

12 February 2024

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. 2023/24 Quarter 2 Review – Delivery Program 2022-2026**
- 4. Investments Held as at 31 December 2023**
- 5. Investments Held as at 31 January 2024**
- 6. Land Classification - 4B Huntley Street, Alexandria**
- 7. Proposed Land Classification - Proposed Lots 5 and 7, 2-38 Baptist Street and 397-399 Cleveland Street, Redfern**
- 8. Proposed Land Classification – 2A Reed Street and 1A Tung Hop Street, Waterloo**
- 9. Proposed Land Classification – 13 George Julius Avenue, Zetland**

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.

Members of the public attending a council or committee meeting may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for up to 12 months.

Consent

By attending a council or committee meeting, members of the public consent to this use of their image, voice and personal information.

Disclaimer

Statements made by individuals at a council or committee meeting, and which may be contained in a live stream or recording of the meeting are those of the individuals making them, and not of the City. To be clear, unless set out in a resolution of council, the City does not endorse or support such statements.

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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 4 December 2023

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.

2023/24 Quarter 2 Review – Delivery Program 2022-2026

Document to Follow

Item 4.

Investments Held as at 31 December 2023

File No: X020701

Summary

This report provides details of the City's investment portfolio and performance to 31 December 2023.

The City's total Investment and Cash position was \$788.6M at 31 December 2023, with investments earning interest of \$3.4M for the month.

Annual CPI inflation was 4.1 per cent in December 2023, down from 4.9 per cent in the 12 months to October 2023. However, the rate of inflation remains above the Reserve Bank of Australia's (RBA) target range of two to three per cent. While global factors explain much of the variation in inflation, domestic factors also play a role. There are widespread upward pressures on prices from strong demand, a continuing tight labour market and capacity constraints in some sectors of the economy.

The Reserve Bank of Australia board, on 7 November 2023, decided to again raise the official cash rate by 25 basis points to 4.35 per cent, which is now at a 12-year high, up from the record low 0.10 per cent level in May 2022.

The City's cash and investments portfolio is substantially restricted in both internal (\$239.1M) and external (\$92.5M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for 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 annualised monthly return of 5.06 per cent for December which remains above the 30-Day Bank Bill Rate (BBR) of 4.29 per cent, the latest AusBond Bank Bill Index of 4.44 per cent and the enhanced benchmark of 4.74 per cent (BBR + 0.45 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.

The City's annual rolling return of 4.95 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 3.85 per cent, the latest AusBond Bank Bill Index of 3.90 per cent and the enhanced benchmark of 4.30 per cent (BBR + 0.45 per cent). The benchmarks were endorsed in the revised Investment Strategy approved by Council in October 2023.

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 for 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.

Recommendation

It is resolved that the Investment Report as at 31 December 2023 be received and noted.

Attachments

Attachment A. Register of Investments and Cash as at 31 December 2023

Attachment B. Investment Performance as at 31 December 2023

Background

1. In accordance with the principles of sound 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 31 December 2023 is \$788.6M, a decrease of \$28.7M from 30 November 2023. The monthly movement reflects capital works expenditure, other operational payments for the period in excess of operating income. A schedule detailing all of the City's investments as at the end of December 2023 is provided at Attachment A.
5. A substantial portion of the City's cash and investments portfolio is held as internally restricted (\$239.1M) or externally restricted (\$92.5M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for 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 commercial property and 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 annualised monthly return of 5.06 per cent for December which remains above the 30-Day Bank Bill Rate (BBR) of 4.29 per cent, the latest AusBond Bank Bill Index of 4.44 per cent and the enhanced benchmark of 4.74 per cent (BBR + 0.45 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 to 90 day investments.
9. The City's annual rolling return of 4.95 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate (BBR) of 3.85 per cent, the latest AusBond Bank Bill Index of 3.90 per cent and the enhanced benchmark of 4.30 per cent (BBR + 0.45 per cent). The benchmarks were endorsed in the revised Investment Strategy which was approved by Council in October 2023.
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. 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.
12. 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.
13. The Australian economy is experiencing a sustained period of inflation well in excess of the Reserve Bank of Australia's (RBA) target range of two to three per cent. There are indications that inflationary pressures are reducing. Annual CPI inflation was 4.1 per cent in December 2023, down from 4.9 per cent in the 12 months to October 2023. While global factors explain much of the variation in inflation, domestic factors also play a role. There are widespread upward pressures on prices from strong demand, a continuing tight labour market and capacity constraints in some sectors of the economy.
14. In response to the current period of inflation, the RBA lifted official cash rates a record 14 consecutive times from the record low 0.1 per cent level in May 2022. The current rate, lifted again by the RBA in November 2023, is 4.35 per cent. Further increases remain a possibility, while the rate of inflation remains above the RBA's target range.
15. Most of the investment portfolio (currently 74.18 per cent) is held in fixed return term deposits. Continuing improvements in returns are anticipated as older investments mature and are reinvested in products offering higher prevailing rates where the funds are not otherwise required for operating purposes. Around 73.48 per cent of the portfolio, including at call account and general fund, is due to mature in the coming year; accordingly, the City should be able to take advantage of improved, relative to recent years, returns.
16. 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.
17. The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy which was last revised and approved by Council in October 2023 remains appropriate for the current global and domestic economic conditions.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

18. 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

19. The City's investments earned interest of \$3.4M for the month of December 2023, which is well above the monthly budgeted earnings of \$1.7M.
20. The interest income budget for the 2023/24 financial year has been set at \$20.4M. Interest rates offered in the market for the financial year to date have been higher than were anticipated at the time the budget was set, which has favourably impacted investment returns. As noted in the Quarter 2 report to Council, included in the current reporting cycle, interest revenue is forecast to be \$32.5M for 2023/24.

Relevant Legislation

21. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.
22. 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.
23. The Investment Policy and Strategy was last revised in October 2023, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments.
24. 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 23 October 2023.

Critical Dates / Time Frames

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

Public Consultation

26. 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.
27. City staff meet regularly with representatives of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.

28. 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.
29. 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 \$35.0M in six tranches with this Green Tailored deposit.
30. The City currently holds \$5.0M in a sustainability bond/FRN with Bank Australia due to mature on 24 November 2025 and also invested an additional \$4.5M in February 2023 due to mature on 22 February 2027. This is based on an investment framework that is in line with the 2021 versions of the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). This Socially Responsible investment opportunity meets both the credit risk and maturity profile requirements of the City.

BILL CARTER

Chief Financial Officer

Attachment A

**Register of Investments and Cash
as at 31 December 2023**

Register of Investments and Cash for December 2023 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Call Account & General Fund									
Westpac Bank- General Fund (Interest bearing)	AA	56,874,803	56,874,803	0.37%	4.45%	4.20%	1-Jan-24	31-Dec-23	0
Commonwealth Bank	AA	2,402,248	2,402,248	0.37%	4.40%	4.15%	1-Jan-24	31-Dec-23	0
Total		59,277,052	59,277,052	0.37%	4.45%	4.20%			
Term Deposits (TD)									
Suncorp Bank	A+	5,000,000.00	5,000,000.00	0.38%	4.52%	4.52%	2-Jan-24	2-Dec-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.40%	4.80%	4.80%	9-Jan-24	10-Jan-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.38%	4.56%	4.56%	15-Jan-24	12-Dec-22	13
Bank of Queensland	BBB+	5,000,000.00	5,000,000.00	0.38%	4.50%	4.50%	19-Jan-24	21-Mar-23	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.67%	4.67%	25-Jan-24	27-Jan-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.40%	4.74%	4.74%	30-Jan-24	27-Jan-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.40%	4.74%	4.74%	2-Feb-24	27-Jan-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.40%	4.76%	4.76%	6-Feb-24	30-Jan-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.40%	4.76%	4.76%	9-Feb-24	30-Jan-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.68%	4.68%	13-Feb-24	6-Feb-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	16-Feb-24	3-Feb-23	12
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	20-Feb-24	7-Feb-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.39%	4.68%	4.68%	5-Mar-24	7-Feb-23	13
ING Bank	A	5,000,000.00	5,000,000.00	0.39%	4.68%	4.68%	8-Mar-24	6-Feb-23	13
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	15-Mar-24	16-May-23	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.01%	5.01%	15-Mar-24	13-Feb-23	13
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.41%	4.94%	4.94%	19-Mar-24	15-Feb-23	13
Bank of Queensland	BBB+	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	22-Mar-24	23-May-23	10
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.41%	4.94%	4.94%	28-Mar-24	15-Feb-23	13
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.04%	5.04%	5-Apr-24	1-Mar-23	13
Suncorp Bank	A+	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	9-Apr-24	4-Apr-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.41%	5.04%	5.04%	12-Apr-24	1-Mar-23	13
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.42%	5.02%	5.02%	16-Apr-24	28-Feb-23	14
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.01%	5.01%	19-Apr-24	2-Mar-23	14
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	23-Apr-24	27-Apr-23	12
Suncorp Bank	A+	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	23-Apr-24	4-Apr-23	13
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.42%	5.06%	5.06%	26-Apr-24	27-Feb-23	14
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	30-Apr-24	8-May-23	12
Suncorp Bank	A+	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	30-Apr-24	11-Apr-23	13
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	3-May-24	9-May-23	12
Suncorp Bank	A+	5,000,000.00	5,000,000.00	0.39%	4.65%	4.65%	3-May-24	19-Apr-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	7-May-24	2-May-23	12
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	7-May-24	10-May-23	12
Bendigo & Adelaide Bank	BBB+	10,000,000.00	10,000,000.00	0.41%	4.95%	4.95%	10-May-24	16-May-23	12
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.42%	5.00%	5.00%	24-May-24	21-Feb-23	15
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.42%	5.08%	5.08%	28-May-24	22-Feb-23	15
ING Bank	A	5,000,000.00	5,000,000.00	0.42%	5.05%	5.05%	4-Jun-24	31-May-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.43%	5.10%	5.10%	7-Jun-24	1-Jun-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.41%	4.92%	4.92%	7-Jun-24	23-May-23	12
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	11-Jun-24	24-May-23	13
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.47%	5.60%	5.60%	14-Jun-24	16-Jun-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.00%	5.00%	14-Jun-24	29-May-23	13
Bank of Queensland	BBB+	5,000,000.00	5,000,000.00	0.43%	5.18%	5.18%	18-Jun-24	10-Oct-23	8
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.42%	4.98%	4.98%	21-Jun-24	30-May-23	13
Bank of Queensland	BBB+	5,000,000.00	5,000,000.00	0.43%	5.20%	5.20%	28-Jun-24	5-Jun-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.47%	5.62%	5.62%	4-Jul-24	4-Jul-23	12
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	5-Jul-24	24-Apr-23	14
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.47%	5.62%	5.62%	9-Jul-24	6-Jul-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.48%	5.71%	5.71%	10-Jul-24	10-Jul-23	12
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.46%	5.55%	5.55%	15-Jul-24	17-Jul-23	12
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.46%	5.55%	5.55%	19-Jul-24	25-Jul-23	12
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.46%	5.55%	5.55%	23-Jul-24	26-Jul-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.40%	4.82%	4.82%	26-Jul-24	30-Jan-23	18
ING Bank	A	10,000,000.00	10,000,000.00	0.38%	4.60%	4.60%	30-Jul-24	6-Feb-23	18
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.40%	5.40%	2-Aug-24	1-Aug-23	12
Bendigo & Adelaide Bank	BBB+	5,000,000.00	5,000,000.00	0.45%	5.35%	5.35%	2-Aug-24	4-Aug-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.46%	5.55%	5.55%	6-Aug-24	18-Aug-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.28%	5.28%	9-Aug-24	8-Aug-23	12
ING Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.30%	5.30%	13-Aug-24	8-Aug-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.28%	5.28%	20-Aug-24	8-Aug-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.42%	5.42%	22-Aug-24	22-Aug-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.39%	5.39%	3-Sep-24	25-Aug-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.42%	5.42%	6-Sep-24	9-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.44%	5.44%	10-Sep-24	10-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.43%	5.43%	13-Sep-24	11-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.46%	5.47%	5.47%	17-Sep-24	14-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.46%	5.51%	5.51%	20-Sep-24	15-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.46%	5.46%	5.46%	24-Sep-24	16-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.46%	5.47%	5.47%	27-Sep-24	21-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.38%	5.38%	1-Oct-24	23-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.45%	5.36%	5.36%	4-Oct-24	25-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.32%	5.32%	8-Oct-24	28-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.31%	5.31%	11-Oct-24	29-Aug-23	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.30%	5.30%	15-Oct-24	29-Aug-23	14
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.30%	5.30%	18-Oct-24	30-Aug-23	14
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.30%	5.30%	22-Oct-24	30-Aug-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.16%	5.16%	25-Oct-24	31-Aug-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.16%	5.16%	29-Oct-24	31-Aug-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.16%	5.16%	1-Nov-24	1-Sep-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.16%	5.16%	5-Nov-24	1-Sep-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.16%	5.16%	8-Nov-24	1-Sep-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.16%	5.16%	12-Nov-24	4-Sep-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.16%	5.16%	15-Nov-24	4-Sep-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.20%	5.20%	19-Nov-24	5-Sep-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.20%	5.20%	22-Nov-24	6-Sep-23	15
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.20%	5.20%	26-Nov-24	8-Sep-23	15
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.20%	5.20%	29-Nov-24	12-Sep-23	15
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.43%	5.21%	5.21%	3-Dec-24	18-Sep-23	14
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.28%	5.28%	6-Dec-24	20-Sep-23	15
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.44%	5.30%	5.30%	10-Dec-24	25-Sep-23	14
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.44%	5.31%	5.31%	13-Dec-24	3-Oct-23	14
ING Bank	A	5,000,000.00	5,000,000.00	0.44%	5.25%	5.25%	17-Dec-24	11-Oct-23	14
ING Bank	A	5,000,000.00	5,000,000.00	0.44%	5.23%	5.23%	20-Dec-24	17-Oct-23	14
ING Bank	A	5,000,000.00	5,000,000.00	0.46%	5.48%	5.48%	27-Dec-24	6-Nov-23	14
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.45%	5.45%	5.45%	10-Jan-25	6-Nov-23	14
ING Bank	A	5,000,000.00	5,000,000.00	0.45%	5.44%	5.44%	14-Jan-25	14-Nov-23	14
ING Bank	A	5,000,000.00	5,000,000.00	0.46%	5.48%	5.48%	17-Jan-25	8-Nov-23	14
Suncorp Bank	A+	5,000,000.00	5,000,000.00	0.45%					

Register of Investments and Cash for December 2023 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Term Deposits (TD) 'Green Tailored Deposits'									
Westpac Banking Corporation - Green Tailored Deposit - (Annual Interest)	AA-	5,000,000.00	5,000,000.00	0.45%	5.40%	5.40%	2-Jan-25	24-Nov-23	13
Westpac Banking Corporation - Green Tailored Deposit - (Annual Interest)	AA-	5,000,000.00	5,000,000.00	0.46%	5.46%	5.46%	7-Jan-25	27-Nov-23	13
Westpac Banking Corporation - Green Tailored Deposit (3.00% Fixed 1 years & 3 months BBSW + 105 points 4 years)	AA-	10,000,000.00	10,000,000.00	0.45%	5.38%	4.98%	25-Jan-24	25-Jan-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.85% Fixed 1 years & 3 months BBSW + 100 points 4 years)	AA-	5,000,000.00	5,000,000.00	0.45%	5.37%	4.89%	28-Feb-24	1-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.75% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA-	5,000,000.00	5,000,000.00	0.45%	5.36%	4.96%	11-Mar-24	13-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.65% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA-	5,000,000.00	5,000,000.00	0.45%	5.37%	4.96%	22-Mar-24	25-Mar-19	60
Total		585,000,000	585,000,000	0.42%	5.05%	5.02%			
Floating Rate Notes (FRN)									
National Australia Bank (90 days BBSW + 104 points)	AA-	4,000,000.00	4,000,000.00	0.45%	5.41%	4.96%	26-Feb-24	26-Feb-19	60
National Australia Bank (90 days BBSW + 92 points)	AA-	3,200,000.00	3,200,000.00	0.44%	5.31%	4.85%	19-Jun-24	20-Jun-19	60
Westpac Banking Corporation (90 days BBSW + 88 points)	AA-	4,000,000.00	4,000,000.00	0.44%	5.27%	4.83%	16-Aug-24	16-May-19	63
ANZ Bank (90 days BBSW + 77 points)	AA-	4,000,000.00	4,000,000.00	0.43%	5.13%	4.69%	29-Aug-24	29-Aug-19	60
National Australia Bank (90 days BBSW + 77 points)	AA-	5,000,000.00	5,000,000.00	0.42%	4.98%	4.67%	21-Jan-25	21-Jan-20	60
Macquarie Bank (3 months BBSW + 84 points)	A+	5,000,000.00	5,000,000.00	0.44%	5.26%	4.81%	12-Feb-25	12-Feb-20	60
Suncorp Bank (90 days BBSW + 112 points)	A+	1,500,000.00	1,500,000.00	0.45%	5.35%	5.01%	24-Apr-25	27-Apr-20	60
Suncorp Bank (90 days BBSW + 83 points) - Covered Bond	A+	2,200,000.00	2,200,000.00	0.42%	5.03%	4.70%	17-Oct-25	17-Oct-22	36
Great Southern Bank (3months BBSW + 158 points)	BBB+	4,000,000.00	4,000,000.00	0.50%	5.95%	5.47%	1-Dec-25	1-Dec-22	36
Macquarie Bank (3 months BBSW + 48 points)	A+	5,000,000.00	5,000,000.00	0.40%	4.83%	4.42%	9-Dec-25	9-Dec-20	60
Suncorp Bank (90 days BBSW + 45 points)	A+	2,100,000.00	2,100,000.00	0.40%	4.82%	4.41%	24-Feb-26	24-Feb-21	60
Newcastle Permanent Building Society (90 days BBSW + 63 points)	BBB+	5,000,000.00	5,000,000.00	0.42%	5.01%	4.54%	4-Mar-26	4-Mar-21	60
Bendigo & Adelaide Bank (90 days BBSW + 125 points)	BBB+	4,500,000.00	4,500,000.00	0.47%	5.63%	5.37%	15-May-26	15-May-23	36
Suncorp Bank (90 days BBSW + 105 points)	A+	4,000,000.00	4,000,000.00	0.45%	5.42%	5.16%	18-May-26	18-May-23	36
Bendigo & Adelaide Bank (90 days BBSW + 65 points)	BBB+	5,000,000.00	5,000,000.00	0.42%	4.98%	4.58%	18-Jun-26	18-Jun-21	60
Macquarie Bank (3 months BBSW + 85 points)	A+	4,000,000.00	4,000,000.00	0.43%	5.18%	5.03%	14-Sep-26	14-Sep-21	60
Suncorp Bank (90 days BBSW + 48 points)	A+	3,750,000.00	3,750,000.00	0.40%	4.85%	4.46%	15-Sep-26	15-Sep-21	60
Bank of Queensland (90 days BBSW + 80 points)	BBB+	3,000,000.00	3,000,000.00	0.43%	5.12%	4.71%	27-Oct-26	27-Oct-21	60
Commonwealth Bank (3 month BBSW + 70 points)	AA-	3,250,000.00	3,250,000.00	0.40%	4.84%	4.57%	14-Jan-27	14-Jan-22	60
Westpac Banking Corporation (90 days BBSW + 70 points)	AA-	3,900,000.00	3,900,000.00	0.42%	5.03%	4.65%	25-Jan-27	18-Jan-22	60
Suncorp Bank (90 days BBSW + 78 points)	A+	4,500,000.00	4,500,000.00	0.43%	5.11%	4.73%	25-Jan-27	17-Jan-22	60
Newcastle Permanent Building Society (90 days BBSW + 100 points)	BBB+	2,250,000.00	2,250,000.00	0.45%	5.40%	4.96%	10-Feb-27	3-Feb-22	60
National Australia Bank (90 days BBSW + 72 points)	AA-	4,000,000.00	4,000,000.00	0.43%	5.11%	4.70%	25-Feb-27	25-Feb-22	60
ANZ Bank (90 day BBSW + 97 points)	AA-	4,000,000.00	4,000,000.00	0.45%	5.39%	4.94%	12-May-27	12-May-22	60
Westpac Banking Corporation (90 days BBSW + 105 points)	AA-	4,000,000.00	4,000,000.00	0.45%	5.42%	5.00%	4-Mar-27	20-May-22	60
ANZ Bank (90 days BBSW + 120 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.55%	5.10%	4-Nov-27	4-Nov-22	60
Westpac Banking Corporation (90 days BBSW + 123 points)	AA-	5,000,000.00	5,000,000.00	0.47%	5.65%	5.20%	11-Nov-27	11-Nov-22	60
National Australia Bank (90 days BBSW + 120 points)	AA-	4,200,000.00	4,200,000.00	0.47%	5.59%	5.12%	25-Nov-27	25-Nov-22	60
Suncorp Bank (3months BBSW + 125points)	A+	2,700,000.00	2,700,000.00	0.47%	5.58%	5.18%	14-Dec-27	14-Dec-22	60
Great Southern Bank (3months BBSW + 165 points)	BBB+	2,500,000.00	2,500,000.00	0.51%	6.06%	5.69%	9-Feb-27	9-Feb-23	48
ANZ Bank (90 days BBSW + 106 points)	AA-	4,000,000.00	4,000,000.00	0.45%	5.41%	5.22%	31-Mar-28	31-Mar-23	60
Suncorp Bank (3 months BBSW + 105 points)	A+	3,000,000.00	3,000,000.00	0.43%	5.19%	5.28%	12-Jul-28	12-Jul-23	60
Commonwealth Bank (3 month BBSW + 95 points)	AA-	3,000,000.00	3,000,000.00	0.45%	5.34%	5.20%	17-Aug-28	17-Aug-23	60
ANZ Bank (90 days BBSW + 93 points)	AA-	3,500,000.00	3,500,000.00	0.44%	5.28%	5.11%	11-Sep-28	11-Sep-23	60
Suncorp Bank (3 months BBSW + 110 points)	A+	3,750,000.00	3,750,000.00	0.46%	5.49%	5.49%	24-Nov-27	24-Nov-23	48
National Australia Bank (3 months BBSW + 103 points)	AA-	4,000,000.00	4,000,000.00	0.45%	5.42%	5.42%	16-Nov-28	16-Nov-23	60
Floating Rate Notes (FRN) 'Green/Climate Bonds/Sustainability Bond'									
Bank Australia - Sustainability Bond (3months BBSW + 160 points)	BBB	5,000,000.00	5,000,000.00	0.50%	5.99%	5.56%	24-Nov-25	24-Nov-22	36
Bank Australia - Sustainability Bond (3months BBSW + 155 points)	BBB	4,500,000.00	4,500,000.00	0.49%	5.92%	5.50%	22-Feb-27	22-Feb-23	48
Total		144,300,000	144,300,000	0.44%	5.33%	4.98%			
Total Investments		788,577,052	788,577,052	0.42%	5.06%	4.95%			
Benchmark: 30 Day Bank Bill Index				0.36%	4.29%	3.85%			
Benchmark: Bloomberg AusBond Bank Bill Index				0.37%	4.44%	3.90%			
TOTAL INVESTMENTS & CASH		788,577,051.54	788,577,052						

Note:		
Total Investments & cash - as per investment report	788,577,051.54	
IGS Sinking Fund Balance - as at Dec 2023	2,187,531.22	
Net reconciling amount - closing Bank Balance (per register above) and closing General Ledger account balance (timing difference)	1,063,671.20	
Total Investments & cash - as per general ledger balance	789,700,911.56	

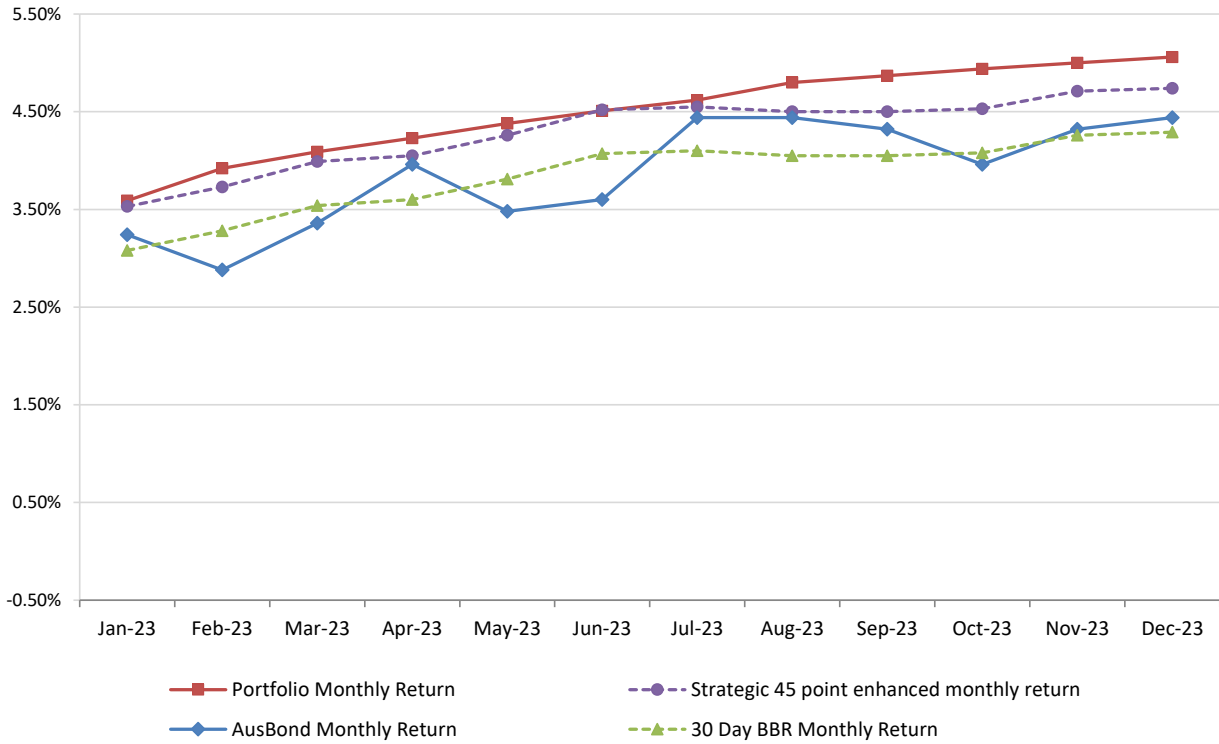
Summary of Net Investment Movements - December 2023

Financial Institution	Fund Rating	Net Investment/(Reduction) Amount \$	Commentary
<u>General Fund</u>			
Westpac Banking Corporation	AA-	(8,730,000)	Surplus funds utilised from general fund for operational purposes.
<u>Term Deposits (TDs)</u>			
ING Bank	A	20,000,000	Redeemed matured investments and additional income placed in higher yielding term deposits.
Suncorp Bank	A+	5,000,000	
Commonwealth Bank	AA-	(40,000,000)	Redeemed matured investments and additional income placed in higher yielding investments., or utilised for operational purposes.
<u>Floating Rate Notes (FRNs)</u>			
ANZ Bank	AA-	(5,000,000)	Redeemed matured investments and additional income placed in higher yielding investments., or utilised for operational purposes.

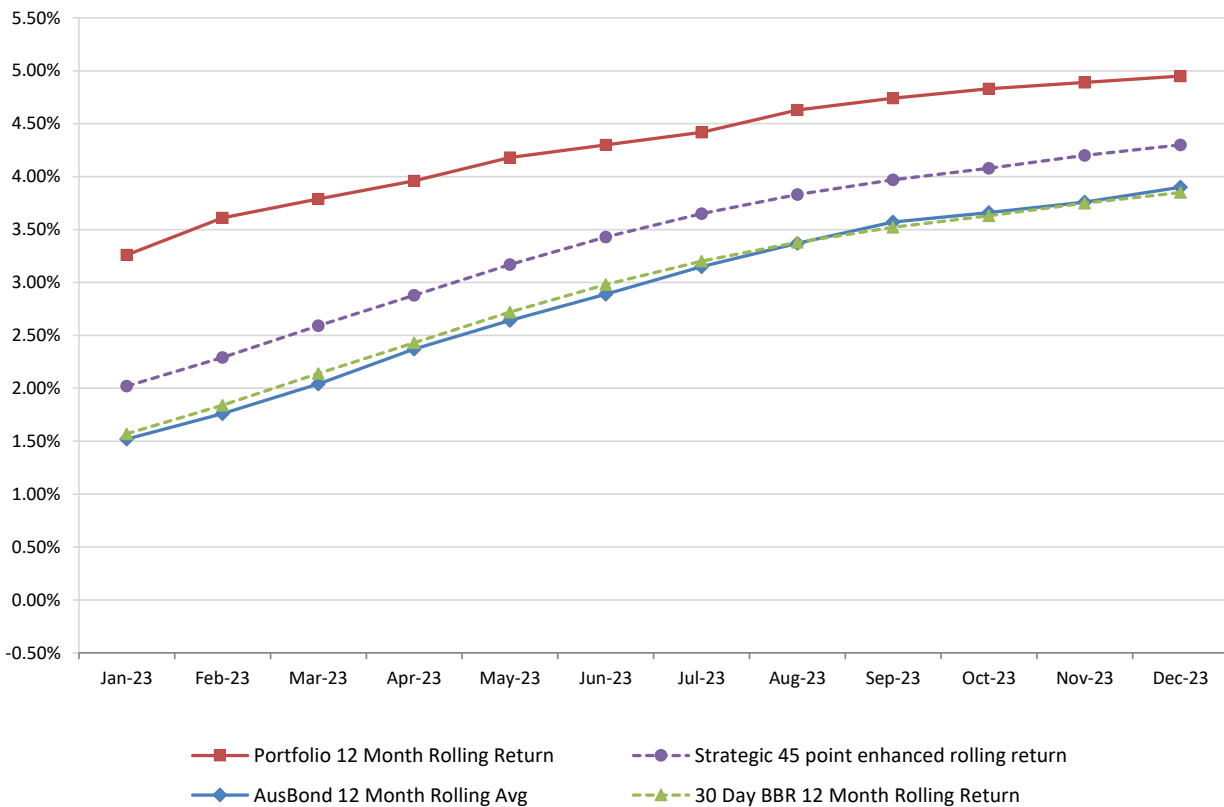
Attachment B

**Investment Performance
as at 31 December 2023**

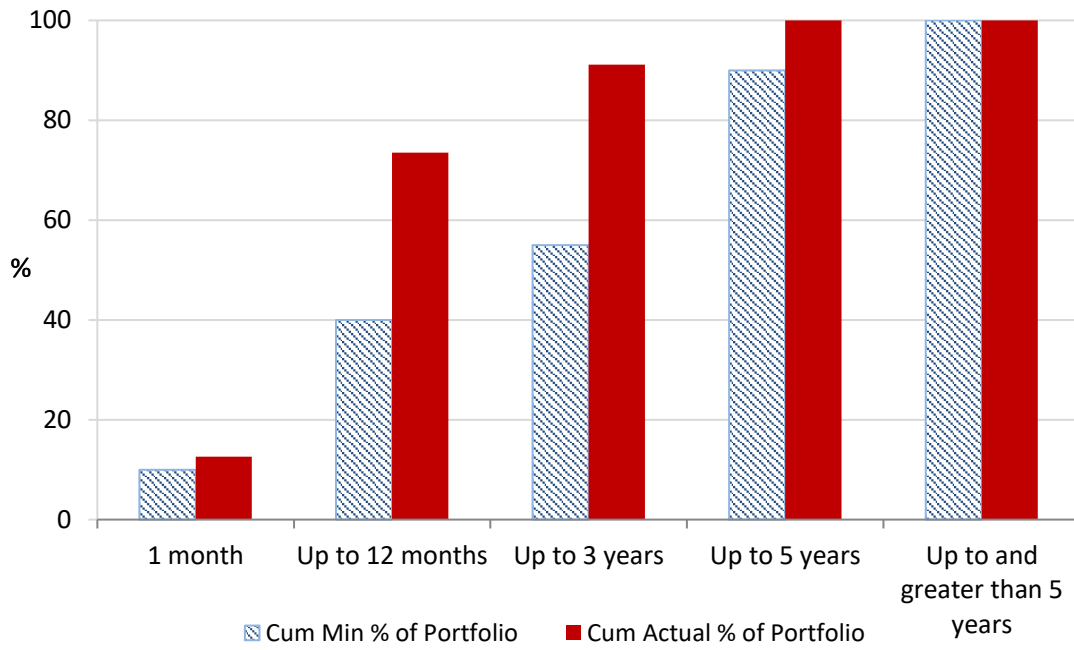
Monthly Results
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
December 2023



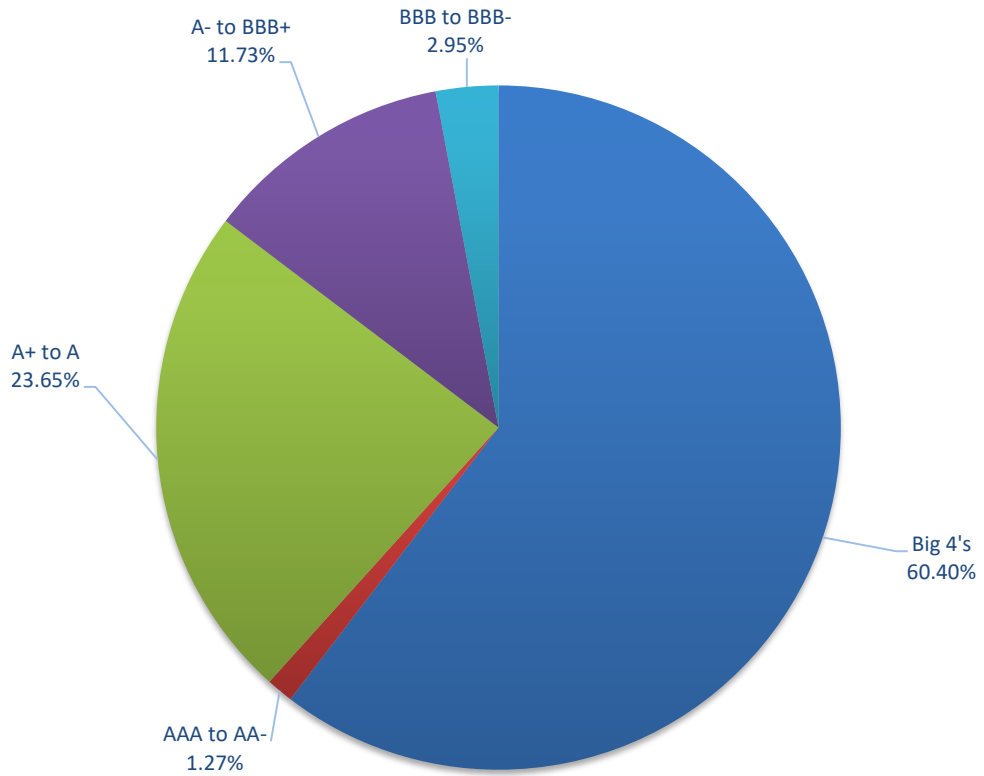
12 Month Rolling Averages
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
December 2023



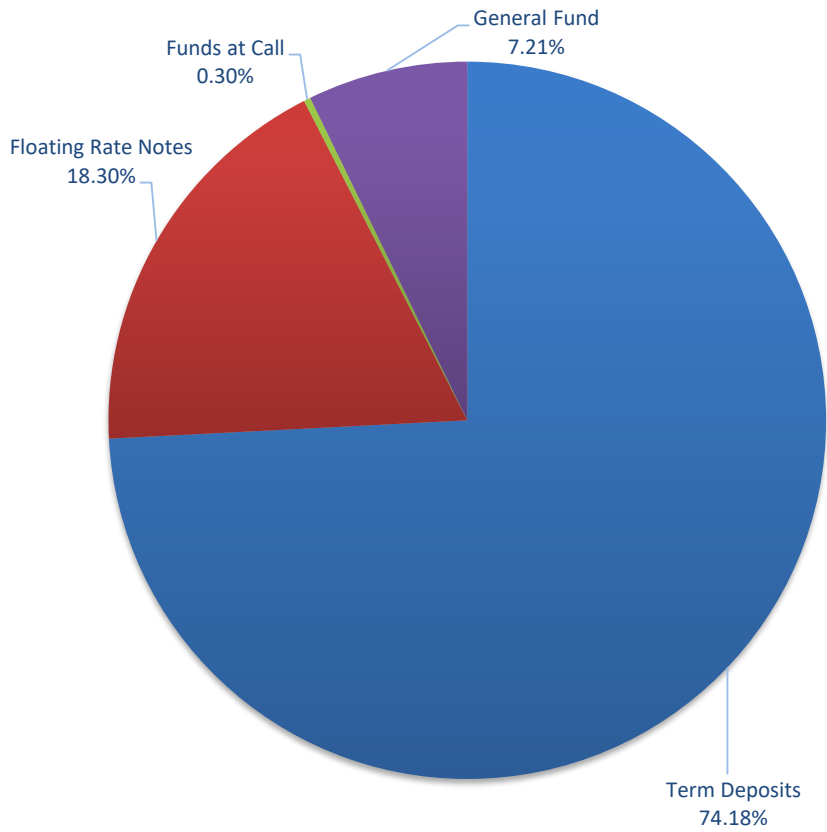
Portfolio Liquidity - Minimum Allocations as at 31 December 2023



Risk Profile as at 31 December 2023



Risk Profile as at 31 December 2023



INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION				
as at 31 December 2023				
Institution Category	Financial Institution	Amount \$M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank (and related institutions)	ANZ Bank	19.5	2.5	
	Commonwealth Bank	153.7	19.5	
	National Australia Bank	79.4	10.1	
	Westpac Banking Corporation	223.8	28.4	
Big 4 Total		476.3		60.4
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	9.5	1.2	
	Bank of Queensland	23.0	2.9	
	Bendigo & Adelaide Bank	69.5	8.8	
	Great Southern Bank (formerly Credit Union Australia)	6.5	0.8	
	ING Bank	95.0	12.0	
	Suncorp Bank	77.5	9.8	
	Macquarie Bank Ltd	14.0	1.8	
	Northern Territory Treasury Corporation	10.0	1.3	
Newcastle Permanent Building Society	7.3	0.9		
Other ADI Total		312.3		39.6
Grand Total		788.6	100.0	100.0

Item 5.

Investments Held as at 31 January 2024

File No: X020701

Summary

This report provides details of the City's investment portfolio and performance to 31 January 2024.

The City's total Investment and Cash position was \$754.1M at 31 January 2024, with investments earning interest of \$3.4M for the month.

Annual CPI inflation was 4.1 per cent in December 2023, down from 4.9 per cent in the 12 months to October 2023. However, the rate of inflation remains above the Reserve Bank of Australia's (RBA) target range of two to three per cent. While global factors explain much of the variation in inflation, domestic factors also play a role. Widespread upward pressures on prices remain in the economy due to strong demand, a continuing tight labour market and capacity constraints in some sectors of the economy.

The Reserve Bank of Australia board (RBA), on 7 November 2023, decided to again raise the official cash rate by 25 basis points to 4.35 per cent, which is now at a 12-year high, up from the record low 0.10 per cent level in May 2022. In December 2023 the RBA left rates unchanged.

The City's cash and investments portfolio is substantially restricted in both internal (\$239.1M) and external (\$92.5M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for 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 annualised monthly return of 5.08 per cent for January which remains above the 30-Day Bank Bill Rate (BBR) of 4.31 per cent, the latest AusBond Bank Bill Index of 4.44 per cent and the enhanced benchmark of 4.76 per cent (BBR + 0.45 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.

The City's annual rolling return of 4.99 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 3.95 per cent, the latest AusBond Bank Bill Index of 4.00 per cent and the enhanced benchmark of 4.40 per cent (BBR + 0.45 per cent). The benchmarks were endorsed in the revised Investment Strategy approved by Council in October 2023.

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 for 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.

Recommendation

It is resolved that the Investment Report as at 31 January 2024 be received and noted.

Attachments

Attachment A. Register of Investments and Cash as at 31 January 2024

Attachment B. Investment Performance as at 31 January 2024

Background

1. In accordance with the principles of sound 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 31 January 2024 is \$754.1M, a decrease of \$34.5M from 31 December 2023. The monthly movement reflects capital works expenditure, other operational payments for the period in excess of operating income. A schedule detailing all of the City's investments as at the end of January 2024 is provided at Attachment A.
5. A substantial portion of the City's cash and investments portfolio is held as internally restricted (\$239.1M) or externally restricted (\$92.5M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for 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 commercial property and 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 annualised monthly return of 5.08 per cent for January which remains above the 30-Day Bank Bill Rate (BBR) of 4.31 per cent, the latest AusBond Bank Bill Index of 4.44 per cent and the enhanced benchmark of 4.76 per cent (BBR + 0.45 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 to 90 day investments.
9. The City's annual rolling return of 4.99 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 3.95 per cent, the latest AusBond Bank Bill Index of 4.00 per cent and the enhanced benchmark of 4.40 per cent (BBR + 0.45 per cent). The benchmarks were endorsed in the revised Investment Strategy approved by Council in October 2023.
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. 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.
12. 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.
13. The Australian economy is experiencing a sustained period of inflation well in excess of the Reserve Bank of Australia's (RBA) target range of two to three per cent. There are indications that inflationary pressures are reducing. Annual CPI inflation was 4.1 per cent in December 2023, down from 4.9 per cent in the 12 months to October 2023. While global factors explain much of the variation in inflation, domestic factors also play a role. There are widespread upward pressures on prices from strong demand, a continuing tight labour market and capacity constraints in some sectors of the economy.
14. In response to the current period of inflation, the RBA lifted official cash rates a record 14 consecutive times from the record low 0.1 per cent level in May 2022. The current rate, lifted again by the RBA in November 2023, is 4.35 per cent. Further increases remain a possibility, while the rate of inflation remains above the RBA's target range.
15. Most of the investment portfolio (currently 72.93 per cent) is held in fixed return term deposits. Continuing improvements in returns are anticipated as older investments mature and are reinvested in products offering higher prevailing rates where the funds are not otherwise required for operating purposes. Around 77.05 per cent of the portfolio, including at call account and general fund, is due to mature in the coming year. Accordingly, the City should be able to reinvest at improved returns relative to recent years, though this margin has gradually reduced as official interest rate increases have slowed.
16. The report includes graphs 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.
17. The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy which was last revised and approved by Council in October 2023 remains appropriate for the current global and domestic economic conditions

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

18. 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

19. The City's investments earned interest of \$3.4M for the month of January 2024, which is well above the monthly budgeted earnings of \$1.7M.
20. The interest income budget for the 2023/24 financial year has been set at \$20.4M. Interest rates offered in the market for the financial year to date have been higher than were anticipated at the time the budget was set, which has favourably impacted investment returns. As noted in the Quarter 2 report to Council, included in the current reporting cycle, interest revenue is forecast to be \$32.5M for 2023/24.

Relevant Legislation

21. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.
22. 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.
23. The Investment Policy and Strategy was last revised in October 2023, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments.
24. 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 23 October 2023.

Critical Dates / Time Frames

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

Public Consultation

26. 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.
27. City staff meet regularly with representatives of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.
28. 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.

29. 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 \$25.0M in five tranches with this Green Tailored deposit.

30. The City currently holds \$5.0M in a sustainability bond/FRN with Bank Australia due to mature on 24 November 2025 and also invested an additional \$4.5M in February 2023 due to mature on 22 February 2027. This is based on an investment framework that is in line with the 2021 versions of the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). This Socially Responsible investment opportunity meets both the credit risk and maturity profile requirements of the City.

BILL CARTER

Chief Financial Officer

Attachment A

**Register of Investments and Cash
as at 31 January 2024**

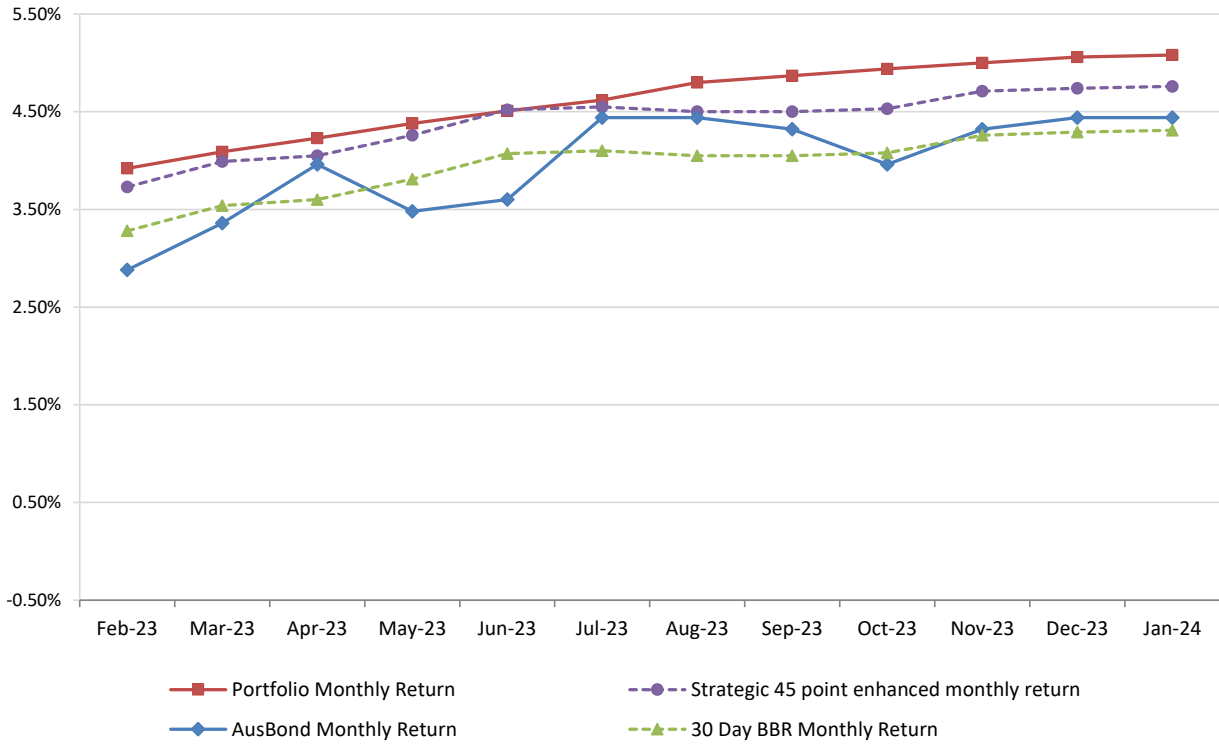
Summary of Net Investment Movements - January 2024

Financial Institution	Fund Rating	Net Investment/(Reduction) Amount \$	Commentary
General Fund			
Westpac Banking Corporation	AA-	(3,500,000)	Surplus funds utilised from general fund for operational purposes.
Term Deposits (TDs)			
Bank of Queensland	BBB+	(5,000,000)	Redeemed matured investments and additional income placed in higher yielding investments., or utilised for operational purposes.
Commonwealth Bank	AA-	(20,000,000)	
Westpac Banking Corporation	AA-	(10,000,000)	
Floating Rate Notes (FRNs)			
Westpac Banking Corporation	AA-	4,000,000	Redeemed matured investments placed in higher yielding floating rate note

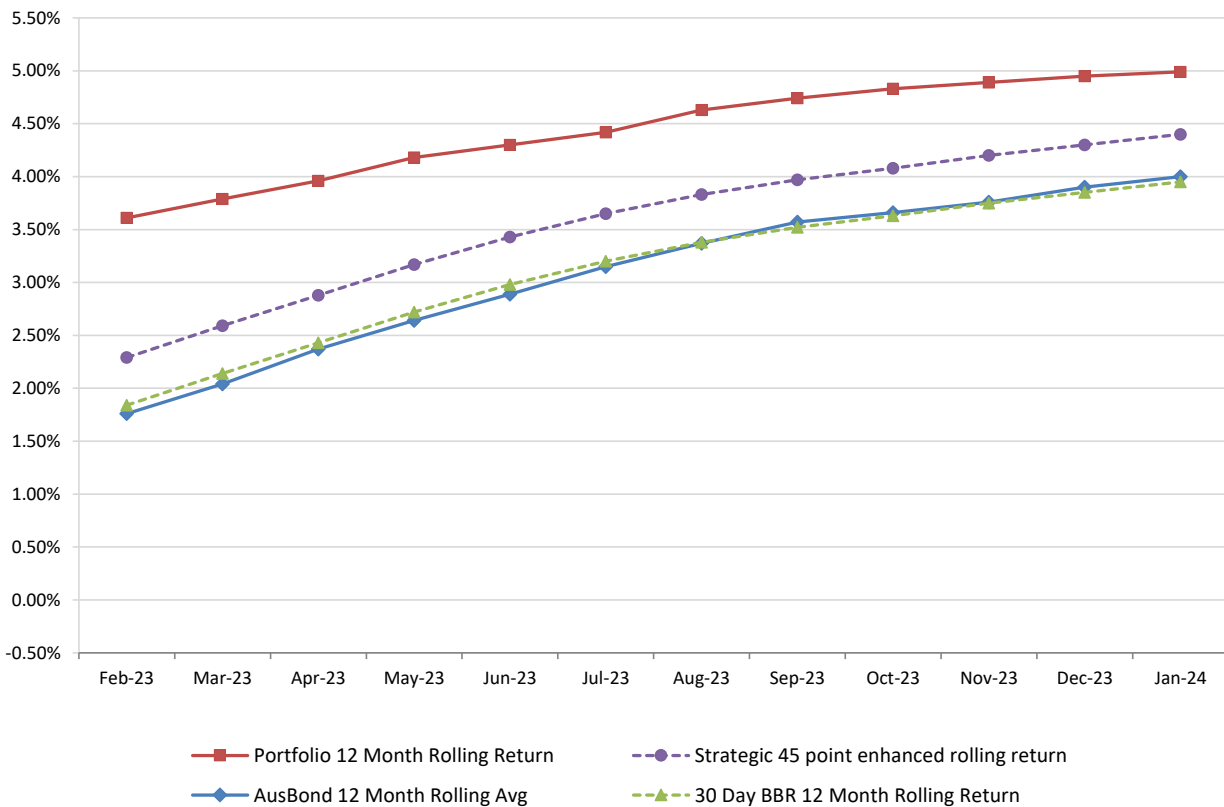
Attachment B

**Investment Performance
as at 31 January 2024**

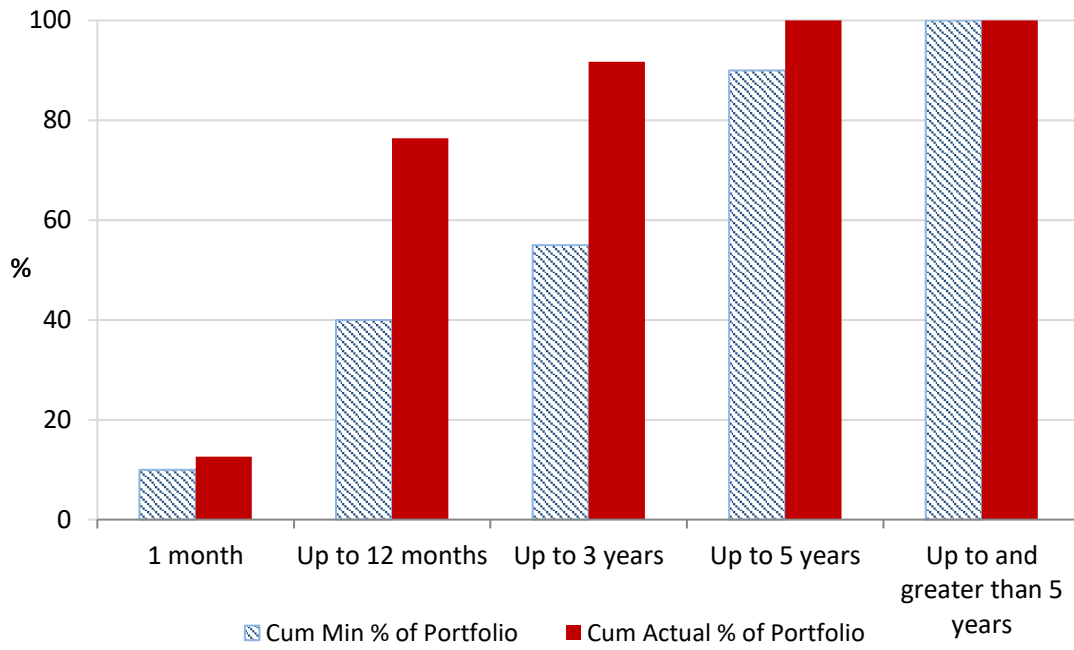
Monthly Results
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
January 2024



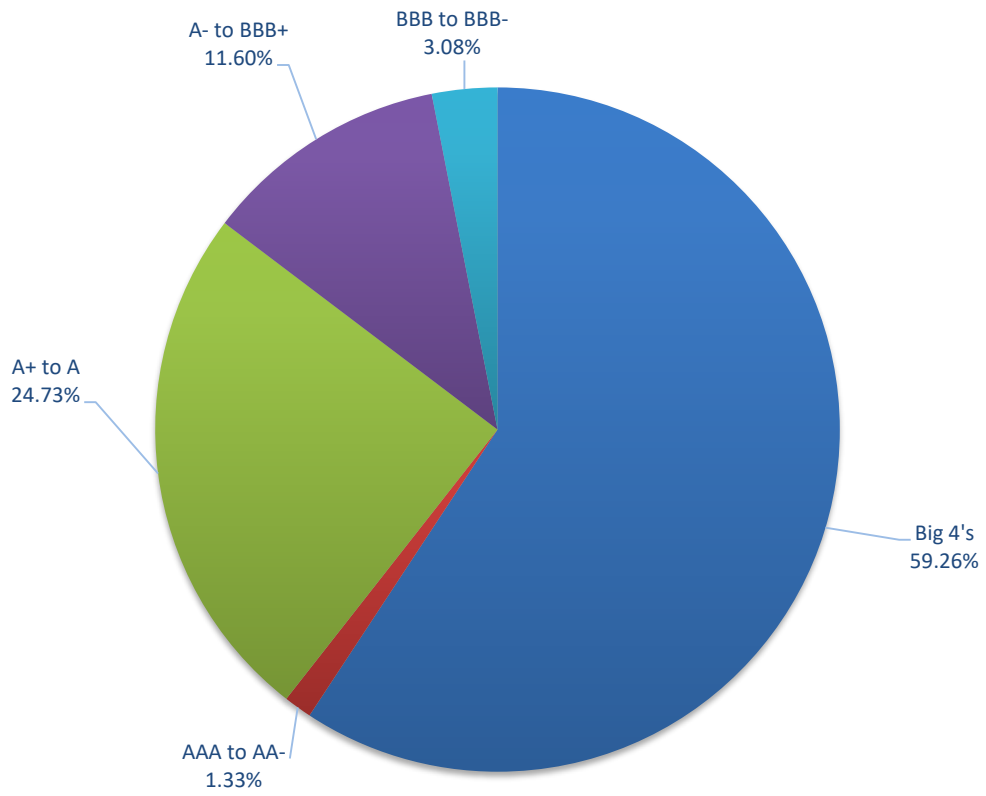
12 Month Rolling Averages
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
January 2024



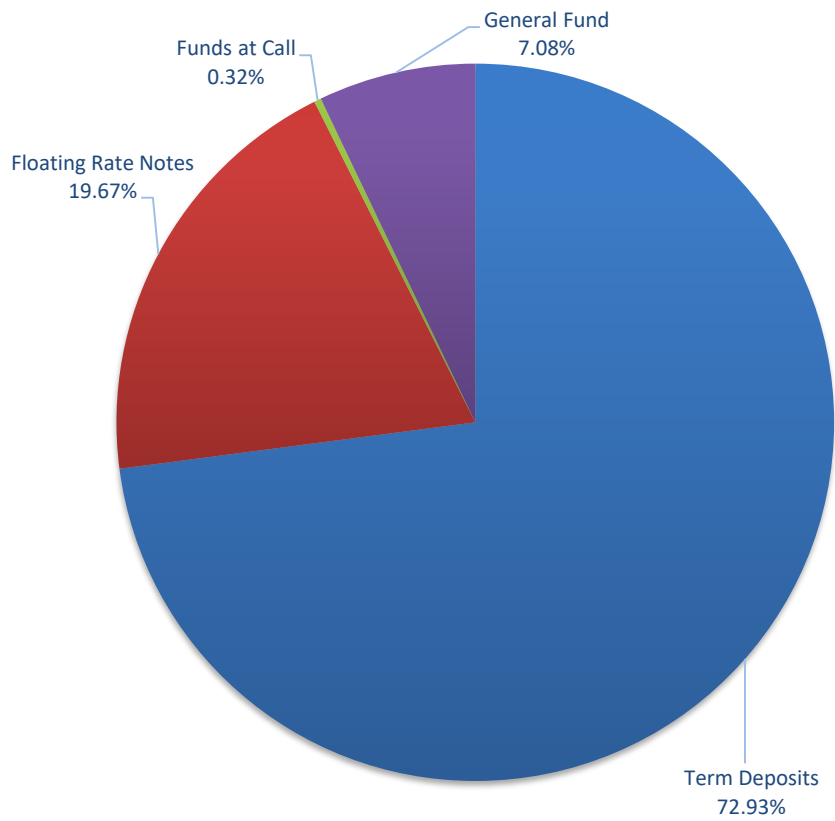
Portfolio Liquidity - Minimum Allocations as at 31 January 2024



Risk Profile as at 31 January 2024



Risk Profile as at 31 January 2024



INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION				
as at 31 January 2024				
Institution Category	Financial Institution	Amount \$M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank (and related institutions)	ANZ Bank	19.5	2.6	
	Commonwealth Bank	133.7	17.7	
	National Australia Bank	79.4	10.5	
	Westpac Banking Corporation	214.3	28.4	
Big 4 Total		446.9		59.3
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	9.5	1.3	
	Bank of Queensland	18.0	2.4	
	Bendigo & Adelaide Bank	69.5	9.2	
	Great Southern Bank (formerly Credit Union Australia)	6.5	0.9	
	ING Bank	95.0	12.6	
	Suncorp Bank	77.5	10.3	
	Macquarie Bank Ltd	14.0	1.9	
	Northern Territory Treasury Corporation	10.0	1.3	
Newcastle Permanent Building Society	7.3	1.0		
Other ADI Total		307.3		40.7
Grand Total		754.1	100.0	100.0

Item 6.

Land Classification - 4B Huntley Street, Alexandria

File No: X097253.011

Summary

On 20 November 2023, Council resolved to acquire the property at 4B Huntley Street, Alexandria, and to publicly notify a proposed resolution to classify the property as operational land in accordance with section 31 of the Local Government Act 1993 (NSW).

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 (NSW).

The proposed resolution to classify the land as operational was notified for a period of 34 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 4B Huntley Street, Alexandria (being Folio Identifier 6/270849), as operational land in accordance with section 31 of the Local Government Act 1993 (NSW).

Background

1. On 20 November 2023, Council resolved to acquire the commercial investment property at 4B Huntley Street, Alexandria, as part of the City's long term financial plan and supporting its financial objectives and sustainability.
2. The operational classification aligns with the acquisition purpose and supports the City's operational management.
3. The City completed the transaction on 22 January 2024 and is managing the asset in accordance with the Council resolution.

Relevant Legislation

4. Section 25 of the Local Government Act 1993 (NSW) requires all public land to be classified as either community or operational land.
5. Section 31 of the Local Government Act 1993 (NSW) requires Council to classify newly acquired land as operational or community land within three months from the date of acquisition of the land.
6. Section 34 of the Local Government Act 1993 (NSW) requires the proposed resolution to classify be publicly notified and made available for inspection by the public for a period of not less than 28 days.

Public Consultation

7. The proposed resolution was publicly notified in The Sydney Morning Herald and on the City's website for a period of 34 days excluding public holidays from 5 December 2023 closing 10 January 2024.
8. No submissions were received.

KIM WOODBURY

Chief Operating Officer

Nicholas Male-Perkins, Commercial Manager

Item 7.

Proposed Land Classification - Proposed Lots 5 and 7, 2-38 Baptist Street and 397-399 Cleveland Street, Redfern

File No: X101723.005

Summary

The purpose of this report is to obtain Council approval to notify a proposed resolution to classify as operational land Proposed Lots 5 and 7 in the Plan of Subdivision of Lots 100 and 101 in DP 1285547, which is to be transferred by Surry Hills Projects Pty Ltd in its capacity as trustee of the Surry Hills Trust (the Developer) to the City in accordance with registered Planning Agreement AN132353, as varied by registered Deed of Variation of Planning Agreement AT661632.

On 20 December 2017, the City entered into registered Planning Agreement AN132353 with the Developer in relation to a planning proposal at 2-38 Baptist Street and 397-399 Cleveland Street, Redfern. The Planning Agreement was subsequently amended by registered Deed of Variation of Planning Agreement AT661362 dated 27 September 2023. The Planning Agreement (as amended) requires the Developer to provide public benefits including:

- Dedication and embellishment of approximately 279m² (Lot 6 – Road Widening) of the land to the City for footway widening to Marriott Street. The road dedication is made under the Roads Act 1993 (NSW) upon registration of the Subdivision Plan.
- Dedication and embellishment of approximately 500m² of the land to the City for a public park (Proposed Lot 5 - Park).
- Dedication and embellishment of approximately 610m² of the land to the City for a pedestrian and cycle way (Proposed Lot 7 - Pedestrian and Cycle Way).

A Plan of Subdivision was approved by the City on 15 September 2023, creating seven new parcels of land. The Developer is now proceeding to register the Plan of Subdivision and transfer the above-mentioned lands to the City.

Whilst Proposed Lot 5 - Park will be embellished by the developer it will need to have an interim operational classification to support the City's ongoing management until the park can be classified as community land, categorised as park and included within the next update of the Generic Plan of Management scheduled for 2024/25.

Proposed Lot 7 - Pedestrian and Cycle Way whilst intended to be dedicated as road was varied to reflect public support for an exclusive pedestrian and cycle way abutting the park. The Development however required an easement burdening Lot 7 to support emergency fire service access. The application of the operational classification is required to support the ongoing management and use of the land.

This report seeks Council's endorsement to notify a proposed resolution to classify the above-mentioned parcels as operational land under the Local Government Act 1993 (NSW).

Recommendation

It is resolved that:

- (A) Council endorse public notification of the proposed resolution: "It is resolved to classify Proposed Lot 5 (Park) and Proposed Lot 7 (Pedestrian and Cycle Way) in the Plan of Subdivision of Lots 100 and 101 in DP 1285547 at 2-38 Baptist Street and 397-399 Cleveland Street, Redfern which is to be transferred to Council for public purposes, as operational land in accordance with section 31 of the Local Government Act 1993 (NSW)"; on the basis that in the case Proposed Lot 5 (Park):
 - (i) the primary future use is for a park; and
 - (ii) the classification is an interim measure to support operational management until it can be included within the Generic Plan of Management and classified as community and categorised as park;
- (B) Council note that a further report to Council, to inform the outcomes of public notification and recommendation of land classification, will follow the notification period.

Attachments

Attachment A. Identification Plans

Background

1. The Council of the City of Sydney amended the planning controls that apply to 2-38 Baptist Street and 397-399 Cleveland Street, Redfern under the Sydney Local Environmental Plan 2012 (SLEP 2012), to enable an increase in maximum building heights to the development of up to 18 metres in Marriot Street, 22 metres in Cleveland Street and 25 metres in Baptist Street, along with public benefits including sustainability measures to the development, new road reserves and a public park.
2. On 20 December 2017, the City entered into a registered Planning Agreement AN132353 in conjunction with the amendment of the planning controls. The Planning Agreement provides for land dedication and embellishment of footway widening to Marriot Street, land dedication and embellishment of a partially pedestrian/cyclist only and part shared zone laneway, land dedication and embellishment of a new public park, sustainability measures, and the provision of a community bus for the duration of the construction of the retail component of the development.
3. On 14 November 2019, Development Consent was granted for redevelopment of the site, including the adaptive reuse of the heritage listed former Bank of NSW building (397-399 Cleveland Street) for retail purposes, demolition of all other existing structures on site, site remediation, excavation and construction of a mixed use development (residential, retail and commercial) comprising 8 buildings in total, with a public through-site link from Baptist Street to Marriott Street, a public park with associated landscaping and public domain works, and a strip of road widening to Marriott Street (D/2018/1128).
4. On 15 September 2023, the City approved the Plan of Subdivision to create four lots for the building development (residential, retail, commercial and hotel) and three lots for the new infrastructure (public reserve, Marriot Street footway widening and pedestrian and cycle way).
5. On 27 September 2023, the registered Deed of Variation of Planning Agreement AT661632 was executed to facilitate a change of use of the shared zone to pedestrian and cycling only to align with public support.
6. The residential, retail and commercial components of the Development are nearing completion and the delivery of public benefits under the Planning Agreement (as varied) are progressing with the transfer of Proposed Lots 4, 5 and 7 expected in March/April 2024.
7. The Pedestrian and Cycle Way will connect Baptist Street through to Marriot Street and provide direct access to the existing children's play equipment in the Marriot Street closure and adjacent new public park.
8. As Lot 7 was varied from a shared zone to an exclusive pedestrian and cycle way excepting the required emergency fire service vehicle easement benefiting the adjoining development the application of an operational classification over this land will support the ongoing management and use of the asset. t
9. Attachment A: Identification Plans shows the development site in the context of the wider area and the approved Plan of Dubdivision showing the lots to be transferred.

Key Implications

Organisational Impact

10. There is no organisational impact arising from this proposed resolution to classify these parcels of land as operational land.

Financial Implications

11. The classification of land under the Local Government Act 1993 (NSW) does not have any direct budgetary implications. Once the abovementioned parcels of land are transferred to the City, they will be recognised as in-kind contributions income, and held as land assets in accordance with the City's Infrastructure, Property, Plant and Equipment (IPPE) Asset Recognition and Capitalisation Policy.

Relevant Legislation

12. The following sections of the Local Government Act 1993 (NSW) are relevant:
 - (a) Section 25 requires all public land to be classified as either community or operational land;
 - (b) Section 31(2) permits Council to resolve to classify land prior to acquisition;
 - (c) in satisfaction of section 31(3), the proposed resolution is not inconsistent with the planning agreement (as registered and varied on title) nor any other Act or the terms of any trust applying to the land; and
 - (d) Section 34 requires the proposed resolution to classify be publicly notified and made available for inspection by the public for a period of not less than 28 days.

Critical Dates / Time Frames

13. The land needs to be classified within three months of land transfer to the City or the land automatically reverts to a community classification.
14. As the land is proposed to transfer to the City in March 2024, the classification would need to be endorsed no later than June 2024.

Options

15. Dedication of Proposed Lot 7 - Pedestrian and Cycle Way as operational land was supported in community consultation and will support the ongoing management of this land.
16. A temporary operational classification for Proposed Lot 5 - Park will allow the City to manage the land until the land is included within the scheduled update of the Generic Plan of Management.

Public Consultation

17. Subject to Council endorsing the recommendation, the proposed resolution will be publicly notified as soon as possible for a minimum period of 28 days.
18. All submissions will be considered in the subsequent Council report to endorse.

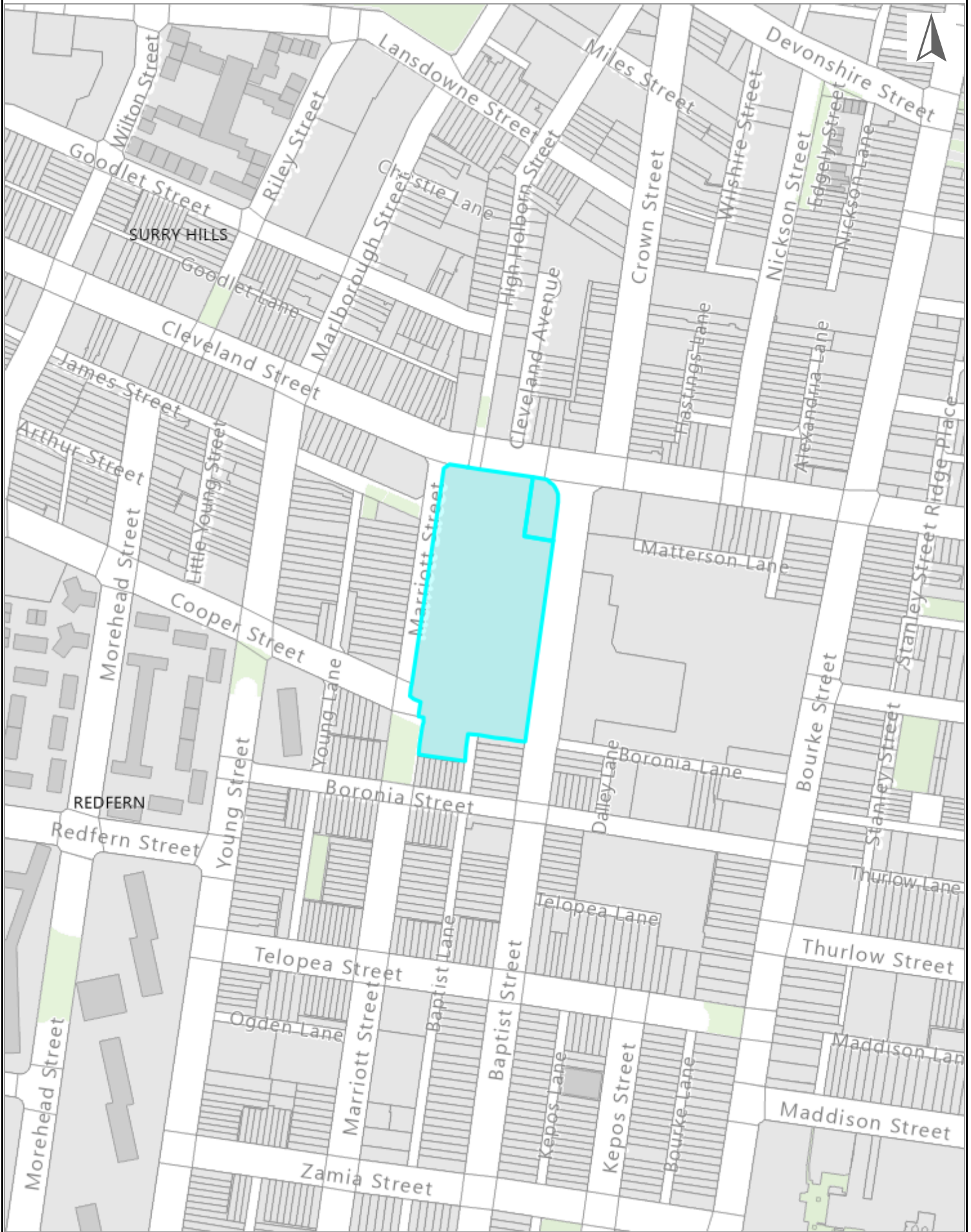
KIM WOODBURY

Chief Operating Officer

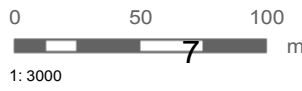
Nicholas Male-Perkins, Commercial Manager

Attachment A

<h2>Identification Plans</h2>



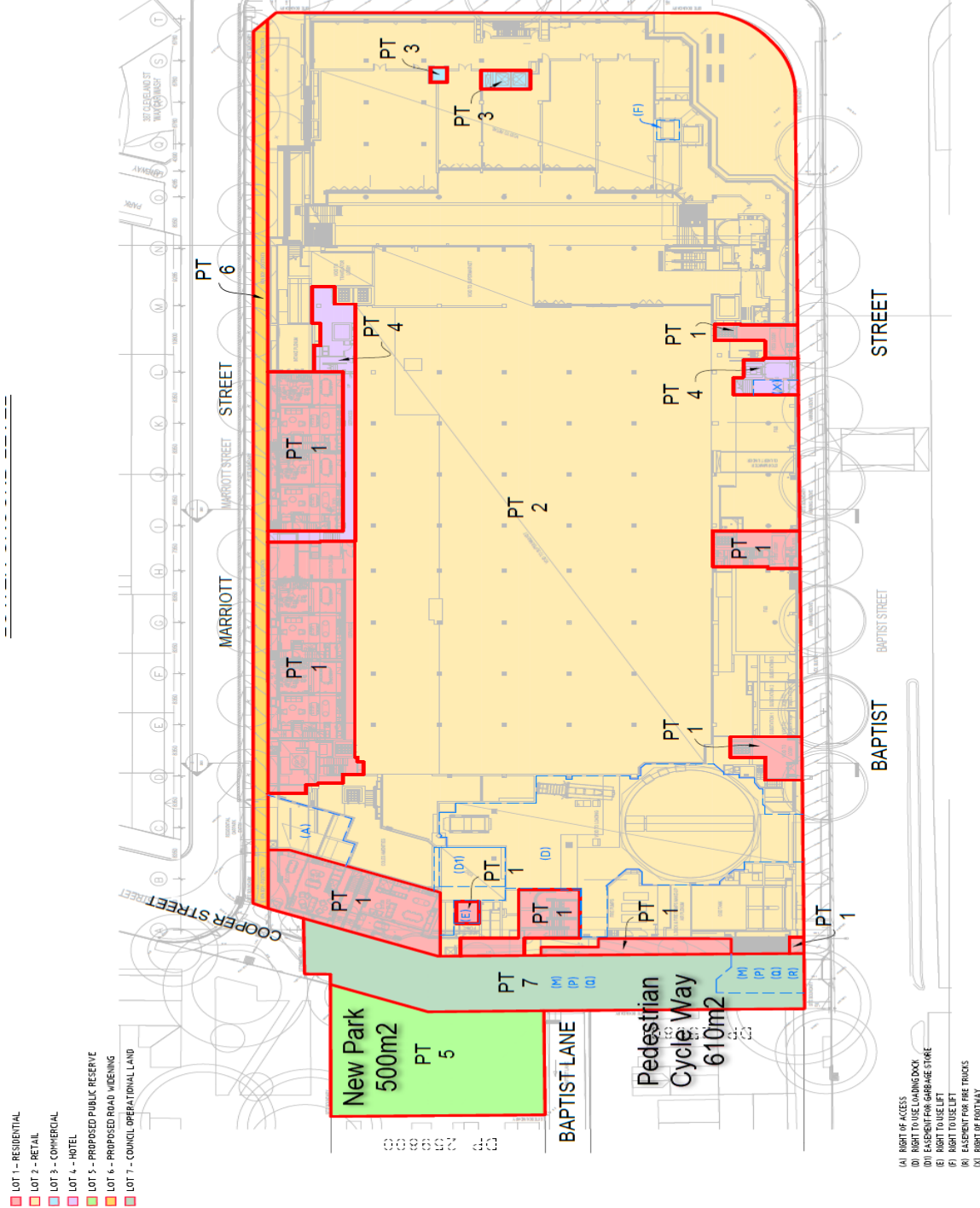
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Notes

Proposed Plan of Subdivision - Dedication Lots 5 and 7 adjoining Baptist Lane

310 APPROVAL 13
 DWG No. - 2001 - Flow Plan - Lower Ground
 RECEIVED 17 MARCH 2025



- LOT 1 - RESIDENTIAL
- LOT 2 - RETAIL
- LOT 3 - COMMERCIAL
- LOT 4 - HOTEL
- LOT 5 - PROPOSED PUBLIC RESERVE
- LOT 6 - PROPOSED ROAD WIDENING
- LOT 7 - COUNCIL OPERATIONAL LAND

- (A) RIGHT OF ACCESS
- (D) RIGHT TO USE LOADING DOCK
- (DI) EASEMENT FOR GARAGE STORE
- (E) RIGHT TO USE LIFT
- (F) RIGHT TO USE LIFT
- (R) EASEMENT FOR FIRE TRUCKS
- (X) RIGHT OF FOOTWAY

PRELIMINARY PLAN
 PREPARED BY
 SCIENCE WILLIAMS

Item 8.**Proposed Land Classification - Lots 7 and 8 in DP 1275276, being 2A Reed Street and 1A Tung Hop Street, Waterloo**

File No: X101724.005

Summary

The purpose of this report is to obtain Council approval to notify a proposed resolution to classify as operational land 2A Reed Street, Waterloo (Lot 7 in DP1275276) and 1A Tung Hop Street, Waterloo (being Lot 8 in DP1275276), which are to be transferred by The Trust Company (Australia) Limited (the new Developer) to the City, in accordance with a registered Planning Agreement AM637491.

On 8 August 2017, the City entered into registered Planning Agreement AM637491 with the Developer in relation to development at 44-48 O'Dea Avenue Waterloo. The Planning Agreement requires the Developer to provide public benefits being the dedication and embellishment of approximately 6,656m² of land for roads, footway widening and pedestrian links. These will include all of the internal roads (Archibald Avenue, Reed Street, Hatbox Place, Tung Hop Street), pedestrian link (Lachlan Place North) and footway widening (O'Dea Avenue).

A Plan of Subdivision was approved by the City on 17 July 2020, creating ten new parcels of land. At completion of the Developer's works, the Developer will dedicate Lots 9, 10 and 11 as public roads and transfer Lots 7 and 8 to the City.

Following the transfer of Lots 7 and 8, vehicles will be prevented from accessing the land by the erection of temporary barriers, until the completion of new roads on adjoining developments which will allow through passage of vehicles.

It is essential that these parcels of land be classified as operational until such time as they are capable of accepting vehicles.

This report seeks Council's endorsement to notify a proposed resolution to classify the above-mentioned parcels as operational land under the Local Government Act 1993 (NSW).

Recommendation

It is resolved that:

- (A) Council endorse public notification of the proposed resolution: "It is resolved to classify 2A Reed Street, Waterloo (being Lot 7 in DP1275276) and 1A Tung Hop Street, Waterloo (being Lot 8 in DP1275276), both which are proposed to be transferred to Council for future public purposes as road as operational land in accordance with section 31 of the Local Government Act 1993 (NSW)"; and
- (B) Council note that a further report to Council, to inform of the outcomes of public notification and recommendation of land classification, will follow the notification period.

Attachments

Attachment A. Identification Plans

Background

1. On 28 April 2017, Council granted consent for a Stage 1 Development Application for subdivision and preparatory works (including demolition of existing structures, land remediation, excavation and road, public domain and civil works), and concept approval of building envelopes for five mixed use buildings of up to 20 storeys for residential, retail and commercial land uses (D/2016/1450).
2. On 8 August 2017, the City entered into registered Planning Agreement AM637491 with Crown 48 Pty Limited and The Owners – Strata Plan No. 44338 in relation to the Stage 1 Development Consent. The Planning Agreement provides for the dedication of 6,656m² of land and the construction of new roads, shared zones and pedestrian links including roadway, footpaths, lighting, landscaping, drainage and other infrastructure on the land prior to the issue of the first Occupation Certificate for the Development. This will include all of the new roads (Archibald Avenue, Reed Street, Hatbox Place, Tung Hop Street), pedestrian link (Lachlan Place North) and footway widening (O'Dea Avenue). These various new public roads form a network of internal roads and pedestrian links to service the Lachlan Urban Renewal Precinct.
3. On 17 July 2020, the City approved the Plan of Subdivision to create five lots for the building development (Lots 12-16) and five lots for the new roads, shared zones and pedestrian links (Lots 7-11).
4. The development of the site has been progressing, however the original owner, Crown W48 Pty Limited, has gone into liquidation and the development has temporarily stalled.
5. The Appointed Administrator to Crown W48 Pty Ltd is in the process of entering into a Deed of Novation to transfer the obligations of the Planning Agreement to a new owner, being The Trust Company (Australia) Limited. The Deed of Novation will be executed and the new owners in place before the completion of works and land transfers occur. No changes to the Planning Agreement are proposed as part of this process.
6. At completion of the Developer's works, due to the adjoining developments being incomplete, Lot 7 (future Hatbox Place - 352m²) and Lot 8 (future Tung Hop Street - 231m²) will not be able to accept through traffic of vehicles. Temporary barriers will be erected to restrict vehicle access.
7. To facilitate the temporary management of these two lots (7 and 8) and restrict vehicle access, it is recommended that an interim operational land classification be applied.
8. After completion of the relevant adjoining new roads, Lots 7 and 8 will be dedicated as public roads.
9. Attachment A: Identification Plans shows the development site in the context of the wider area and the approved plan of subdivision showing the lot(s) to be transferred.

Key Implications

Organisational Impact

10. There is no organisational impact arising from this proposed resolution to classify these lots as operational land. The land may be classified as operational prior to transfer to the City.

Financial Implications

11. The classification of land under the Local Government Act 1993 (NSW) does not have any direct budgetary implications. Once the abovementioned parcels of land are transferred to the City, they will be recognised as in-kind contributions income, and held as land assets in accordance with the City's Infrastructure, Property, Plant and Equipment (IPPE) Asset Recognition and Capitalisation Policy.

Relevant Legislation

12. The following sections of the Local Government Act 1993 (NSW) are relevant:
 - (a) Section 25 requires all public land to be classified as either community or operational land;
 - (b) Section 31(2) permits Council to resolve to classify land prior to acquisition;
 - (c) in satisfaction of section 31(3), the proposed resolution is not inconsistent with the planning agreement (as registered on title) nor any other Act or the terms of any trust applying to the land; and
 - (d) Section 34 requires the proposed resolution to classify be publicly notified and made available for inspection by the public for a period of not less than 28 days.

Critical Dates / Time Frames

13. The land needs to be classified within three months of land transfer to the City or the land automatically reverts to a community classification.

Options

14. A community classification for the land would restrict and impede the City's temporary management of the lots until such time as they can be opened to vehicles and dedicated as road reserves.

Public Consultation

15. Subject to Council endorsing the recommendation, the proposed resolution will be publicly notified as soon as possible for a minimum period of 28 days.
16. All submissions will be considered in the subsequent Council report to endorse.

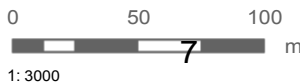
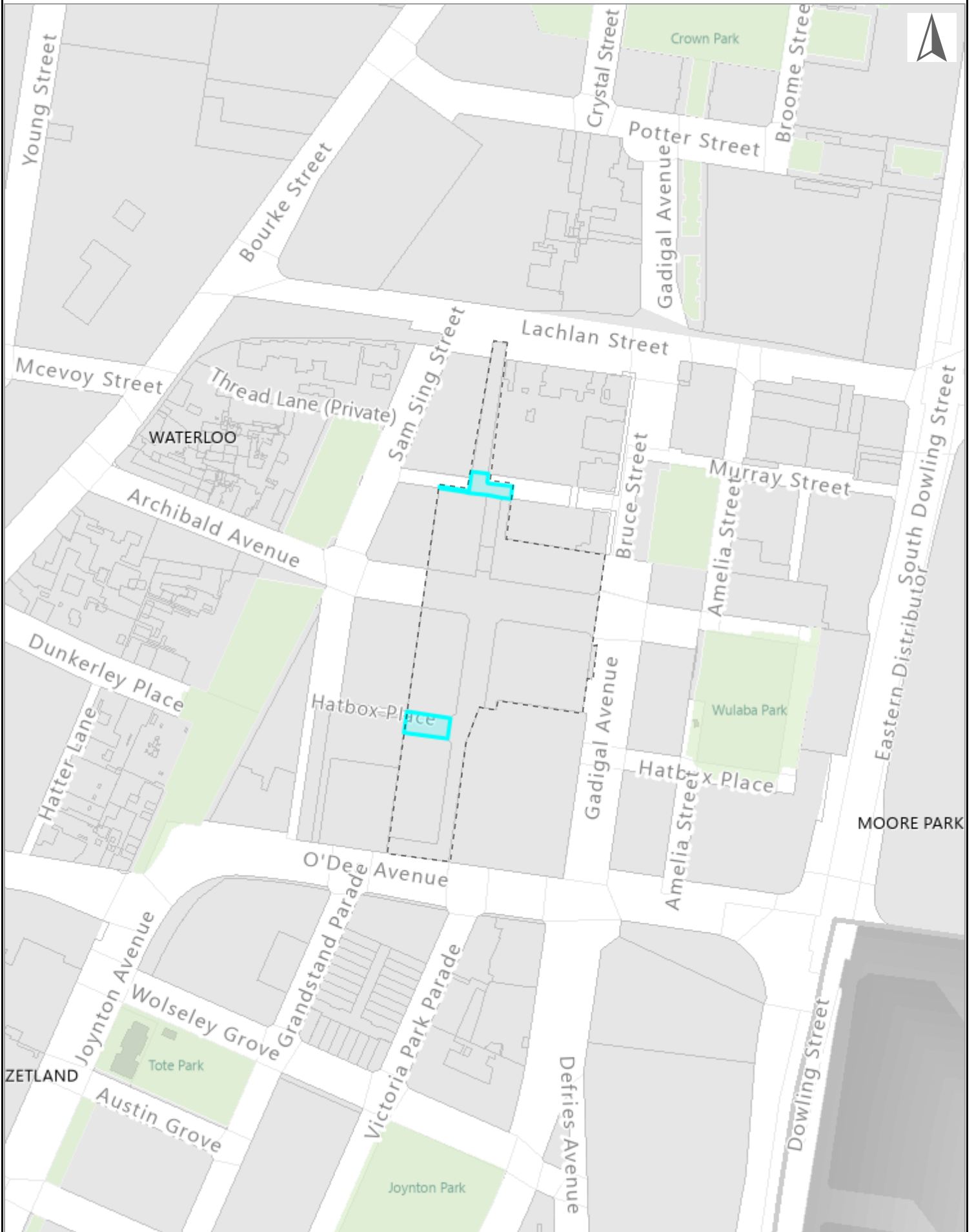
KIM WOODBURY

Chief Operating Officer

Nicholas Male-Perkins, Commercial Manager

Attachment A

<h2>Identification Plans</h2>

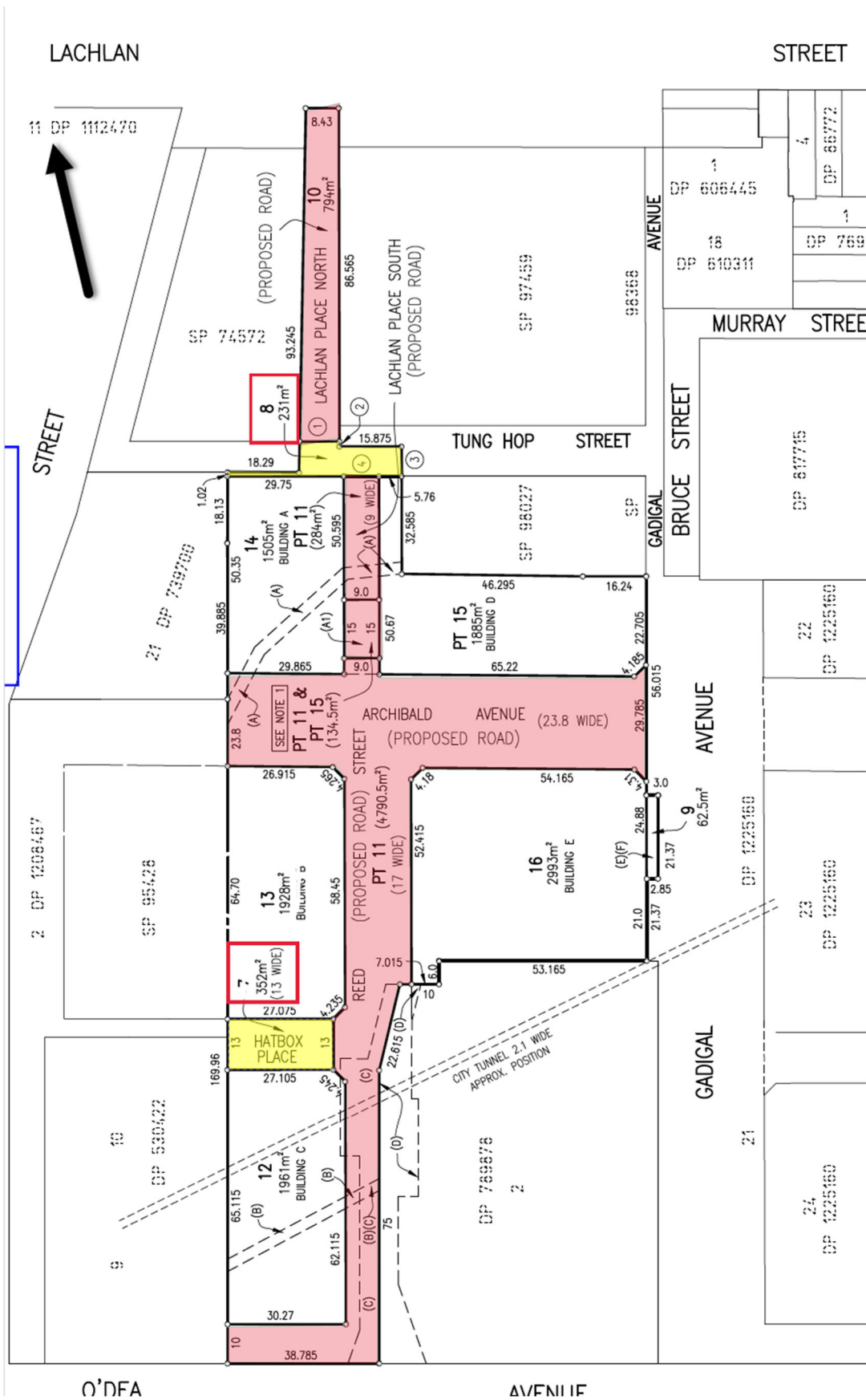


Notes

Location of Lots 7 and 8 in DP1275276

Proposed Land Classification (shaded yellow) – 2A Reed St (Lot 7, *Future Hatbox Place*) and 1A Tung Hop Street (Lot 8), Waterloo

Red shaded areas indicate Developer road dedications



Item 9.

Proposed Land Classification - Lot 1 DP 1265902, being 13 George Julius Avenue, Zetland

File No: X101722.005

Summary

The purpose of this report is to obtain Council approval to notify a proposed resolution to classify as operational land the property at 13 George Julius Avenue, Zetland (being Lot 1 in DP 1265902) which is to be transferred by Lincon Epsom Projects Pty Ltd as trustee for the Lincon Epsom Projects Unit Trust (the Developer) to the City in accordance with registered Planning Agreement AN390315, as varied by a subsequent Deed of Variation to the Planning Agreement.

On 10 June 2016, the City entered into registered Planning Agreement AK511255 with the Lincon Development Pty Ltd (Developer) in relation to the development at 106-116 Epsom Road Zetland. The Planning Agreement was subsequently varied and superseded by Planning Agreement AN390315 on 28 May 2018 to align public benefits to the development staging. The Planning Agreement was novated due to the sale to the current Developer on 8 February 2022 and further varied by Deed of Variation of Planning Agreement AS045538 on 11 April 2022 to amend the staging of the public benefits to reflect the necessary infrastructure to support the delivery order of the buildings.

The Planning Agreement (as amended) requires the Developer to provide public benefits including:

- the transfer of a 6,234 m² Parkland Lot, (now being 13 George Julius Avenue), to the City for part of a future road (George Julius Avenue) and public reserve (Gunyama Park Stage 2); and
- the dedication and embellishment of 5,618m² as new roads.

A Plan of Subdivision was approved by the City on 2 May 2022, creating the lots for a five stage development including building development, the Parkland Lot and the new public roads that will be dedicated as road and open to traffic.

The Developer is now preparing to transfer 13 George Julius Avenue, Zetland (Parkland Lot) being Lot 1 in DP 1265902 for future road and public reserve to be delivered by the City.

The City will commence required remediation of the land and construction of the extension of George Julius Avenue and Stage 2 of Gunyama Park in July/August 2024.

It is essential that this parcel of land be classified as operational, on an interim basis, to facilitate the construction of the road and park and at a later stage be subdivided to dedicate the road and create a separate lot for Stage 2 Gunyama Park.

Section 31(2) of the Local Government Act 1993 (NSW) allows Council to resolve to classify land prior to Council acquiring the land.

This report seeks Council's endorsement to notify a proposed resolution to classify 13 George Julius Avenue, Zetland as operational land under the Local Government Act 1993.

Recommendation

It is resolved that Council:

- (A) endorse public notification of the proposed resolution: "It is resolved to classify 13 George Julius Avenue, Zetland (being Lot 1 of DP 1265902) which is to be transferred to Council for future public purposes as operational land in accordance with section 31 of the Local Government Act 1993"; on the basis that:
 - (i) the primary future use of the land is for park, open space, and active and/or passive recreation and road;
 - (ii) the classification is an interim measure to support construction and delivery of the new park and road; and
 - (iii) following completion of the park and road and conclusion of obligations set out in registered Planning Agreement AN390315 and Deed of Variation AS045538, the land will be further subdivided creating separate portions for the road to be dedicated and for the park to be classified as Community land and categorised within a plan of management; and
- (B) note that a further report to Council, to inform the outcomes of public notification and recommendation on classification will follow the notification period.

Attachments

Attachment A. Identification Plans

Background

1. On 30 July 2013, consent was granted for the Stage 1 Development Application for demolition of existing structures, proposed land uses including retail/commercial floor space and residential uses, building envelopes including basements, internal street layout including footpaths and other pedestrian/cycle within the site, location and development of open space as per the landscape concept plan concept for infrastructure upgrades including stormwater and flood mitigation measures, and development staging (D/2011/1760).
2. On 10 June 2016, the City entered into registered Planning Agreement AK511255 with the then property owner, Lincon Development Pty Ltd, in relation to the Stage 1 Development Consent. The Planning Agreement provides for public benefits being:
 - (a) the construction and dedication of road reserves including:
 - (i) approximately 1406.3m² for part of a north-south road (George Julius Avenue);
 - (ii) approximately 1841.6m² for an east-west road (Peters Street);
 - (iii) approximately 831.9m² for a north-south through site link (Letitia Street);
 - (iv) approximately 1426.7m² for an east-west road (Rose Valley Way); and
 - (v) approximately 111.5m² for a footway widening (Epsom Road frontage); together with
 - (b) the transfer of a 6,234 m² Parkland Lot (now 13 George Julius Avenue) to the City for part of a future road (George Julius Avenue) and public reserve (Gunyama Park Stage 2).
3. The terms of the Planning Agreement required the dedication of the Parkland Lot prior to the issue of the first Occupation Certificate for any part of the Development, with all other public benefits to be provided prior to the relevant Occupation Certificate under a Stage 2 Development Consent. The Parkland Lot will allow the City to complete Stage 2 of Gunyama Park and an extension of George Julius Avenue to connect to Zetland Avenue.
4. On 28 May 2018, the City entered into registered Planning Agreement AN390315 (which varied and superseded registered Planning Agreement AK511255) to facilitate a change to the staging and scope of the public benefits to align with the detailed Stage 2 Development Application (D/2015/913) and include the upgrade of the stormwater channel through the site (Green Square Stormwater Drain Works) and additional road reserves (Rose Valley Way and Epsom Road setback).
5. On 8 February 2022, a Deed of Novation was executed, transferring the obligations of the Planning Agreement (as amended) from Lincon Development Pty Ltd to Lincon Epsom Projects Pty Limited.
6. On 11 April 2022, the City entered into registered Deed of Variation of Planning Agreement AS45538 to change the order in which the infrastructure is delivered to support the order in which the buildings are to be completed. The provision of the Parkland Lot remains to be delivered prior to the first Occupation Certificate for any part of the Development.

On 2 May 2022, the City approved the Plan of Subdivision, creating the lots for the building developments, the new public roads and Parkland Lot (future road and public reserve) over five stages. The first two stages of the subdivision have been enacted, creating the Parkland Lot (Lot 1 of DP 1220949) known as 13 George Julius Avenue.

8. The first of the Buildings in the Development is nearing completion and the Developer is preparing to transfer the Parkland Lot (Lot 1 of DP 1220949) to the City in March 2024.
9. On 11 December 2023, Council endorsed the project scope for Gunyama Park Stage 2 and George Julius Avenue North.
10. The City intends to commence any required remediation of the land and construction of the extension of George Julius Avenue and Stage 2 of Gunyama Park in July/August 2024.
11. The Developer has requested to continue to occupy the Parkland Lot following transfer in order assist in ongoing construction activities in the Development. The Developer will be required to enter into a Construction Access Licence for this purpose and then vacate the site prior to the City's commencement of works in July/August 2024.
12. To facilitate the future development of the road and park by the City, it is essential that an interim operational land classification be applied.
13. The City will further subdivide the land creating:
 - (a) the road portion to be dedicated as road on completion; and
 - (b) the land for Gunyama Park Stage 2 which will, at completion and operational integration, be reclassified as community and categorised within a plan of management.
14. Attachment A: Identification Plans shows the development site in the context of the surrounding area and the land to be transferred to the City.

Key Implications

Organisational Impact

15. There is no organisational impact arising from this proposed resolution to classify this lot as operational land.

Financial Implications

16. The classification of land under the Local Government Act 1993 (NSW) does not have any direct budgetary implications. Once 13 George Julius Avenue is transferred to the City, it will be recognised as in-kind contributions income, and held as land asset in accordance with the City's Infrastructure, Property, Plant and Equipment (IPPE) Asset Recognition and Capitalisation Policy.

Relevant Legislation

17. The following sections of the Local Government Act 1993 are relevant:
 - (a) Section 25 requires all public land to be classified as either community or operational land;
 - (b) Section 31(2) permits Council to resolve to classify land prior to acquisition;
 - (c) in satisfaction of section 31(3), the proposed resolution is not inconsistent with the planning agreement (as registered and amended on title) nor any other Act or the terms of any trust applying to the land; and
 - (d) Section 34 requires the proposed resolution to classify be publicly notified and made available for inspection by the public for a period of no less than 28 days.

Critical Dates / Time Frames

18. Land needs to be classified within three months of land transfer to the City or the land automatically reverts to a community classification.
19. As the land is proposed to be transferred to the City in March 2024, the classification would need to be endorsed no later than June 2024.

Options

20. If the land is not classified as operational within three months of transfer to the City, it will revert to a community classification under the Local Government Act 1993 (NSW). A community classification for unimproved land to be embellished by the City would restrict and impede the City's capacity to undertake the construction of the public infrastructure and unnecessarily complicate the ultimate dedication as public road and public reserve.

Public Consultation

21. Subject to Council endorsing the recommendation, the proposed resolution will be publicly notified as soon as possible for a minimum period of 28 days.
22. All submissions will be considered in the subsequent Council report to endorse the classification.

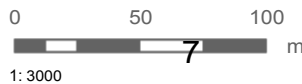
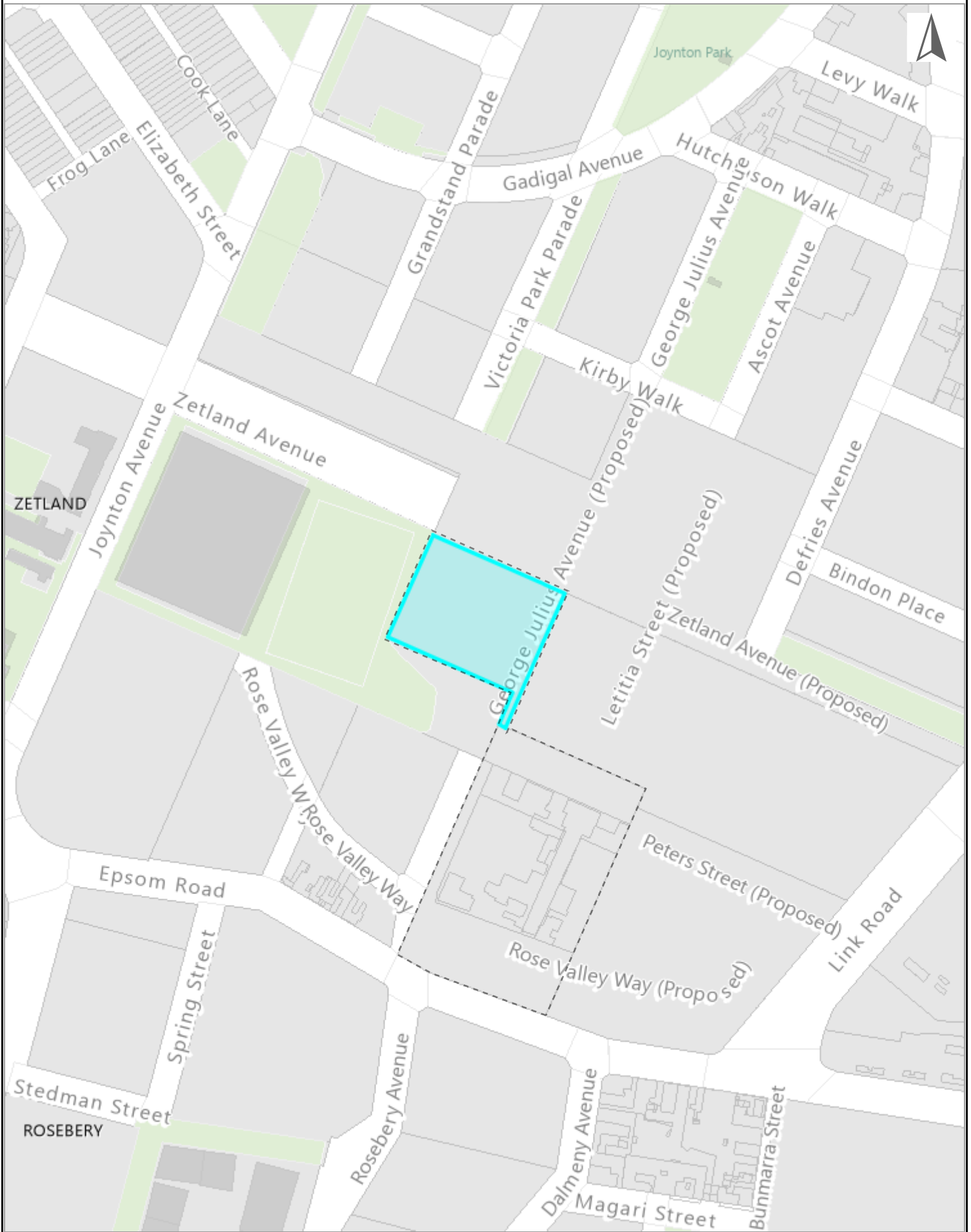
KIM WOODBURY

Chief Operating Officer

Nicholas Male-Perkins, Commercial Manager

Attachment A

<h2>Identification Plans</h2>



Notes

Blue shading - 13 George Julius Ave
- Lot 1 in DP1265902

Surrounding Area Plan



VPA Land Transfer Land Lot 1 (show green) and Development Lot 2

