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and the acquisition of open space. The balance of investment funds represents working capital and funding required for the City's operating and other capital expenditure commitments.
7. The City achieved an annualized monthly return of 2.52 per cent for September which remains above the 30 Day Bank Bill Rate (BBR) of 2.41 per cent and the latest AusBond Bank Bill Index (published by Bloomberg) of 1.80 per cent.
8. Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance by exceeding the 30 day benchmark returns, by at least 45 additional basis points (0.45 per cent p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or margins) over bank bill rates on offer in relation to 30–90 day investments.
9. Investment returns as at 30 September 2022 are below the enhanced benchmark of 2.86 per cent (BBR + 0.45 per cent). These lower returns reflect, in recent months, the placement of matured investments and received rates income in the City's call accounts in order to have the funds available to transact a significant property acquisition that settled in early September 2022, as endorsed by Council in June 2022. This limited the City's opportunity to invest in longer term deposits with higher interest rates.
10. The City aims to achieve returns equal to or above these benchmark rates for the period. However, this achievement remains secondary to the critical strategies of maintaining a prudent and conservative risk profile and ensuring adequate liquidity for operational purposes.

11. The City's annual rolling return of 2.06 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 0.60 per cent, the latest AusBond Bank Bill Index of 0.52 per cent and the enhanced benchmark of 1.05 per cent (BBR + 0.45 per cent) as endorsed in the Investment Strategy in October 2021.
12. While the returns remain significantly below longer-term trends, relative to returns currently available in the equity and property markets, it is worth noting Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sectors investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which produces lower returns but provides a high level of security.
13. The City's returns from the investment portfolio are line with cash managed funds in the market. The recent increases to official cash rates have seen improvements in rates of return offered by the market, allowing maturing deposits to be re-invested at higher rates. This trend is anticipated to continue as investments placed during the period of suppressed interest rates reach maturity and are re-invested.
14. In response to the global Covid-19 pandemic, the Reserve Bank of Australia (RBA) adjusted the official cash rate on 3 March 2020, again on 20 March 2020, and in November 2020 down to 0.10 per cent. However, this calendar year, inflation has increased significantly as a combination of global factors, and domestic capacity constraints have lifted costs and ultimately consumer prices.
15. Inflation was 6.1 per cent over the year to the June quarter; in underlying terms it was 4.9 per cent. The monthly Consumer Price Index (CPI) indicator rose 7.0 per cent in the year to July and 6.8 per cent to August. Global factors explain much of the increase in inflation, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy along with recent weather events.
16. In response, the RBA increased the official cash rate to 0.35 per cent on 3 May 2022. Rates were further increased by 0.5 per cent at each of the next four RBA monthly board meetings, to 2.35 per cent on 6 September 2022. The rate was further increased to 2.60 per cent on 4 October 2022. Future increases to these rates continue to be foreshadowed by the RBA Governor.
17. Despite these recent increases in interest rates, low investment yields on existing investments are expected to continue to adversely impact the City's portfolio return over the next twelve months. Most of the investment portfolio (currently 76 per cent) is held in fixed return term deposits, although higher returns are anticipated once these investments mature and are reinvested in products offering higher returns, if the funds are not required for operating purposes. With around 79 per cent of the portfolio due to mature in the coming year, the City will be able to take advantage of improving returns.
18. The City's cash inflows, whilst reasonably resilient, have been negatively impacted for a prolonged period, as the economic consequences of the pandemic have continued to affect major revenue streams, in particular commercial property income.
19. The report includes graphs depicting that the City's cumulative portfolio returns over and above both the 90 day Bloomberg AusBond, and 30 day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.

20. The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions. A revised Policy and Strategy is the subject of a separate report to the Corporate, Finance, Properties and Tenders Committee this month that will inform future investment decisions over the twelve months from October 2022.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

21. The City's investments accord with all legislative and policy requirements, as detailed below, and aim to achieve returns above minimum benchmark rates.

Financial Implications

22. The City's investments earned interest of \$1.1M for the month of September 2022, which is above budgeted earnings of \$0.3M, as cash balances have remained higher than anticipated when the budget was prepared.

Relevant Legislation

23. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.
24. The Local Government (General) Regulation 2021 (section 212) requires the City to provide a written monthly report of all monies invested, under section 625 of the Act.
25. The Investment Policy and Strategy was last revised in October 2021, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments.
26. The City's investments accord with the Minister's Investment Order, the Office of Local Government's Investment Policy Guidelines, and the City's own Investment Policy and Strategy as adopted by Council on 18 October 2021.

Critical Dates / Time Frames

27. A monthly investment report must be submitted for Council's information and review within the following month.

Public Consultation

28. Consultation is regularly undertaken with a number of financial institutions and investment advisers to consider options and ensure the City continues to maximise its investment return within appropriate legislative and risk parameters.
29. City staff meet regularly with representatives of each of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.
30. The banks acknowledge the appetite in the market for these products and they continue to investigate the development of suitable products, however it has been challenging to match the level of funds to available Socially Responsible Investment opportunities that meet the credit risk and maturity profile requirements of the City.
31. As noted in previous Investment Reports, Westpac were able to bring a Green Tailored Deposit product to market, which delivers a comparable return while achieving the City's preferred outcomes. The City currently holds \$105M in seventeen tranches with this Green Tailored deposit.
32. The City has also invested a \$10M parcel with the Commonwealth Bank of Australia (CBA) in Environmental Social and Governance Term Deposit (ESGTDs) certified by Responsible Investment Association Australasia (RIAA), whilst also meeting the City's risk / return aims. RIAA is an active network of members engaged in responsible, ethical and impact investing across Australia and New Zealand. Their mission is to 'promote, advocate for and support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy'. This includes investing in products that seek to mitigate environmental and social risks. ESGTDs provide the opportunity to allocate capital towards financing Sustainability-Linked Loans.
33. The City has also invested \$5M in a Floating Rate Note (FRN) / Sustainability Bond issued by Bank Australia, based on an investment framework that meets the main guidelines for issuance of Green, Social and Sustainability Bonds in the global capital markets. This Socially Responsible investment opportunity met both the credit risk and maturity profile requirement of the City.

BILL CARTER

Chief Financial Officer

Attachment A

**Register of Investments and Cash
as at 30 September 2022**

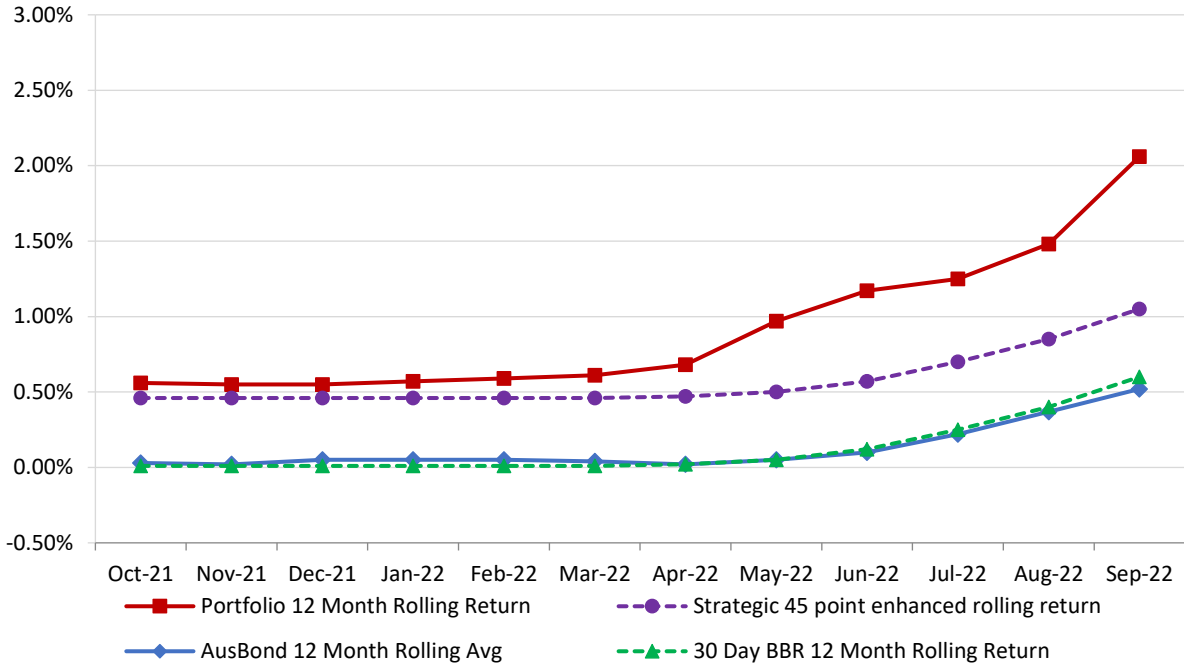
Summary of Net Investment Movements - September 2022

Financial Institution	Fund Rating	Net Invest/(Recall) Amount \$	Commentary
General Fund			
Westpac Banking Corporation	AA	(16,000,000)	September general fund balance was lower compared to prior month due to rates income received in August
Call Account			
Commonwealth Bank	AA	(73,000,000)	Call account funds utilised for the property acquisition settled in September
Macquarie Bank Ltd	A	(10,000,000)	
Westpac Banking Corporation	AA	(28,000,000)	
Term Deposits (TDs)			
Bank of Queensland	A	20,000,000	Redeemed matured investments and additional income placed in higher yielding term deposits.
Commonwealth Bank	AA	10,000,000	
ING Bank	A	5,000,000	
Suncorp Bank	A	5,000,000	
Westpac Banking Corporation	AA	20,000,000	
Bendigo & Adelaide Bank	A	(10,000,000)	Redemption of matured term deposits, utilised for operational use or reinvested with higher yielding products.
IMB	A	(5,000,000)	
National Australia Bank	AA	(15,000,000)	

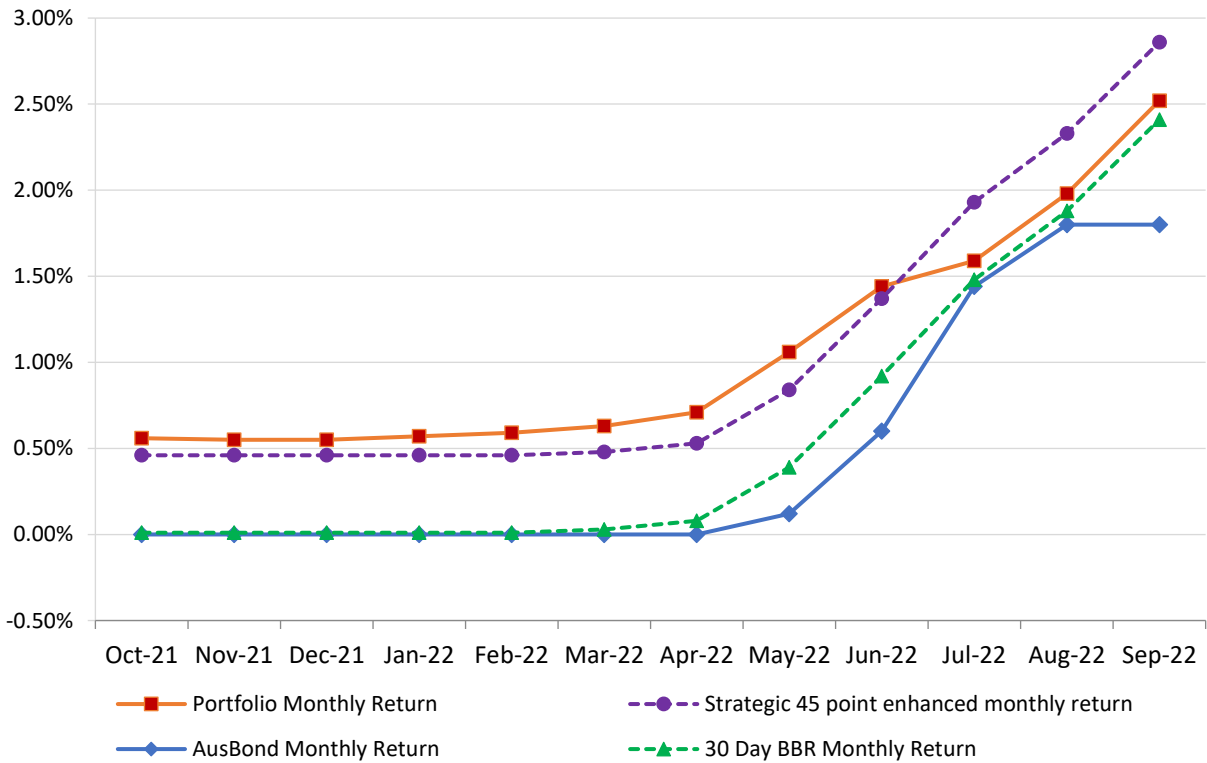
Attachment B

**Investment Performance
as at 30 September 2022**

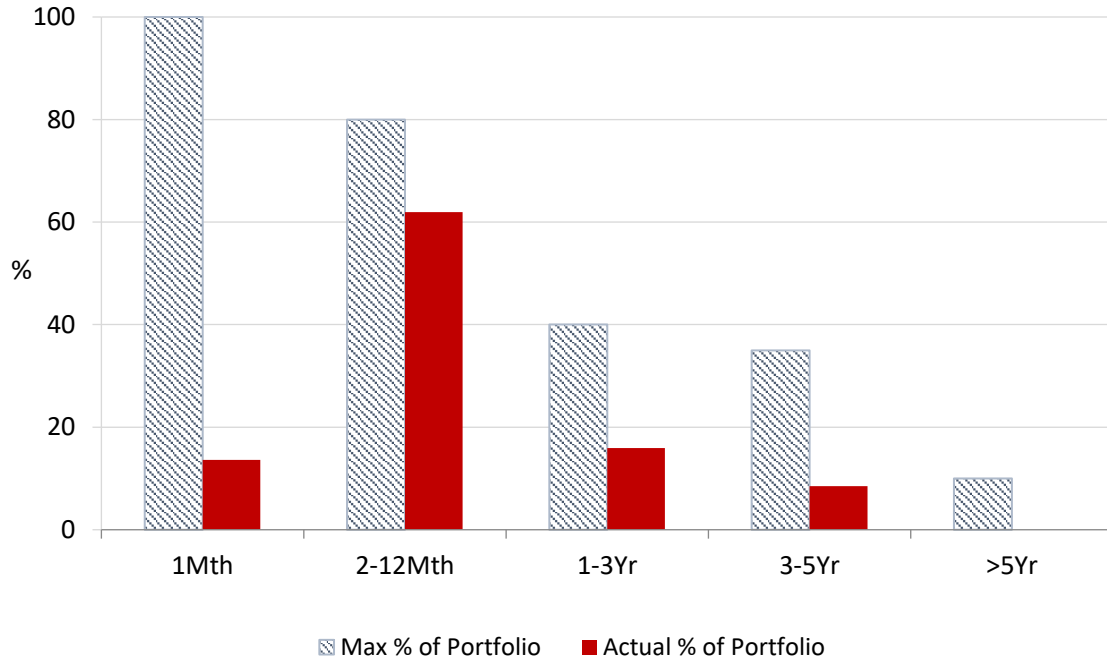
12 Month Rolling Averages
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR
Benchmark September 2022



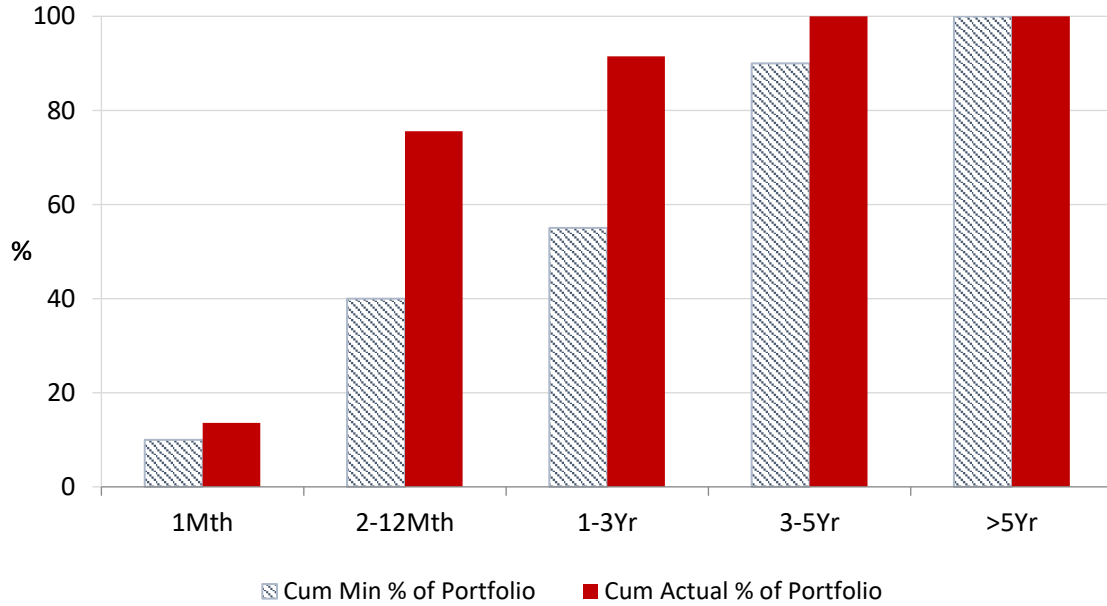
Monthly Results
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR
Benchmark September 2022



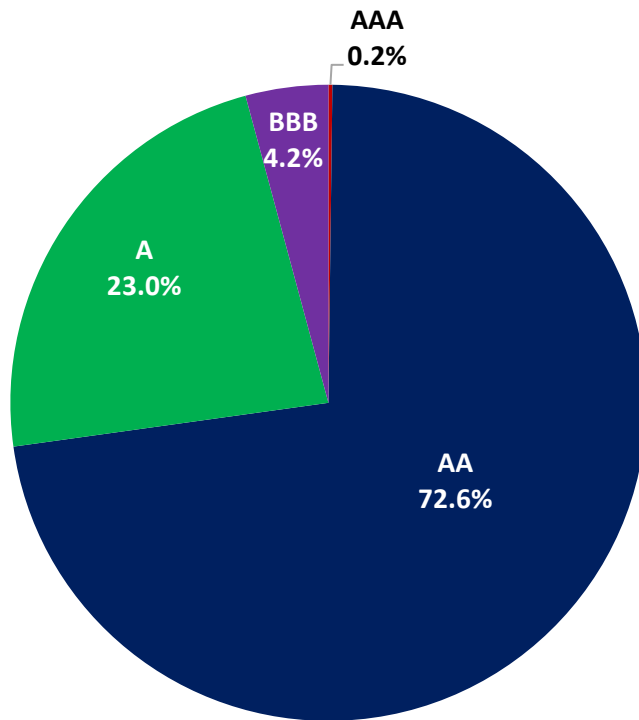
Portfolio Liquidity - Maximum Allowances as at 30 September 2022



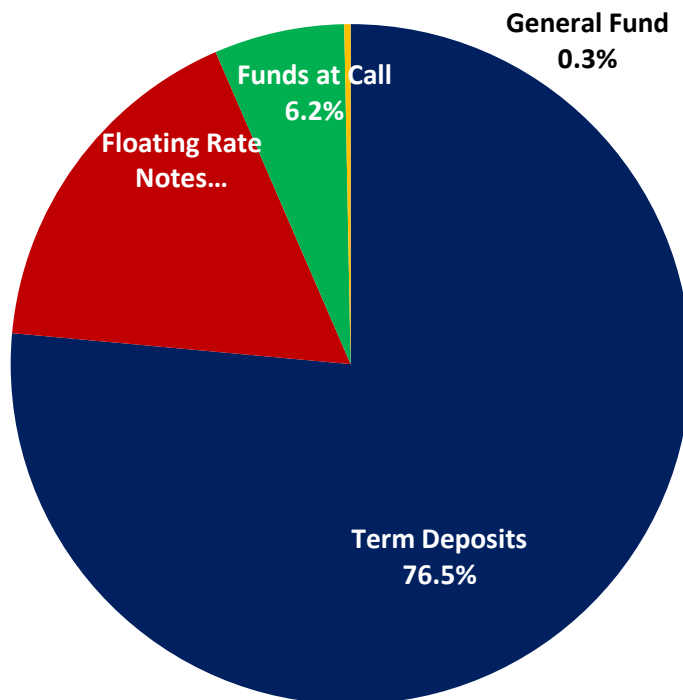
Portfolio Liquidity - Minimum Allocations as at 30 September 2022



Risk Profile as at 30 September 2022



Risk Profile as at 30 September 2022

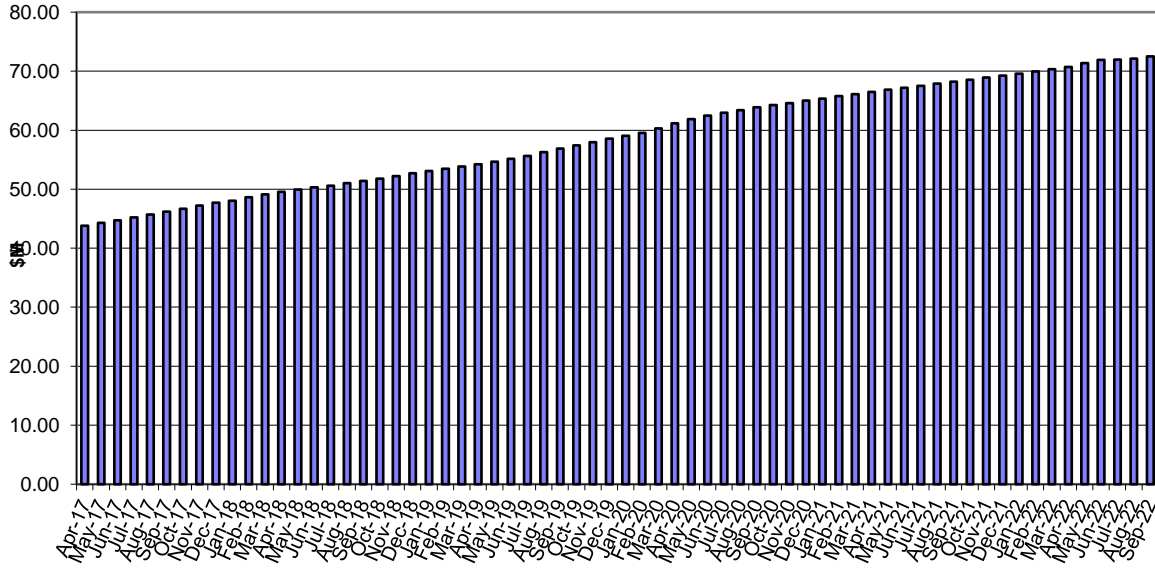


INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION

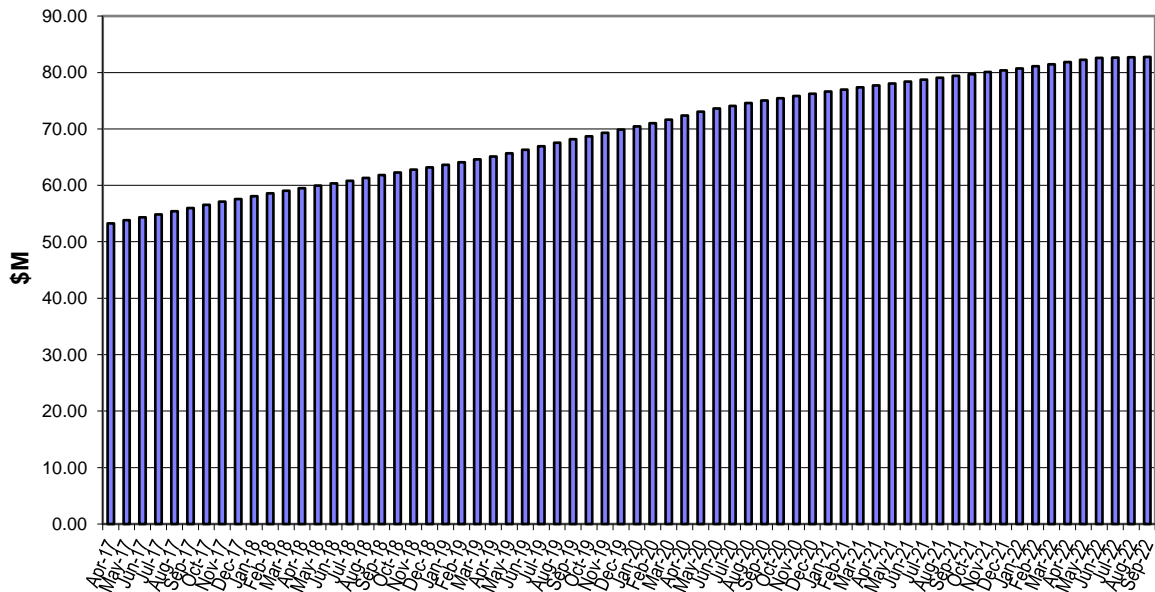
as at 30 September 2022

Institution Category	Financial Institution	Amount \$M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank (and related institutions)	ANZ Bank	53.0	7.5	
	Commonwealth Bank	185.3	26.4	
	National Aust Bank	64.7	9.2	
	Westpac Banking Corporation	199.0	28.3	
Big 4 Total		502.0		71.5
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	10.0	1.4	
	Bank of Queensland	67.0	9.5	
	Bendigo & Adelaide Bank	40.0	5.7	
	Great Southern Bank (formerly Credit Union Australia)	2.8	0.4	
	ING Bank	15.0	2.1	
	Suncorp Bank	36.4	5.2	
	Macquarie Bank Ltd	17.0	2.4	
	Northern Territory Treasury Corporation	5.0	0.7	
Newcastle Permanent Building Society	7.3	1.0		
Other ADI Total		200.4		28.5
Grand Total		702.4	100.0	100.0

Cumulative Outperformance over AusBond Benchmark - 2016-2022



Cumulative Outperformance over 30 Day BBR Benchmark - 2016-2022



Item 7.

Public Exhibition - Naming Policy

File No: X091474

Summary

Names are an important navigation and reference tool in our community. They tell us where we are, define places, and are part of Country and our community's identities.

The City is an evolving place, with new residents, workers, businesses and developments shaping and changing our experience of our local environment. Names should reflect our community's values and history, while also embracing the city's future and aspirations.

The Naming Policy (Policy) provides the City with a framework to consider and progress naming proposals for new Assets and for changing a name of an asset. It is designed to assist the City and third parties to meet their obligations under legislation and in compliance with Geographical Names Board policies, while providing consistency in approach and clarity about naming opportunities.

The current Policy was approved by Council in August 2018. The Policy is scheduled to be reviewed every four years. The Naming Policy has been reviewed and overall remains fit for purpose. The overall direction, principles and aspirations of the updated Policy remain the same. Policy updates fall into three categories: administrative, legislation and policy, and strategic.

This Policy applies to all parks, open spaces, roads and buildings owned, operated or managed by the City of Sydney. The Policy may also be applied to private roads. The Policy also applies to places, including suburbs and urban places.

It provides 14 principles to be applied by the City of Sydney when suggesting, endorsing and approving names. It also provides guidance for when a new name may be considered.

The Policy supports recognition of Aboriginal and Torres Strait Islander cultures in the public domain, dual naming, and the history and precinct distinctiveness of our villages.

The policy complements, and is consistent with, the policies and principles of the Geographical Names Board, which is the official body for naming and recording details of places and geographical names in New South Wales.

Recommendation

It is resolved that:

- (A) Council approve the public exhibition of the draft Naming Policy as shown in Attachment A to the subject report for a minimum of 28 days;
- (B) Council note the draft Naming Policy and any recommended changes will be reported back to Council following the exhibition period; and
- (C) authority be delegated to the Chief Executive Officer to undertake minor editorial corrections prior to the exhibition of the draft Naming Policy.

Attachments

Attachment A. Draft Naming Policy (changes marked up)

Background

1. Names are an important navigation and reference tool in our community. They tell us where we are, define places, and are part of Country and our community's identities.
2. The city is an evolving place, with new residents, workers, businesses and developments shaping and changing our experience of our local environment. Names should reflect our community's values and history, while also embracing the city's future and aspirations.
3. The Naming Policy provides the City with a framework to consider and progress naming proposals for new Assets and for changing a name of an asset.
4. The Naming Policy is designed to assist the City and third parties to meet their obligations under legislation and compliance with Geographical Names Board policies, while providing consistency in approach and clarity about naming opportunities.
5. The current Policy was approved by Council in August 2018. It was the first time that naming had been comprehensively addressed in a Council policy.
6. The Policy is scheduled to be reviewed every four years.
7. The Policy has been reviewed and overall remains fit for purpose. The overall direction, principles and aspirations of the updated Policy remain the same.
8. The Policy applies to all parks, open spaces, roads and buildings owned, operated or managed by the City of Sydney. The Policy may also be applied to private roads. There are some parks, roads and public spaces that are managed by other NSW government agencies, to which this Policy does not apply.
9. It provides 14 principles to be applied by the City of Sydney when suggesting, endorsing and approving names. It also provides guidance for when a new name may be considered.
10. The Policy supports recognition of Aboriginal and Torres Strait Islander cultures in the public domain, Dual Naming, and the history and precinct distinctiveness of our villages.
11. The Policy incorporates community consultation into the assessment of naming proposals to allow community involvement, transparency and good governance.
12. Updates fall into three categories: administrative, legislation and policy, and strategic.
13. Administrative changes include application of the current policy template, introducing sub-headings for the 14 principles to make it more user friendly, and splitting the Aboriginal Language and Dual Naming principles for clarity (now Principles 4 & 5).
14. Legislation and policy updates include multiple Geographical Names Board policy updates, especially regarding uniqueness, syntax, community sensitivities, dual names, persistence and when a name may be changed.
15. The Aboriginal Languages Act 2017 created the Aboriginal Languages Trust, who have a role in Dual Naming, and reference is inserted under the Dual Naming explanation.

16. Strategic updates include strengthening and adjusting principles to ensure compatibility with Geographical Names Board policies, emphasising the importance of Country and Aboriginal language, clarifying and strengthening the explanation of Aboriginal Place Naming, and simplifying the responsibilities section.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

17. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This policy is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - Responsible governance and stewardship - the Policy supports the practice of standardised addressing and data, provides consistency and transparency in the consideration and determination of naming proposals, and allows community participation in the naming process.
 - (b) Direction 3 - Public places for all - the Policy supports the naming of all public places. There are some open spaces and lanes that have never been formally named as they have not had a primary address function. These are opportunities to provide formal or new names for these locations.
 - (c) Direction 4 - Design excellence and sustainable development - new roads, parks and community facilities are created through the process of city development and urban renewal. The policy supports appropriate naming of these new Assets.
 - (d) Direction 6 - An equitable and inclusive city - names for new Assets provide the opportunity to reflect the communities' values and aspirations, as well as rebalancing previous approaches and priorities for naming. The Policy strongly supports names acknowledging Aboriginal connections to Country through using Aboriginal language and respecting Dual Names, the multicultural nature of our society and gender diversity.
 - (e) Direction 8 - A thriving cultural and creative life - Names are clues to understanding significant stories or signposts to a place's history. Names can connect the past to the present and support precinct distinctiveness.

Organisational Impact

18. This Policy applies to all naming proposals.
19. The Policy is not retrospective.
20. City staff will follow the steps outlined in the Naming Proposal Procedure to progress a naming proposal in a timely manner to implement the principles of the policy through research and key stakeholder engagement and present the proposal to Council for approval.
21. Council will generally consider a single name for public consultation. Council will not concurrently exhibit multiple candidate names to determine their relative popularity.

22. Council is responsible for endorsing the official road name and ensuring it is approved by the Geographical Names Board and gazetted.

Risks

23. Names are essential for navigation, especially for emergency services. Uniqueness is an essential quality to be sought in new names.
24. Names are expected to be enduring; the renaming of features can be confusing and disruptive and is discouraged. Place names assigned by the Geographical Names Board and Road names should not be changed, except where necessary to avoid ambiguity or duplication.
25. Names commemorating a person will only be applied posthumously, at least one year after the death of the person, in line with Geographical Names Board policy. Such a person's contribution to the local community should have been of outstanding benefit and able to be clearly demonstrated. A person's background must be such that it would not bring the City into disrepute.
26. Names considered discriminatory, offensive, demeaning or harmful to social, ethnic, religious or other groups should not be used.

Social / Cultural / Community

27. The value of names extends beyond way-finding. Names provide a very important link between the community and Country. Names can also reflect the history of our diverse communities.
28. Names are clues to understanding significant stories or signposts to a place's history. Many parks, open spaces, roads and buildings in the City of Sydney already have names that are commonly used or are historic in nature. Nevertheless, the names in our city should reflect and respond to our changing demographics, environments and values.
29. Names for new Assets provide the opportunity to reflect the communities' values and aspirations, as well as rebalancing previous approaches and priorities for naming. Names acknowledging the multicultural nature of our society and gender diversity are strongly encouraged.
30. Speaking Aboriginal language is a powerful way to incorporate Aboriginal living culture in our city. New names using Aboriginal language are encouraged, especially for parks and open spaces, and shall be in the local Gadigal language. Such names must be applied meaningfully and respond to Country or culture.
31. Naming a place using Aboriginal language requires engagement with the local Aboriginal community. Culturally appropriate words or phrases will be proposed, with advice from the Metropolitan Local Aboriginal Land Council and the City's Aboriginal and Torres Strait Islander Advisory Panel, along with local Aboriginal community members as appropriate to the asset. The City will seek advice on a selected Aboriginal word or phrase prior to the naming proposal being presented to Council.

Economic

32. The renaming of assets such as roads and reserves can be confusing and disruptive. The renaming of assets is discouraged by the City and the Geographical Names Board unless there are compelling reasons for a change.

33. When there is reason to change a name, consideration should also be given to the disruption and impact of the change on local residents and businesses, the expense in updating maps, wayfinding and associated changes, and a loss of part of the history and heritage of an area.

Financial Implications

34. There are no specific budget implications arising from the development of the policy. However, project and asset managers will need to budget for community consultation, including Aboriginal cultural consultation, as part of the design process and for the development of any relevant signage.

Relevant Legislation

35. The Geographical Names Board is the official body for naming and recording details of places and geographical names in NSW established under the Geographical Names Act 1966. The City must conform with the Geographical Names Board's NSW Address Policy and User Manual (May 2021) and the Place Naming Policy (July 2019).
36. The Geographical Names Board has implemented a Dual Naming policy for geographical features and cultural sites since June 2001. The Aboriginal Languages Trust is an Aboriginal-led NSW Government Agency established under the Aboriginal Languages Act 2017. The Trust works with the Geographical Names Board on the use of Aboriginal languages in the naming of geographical places in NSW.
37. Road naming is legislated under the Roads Act 1993. Council is a roads authority under section 7(4). It is responsible for naming and numbering all public roads in its area for which it has authority (section 162). It must conform with and implement the Roads Regulation 2018.
38. Local Government are also responsible for endorsing the official road name and ensuring it is approved by the Geographical Names Board and gazetted.

Critical Dates / Time Frames

39. It is proposed that the Policy will be exhibited for a minimum of 28 days, with a report back to Council following the exhibition period and an assessment of the submissions received.

Public Consultation

40. The secretariat of the Geographical Names Board has reviewed the draft Policy and their feedback has been incorporated into the Policy. The Board will be invited to endorse the policy during the exhibition period.
41. The Aboriginal and Torres Strait Islander Advisory Panel was briefed, provided with a draft of the Policy and invited to provide feedback. Questions were answered but no specific changes to the Policy were required.

42. The Metropolitan Local Aboriginal Land Council has been provided with the draft Policy for comment.
43. The NSW Aboriginal Languages Trust and the Department of Planning and Environment's Aboriginal Strategy and Outcomes Unit have reviewed the draft Policy. Their comments have also fed into the Policy and will also be considered in the review of staff procedures.
44. It is proposed to exhibit the policy for a minimum of 28 days.
45. The outcome of the community consultation will be reported back to Council for final approval.

EMMA RIGNEY

Director City Life

Lisa Murray, City Historian

Yvette Andrews, Manager City Engagement

Attachment A

Draft Naming Policy (changes marked up)

Naming Policy

Purpose

This Policy provides clear direction for the naming of suburbs, roads, parks, open spaces, places and buildings that are owned, operated or managed by the City of Sydney.

It provides principles for determining and approving a name, and when a name may be changed or considered for dual naming.

Names are an important navigation and reference tool in our community. They tell us where we are, define places, and are part of **Country and our communities' community's identities identity.**

The city is an evolving place, with new residents, workers, businesses and developments shaping and changing our experience of our local environment. Names should reflect our community's values and history, while also embracing the city's future and aspirations.

~~This policy~~ Naming of **Assets assets** is covered by various pieces of legislation. This **Policy policy** ensures that naming principles meet legislative requirements while providing consistency in approach and clarity about naming opportunities.

This Policy complements, and is consistent with, the policies and principles of the Geographical Names Board, which is the official body for naming and recording details of places and geographical names in NSW.

Context

~~The Council of the City of Sydney~~ acknowledges Aboriginal and Torres Strait Islander peoples as the traditional custodians of **this continent our land**, Australia. The City acknowledges the Gadigal of the Eora Nation as the traditional custodians of this place we now call Sydney.

Gadigal ~~The Eora had~~ named **Country, articulating** their **physical, spiritual, cultural and social connection to the land. Long long** before the British invaded and usurped the landscape, re-naming it for their own cultural sensibilities, **the Gadigal knew** ~~There are many sites across our local government area with historical and cultural significance for Aboriginal and~~ **cared for Country. Torres Strait Islander communities.**

Names provide a very important link between the community and **Country. the country or places in which the name appears.** Names can also reflect the history of our **diverse** communities. This **Policy policy** supports recognition of Aboriginal and Torres Strait Islander cultures in the public domain, dual naming, and the precinct distinctiveness of our villages. **Speaking Aboriginal language is a powerful way to incorporate Aboriginal living culture in our city.**

The Council of the City of Sydney recognises that by acknowledging **and learning from** our shared past, we are laying the groundwork for a future which embraces all Australians, a future based on mutual respect and shared responsibility for our **city and our nation**. ~~land.~~

Scope

This ~~The~~ Policy applies to all parks, open spaces, roads and buildings owned, operated or managed by the City of Sydney. **The Policy may also be applied to private roads. There are some parks, roads and public spaces that are managed by other NSW government agencies, to which this Policy does not apply.**

This ~~Policy~~ **policy** also applies to places, including **Suburbs** ~~suburbs~~ and **Urban Places** ~~localities~~, but does not supersede any requirements of the Geographical Names Board of New South Wales, who are the naming authority for places in the state of New South Wales.

This ~~Policy~~ **policy** will also be used in the consideration of any names suggested by the general public or requests from the community for endorsement of a name that they intend to submit to the Geographical Names Board.

This ~~Policy~~ **policy** does not apply retrospectively.

Definitions

Term	Meaning
Assets	Suburbs, Urban Places , Roads roads , parks, open spaces, places and buildings that are owned, operated or managed by the City of Sydney.
Assigned	Geographical name in terms of the Geographical Names Act 1966, approved and gazetted by the Geographical Names Board.
Authorities	The Roads Regulation 2008 requires local government to service notice of road naming proposals to the prescribed authorities listed in Regulation 7.1. The list of prescribed authorities includes: Australia Post, Registrar-General, Surveyor-General, Chief Executive of the Ambulance Service of NSW, Fire and Rescue NSW, NSW Rural Fire Service, NSW Police Force, State Emergency Service, New South Wales Volunteer Rescue Association Incorporated, and for a classified road, the Roads and Maritime Services.

Term	Meaning
Dual Naming	An official designation by the Geographical Names Board. A dual naming system may be used for assigning the traditional to register original place names given by Aboriginal name of people so that they sit side by side with existing European names. It applies to geographical features when a non-Aboriginal assigned geographical name already exists. Dual naming shall not apply to localities, towns or roads and cultural sites.
Geographical Names Board of New South Wales (GNB)	Established by the Geographical Names Act 1966 as the official body for naming and recording details of places and geographical names in NSW.
NSW Addressing User Manual	Document that outlines the Geographical Names Board policy, principles, processes and procedures for addressing in NSW.
Locality	Defined by the Geographical Names Board as a named geographical area with defined boundaries which represents a community or area of interest and may be rural or urban in character (where urban it is usually defined as a suburb).
Metropolitan Local Aboriginal Land Council	Aboriginal-led community organisation representing metropolitan Sydney, established following the introduction of the Aboriginal Land Rights Act 1983.
Place	Defined by the Geographical Names Act 1966 as any geographical or topographical feature or any area, district, division, locality, region, city, town, village, settlement or railway station or any other place within the territories and waters of the State of New South Wales.
Road	All formed roads, including private roads (roads for which the care and maintenance is not the responsibility of a Local Government) that are generally open to the public or to services.
Road Type	Typology used in the NSW Address Policy derived from AS/NZS 4819:2011 Urban and Rural Addressing that describes and defines open ended roads, cul-de-sac or pedestrian only roads. Applied to all roads in New South Wales.
Suburb	Also known as address locality. Defined in the NSW Address Policy as a named geographical area with defined boundaries which represents a community or area of interest and may be rural or urban in character (where urban it is usually defined as a suburb). Suburbs are used to clearly define an address (along with number and road name).
Urban Place	Defined by the Geographical Names Board as a named geographical area which has no official boundaries. For this reason, an urban place name cannot be used for addressing purposes (e.g. Kings Cross is an Urban Place, it forms part of the Potts Point, Darlinghurst, Rushcutters Bay and Elizabeth Bay localities in Sydney).

Policy Statement

Names are expected to be enduring.

The value of names extends beyond way-finding. Names are clues to understanding significant stories or signposts to a place's history. Many parks, open spaces, roads and buildings in the City of Sydney already have names that are commonly used or are historic in nature.

Nevertheless, the names in our city should reflect and respond to our changing demographics, environments and values.

The renaming of Assets such as roads and reserves can be confusing and disruptive. The renaming of Assets is discouraged by the City and the Geographical Names Board unless there are compelling reasons for a change.

From time to time, there are circumstances for considering new names. New roads, parks and community facilities are created through the process of significant redevelopment and urban renewal. These are all opportunities for new names.

There are some open spaces and lanes that have never been formally named as they have not had a primary address function. These are opportunities **to provide formal or for** new names **for these locations.**

Names for new Assets provide the opportunity to reflect the communities' values and aspirations, as well as rebalancing previous approaches and priorities for naming.

~~The names in our city should reflect and respond to our changing demographics, environments and values.~~

When will a name be allocated or changed?

Naming proposals may be considered under the following circumstances:

- the development of a new **Road (public or private)**, ~~road~~, park or open space
- the development and opening of a new building ~~or open space~~, or the re-opening of a building, **park** or open space that has been significantly changed (for example, demolished and re-built) or whose use has been significantly changed
- the change in ownership of a **Road** ~~road~~, park or public space (for example, a private laneway that has now been made public)
- when a **Road** ~~road~~, park, or open space does not have a name and this creates confusion given its role
- **mail or service delivery problems, duplication issues and addressing problems**
- **when a name is perceived, at a given point in time, to be offensive, demeaning, or harmful to the reputation of individuals, or to social, ethnic, religious or other groups**
- when there is significant community **support** ~~interest~~ in assigning or changing a name to a place, space or object.

When there is reason to change a name, consideration should **also** be given to **the disruption and impact** members of the **change on local residents and businesses, the public**, expense in updating maps, **wayfinding** and associated **changes** collateral, and a loss of part of the history and heritage of an area.

Naming Principles

The following principles, ~~consistent with those in the NSW Addressing User Manual,~~ should be applied by the City when **proposing** ~~suggesting,~~ endorsing and approving names.

1. Meaningful

Names must be meaningful, clear and concise, and can reflect the location and purpose.

2. Uniqueness

Uniqueness is an essential quality to be sought in new names.

Duplication of Road names must be avoided within **the Suburb, adjoining Suburb,** and within a 10-kilometre radius.

Suburb names must not be duplicated within Australia.

Duplication of other Place names (eg. parks) should be avoided within the local government area or adjoining local government area.

Duplication includes identical or similar spelling and/or pronunciation.

~~Repetition of commonly used names will be avoided.~~

3. Local or Cultural Relevance

Names must have local or cultural relevance, reflecting the heritage and history of local people, events, the community, **its values** or landscape. Names should not refer to or reflect current commercial businesses in that location. **However, business names no longer in use which promote the heritage of an area are acceptable.**

4. Aboriginal Language

New names using Aboriginal language names are encouraged, **especially for parks and open spaces,** and shall be in the local Gadigal language. **Such names must be applied meaningfully and respond to Country or culture.**

For Aboriginal naming proposals, the City will consult with local Aboriginal community members, as appropriate to the Asset, and seek advice from, ~~chosen in consultation with~~ the Metropolitan Local Aboriginal Land Council and the City's Aboriginal and Torres Strait Islander Advisory Panel **on a selected Aboriginal word prior to the naming proposal being presented to Council and going out for wider public exhibition.**

Aboriginal place naming is discussed further below.

5. Dual Naming

Dual naming to restore traditional Gadigal names to geographical features and cultural sites is strongly supported.

Dual names Assigned by the Geographical Names Board will sit alongside the existing non-Aboriginal name.

When a feature already has an official non-Aboriginal name, the traditional Aboriginal name can also be recognised officially by the Geographical Names Board assigning it as a dual name. This means the feature has two names, an Aboriginal name and a non-Aboriginal name, with both having equal status and being considered official names. The names can be used individually or combined.

Dual naming does not apply to Suburbs or Roads.

Aboriginal place naming is discussed further below.

6. **Diversity**
Names acknowledging the multicultural nature of our society and gender diversity are **strongly** encouraged.
7. **Commemorative**
Names that commemorate an event or place, or social movement are encouraged.
Names of exceptional persons, Names that perpetuate the names of eminent persons such as historical figures, prominent local residents or community identities, may be considered. Such a person's contribution to the local community should have been of outstanding benefit **and able to be clearly demonstrated. A person's background must be such that it would not bring the City into disrepute.**
Names commemorating a person ~~These names will normally~~ only be applied posthumously, **at least one year after the death of the person, in line with Geographical Names Board policy.** ~~however there may be occasions when a name is suggested which honours a living person.~~
Ownership of the land is not sufficient reason for the application of the owner's name to a geographical feature, **park, reserve, Place, Road or Suburb.**
The name of a person still holding public office **shall** ~~will not~~ be used.
8. **Persistence**
Names are expected to be enduring; the renaming of features can be confusing and disruptive and is discouraged. Place names **Assigned** ~~assigned~~ by the Geographical Names Board and **Road** ~~read~~ names should not be changed, except where necessary to avoid ambiguity or duplication. These names become part of the historical fabric of a community and should be respected as such.
If the renaming of an Asset is proposed, evidence of community support for the name change is required. The Geographical Names Board will then evaluate the merits of the proposal before making a decision.
9. **Syntax**
Names shall be easy to pronounce and recall, allowing for socialisation of new names.
Names should not exceed three words (including any Road Type or Designation Value).
Only one name can be used for commemorative Road naming, either a given name or surname. ~~Long and clumsily constructed names and names composed of two or more words (for placenames) or more than three words (for roads) should be avoided except where culturally appropriate.~~
10. **One Name Throughout**
Separate names for different parts of the same ~~site~~feature, such as **parts of** a park or building, will be avoided whenever possible and the one name applied throughout its entire space, unless there are very clearly defined boundaries between one space and another or distinct features **or a building** warranting a separate name.
11. **Established Local Usage**
Where names have been changed or corrupted by long established local usage, it is not usually advisable to attempt to restore the original form; that spelling which is sanctioned by general usage should be adopted.
12. **Community Sensitivities**
Names considered **discriminatory**, offensive, **demeaning** or **harmful** likely to **social, ethnic, religious or other groups** ~~give offence~~ should not be used.

13. Geographical Names Board Compatibility

Names must conform to the ~~principles in the Place Naming Policy and the NSW Addressing User Manual endorsed by the Geographical Names Board~~ **policies on addressing and place names**, particularly in relation to language, **syntax**, grammar, and duplication, **Road Type and Designation Value**.

14. Community Consultation

The community will be consulted on all naming proposals through public exhibition. **For Aboriginal naming proposals, the City will consult with local Aboriginal community members, as appropriate to the Asset, and seek advice from the Metropolitan Local Aboriginal Land Council and the City's Aboriginal and Torres Strait Islander Advisory Panel on a selected Aboriginal word prior to the naming proposal being presented to Council and going out for wider public exhibition.**

~~Aboriginal place naming and Torres Strait Islander cultural recognition~~

The City of Sydney is committed to recognising Aboriginal and Torres Strait Islander cultural heritage and history in the public domain.

Aboriginal place naming encompasses both the use of Aboriginal language in naming and the recognition of traditional Aboriginal names for geographical features (known as Dual Naming). The City's ~~The naming principles support dual naming and the application of Aboriginal language words for new names and Dual Naming.~~ Acknowledgment of country on signage is another way to embed cultural recognition in the public domain.

Aboriginal language words

Local words of Aboriginal origin **in the Gadigal language can be applied to place naming.** **Aboriginal language names** are encouraged for new naming proposals ~~all assets, particularly streets, parks and open spaces, and buildings~~ **places with a significant Indigenous connection or use.**

Names may be derived from the local language to describe the characteristics of the feature or place, tell the history, story or Songline of the feature or place, or may be a translation from the local language of a value, action or function of the place.

Consideration may be given to a name or word, for example, from the Gadigal language that recognises or describes:

- the historic flora, fauna **or landscape** of Country ~~of the area~~, eg. Garraway Park ('sulphur crested cockatoo');
- a generic term for a geographical feature or landmark, eg. Gunyama Park ('wind from the south-west')
- an event, gesture or occupation of historical or contemporary relevance to the place, eg. Magari Street ('to fish');
- a name that recognises an Aboriginal or Torres Strait Islander person, or historic community event or connection, eg. **Yellomundee** ~~Pemulwuy~~ **Park** .
- **a phrase reflecting Aboriginal ways of thinking and doing, eg. Yananurala, translated from the Gadigal language as 'Walking on Country'. Yananurala combines two Gadigal words, 'yana' (walk) and 'nura' (Country). The 'la' adds an instruction, thereby encouraging people to go walking on Country.**

- **Ancestral creator beings, Songlines, Dreaming Stories and their relationship to Country.**

~~The notebooks of William Dawes are a valuable word list for local Gadigal words. Jakelin Troy's The Sydney Language (1994) is a valuable reference work collating provenance and spellings of Gadigal words. These works should be drawn upon to select appropriate Gadigal language for naming proposals. The spelling of words may be adjusted in consultation with language experts to encourage the appropriate phonetic pronunciation.~~

Naming proposals using Aboriginal language must be respectful, respond to Country, culture and spirituality, reflect Aboriginal ways of thinking and doing, and use local language. Such names must be applied meaningfully to the place or space, supporting cultural recognition, community benefit, and the NSW Government Architect's Connecting to Country framework.

Naming a place using Aboriginal language requires engagement with the local Aboriginal community. Culturally appropriate words or phrases will be proposed, with advice from the Metropolitan Local Aboriginal Land Council and the City's Aboriginal and Torres Strait Islander Advisory Panel, along with local Aboriginal community members as appropriate to the Asset. The City will seek advice on a selected Aboriginal word or phrase prior to the naming proposal being presented to Council. Wider consultation with the general community occurs during the public exhibition of a naming proposal.

Dual Naming

Dual Naming **officially** recognises Aboriginal cultural heritage by registering **the original place names used for places and sites given by Aboriginal people for geographical features and cultural sites. Dual names Assigned by the Geographical Names Board** ~~traditional owners so that they sit alongside the existing non-Aboriginal name~~ **European names. The Geographical Names Board of New South Wales has implemented a Dual Naming** ~~dual naming~~ **policy for geographical features and cultural sites since June 2001. The Aboriginal Languages Trust is an Aboriginal-led NSW Government Agency established under the NSW Aboriginal Languages Act 2017. The Trust works with the Geographical Names Board on the use of Aboriginal languages in the naming of geographical places in NSW.**

The **Dual Naming** ~~dual naming~~ system applies to already named geographical features such as points, headlands, coves, rivers, creeks, waterfalls, beaches, harbours, islands, mountains and caves – specifically those cultural and environmental features of significance to the local Aboriginal community. **Dual Naming** ~~The Geographical Names Board policy~~ does not apply to suburbs, towns, streets or roads or other **post-settlement administrative features** ~~urban parks.~~

A dual name must be from the local area. **A Aboriginal names for dual name can namings should only be Assigned where used when there is plausible historical definitive evidence of the geographic Gadigal name, in the form of oral or documental sources, written tradition. The determination of this name, and the spelling and its use, resides in the hands of the traditional owners of the land or the organisations that the feature has an existing Aboriginal name and that some authority or authenticity can represent them. Linguistic and language experts will also be attributed to the source or sources for the form, origin, spelling, history and meaning of the name. The dual name cannot be a new name assigned for the purpose of a tribute. consulted.**

Dual Naming means the geographical feature has two names, an Aboriginal name and a non-Aboriginal name, with both having equal status and being considered official names. The names can be used individually or combined. Dual naming allows for signposts, maps and directories to feature both names. The Geographical Names Board assigns the order of the names. According to the Geographical Names Board's dual naming guidelines, whichever of the two names of the same feature that is most likely to be used by the local community is to be used first in a sequence. The order of the names will be reviewed by the Geographical Names Board at regular intervals who will then inform mapping agencies on any changes to the naming sequence. Both the Aboriginal part and the introduced part of the dual name shall be given equal treatment.

Dual Naming naming means that all geographical features, landmarks and open spaces in the City could ~~can~~ potentially also have a Gadigal name reinstated **as an Assigned in the name and be recognised** on signage. For example, the geographical point Dawes Point was **Assigned assigned** a dual name in 2002 and is now officially 'Tar-Ra / Dawes Point'. Research undertaken by the Geographical Names Board in 2001-2002 with Aboriginal linguists demonstrates that few opportunities exist within the Local Government area beyond the points and coves around Sydney Harbour, many of which have already been dual named.

Acknowledging Acknowledgement of Country for signage

Acknowledging Country Acknowledgement of country on signs in public places is a powerful way to reassert the presence and heritage of Aboriginal people. A park, building or place may have one name reflecting its more contemporary history and also include on the signage an **Acknowledgment of Country.** ~~acknowledgment of country.~~ For example, park signage across the local government area is being systematically updated to include an acknowledgement of country. The signs will read "Bujari-gamarruwa. Welcome to [insert park name]. You are on Gadigal Country".

Responsibilities

This Policy applies to all naming proposals. **The Policy is not retrospective.** Council may approve names outside this policy.

Different Assets have specific considerations, requirements Suburbs and responsibilities under legislation with which the City of Sydney must comply. Council is localities

- ~~The Geographical Names Board has the statutory responsibility under the Geographical Names Act 1966 to assign names and determine definitive boundaries for suburbs and localities throughout NSW.~~

- Suburb and locality names should have the endorsement of the local council or the government department that administers the area where the feature is located. Council plays an important role in consulting with residents, businesses and other interested stakeholders.

Roads

- The role of the Geographical Names Board in the road naming process is to set policy and processes for all road naming proposals in NSW, and to compile, maintain and publish a list of road names as per s.5(2) of the Geographical Names Act 1966.
- Local Government has the statutory responsibility as a Road Naming Authority under the Roads Act 1993 s.7(4). It is and Roads Regulation 2008 for naming and gazetting regional roads and local roads.
- The Road Naming Authority must exhibit naming proposals and serve notice on persons and bodies as defined in the Roads Regulation 2008 regarding naming proposals and naming decisions.
- For private roads, Crown roads, rights of ways and easements, Local Government are responsible for **naming and numbering all public roads in its area for which endorsing the authoritative road name and ensuring it has authority (s.162). The City must also conform with** is approved by the Geographical Names Board's Board.
- The NSW Online Road Naming System supports the application of the road naming processes in a collaborative environment accessed by local government, Spatial Services in the Department of Finance, Services and Innovation, and the Geographical Names Board.
- The NSW Address Policy and User Manual (May 2021) and the Place Naming Policy (July 2019), adopted by the Geographical Names Board applies to all roads in NSW, regardless of custodianship and maintenance agreements.

Parks and Open Spaces

- The City is responsible for the naming of parks and open spaces which it owns or manages. While there is no legislative requirement to officially name parks, it assists with addressing.
- The Geographical Names Board maintains a Geographical Names Register and the City will submit the names of parks, reserves and open spaces to the Geographical Names Board to be officially assigned and recognised.

Buildings

- The naming of buildings is not covered by legislation. The City may name its building assets as it sees fit. Building names can assist with identity, clarity of purpose and addressing.
- There is no requirement or guidelines under the Geographical Names Board for the naming of buildings or other objects/spaces not defined as a road, park or a place; however for consistency and transparency, the City will apply the same principles for all spaces, places and objects requiring a name.

Policy Implementation

Implementation of this policy rests with the responsible officers accountable for the asset to be named or renamed. The operational actions required to progress a naming proposal, and internal and external consultation required, is outlined in the Naming Proposal Procedure.

All Gadigal language names, whether proposed as a single name or for dual naming, must be endorsed as culturally appropriate by the Metropolitan Local Aboriginal Land Council and the City of Sydney Aboriginal and Torres Strait Islander Advisory Panel prior to a Naming Proposal Report going to Council.

Council will generally consider a single name for public consultation. **Council will not concurrently exhibit multiple candidate names to determine their relative popularity.**

Implementation of this Policy rests with **employees on the Naming Proposal Working Group** and the responsible officer accountable for the **Asset** asset proposed to be named or renamed. **Employees will follow the steps outlined in** ~~The operational actions required to progress a naming proposal, and internal and external consultation required,~~ **is outlined in the Naming Proposal Procedure to progress a naming proposal in a timely manner.**

The Naming Proposal Working Group will confirm the naming proposal:

- **is appropriate for the asset to be named**
- **conforms with the principles and intent of this Policy** ~~checked for conformance with GNB Guidelines for the determination of placenames~~
- **conforms with the Geographical Names Board policies for place names and addressing**
- **embraces appropriate consultation with the Aboriginal community**

~~is~~ **All naming proposals must be:**

- checked for **eligibility and reserved** ~~in conformance with this policy and the policies and principles of the NSW Place and Road Naming Proposal System. Addressing User Manual, for roads and localities~~

If a naming proposal is endorsed by the Naming Proposal Working Group, a formal process through Council and the Geographical Names Board must take place. The naming proposal must be:

- approved in principle by Council for public exhibition
- placed on public exhibition and consultation undertaken with **Relevant Parties** Authorities, local residents, ~~and businesses~~ **and the general community** (as appropriate)
- endorsed by Council **resolution**
- submitted to the Geographical Names Board for **formalisation, via the NSW Place and Road Naming Proposal System, accompanied by evidence of Council resolution and community consultation.** ~~approval or registration on the Geographical Names Register, and finally~~
- **gazetted** ~~Gazetted~~ in the NSW Government Gazette.

~~All names, excepting buildings, must be submitted to the Geographical Names Board to be officially assigned and included on the Geographical Names Register and gazetted. Council remains the authority for road names, and although endorsed by the Geographical Names Board and included on a roads names list (the NSW Online Road Naming System), Council has the responsibility for gazetting the name.~~

Consultation

~~This policy aligns with the~~ **Geographical Names Board has been consulted in the review** Board's NSW Addressing User Manual and Guidelines for the Determination of **this Policy** Placenames. Existing names can be checked via the Geographical Names Board's website <http://www.gnb.nsw.gov.au/>

The **Policy** ~~policy~~ also embraces the philosophy of the NSW Heritage Council’s Policy on Place Names of Heritage Value.

The Metropolitan Local Aboriginal Land Council, the NSW Aboriginal Languages Trust and the City’s ~~The~~ Aboriginal and Torres Strait Islander Advisory Panel has been consulted in the **review** ~~drafting~~ of this **Policy** ~~policy~~.

Internal staff affected by this **Policy** ~~policy~~, including ~~Spatial Information, Strategic Planning, History, Parks and Open Spaces, and Community Engagement teams,~~ have been consulted **via** in the **Naming Proposal Working Group** ~~drafting~~ of this ~~policy~~.

References

Laws and Standards
• Geographical Names Act 1966 (NSW)
• Aboriginal Languages Act 2017 (NSW)
• Roads Act 1993 (NSW)
• Local Government Act 1993 (NSW)
• Roads Regulation 2018 2008 (NSW)
• AS/NZS 4819:2011 Urban and Rural Addressing
Policies and Procedures
• Geographical Names Board, NSW Address Policy and User Manual (May 2021)
• NSW Addressing User Manual
• Geographical Names Board, Place Naming Policy (July 2019)
• Geographical Names Board Guidelines for the Determination of Placenames
• NSW Heritage Council, Place Names of Heritage Value Policy (Sept 2004)
• City of Sydney Cultural Policy
• City of Sydney Aboriginal and Torres Strait Islander Cultural Protocols (Nov 2012)
• City of Sydney History Policy (June 2018)

Review period

The Policy will be reviewed every four years to ensure consistency with legislation, the Geographical Names Board **policies** ~~policy~~ and principles and to confirm that it is supporting recognition of Aboriginal and Torres Strait Islander cultural heritage and history in the public domain. ~~This will be done in consultation with the City of Sydney Aboriginal and Torres Strait Islander Advisory Panel.~~

This policy will be reviewed every 4 years.

Approval Status

Council approved this policy on [DD MONTH YYYY].

Approval History

Stage	Date	Comment	TRIM Reference
Original Policy	13 August 2018	Approved by Council	2018/470811
Reviewed	(Date, month, year of when it was approved by CEO or Council)	Briefly summarise key changes : <ul style="list-style-type: none"> • Principles clarified • Administrative (template, grammar) • Legislative references updated Consultation strengthened	20XX/XXXXXX (Governance to populate)
Commence Review Date	(Date, month, year – should be 9 months prior to the end of the next review period)		
Approval Due Date	(Date, month, year of when the next review of the policy is due to be finalised/ approved)		

Ownership and approval

Responsibility	Role
Author	City Historian
Owner	City Historian
Endorser	City of Sydney Executive
Approver	City of Sydney Council

Item 8.

External Memberships

Document to Follow

Item 9.

Land Classification 4C-4F Huntley Street, Alexandria

File No: X086236.011

Summary

On 27 June 2022, Council resolved to acquire the property at 4C-4F Huntley Street, Alexandria from CorVal Partners Limited (ACN 130 628 830) as trustee for the CorVal Woolstores Holding Trust (ABN 33 553 210 820).

This report informs Council of the outcome of the public notification of the proposed resolution to classify the land as operational under the Local Government Act 1993.

The proposed resolution to classify the land as operational was notified for a period of 32 days and received no submissions.

The report recommends Council's endorsement of the operational classification of the land.

Recommendation

It is resolved that Council endorse the classification of the City owned property at 4C-4F Huntley Street, Alexandria (being Folio Identifiers 5/270849, 4/270849, 3/270849, 2/270849) as operational land in accordance with section 31 of the Local Government Act 1993 (NSW).

Attachments

Nil.

Background

1. On 27 June 2022, Council resolved to acquire the commercial investment property at 4C-4F Huntley Street, Alexandria as part of the City's long term financial plan and supporting its financial objectives and sustainability.
2. The City completed the transaction on 2 September 2022 and is managing the asset in accordance with the Council resolution.

Relevant Legislation

3. Section 25 of the Local Government Act 1993 requires all public land to be classified as either community or operational land.
4. Section 31 of the Local Government Act 1993 requires Council to classify newly acquired land as operational or community land within three months from the date of acquisition of the land.
5. Section 34 of the Local Government Act 1993 requires the proposed resolution to classify be publicly notified and made available for inspection by the public for a period of 28 days.

Public Consultation

6. The proposed resolution was publicly notified in The Sydney Morning Herald and on the City's website for a period of 32 days.
7. No submissions were received.

KIM WOODBURY

Chief Operating Officer

Nicholas Male-Perkins, Commercial Manager

Item 10.

Ashmore Precinct Trunk Stormwater Project - Amendment to Project Agreement with Sydney Water

File No: X008356.006

Summary

This report requests Council approve a contract variation to the executed Project Agreement with Sydney Water for the delivery of the Ashmore Precinct Trunk Stormwater Project (the "Project").

The Ashmore Precinct urban renewal area is transitioning from an old industrial precinct to a new high density residential and commercial centre. However, the area is located on a floodplain and, during periods of heavy rainfall, significant flooding problems have been identified which affect the ability for both public infrastructure and private development to take place.

The Alexandra Canal Floodplain Risk Management Plan (May 2014) proposed a flood mitigation solution for the Ashmore Precinct urban renewal area. This solution involved the original project scope of constructing approximately 650 metres of stormwater pipes from Coulson Street, Erskineville to the Alexandra Canal (Trunk Drain). It was identified that the construction of this Trunk Drain would reduce high hazard flooding and mitigate flood risks for the additional 6,000 people who will ultimately live in this precinct.

The City and Sydney Water entered a Project Agreement to deliver the original project scope and equally share the project costs (that is, each party bears 50 per cent of the costs). The Project Agreement detailed each parties' share of the project cost, asset ownership share, the project scope and an estimated project cost. This was approved by Council on 27 June 2016 (Attachment A).

Further flood studies, value engineering and concept design development resulted in significant scope reduction and change in order to resolve construction issues and reduce project costs. The updated modelling confirms the significant stormwater works already undertaken and to be undertaken as part of the redevelopment of the Ashmore precinct will significantly reduce flooding in the precinct. The current scope involves construction of a large inlet structure on Coulson Street, a Transition Structure within 165-175 Mitchell Road, culvert improvements on Euston Road and short-term flap gate(s) installation along Burrows Road, Erskineville. This reduced scope will still meet the original objectives of the Project.

Sydney Water have agreed in principle to cover the City's costs on the Project to date and deliver the inlet structure on Coulson Street and short-term flap gate(s) installation along Burrows Road in Erskineville. The cost of delivery of these two assets will offset the City's costs of the descoped upstream portion of the Green Square Trunk Drain project which previously was to be constructed by Sydney Water and the City under the Green Square Trunk Drain project agreement but is now to be through the mechanism of Voluntary Planning Agreements. Sydney Water intend to enter into a third-party agreement with Transport for NSW to deliver the culvert improvements on Euston Road.

The Transition Structure scope will be delivered on behalf of the City by the developer at 165-175 Mitchell Road via an existing Voluntary Planning Agreement and then dedicated back to Sydney Water. A long-term solution at Burrows Road, Erskineville is also outside of this agreement and involves local stormwater drainage improvements; pending development in the area.

A revision to the Project Agreement is required to update the project scope, asset delivery responsibility, ownership, and reimbursement of the City's costs.

A draft contract variation to the original Ashmore Project Agreement has been prepared and is at Confidential Attachment B for the approval of Council. The contract variation provides that Sydney Water reimburse the City's costs on the Project to date and deliver the inlet structure on Coulson Street, short-term flap gate(s) installation along Burrows Road in Erskineville and endeavour to deliver the culvert improvements on Euston Road with third party (TfNSW) as part of Sydney Water's program of works for the Ashmore precinct.

This report recommends that Council approve a contract variation to the executed Project Agreement with Sydney Water for the delivery of the revised Ashmore Precinct Trunk Stormwater Project scope.

Recommendation

It is resolved that:

- (A) Council note that the updated extensive flood modelling for the Ashmore Precinct Trunk Stormwater Project confirms the significant stormwater works, already undertaken and to be undertaken as part of the redevelopment of the Ashmore precinct, will significantly reduce flooding in the precinct;
- (B) Council note that the Concept Design Report in Confidential Attachment C to the subject report has recommended the scope include construction of a large inlet structure on Coulson Street, Transition Structure within 165-175 Mitchell Road, culvert improvements on Euston Road and short-term flap gate(s) installation along Burrows Road, Erskineville. This reduced scope will still meet the original objectives of the Project;
- (C) Council approve the substantive terms of the draft contract variation, set out in Annexure 1 to the Original Ashmore Project Agreement between the City and Sydney Water Corporation for the Ashmore Precinct Trunk Stormwater Project, as detailed in Confidential Attachment B to the subject report;
- (D) Council note that, as detailed in Confidential Attachment B to the subject report, on execution of the contract variation, the new scope will be split between the parties for delivery. Sydney Water will engage third party service providers for their works and the City will complete their works under an existing Voluntary Planning Agreement (VPA);
- (E) Council note that, as detailed in Confidential Attachment B to the subject report, Sydney Water will reimburse the City's costs on the project to date to offset Green Square Trunk Drain descoped works, Sydney Water will deliver all scope not covered by an existing VPA and both parties will cover their own costs after execution;
- (F) Council not invite tenders for the City's works in accordance with the tendering requirements set out in section 55 of the Local Government Act 1993 as the work will be completed under an existing Voluntary Planning Agreement; and
- (G) authority be delegated to the Chief Executive Officer to finalise negotiations, execute and administer the contract variation to the Original Ashmore Project Agreement, based on terms substantially the same as the terms shown at Confidential Attachment B to the subject report.

Attachments

- Attachment A.** 27 June 2016 Resolution of Council - Ashmore Precinct Trunk Stormwater Project - Project Agreement with Sydney Water
- Attachment B.** Draft Annexure 1 to Variation Letter Ashmore Estate (Confidential)
- Attachment C.** Erskineville Flood Safe Concept Design Report (Confidential)

Background

1. On 17 March 2014, Council adopted the Alexandra Canal Flood Study, Alexandra Canal Floodplain Risk Management Study and the Alexandra Canal Floodplain Risk Management Plan (updated May 2014). The Munni Street – Erskineville catchment area is a sub-catchment of the Alexandra Canal catchment and is approximately 2.2 square kilometres. The area has in the past experienced significant flooding problems during periods of heavy rainfall.
2. Stormwater flows are currently conveyed through a series of underground pipe networks. Flows that exceed the capacity of the existing pipe network are conveyed on ground, along streets, through open spaces and, in some instances, private property.
3. The Ashmore Precinct urban renewal area, which falls within this catchment, is currently undergoing a major urban renewal phase, transitioning from an old industrial precinct to a high density residential, retail and commercial precinct with community facilities, including open recreational spaces (refer to image below). Within the urban renewal area, trapped low points were identified at Macdonald Street, Mitchell Road and Coulson Street and, during high rainfall events, these low points have previously been known to reach flood levels of over one metre.



Image: Aerial view showing Ashmore Precinct and the Alexandra Canal.

4. The development of the Ashmore Precinct is dependent on a flooding solution being implemented to mitigate the flood risks through the precinct. If a flood mitigation solution is not implemented, then development outcomes will be poor, and the City will fail to meet one of the commitments of the Alexandra Canal Floodplain Risk Management Plan as required under the NSW Government Flood Prone Land Policy.

5. The Alexandra Canal Floodplain Risk Management Study (2014) reviewed the current status of flooding and identified a number of flood mitigation solutions for the catchment area. One recommendation involved the construction of a large trunk stormwater drain from Coulson Street, Erskineville to the Alexandra Canal. It was identified that the construction of this Trunk Drain would reduce high hazard flooding and mitigate flood risks for the additional 6,000 people who will ultimately live in this precinct.
6. Together with Sydney Water, the City completed an options review in May 2016 to identify and assess possible size, alignment and methodology options for the Trunk Drain. The Trunk Drainage options review lead to the selection of the preferred option (Option 6) which involved a new pipeline connection from the intersection of Coulson Street and Mitchell Road down to Sydney Park carpark (micro-tunnelling) and continuing east under the Sydney Park using open cut methodology to an amplified Munni Street Channel. This options review and preferred option was referred to in the original draft project agreement. It made a number of significant assumptions and recommended hydraulic modelling, flood modelling, site investigations and consultation with authorities for major utilities be undertaken in further design development stages.
7. The City and Sydney Water entered into a Project Agreement to deliver the original project scope based on the preferred option and equally share the project costs (that is, each party bears 50 per cent of the costs). The Project Agreement detailed each parties' share of the project cost, asset ownership share, the project scope and an estimated project cost. The Project Agreement was approved by Council on 27 June 2016.
8. Since project commencement, the title of this Project was changed to Erskineville Flood Safe by Sydney Water.
9. A further detailed Options Assessment report was completed by the City and Sydney Water in August 2019. It included a preliminary environmental assessment, hydraulic assessment, geotechnical and contamination assessment, condition assessment for the Munni Street Channel to Alexandra Canal, cost estimates review, constructability reviews with contractor input and subsequent value engineering modelling.
10. This assessment resulted in significant scope reduction and change to resolve major construction issues, minimise community impacts and reduce project costs. The preferred option involves the construction of a large stormwater inlet structure on Coulson Street, large Transition Structure within 165-175 Mitchell Road, culvert improvements on Munni Channel beneath Euston Road and short-term flap gate(s) installation along Burrows Road in Erskineville. This preferred option results in minor increased flooding downstream in Burrows Road area which is mostly light industrial warehouses with adjoining administration offices.

11. A concept design report was prepared in September 2020 to develop the preferred option and prepare concept design drawings. This included additional flood modelling and concept design development for the Burrows Road short-term and long-term portion of works. A damages assessment of existing flood affected industrial properties fronting Burrows Road determined a marginal increase in property flood damage costs as a result of the short-term preferred option. A long-term solution at Burrows Road involves local stormwater drainage improvements. The long-term solution is proposed to be managed as a separate program of works and under a new collaborative project Sydney Water between Sydney Water and the City for delivery within 10 years. Planning work is estimated to start from 2025. The project may not be needed if the area is redeveloped in the medium term as flood risk can be managed by the City requiring new buildings to be at a higher level.

Proposed Delivery, Asset Ownership and Funding

12. The preferred option amendments enable a change to the delivery, ownership and funding for the Project.
13. It is proposed that Sydney Water deliver and own the large stormwater inlet structure on Coulson Street, culvert improvements on Munni channel beneath Euston Road as a third-party agreement with TfSNW and short-term flap gate(s) installation along Burrows Road in Erskineville.
14. It is proposed that the large Transition Structure within 165-175 Mitchell Road is delivered by the City under an existing Voluntary Planning Agreement (VPA) with the developer and dedicated back to Sydney Water.
15. The City also entered another contract with Sydney Water for the joint delivery of the Green Square Trunk Drain project by an alliance of Sydney Water and the City and four construction delivery partners (the "Alliance"). Site work for this project finished in late 2019. A settlement to conclude the project was agreed and executed on 27 October 2021 and the close out of commercial matters between the City and Sydney Water is almost complete. The project scope was to deliver a 2.4 km trunk drain, however, the parties agreed that only about 2 km should be built as part of the joint project between Sydney Water and the City. Three properties at the upstream end of the trunk drain couldn't be accessed at the time due to buildings being constructed over the stormwater drain, so this 400m section was 'descoped' from the contract. The City now has voluntary planning agreements in place for developers to deliver the drain through two of the three properties. Two sections have now been substantially completed. The final VPA is expected to be in place within the next two years, in line with redevelopment of the site. The value of this work is about \$6.94 million and under the Project Agreement Sydney Water are to contribute 46.21% of the cost, or \$3.2 million.
16. Sydney Water's remaining Green Square Trunk Drain commitment of \$3.2 million with the City is proposed to be met by Sydney Water reimbursing the City's costs to date on the Ashmore Precinct Trunk Stormwater Project and fully funding the design and construction of the large stormwater inlet structure on Coulson Street and short-term flap gate(s) installation along Burrows Road in Erskineville and endeavouring to deliver the culvert improvements on Munni Channel beneath Euston Road.
17. Sydney Water and the City acknowledge the importance of the Project to the Ashmore precinct and adjoining areas, and both parties have a strong commitment to the Project.

Revised Project Agreement

18. A variation of the Ashmore Precinct Trunk Stormwater Project Agreement is required to update the project scope, resolve asset delivery responsibility, asset ownership, funding and reimbursement of the City's costs to date.
19. A draft variation of the Original Ashmore Project Agreement has been prepared and is at Confidential Attachment B for the approval of Council.
20. Under the revised Project Agreement, Sydney Water will:
 - (a) deliver the Coulson Street Inlet and the Burrows Road flap gate(s) works:
 - (i) acting as the sole project manager for all delivery aspects of these elements including design development and construction;
 - (ii) using its preferred contracting model to engage its delivery contractor for these works; and
 - (iii) obtain funding and cover all project costs and risks;
 - (b) endeavour to enter a third-party agreement with TfNSW for the culvert improvements on Munnich channel beneath Euston Road. Accordingly, there is no longer an obligation on the City to assist Sydney Water with the delivery of the Euston Road works, other than to provide access to land that may be needed by Sydney Water to facilitate the delivery of the Euston Road works. Sydney Water agrees to notify the City prior to any access requirements, and the City agrees to co-operate and to provide assistance as required;
 - (c) reimburse the City for its costs to date on the Project as outlined in Confidential Attachment B;
 - (d) not make payment for any costs incurred by the City on and from the date of variation of the Project Agreement; and
 - (e) upon completion of construction own and maintain the Coulson Street Inlet, Burrows Road flap gate(s) and Euston Road works in perpetuity.
21. Under the revised Project Agreement, the City will:
 - (a) be responsible for the delivery of the Transition Structure;
 - (b) be responsible for managing the voluntary planning agreement for the delivery of the Transition Structure;
 - (c) provide Sydney Water with a regular opportunity to review any changes made to that part of the Preferred Concept Design relating to the delivery of the Transition Structure;
 - (d) consider and respond to comments that result from Sydney Water's review of those documents;
 - (e) upon completion of construction of the Transition Structure assign all its rights, title, and interests in and to the Transition Structure to Sydney Water; and

- (f) provide reasonable assistance to Sydney Water, to enable Sydney Water to procure the grant of any easement(s) reasonably required by Sydney Water in relation to the ongoing access to, and repair and maintenance of, the Coulson St Inlet, Burrows Road flap gate and Euston Road works.
22. Either party may amend the design of the assets at any time during the term of the Project Agreement with consultation with the other party, if the party determines that the amendments would better achieve or impacts the Project Objectives.
23. Each party will obtain all relevant planning approvals for their respective portions of work. Each party will be the determining authority for all relevant assessments of planning approvals and will make recommendations to the other party accordingly.
24. Both parties will engage in consultation with the relevant authorities or entities to obtain the external approvals for their respective portions of work. Both parties will support the other party to obtain the approvals and will provide that support in a timely manner.
25. Intellectual property generated after the date of variation of the Project Agreement will be managed in accordance with Attachment B.
26. It is recommended that Council approve the substantive terms of the draft variation of the Project Agreement set out in confidential Attachment B between the City and Sydney Water Corporation, and delegate authority to the Chief Executive Officer to finalise negotiations, execute and administer the Project Agreement (as varied) substantially on the same terms shown in confidential Attachment B.

Financial Implications

27. Funding previously allocated for the Ashmore Precinct Trunk Stormwater Project is no longer required. This substantial reduction has mostly been reflected in the recently adopted Long Term Financial Plan.
28. Sydney Water will reimburse the City's costs to date on the Project as outlined in Confidential Attachment B.
29. The long-term solution at Burrows Road industrial area may require funding in future if redevelopment in the area does not occur in the medium term. This will be treated as a separate project with Sydney Water, with planning estimated to start from 2025.

Relevant Legislation

30. Local Government Act 1993 and the Local Government (General) Regulation 2021.
31. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

32. Attachments B and C contain confidential commercial information and details of the Project which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom the City is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
33. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.
34. Council not invite tenders in accordance with the tendering requirements set out in section 55 of the Local Government Act 1993 for procuring third party service providers or to deliver the works because a satisfactory result would not be achieved by inviting such tenders, given the following extenuating circumstances:
 - (a) the procurement process for part of these works will be undertaken by Sydney Water. Sydney Water may procure services as required for the works in accordance with the NSW Procurement Policy Framework for NSW Government Agencies 2015; and
 - (b) the City's works will be completed under an existing Voluntary Planning Agreement.

Critical Dates / Time Frames

35. Finalisation and execution of the contract variation of the Original Ashmore Project Agreement by late 2022.
36. The City understands that Sydney Water will commence delivery of the Coulson Street inlet and flap gates in late 2022 and reach completion by mid-2023.

KIM WOODBURY

Chief Operating Officer

Ailie Silkman, Specialist Project Manager

Attachment A

**ROC 7.4 - 27 June 2016 - Ashmore Precinct
Trunk Stormwater Project - Project
Agreement with Sydney Water**

Resolution of Council

27 JUNE 2016

ITEM 7.4 ASHMORE PRECINCT TRUNK STORMWATER PROJECT – PROJECT AGREEMENT WITH SYDNEY WATER (X005007)

It is resolved that:

- (A) Council approve the substantive terms of the draft Project Agreement between the City and Sydney Water Corporation for the Ashmore Precinct Trunk Stormwater Project, as detailed in confidential Attachment C to the subject report;
- (B) authority be delegated to the Chief Executive Officer (CEO) to finalise negotiations, execute and administer the Project Agreement, based on the same terms shown at confidential Attachment C to the subject report;
- (C) Council not invite tenders in accordance with the tendering requirements set out in section 55 of the Local Government Act 1993 for procuring third party service providers or to deliver the works because a satisfactory result would not be achieved by inviting such tenders, given the following extenuating circumstances:
 - (i) the procurement process for these works will be undertaken by Sydney Water. Sydney Water may procure services through a process of negotiation once shortlisted proponents have been selected. However, the tendering requirements prescribed by section 55 of the Local Government Act 1993, and the Local Government (General) Regulation 2005, do not allow for direct negotiations with shortlisted proponents; and
 - (ii) Council can achieve a commitment to a fair and accountable procurement process that achieves value for money, has competitive tension, manages probity risks and is a public process by adopting the process that Sydney Water follows. Sydney Water's procurement is conducted in accordance with the NSW Procurement Policy Framework for NSW Government Agencies 2015;

- (D) Council note that, on execution of the Project Agreement, the City and Sydney Water will engage relevant third party service providers to provide services to support the delivery of the project. As detailed in the draft Project Agreement, shown at confidential Attachment C to the subject report, the City is to pay 50 per cent of third party service provider costs, the cost of the works and Sydney Water's related internal costs;
- (E) authority be delegated to the CEO to negotiate and approve the engagement of third party service providers as required for the project, and to make the necessary payments to them and to Sydney Water for the external consultant costs and its related internal costs, as described in clauses (C) and (D) above; and
- (F) Council note that the tendering process for works will be undertaken jointly by the City and Sydney Water and that a report detailing the outcomes of the tendering process will be presented to Council for approval.

Carried unanimously.

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Item 11.

Green Square Trunk Drain - Updated Project Agreement with Sydney Water

File No: S121015

Summary

This report requests Council approve a contract variation to the executed Project Agreement with Sydney Water for the delivery of the Green Square Trunk Drain Project.

The Green Square urban renewal area is currently transitioning from an old industrial precinct to a new commercial, retail and residential centre. The catchment area is however located on a floodplain and during periods of heavy rainfall, significant flooding problems were identified which affected the ability for both public infrastructure and private development to take place.

In the Green Square – West Kensington Catchment Floodplain Risk Management Study (May 2013) and the Green Square Floodplain Risk Management Plan (May 2013), a flood mitigation solution was proposed for the Green Square urban renewal area. This solution involves the construction of a 2.4 kilometre trunk stormwater drain from Link Road, Zetland to the Alexandra Canal (Green Square Trunk Stormwater Project). It was identified that the construction of this trunk drain would reduce high hazard flooding, mitigate flood risks and increase development potential in the area. The Alexandra Canal Catchment Floodplain Risk Management Strategy and Plan (March 2014) also identifies the trunk stormwater drain as critical to improving flooding in the Shea's Creek sub-catchment.

On 7 April 2014, Council approved the substantive terms of a Project Agreement between the City and Sydney Water Corporation. The Project Agreement detailed each parties' share of the project cost, asset ownership share, the project scope, a preliminary tender reference design, the proposed procurement model to deliver the project and the governance model. This was executed on the 30 June 2014.

On 8 December 2014, Council approved the formation of an Alliance between the City and Sydney Water Corporation as Owner Participants and UGL Engineering Pty Ltd, Seymour Whyte Constructions Pty Ltd, Parsons Brinckerhoff Australia Pty Ltd and RPS Manidis Roberts Pty Ltd as the Non-Owner Participants to deliver the Green Square Trunk Stormwater Drain. The Alliance was known as the Drying Green Alliance.

Works commenced in February 2015. On 29 February 2016, Council approved additional scope for the project to include a shared pedestrian and cycle path along part of the Alexandria Canal. On 12 December 2016, Council approved scope changes and additional funding for the project. The scope changes involved staging of the delivery of the eastern section (approximately 400 metres) of the project from Rose Valley Way to Link Road due to buildings at the time being located over the stormwater drain, with delivery of this section to be timed with the redevelopment of three properties that the drain passes through. Two of the three properties now have Voluntary Planning Agreements (VPA) in place and construction of the works are substantially complete. The third property has a draft Voluntary Planning Agreement under negotiation and the works are expected to commence in the next two years.

The project has reached practical completion for all separable portions and the Alliance agreement has reached a Deed of Settlement. The Deed was executed on 27 October 2021 (Attachment C).

A Deed of Asset Ownership and amendment to the original Project Agreement for the Green Square Trunk Stormwater Project is required to close out remaining affairs with Sydney Water including asset ownership, easement arrangements, descoping of part of the eastern section (approximately 400 metres) of the project from Rose Valley Way to Link Road and acknowledge the Deed of Settlement on the Project Alliance Agreement.

A draft Deed of Asset Ownership and amendment to the original Project Agreement for the Green Square Trunk Stormwater Project has now been prepared and is attached as confidential Attachment B to this report, for the approval of Council.

Recommendation

It is resolved that:

- (A) Council note that the delivery of the eastern section (approximately 400 metres) of the project from Rose Valley Way to Link Road has been staged due to buildings at the time being located over the stormwater drain. Delivery of this section is being timed with the redevelopment of three properties via Voluntary Planning Agreements, of which two are substantially complete;
- (B) Council approve the substantive terms of the Deed of Asset Ownership and amendment to the original Project Agreement for the Green Square Trunk Stormwater Project between the City and Sydney Water Corporation, as detailed in Confidential Attachment B to the subject report; and
- (C) authority be delegated to the Chief Executive Officer to finalise negotiations, execute and administer the Deed of Asset Ownership and amendment to the original Project Agreement, substantially on the same terms shown at Confidential Attachment B to the subject report.

Attachments

- Attachment A.** 7 April 2014 Resolution of Council - Green Square Trunk Drain - Project Agreement with Sydney Water
- Attachment B.** Draft Deed of Asset Ownership and amendment to the Original Project Agreement (Confidential)
- Attachment C.** Draft Deed Attachments - Works Valuation and Ownership Allocation Report and Deed of Settlement (Confidential)

Background

1. On 24 June 2013, Council adopted the Green Square - West Kensington Catchment Floodplain Risk Management Study (May 2013) and the Green Square Floodplain Risk Management Plan (May 2013). The Green Square – West Kensington catchment area is a sub-catchment of the Alexandra Canal catchment and is approximately 2.5 square kilometres. The area has, in the past, experienced significant flooding problems during periods of heavy rainfall.
2. Stormwater flows are currently conveyed through a series of underground pipe networks. Flows that exceed the capacity of the existing pipe network are conveyed on ground, along streets, through open spaces and in some instances, private property.
3. The Green Square urban renewal area, which falls within this catchment, is undergoing a major urban renewal phase, transitioning from an industrial area to a high density residential, retail and commercial precinct with community facilities, including open recreational spaces. Within the urban renewal area, trapped low points were identified at Botany Road and Joynton Avenue and during high rainfall events, these sag points were known to reach flooding levels of over 1.1 metres and 2.3 metres, respectively.
4. The development of the Green Square Town Centre, which lies within the boundaries of Joynton Avenue and Botany Road, was dependent on a flooding solution being implemented to mitigate the flood risks through the town centre. If a flood mitigation solution was not implemented, development of the town centre, which includes public infrastructure works and private development, comprising of retail, commercial and residential developments, would have been hindered.
5. In the Green Square – West Kensington Catchment Floodplain Risk Management Study (May 2013) and the Green Square Floodplain Risk Management Plan (May 2013), a flood mitigation solution was proposed for the Green Square urban renewal area. This solution involves the construction of a 2.4 kilometre trunk stormwater drain from Link Road, Zetland to the Alexandra Canal (Green Square Trunk Stormwater Project). It was identified that the construction of this trunk drain would reduce high hazard flooding, mitigate flood risks and increase development potential in the area. The Alexandra Canal Catchment Floodplain Risk Management Strategy and Plan (March 2014) also identifies the trunk stormwater drain as critical to improving flooding in the Shea's Creek sub-catchment.
6. Together with Sydney Water, the City conducted a number of stormwater modelling investigations and planning related works to identify the feasibility of constructing a trunk drain of this size and to also determine a suitable alignment for the proposed trunk drain.
7. The City and Sydney Water recognised the significance of this Project and both parties secured funds to support its collaborative delivery and engaged KPMG to draft a procurement strategy and governance framework to deliver the project.
8. On 7 April 2014, Council approved the substantive terms of a Project Agreement between the City and Sydney Water Corporation. The Project Agreement detailed each parties' share of the project cost, asset ownership share, the project scope, a preliminary tender reference design, the proposed procurement model to deliver the project and the governance model. This was executed on 30 June 2014.

9. On 8 December 2014, Council approved the formation of an Alliance between the City and Sydney Water Corporation as Owner Participants and UGL Engineering Pty Ltd, Seymour Whyte Constructions Pty Ltd, Parsons Brinckerhoff Australia Pty Ltd and RPS Manidis Roberts Pty Ltd as the Non-Owner Participants to deliver the Green Square Trunk Stormwater Drain. The Alliance was known as the Drying Green Alliance.
10. Works commenced in February 2015.
11. On 29 February 2016, Council approved additional scope for the project to include a shared pedestrian and cycle path along part of the Alexandria Canal.
12. On 12 December 2016, Council approved scope changes and additional funding for the project. The scope changes involved staging of the delivery of the eastern section (approximately 400 metres) of the project from Rose Valley Way to Link Road, with delivery of this section to be timed with the redevelopment of three properties that the drain passes through. This change was required due to access issues beneath functioning commercial properties. Two of the three properties now have Voluntary Planning Agreements (VPA) in place to manage the works, with the third expected in the next two years.
13. Sydney Water's Green Square Trunk Drain owed commitment with the City is proposed to be met by Sydney Water reimbursing the City's costs to date and fully funding the design and construction of portions of the Erskineville Flood Safe revised scope of work. Sydney Water and Council have agreed to this in principle pending Council approval. The scope of the Erskineville Flood Safe project to be delivered by Sydney Water is part of another concurrent Committee report.
14. The Green Square Trunk Drain project has reached practical completion for all separable portions (excluding the eastern section of the project from Rose Valley Way to Link Road) and the Alliance Non-Owner Participants and Owner Participants have reached a Deed of Settlement. The Deed of Settlement was executed on 27 October 2021.
15. A works valuation and Ownership Allocation report was prepared by Quantity Surveyors in July 2020 to allocate the assets to the Owner Participants in line with expenditure. This has been referred to within the Deed of Asset Ownership and amendment to the original Project Agreement (Attachments B and C).

Deed of Asset Ownership and amendment to the original Project Agreement

16. A Deed of Asset Ownership and amendment to the original Project Agreement for the Green Square Trunk Stormwater Project is required to close out remaining affairs with Sydney Water including asset ownership, easement arrangements, descoping of the eastern section (approximately 400 metres) of the project from Rose Valley Way to Link Road and acknowledge the Deed of Settlement on the Project Alliance Agreement.
17. A draft Deed of Asset Ownership and amendment to the original Project Agreement for the Green Square Trunk Stormwater Project has now been prepared and is attached as Confidential Attachment B to this report, for the approval of Council.
18. The parties agree to release each other from any obligation under the Project Agreement to complete that part of the separable portion 1 works that have not reached practical completion.

19. The parties have agreed that sections of the works will be solely owned by each party in accordance with the terms of the deed and Project Agreement (Attachment B).
20. The parties have acknowledged the status of the separable portion 1 works and agreed to certain amendments to the Project Agreement in accordance with the terms of the deed (Attachment B).
21. Under the revised agreement, Sydney Water will:
 - (a) be responsible for the care and maintenance of the agreement allocated Sydney Water Assets from one minute after the effective signed date; and
 - (b) review the existing easements on 130 Joynton Avenue, Zetland and assist the City where possible to update easement requirements on that section of land.
22. Under the revised agreement, the City will be responsible for the care and maintenance of the agreement allocated City assets from one minute after the effective signed date.
23. The parties agree they are required to pursue for the benefit of the relevant asset owner, any rights that the parties have in their capacity as Project Owner against the Non-Owner Participants regarding the rectification of any Defects.

Financial Implications

24. Sydney Water's outstanding commitment for the descoped eastern section (approximately 400 metres) of the project from Rose Valley Way to Link Road will be used to deliver the Erskineville Flood Safe scope of work and reimburse the City for its cost to date on that Project.
25. The Long Term Financial Plan recently adopted by Council takes into account the proposed variation.

Relevant Legislation

26. Local Government Act 1993, the Local Government (General) Regulation 2021.
27. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

28. Attachments B and C contain confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
29. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

30. Signage of the Deed of Asset Ownership and amendment to the original Project Agreement for the Green Square Trunk Stormwater Project by the end of 2022.
31. Two of the three properties within the eastern section (approximately 400 metres) of the project from Rose Valley Way to Link Road now have Voluntary Planning Agreements (VPA) in place and construction of the works are substantially complete. The third property has a draft Voluntary Planning Agreement under negotiation and the works are expected to commence in the next two years.

KIM WOODBURY

Chief Operating Officer

Ailie Silkman, Specialist Project Manager

Attachment A

**ROC 6.5 - 07 04 2014
Green Square Trunk Drain - Project
Agreement with Sydney Water**

Resolution of Council

7 APRIL 2014

ITEM 6.5 GREEN SQUARE TRUNK DRAIN - PROJECT AGREEMENT WITH SYDNEY WATER (\$121015)

It is resolved that:

- (A) Council approve the substantive terms of the Project Agreement between the City and Sydney Water Corporation for the Green Square Trunk Drain Project, as detailed in Attachment A and confidential Attachment C to the subject report;
- (B) authority be delegated to the Chief Executive Officer to finalise negotiations, execute and administer the Project Agreement, substantially on the same terms shown at Attachment A and confidential Attachment C to the subject report;
- (C) Council endorse proceeding with the delivery of the Green Square Trunk Stormwater Project via a competitive alliance procurement model;
- (D) Council not invite tenders in accordance with the tendering requirements set out in section 55 of the Local Government Act 1993 because a satisfactory result would not be achieved by inviting such tenders given the following extenuating circumstances:
 - (i) the tendering process for a competitive alliance contracting model involves a negotiation phase to arrive at a target cost. The target cost is not negotiated until after the shortlisted proponents have been selected. However, the tendering requirements prescribed by section 55 of the Local Government Act 1993, and the Local Government (General) Regulations 2005, do not allow for direct negotiations with shortlisted proponents; and
 - (ii) Council can achieve a commitment to a fair and accountable procurement process, that achieves value for money, has competitive tension, manages probity risks and is a public process by adopting the three stage tendering process detailed in Item (E);
- (E) Council endorse an alternative tendering process for the Project comprising a three stage process:

- (i) a request for proposal phase, resulting in a shortlisting of proponents (Stage 1);
- (ii) a competitive target cost negotiation phase with the shortlisted proponents (Stage 2); and
- (iii) selection of the alliance non-owner participant/s and execution of a project alliance agreement phase (Stage 3),

as detailed in confidential Attachment D to the subject report. This three stage process will be supported by a probity plan and an independent probity adviser;

- (F) authority be delegated to the Chief Executive Officer to approve the shortlist of proponents to proceed to Stage 2 of the tendering process for the Project;
- (G) Council note that the tendering process will be undertaken jointly by the City and Sydney Water and that:
 - (i) Stage 1 is scheduled to commence immediately; and
 - (ii) a report detailing the outcomes of Stage 3 of the tendering process will be presented to Council for approval in late 2014;
- (H) Council note the proposed finance and governance structure for the competitive alliance procurement model as detailed in confidential Attachment E to the subject report;
- (I) Council note that, to enable the Project to progress to its current status, external consultants have been engaged to prepare time-critical specialist studies and the review of environmental factors. As detailed in the Letter Agreement, shown at Attachment B to the subject report, the City is to pay an agreed proportion (the City's share is 53.79%) of these external consultant costs and Sydney Water's related internal costs;
- (J) Council note that, on execution of the Project Agreement, the City and Sydney Water will jointly engage relevant third party service providers to provide services to support the delivery of the Project;
- (K) authority be delegated to the Chief Executive Officer to negotiate and approve the engagement of third party service providers as required for the Project, and to make the necessary payments to them and to Sydney Water for the external consultant costs and its related internal costs, as described in Items (I) and (J) above; and
- (L) Attachments C, D and E to the subject report remain confidential in accordance with sections 10A(2)(c) and 10A(2)(d)(i) of the Local Government Act 1993 because they comprise:
 - (i) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and
 - (ii) commercial information of a confidential nature that would, if disclosed, prejudice the commercial position of the person who supplied it.

Carried unanimously.

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Item 12.

Contract Variations – Construction Contract and Design Consultancy Contract for the Green Square to Ashmore Connector Road

File No: X010049

Summary

This report seeks variations to two existing contracts and additional funds to increase the project budget for the Green Square to Ashmore Connector (GS2AC) road project.

The connector road is a transport initiative to improve the east-west connection between the Ashmore Precinct, Erskineville and Green Square Town Centre for pedestrians, cyclists, buses and local vehicles. Construction of the road is essential to facilitate the renewal of adjoining lands for affordable housing and for employment-based land uses.

The road runs from Botany Road to Bourke Road via O’Riordan Street and allows direct pedestrian and cycling (and future bus) access from Geddes Avenue within the Green Square Town Centre to Bowden Street in Alexandria and onto the Ashmore Precinct and Erskineville. It also allows limited vehicle access for adjoining sites.

The City entered into a contract with AECOM Australia Pty Ltd (AECOM) in October 2018 to provide design and construction stage services for the Green Square to Ashmore Connector project. This contract has been significantly prolonged due to restaging of the project because of land acquisition delays. As a result, additional design works and consultancy services have been ongoing.

In October 2021, the City entered into a contract with Ford Civil Contracting Pty Ltd (Ford Civil) for construction of the Green Square to Ashmore Connector road in two separable portions. Separable portion 1, from Botany Road to O’Riordan Street, is currently under construction and construction of separable portion 2, from O’Riordan Street and Bourke Road, is required to be coordinated with land acquisition currently in progress.

Due to latent conditions encountered during construction and restaging of the project to allow for the land acquisition process, additional contingency is required for the contracts with Ford Civil and AECOM.

This report recommends that Council approve additional contract contingency for the contracts with AECOM and Ford Civil and that Council approve additional funds to increase the project budget.

Recommendation

It is resolved that Council:

- (A) approve additional contract contingency for the consultancy contract with AECOM Australia for additional design and construction stage services for the Green Square to Ashmore Connector, as outlined in Confidential Attachment A to the subject report;
- (B) approve additional contract contingency for the construction contract with Ford Civil Contracting Pty Ltd for construction of the Green Square to Ashmore Connector Road and Associated Works, as outlined in Confidential Attachment A to the subject report; and
- (C) approve the additional funds sought for the Green Square to Ashmore Connector Road project as detailed in Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The Green Square to Ashmore Connector (GS2AC) is a transport initiative to improve the east-west connection between the Ashmore Precinct and Green Square Town Centre for pedestrians, cyclists, buses and local vehicles. Construction of the road is essential to facilitate the renewal of adjoining lands for affordable housing and for employment-based land uses.
2. The Green Square to Ashmore Connector will comprise a new road that runs from Botany Road to Bowden Street via O'Riordan Street and Bourke Road, with two new signalised intersections and upgrade works to the existing Botany Road / Geddes Avenue signalised intersection. The western section of Green Square to Ashmore Connector between O'Riordan Street and Bourke Road has required the recent acquisition of land from the Ausgrid site at 15 O'Riordan Street and requires the acquisition of part of the site at 13 O'Riordan Street, currently still in progress.
3. In 2017, the City prepared a Review of Environmental Factors (REF) for the then concept design of the proposed road. Following exhibition and consideration of issues raised in submissions, the 2017 Review of Environmental Factors was determined by the City under Division 5.1 of the Environmental Planning and Assessment Act in December 2018.
4. In October 2018, AECOM were awarded the design consultancy contract for detailed design of the Green Square to Ashmore Connector. This contract also included construction stage consultancy services. Based on the 2017 Review of Environmental Factors concept design, AECOM completed the design of an early works package including building demolition and remediation works and bulk earthworks to subgrade level.
5. A construction contract for the early works package was subsequently awarded to Delta Pty Ltd in April 2019, comprising of 2 separable portions. Separable portion 1 early works between Botany Rd and O'Riordan St were completed in December 2019. Separable portion 2 early works between O'Riordan St and Bourke Rd commenced in October 2021 (following grant of a construction licence by Ausgrid) and were completed September 2022.
6. In parallel to the early works and prior to commencing detailed design, the concept design developed by AECOM was presented to the City's Design Advisory Panel in April 2019, who made several design recommendations requiring amendments to the concept design presented in the 2017 Review of Environmental Factors. The Design Advisory Panel advice was subsequently incorporated into the redesign of the works
7. The detailed road design was completed by AECOM in September 2021 and a road construction contract comprising of 2 separable portions to align with the early works, was awarded to Ford Civil Contracting in October 2021 by Council. Separable portion 1 (between Botany Road and O'Riordan Street) is currently under construction and forecast for completion early 2023. Separable portion 2 between O'Riordan Street and Bourke Road is now required to be further staged in coordination with the land acquisition process currently in progress for the land at 13 O'Riordan Street (currently under negotiation). There are likely to be works required by the owner of 13 O'Riordan Street following the acquisition process and the ultimate timing for construction of this portion will be dependent on the finalisation of those works.

8. To accommodate the staging, additional design and construction services will need to be provided by AECOM and additional demolition and construction works will need to be carried out by Ford Civil Contracting, including:
 - (a) design adjustments to existing road design and additional construction stage consultancy services to accommodate staging;
 - (b) design and construction of alternative access to 13 O'Riordan Street;
 - (c) demolition of Ausgrid telecommunications tower;
 - (d) temporary construction works to accommodate staging.
9. Additionally, during recent bulk excavation works, unexpected finds were encountered which require a groundwater contamination investigation to be carried out. Pending results of this investigation, contamination source location and removal may need to be carried out as well as further remediation works in the surrounding area.
10. The forecast cost to complete the additional works outlined above and as detailed in Confidential Attachment A exceeds the available contract amounts previously approved. Additional funds will also be required to increase the project budget to allow for these extra works.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

11. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 5 - A city for walking, cycling and public transport - The road features a single traffic lane in each direction to be dedicated as a public transport corridor (bus lanes) with local traffic access to adjoining properties. The road also features wide footpaths and an on-road 2-way cyclepath that connects to the existing east-west cyclepaths on Bowden Street and Geddes Avenue. It also provides interchange with the existing north-south cyclepath on Bourke Road.
 - (b) Direction 9 - A transformed and innovative economy - Construction of the road is essential to facilitate the renewal of adjoining lands for employment-based land uses including the proposed Markham commercial development at 22 O'Riordan Street and future development of the site at 13 O'Riordan Street.
 - (c) Direction 10 - Housing for all - Construction of the road is essential to facilitate the renewal of adjoining lands for affordable housing including the proposed St George Community Housing development at 338 Botany Road and the proposed City West Housing development at 330-338 Botany Road / 20 O'Riordan Street

Financial Implications

12. Additional funds are required for this project, as detailed in Confidential Attachment A.

13. The City has received a funding offer from the NSW Government as part of the Transport for NSW Active Transport Program to partially fund the cycleway and walking component of the project only, as detailed in confidential Attachment A. The remainder of the project is to be funded by the City

Relevant Legislation

14. The original tenders were conducted in accordance with the Local Government Act 1993 and the then Local Government (General) Regulation 2005.
15. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.
16. Attachment A contains confidential commercial information of the contractor and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
17. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

18. Roadworks construction commenced on site in March 2022.
19. Separable Portion 1 works from Botany Road through to O'Riordan is forecast for completion in March 2023.
20. Separable Portion 2 works from O'Riordan Street through to Bourke Road are forecast for completion in late 2023 (with timing pending finalisation of the acquisition of part of 13 O'Riordan Street and undertaking of associated works).

Public Consultation

21. The project scope was publicly exhibited as part of the Review of Environmental Factors (REF) approval process in 2018 and again in 2021 following changes to the design.
22. During construction, there will continue to be close liaison between property owners, businesses, City staff and the contractors to minimise disruption to properties in the area. The contractor has a Community Liaison Officer in place for the project.

KIM WOODBURY

Chief Operating Officer

Peter Calantzis, Senior Project Manager

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Item 13.

Contract Variation - Design Consultants for the Bike Network Program

File No: X026113

Tender No: 1970

Summary

The Bike Network Program contract for design consultancy services was awarded to AECOM Australia Pty Ltd by the Chief Executive Officer following endorsement by the Tender Review Group, in accordance with the Register of Delegations from Council to the Chief Executive Officer in November 2019. The consultancy contract scope is for design and documentation for safe cycleways between existing kerbs and minimising impacts to the existing infrastructure.

The Bike Network Program includes six cycleway projects:

- Castlereagh Street Cycleway,
- Gadigal Avenue, Potter Street and Crystal Street Cycleway,
- Bridge Street, Railway Parade and Henderson Road Cycleway,
- Ashmore and Harley Streets Cycleway,
- Mitchell Road and Huntley Street Cycleway, and
- Alexandria Shared Paths.

In March 2020, the scope for the Castlereagh Street North Cycleway was changed by Council to include a full public domain upgrade alongside and integrated into the full length of the four-block cycleway. This change in project outcome significantly increased the design scope of the contract, with additional contingency for the head design consultant approved via the Chief Executive Officer.

Some design changes have also been necessary for each of the other cycleways due to advice from service authorities or the discovery of latent conditions.

The estimated cost to complete this additional scope will exceed the available contract contingency amount previously approved by the Chief Executive Officer.

This report recommends approval for an increased contingency value for the existing Head Consultant Contract for the Bike Network Program to cover the proposed additional services as described in Confidential Attachment A. There are sufficient funds allocated for each of the six projects to cover the increased design consultancy contract contingency within the current year's capital works budgets and future years' forward estimates.

Recommendation

It is resolved that:

- (A) Council approve an increased contingency value for the existing Head Consultant Contract with AECOM Australia Pty Ltd for the Bike Network Program to cover additional services as described in Confidential Attachment A to the subject report; and
- (B) Council note the financial implications detailed in Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. As part of the City's Strategic Bicycle Network Plan, cycleways are proposed on Castlereagh Street; Crystal Street, Potter Street and Gadigal Avenue; Henderson Road; Ashmore Street, Harley Street; Mitchell Road and Huntley Street; Swanson Street, Buckland Street and Mitchell Road.
2. Following a tender process, in November 2019 AECOM was awarded the Head Design Consultancy Contract (Contract) for the six cycleway projects.
3. In March 2020, the scope for the Castlereagh Street North cycleway was increased to include a full public domain upgrade. The additional public domain scope will be designed and built as an integrated project with the cycleway for the full five-block length.
4. In January 2021, the City directed AECOM to undertake additional works to its scope to reduce the design and delivery risk of Castlereagh Street, in the form of underground services investigations including ground penetrating radar and potholing works.
5. Consultation with stakeholders and the community undertaken in March, April and May 2022 for Castlereagh Street has resulted in re-design works at some locations on Castlereagh Street, in particular at the NSW Fire and Rescue Building.
6. There have been scope increases and changes to signalised intersections for Castlereagh Street and other sites in this contract as requested by Transport for New South Wales.
7. Design staging and coordination with major works projects on Castlereagh Street, such as the Sydney Metro and the David Jones Building, have added design scope and will likely need additional assistance from the designers during construction.
8. Underground latent conditions uncovered during construction have required redesign and additional flood modelling in order to deliver stormwater infrastructure for the Ashmore and Harley Streets Cycleway, Bridge Street, Railway Parade and Henderson Road Cycleway and the Alexandria Shared Paths. Changes requested by Transport for NSW during the approvals process for traffic signals have also led to additional design costs.
9. The additional variation works for design requirements, latent conditions and authority approvals have impacted the cost to complete the Contract through to construction for Castlereagh Street, Mitchell Road and Huntley Street Cycleway, Ashmore and Harley Streets Cycleway and the Bridge Street, Railway Parade and Henderson Road Cycleway. This report recommends a variation to the contract with AECOM to increase the contingency amount to cover the additional costs.
10. There are sufficient funds allocated for each of the six projects to cover the increased design consultancy contract contingency within the current year's capital works budgets and future years' forward estimates.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

11. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 5: A city for walking, cycling and public transport. These cycleway projects will complete the missing links in the bike network, providing a safe, sustainable and active transport option for people travelling across and throughout the city.

Financial Implications

12. There are sufficient funds allocated for each of the six projects to cover the increased design consultancy contract contingency within the current year's capital works budgets and future years' forward estimates. Refer to Confidential Attachment A.

Relevant Legislation

13. The original tender process was conducted in accordance with the Local Government Act 1993 and the then Local Government (General) Regulation 2005.
14. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
15. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
16. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

17. Castlereagh Street construction works are scheduled to commence early 2023 and have a construction period forecast of up to 18 months.
18. Mitchell Road and Huntley Street Cycleway construction works are scheduled to commence October 2022 for a period of 18 weeks.
19. Construction is underway for Ashmore and Harley Streets Cycleway with completion forecast for November 2022.
20. Construction is underway for Bridge Street, Railway Parade and Henderson Road Cycleway with completion forecast for February 2023.
21. Construction works for Gadigal Avenue, Potter Street, Crystal Street and Alexandria Shared Paths were completed in August 2022.

Options

22. An alternative option is to terminate the existing contract with AECOM and re-tender for design consultancy to complete the works remaining in this contract. This option is not recommended as it would cause significant delays on projects already under construction. It would delay the design progress on Castlereagh Street, impact construction commencement and risk higher costs engaging a new consultant to take over the design and construction phase support without having background on the project. .

Public Consultation

23. Consultation with internal and external stakeholders been undertaken throughout the design and construction phases of these projects.

KIM WOODBURY

Chief Operating Officer

James Kidd, Design Manager

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Item 14.

Exemption from Tender – SEEK and LinkedIn Job Board Subscription Services

File No: X084308

Summary

This report seeks an exemption from tender to engage SEEK Limited (SEEK) and LinkedIn Singapore PTE LTD (LinkedIn) for job board subscription services for a period of up to five years subject to need and satisfactory performance, which will be reviewed annually. This will support continuity and effectiveness of the City's talent attraction strategy through these platforms, as there are no viable competitors of similar size, market reach and product maturity to invite to tender for these services.

Vacant positions at the City are advertised externally to attract the most competitive field of applicants. SEEK is the main external job board for online advertising, supplemented by various specialist job sites and industry specific job platforms. LinkedIn is used as a primary job board for professional and specialist positions, as well as a networking tool to source passive candidates.

A typical advertising sourcing strategy for a position at the City would include:

- City of Sydney careers site;
- SEEK job board;
- Council Jobs/Careers at Council (Local Government NSW)
- LinkedIn (if suitable for role. Most professional and specialist roles);
- Industry specific job board or professional association (e.g. Planning Institute of Australia, the Fifth Estate); and
- An Aboriginal and Torres Strait Islander job board and/or employment service (e.g. Koori Mail).

Since 2017, the City has engaged SEEK in different ways depending on the packages available at the time. SEEK's performance in 2021/22 saw the City advertise 285 jobs which appeared in over 5 million searches, attracting 149,000 clicks and resulting in almost 10,000 applications.

Since 2021, the City has purchased a recruiter subscription to LinkedIn, which provides 10 job slots that can be rotated as needed. LinkedIn's performance in 2021/22 saw the City post 196 positions, which received 103,917 views and attracted 6,155 applications.

This report recommends that Council approve an exemption from tender to engage SEEK and LinkedIn for job board subscriptions. City staff evaluate the performance of SEEK and LinkedIn subscriptions annually and have the option not to renew if there are more effective ways to secure talent.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 noting that, because of the unavailability of competitive or reliable tenderers, a satisfactory result would not be achieved by inviting tenders to provide job board subscriptions;
- (B) Council note that a satisfactory result would not be achieved by inviting tenders for this work because:
 - (i) there is a lack of availability of alternative suppliers;
 - (ii) both SEEK and LinkedIn are unique platforms in the Australian job market without viable competitors; and
 - (iii) both SEEK and LinkedIn are central to the City's advertising strategy to attract talent;
- (C) Council approve entering into contracts with:
 - (i) SEEK Limited, and
 - (ii) LinkedIn Singapore PTE LTD;for job board subscription services for a period of up to five years subject to satisfactory performance, which will be reviewed annually;
- (D) Council note that the total contract sums and contingency for SEEK Limited and LinkedIn Singapore PTE LTD job board subscriptions are outlined in Confidential Attachment A to the subject report; and
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the SEEK and LinkedIn job board subscriptions.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. Vacant positions at the City are advertised externally to attract the most competitive field of applicants. The Local Government Act 1993 requires the City to advertise positions in a manner sufficient to enable suitably qualified persons to apply for the position.
2. The City relies on advertising as it's main sourcing strategy for talent. The City of Sydney careers site lists every role available but to reach an audience of job seekers that aren't following the City site, online job platforms are used for broader or more targeted coverage.
3. Online job boards vary in size, reach and speciality and are employed according to the vacant position.
4. Every advertising strategy involves a mix of speciality job boards underpinned by those with wide market reach.
 - A typical advertising sourcing strategy for a position at the City would include:
 - City of Sydney careers site;
 - SEEK job board;
 - Council Jobs/Careers at Council (Local Government NSW)
 - LinkedIn (If suitable for role. Most professional and specialist roles);
 - Industry specific job board or professional association (e.g. Planning Institute of Australia, the Fifth Estate); and
 - An Aboriginal and Torres Strait Islander job board and/or employment service (e.g. Koori Mail).

SEEK

5. SEEK is the largest and most frequently used job board for advertising positions at the City of Sydney.
6. SEEK is a market leader in the Australian online job board sector with Ibis World estimating SEEK's market share of online job postings at almost 40 per cent.
7. Other platforms such as Indeed, Jora, and various sector and industry specialty job boards, make up the remainder but none have the reach of SEEK.
8. All externally advertised positions at the City are advertised on SEEK. In 2021/22, the City posted 285 jobs on SEEK. These jobs appeared in over 5 million searches, attracted 149,000 clicks and resulting in almost 10,000 applications.

LinkedIn

9. LinkedIn Talent Solutions is also a unique offering in the labour market and offers a range of packages to assist organisations in attracting talent.
10. The LinkedIn platform allows an organisation to target the right candidate groups, attract passive candidates, build the organisational brand and increase the number of suitable applications.
11. LinkedIn is central to our ability to source talent and start talent pipelining and talent pooling to engage passive talent. Employer branding allows potential candidates to familiarise themselves with the City's vision, benefits and culture to increase the likelihood of high calibre applicants.
12. The content on the City's LinkedIn page is coordinated with the City's media team and extends the reach of the City's social media content strategy.
13. In 2021/22, the City posted 196 positions and received 103,917 views with 6,155 applications from our 10 job advertising slots.
14. SEEK and LinkedIn are unique job market suppliers and are central to the City's recruitment strategy.
15. Issuing a tender where there are no equivalent competitors in the market and requesting approval for individual SEEK and LinkedIn package renewals each time will not serve to add further value.

Performance Measurement

16. The total views and applications will be monitored to assess the continuing effectiveness of these job platforms.
17. Annual reviews will continue to be conducted, competitor performance will be monitored and new platforms will be evaluated to assess any new technologies that emerge in future years.

Financial Implications

18. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.
19. The financial implications are outlined in Confidential Attachment A.

Relevant Legislation

20. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

21. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
22. Attachment A contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
23. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

24. Subject to Council approval, the SEEK subscription would be renewed immediately on an annual basis. The annual subscription would be able to be renewed four further times, subject to an annual review of the service.
25. The current LinkedIn subscription expires in March 2023. Subject to Council approval, this subscription would be renewed. The annual subscription would be able to be renewed four further times, subject to an annual review of the service.

Options

26. An alternative option is to use job boards with lesser market coverage and purchase individual job places at higher rates. This option is not recommended because the performance of job boards with lower market coverage will not result in satisfactory candidate response rates and limit talent available to hiring managers for selection. Individual postings on these platforms are more expensive and lack the employer branding that comes with an annual subscription.

Public Consultation

27. Public consultation is not required for the procurement of these specialist services

SUSAN PETTIFER

Director People, Performance and Technology

Rodney Waterson, Manager Recruitment and HR Systems

Chris Youness, Chief, People and Culture

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Item 15.

**Cancellation of Tender - T-2022-802 and Exemption from Tender -
Construction, Installation, and De-Installation of Lantern Toppers and Ground
Based Lanterns for 2023 Sydney Lunar Festival**

Document to Follow